



trade law  
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- **Assessing the EU's Market Access Offer**
  - by
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- **This presentation will examine what I see as the main issues.**

- **Brussels, April 4, 2007**
- The EU has today proposed to remove all remaining quota and tariff limitations on access to the EU market for all African, Caribbean and Pacific regions as part of the Economic Partnership Agreement negotiations. The offer covers all products, including agricultural goods like beef, dairy, cereals and all fruit and vegetables. It will apply immediately following the signing of an agreement - with a phase-in period for rice and sugar. The only exception will be South Africa where a number of globally competitive products will continue to pay import duties.

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- Peter Mandelson, in L'Express Dimanche, Mauritius, April 29, 2007
- “The EU will completely open its market to ACP exporters. No more duties, no more quotas – full stop. There will be transitions for sugar and rice but for all other products the tariffs and quotas will be eliminated from day one.”
- “The ACP won't be asked to match this offer, and the tariff reductions they do offer will be subject to the flexibility provided by WTO rules which means the right to protect sensitive markets and use long transition times for change.”

- What does this say?
- Well, it says quota and duty free access
  - EXCEPT rice and sugar
  - EXCEPT South Africa
  - This means beef and fish and Swaziland drink concentrate I presume
- Rice is of no concern regionally
- Sugar certainly is – so we need to negotiate here

- Sugar is delayed until 2015, and then some rather significant qualifiers attached to the offer here.
- And, meanwhile with the EU sugar reforms exporters from the region with preferential access will be facing major declines in their rents.

- There is a legitimate concern that the EU will force market access into Africa.
- But the statement says re reciprocal access “subject to the flexibility provided by WTO rules”
- This is significant (no tariff erosion and no unfair EU competition?)

- Missing??
- Rules of Origin
- Non-tariff measures
  - Including SPS issues
  - BUT these are separate issues, although of course critical
  - And what is the EU saying here?

- **Mandelson continued**
- “It means the revision of the EU’s rules of origin to help exporters in ACP regions tap the wider productive capacity of their market – something that EPAs will do. It also means development assistance from the EU for building the infrastructure that creates the capacity to trade.”
- **Ripley’s “Believe it or Not”.**

- To me this places the ball firmly in the African court
- Infrastructure and general Supply Side constraints are the main problem facing Africa. While of course development funds will assist, the lessons from Asia seem clear enough to me in that **getting the right set of fundamentals in place domestically is the Key Issue here**. It is not about leveraging extra funds, although of course that helps.

- Is there anything else on the Defensive side?
- The BLNS are pretty much locked into the TDCA preferences anyway. By 2010 – 12 that means mostly duty free EU access to South Africa excepting for some agr products and vehicles. This on a fixed pathway and will happen.
- It seems to me that the effort of running around getting defensive product lists has merely been a get-rich/make work scheme for consultants

- The EU access offer looks “the Full Monty” except for rice and sugar
- Sugar is important, rice is not
- Then Rules of Origin and NTBs such as SPS become the key. Rules of Origin can and must be addressed, as must NTBs. **BUT not many SPS measures can be negotiated away.**
- The Defensive position does not seem to be an issue
- Negotiate for Development funds of course
- But improving Governance, Infrastructure and Supply side capacity is the priority for the region.

- This leaves South Africa out in the cold
- But South Africa is an entirely different proposition
- The country must use the EPA/TDCA pathways to bring a greater convergence between what it hopes to get from a renegotiation of the TDCA and the EPA process

■ Thank you

- Old trade theory
  - Improved allocation of resources through exploitation of comparative advantage (Ricardo, HOS): welfare triangles
  - Trade creation/trade diversion
- New-new trade theory
  - RTA/EPA → trade → productivity
    - possible impact on economic growth
  - Fragmentation of production processes

- Impediments to successful integration into regional and global markets by developing countries:
  - (1) domestic constraints: inadequate infrastructure, poor regulatory and financial frameworks, market imperfections, and lack of institutions to facilitate trade.
  - (2) external constraints: non-tariff impediments in the EU (e.g., product and process standards, certification procedures, and customs procedures), complex rules of origin, and domestic EU policy distortions such as protection of agriculture.