

What are EPAs and why are they being pushed by the EU?

Economic Partnership Agreements (EPAs) are new trading arrangements which play a central role in the 'trade' sector of the Cotonou Agreement. The Cotonou Agreement was signed in 2000 between the European Union (EU) and 77 African, Caribbean and Pacific (ACP) countries, comprising Trade, Aid and Political Co-operation aims. The EPAs now being pursued by the EU with African countries are essentially free trade areas, brought in to meet World Trade Organisation rules which demand the removal of trade barriers. Under the EPAs Africa and the EU will open up their markets and trade on an equal basis.



EPAs have met considerable controversy, as they are thought to undermine regional integration of ACP countries and contradict development objectives. In treating Africa and the EU as equal partners in trade, the EU assumes that free trade will act as an engine of growth for the former. However, Africa's developing countries are not on a level platform with Europe thus free trade threatens to flood African markets with more competitive European produce, inhibiting the development of weaker, infant industries. Furthermore, it is argued that the EPAs limit African state's opportunities for regional integration to increase their strength on the global stage. In reducing the state's intervention role, a rapid liberalisation of trade would fail to incorporate developmental needs that are essential to poverty reduction. NGOs and development economists claim that the EPAs could exacerbate unemployment, gendered impoverishment, and restrict industrial growth in Africa's poorest states.

The UK government have stated that the EPAs do not seek to undermine the development of the continent, but rather will involve a gradual liberalisation over a 'reasonable period of time'. Some goods will maintain tariff protection, and the liberalisation objectives will be industry and country specific. The negotiations continue, and details of progress thus far are provided below.

NGOs and the Trade Justice Movement maintain that the EPAs fail to harness trade for development. Oxfam states that *"Europe is using its unequal bargaining power in the negotiating room to push its controversial vision of development"*, and that developing countries are being pressurised into the agreements with the threat of increased tariffs as the only alternative.

Recent events and EU-Africa negotiations

The EU-AU Lisbon Summit, December 2007

At the EU-AU Summit in Lisbon at the end of 2007 the EPAs, though not specifically on the agenda, featured as a key source of controversy between the two continents' leaders. Many African delegates refused to agree to the new trade deals, in fear of the effects of European imports on their domestic industry.



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The Senegalese president, Abdoulaye Wade, declared at the summit 'Africa rejects the EPAs' and that alternative trade deals must be found. Furthermore, the African Union Commission president, Alpha Oumar Konaré, expressed his disapproval of the EU's country by country deals; accusing the EU of playing a 'divide and rule' game on the continent.

The development of interim agreements into 2008

The economic relations between Europe and Africa were supposed to have been resolved and in place by 31 December 2007. However, it became evident earlier in 2007 that the negotiations would not be complete by this time and so the EU introduced a number of interim agreements with ACP countries. In order to establish a WTO compatible trade regime from the 1 January 2008, most African non-LDCs (except Nigeria, Democratic Republic of the Congo, Gabon and South Africa) have concluded interim agreements with the EU. In total, 35 ACP countries initialled either a full or interim agreement by the end of 2007.

Christian Aid reported that the effect of these interim deals on a number of African economies could be devastating:

- The interim EPAs contain no provision for the elimination of EU export subsidies or other agricultural subsidy, meaning subsidised EU products will be dumped on ACP markets.
- Liberalisation of import tariffs, an important source of revenue, will not be as gradual as was often cited by the EU. Mozambique, for example, must liberalise 80.5% of its tariffs as soon as the agreement enters into force.
- Export restrictions, including taxes, must be reduced or eliminated. This removes another tool for governments trying to develop processing and manufacturing industry to move beyond the primary, agricultural sector.

Oxfam has taken a similar stance on the EPAs, accusing the EU of pressurising African countries in an '*undemocratic and untransparent*' negotiation process. They emphasise a crucial need for renegotiations in 2008, which recognise the harmful clauses within deals that were hastily installed.

The current country-specific status of EPAs



Southern African Development Community (SADC): Botswana, Lesotho, Swaziland & Mozambique; initialled an interim agreement on the 23 November 2007.



Namibia initialled an interim agreement on 11 December 2007 on the understanding that its concerns would be addressed through the negotiations towards a comprehensive EPA.



South Africa has, to date, refused to sign any EPA agreement, and continues to export under the Trade, Development and Cooperation Agreement (TDCA). South Africa's move to exclude itself from the EPA divides the collective SADC economy. A senior ANC MP, at a European Union-South African parliamentarians meeting, accused the EU of 'recolonising' the continent through its coercive strategies in the trade deals.



East & Southern Africa (ESA): East African Community members initialled an agreement on 27 November 2007. The remaining ESA countries (the Seychelles, **Zimbabwe**, Mauritius, Comoros and Madagascar) have opted for a framework agreement that has separate market access schedules.



