

Trade Negotiations Insights

From Doha to Cotonou

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On 1 August 2004, WTO Members formally agreed to the so-called 'July Package', consisting of a framework to guide negotiators on key areas of the Doha Work Programme such as Agriculture, Cotton, and Non-Agricultural Market Access. This issue examines aspects of the package of particular relevance to the ACP. Outside the WTO talks, the outcomes of recent landmark cases such as India's challenge to the EU's GSP scheme, and Brazil's challenges to EU and US sugar and cotton subsidies respectively could have serious implications for ACP preferences and the survival of ACP sugar and cotton industries. Our second article focuses on this issue.

On the regional front, both the Pacific and SADC have recently launched EPA negotiations with the EU. EPA Update follows these and other developments in the EPA negotiations.

The WTO July Package: A Step Forward but a Long Road Ahead

By Malena Sell*

More than a month has passed since the World Trade Organization (WTO), in the early hours of 1 August, adopted an agreement setting the parameters for negotiations to eventually conclude the Doha Round. The package deal covering all areas under negotiation was preceded by two weeks of intense talks, with a particular emphasis on agriculture, which is at the heart of the current round. In the process, African, Caribbean and Pacific (ACP) countries defended their interests and pushed for reform in a number of areas.

Among these was the cotton initiative, which, while being submerged into the rest of the agriculture talks, was kept on a separate "fast" track – signifying a novel commodity-specific approach in the talk. The African group was at the forefront in a battle to leave the text on industrial market access more open-ended. In terms of development issues, a number of commentators expressed their disappointment with what they considered a weak outcome. A number of ACP countries also helped facilitate a solution in tricky talks on differentiation between developing countries – a Pandora's box now cracked open.

After the frenzied talks wound down, the WTO went into its annual August recess, meaning reactions to and analysis of the new agreement were put on hold. While most delegates expressed their satisfaction with the fact that a deal had been reached – and the Doha Round salvaged – they also raised a number of concerns, especially with regard to process issues. Civil society commentators also came out against the deal, which they claimed did little for the more vulnerable of developing countries.

Process issues blur the situation

Although overall the July Package was seen by all WTO Members as an important step forward in the Doha Round, a number

of countries raised concerns with regard to process issues. The prominent role played by the so-called group of Five Interested Parties (FIPs) – comprising the US, EC, Brazil, India and Australia – prompted strong reactions, including among developed countries not used to being sidelined. With the active participation of Brazil and India in the FIPs, the cards have been effectively shaken up in the post-Cancun era. The Quad consisting of the US, EC, Canada and Japan can no longer call all the shots. The question, however, as to what extent the new dynamic will benefit the ACP countries still remains. South Africa, Nigeria and Zimbabwe, belonging to the Brazil-led G-20, officially had a link to the core. The G-33, which includes a much greater number of ACP countries, only hovered at the sidelines of the talks. This group – rather than seeking improved export opportunities in agriculture – focuses on securing the designation of effective Special Products and a Special Safeguard Mechanism for developing countries in order to protect their vulnerable small farmers and rural livelihoods.

The new and significant role played by Brazil and India put them in a position of responsibility – and under high pressure – with regard to developing countries outside the core. Maintaining a unified position among developing countries with



enormously diverse interests was not easy, and after the July Package was reached, not all smaller developing countries were satisfied with the way the game had been played.

Agriculture framework opens some windows for development

The deal on agriculture was at the core of the July Package. While it promises some positive outcomes and elements of clear interest to developing countries and the ACP, the agreement remains strictly at the framework level and all details have to be worked out further down the road.

The three pillars: domestic support, export subsidies, and market access

In terms of phasing out domestic subsidies – which will be done through a “tiered” formula approach under which countries with more support make greater reductions – developing countries will have longer implementation periods and lower reduction coefficients. They will also have continued access to provisions allowing the unrestricted use of subsidies for low-income or resource-poor producers.

The decision specifies that direct and indirect export support shall be phased out. Food aid not disciplined to prevent market displacement – and in practice used to dump surplus agricultural products abroad – will also be phased out. Special and Differential Treatment (S&DT) will be granted to developing countries, and disciplines on export support will be developed with consideration of the impacts on least-developed and net food-importing developing countries. In terms of disciplines on state trading enterprises, exemptions with regard to their support in preserving domestic consumer price stability and ensuring food security in developing countries will be taken into account in the forthcoming negotiations.

