

Grain de sel

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EPA Special Issue

**Economic Partnership Agreements:
Presentation, analyses,
viewpoints**

In Paris, the **Executive Secretariat** of Inter-réseaux is made up of Christophe Jacqmin, Executive Secretary, Sylvie Lopy, Secretary, Anne Lothoré, Technical Coordinator, Pascal Massetti, ICT Task Officer, Anne Perrin, Chief Editor of *Grain de sel* and Joël Teyssier, Task Officer. Quentin Stoeffler, the GDS editorial team intern, has substantially contributed to the preparation of this publication.

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GDS Special issue on EPAs: Why, how and with whom?

THIS ISSUE OF *GRAIN DE SEL* (GDS) is indeed special on several counts ... First of all, there are a total of 40 pages dedicated to a single subject. Secondly, it includes an eight-page supplement jointly published with the Network of farmers’ and agricultural producers’ organisations of West Africa (ROPPA), presenting the position of farmers’ organisations from five ACP regions. The whole issue is published in French and English and will be widely circulated. Finally, this issue is special because it has mobilised many international partners. Two editorial committees met to design and write it, one in Ouagadougou, in February 2007, and the second in

Paris, in March. More than twenty people participated in these meetings (cf. list below). As usual, *Grain de sel* would like to contribute to the debate in a special way, by offering you a comprehensive set of historical, contextual and analytical data, to help you understand the issues at stake. While the different viewpoints and concerns are presented and the alternatives discussed, this issue does not seek to defend any position. Its aim is to allow everyone to have a clearer understanding of the problem and to form an objective opinion.

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EPA: Beyond Trade

ECONOMIC PARTNERSHIP Agreements (EPA) are shortly to be signed between the European Union (EU) and the African, Caribbean and Pacific countries (ACP) and should become effective in January 2008. These agreements will establish free-trade areas between the EU and each one of the six ACP regions. The EU's main argument in support of establishing the EPAs is that the current EU-ACP trade cooperation rules do not comply with WTO rules.

The EPA concept was formed in the mid-90s, when the world still believed in the virtues of free trade. Ten years later, this belief has somewhat evaporated! But in the absence of a clear-cut alternative – the Doha round is at a standstill – things are being allowed to continue on the initial course. Admittedly, the mobilisation of civil society stakeholders and certain ACP countries will help protect the major products that are sensitive to trade-opening measures. But this will only limit the damage for EPA

opponents, and reduce the benefits of reform for its supporters.

Never do you see trade serving the cause of human development. Neither do you see the goals of fair trade (respect of land, resources and people) being integrated as official trade objectives.

Once again, an international agreement is providing answers to yesterday's problems, but refrains from addressing tomorrow's challenges. The big reform that would see the ACP-EU partnership establish itself as a new laboratory of equitable North-South and South-South international relations is yet to be devised. Many stakeholders have invited themselves to the EPA debate, both in ACP countries as well as in Europe. If we were all prepared to shake up the comfortable *status quo* and relinquish our entrenched positions, then we could really hope to devise and implement such a reform! The ACP-EU relations system is based on three main dimensions, policy, trade and development. ACP-EU trade cooperation must be built as one of the

elements of an overall development strategy and not as an end in itself. In that vein, trade development requires rules that, while being effective, must also be equitable. The WTO is a policy forum within which the ACP-EU duo could jointly exert pressure to defend other approaches, other more balanced and human development-friendly rules. The EU and the ACP countries wield significant political impact: 105 countries grouping slightly over one billion inhabitants and, within the WTO, 83 members out of 150.

Could the ACP-EU zone become a real platform for policy dialogue and negotiation of rules that are not subjected to market laws alone? This is a matter of political will. But does the EU have this political will, when it constitutes the major donor of the ACP countries and one of the largest centres for global trade?

Freddy Destrait
President of Inter-réseaux Développement rural



Niger River, Mali © IRD, M. Pilon

From the Yaoundé Conventions to the Cotonou Agreements: 40 years of missed connections

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THE COTONOU AGREEMENT is deeply rooted in the decolonisation of Africa. More than 40 years after this process, the agreement retains the same hopes and ambitions, but also the ambiguities.

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50 YEARS OF RELATIONS BETWEEN EUROPE AND ACP COUNTRIES: KEY DATES AND MAJOR EVOLUTIONS

ON 20TH JULY 1963, the first Yaoundé Convention was signed between the Europe of Six and 18 “Associated African States and Madagascar”, AASM. These former French and Belgian colonies became new independent States. The challenge at that time for Europe was to ensure that these countries did not fall under the influence of the USSR. From this time on, rather than evoke the often painful colonial past, the concept of “historical links” has been used to explain the special relationship between Europe and these countries, which are no longer “colonies” but fully-fledged partners. The European Development Fund, which had been established as early as 1958 to finance infrastructure projects in the Overseas Territories of the Member States at a time when they had not yet gained their independence, became the funding source of the Yaoundé Convention. The Convention was also to rely on joint institutions at ministerial and parliamentary level. This major innovation in North-South cooperation relations remains one of the distinctive features of the ACP-EU partnership today. Similarly, cooperation is governed by long-term agreements, thus allowing for resource predictability over a period of five years.

Commercial or colonial preference?

At the trade level, cooperation was an extension of colonial specialisation

and preferences. It enabled tropical products to retain access to European markets at better prices than those offered on the world market. This was the beginning of “trade preferences” which granted better access to the European market for commodities from the newly independent countries. Such cooperation also enabled the former colonies to guarantee their supplies and highly specialised exporting countries to avoid price fluctuations on the world markets. However, very often, the companies exporting tropical commodities were set up with European (mainly French) capital and run by Europeans.

The second Yaoundé Convention was signed in 1969 and sanctioned the inclusion of Mauritius. Debate was becoming more and more heated within Europe. The Germans considered that Europe as a whole was paying for France’s special relations with its former colonies. The Commonwealth countries also came knocking at Europe’s door, which proposed that they join the Yaoundé Convention. At the same time, on a global level, a new round of negotiations were begun within the GATT framework. The agricultural, and more particularly the oilseeds issue, lay at the centre of a dispute between Europe and the United States. The supply, on preferential terms, of the European market with groundnuts from Senegal was called into question, to the benefit of

soybeans from America.

The Non-aligned countries (the “Group of 77”), organised themselves at the United Nations Conference on Trade and Development (UNCTAD) to lead trade negotiations. They demanded a “new international economic order based on a deep transformation of North-South economic relations and fair remuneration, by the North, of agricultural and mineral commodities from the South”¹. Some of these ideas were akin to European lines of thought.

In 1971, the Generalised System of Preferences (GSP)² was instituted within the framework of UNCTAD. It granted trade preferences to developing countries as a whole. The differences between customs duties applicable to AASM imports and those applicable to imports from elsewhere were reduced. This commenced the erosion of preferences enjoyed by the AASM States. But neither Europe nor the African countries prepared for such change, for instance by diversifying their exports. In 1972, the entry of the United Kingdom into the EEC changed the game even more. Lon-

1. Bessis S. et Bailhache R. *Analyses et points de vue sur les relations commerciales agricoles entre la CEE et les ACP : de Yaoundé à Lomé IV*; 1989. Available on line (in French only): www.hcci.gouv.fr/lecture/analyse/an004.html
2. Cf. p.12.

	1957	1958	JULY 1963	JULY 1969	FEB. 1975	JUNE 1975	OCT. 1979
	TREATY OF ROME Creation of the European Economic Community (EEC, 6 States)	CREATION OF THE FIRST EUROPEAN DEVELOPMENT FUND (EDF) Established in the wake of the Treaty of Rome to finance the development of the Overseas Territories	YAOUNDÉ I CONVENTION Europe grants trade preference to the 18 Associated African States and Madagascar (AASM). Start of political and commercial contractual relations	YAOUNDÉ II CONVENTION Extends and develops Yaoundé I measures	LOMÉ I CONVENTION Creation of ACP-EU institutions (9 European States, 46 ACP States); non reciprocal preferences, creation of Stabex (cf. Box p. 7)	CREATION OF THE ACP GROUP IN GEORGETOWN (GUYANA) The ACP Group is provided with a General Secretariat	LOMÉ II CONVENTION The ACP countries are now 57; priority to food self-sufficiency

don also intended to protect its interests with its former colonies. “Protocol 22”, which is appended to the accession Treaty of the United Kingdom, enabled the 20 Commonwealth States to negotiate their future relationships with the EEC by guaranteeing them treatment equivalent to that accorded to the AASM States.

Lomé: Affirming a political ambition.

In 1973, the Commission’s memorandum on the future of Europe’s relations with the South suggested a series of innovations, a compromise between the Member States’ different visions of cooperation for development. These were partly reflected in the first Lomé Convention, which came into effect in 1976, involving 9 European countries and 46 ACP countries. Two major innovations were introduced in the trade dimension: the abandonment of trade preference reciprocity and the creation of a fund to stabilise export earnings. Henceforth, the preferences accorded to the ACP countries were to be unilateral. ACP countries were not required to open their markets to European exports. This is what is termed “compensatory inequality”. However, ACP goods that fell within the scope of the Common Agricultural Policy did not enjoy free access to the European market. Lastly, to export processed goods, ACP countries had to guarantee the “original” nature of such goods. The system of stabilisation of export earnings – Stabex³ for agricultural commodities – aimed at compensating for price fluctuations, initially including 29 and then 33 commodities. It operated like an insurance system, guaranteeing minimum export earnings for the beneficiary countries if the

3. Cf. box p. 7.

product represented a significant share of export earnings, and if the revenue decrease was quite substantial.

There were four successive Lomé conventions, each for a five-year period, up until 2000. They endorsed the enlargement of the EU and the ACP Group and attempted to make up for shortcomings noted in previous agreements. But, the major problem Lomé needed to tackle went well beyond the scope of the ACP-EU partnership as such.

Europe is thinking of something else.

In the 90s, the EU continued to stress the importance of its relationship with the ACP countries and the priority it accorded them. But the steady increase in aid barely concealed the progressive loss of meaning affecting this partnership. It is as if the two regions had only their past to share but actually held very few common ambitions and projects for the future. On the one hand, there was the ACP Group with divided interests. Few were governed democratically and most were corrupt. Civil society was not well organised and any opponents to the government poorly treated, etc. On the other hand, Europe was promoting very sophisticated cooperation concepts, but was unable to implement them. Cooperation lay essentially in the hands of the State. In terms of trade, the EU began to turn increasingly to other developing regions that were more dynamic and thus were significant potential importers. Europe sought to multiply its regional trade agreements based to varying degrees on the principle of free-trade. These included association agreements with the Mediterranean region, free-trade agreements with South Africa, Mexico, the Mercosur countries, etc. The ma-

jority concerned developing countries whose exports are partly made up of the same products as the ACP’s. The EU thus facilitated access to its markets for ACP countries’ competitors. This was the principal source of erosion of the trade preferences granted to the ACP countries. The introduction of agricultural commodities to multilateral liberalisation negotiations resulted in a general decrease in customs duties, which also affected the margins ACP countries enjoyed. Moreover, the EU took the “Everything but Arms” initiative, which granted free access to its market for all Least Developed Countries, whether or not they were members of the ACP Group. A new measure which confused issues even further amongst the various preferences systems!

The Cotonou Agreement was signed in 2000 in a new context. There are now many more democratic countries and actors from both civil society and the private sector who can uphold this partnership. But what is lacking now is ambition, and the content of the partnership is being called into question. The trade agreement part is symptomatic of this new discrepancy. Many more actors from the South have joined the debate on the EPAs than ever did during the successive reforms of the Lomé trading system. However few support the reform which is regarded as being driven by the sole desire to trivialise relations or merely conform to WTO rules. Does the Cotonou Agreement signal the end of a special relationship, where paternalism and guilty conscience are mingled, or on the contrary, does it mark the start of a modernisation of the historical relations between two regions whose destinies are largely interdependent? This remains to be seen! ■

DEC. 1984	1990	1995	DEC. 1996	JUNE 2000	FEB. 2005	DEC. 2007
LOMÉ III CONVENTION	LOMÉ IV CONVENTION	LOMÉ IV BIS	PUBLICATION OF THE “GREEN BOOK”	COTONOU PARTNERSHIP AGREEMENT	REVISION OF THE COTONOU AGREEMENT	DATE ENVISAGED FOR THE SIGNING OF EPAs
65 ACP States, 10 European States; food self-sufficiency and security; first human rights clause	69 ACP States, 12 European States; strengthens political cooperation; possibility of suspending aid. Lasting 10 years with a mid-term review	71 ACP States, 15 European States; places emphasis on decentralised cooperation and civil society	Review, prospects and future scenarios for EU-ACP relations, published by the European Commission	Ratified by the 77 ACP States and the 15 EU States	Agreement reached; after 9 months of negotiations, on arms trade, the amount of development assistance, the International Criminal Court	

Edgard Pisani



Interview with Edgard Pisani

EDGARD PISANI talks about his vision of the relationship between the European Union and the ACP countries. His is an uncompromising account of the situation, imbued with wisdom.

► Edgard Pisani was the French Minister for Agriculture, from 1961 to 1966, then a European MP, from 1979 to 1984 and European Commissioner for Cooperation and Development from 1981 to 1983. He played a major role in the definition of the EEC Common Agricultural Policy. An interview carried out in Paris on 28 June 2007.

Edgard Pisani is the author of a number of books, including: *Pour l'Afrique*. Odile Jacob, 1988. *Entre le marché et les besoins des hommes, agriculture et sécurité alimentaire mondiale* (with Pierre-Yves Guihéneuf). Éditions Charles Léopold Mayer, 1996. *Un vieil homme et la terre*. Seuil, 2004. *Vive la révolte*. Seuil, 2006. *Une politique mondiale pour nourrir le monde*. Springer, 2007.

GRAIN DE SEL: *What were the ideals of the “master-builders” of the Lomé Conventions after independence?*

EDGARD PISANI: At the risk of being cruel, I would say that it was disguised post-colonialism where, even though solidarity did prevail over domination, the relationship was nevertheless deeply marked by its colonial origins. We needed to gradually move away from this type of relationship. But, we have not managed to do so, either on the African side or the European side. Probably, we did not fully realise that we had started treating as independent countries, countries that had never been independent before and therefore had no structure in place for policy construction and implementation. Africa was thus the weakest part of the couple. Out of absurd necessity, Africa's borders had been based on the administrative boundaries of the colonies. Therefore we had to deal with non-homogenous countries, speaking several languages, that were obliged to keep the language of the colony, such as French, in order to live together. This criticism being made, all this was in the nature of things. We were not dishonest persons. We simply did not realize that the nature of things needed changing.

And our ideal was definitely aid, and not aid for trade or trade for aid. And we did help, not to impose a policy, but with the hope and wish that this aid might assist development in the future. In the Lomé negotiation in which I took part, there was a very interesting “policy debate”. The ACP leaders, especially the Caribbean leaders, were against the very idea of negotiating policies. I think we got it wrong by yielding on that point. The aim was not to control but indeed to assist the countries in the construction and implementation of these policies.

GDS: *What is your analysis of the situation today, after more than forty years of EU-ACP cooperation?*

EP: At time I am talking about conditions were different... Population explosion had not taken place yet and traditional farming practices still existed. The gap between the resources available and needs was less blatant then than it is today. Climate change is a worrying factor that adds further complexity. The Senegal River flow has decreased by 20 to 30% since the construction of dams.

So things did not turn out so well. But, it is futile to blame the people. We need to do what we have to, to make things work properly. We have ended up in very extreme situations that we do not want to face up to. The world is in danger of famine. We are not capable of feeding 9 billion inhabitants. In the USA, from the Rocky Mountains to the East Coast, 80% of the production is produced by 7% of the farms. If agriculture continues to lose labour, what shall we do with this manpower? Instead of large industrial farms, we've got to allow the household-type of agriculture to develop. Modern agriculture requires more energy and less labour, at the very time when we are experiencing energy shortage and too much labour.

GDS: *These observations being made, which solutions do you recommend now?*

EP: I love passionately the agricultural world! It has taught me a lot. It has taught me political accountability, management of diversity and what politics is. When I joined the Ministry of Agriculture, I knew nothing. I asked my assistants to tell me not “what they were doing” but the needs they had identified. I asked them to re-think their Ministry basing it on reality. I left the Agriculture Ministry 40 years ago. Why is my opinion still being sought today? Because the

fundamental principles still hold true. The world needs all the agricultural practices in the world to survive. To avoid the madness that modern urbanisation represents. Agriculture can help stabilise the world when it gets out of kilter.

We are not used to separating out the rules of the Lomé agreements according to specific countries. I seriously call into question the universal character of the rules. Agriculture is nature. Like culture, there is not one single form of agriculture, but many. We should rather fix a few principles whose implementation would be different depending on the country or the time. Unity of policies on the global scale is absurd. A multifarious policy where the EPA would be one of the methods for implementing adapted policies would seem more pertinent to my point of view. I don't mean that the WTO is not necessary. We need to

have a general trade rule with basic principles. I do not deny the unity of the rule insofar as it determines the objectives. I deny it insofar as it expects to define modes of doing. The

aim is to determine common goals for people, the modes of doing concern adaptation in the real world, which is immensely diverse.

We need to rethink our modes of doing and how we implement market law. Indeed, even if the market destroys just a few acres of land, it is criminal. If there were – when there is – a conflict between feeding people and freeing the market, I would give preference to feeding the people. All people. The market is just a means. Food is an end. Instead of persisting in applying what we have developed over the last twenty years, which we know it is leading us to disaster, we have to change things. If we want to save the market, then let's change it. ■

« THE WORLD NEEDS ALL THE

AGRICULTURAL PRACTICES IN THE WORLD

TO SURVIVE »

Before EPAs, a system that was hardly conducive to agricultural development in ACP countries

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FROM 1975 UNTIL 2000, the Lomé Conventions governed ACP-EU relations. Non-reciprocal tariff preferences were supposed to help development in ACP countries, in particular agricultural development. Yet, when time came to appraise these policies, the outcomes were disappointing.

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INITIALLY SIGNED FOR 5 YEARS in 1975, the Lomé Convention governed relations between the European Union (EU) and the ACP countries between 1975 and 2000¹. The Lomé Convention included two complementary elements, development assistance (with the European Development Fund, EDF) and a trade agreement characterised by non-reciprocal tariff preferences. This trading system is still in force today and will be removed only when the Economic Partnership Agreements (due to be signed in December 2007) are actually put in place. The principle of the trade agreement was to grant preferential access to the European market for ACP exports. The tariff preference they enjoyed resulted from the fact that their exports were taxed less than similar commodities imported from Latin America or South-East Asia. The preferences could be of even greater benefit as competing products were heavily taxed. They were non-reciprocal preferences, granted unilaterally by the EU with no obligation for the ACP countries to adopt the same practices with regard to European exports.

A trading system based on non-reciprocal tariff preferences. European customs duties generally escalate in line with the level of processing or added value of the product: the more the commodity is processed, thus adding value, the higher the customs duties are. These “tariff escalations” have been removed for most ACP-exported commodities, except for processed goods containing sugar (including cocoa by-products), fish and vegetables. The consequence is that a processed commodity is generally granted higher trade preference than a raw commodity or agricultural product.

1. It was renewed for 4 successive 5-year periods, gradually increasing the number of beneficiary countries.

Thus, also taking into account the customs duties on products from Latin America and Asia on the European market, the most significant preferences have historically involved certain processed agricultural products, horticultural products, agricultural products covered by the European Union’s Common Agricultural Policy, fishery products, timber, hides and skins, textile products and garments.

Protocols for competing products. Preferential access to the European market was strengthened by the existence of “Protocols” for four commodities (bananas, meat, sugar and rum). These protocols made it possible for certain ACP countries to enjoy advantageous prices on the European market for given quantities, i.e., quotas. Thus, under the “Sugar protocol”, 1.8 million ACP tons were paid for at 95% of the EU domestic price, which

has long been about double the world market price.

However, the quotas were not evenly distributed amongst the ACP countries. Mauritius alone captured one-third of the ACP sugar quota, representing 600,000 tons, and three other countries (Fiji, Guyana and Swaziland) captured another third. Côte d’Ivoire and Cameroon captured together almost half of the banana quota, with the rest going to the Caribbean countries. Finally, only six countries could access the beef quota.

STABEX, one of the aid disbursement mechanisms (EDF), also contributed to support export earnings, constituting another source of support for ACP exports (cf. box below).

Agricultural trade in favour of the ACP countries. EU-ACP agricultural trade is historically characterised by a trade balance that is clearly in favour

Export earnings stabilisation mechanisms: an assessment

THE LOMÉ CONVENTION between the EU and the ACP countries envisaged a mechanism for the stabilisation of ACP export earnings: STABEX. This mechanism offsets the loss in export revenues suffered for each one of the 49 commodities, mainly agricultural products, listed in the Convention and for which the revenues were higher than a certain percentage of the country’s total export earnings. The loss in export earnings was calculated in relation to a base period and could be the result of either a decline in prices or a decrease in exported volumes. The amount of the transfer under STABEX was calculated based on the drop in export earnings observed.

STABEX undeniably helped to pro-

tect the countries producing eligible products more than other countries and it was modified to take on board many more products and countries. It had, however, very serious limitations: only some of the countries (73% of the funds went to ten countries between 1975 and 1993) and products (mainly coffee and cocoa) were covered; disbursement procedures were very slow; funds were misused – going more to support public finances than to support production; and there was confusion between stabilisation and support of export revenues, with the EU being the sole financier. In 2000, the Cotonou Agreement abolished STABEX.

Arène Alpha, Groupe de recherche et d’échanges technologiques (GRET)_____



Coffee tree flower, Guinea

of the ACP zone: ACP agricultural exports to the EU are about three times as much as European exports to the ACP zone.

The structure of ACP agricultural exports has been relatively stable over time, even though notable changes can be identified:

- ACP agricultural exports are still dominated by the group of tropi-

Kenyan cut flower exports

MAKING THE MOST of the preferences granted by the EU, Kenya pushed itself up to the first rank of rose suppliers to the European Union, moving from 2% of imports in 1988 to 50% today, well ahead of the traditional supplying countries (Columbia, Ecuador, Morocco, Israel). Kenyan horticultural exports, principally roses, are today greater than tea exports or the revenues derived from tourism.

There are several explanations for this success – a climate favourable for the production of roses, which allows for year-round production; significant foreign (European) investment;

attractive government measures; adaptation to market demands with new varieties. Finally, Kenyan roses freely access the European market, while those from Morocco are subjected to quotas and 8.5% customs duties. Since 2003, the roses from Ecuador and Columbia also freely enter the European market because of the GSP+* system that encourages sustainable development.

Bénédicte Hermelin (Groupe de recherche et d'échanges technologiques, GRET)

* Cf. box p. 12.

cal beverages (cocoa first, but also coffee and, to a lesser extent, tea). Accounting for more than 40% of total agricultural exports in the 80s and early 90s, their share is still nearly 30%;

- Fishery products have clearly been on the rise for more than fifteen years now, whether fresh, frozen or canned fish. A few other products have also boomed during the same

period, particularly cut flowers (cf. box), fruit and vegetables (except for pineapple, penalised by the Ivorian crisis and which has lost significant market share to the advantage of Costa Rica);

- On the other hand, other products have stood pat. This is the case for protocol-subjected products (sugar and bananas), but also cotton and oilseeds.

