

SUMMARY REPORT

**REGIONAL DIALOGUE ON THE ECONOMIC PARTNERSHIP AGREEMENT
(EPA) NEGOTIATIONS AND ECONOMIC DEVELOPMENT**

19-21st OCTOBER, 2006, LUSAKA, ZAMBIA

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Lastly but not least we are grateful to the team at CUTS-ARC for their tireless efforts, which ensured success of the dialogue.

This report had been compiled and written by Mr. Edmond Kangamungazi.

1.0 BACKGROUND TO THE EPA REGIONAL DIALOGUE

- 1.1 The Economic Partnership Agreement (EPA) negotiations process which began in 2002 between the African Caribbean and Pacific Countries (ACP) countries and the European Union (EU) has now reached at a critical phase. The four regional configurations in Africa viz. Eastern and Southern Africa (ESA), Southern African Development Community (SADC-EPA), Economic Communities of West African States (ECOWAS) and Economic and Monetary Community of Central Africa (CEMAC) have developed roadmaps for negotiating EPA with the European Community (EC) based on the national and regional priorities. Among the four groups in Africa, the ESA, which is the largest configuration, has prepared a text for negotiations and forwarded to EC for responses, while other configurations are in the process of producing negotiation texts and priorities.
- 1.2 Further, the formal and comprehensive review of the progress of the EPA negotiations as mandated under article 37.4 of the Cotonou Partnership Agreement (CPA) are due in 2006. This offered a great opportunity for the Non- State Actors (NSA) and other stakeholder to raise their concerns and thoughts based on evidence and research on the development component of the EPA negotiations. This was a crucial chance for the NSA and other interested stakeholder to join forces and influence the process and outcome of the EPA negotiations.
- 1.3 The *Dialogue* convened to debate the development value of; and even possible alternatives to the EPAs for Sub-Saharan African countries by considering the progress made so far and various proposals on the table for further trade and investment liberalization under a proposed EPA. The regional dialogue also offered an opportunity to assess and benchmark the development component of EPAs in relation to the national and regional development plans/strategies.

2.0 INTRODUCTION

- 2.1 The EPAs are increasingly accepted global targets on which development and trade policies are to be based. With only 13 months to go before the bench mark year 2008, for formalizing the EPA agreement. The international community witnesses a mixture of despair at the enormous challenge that lies before *ACP* and hope for success of the EPAs negotiations. An overriding question is do we continue doing the same things as before to achieve development through trade or we start doing things radically different to order to achieve them.
- 2.2 The aim of the *dialogue* was to provide an opportunity for NSA to share experiences including the outcomes of the project implemented by Consumer Unity and Trust Society (CUTS) in six countries viz. Zambia, Malawi, Tanzania, Kenya, Uganda and Ethiopia which started in 2005. It was also expected to provide an opportunity to share experiences of NSAs in contributing to the EPA process at national and regional levels and as well to identify critical areas of NSA engagement on EPA negotiation issues and develop a plan for action.
- 2.3 The main objective was to make participants discuss and identify the development component of the EPAs, make sure there is coherence with national and regional development plans/strategies in the EPA negotiations, develop a framework, content and process issues for reviewing EPA negotiations. This was also to provide a forum for stakeholder inputs into the existing ESA-EPA and SADC-EPA negotiation framework.
- 2.4 The expected outcomes of the meeting were; to produce a statement on the EPA process directed to the relevant institutions, such as the regional negotiation groupings, African Union (AU) Commission, the Commonwealth Foundation (CF), ACP secretariat, and produce a document on the benchmark framework of assessing the development component of the EPAs. It also provided an opportunity to produce a position on the considered ideal participatory framework for reviewing the EPAs 2006.

3.0 METHODOLOGY OF THE DIALOGUE

- 3.1 Taking cognizance of the need to incorporate different ideas from a wide range of stakeholders the participants included a wide range of stakeholders from civil society, policy makers, private sector, development research organizations and cooperating partners from 10 countries in the Southern and Eastern Africa region and Europe.
- 3.2 The output of the dialogue would provide an innovative approach by ensuring that development concerns of non state actors are formally linked to the EPAs negotiation process. This would be achieved by developing a strategy for continuous dialogue among trade negotiators, policy makers and non state actors; and compilation of a well researched lobby and advocacy paper that was to be taken forward by partners who were associated with the consultative bodies on EPAs. Outcomes from the regional dialogue were to be fed into the lobbying activities at national and regional level and also in EC.