Under market access, the tiered formula used for lowering tariffs will take into account the different tariff structures in developing and developed countries. LDCs do not need to reduce tariffs. Both developed and developing countries will be able to designate so called sensitive products for which smaller cuts will be made. Generally, S&DT will be provided to developing countries – through measures such as longer implementation periods, smaller cuts and the designation of sensitive products – considering their rural development, food security and/or livelihood security needs. In addition, developing countries only will be able to designate Special Products (SPs) for more flexible

treatment, based on criteria of food security, livelihood security and rural

development needs. They will also have recourse to a Special Safeguard Mechanism (SSM) to take measures against sudden import surges. The decision also highlights the importance of addressing the liberalisation of trade in tropical agricultural products and products that substitute illicit narcotic crops. According to the text, the issue of preference erosion, a concern for the ACP group, will be addressed during the course of the talks. Developed country Members, as well as developing country Members in a position to do so, are encouraged to fully open their markets to LDCs.

The agriculture deal for developed countries

Developed countries, while agreeing to phase out export subsidies and other forms of export support, managed to secure a deal that would allow them to only slowly get rid of internal subsidies, harbouring key support for crops in their “green” and “blue” boxes, and to designate sensitive products for which market access expansion will be minimal. Offered as a down payment was a 20 percent cut in developed country subsidies during the first year – at closer scrutiny, however, this down payment will amount to little in real terms, as it is to be made from bound levels, and countries in practice already subsidise at levels well below their bound rates.

Cotton singled out within agriculture talks

Following a deal struck between the US and the countries behind the cotton initiative – Benin, Burkina Faso, Chad and Mali – WTO Members agreed to make discussions on cotton an integral part of the agriculture negotiations rather than treating the issue on a separate track. However, in order to address the issue “ambitiously, expeditiously, and specifically,” a special sub-committee will be established as part of the effort to “ensure appropriate prioritisation of the cotton issue independently from other sectoral initiatives.” Singling out a specific commodity within the agriculture talks in such a way was something of a novelty, and the US had previously opposed such an approach. In addition, the Director-General of the WTO was instructed to consult and work with relevant international organisations, including the Bretton Woods Institutions, on the development aspects of cotton.

Commenting on the text, Senegal’s Minister of Commerce Ousmane Ngom described

the agreement as “an important step in the right direction.” Civil society organisation Oxfam on the other hand vehemently criticised the agreement for failing to address the issue of US cotton subsidies, calling it a “serious betrayal of developing countries,” in particular in light of the recent WTO ruling against US cotton subsidies.

What happened to the “round for free”?

In the months leading up to the July package, a discussion on differentiation between developing countries became more explicit, not least after EC Trade Commissioner Pascal Lamy sent a letter in May to all WTO Members suggesting that weak and vulnerable countries – singling out the G-90 group of mainly ACP countries and LDCs – should not be required to further open their markets, while being able to enjoy greater access to the markets of developed and advanced developing countries. In the final talks, advanced Latin American and East Asian developing countries reportedly diverged with their ACP counterparts over phrasing that was seen to confer greater benefits to the latter group.

The first draft text for the July package contained language stating that small, vulnerable developing economies “shall be taken into account, without creating a sub-category of Members.” Further, developing country reduction commitments in agriculture and non-agricultural market access (NAMA) would take account of “their levels of development in particular sectors.” This was watered down in the final version with the “shall” in “shall be taken into account” changed to “should,” and the language tying market access reductions to levels of development in particular sectors removed. The concerns of specific developing countries, such as issues relating to preferences, commodities and net food imports remained in the final draft, with a qualifying reference to the most favoured nation (MFN) principle at the head of the paragraph, meaning any favour granting to one WTO Member must be granted to all.

This agreement was forged already on 25 July between Latin American and Asian developing countries on the one hand, and mainly ACP countries on the other. The small group working out the specifics of the deal included Kenya, Jamaica, Brazil, India, Costa Rica, Uruguay, Colombia, Thailand and Nigeria. Commenting on the results, which were reached before the package as a whole was agreed, Kenya said, “It’s less than what we had wanted, but we understood there must be progress.”

After the July Package was adopted, some US sources were already hinting at the fact that advanced developing countries such as Brazil couldn't be given the same treatment as weaker countries, implying that the debate is far from dead. Indeed, a number of developed country Members have pointed to the lack of any mechanism to differentiate between the larger advanced developing countries and the smaller non-LDC countries as the major stumbling block to deepening the effectiveness of S&DT provisions.

Near-deadlock: NAMA

The unwillingness of a number of Members to engage in serious NAMA negotiations until the level of ambition in agriculture had become clearer left NAMA as the major stumbling block as the talks drew to an end. Consequently, and in contrast to agriculture, the framework agreement on NAMA remained comparatively vague, outlining merely "initial elements for future work on modalities."