60 YEARS OF TRADE RELATIONS IN THE WORLD...

Sources: ECDPM; La Documentation Française; European Union

JULY 1944	1948	1964	1964-1967	1971	1973-1979	1987-1994	JAN. 1995
<p>THE BRETTON WOODS INTERNATIONAL CONFERENCE</p> <p>The International Monetary Fund (IMF) and the World Bank are created to ensure the reconstruction and economic development of the world after the war</p>	<p>GATT COMES INTO FORCE</p> <p>The General Agreement on Tariffs and Trade (GATT) includes 23 countries, 104 bilateral agreements for the reduction of customs tariffs. This agreement was followed by several "Rounds" of negotiations involving an ever-increasing number of nations and agreements. Not all of them appear in this chronology</p>	<p>CREATION OF THE UNCTAD</p> <p>The United Nations Conference on Trade and Development (UNCTAD) aims at establishing a "New world economic order"</p>	<p>KENNEDY ROUND (GATT)</p> <p>48 nations. Measures to help the developing countries: 1st food aid convention (4.5 million tons of wheat annually); dumping control measures</p>	<p>SETTING UP OF THE FIRST GSP</p> <p>This Generalised System of Preferences (GSP) was created in 1968 by UNCTAD. The EC implements it and the GATT grants it a waiver to the Most Favoured Nation Clause</p>	<p>TOKYO (OR "NIXON") ROUND (GATT)</p> <p>EEC-US confrontation over the Common Agricultural Policy and market organisation; preferential treatment granted to developing countries</p>	<p>URUGUAY ROUND (GATT)</p> <p>After 7 years of negotiation, 125 countries sign the Marrakech Agreement, which includes agricultural products for the first time</p>	<p>WTO CREATED</p> <p>The World Trade Organisation (WTO) succeeds the GATT</p>

Clearly defined specialisations in different regions. ACP agricultural exports are concentrated in particular geographical areas. Three regions account for nearly three-quarters of total ACP exports: the Southern African Development Community (SADC) including South Africa, the Economic Community of West African States (ECOWAS) and the East African Community (EAC). The different ACP regions have very different agricultural export structures². West Africa predominantly exports cocoa; SADC, fish and seafood; the Caribbean countries export mostly beverages and sugar and; the Pacific, oilseeds. East African exports are more balanced, including fish, coffee, sugar and cut flowers. It should be noted that the structure of South African agricultural exports, based on fruits (citrus fruits, grapes, apples), whether fresh, in juice or canned, is radically different from the structure of the other SADC countries. The wide range of export structures amongst the ACP sub-regions shows to what extent there is very little convergence of interests, there-

2. Cf. Map “Overview of trade between the European Union and the ACP countries”, pages IV-V of the supplement.

fore very few opportunities to create synergies amongst the regions around the issue of export promotion.

More homogenous importation structures amongst the ACP regions. The agricultural import structure is much more homogenous than the export structure. The majority of the regions import the same groups of products, namely cereals and cereal products, dairy products and by-products and, to a lesser extent, meats, fish, oils and vegetables.

Whereas the European Union accounts for only 9% of the world cereal exports, it provides more than 20% of the grain imported by ACP countries, which reflects a privileged relationship between the two groups of countries. It should be noted however that, with a 36% share of the ACP market, the United States is by far the main supplier of these countries. The United States is present in certain large markets where Europe is almost absent, such as Nigeria, which imports more than one million tons annually. Conversely, the EU is actively involved in the West and Central African Francophone countries.

A generally disappointing assessment of trade preferences. Trade cooperation aimed at export promotion and diversification. In this regard, the ACP performance is not brilliant. What have we observed?

– *A marginalisation of ACP countries.*

Their share of exports on the European market has steadily decreased, despite the preferences and enlargement of the ACP Group of States, dropping from 6.7% of all extra-community imports in 1976 to 3% in the early 2000s. The trend is the same for agricultural products.

– *Dependence on primary products.* The export products have only slightly diversified and remain essentially primary products, with very little added value. In the early 90s, three major export commodities accounted for nearly two-thirds of total exports on average in the African countries, against slightly more than one third 30 years earlier. Many countries are dependent on a single commodity for more than 40% of their export income. The exports of agricultural raw materials constitute nearly half of ACP exports, excluding the oil producing countries. The share of agricultural exports represents more than 50% of total exports in Madagascar, Côte d’Ivoire, Burkina

APRIL 2001	JULY 2001	NOV. 2001	SEPT. 2003	AUG. 2004	APRIL 2005	DEC. 2005	JULY 2006	MID 2007
SETTLEMENT OF THE DISPUTE BETWEEN THE US AND THE EU OVER BANANA TRADE This settlement was reached following condemnation of the EU by the Dispute Settlement Body (DSB) of the WTO in 1997 and 1999	“EVERYTHING BUT ARMS” INITIATIVE The EU removes its customs duties on commodities coming from the Least Developed Countries (LDCs) except arms (and sugar, rice, and bananas)	DOHA ROUND OF NEGOTIATIONS (WTO) This Doha Programme for Development concerns 142 member countries and is supposed to last 3 years. Agreement on a WTO exemption for the EU-ACP Trading system, up to December 31 st , 2007	FAILURE OF THE 5TH MINISTERIAL CONFERENCE IN CANCUN After the failure of the North-South agricultural negotiations	REOPENING OF THE DOHA ROUND	THE EU ADOPTS THE “GSP +” PROGRAMME Trade preferences for “vulnerable” countries complying with international agreements relating to Human Rights, Labour, Environmental conventions, etc.	HONG-KONG MINISTERIAL CONFERENCE Agreement on the suppression of agricultural subsidies by 2013	SUSPENSION OF THE DOHA ROUND	REOPENING OF NEGOTIATIONS

- C Faso, Kenya, Malawi, Mali, Uganda, Tanzania and the Caribbean banana producing countries.
 - *A non-dynamic specialisation.* Specialising exports around raw materials is not a very effective approach; consumption increases very little and raw material prices keep on decreasing compared with the price of manufactured products. Terms of trade have been deteriorating steadily in Sub-Saharan Africa since the end of the 1970s. The rate of deterioration is estimated at 3% annually throughout the 80s and 90s, that is to say a loss of earnings in terms of import purchasing power assessed at 0.75% of GDP/year. Such specialisation also weakens the economies by subjecting them to the global markets' vagaries. The exposure level of ACP countries' trade³ to global agricultural market instabilities averaged 14%

3. Calculated by the sum of food imports and exports of agricultural commodities related to the sum of total imports and exports.

in the 90s. While this figure seems low, it actually conceals considerable disparities amongst the ACP countries. During the same period, 43 ACP countries had an exposure level higher than 20%, and 24 countries were above 30%.

- *Dependence on the European market.* ACP exports are still very dependent on the European market, up to 40% approximately. However, European imports have changed and the relative importance of primary commodity imports has decreased, from 50% of EU imports (excluding oil) under Lomé Convention I (1975-1980) to less than a third today. Between 1963 and the early 2000s, the share of agricultural commodities in the total imports of Western Europe dropped from 33 to 13%. Primary commodities decreased from 60% to 40% of total European imports from developing countries. However, for ACP countries, they have only marginally decreased, and they still account for two-thirds of EU imports.

As a result of this unsatisfactory performance, debate on trading system reform opened at the end of the 90s. But this disappointing performance is not attributable to the trading system alone. The ACP economic and agricultural crisis and the agricultural policy collapse have also significantly impacted on the ACP States' capacity to take advantage of the opportunities of the Lomé Conventions. ■

The analyses in this article are a synthesis and update of a study focusing on: "*Les concurrences et complémentarités des agricultures de l'Union européenne et des pays ACP*" (Competition and complementarity of European Union and ACP agricultural production) carried out by the authors in 2000 for the French Ministry of Agriculture. This study (published in french only) is accompanied by a set of maps and fast-reference cards organised according to sector and region. These are available on Inter-réseaux's web site: www.inter-reseaux.org



Small-scale fishing, Mbour (Senegal)

ACP-EU Cooperation: Has the time really come for reform?

Kalilou Sylla, kalsyl1a@yahoo.fr

WHY WAS A REFORM of the trading system needed? While non-compliance with international trade rules is often mentioned as the main reason, there are other elements that explain the need for reforms. This article outlines the various reasons. The interviews published on pages 13-14 throw additional light on the debate.

► Kalilou Sylla is a teacher and researcher at the University of Abidjan-Cocody.

AFTER A SERIES of partnership agreements, the ACP and EU States signed the Cotonou agreement in June 2000. This agreement envisages a drastic change in the nature of EU-ACP relations. Article 34:1 of this agreement stipulates, *inter alia*, that it contributes, through economic and trade cooperation, to better integrating ACP countries into the world economy while contributing to poverty eradication. Generally speaking, the Cotonou agreement justifies the reform of ACP-EU cooperation by the need for it to be consistent with the WTO provisions, while taking into account the development level of the partners involved. Beyond these conventional explanations, the long-term interests of the two regions are key to understanding the underlying reasons for reform.

Reasons put forward for reform. Many studies have shown that ACP-EU cooperation has not produced the expected outcomes. Indeed, Asia's trade share on the European market has increased while the ACP's has been shrinking. Some analysts think that ACP-EU cooperation has rather infantilised the ACP countries, which have thus become like "spoiled children" making no effort to take advantage of their access to the European market. When there was no link between aid and economic performance, they made no effort to improve it. Another criticism was that the agreements instituted an international division of labour whereby African countries were limited to producing raw materials, while leaving their markets wide open for European processed goods.

The main reason put forward for reform is that the existing system

does not comply with WTO rules. Following several attacks laid before the WTO Dispute Settlement Body (especially from Latin American countries concerning privileges accorded by Europe to ACP countries), reform was inevitable.

Beyond the official reasons. Besides the issue of compliance with WTO rules, there is also a lack of competitiveness in the agricultural sector due to the fact that European agricultural policy is disconnected from the market. As an example, European bullocks receive more than US\$ 2/day when millions of people live on less than US\$ 1/day. The reform of the European Union's Common Agricultural Policy (CAP) has strengthened the EU's desire to reform its cooperation with ACP countries, as it is currently in a very difficult position and stands amongst the accused at the world trade level.

Beyond these official reasons, the reform also corresponds to a strategic option for the European countries. Without its agricultural policy reform, the EU would not be able to significantly influence international negotiations by putting its offensive interests forward. This is well captured in the principal arguments raised by the EU for its defence; these consist

in saying that the EU has undertaken market-driven reforms. Such arguments make it possible for the EU to tone down attacks from emerging countries and to make an offensive bid on these coun-

tries' markets. Countries like India and Brazil are asking for a more open agricultural market in compensation for the opening of their own market of non-agricultural commodities and services. Agriculture is therefore at

the centre of the deadlock of the Doha programme for development. The EU agricultural policy reform fits into this scheme. It enables the European countries to be at ease in negotiations to defend their offensive interests on the emerging markets of China and Brazil. Without agricultural policy reform, the EU leaves too great a margin for its competitors, namely the USA and China (an emerging market that already competes with the developed countries).

In addition to the above reasons, the system of EPAs makes the ACP market more secure for Europe. In the 2020s, Africa will be the second largest market in the world, after the Asian market. By 2050, Europe will be confronted with the old age of its population and we know that technical barriers to trade will constitute major obstacles to accessing the market. The creation of a free-trade area with the region that has the highest population potential in the world would indeed be judicious, particularly when you have, as Europe does, a significantly ageing population.

What are the lessons learned? While Europe clearly understands the strategic implications of such an alliance, this is not the case as far as the African countries are concerned. Besides the European interests, it is in the interests of the ACP countries to cooperate with the most promising market of the present time, taking into account the *per-capita* income level. Unfortunately, within the framework of the EPAs the ACP countries do not always raise those questions that touch on their long-term concerns. These concerns include: how to bridge the technology gap? How to consolidate the human resource base while taking the brain drain into account? How to attract European capital? The business environment has to be improved in order to attract delocalised European firms. ■

« THE LONG-TERM INTERESTS

OF THE TWO REGIONS ARE KEY TO

UNDERSTANDING THE UNDERLYING

REASONS FOR REFORM »

Definitions

TO BE COMPATIBLE, THE CHOICE MUST BE MADE BETWEEN TWO PRINCIPLES:

NON-DISCRIMINATION OR RECIPROCITY
The trade concessions made to a non-LDC developing country must be extended to include all developing countries (Most Favoured Nation clause), whether or not they are members of the ACP group. This is the principle of non-discrimination. This would amount to removing the preferences that are currently granted discriminately to the ACP countries over other developing countries. To avoid this, the only alternative left is to grant reciprocal trade concessions within the framework of Free Trade Areas (FTAs). The EU offers preferential access to its market for countries that also offer, in return, preferential access to their markets. These free-trade agreements are governed by GATT Article XXIV. By opting for FTAs, the EU and ACP countries have chosen the principle of reciprocity so that they do not have to grant the same tariff concessions to non-ACP countries. However, only non-LDC countries are confronted with these problems.

MOST FAVOURED NATION (MFN)

The most-favoured-nation clause provides that when a WTO member state grants special commercial advantages to another state, it must extend such advantages to all of the other member states. Therefore, it cannot make differences between its trading partners, and the best advantage it grants (to the “Most Favoured Nation”) becomes what is applicable to all the other states. This applies to both goods and services. A few exceptions are allowed, under strictly specified conditions, particularly in the case of regional free-trade agreements. This MFN principle constitutes the first article of the GATT. It is also taken up in other multi-lateral agreements and constitutes the “golden rule” of international trade. Its goal is to ease trade, eliminating any discrimination that can distort competition. Only LDCs can enjoy an advantage that is not extended to all the other countries. By discriminating in favour of one group of developing countries over another group, the EU is breaking this principle, because the ACP group includes non-LDC countries, hence the need for a waiver with the WTO.

SPECIAL AND DIFFERENTIAL TREATMENT (SDT)

A concept that emerged in the 60s, particularly within the UNCTAD and during GATT negotiations, and which enabled the liberal trade rules to be relaxed by adapting them to developing countries. An “enabling” clause was adopted for the GATT in 1979. On the one hand, the SDT granted special dispensations to the developing countries with regard to the multilateral rules and granted them longer transition periods. On the other hand, it enabled developed countries to make “non-reciprocal trade commitments” in favour of developing countries. Thus, this principle is a kind of “positive discrimination” departing from the MFN clause. The SDT is embodied in particular in the GSP.

GENERALISED SYSTEM OF PREFERENCES (GSP)

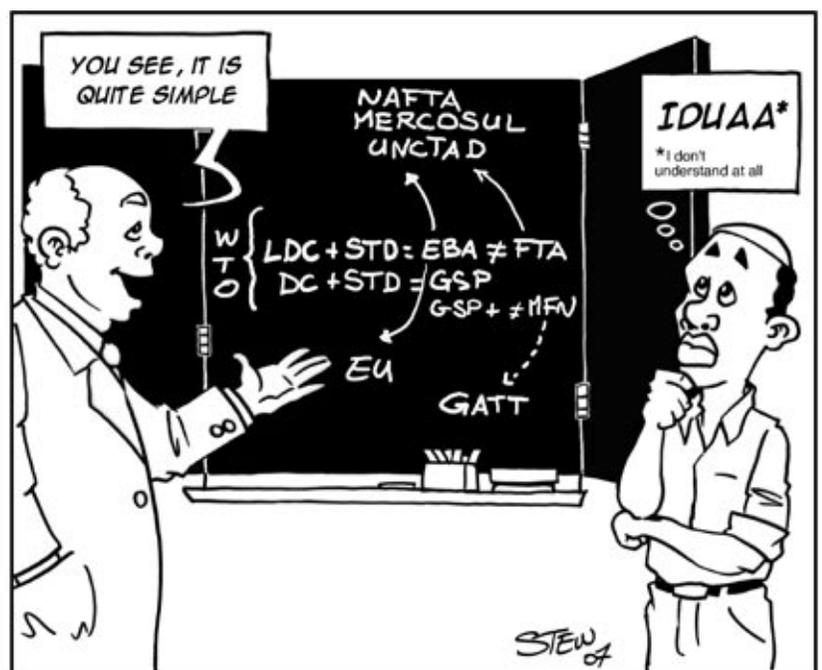
This is the possibility for developed countries to encourage imports of certain agricultural or industrial products from developing countries, without this being applicable to the other countries. It represents therefore an exception to the MFN clause: the customs duties are lower for products from developing countries with GSP status, than for similar products from other countries. The first GSP was put in place by the European Union in 1971, following the 1968 UNCTAD conference.

GSPs are another means of ensuring that the preferential agreements the EU has granted to the African countries are consistent with WTO rules. These preferential agreements are often highlighted, particularly the “GSP+” version, by EPA opponents. The “GSP+”, effective since July 2005, are superior trade preferences, which favour countries that comply with international conventions on sustainable development and the principles of good governance. It replaces several special provisions, particularly the provision that encourages drug-substitute crops.

The “Everything But Arms” initiative put in place by the EU represents a special form of GSP.

“EVERYTHING BUT ARMS” (EBA)

This is a European initiative dating back to February 2001, which grants free access to the European market for all the least developed countries (LDCs), i.e., 49 countries. This duty- and quota-free access concerns all goods, except arms. As regards three sensitive commodities in particular, rice, sugar and bananas, the EU market will open gradually, from 2005 to 2009. This programme includes many African countries (ranked amongst the LDCs). Thus, LDCs from the ACP Group already enjoy access to the European market that the EPA is expected to offer them, without any need to offer reciprocity.



Why was a reform of the trading system needed?

HAKIM BEN HAMMOUDA of the Economic Commission for Africa wonders how two regions which are so different, can be put on an equal footing. **Bernard Petit**, from the EC, considers that good economic governance, regional integration and better use of aid should be coupled with trade preferences.

Interviews with Hakim Ben Hammouda hbenhammouda@uneca.org and Bernard Petit bernard.petit@ec.europa.eu

► Hakim Ben Hammouda is Director of the Trade, Finance and Economic Development Division of the Economic Commission for Africa (ECA). This UN regional body in Africa, set up in 1958, is mandated to support the economic and social development of its 53 members, to encourage regional integration and to promote international cooperation for Africa's development. Interview carried out by telephone on 13 June 2007.

GRAIN DE SEL: *What are the main reasons for reforming the trading system?*

HAKIM BEN HAMMOUDA: First of all, it's worthwhile noting that an assessment was made of the development impact of the Lomé Conventions, and of overall cooperation between the European Union and the ACP Group of States. It was not a heartening assessment. Cooperation has not lived up to the expectations placed in it, and it has not contributed significantly to development either. Therefore, reform was necessary. The advent of the WTO and new international trade rules is a second reason. These rules have called into question the very existence of preferential agreements, such as the Lomé Conventions between the EU and the ACP countries. The third reason is the desire to promote regional integration. African countries have very small markets, which do not allow for optimum trade development. So far, cooperation has been organised directly with the countries, which has not facilitated the development of commercial links.

BERNARD PETIT: The main reason is, there is no doubt, the failure of the current system, i.e., the preferences established by the successive agreements with the ACP countries since 1975. Despite these preferences, the ACP's share in global and European trade has kept on declining. While other parts of the world, particularly in Asia, experienced spectacular growth, the preferences granted to the ACP countries have not served their development goals, with a few exceptions. What the ACP countries need first and foremost is growth and a dynamic economy. The EPAs are based on the fact that preferences, although they are being eroded, will only be useful if they fit into a broader context of good economic governance, regional integration and active

and efficient use of development assistance.

GDS: *Was the erosion of preferences inevitable?*

HBH: The erosion of preferences is an important issue in my view. It is important today in a system whereby African countries are looking for more liberalisation to help improve their access to international markets. I think of Europe's sugar policy, which artificially keeps prices higher than the international prices, or of what is going on with the banana, which is similar: the European countries maintain high prices for bananas from the West Indies. Today, other developing countries are calling these preferences into question. Thus, the banana-producing countries of Central America or Latin America are asking for greater reduction of customs barriers and a liberalisation of customs tariffs. The request for greater liberalisation and reduction of tariff preferences is the dominating trend more than ever before. Under these circumstances, the erosion of preference is certainly inevitable.

We are witnessing a fundamental change in the EU's trade policy. Under the previous trading system, the principle of asymmetry governed EU-ACP relationships. Henceforth, we are talking about reciprocity. And that's where the shoe pinches: how can we talk about reciprocity when the regions that are supposed to trade on an equal footing are so different in terms of integration and development? Preference erosion is certainly very important but, for me, it does not justify the new outlines of the EPAs. Another big problem concerns the health and phytosanitary measures, which represent barriers to the development of

trade in ACP countries and should be facilitated.

BP: There is no point in rewriting History. Since the Second World War, trade liberalisation has been a fundamental trend, which will continue to gradually erode the existing preferences. We can see that the countries that have succeeded are those which have included a controlled liberalisation of their trade in their development strategy. This is exactly what we are doing with the EPAs. Supportive measures are, of course, needed during the transition period. The EU is fully aware of that: liberalisation doesn't mean disengagement and the EU will continue, in the coming years, to provide more than 60% of the development assistance for the fast-growing ACP countries.

GDS: *Why promote Free Trade Areas (FTA) between regions that have such different productivity and competitiveness levels?*

HBH: The WTO argument is really to reduce all preferential agreements and to place trade liberalisation at the centre of trade policies. But article XXIV of the GATT allowed for some degree of freedom in maintaining a number of preferences for the ACP countries. The WTO agreement, for instance, gives the possibility of defining what is known as "sensitive" goods, for which the developed countries have no obligations. Why not include sensitive products from developing countries? The renewal of the agreement is well in line with current thinking – a desire to liberalise trade, construction of free-trade areas, criticism of protective measures, etc. But, in my opinion, there was a better way of protecting the ACP countries than

« WE ARE WITNESSING A FUNDAMENTAL CHANGE IN THE EU'S TRADE POLICY »

HAKIM BEN HAMMOUDA



Hakim Ben Hammouda



Bernard Petit

► Bernard Petit is Deputy Director-General of the Department for Development and Relations with the African, Caribbean and Pacific States of the European Commission. He coordinated the writing of the Green Book on ACP-EU future relations, which opened the debate on partnership reform and trading system evolution. He answered our questions by E-Mail on 27 June 2007.

with the EPAs, without radically going “against the tide”.

BP: Compatibility with WTO rules is a factor, even a constraint, but certainly not an objective *per se*! The goal is not the creation of an FTA in the strict sense, in which the EU would have offensive or aggressive interests. The aim is first and foremost to support and facilitate the establishment of larger and more competitive regional markets. The predominant logic of the EPAs is indeed that of development, and not liberalisation. The negotiation parameters clearly show this. The EU is ready to open its market completely and immediately to commodities from the ACP countries. At the same time, we accept a very strong asymmetry, i.e., sensitive goods could be liberalised over a very long period of time (up to 25 years in certain cases) or even totally excluded from the liberalisation scheme. The WTO rules allow considerable flexibility and we do intend to capitalise on this flexibility in favour of the ACP countries. Finally, the regional dimension is fundamental. We must support regional economic integration and create and strengthen the markets before opening them.

GDS: *Many countries are sceptical, not only within the ACP Group but also in Europe. Socio-professional organisations and NGOs fear the consequences of EPAs on local economies. Is there not still time to envisage alternatives?*

HBH: There is a consensus on the need to complete negotiations before December 2007 so that the EPAs may be signed for January 2008. However, the four African regions (West Africa, East Africa, Central Africa and Southern Africa) insist on a number of items to be negotiated, including first and foremost the deadlines for complete trade liberalisation. But there is very little room left, at this point in time, for alternatives.