4.0 OPENING SESSION

- 4.1 Mr. Trevor Simumba, on behalf of the organizers welcomed participants and acknowledged the presence of the guests Mr. Erastus Mwencha, Secretary General Common Market for Eastern and Southern Africa (COMESA) and Mr. Ndeke Kanene, Country Director Danish Association for International Cooperation (MS) Zambia. He informed participants the objectives of the regional dialogue and retaliated that the dialogue was expected to produce a communiqué. He then called upon the Mr. Kanene and Mwencha, respectively to address the dialogue.
- 4.2 Mr. George Lipimile Executive Director, Zambia Competition Commission (ZCC) (the chair of the opening session) thanked the Secretary General for Common Market for Eastern and Southern Africa (COMESA) - Mr Erastus Mwencha, for accepting to officiate at the opening ceremony. He then went on to welcome all the distinguished guest, participants and resources persons at the meeting, and requested participants to introduce themselves.
- 4.3 The Chair also gave a brief genesis to the insight of the workshop were he stressed the importance of the regional dialogue which steamed from the need to address specific development concerns of EPAs and difficulties that government and NSAs in Eastern and Southern African countries faced in the ongoing EPA negotiations with the European Union.
- 4.4 Mr. Ndeke Kanene, Country Director, Danish Association for International Co-operation (MS-Zambia) in his remarks stated the importance of NSA involvement in the EPA negotiation process and further shaping for the regionalization and localizing EPAs with a special emphasis on those experiences that should go beyond awareness and information, but that manage to progress towards achieving economic development.
- 4.5 Mr Kanene also made mention of the phase of negotiations between the EU and ESA which were launched in 2006 and its outcomes of which these included:
 - a) Development issues: ESA wanted development support to be available in sufficient quantities up-front, well before the ESA expose their markets to competition with EU and ESA want this commitment in writing. The ESA also outlined ten specific interventions areas for supply side support while EC would like to focus assistance to two sectors only.
 - b) In agriculture, the ESA group requested that under EPA, the EU should compensate ESA member states for the impact of agricultural subsidies.
- 4.6 In his concluding remarks, Mr Kanene pointed out the need for ESA and ACP countries to look for impact of their negotiations, to identify and discuss issues that related to their development framework and come up with issues pertinent to the core development of their countries.
- 4.7 Mr. Erastus Mwencha, Secretary General, Common Market for Eastern and Southern Africa (COMESA) in his keynote address briefly outlined why ACP Countries are involved in EPA. He pointed out that EU is and remains a major development partner in trade, finance, social, economic and political dialogue. He also stated that the EU with certainty are expected to take an offensive position to market access and the want to include competition in their negotiations and they equally want the ESA or ACP countries to open up their

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markets- trade liberalization. He emphasised that in negotiations we should stress issues like; Development, Market access, fisheries and trade in services.

- 4.8 He also stated that the EU and the (ACP) countries were given five years (2002-2008) in which to set up Economic Partnership Agreements (EPAs), according to the Cotonou Agreement. On 1st January 2008, the waiver obtained from the World Trade Organisation (WTO) at the Doha Ministerial Conference will end and be replaced by a new framework that must be compatible with WTO rules. He also mentioned that If we are strictly under WTO there was need to go beyond article 24 and the challenge was to make EPA compatible with WTO rules.
- 4.9 In trade terms, Mr. Mwencha, mentioned that the EPAs will almost certainly take the form of free-trade areas between the EU and the six ACP geographical regions, the aim being the progressive abolition of both tariff and non-tariff obstacles and to replace the nonreciprocal trading preferences currently advanced to the ACP countries under the Lomé Agreement with reciprocal arrangements in compliance to the WTO rules of nondiscriminatory trading arrangements.
- 5.0 In conclusion Mr. Mwencha, made mention of the Corridor issues of which these boarded on
- EPA supports general integration
 - In our negotiations will be need to secure our interest and secure sustainable development.
- 5.1 He also urged the delegates to keep in mind why the dialogue was vital in the ACP quest of attaining sustainable development.
- 5.2 The vote of thanks was given by Mr. Sajeev Nair in his capacity as Regional Advisor for Consumer Unity and Trust Society-Africa Resource Centre (CUTS-ARC) and as organizers of the dialogue.
- 5.3 He took the opportunity to thank the Secretary General of COMESA Mr E Mwencha, the invited guests and all the participants making time to attend the dialogue. He also thanked the sponsoring partners for the dialogue The Commonwealth Foundation, Oxfam Novib, Danish Association for International Co-operation (MS) Zambia and Institute for Global Dialogue (IGD). Finally he emphasised the need to make the dialogue come up with extraordinary outputs and not to make the dialogue like any other dialogue but develop tangible and creditable outcomes and outputs.

6.0 SUMMARY OF THE DIALOGUE

- 6.1 The dialogue was divided into four sessions i.e. development benchmarking in relation to the EPA process, inputs to ESA and SADC EPA negotiation process, EPA and policy coherence on national and regional level, and the EPA review process

6.2 SESSION ONE: DEVELOPMENT BENCHMARKING IN RELATION TO THE EPA PROCESS

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- 6.2.1 Ms. Francesca Di Mauro presented a paper on **Economics Partnership Agreements (EPAs): European Commission (EC) perspective**. The paper examined the EPAs importance, EPA main features and the development assistance accompanying the EPAs
- 6.2.2 In conclusion Ms. Di Mauro mentioned that under the Development Assistance accompanying EPAs, the assistance will be aimed at improving trade, help in achieving the Preconditions for trade to expand (e.g. Macroeconomic stability, good infrastructure). She also mentioned that there would be need to integrate trade strategy within overall development strategy which can then be supported by development assistance and as well as Monitoring and Evaluation framework of the national development strategies will be used accordingly.
- 6.2.3 In addition to EC, other donors would provide resources, especially within AID for Trade. Total envelope could be to 5million euros for ESA, including the incentive tranche
- 6.2.4 In Ms Di Mauro concluding remarks she stated that EPAs offers ACP an opportunity to integrate in the world trading system gradually, within ACP own regional schemes and the best way to get most of EPAs is to focus on trade aspects and the necessary reforms that go with it, because that is where most benefits lie
- 6.2.5 Professor V. Seshamani presented a paper on **Development Benchmarking in the context of Economic Partnership Agreements (EPAs)**. The paper raised key criteria for development benchmarks, categories of benchmarks to monitor and evaluate the development content of the EPAs and general of any trade agreements. The paper identified four key categories of benchmarks that are critical-Developing Countries' performance in trade, openness of markets, and equal opportunity for unequal partners and serving public interest.
- 6.2.6 Professor Seshamani informed the dialogue participants that trade in the developing countries of Africa should not be regarded as a value-neutral policy instrument but must also reflect social gains in terms of poverty reduction, addressing chronic and fatal diseases such as malaria and HIV/AIDS and improved access to social services especially by the poor.
- 6.2.7 Thus the potential impact of any trade agreement such as the EPA must go beyond pure economic gains and yield broader benefits in terms of human development. It is, therefore, necessary to go beyond the text of the agreements.