Members battled early on over how much of the controversial NAMA Annex B from the failed Cancun draft text to retain, and how or where developing country concerns could best be reflected. The African group in particular expressed discomfort with retaining a draft text on NAMA that had been rejected in Cancun, and at one point rumours were circulating that the group might walk out from the talks. In the final NAMA text, Members agreed to include an initial paragraph outlining developing country concerns in front of the Cancun NAMA language. This initial paragraph stipulates that "[a]dditional negotiations are required to reach agreement on the specifics of some of these [initial] elements" — which relate to the tariff reduction formula, the starting point for binding unbound tariff lines, flexibilities for developing countries, and participation in the sectoral initiatives. While some, mostly developing countries, appear to view this language regarding additional negotiations on specifics as sufficiently qualifying their acceptance of the form and content of the ensuing language, some developed countries have suggested that the additional negotiations will simply involve tweaking the elements but maintaining their essential form.

Little progress on S&DT and implementation issues

With limited post-Cancun movement on the mandate to strengthen S&DT, Members were seeking language that would lay the foundation for the Committee on Trade

and Development special session to continue its work. Notably they did not adopt the 27 recommendations on 28 Agreement-specific proposals that were agreed "in principle" in the lead-up to the Cancun Ministerial; however they did set a new deadline of July 2005 for the Committee to complete its review of the "outstanding" Agreement-specific proposals — the fourth such deadline. In a 15 July letter to the General Council Chair, CTD special session Chair Faizel Ismail indicated that he "did not detect any measure of support among the proponents [of the S&DT review] for the adoption of these proposals, at this stage." Members also agreed to address other outstanding work, referring to, inter alia, cross-cutting issues (dealing mostly with systemic concerns), the monitoring mechanism, and the incorporation of S&DT into the architecture of WTO rules.

"key issues of ACP interest are the further elaboration of Special Products and the Special Safeguard Mechanism in agriculture."

On implementation-related issues — which deal with both difficulties meeting negotiated obligations and perceived imbalances with certain WTO rules — the text calls on the Trade Negotiations Committee, negotiating bodies, and other WTO bodies to "redouble" efforts to finding "appropriate solutions." It also instructs the General Council to "review progress and take any appropriate actions no later than July 2005."

The final iteration of the text also included greater specificity on options for the Director General to assist in moving the work forward, including by appointing so-called 'Friends' to assist in his consultations, and adds a deadline of May 2005 for him to report to both the General Council and the Trade Negotiations Committee. The last-minute inclusion of a reporting obligation to the Trade Negotiations Committee responds in part to the call from some developing countries (namely Brazil and India) for an explicit link with the work of the Trade Negotiations Committee, which in being responsible for the overall negotiations, is viewed as placing these issues within the single undertaking.

Since the mandate handed down by ministers at Doha in November 2001, not more than a few of these implementation issues have been resolved. In July 2003, the dossier was handed over to the Director General in hopes of re-igniting some momentum on this set of issues that has been

hanging over Members' heads since before the 1998 Seattle Ministerial Conference.

The launch of talks on trade facilitation

Regarding the controversial Singapore issues (i.e. investment, competition, transparency in government procurement and trade facilitation), Members agreed to drop all but one issue — trade facilitation — from the Doha work programme. On trade facilitation, Members agreed to launch negotiations "with a view to further expediting the movement, release and clearance of goods, including goods in transit." The modalities for negotiations clearly spell out the need for special and differential treatment, technical assistance and capacity building for developing countries. This includes a caveat that these countries will not be required to implement the final agreement in cases where support and assistance for the required infrastructure is missing or where developing or least-developed country Members continue to lack the necessary capacity.

As delegates make their return to Geneva in mid to late September, negotiations are expected to pick up only slowly. The reasons cited in order to add urgency to the negotiations of a framework in July — US presidential elections and the turnover of leadership at the European Commission that would make negotiations impossible in the second half of 2004 — are in full swing.

The next months will allow delegates to more fully assess the July Package and what room it leaves for interpretation and manoeuvre. In this regard, the ACP will be able to, and should, play a more active role. Among key issues of ACP interest are the further elaboration of Special Products and the Special Safeguard Mechanism in agriculture to fill the specific needs of the ACP countries. Also, the elaboration of sensitive products open to all countries will be of real interest to the ACP. After all, if developed countries retain high tariffs on sensitive products of export interest to the ACP — such as sugar — this would in practice allow the ACP to retain some of their existing preferences.

While not a legal text as such, the July Package certainly is politically binding and sets the parameters for what will happen next. It also makes one thing explicit: the 1 January 2005 deadline for concluding the Doha Round was postponed to an as-yet unspecified date, acknowledging the limited progress made so far.

