

Trade Negotiations Insights

From Doha to Cotonou

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In This Issue

The indefinite suspension of the Doha Development Round of WTO negotiations takes a central place in this new issue of the Trade Negotiations Insights. The first article assesses the implications of the suspension for ACP countries and argues that, while it provides the ACP with an opportunity to develop new negotiating positions, the resumption of the Doha talks remains their most viable option.

In the same context, the second article sheds light on the linkages between the WTO Aid for Trade initiative and the identification of development support measures and mechanisms at the level of the EPA negotiations.

Finally, the EPA update reports on the recent outcomes of the EPA negotiations in all six regions.

We continue to accept and consider contributions for publication in TNI from all interested stakeholders.

Suspended Reality: Key Issues for the ACP after the WTO Impasse

By Matthew A Wilson¹

At the WTO Trade Negotiations Committee (TNC) on July 24, 2006, the Director General of the WTO recommended that the Doha Round of negotiations be suspended as a result of the inability of key players to reach agreement on issues related to agriculture and industrial goods. The reaction of the members and the international community was essentially that of tacit acceptance. Through the various press conferences that followed and the at times indistinguishable public proclamations by delegations, one conclusion was clear: the multilateral trading system had derailed, although hopefully, only momentarily.

Publicly, the majority of delegations recognized the futility of placing blame and instead focused on the continuous efforts undertaken by the Director-General to bring key players to the table to attempt to secure decisions on the outstanding issues. Outside of the meeting rooms however, many delegations called into question the effort and commitment which they had put into the Doha Round and expressed profound disappointment at the inability of some members to reach some kind of agreement or understanding on these key issues. In the end everyone retreated to their respective corners to begin their summer in earnest and to reflect on the implications of the stalemate.

At the July 27 General Council, where the impasse was formally reported, there was a consistency of views and perspectives on the suspension that brought to the fore the willingness of the majority of delegations to resume discussions as soon as possible, despite what was

initially viewed as an impenetrable deadlock. Perhaps countries realized that with the exception of those players who had enormous export potential and market share, the derailing of the only multilateral vehicle which offered the opportunity to conclude negotiations on issues ranging from market access to fisheries and from services to trade facilitation, would remove the security which multilateralism promised. The absence of a well constructed multilateral system and a renewed emphasis on bilateral discussions could continue to promote a trading system where many of the smallest, yet most needy countries, would once again be left on the sidelines.

What if...?

What if the suspension had not occurred? What would have been achieved? These were two of the questions more frequently asked by delegations outside of the meeting rooms and to which a



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clear answer remains elusive. Despite a lack of concrete agreement on many important issues, especially on market access negotiations, all members had a fair idea on what a possible outcome would look like. For some this possible outcome would not have been ambitious enough and for others, especially the most vulnerable amongst the WTO membership, it would have resulted in a substantial cut in tariffs, an increase in adjustment costs and a marked loss in policy space and flexibility.

For some members therefore, the suspension does accord them a degree of breathing space to anticipate the impact of these agreements in a manner that had become difficult for small delegations which were faced with the constant and intense process of negotiations. Given the state of the discussions in the other areas of the Doha agenda such as trade facilitation, rules and services, there is a mixed bag of conclusions to be formulated.

Trade facilitation was unfolding well but there remained a lack of agreement on many of the key systemic issues such as the delivery mechanism for trade facilitation assistance and the calendar for possible implementation. The Rules area, although fairly advanced on some key areas, still suffered from a marked lack of engagement and participation by capacity strained developing countries and the negotiations on Services continued to unfold in a manner where progress on its respective pillars was uneven.

Hence, for some delegations, the suspension has been viewed as the lesser of the two evils as it postpones the inevitable erosion of domestic flexibility and allows time for governments to prepare themselves for this projected reality. For other delegations, especially those with well positioned

and expansionist private sectors and influential transnational businesses, the suspension could also be seen as a simple postponement of the inevitable or an excuse to embark on a strategic orientation of targeted country and product specific negotiations outside of the stricter accountability of the multilateral system.

“From every perspective there can be little doubt that the ACP countries are those which are the most vulnerable in the global trading system.”

The Impact of the Suspension on the ACP

What does this all mean for the countries of the African, Caribbean and Pacific (ACP) which number 79 and which consist of member states from three distinct geographical regions, including small, vulnerable economies and landlocked economies, LDCs and cotton producers, preference dependent economies and net food importing countries? The ACP grouping contains those countries most affected by the HIV/ AIDS epidemic and those most vulnerable to natural disasters. Many are producers of primary commodities which have suffered from falling market prices or a loss of assured markets; and those economies most in need of trade facilitation measures and infrastructure enhancement. From every perspective

there can be little doubt that the ACP countries are those which are the most vulnerable in the global trading system.