Zambia has yet to submit any market access schedule and therefore continues to export to the EU under the 'Everything But Arms' (EBA) initiative. It is permitted to do so because of its LDC status, which is also true for Malawi and some of the East African states.



Central Africa: No regional interim agreement exists. Different countries have reached different stages in concluding agreements, as the process continues in 2008.



West Africa: The region has indicated that it is not interested in concluding an interim agreement, estimating another 12-18 months of negotiation time needed. Cote d'Ivoire and Ghana initialled interim agreements on 7 and 13 December 2007.

Liberalisation agreements for Southern Africa

- Zimbabwe: 45% of cumulative imports' value to be liberalised by 2012, with a target of 80% by 2022.
- Botswana, Namibia, Swaziland and Lesotho: 86% of cumulative imports' value to be liberalised by 2010, along with 86% of tariff lines.
- Mozambique: 80.5% of cumulative imports' value to be liberalised immediately for 2008.

Excluded goods from liberalisation

Certain goods that are deemed sensitive are excluded from the interim agreements. For SADC countries, these focus on agricultural goods and some processed agricultural produce.

For **further information** on the regional and country specific interim agreements please see the website for the European Centre for Development Policy Management at <http://www.acp-eu-trade.org/>

Ongoing and future concerns regarding EPAs

- Threats of increased tariffs, as the alternative to EPAs, were used to push African governments into hasty signings that were not to their interests.
- The signing of agreements is causing divides across the continent, undermining objectives of regional cooperation which the EPAs were, supposedly, to enhance.
- The liberalisation process agreed for some countries is too rapid, with insufficient aid and support measures in place to ensure trade works for development.
- The African Union has been divided over its position on the EPAs. Deliberations at the 10th AU Summit established that the EU is using its unequal bargaining power in the negotiation process. What remains a concern is whether the EU will listen to African interests during renegotiation of full EPAs, or if it will ramify its position as a 'development villain' and continue to abuse its power in pressurising African countries into the deals (Oxfam).
- Estimates from the Commission for Africa suggest that an additional \$10-20 billion pre year will be needed for African countries to be competitive in the global market under EPA. What remains a key issue then is whether these funds will be met, and where they will be sourced from.

ACTSA's position on the EPAs

In the small window of opportunity that remains in 2008 to bring back the focus to 'development' and 'partnership' in these seriously flawed trade negotiations, we call on the UK Government to do all it can to help deliver on its March 2005 position and support calls from the ACP for key elements of the initialled deals to be revised. Specifically, ACTSA calls on the UK Government to:

- Ensure that the interim EPA texts are opened up for renegotiation, given the haste in which they were concluded and their potential to undermine development and regional integration.
- Publicly call for the European Commission to refrain from pushing for the inclusion of services, investment, competition, government procurement and intellectual property in EPAs. Given the lack of any legal requirement to include them in EPAs and the controversy surrounding the impacts on development of traditional rules-based deals, the EC must let the ACP development concerns drive negotiations – this means letting ACP negotiators take the lead, adopting a more open-minded approach to any eventual cooperation on these topics, and making publicly available external, objective assessments of proposals and positions.
- Push for a strong and effective monitoring and review mechanism within the EPAs that enables ACP countries and regions to assess whether EPAs are contributing to their economic development and regional integration and which builds in the legally enforceable right for commitments to be revised in light of the findings.
- Seek to ensure pro-development alternatives for those countries that have not signed an EPA.

What you can do

You can help change the way the UK Government addresses the EPA negotiations and listens to calls from the ACP countries speaking out against EPAs.

Please write to Rt. Hon. Douglas Alexander MP, Secretary of State for International Development, asking him to protect the interests of developing African countries, and honour the UK Government's commitment to development in the renegotiations of EPAs.

Rt. Hon. Douglas Alexander MP, Secretary of State for International Development
Department for International Development, 1 Palace Street, London, SW1E 5HE
Email: enquiry@dfid.gov.uk

Subject: EPAs: the UK Government's role

Dear Rt. Hon. Douglas Alexander MP,

I am emailing you to appeal to the UK Government to renegotiate and honour developmental goals in the Economic Partnership Agreements, initialled between ACP countries and the EU. Many developing countries were pressurised into the new trade deals by the threat of tariff increases as the only alternative.

Furthermore the European Commission is set on extending EPAs to include services and trade-related issues that have previously been rejected at the World Trade Organisation. We believe that the current deals are incompatible with development goals.

The UK Government must live up to its previous commitment to development and ensure that it protects the interests of ACP countries, by publicly calling for the European Commission and member states to:

1. Make sure European Commission President Barroso acts on the reassurances he gave developing countries at the EU-Africa Summit in 2007, that the Economic Partnership Agreements initialled so far can be opened up for renegotiation, as requested by ACP Ministers in December 2007.
2. Publicly call for the European Commission to refrain from pushing for the inclusion of services, investment, competition, government procurement and intellectual property in EPAs.

Yours sincerely,

Please take action in solidarity with workers across the 75 affected countries!