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Recent WTO Dispute Settlement Cases: Some Considerations for the ACP

By Yvonne Apea*

The African, Caribbean and Pacific group of states (ACP) have participated very minimally in the World Trade Organization's (WTO) Dispute Settlement Understanding (DSU) system to date. However, in a turn of events mirroring the EC-Banana dispute, the Generalised System of Preferences (GSP), Sugar and Cotton cases have witnessed increased third party participation of the ACP in the DSU system.¹ At issue in these disputes is the survival of key commodities and the future administration of unilateral trade preferences. This article will analyse the implications of the rulings in these cases for the ACP against the background of relevant developments on both regional and multilateral trade fronts.

The EC-GSP Case: A Catalyst for Change in GSP Administration?

As part of its GSP system, the EC grants tariff preferences under the 'special arrangements for combating drug production and trafficking' (the Drug Arrangements) to selected countries. According to India, the Drug Arrangements were inconsistent with the GATT non-discriminatory principle referenced in the Enabling Clause (the legal basis of the GSP) in that it was offered exclusively to select countries, discriminating among GSP beneficiaries. The WTO panel, (which hears cases at first instance), ruled that the Enabling Clause did not permit *any discrimination* among developing countries, except in the case of least developed countries (LDCs) and where a beneficiary reached a certain level of competitiveness. The panel further found that the Drug Arrangements were discriminatory and in violation of the Enabling Clause. The EC appealed the panel's ruling.

On appeal, the WTO Appellate Body (AB) partly overturned the panel's decision by finding that preference givers under the GSP can differentiate among beneficiaries provided such preferences are based on objective and transparent criteria and are made available to all similarly-situated developing countries. The AB, nonetheless, held that the Drug Arrangements were discriminatory.

This decision, delivered amid criticisms about aspects of GSP schemes such as lack of transparency in non-trade conditionalities, also coincides with the EC's recent proposals to revamp its scheme. Attempts to address its implications must commence by identifying which ACP countries are most likely to be affected by changes to the EC's GSP. This is important because the ACP currently enjoy benefits under the

Cotonou Agreement rather than under the GSP. It is submitted that the following groups of ACP countries are likely to be so affected:

- Article 37.6 of the Cotonou Agreement mandates the EC to examine the position of *non-LDC ACPs who are not in a position to negotiate Economic Partnership Agreements (EPAs)* and to consider 'all alternative possibilities' to this end. A renewed GSP scheme could be one such possibility. It also possible that the GSP will be the only available EC unilateral preference scheme *for all non-LDC ACP's when reciprocal EPAs come into force in 2008*.
- LDCs enjoy preferences under the Everything But Arms (EBA) initiative, a GSP scheme. However, as the Enabling Clause permits more favourable treatment for LDCs *within* the group of developing countries, ACP LDCs might only be affected by this decision through the potential erosion of preference margins.

Regional implications

The panel's decision that preference givers *could not* differentiate could have jeopardised both the EC and the US schemes, both of which have to date been characterised by varying degrees of selectivity of products and beneficiaries. The AB ruling was therefore seen as endorsing the status quo regarding the administration and continuation of the GSP.

Secondly, the AB stressed the WTO compatibility of 'positive conditionalities' such as the EC's environmental and labour conditionalities, which it noted, provided a transparent mechanism by which beneficiaries could be *included* unlike the Drug Arrangements. This raises doubts about the WTO compatibility of 'negative conditionalities' such as the much criticised US intellectual

property rights conditionalities whereby countries who do not comply with international standards are *suspended or withdrawn* from the scheme. It also gives the green light to Members to include sustainable development concerns in their GSP schemes. The EC's new GSP proposals which plans to move to 'a broader concept of sustainable development' illustrates this point.²

Multilateralism and preference dependency at crossroads?

Within ongoing WTO talks relating to Special and Differential Treatment (S&DT) for developing countries some Members perceive S&DT as a political right that must be offered across the board to all developing countries. Others believe the concept must be applied in a way that takes account of the varied levels of development *within* the group of developing countries. The AB finding that the Enabling Clause, an S&DT mechanism, permits 'differentiation' among developing countries contributes to this sensitive debate. It remains to be seen how this debate plays out when negotiations resume in Geneva in October. What is clear is that unilateral preferences will not be in 'lockstep for all developing countries' forever as noted by the AB. This observation also applies to commodities that benefit from preferences such as sugar discussed next.

The Bitter Sweet Case of Sugar

In the sugar dispute initiated against the EC by Brazil, Australia and Thailand, Brazil alleged that the EC's export subsidies on sugar exceeded its WTO-agreed limit. Brazil claimed that EC sugar processors were guaranteed an intervention price for the production of sugar within production quotas – the so-called A and B sugar. All sugar surpluses (C sugars), were subsidised and exported.

