

ESASCD 2006/2007  
Master in Cooperation and International Economic  
Integration

*Trade Negotiations Module*  
*Regional Trade Negotiations*

The EPA negotiations  
between EU and ACP countries

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# Types of trade agreements

- WTO MFN regime
- Preferential trade regime

GSP:

- Everything-but-Arms (EBA) for LDCs

ACP-EU Partnership Agreement

- FTAs-plus:

(Trade, Development, Political Cooperation agreements)

e.g. Mediterranean countries, Mexico, South Africa, Chile... Mercosur, EPAs

# From Lomé to Cotonou

## Lomé (1975-2000)

- Equal partnership
- Combination of Aid and Trade
- Compensation mechanisms (Stabex, sysmin)
- Commodity protocols
- Joint ACP-EU institutions

## Cotonou (2000-2020)

- Stronger political dimension
- Participation of non-state actors
- New trade regime
- Programming of funds
- Resources:
  - € 13.5 billion (9<sup>th</sup> EDF)
  - € 9.9 billion previous unspent Lomé funds
  - € 1.7 European Investment Bank

# The Lomé trade regime (1975 – 2000)

## Characteristics:

- non-reciprocal preferential trade regime for all ACP
- Commodity protocols (sugar, banana, beef, rum)

## Objective:

Promotion of growth and development

## Disappointing results:

- Reduced market share of ACP in EU market
- Erosion of preference
- Little diversification

**Subject to challenges under GATT/WTO rules**

## Cotonou Agreement: a major shift in ACP-EU trade relations

- Negotiations of Economic Partnership Agreements – **EPAs** (Sept. 2002-Dec 2007)
- Preferences maintained during transition period 2000-2007 (WTO-waiver)
- *Everything-but-Arms*: an improved access to EU market for LDCs

# Objectives of Cotonou:

- To strengthen regional integration
- To foster smooth integration into the world economy
- Transformation of the ACP economies so as to promote sustainable development and poverty alleviation

## What are EPAs?

- **Free Trade Agreements** (GATT Art XXIV)
- Goods, agriculture and services (TBs, NTBs)
- **All areas relevant to trade:**  
competition, intellectual property rights,  
investment, standards, SPS, consumers  
protection, public procurement, trade and  
environment, trade and labour, ...
- Possible **alternative arrangements** to be  
examined by 2004 for non-LDCs not in a  
position to negotiate an EPA = GSP

## **EPAs offer opportunities...**

- Building on regional markets
- Stimulating investment
- Locking-in of trade reforms
- Integration into world economy
- Compatible with WTO rules
- Development dimension?

## ... and challenges

### **A controversial impact:**

- Adjustments to reciprocity
- Loss of customs revenues
- Complex regional integration process
- Capacity problems at all levels
- Evolving global context

# EPA negotiating process

Official launched on 27 September 2002 in Brussels

## **First phase with all-ACP group**

- basic principles for the negotiations,
- overall structure and phasing of the negotiations,
- crosscutting issues of interest common to all ACP

## **Second phase at regional level**

- 4 & 6 October 2003 – Central and West Africa
- 7 February 2004 – East and Southern Africa
- 16 April 2004 – Caribbean
- 8 July 2004 – SADC
- 10 September 2004 – Pacific

# ACP negotiation structures

3 levels :

## **1. Political level:**

Ministerial/Chief Negotiators

## **2. Negotiations level:**

Ambassadorial/  
Senior Officials/  
Principal Negotiators

## **3. Technical level**



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# Political / Ministerial oversight

ECOWAS	Regional Negotiating Committee (RNC) led by ECOWAS Sec + UEMOA Commission
CEMAC	Joint Trade Ministerial Committee
ESA	6 Ministerial Lead Spokespersons Dvpt issues; MA; Agr; Fisheries; services; trade-related areas
SADC	7 clusters; leadership: Botswana MTI Agr&Fish (res.) ; stand.&SPS; Database&RoO&legal prov&inst.arr.; NAMA&Fish (ind.asp.); TF&Dvpt Coop.
CARICOM	Lead Ministerial Spokesperson (Barbados) & Troika
Pacific	Regional Negotiating Team (RNT): 4 lead spokespersons - Overall Lead Spokesperson (Fiji)

