DG TRADE Civil Society Dialogue: ECONOMIC PARTNERSHIP AGREEMENTS
Brussels, 25 September 2007

Panellists: Mr. Karl Falkenberg, Deputy Director General, DG Trade
Ms. Isabelle Garzon, Deputy Head of Unit, DG Development
Ms. Gisèle Lopes D'Almeida, President, Interface
Mr. Bassiako Dao, President, Conféderation Paysanne du Faso
(member of ROPPA)
Moderator: Ms. Ditte Juul-Jørgensen, Head of Unit, DG Trade

Panel Presentations:

Mr. Falkenberg briefly outlined the state of play of the six negotiations (Caribbean, Central Africa, Pacific, SADC/South Africa, West Africa and ESA), emphasizing the commitment of the six regions at ministerial level to conclude negotiations in time.

If EPAs and their preferential market access for ACP traders are to enter into force by 1st January 2008 in compliance with WTO provisions, the EC needs to submit a proposal for adoption by the Council end of October. If no EC regulation is approved by 31st December 2007, Generalized System of Preferences (GSP) will apply as from January as fall-back position in the EU-ACP trade regime.

Mr. Dao: Very negative and backward looking presentation; against 'neo-liberals' trying to turn ACP into vassals through unrestrained liberalism. Reiterated the need for food security, social balance, better living conditions and economic growth in a globalized world marked by unequal power relations between 'those who cannot compete' and impositions by the IMF/World Bank. Expressed deep concerns of West African (WA) agricultural producers as a result of EU agricultural exports to the ACP reinforcing dependence on food imports and curbing domestic production, a view shared by Ms. Lopez D'Almeida. Requested to prolong negotiations over three more years on the basis of an extension of the Cotonou trade provisions in order to develop appropriate protection mechanisms and consolidate regional and economic integration in West Africa over a period of 12 years.

Addressing private sector concerns, Ms. Lopez D'Almeida supported the need to protect domestic agricultural production as a means to move away from dependency on aid and food imports and address nutrition problems in West Africa. Focus should not solely be centred on markets and market access, as most West African countries did not produce enough export products, except for Nigeria and Ghana. Liberalization was perceived as a threat to the region, especially regarding sensitive products and less competitive productive sectors in West Africa as well as the impact of tariff revenue losses which would force governments to look for internal alternatives resulting in private companies carrying the burden of fiscal adjustment. Africa should develop its own strategy for development addressing private sector concerns in terms of creating a more favourable investment climate (regional competition rules, services, common external tariff) and improving infrastructure, but also shifting the emphasis from a free trade area for goods towards an area of free movement of persons. She also stressed the need for the private sector to participate in the negotiations and defended the need for more aid.
Ms. Garzon recalled that EPAs were one element among others to support development regionally and warned that they should not be perceived as the only recipe to deal with challenges related to Africa's development. In reaction to previous speaker's comments, Africa had seen changes with regard to demographic evolution, environmental degradation and consumption patterns which also explained the need for increased food imports. Issues such as fiscal reforms to overcome fiscal revenue dependence, improved economic governance and a rule-based system were an integral part of EPAs and of common interest to the ACP and EU. On development finance, the broader picture of the accompanying EPA-support measures had been identified, such as in the area of macroeconomic governance, productive capacity development, adaptation to new trade rules, compensation for fiscal revenue losses (€ 105 programme for West Africa, 2006-2011). Under the Aid for Trade strategy, the Commission and EU Member States would increase efforts to mobilize additional resources for EPA support measures. She recalled the coinciding of the 10th European Development Fund (EDF) with the first phase of the implementation of EPAs, the doubling of EDF regional envelopes and the increase of trade related assistance in national programmes. West Africa was a major beneficiary of support programmes with a focus on productive capacities and reflexions on regional agricultural policies.

**DISCUSSION HIGHLIGHTS:**

**Questions/comments:**

**International Trade Union Confederation:** Claimed that the deadline was unrealistic, due to the following: (i) increased pressure on the ACP institutional and negotiating capacities (ii) content of EPAs going beyond the requests laid down in GATT Art. 24 (iii) apart from the ideological debate around visions on development policies, the ACP did not know what they were getting into; in particular impacts of EPAs on employment were unclear (iv) lack of time; 5 years of negotiations not sufficient to tackle complex issues such as common external tariff and (v) waiver could be maintained.

**Trade Network for Africa/Africa Trade Network:** Need to explore GSP+ and other transitional measures in response to WA's conclusion that the region was not ready to conclude negotiations due to divergent views on development issues. The EU insisted on Singapore issues when the ACP had made it clear that they did not want them in.