Brazil also claimed that the EC refined, subsidised and then re-exported imported raw sugar from the ACP. Concerned about the impact of a favourable decision for Brazil on their sugar sectors, fourteen ACP countries defended their preferential sugar exports to the EC as third parties in this dispute. Press releases of the panel's final report issued on a confidential basis to the disputants on 8 September 2004 reveal that Brazil won on the claims above. The panel reportedly found, amongst others, that an additional 1.6 million tonnes of refined sugar, which the EC exported to the world market, corresponded to the amount of raw sugar it imported from India and the ACP.

Under the Sugar Protocol signed in 1975 between the EC and the ACP, the EC guarantees to import 1.3 million tonnes of quota-sugar at agreed quantities from ACP countries on a duty-free basis. Since the inception of the dispute, the ACP have cautioned that the survival of their economies and societies would be threatened if the Panel ruled in favour of Brazil. This concern is heightened by the imminent EC sugar reform which is also likely to pose challenges for their sugar quotas. There is also existing concern about the status of the Sugar Protocol when EPAs enter into force in 2008, and the impact of LDC raw sugar exports into the EC under the EBA on ACP sugar preferences. The interim sugar report was delivered against this uncertain landscape for ACP sugar.

Implications for the ACP

The most direct effect of this decision is that cuts in the domestic intervention price for sugar arising from the EC's implementation of the ruling could eventually result in further reductions in the EC's guaranteed prices for ACP sugar beyond what is envisioned in the EC's sugar reform proposals. Furthermore, there could be increased competition on the world market from more efficient producers such as Brazil. The preliminary ruling is also linked to several aspects of the EC's sugar reform proposals released on 14 July 2004 which seeks to maintain preferential access for ACP sugar producing countries *while eventually reducing the price ACP exporters receive by more than a third*. The EC itself admits in the proposals that its current 'unsustainable' sugar regime is often 'subject to fierce criticism for a lack of competition, and distortion in the market' among others. Of added relevance to the ACP is the fact that the proposals anticipate a review of the

reform package in 2008 (the same year EPAs come into force) owing to factors such as the final outcome of the sugar dispute.

While the ACP still have the benefit of some sugar preferences there is a need to intensify domestic restructuring efforts alongside efforts to address financial adjustment issues arising from erosion of sugar preferences within and outside the EPA forum. This would be in conformity with the panel's reported caution to the EC to honour its preferential arrangements with the ACP when implementing the ruling. On the bright side, this case in conjunction with Brazil's challenge to US cotton subsidies discussed next, could contribute to building momentum in WTO agriculture talks on the phasing out of illegal subsidies.

US Cotton Subsidies: An End to Trade-distorting Subsidies?

In the Cotton case, Brazil argued that subsidies paid to US upland cotton producers under various support programmes contravened WTO rules on Subsidies and Countervailing Measures (SCM) and the Agreement on Agriculture (AoA). Brazil claimed that the US was responsible for driving down world cotton prices, consequently causing harm to Brazilian farmers while increasing the US share of the global cotton market. Benin and Chad, two of the four proponents of the 'cotton initiative' were third parties in this case. Ruling in favour of Brazil, the panel found that certain US payments to farmers, such as 'Product Flexibility Contract' and 'Direct Payments', amounted to trade-distorting domestic support. The panel further held that 'export credit guarantees' and 'step 2 marketing payments'³ were *prohibited* export subsidies under the SCM and had to be withdrawn *"without delay."* Moreover, the type of export and domestic subsidies provided by the US were not exempt from challenges under the now expired "peace clause" - a provision under the AoA that shields WTO Members from challenging agricultural subsidies under the SCM.

Implications for the ACP

Proponents of the cotton initiative have highlighted the gains that could accrue to West African cotton producers were the US to eliminate its illegal subsidies. Effective compliance with this ruling by the US would be a victory for ACP cotton producing countries. Second, trade observers predicted that a favourable ruling for Brazil would open the floodgates to

similar disputes, especially now that the peace clause has expired. Should this development arise, it could lead to further withdrawals of trade distorting subsidies in the long-term. Finally, drawing some lessons from the sugar sector, ACP cotton producing countries must take advantage of the ray of hope given to their cotton sectors in this case to explore ways of adding value, diversifying and gaining competitiveness in both the world cotton and textiles markets. Existing textile preferences, such as under AGOA, must be explored to this end. This is crucial in light of the imminent phase-out of Multi Fibre Arrangement textile quotas and the coming into force of the WTO Agreement on Textiles and Clothing.

