

Negotiating EPAs for Development

Regional Development Imperatives

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RECs – Different Origins

PTA/COMESA – Lagos Plan of Action and closely aligned to UNECA regional structures (MULPOC) – reason for technical nature?

SADCC/SADC – political cooperation of FLS to address economic position *vis-à-vis* RSA, apartheid and independence of Zim/Namibia.

EAC – long history of economic cooperation – revival of EAC which collapsed in 1977.

SACU – CU since early 1900's – revenue sharing main BLNS benefit?

Reasons for overlaps

Different focus of different RECs: ECOWAS and PTA, had a strong focus on economic integration; IGADD and SADC, had more a focus on functional cooperation. Countries becoming members of more than one REC not a major policy coherence problem until Member States expanded the mandates – overlapping mandates lead to what the World Bank refers to as the "Spaghetti Bowl" and what the AU refers to as "institutional cacophony".

Addressing Overlapping Membership

Coordination of RECs not new - OAU's 1987 Summit Declaration requested “*the Secretary-General of the OAU, the Executive Secretary of the UNECA and the authorities of sub-regional and regional groupings, particularly ECOWAS, PTA, SADC and ECCAS, to take the necessary steps to ensure co-ordination, harmonization and rationalization in their respective regions in order to avert overlaps, power conflicts and wastage of efforts and resources*”.

Addressing Overlapping Membership

2006 - Assembly of the African Union, at its meeting in Banjul, Gambia, suspended recognition of new RECs other than the eight already recognised (ECOWAS, COMESA, ECCAS, SADC, IGAD, UMA, CEN-SAD and EAC). Also urged the RECs to co-ordinate and harmonise their policies and programmes among themselves and with the AU Commission to accelerating Africa's integration process – RECs should fall away with creation of the AEC - harmonisation of RECs important if AEC is to materialise.

