



EPA Negotiations: Where do we stand?

Weekly updates

Available at

www.acp-eu-trade.org/epa

and

www.ecdpm.org/epa

by ECDPM, Maastricht (Netherlands), 6 December 2007

Key updates of the week:

All ACP:

- EPAs are likely to be a major subject of discussion at the EU-Africa summit on 7-9 December 2007.
- The Council of the EU is expected to discuss and adopt a regulation on market access on 10 December 2007.

CARIFORUM: EPAs are expected to be one of the main issues addressed at the 12th Conference of Heads of Government of the Caribbean Community on 7 December 2007 in Guyana.

ESA: An ESA-EC interim agreement was initialled by Mauritius, the Seychelles, Zambia and Zimbabwe.

Pacific: An interim agreement was initialled by Fiji and Papua New Guinea.

SADC: South Africa and Namibia have stated that they will not initial the SADC-EC interim agreement at this point.

→ See the respective regional pages for details. Updates have been highlighted on all pages.



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1. All ACP level

Weekly updates

Available at

www.acp-eu-trade.org/epa/AllACP.php (EN)

And

www.acp-eu-trade.org/epa/tous-ACP.php (FR)

by ECDPM, Maastricht (Netherlands), 6 December 2007

1.1 Current developments

While all parties remain committed to concluding comprehensive EPAs, as confirmed in the joint review endorsed in May 2007, progress in the negotiations has been slower than expected. By October 2007, it became apparent that EPAs would not be concluded by the target date of 31 December 2007, set by the expiry of the WTO waiver covering the current preferential trade regime of Cotonou. In reaction to this, the European Commission issued a communication on 23 October 2007 (see below), which outlines a pragmatic approach to safeguard preferential market access for non-LDC countries from 1 January 2008¹. The communication aims at extending the negotiation time towards complete EPAs while avoiding a disruption in trade. In line with this approach, the EC is currently concluding WTO compatible market access arrangements with regions, subregions and individual countries. These interim agreements contain rendezvous clauses to continue negotiations in 2008 towards full EPAs. This solution will circumvent a loss of trade preferences while fully respecting the letter of WTO rules. However, if these agreements are not concluded, the EC may have to face political pressure if it applies the GSP regime to non-LDCs from 1 January 2008, which will imply raising tariffs.

At its meeting on 10 December 2007, the Council of the EU is expected to discuss and adopt a market access regulation as a legal basis to grant duty and quota free access to the EU market to ACP countries from 1 January 2008, with transition periods for sugar and rice. It will apply to those ACP countries that have

¹ After expiry of the WTO waiver covering the current preferential trade regime under the Cotonou Agreement, LDCs will have the possibility to export to the EC market duty and quota free under the Everything But Arms (EBA) initiative. For non-LDCs, the Generalised System of Preferences will apply, which implies significantly higher tariffs on a number of products compared to the Cotonou regime.



concluded negotiations on either a full EPA or an interim agreement, which will be listed in Annex I of the regulation. So far, 7 LDCs and 8 non-LDCs have initialled interim agreements with the EC. The number of countries to be included in annex I is likely to increase until 10 December, as further countries are expected to finalise negotiations.

The regulation is expected to provide for the possibility for ACP countries that conclude negotiations after the date of adoption of the regulation to be added to annex I by a Council decision. Details on the procedure to be followed are subject to approval by the Council on 10 December. The last occasion to take a decision to amend annex I still in 2007 would be the Environment Council on 20 December 2007.

At the current state of negotiations, most African non-LDCs might conclude an interim agreement and the Caribbean region might sign a full EPA to establish a new WTO compatible trade regime after expiry of the waiver. However, concluding EPAs with sub-regions or individual countries is likely to have serious implications on regional integration dynamics in the ACP.

A brief look at each of the six negotiation regions gives a more detailed picture of the current state of play:

- In the [Pacific](#), **Papua New Guinea** and **Fiji** have concluded interim agreements. For the other ACP countries in the region the export volume to the EC is very low, hence they do not face a disruption of trade.
- In [East and Southern Africa](#) (ESA), the **East African Community** (EAC) members (Burundi, Kenya, Rwanda, Tanzania and Uganda) have decided in November 2007 to form a separate EPA region and initialled an interim agreement on 27 November 2007. The remaining ESA countries have opted for a framework agreement with a common text but separate market access schedules. The ESA-EC interim agreement has so far been initialled by **Mauritius**, the **Seychelles**, **Zimbabwe** and **Zambia**. (Zambia however did not take on obligations on the trade chapter).
- In the [SADC](#) EPA region, an interim agreement has been initialled by **Botswana**, **Lesotho**, **Swaziland** and **Mozambique**. **Namibia** and **South Africa**, despite forming the customs union SACU with Botswana, Lesotho and Swaziland, are not taking part in the interim agreement so far. Without joining the agreement, South Africa would export to the EU under its TDCA agreement with the EU. Namibia would face increased tariffs under the GSP regime.
- In [Central Africa](#), no regional interim agreement is expected. Instead, the non-LDCs **Cameroon** and **Gabon** may possibly conclude individual interim agreements with the EU. This would leave the **Republic of the Congo** as the only non-LDC in the region exporting under the GSP.
- Similarly the [West African](#) region has indicated that it is not interested in concluding an interim agreement but estimates that another 12 -18 months of negotiation time are needed to reach a full EPA. Discussions on possible interim agreements are taking place with **Cote d'Ivoire** and



Ghana, while **Nigeria**, being the third non-LDC in the region, is unlikely to conclude such an agreement.

- In the **Caribbean**, which is mostly composed of non-LDCs, a full regional EPA is likely to be concluded either in 2007 or in early 2008. However, additional bilateral negotiations are taking place between the **Dominican Republic** and the EC.

[For analysis and comments on the initialled interim agreements, see “[EPAs: Distinguishing what we know from what we don’t know](#)”, Chris Stevens, ODI Blog, 30 November 2007 and “[Spin or reality? The state of play on EPAs](#)”, Mareike Meyn, ODI Blog, 28 November 2007.]

Table 1 gives an impression of the liberalisation commitment contained in initialled agreements and table 2 provides an overview of sensitive products excluded from liberalisation.

Table 1a: Liberalisation schedules agreed in initialled interim agreements
(cumulative value of imports from the EU, to be liberalised by the specified year)

	2008	2010	2012	2013	2017	2022	2023	2033	total
Fiji							80%		80%
Papua New Guinea							88%		88%
EAC		64%					80%	82%	82%
Mauritius	24.5 %				53.6%	95.6%			95.6%
Seychelles				58%	78%	97%			97%
Zimbabwe			45%			80%			80%
Botswana, Lesotho, Swaziland									86%
Mozambique	Mostly liberalised at entry into force								80.5%

Table 1b: Liberalisation schedules agreed in initialled interim agreements
(cumulative percentage of tariff lines, to be liberalised by the specified year)

	2008	2015	2017	2018	2022	2023	total
Fiji						80% ^a	80%^a
Papua New Guinea						82% ^a	82%^a
EAC							74%^a
Mauritius	26% ^a		73% ^a		96.6% ^a		96.6%^a
Botswana, Lesotho, Swaziland		44 ^b		3 ^b			
Mozambique				100 ^b			

^acumulative percentage of tariff lines

^badditional number of tariff lines to be liberalised by the specified year



Table 2: Goods excluded from liberalisation

Pacific	Certain agricultural and forestry products as well as non agricultural processed goods are excluded from liberalisation by both Papua New Guinea and Fiji. The main criterion of these exclusions is the desire to protect infant industry and maintain fiscal revenues.
EAC	Exclusions focus on agricultural goods and some processed agricultural goods and are based chiefly on the need to protect infant industries or sensitive products in these countries.
ESA	Several products from different sectors have been excluded from liberalisation, mainly due to the need to protect sensitive products or infant industries in the countries. In the case of Seychelles, these include meat, fisheries, beverages, tobacco, leather articles, glass and ceramics and vehicles. In the case of Zimbabwe, excluded products include products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronics and vehicles.
SADC	Exclusions focus on agricultural goods and some processed agricultural goods and are based chiefly on the need to protect infant industries or sensitive products in these countries.

(Quoted from: press release, European Commission, 30 November 2007, http://trade.ec.europa.eu/doclib/docs/2007/november/tradoc_136959.pdf)

In the light of the upcoming EU-Africa summit on 7-9 December 2007, concern has been raised that EPAs might dominate the discussion on the joint EU-Africa strategy.

The draft strategy underlines “the need for the EPA process to be supportive of Africa’s regional and continental integration agenda”. In the light of the current state of the EPA process in which subgroups and individual countries out of regional entities are entering agreements with the EU under tight negotiation schedules, enhanced efforts may be required to ensure coherence between the EPA negotiations and the objectives of the EU-Africa strategy.

As some ACP negotiators have voiced concern about having been put under pressure by the EC to sign an EPA (see e.g. the [Kigali declaration](#) by the JPA), it seems questionable in how far principles such as “mutual accountability, solidarity and mutual confidence” set out in the EU-Africa strategy are appropriately reflected in the EPA process at this point.

