

Regulars

- 2 **News and publications**
In brief
- 19 **WTO**
Roundup
- 21 **EPA**
Update
- 23 **Vacancy Announcement:**
Policy Officer in Political
Economy of Reforms and
Development.
- 24 **Calendar and resources**

Features

- 1 **TNI special interviews:** A
high-level perspective on the
EU-ACP relationship
- 4 **An interview with H.E Dr.
Mohammed Chambas,
Secretary-General of the
ACP Group of States**
- 6 **An interview with EU Trade
Commissioner Karel De
Gucht**
- 8 **A TNI Special Interview with
H.E Mr Erastus Mwencha,
Deputy Chairperson of the
African Union Commission**
- 10 **A interview with Branford
Isaacs, Head of CARICOM's
EPA Implementation Unit
and Specialist in Trade in
Goods, and Ms Allyson
Francis, the Unit's Trade in
Services and Investment
Specialist**
- 12 **The Joint Africa-EU
Strategy: Quo vadis after
Tripoli?**
*Fernanda Faria and Geert
Laporte*
- 14 **Can the EPAs save us from
the food crisis?**
Jean-Jacques Grodent
- 16 **Engaging with business
to make the most of Aft
spending**
Catherine Grant
- 17 **Aid for Trade: Is it working?
We want to know**
Matthew Wilson
- 18 **The great cotton stitch-up**
*Anne-Sophie Nivet and Aurelie
Walker*

TNI special interviews: A high-level perspective on the EU-ACP relationship

The relationship between African, Caribbean and Pacific (ACP) countries and the European Union (EU) is at a crossroads.

In a changing global environment marked by increased regionalisation and rapidly emerging world powers, the year 2010 was one of transformation for EU-ACP relations. First, one could argue that the new Barroso Commission with Commissioner Karel De Gucht in the driving seat of the Directorate-General for Trade has marked a change in style and tone. So has this year's appointment of the new ACP Secretary-General, who has promised to revitalise the institution. Secondly, the implementation of the Post-Lisbon reforms and its consequences for Europe's external actions inevitably bear some implications for the longstanding ACP-EU relations and the more recent joint Africa-EU strategic partnership. The new EU institutional architecture, which presents for ACP countries some opportunities that they themselves acknowledge, has indeed raised some concerns among ACP stakeholders. Specifically, with no mention of the European Development Fund, nor the ACP group, they are worried about the potential downgrading of ACP-EU relations, whose economic and political ties are already jeopardised by the increasing strains of the Economic Partnership Agreement process. In Africa, the eight-year-old negotiations are still in disarray; in the Caribbean, the only region to have signed a full EPA, implementation is beginning, but the process is slow.

When it comes to EU-Africa relations, there has been no lack of opportunities for political leadership to shape "the Partnership of Equals!" that both parties keep calling for. As far as trade is concerned, diligent readers of TNI would have noticed that the past few months have been marked by a multiplicity of high-level meetings that took place in October and November among and between the parties. Through its series of articles on the way forward in EPA negotiations,² TNI has tried throughout the year to shed light on these questions. But, as emphasised in our pages, rebuilding trust between the parties requires a new political momentum. For its last issue of the year, TNI has decided to give the floor to those who hold the reins at the highest political level and features therefore side-by-side exclusive interviews of the EU Commissioner for Trade, **Karel de Gucht**; **His Excellency Mohammed Ibn Chambas**, Secretary-General of the ACP group, as well as **His Excellency Erastus Mwencha**, Deputy Chairperson of the African Union Commission.

In the Caribbean, the situation is a bit different. The governing bodies of the EPA have been in place since the first Joint CARIFORUM-EU Council held in May this year, so the path towards concrete and more rapid implementation on the ground might well lie at the technical level.³ What is the general climate around EPA in the region and what are the main challenges and bottlenecks preventing the implementation of the agreement? These are questions that TNI has asked this month those directly in charge of coordinating at the regional level the implementation of the agreement: **Branford Isaacs**, Head of the EPA implementation Unit and Specialist on Trade in Goods, and the Unit's Specialist on Trade in Services and investment, **Allyson Francis**.

From the editorial team at ECDPM and ICTSD, we wish you a festive season.

As always, TNI's editorial team welcomes your feedback. Please send any comments or suggestions to md@ecdpm.org

Notes

- 1 See again very recently, the speech by Commissioner Karel De Gucht at the 20th Session of the ACP-EU Joint Parliamentary Assembly on 4 December 2010 in Kinshasa, available at <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/725&type=HTML>
- 2 Bilal and Ramdoo (2010). Riding out the storm: Will the EPAs sink? Trade Negotiations Insights, Vol 9(9); Bilal and Ramdoo (2010). Losing old friends: The risk of an EPA backlash, TNI, Vol 9(8).
- 3 An Interview with H.E. Errol Humphrey, Head of the EPA Implementation Unit in Barbados, Trade Negotiations Insights, Vol 9(8), October 2010; Jessop (2010), EU, Caribbean set up bodies to govern EPA but numerous challenges remain, TNI, Vol 9 (7), September 2010.

News and publications

In brief

European Commission launches a consultation on "EU development policy in support of inclusive growth and sustainable development"

How can the EU ensure the impact of its development policy, facilitate more inclusive and sustainable growth in developing countries, and achieve tangible results in the area of agriculture and food security? These are the questions the European Commission invites its stakeholders, notably its partners in developing countries, to reflect upon in the context of a consultation on the EC Green Paper released in November and dubbed "EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy." The results shall fuel EC proposals in the second half of 2011 on how to modernise European development policy and other policy processes in related areas. The consultation document and the related questionnaire can be found at <http://ec.europa.eu/development/how/consultation/index.cfm?action=viewcons&d=5241&lng=en>.

European Commission publishes farm policy proposal

The European Commission has published a long-awaited proposal outlining how the bloc's substantial farm subsidy scheme could be maintained in the post-2013 seven-year budgetary cycle, but refocused on more clearly defined policy outcomes such as environmental goals. The communication is intended to initiate a discussion among EU institutions about the future of Europe's farm policy in the years ahead. The final version of the communication is largely identical to an earlier draft that was leaked to the public although it does also contain a few potentially significant changes. Like its precursor, the published document recommends that a future Common Agricultural Policy (CAP) for Europe should focus on three objectives: viable food production, sustainable management of natural resources and climate action, and balanced territorial development. However, the revised text more explicitly argues that, "given that demand worldwide will continue rising," it is essential that EU agriculture "maintains its productive capacity." At the same time, the document now notes, the bloc will need to ensure it respects "EU commitments in international trade and Policy Coherence for Development." The proposal is available at : http://ec.europa.eu/agriculture/cap-post-2013/communication/index_en.htm

Source: *Bridges Weekly Trade News Digest*.

EU to focus on bilateral deals, Doha, and beyond

The European Commission has released a blueprint for an EU trade strategy that would help boost growth and job creation in Europe. The paper, made public on 9 November, does not represent a significant departure from the EU's four-year-old "global Europe" strategy, which called for FTAs with some key partners, cooperation to reduce non-tariff barriers with others, efforts to open up public procurement and investment markets, and the enforcement of existing trade commitments. In this paper, the Commission focuses on how lowering trade barriers could help the Europe recover from the global economic downturn, looking at potential contributions to increased growth, purchasing power, and employment. The report is intended to highlight trade's role in the EU's growth strategy for the upcoming decade, dubbed Europe 2020.

The report promises two development-related announcements in 2011: a reform of the EU's "general system of preferences" (GSP) scheme, and a communication on trade and development that will set out views on issues such as special and differential treatment for developing countries and how trade can help countries hit by natural disasters.

Source: *Bridges Weekly Trade News Digest*.

EU revises GSP, promises more opportunities for developing countries

The European Commission announced on 18 November that it had adopted a regulation to streamline its guidelines on rules of origin under its Generalised System of Preferences (GSP). The shift is meant to make it easier for the EU's developing country trading partners to take advantage of the special trade preferences that are allowed under the GSP, the EU said in a press release. The changes will take effect as of 1 January.

"Rules of origin" govern whether goods qualify for lower tariffs under a particular trade deal, based on where the goods were produced. Developing countries have long said that such rules are so stringent and complex that they render any new market access potential essentially meaningless. But the EC vowed that its new regulation will "considerably simplify" the rules of origin by tailoring them to specific sectors and processing methods, among other things. The new regulation also sets out a revised procedure, to take effect in 2017, for showing proof of origin and includes special concessions for least developed countries.

For more information, please see the EU press release: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1>

526&format=HTML&aged=0&language=E N&guiLanguage=en

Report looks at opportunities and challenges of intra-ACP fisheries trade

A new report from the Commonwealth Secretariat examines how African, Caribbean and Pacific (ACP) countries can respond to the newly liberalised global trade in fisheries, beyond negotiating for longer implementation times or special mechanisms for compensation. The study concludes that one option is for ACP countries to find new markets, especially within the ACP, for exports of fish and fish products. Another option is for ACP states to focus on improving value-addition and creating new value chains, given growing demand for fresh and frozen products and relatively stagnant or declining demand for canned (and cured) products.

The report is available on the website of the Commonwealth Secretariat: http://www.thecommonwealth.org/document/231716/opportunities_and_challenges_for_intra_acp_trade.htm

New paper examines Lisbon Treaty's trade impact

A recently released short paper written by Christopher Stevens and Paul Goodison from the Overseas Development Institute examines how the EU's recently enacted Lisbon Treaty will affect the bloc's trade with ACP countries. Among other things, it considers the potential ramifications of the creation of the EU's Common Commercial Policy, the establishment of the European External Action Service, and the delegation of certain new powers to the European Parliament.

The paper can be found on the ODI website: <http://www.odi.org.uk/resources/download/5111.pdf>

Study urges focus on domestic resource mobilisation

To bounce back from the economic crisis, developing countries – especially those in sub-Saharan Africa – should concentrate on mobilising their domestic resources, economists Eric Kehinde Ogunleye and Desire Adebimpe Fashina argue in a report that they presented at the African Economic Conference in Tunis in October. The study, which was published by the African Development Bank, also urges countries to harmonise their tax systems and develop systems to punish corrupt tax officials.

The report is available on the AfDB website: <http://www.afdb.org/en/aec/papers/the-imperatives-for-domestic-resource-mobilization-for-sustained-post-crisis-recovery-and-growth-in-sub-saharan-africa/>

World Bank Releases Draft Strategy for Africa

The World Bank has completed a first draft of its next five-year strategy for Africa, which is now open for comment online. The World Bank noted a range of positive signs and concluded that "Africa in 2010 has an unprecedented opportunity for transformation and sustained growth." According to the report, Africa's private sector is increasingly attracting investment, with much of the funding coming from domestic banks and investors, and returns are among the highest in the world. Large sums are flowing in from the BRICS, and private capital flows into the continent are higher than official development assistance. The role of the World Bank will be to leverage the funding "to crowd-in other sources of financing."

The report also clearly spelled out the challenges the continent faces. Among other things, high costs and perceived risks of doing business in Africa hurt export competitiveness and keep businesses from forming or relocating to the continent, said the report. The rapidly emerging economies, especially China, have great demand for Africa's natural resources. The World Bank stressed that getting value out of these resource exports depends critically on governance. Land is another resource, "whose potential depends on a sound regulatory environment, with incentives and enforcement systems in place for good governance." Meanwhile, the infrastructure gap is also widening, and this disadvantages exports from Africa.

To address these issues, the World Bank draft strategy centres on three interdependent themes: (i) competitiveness and employment, (ii) vulnerability and resilience; and (iii) governance and public-sector capacity. On trade, the World Bank would like to see a doubling of Africa's share of world trade to eight percent. The strategy also emphasises the merits of regional trade integration. Integration in the area of infrastructure could also provide significant opportunities to improve the export outlook, the report said.

To read or comment on the draft strategy online, please see http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRIC_AEXT/0,,contentMDK:22578261%7EpagePK:146736%7EpiPK:146830%7EtheSitePK:258644,00.html.

Source: *Bridges Weekly Trade News Digest*

New Development Fund to Address Food Security, Climate Change

A new research initiative funded by several global development agencies will attempt

to tackle threats to agriculture and food security resulting from climate change. The US\$200 million project, known as the Program on Climate Change, Agriculture and Food Security (CCAFS), will explore new ways of helping vulnerable rural communities adjust to global changes in climate. The ten-year project will also attempt to help the agriculture sector in vulnerable countries reduce greenhouse gas emissions and combat future food productivity and security challenges that are expected to arise due to climate change.

The research initiative – operated under the auspices of the Consultative Group on International Agricultural Research (CGIAR) and the Earth System Science Partnership (ESSP) – seeks to simultaneously address development and climate change. As such, the CCAFS aims to take on agricultural challenges and reduce poverty by 10 percent in targeted "hot spot" regions in Africa and India between now and 2020. The initiative has also set a target of reducing malnutrition in these hot spot areas by 25 percent, while simultaneously helping farmers in developing countries contribute to climate change mitigation. The collaborative CGIAR-ESSP project is being funded by countries including Canada, Denmark, the United States, as well as the World Bank. It will be coordinated by the Colombia-based International Center for Tropical Agriculture (CIAT).

Source: *Bridges Trade BioRes*

WIPO copyright body to negotiate on limitations and exceptions

The World Intellectual Property Organization's copyright committee agreed early November on a work programme for 2011-2012 focusing on limitations and exceptions to the protection of copyrighted material. The eleventh-hour agreement, reached at midnight after a week of talks, should pave the way for "real negotiations" and not just mere discussions.

The Standing Committee on Copyright and Related Rights (SCCR) had failed to reach agreement on a way forward at its previous meeting last June. In their statements last week, developing countries emphasised the need to move forward on the issue of exceptions and limitations, which was crucial to improve access to copyrighted materials by blind people and groups like libraries, particularly in developing countries. They pointed to the many elements of convergence between the various proposals on the table.