BP: There are EPA alternatives. The Generalised System of Preferences (GSP) is one such alternative, for example. The problem is all the alternatives that can be envisaged are less advantageous for the ACP countries! The principle of the EPAs was established in the Cotonou Agreement, 7 years ago, with support

of all the ACP countries. Today, all the regions are really engaged in the negotiation. The Cotonou Agreement expressly provided for the possibility of getting out of the EPA process. None of the countries chose this solution. We must not think or let it be thought that the EPAs will cause an earthquake the day they become effective! On the contrary, it will be the beginning of a long process of controlled liberalisation. The European Union has no offensive interests and it would be a mistake to portray this trade negotiation as an ordinary trade

negotiation, aimed at free trade only. My department is strongly involved and development considerations are omnipresent in the EPA negotiation. Symmetrically, trade issues must continue to hold their position within EU develop-

ment assistance policy. Such assistance represents, let’s not forget, more than €3,5 billion annually for the 10th European Development Fund (EDF) alone, this is a 35% increase compared to the 9th EDF. This synergy between trade agreements and development assistance is essential for the EPAs to deliver the expected outputs. The primary objective of the Regional Indicative Programmes (RIP) now in the process of elaboration will indeed be precisely to assist the ACP countries to draw the most from the EPAs, while minimising contingency costs.

My personal feeling is that this EPA negotiation process has become too politicised and even demonised. What we need to have today is less ideology and much more common sense on both sides. ■

« WE MUST NOT THINK OR LET IT BE THOUGHT THAT THE EPAs WILL CAUSE AN EARTHQUAKE THE DAY THEY BECOME EFFECTIVE »

BERNARD PETIT



Banana processing, Martinique © IRD, M.-N. Favier

The Cotonou Agreement: across-the-board reform of ACP-EU cooperation

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with the contribution of Sanoussi Bilal, sb@ecdpm.org

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THE COTONOU AGREEMENT is a reform of the cooperation governed for 25 years by the Lomé Conventions. It constitutes a revival in cooperation between the European Union and ACP countries, and brings about a transition towards a new trading system, which should come into effect in 2008 with the Economic Partnership Agreements (EPAs). These will constitute the trading aspect of the Cotonou Agreement. The ACP-EU partnership remains based on three pillars: policy dialogue, special commercial relationships and development assistance, but introduces some innovations in each field.

Renewed objectives and principles.

The Cotonou Agreement asserts it is “centred on the objective of reducing and eventually eradicating poverty”, and is “consistent with the objectives of sustainable development”. Based on the experience of the Lomé Conventions, it promotes a vision of development through trade, via a “gradual integration of the ACP countries into the world economy”. It proposes some fundamental principles of cooperation: (i) Equality of partners and freedom of states to organise independently their own their development strategies; (ii) Participation: allowing greater participation of non-governmental stakeholders; (iii) Dialogue and mutual commitment, especially in the area of human rights; (iv) Treatment of countries according to their characteristics, requirements and performance: LDCs

or non-LDCs, landlocked and island countries. A regional approach is also promoted.

With an agreement signed for 20 years, reviewable every five years, the EU and ACP countries want to enshrine their relationships in a long-term strategy. In concrete terms, the Cotonou Agreement concerns four major subjects. It creates a new ACP-EU trading system. It reviews the financial and technical aid system. It wants to strengthen the political dimension of the ACP-EU cooperation. Finally, it intends improving the participation of non-governmental stakeholders in negotiations.

The commercial provisions of the Cotonou agreement: the EPAs.

The Cotonou Agreement (Articles 34 to 37) stipulates the basis of a fundamental reform of commercial provisions. It extends the Lomé preferential system to 2007, when the waiver granted by the WTO to the European Union will expire. This timeframe will be used to negotiate some economic partnership agreements. The Agreement sets the procedures and objectives (article 37) for negotiations. EPAs must comply with WTO regulations, establishing fair and free trade between the EU and ACP countries.

Reaffirmed political goals are becoming more important.

The Cotonou Agreement contains a new important political dimension, and lays particular emphasis on human rights. The EU, like the ACP countries, recognises the importance of peace and political stability, respect for democratic principles and human rights in development. The parties involved undertake to respect these principles and the Cotonou Agreement provides for sanctions against those who violate them. Human rights, democratic principles and legitimate government are “essential elements” of this agreement (Article 9). Should a state vio-

late these principles, its cooperation with the EU will be suspended. After much debate, it has been decided that good governance is a “fundamental element”, whose contravention does not lead to an interruption of cooperation, except in “serious cases of corruption”.

Financial and trade sanctions are considered in the agreement document as last resort solutions. First and foremost, solutions are sought through policy dialogue. This policy dialogue between the EU and ACP countries is broad in form, covers a wide range of subjects and involves wide participation. It must be constant and regular.

Non-governmental stakeholders are actively encouraged to participate.

The emphasis that has been laid on participation of the various stakeholders is one of the important developments of the agreement. This breaks with the principles of the Lomé Conventions, considered as the “exclusive preserve” of central governments: non-governmental stakeholders were only mobilised from Lomé IV and IV bis, and then only for the implementation of relatively limited local projects, or for decentralised cooperation. Such an approach was no longer adapted to the new situations in the ACP countries, or to new development dynamics and new forms of cooperation.

New stakeholders with new roles and new resources.

Who, then, are the new stakeholders encouraged to participate in dialogue? They are first and foremost non-governmental stakeholders, including territorial communities, local governments and regional groupings, and they play a major role in poverty reduction and local development strategies, especially through decentralised cooperation. A central role is also reserved for stakeholders such as the private sector, economic and social partners (including trade

1. This article was based mainly on the following documents: Kathleen Van Hove, “Historical Perspective of the ACP-EU Commercial Negotiation”, in *Gresea Échos*, n°46, 2nd quarter of 2006. “ACP-EU Partnership commercial dimension: the Cotonou Agreement and EPAs”, a document written by ECDPM for the Rexpaco programme, October 2004.

unions) and civil society. This, in essence, involves all citizens, through the different organisations within the country: NGOs, the media, research institutes, farmers' organisations, human rights organisations, associations of women and environmental protection organisations, etc.

What are their roles in concrete terms? The Cotonou Agreement emphasises the need to involve them in all development processes. Consequently, they must participate in negotiations and in the formulation of development strategies; be informed and have financial resources; participate in the implementation of projects; be systematically consulted and; be involved in strategic partnerships. This is a clear political turning point and involves the allocation of specific resources.

It is explicitly stipulated that non-governmental stakeholders should have access to resources that will enable them to organise themselves, be informed, effectively participate in negotiations and implement important, local or sector based development projects. Therefore, part of the European Union's financial aid is earmarked for these stakeholders and they are given a role in the determination of strategies and necessary resources. This action started with the planning of the 9th European Development Fund (EDF), for which they needed to be consulted.

Problems and obstacles: the participation challenge. The first problem is the identification of stakeholders. Although there are selection criteria defined in the Cotonou Agreement for identifying stakeholder organisations (how they respond to people's needs, competence, transparency) it is still a difficult task (how many to select, the selection process itself etc.) However, the main problem is the lack of information potential stakeholders have access to. This must be solved because information is necessary to ensure their effective participation in the process.

This new participation constitutes a major issue and a real challenge in some countries where democratisation is just in its early stages. Behind this participation lies a fundamental reform of relationships between governments and the private sector and



Cotonou market © IRD, P. Blanchon

civil society stakeholders. This reform is related to social negotiation, public policy guidelines, programmes and development strategies and the planning of aid resources.

Resources will be provided to facilitate this dialogue. This, depending on the level of organisation of civil society, at times leads to the emergence of opportunistic organisations, which do not represent the entire population and which are more agile in dialogue with the EU than with their government. The involvement of and control exercised by joint institutions, especially the ACP-EU joint assembly made up of parliamentarians of the two parties should facilitate more inclusive participation in development.

A reform of development aid. The Cotonou Agreement stipulates a review of the development assistance granted to ACP countries and provides for its significant increase. Financial aid granted by the EU to ACP countries must be planned on a five-year basis. The main body remains the European Development Fund (EDF), which has been renewed every five years since 1959 (Yaoundé Convention). The 9th EDF, for the period 2000-2007, was increased to 13,5 billion Euros (in addition to the remaining 9,9 billion from the previous EDF). This amount will increase to 24 billion Euros for the period 2007-2012. The disbursement process has also been simplified. Previously funds were derived from a significant

number of instruments, such as Sysmin and Stabex². These have now been cancelled and replaced by a long-term envelope (grants) and loans to facilitate investment. It remains to be seen whether all these funds will actually be mobilised or whether, as has been the case in the past, procedures will hamper disbursement. It should also be noted that disbursement is further limited by the absorption capacity of the ACP countries.

The Cotonou Agreement states that aid that is not disbursed to a programme should be transferred elsewhere for another programme or to another country. Generally, aid should be directed at more suitable and effective programmes, and should be more "objective" and flexible if allocated according to specific criteria (mid-term review, "overlapping planning") and, in particular, should be subjected to result-oriented obligations.

All in all, the Cotonou Agreement is characterised by a number of innovations and although not a new agreement as such, it represents a significant reform of ACP-EU cooperation. In terms of the commercial aspect of cooperation, Cotonou lays down the broad guidelines, and it is the EPAs that will constitute a major turning point. ■

2. See box page 7.

Differing European Views on the Cotonou Agreement

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Ingrid Kersjes, ingrid.kersjes@minbuza.nl

PEOPLE DO NOT AGREE over the Cotonou Agreement. For some it is a true cooperation framework, others think it is a text devoid of principles. An interview with Olivier Consolo, CONCORD Director and Ingrid Kersjes, from the Netherlands Ministry of Foreign Affairs.

► Olivier Consolo is Director of CONCORD, the European NGO Confederation for Relief and Development which represents more than 1,600 European NGOs. The main objective of CONCORD is to enhance the impact of European development NGOs vis-à-vis the European Institutions. www.concordeurope.org

► Ingrid Kersjes is Policy Officer at the Sustainable Economic Development Department of the Netherlands Ministry of Foreign Affairs.

GRAIN DE SEL: *How have the European NGOs been involved in the ACP-EU cooperation reform and how do you assess their involvement? Have they succeeded in promoting their concerns?*

OLIVIER CONSOLO: The ACP-EU cooperation reform is a process, which started ten years ago and which is still being pursued today. We see the ACP-EU relationship changing everyday and not always for the better. In practice, policy dialogue, scheduling of aid and trade negotiations remain the prerogative of European governments and policy makers. Civil society stakeholders are pretty much absent from policy dialogue and decisions concerning cooperation. Our work consists in observing, analysing and informing parliamentarians and the public. NGOs voluntarily mobilise themselves in order to express their views but are hardly ever invited to participate in decision making. Concerning trade negotiations, no structured consultation mechanism has been set up to listen to European and African civil societies' points of view.

GDS: *How have the European Union Member States been involved in the ACP-EU cooperation reform and how do you assess their involvement? Have they succeeded in promoting their concerns?*

INGRID KERSJES: The European Member States are actively involved in this trade reform process as the special relationship with the ACP group is considered very important to most of them. This involvement is manifested on different levels: in Brussels, the Member States actively participate in the various working groups where EPAs are discussed with the European Commission. At the political level they are represented in the relevant Councils where decisions are taken about the mandate for negotiations and the latest results. Along with other

Member States the Netherlands emphasises the developmental character of the EPAs and pushed, for example, for a truly duty-free – quota-free offer from the EU to ACP imports, creating new export opportunities for the ACP countries.

The Economic Partnership Agreements can be more than free-trade agreements on goods alone. Potentially, the agreements can cover liberalisation of services and different trade-related rules (investment protection, transparency in government procurement, trade facilitation and competition policy, the so called «Singapore issues») as well. Such rules can help foster economic and private sector development in ACP countries. But limited ACP capacities for negotiating proper rules geared to their situation need to be taken into account. Negotiating these issues leads to “mixed” agreements because of EU Member States' competencies in these fields, requiring explicit Member State involvement. This is also the case where EPAs have an obvious aid dimension.

The importance that Member States attach to the negotiations is further shown by the occurrence of informal meetings by groups of interested Member States to discuss issues related to the EPA-negotiations. This results in more efficient discussions in Brussels.

The actual EPA-negotiations are, of course, mainly conducted between the European Commission and the regional secretariats of EPA configurations. The Member States are not present there but are informed about the proceedings of the negotiations on a regular basis by the Commission. What is also important is that we receive information from our embas-

sies in ACP countries. They provide us with their view on the progress of the negotiations, the position of the host country's government and the involvement of civil society in the EPA-process. Moreover, our embassies are involved in the linkage of trade engagements with aid programmes.

Since 2006 the Member States are invited to join the Regional Preparatory Task Forces (RPTFs), the forum that exists in most EPA-regions where a link is established between what is negotiated on the trade side and what should accordingly happen in the accompanying measures on the aid side. Although the RPTFs are not fully operational in every region (yet), it is a platform of exchange between the ACP, the Commission and also EU Member States allowing member states to take note of the capacity needs of the ACP in the

trade area and to align their aid programme with that assessment. In the West-African region, for example, the Netherlands has financed a workshop on a scenario planning tool that can help the ECOWAS countries in making choices on their path to sustainable development.

GDS: *What, in your view, were the initial founding principles of the Cotonou agreement? How was it different from the other cooperation agreements existing in the world?*

OC: The Cotonou agreement was supposed to strengthen policy dialogue between the two regions and participation of non-governmental stakeholders. It was also purported to “modernise” commercial relationships. The major difference between the Cotonou and Lomé agreements lies in the trade approach: the re-

« THE NETHERLANDS EMPHASISES THE DEVELOPMENTAL CHARACTER OF THE EPAs »

INGRID KERSJES



Olivier Consolo



Ingrid Kersjes

Cotonou, fishing port © C. and B. Desjeux <http://bernard.desjeux.free.fr>



The contribution of Olivier Consolo was received by E-Mail on 29 June 2007. The contribution of Ingrid Kersjes was received by E-Mail on 26 July 2007.

placement of preferential treatment by the principle of “reciprocity” and the imposition of the European vision of free trade as the driving force of development in ACP countries. The founding principles of ownership and joint management of cooperation are the specific characters of the agreement but they are weakened by the tendency to centralise programme management and the systematic recourse to European technical assistance. The priority given to financial performance in the short term and to budgetary aid restricts the participation opportunities of non-governmental stakeholders and local authorities. The implementation of the ownership principle is limited to cases where the EC priorities are the same as those of the ACP States.

IK: The goals of the agreement are to foster economic, social and cultural development in the ACP countries, to enhance peace and security and to promote a stable and democratic political climate. Without going in depth into the five pillars of the Cotonou Agreement, the approach to achieve this is based on three features: politics, trade and development. The integration of these three features makes the Cotonou Agreement different from most other existing cooperation agreements in the world. The European Development Fund in particular is an instru-

ment that is uniquely available for the ACP region.

GDS: *The Cotonou agreement was signed seven years ago. It replaced the successive conventions that had been signed since the early 1970s. Considering the above facts, what can we say today about these principles?*

OC: We are seeing a gradual and subtle abandonment of the partnership and ownership principles whereas the participation of civil society principle was never really implemented in a sustainable and serious manner. Partnership between equals is fast losing ground and is being replaced by a further descending approach. For example, the EU has created several special funds, which are drawn from the EDF and managed by the EC regardless of the formal regulations governing ownership and joint decision-making with the ACP countries. The Economic Partnership Agreement (EPA) illustrates how the EU imposes its definition of what economic development should be. The ACP countries, however, occupy a strong position among beneficiaries

of aid provided within the context of EDF. But for how long? Aid is increasingly conditioned by «new» political priorities of the EU (immigration, security, good governance, etc.). Finally, the recent adoption of three strategies for Africa, the Caribbean and the Pacific by the EC and EU contributed to weakening the Cotonou Agreement. These unilateral strategies in line with EU priorities are now used as a political framework for EDF scheduling. These new strategies, the emergence of new conditionalities and EPA negotiations with sub-regional organisations call into question the spirit and potential of the Cotonou Agreement.

IK: More than ever these principles are still valid. To translate these principles into concrete actions and realise a truly coherent approach has proven to be a formidable challenge. But both EU Member States and ACP countries have

shown their commitment to give further substance to a special and innovative framework of cooperation. ■

« THE PARTICIPATION OF CIVIL SOCIETY PRINCIPLE WAS NEVER REALLY IMPLEMENTED IN A SUSTAINABLE AND SERIOUS MANNER »
OLIVIER CONSOLO

EPAs: The principles are clear, the substance is subject to negotiation

Roger Blein, roger.blein@bureau-issala.com

THE EPAs are first and foremost free-trade agreements, which are reciprocal but asymmetrical, between each ACP sub-region and Europe. What are the outlines of the new trading system, the main innovations and points for negotiation? An overview of the main key points.

ONE OF THE MAJOR OBJECTIVES of reform is to bring the ACP-EU trading system into conformity with the regulations enacted by the WTO. Under WTO rules, the least developed countries (LDC) are the only countries which can benefit from trade preferences that are not offered to all developing countries, nor reciprocal. Since the ACP Group includes non-LDC countries, the ACP-EU trading system contravened the multilateral regulations (the enabling clause) since it granted tariff concessions to developing countries belonging to the ACP Group, without this being extended to all developing countries. The two regions, the EU and ACP, opted for a system which made it possible to retain the benefits of previous systems as regards accessibility to the European market, while ensuring its compatibility with multilateral regulations. In practice, this is done by introducing reciprocity into trade concessions between the two partners. This reciprocity is expressed through the negotiation of free-trade agreements between each ACP regional economic community and the EU.

What is a free-trade agreement? Free-trade agreements concern countries or regions that want to create a free-trade area, within which “*substantially all trade*” is liberalised, that is to say that goods and services will move freely without tariff or non-tariff barriers. This free-trade area must be set up within a “*reasonable timeframe*.” These two notions are the fundamental points of what is called Article XXIV of GATT, which deals with special dispensations to the Most-Favoured-Nation (MFN) clause, within

the framework of regional trade agreements (cf. box on the next page).

What are the main developments?

The abandonment of the single trading system. Until now, the same trading system has been applied to all ACP countries, although countries were treated differently depending on their export capacities. Henceforth, a separate EPA will be negotiated with each of the six sub-regions: West Africa (ECOWAS), Central Africa (CEMAC), South Africa (SADC), East Africa (EAC), the Caribbean (CARIFORUM) and the Pacific. From now on, the EU should apply the same trade conditions to all the regions, but each ACP region will apply a different trading system with respect to the EU.

The abandonment of non-reciprocity.

Both parties must liberalise their imports from each other. The EU has already abolished customs duties on most of the products. Therefore, liberalisation particularly concerns the opening of ACP countries’ borders to goods imported from Europe.

Support for regional integration. The European Union negotiates with regional economic communities, but most of these are not yet fully integrated. Full integration means that these regional economic communities will in effect be customs unions, that is to say single markets without trade restrictions within the area and protection at the external border by means of tariffs common to all the countries. For instance, in West Africa, the eight countries of the WAEMU free-trade area had a common external tariff while each of the

ECOWAS countries, such as Nigeria, Ghana and Guinea had its own tariff. Many formal and informal trade barriers remain among these countries. Such problems can also be found in most of the other regions. EPAs should strengthen regional integration. During the EPA preparation phase (from 2002 to 2008), major public policy reforms and regional harmonisation of national policies have been undertaken. This concerns trade policies (free internal movement, and harmonisation of external tariffs and standards), convergence of tax policies and more generally of macro-economic policies, competition policies and investment codes, and the fight against corruption (illegal taxes collected in border areas and along major roads by “men in uniform” like the police, customs officers, etc.).

What is being negotiated?

Origin rules for exports to EU countries. Products exported to the EU (but also EU products exported to ACP regions) must be originating products in order to be exempted from customs duties. Therefore, regulations exist to determine whether a product originates from the exporting country or not. It is rather complicated to ascertain origin if a product has undergone successive processes and contains raw materials or inputs imported from another economic zone. The origin rules are intended to ensure that preferential access to a market is accorded to the appropriate countries or regions. For a product to be accepted as “*originating*” from a country and be eligible for trade preference, it must be “*entirely produced*” in that country or must have undergone “*adequate or substantial processing*.”

A number of criteria are used to determine the eligibility of a product. They vary from one product to another: i) different tariff lines for the product on customs lists¹ depending on the raw

« FREE-TRADE AGREEMENTS CONCERN COUNTRIES OR REGIONS THAT WANT TO CREATE A FREE-TRADE AREA, WITHIN WHICH “SUBSTANTIALLY ALL TRADE” IS LIBERALISED WITHIN A “REASONABLE TIMEFRAME” »

materials used for its production, ii) the minimal added value, iii) specific processing², etc. Some tolerance is granted (*de minimis* clause). So in the case of the Cotonou agreement, raw materials imported from another country can account for up to 15% of the price of the manufactured product. These issues are very complex and controversial. Let us take for instance the case of textile products, which are subjected to import duties on the European market. Asian exporters could move these products to ACP countries, make a slight adjustment locally (for

1. Products are divided into broad categories (for example milk and dairy products) and then within these categories are sorted into more specific sub-groups: powdered milk, then creamed powdered milk, creamed powdered milk packed in bags of 2.5 or 25 kg, etc. The first two figures of this classification system indicate the product category. This can be extended to 12 figures in order to classify products within a category. The level of classification corresponds to the degree of processing. This system is standardised internationally (the harmonised system: HS). It includes several thousands of tariff headings or lines.
2. Product processing activities.

example repackaging) and re-export them through the free-trade area. Negotiations are underway to simplify origin rules and ease trade restrictions while avoiding the risks of trade diversion, which could be detrimental to Europe and ACP countries. But it is a fine line between this laudable objective and a form of disguised protectionism slowing down the use of preferences and market access.

Coverage and trade liberalisation schedule. These are the two main issues under negotiation in each region. Trade liberalisation is asymmetrical (see box below). Therefore, the ACP countries may choose a series of products that is not to be liberalised or only gradually so, within a timeframe of 10 or 15 years or more. People are even talking of 25 to 30 years. Some products could be permanently exempted from tariff reduction. Products which are exempt, whether temporarily or permanently, are termed “sensitive” products³. A product is deemed to be sensitive either in relation to sector-specific issues (imported goods could oust regional producers), or to fiscal issues (some products subjected to import duties

3. See articles on pages 21 to 24 and 26, 27.

generate considerable revenues for the State⁴). The extent of asymmetry (what proportion of general trade will not be liberalised by the ACP regions) and the schedule for dismantling tariff restrictions are at the heart negotiations with Europe.

Dealing with sensitive products. Sensitive products will be able to be treated differently. The principles regarding the elimination of customs duties will be waived as far as these products are concerned, and they will thus be subjected to the tariffs applicable elsewhere in the world. In production sectors, specific safeguard measures will be instigated for sensitive products, which can be applied whenever there are importation problems despite the maintenance of customs tariffs. Several trade protection instruments can be used and are presented in the article on page 23 and 24.

Many other subjects are also included in negotiations such as technical barriers to trade, standards, accompanying measures, intellectual property, procurement contracts, liberalisation of trade in services, etc. ■

4. See article on page 30.

GATT Article XXIV: the reference!

ARTICLE XXIV of the GATT deals with free-trade areas (FTA), regional customs unions and their specific regulations. Article XXIV allows some exceptions to the rule of non-discrimination and to the MFN clause in the case of FTAs. This explains the EU’s decision to create a FTA with the ACP countries in order to maintain preferential trade relationships with these countries (thus discriminating against other countries) without contravening WTO rules.

