Sensitive points and challenges of EPAs for African regions

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I. Background: African regions negotiating the EPA within a frame work of constraints.

1. **The power of the EU as against Africa's weakness…:**

- A highly integrated market of 450 million consumers.
- 15.6% of global trade in 2009
- Roughly 80% of the EU's economy dominated by services; 18% by industry and 2% by a highly subsidised agriculture.
- 79% intra-regional trade made up of the combined effect of 27 DC.
- Europe's GDP was estimated at 10.600 billion euros in 2005.

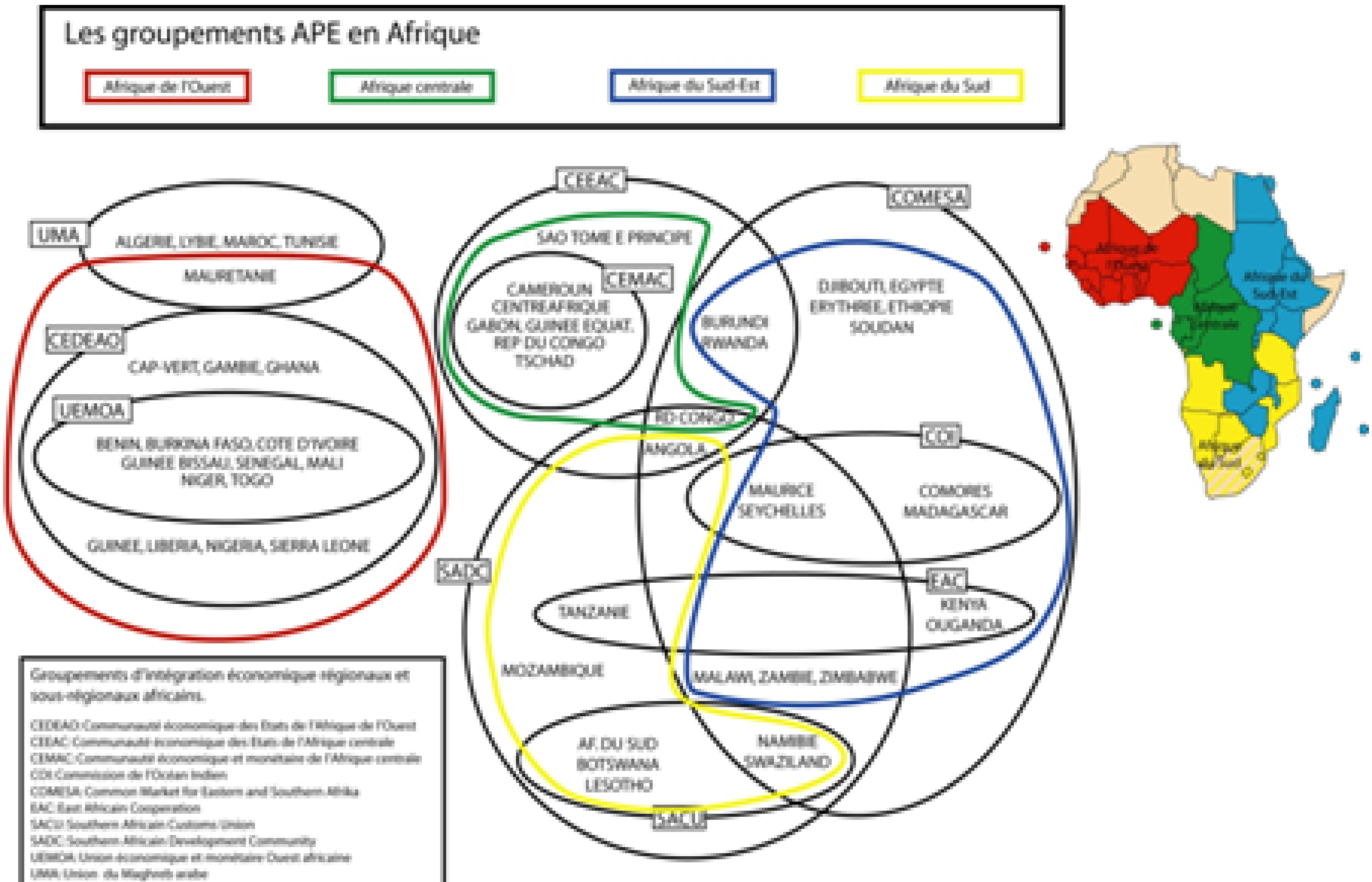
…West Africa as an example of weakness