These ACP countries, which have for the most part spent the past five years seeking to simply maintain levels of development and market access, have had few offensive positions in the negotiations. These few requests however are of primary importance and this suspension places acceptable solutions to these matters in jeopardy. Despite indications that there is a willingness to look at key areas of importance to developing countries such as quota free and duty free access for LDCs and the Aid for Trade initiative, it is unwise to demarcate these issues from the key negotiating areas. The deconstruction of global economic issues is a fallacy as is the idea that countries' problems can be fixed in a piecemeal manner.

Hence there is a need to confront the concerns of the commodity producers, the cotton producers, the Small, Vulnerable Economies (SVEs) and the preference dependent countries in a holistic manner.

It is imperative to address the priorities of those ACP members who wish to expand their agriculture, industrial and fisheries sectors utilizing similar incentives and economic measures which many developed countries applied in an effort to reach a comfortable and sustainable level of production of these goods. The lack of supportive infrastructure and effective technological capacity have to be integral parts of any discussion on trade and development as does the fall in commodity prices and the need to create opportunities for investment and employment. Without a multilateral system where an individual member can craft a position and members can

advance their interests collectively, there is no guarantee that any of these issues will be appropriately addressed.

Despite the suspension of negotiations there does exist, within the existing WTO framework, the legal recourse mechanism of the Dispute Settlement Body (DSB). However this dispute settlement system has often been seen as a difficult option for many small developing countries to utilize because of the costs and legal complexity involved in bringing forth a case. Hence, for example, there can be little argument opposing the preference of achieving a workable and fair solution to the problem of the cotton producers in the multilateral forum of the WTO rather than expecting those countries to embark upon a lengthy and draining recourse to the DSB where enforcement is not assured. Even where members have the capacity to bring a case before the DSB enforcement is far from automatic as can be seen in the case involving cotton subsidies which Brazil had brought against the United States and where the implementation of the decision has been called into question.

Are Regional Trading Agreements Viable Options for the ACP?

There are few options for the ACP countries outside of the WTO in terms of addressing their trade priorities. There are an equal number of scholars who view the increase in Regional Trade Agreements (RTAs) as a stepping stone to global economic integration as those who see them as impediments and diversions on the road to the international market place. The middle ground is probably the more accurate stance but what cannot be disputed is that there is substantial potential for small countries to be steamrolled or ignored in this 'diaspora' of mini-agreements. The reasons for this are evident. Economic power dictates the pace, scope and depth of these agreements and often a country's inability to enter this process can afford them a slow and painful route

to isolation. It is equally evident that for some larger economies, advancing their economic and political policies through these RTAs and partnership agreements can be more manageable especially with the responsibility of international transparency often sidelined. The assessments of NGOs and civil society can be more easily ignored, inconsistencies between bilateral and multilateral negotiating positions can go unanswered and there can be a focus on key existing and potential markets while ignoring and marginalizing those with little to offer.

It is no secret that some key players such as the US, will continue to broaden its scope of bilateral and regional discussions and even some of the smaller countries in the ACP, namely the OECS have spoken to the role of bilateral and regional arrangements as an option in light of the multilateral breakdown. However, even in those current arrangements in which the ACP countries are involved, namely the Economic Partnership Agreements (EPAs) with the European Union, there is some doubt as to the effectiveness of these arrangements in addressing the issue of development. Can the ACP really use RTAs and EPAs as an alternative to the multilateral system? Evidence points to the usefulness of these arrangements as preparations for the global stage but they can by no means usurp the importance of having transparent, multilaterally agreed targets through the negotiations in the Doha Round. Who could argue that it would not be more sensible for a country of 100 000 inhabitants to seek to achieve some of its developmental objectives through the WTO than to seek to negotiate with a country of 100 million? Once again realism must prevail.

Recommended Strategy for the ACP

It is clear what the ACP has to do. Its members have to support the resumption of the Doha Round negotiations, with

development as a prevailing concept permeating all of the discussions. As a negotiating objective there needs to be a clear set of ideas as to what would be considered development benchmarks and this needs to be a perspective crafted by the developing countries and used as a guiding set of principles to assess how the negotiations truly honour the aegis under which they were mandated. This is no easy task but it must be as inclusive as possible, incorporating the views of all divisions of the government, the private sector and the civil society. The NGOs, research organizations and academia will have to enhance their roles with respect to supporting the crafting and application of these development principles.