Under this Article, it is possible to reduce customs duties within the FTA below those outside the zone. However, it does impose certain restrictions: 1) free movement of goods must concern “substantially all the

trade between the constituent territories”; 2) it must be set up within a “reasonable timeframe”, according to a “programme”, which has been defined by countries of the zone; and 3) customs duties among FTA countries must not exceed what was in force before the creation of the FTA. While Article XXIV was reviewed by the founding members of the WTO in 1994, it still remains vague. Thus the “reasonable timeframe” concerning the transition period preceding the setting up of a FTA, “should not exceed 10 years except in exceptional cases.” The term “substantially all” is not defined, however, the EC usually considers that this should be 90% of trading activities, with a possible

asymmetry in the case of EPAs: 100% for the EU, and 80% for ACP countries. In general terms, the various interpretations shall be discussed in EPA negotiations. A broad interpretation is put forward by those who want to restrict the scope of EPAs and their impact on ACP countries: for example, 80% of liberalised trade, and a transition period extending to 25 years (it was 15 years for Mexico in the ALENA). Although no precedent has yet been set for FTAs, there would seem to be a risk of contestation from the WTO.

Measuring the impact of EPA on sensitive products

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TRADE LIBERALISATION will neither be complete nor immediate. Some products will remain protected because they are strategic for ACP's economies or will be liberalised later, when the agrifood chain is more competitive and able to stand up to EU competition. An insight into the choice of these "sensitive" products for West Africa.

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ALMOST ALL the impact studies¹ on Economic Partnership Agreements between the European Union and ACP countries have tried to identify those products, which are either more exposed to liberalisation shocks, or which provide expansion opportunities due to trade liberalisation. The objective is to identify sectors or products which are termed "sensitive", and which should be liberalised later, or only gradually, or even not at all.

A risk for key production sectors.

The impact studies show that local or regional products are likely to be replaced by goods imported from Europe if the latter have free access to ACP countries' markets. These production sectors and companies are essential producers of wealth and providers of employment (70% of GDP and 80% employment) as well as of food resources. Their collapse would have serious socio-economic consequences. Moreover, significant losses in tax revenues from customs duties would weaken State finances.

Methods used and types of sensitivity. The impact studies linked to sensitive products have applied very different methods and approaches, using econometric models. Three types of sensitivity criteria were identified: i) trade, budget and fiscal effects; ii) competition effects from European

goods; iii) social effects: food security and employment.

Criteria connected to trade, budget and fiscal effects. The more a product is protected, the more it contributes to the tax revenues of the country (customs duties) and the more it can be affected by the implementation of free trade, thus the more it may become a «sensitive product». But there are very different levels of sensitivity depending on the country. There are four categories of products: i) strategic products to be exempted from trade liberalisation like cars, oil products, and also milk and creams, sugar cane

or sugar beet ; ii) sensitive products, which will no longer be sensitive if they are protected; iii) affected products that will no longer be affected if they are protected; iv) less sensitive products.

« THE IMPACT STUDIES SHOW THAT

LOCAL OR REGIONAL PRODUCTS ARE

LIKELY TO BE REPLACED BY GOODS

IMPORTED FROM EUROPE IF THE LATTER

HAVE FREE ACCESS TO ACP COUNTRIES'

MARKETS »

The effects of competition from European goods. The effects of competition from European goods are analysed from three angles:

i) direct competition on the country's domestic market from European products with regard to national production. This concerns for instance, of-fal, beef, poultry, milk and sugar; ii) indirect competition from European products through substitution effects: such as replacing local cereal crops with imported wheat or wheat flour; iii) competition from certain European products as regards the exports of some countries in the regional market. Competition could concern all the Sahelian countries whose beef and vegetables (particularly onions and tomatoes) find natural market outlets in coastal countries.

Social criteria. The studies also looked at the effect of EPAs on the competitiveness of companies, including the impact on employment, incomes, etc. Effects were examined branch by branch focusing particularly on the trading accounts of selected companies.

Two types of sensitive product. On the whole, the methods adopted make it possible to identify:

- Sensitive sectors, which need to be protected for varying lengths of time in order to develop a good level of competitiveness. This includes beef and poultry, eggs, milk, corn, rice and pasta products, vegetal oils, sugar, textiles and vegetables (onions and tomatoes). All these products have been identified according to food security, employment, and regional trade promotion criteria.
- Products that are sensitive because of their contribution to the financial resources of the countries through customs duties. If the countries concerned are unable to protect these products from trade liberalisation they request financial compensation for the resulting income loss.

An incomplete result. Overall, the methods and approaches used to determine sensitive products do not comprehensively cover all aspects of the sensitivity of products and production sectors in West Africa. The economic and social impacts were not sufficiently studied and others, like environmental impacts, have not yet been considered at all. Finally, the methods and criteria used do not make it possible to identify the impact on the construction of an integrated regional market within which a community preference is fully applied. ■

1. Several impact studies have been carried out in the context of EPA negotiations. Those covering Western and Central Africa are, for the most part, available on the Inter-réseaux website: www.inter-reseaux.org

Special products, sensitive products and safeguard mechanisms

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As an economist, she is in charge of following the agricultural trade negotiations at the WTO and within the EPA context. She has participated in several expert workshops on EPAs and conducted many training sessions on this subject for negotiators and African civil society.

THE WTO makes a distinction between special and sensitive products. These two tools were designed to enable WTO member countries to continue protecting some of their national agricultural production by reducing the competition of imported goods. Sensitive products concern both developed and developing countries which belong to the WTO whereas special products are only for developing countries and are linked to development issues such as food security, the livelihoods of rural populations and rural development. It is common in EPAs to combine the different kinds of sensitivity: sensitivity related to development and the trading dimension. We can also add fiscal sensitivity to the list.

Amount, selection and treatment of special products. In the summary of 30 April 2007, the Chairman of the WTO Agriculture Committee, Ambassador Crawford Falconer, announced a fresh debate on special products. Firstly, he observed that members had failed to reach an agreement on how many products are likely to be regarded as "special products". He considers that the request of the G33 to designate at least 20% of the tariff lines as special products will not be granted, nor will the opposite view defended particularly by the Cairns group, which proposes to restrict them to "three or four" products. Crawford Falconer considers that the number of products that may be qualified as "special" will rather be between 5% to 8% of the tariff lines. Without going into the details, he specified that this number may be higher for some members.

Regarding the selection of special products, C. Falconer cites the Hong Kong text, which states that it will be "guided by indicators based on the criteria of food security, livelihood security and rural development". According to him, these indicators must be transparent, objective and clear. This implies

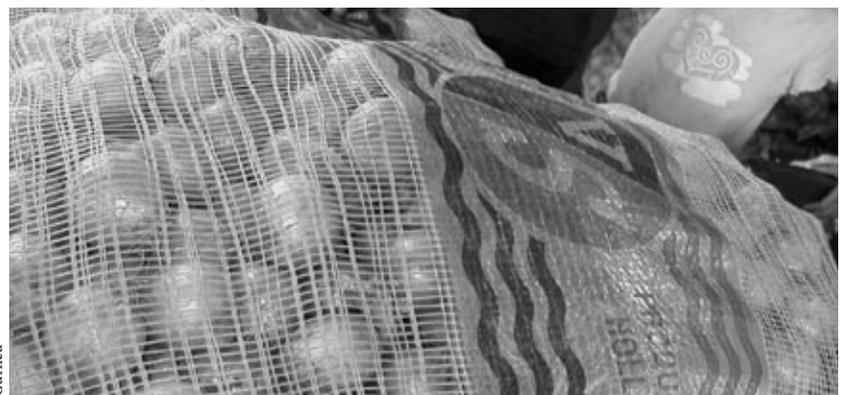
that they should be able to be filled and verified with data from an internationally recognised source. If such data do not exist, a member can use national data, make them public and ensure that they are verifiable.

Concerning the treatment of special products, C. Falconer believes that tariff reduction and the implementation period are the two key issues. The Hong-Kong agreement stipulates that this treatment must be "more flexible". C. Falconer considers that this flexibility must be measured in relation to the general customs tariff reduction formula applied to developing countries. While remaining cautious about his statement, he points out that this minimum could be about 10%-20% of the reduction under the general formula provision.

The second part of the summary document by Mr. Falconer published on 25 May 2007 deals with the special safeguard mechanism (SSM) for developing countries. Unlike the main Hong-Kong Agreement, this document provides little information about the implementation modalities of this mechanism. It would be dedicated in priority to special products but could also be applied more widely. Little progress has been made on the other points of the negotiation, particularly as regards the amount of additional protection and its enforcement duration.

The consequences of WTO discussions on EPA negotiations. At the beginning of EPA negotiations, the two sets of negotiations were out of sync. WTO negotiations were supposed to end two years before the EPA round (December 2005 versus December 2007). The challenge for the ACP countries was to negotiate maximum leeway at the WTO to prepare a favourable environment for the EPAs, and make the most of their WTO advantages in the EPA negotiations. That is exactly what Senegal did by using the indicators proposed by the G33 for the negotiation on special products at the WTO, in order to determine the list of selected sensitive products within the EPA context. They then applied the same method to elaborate proposals for safeguard mechanisms.

The shifting in the calendar of WTO negotiations and too timid proposals for special products and special safeguard mechanisms should motivate the ACP to make proposals, which are more in line with their interests within the EPA context. While bilateral discussions can sometimes exacerbate power relationships, they do offer some real leeway to go beyond the multilateral context. If the ACP regions are able to defend with one voice some ambitious positions in EPA negotiations, they will strengthen their status as a force to be reckoned with during WTO negotiations. ■



Guinea

Protecting sensitive products and the tools to do so

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A MONG THE NUMEROUS free-trade agreements that the European Union (EU) has signed with various countries and regions, none of them stipulates a full liberalisation of all traded products. Therefore, the different agreements provide various examples of how sensitive agricultural products can be protected, which could be useful to the ACP countries.

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For more detail see: Rudolf, B. and J. Simons. 2005. "Comparing EU free-trade agreements: Agriculture." (InBrief 6A on ECDPM web-site: www.ecdpm.org).

MUCH HAS BEEN SAID about identifying products that are sensitive to the opening of market access (see previous pages), which is a key step in the negotiation process. But little is said about their treatment, that is to say how to protect them. Yet, the choice of instruments to ensure appropriate treatment is also of key importance in the preparation of these agreements. Analysis of the free-trade agreements between the EU and Mediterranean countries, South Africa, Mexico and Chile highlights the importance of considering not just the question of tariff removal but of analysing the whole range of existing trade instruments with a view to protecting certain products.

Approaches to the trade liberalisation process. Two different approaches to the overall agricultural trade liberalisation process can be identified. On the one hand there is what we call the *positive list* approach. It involves drawing a list of products that enjoy preferential access to markets (e.g.: the Euromed agreements). This approach restricts the general scope of the agreement and limits it to certain products. It defines the first stages of liberalisation, but does not include guidelines for the entire process. The flexibility to adopt new trade liberalisation measures is guaranteed by a reopening clause. On the other hand there is the *liberalisation calendar* approach (e.g.: South Africa, Mexico, Chile and Lebanon for imports to the EU). These free-trade agreements set various dates and durations for the entire liberalisation process. Also in this case, some important products are excluded from liberalisation or enjoy a preferential access within the tariff rate quota limits (quotas). The calendars, exemptions for the various groups of agricultural products and market access restriction through tariff rate quotas make it possible to better supervise the liberalisation process. The reopening

clauses provide additional flexibility for products exempt (for the time being) from trade liberalisation.

As a result, although trade liberalisation is the first objective of these agreements, a number of important agricultural products remain excluded from this process.

A wide range of protection measures for agricultural products. In the existing free-trade agreements, agricultural trade liberalisation is somewhat limited compared to that of industrial products. There are many exceptions to the general objective of free trade for agricultural products. Six instruments are used, separately or in various combinations, to create trade preferences that go beyond the provisions of the most favoured nation (MFN) clause stipulated by the

WTO. These instruments are the following: tariff concessions, tariff rate quotas, safeguard clauses, origin rules, the reopening clause and the flexibility clause.

Tariff concessions deal with the reduction or removal of customs duties. For products subject to *ad valorem* customs duties (proportional to the value of the traded product) and specific taxes (tax based on the trade volume, irrespective of the value), a partial reduction is often granted by abandoning *ad valorem* tariffs. For the EU, the reduction of customs duties is generally calculated on the basis of the WTO's MFN rates. For EU trade partners, the reduction of customs duties is generally based on the tariff rates in force. These customs duties are sometimes inferior to the maxi-

The European Union import calendars. The case of Mediterranean fruits and vegetables

THE IMPORT system adopted by the EU with regard to Mediterranean countries' agricultural products is particularly complex. In fact, it involves opening the European market during the off-season (when European production is low or nil) and protecting it during the European harvest period. Furthermore, even in off-season periods, the arrival of large quantities of products at low prices tends to contribute to the reduction of prices of these products for the remaining part of the year. Consumers are reluctant to pay more for European green beans in summer than they did for Moroccan beans at the beginning of spring. It is, therefore, also a matter of ensuring that imported products are not too cheap. Overall, the system put in place is based on import quotas per entry period and price. Protection con-

cerning Moroccan tomatoes is a good example of this complexity. Imports are restricted, with volumes that vary according to the month (10,000 tons in October, 26,000 tons in November, 36,000 tons per month from December to March, 15,000 tons in April and 4,000 tons in May). In addition, the buying price is fixed at €461 per ton. If the price of tomatoes is higher than this value, no customs duties will be charged. If it is less by 2 to 8% of the buying price, then a customs duty varying from 2 to 8% of the buying price is imposed. Finally, if the Moroccan tomatoes arrive at a much lower price, the customs duties will be 8.8% plus €298 per ton, which is equivalent to the WTO consolidated rate.

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imum tariff agreed within the WTO, and are therefore more advantageous to the EU than to other WTO member countries. Some free-trade agreements do not specify the reduction rate of customs duties to be adopted, but simply state the final customs duties on imports from the EU.

Tariff rate quotas are reductions of customs duties on a given quantity of certain products; quotas of goods imported at a reduced customs tariff. Once this quota has been reached, additional imports of the product do not benefit from the reduced tariff. Depending on the individual needs of the different countries, seasonal limitations can also be applied to imports. The quotas are reviewed and adjusted according to an annual percentage increase determined at the outset, or according to a percentage fixed by mutual agreement every year and based on a yearly assessment.

Safeguard clauses are mechanisms that can be used occasionally, under certain conditions to protect products that are threatened. They can be applied to all products or specifically to agricultural products¹. Safeguards can apply to imported or exported goods. Concerning imported goods and as provided in the WTO Agreement on Agriculture, safeguard measures can be used on the basis of quantities (when the import volume is becoming too high because of the free-trade agreement) or on the basis of prices (when there is a sharp reduction in the price because of the free-trade agreement). As regards exported goods, shortage clauses (similar to those found in article XI of GATT) define the criteria for possible restriction of exported goods: for example, when there is a reduction in the quantity of food stuffs available at national level. The ACP countries are less confronted by this problem.

Origin rules, which are specific to agricultural products, guarantee the application of preferences only to mem-

1. For more information, see the series on the free-trade agreement, *InBrief*, published by ECDPM and CTA on safeguards and anti-dumping measures. www.ecdpm.org



Rice-growing (Arles, France) © Pascal Xicluna (<http://photo.agriculture.gouv.fr>)

bers of the free-trade agreement, not to neighbouring countries that would only convey their products to free-trade agreement countries for onward exportation to the EU at preferential rates². Some criteria are defined in order to determine whether a product is “entirely produced” in one of the partner countries. For processed products, a small part of the product may come from outside: the “rule of imported content” sets the percentage of the value of imported components allowed in “originating” products (that is to say products originating from a country which is a signatory to the free-trade agreement, and which is therefore entitled to tariff reduction). In most of the free-trade agreements signed by the EU, this percentage is less than 10% of the factory price. For example if the percentage is 8% for a processed product worth €100 at factory price, products used for its manufacturing and imported from outside of the free-trade agreement zone should not be more than €8. For some processed agricultural products, the threshold values exceed this 10% rule. Operations called “manufacturing and processing” such as transportation, grading

2. See *InBrief* 61: “Comparing EU Free-trade Agreements: Rules of origin”. www.ecdpm.org

and classification, packaging, registration of trademarks, labels and logos, mixing of products and slaughtering of animals are not enough to confer the “originating” status on a product whose content is partly imported. Bearing in mind the on-going negotiations at the WTO on the possibility of a multilateral agreement, these free-trade agreements only contain some provisions on protection in relation to geographical indications.

Reopening and flexibility clauses. Access to the partner-country’s market can be reviewed. Adjustments are provided for in two clauses: (i) the reopening clause compels the two parties to examine within the Association Committee new stages for agricultural trade liberalisation, taking into consideration their sensitive nature and the national agricultural policies; (ii) the flexibility clause allows partners to modify the agreement if one of the parties decides to modify its national agricultural policy.

In short, the trade of agricultural products is far from being completely liberalised. The EU and its trading partners maintain numerous tariff barriers restricting market access for products which are sensitive to European agriculture. ■

Will agricultural producers be able to increase their exports to Europe?

GIVEN their heavy dependence on exports, African, Caribbean and Pacific (ACP) countries hope that the EPAs will help them to maintain, or even improve, their access to the European market for all goods, and for agricultural commodities in particular. But there is a wide gap between theory and practice.

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EUROPE HAS MADE AN OFFER of duty-free and quota-free (DFQF) market access to all ACP regions in their separate EPA negotiations. The offer covers most agricultural products except bananas, rice and sugar for which special regimes will apply for a transitional period¹.

Can market access be converted to market presence? Yet, the question remains: will ACP agricultural producers be able to increase their exports to Europe upon completion of their EPAs? The answer to this question is that it depends on a number of factors including: domestic support, and other norms, standards and knowledge of the European market that are not covered in the negotiations. Let us briefly discuss some of these.

Domestic support. Domestic support – the ability of a country to provide subsidies to its own producers – has become the preferred route of the EU for increasing competitiveness of its agricultural sector. This has been the central pillar in the reform of the EU's common agricultural policy (CAP) with a shift away from price stability. It does not significantly impact EU producers as they are paid a subsidy and hence a fixed income for their produce which is independent of market price fluctua-

tions. However, the potential problem for ACP countries is that the price of commodities can fall significantly to levels that are simply not remunerative for trade, hence driving the less efficient countries out of the market.

Given the very nature of subsidies it is not possible for the EU to adopt disciplines in relation to the ACP while not applying those disciplines to the rest of the world. Hence disciplines for subsidies are being negotiated multilaterally. Whether or not the levels of EU subsidies will significantly reduce depends on the progress that is made in the Doha Round of negotiations. As of this writing it remains unclear whether these negotiations will conclude by the end of 2007.

Supply-side capacity constraints.

Another challenge to converting market access secured in EPAs to market presence is addressing supply-side capacity constraints of the ACP countries. Many of the ACP countries are small either in physical size or domestic markets measured by effective demand.

Hence, there is a need for special considerations for ACP countries that take into account the difficulties these countries face in realizing economies of scale, as their cost structures are inherently higher than others. These should include provision of technical and financial resources for investment in the specific commodities and sectors where ACP countries already have, or hope to develop, comparative advantage.

Non-tariff measures (NTM). Non-tariff measures constitute the next set of potential obstacles to enhanced market presence in the EU for ACP countries after completion of EPAs. Such NTM can include standards in packaging

and presentation of goods and special information about markets not readily available to ACP exporters. Therefore, ACP farmers can encounter difficulties in establishing market presence in the EU due to a lack of local knowledge and continuous imperfect knowledge of local norms in member states. Securing enhanced market presence would require technical and financial assistance for ACP exporters in getting to know EU residents; understanding local norms and customs in member states; and technical assistance in building business relationships including establishment of local presence.

ACP agricultural producers may be able to increase their exports to Europe upon completion of the EPA. However, this cannot be guaranteed by the generous EU market access offer of DFQF alone. Ultimately, whether or not ACP countries enjoy enhanced market presence in the EU depends upon several factors including: the extent of EU domestic support to its own producers; addressing supply-side capacity constraints and disciplines for non-tariff measures, among others. ■

« THE CHALLENGE: CONVERT MARKET ACCESS INTO AN ENHANCED MARKET PRESENCE IN EUROPE »»

1. Although not originally included in the EU market access offer, the EU has since signaled that bananas will be subjected to special trading arrangements over a transition period. Rice will be subjected to a tariff quota for a brief transitional period during which the quota will expand and the in-quota tariff will be zero. Sugar will be subjected to the most lengthy and comprehensive treatment spanning the period 2008 to 2015. The final regime which will be DFQF will continue to be subjected to a special safeguard (cf. p23).

Will the agrifood chain be able to face the European competition?

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ARTICLE XXIV of GATT, which regulates the regional free-trade agreements, stipulates that the two parties must liberalise "substantially all [their] trade" within a "reasonable timeframe" (see box p.20). In this light, the EU and the ACP countries will define what is called an "asymmetrical" free-trade agreement. The EU will liberalise nearly all its imports originating from the ACP group of countries while the ACP regions may maintain some customs tariffs on certain products imported from the EU¹. In this way, they will still comply with the "special and differential treatment" designed for developing countries and provided for by the WTO. Products exempt from trade liberalisation will be qualified as "sensitive products". Production sectors that are particularly affected by European competition will also be able to be exempted from liberalisation.

However, agricultural inputs and equipment may be liberalised. If retailers reflect the reduction of import duties on prices, this could contribute to reducing the costs of production and improve the farmers' competitiveness.

Local agricultural production sectors can be protected. This asymmetry constitutes the principal means for the ACP group of countries to protect their agricultural production from lower-priced goods imported from the EU. Importing cheap products, especially if it involves large quantities, would push down prices on the local market thus affecting producer's revenues. In some vulnerable production sectors, the survival of family farms and producers and by extension the survival

1. Currently, the average agricultural protections of the ACP regions range between 17% (SADC) and 36% (West Africa) of the value of imported goods. Source: CEPII, 2006.
2. Source: FAO, 2005.

TRADE OF THE MAJORITY OF GOODS is going to be liberalised. Local production sectors will face stiff competition on their domestic market, unless sensitive agricultural products are exempt from trade liberalisation, unless they improve their competitiveness and unless the EU withdraws subsidies that affect product prices.

of the agricultural sub-sectors is at stake, and 63% of the active population in ACP countries are farmers². There are various ways to restrict agricultural imports from Europe. The most common are customs barriers in the form of taxes or quotas and import calendars (see box p.23). Taxes increase the price of imported goods on the local market, while quotas restrict the quantity imported. The two can be combined. Import calendars are

applied to certain periods of the year based on the local supply of products. For example, from 1992 to 1998 potatoes could not be imported into Guinea when locally-produced potatoes were on the market, from February to June³. This meant that the Guinean market had a year-round supply of potatoes while still giving preference to local production.

The WTO has stipulated that the tariffs set by ACP countries under the

Other free-trade experiences, the example of NAFTA: a mixed performance of the Mexican economy

THE NORTH-AMERICAN free-trade agreement (NAFTA) that came into effect in 1994 is one of the first agreements of such magnitude involving two industrialised countries (Canada and the United States of America) and an emerging nation (Mexico)*. Presented as a driving force for economic growth and development, this agreement promised significant advantages to Mexico, which was supposed to reach the living standards of its partners. Almost 15 years after its implementation, the result is far from being satisfactory.