In 2009, a group of Latin American countries (Brazil, Mexico, Paraguay and

Ecuador) had tabled a proposal for a treaty to facilitate access to copyrighted material by visually impaired people. The proposal had originally been prepared by the World Blind Union (WBU). After some initial reluctance to address the matter through norm-setting, the United States and the European Union followed suit with proposals of their own last June: instead of a treaty, the former wanted a "consensus instrument," the latter, a non-binding "draft recommendation." The African Group, for its part, proposed a treaty on limitations and exceptions for the disabled, education and research institutions, libraries and archive centres, expressing its preference for a 'holistic approach' in addressing expressions and limitations.

The final compromise text "recogni[s]es the need to advance the more mature areas" and indicates that the committee will undertake text-based work on the two sets of limitations and exceptions (i.e., print disabilities on one hand, and educational, teaching and research institutions/libraries and archives along with 'persons with other disabilities' on the other). It makes no mention of the possibility of convening a diplomatic conference, and simply states that "the Committee is requested to submit recommendations to the General Assemblies" on limitations and exceptions for persons with print and other disabilities, and will also "undertake" to do so for limitations and exceptions on educational, teaching and research institutions/libraries and archives, according to a timetable for 2011-2012. However, the preamble does make reference to the SCCR's "authority to make a recommendation to convene a Diplomatic Conference."

Source: *Bridges Weekly Trade News Digest*

An interview with H.E Dr. Mohammed Chambas, Secretary-General of the ACP Group of States



After a few months as Secretary General of the ACP group, what is your priority action plan regarding trade issues, notably when it comes to ACP-EU trade issues?

The first most important action is to resolve the impasse in the Economic Partnership Agreement (EPA) process. The EPAs negotiations have gone on for close to ten years if you consider that the preparatory period started in 2000, when the Cotonou Agreement was signed and the trade provisions were soon thereafter provisionally applied pending formal ratification. It is clear that both the ACP and EC have acknowledged that the state of play in the EPA process is far from satisfactory. There is a desire for flexibility to be exercised on both sides so that the process can move forward.

As you know, the ACP Secretariat is not in the frontline for these negotiations, which are being conducted and implemented at the regional level, but it is ready, willing and able to support and facilitate, in whichever possible way, the resolution to the outstanding issues that are hindering the successful completion of the EPA negotiations as well as the implementation of the concluded agreements.

Secondly, the Secretariat is determined to contribute actively to building trade and productive capacities in ACP countries. With this in mind, the

ACP Secretariat intends first to help ACP states remove the obstacles that currently prevent them from increasing their conversion of raw materials into semi-finished and finished goods that could be marketed internationally. This could be achieved not only by strengthening existing programmes aimed at coping with technical barriers to trade, SPS measures and rules of origins, but also by formulating an ACP strategy for the mining sector and extractive industries. We also intend, in the pursuit of this objective, to support institutional capacity building for trade through the creation of a unique ACP institution in charge of trade – for instance, following the example of the Centre for the Development of Enterprises (CDE) or the Technical Centre for Agricultural and Rural Cooperation (CTA). Such an ACP institution could deliver trade-related capacity building activities and monitor intra-regional trade in ACP states, as well as contribute to the creation of the ACP FTA, currently on the drawing board. Finally, supporting the development of economic and trade infrastructures, as well as improving the business and investment climate in ACP states are also on the agenda of the ACP Secretariat.

Thirdly, the Secretariat plans to support ACP states in their negotiations at the WTO in addition to negotiating with the EU in the context of the EPAs. To do so, we notably intend to (1) develop efficient synergies with the regional integration organisations involved in the negotiations and/or implementation of EPAs; (2) reinforce the technical and institutional support to ACP regional organisations to increase their capacity to negotiate and/or implement an EPA through an appropriate *all-ACP programme*; (3) regularly organise a consultation forum through the ACP-EU Joint Ministerial Trade Committee; and (4) reinforce the monitoring role of the ACP Secretariat for an effective monitoring of EPAs and *operationalisation* of the ACP-EU consultation mechanism in line with Article 12 of the CPA.

Fourthly, more will be done when it comes to reinforcing grassroots development initiatives, notably by attracting investments and supporting private sector, including through microfinance programmes to reach the SMEs. In conformity with Article 32 of the revised CPA, we will also do more to respond to the demands for greener economies and to attenuate the impact

of climate change. Finally, we will aim to revitalise regional integration processes and ACP inter-regional cooperation.

You have set up a Working Group on the future of the ACP Group. In a post-Lisbon Europe and in the event of the budgetisation of the EDF, how do you see the future of the ACP Group?

It must be remembered that the ACP Group was created on 6 June 1975 by the Georgetown Agreement, which established its governing bodies and objectives, which extend beyond the ACP-EU Partnership. As regards the future of the Group, it is clear that it must adapt to its own development and to the international environment, while maintaining and strengthening its internal unity and solidarity.

At its 92nd session, held from 8 to 10 December 2010, the ACP Council of Ministers took a decision approving the creation of an Ambassadorial Working Group to examine the prospects for the future of the ACP Group. The Council decision also approved the Terms of Reference for the Working Group, which will begin its reflection in the coming weeks.

I believe that we must consider the future of the Group from a realistic and pragmatic standpoint. I envisage a positive future for the Group and I fully appreciate the role that it could realistically play at the international scene which, in recent years, has been severely marked by changes in inter-dependent relationships, as well as new developments that have opened the way to opportunities for development cooperation. In this context, a sound sense of judgement and the ability to analyse and anticipate events is required.

The idea of the potential budgetisation of the EDF is nothing new, but this process will take place only if a unanimous decision is taken by the EU member states.

While acknowledging that the implementation procedures of this financial instrument need to be modernised and simplified, the ACP Group has, on several occasions, expressed its commitment to the EDF and to the preservation of its *acquis* in terms of the co-management and predictability of resources made available for long-term development, in accordance with the objectives of the ACP-EU Partnership.

In the context of EPAs in which there is a Joint EPA Council, what is the relevance of ACP settings such as the JMTC to address trade issues and in particular EPAs? How can the ACP group ensure its relevance?

The EPA negotiations are taking place at the regional level. In the first phase, the ACP Secretariat was more directly involved. In the second phase, the Secretariat occasionally participates in the regional meetings when invited.

The most direct involvement of the ACP Secretariat is through the ACP technical Follow-up Group on EPA negotiation and implementation and the ACP Ministerial Trade Committee at the all-ACP level. At the joint ACP-EC level, the Secretariat plays its role in the Subcommittee on Trade Cooperation and the Joint ACP-EC Ministerial Trade Committee (JMTC). But other ACP fora for discussing EPAs do exist. The Joint Parliamentary Assembly (JPA), which meets four times a year, and the Council of Ministers, which meets two times a year, have the EPA process as a standing item on the agenda.

Furthermore, the mandate of the JMTC has been strengthened to address any trade-related issue of concern or interest to the ACP states, including the monitoring of EPAs. In this regard, the consultation process has been more clearly defined, with the JMTC playing a key role in addressing or resolving difficult issues.

Do you think the remaining African and Pacific countries will conclude the EPA negotiations over the next few months or is it a long-term ambition? If so, is there a common position from the ACP on what is expected from the EU to help the process move forward? Is there anything that the ACP should do?

At the recently concluded JMTC, all ACP regions expressed the wish to conclude the EPAs as long as their concerns and interests are taken on board. There are unresolved issues which the ACP side put forward, although not for the first time. The European commissioners for trade and for development as well as development ministers from EU member states listened attentively. We are waiting to see how they react.

From the ACP point of view, flexibility is required from the EC negotiators on a number of unresolved issues, including, *inter alia*:

- a. Relaxing the interpretation of *substantially all trade and transition periods* to enable LDCs to join the EPAs and thereby strengthen regional integration;

- b. Retaining community levies necessary to support the functioning of regional integration in Central and West Africa, until alternative funding mechanisms are put in place;
- c. Allowing ACP states to retain or impose export taxes on products for revenue generation, infant industry protection, industrialisation or value addition purposes;
- d. Ensuring there is no MFN clause that will limit south-south trade and cooperation;
- e. Deleting the Non-Execution Clause from the draft texts of the agreements; and
- f. Securing a binding commitment on providing adequate resources for meeting the cost of implementing the EPAs and adjusting to the new trading environment.

The list is not exhaustive. However, these are some of the issues on which the EU's negotiating team will require flexible mandates and fresh political guidance. As SG of the ACP Group, I stand ready to offer my office to assist in the process. My Secretariat is also willing to continue to offer a platform for dialogue among ACP regions to help them exchange information and share experiences.

The ACP does not always take the same stance as the African Union with regard to trade. Is there any mechanism for coordination? Why is there no common statement on issues of common interest?

First of all, you have to remember that the ACP and the AU are not directly involved in the negotiations; it is the member states that negotiate. The clear overlap in membership means that the positions are likely to be similar. The ACP and the AU have a close working relationship and both groupings have taken similar positions, in particular on trade matters. At the WTO, the G90 grouping brings together the African Union, LDCs and ACP states to forge a common front. Frequently the coordinators of these three groups consult and, when invited to take part in the green room process, they usually take a united position.

In the EPA process, the AU is invited to ACP meetings and vice versa. While the ACP focuses more on ACP-EU relations, the AU deals with African integration. The differences end there. Ultimately, the two organisations share the objectives of promoting sustainable development in their member states; integrating their states into the global trade regime; reducing poverty; and improving the overall standard of living of their peoples.

Why did the ACP agree, in the 2010 revision of the Cotonou Agreement, to delete the commitment the EU took in Article 27.6 of the CPA to provide those ACP countries which are not "in a position to enter into economic partnership agreements [...], with a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules"?

I think when you refer to this article you have to read the whole article, not part of it. It has other conditions which you have not mentioned.

First of all, it was time bound. Initially, the consideration for countries that did not enter into an EPA was to be made in 2006. However, the process did not facilitate this timing to be met. The issue was revisited in 2008 by the ACP and you may recall the famous retort by the Honourable Peter Mandelson, former EC Trade Commissioner, who stated that "there was no plan B," meaning there was no alternative to EPAs. That statement disheartened many ACP states, and in particular the non-LDCs. Later, Nigeria and Gabon came requested an alternative, namely the GSP plus, but the EC rejected both appeals. Today, those two countries do not enjoy EPA market access and are paying heavily for not initialising the EPAs.

Another aspect of the article in question was the "conformity with WTO rules." Today this is one of the most contentious parts of the EPA discussions due to the different interpretation of WTO provision including on "substantially all trade" and "transition period." Indeed, the EC has in many instances gone beyond the requirements of the WTO. So, the Article had been crafted in a way that it could offer no alternatives to the ACP.

When the matter came up for discussion, the ACP negotiators must have recalled that this provision was not serving any useful purpose and they were not averse to its deletion. After all, it will take more than one article to make the EU more flexible in the EPA process; it is in my view a question of the political will of the leadership in Europe. You can see that in the case of Pakistan, which is facing a serious disaster, the EU moved quickly to offer trade advantages. The same could be extended to some of the poorest countries in the world, which are to be found in ACP, without disrupting the multilateral trading system.

An interview with EU Trade Commissioner Karel De Gucht



In the new EU trade strategy, what are your main priorities?

In November, I presented a Communication on the future of EU Trade Policy. Our priorities include: completing a series of ambitious trade agreements, both at the multilateral level through the WTO and bilaterally with a number of key trading partners; deepening our trade and investment links with our major trading partners – such as the US, China, Japan and Russia; ensuring better access to energy and raw materials from industrialised and emerging economies – but I do not specifically target ACP countries in this respect as we are not driven by offensive trade interests - and proposing an amendment to the EU Generalised System of Preferences for developing countries. We shall also publish a broader policy paper on our Trade & Development agenda at the end of next year. Our starting point in formulating policy approaches for developing countries is that no country has experienced long-term growth without opening its markets to international trade.

Europe is pursuing Free Trade deals with many of its economic partners. What are the key economic interests at stake for Europe?

For us, free trade has a triple beneficial effect: economic growth, consumer benefits and positive labour effects. We are already one of the most open economies in the world (73 percent of our imports enter the EU market at zero

percent tariff) and it is clear that the EU has a stake in a number of sectors. Industrialised or emerging economies still erect barriers of various nature for European companies, be it in public procurement, services or investment. Regulatory barriers also represent a problem. And of course the sustainable and unrestricted supply of raw materials and energy is of strategic importance for the competitiveness of the EU economy. But as I said, this essentially applies to our relations with industrialised or emerging countries. For other developing countries we carefully calibrate our demands to their development needs.

In the context of a Post-Lisbon Europe and the Europe 2020 Strategy, what are the key priorities in investment and services at both the multilateral and bilateral levels?

An effective global manufacturing supply chain cannot exist without the vital support of transport, telecom, financial, business and professional services. Services represent 70 percent of world output but only about one fifth of world trade. We will seek from our main developed and emerging trade partners greater openness for our service providers, in line with what the EU internal market offers to service providers from third countries. We should also seek to ensure that regulation of services in all third countries is open, non-discriminatory, transparent and in the public interest, so that also our providers can better do business there.

“

Despite the slow progress, completing the Doha Development Round remains our top priority. ”

In terms of investment, there has been an enormous increase in capital movements and Foreign Direct Investments worldwide. The Commission has proposed a comprehensive European investment policy. It will seek to include investment protection and investment liberalisation in on-going trade negotiations, starting with trade negotiations with Canada, Singapore, and India. The Commission is also considering whether stand-alone investment agreements with other countries, such as China, could be considered.

With the current context of economic and currency crises, combined with aggressive competition from emerging economies, should Europe resist protectionist measures? How can trade policy best respond to these challenges?

Trade was not a cause of the crisis but from the outset there were concerns that the heavy social burden of the crisis could trigger a wave of protectionist measures, as in the 1930s and 1970s, which would have deepened and prolonged the crisis. However, the WTO legal framework and trade disciplines proved their worth by substantially reducing the scope for the introduction of protectionist measures, especially with regard to tariff increases beyond “bound” levels agreed at the WTO. Furthermore, the awareness of the lack of binding WTO disciplines on non-tariff barriers led to a preventive and internationally coordinated pledge to keep markets open. Protectionism has not been fully contained, but international trade rules worked.