6.3 SESSION TWO: INPUTS TO ESA AND SADC EPA NEGOTIATION PROCESS

- 6.3.1 Mr. Robert Wilson, presented a paper on **SADC EPA NEGOTIATION AND REVIEW PROCESS**
- 6.3.2 In his presentation, Mr Wilson mentioned that although EPAs were expected to promote regional integration to a larger extent, the EPAs negotiation had compromised existing regional integration efforts in Eastern and Southern Africa and making trading blocks. As countries were also seemingly being dictated to on which negotiating blocks/trading blocks to belong to, thus, he emphesed that the review process should make deliberate efforts to ensure that these issues are fully addressed.
- 6.3.3 Mr. Gideon Rabinowitz presented a paper on **what does ESA/SADC have to loose from moving to GSP/EBA?** The paper outlined the background to EPAs and what was at stake in either signing or not signing EPAs. The paper also mentioned that the ACPs had to decide

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weather to either sign an EPA or move to GSP / EBA and these preferences would continue past 2008 until EPAs were signed.

- 6.3.4 He pointed out the likely impact of EPAs, in ACP countries would be increased production of agricultural and agro-processed goods, decreased production of manufactured goods, decrease in intra-regional and intra-African trade and there would be a considerable fiscal revenue losses.
- 6.3.5 He also discussed about an alternative for EPAs which was Generalized System of Preference (GSP) and it entailed avoiding market opening to European Union. This alternative meant that there would be reduced preferences (for non-LDCs), Unilateral / non-contractual, Stricter Rules of Origins (RoO), thresholds / graduation and there would be no trade related aspects of EPA. The GSP had the impact of reduced exports to EU, less impact on tariff revenues, less impact on industry and less impact on regional integration. In his conclusion he pointed out that despite the overall picture for ACP some countries will lose out from move to GSP and there was need to balance country needs with regional needs if the countries had to benefit from either a move to GSP or EPAs.

6.4 PLENARY SESSIONS DAY ONE

The discussion highlighted the following points on sessions one and two

- The impact of EPA was neither negative nor positive but there was need to balance the positive and negatives aspects of EPAs. It's basically up to the ACP countries to fully utilize the negotiation to reap the maximum gains from EPAs
- The EU should not use the programming of European Development Fund (EDF) resources in the negotiation of EPAs and they should not also use the economic integrations or configuration as conditionality for a country to benefit in the EDF resources
- Governance is an important issue in the pursuit of pro-poor development and as such it should be used in the development of developmental benchmarks;
- There is continued need to look for EPA alternatives as the ACP countries negotiate EPAs;
- There is need for stakeholders to share information at national and regional level so that they can learn and share experiences from each other and also so that they can speak with one voice.

Following the presentations the participants were divided into groups based on interest on session one and session two topics to discuss and bring forward recommendations and comments on the topics of development benchmarking and inputs to EPA negotiation process

6.5 OUTCOMES FROM GROUP DISCUSSIONS

Group one came up with the following recommendations under development benchmarking in relation to the EPA process;

6.5.1 RECOMMENDATIONS ONE: DEVELOPMENT BENCHMARKING IN RELATION TO THE EPA PROCESS

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They dialogue divided the bench marks into two categories;

- i. Pre signing benchmarks
- ii. Post signing benchmarks

A. **Pre-signing**

1. The implementation periods should not be less than 25 years
2. There was a need for a comprehensive review which would assess and revise alternatives of EPAs- in the review process issues like participation in the EPA negotiations and the involvement of NSA and other development stakeholders in the consultation and the negotiation process.
3. The governments before signing agreement should share/consult with all the relevant development stakeholders including parliaments in their respective countries so that it wholly owned by everybody and so that if anything goes wrong we should no blame anyone.
4. There is need to address the complexity emerging in the EDF. Under the EPA we need to be sure that there will be new money and hence forth help the ACP countries to equally address their supply constraints and the development challenges. There is also need to make sure that all additional resources are flexible.

B. **Post –signing**

1. Before the ACP countries open up their Agriculture sector , the EU should remove their subsidies on Agri-products;
2. The opening up of various sectors should wait until regulatory frameworks are in place. As such all negotiation in such areas were there is no regulatory framework should wait until the are in place;
3. During the 25 years implementation period we should monitor the Human Poverty Index to assess the progress made and the benefits attained from these initiatives.