The period of the suspension affords ACP countries the opportunity to brainstorm on the development of new offensive positions: what would the ACP countries wish to see in place to accord them an enabling environment for development? Defensive stances have to be strengthened and rationalized with economic and social arguments and the unrelenting demand of developed countries for steep tariff cuts and restrictive disciplines has to be countered with the need to have realistic and fair commitments which allow smaller economies at least a fraction of the incentives, policy space and flexibility which those developed countries accorded themselves during their periods of growth.

The building of alliances with other developing countries and institutions must also be a priority of the ACP members as is the continued process of bridge building between the developing and developed nations. Developed countries must also enhance their commitment to development when the negotiations resume. They must hold themselves and be held accountable for their obligations made in other international fora such as in the United Nations with the Millennium Development Goals, and should also seek to negotiate in a manner which

does not seek to place ambition and commercial interests over development and humanity.

The Resumption of the Negotiations

This negotiating implosion could not have come at a worst time for the international community. With wars raging and cultures clashing, poverty rising and HIV infections increasing, the ability of the WTO to arrive at decisions that could help to support one of the pillars in the global configuration, that of trade, was essential. There was however one crucial mistake which was made and which if not rectified will continue to erode the possibility of the multilateral trading system making a real and sustainable contribution. Leaders, member states, negotiators and the Secretariats involved in the negotiations must depart from the archaic view which seeks to compartmentalize trade issues to the extent where the international decision making architecture is fraught with inconsistencies and diverging policy advice and implementation and where decisions taken in one compartment erode benefits or decisions taken in other areas. The coherence mandate of the WTO seeks to address these issues in theory but where is the coherence in the negotiating positions of the member states? Where does the multidisciplinary real world configuration feature in the priorities of the Doha Agenda?

These issues have to be addressed in a meaningful and realistic way while recognizing and respecting the trade mandate of the WTO. Member states must engender their negotiating positions with development as the foremost goal and understand the inherent economic and logical inconsistency of expecting countries at differing levels of development, with obviously different factors of production and export potential, to abide by identical rules with congruent commitments.

The negotiations must start again. There is too much at stake for this suspension to default to a termination of the Round. Committee meetings will resume in September and there remains important work to be done in these areas: trade, debt and finance; subsidies and the request for Article 27.4 extensions; transfer of technology, and the Small Economies Work Programme to name a few. However, despite the absence of any scheduled negotiating group meetings on the WTO agenda for the near future, the ACP must be prepared for their resumption at a moments notice. The ACP member states must be prepared to strengthen or stand fast on their market access priorities, they must come with precise areas for coverage and technical assistance in trade facilitation, they have to begin to consult and identify those areas where Aid for Trade can be applied, they must defend the right to utilize their natural resources in the fisheries sector and to apply incentives to enhance underdeveloped industries with export potential, and they must continue to negotiate with the tenets of transparency, integrity and development as primary principles.

This impasse has afforded member states the time for reflection and reassessment. We have a golden opportunity to return to the negotiating table recognizing the merits of a multilateral trading system and understanding the need to place development at the centre of the debate. For every one of us at the negotiating table there are millions of people relying on us to take the right decision to lift them out of poverty and integrate them into a global system where the potential exists for trade to contribute to economic growth making it possible to eradicate hunger and preventable disease. That is a heavy burden indeed but one which we have a moral obligation to see to fruition.

Endnote

- 1 First Secretary, Permanent Mission of Barbados in Geneva

Selection of articles on the suspension of the Doha Round:

Pressure building up to resume Doha talks, Editorial of the South Bulletin No. 131, 15 September 2006
<http://www.southcentre.org/info/southbulletin/bulletin131.pdf>

The failed WTO talks and EPAs negotiations, by Elijah Munyuki, 28 August 2006 <http://www.seatini.org/publications/articles/2006/The%20failed%20WTO%20talks%20and%20EPAs%20negotiations.html>

Suspension of the Doha Round talks, Reasons and the Possible after effects, P.S. Mehta, P. Kumar & R. Lotha, CUTS International Briefing Paper, 19 August 2006, <http://www.cuts-international.org/pdf/SuspensionDohaRoundTalks.pdf>