The signing of NAFTA was followed by a significant intensification of intra-regional trade. This nonetheless resulted in a serious trade deficit and increased dependence of Mexico on its major trade partner. Agricultural imports from the United States have considerably increased since 1994. The volumes of maize imported increased from 208 tons in 1993 to 2,700 tons in 1994, reaching 7,500 tons today. The competition of imports puts great pressure on the prices of local maize, which heavily impacted producers' revenues. This fall did not benefit the consumers either. On the contrary,

due to the demand for bio-fuels, the price of maize rose on world markets. These increases (maize rose 40% in three months early in 2005) significantly affected Mexican consumers who depend on imported maize which, as the main ingredient of "tortillas" represents part of their staple diet. Most investments in the agricultural sector were used to finance relatively capital-intensive farms and failed to create many jobs. During the first ten years of NAFTA, Mexico lost 1.3 million jobs in the agricultural sector. According to a study conducted by the Carnegie Foundation, the employment created in exporting factories hardly compensated for the jobs lost in the agricultural sector due to the increase in imports.

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* Besides trade liberalisation, this agreement includes some provisions relating to services, investments, public contracts and intellectual property.



EPAs, may not be raised thereafter, hence the importance of the Common External Tariff (CET) in the different ACP regions. In the ECOWAS zone, current tariffs do not exceed 20%, however if the CET is not changed before the effective date of the EPAs, then it will no longer be possible to raise the customs barriers that protect sensitive products. On the other hand, safeguard mechanisms can be set up in order to respond to sudden changes in the market (see article on p. 24) such as a significant increase of volumes of a given product or a reduction in the world's prices.

Cereals, meat and milk products are the most sensitive products⁴.

According to EPA impact studies, the most sensitive products are cereals, milk and meat, including poultry. Wheat imports can partially replace local cereals like millet, sorghum, rice and maize, as well as plantains, roots and tubers. This risk of substitution is controversial but it concerns the vast majority of rural families in the ACP countries. The liberalisation of flour imports would have serious implications on the local flour-mills.

3. "La protection des marchés, un instrument de développement" (in French only), Coordination Sud, December 2006.

4. The information provided in this paragraph was taken from the contribution of Benoît Faivre-Dupaigre, Bénédicte Hermelin and Vincent Ribier to the symposium organised by FARM, Notre Europe and Pluriagri, in November 2006, in Paris on the topic "What framework should be put in place for agricultural policies in the future, in Europe and in developing countries?".

The significant reduction in subsidies the EU pays on its exports restricts the competitiveness of beef exports as regards ACP beef production. But the direct aid given by the European Commission (to producers of meat, cereals, protein-oil crops) enable producers to export their products at very low prices. The risk of "one-off disposal" of surplus products is also evident. Finally, the liberalisation of poultry meat imports from the EU would give European products a 20 to 30% advantage, thereby resulting in stiff competition with local poultry sectors. But today Brazil is becoming the main supplier of poultry meat to West and Central African coastal countries. It is therefore appropriate to envisage the protection of sensitive sectors within the general protection policy framework, through the Common External Tariff and safeguard mechanisms.

More than half of African imports of milk products are from the EU. They are mainly composed of powdered milk, which is locally reconstituted. For many years, these imports have been in stiff competition with local milk. The opening of ACP countries' markets would only aggravate this situation. The current explosion in world prices is a good illustration of the need to regulate trade and tailor it to current economic conditions.

Finally, European exports of fruit and vegetables to ACP countries are low (0.7% of EU exports, i.e. approximately 50 million Euros⁵) but their competition with local products can destabilise the production systems. This is the case of onions and potatoes. Canned and concentrated tomatoes that are subsidised by the EU threaten local processing industries

5. Source: European Commission, 2005.

and by extension tomato producers. Trade liberalisation will strengthen this phenomenon.

Protecting is not enough to ensure development. What is important is to strike a balance between an adequate protection of the production local chains (in order to encourage local production) and prices that are acceptable to consumers. Protection must be flexible in order to avoid price explosions whenever domestic production is faced with serious challenges. Protection is just that, it can protect production from complete collapse but it is not enough to ensure its development. Agricultural policies are necessary. This is the challenge for the upgrading programs and supportive measures. Improving market infrastructures and operation, putting in place contractual arrangements between producers and those intervening downstream from the value chains and providing an enabling institutional environment (credit, insurance, research, advisory support, etc.) require a long period of transition.

Regional integration, promoted within the framework of the EPAs, can stimulate the local agricultural value chains by expanding the markets to the benefit of the production sectors. This competition among agricultural production sectors from different countries should improve productivity and competitiveness. Therefore, it could be envisaged in the long term, that certain customs barriers would be removed when local production is able to compete favourably with imported goods.

Sensitive products are one of the key subjects under negotiation. It is generally considered that agricultural products are included in this category. But other sectors like the newly established industries also need to be protected. In addition, some products bring in considerable customs earnings necessary for the State budget: vehicles, cigarettes, capital goods, etc. It will undoubtedly be necessary to arbitrate between all these priorities and there is no guarantee that agricultural producers' interests will be favourably considered. ■

Will the regions emerge from the EPA negotiations stronger or weaker?

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IT IS OBVIOUS that the definition of the regions that were to negotiate with the European Union was governed by political considerations rather than by the economic rationale put forward by the Cotonou Agreement. The latter states that "Economic and trade cooperation is based on regional integration initiatives of the ACP Group of States, considering the fact that regional integration is a key instrument of their integration into the world economy." In West Africa, although WAEMU had, right from the signing of the Cotonou Agreement, been mandated to lead negotiations on the EPAs, the ECOWAS heads of state and government decided to negotiate with the EU. The conflict in Côte d'Ivoire strengthened the ECOWAS political action and the opportunity seized by the Anglophone countries (Ghana and Nigeria) to take over the regional leadership led to this state of affairs being accepted. This was an opportunity for the European Commission to integrate these giants into a regional economic zone based on recognised regulations, prefigured by the eight countries of the Franc zone. But the decision to sign EPAs with the regions was also, for the EU, a way to facilitate negotiation with more homogeneous groups and comply with the WTO, which allows a certain flexibility with regard to regional free trade agreements.

An original political weakness. This was when difficulties arose. In Africa alone, 15 interlinked sub-regional organisations are listed, whereas the EPAs take only 5 groups into considera-

1. The Caribbean; Pacific; West Africa (Economic Community of West African States [ECOWAS] + Mauritania); Central Africa (Economic Community of Central African States [CEMAC] + Sao Tomé + DRC); Eastern and Southern Africa Common Market (COMESA); Southern African Development Community (SADC).

tion: the ACP countries of ECOWAS (West Africa), COMESA (Eastern and Southern Africa), CEMAC (Central Africa) and SADC (Southern Africa), and implicitly the non-ACP countries. Each country must therefore clarify its regional membership. For example, the Democratic Republic of Congo (DRC) is, in theory, a member of COMESA and SADC, but decided to join CEMAC for the negotiation of the Agreement. "Orphan" countries must turn to organisations of which they are not members (Sao Tome and Principe towards CEMAC and Mauritania towards ECOWAS). Some non-ACP countries (Libya, Egypt) are members of regional unions that are negotiating an EPA. This poses a practical problem for the harmonisation of trade regulations within these

future economic organisations, which aim to create customs unions. How can a single trade system be achieved without creating distortions between countries that do not share the same trade regulations with third countries because of their membership of various regional organisations? This shows the fragile policy basis of regional integration. The ACP regional groupings are devoid of the original political cement that has constituted the backbone of lasting supranational unions, like the Franco-German reconciliation and the reconstruction of Europe, to cite just two European examples.

Contradictions related to the content of the agreement. Monetary and fiscal policies, which are essential aspects of international competitiveness, are

The common external tariffs (CET) subjected to the test of the EPAs

THE OVERALL INTENT of the EPAs, is that all countries within a given regional group should have equal access to markets and would thus be able to specialise in sectors where they had a comparative advantage without suffering the damaging effects of competition linked to differing import tariffs. Regional organisations must therefore work towards setting-up of customs unions. Where sub-groupings are already united around a common external tariff, it is then difficult to integrate new countries and ensure that they adhere to existing rules. In the case of ECOWAS, the CET extension involves the "heavy weights", who will inevitably want to change the rules. It then becomes necessary to reconcile positions which are at times completely divergent: for example, in the case of rice, the CET is set at 10% but the Gambia is propos-

ing to bring it down to 0%, Ghana to raise it to 20%, Sierra Leone to 15%, and Nigeria to 50%.

But while the EPA tends to engender the setting-up of a CET, at the same time it creates the conditions for calling trade liberalisation into question. In fact, countries take advantage of this opportunity to include safeguard clauses and at times more stringent importation conditions. This led to the emergence within ECOWAS, at the instigation of Nigeria, of the idea of a 5th tariff band at 50% and of a "countervailing duty". This is an original provision meant to counter the effects on world prices of domestic protections and export subsidies of other WTO member nations. Therefore, the EPAs impact in terms of complete dismantling of tariff restrictions is not certain.

set aside by the EPAs, which focus on issues related to market access. This may likely weaken some countries and businessmen with regard to some major problems, such as the impact of the exchange rate on regional trade (for example the Nigerian Naira against the FCFA of the countries of the Franc zone). The liberalisation of trade with the EU, with the possibility of obtaining a duty-free access for some imported products may likely increase tension between extravert (especially coastal countries) and landlocked countries that depend on the regional market to sell their products: European cereals and meats as opposed to local cereals and Sahelian livestock.

Tempting opportunities. Some countries could claim favours in return for their intra-regional solidarity. The least developed countries (LDCs) do not have any individual interest in signing the EPAs. They can continue to benefit, in total conformity with WTO rules, from the “Everything But Arms” initiative and hence from free access to the EU market. LDCs could even claim compensation if developing countries are offered the same benefits as them, under the provision for “benefit differential” reduction. Some countries could also be tempted to act individually in order to claim specific interests (Cape Verde, South Africa and even Côte d’Ivoire), and it is possible that the regional organisation to which they belong would then take more care to take their concerns into account, if only to accept their list of sensitive products.

The weakening of the consensus reached. The trade liberalisation principle that characterised the creation of WAEMU’s Common External Tariff (CET) had the advantage of simplifying the rules by its “standardising” nature. With the negotiation on the degree of market-opening, the definition of sensitive products and with the extension of CET to include the other ECOWAS countries, there is a risk that the internal compromise reached within WAEMU could fizzle out. When it comes to granting concessions, we must recognise the fact that the power relationship between countries will influence the defence or protection of one product over another. Therefore, concessions may well

constitute a wedge in the crack that is already about to open between the countries. There is a risk that countries may apply some specific measures alongside the provisions stipulated in the ECOWAS Common External Tariff, in the same way as the WAEMU countries did following the introduction of the CET in their zone.

The paradox of an awakening regional consciousness. The negotiation has laid emphasis on trade, thereby pushing social considerations into the background. By focusing discussion on trade liberalisation, the debate about the market’s inability to meet development challenges is being avoided. It is much easier to reach an agreement at the top level, between governments, than to resolve the problems posed by the market actors’ interplay on its operation. The EPA is seeking maximum economic effectiveness but is ignoring redistribution issues and the iniquities it could generate. By addressing regional integration at the level of trade negotiations, a major risk is being taken as both the EPAs and the EU initiatives could be rejected by the citizens. Paradoxically enough, the



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negotiation process is strengthening regional feelings, by focussing people’s dissatisfactions. Indeed, the EPAs do have the merit of having revitalised social processes and re-launched the debate and actions for the promotion of regional integration. ■

The different levels of Economic integration in the Cariforum Region

THE CARIFORUM is an incomplete free-trade agreement between the Caricom* and the Dominican Republic. This free-trade agreement only covers commodity trade for the moment, although further negotiations are planned (in particular to include services, intellectual property and investment).

Caricom, however, is a wholly integrated customs union and the WTO has declared it compliant with GATT Article XXIV. It has a Common External Tariff (CET), with exceptions for a limited number of tariff lines for certain members. Caricom is moving towards a higher level of integration termed “Caricom Single Market and Economy” or CSME, which will include not only free movement of goods but also of services, labour, capital and the right of establishment. Two sub-groups co-exist within Caricom,

the more developed countries and the less developed countries. Six of the latter form an economic union, the Organisation of Eastern Caribbean States.

Therefore, the fact that an EPA is being negotiated between the EU and Cariforum is more complicated than it seems because the latter is not yet fully integrated. Certain areas of negotiation and policies that the EU wishes to integrate into the EPA are not yet harmonized within the Cariforum.

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* The Caribbean Community (Caricom) came into being in 1973, initially encompassing four countries: Barbados, Guyana, Jamaica and Trinidad and Tobago. It currently has 15 member countries.

What will be the EPAs impact on public budgets and tax systems?

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ACCORDING TO the impact studies, the total tax revenues of WAEMU countries represented, for example, 17.4% of GDP in 1997 and 16.2% in 2003. By reconciling the costs of projects related to the implementation of the World Bank reform programmes with those expected from the EPA reform programmes, the economist Christ Milner (2007) estimated that the ACP countries will incur costs of approximately 9 billion Euros in implementing the EPAs. The estimates show that the biggest losers are countries of the Economic Community of West African States (2,789 million). The UN Economic Commission for Africa arrives at similar conclusions in its studies. These studies have some limitations: data availability and quality, lack of a single common methodology and the failure to consider key variables such as exchange-rate fluctuations. But the fall in total customs earnings caused by the EPAs deserves scrutiny. Indeed, customs earnings constitute a substan-

tial share of the resources (already low for a majority) of these countries, and are already declining (dropping, for example, from an average of 35.1% of total tax revenues in 1980-82 to 21.14% in 2000-02 for the Franc zone countries). Unless they reduce their public expenditures (which would endanger public sector social programmes), the ACP countries will have to undertake fundamental tax reform in order to compensate for the losses in customs earnings: this involves putting in place transitional tax arrangements.

How will the States compensate for the loss in customs earnings? The tax transition concerns direct and, in particular, indirect taxation (VAT accounts for 30% of world public revenues) and the modernisation of customs and tax departments. The reform of indirect taxation relates essentially to value-added tax (VAT) and "excise duties"¹. Direct taxation reform deals basically with income taxes and business profit taxes.

Direct taxes have been decreasing in most of the countries of the Franc zone (from 19% of total tax revenues in 1980-82 to 18.5% in 2000-02) and indirect taxes increasing (from 22.8% in 1980-82 to 32.8% in 2000-02). However, in light of the above-mentioned drastic drop in customs earnings, VAT earnings and excise duties need to be more actively mobilised in the context of fiscal transition. In a number of African countries VAT is not particularly effective, due to self-consumption, difficulties in taxing the informal sector (unregistered activities), the restricted definition of the VAT base, excessive tax exemptions and deficiencies in VAT application.

A number of measures could be taken to ensure economic equity and neutrality of VAT without affecting

the poverty reduction objective, such as putting an end to tax exemption; application of a simple VAT system coupled with a moderate rate and a broad base; refunding VAT credits and; subjecting foodstuff to VAT (after assessing the impact of such a measure, and making some adjustments in VAT directives in the case of a regional integration zone). In the same way, excise duties, income taxes, rural property taxes, petroleum taxes, just to mention a few, must be harmonised both at the national level and on a regional scale.

The modernisation of tax authorities will have to take into account the specific and rational delimitation of powers of the various public financial services involved in tax collection. Improvement of management efficiency, promotion of ethics and strengthening cooperation among authorities are some of the priority actions to undertake.

With regard to the customs authorities, the adjustment could involve an anti-corruption campaign and promotion of ethics; modernisation of control mechanisms of taxpayers; acceleration of customs procedures; limitation of formalities and costs; transparency of rules, etc.

These, far from being exhaustive, must be implemented while taking into consideration the existence of pressure groups and other stakeholders who are directly or indirectly involved in these reforms and who could veto their implementation because of the possible losses they may incur. These reforms will also have to be gradual and supported by a public awareness and information campaign. ■

1. Specific taxes levied on petroleum and other products (alcohol, tobacco) that have adverse health effects.



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Are non-governmental stakeholders really participating in the negotiations?

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THERE IS A STRONG CALL for non-governmental stakeholder participation in the trade negotiations and this is specifically included in the Cotonou Agreement. With a few months to go before the cut-off date of 31 December 2007, have civil society stakeholders, professional bodies and parliamentarians really been involved in the negotiations?

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www.ecdpm.org

A complete and fully referenced version of this article is published on the internet (in French only):
www.inter-reseaux.org

HAVING AGREED on the need to negotiate and to ratify the Economic Partnership Agreements (EPAs) by the end of 2007, the ACP Group of countries and the EU also agreed within the framework of the Cotonou Agreement to include civil society as a whole in the ACP-EU cooperation process. Now that the parties have just concluded the progress review of negotiations stipulated in Article 37.4 of the Cotonou Agreement, what assessment can be made of this process? And more specifically, what has been the participation of members of civil society, professional bodies and parliamentarians in the process?

An imbalanced participation. With regard to ACP countries, the level of participation of non-governmental stakeholders and parliamentarians varied from one region to another. Although, some effort is still required, the involvement of Caribbean civil society in the EPA negotiation process seems to have been relatively effective and was recently commended. The last ministerial conference held in the Pacific region also lauded the contribution of non-governmental stakeholders to ensuring that the characteristics and concerns of the region were duly taken into account by the European side. African regions negotiating an

EPA are, however, recording a rather mixed result for structural, organisational, and financial reasons as well as due to capacity and information constraints. In spite of efforts made, it seems that the effective participation of non-governmental stakeholders in the negotiation process and the consideration of their recommendations were limited both at the national and regional level. Here again, it is advisable not to generalise. The mobilisation of the West African farmers' organisations has indeed been quite remarkable. Similar initiatives have developed over the last few months across the continent.

Beyond the participation of non-governmental stakeholders, it is their real ownership of the process which is crucial. It is self-evident that one does not go without the other. Ownership cannot be achieved without the involvement of stakeholders in negotiations and their (pro) active participation in same. Furthermore, this is recognised by the ACP Group negotiation mandate, which stipulates that "*the involvement of all the interested parties in the negotiation process and public opinion's support of the negotiations and their results; [and] the monitoring of negotiations by public opinion, especially at the parliamentary level*" are theoretically essential to establishing the legitimacy of the EPAs.

Many different calls... But the fact remains that with just a few months to go before the supposed conclusion of the negotiations, the voices rising against these agreements and pointing to the poor participation of the main EPA stakeholders are increasing day by day. Moreover, while calls for an extension of the deadline for the conclusion of negotiations have quietened down at ACP government level, they continue to be heard at civil society and private sector level. Recent examples are those of Barbados and Uganda. Conversely, the Namibian beef

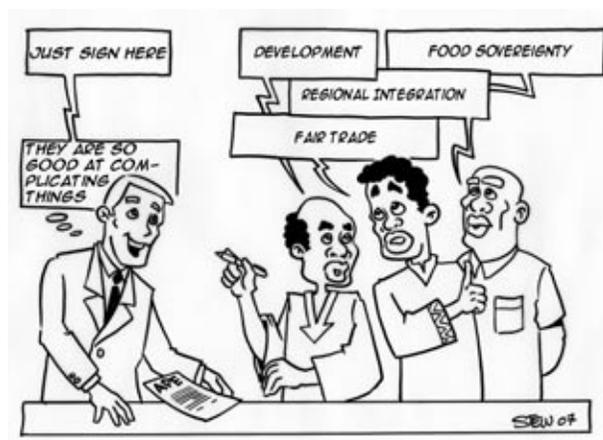
industry is highly in favour of an early conclusion of negotiations in order to preserve its access to the European markets. Such a call is however quite atypical in the barrage of "anti-EPA" calls emanating from ACP and European civil society¹. The impact on Ghanaian parliamentarians of a recent OXFAM and Third World Network report should particularly be noted in this respect. Following the presentation of the conclusions of this report to the Ghanaian parliamentarians, the latter were unanimously convinced of the advantages of the improved generalised system of preferences (GSP+)² as an alternative to the EPAs.

On the EU side, the European parliamentarians sitting in the International trade commission have paid serious attention to the EPA process and appealed to the European Commission to ensure that development objectives are really at the centre of the negotiation with the ACP region. They also expressed their concerns with regard to the lack of genuine democratic debate in most of the ACP countries. Last May, the European Parliament further asked the Commission to be more flexible with the ACP Group of States and soften the conditions for the signature of these agreements for those countries, considering the "*delay experienced in the negotiation and lack of preparation of ACP countries*".

...that remained unanswered. The assessment of the EPA negotiations as provided for in Article 37.4 of the Cotonou Agreement was specifically aimed at "*ensuring that [no] deadline extension was necessary for the preparations or negotiations*". The opportunity was thus given to the parties to assess the progress made and problems encountered in each EPA regional grouping and in its member countries and, if necessary, to change

1. See www.acp-eu-trade.org

2. See page 12.



the approach in order to reach a new and truly development-centred trade regime between ACP countries and the EU. Subjecting not only the content but also the process of the negotiation to this exercise would have helped to build a real consensus around these agreements.

However, the joint review of the EPA negotiation process did not involve a wide and extensive consultation of all the stakeholders, despite the fact that it was advocated by the ACP Council of Ministers' meeting held in May 2006 and supported by the European Parliament and some EU Member States. Although this joint review was scheduled to take place in 2006, the parties were only able to conclude this exercise during the ACP-EU Council of Ministers' meeting held on 25 May 2007, that is to say mere months before the deadline of 31 December 2007. Documents prepared for the joint review only describe the process and do not identify concrete measures to solve the numerous problems and constraints that were raised by the various internal and independent assessments. The question as to what will happen to the ACP-EU trade regime if the EPAs are not concluded has furthermore been circumvented. If the ACP negotiators have chosen to reaffirm their desire to finalise the negotiations by the end of 2007, the European Commission's pressure almost certainly contributed to this decision.

It is thus difficult to see how the non-governmental stakeholders will be reassured. In such a context, and while the ACP negotiators have reiterated their commitment and their political will to conclude negotiations at the right time (provided that the concerns of member States are taken into consideration by the EU), there is a real risk that a hasty conclusion of the EPAs may lead to their rejection by non-governmental stakeholders and parliamentarians (who are responsible for the ratification of the agreements at the national level). This risk must not be underestimated. The success of these agreements will indeed depend on the level of confidence which the people and the main stakeholders will place in them. ■

Who is negotiating? Where, when and how?

ALot HAS BEEN SAID about the EPAs, but what do we know about the negotiation mechanisms? In concrete terms, who is negotiating? Where are the talks being held? According to what agenda? An insight into the process...

Two negotiation phases can be distinguished. Firstly, the "all ACP-EU" phase, involving technicians, ambassadors and ministers from all ACP and EU member countries who met at three levels to discuss general issues. Then, since October 2003, the European Commission has been discussing the actual content of the trade agreements with each of the six ACP regional groupings. This is the "region by region" phase of the negotiation process.

Let us take the example of West Africa in order to understand better who is involved in this second phase of negotiations.

The negotiation process is defined in a «road map» and is based entirely on mandates given by the EU Council of Ministers to the European Commission on the one hand, and by the Heads of State of the sixteen West African countries to the ECOWAS Commission, assisted by the WAEMU Commission on the other. Two political statutory bodies ensure that the mandate is respected and set up negotiation positions. These are the ministerial monitoring committee (Ministers of Commerce, Economy and Finance) and the ECOWAS Council of Ministers. The latter fixes the mandates, gives guidance to and appraises progress made in the negotiations.