ACP's Participation in the DSU system

In conclusion, the Sugar, Cotton and the GSP cases highlight the significance of the WTO DSU system as a means by which countries can defend their trade and sustainable development interests and influence WTO jurisprudence. Lack of ACP participation as complainants in the system has been attributed to factors such as political considerations in initiating disputes against major trading partners and resource constraints. Nevertheless, it is important for the ACP to continue to engage in the DSU as third parties - a lesser resource demanding level of participation. This creates an opportunity to build familiarity with the DSU system. In addition, the ACP must engage in the DSU review talks as a means of addressing the systemic problems, such as the issue of inappropriate remedies, which could hinder their future participation in the increasingly important WTO DSU system.

Endnotes

¹ EC - Conditions for the granting of tariff preferences to developing countries, WT/DS246/AB/R, US - Subsidies on upland cotton (WT/DS267/R), EC-Export subsidies on sugar, WT/DS266/21, can all be accessed at <http://docsonline.wto.org>.

² The EC's GSP and Sugar communications are accessible at http://europa.eu.int/comm/trade/issues/global/gsp/pr070704_en.htm and http://europa.eu.int/comm/agriculture/capreform/sugarprop_en.pdf respectively.

³ Under the Step 2 programme US cotton producers are paid the difference between domestic cotton price and the world market price.

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EPA Negotiations Update

By Melissa Julian, ECDPM

The Pacific Launches EPA Negotiations

On 10 September, the Pacific ACP countries¹ officially launched EPA negotiations with the EU in Nadi Fiji, the sixth and last of the ACP sub-regions to do so.² A joint road map for the negotiations was agreed setting out the objectives of the negotiations and stressing that special and differential treatment, not necessarily limited to the current provisions of the WTO, should be provided to Pacific ACP States.³ As with other regions, market access negotiations have been “backloaded” to the end of 2006 in order to focus first on regional integration. A Regional Preparatory Task Force (RPTF) to facilitate the inter-linkage between the EPA negotiations and the design of development strategies and definition of subsequent development finance cooperation will be established.

A week-long orientation meeting for Pacific negotiators to outline the operations and functions of the EU will soon be held in Brussels. Technical level discussions to establish the priorities and scope of an EPA are scheduled to begin in October. The first meeting of the RPTF will also be held in the next weeks. A team of Pacific Ministers will meet before the end of the year for a second round of negotiations with the EU.

Central and West African Roadmaps Finally Agreed

In July and August, the Central and West African regions agreed their road maps with the EC.⁴ In these two regions, everything is now ready for the technical work to proceed. The roadmaps are more comprehensive than any other ACP region's roadmap in the sense that they identify the priorities for regional economic integration, the types of programmes necessary to improve competitiveness and how the EC can support these. This will allow for a quick start to the detailed discussions. These are questions other ACP regions are only now in the process of agreeing with the EC. An RPTF will be established according to terms of reference agreed in the road maps. On the question of how to deal with development issues, the major sticking point in agreeing the roadmap since the launch of negotiations in October last year, the African's explicit call for the provision of resources additional to the current European Development Fund (EDF) was replaced with a more nuanced call for the provision of complementary funding obtained, amongst other sources, from co-

financing with the EU member states and other development partners. There is also consensus that in parallel with the strengthening of the regional integration process, the implementation of actions aimed at enhancing competitiveness should seek to maximise the dynamic benefits generated by the EPA and to assist West African countries to adjust their economies to the liberalisation process. The main thrust of such actions will be to examine ways to develop supply capacity.

As TNI went to press, the first round of the Economic and Monetary Community of Central Africa (CEMAC) technical level EPA discussions was being held in Douala, Cameroon from 13-17 September to begin discussions on the economic and commercial integration priorities for Central Africa and a detailed EPA reference framework for negotiations. Meetings of trade officials and researchers from the region are being followed by meetings of the Regional Negotiating Committee (RNC), the RPTF and a joint EC-CEMAC technical experts meeting.

The ECOWAS programme on capacity building will be presented to the EDF committee in November. An indicative list of further studies and support measures necessary to prepare for EPAs will be determined in the coming months. EC-ECOWAS technical meetings will be held on 21-22 September in Abuja, Nigeria. First exchange of views will take place on SPS, TBT and trade facilitation issues, notably on the regional acquis and objectives in these areas, studies and capacity measures to be examined. A calendar for technical and high officials meetings should also be discussed, to be endorsed at the high official negotiating meeting to be held by the end of 2004. There will also be an ECOWAS negotiators training on 27-29 September in Abuja which will discuss, *inter alia*, the changing EU external relations scene and key strategic choices for ECOWAS in relation to mobilising development finance for EPAs.

