



“The Final Meters and Beyond?”

The Conclusion of the Economic Partnership Agreement (EPA) Negotiations and a Development Oriented Implementation?

Berlin, 28 March 2007

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EPAs: A Brief Introduction

The Economic Partnership Agreements (EPAs) will replace the unilateral trade preferences that had been granted to the African, Caribbean and Pacific (ACP) countries by the European Union (EU) over the past decades under the Yaoundé, Lomé and Cotonou Agreements. But EPAs are to be more than a pure instrument of trade policy. They are an attempt to link development and trade policy to achieve sustainable development and poverty reduction.

Under the German EU presidency the negotiations have entered a crucial phase. The World Trade Organization (WTO) Waiver, under which EU and ACP obtained an exceptional permission to continue the discriminatory access granted by the EU to the ACP, expires at the end of 2007. To be in compliance with WTO regulation a new arrangement thus needs to be in place by January 2008.

To ensure WTO compliance the EPA are to be regional free trade agreements that set out the reciprocal liberalisation of substantially all trade between the two partner regions.

The overall aim of the EPA in accordance with the Cotonou Agreement is the promotion of development within the ACP countries. The reciprocal market opening and the accompanying measures of the EPA are meant to promote regional integration, the ACP countries' integration into the world economy and their economic growth. They are also intended to make a contribution to sustainable development and poverty reduction within the ACP countries.

EPA negotiations are taking place between the EU and six regional groups, which do not however coincide with the existing bodies of regional integration. On the European side, the EU is negotiating on the basis of a mandate approved by the EU member states in 2002. The negotiations are progressing at different speeds and with varying intensity. But so far a timely conclusion still seems far from certain.

The key issues like the timetable to shape the remaining negotiations, the support for the adjustments costs, the integration or exclusion of the so-called 'Singapore Issues' and the design of the reciprocity remain controversial. Especially the dimension of development policy and the contribution to poverty reduction are frequently questioned.

Friedrich-Ebert-Stiftung (FES) convened a conference of African and European experts on the 28th of March 2007 in Berlin to discuss "The final meters and beyond" – in other words the challenges of negotiating and of implementing a development-oriented EPA.

This documentation offers you an insight into the discussions of that productive day. I would like to thank the participating experts and the FES team, without whom this conference would not have been possible. Please note that the views presented in this documentation do not necessarily represent the position of the FES.

Uta Dirksen



Experts Meeting

On the morning of 28th March 2007 the FES invited state and non-state actors from ACP countries and the EU to gather for an experts meeting on the EPAs.

Statements

The meeting was introduced by statements from Davina Makhan, Gabrielle Clotuche, Victor Ogalo and Jürgen Hoffmann:

Davina Makhan, European Center for Development Policy Management (ECDPM), introduced the experts meeting with a short update on the review process and the possibilities for concluding the negotiations by the end of the year, which is summarised below:

The different negotiating regions have taken different approaches to the review. Thus, in the Pacific, the review is conducted by the negotiators itself, in West Africa other stakeholders have been involved and in the East and Southern Africa (ESA) region an independent review was commissioned, to name a few examples. Broadly speaking the reviews of the EPA negotiations have highlighted problems of capacity, both in terms of technical and financial capacities, but also of involvement of stakeholders and ownership. The reviews also showed that most regions are very much behind schedule.

The tight schedule raises the question of the purpose of the review. Indeed, joint documents are already to be adopted at the Joint Council in May. Whereas the purpose of the exercise, as stipulated in the Cotonou Partnership Agreement, is to provide a comprehensive assessment, allowing for adjustment if necessary, it seems like the review was de facto more of a procedural exercise.

As yet, only the Caribbean-European Union joint review is available. With the short time at hand for completing

the remaining reviews, the way these will influence and input to the process towards truly development-friendly EPAs is questionable. Thus, it remains to be seen if anything substantial will come of the review.

In fact, the position of the EU is that negotiations are to be concluded by the end of the year and a lot of the current discussions focus on signing an agreement in time instead of signing a good agreement.

The overall timeframe means that even for a provisional entry into force, there would need to be an agreement in October 07 at the Joint Council, which de facto means that an agreement needs to be reached during the summer.

To reach this target seems likely for Caribbean and perhaps even for the Pacific negotiating regions if the questions of fisheries and services are resolved in time. The ESA region may also yet reach an agreement. Negotiations with the Southern African Development Community (SADC) region has ground to a halt for one year, while waiting for a EU response concerning the inclusion of South Africa. After this has been agreed, the outcome will largely depend on the linkage with the Trade, Development and Cooperation Agreement (TDCA).



The negotiations with the Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) and West African regions remain the most challenging, as there is no agreement text yet. Unless the EU proposes such a text, which in turn would raise serious questions on the issue of ownership, a timely conclusion seems unlikely.

What will happen if the EPAs are not signed remains a big question mark. The EU made it clear that a new waiver from the WTO is not an option. The ACP would then fall back to Generalised System of Preferences (GSP), which would imply a loss of preferences and could lead to a disruption of exports, another alternative could be GSP+, here they would need to abide to certain international commitments to profit from enhanced access. The Least Developed Countries (LDCs) can access European markets under Everything But Arms (EBA), though problems of restrictive rules of origin remain in this context. Notwithstanding that some countries may opt out, a delayed signature would lead to a very disturbing period for traders, who would have to change trade regime just for a few months.

The ACP are actually asking the EU to ensure that if they cannot sign an EPA by the end of the year, there be no disruption. Their position is that it is crucial for them to sign a **good** EPA.

There are also a number of different possibilities other than signing an EPA or extending the WTO waiver:

- “EPA-light” sign an agreement under Art. 24, with liberalisation on substantially all trade, on goods only, leaving for later all other aspects.
For now this would mean focusing negotiations on the essential requirements of WTO compatibility and identifying sensitive products. But the big question remains, as to whether the parties will ever be able to go back to the negotiating table after reaching such an agreement. Also for the ACP this would imply giving away the only bargaining chip within the negotiations, the opening of markets to EU products.
- Another option would be for the EU to continue granting preferences without a waiver while pro-

ceeding with the EPA negotiations, with the expectation that there will be no challenge until the time an agreement is reached, thus keeping the pressure on the negotiations and eventually signing an agreement.

While the EU argues that the parties have to abide by WTO rules and this is thus not an option, the ACP argue that the delay of the Doha Development Round can justify a delay for EPAs.

Gabrielle Clotuche, ETUC: *The Confédération syndicale des travailleurs du Togo* (CSTT), on behalf of all the trade union organisations of the ACP countries and the European Trade Union Confederation (ETUC), have undertaken a project aimed at ‘Boosting the capabilities of ACP trade union organisations in the Economic Partnership Agreements’. They were supported by the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL), now dissolved and united within the International Trade Union Confederation (ITUC) as well as by the Bureau for Workers’ Activities at the International Labour Organization.

The project results in the publication of a Trade Union Guide supplemented by a Dossier¹. This joint publication acts as a resource for negotiators from the trade unions by offering analyses of central points with a view to promoting the social and human dimensions of the EPAs.

We (CSTT, ETUC and ITUC) want this publication to be widely disseminated and used as a tool throughout the negotiation regions. We hope in this way to help workers in the ACP countries and their trade union representatives to achieve the objectives of eradicating poverty and securing sustainable development and gradual integration into the global economy as advocated by the Cotonou Agreement.

Let me give here some elements of this Guide and Dossier.

The Cotonou Agreement, signed on 23 June 2000, by the EU and 77 ACP countries, had the goal of taking on board the new rules of the game of EU-ACP co-operation imposed by the globalised economy and

1 Trade Union Guide to the Economic Partnership Agreements in ACP countries – Available at ETUC: etuc@etuc.org in April 2007



preserving, to the extent possible, a kind of development cooperation that would heed the constraints of the new international architecture and at the same time move towards a simple free-trade agreement.

However, it became clear that the liberalisation of trade plays a central role in recasting development cooperation between the EU and the ACP countries, because it was put forward as a powerful means to contribute to growth targets, to create jobs and reduce poverty. The EPAs are reciprocal free-trade agreements negotiated bilaterally between the EU and the ACP regions or countries. Their goal is to bring EU-ACP trade relations into line with WTO rules.

But the implementation of the EPAs will unavoidably lead to deep structural reforms that will have consequences on the living and working conditions of the ACP populations. It is crucial that these structural reforms bring social advances and a reduction of poverty if the EPAs are to keep their promises, otherwise they may well be rejected by the people.

The negotiations currently in progress with the six regions are long and complex. The deadline set for the end of 2007 will probably not be met. The transition period will be longer, and will extend well beyond 2008.

It should be noted that the EPAs are not compulsory. But if an EPA is not established, there may be discrimination in the ACP between the Least Developed Countries (LDCs) and the non-LDCs because the first have in any event free access to the EU market under the “Everything but Arms” initiative, while the non-LDCs have access to the EU market via a system of

generalised preferences that covers all developing countries. The signing of an EPA is therefore much more important for the non-LDCs than for the LDCs.

The trade unions in Europe and in the ACP countries contend that trade and economic integration should raise the standards of living and of work, not lower them.

The reality of the social problems in the ACP countries poses a profound challenge to the righteous sequence of liberalisation, growth and reduction of poverty, which forms the basis of the descriptive aspect of the dominant neo-liberal discourse, and in particular the central place that liberalisation policies hold in structural adjustment policies.

In this context, caution is needed when it comes to development policies shifting to policies to fight poverty, where any discussion of redistribution and employment is put aside to focus on and reaffirm growth as the key objective. Economic growth is one of many aspects of development which is a wider, more complex, and not solely economic process.

Now the EPAs are geared exclusively to economic growth, the increase of international trade of the ACP countries in the globalised economy. The EPAs reaffirm the hypothesis of positive repercussions of growth which neo-liberals count on, whereas past experience has amply shown that growth has benefited only a minority in the ACP countries. The failure of structural adjustments show that it is not enough to liberalise in order to improve the living and working conditions – quite the contrary!



The Cotonou Agreement and the EPAs must guarantee that human rights, and in particular social rights, are accorded more importance, over any commercial or financial aspect. These rights must be integrated systematically in all EPA negotiations at regional level.

Whereas certain objectives can be approved, e.g. the creation of national or regional markets that existed only potentially, it is worrisome to note the very unequal control of markets and their components; the burden of debt in most ACP economies; the importance of the informal economy (60 to 80% of workers); the low capacities of the political, economic and social players; the absence or very low level of purchasing power, etc. All these elements do not plead in favour of economic and social development.

The growth of trade between ACP countries takes higher priority for these countries than the opening of their markets to EU products. It is worth taking account of the need – which has been recognised, incidentally – to sequence trade liberalisation measures. And the liberalisation measures duly accepted between the ACP countries must take priority over the liberalisation measures in regard to the EU. As a matter of fact, an exaggerated opening of the ACP markets to EU competition would wreak havoc on the economies of the ACP countries, whereas an effective integration of the ACP regions would guarantee that the countries concerned would derive more advantages from a subsequent integration with the EU.

Economic restructuring in the ACP countries will bear a high price tag and require enormous resources from the EU in the long-term, in accordance with the provisions of the Cotonou Agreement. The governments, in particular those that depend largely on customs revenues, will suffer greater budgetary pressure, as the liberalisation of trade will reduce such revenues. This will in turn have a serious impact on the personnel of public services in numerous ACP countries, as well as on the capacity of governments to provide essential public services such as health and education.

Impact studies are indispensable before and after insertion decisions. The EU and the ACP must take measures rapidly to carry out studies on the economic and social impact of the economic and trade policies proposed in the countries and regions concerned.

The trade-union movement insists that this programme be multidimensional and on a large scale, and provide for:

- A cancellation/reduction of the debt and a re-conversion of it in negotiated social and economic activities per country, in favour of the populations;
- The addition of official development aid on top of such financial resources, that should be increased (up to 0.7% at least) rapidly;
- a rehabilitation of the education and health services, designed as public services, and accessible without discrimination;
- measures to guarantee income for small rural producers and small-scale fishermen;
- active policies to promote and protect decent jobs (in synergy with the International Labour Organisation (ILO's) 'Decent Work' strategy).

Trade union proposals for the EPAs :

These agreements must without fail have a social dimension.

If these agreements have no effective social dimension, the populations will have no confidence in these provisions. The success of these agreements depends in large part on the confidence that the populations and the main actors can show them. So the economic partnership agreements must reinforce the social capital in the ACP States and regions. To that end, social objectives

and participatory implementing methodologies are needed, in particular through the social dialogue.

These agreements should contribute to the economic and social development of these regions and lead to a significant improvement in the living and working conditions of the populations concerned.

It is important that the negotiations at the level of all the ACP countries comply with certain obligatory criteria: Beyond a well-advised integration in the world economy, trade should be developed, accompanied by the relevant social rights, the reduction of poverty, and the respect of workers' rights.² These criteria should guide the regional negotiations.

The EPAs must guarantee that human rights, and in particular social rights, within the meaning of the ILO, are accorded greater importance over every commercial or financial aspect. These rights must be systematically integrated in all EPA negotiations at regional level.

This should hinge on three major themes:

- The promotion and guarantee of rights
- The promotion of decent work
- The promotion of social protection

Furthermore, equality between men and women is an important factor in social and institutional changes in favour of fairness and growth and, consequently, must be clearly affirmed in all policies and development actions. This dimension is then to be considered in each EPA.

