



Negotiation of the Economic Partnership Agreements between West Africa and the European Community

Technical level negotiations
Brussels, 21-24 September 2009

Report

Delegations of West-Africa and the European Community met from 21-24 September to discuss and negotiate outstanding provisions of the Economic Partnership Agreement in order to finalise a regional Agreement by the end of October, focussing on goods, cooperation for the implementation of the development dimension and the realisation of the objectives of the EPA, institutional arrangements, dispute settlement; with a rendez-vous clause on services and other trade-related issues. Meetings took place in a good atmosphere and some progress was made. However, the parties remain divided on a number of important issues, including the market access offer by West-Africa.

The parties have agreed on some of the provisions of the text. On others, they have narrowed their differences, including on possibilities to deal with changes in West-Africa's Common External Tariff as it is yet to be finalised.

On some specific issues, the state of the negotiations is as follows:

Regional levies:

On the regional levies used by West-Africa to finance the institutions and policies of ECOWAS and UEMOA, the parties have discussed possibilities that would allow for the maintenance of autonomous resources for both Commissions. Both parties recognise the importance these regional levies necessary to ensure the realisation of the objectives of regional integration in West Africa. The West-African side made a new textual proposal in this sense, which will be studied by the European Commission.

Dispute settlement:

Divisions remain on a proposed fund to finance West Africa's costs of participating in dispute settlement procedures, on the participation of third parties and the applicability of the results of dispute settlement on the region as a whole. The parties have agreed to reach a compromise on the question of a peace clause of 10 years proposed by West Africa.

MFN clause:

Divisions also remain on how the MFN clause will be treated. An existing proposal by West-Africa was discussed and the EC tabled and presented a new proposal, which will be further studied by West-Africa. The main issue of divergence is on whether the MFN clause should apply to developed countries only, as proposed by West Africa, or whether it should apply to all major trading partners – defined as those countries with over 1% of the world exports (or over 1,5% in the case of groups of countries) – as proposed by the EC.

Agricultural subsidies:

The EC made a presentation on the EC's CAP and the way reforms have been implemented to make agricultural subsidies less trade distortive. The presentation was considered helpful by both sides and led to a useful discussion on agricultural policy.

West Africa presented a proposal calling for the termination of export subsidies and internal support measures by the EC that affect its trade with West Africa. When such a termination is not possible, West Africa suggests that the two parties envisage a solution for all trade distortions, including reduced competitiveness of West Africa exports to the EU and of local products on the West African domestic market. The EC party has reaffirmed its earlier position that this question has to be treated in a multilateral forum and has clearly expressed that the new textual proposal of WA is inadmissible.

Market Access Offer:

In conformity with the decision of the Chief negotiators as well as with the conclusions of the Senior Officials' meeting in Dakar on July 22nd and 23rd 2009, the two parties have had detailed discussions on the West African market access offer. In particular, they focused on product-by-product economic analysis rather than thresholds.

West Africa has presented its redesigned market access offer together with arguments that have prevailed in the choice of categorisation in the different sections. West Africa has explained that some products (such as raw cocoa, cotton and peanuts) are placed in list D despite there being no competition with Europe; accounting for their psychological and political sensitivity. Further, whether or not these products are excluded has no effect on the exclusion thresholds in terms of import volumes. For the other products, West Africa has presented its economic vision linked to each of the sections.

During this re-examination, West Africa has proposed to liberalise 90 more products. West Africa has also proposed that some previously liberalised products are again included in list D for the sake of coherence of the offer as a whole. West Africa is expecting some complementary information on Section 6 (Chemical products) in order to be able to make re-categorisation proposals. The EC is of the opinion that its suggestions have not been sufficiently debated and that some questions on the proposed categorisation of products remain unanswered.

Following these presentations, the parties have exchanged detailed arguments on all of the sectors. EC has welcomed West Africa's efforts in its argumentation as well as further liberalisation of some products on list D. However, the EC has noted that the movements resulted into lowering the volume of trade liberalised. The EC equally noted that some of the lines have been reclassified from category A to category D (in Chapter 71).

West Africa has requested that the EC examines the changes and presents all its observations. The EC has expressed its opinion that the exclusion of many products is not justified due to the nature and low importance of trade between the two regions, the international context, the question of competitiveness or of the contribution to the populations' well-being. In particular, these observations related to list D in chapter 3 (fishery products), chapter 30 (pharmaceutical products), chapter 50 to 63 (textiles), chapter 70 (glass and glass products), chapter 71 (precious metals) and chapter 87 (transport materials).

On the other hand, the EC is expecting a 'cleanup' of the offer concerning the coherence of product families as well as West African propositions on Section 6 (Chemical products).

Having responded in the sense that West African choices have been based on criteria related to its developmental needs and to the dynamic equilibrium to be found between the imperatives of liberalisation and protection among the sectors, countries and policies in the region; West Africa has noted the observations made on the examined chapters.

Following the exchanges, the EC requested the WA party to carry out a re-examination of the list of products to be liberalised by the West African party in light of EC comments; and in particular to re-examine the lines where there are very few or no imports and very low levels of protection and to ensure coherence in product families.

The parties agreed to stay in contact in order to exchange information with a view to facilitate and accelerate the work.

Part IV – development cooperation:

With respect to part IV "Coopération pour la mise en œuvre de la dimension développement et la réalisation des objectifs de l'APE" of the agreement, negotiations took place in a constructive spirit. The parties worked together so as to bring their respective positions closer on a limited number of points that had remained pending following the previous rounds.

On article 3 "Financing modalities", the exchanges between the parties allowed for some progress to be made towards a common text. There remains, however, a difference with regard to the proper formulation applying to the efforts to be made in securing further financing for the PAPED.

With respect to the articulation between the liberalisation pace and PAPED implementation, dealt with in article 7 "Modalities for the implementation of PAPED", the parties managed to bring their positions closer and work towards a common text. There remains one point to be clarified, namely the appropriateness of specifically taking financing into consideration when assessing the progress of PAPED implementation and the results achieved.

Lastly, there remains a linguistic disagreement relative to the formulation of article 3.1 (financing mechanism under post-Cotonou arrangements).

Rules of origin:

A separate, detailed report on the parallel meetings on rules of origin is annexed to this report.