Discussions are then held at three levels. At the bottom, there are technicians and thematic technical groups that study each EPA point. These include experts on the issues under discussion, officials (of the EU, ECOWAS, and WAEMU and of member States), civil society representatives (NGO and farmer organisations) and private sector stakeholders. They are divided into several working groups and their activities are based on impact studies, expert appraisals, etc. As the deadline for the signature of the agreement is

fast approaching, and in view of the delay recorded in negotiations at the time of writing this article (July 2007), they have stepped-up the frequency of their meetings. These European and African technicians are working to prepare joint texts. The outcome of their deliberations, in particular the points of disagreement, are then forwarded to the next level i.e. the senior officials' level. This stage is supposed to be less technical and more political. The senior officials, who meet more rarely, adopt conclusions based on the technicians' work. They then hand over to the chief negotiators*, who make the final arbitrations, finalise the discussion and give new guidelines.

There is also a regional preparation Task Force (RPTF), a group that ensures consistency between the EPA and development funding. The task force includes negotiators of the two parties and the EU member countries.

All the meetings are alternately held in Brussels and Africa.

All this seems somewhat complicated... In fact at times, the distribution of roles and negotiation mandates are vague, between the ECOWAS and its member States. As the European Commission is the sole EU negotiator from the technical to the final decision-making level, it is of course much easier. This exacerbates the imbalance observed in the negotiation capacities of the two parties. Once the agreement is drafted, it will be validated by the European authorities, and is then to be ratified by the national parliaments of each ACP country. But, at this point in time, it is not certain that they shall do so; they frequently show considerable reticence regarding these agreements. This point has not been properly dealt with, and its outcome is far from being certain.

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* The two chief negotiators in West Africa are the presidents of ECOWAS and WAEMU Commissions: Mohamed Ibn Chambas and Soumaïla Cissé.

Trade agreements for development?

WHILE EVERYONE AGREES that the EPAs must contribute to the development of ACP countries, opinion is, however, divided as to how and why. Is trade a guarantee for development? Regional integration, improvement of supply capacities are also necessary... The major issues and different points of view for West Africa.

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SINCE THE ACP COUNTRIES cannot compete on the same level as the EU, trade liberalisation must be as gradual and asymmetrical as possible¹. The EU has undertaken to ensure that this is the case, and has pledged duty-free and quota-free access without any restriction to its market for all of the ACP countries. The latter can therefore increase the number of sensitive products in order to minimise fiscal losses or protect emerging sectors. Some negotiation parameters, which are yet to be defined, could facilitate a gradual adjustment of the ACP countries to this new economic context. The same can be said about the transition period, and about the redefinition of the rules of origin, which allow for the setting-up of integrated production chains that target high-value-added products.

Supporting trade liberalisation. Even if trade negotiations are not supposed to be linked with the funding of development activities, this is what is actually at stake. The ACP countries already have at their disposal the European Development Fund (EDF). With resources amounting to 22.7 billion Euros, the 10th EDF (2008-2012) could be used to counter the negative effects of trade-opening and to enhance productivity. EU funding of trade, which has been increased to 2 billion Euros annually (accessible to all developing countries) could partly be used to support the EPAs. These

funds would be used to finance fiscal transition and to support up-grade programmes². These programmes aim at supporting public policies in terms of strengthening productive capacities that will be exposed to competition from foreign companies, European or not. Indeed, while European competition can harm certain agricultural sectors³, competition from emerging countries, which is not included in bilateral agreements, could also upset the production chains. It is already doing so in some cases. This upgrading of productivity should be supported by an assistance programme for the restructuring of the affected sectors, through training, reintegration and reorientation of distressed sectors.

This new economic context, born out of a new partnership with the EU and the emergence of some non-European countries renders an increase in agricultural productivity indispensable. Firstly, it would enable us to address the challenges of food security.

Secondly, it would appear to be inevitable considering the contribution of the agricultural sector to employment creation. The agriculture of ACP countries seems to

be the only sector that can absorb the cohort of young people into the employment market, at least while other sectors are being upgraded. Restoring competitiveness requires a recapturing of local and regional markets. These markets, which are very large and have a limited number of intermediaries and fewer barriers, could promote a

better distribution of wealth and encourage the creation of non-agricultural rural activities, which form the basis of economic transition. The EPAs should contribute to this because they are putting regionalisation forward as a precondition for free trade.

Improving economic stakeholders' environment. The European funds are necessary for trade liberalisation. But other barriers must be removed by the ACP countries themselves in order to turn this financial assistance into sustainable productive investment. The numerous market failures prevent end-users (industry or consumers) from enjoying the benefits associated with the reduction in prices of imported goods. Besides the rigidity of supply, the lack of markets (especially risk and credit) creates barriers for imported goods, and the concentration of companies of a sector encourages rent logics instead of diversification. Government failures (money extortion systems, illegal taxation and non-observance of customs regulations), weakness of the business environment (non-observance of contract rules and collusion between importers) and the many other costs associated with the state of infrastructure discourage investment and also constitute a barrier to trade.

Therefore, for the EPAs to become development agreements and for the agricultural sectors to become more competitive, strong State coordination and management is necessary. This requires broad-based consultations among government, private sector and civil society stakeholders at the country and regional levels. The various stakeholders must also take ownership of the negotiations as well as of the up-grade programmes. This policy management, geared towards the regional integration imperative, must ensure that trade, agricultural and development policies (in the broad sense of the word), are consistent and involve monetary or fiscal policies. ■

« SOME FUNDS SHOULD BE USED TO FINANCE FISCAL TRANSITION AND TO SUPPORT UP-GRADE PROGRAMMES »

1. This is the meaning of Special and Differential Treatment (see page 12) and article XXIV (see box page 20) of the World Trade Organisation (WTO).

2. EMCCA and ECOWAS have thus developed regional upgrading programmes. Some countries are also developing their own strategy.

3. It is however, important to note that the CAP reform and the EU commitments within the WTO should shape European agriculture so that it will be less responsible for economy distortions in the international markets.

The EPAs and development. Interviews.

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Belén Calvo Uyarra



Salifou Tiemtoré

GRAIN DE SEL: *Both the EU and ACP “want to channel the EPAs towards development.” What does that mean to you?*

BELÉN CALVO UYARRA: For us, it is clear that the EPA is a development instrument to help us meet the objectives of the Cotonou Agreement: poverty reduction, gradual integration into the world economy and reaching the millennium development goals. Our work is guided by this principle in the negotiation and drafting of the agreement text. The EPAs have great development potential. Firstly, the EPAs are not restricted to market access; they also involve a series of reforms, which are clearly geared towards development, like trade facilitation. If the agreement makes it possible to reduce transit time and costs of goods in Accra's port, this will greatly facilitate trading activities. This is also true of sanitary and phytosanitary measures (SPS standards). The non-conformity of regional products is one of the main problems. The region will be assisted in applying European criteria. Competition must also be developed and investments must be made with transparency. Finally, services offer potential for the development of the region. Financial services, transport services, etc. will together contribute to the growth of local production.

I have mentioned market access and the plan to open trade. We are ready to include specific conditions for the development of the region in the agreement text and in the trade-opening plan. The flexibility and asymmetry principles can also be included therein. The European Union is therefore ready to open its market to the ACP countries as early as 2008 (with transition periods for two products), while the region will only open 80% of its market. We are ready to exclude sensitive products. If ECOWAS requests us to exclude concentrated tomatoes, poultry and milk, we can exempt these products from liberalisation. We do not intend to

threaten local production but to improve the supply capacities of West Africa.

The second point, which needs mentioning, is the “regional integration” and “regional markets consolidation” dimension of the agreement. The EPA can have a positive impact on the acceleration of the regional integration process, an impact which is already being felt through the region's discussions on, for example, the Common External Tariff (CET) and the Customs Union. The EPA has also generated an active dialogue process between the Commission and its Member States.

The third point is economic governance. By working on the rules meant for businessmen and for the creation of a transparent and predictable legal framework, we are introducing legal protection and good economic governance, which are elements that contribute to the creation of an enabling environment for investment.

The fourth point, which I wish to mention, is related to the support of EPA implementation. Development cooperation is important in order to enjoy the beneficial effects of the EPA, and we are ready to reflect this principle in the Agreement text. The chief negotiators, Peter Mandelson and Louis Michel undertook, in February 2007, to define jointly with the region some assistance programmes for the implementation of the EPA. Louis Michel actually raised three points: improvement of competitiveness and upgrading of the production sectors involved in the EPA; “substantial” absorption of the net

fiscal impact of the EPA; support to the implementation of trade reforms contained in the EPA. In this way, funds could be released for the facilitation of trade, SPS standards compliance, etc. These funds are derived from the Regional Indicative Programme (RIP) of

the 10th EDF, which has been substantially increased. The chief negotiators are ready to channel a substantial part of the Regional Indicative Programme

(RIP) through the EPA regional funds created by ECOWAS.

SALIFOU TIEMTORÉ: This simply means that the agreement must ensure that trade is used as an instrument for development ambitions and not the opposite. Trade is not an end in itself. Most of our countries already have considerable access to the European market. We will not achieve more than that. We are aware that this access to the European market did not allow our economies to take off, to diversify and be modernised. We must therefore find out why this is so and provide solutions. This is the challenge for a “development-oriented EPA”. Under what conditions can our production sectors get out of their current state of stagnation? On which segments of the market can we base our development strategy? For West Africa, the answer is clear: Our regional market increases by twofold every 20 years! This is the source of our growth and our first market. Therefore, an EPA must first decisively support regional integration and enable us to remove all trade barriers among our countries so that producers and companies can meet the consumers. A development-centred EPA must ensure strictly controlled opening of our trade with Europe in order to prevent our market from being invaded by imported goods. Secondly, we need to develop our exports. With regard to this aspect, we still depend heavily on traditional production. We have to think about our future specialisations as the emerging countries did. On which production sectors and on which processed products and markets are we going to position ourselves? Based on this, what are the priorities of our development programmes and our incentive policies for investments? I would like to mention agricultural issues and challenges, which are crucial. This is a good example to illustrate the potential of a development-oriented EPA: finding together with Europe rules to regulate the trade in competing products between our two regions, and which are strategic to each one of them; orienting the EPA on the basis of choices made by the region and its stakeholders in all sovereignty, as outlined in the regional agricultural policy (ECOWAP); and finally, acting together at the WTO.

« IF ECOWAS REQUESTS US

TO EXCLUDE CONCENTRATED

TOMATOES, POULTRY AND MILK, WE

CAN EXEMPT THESE PRODUCTS FROM

LIBERALISATION »

BELÉN CALVO UYARRA

GDS: *What can the EPA really contribute as new with regard to the previous trade regime and development assistance policies?*

BCU: As I said, market access is not the only dimension taken into consideration. The new major contributions of the EPAs are regional integration and governance. Concerning assistance, through the EPAs, more emphasis is laid on trade requirements. With the EPA, we are more conscious of this, and solutions are effectively tailored to the requirements in order to capture all the development potential of trade.

ST: Our countries need to better integrate trading approaches and sector-based policies. This is the strong point of the EPA approach, if we succeed in turning it into an instrument that ensures that the trade regime, the regional integration strategy and the production sector policies are coherent. This is being done already! As never in the past have we progressed as much in the integration agenda as we are now. The region is really working to create a customs union with an external tariff common to all the countries. These things will take time, but we have changed our tempo. More importantly, policy makers and socio-professional stakeholders are formulating negotiating positions together with regard to the European Union.

GDS: *Can the upgrading measures and the support to the EPAs prevent the risks associated with opening of trade for agricultural chains that are in competition with European agriculture?*

BCU: What is important is that whenever the region decides what it will supply to the European market, it must take into consideration its sensitive products, its specific conditions and its development ambitions. The region is currently doing a serious analysis, which should enable it to draw up a list of its sensitive products. It can ask

us to exclude such products from the scope of liberalisation under the EPA. We made some estimates; only 16% of trading between the EU and ACP is based on agricultural products, while fishing is only 2%. We therefore have enormous leeway to exclude some products while remaining compatible with the WTO.

There is a need for a tariff liberalisation scheme that is consistent with the region's requirements. There are also the rules: the SPS and liberalisation of inputs will enhance the competitiveness of local production and

contribute to the reduction of costs. Providing support is part of the reform. If we identify a product which is likely to be threatened by market-opening, and which in spite of everything must be liberalised, such a product can be supported with a view to strengthening it. In conclusion, we are ready to work with the region on a liberalisation scheme, which is in line with the region's conditions and its development ambitions. We are ready to provide supporting measures in order to absorb the eventual EPA adjustment costs, and to develop all its potential. It is the duty of the region to tell us what is best for it.

ST: We need to carry out a difficult task. Our region is sorely lacking and population growth contributes to a high demand for food. Our agricultural policy gives greater importance to the satisfaction of this demand by the regional producers. But our agricultural performance is such that we still have to resort to the importation of goods for a while. Climatic fluctuations also compel us to resort to external markets in order to regulate our markets. But importing does not mean giving up our agricultural ambition and our objective of food self-sufficiency, especially in this period where the markets are under considerable pressure, this could increase our food bills beyond what we can bear. Therefore, we must think about setting up control instruments at our borders, which will define the normal competi-

tion conditions between the two partners and provide conditions for the development of our agricultural and food chains. We must combine import price regulation through protection whenever it is necessary, and investment in agricultural productivity and value chain competitiveness, thanks to the supportive measures. Sensitive products, which are protected for the time being, can be gradually liberalised if Europe stops dumping, directly or indirectly, its products into our region, and if we are able to implement the competitiveness improvement programmes. Our trade-opening must be determined by measurable progress made on these subjects. We are setting-up a competitiveness observatory to help us in steering the EPA.

The interview with Belén Calvo Uyarra was conducted by telephone on 13 July 2007. This version is a summary of a complete version published on the internet: www.inter-reseaux.org

The interview with Salifou Tiemtoré was conducted in Dakar on 5 July 2007. ■

« THE AGREEMENT MUST ENSURE THAT TRADE IS USED AS AN INSTRUMENT FOR DEVELOPMENT AMBITIONS AND NOT THE OPPOSITE »

SALIFOU TIEMTORÉ



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The EPAs in West Africa: a panorama of alternatives

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ACCORDING TO the EU and ACP countries' commitments made at the WTO, the current system of "preferences of Cotonou" must be replaced by a free-trade agreement (FTA) between the two parties, compatible with WTO rules by 1 January 2008. This FTA, called the Economic Partnership Agreement (EPA) because it also intends to cover many issues that are connected to trade, will make it possible to liberalise "substantially all trade" between the ACP and the EU within a "reasonable" timeframe. In the context of EPA negotiations, the European Commission has construed this rule as meaning that the ACP countries could liberalise about 80% of their trade with the EU within a timeframe of 12 to 15 years, which can be extended to 25 years for some sensitive products.

The implications of not signing the agreement by 31 December 2007. The European Commission stresses that if the six regional groupings engaged in the negotiation do not sign the EPAs by the end of December 2007, it will no longer grant preferences based on the Cotonou Agreement. Therefore, as from 1 January 2008, the least developed countries (LDCs) of the ECOWAS zone would have to rely on the "Everything But Arms" (EBA) initiative, which provides duty-free and quota-free access to the European market. The other countries (Côte d'Ivoire, Ghana, and Nigeria) would use the normal Generalised System of Preferences (GSP), which the EU provides for all developing countries. But the GSP offers preferences that are well below those of Cotonou. This loss of preferences would have a very important impact on trade flows.

The European Commission assesses the loss for the West Africa region (WA) at more than one billion Euros, as the average tariff rate to be paid in the context of the GSP is averagely between 20% and 36% of ex-

ports from Côte d'Ivoire (700 million Euros). This country would be liable to a tariff rate of 27% as against 0% in the Cotonou Agreement or in the EPAs; in the case of Ghana, it would affect 25% of its exports (240 million Euros). In Ghana and Côte d'Ivoire, more than two thirds of the additional costs concerns the horticulture, fishing and timber sectors¹. For Central Africa, the loss could amount to about 360 million Euros of exports. This option is, therefore, less credible from the policy point of view.

Is there any alternative? The inability of the two parties to reach an agreement on the EPA does not necessarily mean lack of agreement. This pessimistic scenario could be replaced by a more balanced one that will enable the EU to meet the obligations to which it is legally bound through the Cotonou Agreement, and ensure that no ACP country's situation deteriorates after the expiration of the preferences of Cotonou, while still being compatible with WTO rules². As pointed out in a recent ECDPM³ study, two scenarios could be envisaged, with two options for each one of them.

Scenario 1: The setting-up of an EPA by 1 January 2008.

Option 1: A complete EPA, only feasible in the present state of negotiations if the region adopts the EU proposals.

1. TWN Africa, Oxfam International, "A Matter of Political Will," Briefing Paper, April 2007, 31 p., www.oxfam.org.uk. For a detailed analysis, read "The Costs to the ACP of exporting to the EU under the GSP". Final Report, March 2007. London: Overseas Development Institute. www.odi.org.uk.

2. The Commonwealth Secretariat, "Opinion on the General Preferential Regime Applicable to Imports of Goods Originating in ACP non-LDC failing the conclusion and entry into force of EPAs by 1 January 2008," March 2007.

Option 2: A restricted EPA, which only involves the liberalisation of goods and commodities and key provisions related to sustainable development and development cooperation.

Scenario 2: No EPA by 1 January 2008.

Option 3: Shifting to the GSP or GSP+ regime. Lack of agreement between the two parties will compel the ACP countries to go through other preference systems (GSP or GSP+) in order to have access to the European market.

Option 4: Extension of the present system. If agreement cannot be reached between the two parties, the trade regime stipulated in the Cotonou Agreement will be maintained whether it is accepted by the WTO or not.

Option 1 (scenario 1): complete EPA

This configuration is similar to what the EU is pursuing in the current negotiations. Considering the state of progress of negotiations, this configuration would not, however, enable WA to take ownership of a reasonable and fair EPA geared towards development and regional integration. In fact, the negotiations calendar is presently dictated by the EU and not by the state of preparedness of countries of the region. Therefore, the EPA content follows the agenda proposed by the European Commission, a situation which has been criticised by many actors. The Network of West African farmers and agricultural producers organisations

3. See "Concluding EPA Negotiations: Legal and Institutional issues," Bilal, S., ECDPM report 12, August 2007, Maastricht: European Centre for Development Policy Management (ECDPM), www.ecdpm.org/pmr12. Read also Stevens, C. "EPA: entering dangerous territory, Information about the negotiations, Vol. 6, N° 4 July-August 2007, ECDPM-ICTSD, www.acp-eu-trade.org/eclairage.

of West Africa (ROPPA) notes for example that “this EPA scheme fashioned after the agreement signed between the EU and South Africa, which does not take into consideration the presence of LDCs who make up the majority [in West Africa], is an enormous risk for regional integration and may especially increase poverty⁴. The impact studies highlight the adverse implications on the economy of the most vulnerable countries in the region (13 LDCs out of the 16 nations of the region). This type of agreement is only possible if it is supported by a development component that takes into account the main concerns of the region: strengthening of regional integration, improvement of productivity and competitiveness of the productive sectors and the achievement of food sovereignty. West Africa is lagging behind in all these aspects that may not be satisfied by 2020 in order to ensure an 80% opening of its market to European exports. No regional sector policy is being genuinely implemented in West Africa for now⁵.”

Option 2 (scenario 1): Restricted EPA⁶

In this scenario, the parties reach an agreement on the reciprocal access to markets of goods, in order to comply with WTO rules relating to the creation of FTAs (GATT article XXIV⁷), and on some key areas for which an agreement can be reached by the end of 2007. The other issues (agreement on services, and on some

4. Thus, the declassification of agricultural labour (60% of labour force) connected to this scenario of opening the West African market to European exports, would likely result in an increase in urban migration and poverty.

5. Extract from the study on the alternatives to EPAs, sponsored by ROPPA, OXFAM International and the rural Hub: *Étude des alternatives aux APE*. (The study of alternatives to EPAs). December 2006. Jacques Gallezot, Christophe Lesueur, Bio Goura Soule.

6. Read also Bilal, S and F. Rampa. 2006. *Alternative EPAs and alternatives to EPAs. Possible scenarios for the future ACP trade relations with the EU*. ECDPM Policy Management Report 11. Maastricht: ECDPM. www.ecdpm.org/pmr11

7. See also box page 20.

areas connected to trade) for which WA is not yet ready could be negotiated later as from 2008. The agenda of the negotiations (and therefore the preparation needed for an EPA by the end of 2007) is lightened and corresponds better to the capacities of the region. Some people also see it as an opportunity to define a framework agreement that will be less compelling with regard to the opening of WA market to European products and to other rules connected to trade. Thus, the study on the alternatives in West Africa sponsored by ROPPA, the Rural Hub and OXFAM considers different scenarios. Even if it is in line with trade liberalisation logic between the two zones, a simplified EPA is considered less compelling, more suitable to the West African situation and less penalising for the regional integration objectives than a complete EPA. The market opening proposed by the ACP group of countries would be done by 50% to 60% as against 100% for the European side. Considering the importance of the LDCs, which in West Africa account for more than 30% of bilateral trade with the EU, such a scenario seems quite realistic. This scenario deserves further consideration. Moreover, these trade arrangements should be supported by development measures in order to accelerate upgrading and restructuring of production sectors and implementation of agricultural and industrial sector policies. At any rate, and regardless of its exact content, a simplified EPA represents a minimum scenario that must conform to the WTO rules (GATT article XXIV) and the development objectives contained in the Cotonou Agreement.

Option 3 (scenario 2): GSP or GSP+

The direct implications of this scenario would be the restriction of access of West African countries to the European market since the GSP is less advantageous than the preferences contained in the Cotonou Agreement. The products of non-LDC West African countries exported to Europe would be liable to additional tariff rates, highly



© Demonstration against EPAs (Cotonou) © Grapad

penalising for at least three countries, which are Côte d’Ivoire, Ghana and Nigeria. The 13 least developed countries of the region could be penalised as a result of the rules of origin that are more restrictive in the context of the “Everything But Arms” system than the Cotonou Agreement or the EPA. This scenario could also affect the regional integration process, especially by granting the LDCs and non-LDCs of the region different and inequitable trade regimes, which could be a source of tension and even traffic diversion.

In order to reduce the loss of preferences for the non-LDC countries, the EU could provide a system of GSP+ preferences (see box, page 38) that would enable non-LDCs of the ACP Group to have a considerable access to the European market for their exports, after the expiration of the preferences stipulated in the Cotonou Agreement. The GSP+ is currently restricted to developing countries that are non-LDCs and who meet specific development and governance criteria (particularly as regards sustainable development). These criteria will have to be reviewed in order to enable the ACP countries to benefit from the GSP+ by 2008. However, these criteria must be transparent and be based on development objectives in order to meet the WTO rules. Indeed, other non-LDCs, beyond the ACP Group, could also benefit from this new GSP+. This would contribute to accelerate the erosion of the preferential margin being enjoyed by ACP products in the European market. Such

« THE INABILITY OF THE TWO PARTIES TO REACH AN AGREEMENT ON THE EPA DOES NOT NECESSARILY MEAN LACK OF AGREEMENT »

penalising for at least three countries, which are Côte d’Ivoire, Ghana and Nigeria. The 13 least developed countries of the region could be penalised as a result of the rules of origin that are more restrictive in the context of the “Everything But Arms” system than the Cotonou Agreement or the EPA. This scenario could also affect the regional integration process, especially by granting the LDCs and non-LDCs of the region different and inequitable trade regimes, which could be a source of tension and even traffic diversion.