1.2 Next meetings at the all ACP-EC level

EPAs are expected to be discussed at the EU-Africa Summit of Heads of States and Governments is scheduled for 7-9 December 2007 in Lisbon.

The next EU General Affairs and External Relations Council (GAERC) is scheduled for 10-11 December 2007. Ministers are expected to adopt a regulation on market access in goods.



A meeting of ACP Ministers in charge of EPAs is scheduled for 19-20 December 2007.

A meeting of the ACP Council of Ministers is planned in December.

1.3 Recent events

Commonwealth Heads of Government Meeting

Kampala, 23-25 November 2007

From the final communiqué:

"[...] Heads of Government acknowledged the contribution that regional trading arrangements can make to the gradual and beneficial integration of developing countries into the multilateral trading system. They called upon the European Union and the African, Caribbean and Pacific group (ACP) to put in place Economic Partnership Agreements (EPAs) that constitute effective tools for poverty eradication and sustainable development and contribute to the achievement of the MDGs. They urged that EPAs take due account of capacity constraints, the need for adequate accompanying measures to be provided on a predictable basis to meet, inter alia, adjustment costs and other potential vulnerabilities and the safeguarding of policy flexibility. They considered the EC's unilateral denunciation of the Sugar Protocol as very regrettable and urged that the new trading arrangements enhance and improve effective market access to deliver long term economic benefits to ACP sugar exporters. Heads of Government called for improved delivery of transitional assistance to make the necessary adjustments. [...]"

→ read the [full communiqué](#)

→ [Website of the Commonwealth Heads of Government Meeting 2007](#)

→ [McKinnon: lower trade barriers needed](#), Commonwealth Secretariat, 22 November 2007

14th ACP-EU Joint Parliamentary Assembly

Kigali, 17 - 22 November 2007

Press release, 22 November 2007, published by DG Information, European Parliament:

"ACP countries need more time to negotiate a deal on the ACP-EU economic partnership agreements (for which a World Trade Organisation waiver expires at the end of 2007) says a "Kigali Declaration" adopted by the ACP-EU Joint Parliamentary Assembly in Kigali, Rwanda, on 22 November. [...]"

→ [Full press release](#)

→ [Kigali Declaration](#), 22 November 2007

→ Agenda [EN](#) [FR](#)

→ [Meeting documents](#)



Commission proposal for a Council regulation on market access

The European Commission submitted to the Council a proposal for a regulation that aims at establishing a legal basis for the application of the provisions on market access in goods to the EC market contained in full EPAs or first-step agreements, which are concluded by December 2007. The regulation would be an instrument for the EU to provide market access to ACP countries already before the entry into force or provisional application on a mutual basis of EPAs or first-step agreements. Accordingly, it is expected to be amended or superseded in accordance with the provisions contained in each of the agreements.

A list of ACP countries that have concluded negotiations and will accordingly benefit from the market access provisions in the respective agreements is expected to be contained in Annex I of the regulation.

Annex II of the proposal specifies the rules of origin to be applied in the period up to provisional application of the agreements on a mutual basis or entry into force of the agreements.

The regulation is expected to be adopted (by Qualified Majority Vote) by the General Affairs and External Relations Council (GAERC) of the EU on 10 December 2007 to regulate access to the EC market from 1 January 2008. (See also *current developments*.)

→ [Proposal for a Council Regulation applying the arrangements for goods originating in certain states which are part of the African, Caribbean and Pacific Group of States \(ACP\) provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements](#)

Proposal from the European Commission of 13 November 2007

→ [Annex 2 - Rules of Origin](#)

Annex to the Proposal from the European Commission of 13 November 2007

Aid for Trade Global Review

The first global review of Aid for Trade has been held on 20-21 November 2007 in Geneva.

→ [WTO website on the Aid For Trade Global Review](#)

→ [Programme](#) with links to presentations, papers, video and audio files

GAERC (General Affairs and External Relations Council) of the EU, with focus on development

19-20 November 2007

EU development ministers adopted Council Conclusions on EPAs and agreed to revert to the issue of WTO compatible solutions providing non-LDC countries with improved market access and guarding against trade disruption in December 2007. (See above, *Commission proposal for a Council regulation on market access*)

→ [Council Conclusions on EPAs](#)

→ [Council Conclusions on advancing African agriculture](#)

For more documents on the GAERC, see:

→ [Website of the Council of the EU](#)

→ [Website of the Portuguese Presidency of the Council](#)



Meeting of ACP Senior Officials and Ministers responsible for the EPA negotiations and Trade

Brussels, 6-9 November 2007

ACP ministers and senior officials met to address the outstanding issues in the EPA negotiations and to take stock of the negotiations underway at the WTO. The meeting included interactive sessions with the Director General of the WTO and with EC Director Generals for Trade and Development.

→ [Conclusions of the Meeting of ACP Ministers responsible for the EPA Negotiations and Trade](#)

→ [Communiqué Issued by ACP Ministers of Trade on the WTO Doha Round of negotiations](#)

→ [Speaking points by David O'Sullivan](#), Director General of DG Trade, European Commission

EC Communication on Economic Partnership Agreements

On 23 October, the European Commission issued a communication to the Council and the European Parliament outlining its approach to concluding the EPA negotiations and ensuring continued market access for ACP exports.

Recognising that a full EPA is not likely to be achievable in some regions, the EC envisages WTO-compatible goods market access arrangements to be applied from 1 January 2008, including all other aspects of EPAs on which negotiations have been finalised. These agreements are seen as stepping stones towards full EPAs and should hence contain rendez-vous clauses and binding commitments to continue negotiations in outstanding areas.

The EC is willing to conclude such goods market access agreements with sub-regions. However the full EPAs that are expected to be concluded after an extended negotiation period should remain open to all countries in a region.

For ACP countries that do not conclude any agreement in time to be applied from 1 January 2008, the EC sees no other option than applying the GSP scheme, i.e. the Everything But Arms (EBA) regime for LDCs and the standard GSP for non-LDCs.

Regarding development cooperation, the EC believes that reassurance can be provided through the Cotonou instruments as well as through contributions of the EU member states already at the first stage of WTO-compatible market access agreements.

→ [Communication from the Commission to the Council and the European Parliament on Economic Partnership Agreements](#), 23 October 2007

→ [Press release](#) by the European Commission, 23 October 2007

For reactions on the EC communication by various stakeholders, consult our previous updates available in the acp-eu-trade.org library.



1.4 Background

Negotiations for the Economic Partnership Agreements (EPAs) take place at the regional level. For an detailed overview of the current state of play in each of the six ACP negotiating regions², see the dedicated regional web pages by clicking on one of the following EPA groupings: [West Africa](#), [Central Africa](#), [East and Southern Africa](#) (ESA), [Southern Africa](#) (SADC), [Caribbean](#) (CARIFORUM), [Pacific](#) (PACP).

What if... no EPA is concluded by 31 December 2007?

While negotiations are behind schedule in all regions, different options have been explored on how to move forward in the light of the deadline of 31 December 2007, set by the Cotonou Agreement as well as by the expiry of the WTO waiver covering the Cotonou trade preferences.

As the political will to conclude an EPA exists in all regions but time appears to be too short to complete the negotiations in all regions in 2007, the issue comes down to identifying a transitional arrangement to be applied during an extended negotiation period.

The options commonly mentioned are concluding a WTO compatible interim agreement, trading under the EU's generalised system of preferences (GSP), granting GSP+ to ACP which are not least-developed countries (LDCs) or seeking an extension of the current WTO waiver to continue the Cotonou preferences:

- **WTO compatible interim agreement:** Trade in goods is the only key area that needs to be covered by the agreement to comply with WTO rules. Other areas, on which agreement can be found by 31 December 2007, may be included, in particular provisions on development cooperation. The EC and the Pacific region as well as ESA and EAC have decided in favour of such an interim agreement. Such an agreement has also been referred to by the EC as a “two-stage” agreement (first stage covering market in goods, then other issues) or a “progressive” agreement (in their response to West Africa, suggesting starting with a goods-only agreement and then moving progressively towards a more comprehensive agreement).

On 23 October, the EC issued a [communication](#) (see *recent events*) outlining this approach as preferred for those regions in which a full agreement is not achievable by the end of 2007. According to the communication, WTO compatible goods market access arrangements could also be concluded with sub-regions or countries and are perceived as stepping stones towards full EPAs open to all countries in a region.

So far, [interim agreements with the EC have been initialled](#) by Botswana, Lesotho, Swaziland and Mozambique in the SADC region, by the East African Community, by Mauritius, Zimbabwe and the Seychelles in the ESA region and by Papua New Guinea and Fiji in the Pacific region.

² On 14 November, the East African Community (EAC) and the EC decided to conclude a separate EAC-EC EPA, creating an additional negotiation region. See [East and Southern Africa](#) (ESA) page.