The Caribbean Start Detailed Discussions with the EU

The Caribbean was the first ACP region to hold detailed discussions with the EC in a joint meeting of Principal Negotiators on 15 July.⁵ The main focus of discussions was on the scope and priorities of EPA Negotiations. According to sources close to the exchanges, both sides agreed that Special and Differential Treatment should

form a core element of an EPA and should not necessarily be limited to the current provisions of the WTO.

Sources also indicate that senior EC officials informally indicated that there would be sufficient funds available to ensure that EPAs were well delivered and to encompass reorienting development assistance to address the development of new industries as well as older ones (such as bananas, rice and sugar). In the formal sessions the Caribbean argued that the bureaucratic procedures of the EDF were unsuitable for delivering the rapid restructuring necessary to achieve in time viable open markets in the region.⁶

Fundamental differences were also revealed: The Caribbean's call for the benefits of an EPA to be shielded from any diminution in the value of preferences via external policy developments, such as CAP Reform and Doha Development Agenda, was reportedly not supported by the EC. The EC side agreed that while consultation on EU policy formulation was important, it could not consult third countries before consulting EU member states. Another divergence between the two sides was the level of product coverage to be liberalised. The EC, however, apparently hinted that it was prepared to display flexibility on the length of the transitional period.

The Caribbean Policy Development Centre has recently launched its advocacy position paper on EPAs.⁷ An EPA Forum for Non State Actors is expected to be launched within the ambit of the forthcoming Principal Negotiators' meeting. This structure will facilitate systematic consultations with major non-governmental stakeholders.

An indicative schedule of negotiation sessions for the next twelve months was agreed. The Caribbean will continue its technical and political preparations by hosting a series of consultative meetings among regional stakeholders. The first Technical Working Group meetings to be held in late September/early October will focus on regional integration and market access issues. The next Caribbean-EC EPA Principal Negotiators meeting will be held in 7-8 October in Barbados. The focus will be on identifying priorities of Caribbean regional integration and the requisite support that can be secured within the context of an EPA. The Principal Negotiators' meeting will be preceded by a meeting of the RPTF to develop its work programme and elaborate more specific *modus operandi*.

ESA Ambassadors and EC Senior Officials also Meet

The first formal meeting of Eastern and Southern Africa (ESA) Ambassadors and EC Senior Officials since the launch of negotiations in February was held in Brussels on 30 July to agree the scope, priorities and scheduling for EPAs for the next nine months.⁸ The meeting was preceded by a meeting of the RPTF. Three areas were agreed to be the focus of the initial phase of negotiations – fisheries, development and market access issues.

With regard to development issues, negotiations will focus on identifying removal of supply side constraints and short term costs of adjustment to support regional economic integration. At ESA's insistence, there will also be discussions (not negotiations) on difficulties that the region is facing in the implementation of EDF procedures with regard to EPA negotiations and implementation.

Discussion on market access will seek to identify the possible priority issues concerning rules of origin, tariff peaks and escalations and sanitary and phytosanitary measures and discuss how to approach these in the EPA context.

ESA's Regional Negotiating Forum (RNF) met in Uganda from 19-21 July. It was apparent that countries were at different stages of national preparedness. The meeting noted that some of the National Impact Assessment Studies conducted so far appear to be academic and do not take full account of the national context and that they needed to be supported by further in-depth sectoral studies. Studies are currently ongoing looking at key issues for the negotiations.

ESA countries have requested dedicated sessions in all six clusters of negotiations, following the model developed in the fisheries cluster. This will be discussed in more detail at the next RNF meeting in Madagascar on 18-20 October.

Negotiations on the ocean fisheries sector will take place in November.

SADC Launches EPA Negotiations with the EC

The Southern African Development Community (SADC) launched EPA negotiations with the EC in Windhoek, Namibia on 8 July⁹. A Joint Roadmap was adopted and a RPTF will be established.¹⁰

During the first negotiating session at Ministerial level which followed the launch, the SADC side put the emphasis on several

trade-related issues noting that the South Africa-EC Trade and Development Cooperation Agreement (TDCA) had implications on the SADC-EC EPA negotiations.¹¹ The EC stated that SADC concerns would be taken into account in the EPA negotiations, and that individual countries can only be a member of a single trading arrangement with the EC.¹² Considering the complex overlapping of regional bodies and their members in the Southern African region (COMESA, SADC, SACU, EAC, SA-EC TDCA – which defacto includes the BLNS (Botswana, Lesotho, Namibia, Swaziland)), this will mean that some countries will have to make difficult choices as to which configuration will be in their best interest to join. Some observers are concerned that this in effect means that the reciprocal tariff elimination commitments entered into by South Africa, but not designed with its neighbours needs in mind, will constitute the basis for any SADC-EU EPA.¹³ Eventual configuration choices will become clearer in detailed SADC and ESA EPA negotiations.