- Roughly 270 millions inhabitants (issue of figures.)
- A regional GDP of 106,7 billion of $ (UNCTAD).
- 12 countries out of 16 are LDCs.
- A per capita GDP of roughly US$ 500, as apposed to an average of US$ 1170 for the DECPED
- The HDI ranges between 0.3 and 0.5. Only Cape Verde is the exception with a 0.727 HDI.
- Agriculture represents between 30 and 60% of GDP for most of these countries (as opposed to an average of 11.4% for the DEC.
- Intra regional trade is stagnating at 11% while trading with Europe stands at 40%
- An infant regional integration and vulnerable States.

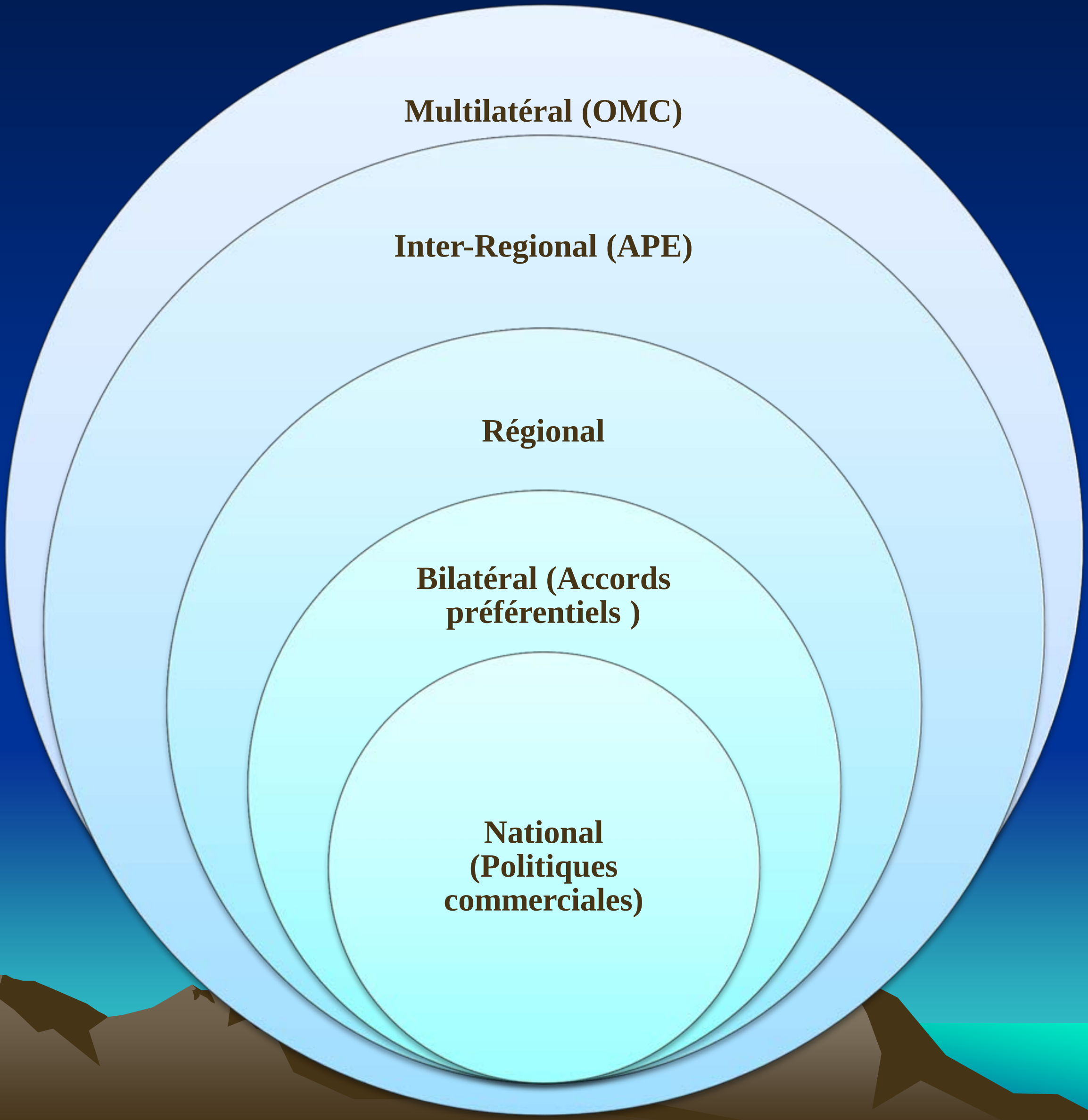
2. **Political and economic constraints in the regions:**