The emergence of local and regional markets means that the populations must have purchasing power. The promotion of work as systems of social protection must generate regular revenues.

In each region, task forces monitor trade negotiations.³ The organisations representing civil society must without fail be consulted by the task force in order to listen to their analyses, their proposals on social aspects and, more generally, on all development-related problems.



In so doing, the civil society representatives must structure themselves at regional level and have a permanent organisation enabling them to draw up their positions on a collective basis. The EU must contribute financially and technically to the creation and start-up of such a project.

Every EPA must be flanked by a regional social dialogue committee.

Every regional social dialogue committee is made up of the national and regional public authorities who are party to the EPA and qualified representatives (employers and employees from all the production sectors: craft workers, fishermen, rural sectors and forestry, public and private sectors and the informal sectors) who are organised or in the process of organising.

The remit of the social dialogue committee is to achieve two additional objectives:

- access by all men and women and social rights guarantees
- drafting and application of the social development strategy
- promotion of decent employment
- promotion of social protection

² Article 50 of the Cotonou Agreement and fundamental standards of the ILO.

³ They comprise representatives from each State and from the Commission, via delegations.

The public authorities and the representatives of the productive sectors negotiate and decide, by means of a bipartite or tripartite contract, the necessary arrangements and procedures for the effective achievement of this social dimension.

Where necessary, other sectors, such as consumers' representatives and environment Non-Governmental Organization (NGOs), can enter into commitments for the satisfactory achievement of these objectives.

The European and international trade union movement is well aware of the challenges that this strategy poses for the ACP trade unions. That is why it has set up and financed, with a subsidy from the 8th EDF and the assistance of the Workers' Activities Department of the ILO, a programme to boost the capacity of ACP trade unions, in particular in the areas mentioned (decent employment and social protection) by means of active and responsible participation in social dialogue.

Victor Ogallo, Consumer Unity and Trust Society, Nairobi Resource Centre (CUTS-NRC): For the African, Caribbean and Pacific (ACP) countries involved, the negotiations with the European Union (EU) on Economic Partnership Agreements (EPAs) are probably the most important trade talks this decade. This is so since EPAs will bring drastic changes to the non-reciprocal trade preferences and aid that the ACP states have received from the EU for the last 30 years. Among other things, it is expected that EPAs will bring drastic changes to countries' volumes and pattern of trade, tax structure, aid spending priorities and regulatory policies; all with serious distributional effects.

As these negotiations have progressed, the ACP groups have advanced some political, conceptual and operational concerns that:

- the EU has insisted on a concept of development that is purely driven by reciprocal free trade, irrespective of its potential to devastate many of the world's poorest countries. At the moment, African exporters have not been able to exploit and benefit from the current 97% free access to EU market
- due to deliberate restrictive rules and/or standard requirements while EU exporters have been able to export to Africa despite the higher tariffs in Africa. What will happen under EPAs where Africans open 80% of their market to EU while EU only frees the remaining 3% where same restrictive rules and/or standard requirements still apply?
- the EU's agenda reflects its generic negotiating priorities at the expense of the ACP requirements for flexibility, asymmetry and protection of policy space:
 - ✓ the EU has dictated the nature, terms and configuration of regional integration in ways that has divided the ACP bloc and disorganised their proposed organic developments based on South-South cooperation.
 - ✓ on the one hand, the EU is using the Cotonou Agreement and EPAs to secure negotiations on the 'Singapore Issues' of competition, investment and procurement that ACP countries resisted and were put off the WTO negotiation table while on the other hand it has refused to negotiate Common Agricultural Policy (CAP) reforms arguing that it is a WTO matter and should not be an EPA issue. This is a clear case of double standards where EU uses WTO compatibility only when it favours it⁴?
 - ✓ initially, the ACP countries wanted to negotiate EPAs as a bloc but the EU effectively divided them into six sub-groups with a justification that each group had particular economic, social, political, cultural and geographical circumstances that required sensitivity. Yet, as negotiations have progressed, the EU has advanced a standardised set of liberalisation demands on all the six EPA groups and this reflects the EU's broader trade objectives and negotiating mandate.
- the ACP governments lack the capacity to conduct complex negotiations within the time frame proposed. Up until now, most countries have not undertaken proper country-specific studies with detailed and more specific simulations that can

4 In the words of Mr. Griffith: "This is mercantilism par excellence. The commission is seeking to use desperately needed market access into the European Union to bribe African countries into accepting trade rules that would be against their interests, and which African countries have already explicitly rejected." See <http://business.guardian.co.uk/story/0,,1966940,00.html>



help in building more effective positions. Should any EPAs be concluded even by end of 2007 before the necessary studies are finalised and thorough assessments have been done at all levels – national, regional and continental levels – the capacity and preparedness to enter EPAs on the part of the ACP countries should be considered not to have been adequately addressed and any such EPAs should out-rightly be unacceptable.

- the cost of implementing reciprocal trade liberalisation would cripple small economies unless very substantial additional funding is provided. In most of these economies, more than 50% of government revenue comes from tariffs and duty collections. While EU promises no additional funding, except the remnants of European Development Fund (EDF) and 2 billion Euros per year for the entire ACP, it is clear that these funds will not make a proportionate trade off with the expected revenue loss and most critical national social expenditures will have to be cut down.

Because of its potential “severe effects⁵”, many Northern/Southern NGOs/Civil Society Organisation (CSOs) have become very hostile to EPAs and want it stopped (there is a Stop EPA campaign and a website). Yet, irrespective of whether they are agreed, EPAs must effectively make choices that create winners and losers. But who actually wins and who loses will depend on the details of the EPA (if it is agreed) and on what other countries do (if it is not). The impact of whatever is

agreed will be influenced by whether or not there is an informed domestic debate in the ACP. But the current concerns about EPAs are a pointer to the fact that the negotiators have not adhered to the set principles/guidelines of the EPA negotiations.

Ever since the EU proposed to negotiate EPAs with ACP regional groupings (in 1996), all parties have stressed the necessity for EPAs not be standard reciprocal Free Trade Agreements (FTAs), but should instead constitute ‘tools for development’. In the views of the EU Trade Commissioner Peter Mandelson⁶ on ‘what the agreements must now be about’, the EU-ACP relationship has simply not delivered on trade. It has adhered to the status quo and to a cycle of dependency. EPAs need to change so their development focus is strengthened. They should become explicitly what they really are: trade and development tools but not classical, hard-nosed, free trade agreements. These aims of EPAs have also been reaffirmed in numerous declarations such including the Cape Town, Nairobi and Cairo Declarations on EPAs.

The official declarations by the EU and the ACP Group on objectives and guidelines for negotiating the EPAs, issued since the initiation of the negotiations, have shown fundamental agreement about the instrumental role that the EPAs play in pursuing the sustainable development goals of the ACP. These declarations have expressly recognised the importance of implementing competitiveness and poverty alleviation strategies, ensuring EU assistance for structural transformation

5 Many country-level including regional-level impact studies of these EPAs on African economies undertaken by various organisations – ODI, ECA, ATN, ECDPM, UNCTAD, Oxfam, ActionAid et al – have reached a common finding; the proposed EPAs, could under the terms specified by the EU, threaten a wide range of livelihoods and fundamental human rights to food, education, and health, sanitation including economic and social development for a large number of African populations.

6 In his speech and memorandum issued on the occasion of his participation in the Civil Society Dialogue Group held in Brussels on 20 January 2005

of ACP economies and embracing the principles of asymmetrical liberalisation between ACP countries and the EU.

To ensure that EPAs will deliver the said development, there is urgency in the need to establish a set of development benchmarks⁷ that will help in the pro-development monitoring of the negotiations and implementation of EPAs. Such development benchmarks must be established within a four dimensional framework that encompasses economic, social, political and environmental dimensions of sustainable development. There is also need for the negotiating parties to revisit the EPA objectives and use the principles/guidelines underpinning the negotiations to establish a set of development benchmarks that will help in pro-development monitoring of the negotiations

The EPA objectives can be summarised as:

- To promote sustainable human development, whose outcomes should be expressed not only in economic terms but also in the social and political dimensions of development, which implies putting equity goals at the forefront of trade negotiations and including a broad range of non-state actors in discussion of trade policy options; and
- to improve the level of productivity and the range of value-added products of ACP economies, and to foster their structural transformation so that their production systems shift away from extreme dependency on basic commodities towards the production of goods and services with higher demand, growth and favourable price trends.

In arriving at the guidelines for the negotiations, the following five principles were agreed by the two parties:

- I) ensuring that no ACP country is left worse off in terms of conditions of access to the EU market than under the current trade arrangements;
- II) the recognition that trade liberalisation should occur on an asymmetrical basis;
- III) the need for effective programmes to address the supply-side constraints of ACP economies;

- IV) comprehensively addressing the external effects that the EU's CAP may generate on the ACP economies; and
- V) the importance of extending effective assistance to fiscal restructuring in those ACP countries that heavily depend on customs revenues generated from trade with the EU.

Jürgen A. H. Hoffmann, Namibia Agricultural Trade Forum: Inputs by the Namibian Agricultural Trade Forum (ATF) into the discussion on recommendations to the German Presidency on the conclusion of the SADC-EPA negotiations and the implementation after the end of 2007.

1. Namibia is a member of the SADC-EPA and a dry to semi-dry country with *2 persons per square kilometre and an average income per person of about US\$ 3000, thus making it a developing country. The ATF is a private sector umbrella body of the Namibian agricultural value chain* from small-scale producers to exporter of agricultural commodities in external trade only. The ATF is financed by its clients and not by outside funding at all. The ATF is, therefore, especially grateful for the sponsorship by the FES to attend this important meeting and to give some unbiased inputs into the discussion.
2. Furthermore, the ATF is attending technical SADC-EPA negotiation meetings and is giving direct advice and guidance as far as agricultural trade is concerned. This is a two way street and ATF members are constantly informed on the state of play in the negotiations. Contrary to most of the organisations present here, the ATF is part of the negotiations and does not inform its members by out of the negotiations information.

THE LAST METERS

3. It is the declared objective of the Namibian Agricultural exports sector that a WTO accepted outcome in the trade in goods negotiations by the end of 2007 is the single aim of its inputs into the trade negotiation process. As a participant in negotiations the ATF is of the opinion that this objective can be achieved by strict adherence to the newly negoti-

7 At the 4th ACP/EU Joint Parliamentary Assembly in Cape Town, South Africa, from 18 to 21 March 2002, a Declaration on the EPA negotiations was issued. The Declaration, initiated by the ACP members of the Joint Parliamentary Assembly, seeks to 'establish benchmarks' against which the process of negotiations can be assessed.

ated roadmap that will be proposed to a meeting of EU-SADC EPA trade ministers at the beginning of April. Also according to protocol 3 of the Cotonou Agreement, the Ministers will have to officially concur to the inclusion of South Africa into the SADC-EPA negotiations.

4. It is thus utterly desirable to reach a WTO (article XXIV) acceptable draft agreement in trade on goods at the end of 2007. For industrial purposes, the negotiations should, if possible, be finalised by 15 September, because export contracts are normally negotiated and closed 3 months in advance. There are three, commodity-based, reasons for this:

- One of the major agricultural exports of Namibia is beef and meat under HS 02 and there are no GSP provisions for meat in the EU tariff book, thus an average Most Favoured Nation (MFN) rate of nearly 100% of the export value of Harmonised System (HS) 2 commodities from Namibia would make any export impossible. Currently, meat is exported by Namibia against a tariff of – on average – 8.3% ad valorem with very stringent listing requirements.
- The table grape exports by Namibia are (without taking a very small quota of 800 ton into consideration) tariffed at 8% GSP (no GSP+ is available to Namibia) and Duty-Free Quota-Free (DFQF) access to the EU would have a huge influence on the competitiveness of Namibian table grapes in the EU market.
- The GSP for fish and fish products is 24%, while these products have currently duty free access to the EU markets.

5. Having made the point for the essential conclusion of trade in goods and related issues by the end of 2007, how should the implementation and the outstanding negotiations be handled? Agreement has to be reached that, although trade in goods issues have been agreed upon, other outstanding issues should not be taken out of the process, but should be addressed in ongoing negotiations. This would mainly be non-trade issues, with trade in services and the other Singapore issues being of main concern to the EU.

AND BEYOND

6. Together with other outstanding issues, as cited above, the following, very important issues have to be negotiated:

- Implementation of Aid for Trade (AfT) and not conditioned on acceptance of the EU pressure to make concessions on non-trade issues, other than that are acknowledged by commitments (by Namibia) to the General Agreement on Trade in Services (GATS) modules.
- Agreement on a review mechanism, coupled to the implementation of reciprocity by the SADC-EPA members.
- Adjustments have to be made for sensitive products, taking into consideration whether there is any sensitivity in product imports that amount to less than 0.05% of the EU market (for example, beef)



7. The effect of loss of revenue (over time) due to tariff phase down periods due to reciprocity has to be quantified and remedial actions have to be agreed upon. Likewise, the preference erosion through EU actions: Review of the CAP, other trade agreements that are giving other competitive member states as good as or better market access to EU markets and consequently will delude market preferences even more, will have to be addressed.
8. Supply side constraints will have to be addressed if the objectives of the Cotonou Agreement can be achieved to the benefit of ACP member states. It is acknowledged that the EU will strive to be able to access the ACP member states on a regional basis for all trade (goods and services) to the benefit of their own member states' interest, but enough policy space should be maintained to the development of the different EPA's member states.
9. Lastly: The effect of the newly negotiated trade arm of the Cotonou Agreement should always be viewed by all participants in light of the objectives of the Cotonou Agreement:
10. Development of ACP countries to enable these to participate successfully in global and regional integration.
11. Addressing the rampant poverty and the results of the HIV/AIDS epidemic through addressing wider and faster trade liberalisation and supply side constraints.
12. SADC-EPA member countries, and especially developing member countries, have to be convinced that the need to negotiate trade deal holds real benefits for them, otherwise the objective of concluding a trade deal by the end of 2007 can never be achieved. It will be the responsibility of the European Commission to convince the SADC-EPA member states, and especially Namibia, that this is well the case.