Why the WTO Doha Round talks have collapsed - and a path forward, by Lori Wallach & Deborah James, 14 August 2006, <http://www.globalpolicy.org/socecon/trade/2006/0814postdoha.htm#author>

Arrested Development, by Joseph Stiglitz, 10 August 2006, <http://www.globalpolicy.org/socecon/trade/2006/0810arresteddevelopment.htm>

Between Geneva, Singapore and Heiligendamm, by Rainer Falk, 9 August 2006, <http://www.globalpolicy.org/socecon/trade/2006/0809falk.htm>

Putting trade into perspective: Why the collapse of Doha is an opportunity for a better trading system, by C. Smaller & A.-L. Constantin, TIP/IATP <http://www.tradeobservatory.org/genevaupdate.cfm?messageID=120514>

Requiem for the WTO, by Gustavo Capdevila, 2 August 2006, <http://www.globalpolicy.org/socecon/bwi-wto/wto/2006/0202wto.htm>

Heading for UN-isation of the WTO? Members need to focus on trade liberalization, re-haul decision making and moderate expectations, by Razeen Sally, 1 August 2006, <http://globalpolicy.igc.org/socecon/bwi-wto/wto/2006/0801wtounion.htm>

With the Doha Round in Suspense, South-South Links take front seat, by Luisa Bernal, South Bulletin No. 129

The Debacle of Doha, by Walden Bello, 28 July 2006

Doha postmortem: What next for poor countries? By François Traoré and Jean-Michel Severino, 27 July 2006, <http://www.ihf.com/articles/2006/07/27/opinion/edtraore.php>, <http://www.fpif.org/fpifxt/3393>

Doha Round Walking? Duncan Green, Oxfam GB's Head of research, on the suspension of the Doha Development Round of trade talks, 26 July 2006 http://www.oxfam.org.uk/what_we_do/issues/trade/art_green_doha.htm

Suspension of Doha Round and EPAs: the case of Aid for Trade

By San Bilal and Francesco Rampa - ECDPM

The WTO and Economic Partnership Agreements (EPA) negotiations are closely related. Both concern trade distortions and related regulatory issues and both claim to be development-oriented. Besides, the multilateral framework defines the rules of the game for regional trading agreements such as EPAs and influences their principles and dynamics. In this context, the indefinite suspension of the Doha Round announced by Mr. Lamy last July will have repercussions on the EPA negotiations. Among the numerous dimensions of the linkages between the two negotiations, trade-related accompanying and adjustment measures are of particular significance for ACP countries. How will developments of the Aid for Trade (A4T) initiative at WTO affect the identification of development support measures and mechanisms in the EPA negotiations, and vice versa?

With the suspension for an indefinite period of the Doha Round trade talks at WTO, it is possible that the aid for trade debate will move more rapidly in fora such as the EPAs negotiations and individual national or regional programmes supported by World Bank/International Monetary Fund. As the WTO A4T Task Force recently concluded however "Aid for Trade is a complement to the Doha Round, but it is not conditional upon its success", and it is worth using the developments within those different fora to further stimulate multilateral discussions on A4T. The chairperson herself observed that "there was clear consensus in the Task Force that A4T is important in its own right, and it should move forward expeditiously despite the current difficulties in the Round". Similarly, immediately following the collapse of the Round, EU Trade Commissioner Peter Mandelson called, for "extract[ing] from the rubble of the negotiation a significant development package" aimed at benefiting "the most needy developing countries."

Several observers have rightly noted that the A4T debate at WTO and the discussion on EPA development support are two sides of the same coin. The adjustment needs arising from trade liberalization at the WTO or in an EPA are likely to be very similar. Developing countries experience significant capacity constraints, which impede their ability both to negotiate and adequately implement trade agreements. For trade reform to foster their development, they need to engage in appropriate complementary measures, irrespective of whether new trade regimes are adopted following bilateral, regional or multilateral negotiations. Take the identification of trade-related adjustment measures for instance. The diagnostic studies conducted under the Integrated Framework can be most useful to identify needs for development support measures under an EPA. Similarly, the development matrices currently established by some EPA negotiating regions for identifying the nature

and level of support required to accompany an EPA could also serve to identifying needs under WTO A4T initiatives.

More broadly, the current debates on trade-related technical assistance and capacity building (TRTA), at the WTO, regional level or in EPAs, go side-by-side with the aid effectiveness debate. Aid for Trade is probably much more about aid than trade. Together with the levels of resources, the design of appropriate programmes and their expeditious and effective implementation will be crucial. This relates to the general issue of increasing the poverty-reduction impact of aid, which is not specific to TRTA. The explicit reference of the A4T WTO Task Force Recommendations to the Paris Declaration on Aid Effectiveness confirms that ensuring the quality of aid is at this stage at least as urgent as defining the quantity of aid that should accompany trade reforms.