- **GSP:** The Generalised System of Preferences (GSP) is the EU trade regime open to all developing countries. It constitutes the “worst case scenario” for non-LDC ACP countries, which would face significant increases in tariffs compared to the Cotonou preferences, a cost recently estimated by the European Commissioner for Development Louis Michel at 1 billion euros. The EC has stressed repeatedly that there is “no Plan B” for EPAs, i.e. neither the continuation of Cotonou preferences nor the GSP+ are acceptable options. Hence, according to the EC, non-LDC ACP countries that neither conclude a full EPA nor a goods-only agreement by the end of 2007 would automatically fall back on the general GSP after the expiry of the WTO waiver on 1 January 2008. However, NGO representatives argue that it is politically impossible for the EC to carry out such a tariff increase.

[For details on the Generalised System of Preferences of the EU, comprising the general GSP, GSP+ and EBA, see http://ec.europa.eu/trade/issues/global/gsp/index_en.htm.

For a discussion, see ODI. 2007. *The Costs to the ACP of exporting to the EU under the GSP*. Final Report, March 2007. London: Overseas Development Institute. Available on-line: www.odi.org.uk]

- **GSP+:** Civil society organisations have suggested applying the EU’s GSP+ trade regime to non-LDC ACP countries from 1 January 2008. Least developed countries (LDCs) have duty and quota free access to the EU market (with transition periods for rice and sugar) under the Everything But Arms initiative.

Proponents of the GSP+ regime as an alternative to EPAs or as an interim solution applied during an extended negotiation period for EPAs, argue that applying GSP+ to ACP countries is a matter of political will on the part of the EC. They state that this solution would come close to preserving current access to the EC market for the ACP. Hence, it would take pressure off the negotiations to allow more time to conclude a new trade agreement that ensures a positive development impact in ACP countries.

On 27 September 2007, the European Commission published a paper on the GSP+ option³. The EC argues that none of the non-LDC ACP countries is currently eligible for the GSP+ regime and that the earliest date for ACPs to export under GSP+ would be 1 January 2009, provided the countries have ratified the relevant international conventions by then. Furthermore, the EC points out that GSP+ does not cover some products like bananas, which are addressed in the Cotonou preferences and are to be included in EPAs. The EC maintains its position that in absence of EPAs, the only trade regime that can be applied to ACP-EC trade from 1 January 2008 is the general GSP,

³ On the EC paper, note: Some observers indicate countries need to sign, ratify and implement the 16 core conventions and only 7 of the other governance/environment/narcotics conventions. This totals 23 and not 27 as indicated by the EC.



implying a significant increase in tariffs on imports from ACP countries.

[For a discussion on the GSP+ option, see TWN Africa and Oxfam International. 2007. [A matter of political will: How the European Union can maintain market access for African, Caribbean and Pacific countries in the absence of economic partnership agreements](#). Oxford: Oxfam International and Third World Network Africa.]

- **Extension of the WTO waiver:** This option is rejected by the EC, which is committed to abide by all WTO rules without exception. The EC further argue that a waiver would not be granted or would require high costs for both EC and ACP in terms of concessions to be made to other WTO members to obtain the waiver. The West African region nevertheless considers this option as preferable to concluding a goods-only interim agreement. Also Central Africa has asked the EC to request an extension of the waiver at the WTO.

[For a comprehensive overview of the different options in face of the deadline of 31 December 2007 see Bilal, S. 2007. [Concluding EPA Negotiations: Legal and institutional issues](#). (Policy Management Report 12). Maastricht: ECDPM www.ecdpm.org/pmr12 and Stevens, C. 2007. [EPAs: What happens in 2008?](#), Briefing Paper 23, London: ODI.

Development support for EPAs and Aid for Trade

As a consequence of EPAs, ACP countries are likely to face losses in public revenue through reduced tariff revenues. Further, while liberalising trade with the EC and regional partners, ACP countries will face adjustment costs due to restructuring of their economies and they will require support of their productive capacities in order to take full advantage of new export opportunities.

The EC will continue to provide development assistance under the European Development Fund (EDF) as well as under special assistance programs in the area of sensitive products such as bananas, sugar and rice funded from the EU budget. ACP countries stress the need to ensure additional funding for EPA support complementary to the EDF, in order to avoid diverting funds from other development areas to trade related projects.

On Trade Related Assistance (defined as support for trade policy and regulation and for trade development), the EU has made a firm commitment to increase its funding to €2 billion per year by 2010. Out of these, €1 billion is to be contributed by the EC and another €1 billion is to be delivered by EU member states. The EU General Affairs and External Relations Council ([GAERC meeting on 15-16 October 2007](#)) endorsed the [EU Strategy on Aid for Trade](#), which states that “in the range of 50% of the increase” in EU TRA will be available for ACP countries. This implied that about €300 to 400 million additional funds per year can be expected for Trade Related Assistance in ACP countries. Further, the EU will provide support in the framework of the wider Aid for Trade agenda, covering also building of productive capacities, trade-related infrastructure and trade-related adjustment. However, no precise quantitative commitments exist on this.



1.5 Additional resources

[Consultation for the preparation of a Commission Communication on Policy Coherence for Development](#), 21 November 2007 – 30 January 2008

[Can aid fix trade? The new Aid for Trade Agenda](#), Brussels Development Briefing, 5 December 2007

Recent press releases and articles:

[Trade row casts shadow over EU-Africa summit](#), AFP /bilaterals.org, 6 December 2007

[New EU Aid for Trade Strategy: a window of opportunity?](#), Jonas Frederiksen, Francesco Rampa, Forthcoming in Trade Negotiations Insights, Vol. 6, No.8, ECDPM/ICTSD, December 2007

[EPAs: Distinguishing what we know from what we don't know](#), Chris Stevens, ODI, 30 November 2007

[EU banana barriers suffer new WTO setback: source](#), AFP, 30 November 2007

[EU may up tariffs for ACP countries if negotiations not done by 10 Dec](#), Islands Business, 30 November 2007

[Africa is Being Rushed into Potentially Unfair EU Trade Agreements](#), DATA, 29 November 2007

→ see also [The DATA Africa Trade Initiative](#), 29 November 2007

[Spin or reality? The state of play on EPAs](#), Mareike Meyn, ODI, 28 November 2007

[EU trade deal could hit African states' budgets – IMF](#), Reuters, 23 November 2007

[Defending Europe's interests](#), Peter Mandelson and Manuel Pinho, International Herald Tribune, 22 November 2007

[Trade deal a game of high stakes](#), Yash Tandon, Business Daily, 22 November 2007

[EU is forcing through interim trade deals with ACP nations](#), Luis Morago, letter to the editor, Financial Times, 22 November 2007

[Trade-EU: South Africa and Nigeria attacked over EPAs](#), David Cronin, Terraviva Europe, 21 November 2007

[EU trade pressure on poor nations criticized](#), Alan Beattie, Financial Times, 21 November 2007

[ACP Regions Splinter. As EU Turns Up Pressure for EPAs](#), BRIDGES Weekly Trade News Digest, Vol. 11, No. 40, 21 November 2007

[Europe-Afrique : la coopération en panne, par Abdoulaye Wade](#), Le Monde, 15 novembre 2007



Recent documents:

[Update: Interim Economic Partnership Agreements](#), European Commission, 30 November 2007

[EU-ACP Economic Partnership Agreements. Institutional and Substantive Issues](#), Amin Alavi, Peter Gibbon, Niels Jon Mortensen, DIIS - Danish Institute for International Studies, Copenhagen, November 2007

-> see also: [Overview of quantitative analyses of Economic Partnership Agreements: Market and Revenue effects of liberalisation of ACP barriers and enhanced EU market access](#), Ronald A. Babula, Kenneth Baltzer, Institute of Food and Resource Economics (FOI), Copenhagen 2007

[European Parliament debate on EPAs](#), 28 November 2007

[Kigali Declaration](#), ACP-EU Joint Parliamentary Assembly, 22 November 2007

[ACP-EU Economic Partnership Agreements](#), Christopher Stevens, Mareike Meyn, ODI, Commissioned by the Commonwealth Secretariat, November 2007

[Council Conclusions on EPAs](#), Council of the European Union, 20 November 2007

[Position Paper on Sustainability Impact Assessment of EPAs](#), European Commission, 16 November 2007

[The EU's GSP+ arrangement as an alternative to the EPA process](#), Lorand Bartels, 12 November 2007

[Legal issues relevant to the notification of EPAs under Article XXIV GATT](#), Lorand Bartels, 26 October 2007

[Conclusions of the Meeting of ACP Ministers responsible for the EPA Negotiations and Trade](#), 9 November 2007

[Communiqué Issued by ACP Ministers of Trade on the WTO Doha Round of negotiations](#), 9 November 2007

[One Minute to Midnight: Is There Still Time to Rethink EPAs?](#), Claire Delpeuch, Policy Brief, The German Marshall Fund of the United States, 24 October 2007

Key documents:

[Proposal for a Council Regulation applying the arrangements for goods originating in certain states which are part of the African, Caribbean and Pacific Group of States \(ACP\) provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements](#), Proposal from the European Commission of 13 November 2007

-> see also:

[Annex 2 - Rules of Origin](#), Annex to the Proposal from the European Commission of 13 November 2007

[Communication from the Commission to the Council and the European Parliament on Economic Partnership Agreements](#), European Commission, 23 October 2007

[EU Strategy on Aid for Trade](#), adopted at the EU General Affairs and External Relations Council on 15 October 2007

[Overview of Article 37\(4\) Reviews of the EPA Negotiations](#), ECDPM Discussion Paper 81, October 2007



[From Legal Commitments to Practice: Monitoring Economic Partnership Agreements](#),
Sanoussi Bilal, Franziska Jerosch, Niels Keijzer, Christiane Loquai, ECDPM
Discussion Paper 79, October 2007

Monthly news:

- EPA Negotiations Update by Melissa Julian:
→ [Current issue](#)
→ [Previous issues](#)
- [Trade Negotiations Insights](#)

Background information:

- by ECDPM
[EPA Development Support InBrief series](#)
[InBrief series on trade](#)
- by the European Commission
[DG Trade webpage on EPA negotiations](#)
- by the ACP Secretariat
[Webpage on EPA negotiations](#)
- by CTA
[Executive brief on EPA negotiations](#)

Documents and press articles:

- [DG Trade i-centre](#) (EC press releases and other documents)
- [Bilaterals.org](#) (Critical press articles and draft documents)
- [News](#) on [acp-eu-trade.org](#) (a searchable archive of all ACP-EU trade news distributed via the [Weekly ACP-EU News](#))
- [Library](#) on [acp-eu-trade.org](#)



EPA Negotiations: Where do we stand?

2. CARIFORUM-EU EPA

Weekly updates

Available at

www.acp-eu-trade.org/epa/cariforum.php

by ECDPM, Maastricht (Netherlands), 6 December 2007

2.1 Recent developments

In the Caribbean, negotiations towards a full EPA are relatively advanced compared to the other regions. However, recently the prospects of concluding a comprehensive agreement by the end of 2007 have become uncertain, as key areas of the negotiations, in particular relating to the CARIFORUM market access offer, remain incomplete,

Crucial issues on which agreement needs to be found relate to liberalisation schedules (both goods and services), the trade regime for sugar in an EPA and development cooperation.

Except for Haiti, all CARIFORUM countries are non-LDCs who would face increases in tariffs if the GSP was applied to their exports to the EU from 1 January 2008 in absence of an EPA.

In order to find a solution to safeguard market access, joint meetings are taking place between CARIFORUM and the EC; further, a CARICOM summit of Heads of Governments is expected to address the issue on 7 December.

[CARIFORUM trade ministers stated at a meeting in Georgetown](#) on 15 November 2007 that neither the “signature of a trade-in-goods agreement with a built-in agenda for other disciplines nor an interim agreement as defined by the EU” were tenable options. Reaffirming their commitment to continue negotiating in good faith, ministers stated that if a complete and satisfactory agreement could not be concluded by the end of 2007, “CARIFORUM would continue the negotiations with the aim of concluding early in 2008”.

According to [press reports](#), the additional negotiation time sought by CARIFORUM may amount to two to three months.

After the meeting of CARIFORUM trade ministers on 15 November and a Conference of Heads of Government of the Caribbean Community in Barbados on 17 November, negotiators [have reportedly been given a new mandate](#).



2.2 Outstanding issues

A draft legal text exists and is completed or close to completion in various areas, such as competition rules, government procurement, non-tariff barriers to trade, legal and institutional provisions and agriculture.

Further issues that the negotiations have been focusing on include:

- market access in goods, in particular volume of trade to be excluded from the EPA: At a meeting between Caribbean Heads of Government and European Commissioners on 4-5 October in Montego Bay, Jamaica, CARIFORUM agreed to reduce the exclusion list to 20-22% of total imports from the EU. [EC-CARIFORUM technical meetings](#) on market access in goods took place in Barbados in the week of 26 November (→ see a [Caribbean analysis of the negotiations on market access](#));
- the EC demand to include provisions on good governance in the area of taxation, which has been rejected by CARIFORUM because of its likely negative impact on the offshore financial services industry;
- the EC proposal on services, which according to CARIFORUM includes a too narrow definition of a firm (discouraging third country investment in the Caribbean) and leaves room for improvement concerning provisions on tourism and cultural cooperation;
- the CARIFORUM services offer, which the EC would like to see improved with a sectoral coverage of between 80-90%;
- the EC demand to include a most favoured nation (MFN) clause, which would imply that CARIFORUM would automatically have to extend trade concessions made to third countries to the EC, e.g. in the case of liberalising rum trade with India and Brazil;
- development finance provisions to address adjustment and implementation costs: Both parties have [agreed to include a separate chapter](#) on development and to identify in each trade chapter potential areas for development cooperation. The degree of specificity of development provisions to be included in the text remains to be determined. A revised development chapter has been proposed by CARIFORUM during the last negotiation session on 1-6 November 2007 in Kingston;
- a proposal by CARIFORUM to insert a Special Safeguard Mechanism;
- the trade regime for sugar within an EPA, in the light of decreasing sugar prices on the EC market and following the denunciation of the sugar protocol by the EU in September 2007. While sugar has recently been high on the agenda due to the denunciation of the sugar protocol by the EC (see previous updates in our Library), rice and bananas are further key commodities in the region that require specific arrangements.

2.3 Regional configuration

The Dominican Republic is holding [separate negotiations](#) with the EC. The EC has reportedly requested to receive the same treatment as given to the US under the Central America Free Trade Agreement (CAFTA) for a number of products.



The [Bahamas are not expected](#) to become party to an EPA at this stage. However, they are reportedly [seeking an interim agreement](#) limited to trade in goods.

Caribbean observers indicate that it might be necessary that the Bahamas and Haiti (which is currently not in a position to improve its services offer) either accede to an EPA at a later stage or that their respective liberalization schedules in trade in services are addressed later through a built-in agenda.

2.4 Next meetings

Joint meetings are taking place in the week of 3 December 2007.

On 7 December 2007, CARICOM Heads of Government plan to address EPAs at their summit (12th Conference of Heads of Government of the Caribbean Community) in Guyana.

A CARIFORUM-EC Ministerial meeting is [planned on 14 or 15 December 2007](#) in Barbados.



2.5 Additional resources

Recent press articles:

[Caricom's 11th-hour summit](#), NationNews.com, 4 December 2007

[EU threats may be overblown](#), Stacia Browne, The Barbados Advocate, 28 November 2007

[Cariforum enters final round of negotiations](#), Jamaica Gleaner, 28 November 2007

[The 'special' has gone out of the relationship](#), David Jessop, Starbroek News, 25 November 2007

[EPA or GSP: Dangerous Liasons](#), Elsy Fors, Prensa Latina, 25 November 2007

[A basket to carry water](#), Anthony Gomes, The Jamaica Observer, 23 November 2007

[An Open Letter on the CARIFORUM-EU Economic Partnership Agreement \(EPA\)](#), Havelock Brewster, Norman Girvan, James Moss-Solomon, Judith Wedderburn, 14 November 2007

Recent documents:

[Letter on the state of play in CARIFORUM-EC EPA negotiations](#), Douglas Saunders, Ministry of Foreign Affairs and Foreign Trade of Jamaica, 14 November 2007

→ [Observations on the State of Play in the CARIFORUM / EC Economic Partnership Agreement \(EPA\) Negotiations](#), Havelock Brewster, Norman Girvan, 20 November 2007
→ [Comment by a CRNM associate](#)

[Statement issued at the conclusion of the 24th meeting of the Council for Trade and Economic Development \(COTED\) and the 4th meeting of the CARIFORUM Council of Ministers Meeting – External Negotiations](#), 15 November, Georgetown, Guyana

[Communiqué of the Special Meeting of CARIFORUM Head of Governments and EC Commissioners for Trade and for Development](#), Montego Bay, Jamaica, 4-5 October 2007

[Communiqué of the CARIFORUM ministerial meeting](#), 18-19 October 2007, Port-au-Prince, Haiti

News from the region:

[Website of the Caribbean Regional Negotiating Machinery \(RNM\)](#)

(includes press releases and a calendar of events)

Press articles and other news items:

[News](#) on acp-eu-trade.org (a searchable archive of all ACP-EU trade news distributed via the [Weekly ACP-EU News](#))

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Background information by ECDPM:

[InBrief 14C: Overview of the regional EPA negotiations: Caribbean-EU Economic Partnership Agreement](#) (November 2006)

[InBrief 15C: Update on regional EPA negotiations: Caribbean-EU Economic Partnership Agreement](#) (November 2006)



EPA Negotiations: Where do we stand?