RECOMMENDATIONS TO THE GERMAN PRESIDENCY OF THE EUROPEAN COUNCIL 2007

1. To impress on the EU that a negotiated agreement on trade in goods is necessary for the implementation of the Cotonou objectives.
2. To impress on the EU that in a negotiated agreement none of the parties must fully achieve its objectives, it is in the end a give and take outcome.
3. To clarify to the EU that this is a trade and development agreement and not an exploitation agreement.
4. To instruct the EU to carefully assess the impact of SADC-EPA agricultural exports to the EU markets, taking into account the size of both, the total market for all commodities, agreed imports from other countries and the impact of the very small imports from DSSADC-EPA member states. On the basis of these calculations, sensitive products can be offered but have to be negotiated, by both sides.
5. To mandate the EU to ensure that non-trade issues stay on the agenda and that these should be addressed in a spirit of capacity building and harmonisation on SADC-EPA level with a negotiated access outcome that will be phased in over time.
6. To assure that text for review and monitoring becomes part of the negotiated outcome of the trade in goods agreement.
7. To address the financial and economic results of the new agreement (loss of revenue, loss of preferences) additional to the normal EDF programmes, after affected SADC-EPA member states have – with the help of the Commission – quantified losses and disadvantages that are a result of the new agreements.
8. To ensure a seamless and objective bound transfer of the Chairmanship of the European Union Council to Portugal, and to include all mitigating measures decided on into the next Chairmanship.



Conclusions

The following minutes briefly summarise the content of the discussions that followed:

Looking at the current status of the negotiations, it becomes clear that almost all negotiations except for the Caribbean lag behind the official roadmap. This fosters the doubts for a timely agreement on both sides.

The high pressure to stick to the deadline now only 9 months away was criticised, as the EU side has also caused delays. The delays in the Doha Round were further mentioned as one reason for the delay of the EPA negotiations.

Critics claimed that many crucial questions have not been addressed by the EU and it is therefore not reasonable to rush to a conclusion of the agreement. As content should be more important than time, the negotiations should be paced by the requirements of substance, not timetables.

Since the EU will not support a new WTO waiver the question needs to be asked what the alternatives could be, should no agreement be reached.

Some representatives preferred an extension of the waiver, whereas yet others suggested stopping the EPAs in their current form. It was argued that the EPAs cannot deliver the expected outcome, but would “take us backwards”. Some countries have not yet fully entered the discussions, and it would therefore be unfair to rush these into a process they cannot yet

oversee. Also the development goals would need to be readdressed and should be measured against the Millennium Development Goals (MDG) and other agreed development goals, since the EPAs are supposed to benefit the poor.

In order to not disrupt trade between ACP countries and the EU a solution has to be found by the end of the year. In fact having a clear indication by 15 September 2007 of where the EPA is heading in terms of content would be necessary for the exporting industry of the ACP, since trade contracts would usually not be made on a day-to-day basis but months in advance.

Although several problems exist, the EPA seems to provide a viable way forward for ACP-EU trade relations. Falling back on the EBA, GSP or GSP+ would divide regions and hinder regional integration. Furthermore, an EPA would have the legal status of a binding agreement, while EBA, GSP and GSP+ are unilaterally offered by the EU and can therefore be cancelled more easily. The EBA/GSP also have more differentiated rules of origin which further hinder trade in these countries.

Another approach presented was to foster a “light”-version of the EPAs. This would be an EPA for goods only by the end of 2007. From that point on further steps could be taken by negotiating other areas, such as development issues, services, etc.

This was countered by strong arguments that a “light” version would be contrary to the idea of the EPAs. For trade to have a positive impact on development a variety of additional provisions have to be put in place.



It was therefore suggested that a ready package should be presented to the ACP countries on the basis of which they could decide whether to participate or not.

ACP countries have a difficult standing in the negotiations. They have a more heterogenic base than even the EU member countries. Especially in West Africa/Economic Community of West African States (ECOWAS) the heterogenic mixture of countries seems to hinder a consensus. The identification of sensitive products as such as well as their harmonisation between the member countries is delaying further negotiations. ACP countries in general are facing a multiple burden of the discussions on their scarce capacity. Not only do they need to find an agreement within their corresponding region concerning the EPAs, negotiate with the EU on the EPA, but they also need to negotiate other international trade issues e.g. with the WTO simultaneously.

The EU negotiation policies were criticised for not paying sufficient respect to the interests of ACP countries. Dividing the ACP countries up into regional blocks with the argument of different needs and special situations, the EU now is accused of trying to impose the same policies on each one of these groups. It was also argued that the EU is trying to get back what they lost during former WTO rounds via the EPA.

This was countered by the argument that EPAs were negotiated and not imposed. Their approach had nothing to do with past approaches to „structural adjustment“ conducted by others. EPA would be based

on a negotiated solution that should be „owned“ and implemented by the ACP regions. In this context, it was also pointed out that myths, fears and anxiety are a major problem in the ongoing negotiations.

The actors involved should look forward and try to grasp the opportunities for the ACP within EPA, such as in the areas of market access, rules of origin and services to name some, rather than concentrate on anxieties. Both EU and all six ACP regions have said they intend to do whatever is needed to conclude negotiations by the end of the year. Neither of the parties considers requesting a new WTO waiver. The ACP would have to pay by way of preference erosion in favour of other developing countries that would demand equal market access to the EU.

It was argued that the political will is there to get an agreement by the end of the year. EPAs should not be seen as a sinecure but rather as an important element to support ACP led policies to foster integration and poverty reduction. The EPAs are not a bilateral North-South concept but foster particularly South-South cooperation i.e. regional integration.

EPAs would help to improve competitiveness of the ACP private sector. Gradual and careful liberalisation was important. For example, the African Union had recently pointed out that the current taxation of imports of agricultural inputs was hampering agricultural growth in Africa. There would be long transition periods foreseen under EPA as well as safeguard clauses to enable ACP countries to intervene quickly if required.

Hence, ACP companies could gradually get used to a more competitive situation. Trade was to be considered as a critical element of development and should therefore be more integrated into national development strategies.

Another strong point mentioned was the need to improve the supply side capacity of ACP countries. The advantages of a reciprocal liberalisation arrangement are highly doubtful to be realised quickly by ACP countries, while it would be possible for the EU to explore their potential almost instantaneously.

In order to ensure the success of the EPA a set of benchmarks for monitoring was proposed.

Some representatives made clear that a consensus can only be reached if ACP countries are not worse off after signing the EPA than before. E.g. if the aid paid by the EU were far lower than the revenue generated from tariffs and duties. In order to compensate these, regional development funds (especially due to the lengthy procedure of the EDF) should be put into place. Particularly countries that encounter difficulties during the transition periods could use these funds. It was added that tariffs are needed in many countries for

government funding. This was countered by the argument that relying on tariffs too much distorts the economy.

In reply it was reminded that „development“ should not be mixed up with „aid“. Aid could play an important role for development but alone would not do the trick. Credible, predictable and transparent rules and policies are essential for attracting local and foreign investors. Currently, many investors including ACP investors would shy away from the ACP and rather invest in developed or other developing countries. Therefore, the so-called Singapore Issues are important development issues and an important part of the EPAs. In all six ACP regions these issues are part of the negotiations, most of them even actively propagated by the ACP parties.

Questions whether time is still enough to reach a good agreement persist even after this productive round. The consequences of further migration and other social conflicts which can be a result of lacking development have to be kept in mind, and although some answers could be found today, it is still necessary to continue the discussion.

List of Participants of Experts Meeting:

Abdirahim Abdi	East African Legislative Assembly
Alexis Valqui	Globalisation, Trade and Investment Unit, BMZ
Bernd Ludermann	Journalist
Christoph Pohlmann	Project Assistant South Africa, FES
Davina Makhan	European Centre for Development Policy Management
Gabrielle Clotuche	European Trade Union Council
Gervais Nkanagu	COMESA Liaison Office Brussels
Hauwa Mustapha	Nigeria Labour Congress
Jan Engels	Resident Representative Benin, FES
Jan Stemplewitz	German Presidential Department
John Mahama	Parlamentarian, Ghana
Jürgen A.H. Hoffmann	Agricultural Trade Forum, Namibia
Jürgen Eckl	Federation of German Trade Unions, Berlin
Klaus Schilder	World Ecology Economy and Development, Berlin
Martin Dihm	DG Trade, European Commission
Matthias Busse	Hamburg Institute for International Economics
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Nicole Nestler	Project Coordinator East Africa, FES
Raymond Agaba	Ministry of Trade Uganda
Sabine Fandrych	Resident Representative Ethiopia, FES
Samuel Amehou	Ambassador Benin and ACP coordinator Geneva
Tidiane Wade	Ministry of Trade Senegal
Uta Dirksen	Project Coordinator West Africa, FES
Victor Ogalo	Consumer Unity and Trust Society, Kenya
Werner Puschra	Head of Africa Department, FES

Welcome Address

Werner Puschra

The conclusion of the European Partnership Agreements (EPAs) between the EU and the ACP states, which is to take place by the end of December this year, will not only determine the trade relations between both partners, but will have a major impact on the social development of African, Caribbean and Pacific countries. Especially Africa faces a number of challenges, which is why today's conference shall exclusively debate the implications of the EPAs for this continent. One of the tasks of the FES has been to accompany this process from the beginning in all of the 20 African countries in which we are active.

We have focused mainly on assisting our partners to identify their interests and participate actively by offering information, capacity building and supporting them in their lobbying work.

An example of our work is our cooperation with the East African Legislative Assembly (EALA) - the East African regional parliament, which is today represented by the delegate Abdirahim Abdi. On the initiative of the FES, the East African Liaison Committee on Trade (EAPLC) was founded in 2003 and comprises the members of the trade committees of the regional and the national parliaments of East Africa. Due to the improved exchange between the national and regional levels of parliament, it has become easier to pursue a common and co-ordinated approach, e.g. with regard to international trade negotiations, and hence to strengthen the role of the parliaments in the formulation of trade policies.

Another example is our cooperation with the West African trade unions. In the regional working group "International Economy and Regional Integration" – today represented by Mrs. Hauwa Mustapha from the Nigerian Labour Congress (NLC) – the FES supports West African trade union federations from Anglophone and Francophone countries with respect to creating expertise in trade policy. National federations within



the working group have developed common positions and coordinated their strategies to tackle the socio-political challenges for West Africa.

Many of our other panellists are also partners of the FES. Networking amongst each other and with German and European stakeholders is an important aspect of our work. Having this in mind, I hope that today's conference shall enable a productive exchange within and beyond the conference hall on the question of the EPAs.

The overall aim of these agreements, which is something we are all trying to achieve, is to enable and support sustainable development. The EPAs are to support regional integration, integration of the ACP countries into the world economy, promote their economic growth and, thus, contribute to sustainable development and poverty reduction.

However, there is still a heated debate on this development dimension of EPAs. Critics fear, inter alia, that allowing the EU increased access to the ACP markets shall have a negative impact on the development of local producers and industries. In the face of these controversial views, the question remains how the EPAs – as an instrument of development policy – fit into the German and European Africa policy.

Our final panel discussion this evening shall centre on this core issue, thus, I would like to ask you to be patient until then.

Right now, we would like to take a look at the time after the conclusion of the EPAs. Currently, the EPA negotiations are in a decisive phase. Upon expiration of the WTO Waiver, WTO compliant bilateral free trade agreements are to be concluded, and we do not want these agreements to be referred to as: "operation a success, however, not for patient".

In any case, with the conclusion of the negotiations, the African countries will have to make a number of adjustments, which are necessary, as 50 years after independence many countries are poorer than they were prior thereto. But many questions still remain: Can a step-by-step opening of markets alone improve the situation?

During negotiations, the EU in particular has time and again emphasised that one of the most important developmental tasks of the EPA is to promote necessary transformation processes within African countries. How should the general conditions be set up, so that trade liberalisation leads to development? Are the inclusion of the so-called „Singapore Issues“ – regulations regarding investments, competition policy, public procurement and trade facilitations – part of it?

How shall the state receive those revenues, which it needs to ensure and expand its functions, if tariff revenue is lost in the short term? Is extending the tax base a realistic perspective?

And, a question of special interest for us at the Friedrich-Ebert-Stiftung, how can the social compatibility of these adjustment processes be ensured?

We have until now only addressed Africa's challenges, what about Europe's?