In that respect, several of the recommendations of the WTO Task Force¹ are consistent with current practice and principles of various donor-recipient relations, including some aspects embodied in the ACP-EU Cotonou Partnership Agreement (CPA). Significant lessons for multilateral A4T could be drawn from achievements and drawbacks of the ACP-EU partnership experience. For instance, the importance of Task Force recommendations to strengthen the "demand side" of A4T initiatives is well illustrated by the CPA record: in ACP countries with more significant capacity constraints (weak 'demand side'), the rate of utilisation of European Development Fund (EDF) funds is lower. The experiences of the 'national/regional indicative programmes' process under the coordination of national/regional authorising officers (NAO/RAO) for EDF programming could provide useful insights on the A4T Task Force recommendations to "establish effective national coordination, involving all relevant stakeholders...with a view to identifying the strengths and weaknesses of economies as a whole". Similarly, the

Task Force recommends to strengthen donors' "response", and notably to "move towards a programme/sector/budget approach [...] if a robust system of financial accountability is in place". The quality of the modalities and procedures of delivery will be crucial also for the effectiveness of the new multilateral initiatives on A4T. Some lessons may usefully be drawn from the debate surrounding the operational aspects of the EDF (such as low levels of disbursement or cumbersome procedures) and from the European Commission move to conducting institutional assessments and financial audits of the operational systems in some regional economic communities (e.g. COMESA) before launching budget support programmes. As for the A4T Task Force recommendations on "monitoring and evaluation" and "matching demand and response", the merits and effectiveness of the performance-based mid-term reviews process under the EDF could be analysed.

To have a significant positive impact on development, the A4T initiatives, in the context of the WTO or EPAs, should not only result in further trade-related aid, but also in enhanced effectiveness through improved financing, governance structure and monitoring/evaluation mechanisms. The suspension of the Doha Round should not limit the initial ambitions to deliver a comprehensive aid for trade package, but on the contrary, by de-politicising the debate, result in new commitments and mechanisms that should strengthen the trade-related capacity of developing countries, in the context of the multilateral framework, as well as the regional, bilateral and national levels. To this end, the EPA negotiations and related discussion on EPA development support could play a pioneering role.

Endnotes

- 1 See WTO document WT/AFT/1 "Recommendations of the Task Force on Aid for Trade", 27 July 2006, <http://docsonline.wto.org/DDFDocuments/t/WT/AFT/1.doc>

EPA Negotiations Update

By Melissa Julian and Davina Makhan, ECDPM

A more detailed version of this update can be found at www.acp-eu-trade.org

EPA Review Process Launched

In July, the ACP and EU agreed¹ on the modalities and terms of reference for the implementation of the Review of the Economic Partnership Agreements (EPAs) negotiations set out in the Cotonou Agreement's Article 37.4. The review will be undertaken jointly in each EPA region and include structure, process and substance of the negotiations. It will assess progress achieved and identify measures needed to support the timely completion of negotiations before the January 1, 2008 deadline or consider whether more time is needed to effectively conduct the negotiations. EU officials note that the terms of reference for the review allow for the assessment of all issues and that the review should be read in conjunction with Cotonou's Article 37.6 which provides for alternative options to EPAs.

The results of each review, together with inputs from the all-ACP level, shall be finalised in 2006 and presented in a consolidated document to the ACP-EU Joint Ministerial Trade Committee. The ACP-EU Council of Ministers Meeting in the first half of 2007 will consider the report of the JMTCT which may include recommendations and pave the way for finalisation of EPA negotiations at the end of 2007.

Central Africa

The Joint Technical Group met in July and discussed the CEMAC document on reinforcement of production capacities. For CEMAC this includes improving the business environment, putting in place a system of finance for SMEs and increasing or creating basic infrastructure (e.g. electricity, roads) to reduce costs of production. For CEMAC, an EU acceptance of this broad interpretation is essential, and they insist on including a chapter on the financing of the productive capacities. CEMAC also called for discussion on currently traded products as well as products with a trade potential. They have requested to continue the discussions informally. For the EC, CEMAC is proposing a far-reaching approach which applies to issues of general economic development that are covered by DG Development and catered for under the European Development Fund. European negotiators are calling for an exchange on sensitive products in preparation of the market access

negotiations and in combination with an analysis of appropriate accompanying measures for the EPA. CEMAC sources indicate that detailed negotiations on market access will not commence until the issue of reinforcement of production capacities is settled.

