



EPA News Shadow Review

Alternative perspectives on ACP-EU Economic Partnership Agreements

For the attention of concerned EU-ACP citizens
The following is the other side of the latest **EU Trade News**

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EPA SHADOW NEWSLETTER NO. 1

INFORMATION ON THE ACP-EU ECONOMIC PARTNERSHIP AGREEMENTS

REGIONAL EPA NEGOTIATIONS - Flash News ESA Configuration- EU EPA Negotiations

In Eastern and Southern Africa the EU is pushing the pace of economic partnership agreement negotiations with the objective of concluding the substantive part of the negotiations by December 2005. This will then allow time for the finalisation of the agreement and the establishment of the legal instruments for its implementation by January 1st 2008. This is condensing the time frame for national preparations for EPA negotiations in Eastern and Southern Africa.

In the ESA configuration with no pre-existing regional framework for co-ordination which embraces all countries, any regional negotiating positions will need to be firmly based on national consultations and national decision making processes. This is likely to be a time consuming task, given the human and institutional capacity constraints in ESA countries. It is likely to be a particularly challenging task if this process of preparations is also to involve affected non state actors in substantive discussions on issues of concern.

Formal negotiations with the EU are likely to be a relatively minor part of the process of negotiations, with most of the negotiations needing to take place within regions on the structure of the tariff offer, the definition of sensitive products and the treatment to be accorded sensitive product.

Configuration	Phase 1	Phase 2	Phase 3
ESA Configuration	Priority Setting for ESA Composition of technical teams Establish coordination Mechanism with EU	Begins mid-2004 Discussion of issues of substance	Begins January 2006 Finalisation of the agreement Enactment of necessary legal instruments

An issue of further concern in Eastern and Southern Africa countries is the extent to which the process of EPA negotiations is garmenting established regional initiatives. This applies both to the East African Community (EAC) and the Southern African Development Community (SADC), with some countries in the ESA Configuration and others in the SADC Configuration.

West Africa Configuration- EU EPA Negotiations

While technical discussions on the roadmap for negotiations and its formal adoption are nearing completion some 8 months after the formal launch of negotiation, the issues of how to address the substantive problems faced under EPAs identified in the initial Sustainability Impact Assessment study of West Africa has not yet been discussed. These issues of concern primarily involve:

- * how the essential pre-requisite of improving infrastructure and the legal environment is to be supported under EPAs;

- * how EPAs are to contribute to the modernisation of the cotton, textile and clothing sector in West Africa
- * how EPAs are to assist West African producers in meeting EU SPS requirements so that trade in non traditional exports is facilitated
- * how EPAs will contribute to the protection of domestic poultry industries, which have important rural multiplier effects and poverty reduction impacts;
- * how EPAs will "limit access of EU goods that could be produced locally";

The recent Eurostep EPA case study on Ghana reinforced concerns over the impact of broader EU policy developments (most notably the process of CAP reform) on the trade in food products. It highlighted how expanded poultry meat exports were undermining the local sector with serious consequences in terms of poverty reduction objectives. It raised the question of how EPA negotiations are to address these types of trade issues.

Further information on the West African SIA can be found on:

Executive Summary

http://www.sia-acp.org/acp/download/acp_eu_sia_w-africa_2004.pdf

Full Text

http://www.sia-acp.org/acp/download/acp_eu_sia_w-africa_2004_long.pdf

The Eurostep Ghana case study can be found on:

http://www.eurostep.org/pubs/trade_study.pdf

Central Africa Configuration- EU EPA Negotiations

Major concerns over the extent to which Central African countries are in a position to negotiate EPAs have been raised. In some countries Trade Ministries lack even basic equipment such as computers and vehicles, while the human resource capacity in trade negotiations is stretched so thinly as to be virtually invisible.