6.5.2 **RECOMMENDATIONS TWO: INPUTS TO ESA AND SADC EPA NEGOTIATION PROCESS;**

The dialogue came up with the following recommendations under, *Inputs to ESA and SADC EPA negotiation process;*

1. NSA should be recognized as important partners in regional and national development and there is need by governments to engage them as full partners unlike been seen as by –way partners.
2. Country teams have limited capacity and therefore there is need to be given time to respond to issues raised under the negotiation- the ACP countries should not be rushed in making decisions but should be given time to comprehend and carry out analyses on what is at stake.

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3. There was need to balance resources with standards existing in the LDC unlike allocating resources to LDC which would have little impact or which would not meet the needs of the LDC development needs;
4. Transitional periods should not be arbitrary. Development benchmarks have to be based on the economic realities of the ACP countries.

6.6 SESSION THREE: EPA AND POLICY COHERENCE ON NATIONAL AND REGIONAL LEVEL

- 6.6.1 Mr. Trevor Simumba presented a paper on **EPAs and National Development Priorities**. The paper described the various approaches and experiences of Zambia's quest for development with a special emphasis on the newly developed Zambia Fifth National Development plan (FNDP). In addition the paper addresses that bottlenecks within the system that need to be addressed.
- 6.6.2 In his presentation, Mr Simumba mentioned that a formal and comprehensive review of the progress of the EPA negotiations as mandated under the article 37.4 of the Cotonou Partnership Agreement (CPA) were due in 2006. This offered a great opportunity for the *non- state actors (NSA) and other stakeholders to raise their concerns and thoughts development component of the EPA negotiations*.
- 6.6.3 Mr. Alexander Werth presented a paper on **Optimizing benefits through different trade negotiations**. The paper described the major trading export markets of Uganda, its Interests pursuable in COMESA negotiations and EPA negotiations including the WTO/Doha Round negotiations. The paper also outlined some of the offensive and defensive strategies for Uganda under COMESA, EPA and WTO.
- 6.6.4 In his presentation, Mr Werth mentioned that under the Uganda's perusable interest in the COMESA negotiations: Uganda would greatly benefit from duty-/quota-free market access to COMESA partners, especially bordering countries in the Great Lakes Region such as Sudan, Rwanda and Congo and other issues such as competition policy and standardization which could provide for improved business environment for Ugandan private sector in COMESA. Where as in Uganda's perusable interest in the EPAs negotiations was a mixture of offensive (Preservation and improvement of market Access to European Union) and defensive strategies (Retaining policy space).
- 6.6.5 Mr. George Lipimile presented a paper on **Competition policy in the EPA negotiations**. The paper described the commitments by WTO Members to a set of core principles comprising transparency, non-discrimination and procedural fairness in application of competition law and policy. The paper also highlighted the pros and cons of Singapore Issues i.e. Trade and Investment, Trade and Competition, Trade and Environment and Trade Facilitation
- 6.6.6 In the presentation Mr. Lipimile mentioned that the EU position in the negotiations was that they wanted to include the Singapore Issues in the EPA negotiations while the ESA position was that they were not ready to engage in the negotiations of the Singapore issues: "They were in the Listening mode".

- 6.6.7 Mr. Brendan Vickers presented a paper on **Analysis of the policy coherence between EPA negotiations and SADC objectives and priorities**. The paper described the Regional integration in Southern Africa dimensions with emphasis on how should SA/SACU/SADC strategically position itself.
- 6.6.8 In his presentation Mr. Vickers, outlined the preconditions for market-led integration of which these included having a similar level of industrial development among member countries; having a harmonised national macroeconomic policies, as well as regional macro stability; having a significant existing intra-regional trade and complementary industrial development; a significant differences among member countries factor endowments; and a politically stable region, with a willingness to cede some level of sovereignty to a supranational body that has enforcement authority.

6.7 SESSION FOUR: THE EPA REVIEW PROCESS

- 6.7.1 Mrs. Jacqueline Mambara, presented a paper on **Background to the review process based on the outcome of the Harare consultation on EPA's held on 7-8 September 2006**. The paper described the outcomes and objectives of the EPA consultative workshop that was held in Harare on the 7-8 September 2006
- 6.7.2 Mrs Mambara, presentation gave a summary of the conference outcomes
- EPAs should be an instrument for regional integration, structural transformation of regional economies and economic development;
 - ESA already have a draft text while SADC will rely on the Trade Development Cooperation Agreement (TDCA) framework to guide them in coming up with their final draft text.
 - in terms of product coverage the TDCA is offering more market access to EU importers than what is being proposed by the ESA region (ESA 60% vs. TDCA 86% tariff elimination); and
 - The time frame for tariff elimination under the ESA approach is longer than that in the TDCA.
 - Inadequate capacity to prepare and effectively engage in negotiations. Linked to this, is the severely depleted capacity to forecast tomorrow's consequences of today's rushed negotiations.
 - Practically inadequate resources to track the negotiations as well as focus on the alternatives.
 - Lack of meaningful and sustained co-operation among the four regional groupings in preparing and coordinating positions.
 - There is need to involve the NSAs (in their diversity) in the EPA review process, with their views and comments taken on board

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- NSAs and CSOs should also do more than just criticising ESA/SADC configurations but rather provide solutions to the problems they are facing.
- Even though there is still scope for more impact studies to continuously sharpen negotiating positions, it was noted that several of these studies have been done on analyzing the impact of EPAs on SADC and ESA economies
- Regarding the coordination of EPA negotiations, it was noted that the organs of the African Union (AU) have not been able to meaningfully coordinate the strategies and positions of the four regional groupings

6.7.3 She also mentioned that a communiqué was issued at the end of the conference and the contents of the Communiqué was that the ACP-EPA review process should be conducted in a transparent and participatory manner should include all the stakeholders including government, Regional Economic Communities (RECs), regional and continental bodies, local communities and Non State Actors.