- Co-existence and overlapping of several integration blocks in African regions (UEMOA/ECOWAS; CAEMC/ECCAS; SADC/SACU; COMESA/EAC/COI, etc.
- Co-existence of DEC and LDCs in the regions;
- Absence or inconsistency of regulations and common regional policies in sectors such as trade, industry, services, investment government contracting, etc.
- Embryonic, fledging and fragile integration;
- Difficulties in the movement of factors, infrastructure problems, etc.

LES CONFIGURATIONS REGIONALES APE …. Et GROUPEMENTS D'INTEGRATION: un système complexe.

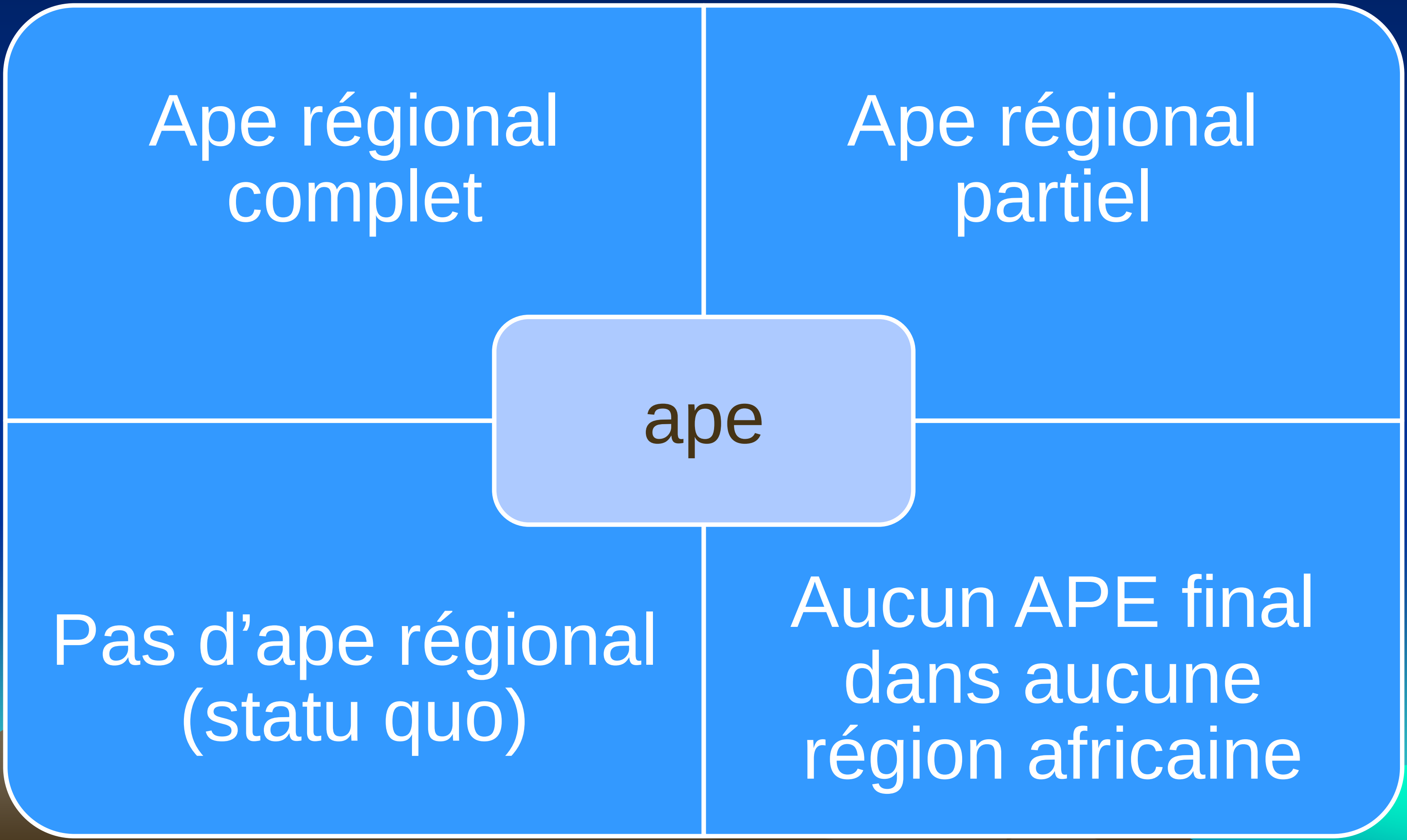


3. Complex interweaving, overlapping and inconsistency of commitments of States and regions:



II. Stakes and challenges of the signing of EPAs for African regions:

2.1: Impact analysis per scenario



2.2: Key issues relating to the EPA negotiation

Accès au marché
- Taux d’ouverture
- Délai de libéralisation

Financement des mesures d’accompagnement

Inclusion de la clause NPF
- Incidences sur le commerce Sud-Sud

Commerce des services

a) Market access

- **The EU is demanding 80% access to regional markets over 15 year; The regions do not exceed 70% over 25 Years)**

  - Wide opening reduces the list of sensitive products;

  - An inappropriate list of sensitive products negatively impacts on the productive sectors (both agriculture and industry)

  - Substantial loss of revenues, particularly for the LDCs;

- Increase in the competition of subsidised European products;

- Possibility of de-industrialisation and loss of employment;

- Deflection of trade and decline in intra-regional trade;

- Loss of economic sovereignty through the reduction in political sphere;

- Etc;

b) Funding support measures: EPA development segment

- West Africa has finished drafting a programme estimated at 9.5 billion euros. That of CA is currently on-going, and EAC and AfOA are requesting the EU to take the development dimension into consideration; etc.

