

Report on the presentation-debate co-organised by Inter-réseaux Développement Rural and FARM

WELCOMING REMARKS AND INTRODUCTORY COMMENTS ON BEHALF OF THE TWO HOST ORGANISATIONS (BY BERNARD BACHELIER, DIRECTOR OF FARM)

The current EPA negotiations represent an historic moment whose outcome and likely consequences, both positive and negative, are at this point unclear. The EPA may constitute an opportunity not to be missed for agriculture in ACP countries; the trade stipulations could work in favor of local production, redressing small farmer incomes in favour of local goods and reducing dependence on export crops. From this point of view, the question of regional integration becomes crucial as does the issue of compensation for loss of revenue from duties and that of investment efforts to accompany development (local circuits and industries will need investment). As a result, any new configuration of the EPA that does not promote regional integration constitutes a major risk for ACP economic development since price support (as implemented by a regional market) is vital if actions in favor of development are going to have any effect.

Mr. Bachelier feels that the moment is an historic one but that it is not appreciated as such, although African deciders are beginning to realize it. In any case, the big question is whether the EPA will have an appreciable effect on ACP development over the next three decades. We lack the necessary tools to respond to this question since a 30-year timeline goes beyond the timeline evoked in the negotiations, even in foresight exercises.

THE LIGHT OF HISTORY (ROGER BLEIN, BUREAU ISSALA)

Mr. Blein recalled that partnerships for trade between the EU and the ACP countries began at the moment of decolonisation. In the case of France, partnerships sprung from a concern to maintain the flow of supplies coming from its former colonies. As a result, free trade agreements were signed as part of the Yaoundé Convention in 1963. The concept of non-reciprocity was introduced in 1975, at the time of the first Lomé Convention. The current EPA debate is occurring after four Lomé conventions, when 77 countries are linked to the EU in non-reciprocal preferential trade agreements. According to Mr. Blein, several factors explain why the Lomé principles are now being called into question:

- Trade preferences do not permitted ACP countries to integrate into world trade circuits and to develop primary good transformation industries. Today, ACP countries mainly export primary goods, whose prices are falling. In addition, a closer look reveals that a few countries account for the majority of exports; the three non-LDCs belonging to ECOWAS (16 member countries in all) account for 80% of all ECOWAS exports.
- The overall liberalisation process promoted by the WTO lowers trade barriers on EU imports from ACP competitors. Therefore, the preferential status enjoyed by ACP countries is shrinking in relative value. At the same time the EU has signed free-trade agreements with other regions, some of whose exports compete with those from ACP countries. The EU's interest in diversifying its trading partners stems from its eagerness to gain access to these dynamic, fast-growing markets for its own members' exports.
- The trade regime set up by the Lomé Conventions has run into a major obstacle as it does not conform to WTO regulations. The challenge now is to devise a trade regime that will preserve the advantages enjoyed by ACP countries while aligning with WTO stipulations. Another definition of new trade arrangements arose during the elaboration of the Cotonou Agreements; the former parternalistic vision is giving way to a balanced partnership based on more equitable international relations. But, as Mr. Blein underlined, the present ambition is to align a new trade regime with WTO rules, "we are looking at things upside down".

Mr. Blein concluded by pointing out that the goal of the EPA is to favor international insertion and regional integration. For this reason the EPA should be signed between the EU and the six ACP

regions, except that not one of the six has yet implemented a true regional customs union (in a customs union, trade among members is free of all tariffs).

THE FRENCH POSITION (ELIE BEAUROY, CHIEF OF THE BUDGET AND ECONOMIC POLICY BUREAU, MINISTRY FOR THE ECONOMY, FINANCE AND EMPLOYMENT)

The French government representative recalled that the goal is still to sign a comprehensive EPA with each of the regions before December 31, 2007. He feels that trade liberalisation alone will not trigger development and that accompanying measures are crucial. He recognised nevertheless that an agreement on tariff questions is difficult to reach, **and that talks on the accompanying measures are not sufficiently advanced for a full agreement to be signed by December 31.** These measures in general call for technical assistance for trade, compensation for loss of tariff and duties revenues due to liberalisation, and funding for developing industries and infrastructures. **An EPA for each region appears difficult to obtain today.** Mr. Beauroy feels that ACP countries should sign a simplified agreement between now and December 31, which would be an interim agreement until a fuller agreement can be elaborated, including especially the proper accompanying measures. An interim deal ought to include a rendez-vous clause that would guarantee a fuller accord to be worked out at a later time. "The objective is to sign a maximum number of agreements between now and the end of the year."

As Beauroy emphasised, the overall philosophy of the agreements remains unchanged; the goal is to reach liberalised, reciprocal but asymmetric trade agreements. The EU proposes free access to its markets for all agricultural and industrial goods (no duties nor quotas), while ACP countries can maintain tariff protection on 20% of their tariff lines. He concluded with a reminder that the finalised version of the EU negotiation strategy was supposed to be reached by the Council of Ministers meeting on November 20.