The strength of the GSP+: Avoiding disruptive effects on trade

BY RESORTING TO THE GSP+, the EU could easily grant all the ACP countries' exports a better access to markets at levels that are very similar to the access offered within the framework of the Cotonou Agreement, while remaining compatible with the WTO rules, as long as the regime is opened to other developing countries on the basis of objective and transparent development criteria.

The GSP+ program or "special incentive arrangement for sustainable development and good governance" offers a preferential access, which is far better than the one provided for by the GSP to countries that observe certain international standards concerning human rights, environmental protection, narcotics control and good governance. Fifteen developing countries, mainly in Latin America, are currently benefiting from a preferential access to the European market in the context of this programme.

The GSP+ would provide a very high degree of protection for the ACP exports, which currently use the pref-

erences contained in the Cotonou Agreement. In 88% of cases where the standard GSP applies tariffs that are higher than those stated in the Cotonou Agreement, a duty-free access is provided for under the GSP+. Each ACP export that would be subjected to a tariff increase of 20% or more of its *ad valorem* duty, based on the standard GSP, would be duty-free under the GSP+. In most cases where the GSP+ does not grant duty-free access, it provides the same level of access as in the framework of the Cotonou Agreement.

The relevance of the GSP+ can only be analysed based on a detailed review of each export product per country. This study has analysed in detail products targeted by the GSP+ for all the developing countries of the negotiating groupings, of Eastern and Southern Africa, the Economic Community of West African States (ECOWAS).

(...)

More significantly, the key export sectors of horticulture, fisheries and timber, which are of particular interest

to a number of ACP countries, would be granted duty-free access to the EU market under the GSP+. Accepting the ACP countries in the GSP+ by 2008 would be a guarantee to exporters and investors in these key export sectors to continue their exportation activities. This would relieve the EPA negotiations of the excessive and unnecessary pressure concerning the deadline, and would enable the ACP countries to pursue the negotiations beyond 2007, without any interruption or with negligible interruptions in current trade.

Source: TWN Africa, Oxfam International, *A Matter of Political Will, Briefing Paper*, April 2007, 31 p., www.oxfam.org.uk.

☉ a reform may not be easily justifiable if the period required after 2007 for the conclusion of the EPA is relatively short. But, whatever the political and administrative complexity of its implementation between now and the end of 2007, this scenario is still possible. It only requires sufficient political will on the part of the EU to enable the ECOWAS and the ACP Group of countries in general to benefit from this scenario.

Option 4 (scenario 2): Continuation of the Cotonou regime

In this case, the two parties would have to agree to extend the transitional preferential regime in force in the Co-

tonou Agreement in order to conclude the negotiations within a reasonable timeframe. This would save precious time, but requires an extension beyond 2007 of the waiver related to the preferential trade regime obtained at the WTO in November 2001. This is unlikely and could lead to legal disputes with other member countries of the organisation before the WTO's dispute settlement body. These disputes are potentially costly in terms of policy, trade strategy and credibility. As the EU has undertaken to meet its obligations with regard to the WTO (as have the ACP countries), it does not want to embark on that course. The temporary continuation of the Cotonou prefer-

ences after 2007 remains however, the most practical option, since it would enable the continuation of the EPA negotiation during the required time without affecting the current regime of preferences and hence the trade flows. Furthermore, considering the WTO procedures, there is no risk of possible trade sanctions if an EPA agreement could effectively be reached within a reasonable timeframe.

Beyond these alternatives, other options could be envisaged, which would diverge from the general philosophy of free-trade agreements. ■

Keeping promises and meeting the EPA challenges: more political will needed

THE EPAS CAN ONLY BE MEANINGFUL if they are an extension of the development strategy of the countries and the region. By hurrying up, the negotiators are taking the risk of reaching agreements that do not reflect the realities and do not ensure adequate participation of the countries and stakeholders in such a way as to reflect their expectations.

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► Continuation
of pages 36 to 38.

THE EPAs should create, including in the opinion of the European Commission, a trade and economic framework that is conducive to sustainable development and poverty reduction in each ACP country and region. The redefinition of the relationship with the EU is only one of the points of discussion. For an EPA to be able to provide new opportunities, it must be integrated in a clear development strategy and be based on an economic, institutional and structural transformation process at the service of the people, both at the national and regional level. Otherwise, the EPAs will not only not be able to keep their promises, but they could also cause a serious imbalance that will affect the development objectives of the ACP countries and region.

There is no linkage between national development strategy and EPAs. In the present stage of negotiations, the Economic Partnership Agreement between WA and the EU seems not yet to be incorporated in a clearly defined development and reform dynamic that would be owned by national stakeholders of the region. To many people, the risks associated with the EPAs are still not well defined. The solutions provided to the problems being raised by these people seem not to convince the private sector businessmen, representatives of the civil society or some ECOWAS Member States. Although negotiations are progressing the EPA, as formulated by the negotiators, is not really being appropriated at national level based on a long-term integrated development strategy. Most of the West African countries have not incorporated the EPAs into their national reform programmes. Whereas negotiators seem to be busy attending to the most urgent thing first – setting-up an EPA by the end of 2007 – one can observe, in many of the countries of the region, a dichotomy between the EPA adoption project (confined to the Ministries of

Trade and Finance for issues relating to the loss in customs earnings, and the Ministry of Agriculture for the identification of sensitive products) on the one hand, and the economic, social and reform policies meant, in principle, to ensure sustainable development at the national and regional levels, on the other hand.

Thus the current pace of negotiations does not in any way guarantee the involvement of a greater number of people in the negotiation or even their access to information. As of today, West Africa has not been able to propose an EPA text and seems unable to do so before the end of September or even October 2007. This further delays the negotiation schedule and contradicts the participation objectives set out in the Cotonou Agreement.

Setting a good agreement as the target, instead of reaching an agreement at all cost. In this context, the EU's strong desire to conclude an EPA with West Africa by the end of 2007 appears to be in contradiction with the economic and political realities of the region. By putting a lot of pressure on West Africa, the European Commission may likely be perceived as interventionist, using its political and economic power to impose its own vision in the negotiations. As such, it could be accused of practising “the stick-and-carrot” technique, by using aid promises and threat of loss of trade preferences, with a view “to buy” or obtain the conclusion of an EPA by “force” between now and the “fateful” date of 31 December 2007 at all cost.

However, this scenario could be replaced by a more balanced one. With enough political will, the European Commission and the EU member States could take advantage of the different options in order to continue the negotiations by taking into account the delays recorded and the real negotiation capacities in West Africa. In order to achieve this, the ACP negotiators

should be assured that the present trade would not be disrupted after 2007. This is only a matter of political will. It is important in this context for the EU to consider the difficulties encountered by the West Africa region and which have been emphasised in the mid-term review. These difficulties should, in particular, make it possible to redefine more coherent strategies. At the same time, it is crucial that leaders of the West African countries assume their responsibilities. They can do so primarily by clearly expressing as soon as possible their difficulties in concluding the EPA negotiations by the end of 2007¹, so that appropriate measures can be taken, including by European countries that support their approach. But above all, it is important for them to assume their political responsibilities by drawing up a coherent programme for the long-term development of their countries, in which an EPA whose content they might have defined themselves could be developed. Otherwise, the challenges for the implementation of an EPA could be insurmountable.

In the present stage of discussions, it seems difficult to think that the EPAs in their current form can satisfactorily meet the development and regional integration strengthening objectives set out in the road map drawn up in Accra by the two parties in 2004. Only a strong political will in Europe and in West Africa can ensure that the economic and trade cooperation framework between the two regions is consistent with the long-term development objectives for the benefit of the 240 million inhabitants of a region that is among the poorest in the world. ■

1. Thus, the mid-term review of the EPA concluded in May 2007 is a lost opportunity.

Keys and Further Information

You will come across many acronyms and mysterious abbreviations in this special issue of *Grain de sel*... here are the keys to them.

List of the major acronyms and abbreviations

ACP: African, Caribbean and Pacific Group of States
AGOA: African Growth and Opportunity Act
CAP: Common Agricultural Policy
CET: Common External Tariff
COMESA: Common Market for Eastern and Southern Africa
DC: Developing country
EBA: Everything but Arms
EC: European Commission
ECOWAP: ECOWAS Agricultural Policy
ECOWAS: Economic Community of West African States
EDF: European Development Fund
EMCCA: Economic and Monetary Community of Central African States
EPA: Economic Partnership Agreement
EU: European Union
FAO: United Nations Food and Agriculture Organisation
FARM: *Fondation pour l'agriculture et la ruralité dans le monde* (Foundation for World Agriculture and Rural Life)
FTA: Free Trade Agreement
FTA: Free Trade Area
GATT: General Agreement on Tariffs and Trade
GDP: Gross Domestic Product
GSP: General System of Preferences
IFAD: International Fund for Agricultural Development
IMF: International Monetary Fund
LDC: Least Developed Countries
MFN: Most Favoured Nation (clause)
NIP: National Indicative Programme / RIP: Regional Indicative Programme
SADC: Southern African Development Community
SDT: Special and Differential Treatment
SPS: Sanitary and Phyto-sanitary Standards

UNCTAD: United Nations Conference on Trade and Development
WAEMU: West African Economic and Monetary Union
WDSB: WTO Dispute Settlement Body
WTO: World Trade Organisation

And if this special issue has piqued your interest, you can learn more about the subjects covered using the following on-line resources...

Information sources

ECDPM, European Centre for Development Policy Management

A comprehensive source of information and analyses on trade relations and cooperation between the EU and the ACP Group of States, that the Centre has been studying since 1986. See in particular the "InBrief", the information kits (such as *Cotonou Infokit*), and the electronic newsletters.
www.ecdpm.org/

ACP-eu-trade.org

"A non-partisan portal of resources on the EU-ACP trade relations". The site includes on-line documents, case files and links, as well as burning issues.
<http://acp-eu-trade.org/>

Agritrade

"A portal of the Technical Centre for Agricultural and Rural Cooperation (CTA) devoted to international trade issues of agricultural produce within the context of the EU-ACP relationship. *Agritrade* is intended to be a site at the service of ACP stakeholders involved either directly or indirectly in the agricultural trade negotiations".

Many EPA-centred articles, but also articles on other closely related subjects.
<http://agritrade.cta.int/>

To download the text on the *Cotonou Agreement* and the *ECDPM Infokit Cotonou*.

<http://knowledge.cta.int/fr/content/view/full/1152>

ICTSD, International Centre for Trade and Sustainable Development

A French speaking portal on trade and sustainable development. With particularly the Magazine *Bridges*, it deals with trade negotiations not only of the EPA, but the WTO also.
www.ictsd.org/africodev

La Documentation française

An information package on the EU-ACP cooperation, Cotonou, etc. (in French only).
www.ladocumentationfrancaise.fr/dossiers/developpement-pays-acp/

EPA Watch

An observatory set up by NGOs with a view to ensuring the transparency of EPA negotiations right until they are signed.
<http://server2.matematici.com/epawatch/>

Institutional sites

European Union

<http://europa.eu/>

ACP Secretariat

www.acpsec.org/index.htm

ACP-EEC Joint Parliamentary Assembly

www.europarl.europa.eu/intcoop/acp/

Militant sites

APE 2007

www.ape2007.org

STOP EPAs

www.stopepa.org/

STOP THINK RESIST »

Site of the "Stop Think Resist" movement, an African lobby, established in 2007 as a result of a merger of several African organisations which militate to influence the EPA negotiation process.
www.stopthinkresist.org

Inter-réseaux Développement rural, a French rural development non-profit organisation, was created in 1996. Its work focuses on family farming, producer organisations and, more generally, rural development in the South. Its objectives are to gather, compile and disseminate information and support the capitalisation of experiences. The association works to achieve these objectives by means of various thematic working groups, an on-line newsletter, an Internet site, and its magazine: *Grain de sel*. Subscription to *Grain de sel* is free for nationals from the South and costs a small fee for those from the North (20 euros for 4 numbers). For more information, see www.inter-reseaux.org



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This supplement has been co-edited with
the Network of Farmers' and Agricultural
Producers' Organisations of West Africa)



CONCERNS, apprehensions but also expectations and hopes are the key words in the interviews conducted for *Grain de sel* with leaders of the networks of Farmer Organisations (FO) of the ACP regions¹ on the EPAs. These concerns were already highlighted in the mid-term review summary of the EPA² negotiation in December 2006. This review was carried out thanks to an innovative partnership based on a common objective and on the respect of the various identities, capacities and roles of each stakeholder. ROPPA coordinated the surveys carried out by the five networks of Farmer Organisations (FO). For this survey, they were given financial and technical assistance by the International Fund for Agricultural Development (IFAD), documentary and editorial support from the FAO and assistance from the networks of Italian and Belgian NGOs that initiated – with ROPPA – the EuropAfrica³ Campaign. What were the main conclusions of this survey? While no-one contests the need to ensure that the trade regime complies with WTO rules, it is the manner in which this is being done that compels the FOs to react. They therefore put forward four priorities: to speed up the regional integration process and the creation of regional agricultural policies; to define a trade regime that is based on principles of asymmetry and equity; to enhance the participation of FOs and other stakeholders and; to allow enough time to prepare adequately for the negotiation.

The December 2007 deadline is fast approaching, but the concerns still remain. The FO reactions are diverse but they all converge on the need for the farmer organisations to mobilise themselves in order to make the EPA a development tool for the ACP agricultural sector.

1. With the exception of the interview conducted by telephone on 1 July 2007 with Saliou Sarr for ROPPA, the interviews were conducted in Rome, on 24 April 2007, during a meeting that brought together five regional FO networks on the topic: “*Economic Partnership Agreements: working together for regional integration and food sovereignty*”. This meeting was organised by the FAO, IFAD, EuropAfrica and the FO networks involved in the mid-term review of the EPAs. As there are no such networks of producer organisations in the Pacific region, this supplement does not provide any information specific to this region.

2. A formal review of the negotiation process was envisaged in the Cotonou Agreement. For more information, see GDS n° 37, p. 6-7, www.inter-reseaux.org

3. Coordinated by Terra Nuova, CSA and Crocevia (see www.europafrika.info).

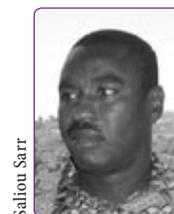
Supplement:

Networks of farmer organisations speak about the EPAs

West African farmers are saying stop to the EPAs

Interview conducted with Saliou Sarr. He is the coordinator of the Network of Farmers' and Agricultural Producers' Organisations of West Africa (ROPPA) in Senegal. saliou.sarr@asprodeb.org

FOOD SOVEREIGNTY AND REGIONAL INTEGRATION are the main expectations of the Network of Farmers' and Agricultural Producers' Organisations of West Africa (ROPPA) with regard to the EPAs. At the same time, these agreements in their current form only portend, for them, poverty and threats to the survival of the region's farmers.



Saliou Sarr

► Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, the Gambia, Ghana, Guinea Conakry, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo (LDCs in italics)

► 206 million inhabitants

► GDP: 84 billion dollars (agriculture: 29.4%)

GRAIN DE SEL: What is at stake in the EPAs for West Africa?

SALIOU SARR: The characteristics of the region are linked to the percentage of the population that are farmers: farmers represent today 65% of the population of West Africa and are the poorest in the social strata. They cannot produce their own food or save money for investment. An EPA should contribute to capacity building in order to ensure that farmers produce foodstuffs and agricultural products at prices that generate permanent incomes in order to live a better life and satisfy their education and health needs as people do all over the world.

GDS: What are your expectations concerning the EPAs?

SS: First and foremost, the EPA must develop regional integration. This involves attaining a high degree of agricultural productivity that can facilitate trade relationships with non-member countries with the same development and competitiveness level. Therefore, it is necessary to develop intra-regional trade. ECOWAS countries have little or no knowledge about their members. The volume of imports has increased threefold over eight years (1996-2004). It is absolutely necessary to fill the food gap so we can reduce imports. For 50 years the European Union has taken protective measures to develop and strengthen its domestic market; the EPA must allow us to do the same for our domestic market. Finally, we expect the EPA to contribute to the strength-

ening of democracy and transparency in the various institutions and in the award of public contracts.

GDS: What are the risks and opportunities associated with the EPAs?

SS: When two zones with different development level trade together, the trade relationship is beneficial to the most developed zone, to the detriment of the other partner. This can be assimilated to the relationship between a horse and its master. In this particular case, the horse is Africa and the master is Europe. We are obviously running the risk of being re-colonised through free trade. This risk amounts to transforming Africa into a free-for-all where products imported from the North at lower prices will upset the systems and the local production sector. And by pushing down the prices of agricultural products, incomes will fall and poverty will rise.

The problem is that we are really lagging behind in the EPA negotiation and preparation process. The signature of the Cotonou Agreement dates back to 2000, while discussions only started in 2003. Africa is well behind schedule with regard to the agenda, which provides for the signature of the agreement in January 2008. We will sign something over which we have no real control due to unwarranted delays. We will accept any proposal without understanding it. If the signature is really scheduled for January 2008, then we at ROPPA do not see any opportunities, only risks in signing the EPA.

GDS: What are the alternatives, if any, to the EPA?

SS: Africa with the ACP and Europe constitute a large majority within the WTO. If we succeed in speaking with one voice, we can ask for further concessions from the WTO. We could therefore avoid sanction and at the same time keep the Cotonou Agreement. We can also obtain concessions on a product by product basis. Secondly, GATT article XXIV is not specific about the timeframe and products to be exempted. But we are confronted with lack of political will on the part of the EU. Agreements are negotiated by elected elites, but what does this mean in Africa? Out of 10 million people, only 3 million are registered on election rolls and only 30% of registered voters actually vote during elections. Europe should listen more to civil society, FOs, the farming population and industrial stakeholders. There is no point in exerting extreme coercive pressure to get the agreement signed if this subsequently causes more harm than before. Today, ROPPA is saying "Stop the EPAs". It is asking for time: 10-15 years to strengthen regional integration. ■



Demonstration against EPA © Grapad

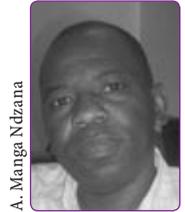
REGIONAL TRADE IDENTITY RECORD

	Export	Import	Source
World trade (billion \$)	39.17	30.44	FAO, av. 2003-2004
World agricultural trade (% of the previous)	16.3%	20.5%	FAO, av. 2003-2004
Trade with the EU (billion €)	12.27	12.61	Comext, av. 2003-2005
Agricultural trade with the EU (% of the previous)	29.4%	16.9%	Comext, av. 2003-2005

PROPAC wonders how family farming can benefit from the EPAs

Interview with Alexandre Manga Ndzana, programme officer at the Plate-forme régionale des organisations paysannes d'Afrique centrale (Regional Platform of Central African Farmer Organisations) (PROPAC), cnop_cam2001@yahoo.fr

ALEXANDRE MANGA NDZANA is most concerned about the lot of family farming: How will it stand the competition from Europe? How will the EPAs make it easier to export to Europe? If Central Africa wants to draw any benefit at all from this agreement, then more time is needed for it to negotiate the terms.



A. Manga Ndzana

► Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic, Democratic Republic of Congo, São Tomé and Príncipe, Chad (LDCs in italics)

► 86 million inhabitants

► GDP: 41 billion dollars (agriculture: 30%)

GRAIN DE SEL: *What is at stake in the EPAs for Central Africa?*

ALEXANDRE MANGA NDZANA: PROPAC represents 11 Central African countries. Family farming is the main type of agriculture in this region, which enjoys good rainfalls, even in the Sahel zone, and good cultivable lands. However, many of these remain undeveloped because they are very remote and there is little mechanisation. Cash crops, namely coffee, cocoa, cotton, rubber tree and foods crop are grown in the region. Food crops help to provide food security for the region as a whole and are increasingly traded with neighbouring countries.

The region comprises two groups of countries, LDCs and non-LDCs (Cameroon, Gabon, and Congo). This differentiation leads to differences in the approach to the EPAs: as non-LDC countries do not benefit from the Everything But Arms initiative, their products will be taxed unless they

sign the EPA.

80% of EMCCA exports, which is involved with DRC and Sao Tome in the EPA negotiation, go to the European Union.

The heated debate over EPAs amongst farmer organisations is simply aimed at protecting household farming which constitutes the bedrock of our economies and the main job provider in our countries and whose stakeholders are the most vulnerable to poverty, because

they are not well paid. The impact of ultra-liberalism could cause the end of family farming and a poverty increase in rural areas.

GDS: *What are the risks and opportunities associated with the EPAs?*

AMN: What opportunities? For the time being we see nothing positive in signing the EPA. If you look hard enough, the only noteworthy point could be the possibility for Central African countries to access the European market at preferential tariffs.

But will our agricultural sector be able to stand the competition? Farming practices are still very rudimentary in the region. The structural adjustment programmes have resulted in the suppression of agricultural subsidies. Even tax exemptions on agricultural inputs have been removed. As for access to EU markets, this is only useful if you have products to take there. Yet, except for cocoa, we don't see much at this point in time. But EPAs are not the only obstacles. There are technical barriers and competition. Whenever prices fall, the producers destroy their fields to grow food crops on them. Growers may lose heart, and jobs will be lost. Following the mid-term review, we expressed serious reservations and we are really sorry that the agreements are likely to be signed despite our reservations. The signing of the EPA was programmed in 1999, which gave us seven years to build the regional market. Seven years is too short: Europe had 50 years. It is absurd to believe that we can enter a free-trade area

between two zones with totally different development levels.

On the one hand, you have a common market with a single currency, etc., and on the other hand, countries with different currencies, communication problems with weak infrastructures, and administrative rigidity. Central Africa does not even have any agricultural policy of its own yet.

Another risk: the regional market is presently supplied with food products by Cameroon. If an EPA is signed, this market runs the risk of being disorganized, with new competition amongst products.