- **Political option of the African regions**: Financing of the development segment of the EPA is a prerequisite to to the signing of the Agreement. (Strong position).
- **Problems exist however:**

  - the EU is short of money (Financial crisis in Europe…)

  - the little it is proposing (6.5 billion for WA) is a recycling of existing funds (RIP/NIP/Bilateral aid…)

  - if the EU fails to finance the entire development segment, from what level will the EPA be acceptable? The African

c) MFN Clause

- **Stakes/challenges**: Also automatically extend to the EU all most favourable treatment granted to a major trading partner in a future agreement:

- **Problem:** This could reduce the possibility of diversifying trading partners and weaken trade between Africa and developing countries, including the emerging economies (China, Brazil, India, Mexico, Indonesia, Malaysia, etc.)
- The EU is uses its position as a donor and development partner to impose trade conditions in its favour;
- Confusion between Trade and Aid

- Unanimous rejection of the clause by the regions (with more or less strong variations)

« We are generous
But not naive »

« I want us to maintain the control. It is out of the question that we be dictated to by any body whatsoever. I hold my independence very dear to my heart. Senegalese people, like all other Africans have fought for their independence; not to be re-colonised today by others (…) I am however open to cooperation, Today I negotiate with the French, the Russians, the Chinese, and the Indians. None of them does anything in Senegal without my approval.»

A. Wade President of Senegal

d) Trade in services

- **Background**: The EU wants the liberalisation of the trade in services in the EPAs;

- **Observation**: No African region is ready to make binding commitments on services in the EPAs

- **Support: the** liberalisation of services is not required for the EPA accounting with the WTO;

- A national and regional autonomous liberalisation is more appropriate in the EPA**.**

- I thank you for your attention.