



High level roundtable: Putting partnership into practice

Brussels, 20 October 2017

EU Trade Commissioner Cecilia Malmström

Speech at the Borschette Congress Centre, Brussels

Honourable Ministers from African, Caribbean and Pacific countries; dear ladies and gentlemen; all protocol observed;

It is a real honour and a pleasure for me to kick off this first high-level roundtable on "putting our partnership in practice."

"Our partnership", that is the relationship that African, Caribbean and Pacific States and the European Union have built slowly and steadily, brick by brick over many years. Many ministers, members of parliament, organisations, citizens and officials have contributed to developing and deepening our partnership.

As part of this partnership, this morning I co-chaired the Joint Ministerial Trade Committee. Once a year ACP Trade Ministers and the European Union get together to discuss trade issues of common interest to us all. I am grateful to the ACP Trade Ministers who participated in that meeting, and happy to see that some of them are also participating in this roundtable.

This roundtable has a more specific scope. It focuses on boosting sustainable growth, promoting industrialisation and generating jobs in ACP countries. The key question is: How can we do this using the tools at our disposal?

These tools include trade, development support, and dialogue.

Let's start with **trade**. In the trade area, we are now applying Economic Partnership Agreements in all ACP regions. Today, seven partnerships are in the implementation phase, involving twenty-eight ACP countries. Many more are working with us to prepare the implementation of EPAs that are ready but not yet in force.

The EPAs are a great opportunity for producers in ACP countries. They offer free access to the European market irrespective of the nature of the product. EPAs do away with tariff escalation: more processed products are not taxed more. And free access is the strongest possible incentive for export-led investment.

Processed or industrial products also benefit from generous rules of origin. Industrial products qualify for free access to Europe even if part of the production process lies outside the exporting country. This enables more efficient sourcing of inputs.

Furthermore, inputs sourced from Europe may benefit from lower tariffs under the EPAs. Whether they do, depends on the choices that EPA countries have made themselves. Unlike the EU, EPA countries may exclude a large number of products from tariff cuts. The EU has recognised that smart exclusions have their place in ACP industrialisation policies. Infant industry protection and safeguard clauses complete the toolbox for such policies.

Naturally, benefits from development-oriented trade agreements do not emerge over-night – they materialise long-term. The implementation of our first EPAs started ten years ago in the period of global downturn, which created additional challenges. Success stories are, nevertheless, visible. The panellists will report more on those in their respective interventions.

Let me say here that the trade figures for Madagascar, for instance, are telling: since EPA implementation started in 2012, its exports to the EU increased 65% by 2016. And for SADC, regardless of the very young age of this agreement, their exports to the EU in certain products have increased significantly.

When I was in South Africa earlier this week, I was told of export increases for key products, for instance: processed fish +16%; flowers +20%. Our partners in the Pacific region have reported that the EPA has been particularly successful with Papua New Guinea in attracting investment to the fisheries sector, which has created tens of thousands of jobs, especially for women.

But I am aware that the EPAs by themselves cannot deliver on our partners' development needs. When I talk to my ACP interlocutors, the message that comes across is this: ACP economies need to diversify and move up the value chain. To do so, they need investment in productive activities. The World Economic Forum recently listed a number of obstacles to investment in African agribusiness. Domestic policies on trade and investment were among the main factors. We need to mobilise all our tools to improve the conditions for investment and job creation.

That's why we need **development support** to work hand in hand with the EPAs to promote investment in ACP countries. I will not dwell on this tool as Commissioner Mimica is here. I will just say that, from my point of view, EU development cooperation remains important. And today the EU is also looking at new forms of financing that can directly address the capacity shortages and the lack of access to capital by small and medium-sized enterprises (SMEs).

Let's not forget that trade and development finance can only work if they are combined with the right domestic and regional policies of our partners. I am delighted that the honourable Trade Ministers of Jamaica and of Madagascar have accepted to open this roundtable with us, and to share with us how they have used the opportunities provided by trade.

Dialogue. I wish to insist on dialogue as a precious tool that we have.

Dialogue with stakeholders is crucial to reach development outcomes that are sustainable. In this spirit, we have invited speakers familiar with doing business in ACP countries to join a panel that will discuss these issues with you. We want to hear from them, and we want to hear from you.

Civil society took centre stage when I was in South Africa earlier this week. I invited civil-society representatives from all Southern African EPA countries to meet in Pretoria to discuss the new economic partnership agreement. I took this initiative because I see civil society playing an active role in monitoring the implementation of trade agreements. They know people and places that we don't know, and can tell us how these may be impacted by our policies.

Last but not least, I have often spoken about the need for development, growth and investment to be sustainable. ACP countries have had their share of footloose investment and its social consequences. Environmental goals and concerns must also be taken into account.

We are here this afternoon to discuss all this. My wish is that this event will generate a stimulating debate that will make all of us think, and come up with ideas to make our partnership work better.

Thank you.