6.7.4 The ACP-EPA review process should take the above concerns into account and make findings on whether the African regions should go ahead with an EPA or find alternatives. Thus, SADC and ESA negotiating groups should revisit the issue of “Alternatives to EPAs” as well as “Alternative EPAs”, or at least actively develop fall back positions, in case their aspirations and objectives are not adequately dealt with in the current EPA negotiations.

6.7.5 The review process should ensure that results from all the impact studies of EPAs on SADC and ESA economies are fully integrated into negotiations. In addition, the studies should be accessible to anyone interested in EPA issues.

6.7.6 Ms. Annie Chime, Mr. Robert Wilson, and Mr. Mavuto Bamusi were on a panel to discuss on **the ideal review process, how would the look like?** During this session three countries viz Zambia, South Africa and Malawi gave comments on country experiences and how the EPA review process should be.

6.7.7 The following were highlights from the panel discussion;

- That governance and transparency was fundamental values which need to be entrenched in the reviews of EPAs.
- There was need to define who was going to be involved in the review process and at what levels.
- The reviews should be result oriented and have impacts which were tangible rather than having money spent for nothing
- Countries need to know what they want to benefit from EPA and their positions in the negotiations process
- African countries fundamental right to choose which trading block to belong to should be respected.

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6.7.8 Mr. Peter Agoa, Econews presented a paper on **the outcome of the Khartoum RNF and Mombassa negotiations between ESA-EC**. The paper was a report on the ESA-EC first text based negotiations that were held in Mombassa, Kenya from the 25th-29th September 2006.

6.7.9 In his presentation he highlighted the following;

- The general feeling amongst the ESA group of negotiators was that of disappointment. The negotiators tended to think that the EC had rubbished the whole lot of ESA proposals with least regard to the time and resources that had gone into the work.
- The ESA group strongly believed that by underplaying the importance of development, the EC had not given due regard to the constraints that hold back the ACP states from taking advantage of global trade, hence the EPAs without development component will be of no use.
- For the first time the negotiators recognized the important role the NSAs can play in exerting pressure on the EC to start seeing things from ESA's perspective.
- As away to bolster understanding between the NSAs and the ESA negotiators on the EPAs, a meeting will be held after the 9th Regional Negotiation Forum (RNF) 7-8 November 2006¹ in Addis Ababa, to be attended by Civil Society, Trade Unions and Private Sector representatives. The Secretary General of COMESA proposed that NSAs be involved in setting the agenda of the meeting.

6.8 PLENARY SESSIONS DAY TWO

The discussion highlighted the following points on sessions three and four

- There is need put up a deliberate mechanism to iron out the differences between Civil Society and the private sector so that they two can know each other interest. This will also necessitate common position between the two groups on interest concerning EPAs outcome and negotiations;
- The Government needed to strategies together with the private sector and Civil Society to ensure that there was policy clarity and consistency in the EPAs negotiations.
- There is an urgent need to deal with the supply and demand side constraints if the ACP countries are to fully benefit from the EPAs objectives.
- We should put more emphasis in EPA negotiation unlike Everything But Arms (EBA) because EBA is not binding and in a long term tends to be risky unlike EPA.
- We should take advantage of the EPA reviews to attain assurance of the negotiable and non-negotiable
- There is need to improve information flow between buyers and sellers to enhance and strengthen the intra and inter regional trade.

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- 6.8.1 Following the presentations the participants were divided into groups based on interest on session three and session four topics to discuss and bring forward recommendations and comments on the topics of *EPA and Policy coherence on national and regional level and EPA Review Process*

6.9 OUTCOMES FROM GROUP DISCUSSIONS

Group one came up with the following recommendations EPA and policy coherence at national and regional level

The dialogue came up with the following recommendations under

6.9.1 RECOMMENDATIONS THREE: EPA AND POLICY COHERENCE ON NATIONAL AND REGIONAL LEVEL

MARKET ACCESS:

- Major impediments to exploiting Lome preferences were related to the regulatory restrictions like Sanitary and Phytosanitary Standards (SPS), RoO, Non Tariff barriers (NTBs) etc, these need to be addressed
- RoO determine the real value of export, but as long as they remain cumbersome, this will inhibit ESA's efforts to value-add; there should be some movement towards liberalizing RoO.
- EPA should take into account, for example, East African Community (EAC) or SADC regionalization schedule for integration; otherwise it will scuttle the efforts already made and undermine the whole regionalism vision.

AGRICULTURE:

- This sector requires some degree of protection and time before it can be competitive and open up
- Also any liberalization in this sector should be dependent on the degree to which the EU cuts their subsidies down. Agriculture liberalization should be linked to the parallel removal of EU subsidies.