CEMAC Ministers in charge of the EDF met in August to discuss the state of play of EPA negotiations and the financing. They requested that a meeting be held with the Ministers of Trade in order to clarify what is to be financed.

West Africa

West Africa and the EC held informal exchanges on the EPA Reference Framework and the report of Negotiating Group 5 on production sectors. On the latter, the EC reportedly considers that the document should not outline specific actions to be taken because discussions can continue after the EPA is signed. For West Africa, it is important that the axes of intervention be identified. West African sources indicate that this issue must be resolved before moving to text based negotiations. The parties reportedly agreed to inclusion of an EPA reference to the RPTF as a way to ensure linkage to development support for accompanying measures.

A meeting of West African experts in July called for additional work on the Group 5 report, particularly in the analysis of sectors of services, agriculture and manufacturing.

Cape Verde may negotiate its own trading arrangement with the EC².

Southern Africa Development Community (SADC)

The EC continues to consider SADC's proposed framework for EPA negotiations. EU sources indicate that the proposal raises complex political and economic issues which could set precedents for other EPA negotiations³. The EU is expected to give its official response to the proposal by year's end. Until then, EPA negotiations are effectively on hold.

SADC continues to elaborate its EPA Framework proposal and issues arising from it with a view to formulating detailed EPA negotiating positions. Discussions are focusing on tariff liberalisation transition periods, agri-

culture, fisheries, WTO requirements, trade related issues and development issues.

SADC Heads of Government meeting in August made a commitment to achieving a Free Trade Area by 2008 and a Customs Union by 2010⁴. They called for resolution of the issue of multiple membership in regional economic communities which is delaying progress towards deeper regional integration. The Summit also approved a Protocol on Finance and Investment and welcomed the application of Seychelles to rejoin SADC.

East and Southern Africa (ESA)

ESA and EC EPA senior negotiators met in July to continue negotiations on development, fisheries, agriculture, market access and trade related issues. They agreed there should be a development chapter in the EPA to link it to the Cotonou Agreement in addition to integrating development components throughout the EPA. ESA reiterated its call for the provision of additional resources to address supply side constraints, support policy reforms and increase competitiveness of ESA productive sectors.

The parties agreed to include a fisheries chapter in the EPA and to deal with market access aspects under trade cooperation.

Market access discussions focussed on rules of origin, tariff liberalisation, safeguards clauses implementation and SPS/TBT. ESA is requesting duty-free quota-free access to the EC market and broader interpretation than the EC of WTO-compatible trade coverage. In relation to agriculture, the parties discussed how to deal with the effect of the EU's CAP reform and agriculture subsidies. ESA informed the EC that it intends to develop a regional agricultural policy and market with a view to negotiating regional preferences.

Discussions were launched on trade-related issues. The EC requested negotiations on public procurement. ESA indicated that it first needs to establish rules and build regional regulatory capacity in this field.

On services, ESA was in listening mode. The EC made a presentation on how it sees key issues in relation to services, in particular in relation to the asymmetrical implementation of commitments in line with GATS agreement.

At the ESA Regional Negotiating Forum meeting in August, the focus was on agreeing the draft EPA texts to present to the EC and negotiating positions. On development, ESA agreed to call for trade liberalisation to be contingent on meeting development benchmarks.

Caribbean

Caribbean Heads of Government met in July and reaffirmed their commitment to the conclusion of an EPA supportive of development objectives. Jamaica's Prime Minister, Portia Simpson-Miller, in her capacity as Chair of the Prime Ministerial Sub-Committee on External Negotiations, noted with concern that the EC's positions in EPA negotiations imply that significant market opening commitments should be undertaken by CARIFORUM, while the EC has made no commitment to providing additional resources in the EPA for market building and development related measures.

CARIFORUM and EC negotiators met later in July in Technical Negotiating Groups. Discussions on customs and trade facilitation focussed on ensuring effective implementation of policies and EC support to strengthen administrative capacities to do this. Positions diverge on EC calls for provisions on free circulation of goods in the Caribbean region and on EC proposals to include WTO commitments in EPAs.