3 . Central Africa-EU EPA

Weekly updates

Available at

www.acp-eu-trade.org/epa/Central-Africa.php (EN)

and

www.acp-eu-trade.org/epa/Afrique-centrale.php (FR)

by ECDPM, Maastricht (Netherlands), 6 December 2007

A joint Central Africa - EC ministerial meeting on 29 October 2007 did not lead to the signature of an EPA. Key outstanding issues relate to market access in goods and services and to accompanying measures to an EPA.

In order to conclude an EPA by the end of 2007, the EC proposed on 29 October a [work programme](#) for a reduced number of experts from both parties to finalise negotiations in November. However, in light of the outstanding issues, [Central African ministers asked the EC to request at the WTO an extension of the waiver](#) covering the Cotonou preferences. This demand, expressed in a ministerial declaration issued on 29 October 2007 (see [ministerial declaration](#) published in l'Appel Citoyen), follows a similar request by West African ministers, which has been refused by the EC.

According to [press reports](#), on 15 November the EC has rejected the demand for an extension of the Cotonou preferences, which had been voiced by banana producers from Cameroon and Cote d'Ivoire in a joint letter to European Commissioner Mariann Fischer Boel of 19 October 2007.

The EC envisages concluding a first step agreement with Cameroon that has an interest in safeguarding banana exports to the EU as well as with the other non-LDCs in the region, which are Gabon and the Republic of the Congo⁴.

[Bilateral negotiations are taking place](#) between the EC and Gabon.

⁴ Without an EPA, non-LDCs would fall back on the EU's GSP regime from 1 January 2008, while LDCs would be able to export duty and quota free under the EBA initiative.



3.1 Market access in goods

CEMAC still has to complete and harmonise its regional market access offer for trade in goods, which requires CEMAC countries to finalise their lists of sensitive products. In particular, indications are that national lists of sensitive products are outstanding for Equatorial Guinea and Sao Tome and Principe.

Sources indicate that so far, a provisional regional market access offer has been submitted to the EC. In order to reach agreement on market access, parties need to agree on the percentage of products to be excluded from liberalisation and on the length of transition periods for the products to be liberalised. In this context, parties differ on the interpretation of the “substantially all trade” requirement of GATT article XXIV. Specific proposals on percentages and time frames have been tabled but are still under discussion. According to a [report on the working group on market access](#), parties agree that liberalisation could be finalised by 2033, i.e. after a period of 25 years. However, the current EC position is that liberalisation of 80% of products over 15 years is required for a WTO compatible agreement. (In this context, some observers indicate that in the EC interpretation of WTO requirements, liberalisation that takes place over a period exceeding a certain length would be considered as equivalent to an exclusion of products from liberalisation.)

3.2 Accompanying measures

Concerning the “mise à niveau” programme and reinforcement of productive capacities, key areas for support have been identified. Agreement needs to be found on how to include corresponding provisions into the legal text.

EC development assistance is further expected to contribute the effective implementation of EPA provisions as well as to compensating the net fiscal impact of EPAs, complementary to fiscal reforms in Central African countries.

Development finance provisions, including the amounts and instruments for delivery of aid, also need to be agreed on.

During a joint technical meeting on 26-28 September in Kinshasa, the EC has tabled a draft outlining a revised structure of the EPA, which no longer included a chapter on reinforcement of capacities and the “mise à niveau” programme that had in principle been agreed on previously.

Central Africa plans to channel development assistance for an EPA through a regional EPA fund. Reportedly, the EC envisages allocating [70% of the Regional Indicative Programme](#) (i.e. about €150 million) under the 10th EDF to this fund. Details on the procedures still need to be finalised.

The development chapter remains a key issue for Central Africa. Some observers indicate that in the absence of firm commitments on development support, additionality of funds available and delivery mechanisms, the LDCs in the region might opt for exporting under the Everything But Arms (EBA) regime.



3.3 Further areas of negotiation

Offers on services and investment have been exchanged and negotiations, including mode IV for services, are going on. As negotiations on a services chapter are in an advanced state, EC officials indicate that an interim agreement might possibly comprise a text on services, while leaving negotiations on the concrete market access schedule for services to the second stage agreement.

An exchange of views has been taking place on non-tariff barriers and trade defence instruments. Trade related issues are under discussion.

3.4 Regional configuration

The Democratic Republic of Congo is currently negotiating under both the CEMAC and the ESA EPA configurations; it remains to be decided with which regional grouping the country will sign an EPA.

3.5 Next meetings

In addition to exchanges on an agreement between the Central African region and the EC, bilateral negotiations are taking place between the EC and Gabon.



3.6 Additional resources

Recent press articles:

[EU, CEMAC Disagree Over Trade Accord](#), Joe Dinga Pefok, The Post, 23 November 2007

[La Cemac et la Ceaac s'accordent sur un tarif extérieur commun](#), Biloa Aimée, Le Messenger, 20 novembre 2007

[Gabon: Commerce: Le ministre Paul Biyoghe Mba explique les enjeux des Accords de partenariat économique \(APE\)](#), Gabonews, 17 November 2007

[Négociations : Ape: l'Union européenne divise pour mieux contraindre](#), Alain B. Batongué et Brice R. Mbodiam, Quotidien Mutations, 16 Novembre 2007

[Jacob Kotcho : Les préférences non réciproques doivent demeurer](#), Quotidien Mutations, 16 Novembre 2007

[Commentaire : Politique contre développement?](#), Quotidien Mutations, 16 Novembre 2007

Recent documents:

[Declaration on the evolution of EPA negotiations in Central Africa](#), PANEAC (Platform of Central African Non State Actors), 16 November 2007

[L'Appel Citoyen, édition sur les négociations APE- UE – Afrique Centrale](#), ACDIC, novembre 2007

[State of play of EPA negotiations in Central Africa: results from the EU-CEMAC Ministerial meeting](#), in: EU News, Aprovev, CIDSE, Caritas Europe, October 2007

[Mémoire de la Commission européenne, Réunion Ministérielle Conjointe sur l'Accord de Partenariat Economique entre la région Afrique centrale et l'Union européenne](#), 29 octobre 2007

[Négociations Afrique centrale - UE, Méthode et programme de travail novembre 2007 en vue de la conclusion des travaux techniques](#), note de la Commission européenne, 29 octobre 2007

[Rapport des travaux du groupe de travail conjoint sur l'accès aux marchés et les autres questions douanières \(GTAD\)](#), Bruxelles, 22-23 octobre 2007, bilaterals.org

[L'Afrique centrale face au défi de l'accès au marché. Liste d'exclusion, calendrier de démantèlement et coûts d'ajustement](#)

Jacques Gallezot and David Laborde, Rapport final, 26 June 2007, Unité de Gestion de Projets APE: Projet 167/CEMAC, ITAQA (International Trade and Quantitative Analysis)

Press articles and other news items:

[News](#) on acp-eu-trade.org (a searchable archive of all ACP-EU trade news distributed via the *Weekly ACP-EU News*)

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[InBrief 15A: Update on regional EPA negotiations Central Africa - EU Economic Partnership Agreement](#) (November 2006)



EPA Negotiations: Where do we stand?

4. West Africa-EU EPA

Weekly updates

Available at

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and

www.acp-eu-trade.org/epa/Afrique-Ouest.php (FR)

by ECDPM, Maastricht (Netherlands), 6 December 2007

West Africa is unlikely to complete a comprehensive EPA by 1 January 2008, due to insufficient progress in major areas of the negotiations.

Outstanding issues include the ECOWAS market access offer in goods and services, accompanying measures and the financing of these, rules of origin, the definition of a monitoring and evaluation mechanism and the legal text.

No joint draft text of an EPA exists yet; a proposal has been submitted by the EC and a reaction by ECOWAS is still expected.

According to ECOWAS, about 12 to 18 months of additional negotiation time are needed to conclude a full EPA. ECOWAS considers that an interim agreement as proposed by the EC would not have a positive impact on development. Instead, ECOWAS suggests continuing the current preferential trade regime during the proposed additional negotiation time.

The EC envisages an interim solution with Cote d'Ivoire and Ghana (see below), intended to be enlarged to a comprehensive agreement including the other countries of the region at a later point.

4.1 The way forward

Different views have been expressed on how to proceed. In the beginning of September, ECOWAS and UEMOA officials have proposed to the governments of their member states to negotiate with the EC an extension of the deadline of 31 December 2007 in order to allow more time to negotiate a comprehensive EPA. Their preferred option for a transitional trade regime is to request an extension of the WTO waiver to maintain the current Cotonou preferences. This has been endorsed by West African ministers at a meeting in Abidjan on 5 October 2007. Ministers mandated the ECOWAS chief negotiators to demand an



extension of the Cotonou trade regime from the EC and [requested the EC](#) to apply for an extension of the WTO waiver covering these preferences.

The [EC has rejected the demand](#) to request an extension of the waiver (see [EC Reply to West Africa](#)), as it considers this [not to be consistent with the commitment to treat developing countries equitably](#) under the trade preferences granted by the EU and regards it as not compatible with the provisions of the Cotonou Agreement.