In response to a question from Bernard Bachelier, the speaker noted that a deadline negotiating session to achieve a signed agreement in time regardless of its content is not part of the plans. In any case, the final form of the agreement for all of the ACP regions is not yet known.

THE WEST AFRICAN POSITION

The point of view of the ECOWAS representative, Ablassé Ouedraogo (special advisor for trade negotiations to the President of ECOWAS)

The ECOWAS representative confirmed that the EPA is crucial and that its objective is to help ACP countries confront globalisation while ensuring their economic and social development. Mr. Ouedraogo pointed out that regional integration is key for successfully integrating ACP countries into world trade.

On the occasion of the ministerial committee meeting held in Abidjan on October 5 to followup on negotiations, West Africa declared it would not be ready to sign a complete EPA with the EU by December 31 since the accompanying measures had not been defined, the calendar for liberalisation had not been set, and the text of the agreement was not yet finalised. Ouedraogo feels that a signed deal by December 31 is illusive in light of the work that remains to be done. This deadline however does not seem to him to be an obstacle, since recent meetings in Abuja established a new roadmap for work to be accomplished as of December 2008. In order to continue work on the agreements during 2008 while remaining within the lines of existing treaties, West Africa is requesting the EU to file a request for an extension of the WTP waiver. According to Ouedraogo, as long as the request is recorded by the WTO General Council negotiators will have the extra time they need as existing Cotonou preferences will remain in effect until a new agreement is signed. West Africa plans to continue work on the treaty for an additional 12-18 months, at which time they will be ready to sign a full agreement including both trade clauses and accompanying measures. He is confident that regional unity is strong in the face of EU pressure to sign interim agreements by December 31, citing only two member states of the regional bloc that might sign such agreements: Ghana and the Ivory Coast. But the ECOWAS representative emphasised that "it is not in their interest to sign an agreement opening up their domestic markets". He pointed out in addition that if the EU does not accept the extension of negotiations with West Africa and refuses to sign an agreement after December 31, "its position in the world could be adversely affected".

During the week of November 12-16, Messrs. Ouedraogo and Chambas (President of the ECOWAS committee) laid out the West African position for the benefit of French officials. According to Ouedraogo, "France will help the European Commission understand that West Africa does not want to find itself in the position of having less than it already had". The West African representative explained that French officials understand the ECOWAS position. Finally he pointed out that the goal is to sign a full, all-encompassing and mutually beneficial agreement, including the participation of the funding agencies that will be involved in supporting the accompanying measures.

An economist's point of view: Bio Goura Soulé (Economist, LARES)

Thirteen of the 16 member countries of ECOWAS are categorised as LDCs, therefore West Africa should be considered as a Least Developed region, according to Mr. Soulé. At the outset of negotiations ECOWAS' vision was not clear but as discussions moved forward, and with a boost from civil society involvement, West Africa grew to understand the vital importance of the "development" chapter of the EPA texts. As explained by Soulé, the fragile economies of West Africa are going to be brought into face-to-face contact with the European economy, and the former are not ready for this. According to the LARES economist, regional integration is an important means for helping individual national economies to survive. Existing sectoral policies should be implemented, and sensitive products need to be defined in light of policy goals. Currently West Africa is not ready to determine the list of sensitive products It needs more time, and therefore is not in a position to sign temporary EPAs covering only tariff matters. In any case, as Soulé pointed out, it does not want to sign such agreements. What West Africa does want is to sign an agreement that will promote regional integration while emphasising development issues – such as specifying EU-funded accompanying measures – and poverty reduction. Finally, Soulé feels that sectoral policies need to be highlighted as a way to improve regional market integration.

Bernard Bachelier added that there are several aspects to increasing farm revenues: protecting strategic products, achieving significant investment, and gaining access to international markets and distribution. Protecting key local production is crucial to any hope of certain economic sectors' developing in the future, Bachelier underlined. He added that it is urgent to defend local economic

sectors now. Preparations must be made to learn how to mobilise the European Commission. "The responsibility of FARM and other European actors is to make investments more efficient".

THE STATE OF NEGOTIATIONS IN VARIOUS REGIONS (YVES GUEYMARD, OFFICE FOR INTERNATIONAL DEVELOPMENT, THE MINISTRY OF FOREIGN AFFAIRS)

Mr. Gueymard began by recalling that France would like to see a comprehensive EPA signed by December 31st. This seems possible for the Caribbean region even if some uncertainties persist concerning the details of market access and the accompanying measures. In other ACP countries, regional-level agreements are looking more problematic. Negotiations, moreover, are fragmented and seem to be more oriented toward a framework agreement on tariffs to be reached by December 31, which would subsequently be replaced by second agreement to include trade but also non-tariff questions (comprehensive EPA) such as accompanying measures. In practical terms, the EU has planned to issue an autonomous ruling in which a proposition for opening up markets would be spelled out. This ruling will include an annex featuring a list of ACP countries wishing to benefit from full access to the European market according to WTO rules. The EU's adoption of this ruling will be the indispensable first step toward a signing of a framework agreement by ACP States whose propositions are accepted by the Commission.