SADC Configuration- EU EPA Negotiations

With the SADC Configuration - EU EPA negotiations scheduled to be launched in July 2004 the influential Chair of the South African Parliaments Trade and Industry Committee Rob Davies, has set out in summary form what a development orientated SADC-EU EPA should look like. Key elements of the proposed development orientated approach include:

- * a continued recognition of the rights of least developed Tanzania, Mozambique and Angola to non reciprocal trade preferences;
- * no further discussions on the elimination of tariffs on imports from the EU since this is already covered under the EU-South Africa TDCA, which automatically applies to the BLNS;
- * the focus of reciprocity discussions on the establishment of simple pre-emptive safeguards, the provision of restructuring assistance and support for fiscal adjustments;
- * the immediate introduction of EBA type preferential access for BLNS exports to the EU since they are already part of a FTA with the EU;
- * the granting of full cumulation under the rules of origin between countries part of the SADC configuration regardless of the trade arrangement under which they choose to export to the EU;
- * the establishment of a comprehensive dialogue (and associated support measures) on how to address SPS issues inhibiting real market access for SADC configuration exports;
- * the initiation of a detailed dialogue on the support measures to be set in place to address supply side constraints and the development challenges facing SADC configuration countries.

The full text of the article can be found on:

<http://www.tralac.org/scripts/content.php?id=2477>

Caribbean Configuration- EU EPA Negotiations

With efforts under way to identify key problems that will have to be addressed during the EPA negotiations, it comes as something of a surprise that at the opening of the Caribbean -EU EPA negotiations in Kingston Jamaica in April that no reference was made by Commission spokespersons of the impact on CAP reform in the sugar sector on the value of trade preferences granted Caribbean exporters. Recent studies suggest that under any likely scenario for EU sugar sector reform, the Jamaican sugar industry will simply disappear, with the loss of 32,000 jobs in the production and processing of sugar and thousands more in industries serving the sugar industry or living of the income generated by the sugar sector. A minimum of a further 37,000 jobs are also expected to disappear in other sugar dependent Caribbean island economies.

With recent EU policy changes affecting the value of the regions trade preferences in the rum, banana and rice sectors and with these sectors alongside sugar accounting for over 28% of the regions exports of goods to the EU it is difficult to see how the can maintain the value of the trade *acquis* in

the development of its future trade relations with the Caribbean, despite the strong emphasis placed on this at the opening of the negotiations.

The European Commission's silence on this issue in Kingston was almost as loud as the carnival music outside of the venue for the launch of the negotiations.

EPA Impact Assessment Studies

While over 32 national studies and 5 regional programmes have been approved, there is growing disenchantment with the quality of the studies being produced. Many studies simply reiterate the general challenges faced, without going into the specific national and sectoral issues faced and the policy choices and options available. Particular areas of concern include:

- * failure to address the external effects of CAP reform in sectors of major economic significance to ACP countries;
- * a failure to get to grips with how to deal with the fiscal consequences of EPAs;
- * how to address the multifaceted development dimension of EPAs, in specific national and regional contexts.

There is clearly a need to pay closer attention to the quality of studies produced and the relationship of the terms of reference of future studies to the state of the negotiation process.

Strengthening of Trade Capacity EU Delegations

The strengthening of the capacity of EU Delegations to deal with trade matters through the establishment of a network of trade focal points in ACP Delegations is in many respects an attempt by the Commission HQ to get Delegations "on message" in the face of mounting disquiet over both the national capacity to deal with EPA negotiations and the national capacity to respond effectively to the economic challenges which will arise as a consequence of the introduction of free trade with the EU through economic partnership agreements.

Civil Society Views on EPAs

At their meeting on April 24th 2004 the working group on Cotonou of the platform of European development NGOs (CONCORD) adopted a briefing paper setting civil society concerns over the EU's approach to EPA negotiations

<http://www.epawatch.net/general/text.php?itemID=166&menuID=28>

On February 4th 2004 at their meeting in Nairobi civil society actors from Eastern and Southern Africa adopted a statement setting out their concerns over the ESA-EU EPA negotiations

<http://www.epawatch.net/general/text.php?itemID=161&menuID=28>

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