The EC considers concluding an EPA by 31 December 2007 to be the only viable option, as an extension of the WTO waiver would be likely to face resistance by other WTO members and applying the GSP regime would imply high costs in terms of increased tariffs paid and/or a reduction in exports for several West African countries. Accordingly, the [EC has offered to ECOWAS](#) to agree a goods-only EPA as an interim solution.

This has been refused by ECOWAS, as market access in goods is one of the most controversial aspects of the negotiations and concluding such an interim EPA would presuppose agreement on rules of origin and sensitive products.

Both sides still need to agree on the way forward. Nevertheless, chief negotiators [have been invited by both sides](#) to continue work on the joint definition of support programmes, market access and the legal text.

According to [press reports](#) of 31 October, the ECOWAS position is still unchanged, asking the EC to request an extension of the WTO waiver. Reportedly, the European side would require evidence of progress, in particular “a deal on market access and lists of “sensitive products””, to “be able to make the case” for such a request at the WTO.

The EC envisages concluding an agreement with the non-LDCs Cote d’Ivoire and Ghana⁵. Some observers indicate that an agreement with Cote d’Ivoire would have to comprise also the other members of the UEMOA customs union in order to comply with UEMOA rules.

Reportedly, [Nigeria, which is the](#) third non-LDC in the region, [is considered by the EC](#) as blocking trade negotiations in the region. [Nigeria and ECOWAS have led a majority of West African countries holding the position](#) that more time is needed to conclude an agreement, as the joint preconditions agreed in February for signing an EPA had not been met.

Public statements concerning Ghana’s position remain unclear. According to [press reports of 17 November](#), the Ghanaian Finance Minister Kwadwo Baah-Wiredu stated in an address to Parliament that the ECOWAS position was that EPAs should enter into force on 1 January 2011 instead of 2008. Similarly, the Ghanaian budget statement on 15 November 2007 summarised this ECOWAS position, but did not explicitly refer to Ghana’s own interest or what it plans to do in the interim.

⁵ Without an EPA, non-LDCs would fall back on the EU’s GSP regime from 1 January 2008, while LDCs would be able to export duty and quota free under the EBA initiative.



[Other press reports](#) indicate that within Ghana, civil society organisations and industrialists support postponing the conclusion of an EPA while cocoa producers [and fresh produce exporters](#) fear a rise in tariffs on their exports to the EU.

[According to press reports](#), Cote d'Ivoire appears to be more favourable towards a possible interim agreement than Ghana. Sources indicate that Cote d'Ivoire is expected to put forward a tariff offer for an EPA interim agreement within the UEMOA context. [Another press article](#) reports that during a visit to the country on 17 November, European Commissioner Mandelson outlined high potential losses for Cote d'Ivoire in absence of an EPA. [Banana and pineapple farmers](#) in Cote d'Ivoire support signing an agreement in order to safeguard tariff free access to the EC market.

4.2 Next meetings

The EC envisages concluding interim agreements with Cote d'Ivoire and Ghana.

An ECOWAS Council of Ministers is scheduled for 13 December 2007, to be followed by an ECOWAS Heads of Government Summit on 17 December 2007.



4.3 Additional resources

Recent press articles :

[Impasse des APE : Le « plan B » de Me Wade en proposition](#), Pape Sanor Dramé, Quotidien Le Soleil, 3 decembre 2007

[Sierra Leone to press ahead with EU trade deal](#), AFP, 1 December 2007

[Ghana: Government Will Not Bow to Pressure to Sign EPAs](#), Accra Mail /AllAfrica.com, 28 November 2007

[Nigeria maintains worrying silence over Euro-Africa trade agreement](#), Simon Njoku and Godfery Ofurum, Business Day, 28 November 2007

[The European Commission avoids EPA chief negotiators meeting with ECOWAS](#), Press release, NANTS, 28 November 2007

[Les experts syndicaux de l'Afrique de l'Ouest soutiennent la CEDEAO et s'opposent aux APE "unilatéraux"](#), Agence Afrique Performance, 22 novembre 2007

[Entretiens avec Mohamed Ibn Chambas, président de la Commission de la Cedeao](#), Anne Perrin, Grain de sel, 16 novembre 2007

[Ivorian banana growers push for new EU trade agreement](#), Loucoumane Coulibaly, Reuters, 24 November 2007

[Trade-Ghana: 'EU will be the main beneficiary of the EPAs'](#), Francis Kokutse, Terraviva Europe, 16 November 2007

[Accords de partenariat économique : Des critères pour le choix des produits sensibles industriels](#), leFaso.net, 15 novembre 2007

[EPA threatens ACP unity front...as Cote d'Ivoire takes dissenting line](#), Suleiman Mustapha, The Statesman, 14 November 2007

[African "elephant" wants to block trade talks – EU](#), Reuters, 6 November 2007

Recent documents:

[EPA: Reasons Why Nigeria is a Sitting 'Elephant'](#), Ken Ukaoha, Leo Ugbajah, NANTS (National Association of Nigerian Traders), 19 November 2007 (abbreviated version published in [Leadership/allAfrica.com](#))

→ [In response to 'EPA: Reasons why Nigeria is a sitting Elephant'](#), Tom Millar, Delegation of the European Commission to Nigeria, 20 November 2007 (similar article published in [This Day/allAfrica.com](#))

[EC letter to ECOWAS and UEMOA](#) concerning the demand to request an extension of the WTO waiver, 11 October 2007

[Le choix régional des produits sensibles à l'APE soumis au jugement majoritaire des pays de l'Afrique de l'Ouest](#), Jacques Gallezot, Unité Mixte de Recherche en Economie Publique, INRA - AgroParisTech, octobre 2007



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[InBrief 15B: Update on regional EPA negotiations: West Africa - EU Economic Partnership Agreement](#) (November 2006)



EPA Negotiations: Where do we stand?

5 . ESA-EU EPA

Weekly updates

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www.acp-eu-trade.org/epa/AfOA.php (FR)

by ECDPM, Maastricht (Netherlands), 6 December 2007

5.1 *Recent developments*

After the EAC and EC had on 14 November 2007 taken the decision to conclude an EPA independently from the ESA EPA grouping (see below), an EAC-EU framework agreement was initialled on 27 November 2007 (see [joint press release](#) and [EC press release](#)). Under this agreement, the EAC will liberalise 80% of its imports from the EU over a transition period of 15 years. **82% of imports will be liberalised after 25 years.** EAC goods will have duty and quota free access to the EU market with transition periods for sugar and rice. The agreement further entails a simplification of rules of origin for apparel products. **Besides covering trade in goods, the agreement includes provisions on fisheries and development.** Negotiations towards a full EPA will continue in 2008, with a view to concluding a comprehensive agreement by July 2009.

In order to meet development needs in the EAC, the EC will contribute funds from the 10th EDF Regional Indicative Programme, under the Aid for Trade initiative and from the EU budget.

An ESA-EC framework agreement has been initialled by Zimbabwe, the Seychelles, Mauritius and Zambia. It covers market access in goods, fisheries and development cooperation. A comprehensive EPA is intended to be completed by the end of 2008.

Zimbabwe and the Seychelles initialled the interim agreement including a market access offers by each of them on 28 November 2007. The Seychelles will progressively liberalise 97% of their imports from the EU until 2022; Zimbabwe will liberalise 80% of imports over the same period. As in other regions, the agreement provides duty and quota free access to the EC market with transition periods for sugar and rice.

Mauritius has initialled the ESA-EC framework agreement on 4 December 2007 and added its own market access schedule. It is going to liberalise 95.6% of its imports from the EU by 2022.



Zambia initialled the text but did not take on any obligations in the trade chapter. The EC expects Comoros, Madagascar, and Malawi to join the agreement in the next days.

5.2 Outcome of the 4th ESA-EC Ministerial Meeting

[On 12 November 2007, ESA ministers and EC commissioners](#) agreed to work towards a framework agreement to be applied provisionally from 1 January 2008. This framework agreement is to cover trade in goods, development cooperation, fisheries and any other sectors on which negotiations would have been concluded. Negotiations for a comprehensive EPA, replacing the framework agreement, are planned to be concluded by December 2008.

The framework agreement will apply fully to countries and subgroups where agreement on market access in goods has been reached. Countries and subgroups “in the process of finalization of their tariff schedules” will benefit from provisions in the fisheries section and from provisions in the development cooperation chapter from 1 January 2008. ESA countries “which are at present not in a position to conclude a WTO compatible trading arrangement” will fall back on the GSP regime (for non-LDCs) or the EBA regime (for LDCs).

5.3 Content of the negotiations

ESA countries currently do not have completed a common market access offer, but they have agreed on common negotiation positions in areas such as development, fisheries, agriculture, rules of origin, safeguards, trade facilitation, SPS and TBT and others⁶.

Key issues for ESA are market access in goods and development cooperation:

5.3.1 Market access in goods

At the regional level, negotiations on the ESA market access offer (in accordance with the implementation of a COMESA common external tariff) have focused on the regional list of sensitive products to be excluded from liberalisation. Due to the heterogeneous composition of the region, progress towards a regional list of sensitive products has been slow. Therefore, sub-regions are submitting separate market access offers and exclusion lists which are likely to be the basis for the framework agreement to be applied provisionally from 1 January 2008 (see below).

