

**Fundación Alternativas
Observatory of Spanish Foreign Policy (Opex)**

***Round table between African Delegation and Spanish representatives on the
state of negotiations of Economic Partnership Agreements (EPAs) between
European Unión and ACP Countries***

Executive Summary prepared by Tillmann Gräf, Passau University

Madrid, March 9, 2009

SUMMARY

The European Union is currently negotiating the Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific countries (ACP States). The result of these negotiations, which should be achieved in the course of this year, will turn out to be crucial for the ACP States' prospective economic and social development.

The Observatory of Spanish Foreign Policy (OPEX) of Fundación Alternativas, and Intermón-Oxfam jointly organised a round table which took place on March 9 in Madrid, at the headquarters of the Fundación. Among the participants in this meeting, coordinated by Manuel de la Rocha (Coordinator of the African Panel, OPEX) and Laura Iruretagoyena (Policy Advisor for Trade, Intermón Oxfam), were an important delegation from ACP countries, including members of parliaments and representatives of civil society, as well as members of the Spanish Ministry of Trade, Ministry of Foreign Affairs and Cooperation, and representatives of civil society. The list of participants is shown in the Annex at the end of this summary.

The meeting allowed for discussions on the perspective of the negotiations and probable and possible effects of specific EPA issues on the ACP States. It also enabled a frank discussion on the Spanish position relating to those agreements. Throughout this candid and constructive debate, the African delegation aimed at conveying to the European representatives certain

concerns on the EPA negotiations while the Spanish members of government gave explanations for the EU's priorities and actions in this regard.

The following provides a summary containing key issues discussed during the debate. Regarding each topic both the ACP representatives' prospects and the European point of view are registered.



Will the EPAs undermine the regional integration processes that are currently in progress in Africa? Does the current EPA confederation split some of the African regional trading blocks that already exist?

One of the EPAs' key pillars and main objectives is to reinforce strong regional markets and regional trading blocks. However, on the African side it was criticized that the EPAs would be concluded without taking into consideration African regional integration processes that are negotiated between African states. Considering the current EPA confederation they doubted that the full EPAs will have a positive effect on integration. They feared that if regional trade arrangements are interfered with, then regional integration process will be impacted negatively. The signing of Interim EPA with individual countries when the negotiating blocks are already trying to integrate a regional EPA has also been harmful for this purpose.

Conceding that the division of ACP countries into different regions was a difficult decision, the Spanish participants focused on the need to achieve the generally accepted aim of reinforcing regional markets, since the regional integration processes in Africa would have this same objective.

How can African countries compete confronting the new tariffs?

The issue of elimination of import taxes, in the view of the African delegation, to be included in the EPAs is one of the main reasons why the governments of the ACP countries might feel as being weakened on the use of essential basic policy instruments in order to protect their agricultures. This protection would basically entail African governments using the tariffs so that the world market price cannot easily put African farmers out of business. Otherwise, especially small-skilled farmers would not have any chance to survive the competition. This would be due to the fact that ACP countries would have to face an unfavourable situation principally caused by revenue loss, lack of infrastructure, supply side constraints and European subsidies on European agricultural products that ACP governments are not able to offer.

Spanish participants referring to Europe's position promised to eliminate export subsidies on agricultural products progressively so that African markets would not be distorted in the future. In addition to that, they explained that the agreements would include the possibility of applying safeguard clauses in the event of rapid surge of imports from Europe.

But ACP representatives doubted that safeguard clauses could be useful since they find it very difficult to apply the measures of the safeguard clauses that are put into the Interim Papers to protect food security and infant industries. Regarding export subsidies, Africans feared that inequality could continue since subsidies could be replaced by other forms of direct or indirect payment and conveyed their disagreement on those aspects within the Interim Agreement that would make this possible.

How do the EPAs affect the public revenues of the ACP countries?

The African delegation warned of problems for the near future as the benefits of the EPAs will be felt in the long term. In the short term, ACP-countries will face losses of revenues as well as the costs of the implementation of the EPAs –bearing in mind that financial help has not been delivered as it was offered by the EU. Above all, the African main instrument for the protection of the agriculture sector would not exist anymore. That is why they believe that this situation threatens African domestic production and the jobs and livelihoods of millions of poor people that live in African countries

Spanish representatives showed awareness of this difficult situation and proposed that this problem should be solved through tax reforms in ACP countries, which should be conducted in order to get revenue from other taxes. Additionally, they guaranteed an increased aid of the EU to the ACP countries, specially in the field of Aid for Trade to help ACP undertake the measures they need to modernize and reform their industrial bases.

In which way will the EPAs affect food security in the ACP countries?

From the African point of view various partner States should be free to decide regarding exports in order to avoid situations where countries cannot feed their populations.

Spanish negotiators argued that that this problem has already been foreseen and provided for in the texts of the agreement, as the EPAs would include safeguard clauses for exports. Therefore, such a situation would not take place.

Why have Singapore Issues been negotiated?

The African delegation scrutinised that Singapore Issues have been brought into the EPA negotiations, because they would not relate directly on the EPAs' objective of achieving WTO compatibility and neither would they be wanted to be included by the ACP-states. The liberalization of these issues as they are currently being negotiated will reduce the policy space for ACP governments to design and implement policies that address their own development needs and go in line with their institutional capacities. The African delegation also stated that the negotiation of the Singapore Issues should take place at a multilateral level (WTO), where developing countries can join and defend better their interests, rather than at a bilateral one.

On the other side, as European representatives the Spanish participants emphasized their good intentions when they negotiated those sectors and chapters arguing that it would have good impacts on the African countries to increase and expand the economies and their sectoral composition.