It is true that, by contrast with previous global downturns, the current recovery is being led by the emerging economies. The question arises as to whether the dynamism of emerging economies alone will be sufficient to sustain global demand growth in the coming years. This is an open question and Europe can only respond to that by increasing its competitiveness on global markets.

Continued failure to complete the WTO's Doha Round trade talks could have strong negative impacts on the multilateral trading system. What are the concessions the EU could be ready to make to avoid such a scenario and under what conditions?

Despite the slow progress, completing the Doha Development Round (DDA) remains our top priority. World trade could increase by over €300 billion a year and world income by more than €135 billion. As recognised in Seoul at the G20 Summit this November, 2011 represents a crucial opportunity to conclude the negotiations, and the EU is prepared to work very hard in the months ahead to reach an ambitious, balanced and comprehensive agreement to which all major players make significant contributions and from which all players, developed and developing, will benefit. The successful conclusion of the Doha negotiations will confirm the central role of multilateral trade liberalisation and trade rules at international level. It will also confirm the WTO as a powerful shield against protectionist backsliding. I do not wish

to go into the details of the negotiations. It is clear however that the EU aims at balanced market opening covering industrial goods, services and agriculture, where the contribution of each Member corresponds to its role in the world trade system. In agriculture, the EU is committed to an agreement that reforms farm subsidy programmes throughout the developed world in line with the EU's wide-ranging reform of the Common Agricultural Policy. And of course the EU supports the development dimension of the DDA which runs through every negotiating chapter.

With little or no progress on EPA negotiations, why does it take so long for the EU to instil the necessary momentum to move the EPA process forward?

It takes two to tango. I think there is a consensus on the founding principles of the EPAs as outlined in Cotonou: a shared trade and development partnership to contribute to ACP development, growth and job creation. EPAs are the best available tool we have jointly designed with our ACP partners. However, it cannot be denied that seven years after their launch EPA negotiations, particularly in Africa, are not progressing as we would wish. It is clear that the current uncertainty cannot prevail indefinitely. We very much need to achieve a common understanding about the very tangible benefits that trade can bring to development. Under the new College, we have continued negotiations with those EPA partners still committed to the process and hope to conclude in the short-term.

On 22 October I discussed with ACP and EU Ministers ways of instilling fresh momentum towards timely, development-friendly results. I am personally committed to making this happen, and I stand ready to travel to Africa in the next few months, for instance to support ACP and EU Parliamentarians meeting in the Democratic Republic of Congo and to help steer negotiations in Southern Africa.²

What is expected from African and Pacific countries to help the process move forward? Beyond the development rhetoric, what are the specific flexibilities the EU would be willing to provide to make the negotiations move forward (notably on market access, MFN, export taxes, etc)?

We have made great efforts to show flexibility both on the trade side and in development co-operation. In terms of

the scope of the negotiations, the EU has accepted that some pressing issues be frontloaded and others postponed. This has allowed progress on trade in goods and development cooperation while leaving non-goods issues until later. During negotiations, various issues have cropped up, some of which are difficult and remain on the table. In this regard, we respond to ACP regions' development needs and propose appropriate solutions to accommodate such concerns. In the end both sides need to contribute to a package that makes sense in terms of the joint objective, development, which is sustainable. But this is a decision we cannot take for ACP countries and regions: in the end, it is their choice. Only a clear, forward-looking political engagement can help unblock the situation.

“When it comes to EPAs, only a clear, forward-looking political engagement can help unblock the situation.”

The EU is granting free market access to countries that have not yet signed or implemented an EPA, how fair is this and what do you intend to do about it?

It is not only a matter of fairness but also of legal certainty. Latin scholars would say “pacta sunt servanda.” We have obligations in terms of both EU and WTO rules. We have more than respected our end of the deal by granting duty free and quota free access to EU markets since 1st January 2008. However, access to the EU was predicated upon agreements being signed and applied within a “reasonable period of time.” Nearly three years on economic operators are lacking the legal certainty provided by an EPA that is not only signed but also implemented.

How would imposing new fixed deadlines affect the negotiations? Is there a risk of antagonising parties and splitting regions like at the end of 2007?

There are no “fixed deadlines” apart from those we set directly with our negotiating partners. It is true that an ACP region, the SADC EPA Group, has proposed the end of 2010 as a deadline for concluding a regional agreement and we are prepared to work with them to try to meet that deadline. However, it is clear that if the commitment to a successful conclusion is

palpable, we can buy some extra time in the interest of the overall deal. We hope to be making progress with all regions in the next few months, and we are open to concluding agreements wherever possible, depending on the level of ambition of our partners.

How is the power game in EPA negotiations affecting the broader EU-Africa relations? How to avoid Africa turning its back on Europe because of EPAs?

EPAs are only a small portion of the broader EU-Africa partnership, and we look forward to discussing the way ahead at the third EU-African Union Summit in Libya on 29-30 November 2010.¹ The EU and African heads of state and government will discuss issues such as peace and security, climate change, regional integration and private sector development, infrastructure and energy, agriculture and food security, migration. The results of the Summit will be enshrined in an Action Plan covering the 2011-13 period. The first Action Plan (2008-2010) was adopted at the Lisbon Summit in 2007 and launched the Joint Africa-EU Strategy. In the area of “Trade, Regional Integration and Infrastructure,” the Action Plan delivered on several fronts, including with harmonisation programmes in the sanitary and phytosanitary (SPS) field, backed up by the “Better Training for Safer Food Africa” initiative; and with the “EPA Development Programme (PAPED)” for West Africa (a facility of €6.5 billion over the next five years).

EU-African relations are therefore strong and becoming even stronger. The EU is still the main export market for most sub-Saharan African countries. It is therefore our shared interest to push forward this shared agenda, including with a mutually satisfactory conclusion of the EPA process.

Notes

- 1 This interview was conducted before the summit took place.
- 2 The 20th Session of the JPA was held in Kinshasa (DRC) from 2 to 4 December 2010. For more information, read “A Partnership of Equals” - Speech by EU Commissioner De Gucht at the ACP-EU Joint Parliamentary Assembly (4/12/2010), available at: http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/725&format=HTML&aged=0&language=EN&guiLanguage=en&utm_source=twitterfeed&utm_medium=twitter

A TNI Special Interview with H.E Mr Erastus Mwencha, Deputy Chairperson of the African Union Commission



What are in your view the main challenges and drivers for regional integration in Africa? How can the AUC best support the Regional Economic Communities and the pan-African integration process?

From a supra-national level, the context is such: a continent regrouping one billion people in 53 markets. Opportunities are obvious given the resource endowment of African markets and economies. We therefore believe regional integration is the key to give life to these opportunities and enhance their scope. Regional integration will also lead to economies of scale, which will in turn generate growth. We believe in our capacity to generate this momentum for growth.

We are also aware of the current impediments. One of the main bottlenecks to regional integration is the poor quality of infrastructure, which makes it difficult to interlink and connect regional markets. The second impediment we identify is the lack of what I would call "tradeables." Not only do most African countries produce mainly primary products, but they also produce similar goods. As a result, creating intra-African trade becomes a challenge. We have identified how we can overcome this problem, namely through value addition. At the moment, we export primary products and we see these products being re-imported in the continent as finished goods. We want to produce goods with more added value. Finally, the third impediment has to do with peace and security. No investor wants to invest in an environment in which his investment cannot be secured.

This said, one should acknowledge that Africa has made a lot of progress in that area. In the last ten years, conflicts have

been reduced almost by half and there has been emphasis on the importance of governance to fight corruption and thereby create a readable environment for investors. Another difficulty is that, in the eyes of external observers, each single member state represents the whole of Africa and what one member state is doing is often externally seen as what "Africa" is doing. The *image* of Africa is "country X," and that "country X" is seen as Africa. There are countries in Africa with high growth rates and with excellent performance but these countries are not standing out to the general public.

“

Each single member state represents the whole of Africa and what one member state is doing is often externally seen as what "Africa" is doing.

”

Against this background, the African Union has been active in many areas. First, we have been at the forefront in international fora to tackle the crucial question of debt, since with a less heavy debt burden, countries will perform much better. Secondly, our focus has been on peace and security, with the objective of creating an enabling environment for development, i.e. an environment conducive to growth and investment. The AU has put in place a peace and security organ that is robust. And I must say that here we are working very well with the UN Security Council and the European Union to strengthen it. The third area in which we have focused our efforts relates to infrastructure. The AU has already put in place the Program for Infrastructure Development in Africa, which is a very solid programme with clear priorities and projects identified. We are now looking at how to mobilise the resources from both the public and the private sectors to invest in infrastructure so that the interconnectivity of markets is ensured. Finally, Africa is also a place with issues of poverty. So the development of sectors like agriculture (with initiatives such as the CAADP) is critical to address the issue of poverty and empower the population to increase the consumables in Africa.

The G20 summit in Seoul committed "to support the regional integration efforts of African leaders, including by helping to realise their vision of a free trade

area through the promotion of trade facilitation and regional infrastructure." What kind of concrete support and initiative do you expect?

The EU has the capacity to help us strengthen the Programme for Infrastructure Development in Africa and I would like to thank the G20 for recognising and acknowledging the importance of trade facilitation and infrastructure. As mentioned earlier, poor infrastructure is one of the main impediments to regional integration in Africa. The fact that this could be recognised -- thanks to the Prime Minister of India who was leading that process and thanks to the G20 leaders who also accepted that principle -- is definitely a good thing. But what we now need is more innovative and ambitious instruments for infrastructure. We keep repeating that Official Development Assistance (ODA) is not enough. Africa is talking about US\$90 to 100 billion to modernise infrastructure on an annual basis. Africa is raising nearly half of that amount from within the continent itself. But the rest cannot be expected to come from ODA. We are aware of the challenges that Europe and other countries are facing! Therefore, we need to see how we can leverage ODA funds to increase capacity for private-public partnership so that Africa can develop a really vibrant infrastructure sector.

Although not directly involved in the negotiations, the AUC was mandated by African heads of state and government in the Maputo Declaration of 2003 to coordinate EPA negotiations. What has been the role of the AUC in this process and how effective is it, notably in evaluating strategies for the way forward on the EPA negotiations?

This is an extremely important issue at the moment, because we believe in trade as an instrument for development. We believe that trade has the capacity to help us move away from poverty and bring about rural development. As you mentioned, the AU is not directing the EPA process. If we look at the last ten years, we must admit that not much progress has been made in terms of completing the negotiations. The reason is that there are fundamental issues that have not been adequately addressed. I would classify them in two categories.

The first one relates to the fact that the link between trade and development has been neglected. Even when the EU is talking about Aid for Trade, the development component remains absent. Yet, that component has always been the

call of African countries. One should not look at trade as an end in itself, but at trade as a means that could bring about change in terms of competitiveness, productivity, value addition and capacity to transform economies. The capacity to trade is also an important element that should be looked at.

The second aspect is the fact that there are some contentious issues in the EPAs that simply contradict the philosophy that is espoused even by the EU. We are both talking about tackling poverty, yet we can see in the EPAs some elements that go against this aim. Just to give you an example: the MFN clause. Why would one want to add it? And it is not the only example. One could indeed similarly question the standstill as well as the non-execution clauses. There are many contentious issues and the EU continues to say "let's be flexible." When it comes to the scope of liberalisation in the context of EPAs, for instance, the EU insisted when we started the negotiations on an interpretation of "substantially all trade" that covered 90 percent of total trade between the parties. But this definition can be flexible and flexibility can make a substantial difference in some countries, as some weak industries need some time to be nurtured. Moreover, in some of the sectors, like agriculture, Europeans provide subsidies to their farmers, and if the African side is not allowed to have safeguards, it becomes difficult to cope.

At the moment, the EU is providing duty-free, quota-free access to its markets (DFQF) to LDCs. Now, if you ask LDCs to sign a comprehensive EPA, which will generate revenue loss, without putting in place a compensatory mechanism to address EPA-related costs, they might of course be reluctant. These are some of the things we need work on so that we can move forward.

But these issues have been contentious for quite some time now; they have been subject to negotiations at least since the conclusion of the interim agreements in 2007. It has been three years, and we have not seen much progress. So how can we move forward?

The answer is very much in the court of the EU. At the recent Africa-EU summit, Africa has again raised its concerns. The EU promised to look at flexibilities in the mentioned areas; resolving some of the contentious issues would be a way forward.

You mentioned the recent Africa-EU summit that took place in Libya on 29-30 November. What are the key concerns

that the AU raised at this event and how do you assess the EU's response to those?

We have clearly progressed since the first Summit in Cairo. This third summit has come up with specific objectives and timeframes and has identified responsibilities. We do recognise, however, that there has been more programming than concrete results. We need concrete outcomes, so that Africa can achieve the MDGs, so that Africa can achieve growth and so it is able to address the challenges of employment and investment. In many aspects, it is already doing so.

“

There are some contentious issues in the EPAs that simply contradict the philosophy that is espoused even by the EU. We are both talking about tackling poverty, yet we can see in the EPAs some elements that go against this aim.

”

You have mentioned at the beginning of this interview that the actions of a single country often represent the actions of the whole of Africa. There is therefore one question we cannot avoid in view of the recent news and it of course concerns what is currently happening in Côte d'Ivoire. What is the position of the African Union in this respect? Is the post-election situation in Côte d'Ivoire shedding bad light on Africa?

Right now our priority is to ensure that we do not allow the situation in Côte d'Ivoire to degenerate in a civil war and that the will of the people is respected.

A interview with Branford Isaacs, Head of CARICOM's EPA Implementation Unit and Specialist in Trade in Goods, and Ms Allyson Francis, the Unit's Trade in Services and Investment Specialist



In the aftermath of the financial and economic crisis, what is the general climate around EPAs in the region?

We are aware that some of the feedback we sometimes hear from Brussels is that CARIFORUM states are not really focused on implementation. We can't speak for Brussels, but we do not recognise that at all. Our sentiment is that CARIFORUM member states are still committed to the agreement and are still working to implement the EPA as far as possible, in order to enjoy the benefits which flow from the EPA and meet their obligations. We definitely recognise that the recent crisis has had an impact on the economies of member states. We also have a mandate to look at the impact of the crisis on the efforts by states to implement the EPA. This will be done by the first quarter of next year. At that point, we will have a clearer picture of the effect of the crisis with respect to implementation efforts in member states.