ESA countries have been [working towards reducing their sensitive lists](#) to 10-20% exclusion for each country, adding up to around 30% of products excluded at the regional level. In this context, ESA and the EC need to agree on a common interpretation of the “substantially all trade” requirement of [GATT Art. XXIV](#).

Also under discussion is the length of transition periods, concerning which ESA has proposed 25 years.

The currently expressed EC interpretation of WTO rules corresponds to liberalization of 80% of imports over 15 years.

⁶ see [e-COMESA newsletter no 129](#) on the outcome of the 13th Regional Negotiation Forum



Concerning rules of origin, further work is required on revised Cotonou type rules of origin to be applied in the framework agreement, especially for canned tuna and tuna loins. In the context of a full EPA, a new regional protocol on rules of origin is envisaged.

Further outstanding issues in the context of the framework agreement relate to market access in sugar and to trade defense measures for the EU market, including outermost regions.

Agriculture is a crucial sector in the region. Negotiations in this area are complex because issues such as food security and development are related to commitments on market access. ESA wants to include provisions on export subsidies, export refunds and domestic support in the EPA. ESA has called on the EC to reconsider its double zero approach to export subsidies (eliminating export subsidies in parallel with ESA commitments to eliminate tariffs on some products), operationalise PMDT (processing, marketing, distribution and transport) and work out ways of operationalising the application of countervailing duties when affected by subsidies. The EC has emphasised that issues of export refunds and domestic support could not be discussed bilaterally.

5.3.2 Development cooperation

On development cooperation to accompany an EPA, the ESA region has prepared a development cooperation strategy as well as a development matrix specifying the priority needs identified. The development cooperation strategy outlines ways to implement the provisions of the development chapter in the EPA, setting a framework for specific programming in the development matrix and defining institutional mechanisms for monitoring of the EPA.

ESA aims at including both the strategy and the matrix as annexes into the legal EPA text to make them legally binding parts of the agreement.

Further, ESA has prepared a list of development benchmarks to be used in monitoring of the EPA in line with the objectives of the development strategy. On 12 November, ministers decided to continue work on the development benchmarks after December 2007.

Key issues in the discussion on development cooperation are how to ensure the availability of additional funding to finance EPA accompanying measures and whether to include binding commitments on financing into the text. In this context discussions have taken place on whether the development matrix should include specific amounts of financing if it is to be annexed to the EPA text. On 12 November 2007, ministers agreed to annex only a generic development matrix to the framework agreement and to make reference to a joint costed matrix to be developed.

In terms of delivery modalities, the region favours using the existing COMESA regional fund as a way of channeling development finance contributions.

5.4 Who will sign an EPA?

Progress in negotiations is challenged by the heterogeneous composition of the region in terms of the level of development of the negotiating countries. Out of 15



countries in the ESA region, 11 are LDCs that will retain duty and quota free access to the EU market even in absence of an EPA, based on the Everything But Arms (EBA) initiative. Hence, for these countries the need to conclude an EPA is less urgent than for the four middle-income countries (Kenya, Mauritius, Seychelles and Zimbabwe), which are facing the threat of a significant increase in tariffs on their exports to the EU.

The ESA countries have been negotiating together since 2004, however on 14 November 2007, the East African Community decided to conclude a separate EAC-EC agreement. The remaining ESA countries are expected to conclude an agreement with the EC that comprises separate national and sub-regional tariff offers and exclusion lists but a common text on other areas. **The Seychelles, Mauritius and Zimbabwe have initialled a framework agreement with the EC towards an ESA-EC EPA; the participation of other ESA countries in this agreement still needs to be determined.**

5.4.1 East African Community

Heads of state of the East African Community (EAC) [agreed on 20 August 2007](#) to move towards completing an EAC-EPA with the EU, independently from the other ESA members. So far, four of the five EAC member states, Burundi, Kenya, Rwanda and Uganda had been negotiating under the ESA-EPA configuration, whereas Tanzania had been negotiating with the SADC-EPA grouping.

The decision in favour of an EAC EPA reflects the fact that the EAC members already form a customs union. On 12 October 2007, the EAC members decided to [harmonise their negotiation positions and prepare an own regional market access offer](#) to be tabled in both ESA and SADC meetings. EAC ministers indicated that they plan to [retain the common taxation regime](#) of the region under an EPA. Following consultations held on 23-24 October 2007, the EAC and COMESA secretariats issued a [joint statement](#) declaring that both the EAC countries and the ESA countries excluding the EAC countries would submit separate market access offers to the EC.

On 14 November 2007, the first EAC-EC meeting on EPA negotiations took place, where ministers agreed to conclude an EAC-EC EPA text. As a stepping stone towards this EAC-EC EPA, ministers decided to work towards a framework agreement covering trade in goods, development cooperation and fisheries, to enter into force on 1 January 2008. Such a framework agreement has been initialled on 27 November 2007 (see above: *Recent developments*).

5.4.2 Comoros, Madagascar, Mauritius and Seychelles (CMMS)

At an [extraordinary meeting of the Indian Ocean Commission Council](#), ministers of Comoros, Madagascar, Mauritius and Seychelles (CMMS) decided to build a sub-group within the ESA configuration in order to accelerate the negotiation process and the conclusion of an EPA by the set deadline. They decided to adopt a common CMMS market access offer as well as a common position on development aspects of an EPA as a precautionary measure for the case that ESA negotiations may not be completed by 31 December 2007. In the following,



the CMMS countries were expected to conclude the framework agreement outlined at the ESA-EC ministerial meeting on based on their collective market access offer.

However, out of the CMMS countries only the Seychelles and Mauritius have initialled the framework agreement with the EC so far.

5.4.3 Zimbabwe

Zimbabwe has initialled the ESA framework agreement based on a separate market access offer.

5.4.4 Djibouti, Eritrea, Ethiopia, Malawi, Sudan and Zambia

These countries are negotiating in the ESA grouping, but reportedly have not yet submitted any market access offers to be included in the framework agreement. Being LDCs, they would be able to export to the EC under the EBA initiative after expiry of the Cotonou preferences in case they would not sign the framework agreement.

Zambia has initialled the ESA-EC framework agreement without taking on any obligations in the trade chapter. The EC expects Malawi to initial the interim agreement in the coming days.

5.4.5 Democratic Republic of Congo

The Democratic Republic of Congo is currently negotiating both the ESA and the CEMAC EPA configurations; it remains to be decided with which regional grouping the country will sign an EPA.

5.5 Next meetings

The EC expects additional countries in the region to join the ESA framework agreement "[in the near future](#)".

Negotiations for a full EPA are planned to be continued with a view to reaching a comprehensive EAC-EC agreement by July 2009 and a comprehensive ESA-EC agreement by the end of 2008.



5.6 Additional resources

Recent press articles:

[Initialling of the interim agreement establishing an economic partnership agreement between Eastern and Southern Africa states and the European Community and its Member States](#), Press release, European Commission, 6 December 2007

[East Africa: EPAs Good for Region](#), David Macrae, The New Times/ allAfrica.com, 5 December 2007

[Mixed feelings over the EAC-EU deal](#), Darius Mukiza, Sunday Observer/ippmedia, 2 december 2007

[EPAs: Distinguishing what we know from what we don't know](#)", Chris Stevens, ODI Blog, 30 November 2007

[Initialling Ceremony of EAC-EU Framework Agreement](#), EAC-EC press release, 27 November 2007

[East African Community and EU reach interim Economic Partnership Agreement](#), press release, EC, 27 November 2007

Recent documents:

[ESA Ministerial declaration on EPAs](#), 27 November 2007, published in e-COMESA Newsletter 133, (page 7)

[Dossier on EU's EPA Bullying Tactics](#), Kenyan Civil Society Alliance, 16 November 2007

[Ministers of Trade from ESA and EU Meet in Brussels to Decide on an Economic Partnership Agreement \(EPA\)](#), e-COMESA newsletter 130, 9 November 2007

[Joint Conclusions of the 1st East African Community - European Commission Meeting on Negotiations of an Economic Partnership Agreement](#), 14 November 2007

[Joint Conclusions of the 4th ESA-EC Ministerial Meeting](#), Brussels, 12 November 2007

[Conference report: Count down to the conclusion of negotiations of Economic Partnership Agreements: progress of the ESA-EC SADC-EC negotiations](#)

Draft EPA text:

[Draft EU-ESA EPA](#) (July 2007)

Tralac (Trade Law Centre for Southern Africa)

→ [Background on the SADC and ESA EPA negotiations](#)

→ [Tralac EPA project](#)

Press articles and other news items:

[News](#) on [acp-eu-trade.org](#) (a searchable archive of all ACP-EU trade news distributed via the [Weekly ACP-EU News](#))



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Monthly news:

EPA Negotiations Update by Melissa Julian:

→ [Current issue](#)

→ [Previous issues](#)

Background information by ECDPM:

[InBrief 14E: Overview of the regional EPA negotiations: ESA-EU Economic Partnership Agreement](#) (November 2006)

[InBrief 15E: Update on regional EPA negotiations: ESA - EU Economic Partnership Agreement](#) (November 2006)



EPA Negotiations: Where do we stand?