INDUSTRIALIZATION:

- EPA should not force our producers to open up before time thus avoid facing unfair competition
- Countries should be given ample time to attain some degree of competitiveness before they can open up
- An EPA must guarantee substantive value-addition possible if it is to be accepted

INVESTMENTS:

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- An in-depth analysis should be done by the ACP countries to assess if indeed EPA might promote foreign investments

COMPETITION:

Supply-side constraints:

- Before any opening to EU, ESA should be left to first deepen integrations and trade within the region; this is the objective of the aim of COMESA and value-adding should be region-based

6.9.2 RECOMMENDATIONS FOUR: EPA REVIEW PROCESS

The dialogue came up with the following recommendations under **EPA review process**;

- Process must be transparent and participatory, and include all stakeholders: governments, RECs, regional and continental bodies, local communities, and NSAs (as defined by the Cotonou Agreement).
- Look at the different stages of the whole review process:
- Look at outcomes/achievements/agreements/shortfalls in each stage of the process.
- Consider how adequately the participants participated in the review process (in terms of information, capacities, engagement, etc.)

SUBSTANCE OF REVIEW

- There should be a linkage between trade and development component
- ACP countries should look at the details of the 6 clusters – where are areas of convergence/divergence, and the reasons for divergence (e.g. development. market access, trade in services Agriculture, fisheries and trade related issues)
- The ACP countries should not be rushed to meet the 2007 deadline of completing negotiations
- ACP countries should revisit the issue of alternatives to EPAs or at least actively develop fall back positions in case the aspirations and objectives of the ESA/SADC negotiating groups are not adequately dealt with in the current EPA negotiations.
- RECs should come up with well-established implementation costs of an EPA.
- They ACP countries should look at additional sources of funding that may be needed.

FINANCING OF THE NEGOTIATIONS:

(1) EU CONTRIBUTION;

(2) NATIONAL CONTRIBUTION BY GOVERNMENTS.

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- There should be Coherence of EPAs with national/regional development strategies – This should also provide an opportunity for ACP to benchmark their development ambitions and priorities.

7.0 CONCLUSION AND WAY FORWARD

The three-day regional dialogue concluded with the issuing of a communiqué and a press conference. The dialogue participants thanked the organizers of the workshop and pleaded to make the EPAs negotiations work to their advantage in the realm of human and economics development. To this effect the following were suggested as key issues for consideration in the spirit of this partnership and in order to provide inputs to the ongoing negotiations we expressed our responses to the following key issues that need to be fully addressed by the ESA / SADC and EC negotiators:

- **National/regional development policy coherence** - The national and regional development strategies of the ESA / SADC countries should be central to determining the substantive details of an EPA, including the degree of reciprocity, sensitive products and transition periods. In this regard we noted importance of reviewing national and regional positions in relation to national and regional strategies. It also noted the increasing importance of regional markets to ESA and SADC countries and the need to ensure that EPAs do not undermine the process of regional integration.
- **Development benchmarks** - Given the economic vulnerability of the ESA/SADC countries it is vital that development is safeguarded in any process of liberalisation with the EU. In his regard we noted the importance of ensuring that the liberalisation schedule of the ESA/SADC countries is informed by achievement of development benchmarks. These development benchmarks should relate not only to trade development but also to regional integration and social development.
- **EDF and supply-side constraints** - If EPAs are to benefit the ESA and SADC regions it is vital that supply-side constraints are dealt with so that producers can be empowered to enhance their capacity to trade. In this regard participants, we expressed thier concern that the European Commission (EC) is proposing the use of EDF funds to tackle supply side constraints, funds which have an important role in supporting social development. The group expressed concern at the disconnection between programming for the 10th EDF (which will soon be concluded) and the ongoing process of negotiations. We expressed our concern that EDF disbursements are not responsive enough to deal with challenges faced by the ESA and SADC countries through EPAs. It was suggested that ESA and SADC governments to assess the implementation costs of an EPA and to engage with EU member states to ensure these resources are made available.
- **Agriculture** – The EU’s agricultural sector is still heavily subsidised and the presently suspended Doha Round has failed to provide a trajectory for effective reform of these subsidies. In this regard the group recommend that any liberalisation of agricultural products by the ESA/SADC countries should be conditional on the implementation of effective reforms to EU subsidies.
- **Rules of origin/SPS standards / NTBs** - The ability of the ESA/SADC countries to make use of preferences has been and continues to be hindered by strict rules of origin, strict sanitary and phyto-sanitary standards and other non-tariff barriers. Participants noted that possible alternatives) are to provide the ACP countries with effective market access then it is

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vital that the EU to provide more liberal rules of origin and provide technical support to the ACP in meeting SPS standards.

- **Alternatives** - The Cotonou Agreement obligates the EU to offer any ACP country that does not want to sign an EPA, alternative agreements that will safeguard their current access to EU markets. The participants expressed the need for ESA / SADC negotiators to fully explore alternative options (including the EBA, GSP and GSP+) open to the ACP before any decisions are made about whether to sign an EPA or not. Participants called upon the EC to cooperate fully in supporting the ACP in exploring alternatives.
- **EPAs review** – Given the concerns detailed above it is vital that the ongoing EPA review process assess the current approach to all these issues in a comprehensive and participatory manner. This review should involve all stakeholders, including government, private sector, civil society and regional institutions and assess whether additional time is required for the negotiations. This review should be carried out at both the national and regional levels and should examine all phases of the negotiation process in order to assess all unresolved issues. This review should also be used to identify benchmarks against which the ESA / SADC countries should evaluate the ongoing negotiations to assess whether they are / will be consistent with national and regional development strategies.
- **NSA meeting in Addis Ababa** – With COMESA organising a meeting of Non-State Actors (NSAs) from across the region in Addis Ababa in early November. The group recommended that this meeting be used to formally involve NSAs in the review process, and that the following items should be included in the agenda: the EPAs review; development benchmarks; the engagement of NSAs in the negotiations; potential alternatives to EPAs.