With regard to market access, there were detailed discussions on the basis for liberalisation (bound vs. applied rates), and on sensitive products to be excluded from liberalisation. The Caribbean also wants some countries to be excluded from liberalisation commitments to lessen the impact on fiscal revenues. The EC calls for a common regional schedule. The EC has yet to offer CARIFORUM full duty- and quota-free access, but apparently indicated that a transitional period in excess of ten years may be possible.

CARIFORUM tabled papers on Fisheries and on agricultural market access, the latter calling for EC support to formulate a regional strategy to improve competitiveness and attract foreign investment.

On SPS, CARIFORUM suggested changes in relation to the provision of technical assistance, an early warning mechanism and links to the WTO SPS Agreement.

CARIFORUM proposed elements for the text on technical barriers to trade (TBTs) which seek to ensure collaboration to assist private sector operators to meet EU standards.

CARIFORUM presented a paper which calls for EC's commitment not to apply safeguards, anti-dumping nor anti-subsidy measures in EC – CARIFORUM trade. The EC proposes these issues be dealt with at regional level, whereas the Caribbean says only national measures are possible.

The EC's paper outlining areas for the eventual EPA chapter on Services included chapters on commercial presence, cross-border services, temporary presence of business natural persons and regulatory frameworks for specific sectors. CARIFORUM's areas of interests cover notably domestic regulation, subsidies and increased information to enable services providers to intensify their trade with the EU.

The TNG on legal and institutional issues discussed the overall EPA institutional structure including defining the parties to the final EPA and the legal relationship between EPAs and the Cotonou Partnership Agreement.

Negotiators on trade-related issues discussed how to deal with development in the EPA text. They also discussed on the nature of commitments on competition policy where CARIFORUM is seeking to increase co-operation in addressing anti-competitive practices. CARIFORUM is also seeking EC support in developing intellectual property as a tool for firms in the region to improve their competitiveness.

Pacific

A Joint Technical Working Group meeting of Pacific ACP and EC EPA negotiators held in July had first discussions on the Pacific's non-paper draft EPA. The text includes trade facilitation, agricultural development, trade in services, investment promotion and financial mechanisms. Pacific representatives reiterated their call for additional financial resources to be provided and for trade rules to be development oriented. The EC maintained its position that EPAs are not only a cost factor but also a necessary investment in coping with globalisation and a wealth creating factor. Development funding issues could not be included in the EPA since it is agreed within the Cotonou Agreement. Any additional funding, if needed, would have to come from EU Member States or other donors. It was legally impossible to provide binding commitments for the time beyond the 2020 expiry of the Cotonou Agreement. The EC also called on the Pacific to establish the RPTF as quickly as possible.

There was an initial exchange of views on more favourable Pacific market access for goods to the EU. The EC agreed on the importance of this issue which could also comprise a review of the rules of origin. The issue of

temporary movement of labour needs further consideration on both sides.

The EC maintained that many of the aspects as foreseen by the Pacific's proposed Fisheries Partnership Agreement could be included within various sections of an EPA and/or within a specific chapter of the EPA

Pacific Technical Working Groups and the Negotiating Group met in August to update and agree areas for further work on the draft EPA negotiating text. They maintained positions to negotiate a Multilateral Fisheries Partnership Agreement and for additional EPA resources. They also discussed preliminary findings of a regional study commissioned on the costs of EPA adjustment.

Endnotes

- 1 <http://register.consilium.europa.eu/pdf/en/06/st02/st02117.en06.pdf>
- 2 <http://www.afrol.com/articles/21090>
- 3 For an outline of the SADC proposal and the EU's initial comments see previous EPA updates at: http://www.acp-eu-trade.org/library/files/TNI_EN_5-2.pdf and http://www.acp-eu-trade.org/library/files/TNI_EN_5-3.pdf
- 4 <http://www.sarpn.org.za/documents/d0002134/index.php>