To allow a comprehensive market access for African countries, non-tariff barriers to trade should be eliminated and the position of African exporters vis-à-vis their European competitors strengthened.

The EPAs envisage a longer transitional period before the agreements come into force in their entirety. Whether the EPAs can meet the development policy requirements will largely depend on how the African states shall use this transitional period and what support the EU shall offer.

It should not be forgotten that the EPAs are a unique process which are jointly and not unilaterally being shaped by the North and the South. This, of course, does not make the process any easier, but will hopefully bring about better results.

Today's list of questions, challenges and unknowns is indeed long, but why not regard it as a stimulus! Keeping this in mind, I wish you all intriguing, illuminating and, last but not least, productive discussions.

I am now pleased to welcome Bernd Ludermann, who shall moderate the first panel.



After the Conclusion of the Negotiations:
Implementation of the EPA –
Political Preconditions and Challenges

Moderator
Bernd Ludermann
Journalist



Evita Schmieg

Head of Division, Trade and Globalisation and Investment, Ministry of Economic Cooperation and Development (BMZ), Berlin

“EPAs are a brand new way of combining trade and development.”

A development-favourable design of EPA needs to include:

- *Asymmetry in liberalisation in favour of the ACP, especially through the exclusion of sensitive products*
- *Long transition periods that allow for a developmentally favourable sequencing of liberalisation steps (e.g. institution building and reform as first steps)*
- *A strong interlinkage between trade issues and development cooperation instruments*
- *The inclusion of trade related issues and their treatment in a developmentally favourable manner.*

To the BMZ it is essential that the development goal remains the overall purpose of the EPAs, as is already mentioned in the Cotonou Agreement. It is important to state that the EPAs are not typical free trade agreements, but that the crucial point is the link between trade and development. From our point of view there is no automatism between trade liberalisation and poverty reduction. The EPAs are a brand new way of combining trade and development as well as a mechanism to emphasise the regional integration within each ACP region. They are, therefore, not a new neo-classical approach from the EU, as is sometimes said, but rather the contrary.

What signifies a development-favourable design of the EPAs? Because for sure they have to be development-

favourable to eradicate poverty in the long run. To be more precise, one precondition is that the ACP regions have to be able to exclude sensitive products. They must examine where within their national economies a potential for growth lies; where the possibility to open markets exists and where not. Liberalisation shall serve the objective of gaining competitiveness – and shall not be a threat to competitiveness.

Indeed, the EPAs should come into force on 1st of January 2008, but that does not mean that by 1st of January full liberalisation should be implemented. Long transitional periods are being discussed. The need, therefore, might differ from region to region. The transitional period can easily extend to the 12 years, which are always mentioned. Even 20 years is a number, which scares no one, and 25 years is also under discussion.

What does this mean for the design of the implementation of the EPAs? Long transitional periods allow the countries and regions a gradual adaptation to external competitors and a gradual opening towards the European market. Liberalisation always induces adjustment needs, but adjustment necessities can be supported during the transition period. This should lead to the fact that the EPAs are designed in a way that contributes to a dynamic and sustainable growth process. An example how to use this transition period relates to loss of public revenues through tariff reduction: Customs duties will fall the further you open the markets, but the complete loss of revenues will not happen

on 1st of January 2008, but after the end of the transition period. And by that time, the loss should not be a heavy burden for the respective ACP States. First, because the whole idea of EPAs is to create dynamic economic areas where new commercial streams can originate and where more gross national product is created. In addition, the transition periods need to be used to reshape the ACP's financial and fiscal systems in order to compensate income losses from tariff revenues by other revenues (e.g. income tax). Development co-operation shall support such processes.

It is the idea to link the EPA-process (negotiation and implementation) closely to funds from development cooperation. European Commission, Member States and ACP States together have established instruments to discuss the needs of the ACP countries for development cooperation (the so-called Preparatory Task Forces). Where is support required? E.g. to strengthen supply-side capacities, negotiating capacities or infrastructure needs. Which need for change arises in connection with the discussion about the EPAs? For us as development politicians it is especially important that in our partner countries the demand for trade-related aid is really articulated and that trade is part

of national development strategies. Currently, trade is often neglected in discussions with our partners about bilateral programmes. Nevertheless, during the official negotiations on trade (within WTO or EPAs), trade-related financial support is said to be very important. So we enter a dilemma. It is essential that the role of trade enters the formulation of the Poverty Reduction Strategy Paper (PRSP) right from the beginning. If this happens, we have the chance to focus our development cooperation where the need actually exists.

The EPAs should also include subjects such as trade facilitation, investments and services; new subjects which are also discussed under the concept of "deeper integration". Ignoring these subjects would mean not discussing areas with a large potential for economic development. This does not mean liberalisation towards the EU, but liberalisation within the regions and the creation of a suitable institutional framework. The question is interlinked with having an investment climate which contributes to economic development. This concerns an essential component of regional integration, without which essential areas of development are left out of the EPAs.



Martin Dihm

Directorate General Trade,
European Commission, Brussels

"Once you combine a gradual, cautious liberalisation with regional integration and a wider set of relevant policies, there will be a chance to replicate successes that other developing countries have already made. And that is the idea of the EPA."

EPA will not cure all of Africa's problems, but if well designed they will make an important contribution to development

- *by combining a gradual cautious liberalisation with a wider set of policies,*
- *by fostering regional integration,*
- *by increasing the attractiveness for investment both from Europe, but also from within Africa,*
- *by creating a favourable economic environment through the inclusion of the "Singapore" or "development" issues,*
- *by providing financial support to support the process and mitigate adjustment cost.*

The EU does not have offensive short term commercial interests in Africa. There is no pressure on the EU to push under EPA to open markets in Africa. This shows an obvious lack of interest of EU private sector in sub Saharan African or ACP markets. The good side emanating from this is that there is a lot of leeway on the EU side to genuinely consider the development dimension, the needs and constraints of ACP countries as the first priority under EPA.

The ACP and the EU agreed in Cotonou that 25 years of preferential access to EU markets have not brought the expected developmental benefits. The ACP share

in European markets has constantly declined while the share of other developing countries that did not enjoy the same preferential treatment have significantly increased. Supply capacity constraints have played a role, but also the different policy approaches. And that is the basis of the EPA. The concept of EPA goes far beyond a North South free trade agreement, and trade liberalisation per se is not seen automatically as benefiting development. But once a gradual cautious liberalisation is combined with a wider set of relevant policies that are complementary to it, there will be a chance to replicate successes that other developing countries have already made in other parts of the world. And that is the idea of the EPA.

Obviously, regional integration is an important element in the EPA concept. Africa, the Caribbean and the Pacific themselves have decided to opt for this idea. Within Africa the idea of regional integration is at the heart of the African Union process.

The ACP have selected the regional configurations within which they negotiate EPA; certain configurations have changed since then. In East Africa there is a reflection process ongoing on the optimal configuration for an EPA. The EU has expressed its preferences in this regard, but naturally will respect the political preferences of its partners.

Regional integration is important and good for the creation of larger markets that are more attractive for investors. In addition, a set of harmonised, credible, transparent and stable rules will go a long way to attract investment. One of the basic benchmarks for the success of an EPA would ultimately be whether an African businessman would have a greater inclination to invest in the local or regional market rather than transfer capital abroad. There is a lot of natural wealth in Africa and if more of it is invested in economic activity at home a quantum leap would be achieved. Of course it is also important to attract foreign direct investment. Beyond the objective to make ACP markets more attractive for investment, some form of marketing is needed to “sell” Africa and the ACP more as a destination for investment.

In this regard, the ‘Singapore issues’, which are already part of the Cotonou Agreement, are important. Any modern economy needs rules; credible, predictable, transparent and regionally agreed rules that give insurances to investors and economic operators. The EU and others therefore see the so-called “Singapore issues” rather as important “development issues”.

This links back to the whole issue of supply capacity. The main impetus for supply capacity will come from private investment. Of course it has to be supported through aid, by building infrastructure for example, building capacity in governments or building institutions to meet standards. But the main push must come from healthy, vibrant and confident private sectors that want to invest and operate in the ACP regions,

and EPA endeavours to contribute to that. Another important point is that EPA cannot be considered as the sinecure. EPA is one element in this struggle to improve conditions and prospects and ACP efforts to mainstream trade issues into their development policies. Development can only come through well-designed EPAs, which means that they need to be integrated into the economic policy and flanked by national policy reforms and policy commitments.

Aid is important for development, but the two are not identical. Development must be steered by the countries themselves while aid can support this. The EU has agreed that aid is important within the EPAs, because there will be a fiscal impact – (although some impact studies come up with exaggerated estimations assuming unrealistic scenarios such as full ACP liberalisation on day one which is not intended under EPA) – but there will be repercussions as well as adjustment needs. The EU will help under the EDF. The proposals made concerning the regionally-owned EPA funds are interesting in this regard and will be pursued further. There is also an additional pledge by EU Member States to support the EPA process under the “Aid for Trade-Initiative”. Any contribution that comes out of that will be additional to the EDF and may go into the regionally-owned funds that the ACP will set up in their regions (example: the COMESA fund). This is an ongoing discussion which is going in the right direction. To move forward, ACP countries need to establish their views on the needs under EPA in concrete terms. There is a good chance to jointly move forward speedily on the crucial aid issue.



Oumar Tidiane Wade

EPA Advisor, Ministry of Trade,
Senegal

"Altogether it's a problem of partnership."

The two parties do have divergent interests, but these are legitimate and in the end compatible if tackled in the spirit of partnership.

- *Technical issues can be resolved.*
- *The European interest is WTO compatibility and access to African markets.*
- *The African interest is increased economic and financial opportunities.*
- *EPAs need to strengthen supply-side capacities of African countries through new instruments.*
- *Singapore issues can be discussed, but need to be tackled at regional level first.*

EPAs have two types of problems. On the one hand, there are technical problems like how to reduce tariffs, how to guarantee that it is asymmetrical, how to make sure that sensitive products are protected, and how to regulate the problem of moratorium, which includes the delay of the moratorium and the delay of transition. On the other hand, we have the philosophical problems; a problem of conception. Altogether it is a problem of partnership.

To summarise, there seems to be a problem between the two parties (the ACP states and the EU) concerning the conception of the word "partnership". However, this notion is fundamental in the Cotonou Agreement, because in the Cotonou Agreement they do not speak of a trade agreement nor of a development agreement, they speak of a partnership agreement. The instrument of trade cooperation within the Cotonou Agreement goes beyond pure development aid and trade negotiation. It is based on the notion of partnership. It implies that the parties are aware of their rights and obligations in every aspect related to the partnership (trade, economic development, finances and good governance).

It is clear that the negotiations are in a very delicate stage; some think that they are going to sign; others say that they will not sign before the end of the moratorium period (the WTO waiver). Others say that it will be necessary to extend the transition period. The decision is left to chance, which does not seem logical. Rather, it seems logical to discuss the problems we are stuck at, so that we are able to move forward. But this does not work, because we are facing two concerns, which are both legitimate.

On the one hand, the European side tends to make the EPA compatible with the WTO and would like to acquire, with preferential conditions, access to the markets of growing countries (total trade liberalisation) and gain access to a large dormant consumption potential. On the other hand, the ACP countries, especially the African ones, represented by their organisations of regional integration, try to use the EPA as an instrument for strengthening their economic and financial capacities, and a tool to gain access to the world economy. They do not have a pronounced interest in gaining market access, because the access they enjoyed under the Lomé regime has led to a decline in exports. Hence what they need is not market opening, but a strengthening of supply-side capacities.

These concerns, which seem to be contradictory, are, however, compatible if the parties sincerely want to tackle these questions as equal partners. Right now each party tries to solve the problems unwilling to compromise.

So far studies show that simply opening the European markets only has a minor positive impact, which rather underlines that there is an imminent need to strengthen the supply-side capacities. The support the EU offers

for solving these problems comes only from the EDF and the AfT initiative. In concrete terms, the ACP countries in general and the organisations of integration in West Africa in particular want to know which instruments are going to be made available for meeting the economic needs. In an equal partnership this question should be of interest to both parties. How is it possible to strengthen the supply-side capacities of the ACP states, which also serve the interests of the Europeans, since they strengthen their export opportunities?

The existing instruments (EDF and AfT) do not answer the need. The EDF has two weaknesses: first of all the fund was just created to help; there is no real element for negotiating its contents. And the second weakness is that the fund is not made to meet the needs that result from the development of a balanced EPA.

It seems, therefore, necessary that the ACP countries and the European Union should together develop a new financial instrument with two axes: a public and

a private one. The aim of this additional fund is to create a profitable market for both parties. Once this obstacle has been removed, solutions with regard to the technical questions linked to the reciprocal or asymmetrical opening of markets, the facilitation of trade and the realisation of regional economic integration will be found.

There is no international law, which forbids the African and European actors to discuss the Singapore Issues; but developing countries do not want international rules in the WTO governing investment and competition within their countries. However, the rules do not state that countries are not allowed to have individual agreements on investments; on the contrary, the problem, which arises is that the African countries cannot discuss topics without having a solid basis within the organisations of integration. There is no common law on investments and on competition in Western Africa. It is first necessary to work on this at regional level and then enter into negotiations with Europe.



Gervais Nkanagu

Common Market for Eastern and Southern Africa –
COMESA, Brussels

“This time everybody should be honest and put all existing problems and obstacles on the table to finally achieve our target of development.”