**Association of World Council of Churches:** enquired about a supposed suspension of the negotiation of regional indicative programmes. Were regional programmes conditioned by the signing of an EPA? Requested Council adoption of EU market access offer for immediate implementation as well as submission of draft EPA texts to a full-fledged analysis by development experts. EPAs were rather blocking than advancing development. Deplored Commissioner Louis Michel's unavailability to meet with SMEs during visit to Communauté économique et monétaire de l'Afrique centrale (CEMAC).

**Replies:**

**Institutional capacities (Mr. Falkenberg):** Regions that managed to establish Common External Tariff (CET) and internal investment codes were capable of conducting international trade negotiations. **GATT:** the old recipe of the past (only market access) had not delivered in terms of attracting investment. Asian economies had picked up despite less preferential access to EU markets.
EPAs would contribute to a predictable business climate to enhance investment and had no neo-liberal, trade-driven connotation. Reiterated on provisions for protection clauses. ACP would not need to open markets as from January 2008 and could opt to further protect sensitive products. Unfortunately, from the European perspective, the reality is that there is currently little trade and a lack of interest of European investors in the region. Building on existing regional integration and creating larger regional markets through EPAs would help move away from fragmented markets.

**Extension of the waiver:** Conflict between ACP and other developing countries centred around unwillingness of other partners to accept privileges enjoyed by ACP. Why should an African banana have better access to the EU than an Ecuadorian banana?

**Economic governance** was at the heart of EPAs to ensure that they go beyond pure trade provisions.

**Food imports:** EU imports 70% of all African food exports, thus keeping alive African production sectors.

**GSP+**: 'Playing around with the rules of the game' would be challenged (see case of Pakistan's accession). The next earliest date for ACP to access GSP+ was 01/01/2009. **Ms. Garzon** recalled the GSP+ requirements regarding environmental, social and good governance standards. Extending GSP+ to countries that do not fulfil the requirements, would practically mean a 'dumping' of standards and penalizing those countries that were willing to make the efforts to comply. Majority of ACP do not meet the criteria.

**Immediate delivery of duty/quota-free:** Mr. Falkenberg stressed the absence of a legal context within the WTO framework to grant this.

**Independent expert analysis:** Mr. Falkenberg happy to discuss development component of EPAs with experts. EPAs were fully pro-development agreements, ensuring predictability.

**Regional programmes (Ms. Garzon):** No suspension had taken place. The finalization of the programmes had been slowed down to adapt support measures to emerging EPA needs during trade talks.

On Commissioner Luis Michel's unavailability to meet with CEMAC SMEs: a meeting could not be fitted in Mr. Michel's programme; instead, two Directors (from DG Trade and DG Development) met with them.

**Investment (Ms. Lopes D'Almeida):** EPA implementation on the ground would be challenging. Although EU could not be expected to provide solutions to all problems, the signing of an EPA 'en catastrophe' could not provide a remedy, since the development aspect was unclear. However, the investment environment had to become more secure to increase clarity for investors. More debate, less pressure needed.

**Questions/comments:**

**Actionaid:** criticized PM's democratic vision with regard to the implementation of EPAs by the ACP before ratification by ACP national parliaments. What did Ms. Garzon think of Trade Commissioner Peter Mandelson's stance on democratic rules? Would EPAs not undermine human rights and right to food as dominant rights over trade issues? Criticized difficult access to Trade Commissioner Mandelson over EPAs, but welcomed presence of African panel speakers.

**Both Ends:** Criticized EU attitude on environmental/social standards: while EU not willing to consider access of ACP to GSP+ due to non-compliance with requirements, EU would accept to open up its market in an EPA/WTO context despite the lack of social/environmental
provisions in the EPA texts. Was the EU negotiating separately with individual countries, and would that not happen in breach of Cotonou (point raised also by Overseas Development Institute)?

Replies:

**Mr. Dao** stressed the link between human dignity and issues such as food security and dependence. Agriculture should be removed from EPAs; radical changes were needed in terms of ensuring a dynamic agricultural policy that guaranteed fair prices. The deadline hindered a real consensus.

**Ms. Garzon** denied an imposing attitude on the part of the EU; there were two negotiating parties. The adoption process of the EPAs would be a democratic one. On environmental and social standards, EPA negotiations also extended to provisions on sustainable development.

On food security, **Mr. Falkenberg** reiterated that EPAs would certainly not undermine the right to food. There is the possibility to include protection clauses for sensitive products over long transition periods of up to 25 years. EPAs were not copying former IMF/World Bank policies. Existing regional codes in the area of investment and services could be integrated into the EPA texts. On bilateral agreements, he confirmed that the EU was not offering individual deals. Indeed, some countries were interested (Ivory Coast, Mauritius), but the EU's priority was to maintain a regional approach in the negotiations. He also explained the EU's recent proposal to end the current sugar regime following an intervention by the European Association of Sugar Traders.

**Ms. Juul-Jorgensen** concluded the Civil Society Dialogue meeting, announcing further regular meetings on EPAs and that DG Trade was looking into the possibility of establishing video links in such meetings in the future.