

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, ETHIOPIA

P. O. Box 3243

Telephone 517 700 Fax : 517844

---

**EPA Negotiations Coordination Meeting**

**22-23 July 2009**

**Gaborone, Botswana**

**TI/TD/EPA/Rpt**  
**Original: English**

**Report of the Meeting**



## **REPORT OF THE MEETING**

### **INTRODUCTION**

1. The EPA Negotiations Coordination meeting was held on 22-23 July 2009 at the Grand Palm Hotel in Gaborone, Botswana. The Coordination meeting was chaired by the Ambassador of Lesotho to Belgium, H.E. Mrs. Mamorutu Tiheli who is also the Coordinator of the African Group in Brussels.

### **ATTENDANCE**

2. The Meeting was attended by the following Regional Economic Communities/ EPA negotiating regions, namely: Common market for Eastern and Southern Africa (COMESA), Southern Africa Development Community (SADC), Economic Community of Central African States (ECCAS), West African Economic and Monetary Union (UEMOA), Inter-Governmental Agency for Development (IGAD) and the Pacific Islands Forum Secretariat (PIFS). The Government of Botswana attended the meeting as the host country. Brussels-based Regional Coordinators of the EPA negotiating regions as well as the Coordinator (Expert level) of the WTO African Group in Geneva also attended the Coordination meeting. Other International Organizations represented at the meeting are as follows: United Nations Economic Commission for Africa (UNECA), United Nations Conference on Trade and Development (UNCTAD), European Centre for Development Policy Management (ECDPM), and the South Centre, Geneva. The list of participants is annexed to this report.

### **PROCEEDINGS**

#### **Opening of the Meeting**

3. The meeting received opening and welcome remarks from the African Union Commission, SADC Secretariat and the Government of Botswana. All the speakers underscored the importance of coordinating EPA negotiations at the level of the African Union among other important issues.

#### **Adoption of the Agenda**

4. The agenda of the meeting was adopted without amendments. Thereafter, the meeting adopted the following hours for its work:

|            |             |
|------------|-------------|
| Morning:   | 09.00-13.00 |
| Afternoon: | 14.30-17.30 |

**Agenda Item I. State of Play in EPAs Negotiations, Views on Progress, Achievements and challenges on contentious Issues,**



**5.** The representatives of the EPA negotiating groups and regional economic communities made presentations on the state of play of EPA negotiations in their respective regions. Presentations were made by SADC EPA, ESA, UEMOA, ECCAS and the PIFS. The presenters reiterated that the countries and regions that initialed interim agreements did so to avoid trade disruption.

**6.** ESA and SADC EPA reported that they have been able to resolve some of the contentious issues identified in the interim agreements, indicating that some level of convergence with the EC has been achieved on some of the contentious issues, for example, export taxes, quantitative restrictions, food security, infant industry protection, modification of tariffs and free circulation of goods. However, both groups reported that there has been no agreement reached on the MFN provision, the definition of parties, agriculture safeguards and the definition of substantially all trade.

**7.** Four countries in the SADC region signed the interim Agreements in June 2009 and some ESA countries will sign the interim agreement in August 2009 in Mauritius. Going forward, the ESA region has agreed to sign the IEPA in the form in which it was initialed and to lock-in the progress that has so far been made in the negotiations. A lock-in mechanism is however yet to be agreed.

**8.** At the SADC level, the focus is now on the Implementation of the IEPA and its notification to the WTO, as well as ratification. Negotiations will continue on outstanding issues, and negotiations towards a full EPA covering trade in services, investment and trade related issues will be held in the future.

**9.** UEMOA reported that the West African region has been able to identify sensitive products and prepared a market access offer, (with an exclusion of 40 % liberalization coverage) that was submitted to the EU. The region has also prepared the EPA Development Programme (EPADP); a program that will allow it to modernize and enhancement its capacity. The ECOWAS rules of origin have been harmonized in the region and on this basis the negotiations with the EU has continued.

**10.** ECCAS reported that there were major disagreements with the EU in 2007 with respect to adjustment costs financing. Eventually, since January 2008, there has been some progress based on an understanding of asymmetry. EU also accepted to provide resources for a regional fund (FORAPE) and an initial amount of \$150 million was agreed. The region has been able to designate sensitive products. There are still some disagreements on issues like substantially all trade, services, where the EU is demanding more liberalization as well as MFN and the non-execution clause.