The lessons from Lomé are that market access is not enough. What is needed is:

- *The strengthening of supply-side capacities*
- *New regional funds to compensate losses and facilitate trade*
- *A review mechanism that links market opening to the achievement of development goals.*

To start I would like to recall the five principles which guide the EPA negotiations: An EPA has to be an instrument of development, an EPA has to support the initiatives of regional integration, an EPA has to preserve and ameliorate all lessons learnt from Cotonou, an EPA has to be compatible with the rules of the WTO and an EPA needs to allow a certain amount of special and differential treatment for each country.

The major challenge of the EPAs constitutes the development aspect. The EU has a definition of development and the ACP states as well, but both definitions will not necessarily say the same thing. The method for arriving at this development does not seem to be shared. According to the EU, development in the ACP could be achieved simply through trade liberalisation. At this point it seems important to look at the impact of Yaoundé, Lomé and Cotonou: the European Union market has always been accessible for the ACP countries, but so far development has not followed.

Certainly, one major obstacle has been the lack of supply-side capacities. This is why many negotiators in the ACP nowadays say, “Develop and reinforce our supply-side capacities first and then we can discuss trade liberalisation”. The second obstacle seems to be

that the few countries that are able to offer products on the European market face tremendous difficulties, e.g. non-tariff barriers to enter the market. The three agreements (Yaoundé, Lomé and Cotonou) were not properly negotiated. Today, somehow everybody still seems to be pleased, and we moved forward to negotiate EPAs. So this time everybody should be honest and put all existing problems and obstacles on the table to finally achieve our target of development. As partners we should find solutions.

Development is the key word of the negotiations. But development means that countries have a supply-side policy, which is not the case, because of a lack of financial resources to develop these. The EU among other partners could contribute to the strengthening of the supply-side. If this happens, the ACP will have something to offer on the opened market and also a large market will stimulate production. But first production needs to exist, which is not the case at the moment. Without development, we cannot talk about economic partnership agreements. If precautionary measures are not taken, the socio-economic and socio-political consequences of reciprocal market opening for the ACP states will be tremendous. The states will have difficulties satisfying even elementary needs because of the reduction of public revenues. Such a liberalisation would mean the expected market will not exist because of a lack of purchasing power and without purchasing power there will be no economic development.

To avoid this, the Central African States propose a development matrix, based on impact studies, to identify the real needs for achieving sustainable

development. The existing funds like the EDF will not satisfy the upcoming needs, amongst other factors due to problems of access. An additional regional fund should be created to meet the adjustment costs. The additional funds should be used for compensation of budget losses and, perhaps even more importantly, improvement of the poor public infrastructure. It is merely theoretical to talk about development and markets if a country like Burundi cannot trade with Rwanda, because there is no road between them. So, first of all, regional integration has to be addressed.

A long transition period will not help to solve the problem; we need to have a jointly established mechanism of evaluation that links market opening to the achievement of our development goals. That way we might achieve development.

In this regard, one last note concerning the Singapore Issues: yes, concerning all aspects that lead to development and are WTO compatible. We are willing to negotiate all that is possible to negotiate at this point.



Abdirahim Abdi

East African Legislative Assembly,
Nairobi

"You have to bring EPA to the people."

To progress from the short term impact of EPA to the realisation of long term benefit:

- *A long transition period will not suffice*
- *Quantifiable region and sector specific benchmarks need to be linked to EPA implementation*
- *Financial assistance offered needs to be more accessible than the EDF*
- *All stakeholders must be more strongly involved in negotiation and implementation process.*

The EPAs are one of the most important trade issues that have been discussed for East Africa and for the ACPs in general. The EU is the largest market in the larger East African Community (Kenya, Uganda, Tanzania, Burundi and Rwanda); most of the exports (36%) go to the EU region and around 26% of the ACPs' imports come from the EU. Thus, the EU is a very important trading partner.

There is a lot of talk about the good that the EPAs will do for African countries: expand our markets, allow more competitiveness, lower prices, etc., but the challenge will be to figure out how to achieve this. Another challenge will be to maximise the benefits and minimise the adjustment costs. How to balance these two contradictions is the major problem at the moment.

Duty free, quota free access has been granted to East Africa for over 25 years, yet trade activity has gone down over time. You may wonder what the problem might be. Regional integration is always used as the key word for solving these problems. We have been pursuing regional integration with the expansion of the East African Community. But then again you may wonder whether the EU is pushing towards these integrated markets to have bigger markets for their companies or to support sustainable development through a positive integration process.

Another recurrent aspect of the discussion is the question of the transition period. But a new timeframe will not solve the problems. The ACPs had 25 years of access and nothing happened. New mechanisms are needed. E.g. benchmarks that will allow the status quo to be measurable and quantifiable. With the help of these benchmarks all affected sectors could be identified and whether to go to the next step could be justified. These benchmarks have to be country- and region-specific. Some industries will do better than others even with immediate liberalisation. But it is not enough to look at the next 12 to 25 years; the foresight and the measurable benchmarks have to go beyond this.

So far EPAs do not seem to have interested a lot of people. The people who negotiate are trade ministry officials and some NGOs. The other stakeholders are not present even though EPAs are going to immediately affect everybody's lives. The positive and negative aspects have to be discussed openly. You have to bring EPA to the people. In the short run, the effects (e.g. on competition) seem rather negative; therefore, it is important to look at what the long run could bring and how to get to this long run. Now the problem is to convince the population to go for the long run. Some sort of financial assistance has to apply precisely here. However, the EDF does not seem sufficient or appropriate in this context. By the time you are through the red tape and have actually accessed EDF funds the transition period will be over.

But it is clear that there needs to be a give and take. The ACP have to reciprocate to this eventual new development aid, e.g. in discussions on the Singapore Issues. An opening of the markets results in discussing the Singapore Issues. It is not possible to exclude competition from the negotiations. In the East African community a competition policy already exists; these rules need to continue if we are going to open the markets to the European Union, which should be done in phases building on what has been agreed upon within the region.



DISCUSSION ROUND 1

Can external pressure or support promote regional integration?

Gervais Nkanagu says that regional integration is already a programme that has been adopted by all African countries, the Regional Economic Communities (RECs) are already in place. If today these countries have not achieved regional integration through their self-imposed rhythm, it is because there is a problem of resources. Take COMESA, which has been a free trade zone since the 31st of October 2000. But not all countries have been able to implement this. Each country has specific problems that means it is not possible to drop the tariffs in each to the region's level. But there is a programme to support these countries having difficulties in bringing them up to level with the others. As of January 2008, the COMESA region is going to be a customs union. On the one hand the pressure from outside can be a good stimulation, but there can also be unwanted consequences. Understanding and support for the occurring difficulties are needed, rigid deadlines can produce unwanted effects.

Tidiane Wade replies that all commitments regarding EPAs are binding on the trade level. The ACP countries are obliged to realise certain objectives to enable free trade. To have this one needs a regionally unified market, which was not in place in the ACP regions. This created pressure on the ACP countries to sign regional integration agreements, in order to have in place at least a customs union by 2007. In West Africa, discrepancies within the region prevent the speedy creation of a customs union to implement a common external tariff. The pressure put on the region through the negotiations to establish a customs union is good for overcoming internal contradictions. But the Euro-

pean financial instruments have to be used more efficiently to speed up economic integration. Currently, the funds are available, but they are not sufficiently accessible or targeted. First of all the current financial instruments have to be adapted to the real needs, as integration is not only about tariffs, but also about the transfer of funds to integral sectors. He adds that they have to drop the tariffs for internal and as well as external trade, and have to invest in integral sectors. Unfortunately, the Cotonou Agreement imposes a trade rhythm, but not an economic rhythm, on the ACP.

Evita Schmieg underlines why all trade-related issues are linked with the EPAs. If regional integration is the basis for the EPAs, it is logical to discuss all issues that are important for regional integration. Secondly, a certain kind of pressure by the international context can be useful; the example of quotas in the textile branch under the Multi Fibre Agreement shows this; it was only because of negotiations in the WTO Uruguay-Round that the EU and other industrialised countries dropped these quotas.

It is important that the development goal remains in the foreground, but the linkage of issues is crucial to achieve deeper integration. The European Union agreed to increase expenditures for trade-related development aid independently of the EDF. But the links to the development strategies of each country have to be there; they are the basis for the bilateral negotiations. They are moving towards a consensus on the establishment of regional funds. Germany, holding the Presidency of the European Council, thinks that these regional funds in addition to the EDF are interesting and need to be discussed further.

Martin Dihm underlines that the European Union has a strong history of supporting regional integration. EPA will further be an important instrument to support regional integration initiatives driven by the ACP themselves. The African Union (AU) is a good example of the ambition and progress the African states have so far made towards regional integration. The idea behind the AU is to aim at integrating the various regions so as to create an integrated African continent in the long term that would help achieving fostering stability and development.

Abdirahim Abdi states it is not a question of forcing African countries into regional integration. The East African Community (EAC) started that already in 1907 and had a monetary union before the EU. Even though the region broke up in the 70s it was “reanimated” in 1993 and has been doing very well since. There are of course problems facing regional integration, such as Tanzania’s multiple membership in regional integration groupings. Thus, they do not need the EU to force them into regional integration, instead they rather address the EU for capacity building. They are asking for a level playing field. The infrastructure needs to be improved to be competitive. Once the agreements are signed there will definitely be competition with European firms. This competition will affect every country.

On the inclusion of the Singapore Issues

Martin Dihm: The EPAs are an opportunity to address crucial rules important for trade and economic development such as credible investment rules. There is currently too little investment in Africa and a net

outflow of capital. Addressing transparency in government procurement within EPAs is very important as well; anything that can be done to make public expenditure more effective is deeply developmental since public money can be saved that would then be available for social expenditure. Integrating these issues into internationally binding agreements will not mean abandoning the right to regulate, but to ensure that fundamental rules and economic policies become more transparent, and predictable for investors and economic operators. This would help stopping the capital flight from Africa. Competition rules are also important for the efficient functioning of any modern economy and hence for development. Rules on competition embedded in an EPA would also allow ACP to address better uncompetitive behaviour of internationally operating enterprises. It takes time to build a solid competition legislation and administration. So the approach would be gradual and has to be supported by development cooperation.

According to **Tidiane Wade**, the Singapore Issues pose two problems that have not been solved so far. Is Europe in a position to negotiate a priority access to the African markets compared to other investors like the United States or Japan? Are the African countries in a position to discriminate in favour of Europe? The ACP countries certainly will not accept that without heavy discussion, because there is a fiscal problem. Giving a preference concerning investment to Europeans would mean disadvantaging other sources. And there is also the problem of national investors that want to have national preferences. Do they have to compete with strong European investors?



QUESTIONS FROM THE AUDIENCE:

What happens if after the WTO waiver lapses one of the six regions has not reached an agreement?

Zoe Coulson (New Zealand Embassy) wants to know what would happen if after the WTO waiver lapses one of the six regions has not reached an agreement?

Martin Dihm answers that the EU and all six ACP regions currently negotiating EPA have committed in joint ACP-EU ministerial declarations to undertake the necessary efforts to conclude negotiations by the end of the year.

Tidiane Wade does not see a real problem that one region will not be ready to sign. But if this should happen, there either need to be new negotiations for a WTO waiver, which means the EU will have to make concessions, which it might not be ready to, or the countries will just go back to international law, such as GSP or EBA without a free trade zone.

Will it be possible to conclude the negotiations by the end of this year?

Margret Tovar (Netzwerk Afrika Deutschland) has two questions: With time passing quickly she wants to know how the ACP states and EU think they will conclude the negotiations by the end of the year and actually sign the agreements given the many open questions that still remain, such as the Singapore Issues? Where are the advantages for the EU to go for the EPAs, given that the African markets are already swamped with European products?

Tidiane Wade repeats that the ACP countries are going to have two possibilities if they do not sign the agreements by the end of the year, but that he still has faith that it will work out. The Cotonou Agreement states that the regions have to set up a free trade union by 2020, it is just the process of how to get there between 2008 and 2020 that has to be agreed upon by the end of this year. To reach this is not a technical problem, but this agreement is going to cause turbulences in many countries, and the Europeans have to claim their responsibility concerning the adjustment costs. The EU is beginning to understand this and the fact that

there will be additional funding shows that the EU is taking responsibility.

Gervais Nkanagu adds that they will not end all negotiations by the end of the year, but in the area of trade in goods the negotiations are well on their way.

Davina Makhan also wants to comment on meeting the deadline. There have been joint declarations that the parties are committed to meeting the deadline. The ACP countries have framed the definition of the exact content of the development dimension of the EPAs as being necessary prior to meeting the deadline.

What is the outlook for concluding an 'EPA light' (an agreement on trade in goods only) by the end of the year, as has been suggested in various discussions?

Martin Dihm insists that "EPA light" would not deliver on development and that the parties should try their best to conclude full EPAs by the end of the year. This has been confirmed at the political level in the six recent ministerial declarations. A number of regions are already preparing offers on goods and services. The EU has declared its willingness to include Mode IV (movement of persons) and to come out soon with its market access offer. Progress has been made in the negotiations in particular over recent months.