# Negotiators

ECOWAS	Regional Negotiating Committee (RNC) delegation led by ECOWAS Dep. Ex. Sec + UEMOA Trade Commissioner
CEMAC	Committee of Negotiators chaired by CEMAC Ex.Sec. + deputy chaired by ECCAS DGS
ESA	6 Ambassadorial Lead Spokespersons Dvpt issues; MA; Agr; Fisheries; services; trade-related areas
SADC	<b>Chief Negotiator</b> ; Bxl Amb. coordinated by Botswana; 7 clusters.
CARICOM	DG of the Caribbean Regional Negotiating Machinery ( <b>CRNM</b> )
Pacific	Topical Negotiating Groups (NGs) led by Ambassadors and/or senior officials



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# Technical level

ECOWAS	RNC delegation w/ Dir of Trade of ECOWAS Sec + UEMOA Commission
CEMAC	Experts Groups chaired by Dir of Trade of CEMAC + ECCAS
ESA	Regional Negotiating Forum (RNF) (national experts) + Regional SecretariatS
SADC	SADC Sec (EPA unit) led by Chief Negotiator + 7 topical groups of national experts
CARICOM	EPA College of Negotiators (techn. experts) led by CRNM
Pacific	Lead negotiators of Negotiating Groups



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# ECOWAS & CEMAC Regions

## 1. 2004-05:

RI toolbox

EPA Reference Framework (TF, TBT, SPS, services, investment, competition, IPRs)

Competitiveness programme (CB, studies,...)

## 2. 2005-06:

overall EPA architecture

draft agreement on trade-related issues

## 3. 2006-07:

Market access liberalisation and conclusion of EPA



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# Caribbean Region

1. **2004** = preparations of the negotiations, identification of priority issues, RTPF, dialogue with NSA and networking
2. **2004-05** = priority issues & support for Caribbean RI and CB (RPTF, others)
3. **2005-06** = structuring and consolidating of EPA negotiations; draft EPA; support RI & CB
4. **2007** = finalisation of the negotiations and conclusion EPA; Agreement on institutional framework and structure for EPA implementation; review process

***= focus on RI***

# EPA Market Access

- Current WTO understanding by EU:
  - Substantially all trade = 90% on average
  - Asymmetry: up to 80% ACP – 100% EU
- Access to EU:
  - Improved on Lomé/Cotonou
  - EBA market access for all ACP (=100%)?
  - Frontloading?

# EPA Market Access...

- Access to ACP:
  - Sensitive products
  - Fiscal revenue effects
  - Benefits and costs of liberalisation:
    - maximise or minimise market opening?
  - Regional or national approach: SDT
  - Safeguards
  - Transition period:
    - 12-15-18-20 years? Asymmetric with EU
  - Backloading

# EPA Market

## Access...reciprocity

- Current debate...ACP need to know more clearly what reciprocity might mean in practice (inclusions/exclusions/timetable; 'alternative arrangements' in 2006).
- Recent research (IDS) suggests:
  - Fundamental market opening is not inevitable;
  - Differences in 'exclusion lists' will create problems for ACP regional integration;
  - Trade-offs will be made (balancing revenue raising and protection roles of tariffs)
- Need for: stimulating national debates; financial support by EU for adjustment

# **EPA Market Access...**

- **Tariffs and NTBs (quotas, etc.)**
- **TBT**
- **SPS**
- **Trade facilitation**
- **Public procurement ?**
- **Competition ?**
  
- **Supply-capacity: what to export?**

# Relevance...

- Negotiations. ACP Council of Ministers in June: grave concern that EPA so far failed to address development dimensions
- Public opinion. Stop EPA Campaign
- EU. EPAs are great opportunity for pro-poor Trade&Development Policies
- Possible impact on international 'Aid for Trade' debate