**11.** The PIFS reported that only 2 out of 14 Pacific Countries involved in the EPA negotiations initialed the interim agreement. On the contentious issues the region has had similar experience to those of the regions in Africa. However, on trade in services, the Pacific is trying to get a regional framework on trade in services concluded before negotiating services with the EU. PIFS has insisted that there will be no services negotiations unless there is an enhanced-mode 4 commitment from the EU side. Currently, a text is being drafted on the rendezvous clause on services that will commit the two parties to negotiate services in the future.

**12.** All the negotiating groups reported that interim agreements are causing serious challenges for regional integration. Some negotiating groups have been subdivided into more than three subdivisions due to EPA negotiations.

**13. In the discussions, the following recommendations were made;**

- a. There is need to ensure that African Countries are not disadvantaged if EPAs are concluded before the Doha Round. From a technical point of view, there could be merit and wisdom for those regions that are still negotiating EPAs to incorporate flexibilities achieved at the WTO in their EPA texts.*
- b. There is need to ensure that the contentious issues that have been agreed on between African negotiating parties and the EC are put in legal language that is binding on both parties.*
- c. The Regional Economic Communities and EPA negotiating groups should work together and exchange relevant information and experiences more frequently. The African Union Commission should facilitate this process.*
- d. There should be high level political engagement by the African Union and other regional bodies for the resolution of those contentious issues that have not been resolved so far such as the MFN provision, safeguards as well as the definition of parties among others.*

**Agenda Item II. Presentation on the State of play of WTO negotiations**

**14.** The WTO coordinator of the WTO African Group at the Expert level, made a presentation on the State of Play of WTO negotiations. In his presentation he noted, that since December 2008, there has been no real progress made in the negotiations. With regard to process, the presenter informed the meeting that Since the beginning of 2009, efforts have been devoted to trying to recreate political momentum in order to resume the negotiations, Nevertheless, signals coming from different political levels at that time were not positive.

**15.** In June this year, the Director General of the WTO, Mr. Pascal Lamy, had suggested that two simultaneous tracks should be pursued: one would be technical engagement in the negotiating groups to cover a number of technical issues. Simultaneously, Members would start some sort of 'outcome testing', through bilateral or plurilateral discussions, where they would provide each other with greater clarity on the use of flexibilities and through it, the value of the deal.

**16.** The "G-8-Plus" meeting in Italy on July 9th, agreed to bring the Doha round to conclusion in 2010, further instructing their Trade Ministers to intensify their work in Geneva and report back before the G-20 summit late September.

**17.** It is expected that based on these new inputs, the negotiations will restart in early September 2009 and there will be a Mini-Ministerial hosted by India on 3-4 September to produce a roadmap for a future Doha deal to be presented to leaders at the September 24-25 G-20 summit in Pittsburgh.

**18.** With regard to substance, a number of issues are still outstanding. The intention of the chairs of the different negotiating groups is to resume technical discussions soon. It was mentioned that a series of consultations held by the chairs of the negotiating groups of Agriculture and NAMA at which there was an agreement to hold a workshop on how to prepare the schedules of commitments, including the data needed to undertake the exercise.

It was also agreed that members will engage in bilateral and plurilateral consultations during the month of July to clarify how the process will move forward after the summer break.

**19.** Going forward, the African Group is envisaging some outreach with other developing countries for example the ACP, G-90, G-20, and G-33. Given the importance of the issue of preparing schedules of commitments and its impact on the national level as well as on the regional level, the African Group is of the view that further work is needed in this area.

**20.** In preparation for the WTO seventh ministerial conference in December this year, it is important for the African Group to begin to discuss and evaluate the regular work of the WTO and its role in the Global trade arena. In that regard, the Coordinator of the Group further informed that the Egyptian Government is considering the possibility of convening a Ministerial Meeting in Cairo for African Ministers of Trade before the WTO ministerial conference. The report of the Coordinator of the WTO Africa Group is annexed to this report.