Gervais Nkanagu comments that most governments have already shown their will to conclude the negotiations within the time frame. He gives the example of the rules of origin, which are based on value added and are currently under discussion within the regions. Furthermore, he communicates his surprise that the civil society stakeholders take so little interest in this subject, which is going to determine the developmental value of an EPA.

Evita Schmieg adds that the EPA discussion started 8 years ago, because the partners from the WTO were no longer willing to accept the exception for the one-sided preferences and everybody was disappointed with the results, as they could not stop the marginalisation of ACP states from international and European trade. Therefore, an EPA light would not be the solution; it would just help them to conform with WTO

rules. It would not move along the integration of the ACP countries in the international trade and would not guarantee sustainable development.

What they aim for are reform processes that contribute to sustainable development; they have to be carried by the civil society, and therefore discussions like today are very important and have to be brought back into the countries.

Are the EPAs a means of ensuring preferential access to ACP economies for Europe?

Sadjo Komlan (Togo) would like to know what competition means in the context of the EPAs. Does it mean competition between the ACP countries and the EU or between the EU and the Asian countries? Does the EU want the African states to close their doors to the Asian market to have better access?

Martin Dihm underlines that there is no intention to keep anyone out of trade; it is up to the African or ACP countries to decide with whom they want to entertain what relations. Some stakeholders have promoted the idea for the ACP to open up on a voluntary basis to all trading partners in parallel to opening up to the EU under EPA; however the ACP might prefer to keep some negotiating chips on their hands that could still be used in other bilateral negotiations with important trading partners. At any rate it is not up to the EU to decide on this issue.

According to **Tidiane Wade** every agreement includes discriminatory aspects for a party that does not take part in the agreement. If they are negotiating it, it is because Europe deserves this preference, because it is in the interest of the two partners – that is what is meant by a partnership.

Gervais Nkanagu adds that the Chinese are already in the African market; they have identified the needs and have a very good trade policy. But in addition to this, there exists a long history with Europe, which should now lead to a signed partnership agreement that is advantageous for both parties.

The negotiating configurations and regional integration:

Klaus von der Ropp (Potsdam) wants to clarify that the EU is not dealing with COMESA directly concerning the EPAs, but with ESA and SADC, which are parts of COMESA and parts of SADC.

Gervais Nkanagu clarifies that while the negotiation configuration is not COMESA, the ESA configuration has asked COMESA to coordinate the negotiations.

Davina Makhan wants to know which regional integration we are talking about; what is going to be the basis of the continental integration, would it be through the EPAs or through the RECs?

Abdirahim Abdi replies that the Africans chose to go for both these groupings and that it was not the EU who forced them to do so. He is convinced that regional integration is one of the best things that has happened to them, and that it is up to them to solve the problem of which country belongs to which region. Regional trade among ACP countries should be encouraged. Above all they should not forget about the Cotonou spirit to gain sustainable development and to eradicate poverty.

Will the adjustment funds in question be additional to existing aid commitments of the EU?

Klaus von der Ropp Furthermore, he would like to know more on the additional regional funds being discussed to help the individual EPAs in their effort for development. Are these really additional funds or are they going to be financed out of the EDF?

Gervais Nkanagu answers that they are currently discussing additional funds separate from the EDF with the EU, because their content differs from what has been agreed on in the EDF, they need to respond to specific needs.

Davina Makhan would like to know the exact shape of the additionality of the aid that is going to be available for the ACP countries, both in terms of level and scope.

Evita Schmieg refers to an EU plan as how to attain the 0.7% of GDP development aid goal step-by-step by 2015. The BMZ is interested in increasing the share



of trade-related aid, but they need their partners to make proposals to invest in trade. This should not just happen during the concrete trade negotiations, but also during the discussions concerning the PRSP and bilateral aid. The German Presidency is currently developing EU Council Conclusions on a common (Union and Member States) strategy on Aid for Trade. Regional integration is a slow process, that moves at different speeds but will be good in the long term. The BMZ proposes for the ACP countries something like the EU equalisation funds; the idea is to have an instrument for promoting regional integration and this instrument has to be fixed within the regions. It is clear that the EU will support these instruments.

What is the ACP development interest in EPAs?

Victor Ogalo (Consumer Unity and Trust Society – Kenya) thinks that the EU and the ACP countries have not always been honest with each other. The EPAs are more a problem of the ACP states than of the EU. EU markets are already open to the ACP countries, but not vice versa. The ACP want a rules-based system in a transparent manner. Rules that should recognise the increasing global nature of input procurement and allow the ACP countries to procure inputs from other countries. They want an EPA that will ensure a fast opening of markets among the ACP and an opening towards the EU that will be linked to predetermined development indicators rather than to predetermined timetables. The EU needs to provide sufficient resources, because so far the necessary structures are missing

in the ACP countries. A good EPA to him should be one that would fast track the completion of Doha negotiations. EPAs should be compatible to WTO rules, but how can something be compatible with something that is not even complete? If the EU wants the ACP to have EPAs by January 2008, they should also push for the conclusion of Doha.

Martin Dihm replies that the EU is coming out with an offer on Rules of Origin, which are one of the key factors determining the developmental value of an EPA.

Tidiane Wade suggests that the countries should discuss a longer delay than 10 or 12 years to realise the free-trade zone. But it is clear that they need to distinguish between the delay of the negotiations and the delay of the realisation.

According to **Evita Schmieg**, the WTO never framed the transition period as 10 years. Article 24 for free-trade zones defines 10 years for industrial countries, but says that it can be longer for poorer countries without giving an exact number. The ACP countries and the EU are jointly shaping the period and afterwards have to convince the partners from the WTO to accept it. She is confident that as long as EU and ACP seriously continue negotiations on EPAs, concluding them will be possible. But they cannot expect understanding from other developing countries for discriminatory practices.

Ndiitah Nghipondoka-Robiati (Agricultural Trade Forum, Namibia) says that it should be kept in mind

that African development is not going to be solved by the EPAs. African countries need to articulate what their development goals are and how they are going to achieve some of them through the EPAs. With their own objectives they can engineer instruments that can try to achieve these goals. The Europeans are not going to solve Africa's problems.

According to **Tidiane Wade**, it is clear that Europe is not responsible for solving all the economic problems in Africa, but they should participate in the adjustments costs created through the opening of the markets as this will have an extensive economic and financial impact.

How can remaining barriers to trade on the European side be addressed within the EPA negotiations?

Samuel Amehou says that Africa has already been in a partnership with Europe since the 60s; but that it is true that the new partnership needs to be more strongly oriented towards development. The question should be why all the agreements in the past never held what they promised. According to him the absence of impact studies is a factor. That is what is needed now for each subject. Another problem is that African producers cannot compete with European producers, especially in the domain of agriculture. The ACP countries want to discuss the Singapore Issues, but in the form of an equal dialog. What is the EU prepared to offer in terms of restricting subsidised products?

Martin Dihm responds that the aspect of agriculture seems neglected in public discussion. The example of tomatoes shows how important the EPAs are, because they aim at strengthening customs authorities and hence will enable ACP countries to implement effectively their chosen trade policies. The EPA would allow more control over whether a country actually wants to accept subsidised products in its markets or not. In the WTO, the offer to abolish all export subsidies by 2013 is on the table. There were other earlier and similar offers in this regard that, unfortunately, did not receive a response due to divergent interests within some of the countries concerned. The elimination of export subsidies could be discussed under the EPA with those regions that are willing to open their market with regard to the relevant products.

Tidiane Wade would like to know if it is possible to give special treatment concerning the export subsidies within the free-trade union?

Evita Schmieg agrees that the EPAs are a great opportunity for discussing joint questions, such as subsidies and non tariff barriers to trade. The great advantage of EPAs is that they are being negotiated, so the ACP has the opportunity to make demands, e.g. on Mode IV or subsidies.





A coherent Development and Trade Policy

Moderator

Stefan Mair

German Institute for International and Security Affairs Berlin



Michael Hofmann

Ministry of Economic Cooperation and Development (BMZ), Berlin

"Regional integration is the best dynamic you can think of."

When we talk about coherence in trade policy, we cannot leave aside the Doha Development round. Thus, before I turn to the EPA process, let me first address this important issue. In terms of coherence the European Union gave various positive impulses to the Doha round, especially with regard to cotton. There is a disconnection of cotton production on the one hand and the income of cotton producers on the other. We had difficult internal discussions, but in the end the Europeans understood that this is a problem of coherence and acted accordingly in the Doha negotiations. So nowadays, the problems West African countries are experiencing in this area are much more closely linked to the US policy on cotton and the ball is now very much in their (the US) court.

But we are here to discuss the EPAs. To summarise, EPAs can support development especially in three areas:

- *By supporting regional integration.*
- *By fostering economic diversification;*
- *By making Africa more interesting to investors.*

We know that the construction of regional markets is a necessity in a globalised world, because the economies of African, Caribbean and Pacific countries are too small to compete in the world market and, furthermore, the economies are too little diversified. With regard to regional integration we have to differentiate between three types of countries in Africa: I.) Coastal countries rich in commodities, II.) coastal countries poor in commodities and III.) landlocked countries that depend on the dynamics of neighbouring countries. The question is how we can develop such regional economic dynamics. Coastal countries poor in com-

modities have been able to develop very well in other regions. Therefore, for all three types of countries regional integration is important; regional integration is the best dynamic you can think of.

The chances to persist in world market with classical products like commodities are without prospects in the long run. For example West Africa should not concentrate on cotton alone, but needs to diversify, using the possibilities of regional trade and thus profit from world trade. The EU has been offering preferential market access to ACP countries since the 1970s, but since then these countries could not increase their exports as expected nor could they diversify the products they export. The EPAs will guarantee preferential market access for ACP countries beyond the phase-out of the WTO waiver at the end of 2007. The existing preference regime under the Cotonou agreement is not compatible with WTO rules, so there was an additional necessity to act, clearly non-reciprocal market access was not tenable. The European Union will offer improved market access that builds on the aqis of the Cotonou agreement. However, we also need to keep in mind that the EU has changed since the beginning of the negotiations in 2003. After the last enlargement round in 2004, new European Member States might be likely to see ACP countries as competitors. Above this, EPAs are a lot more interesting than the Doha round, because the EU is able to accompany the liberalisation process with close supporting measures that go far beyond classical aid for trade, in areas such as customs collections and compliance with standards.

The strategy of the EU focuses on making Africa attractive for foreign investors and producers. Experience

has shown that a lack of legal certainty, for example on questions of property, land or bankruptcy, can put investors off engaging in a certain country or region. Investment provisions contained in the EPAs are aimed at promoting good governance and a secure environment for investment, so as to attract or stimulate pro-development domestic and foreign investment. Asian successes were not only due to an Asian interest in international markets, but also to the fact that there were investors realising how interesting Asia was to them. A strong dependence on just a few commodities is an obstacle. A comprehensive approach is missing and needs to be developed. Some actors in Africa agree and want to use their chances, but others do not. It

becomes an African question of deciding and clearly articulating what they want.

Extending the waiver is out of the question, so the time until the end of the year has to be used in the best way possible. The EU is willing to make attractive offers to ACP regions in market access in goods, but there also remains work to be done – not all Member States will like what the Commission offers, and we still have to do everything we can to convince all the EU Member States of the attractiveness of Africa, but belief in regional integration has to come from the African states themselves.



Samuel Amehou

ACP African, Caribbean and Pacific Group of States,
Geneva

"Africa is interested in trade and not in aid."

If the European Union really wants to be coherent, it should revise the subsidies given to their producers.

The goal of cooperation between the European Union and the ACP countries aims to stimulate the ACP countries. But does our current behaviour, the behaviour of the ACP countries and of the European Union conform to the goal of sustainable development? Not all activities have been coherent. The example of the subsidies the EU grants to their farmers shows certain incoherence, because they have without doubt a negative influence on African markets. Agriculture is very important to most African countries, but the subsidised products from Europe coming to Africa discourage the local farmers. The farmers lose their already rather weak ability to compete. This point is

not coherent. On the one hand the EU grants funding and on the other they put the African economy at risk. Cotton is another very good example to show how subsidies destroy the economy in Africa. And the EU has to accept a share of the responsibility. Because of these subsidies, Africa is no longer competitive and is losing its income.

If the European Union really wants to support African producers and wants to be coherent, it should revise the subsidies given to their producers. Calculations say that every year Africa is losing more money just in cotton than it gets through all of the different development funds. Africa is interested in trade and not in aid.

John Mahama

Member of Parliament Accra



“This new generation wants to prove that Africa is not a basket case, but a continent that is ready to compete with the rest of the world.”

- *Africa should take responsibility for its development.*
- *In certain sectors it is now well positioned to compete internationally.*
- *To be able to compete a fair and equal playing field has to be established.*

There are long standing relations between Africa and Europe, with Africa’s main trading partners being European countries. In most cases Africa was colonised by European countries. Since independence, most countries have moved in a new direction and Africa has tried to reorder itself in terms of surviving as independent nations, which is not always easy. There is no need to blame external factors for most of the problems. Since independence, Africans have had the chance to conduct their affairs in a better manner and could have achieved much more than they have now. But instead, post-colonial Africa was marred by dictatorships, misappropriation of public funds, etc. It was not until the late 80s that a noticeable wind of change began to blow; new presidents are ready to overcome the old dictatorship style. This new generation wants to prove that Africa is not a basket case, but a continent that is ready to compete with the rest of the world in terms of trade and other issues. We have a comparative advantage in agriculture and agro processing. The manufacturing base in Africa is less strong than in Europe, America or Asia, so it is going to take longer to be competitive in this sector. But in the sector where Africa has a comparative advantage, the continent wants to have a situation where there is fairness in the exchange.