Pacific: According to Gueymard, the tendency in this region is towards country-by-country agreements. Signing should occur in early 2008 since several important points remain unresolved.

Eastern and Southern Africa (COMESA): Nearly 20 countries make up this region, including several island nations, of which some are linked by free trade agreements that are not yet fully implemented. Island nations and the States of the Eastern African Community have developed tariff propositions that they will submit to the EU only if the overarching negotiations between COMESA and the EU break down. An interim agreement was to have been signed by November 23. This agreement would determine overall conditions for access to the COMESA market for EU goods. In general it includes a section on EU accompaniment that Gueymard qualified as "fairly vague", and in particular an annex that lists a series of sectors to be financed. He feels that there is little chance this agreement will be signed as soon as hoped, but at least a part of the region is engaged in a process towards the signing of an interim agreement.

Southern Africa (SADC): The initial negotiation plan called for signing an agreement with the seven States of the region, but at the present time it looks as if only South Africa and the countries linked to it by free trade agreements (SACU) will be ready to sign. Since 2006 South Africa is no longer a simple observer but is actively participating in talks since the trade agreement linking it to the EU is about to expire. Its presence in the talks is in any case a source of difficulty for the LDCs of the region, according to Gueymard, as they will be forced to compete with South African goods. He explained that EPA talks have been slow going in this region from the outset due to divergent interests between LDCs and non-LDCs. "How can the same agreement protect non-LDC preferences under Lomé and be of interest to LDCs?"

Central Africa (CEMAC): With the exception of Cameroon, this region is in a similar situation to that of West Africa. It would like to sign a comprehensive EPA but is requesting that talks be postponed and that the WTO waiver be extended. Cameroon wants to sign an interim agreement.

West Africa (ECOWAS): According to Gueymard, the Ivory Coast and Ghana have not ruled totally ruled out the possibility of signing an interim agreement since going to a trade regime of an GSP type would be very costly for them. Their position is due to be discussed soon within ECOWAS, which has officially requested of the European Commission a postponement for technical reasons of negotiation deadlines and that the EC request a waiver extension from the WTO.

SEVERAL POINTS RAISED BY QUESTIONS FROM THE FLOOR

One of the questions from the floor led the panelists to clarify certain points in the definition of compatibility with WTO regulations. The "substantially all trade" to be liberalised in a "short" period of time. The EU very quickly moved to quantify these two criteria; it has proposed liberalisation of 90% of all tariff lines, over a period of 12-15 years. On the other side, the ACP countries have not proposed

any quantification which, in Blein's opinion, is a mistake. Blein pointed out in addition that in the case of West Africa, the proposition that would be generated by listening to civil society would not likely meet EU criteria and by the same token any proposition in line with European targets would not likely be accepted by civil society.

In response to questions about regional integration, Bernard Bachelier emphasised that the core issue is the capacity of regions to meet their own food needs. An estimation of this capacity is the starting point for reaching a decision on whether to protect certain farm goods or not. Along these lines, in February FARM will publish a study of the production capacity of ECOWAS agriculture and will issue propositions for support measures for various sectors in the form either of aid or trade. A study aimed at generating propositions for removing obstacles currently encountered by West African farmers on the agricultural markets of ECOWAS and the EU is also underway.

THE LAST WORD

Bio Goura Soulé: "West Africa is not refusing the agreement but the agreement must take into account development aspects, as specified by the Cotonou Agreements. Such considerations should be taken in favor of reducing poverty and increasing regional integration."

Roger Blein: "What is at stake is not simply trade liberalisation but also the development of regional policies." "The EPA have already played a role in regional integration and in the improvement of the capacities of growers' organisations." There is something else at stake as well: "moving towards a balance of power more in line with the reality of the societies involved". In addition, "if the EPA talks have consolidated the region, they have weakened the dialogue between the EU and West Africa. There is a certain crisis of confidence today between the two parties, which is quite the opposite of the founding principles of the Cotonou partnership."

Elie Beauroy: "The political treatment of this matter is different than a strictly economic or technical treatment."

Ablassé Ouedraogo: "I remain optimistic; the EU and Africa have no other choice but to work together. This is why the EPA talks will succeed."

Bernard Bachelier: "Awareness of the stakes involved in the EPA is increasing, particularly among governments and among the negotiators." "We are having difficulty building a shared vision of our common future; the advantages offered by the trade negotiations are not enough. Technical issues raise deeper questions, and a greater awareness is gaining momentum." "What we will go away with from this debate: an extension for the talks is needed, and agreement should be reached during the year 2008. The will for regional integration in West Africa is strong".

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