GDS: *What are the alternatives, if any, to the EPA?*

AMN: To develop sub-regional markets, agricultural policies and regional integration. To diversify partnerships towards Asia and the United States. The AGOA¹ could be extended to agricultural produce. ■

« AS FOR ACCESS TO EU MARKETS,

THIS IS ONLY USEFUL IF YOU HAVE

PRODUCTS TO TAKE THERE »

REGIONAL
TRADE
IDENTITY
RECORD

	Export	Import	Source
World trade (billion \$)	10.14	6.39	FAO, av. 2003-2004
World agricultural trade (% of the previous)	8.3%	20.2%	FAO, av. 2003-2004
Trade with the EU (billion €)	4.73	3.33	Comext, av. 2003-2005
Agricultural trade with the EU (% of the previous)	11.8%	16.8%	Comext, av. 2003-2005

1. African Growth and Opportunity Act (AGOA) is an American Act dated 18 May 2000. It provides concrete incentives to African countries to intensify efforts towards opening their economies and building free markets. www.agoa.gov

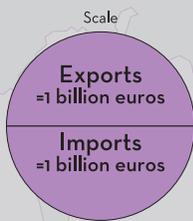
Overview of Trade between the European

KEY

Size of semicircle proportional to the value of exports to the EU:
820 million €
LDCs' share of trade: 88 %



450 million € of imports from the EU, 96.7% of which go to LDCs



Example: the SADC region

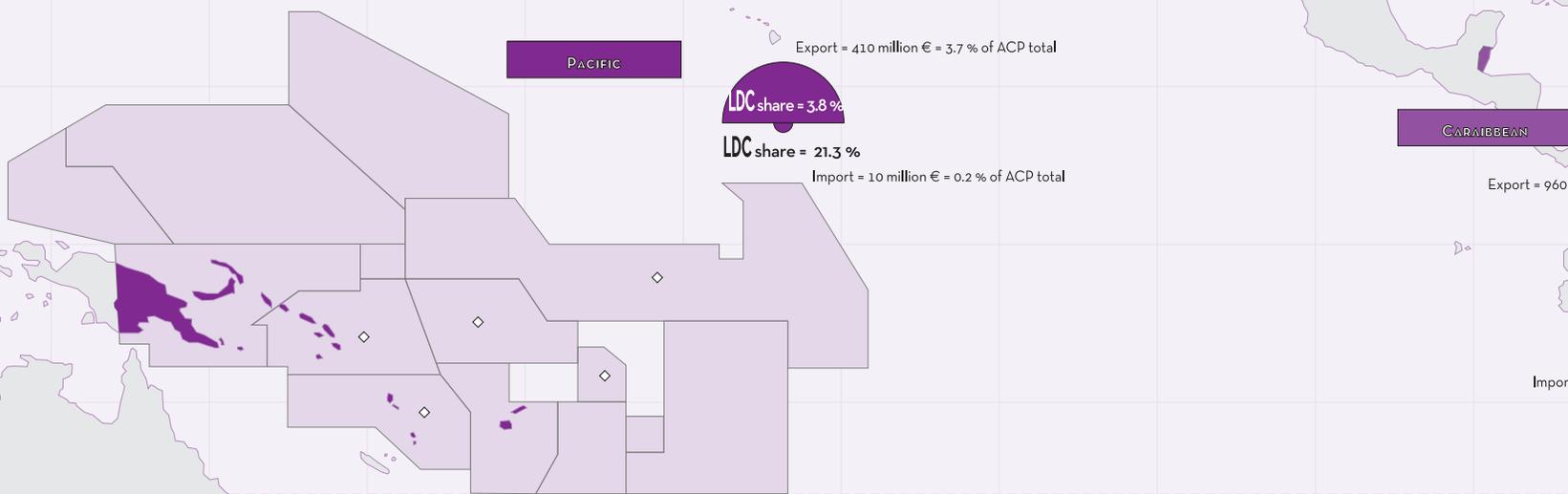
The two juxtaposed semicircles illustrate the total agricultural trade between the SADC and the European Union (EU). The upper semicircle is proportional to the value of agricultural exports to the EU (in this case 0.82 billion Euros), the lower semicircle is proportional to the value of agricultural imports from the EU (in this case 0.45 billion Euros). The exact value of trade is given, and is also shown as a percentage of total ACP trade (the SADC represents 7.3% of total ACP exports to the EU and 10% of imports).

Given the economic weight of South Africa in the SADC, this country is shown independently of its region.

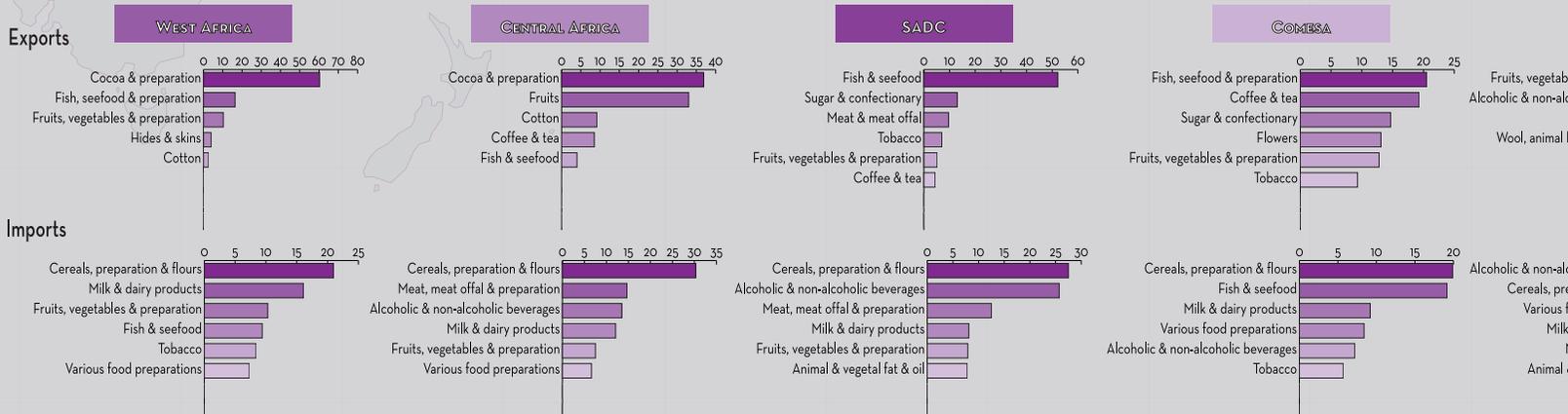
In each of these semicircles, the indication **LDC** shows the share of trade with the least developed countries. In the case of the SADC region, 88% of the 0.82 billion Euros of agricultural exports to the EU come from LDCs and 96.7% of agricultural imports from the EU go to these countries. On the map, LDCs are indicated by a white diamond. In the country lists on the left hand side of each page, LDCs are written in italics. The LDCs of the Pacific are as follows: the Solomon Islands, Kiribati, Western Samoa, Tuvalu and Vanuatu.

[Source: Comext, average 2003-2005]

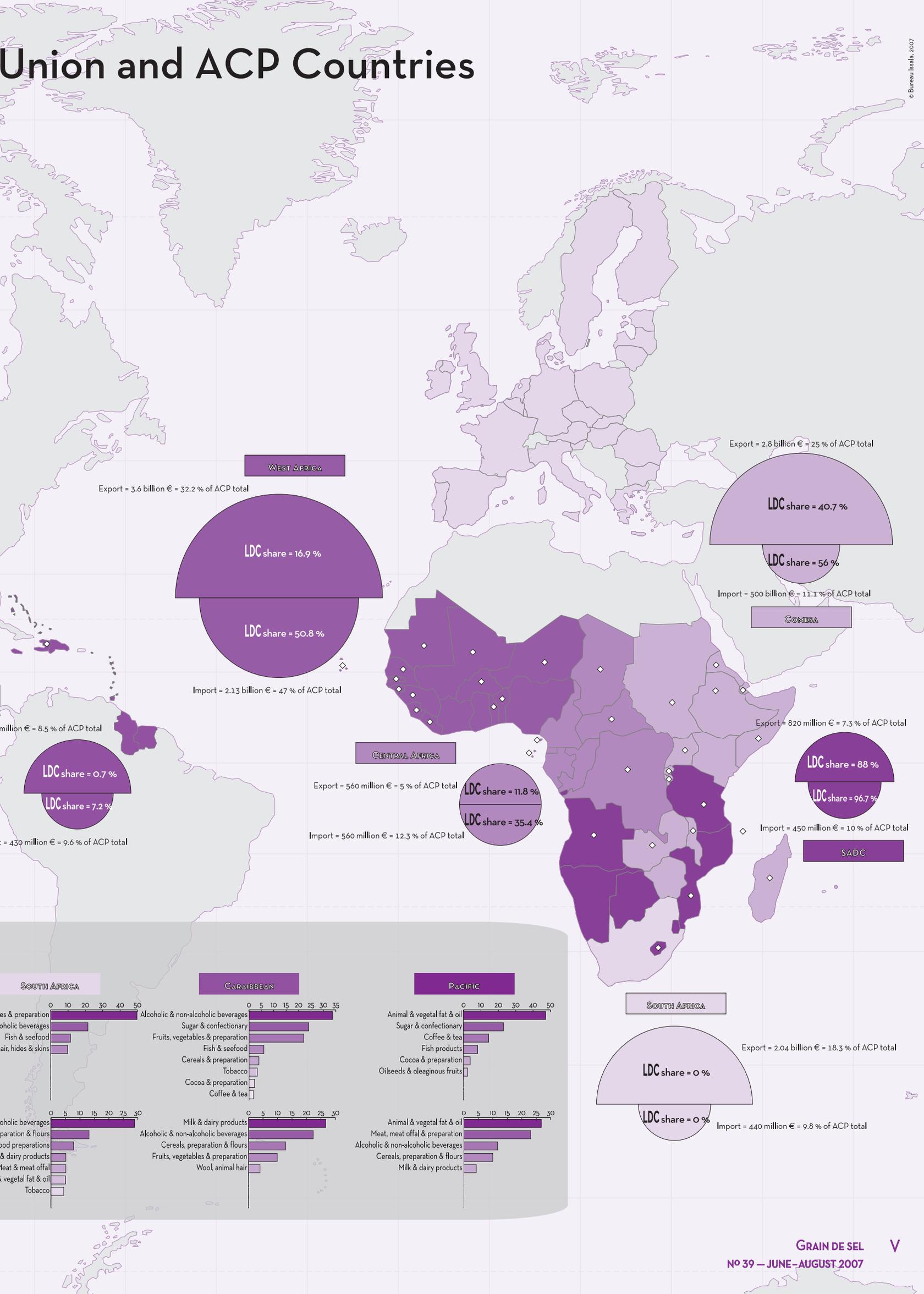
SADC = Southern African Development Community
COMESA = Common Market of Eastern and Southern Africa



Principal agricultural products traded by the ACP groups as a percentage



Union and ACP Countries



Export = 3.6 billion € = 32.2 % of ACP total

WEST AFRICA

LDC share = 16.9 %

LDC share = 50.8 %

Import = 2.13 billion € = 47 % of ACP total

Export = 2.8 billion € = 25 % of ACP total

LDC share = 40.7 %

LDC share = 56 %

Import = 500 billion € = 11.1 % of ACP total

COMESA

Export = 85 million € = 0.8 % of ACP total

LDC share = 0.7 %

LDC share = 7.2 %

Import = 430 million € = 9.6 % of ACP total

CENTRAL AFRICA

Export = 560 million € = 5 % of ACP total

LDC share = 11.8 %

LDC share = 35.4 %

Import = 560 million € = 12.3 % of ACP total

Export = 820 million € = 7.3 % of ACP total

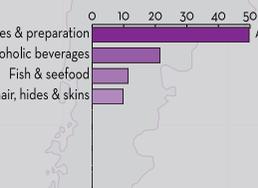
LDC share = 88 %

LDC share = 96.7 %

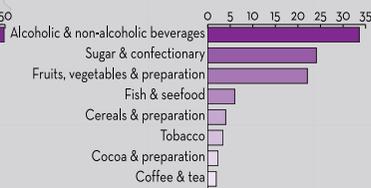
Import = 450 million € = 10 % of ACP total

SADC

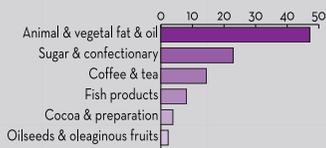
SOUTH AFRICA



CARIBBEAN



PACIFIC



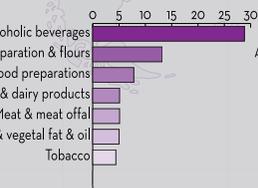
SOUTH AFRICA

LDC share = 0 %

LDC share = 0 %

Export = 2.04 billion € = 18.3 % of ACP total

Import = 440 million € = 9.8 % of ACP total



Eastern Africa: Let's sign, negotiations will still continue

Interview with Julius P. Moto, Programme Officer – Trade. Eastern Africa Farmers Federation (EAFF). motojulius@gmail.com

WHILE THEY CONSIDER THE EPAs to be «a very good objective for economic development and to promote better regional integration», farmers in Eastern Africa draw attention to their concerns about opening their markets. Nonetheless, fearing the lack of a satisfactory alternative, they will support the EPA.



Julius P. Moto

► *Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Uganda, Rwanda, Seychelles, Somalia, Sudan, Zambia, Zimbabwe (LDCs in italics)*

► 238 million inhabitants

► GDP: 84 billion dollars (agriculture: 28%)

GRAIN DE SEL: *What is at stake in the EPAs for Eastern Africa?*

JULIUS MOTO: We have to deal with a large area. The issue at stake is food sovereignty for family farmers. We should not worry about the market when the majority of family farmers are working on empty stomachs and not eating the right quantity. When there is a prolonged drought, most parts of Eastern Africa are short of food and as a result, depend on food aid.

Some of our products could be exported, but we would soon have SPS problems (for instance fruits, cut flowers, and vegetables). It is important to harmonise standards within the region. What consumers want should be in conformity with what is produced. There should be a common document on regional trade.

There is also a problem considering regional trade and non-tariff barriers. There still are too many administrative problems and non-tariff barriers at the frontiers. The non-tariff barriers have to be removed. Tariff dismantlement should be agreed upon depending on capacities of countries to adjust on tax revenues. There is a need for assistance. Bilateral assistance exists (for instance GTZ), there should also be some help from COMESA.

GDS: *What are your expectations concerning the EPAs?*

JM: Regional integration is our main expectation. Trading within the region, in a common market and not export towards the United States.

Other expectations are the following:

- Improved incomes through competition;
- Rebirth of East African community, improved trade. Services industry shall thrive better;
- A free-trade arrangement can lead towards greater quantity of trade;
- Poverty can be reduced. There is a market existing with consumers willing to buy;
- Efficiency of agricultural production, industrial producers, services;
- A cut in production times and costs so as to be competitive on any market.

It should be harmonious and regulated to facilitate. All rules about fair play. Like in a football game.

GDS: *What are the risks and opportunities associated with the EPAs?*

JM: Livelihood security. Some products are in competition with the EU. Farmers from Europe receive subsidies. For example, dairy, poultry, cereals, cooking oils and beef plus associated products. We want a longer period of tariff dismantlement. Some products are of low quality. I express concern. We need a maximum protection to protect the growth of the sectors in Eastern Africa. They need to be developed with the region and the world (Asia, America). I would say 10 to 15

years protection is adequate. Mainly for fruit, vegetables and flowers, but also other products which could be exported.

GDS: *What are the alternatives, if any, to the EPA?*

JM: I am optimistic they will be signed. There is a political will to sign EPAs in December but it will not be the end of negotiations. During implementation of the EPAs we will keep learning. To me SPG, TSA, unilateral listings, non-tariff barriers and unfriendly rules of origin are not appropriate alternatives. In the total absence of EPAs we have to be prepared to face the WTO rules. But to me, as I said, there is a political will to sign, so the agreements will be signed. Eastern Africa doesn't advocate stopping EPAs. They are a very good objective for economic development and to promote better regional integration. We get our money from the market. ■

« ONCE THE AGREEMENT IS SIGNED, IT WILL NOT BE THE END OF NEGOTIATIONS. DURING IMPLEMENTATION OF THE EPAs WE WILL KEEP LEARNING »

1. See p. 12

REGIONAL TRADE IDENTITY RECORD

	Export	Import	Source
World trade (billion \$)	14.44	21.34	FAO, av. 2003-2004
World agricultural trade (% of the previous)	31.7%	16.3%	FAO, av. 2003-2004
Trade with the EU (billion €)	4.38	4.72	Comext, av. 2003-2005
Agricultural trade with the EU (% of the previous)	63.8%	10.7%	Comext, av. 2003-2005

Southern Africa: keep negotiating to obtain an agreement that is favourable to farmers

Interview with Ishmael D. Sunga, Chief Executive Officer, Southern African Confederation of Agricultural Unions, SACAU, ishmael.sunga@sacau.org

FOR ISHMAEL SUNGA, certain key issues need to be dealt with before trade. Nonetheless, he does admit that the answer does not lie in fighting against the signing of an EPA. He proposes that the remaining negotiation time be used to better inform farmers, so that their interests can be better taken into account in the agreement texts.



Ishmael D. Sunga

► Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Tanzania (LDCs in italics)

► 76 million inhabitants

► GDP: 42 billion dollars (agriculture: 20.7%)

GRAIN DE SEL: *What is at stake in the EPAs for Southern Africa?*

ISHMAEL SUNGA: A key issue we are grappling with is the lack of knowledge and information that the majority of farmers have on EPAs. This has limited their participation in the debate and the negotiations, with the consequent result that their concerns are likely not to be taken on board. Indeed, there has been a glaring absence of farmers' involvement particularly at the national and regional levels. Whilst SACAU is currently preparing the input of farmers in the negotiation process with the support of IFAD, the challenge is to be able to mobilise farmers to make meaningful inputs within the short period remaining before the negotiations are expected to be concluded.

The problem is compounded by the absence of impact studies on agriculture that would provide credible information on which to base farmers arguments in the negotiation process. Studies undertaken are general in nature. Moreover, they are generally not accessible to the general public, whilst the credibility of some of them has been questioned in view of the fact that the EU itself undertook them.

GDS: *What are your expectations concerning the EPAs?*

IS: We recognize and appreciate the importance of trade, but there are key issues that need to be addressed before trade. One of the main issues relates to the ability of the majority of farmers to take advantage of the opportunities

that trade liberalisation may bring, as well as their capacity to manage the risks that will come with competition. In this regard, we expect an EPA that is more developmental in orientation, seeking to first address the supply side constraints of farmers before full liberalisation is achieved. Thus, we would expect full liberalisation to be implemented after 20 years or so, and that the principle of reciprocity would be gradually introduced.

We also expect an EPA that recognises the plurality of markets, giving attention not only to international trade, but also seeking to promote trade at country and SADC levels. With respect to financing mechanisms for the costs of adjustment and development dimension of EPAs, it is our expectation that EDF facilities should be complementary to a special fund that should be set up for this purpose.

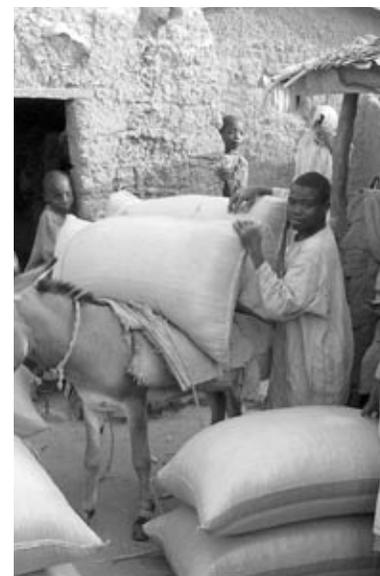
As soon as the agreement is signed, whatever its content, a lot of work has to be done to monitor its implementation. There is therefore an urgent need for farmers to develop a performance measurement framework for the EPA designed to track its implementation in order to generate data that would indicate whether agreed milestones are being achieved and the associated impact.

GDS: *What are the alternatives, if any, to the EPA?*

IS: Our starting point is that an EPA will be concluded by the end of the year as scheduled. It appears from the

pronouncement being made at various political levels that this would indeed be the case. Thus trying to stop the EPA or delay its conclusion may not be that useful. Instead, all efforts should be made to ensure that farmers concerns are incorporated in the final agreement, and that farmers have a better understanding of what the arrangements would be and the associated opportunities and risks.

However, it is clearly doubtful that all the issues will be resolved within the remaining time. It is therefore envisaged that the agreement that would be signed will provide for the conclusion of pending issues after its signature. Thus what could be concluded would be a framework agreement on certain issues. ■



REGIONAL TRADE IDENTITY RECORD

	Export	Import	Source
World trade (billion \$)	19.56	14.17	FAO, av. 2003-2004
World agricultural trade (% of the previous)	5.7%	15.4%	FAO, av. 2003-2004
Trade with the EU (billion €)	5.82	2.87	Comext, av. 2003-2005
Agricultural trade with the EU (% of the previous)	14.1%	15.8%	Comext, av. 2003-2005

Caribbean: Agreements that divide

Interview with Renwick Rose, Co-ordinator of the Windwards Islands Farmers' Association, WINFA, winfa@caribsurf.com

A longer version of this interview is published on our website: www.inter-reseaux.org_

THE COORDINATOR OF WINFA, Caribbean, feels that the EPA poses a threat for regional cohesion and for small producers. He protests against the accusation often made against ACP producer organisations "No. WINFA is not influenced by European NGOs promoting European interests."



Renwick Rose

► Antigua and Barbuda, Bahamas, Belize, Dominica, Grenada, Guyana, *Haiti*, Jamaica, the Barbados, Dominican Republic, Saint Kitts and Nevis, Saint Lucia, Saint Vincent, Surinam, Trinidad and Tobago (*LDCs in italics*)

► 35 million inhabitants

► GDP: 60 billion dollars (agriculture: 8.5%)

GRAIN DE SEL: *What is at stake in the EPAs for the Caribbean?*

RENWICK ROSE: First of all, I must introduce the region. There are various levels of integration in the region in concentric rings. There is the Organisation of Eastern Caribbean States (OECS), representing the small island-states in the Eastern Caribbean with a common currency, single judicial system etc. The OECS countries are themselves part of the wider CARICOM block. CARICOM has a special trading agreement with the Dominican Republic. They negotiate collectively with the European Union as "CARIFORUM".

The Caribbean is an area with sensitive export crops: sugar, rice and bananas being the principal ones. We have mainly small farmers, many of them on land of about 1 hectare and often not having legal title to the land.

There has been a steady decline in agricultural production, including food production for local markets. In the meantime food imports from the USA and Europe continue to climb steeply. Only two Caribbean countries have a surplus of agricultural exports over imports – Guyana and Belize.

GDS: *What are your expectations concerning the EPAs?*

RR: Since the middle of the 90s there has been significant preference erosion which badly affected our exports. Thus in bananas, the Windwards Islands exported over 290,000 tons in 1992 with

some 25,000 farmers involved. Today production has fallen to about 70,000 tons with less than 5,000 farmers still in production. The question is: What can the EPA do to stop this decline? Delegates from the EU speak about modernising agriculture but they also talk in terms of large-scale agriculture. We sell fair trade bananas to the big supermarkets but our producers do so from small units. But what if these units are too small to be economically viable?

It seems as though some of our negotiators have wheels on their feet. The problem is that there is a lack of information on the negotiation process. There are also people in our own governments who do not appear to understand the need for civil society participation. They accuse us of being influenced by European NGOs who they say are against the EPAs because the NGOs want to protect European markets. This is certainly not the case. We are not against the EPAs in themselves; we are for the inclusion of pro-people policies in the EPAs.

Regional integration and ACP solidarity are other issues. During Lome, the ACP negotiated as a single block. That is no longer so. Now ACP countries and regions can be pitted against each other. The European Commission encourages this and there is every indication that allocations for the 10th EDF would

be used to induce countries to liberalise heavily and rapidly. With some countries going into elections it is tempting to dance to the EC's tune in order to gain EDF benefits.

GDS: *What are the alternatives, if any, to the EPA?*

RR: We (farmers organisations) are observers and that is all. Caribbean governments have committed themselves to signing, whether people agree or not. For five years our governments have not explained alternative scenarios so they will have little choice but to sign up to the EPA. We put all our eggs in one basket and the GSP raised by the EC as an alternative is not favourable. The EU desperately wants the Caribbean to sign so as to put pressure on Africa and the Pacific to come on board. ■

« CARIBBEAN GOVERNMENTS HAVE COMMITTED THEMSELVES TO SIGNING, WHETHER PEOPLE AGREE OR NOT »

REGIONAL TRADE IDENTITY RECORD

	Export	Import	Source
World trade (billion \$)	17.13	21.83	FAO, av. 2003-2004
World agricultural trade (% of the previous)	9.5%	13.6%	FAO, av. 2003-2004
Trade with the EU (billion €)	3.32	4.22	Comext, av. 2003-2005
Agricultural trade with the EU (% of the previous)	28.8%	10.3%	Comext, av. 2003-2005