“

CARIFORUM member states are still working to implement the EPA as far as possible, in order to enjoy the benefits which flow from the agreement and meet their obligations.

”

The Unit has recently been very active in engaging with public and private sector stakeholders, especially in the context of national consultations in trade in goods and trade in services/investment, to take stock of progress and explain the way forward. How would you assess the progress made so far by Caribbean countries on EPA implementation?

We not only have been trying to assess what member states have done until now,

but we also have tried, in the context of these consultations, to assist member states with their obligations under the agreement.

First, with regards to trade in goods, CARIFORUM states have to start reducing some tariffs at the beginning of next year. That requires a considerable effort on the part of countries' relevant ministries and departments. We have been talking with them, seeking to give them an understanding of what needs to be undertaken, what their options are in certain areas, and help them focus on the specific technical and legal requirements. One should not forget indeed that the agreement has many legal implications: for instance, when you change customs tariffs, you need to go through a ministerial order or an act of parliament. Secondly, we also tried to provide guidance with the technical areas, for instance on how to recast the tariff structure in individual states when necessary.

There are other areas where we work. For example, the EPA allows CARIFORUM states to maintain what the GATT calls "other duties and charges" for another ten years. We have been trying to help states define the charges that fall into that category.

We have also provided guidance to CARIFORUM member states to help them comply with their new obligations on services. In this respect again, it is important to put in place the legal framework which will allow member countries to meet the new requirements.

We are also trying as much as we can to help countries seize the opportunities provided by the EPA. In the area of services, we have already done some market intelligence studies and looked at what is required for some sectors to operate in some of the European markets.

As "services" is quite a broad area of economic activity, we have several sectors to look at. We will probably try to prioritise certain sectors, or do it in sessions. For instance, we have worked substantively in the area of tourism and culture (which are quite important for the region). We also worked closely with architects and engineers to implement certain aspects of the EPA, for instance when it comes to mutual recognition agreements. Our job is to provide guidance in terms of what is necessary for implementation, but we also listen to countries' needs and concerns and

consult with private sector associations to see where the main difficulties lie. National consultations in trade in services are ongoing until the end of the year. But when you look at the overall assessment in trade in services so far, there is still quite a lot to be done at the level of member states. Some countries are of course more advanced than others.

In terms of the architecture for implementation, some countries such as Barbados' and Antigua have set up a national implementation unit. What is the state of play in other countries?

The in-country arrangements are made by individual states. There are three configurations. First there are specific units, like in Barbados, and in Antigua and Barbuda, which are units in and of themselves. Secondly, in some other CARIFORUM states, where there are structures in place to deal with bilateral agreements, the responsibility of EPA implementation has been added to existing structures. Finally, more marginally, in a few CARIFORUM states, for one reason or another, the task has been handed to ministries, which have to add EPA implementation to their existing tasks. Quite often the reason for such an arrangement is the unavailability of human resources. But in these three scenarios, we hope to ensure that the programmes that are administered at the national level are in sync with regional-level programmes. This goes by an interaction between the units at the national level and our unit at the regional level so that the implementation process moves smoothly.

What is then the division of labor between the national and regional levels?

There are tasks which the individual states have to undertake themselves. The unit has a mandate to assist the states with those exercises, apart from keeping them constantly aware of their obligations under the agreement. There is no clause that says that the national units could not undertake an effort on their own. The state has its own responsibilities, its own obligations, and units can then proceed. What we seek to ensure is that the programmes of operations match, so that the efforts proceed in an orderly fashion across CARIFORUM.

Is there a concrete strategy, a work-plan and timeline for EPA implementation at the regional level? What are the priorities for the EPA implementation unit?

The EPA set down the broad implementation timelines. The region has developed a roadmap that reflects the obligations in a chronological sequence. It is available to everyone within the states and at a regional level. It sets the priorities for action, particularly because the elements relate to the date set in the EPA. That is the guidepost, or the set of guideposts for the reform efforts at the regional level and for the efforts that we encourage the states to take.

What are in your view the main bottlenecks that are currently preventing a swift implementation of the agreement ?

Generally speaking, the lack of financial and human resources, combined with the difficulty of accessing the financial resources that are available, are slowing the pace of EPA implementation. To get development assistance it is required to write a lot of projects, but, at both the regional and national levels, we all have limited capacity and limited resources. Without the appropriate financial and human resources, it is very difficult to implement what is required from member states and from us at the regional level. Understanding where and how to tap into the funding that would allow us to speed up the implementation process is a major challenge.

However the lack of financial resources is not the only bottleneck when it comes to EPA implementation. On services, for instance, having an appreciation of where the sectors are in terms of implementation is critical to meet obligations and take advantage of opportunities under the EPA. There is therefore clearly a need for a sector by-sector assessment of where things stand. Unfortunately, in this respect, major data gaps in certain sectors prevent us from doing the proper assessment that is needed.

More generally, in both trade in goods and trade in services, what is also needed is an awareness of the technical issues and an appreciation of what the EPA calls for and requires. Accordingly we seek, as the opportunity arises, to improve the capacity of those involved in CARIFORUM states. We make them the offer, if they consider it appropriate, to send individuals to the secretariat for orientations and briefings. In some areas there is limited awareness on the part of partners and stakeholders of what is required from them as part of the implementation process. Finally, there is also a lack of confidence in some sectors regarding the opportunities that the EPA can bring.

How would you explain then the lack of entrepreneurship from the private sector in EPA implementation? What has been the role of private sector associations in explaining and communicating about the EPA to their members?

In some cases, it would be wrong to say that the private sector has been inactive. We cannot give details of the actions taken by the associations but we can say that we have participated in sessions convened by some of those associations, at both the regional and national levels. The regional and national associations are in constant touch with us in that regard and we seek to maintain that relationship as much as possible.

“ Generally speaking, the lack of financial and human resources, combined with the difficulty of accessing the financial resources that are available, are slowing the pace of EPA implementation. ”

In the case of goods exporters, we try to highlight opportunities brought about by the EPA, since market access to the EU for some goods has clearly improved under the agreement.

It is evident from our consultation with private sector stakeholders, particularly in the services sector, that professional associations are not all involved in EPA implementation to the same degree. Where you have active, established service sector coalitions, the input is generally better. For instance, the regional association of engineers has been engaging quite substantively with their stakeholders. The tourism industry has also participated quite actively at the regional level. To a certain extent, we can also see a greater involvement of the private sector in some countries than in others, often reflecting the overall level of development of the country in question. Private sector actors have for instance been very active in Barbados and in Trinidad and Tobago.

How has the cultural sector been involved?

We have a regional body, called the regional cultural industry task force, that deals with the cultural sector. They have been involved at various levels and we make sure they can exploit the opportunities in the cultural protocol. Again, the sector has been involved to varying degrees, with some actors being more involved than others. In Jamaica and in Trinidad and Tobago, for example, they have been very active in positioning themselves to take advantage of the cultural protocol. In other member states, we are trying to raise awareness of the opportunities present for them in the protocol.

Notes

- 1 See on this subject, TNI's Interview with H.E. Errol Humphrey, Head of the EPA Implementation Unit in Barbados, Trade Negotiations Insights, Vol.9, No.8, October 2010.

The Joint Africa-EU Strategy: Quo vadis after Tripoli?

Fernanda Faria and Geert Laporte (ECDPM)

This article draws on a publication and Agenda for Action of the Europe-Africa Policy Research Network (EARN).¹ It looks at the main challenges to EU-Africa relations in light of the recent EU-Africa summit held in Tripoli, Libya 29-30 November 2010.



Three years is clearly too short a period to assess the results of an ambitious and innovative framework like the JAES and to ensure full ownership by the various stakeholders in both Africa and Europe. The JAES has the potential to overcome the traditional donor-recipient relationship that for too long has dominated the partnership. The joint strategy could also serve to reinforce political dialogue at a continental level on all key areas of common interest to Africa and Europe.

The issue of peace and security, for instance, has been singled out by both parties as a positive example of where the two continents have a common interest and where so far Africa has laid down clear objectives and a roadmap. The EU has been a major supporter of Africa-led peacekeeping as well as capacity development in the area of peace and security for the African Union Commission and the continent's regional economic communities (RECs). The EU has also made commitments to improve its funding mechanisms to support the African Union's role as a mediator during crisis situations in Africa, including in situations of unconstitutional change. These promising initiatives build on the existing or emerging pan-African architectures on peace and security, as well as governance.

Africa and Europe are also timidly exploring new areas of common interest and cooperation such as climate change, energy and science, information society and space. At the institutional level new mechanisms have been put in place to broaden and intensify the dialogue between the two regions, including the regular Commission-to-Commission meetings, EU-Africa Troika Ministerial and technical experts meetings. Also, the reinforced EU Delegation to the African Union (AU) in Addis Ababa has boosted political dialogue.

Despite of these positive evolutions, however, the EU-Africa partnership faces major problems. While the EU is

still a major investor, trade partner and provider of development assistance in Africa, it appears to be rapidly losing ground on the continent. This was clearly illustrated by the fact that the November 2010 Africa-EU Summit in Tripoli hardly made it into the headlines on either of the two continents. Even Brussels-based diplomatic representatives from African countries complained about the lack of information and the failure to involve them in preparation for the summit.

“...there is a need for a fundamental change in the partnership culture.”

Very often the rapid rise of new emerging powers such as China, India, Brazil and the Arab world is perceived as the single most important factor for the declining EU influence in Africa. But the reasons for this should also be found closer to home in the “internal kitchen” of the EU and in the quickly fading illusion that the partnership can be driven mostly by the two commissions through institutional and rather technocratic approaches.

The EU is confronted with a major leadership and credibility gap in its relationship with Africa. In spite of the promising but complex Lisbon Treaty with the newly created functions of President of the European Council and the High Representative for Foreign Affairs and Security Policy, as well as the establishment of the European External Action Service, it will take considerable time before the EU is likely to speak with one voice and in a coherent manner. Individual member states' interests still seem to interfere with commonly agreed EU positions. From the perspective of many Africans there is a major gap between what the EU preaches in strong value-driven discourses and strategies

and what it delivers in practice. The EU's political dialogue with Africa is often perceived by many Africans as patronising and quite ambiguous, a relationship marked by double standards instead of a partnership of equals. Obviously both sides are responsible for this rather difficult partnership.

Africa is also confronted with similar inconsistencies and lack of clarity of purpose and political leadership. The AU Commission's mandate is too restricted to lead a supranational agenda; the Regional Economic Communities (RECs) are too little involved in shaping continental policy positions; non-state actors are not enough consulted; current human and financial resources are well below the level of ambition; and AU member states' decisions are still too little informed, if at all, by common continental (or even regional) interests.

The rhetoric and inconsistency of messages and positions from both sides, particularly on some contentious issues, has undermined trust and risks contaminating the broader relationship. A typical example can be found in the ongoing Economic Partnership Agreement (EPA) negotiations, which have become the most contentious issue in EU-Africa relations over the past decade. Despite the fact that compromise solutions have been identified on many of the “technical” bottlenecks in the EPA talks, the political will and leadership to move forward on this issue has so far been absent.² Strangely enough this delicate issue has not been formally integrated into the JAES, while on paper the JAES had the intention to address all major political issues of common interest and concern. The recent summit in Tripoli broadly discussed EPAs, but did this in the absence of the EU Trade Commissioner, who is responsible for the EPA negotiations on behalf of the European Union. Meanwhile, the African side failed to convey its concerns and be consistent with options and proposals discussed among Africans in the run up to the summit.

Also in new areas of the partnership such as climate change, Europe and Africa have adopted different positions at the 2009 summit in Copenhagen and did not manage again in Tripoli to agree on a joint statement for this year's UN climate talks in Cancun. Major differences exist as well on other crucial issues such as migration, governance and human rights (including the International Criminal Court's jurisdiction), and EU-Africa cooperation in other global forums.

What needs to be done to remedy this situation and to ensure that the trust in the partnership is restored?

How can the JAES become a politically more effective partnership?

First of all, the dialogue between both continents should be open, frank and qualitative to tackle all delicate and contentious issues where major divergences of opinion and interests exist on both sides. Clearly on the EU side, there is an important role to be played by the new, post-Lisbon institutional set-up. The dialogue should not be left only to technocrats; the highest political representatives should give clear signals that Africa matters not only for short-term EU interests (e.g., protecting the Horn of Africa from piracy) but also for long-term interests that are common to both continents such as growth and investment opportunities. The Tripoli declaration stresses the importance of the private sector in promoting growth and jobs but is not very clear as to how this will be realised.

“The dialogue between both continents should be open, frank and qualitative to tackle all delicate and contentious issues where major divergences of opinion and interests exist on both sides.”

On the African side, the AU can play a key role in facilitating and articulating common positions among African states on sensitive issues, but more clarity is needed among African leaders as to how they are willing to transfer some of their responsibilities to the supranational level. A better understanding of what drives European and African positions and where the traction can be found in

the partnership would help to building common ground and consensus among both continents; it would also facilitate joint positioning on the multilateral stage.

Second, if the EU-Africa partnership is meant to deal in all openness with common concerns and interests in the global and EU-Africa context, it needs to overcome the traditional donor-recipient dichotomy. This requires extending the political dialogue to European and African member states, to the RECs, and to non-development cooperation departments in the European Commission (e.g., environment, energy, justice and home affairs).

Third, the partnership needs some concrete results and outcomes. Either a breakthrough in the negotiations on EPAs that reflects a mutually beneficial and accepted compromise, or joint EU-Africa positioning in multilateral forums around burning global issues (e.g. climate) could help change the prevailing perceptions of a partnership in crisis. Clarifying the relationship and complementarity between the JAES, the Cotonou Partnership Agreement, and the Union for the Mediterranean would also be a positive message on the parties' commitment to a continent-to-continent partnership. Achieving concrete results is a different story from just presenting nice intentions or bringing a “good news show.” As always, the best communication strategy is to show tangible results that in themselves will attract attention from Europeans and Africans alike.

