

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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The EPA Review – what was it good for?

During the past weeks the European Commission has been trumpeting that EPAs are on course to be signed before the year is out. Yet such announcements seem rather premature, given that the EPA Review remains to be concluded. As mandated by the Cotonou Agreement itself and then by the European Council (April 2006 GAERC), the EPA Review was intended to assess whether negotiations were on course to be concluded by the end 2007 deadline; and crucially whether the proposed agreements looked fit to deliver on their development objectives.

The EC has evidently de-prioritised the official review – the entire process has remained mysterious even to the European member state governments that mandated it to take place. Meanwhile, ACP regions conducted their own regional-level reviews in an open and consultative process involving a wide range of stakeholders from governments, private sector and civil society. These ACP reviews revealed a raft of fundamental concerns...

Concerns on development....

- o “there is still no confidence yet on the ability of EPAs to be pro-development.” (Conclusions from the all-Africa level review)
- o “even the development of the regional markets [...] has not been addressed. The focus of the development of regional markets was seen to have been on market access rather than the development of the production capacities for the regional integration spaces.” (Conclusions from the all-Africa level review)
- o “there was a feeling that the negotiating stance taken by the EU was also undermining the negotiations process. These were mainly related to its insistence on separating the negotiation of development and trade issues, [...] and the inflexibility of the mandate given to its negotiators.” (Conclusions from the ECOWAS review)
- o “EC is perceived as having double-talk by promising development within the EPA framework and not providing the necessary funding measures to achieve the development.” (Conclusions from the ECOWAS review)
- o “the benefits that SADC region expects from the three main pillars of EPAs [...] are not guaranteed to be substantial enough to outweigh the potential costs.” (Conclusions from the SADC review)
- o “one may wonder whether the EPA process will help the SADC to foster its integration, as claimed by the European Union, or whether, on the contrary, it will compete the regional integration process by reinforcing the economic linkages of the sub-region with the EU, to the detriment of the local partnership.” (Conclusions from the SADC review)
- o There’s a “failure of the negotiations to have a development focus;” and an “imbalance in the negotiations towards a focus on trade liberalization.” (Conclusions from the CEMAC review)
- o “The crosscutting message from the different actors in the negotiations was that no agreement could be envisaged without massive intensification of capacities.”.... “This is

in particular, if the development dimension remains the way it is with little ambition and also very remote from the spirit of the Cotonou agreement.” (Conclusions from the CEMAC review)

- o “divergence remains between ESA and EC of what constitutes development. ... there were strong feelings that the EC keeps redefining what it considers to be development, making it difficult to make progress [...] The assurances that the EC has been giving have not been strong enough to remove doubts.” (Conclusions from the ESA review)
- o “It is amply evident that the conclusion of EPAs will not only miss the agreed time frame ... but issues vital for the development of the ESA countries still remain un-addressed by the EU in a manner that is satisfactory.” (Conclusions from the ESA review)
- o “Development is a priority for the ESA region and must remain a key element in EPA negotiations with the EU. If this condition is not acceptable to the European party, continuation of negotiations in other areas ... will have to cease.” (Declaration of the 5th meeting of ESA ministers on EPA negotiations, Nov 14, 2006, quoted in ESA review)

In addition, 5 out of 6 regions said they could not conclude within the timeframe

- o “Globally there is a huge concern about the deadline of end 2007. All the stakeholders interviewed agreed that this deadline couldn’t be met for concluding the agreement under the current position”... (Conclusions from the all-Africa review)
- o “the outlook to the end of 2007 [is] bleak. EPA negotiations, at the beginning of their final year, look extremely shaky and very few stakeholders ... believe the Pacific will be able to complete them by end-2007” (Pacific review, conducted by ECDPM)

And called for Alternatives to be considered

- o In the UNECA-conducted review, the vast majority of those interviewed from across the 4 African regions said they wanted alternatives to be discussed. The review conclusions note that “an offer from the EU of what would constitute an alternative for the countries not able to sign the EPAs was felt to be overdue and its unveiling could aid in the negotiations speed.” (Conclusions from all-Africa review)
- o “Many interviewed stakeholders consider the absence of alternative, except the GSP regime, underline the non-respect of the Cotonou Agreement, that foresees the exploration in depth of all the alternatives. In their view the European partner has always refused to seriously engage on the issue of alternatives”. (Conclusions from CEMAC review)
- o “the EU should provide the SADC countries in particular and ACP in general with genuine alternatives to EPAs that allows them to make an informed and independent choice about signing them.” (Conclusions from SADC review)

While the EC dismisses these ACP reviews and their findings, they have meanwhile accelerated pressure on regions to conclude the negotiations.

‘We feel that we’re in a pressure cooker’

At the African Union Trade Ministers meeting Addis in January, AU Trade Commissioner Elizabeth Tankeu stressed that the deadline of December 2007 for concluding EPAs was “not realistic” yet, she warned that, “as the deadline (...) approaches, there is a danger that our regional groupings may be put under pressure to accept EPAs that do not take adequate account of Africa’s long-term development interests”.