8.0 ANNEX 1 : PROGRAMME FOR THE DIALOGUE

Regional dialogue on the Economic Partnership Agreement (EPA) Negotiations and Economic Development

19-21th October, Lusaka, Zambia

Programme

Day one (19th October)

8:30-9:00 Registration and welcome

9:00-9:45

Welcome and Format of the Dialogue: Mr. Trevor Simumba, Director Atrade

Chairperson: Mr. George Lipimile Executive Director, Zambia Competition Commission (ZCC)

- **Remarks by Mr. Ndeke Kanene, Country Director Danish Association for International Co-operation (MS-Zambia)**
- **Key note address Mr. Erastus Mwencha, Secretary General, Common Market for Eastern and Southern Africa (COMESA)**

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- *Vote of Thanks Mr. Sajeed Nair, Regional Advisor, Consumer Unity and Trust Society-Africa Resource Centre (CUTS-ARC)*

9:45-11:15

Chairperson Mr. Trevor Simumba, Atrade

1st session: Development benchmarking in relation to the EPA process

- A) **EPAs: an EC perspective – Ms. Francesca Di Mauro, Delegation of the European Commission (EC) to Zambia**
- B) **Development Benchmarking in the context of EPA’s: Professor V. Seshamani, University of Zambia (UNZA)**

Discussant: Mr. Alex Werth, Uganda

- C) Floor discussion

11:15-11:30 Tea/coffee break

11:30-13:00

Chairperson Mr. Trevor Simumba

2nd Session: Inputs to ESA and SADC EPA negotiation process

- A) **Analysis of the ESA EPA negotiation, priorities and process (COMESA)**
- B) **SADC EPA negotiations and Review Process Mr. Robert Wilson Trade Law Centre for Southern Africa (Tralac)**
- C) **Experience sharing by “Civil Society Capacity Building Project” partners – Kenya, Malawi and Uganda**
- D) **What does ESA/SADC have to lose from moving to GSP/EBA? – Mr. Gideon Rabinowitz, CUTS-international London Resource Centre (LRC)**
- E) Floor discussion

13:00-14:00 Lunch

14:00-16:00

Group discussions: Participants divide, based on interest, on the two above sessions to discuss and bring forward recommendations and comments on the topics of development benchmarking and inputs to negotiation process

16:00-16:15 Tea/coffee break

16:15-17:30

Group work presentation and discussion

17:30-17:45 Meeting of draft committee

18:30-21:00 Cultural Evening for Delegates

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Day two (20th October)

Chairperson Ms. Annie Zulu-Chime, Private Consultant, Zambia

8:00-10:15

3rd session: EPA and policy coherence on national and regional level

- A) EPAs and National Development Priorities – Mr. Trevor Simumba, ATRADE, Zambia**
- B) Optimizing benefits through different trade negotiations – Mr. Alexander Werth, Deniva and MS- Uganda**
- C) Competition policy in the EPA negotiations – Mr. George Lipimile, Zambia Competition commission (ZCC)**
- D) Analysis of the policy coherence between EPA negotiations and SADC objectives and priorities - Mr. Brendan Vickers, Institute for Global Dialogue (IGD)**
- E) Floor discussion**

10:15-10:30 Tea/coffee break

10:30-13:00

Chairperson: Mr. Douglas Kivumbi, SEATINI, Uganda

4th session: The EPA review process

- A) Background to the review process based on the outcome of the Harare consultation on EPA's held on 7-8 September, 06 – Mrs. Jacqueline Mambara, Trades Centre Harare**

Panel Discussion on EPA review process

- B) The ideal review process, how would this look like? comments from country delegations**
- C) On the outcome of the Khartoum RNF and Mombassa negotiations between ESA-EC – Mr. Peter Aoga, Econews, Kenya**
- D) Floor discussion**

13:00-14:00 Lunch

14:00-16:00

Group discussion: Participants divide, based on interest, on the two above sessions to discuss and bring forward recommendations and comments on the issues of policy coherence and review process

16:00-16:15 Tea break

16:15-16:45

Group work presentation and discussion

16:45-17:30

5th session: Way forward

- A) Outcome of group work – recommendations and comments**
- B) How can policy coherence be achieved?**
- C) How can countries optimize their situation?**

Meeting of Draft committee to finalize statement

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21st October, 2006

8:00 – 11:00 hrs

- A) Finalizing the Declaration from the dialogue
- B) Press Conference
- C) Departure

9.0 ANNEX 2: LIST OF PARTICIPANTS

Regional Dialogue on the Economic Partnership Agreement (EPA) Negotiations and Economic Development

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8	BEN TWINOMUGISH A	DENIVA	UGANDA

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12	MAVUTO BAMUSI	MALAWI ECONOMIC JUSTICE NETWORK (MEJN)	MALAWI
13	VAN WYK JOOSTIE	MTHENTE RESERCH CONSULTACY CAPE TOWN	SOUTH AFRICA
14	ROBERT WILSON	TRALAC, CAPE TOWN	SOUTH AFRICA
15	VENKATESH SESHAMANI	UNIVERSITY OF ZAMBIA	ZAMBIA
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22	N.L KANENE	MS-ZAMBIA	ZAMBIA
23	S.JORMANAINE N	EMBASSY OF FINLAND	FINLAND, ZAMBIA
24	FRANCISCA DI MAURO	EUROPEAN COMMISSION OFFICE IN LUSAKA	ZAMBIA
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58	GERD BOTTERWECK	FES, Zambia	ZAMBIA
59	James Kasongo	MS-Zambia	Zambia