The option of a rules-based trading system is no longer an option; it is a necessity. It is not possible to go back to anything else, we need fairness and equity. Trade issues are very important, but unfortunately the way in which many of the negotiations took place in our countries has not been consultative enough. The fact that a lot of the people concerned with the EPAs, including many parliamentarians, do not even know anything about them is going to have a negative impact on our countries.

In the discussion with Europe, Africa is to put safe guards in place. Certainly, development is a key issue of the EPA; there should be good quality development and it must be a comprehensive package. This will support African countries in developing the ability to compete. In Africa, most of the producers are small-scale producers; their basic aim is not commercial agriculture, but the simple necessity to ensure food security for their families. But we should also not underestimate the role of markets to them – excesses produced are sold on the market to provide cash income if needed and livestock such as goats can provide an insurance for these families that way. These traditional producers are losing out; they cannot compete with e.g. the cheap chicken parts coming from Europe, flooding urban markets. The barriers to trade have to be removed. African farmers are able to compete, if they are helped technically with the capacity to produce more efficiently. But will all the barriers and subsidies be removed? If so, African producers will be able to compete. We have gone through some rough and painful processes to get to where we are today: Ghana has 6% growth rate. The revenue generated flows back into social services, making it an important factor for development.



Raymond Agaba

Ministry of Trade, Kampala

“Coherence is lacking within the ACP and between ACP and EU”

- *ACP had expected the Doha round to define the framework for the negotiations of the EPA.*
- *African states could be willing to discuss some, but not all the Singapore Issues.*
- *Problem of multiple memberships in negotiation groupings needs to be solved on the political, not technical level.*
- *Africa needs support that is more accessible than the EDF.*
- *EPA light is proposed as a fallback position.*

The negotiations have played out different to what was planned in the Cotonou Agreement. We were expecting the Doha Round to be concluded before the EPA negotiations find their end. That would have set the rules for the EPA. We expected predictable and transparent rules under the auspices of the WTO but the ACP have not realised this objective. So today there is the question of which rules we are going to put on the EPA negotiations. Already the fact that the Doha Round did not conclude is a lack of coherence and complicates “sequencing” of the negotiation clusters for different regions. Of course, uncertainty is at times part of negotiation processes. And there is still commitment between the parties to try and conclude EPAs according to the Cotonou Agreement.

The fact that the WTO has not set rules concerning the Singapore Issues or procurement means that the African states have a fallback position, which is to discuss some, if they so choose, but with no obligation to discuss all of the Singapore Issues. For some countries, public procurement seems to hold a lot of relevance. For instance in Uganda some stakeholders seem to hope that procurement could help put in place more transparent rules. The misuse of resources from the

donor community is believed to be a result of lack of transparency, which shows the need for fighting corruption. Once corruption is reduced, then – maybe – Africa could be able to attract donor assistance and be able to address some of the outstanding economic issues.

The problem of multiple memberships in regional integration (e.g. Tanzania in SADC and Kenya and Uganda in ESA and yet the three are members of the East African Community) is also an example of a lack of coherence in the policy. This is a problem that governments, politicians should resolve. It is not a technical issue.

Looking at the 25 years of development and trade cooperation with the EU under Lomé, Uganda does not seem to have taken any advantage (in terms of utilising the Market Access Preferences). It did not for example make full use of its sugar protocol quotas, while other countries that exploited them more effectively, such as Mauritius, have been able to make great progress on this basis. We cannot blame the EU for that, but rather our own countries (ACP).

Looking at the negotiations as they are proceeding right now, there are already many issues of convergence between the negotiating parties. If, for instance, all the joint conclusions between the ESA and EU could be implemented, there would be no doubt that EPAs would move the ACP trade agenda forward. But the truth is that these principles are not easy to fulfill. In the context of the EDF a lot of money is promised, but rarely fully utilised. There is a problem of accessibility due to stringent EU rules and bureaucracies. We have not addressed the infrastructure issues; many things

have not been done. Now additional funds are being discussed but what assurances do we have that the same problems will not occur again? Coherence is lacking within the ACP and between ACP and EU, and due to past experiences even if we agreed to the joint conclusions there is a suspicion that they may not be met.

Talking to different stakeholders gives yet another picture: the civil society is against signing; the private sector wants to be assured that its trade will not be

interrupted. The government now has the challenge of deciding what to do. That is why we would like to continue the negotiations until there is hope of achieving better results/ positions. That is why we propose, in consultation with all the stakeholders, the EPA light at the current time as a fallback option to ensure continued access especially for our goods come 31 December 2007. Negotiation of other sectors such as services and trade-related issues could be concluded later. The approach differs depending on the regional peculiarities (priority sectors).



DISCUSSION ROUND 2

How do we achieve diversification and what role does Aid for Trade play?

Samuel Amehou says that it is true that there needs to be more diversification in African markets to attract European investors and this is an issue which is being taken very seriously by Africans, but it is not easy for many African countries to achieve diversification. It takes expertise, resources and years to set up new sectors. And the problem of subsidies still persists, this means that Africans cannot sell these products. In a certain way the EU forces Africa to produce basic commodities so they can buy and market them. Tariff escalation forces them to export unprocessed goods, while the real value added is in processing. He wants to believe in “Aid for Trade” but fears that it might be just another catch phrase to appease the African community. The international community often does not follow-up on their decisions. Aid for trade needs to be additional and controllable and dedicated instruments should be created to ensure this.

Michael Hofmann admits that there are incoherencies, the question is how they can now be removed. At the moment the German government is preparing the upcoming Africa Summit in Lisbon. In this context, they developed a new partnership, which is currently being discussed by the African Union and the European Union. In the German G8 programme there is an “Africa” pillar where they explicitly try to give Africa a new, better image. One of diversity and growth, that is not just due to resource prices and democratic leaders. European businesses are not “forcing open” African markets, instead African markets have to be

made attractive to European investors and thus worthwhile investing in. This is only possible if Africa shows that it is heading for regional integration and thus the creation of bigger markets and improved infrastructure. But the German G8 programme can only communicate this, if it has a clear signal from Africa. For this it is necessary to really make something of the EPAs.

It is true that EPAs have so far just been discussed among experts; this has to change. Another incoherence is that the civil society is creating a network called “Stop EPA” and that none of the presidents from the ACP countries ever says, “stop EPA”, but rather – “there are some problems, let’s negotiate these”.

During the transition period the Europeans will figure out how things are going and what support is really necessary. The 10th EDF will have an Aid for Trade element within the regional envelope. In the EPAs, long transition periods are possible for ACP liberalisation process of goods that are important to food security and sustainable livelihoods, especially in rural areas. When liberalisation is implemented, some of the losses will be compensated by the positive development of other sectors. Other losses may be absolute, but the EU will continue to support ACP countries. There will be an 11th and 12th EDF and so on. And there will be the possibility to influence this positively. Adjustment compensation will be necessary. Also the European Union needed them for its integration, the SADC-EPA group needs them. But the Europeans have to wait and see the real need and not write cheques in advance. Together something is being done

that is new to all. Not everything can be foreseen; it has to go step-by-step. That is a partnership. Everybody should also be honest about the dynamics of negotiation processes. Progress is often only visible in the last minutes.

Are the objective of the EPA and regional integration coherent?

According to **John Mahama**, regional integration is the reason they raised the red flag on EPA. ECOWAS is one of the oldest sub-regional economic partnerships, which includes signed protocols on free movement of people and goods within the region. So far the protocols signed have not been achieved. But the region is making an effort to adhere to these protocols and implement them. The basic problem remains a fallout from colonial times. There exists in West Africa the particular problem with former French and English colonies. France has maintained a very strong relationship with its former colonies, while Britain has not. These Francophone countries integrated their economies better in terms of adopting a single monetary zone, setting up a single central bank and harmonising their customs duties and tariffs. Now they are trying to bring Anglophone and Francophone countries together to create a more competitive sub-region, creating single monetary and customs union. First the English speaking countries are trying to set up a single monetary union, which will eventually be merged with the Francophone monetary union to create a single currency for West Africa. These processes are not easy for many reasons. But while they try to strengthen integration in the subregion, they are confronted with signing another agreement with Europe. Trade among African countries is 11%, which is rather low. The first target is to increase trade within the region; these issues have to be balanced out. Another issue is Chinese investment. In one single year trade with China increased by 40%. They do not bother with human rights and spend a lot of money in infrastructure.

To be developmental, EPAs have to be a win-win situation, that is why it is called a partnership. That involves having a clearly defined transition period and review mechanism, so that the red flag can be raised if problems occur. They need sufficient reassurance, that in going forward no one will lose out.

What is Europe's responsibility towards Africa?

Hauwa Mustapha (Nigeria Labour Congress) comments on Africa's own responsibility to shape things like they are needed. Africa has the moral responsibility to take the ownership of its development process, but at the same time it should be made clear that Europe has social responsibility and political obligation towards Africa and a moral justification to facilitate the ownership of the development process in Africa. It is not about blaming the colonial masters; it is about blaming the effects of some of the practices as they are seen today. It cannot afford to be ignored. Her idea of coherence is that Europe needs to help Africa. Not in terms of aid, but as an obligation derived from its political history. The world is now a global village. Europe cannot afford to ignore what is going on in Africa, because it will affect Europe. It is a shared responsibility. Partnership means helping Africa in its development and at least remove the stumbling blocks in its way.

John Mahama comments that colonialism was a tragedy, but instead of being stuck in the past and blaming colonialism, Africa should rather look at the time since colonialism and what it has done with that time, there have been coup d'états and despicable presidents of that time, like e.g. Mobutu. The West can be blamed for its role during the cold war where it propped up such brutal dictators in Africa to prevent the spread of communism. These dictators trampled on human rights and looted their countries' coffers dry. Other colonies which gained independence at the same time as most African countries, such as Malaysia, have done much better. Africa must come out of the blame game and instead look at the opportunities it has.

Michael Hofmann replies that he does believe that European history gives European reason to be involved in Africa. Personally he feels a deep commitment to ensure that Europe contributes to Africa's development. But his readiness for self flagellation is also rather limited. It is important that Africans clearly articulate their wishes, but should not stress the bad conscience too much. Guilt may generate charity, but not partnership. Partnership means meeting eye to eye, expressing positions and negotiating results. Bad conscience may carry development aid policy, but certainly not the economy. Europe needs to make sure that economic actors see the potential Africa has – Europe is at the point where they can do business together and create growth and employment.

How can Africa move towards expanding its exports of processed goods?

Komlan (Togo) recalls the title of the conference and would like to know what follows after the 'Final Meters'? Furthermore, he would like to know whether the European countries are ready to construct companies in Africa so that products can be manufactured/processed there? Michael Hofmann replies that he is certainly not opposed to building factories, but the work of development policy is to create the basic parameters so that other people willing to construct companies are able to do so. But it is true that they have a personal interest in finding these investors. Germany has an interest that other countries are developed. After all it is the world's leading export nation.

Victor Ogalo (CUTS) would like to congratulate Germany on being the world's leading export nation. As he knows it is also the world's largest exporter of coffee and he is greatly looking forward to visiting the German coffee plantations. In fact, Germany also happens to be the biggest importer of Kenyan coffee beans. He would like to know how the EPA would support Kenya to export finished coffee to Germany and not just the beans?

Are the different EU partnership policies coherent?

Davina Makhan wants to know how the joint EU-AU strategy fits into other existing agreements, such as Euromed, TDCA etc.?

According to **Michael Hofmann**, the new European partnership policies are something new, hence so far no one can really say how it is going to work out, because in the past they had individual programmes. It is still very complex and in many ways incoherent, different instruments are under the control of different European bodies. Africans should learn from the experiences of other EU Partners, but it is also important that the African countries discuss best practices among themselves.

How relevant are agreements like EPA in the context of the dynamic trade between Africa and China, which has no agreements?

Raymond Agaba still believes in the relevance of the EPAs. The EU is still one of the biggest markets for Africa. Africa is willing to go into EPA, because they

see opportunities in their partnership with the EU. Partnership within the WTO framework is very important for Africa, as this could give certainty and predictability to the agreements reached. The EPAs do not mean just market access like what African countries expect to get out of bilateral trade negotiations with China, because EPAs go beyond that by including development aspects. It is a package. If market access, combined with development assistance in the form of the development matrix proposed by ESA states, could be given, the ACP would achieve what they earnestly seek. If the infrastructure problems were addressed, they would be able to address the issue of market access. It is, therefore, common for their countries to seek market access only to realise the capacity to satisfy it is lacking. This was the experience for a number of ACP countries under the Lomé Convention.

According to **Samuel Amehou**, the dialogue has to be intensified at this point of the discussions. Conferences like today's show exactly the importance of doing this. Africa has learnt something about the incoherencies that they have to overcome in order to go forward. The partnership has to be out of the WTO. The trade within the regions has to increase. To get that, the ACP states need the assistance of the EU to add value to their products. The countries want to transform their own commodities. Concerning the supply of services, it is the same: the capacities are there. Together they will find the intelligence to continue.