6 . Pacific-EU EPA

Weekly updates

Available at

www.acp-eu-trade.org/epa/pacific.php

by ECDPM, Maastricht (Netherlands), 6 December 2007

6.1 Recent developments

Papua New Guinea and Fiji, who are the region's main exporters of goods to the EU, have initialled an interim agreement with the EC on 23 November 2007.

The interim agreement entails liberalisation of 88% of imports from the EU to Papua New Guinea and 80% of imports from the EU to Fiji over a period of 15 years. As in other regions, market access to the EU will be duty and quota free from 1 January 2008 with transition periods for sugar and rice.

The agreement includes an improvement in rules of origin for canned tuna. Reportedly, the extension of improved rules of origin to other fishery products is conditional on concluding a full EPA after an extended negotiation period.

[Vanuatu](#) and [Solomon Islands](#) have indicated that they were not planning to sign an interim agreement at this stage. This position is reportedly shared by a number of other Pacific ACP countries.

A full regional EPA is expected to be concluded by the end of 2008.

For Fiji and Papua New Guinea, the interim agreement with the EC will trigger negotiations with Australia and New Zealand under the Pacific Agreement for Closer Economic Relations (PACER).

6.2 Background

.The decision in favour of an interim agreement was taken at a meeting of Pacific ACP ministers and EC Commissioners in Brussels on 2 October 2007. (See the [joint declaration](#) for details on this decision and on the content of negotiations).

6.3 Next meetings

Negotiations towards a comprehensive regional EPA are planned to be continued in 2008.



6.4 Additional resources

Recent press articles:

[European Trade Deal Undermines Pacific Integration](#), Islands Business, 5 December 2007

[Abal defends PNG's trade arrangement with EU](#), The National, 5 December 2007

[ACP nations should negotiate trade deals](#), FBCL, 4 December 2007

[Solomons not ready to sign trade deal with EU](#), Mariana's Variety, 3 December 2007

[Fiji, PNG mum on EPA signing](#), The Fiji Times, 28 November 2007

[Vanuatu stands by its decision to not sign trade deal with EU](#), Radio New Zealand International, 28 November 2007

[Fiji, PNG sign European Union agreement](#), FBCL, 26 November 2007

[Why the EU is far from the level with the EPAs](#), Roshni Sami and Wes Morgan, The Fiji Times, 24 November 2007

[Pacific Solidarity Needed](#), Post Courier, 9 November 2007

[EU Fishing Stance A 'Breakthrough'](#), Pacific Magazine, 2 November 2007

Recent documents:

[EPA negotiations in the Pacific Region: some issues of concern](#), South Centre, November 2007

Draft EPA text:

[Draft EU-Pacific EPA](#) (Aug 2007)

News from the region:

[Pacific Islands Forum Secretariat website](#)

Press articles and other news items:

[News](#) on acp-eu-trade.org (a searchable archive of all ACP-EU trade news distributed via the [Weekly ACP-EU News](#))

Monthly news:

EPA Negotiations Update by Melissa Julian:

→ [Current issue](#)

→ [Previous issues](#)

Background information by ECDPM:

[InBrief 14D: Overview of the regional EPA negotiations: Pacific-EU Economic Partnership Agreement](#) (November 2006)

[InBrief 15D: Update on regional EPA negotiations: Pacific - EU Economic Partnership Agreement](#) (November 2006)



EPA Negotiations: Where do we stand?

7 . SADC-EU EPA

Weekly updates

Available at

www.acp-eu-trade.org/epa/sadc.php

by ECDPM, Maastricht (Netherlands), 6 December 2007

7.1 Recent developments

A [first step agreement](#) including provisions on trade in goods and on development has been initialled between the EU on the one side and Botswana, Mozambique, Swaziland and Lesotho on the other side on 23 November 2007. This approach allows negotiations to continue in 2008 towards a full EPA, which is expected to include services and trade related areas.

[Final offers on market access](#) in goods were agreed to be exchanged on 6 December 2007.

According to the EC, Angola intends to join the agreement "as soon as possible". [South Africa](#) and Namibia have indicated that they do not plan to initial. One point of divergence with the EC that has been reported relates to the inclusion of a [MFN clause](#) requested by the EC. Namibia has outlined detailed reasons for its decision in a [press statement](#) of 5 December 2007. The non-participation of South Africa and Namibia may have [implications](#) on the implementation of the interim agreement, as they form a customs union with Botswana, Swaziland and Lesotho under SACU.

South Africa can continue exporting to the EC under the TDCA. In absence of a different arrangement, Namibia would face increased tariffs from 1 January 2008 under the GSP regime, which would in particular affect exports of beef, grapes and fish to the EU.

7.2 Trade in services and trade related issues

Progress in the negotiations between the EC and the SADC EPA region has been slowed down mainly by differences in view on trade related issues and services. The EC considers these to be essential parts of an EPA while SADC has been taking the position not to include any binding commitments on new generation issues (trade facilitation, competition policy, public procurement, intellectual property) due to lack of common policies and institutional capacities to implement policies. SADC, South Africa being a key player in the region,



preferred not to include comprehensive provisions on services at this stage. However, the parties to the interim agreement endorsed the commitment to negotiate trade in services in 2008. They further decided to negotiate on competition and government procurement only when adequate capacity has been built.

7.3 Trade in goods

For trade in goods, the SADC EPA was expected to include four different market access schedules, one for the SACU member countries and one each for Mozambique, Angola and Tanzania. (Note that Tanzania reportedly made a market access offer in the current SADC negotiation round; however it also decided to take part in a common market access offer by the East African Community (EAC). See [ESA](#).)

The SACU market access offer is based on the TDCA with some amendments. However, only three out of the five SACU countries (Botswana, Lesotho and Swaziland) have initialled the interim agreement. Mozambique has made a market access offer to liberalise 80.5% of imports from the EU, which has been included into the interim agreement.

Officials indicate that Angola may not make an offer by the end of 2007. It may accede to an EPA at a later point in time.

7.4 Background

Negotiations have restarted in March 2007 after being stalled for one year while the EU considered the proposal by SADC to include South Africa into the EPA, which was accepted. Initially, the inclusion of South Africa was not foreseen, as trade between South Africa and the EC does not fall under the Cotonou preferential regime but is regulated separately by the Trade, Development and Cooperation Agreement (TDCA).

7.5 Next meetings

Final market access offers on trade in goods to be included in the first step agreement initialled on 23 November are expected to be exchanged on 6 December 2007.



7.6 Additional resources

Recent press articles:

[EU Backtracks, Says Government](#), Emma Kakololo, New Era, 6 December 2007

[SA holds back on signing trade pact with EU](#), Mail & Guardian Online, 5 December 2007

[African nations reject trade deals](#), Andrew Bounds, Financial Times, 4 December 2007

[EU and southern African states agree trade deal](#), William Schomberg, Reuters, 24 November 2007

[Oxfam warns of possible Domino Effect as rumours spread that free trade deal agreed between Southern Africa and the EU](#), Oxfam GB, 24 November 2007

[Southern African Development Community and EU agree interim Economic Partnership Agreement](#), press release, EC, 23 November 2007

Recent documents:

[Outcome of the Final Round of SADC-EC EPA Negotiations](#), Press statement, Ministry of Trade and Industry, Republic of Namibia

[EPA Negotiations in Southern Africa: some issues of concern](#), South Centre, Analytical Note, October 2007

[Joint Statement by the EU-Southern Africa Business Council \(ESCB\)](#), 18 October 2007, Maputo, Mozambique

[Conference report: Count down to the conclusion of negotiations of Economic Partnership Agreements: progress of the ESA-EC SADC-EC negotiations](#)

Draft EPA text:

[Draft EU-SADC EPA](#) (June 2007)

Press articles and other news items:

[News](#) on acp-eu-trade.org (a searchable archive of all ACP-EU trade news distributed via the [Weekly ACP-EU News](#))

Tralac (Trade Law Centre for Southern Africa)

→ [Tralac EPA project](#)

→ [Background on the SADC and ESA EPA negotiations](#)

Background on services, which is the most controversial issue in the SADC-EPA process:

[Trade Negotiations Insights, Vol.6, No. 5, September 2007](#) with a focus on services

Monthly news:

EPA Negotiations Update by Melissa Julian:

→ [Current issue](#)

→ [Previous issues](#)



Background information by ECDPM:

[InBrief 14F: Overview of the regional EPA negotiations: SADC-EU Economic Partnership Agreement](#) (November 2006)

[InBrief 15F: Update on regional EPA negotiations SADC - EU Economic Partnership Agreement](#) (November 2006)



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