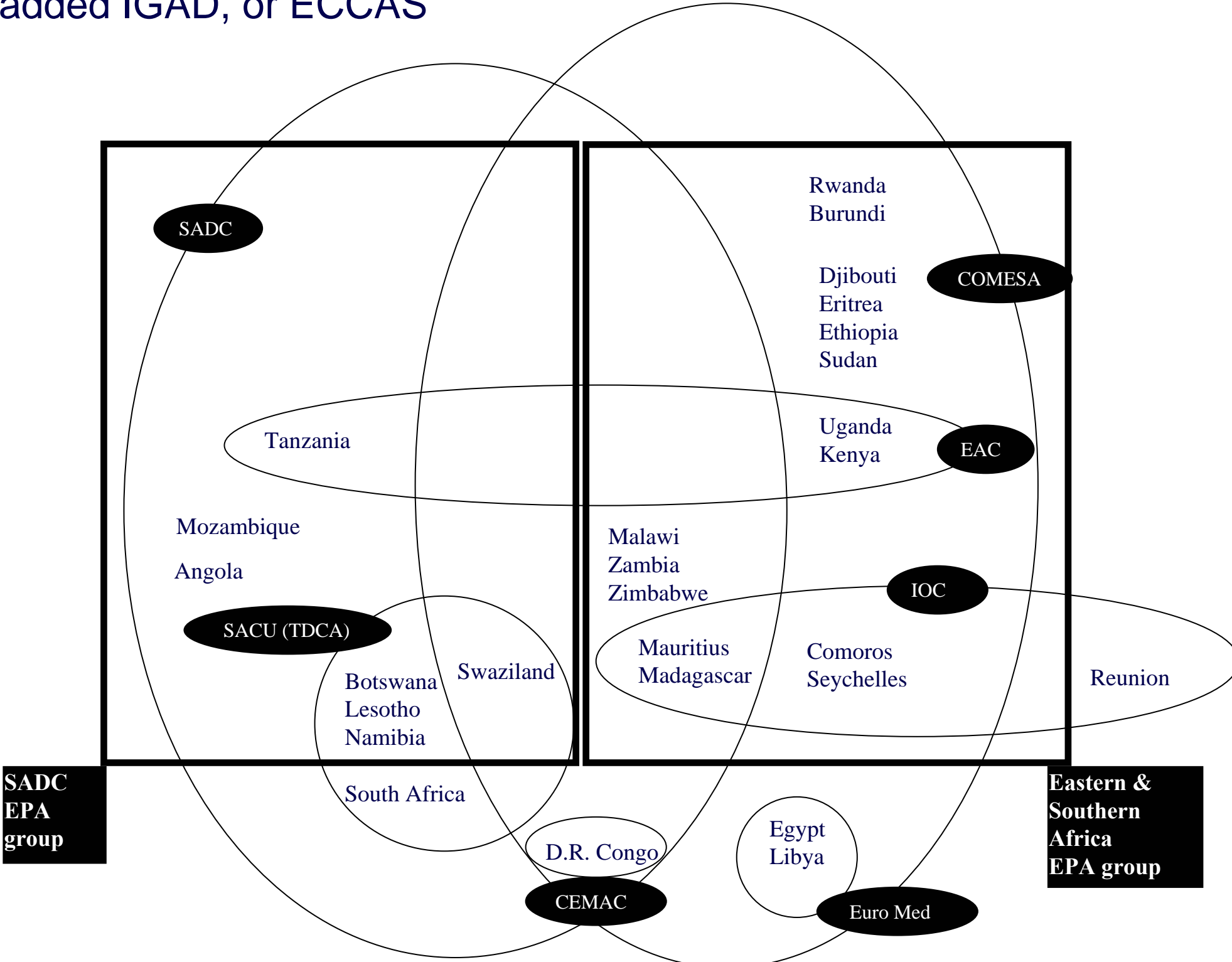
Add Cotonou

Cotonou Agreement - by building on existing regional integration arrangements, to assist with the smooth and gradual integration of the ACP States into the world economy; and to enhance the production, supply and trading capacity of the ACP countries as well as their capacity to attract investment. These two main objectives are to be achieved in conformity with the provisions of the WTO, taking account of the respective levels of development of ACP countries and are to be achieved through the negotiation of EPAs.

Regional Integration and EPAs

EPA negotiations are to strengthen regional integration – EPAs should not drive the process. There is no condition in Cotonou that says the EC will negotiate an EPA with a CU or FTA but EC is pushing condition offensively. Problem is EPA negotiating groups not RECs so could end up with different MA conditions within an EPA. In SADC will have countries with MA conditions of TDCA, ESA-EPA, SADC-EPA, CEMAC-EPA (and EBA for MAT?).

Not added IGAD, or ECCAS



Progress towards Customs Unions

CU Components	COMESA	EAC	SADC	SACU
CTN	√	√	X	√
CET	4 bands (2 zero, 2 ranges)	√	X	√
Revenue Sharing	X	X	X	√
Sensitive List	In progress	√	X	√
Free Movement	X	X	X	?

EPA Negotiations – issues involved:

Market Access (Goods):

Tariffs into the EU – should be the lowest common denominator – LDCs get DFQFMA (EBA) so all countries in the group should expect this.

Tariffs into ACP – negotiate a phase down with sensitive products excluded completely or phased in gradually.

Rules of Origin – based on value addition and local content but take CTH where already agreed under Cotonou.

EPA Negotiations – issues involved:

Market Access (Services):

Negotiations to improve access in areas where have offensive interests (Mode 4) ?

Investment Agreement:

Negotiate a back-linked agreement – tax breaks for EU companies investing in region.

Development Component:

Negotiate an Aid-for-Trade type facility that is flexible enough to allow the region to leverage EDF funds to finance regional priorities – as decided by the region.

Negotiating Structures

Preparations over – real negotiations begin. More in common within SADC-COMESA region than differences but are weakened by divisions – focus should be on EC.

Best Option: negotiate as SADC-COMESA so do not have different MA conditions and so we can pool resources. Create a regional negotiating machinery like CRNM. Is this politically feasible? Are we mature enough? Is it too late?

Second Best Option: Ensure SADC and ESA work closely together so that positions are harmonised.