9.1.1. Communiqué from Eastern and Southern African Civil Society Organisations on ESA and SADC Economic Partnership Agreement negotiations with the EU

Lusaka, Zambia, 21st October 2006

We members of civil society and the private sector from across Eastern and Southern Africa (ESA) met on 19th-21st October in Lusaka, Zambia to discuss progress in the Economic

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Partnership Agreement (EPA) negotiations; to share reflections on the key issues being negotiated; to strategise for the ongoing process; and to provide inputs to the negotiations.

We expressed concern about the European Commission's (EC's) resistance to ESA demands for prioritising development issues during the first text based negotiating meeting held in Mombassa in September, 2006. We strongly support the stance taken by the ESA negotiators to prioritise these issues and to make further engagement in the negotiations dependent on them being tackled effectively.

We expressed concern about the limited focus on development issues in the current Southern African Development Community (SADC) EPA text, the negative impact that EPA negotiations are having on regional cooperation in SADC and the potential for EPAs to harm SADC regional integration.

We Affirmed the important role that NSAs have to play in communicating the economic and social realities the inhabitants of our countries face and on which EPA negotiating positions should be based. Whilst recognising the recent steps that have been taken to link NSAs more closely to the EPA negotiations we affirmed the need to deepen and institutionalise this process and make NSAs full partners.

In the spirit of this partnership and in order to provide inputs to the ongoing negotiations we expressed our responses to the following key issues that need to be fully addressed by the ESA/SADC and EC negotiators:

- **National/regional development policy coherence** - The national and regional development strategies of the ESA/SADC countries should be central to determining the substantive details of an EPA, including the degree of reciprocity, sensitive products and transition periods. In this regard we noted importance of reviewing national and regional positions in relation to national and regional strategies. We also noted the increasing importance of regional markets to ESA and SADC countries and the need to ensure that EPAs do not undermine the process of regional integration.
- **Development benchmarks** - Given the economic vulnerability of the ESA/ SADC countries it is vital that development is safeguarded in any process of liberalisation with the EU. In his regard we noted the importance of ensuring that the liberalisation schedule of the ESA/SADC countries is informed by achievement of development benchmarks. These development benchmarks should relate not only to trade development but also to regional integration and social development.
- **EDF and supply-side constraints** - If EPAs are to benefit the ESA and SADC regions it is vital that supply-side constraints are dealt with so that producers can be empowered to enhance their capacity to trade. In this regard we expressed our concern that the EC is proposing the use of European Development Fund (EDF) to tackle supply side constraints, funds which have an important role in supporting social development. We expressed our concern at the disconnect between programming for the 10th EDF (which will soon be concluded) and the ongoing process of negotiations. We expressed our concern that EDF disbursements are not responsive enough to deal with challenges faced by the ESA and SADC countries through EPAs. We call upon ESA and SADC governments to assess the implementation costs of an EPA and to engage with EU member states to ensure these resources are made available.
- **Agriculture** – The EU's agricultural sector is still heavily subsidised and the presently suspended Doha Round has failed to provide a trajectory for effective reform of these subsidies. In this regard we recommend that any liberalisation of agricultural products by the ESA / SADC countries should be conditional on the implementation of effective reforms to EU subsidies.
- **Rules of origin / SPS standards / NTBs** - The ability of the ESA/SADC countries to make use of preferences has been and continues to be hindered by strict rules of origin, strict sanitary and phytosanitary standards and other non-tariff barriers. We note that if EPAs (and possible alternatives) are to provide the ACP countries with effective market access then it is vital that the EU provide more liberal rules of origin and provide technical support to the ACP in meeting SPS standards.

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- **Alternatives** - The Cotonou Agreement obligates the EU to offer any ACP country that does not want to sign an EPA, alternative agreements that will safeguard their current access to EU markets. We express the need for ESA / SADC negotiators to fully explore alternative options (including the EBA, GSP and GSP+) open to the ACP before any decisions are made about whether to sign an EPA or not. We also express the need for the EC to cooperate fully in supporting the ACP in exploring alternatives.
- **EPAs review** – Given the concerns detailed above it is vital that the ongoing EPA review process assess the current approach to all these issues in a comprehensive and participatory manner. This review should involve all stakeholders, including government, private sector, civil society and regional institutions and assess whether additional time is required for the negotiations. This review should be carried out at both the national and regional levels and should examine all phases of the negotiation process in order to assess all unresolved issues. This review should also be used to identify benchmarks against which the ESA/SADC countries should evaluate the ongoing negotiations to assess whether they are / will be consistent with national and regional development strategies.
- **NSA meeting in Addis Ababa** – With COMESA organising a meeting of Non-State Actors (NSAs) from across the region in Addis Ababa in early November, we recommended that this meeting be used to formally involve Non State Actors (NSAs) in the review process, and that the following items should be included in the agenda: the EPAs review; development benchmarks; the engagement of NSAs in the negotiations; potential alternatives to EPAs.

For more details and to access papers presented during the dialogue, visit our website

www.cuts-international.org/cuts-arc.htm

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