Fourth, the partnership also needs to recognise and adjust to the current asymmetry between the EU and Africa. At this stage the AU institutions lack the capacity to deal effectively with the multitude of thematic areas in the eight partnership areas of the JAES. A possible solution to that problem could be to have a less ambitious and more targeted partnership on fewer key priorities shared by Africa and the EU. In the process, attention should also be given to the development and strengthening of legitimate, capable and accountable African institutions (at local, national, regional and pan-African levels) and to supporting capacity development in new emerging areas of common concern (climate change adaptation, migration, security, etc).

Finally, there is also a need for a fundamental change in the partnership culture. This means, among other things, a consistent mutual respect that

is expressed not only in words but also in deeds. For instance, EU high level representatives should take the time and trouble to listen to their African counterparts instead of walking out of meetings when they have read their declarations; and African concerns should be better integrated into the agenda of the dialogues and various partnerships of the JAES instead of only focusing on European interests. On the African side, there should be more introspection, clarity of objectives and strategies, and political leadership and less focus on colonialism as the only factor of Africa's development problems, a reference that certain “old generation” autocratic leaders still tend to make. Both parties have to realise that it is not helpful to bog down the partnership over questions of how much EU money and aid should go to Africa to pay for “Europe's historic debt.”

The Tripoli meeting marked the third Africa-EU Summit since 2000. President Jacob Zuma of South Africa openly expressed his concern “that after ten years of this partnership we have very little to show in terms of tangible implementation of the undertaking we made in both Cairo and Lisbon.” He cautioned the summit against committing to another action plan when commitments made in the past in this partnership have not been implemented.

Authors

Fernanda Faria is Programme Associate at the European Centre for Development Policy Management (ECDPM) in Maastricht, and an associate researcher at the Institute for Strategic and International Studies (IEEI) in Lisbon. Geert Laporte is Head of Institutional Relations & Partnerships at ECDPM. Both IEEI and ECDPM are members of EARN.

Notes

- 1 EARN, BEYOND DEVELOPMENT AID. EU-Africa Political Dialogue on Global Issues of Common Concern, October 2010.
- 2 Read on this subject, Bilal and Ramdoo (2010), Riding out the storm: Will the EPAs sink?, TNI(9)-9, November 2010 and Bilal and Ramdoo (2010), Losing old friends: The risk of an EPA backlash, TNI(9)-8, October 2010.

Can the EPAs save us from the food crisis?

Jean-Jacques Grodent

Very recently,¹ Dr. Mohamed Ibn Chambas, Secretary General of the African, Caribbean and Pacific (ACP) Group, reminded us again that the Economic Partnership Agreements (EPAs) should be a development tool for the ACP countries.

The EPA negotiations have been underway for nearly ten years now. Throughout this time, however, the world has kept on turning – not always in the right direction. Namely, in 2007 and 2008, the ACP countries, and indeed numerous countries the world over, were destabilised by what has been dubbed a “food crisis.”

During the second half of 2007, basic food products such as rice, wheat and milk were hit by price increases ranging from 50 percent to over 100 percent. For people who spend nearly all of their income purchasing food, such an increase is intolerable.

This crisis provides us with an opportunity to explore some critical questions. First, what is the true capacity of the Economic Partnership Agreements to serve as a “development tool”? And second, how could ACP countries have used the EPAs to better respond to the challenges posed by the food crisis?²

What food crisis?

For this purpose, it is important to identify the causes of the food crisis and the ensuing policy responses.

Six major causes were suggested at the beginning of the explosion in agricultural prices in 2007-2008:

1. **Increased demand** for food products;
2. **Decrease in food production** (due notably to the deterioration of soils and unfavourable climatic conditions in major cereal-producing regions);
3. **Abandonment of family farming** in developing countries, notably following the dismantling of agricultural policies and public-sector support for agriculture (as a result of the structural adjustment policies enforced by international financial institutions);
4. **Liberalisation of global agricultural trade;**
5. **Speculation on raw materials;** and
6. **Competition for scarce food products from agro-fuel producers.**



To address these causes, countries' responses can be grouped around five approaches.

1. Increase food supply by developing subsistence agriculture

Leaders in countries like Malawi, Mali and Senegal, among others, decided to promote subsistence agriculture over export agriculture in an effort to meet local food needs.

The EPAs in contrast, tend to promote agriculture exports. While such an aim is a typical goal of trade agreements generally, in the case of the EPAs it clashes with developing countries' goal of producing agricultural subsistence products, not agricultural export products.

Furthermore, the investment liberalisation promised by the EPAs promotes the cultivation and export of bio-fuels, thereby threatening the availability of arable land for subsistence agriculture. The EU appears to be quite ambitious on this front: by 2020, the bloc aims to substitute 10 percent of fossil fuel consumption with energy from renewable sources. Agro-fuels are expected to play a huge role in that effort; this would be impossible to achieve without a massive boost in imports.

More liberal investment policies could handicap those states wishing to protect their land from foreign predators who are little inclined to focus on fulfilling local food needs.

2. Increase financial investment in agriculture

In 2003 in Maputo, the African States committed to allocate at least 10 percent of their national budgets to agriculture. The EPAs could, however, make states less inclined to actually carry this out.

Indeed, the budgetary restrictions following the opening up of borders under the EPA process³ led to a drop in the amount of resources available to support agriculture, which was already under-capitalised thanks to the crisis.

It is quite unlikely that this decrease in public-sector resources is to be compensated by increased growth stemming from trade liberalisation as officials had hoped.⁴ Indeed, the economic crisis means we can forget any such optimistic scenario; on the contrary, all we will probably witness is weak or inexistent “EPA” financing that is truly supplemental to the support already allocated under the European Development Fund, or EDF.

3. Grant regional political priority to agriculture

On the political front, officials should aim to implement ambitious regional agricultural policies that preference regional production to ensure that food needs are better met.

However, the EPAs and their liberalisation objectives restrict states' capacity to use measures like trade barriers and community preferences

to build domestic agro-economic chains. Furthermore, the "Most Favored Nation" clause, which EU negotiators hope to insert into all of its EPAs in some form, does not permit trade preferences that would promote strengthened trade with non-European countries.⁵

4. A focus on regional integration

Numerous countries have begun focusing on regional policies in their attempts to obtain food security. And yet the very construction of these arenas is threatened by the EPAs.

ACP countries are engaged in international negotiations on a number of fronts (EPA, WTO, agreements with third party countries, etc.), but the number of officials assigned to follow these talks has been cut back. Thus the EU's insistence on pushing forward in the negotiations on the EPAs in fact penalised the construction of regional trade areas by diverting ACP officials' attention away from regional initiatives.

The integration envisioned by the EPAs is a forced and counterproductive integration. In addition, the interim EPAs have significantly, and lastingly, endangered budding regional dynamics.

5. Market regulation

The only way to stamp out the kind of market speculation that magnified the volatility of farm prices in 2007 and 2008 is to create and deploy public tools to counter the economic players who see goods as an easy means of scoring a profit. A few examples of such tools: establishing stocks of primary basic agriculture products, guaranteeing "ceiling prices" for foodstuffs, or intervening in import and export markets, which a number of countries did between 2007 and 2009.

These tools are often limited or even prohibited by free trade agreements, in particular for regions that have only a very weak market position, such as ACP regions, which makes them extremely dependent on partners' goodwill.

European responses to the food crisis

If, as I argue in this article, the EPAs⁶ are indeed curbing structural responses to the causes of the food crisis, it is interesting to compare ACP countries' policy decisions to those that have been taken by the European Union following the food crisis.

Among other things, the Europeans responded by strengthening financial support for farmers by increasing the available budgets. Export subsidies were reintroduced for specific products. Demand increased from all sides for the

reimplementation of regulatory tools for European agricultural product supply, in order to maintain agricultural prices at levels that would enable small family businesses to preserve a degree of profitability.

Lastly, there was a major consensus that the EU should maintain a "strong" Common Agricultural Policy. That meant providing for significant budgets, developing offensive trade interests,⁷ and offering more protections for this strategic sector.⁸ A recent parliamentary report confirms this option for a consistent European Agricultural Policy: "Europe cannot allow itself to place its trust in other parts of the world for the security of its food supply."⁹ Why does the EU allow itself public intervention tools that it refuses to other countries with which it wants to enter into so-called "partnership" trade agreements?

The lessons of a crisis

The 2007-2008 food crisis served as a manifest reminder -- particularly for weakened states and regions -- of the unique characteristics of the agricultural sector. These characteristics mean that governments must implement appropriate public policies to ensure the security of their food sector.

The unpredictable nature of the food crisis highlights the need to maintain maximum public response capabilities. States and regions must be in a position to react quickly to unforeseeable events without having to wait for the approval of trading "partners," as has been proposed in some trade agreements now under negotiation.¹⁰

The development of free trade can by no means be seen as a way to fight the causes of the food crisis. This point is driven home by the fact that we are currently seeing a paradigm reversal in Europe with regard to the future of the CAP. Until recently the bulk of the programme was disparaged; today, however, it is being reasserted as a major direction for European policy.

Henceforth, is there still a place for agriculture in Free Trade Agreements?

Agriculture cannot be subject to liberalisation, even 20 or 25 years down the road, as it is unlikely that even then ACP farm exports will be able to compete with those from the EU. The liberalisation of the agricultural sectors in trade negotiations is a direct threat to the realisation of Millennium Development Goals number one: to reduce poverty and hunger by half.

So many ACP States, regions and peasant organisations adhere to an agricultural policy that calls for "food sovereignty." By viewing agriculture as a sector much the same as any other, the EPAs are out of line with this perspective.¹¹ The recent events, in all their very painful reality, should prompt us to acknowledge an agricultural exception in the EPA negotiations, for the ACP countries as well as the EU member states.

Author

J.-J. Grodent is Head of the Information Service with SOS Faim Belgium, and Director of Défis Sud. This document has been prepared based on a presentation given at the Seminar "EPA in (times of) Crisis" on 29 April 2010. For further information, a more detailed version of this article is available from the following link : http://www.acp-eu-trade.org/library/library_detail.php?library_detail_id=5513&doc_language=Both

Notes:

- 1 Vanuatu Daily Post, 2010 08 06.
- 2 See, on this subject, Alan Matthews, Economic Partnership Agreements and Food Security, Shedding Light on the Negotiations, Vol.9, No.5, June 2010,
- 3 The Fiscal Impact of the EPA, David Laborde, Shedding Light on the Negotiations, Vol 9, n°6 July 2010.
- 4 Evaluation synthétique des études d'impacts de l'APE réalisées pour les pays membres de la CEMAC, Sao Tomé et Principe et de la République démocratique du Congo », Rapport final, 2007, p.6, Philippe Hugon, Olivier Stintzy, Partenaires et stratégies, PrincewaterhouseCoopers France. « Economic Partnership Agreements : making them tools for development", 2005, p.2, San Bilal, ECDPM. "Etude d'impact des APE sur l'économie du Mali », 2004, p. 14, B. Faivre Dupaigne, M. Coulibaly, A. Diana, IRAM – GREAT.
- 5 See, on this subject, the article by El Hadji Diouf, *Why the MFN clause should not be included in EPAs*, in Trade Negotiations Insights, Vol. 9 No. 8 (October 2010).
- 6 *Il n'y a pas de plan «B» aux APE*, Bernard Petit interview, *Défis Sud* n°81, March 2008.
- 7 *Pouvant d'ailleurs se tourner vers les pays ACP !*
- 8 Consolidated version of the Treaty on the functioning of the European Union, Official Journal of the European Union, 30 March 2010, Arts 39 to 44. See also Appel de Paris, signed by 22 European countries, for a Common Agricultural and Food Policy, December 2009, <http://agriculture.gouv.fr/appele-de-paris-pour-une-politique>.
- 9 Lyon Report PE 24-03-2010)
- 10 EPAs: Can better safeguards help? " K. Ulmer, Speaking notes, EPAs in (times of) crisis Brussels, 29 April 2010.
- 11 A recent interview with the African peasant leader Mamadou Cissokho confirms this approach : <http://www.youtube.com/watch?v=RvJnP3v-GK4>.

Engaging with business to make the most of AfT spending

Catherine Grant

One of the primary objectives of the aid for trade agenda is to reduce the supply-side constraints that limit developing countries' ability to access markets for their exports. At the heart of this agenda are the actors who actually engage in trade, which in many instances are the private sector companies that produce goods and services for export.

To date, however, the private sector has not been especially engaged on aid for trade issues, particularly in some of the recipient countries in Africa. This may reflect aid for trade's strong focus on the development of trade-related infrastructure, but there is much room to improve the engagement with business in order to strengthen the implementation and impact of aid for trade spending. The following are some specific suggestions that draw on the author's experience of working with the SADC Employers Group and SADC Business Forum in Southern Africa.

Limited private sector engagement

In most of the countries of the Southern African Development Community (SADC), the private sector is relatively small and the number of companies that are engaged in trading activities is even more limited. In some ways this should make it relatively easy for governments, donors and other actors on aid for trade to consult and involve key private sector representatives in the development and implementation of relevant projects. If aid for trade is to make a contribution to job-creating economic growth, it is critical to make the effort to involve the private sector, as exporting businesses tend to be significant employers.

There are a number of reasons why the involvement of business has been limited in aid for trade debates in the SADC region. First, there is still a level of mistrust between governments and business. Policy makers do not always believe that the actions of the private sector are supportive of the development objectives set by governments, and therefore there are limited mechanisms for consultation on such matters. Second, the private sector in some countries is not well organised. This makes it more difficult for governments and donors to engage the business community on key policy issues. Additional challenges exist in those sectors where many of the trading entities are micro or small enterprises that often operate informally (e.g., cross-border agriculture trade). Third, the lack of coordination among business representatives at a national

level extends to the regional sphere, where there has been limited success in building strong, fully representative private sector organisations. Fourth, there are capacity constraints within the trading community in SADC to engage on policy issues and participate in the development of aid for trade programmes. This is both a resources (human and financial) issue but also a result of the lack of awareness of the aid for trade agenda and how it could practically support the activities of the private sector.