This warning was repeated by the Nigerian Minister of Commerce and Industry, Dr. Modibbo Umar, at the informal EU-ACP ministerial in Bonn on 13 March. Speaking on behalf of the ACP, he stressed that ‘we do not sacrifice the livelihoods of our people and their future on the altar of the quest to conclude agreements.’

Pressure is clearly being employed, regardless of the above Review findings, using the promise of additional aid; and the threat of higher trade taxes.

- “We feel that we are in a pressure cooker, the lid is held firmly shut by the EU and we are crying out for breathing space. The EU relates to the ACP with scorn as if to countries holding begging bowls.” (unattributable quote from a Brussels-based ACP ambassador, February 2007)

The promise of aid...

At the African Union Trade Ministers meeting in Addis Ababa in January, DG-Trade's Peter Thompson attempted to press African ministers into concluding negotiations by suggesting that any request for an extension of the deadline would undermine potential future aid increases from EU member states. He said “the more we diffuse the possibility of an agreement the less likely we are to be persuasive to member states and international institutions for more money”.

Reports are coming from all regions that the EC negotiators are increasingly tying promises of additional support to acceptance of the EC's terms for EPAs. For example by offering financial support to put in place regional investment frameworks, in return for commitments up front to negotiate bi-regional investment liberalisation with the EU.

At a public meeting in London on 26 March 2007, the African Union's trade advisor Francis Mangeni also expressed dismay that the EC was using aid as leverage for concluding EPAs on its own terms. He quoted EC statements including from the Joint Ministerial Trade Committee, 1 March 2007, that “resources will match the level of ambition of ACP countries”.

The disruption of trade...

ESA, ECOWAS and SADC sources reveal that the EC is pressuring stakeholders from key export sectors in these countries that duties on their exports will be re-imposed in January 2008, should negotiations not be concluded by this time.

- “The only tariff regime that will be in place on 1 January 2008 will be the GSP. The exports of the West African non-LDCs to the EU will be seriously affected. More than Euro 1 billion of non-LDC exports to the EU, or 9.5% of their total exports, will be submitted to higher tariffs and will face direct competition with exports from other developing countries” (EC letter to West African negotiators, December 2006)

Not only is such communication creating intense anxiety for key export sectors, but the suggestion that GSP is the only alternative appears to be in contravention of the Cotonou Agreement Article 37.4 which states that countries not in a position to sign up to an EPA must be offered an ‘alternative that is no less favourable’.

In light of the above tactics, it is perhaps no surprise that a recent parliamentary inquiry by the UK's International Development Committee cautioned that,

- **“We remain concerned that the EU is abusing its position in the partnership...”**

Negotiations: State of Play

East & Southern Africa (ESA). Following the EC's earlier rejection of the ESA region's proposed development chapter, the EC has now accepted in principle to have a link to development cooperation in the ESA EPA. However, it remains to be seen what the alternative development language will look like. Meanwhile, the LDCs in the ESA region continue call for exemption from liberalisation commitments in their EPA (i.e. they want a non-reciprocal arrangement) and some LDCs may opt out of signing an EPA at all. As a non-LDC Kenya is increasingly isolated and under pressure to find a solution – as it faces significant

losses if the EC carries out its promise to re-impose tariffs on Kenya's horticulture exports, should an EPA not be in place by January 2008.

West Africa (ECOWAS). Based on the EPA Review the West African ministers had originally proposed to extend the deadline for concluding negotiations until 2010. Following meetings with the EC, the region revised this decision and is aiming to conclude by the end of the year. West African governments have recently begun discussions on market access commitments – they have two months (until a Ministerial meeting scheduled for June in Dakar) to determine their tariff lines, draw up lists of sensitive products and agree on the common external tariff (CET). Meanwhile, reports from the region are that the EC has presented ECOWAS with a draft regional policy framework for investment and other Singapore Issues, which would later form the basis from which the region would be expected to liberalise investment towards the EU.

Southern Africa (SADC). A year after SADC put forward its proposals for the region's EPA, the EC finally submitted its formal response. In the version submitted to SADC the EC has withdrawn language explicitly conditioning market access to the EU on SADC making commitments on trade-related issues (as had been contained in their draft proposal to the European Council); the EC instead links the promise of development cooperation to the commitment on the part of ACP countries to "adopt, strengthen and harmonise these rules" – these very rules which SADC has said it does not want in its EPA. SADC maintains that trade-related issues should be handled as a form of 'cooperation agreement', rather than as binding rules. Meanwhile the EC continues to stress that it "respects the right of all SADC members to determine the best policy in these areas for their development". On market access, the EC still insists that South Africa will be treated differently from the other SADC countries, in terms of market access to the EU; that the TDCA will form the basis of tariff liberalisation commitments into the SADC market; and that even the LDCs of Mozambique, Angola and Tanzania should use the TDCA as their baseline, with some 'adjustments' to accommodate these countries' specific concerns.