**21. *In the discussions, the following recommendations were made,***

- a. The African Group should closely analyse the implications of engaging in discussions on schedules of commitments at this stage of the negotiations on modalities and envisage options that will protect the interests of African countries in the DDA.*
- b. Services negotiations in WTO should inform EPA negotiations. The latest development on domestic regulations disciplines should inform regions that intend to negotiate services. The African Union should play an active role in facilitating closer collaboration between the EPA and WTO processes.*
- c. The Ambassadors in Brussels, Geneva, Addis Ababa and the regions should closely collaborate to ensure that positive outcomes of the Doha Round can be taken on board in the EPA negotiations. Focal points in Geneva should regularly meet with the Brussels Based Ambassadors and or EPA negotiators to exchange notes on developments.*
- d. There should be coherence in the EPAs and the WTO negotiations in the area of safeguards. Safeguard provisions in EPAs should be referenced to in the WTO provisions. There should be a clause in EPAs that gives African countries opportunity to refer to the SSM provisions if it is agreed in the WTO negotiations.*
- e. Regions can incorporate by reference in the EPA texts any positive benefits derived from the DDA negotiations.*
- f. African Group in the WTO should spearhead efforts to secure amendments to Article XXIV of GATT 94. There is still time to do this work as it is part of the single undertaking, in light of the mandate given by African Ministers of Trade during their meeting in Addis in March this year*
- g. There should be reports to the RECs, EPA negotiators (regional and national), Brussels and Addis Ababa based Ambassadors regarding the developments in the WTO that are crucial to EPAs. The UNECA and /or AU office in Geneva should help in this regard.*

**Agenda Item III. The global economic crisis and the EPA negotiations**

**22.** The representative of UNCTAD made a presentation on the global economic crisis and EPA negotiations. The objective of this session was to bring into focus the impact of the global economic crisis on Africa and how this development can be brought to bear on the EPA negotiations, in terms of the need for adequate policy space and implementation/adjustment costs. While underscoring the adverse impact on African economies, the presentation further highlighted measures that developed countries are putting in place, to ensure that capital is invested domestically and jobs are protected. It was also highlighted that there has been dramatic rise in agricultural subsidies granted to farmers in developed countries. Some developed countries are promoting the use of local inputs in production systems. On the other hand, most developing countries have been raising tariffs and also using non tariff barriers. Similarly there has been an increase in the use of trade defense mechanisms as well as increases in subsidies by some advanced emerging economies.

**23. *In the discussions, the following recommendations were made***

- a. African countries should ensure that EPAs provide adequate policy space to be able to deal with the present and future crises.*
- b. There is need to carry forward the message in the African common position on the global crisis particularly on the need for policy space and additional resources to international fora such as the G-8, G-20 and other UN High Level Conferences in a coherent and consistent manner.*
- c. There is a need for high level engagement with the EU on the issue of additional resources to address the development dimension of the EPAs.*
- d. While acknowledging the work already done to accelerate the promotion of intra and inter REC trade, the AU is further urged to intensify efforts in this regard.*
- e. The AU should establish a Research and Analysis Division that should advise the continent on trade issues.*

**Agenda item IV. Strategies to ensure that EPAs deliver on development and support regional and continental integration**

**24.** During this session, a presentation was made by the representative of the ECDPM. In his presentation he noted that without accompanying measures and development support, there is a high risk that EPAs will not deliver on their development promise. It was also noted that in the earlier phases of the negotiations, the EC had argued that its negotiating mandate does not include negotiating development. On the other side, the ACP has always maintained the position that there is need for development assistance to cover adjustment costs associated with the implementation of EPA as well as resources to address supply side constraints. In the some regions, the conclusion of EPAs has been linked to the availability of resources to implement the agreements for example, EPADP in West Africa.

**25.** On regional integration, the presenter noted that there is need to resolve the problem of EPA configuration and multiple memberships in various regional economic communities. The outcome of EPA negotiations will have a bearing on regional integration in most regions in Africa.

**26. In the discussions, the following recommendations where made**

- a. *Ensure coherence between the EPA and existing or planned regional and continental integration initiatives.*
- b. *Facilitate the implementation of regional protocols, such as trade facilitation, investment codes, regulation of services and customs etc.*
- c. *Develop Aid for Trade strategies at regional and national levels **in order** to access funds that are made available.*
- d. *Have a comprehensive approach to regional integration that focuses not only on tariff commitments, but also on areas such as trade facilitation, trade in services, agricultural policies etc.*
- e. *AU and RECs should facilitate the smooth flow of information on the new developments in EPA negotiations.*
- f. *The AU and ECA should further undertake work and sensitisation initiatives to enable better understanding of the concept of Aid for Trade in the overall context of ODA.*

**Agenda Item V. Strategy for the negotiation of trade related issues and trade in services in the EPAs**

27. Under this agenda item, a presentation was made by the representative of UNCTAD on Trade Related Issues and supplemented by a representative of the South Centre on Trade in Services. On trade related issues, it was noted that the intentions of the EC negotiators can be deduced from analyzing the EPA text for the CARIFORUM Region, which remains the only fully negotiated agreement, so far. On the inclusion of government procurement in the EPA, the presenter noted that such inclusion would make it difficult for Governments to use government procurement policies to support national suppliers and the costs associated with compliance with the provisions of the agreement are high.