Improving engagement

Ensuring greater participation of the private sector in the SADC aid for trade debate would clearly pay dividends; indeed, it is critical if progress is to be made in meeting the objectives set out by the World Trade Organization and others. This could be done through a number of initiatives, some of which would have a positive impact on both the delivery of aid for trade as well as the engagement of Southern African countries in global trade policy debates more generally. At the outset, SADC governments and regional institutions should ensure that the private sector is acknowledged as a key stakeholder in aid for trade. This would provide an opening for the business community to become more involved; their participation could be supported by donors and other partners.

At a practical level, it is critical to support the ongoing efforts underway in SADC to strengthen business organisations, both nationally and regionally. Attempts to work outside existing business structures (such as chambers of commerce and industry associations) should be avoided as this can simply lead to further divisions and lack of real engagement in the private sector. Those organisations that are well supported by trading companies and that can claim a level of representation should be empowered to take part in the development of aid for trade initiatives. More research at the industry and firm levels could help build a greater understanding of the supply-side constraints faced by traders in the region.

The SADC Employers Group (SEG) is one example of a regional body that is trying to build capacity among its members to engage on a broad range of regional integration issues. There has been a shift away from simply focusing on traditional employment and labour concerns to taking into account the broader business environment. The group has managed to expand its mandate and undertake a number of projects that

relate to trade, including developing joint positions on the Economic Partnership Agreements with the EU and participating in the launch of the SADC Free Trade Agreement in August 2008.

“ Ensuring greater participation of the private sector in the SADC aid for trade debate would clearly pay dividends. ”

SEG is potentially a worthy partner in the aid for trade debate in the region and would benefit from improved engagement as set out above. However, the SADC Secretariat struggles to find consistent mechanisms to engage with business in the region and many member governments do not take advantage of existing opportunities to include private sector representatives in their delegations. Questions remain about the representation of SEG and regular attempts (sometimes supported by donors) are made to set up competing groups that purport to be the voice of regional business. This leads to further confusion and an additional excuse for governments and the Secretariat not to engage.

While the challenges and recommendations set out above are based on the experience of the Southern African region, there are common issues in many other parts of the world. The aid for trade agenda as a whole could benefit from more closely involving the private sector.

Author

Catherine Grant is the Programme Head of Economic Diplomacy at the South African Institute of International Affairs.

Aid for Trade: Is it working? We want to know

Matthew Wilson

It has been five years since the December 2005 WTO Ministerial Conference in Hong Kong, China and there is no denying that Aid for Trade has earned its place in the lexicon of international trade and development. As funding levels rise, questions about Aid for Trade are changing from "Aid for Trade: What is it for?" to "Aid for Trade: Is it Working?" In essence, this is the question that the Third Global Review of Aid for Trade will seek to address when it convenes in July 2011.

In a period of fiscal consolidation and donor spending reviews, the impact of aid is coming under increasing scrutiny. Some may be forgiven for seeing this as a one-dimensional process driven by budget constraints. But it goes wider than this. Citizens in developing countries want accountability too; they want to see economic growth and development. There is an emerging consensus that we need to show the evidence of our actions. The Third Global Review of Aid for Trade aims to do just that: examine whether the initiative is working

The WTO and the Organisation for Economic Cooperation and Development put in place a monitoring and evaluation framework for Aid for Trade in 2007. This framework has proved adept at capturing information on the flows of funding which go to aid for trade categories: trade policy and regulation, trade-related infrastructure, trade-related adjustment, building productive capacity (including trade development) and other trade-related needs. (These are the categories identified by the Director-General's Task Force in its recommendations in 2006. [1].) The OECD uses proxies in its Creditor Reporting system to report on categories of assistance which mirror the supply-side and trade-related infrastructure constraints of developing countries. On the basis of the OECD reporting, we can say with confidence that one of the successes of the Aid for Trade initiative has been resource mobilisation, although part of the increase may be due to better categorisation and reporting of aid flows dedicated to trade categories. Aid for Trade spending reached US\$ 41.7 billion in 2008, up 62 percent from average annual expenditure between 2002 and 2005.

While we can say that we have been successful at mobilising resources, what can we say about the impact of those resources in partner countries and on regional economic communities? Intuitively, assistance for productive capacity should lead to increased productive capacity. Aid for Trade interventions aimed at reducing supply-

side constraints must surely overcome these constraints. Support for trade-related infrastructure must by definition lower the cost of doing business and transporting goods. But does it? Has it? And how can we measure it?

This is why the director-general of the WTO and the secretary-general of the OECD have launched a new monitoring exercise to gather information on impact and outcomes for the Third Global Review through a call for case stories. The aim of this process is to get a better view of the impacts and outcomes of Aid for Trade assistance and lessons learned on good practice; it also aims to gather information on how things could be improved. The goal is to illuminate what is actually happening on the ground. The call for case stories has established a new element to the monitoring framework for the Third Global Review. It is our hope that these case stories will provide a much-needed window into what works, what doesn't work, and what can be improved upon in Aid for Trade.

“ So long separate fiefdoms, the trade and development communities are now engaged in an ongoing dialogue... ”

To help members participate in the monitoring and evaluation exercise, a number of regional training events are being organised by the WTO and its partners. A successful event was held for Francophone Africa in October. Further events are planned for English-speaking Africa in November, with the assistance of UNECA. Training events for Asia and Latin America will be held in November. An event for the Pacific islands is being organised with Australian support. The Caribbean will also benefit from a regional forum on Aid for Trade, with the support of the Inter-American Bank, in January 2011.

The WTO and OECD have already started to receive submissions of case stories. The first one received was from a landlocked, small, vulnerable economy: Mongolia. Our hope is that other WTO members, observers and observer organisations will also submit their experiences, allowing us to build a body of evidence that can deepen the discourse on Aid for Trade.

There is much to debate: the role of the private sector in setting priorities; implementation and partnering on trade-related programmes; how Aid for Trade can be used to leverage additional forms of domestic and foreign direct investment; the role of South-South trade-related capacity building and its growing importance as a conduit for knowledge and technological transfer. There is no shortage of topics to discuss.

We can already see the positive impact of the aid-for-trade discourse on trade and development. So long separate fiefdoms, the trade and development communities are now engaged in an ongoing dialogue that explicitly recognises the potential of trade to support and catalyse economic growth and poverty reduction. As WTO Director-General Pascal Lamy stated at the Millennium Development Goals Summit in New York in September: "the regions where most progress has been made in eradicating poverty are those that trade most. There is a direct correlation between integration into the multilateral trading system and economic growth, between growth and poverty reduction."

The focus of the Third Global Review is on showing the impact of Aid for Trade and setting in motion a process that can eventually answer the question: "Is it working?" This is a tall order; we don't underestimate it. Fundamentally, it can only be achieved with the ownership and leadership of partner countries and their development partners.

Aid for Trade has changed the way in which the development community positions trade, and it has changed the way the trade community see development. The knowledge is there, the appreciation is evident and all that remains is to show how it is working and determine whether it could work better. I suggest that not only WTO members, observers and observer organisations, but also civil society and the private sector are well placed to provide input. To that end, we look forward to hearing your answers to the question: Is Aid for Trade working?

Author

Matthew Wilson is Deputy Aid for Trade Coordinator in the Development Division at the WTO. To contribute to the Third Global Review of Aid for Trade, please visit: http://www.oecd.org/document/31/0,3343,en_2649_34665_41830879_1_1_1_1,00.html

The great cotton stitch-up

Anne-Sophie Nivet and Aurelie Walker

Benin, Burkina Faso, Chad and Mali – four of the least developed countries on Earth – rely on cotton more than any other commodity for their export revenues. These countries, collectively known as the Cotton 4 or C-4, produce cotton more cheaply than anywhere else – a competitive advantage that should place them in a prime position to benefit from the world's ever-increasing desire for cotton products.

But a wall of subsidies deployed mainly by four major trading powers has fatally undermined the C-4's ability to trade their way out of poverty. In the nine years since the launch of the WTO's Doha Development Round, the United States, the European Union, China and India have collectively doled out US\$47 billion to cotton growers. The International Cotton Advisory Committee has estimated that trade-distorting subsidies have depressed the world price of cotton by 10 percent. Nobody denies the domestic problems faced by the African cotton sector, but this does not excuse the continuation of trade-distorting subsidies in the EU and the US.

The vital role of the European Union¹

The US clearly remains the biggest subsidiser in volume (US\$818 million spent during the 2009/2010 fiscal year) and its subsidies are more trade distorting than European ones. However, despite the EU's small share of production - less than 2 percent of world cotton - the EU's role is not insignificant. Last month saw the release of the European Commission's Communication on the future of its Common Agricultural Policy (CAP).² The document contains a damaging loophole that allows for the continuation of a cotton subsidy regime that has paid out €5.94 billion to 100,000 European cotton growers since 2001.

Some 65 percent of the EU aid to farmers has been "decoupled" from production, meaning that it is paid to producers irrespective of their planting decisions. But critically, 35 percent remains in the form of a payment specific to cotton production. This coupled element is meant to prevent cotton farming from being abandoned in Europe's poorer cotton-producing regions. Moreover, the EU hands out the biggest subsidies per pound of cotton.

In a 2007 cotton impact assessment, the European Commission acknowledged that "A fully decoupled support regime would be consistent with the EU's negotiating position in the Doha Round." Moreover,

the assessment noted that the full decoupling option would "be in line with the reformed CAP, whose central element is the decoupling of income support."³

The European Commission is aware of the inherent conflict between its cotton policy and its commitment to development. The 2007 Policy Coherence for Development (PCD) Report highlighted cotton as an issue for which coherence across development, agriculture and trade policies could be improved. "By further reducing its cotton production, the EU would take a step that is likely to assist African producers," the report noted. "The EU would also gain in credibility in trade negotiations."⁴

A reform of the EU cotton subsidy system would not solve all of the problems of West African cotton farmers. Its impact on the negotiations on cotton in the WTO might, however, be significant. By setting a good example, the EU could isolate the US, increasing the pressure on Washington to change its policies.

“

The European Commission is aware of the inherent conflict between its cotton policy and its commitment to development.

”

Surprisingly, in the 2009 PCD Report, cotton is presented as a success for policy coherence. "Currently, total EU production is estimated at less than 1.3 percent of world production," the report said. "Moreover, the EU market is completely open and there are no export subsidies."⁵ The 2009 report fails to address the discrepancy between most subsidised agricultural products, which receive a 90 percent decoupled rate of support, and cotton, which receives only 65 percent. The European Commission seems to have simply decreased its expectations for coherence regarding cotton.

The EU's cotton policy must be seen in the wider political context. All WTO members agreed in 2005 to advance negotiations on cotton, and to date the issue is held up as a litmus test of development in the Doha Development Round (DDR). Until now, the US has always refused to enter into serious discussions, arguing that no proposal can be made for cotton before agreement has been reached on agricultural subsidies in general. The

EU has substantially decoupled cotton subsidies from production, but so long as any trade-distorting elements are maintained, the EU will undermine its credibility in urging its trading partners, notably the US, to reform.

While the DDR has floundered, the last decade has seen the rapid growth of the global Fair Trade movement, bringing together producers and consumers in a citizens' movement for change. Fair Trade seeks to develop trading partnerships based on dialogue, transparency and respect to promote greater equity in international trade. The success of Fairtrade certification in the UK and beyond reveals a consumer appetite for a trading system based on such principles. It is time for our global leaders to respond.

The current CAP expires in 2013; negotiations are now underway for its reform. To fulfil the commitment that the EU made at the WTO in 2005 to treat cotton "ambitiously, specifically and expeditiously," and to show commitment to concluding the DDR, the EU needs to act now to decouple cotton subsidies from production.

Authors

Anne-Sophie Nivet is Trade and Development Project Manager, at IDEAS Centre, Geneva and Aurelie Walker is Trade Policy Advisor at the Fairtrade Foundation, London. This article is adapted from "The Great Cotton Stitch-Up," a recent report from the Fairtrade Foundation. The report can be accessed at www.fairtrade.org.uk/products/cotton/the_great_cotton_stitch_up.aspx.

Notes:

- 1 This article highlights the EU's cotton policies; a follow-up article to be published in TNI in early 2011 will focus on how US cotton subsidies figure into the equation.
- 2 COMMUNICATION FROM THE COMMISSION (2010), *The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future, 18 November 2010*; available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0672:FIN:en:PDF>
- 3 European Commission Staff Working Document (2007), 'Cotton Impact Assessment', SEC(2007) 1481, Brussels
- 4 Commission of the European Communities, Commission staff working paper accompanying the Commission working paper EU Report on Policy Coherence for Development (2007), (COM(2007)545 final), Brussels, SEC(2007) 1202, Brussels
- 5 Commission of the European Communities, Commission staff working paper accompanying the Report from the Commission to the Council (2009), EU 2009 Report on Policy Coherence for Development (COM(2009)461 final), Brussels, SEC(2009) 1137, Brussels

WTO Roundup

Lamy on Doha: It's the Final Countdown

WTO members are set to launch an intensive series of negotiations as they seek to bring the long-overdue Doha Round of global trade talks to a close by the end of 2011. Pascal Lamy, director-general of the multilateral trade body, said Tuesday that the Group of 20 leading economies and the Asia-Pacific Economic Cooperation (APEC) forum, as well as leaders he had spoken with individually, had sent WTO members the "signals we need" to take the struggling negotiations into their final stage.

In his address to the Trade Negotiations Committee meeting on 30 November, Lamy outlined an "intensive work programme" for the months ahead, with informal discussions to supplement negotiating committee meetings scheduled for December, followed in January by the start of near-continuous talks on every issue in the Doha Round. The first objective is updated negotiating texts, the draft agreements that would serve as the basis for hammering out a final accord. Lamy wants these for each area of the talks by the "end of the first quarter of 2011." He urged members to come forward with compromise proposals that would reduce the number of disagreements in the future texts.