Central Africa (CEMAC). This region has apparently made little progress since the beginning of 2007. It has been conducting an impact assessment study aimed at determining its sensitive products and the impact of tariff liberalisation upon revenue. CEMAC has proposed a transition period of 25-30 years for liberalising its markets.

Caribbean. The Caribbean region is far advanced compared to other regions. It aims to have its EPA signed by mid 2007. However, a number of rather fundamental issues remain to be resolved, including liberalisation schedules, elements related to regional integration and binding commitments on aid. The EC has apparently made some concessions to Caribbean proposals, including the acceptance in principle that transition periods of up to 25 years may be warranted on certain sensitive products (though no clarity on how many); and that a development chapter should be included in the EPA (though no clarity on what this development chapter will contain). Meanwhile, several of the poorer Caribbean islands are expressing increasing disquiet about the extent of market access commitments that – as LDCs – they may be expected to undertake.

Pacific. The Pacific have been long frustrated at the lack of constructive responses from the EC to their own proposals on fisheries and other key areas of concern to the region (see Low Down issue 6). The Pacific's lead ministerial spokesperson, Samoan minister Joe Kiel, recently complained that "we have demonstrated our commitment to those negotiations through the preparation of detailed, innovative and WTO compatible proposals in a wide range of areas of central importance to both our sides. To date, by and large they have been met with what certainly appear to be rigid red lines and inflexible positions that do not reflect any genuine willingness to think creatively and arrive at a mutually acceptable solution that addresses the unique needs and circumstances of the 'P' in ACP." More recently the EU Trade and Development ministers met with the Pacific in February and apparently now showing more flexibility on services, fisheries and the development component of EPAs – though the details of the EC's proposals remain unclear.

Campaign Update

E-action to Merkel. This Pan-European action has been running since January. Around 18,000 actions have been taken so far in UK, and the action is being taken up in 12 other countries across Europe. On the 5th March a reply was received from the German development minister, which stressed the need to replace Cotonou; that EPAs would involve asymmetry and long transition periods; and that the Review would be taken into account.

Joint European media work. A process for collective NGO media work on EPAs has been initiated and is being co-ordinated via regular teleconferences (please email Martin Gordon [MGordon@christian-aid.org] if you would like to participate.) Examples of successful media work have included

- o An open letter to Merkel for start of Presidency was sent on 31 January, signed by many EU NGOs, with press work in Germany to accompany the letter.
- o A joint press release on the 14th February denounced EU pressure on W. Africa negotiators and was picked up in Nigerian press x2, Kenyan press, European Voice, AFP, IPS and Reuters

NGO statement to Trade Ministers. A joint NGO statement was sent on 26 February to trade ministers ahead of Joint EU-ACP ministerial (1 March), prompting a response from Mandelson.

Demo outside Trade Ministers meeting. Fifty Stop EPA campaigners from Europe and Africa (Senegal, Niger, Cameroon, Ethiopia, Congo and Burundi) welcomed Trade Ministers arriving at the Joint Ministerial Trade Committee meeting on 1st March with slogans reading "Focus on development, not on deadlines", "Don't rush into bad trade deals"; "No to unfair trade deals"; "Africa is not ready for free trade with EU". Photos of the event are on www.epa2007.org

Embassy Lobby Action – 19th April. Preparations for Don't Lock Africa into Poverty embassy lobby is gaining momentum, with activities expected to happen in 13 countries across Europe and within the ACP. In London campaigners will lobby all European embassies with the messaging of 'Stop unfair trade deals'; and speakers at a rally will include Frances O'Grady (TUC), Tony Juniper (FoE), Lucia Matabenga (Zimbabwe TU/COSATU), Father Abiola (Council of African and Caribbean churches), Daleep Mukerji (Christian Aid). For other information on European/worldwide EPA activities, contact Sharon Shemesh [sharon.shemesh@oxfaminternational.org]

Next European campaign meeting - 25-26 April in Utrecht, Netherlands.

Following successful meeting of European Stop EPA campaigners in Amsterdam, the forthcoming meeting in Utrecht will enable joint planning for actions for the Portuguese presidency in the second half of the year. For more info please contact ICCO at www.icco.nl

www.epa2007.org. This campaign website is now live and functioning well as central point for European EPA campaigning. Includes joint actions, press reports on EU actions, press releases, open letters, background papers, calendar etc.

Key upcoming dates:

- o 14-15 May: GAERC with development focus/ministers
- o 24-25 May: EU-ACP Council of Ministers – review and recommendations expected to be signed off
- o 6-8 June: G8 summit
- o 21 June: EU Heads of State
- o 23-28 June: Joint EU-ACP Parliamentary assembly
- o 1 July: Portuguese presidency begins

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