# Development dimension of EPAs

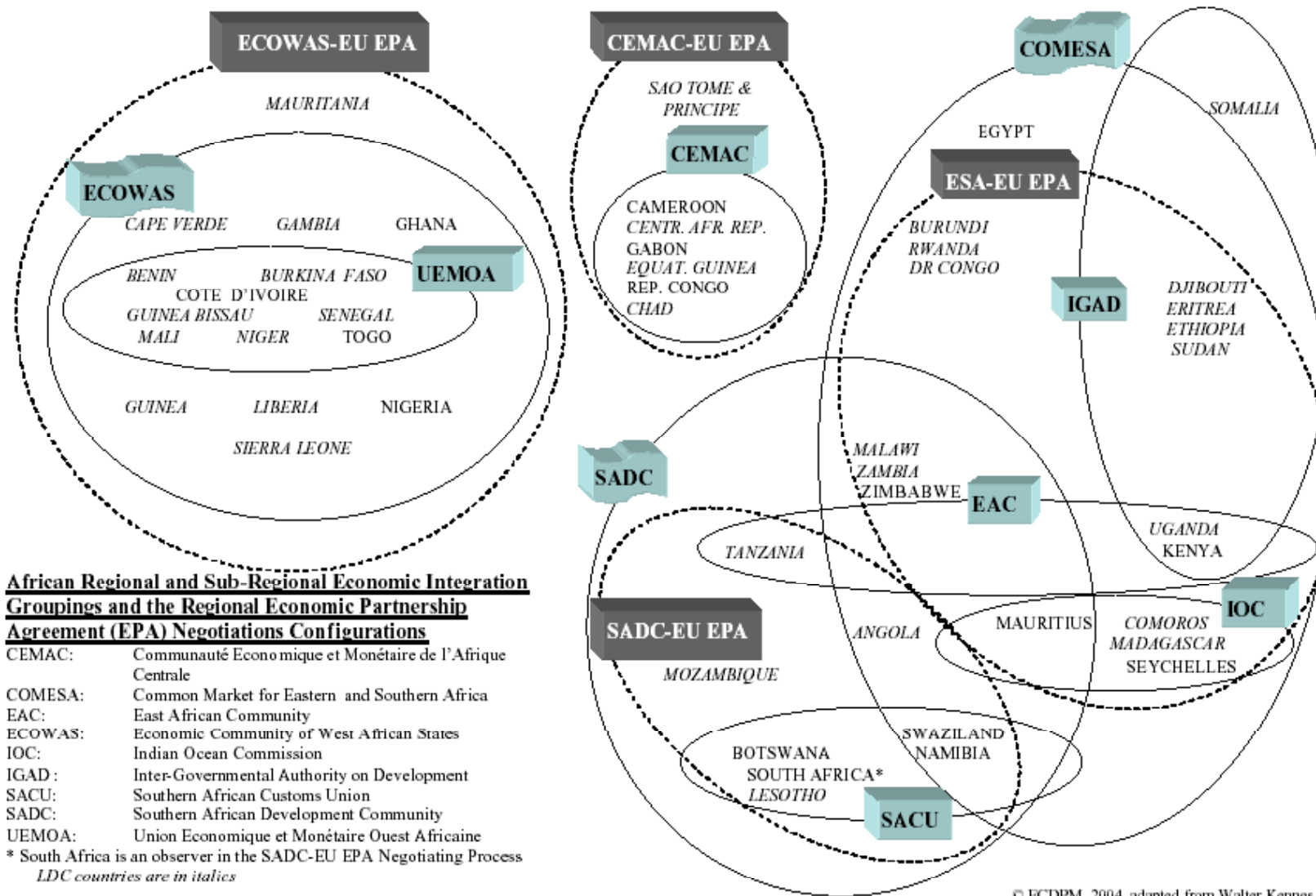
- Development dimensions in 3 main categories:
  - Trade(-related) rules;
  - Accompanying measures and policies (preparation/negotiation/implementation of trade measures);
  - Effective support delivery process
- Issues of sequencing: EPAs implementation, liberalization, Regional Integration, development support delivery.



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## Opportunities for RI:

- RI is the 'special feature' of EPAs
- Locking-in of trade reforms
- scale benefits mostly from RI (EU already open)
- Regional hubs: trade (& investment) creation
- Article XXIV: leverage for reform?



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## **... and challenges**

- Spaghetti Bowl**
- Capacity problems at all levels**
- LDCs-Non LDCs**
- scale benefits from RI...complementarity?**
- Regional hubs: trade (& jobs) diversion...risk of agglomeration**

## **... and challenges**

- country specific impact**
- Hegemons? (Kenya, Mauritius examples)**
- geography: small islands and landlocked countries**
- process and weak institutions**
- Article XXIV: uncertainty and a 'moving target'**

## COERCION OR ENGAGEMENT ?

- use EPAs and the accompanying EU assistance to implement much needed trade policy reforms...NSA participation, transparency...explore the trade&development link...TDCA (public-private sector platforms) & CRNM examples of process
- ...for ACP ? conscious trade reforms-trade as dev strategy- institutional machinery ?

**For more information on ACP-EU  
trade relations, please refer to:**

**[www.acp-eu-trade.org](http://www.acp-eu-trade.org)  
[www.ecdpm.org](http://www.ecdpm.org)**



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