According to the timetable Lamy described, the so-called 'cocktail approach' of meetings in various formats - small groups, bilateral contacts, negotiating groups and his own consultations - is set to continue, as members search for compromise. From 10 January, the negotiating groups on rules, trade facilitation, trade and environment, intellectual property rights, and development will begin intensive sessions, to be joined a week later by agriculture, non-agricultural market access, services, and dispute settlement. Lamy stressed that ambassadors and senior capital-based officials will play a key role in these discussions, in order to help ministers lay the domestic groundwork for an eventual deal. "The final countdown starts now," he added.

New NAMA Text Needed Before End-April, Says Chair

Luzius Wasescha, who leads the talks on Non-Agricultural Market Access (NAMA), opened the latest round of NAMA talks on 26 November by laying out the next steps in the process and

urging delegates to enter into intensive negotiating mode. His comments came just ahead of a similar appeal by WTO Director-General Pascal Lamy, who spoke at the Trade Negotiations Committee.

Speaking to the members of the NAMA Negotiating Group, Swiss ambassador Wasescha said that following small group talks between ambassadors on the round as a whole, the ball was firmly back in the court of the negotiators. He called for intensified discussions to take place in small groups, which should develop a new text by the Easter break in order to leave time for members to wrap up the Doha Round at the end of the year. Intensification was key, he said: you can have a large group, which is small in terms of impact if it lacks energy. However, a group that is small in size but large in terms of energy can accomplish accordingly.

Wasescha provided three pointers on the way forward. First, he said that if members felt some specific issues had not received enough attention, this should be brought up directly with him. Second, he stressed that the coordinators of the various country groupings should make it clear that time was running short, and so the coordination processes should be accelerated. Third, he asked negotiators to focus on the essentials. As such, delegates should avoid detailed and abstract discussions and concentrate on drafting concrete textual proposals.

Members Discuss Principles for S&DT Monitoring Mechanism

At a meeting on 8 November, WTO members generally welcomed a set of principles on the shape of a monitoring mechanism that would review the functioning of WTO provisions for special and differential treatment (S&DT) for developing countries. The "guiding principles" for the monitoring mechanism came out of ongoing discussions among a group of WTO ambassadors. They had previously been discussed in smaller groups of countries, but the November meeting marked the first time they were examined by the full Committee on Trade and Development in a special (negotiating) session. At the gathering, delegates asked the chair to revise a "non-paper" on the monitoring mechanism to reflect the new principles.

According to the principles, the mechanism "shall act as a focal point within the WTO to analyse and review [the] implementation of S&DT provisions. It shall complement, not replace other relevant review mechanisms in other bodies of the WTO." It would "regularly evaluate the utilisation and effectiveness of S&DT provisions, with a view to ensuring that they are effectively and better implemented." It is also charged with proposing action, "as appropriate," that would strengthen and improve the reviewed provisions.

In general, developing countries were more cautious in their support for the principles than developed ones. Zambia wanted an explicit reference to Paragraph 44 of the Doha mandate, which instructs members to review "all special and differential treatment provisions... with a view to strengthening them and making them more precise, effective and operational." Developed countries are nervous about the prospect of explicitly including that phrase, fearing that it would turn the monitoring mechanism into a permanent negotiating forum. As they see it, the principles strike an appropriate balance, in which the mechanism would be more than a simple transparency exercise, but short of a full-fledged negotiating group.

CTE Searches for Way Forward on Environmental Goods

WTO members agree that they need to revitalise sluggish negotiations on liberalising trade in environmental goods. They just don't seem to be able to agree on how to do so. Nor is it clear that they can, without a revival in the deadlocked Doha Round talks.

Even before the broader stagnation in the Doha Round over the past two years, the WTO negotiations on an extra measure of liberalisation for goods with an environmental purpose had been struggling. Countries were unable to agree even on how to identify what constitutes an environmental good worthy of being slated for extra tariff cuts. Developed countries for the most part have favoured the creation of a negotiated list of such products, but many developing countries complain that the proposed products reflect Northern export interests. Other approaches would have temporarily liberalised trade on goods used in

approved environmental products, or seen countries engage in a request-offer process to determine which goods would be subject to extra tariff cuts.

Delegates spared each other a review of those differences during an 8-9 November meeting of the Committee for Trade and Environment in special (negotiating) session. Some, such as Brazil, noted that a range of other issues need to be discussed, such as special and differential treatment for developing countries, technology transfer, and non-tariff barriers. The US countered that these cross-cutting issues could not be addressed in the abstract - they needed to be examined in relation to specific products.

Members also discussed a different aspect of the Doha negotiations on trade and environment: the mandate to clarify the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (Paragraph 31(i) of the Doha Declaration). In a new proposal (TN/TE/W/77) - the first on the subject in over two years - Switzerland called for a "conciliatory and non-adjudicatory" process in which members that disagree on the relationship between existing WTO rules and trade obligations set out in multilateral environmental agreements could ask the CTE chair to facilitate discussions aimed at a solution, thus heading off controversial disputes.

ACTA Faces Criticism at WTO and in the United States

A nearly concluded multi-country agreement on counterfeiting came under fire at the WTO last week, as some members accused the deal of undermining multilateral cooperation and global rules on intellectual property. The prospective Anti-Counterfeiting Trade Agreement (ACTA) is also facing questions from one of its leading proponents, the United States, regarding uncertainty about whether clauses in the draft deal would contradict US law.

During the 26-27 October session of the WTO Council for Trade-related Aspects of Intellectual Property Rights (TRIPS), developing countries such as China and India expressed concerns about ACTA's consistency with WTO intellectual property rules, raising the possibility of trade disputes if non-parties to ACTA are

affected by the agreement's provisions. According to countries taking part in the ACTA negotiations, a final accord is likely before the end of the year; most major differences were resolved during a round of talks in Tokyo in early October.

In the TRIPS Council, China called for scrutiny about the consistency and compatibility between ACTA and the WTO legal framework, particularly about whether it risked creating additional trade-restricting obligations for WTO members. China also criticised the lack of transparency that characterised much of the ACTA negotiations. The Indian delegate warned that ACTA could "completely upset the balance of rights and obligations of the TRIPS Agreement," and "potentially undermine seriously decisions taken multilaterally such as the Doha Declaration on Public Health in the WTO and the Development Agenda in [the World Intellectual Property Organization]."

ACTA is also facing challenges from within key parties - namely, the United States. Inside US Trade, a Washington-based trade news publication, has reported that US patent officials are unsure whether ACTA would contradict provisions in the new healthcare reform law, as well as in other US patent-related rules. At issue are provisions in the US healthcare reform and in other US patent laws that limit damages and injunctions for patent infringement in certain cases, such as in the context of developing generic drugs or performing surgery. ACTA provisions contain no such cap on compensation.

This information has been summarised from ICTSD's Bridges Weekly Trade News Digest.

This information has been summarised from ICTSD's Bridges Weekly Trade News Digest.

EPA UPDATE

By Melissa Julian and Quentin de Roquefeuil

At Africa-EU Summit, leaders agree to speed up work on EPAs

A joint declaration adopted at the Africa-EU summit, held in Tripoli on 29 and 30 November, commits governments to concluding Economic Partnership Agreements (EPAs) that support socio-economic development, regional integration and the integration of Africa into the global economy.

European Commission President José Manuel Barroso told journalists at the summit that Africa's EPA concerns had been discussed during a constructive debate and that "there was a clear commitment to speed up our work on that matter."¹ He vowed "to use EU flexibility to address Africa's concerns" and noted that Europe's commissions for trade and development were ready to engage in technical negotiations to achieve concrete results. "I hope to see important progress very soon," he said.

Jean Ping, President of the African Union Commission, told reporters that the EU has already shown a lot of flexibility in the EPA negotiations, that progress is being made, and that positions are not as divergent as they were at the 2007 summit. He also said that EPAs needed to be concluded quickly.² Several African countries raised contentious issues in the EPA negotiations. The EC President and some EU member states reiterated that the EU has already shown flexibility, and is prepared to continue doing so, in the negotiations. The debate was described as constructive. The summit also adopted the second Action Plan (2011-2013) for the Joint Africa-EU Strategy, which aims to boost cooperation in eight areas, one of which is on trade and regional integration.³ The next Africa-EU summit is scheduled to take place in Brussels in 2013.

EPAs were put on the summit agenda at the 19 November Africa-EU ministerial meeting in Lilongwe, Malawi. There, ministers stressed the need to strengthen political dialogue at the appropriate level with a view to finding solutions to common concerns on EPAs; the ministers said they viewed the third Africa-EU Summit as a good opportunity for such dialogue. The 19 November request followed a resolution adopted at the ACP Council of Ministers meeting on 8-10 November. That resolution reaffirmed the need for objective criteria, based on

policy objectives agreed at the multilateral level, to determine the parameters for the conclusion and implementation of the EPAs. It also urged the EU to maintain its EPA Market Access Regulation until the full EPAs have been signed and implemented.

The ACP position was informed by the African trade ministers' "Kigali Declaration," which was adopted at their meeting on 2 November.⁴ In the declaration, the ministers also agreed to "take into account" the recommendations on EPAs that were set out in a position paper that was developed at a coordination meeting of the African Union Commission and Africa's Regional Economic Communities that was held in October.⁵ However, the position paper was not adopted as an official position because not all African countries support all of its points.

On the EU side, member states and the Commission have been discussing how the EU might adjust its EPA strategy to reinvigorate the talks. No formal position has been taken and there are some subtle differences among member states on how to move forward, though all agree that the EU should be flexible within the limits of WTO compatibility. According to the Olivier Chastel – the Secretary of State for European Affairs from Belgium, which currently holds the rotating EU presidency – some member states want the EU to send a strong political message on the African position, while others favour a much more positive and proactive approach.⁶ According to Belgian Development Minister Charles Michel, a majority of member states would also like to establish a timetable for concluding the EPAs and amending ACP market access regulation in order to accelerate negotiations and ensure that the EU-ACP trade regime brings full security and predictability to business.

EU Trade Commissioner Karel De Gucht has stressed the EU's readiness to be flexible in the EPA negotiations, but also that this is only possible in an environment of increased political commitment on the part of the ACP to advance the talks.⁷

EU Trade Commissioner to discuss EPAs at ACP-EU Joint Parliamentary Assembly

As TNI goes to press, the EU-ACP Joint Parliamentary Assembly is taking place in Kinshasa from 30 November to 4

December.⁸ EU Trade Commissioner Karel De Gucht made an important speech on EPAs at the meeting.⁹ However, the EC reply to a Joint Parliamentary Assembly (JPA) question on EPAs notes that the Commission expects to complete its stocktaking of the EPA negotiations by the end of the year. It will then submit concrete options for moving forward shortly thereafter.¹⁰

Central Africa preparing for December round of EPA negotiations

The members of the Economic and Monetary Community of Central Africa (CEMAC) are currently putting the regional EPA fund through the required legal procedures. CEMAC officials are considering the possibility of using the West African EPA Development Programme (EPADP) as a model for identifying the development priorities that the fund would address. The region will hold a regional consultation meeting (postponed since March) from 6-8 December in Douala, Cameroon followed by a negotiating session with the EU from 9-10 December that focusses on the contentious issues. The region is also reportedly planning to put forward a new roadmap and calendar for the negotiations.

West Africa EPA negotiations postponed to next year

The EU-West Africa technical-level EPA negotiations scheduled for November have been postponed to next year. At a meeting set for the week of 26 November, trade ministers from the West African Economic and Monetary Union (UEMOA) were expected to renew their support for a conclusion of EPA negotiations and renew their calls for the development dimension to be fully taken into account in the agreement, notably by an adequate financing of the EPA Development Programme.

A meeting of the regional Ministerial Monitoring Committee on the EPA negotiations has been scheduled for the third week of January. The gathering will seek to provide guidance on the politically sensitive issues that have stalled the West African negotiations so far. The conclusion of a full regional EPA would prevent the interim agreements that Ghana has initialled and that Côte D'Ivoire has signed from endangering the region's integration process, sources say.

East and Southern Africa-EU EPA negotiations scheduled for December

No East and Southern Africa (ESA) EPA negotiations have been held since the last issue of TNI. Sources indicate that the ESA bloc is coordinating with other African regions while waiting for high-level political guidance from the Africa-EU Summit. The ESA EPA group will meet on 13 December at a technical level to prepare for a joint technical meeting with the EU on 14-15 December in Harare, Zimbabwe. The discussions will be based on a comprehensive EPA text and cover all outstanding issues under negotiation. The region aims to conclude the talks next year.

Progress in SADC EPA negotiations, but negotiations to continue in 2011

Two negotiating sessions were held in November between the EU and the members of the Southern African Development Community (SADC) EPA group. The first brought together technical experts in Brussels from 9-11 November; the second involved senior officials and was held in Maputo, Mozambique on 22 and 23 November.

Good progress was reportedly made on rules of origin, particularly with respect to cumulation within the SADC EPA group, and with the ACP, although there is still work to do on the administrative underpinnings required to take full advantage of the cumulation provisions. An outstanding issue is that the SADC group (and the ACP as a whole), however, will not be able to cumulate with South Africa on goods on which South Africa does not have duty free, quota free market access to the EU market. This, sources say, will undermine exports from other SADC members that obtain inputs from South Africa for their exports to the EU.

There was also engagement on rules of origin for trade in fish, and market access for agricultural and industrial products. The EC has not yet responded to an SADC request for tariff concessions on a range of mainly agriculture lines. Engagement on these issues will continue. Agreements were reached on the wording of the EPA texts in several areas. Around a dozen contentious issues require further discussions, one of which is a proposed Most Favoured Nation clause. The SADC EPA group has indicated that it is ready to consider only "cooperative agreements" on trade-related issues such as investment, competition and procurement,

without legal obligations and without any commitment to negotiate these in future. On services, however, some members of the group are willing to negotiate binding commitments. However, with respect to geographical indications, the EC expects the SADC EPA group to go beyond cooperation.

Senior officials agreed to extend EPA negotiations beyond the self-imposed deadline of December 2010. The next round of negotiations is scheduled for the end of February 2011 in Maseru, Lesotho.