John Mahama resumes by saying that he is an optimist. In Ghana he has seen what good private investment can do, it developed the Ghanaian telecom sector for example, which has seen a growth explosion. Many Ghanaians living in the Diaspora were able to see the opportunities back in their own country. Most successful communications companies in the internet and IT networks are Ghanaian joint ventures with Europeans and Americans. He believes that these successes can be replicated in other sectors, if they create the right environment of good economic policy and good governance. Create an environment to increase the private sector and separate trade from politics. In the first place, indigenous African businesses should be encouraged and supported. What happens after signing the EPAs? A realistic scenario should be created and civil society groups and the African public should be educated on the implications. Once a realistic scenario is created and understood, it will dispel the fears.

Conclusion

The discussions clearly demonstrated that opinions still differ on some of the core issues of the proposed EPA. Thus much remains to be done before both parties reach an agreement. But it also transpired that the African and European negotiators' position appear to have approximated in the past months, possibly moving towards a compromise, to ensure continued access of ACP producers to the European markets, beyond the 2008 deadline.

Given that the European side is unwilling to negotiate a new exemption at the WTO, this would take the form of an "EPA light", a WTO compatible agreement on continued preferential access for goods only, that would leave more contentious issues, such as the inclusion of competition, government procurement, etc. to further negotiations. Throughout the conference this was discussed as a fallback position, however it was also acknowledged that this would imply that the EPA fell short of their ambition of becoming a combined trade and development instrument.

In the course of the discussion, various areas were identified in which the negotiations offered opportunities to the African countries, which have not yet been fully seized. Thus the African countries should use the negotiation process to push for concessions from the EU in areas such as rules of origin, subsidies and enhanced market access for goods, services and natural persons.

No matter which form it will take, it was generally agreed that a sufficient transition period was another important element of a development-friendly design of an EPA. A long delay itself will, however, not be sufficient to ensure this. It needs to be complemented by a careful monitoring of the effects of implementing EPAs. Some even suggested that the transition should be driven by benchmarks rather than a preset timeline.

Seen as crucial to the development-friendliness of an EPA and as a further issue where discussions seem to be progressing is the question of compensation for adjustment costs. The African experts

made clear that the EDF would not be suitable for this purpose, primarily due to its well known limitations of access. Instead, additional financing in the form of regional adjustment/stabilisation funds was suggested. German representatives were, however, cautious to note that we cannot yet define the scope of the EPA-related adjustment costs. Before the size of such additional financial assistance could be defined, the real needs occurring needed to be assessed, taking into account the dynamic gains of liberalisation and the achievements in changing the public income base.

The "Singapore Issues" remain one of the most controversial issues. To some they are an integral part of the development dimension of EPA, to others they are the exact opposite. While their inclusion could foster a transparent and reliable regulatory environment, thought to be conducive to investment, there are fears that the regulatory capacity of governments will be constricted too severely by their inclusion. If they are to be included, it was agreed, that they should primarily address the regional level, i.e. opening government procurement up towards other members of the region, but not the EU. However, it was disputed whether in order to achieve this, such regulation should be first agreed upon intra regionally and then brought into the agreement with the EU or whether it could be directly negotiated with the EU.

Certainly, regional integration remains a shared key aim of the EPAs. Whether the EPAs, as currently negotiated, support or subvert African regional integration processes was however disputed.

Finally, participation was identified as a neglected key element of the EPA negotiations. While the implementation of an EPA will affect broad sections of society, participation remains weak. Key actors like subsistence farmers, NGOs, the private sector and parliamentarians – to name just some – need to be more actively involved.

We hope that with our conference and the continued cooperation with our partners in Africa and Europe we can contribute to such dialogue and participation.

List of Abbreviations

ACP	African, Caribbean and Pacific countries
AfT	Aid for Trade
ATF	Agricultural Trade Forum
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit (Federal Ministry of Economic Cooperation)
CAP	Common Agricultural Policy
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale (Central African Economic and Monetary Union)
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
CSTT	Confédération syndicale des travailleurs du Togo (trade union confederation of workers in Togo)
CUTS-NRC	Consumer Unity and Trust Society, Nairobi Resource Center
DFQF	Duty-Free Quota-Free
DG Trade	Directorate General Trade
EAC	East African Community
EALA	East African Legislative Assembly
EAPLC	East African Parliamentary Liaison Committee on Trade
EBA	Everything But Arms initiative
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	East and Southern Africa
ETUC	European Trade Union Confederation
EU	European Union
FES	Friedrich-Ebert-Stiftung
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GSP	Generalised System of Preferences
HS	Harmonised System
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organisation
LDC	Least Developed Country
MDG	Millennium Development Goals
MFN	Most Favoured Nation
NGO	Non-Governmental Organisation
NLC	Nigeria Labour Congress
PRSP	Poverty Reduction Strategy Paper
REC	Regional Economic Community
SADC	Southern African Development Community
TDCA	Trade, Development and Cooperation Agreement
WCL	World Confederation of Labour
WTO	World Trade Organization

Speakers



Abdirahim Abdi was elected a member of the East African Legislative Assembly (EALA) in 2001, a Regional Parliament comprising Kenya, Tanzania and Uganda. Since 1996, he is also Managing Director of ABHA Limited, a supplier of agricultural inputs for the tea industry. From 1992 until 1996 he was Managing Director of Haithar Holdings, a transport and logistics provider in the East African region. Mr. Abdi has a Bachelor of Sciences in Business Administration (Finance) from the American University in Washington D.C.



Evita Schmieg is head of the Globalisation, Trade and Investment Division in the Federal Ministry for Economic Co-operation and Development (BMZ). She is an economist by profession with several years of experience in the area of trade, globalisation and development in the Ministry as well as in the Commission of the European Communities in Brussels. On a previous post she prepared a conflict prevention strategy for German development co-operation.



Gervais Nkanagu is Head of COMESA Liaison Office Brussels and member of the Negotiating Team of AfOA since February 2006. From May 2004 until January 2006 he was President of the National Development and Political Forum in Burundi and member of the ETPR. From 2002 until January 2006 he was Consultant Trainer at OIF, OMC and CCI. He is founding member of INNOV AFRICA Management. From July 2001 until January 2006 he was President of the Steering Committee of the “Cadre Intégré” in Burundi. From 2000 until January 2006 he was President of the Administrative Board of the University Lac Tanganyika (ULT) and founding member of the same. From 1999 until January 2006 he was with COMESA, WTO and International Trade Center in Burundi. From 1998 until January 2006 he was Director General of Trade at the Ministry for Trade and Industry in Burundi. Since 1997 he is Professor at the University of Burundi and Rwanda, faculty of Economics and Management Sciences. He received a Doctorate in Management Sciences at the University Lumière de Lyon in October 1996.



John Mahama is member of Parliament of Ghana since 1996. He is currently the Minority Spokesman on Foreign Affairs in the Ghana Parliament, a member of the Pan-African Parliament (Vice Chairman of the West African Caucus), the UNDP Advisory Committee and of the Communications, Foreign Affairs, Standing Orders and Appointment Committees of Parliament of Ghana. He served as Information Officer at the Embassy of Japan in Accra, then joined PLAN International Ghana as Sponsorship and Grants Manager. As Minister he served as Chairman of the National Communications Authority (NCA). He has a degree in history from the University of Ghana and in Social Psychology from the Institute of Social Sciences in Moscow. He has attended numerous conferences, won many fellowships including study at the Johns Hopkins University, Baltimore, USA, and is also a Gates Fellow.



Martin Dihm is Deputy Head of Unit in the Directorate General for Trade of the European Commission. He deals with bilateral trade relations and the negotiations of Economic Partnership Agreements (EPA) with the African, Caribbean and Pacific countries (ACP), with WTO related aspects of EPA and coherence between trade and development cooperation. Martin Dihm studied agricultural economics at the University of Göttingen with specialisation on trade and development. Before joining the European Commission he worked for the Food and Agricultural Organisation and World Food Council in Rome. His professional experience within the European Commission comprises work as an official with the Directorate General for Development and assignments with two EC Delegations (Caribbean/ Barbados and West Africa/ Nigeria) as economic adviser for issues relating to trade and regional integration.



Michael Hofmann is Head of the Department for global and sectoral tasks; European and multilateral development policy; Africa; Middle East within the Federal Ministry for Economic Cooperation and Development (BMZ) since 1999. Prior thereto, he was, *inter alia*, the Head of the International Department at the SPD and adviser to Willy Brandt (former Chancellor). He has a diploma in Political Sciences, Economics, Latin American Studies and Journalism and a doctorate in Economics and Social Sciences from the *Freie Universität Berlin*.



Raymond Agaba is Trade Economist and currently working in the Ministry of Tourism, Trade and Industry in Kampala. He is desk officer for negotiations of the EPAs and involved in consultations of stakeholders at national level in the framework of the Inter-Institutional Trade Committee (IITC). He prepares and discusses position papers on EPAs and is participant in panel discussion at the National and Regional Negotiation Forum (ESA, RNF). He has a Bachelor of Arts from the Makerere University Kampala and a Masters of Business in International Trade from Victoria University, Melbourne.



Samuel Amehou is a Diplomat and Initiator and Coordinator of the sectoral initiative in favour of cotton within the WTO, Coordinator of the LDCs at the UN in Geneva, Special Ambassador and Plenipotentiary for the Republic of Benin of the Swiss, Austrian, Hungarian, Slovenian, Croatian and Bulgarian Confederation, Ambassador and Permanent Representative of Benin at the United Nations Office, at the WTO and other international organisations with offices in Geneva. He has a diploma from the *Centre de Formation Administrative de Perfectionnement* (CEFAP) in Benin and a Master's Degree from the University of Saarbrücken.



Tidiane Wade is Trade Consultant and Head of the Department of International Trade Negotiations at the Ministry of Trade and Consumption in Senegal. He has, *inter alia*, a diploma from the *Ecole Nationale d'Administration*, Senegal, from the United Nations Institute of Research and Development and from the Trade Policy Course of the GATT.

**"The Final Meters and Beyond?"**

The Conclusion of the Economic Partnership Agreement (EPA) Negotiations and a Development Oriented Implementation?

The negotiations of WTO compatible bilateral free trade agreements (EPA) between the EU and the group of African, Caribbean and Pacific (ACP) countries are to be concluded by the end of 2007. The overarching aim of the EPA is the promotion of development. The reciprocal market opening and the accompanying measures of the EPA are intended to advance regional integration, the ACP countries' integration into the world economy and their economic growth and to make a contribution to sustainable development and poverty reduction within the ACP countries.

The EPA negotiations are in a critical phase during Germany's EU Presidency in the first half of 2007. But the EU and the African countries still appear far from reaching a sustainable consensus. Especially the development dimension and contribution to poverty reduction of the free trade agreement are frequently questioned.

With the deadline for the negotiations approaching fast, it is now also time to take a look at what will happen after their conclusion. If the deadline of the end of 2007 is met, African countries as well as the EU will have a host of challenges to face as of next year. The conference will allow German, European and African politicians to discuss the implications of an agreement, the resulting challenges that will present themselves to both sides and to express recommendations to the EU Presidency. Because: reforms will be necessary on behalf of the ACP as well as the EU.

The Friedrich-Ebert-Stiftung cordially invites you to participate in this discussion. Kindly register by the 23rd of March 2007.

Wednesday, 28 March 2007

A closed experts meeting will be taking place in the morning, allowing discussion between European and African experts on the EPA. The results of the meeting will be available during the conference in the afternoon and later published in the conference documentation.

2.00 pm Welcome Address
Werner Puschra
Friedrich-Ebert-Stiftung

Public discussion
**After the Conclusion of the Negotiations:
Implementation of the EPA – Political
Preconditions and Challenges**

What will be the consequences of the conclusion of negotiations? Which challenges arise, for the African as well as for the European countries? The African countries have to prepare for a market opening towards the EU, the public income base in many countries has to be restructured. How can this be achieved? What shape will the developmental structural transformations processes take, that are to be promoted by the EPA. Which support can the EU offer and which reforms will be necessary within Europe?

Participants:
Evita Schmieg
Ministry of Economic Cooperation and Development, Berlin
NN
DG Trade, European Commission
Tidian Wade
Trade Ministry, Dakar
Gervais Nkanagu
Common Market for Eastern and Southern Africa, Brussels
Abdirahim Abdi
East African Legislative Assembly, Nairobi

Moderator:
Bernd Ludermann, free lance journalist, Essen

P R O G R A M M E

4.30 pm Coffee Break

6.00 pm Public discussion
A Coherent Development and Trade Policy?

The EPA will shape the (trade-)relations between the EU and the African countries. The EU is frequently accused of lacking coherence, especially in its development policy. Can the EPA successfully span trade and development policy and contribute to the achievement of the aims of German policy towards Africa? Do they form a coherent part of the German and the European trade and development policy?

Participants:
Michael Hofmann
Ministry of Economic Cooperation and Development, Berlin
NN
Lisbon (tbc)
Samuel Amehou
ACP African, Caribbean and Pacific Group of States, Geneva
John Mahama
Member of Parliament, Accra
Raymond Agaba
Ministry of Trade, Kampala

Moderator:
Stefan Mair, German Institute for International and Security Affairs, Berlin

8.00 pm End of conference,
reception at the Friedrich-Ebert-Stiftung