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WTO Events		All references are available at www.acp-eu-trade.org/library
October		
9-11	TO: Trade Policy Review Body – Kyrgyz Republic	Foreign Direct Investment in South Africa: the Initial Impact of the Trade, Development and Cooperation Agreement between South Africa and the EU, by L. Thomas et al., RTFP, www.rtfp.org/html/publications.html
10-11	WTO General Council	
16	Launch of World Investment Report 2006 Geneva, Switzerland	Revenue Impacts of the EPA between the EU and Eastern and southern African Countries, by T. Munalula et al., RTFP, www.rtfp.org/html/publications.html
16-18	Expert Meeting on ICT Solutions to Facilitate Trade at Border Crossings and Ports Geneva, Switzerland	A Study to Assess the Likely Impacts on Southern African and EU Producers of Further Liberalising the TDCA by Granting South Africa Duty Free Access to the EU, by J. Olympio et al., RTFP, www.rtfp.org/html/publications.html
25-27	Benefiting from Globalisation, symposium on transport economics and policy	
25-27	WTO: Trade Policy Review Body – Kenya, Tanzania and Uganda	Rapport d'information sur la négociation des APE, by Assemblée Nationale Française, 5 July 2006, http://www.assemblee-nationale.fr/12/europe/rap-info/i3251.asp#P208_29332 (English Summary)
November		Rapport d'information sur la négociation des APE, par Assemblée Nationale Française, 5 juillet 2006, www.assemblee-nationale.fr/12/europe/rap-info/i3251.asp#TopOfPage
6-7	OECD Policy Dialogue with non-Members on Aid for Trade: from Policy to Practice Doha, Qatar	The EU, Africa and EPAs: unintended consequences of policy leverage, by C. Stevens, J. of Modern African Studies, 44(3), 2006.
11-15	Energy Future in an Interdependent World, 20th World Energy Congress, organised by the World Energy Council Rome, Italy	A possible SACU/China Free Trade Agreement (FTA): Implications for the SA manufacturing sector, by H.G. Jensen and R. Sandrey, tralac, August 2006. http://www.tralac.org/scripts/content.php?id=5209
20-21	OECD Global Forum on Agriculture	Trade Creation and Trade Diversion resulting from SACU trading agreements, by R. Sandrey, tralac, August 2006 http://www.tralac.org/scripts/content.php?id=5211
22-24	WTO: Trade Policy Review Body – Colombia	Adjusting to the effects of the ACP-EU Economic Partnership Agreements - The Application of Special and Differential Treatment, by Vincent Roza, www.acp-eu-trade.org/library
29- 1 Dec.	Expert Meeting on the Participation of Developing Countries in New Dynamic Sectors of World Trade: Review of the Energy Sector Geneva, Switzerland	Les enjeux et les marges de manoeuvre de la CEDEAO face aux défis des négociations agricoles, by Jacques Gallezot, ROPPA www.acp-eu-trade.org/library
<i>All WTO meeting take place in Geneva. Please contact the Secretariat for confirmation of dates (also available at http://www.ictsd.org/cal/).</i>		Integrating environmental issues in the next round of co-operation agreements between the EU and ACP countries, by Iola Leal Riesco, June 2006, FERN and ICCO,
ACP-EU Events		Trade and Development Report 2006, UNCTAD, www.unctad.org
September		Regional Integration and Economic Partnership Agreements: Southern Africa at the Crossroads, Edited by Talitha Bertelsmann-Scott and Peter Draper, SAIIA, 2006, http://www.saiia.org.za
18-20	ECOWAS regional meeting with the civil society, Accra	Conference proceedings of the Aid for Trade seminar held by SAIIA, August 2006, www.saiia.org.za
25-27	ESA Technical Team on EPA texts	Doha Development Agenda and Aid for Trade, IMF and the World Bank, August 9, 2006, http://www.imf.org
27-29	ESA-EC senior officials EPA text based negotiations	Services trade liberalisation at the regional level: does Southern and Eastern Africa stand to gain from EPA negotiations?, by Marion Jansen, May 2006, http://www.wto.org
28-30	ECOWAS Technical meeting on investment and competition, Niamey	Unequal partners: How EU-ACP Economic Partnership Agreements (EPAs) could harm the development prospects of many of the world's poorest countries, Oxfam Briefing Note, 27 September 2006, http://www.oxfam.org.nz
October		
3-7	ECOWAS Ministerial Monitoring Committee, Niamey The RPTF will also be meeting during the same week	
Mid-October	Possible Pacific-EC JTWG meeting in conjunction with the annual Pacific Islands Forum Leaders meeting	
16	GAERC - EU Trade and Development Ministers meeting to discuss Aid for Trade and EPAs support	
November		
	ESA RNF in Ethiopia. Back to back with a meeting of ESA negotiators	
14	South Africa-EU Cooperation Council	
14	EU General Affairs Council to discuss external aid orientations for 2007	
Mid-Nov.	PACP Fisheries and Trade Ministers meeting	
December		
4-10	ACP Summit Khartoum, Sudan	
<i>Unless specified, meetings take place in Brussels. Contact ACP Secretariat, tel: (32 2) 743 06 00, fax: 735 55 73, e-mail: info@acpsec.org, Internet: http://www.acpsec.org/</i>		