EAC members discuss way forward on EPAs but miss November deadline

As TNI goes to press, heads of government from the members of the East African Community (EAC) are set to discuss the way forward on the EAC-EU EPA at a meeting on 3 December in Arusha, Tanzania. The summit was preceded by a meeting of EAC trade ministers on 29 November, which agreed to resume EPA negotiations and conclude them within one year.¹¹ The ministers also adopted a draft joint EPA roadmap. The EAC Secretariat was instructed to develop strategies to move the talks forward, to prepare a budget on the comprehensive EPA negotiations, and to convene an EPA experts meeting in January 2011.

The 3 December summit was set to discuss national EPA positions, agree a regional EPA stance, and finalise a roadmap for the conclusion of the negotiations. Officials are also expected to continue to work toward signing a comprehensive regional EPA (to replace an initialled interim EPA) with the EU in the coming months. A briefing on EAC-EU EPA negotiations from the EAC Secretariat sets out the current state of play in the negotiations and reveals several fundamental divergences of views on outstanding issues.¹²

Though the self-imposed end-November deadline to conclude negotiations has been missed, both EAC and EU officials are confident that negotiations can be concluded next year.¹³

Caribbean moving forward on EPA implementation

Ministers of the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) met in Belize on 26 November to discuss the CARIFORUM framework and its relations with the EU.¹⁴ The results of the meeting were to be discussed by the CARICOM Council for Trade and

Economic Development, which opened in Georgetown, Guyana on 2 December. Ministers also reviewed the status of the Caribbean Integration Support Programme and discussed the organisation of CARIFORUM, a proposal for a successor to the Rum Industry Support Programme, and matters relating to the CARIFORUM-EU Joint Strategy, among other items.

The European Commission approved a €28.3 million grant for a Regional Private Sector Development Programme, to be executed over five years in the region.¹⁵ The programme is expected to play an important role in helping the region respond to the opportunities and challenges offered by the EPA and other trade arrangements. The meeting of the CARIFORUM-EU Trade and Development Committee that was scheduled for 4 December has been postponed to early 2011. For a more detailed update from the Caribbean, please see the interview with Branford Isaacs, the Head of CARICOM's EPA Implementation Unit, in this issue of TNI.

Pacific ACP countries dissatisfied with Pacific Island Forum Secretariat

There continues to be dissatisfaction with the work of the Pacific Islands Forum Secretariat (PIFS) with regard to the EPA talks. Sam Abal, the Foreign Affairs and Trade Minister of Papua New Guinea, the region's largest economy, laid out his concerns in a letter to Hans Joachim Keil, the PACPs lead spokesman (and copied to PACP trade ministers and the PIFS Secretary-General).¹⁶ In the letter, Abal strongly criticised the lack of technical competence and poor management and facilitation of the EPA negotiations, particularly with regard to fisheries. He called for the replacement of the PIFS EPA legal adviser and alleged that PIFS had deliberately stalled the development of an aid for trade mechanism because it is inconsistent with the position that PIFS' biggest donors in the region - Australia and New Zealand - have taken in the PACER Plus talks.

Officials met at a joint Pacific ACP (PACP)-EU regional market access workshop from 24-26 November in Fiji to conduct technical reviews and attempt to reach a common understanding on market access offers. Seven PACP countries are currently formulating their offers. PACP trade ministers will meet in late January 2011 to consider a roadmap for the EPA negotiations, including market access offers.

Authors

Melissa Julian and Quentin de Roquefeuil work at ECDPM. She is the Knowledge Management Officer and Editor of Weekly Compass; he is a research assistant.

Notes

- 1 Africa-EU Summit Press Conference, 30 November 2010. <http://ec.europa.eu/avservices/player/streaming.cfm?type=ebsvod&sid=170497>
- 2 African Union Commission President speech to Africa-EU Summit. 29 November 2010. http://www.africa-union.org/root/au/Conferences/2010/November/summit/VARIANTE_COURTE.doc
- 3 The 2nd action plan presentation will be available soon at: www.africa-eu-partnership.org
- 4 African Trade Ministers Kigali Declaration on the Economic Partnership Agreement Negotiations. 2 November 2010. http://www.acp-eu-trade.org/library/library_detail.php?doc_language=en&library_detail_id=5479
- 5 African Ministers Call for Rethink on EPAs. South Bulletin. 25 November 2010. http://www.southcentre.org/index.php?option=com_content&view=article&id=1433:sb52&catid=144:south-bulletin-individual-articles&Itemid=287&lang=en
- 6 <http://www.europarl.europa.eu/wps-europarl-internet/frd/vod/player?session=last¤tSei=SEI3&language=en>
- 7 See separate interview with EU Trade Commissioner De Gucht in this issue of TNI
- 8 http://www.europarl.europa.eu/intcoop/acp/60_20/default_en.htm
- 9 <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/725&format=HTML&aged=0&language=EN&guiLanguage=en>
- 10 http://www.europarl.europa.eu/meetdocs/2009_2014/documents/acp/qo/replies_drc/_replies_drc_en.pdf
- 11 East African countries ready to resume talks with EU over trade deal Xinhua. 1 December 2010. http://news.xinhuanet.com/english2010/world/2010-12/01/c_13630447.htm
- 12 East African-European Union Economic Partnership Agreement Negotiations Update. EAC. 11 November 2010. www.eac.int/trade/index.php?option=com_content&view=article&id=121&Itemid=105
- 13 More understanding of EPA talks needed says EAC Secretary General. 29 October 2010. <http://www.thecitizen.co.tz/news/3-features/5121-more-understanding-of-epa-talks-needed-says-mwapachu-and-east-africa-says-eu-trade-deal-talks-still-on>. Reuters. 30 November 2010. <http://af.reuters.com/article/rwandaNews/idAFLDE6AT19K20101130?pageNumber=1&virtualBrandChannel=0>
- 14 CARIFORUM Ministers meeting to discuss EPAs. Belize. 26 November 2010. http://www.caricom.org/jsp/pressreleases/pres465_10.jsp
- 15 The EU approved EUR 28,3 millions to enhance Regional Private Sector Development in the Caribbean. European Commission. November 2010. http://ec.europa.eu/commission_2010-2014/piebalgs/multimedia/pdf/ip_20101108_cariforum_2010_en.pdf
- 16 Pacific Island Forum Secretariat under attack on EPAs. Islands Business. 5 November 2010. http://www.islandsbusiness.com/islands_business/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=19444/overrideSkinName=issueArticle-full.tpl

Vacancy Announcement

The European Centre for Development Policy Management (ECDPM) wishes to strengthen the quality and impact of its activities in the context of ACP-EU development cooperation and seeks to recruit a **Policy Officer in Political Economy of Reforms and Development**. The Policy Officer should have practical experience in economic governance and equitable growth strategies, domestic resources mobilisation initiatives or regional integration processes in Africa. An interest and ability to facilitate and engage in policy processes and capacity development is required along with contributions to the planning, managing, sharing, publishing and disseminating of state-of-the-art practically oriented knowledge for the benefit of the Centre's stakeholders and networks. The closing date for the application is **7 January 2011**. For full texts of the vacancy and more, please go to www.ecdpm.org/vacancies.

TNI is published by

The International Centre for Trade and Sustainable Development

Chief Executive:
Ricardo Meléndez-Ortiz

Editor:
Paige McClanahan

Address:
7 Chemin de Balexert
1219 Geneva, Switzerland

Tel: (41-22) 917-8947
Fax: (41-22) 917-8093
Email: periodicals@ictsd.ch
Web: www.ictsd.net

European Centre for Development Policy Management

Editor:
Sanoussi Bilal

Address:
Onze Lieve Vrouweplein 21
6211 HE Maastricht,
The Netherlands

Tel: (31-43) 3502 900
Fax: (31-43) 3502 902
Email: tni@ecdpm.org
Web: www.ecdpm.org

Editorial team:
Melissa Dalleau
Isabelle Ramdoo
Quentin de Roquefeuil

Design:
Oleg Smerdov

This monthly publication is made possible through the financial contribution of the Government of the United Kingdom (DFID) and the Dutch Ministry of Foreign Affairs (DGIS).

The opinions expressed in the signed contributions to TNI are the authors' and do not necessarily reflect the views of ICTSD or ECDPM. Manuscripts offered for publication are expected to respect good journalistic practice and be compatible with our mission. Guidelines for contributors are available on request.

Material from TNI can be used in other publications with full academic citation.

© Trade Negotiations Insights

ISSN 1682-6744

Unless stated otherwise, images are sourced istockphoto.com

Trade Negotiations Insights

Calendar and resources

ACP-EU Events

December		
11/30-5	20th ACP-EU Joint Parliamentary Assembly, Kinshasa, DRC	13 ESA technical meeting on EPA, Harare, Zimbabwe
1-2	EP INTA meeting to discuss SADC-EU EPA, EU investment policy, GSP and the effects of the Treaty of Lisbon on International Trade, Brussels, Belgium	15-16 ESA-EC Senior Official negotiation session, Harare, Zimbabwe
3-4	29th Meeting of the COMESA Intergovernmental Committee, Lusaka, Zambia	January
6	29th Meeting of the COMESA Council of Ministers, Lusaka, Zambia	TBC Joint Meeting of the COMESA –EAC-SADC Tripartite, place TBC
6-8	Central Africa regional consultation meeting, Douala	TBC WA Regional Ministerial Monitoring Committee meeting on the EPA negotiations, place TBC
9-10	Central Africa-EU negotiation session, Douala	TBC Pacific Ministerial meeting on EPA, place TBC
9	EU Development Council, Brussels, Belgium	February
		TBC SADC-EC EPA negotiation session, Maseru, Lesotho (TBC)

WTO Events

December	
13	Workshop on Aid for Trade
14-15	General Council
17	Dispute Settlement Body

Resources All references are available at: www.acp-eu-trade.org/library

Options to address contentious issues in EPA negotiations: A question of political will, Bilal, S. and I. Ramdoo, ECDFM Briefing Note 20. Maastricht: European Centre for Development Policy Management, November 2010, www.ecdfpm.org

Beyond Development Aid: EU-Africa Political Dialogue on Global Issues of Common Concern, Europe Africa Policy Research Network (EARN) E-book, November 2010, www.ecdfpm.org

Implementing the Economic Partnership Agreement in the East African Community and the CARIFORUM regions: What is in it for the private sector?, Isabelle Ramdoo and Aurelie Walker, ECDFM, Discussion Paper 104, October 2010, www.ecdfpm.org

Tripoli Declaration, African Heads of State and EU, 3rd EU-Africa Summit, 30 November 2010, www.consilium.europa.eu

Kigali Declaration on the EPA negotiations, African Union Ministers of Trade, AU Conference of Ministers of Trade, 6th Ordinary Session, 29 October – 02 November 2010, Kigali, Rwanda, www.acp-eu-trade.org

COMMISSION REGULATION (EU) No 1063/2010 concerning the GSP rules of origins (+impact assessment) / COMMISSION REGULATION (EU) No 1063/2010 of 18 November 2010 amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation

(EEC) No 2913/92 establishing the Community Customs Code, Official Journal of the European Union, L307, Volume 53, 23 November 2010, eur-lex.europa.eu

Green Paper on EU development policy in support of inclusive growth and sustainable development increasing the impact of EU development policy, European Commission, COM(2010) 629 final, 10 November 2010, ec.europa.eu

Trade, Growth and World Affairs: trade policy as a core component of the EU's 2020 strategy, European Commission DG trade communication, 9 November 2010, trade.ec.europa.eu

European Commission Work Programme 2011, Communication from the Commission to the European Parliament, the Council, the ECOSOC and the Committee of the Regions, COM(2010) 623 final, 27 October 2010, ec.europa.eu

Draft Council Decision on the financial contributions to be paid by the Member States to finance the European Development Fund in 2012 – Adoption, Council of the European Union, Interinstitutional File: 2010/0288 (NLE), Brussels, 29 November 2010, register.consilium.europa.eu

Decisions and Resolutions of the 92nd Session of the ACP Council of Ministers held in Brussels (Belgium) from 8th to 10th November 2010, ACP-EU, 23 November 2010, register.consilium.europa.eu

Partnership for Change. The EU's Development Cooperation with African, Caribbean and Pacific countries. EuropeAid. 20 October 2010, ec.europa.eu

Africa-EU: economic indicators, trade and investment, Georgios Xenellidis, Eurostat, Statistics in focus 59/2010, epp.eurostat.ec.europa.eu

The EU approach to international investment policy after the Lisbon treaty, Stephen Woolcock, Directorate General for External Policies of the Union, Policy Department, October 2010, www.lse.ac.uk

Doing Business 2011 - Making a difference for entrepreneurs, The World Bank and the International Finance Corporation, 4 November 2010, www.doingbusiness.org

Paying Taxes 2011 – The Global Picture, IFC, the World Bank Group, PwC, 18 November 2010, www.doingbusiness.org

The New Resource Grab: How EU Trade Policy on Raw Materials is Undermining Development, Traidcraft Exchange, Oxfam Germany, WEED, AITEC, and Comhlámh report, November 2010, comhlamh.org

Deepening regional integration to eliminate the fragmented goods market in Southern Africa, Ian Gillson, World Bank, Africa Trade Policy Notes, Note #9, November 2010, siteresources.worldbank.org

The great cotton stitch-up, Fairtrade Foundation Report, November 2010, www.fairtrade.org.uk

Uncovering Developing Countries' Performance Trade and the Competitiveness Agenda in Trade in Services, Sebastian Saez, Arti Grover Goswami, World Bank, Poverty Reduction and Economic Management Network, Economic Premise 39, November 2010, siteresources.worldbank.org

Changing EU Policies and ACP Exports, Paul Goodison, Commonwealth Secretariat, Trade Hot Topics issue 76, 21 October 2010, www.thecommonwealth.org

Has the reform of the sugar market achieved its main objectives?, European Court of Auditors, special report No 6, 10 November 2010, eca.europa.eu

Opportunities and Challenges for Intra-ACP Trade in Fish and Fish Products, Martin Tsamenyi, Alistair McIlgorm, Commonwealth Secretariat Report, November 2010, www.thecommonwealth.org

To subscribe electronically to TNI, please go to <http://ictsd.org/news/tni/> or request a hard copy at: <http://ictsd.org/subscribe/english/?publication=tni>