28. The presentation on trade in services highlighted the intention of the EC to include in the EPA texts on services, some provisions on national treatment and the most favored nation principle. Such provisions if included could hamper South-South trade and lock-in African countries into an exclusive relationship with the EU. The presenter also cautioned countries that will negotiate trade in services to be alert when developing the schedule of commitments since a lot of technical knowledge and up to date trade statistics is required. Schedules of commitments are binding and specify the extent to which a country intends to liberalize trade in services.

**29. In the discussions, the following recommendations were made**

- a. *The framework agreement should address technical cooperation needs particularly in trade related issues with emphasis on capacity building. The agreement should also include provisions on monitoring.*
- b. *That the EU should be urged to provide stronger cooperation commitments and greater flexibilities for longer implementation and transition periods.*
- c. *Allow for a framework on trade in services based on the principle of asymmetry to take into account the specific development requirements, needs and priorities of African EPA regions which allow them to undertake commitments in sectors of interest to them.*

- d. African EPA regions should be urged to extend any commitments under trade in services given to the EU to other African countries in order to facilitate the building of regional and continental markets.*
- e. Scheduling of commitments in services should be based on the positive listing approach and negotiating parties should respect the GATS architecture.*
- f. Member states should have the right to regulate and introduce new regulation under the EPAs*
- g. Regions could proceed on the basis of the principle of variable geometry and allow countries that are ready to open up more sectors, to do so.*

#### **Agenda Item VI. EPA template**

**30.** Under this agenda item, a representative of the AU Commission made a presentation on the EPA template. The meeting was informed that the EPA Template was developed following a Decision by the AU Conference of Ministers of Trade and of Finance that made in Addis Ababa on 3 April 2008. The Template was developed through collaborative efforts of the AUC and the UNECA. Highlights pointed to the specific manner in which the contentious issues among others have been addressed in the Template. During the discussion on the EPA template some participants called for strong coordination efforts by the AUC for all negotiating groups involved in the EPA negotiations.

**31. In the discussions, the following recommendations were made;**

- a. The EPA Template should not be prescriptive. Regions are urged to use it as a broad set of guidelines in the EPA negotiations as directed by Ministers during the Trade Ministers Meeting held in Addis Ababa in March 2009. The decision of the Ministers should be reflected on the template.*
- b. The EPA Template should be finalized and widely circulated to the member states and all the regional economic communities*

#### **Agenda Item VII. Strategies for the successful conclusion of EPA negotiations**

**32.** During this session, a presentation was made by the representative of South Centre. A number of options were discussed in the presentation on strategies for concluding the EPAs. It was agreed that the negotiating groups should remain engaged in the process.

**33. In the discussions, the following recommendations were made;**

- a. Link liberalisation commitments to the attainment of certain development benchmarks. Urge the EC to commit development assistance for the attainment of these development benchmarks.*
- b. Urge the EC to provide the flexibility in the negotiations taking into account Africa's concerns and development needs to ensure that no African country is worse off at the end of the negotiations.*
- c. Request for debt moratorium.*

***In terms of strategies:***

- a. Regions should be better engaged with each other within the continental framework.*
- b. Involve the highest political level to highlight to EC the adverse consequences of EPAs on the already difficult regional integration processes, while the AU should intensify efforts to resolve regional integration challenges.*
- c. Mobilise more capacity for engaging in the negotiations and to work closely with regional and other partners with capacity to undertake relevant analysis which can be of benefit to the entire continent.*

**Consideration and Adoption of Report**

**34.** Meeting considered and adopted with amendments the Recommendations of the meeting.

**Presentation and adoption of Report/ Closing Ceremony**

**35.** The Chairperson of the meeting brought the meeting to a close.