Even though these issues will still stand out of WTO regulations, what Europe would like to achieve in order to help the ACP countries in the most effective way, would be an ambitious agreement going further than the WTO.

About the issue of time pressure:

The ACP countries' representatives criticised that the timelines would not give them enough time for internal organisation and appropriate analysis of the EPA issues. They indicated that once the deadline conceded by the WTO to conform to its rules regarding trade of goods, had been met in December 31st, 2007, there should be no further pressure from the EU to continue speedy negotiations in other areas, such as trade of services or public procurement.

The Spanish delegation said the European Union would consent to concede them the necessary time, but also accentuated that the ideal would be to reach agreement as soon as possible.

Feeling forced to ratify:

An African reproach concerned the opinion of many ACP countries that says that they had felt like being forced to ratify the Interim Agreements including issues they had not agreed on during the process of negotiating. That is why the contentious issues such as Most Favoured Nation (MFN) clause, standstill clause and so on should be unconditionally reviewed.

The European explanation for that presented by the Spanish side is grounded in the schedule that was given. In the light of the impending incompatibility the Interim Agreements would be a transitory solution so as not to break the WTO rules.

What are the development components within the EPAs?

The issue where the main criticism is passed on raises the question of the development dimension of the EPAs.

The African delegation pointed out that there is no development chapter within the EPAs, although this has been a key component in the Cotonou Agreement and a key objective in the preamble of the EPAs. For this reason, they see a contradiction between the objectives of the agreements on the one hand and the paper that has been signed on the other hand.

In contrast, the Spanish representatives explained that in their mind the development components would be spread out along the full content of the EPAs in the form of a combination of trade and development instruments, and promised that the full EPAs will include even more development aspects. The principal factors encouraging development would be asymmetry in favour of the ACP partners, so they can preserve and protect their

most sensitive sectors; European assistance in order to help that the ACP countries can take advantage from the new business opportunities, promotion of trade, and cooperation. They also outlined the good impacts that liberalisation would bring along for the ACP countries and emphasized that the EU would give the necessary flexibilities to the ACP countries so that they can protect their main interests.

In which manner will Spain influence the EPA negotiations?

Although is it the European Commission, the executive body of the EU, which is negotiating with the governments of the ACP countries, Spain as one of the 27 member states of the European Union has the opportunity to influence the direction of the negotiations by giving mandate, supervising the negotiations and approving the final outcomes. Above all, in 2010, Spain will assume EU's presidency and the Spanish ministry of foreign affairs is currently in the process of elaborating a new African Plan. For these reasons, the African delegation requested the Spanish representatives as member of the European Union, to take into account the following:

First of all, the African side wants these agreements to be the result of *fair* trade negotiations, so that the ACP countries can attain their own objectives. Secondly, Spain is asked to establish an institution to be a panel in order to scrutinize draft agreements for these countries. Thirdly, the African representatives want Spain to try to push the negotiations in the direction of pro development. Especially, they would like specific development clauses to be included within the EPAs, that declare explicitly the amount of European.

To conclude, the European and the Spanish side respectively, pronounced its availability for the ACP countries' concerns and comments and its interest in close collaborations and discussions. Regarding the Spanish 2010 EU Presidency, it was assured that the EPAs negotiations will be one of Spain's priorities.

Opex, Fundación Alternativas

Madrid, March 9, 2009

Annex:

Participants:

Moderators:

- **Manuel de la Rocha Vázquez** Coordinator, African Panel, OPEX
- **Laura Iruretagoyena**, Policy Advisor for Intermón Oxfam

African Delegation:

- **Catherine Kimura**, President of the Commission of Trade of the East African Legislative Assembly (EALA)
- **Pauline Nodoumo**, Member of the Parliament of Cameroon
- **Mary Salaka**, Farmer and leader of the Eastern and Southern Africa Small Scale Farmers Forum (ESAFF).
- **Kolyang Palebele**, Member of the Conseil National de la Concertation des Producteurs Ruraux du Tchad (CNCRPT)
- **Eric Ouedraogo**, Member of the Conseil d'administration de la Confederation Paysanne du Burkina Faso (CPF)
- **Ruthpearl N'ganga**, Policy advisor for ACORD in Kenya
- **Yabowerk Haile**, Responsible for the ACORD programmes in Ethiopia

Spanish Representatives:

- **Alfredo Bonet Baiget**, Secretary General for Foreign Trade of the Ministry of Industry, Tourism and Trade
- **Cristina Teijelo Casanova**, Secretary General for the EU's coordination of bilateral trade relations of the Ministry of Industry, Tourism and Trade
- **Mercedes Bonet**, Secretary General for the EU's coordination of bilateral trade relations of the Ministry of Industry, Tourism and Trade
- **Jose Alberto Plaza Tejera**, Secretary General for international trade of services of the Ministry of Industry, Tourism and Trade
- **Luis Moreno**, Secretary General for international trade of services of the Ministry of Industry, Tourism and Trade
- **Elvira Velasco**, Member of the Spanish Senate
- **Iliana Olivié**, Researcher for the Real Instituto Elcano

- **Marta Pedrajas**, General Director for planning and evaluation of development policy of the Ministry of Foreign Affairs and Cooperation
- **Sara Ladra**, Counsellor at the Department for International Affairs and Defence
- **Mar Centenera**, Journalist on African topics of the daily newspaper “Público”
- **Ainhoa Marín**, Researcher for Fundación Alternativas
- **Javier Perez**, Trade researcher for Oxfam International
- **Irene Milleiro**, Person in Charge of Institutional Relations, Intermón Oxfam