A week-long orientation meeting for SADC negotiators outlining the operations and functions of the EU, its integration process and trade policy will be held in Brussels the week of 27 September. Technical meetings will be held to prepare for the first joint meeting of Principal Negotiators scheduled for November. That meeting will seek to develop a general understanding of the framework for the negotiations, define the list of priorities and develop an indicative schedule for the negotiations.

The RPTF will meet in due course to discuss how to organise its future work.

African Union EPA Coordination

Discussions on EPA coordination mechanisms will be held at AU Commission-Regional Organisations-EC meetings on 15-17 September.

At an all-ACP level

Now that all regional EPA negotiations have been launched, a meeting of the ACP Technical Follow-up Group for Phase II EPA negotiations group may be held when the regions identify priorities for all-ACP negotiations.

Endnotes

¹ The Pacific ACP countries have organised themselves regionally within the framework of the Pacific Forum. The countries are: Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.

² See http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/index_en.htm, http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/index_en.htm and <http://www.forumsec.org.fj/>

³ http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/regneg_en.htm

⁴ http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/index_en.htm and http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr200704_fr.htm and http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/regneg_en.htm

⁵ Joint EU-CARIFORUM press release http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr160704_en.htm

⁶ David Jessop's Week in Europe Column (Caribbean Council) 23/07/04

⁷ www.cpdengo.org

⁸ http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr020804_en.htm

⁹ http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr070704_en.htm

¹⁰ http://www.epawatch.net/documents/doc160_1.doc

¹¹ Joint report on the outcome of the first round of the SADC Configuration-EU ministerial level EPA negotiations http://www.epawatch.net/documents/doc160_2.doc

¹² EC Commissioner's speeches http://trade-info.cec.eu.int/doclib/cfm/doclib_section.cfm?sec=148&lev=2&order=date and <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/355&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³ EPA Watch's EPA Shadow Newsletter No. 3, <http://www.epawatch.net/general/start.php>

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Calendar		Resources
WTO Events		
27 September	Dispute Settlement Body	EU FTA InBrief Series , ECDPM, September 2004, providing a synthesis of various chapters of ten FTAs recently concluded by the EU with developing countries, www.ecdpm.org/ftainbriefs
28-29 Sept.	Committee on Trade and Development	World Trade Report, 2004 , WTO, September 2004. http://www.wto.org/english/news_e/pres04_e/pr385_e.htm
28&30 Sept.	Trade Policy Review Body - Rwanda	Organising trade negotiating capacity at the regional level , By A. Dunlop, K. Van Hove, and S. Szepesi, ECDPM Discussion Paper 54, September 2004, http://www.ecdpm.org/dp54
1 October	Council for Trade and Goods	How Did David Prepare to Talk to Goliath? South Africa's experience of trade negotiations with the EU , By Sanoussi Bilal and Geert Laporte, ECDPM Discussion Paper 53, September 2004 http://www.ecdpm.org/dp53
1 October	Council for Trade in Services - Special Session	Trade and Development Report 2004 , UNCTAD, August 2004. http://www.unctad.org/Templates/WebFlyer.asp?infItemID=3235&lang=1
7-8 October	Committee on Regional Trade Agreements	World Development Report 2005 , World Bank, 2004. http://publications.worldbank.org/e-commerce/catalog/product?item_id=3043503
11-12 October	Working Party on the Accession of Sudan	Implications of the Outcome of UNCTAD IX for the Work Programme for 2004-2005 , UNCTAD, August 2004. http://www.unctad.org/en/docs/wpdl74_en.pdf
11-13 October	Textiles Monitoring Body	UNCTAD XI: Issues Emerging and Lessons for Developing Countries , Commonwealth Trade Topics Issue 33. http://www.thecommonwealth.org/shared_asp_files/uploadedfiles/{5C7DAC8A-7C60-4876-9062-9643E208CD14}_trade hot topics 33.pdf
12-13 October	Committee on Trade and Environment - Special Session	Doha Work Programme (the 'July Package'): Full Text of the Decision Adopted by the WTO General Council of 1 August 2004 , WTO, http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm
14-15 October	Committee on Trade and Environment	Beyond EU Sugar Reform: Financing Diversification in ACP Sugar Exporting Countries , Commonwealth Trade Topics Issue 39. http://www.thecommonwealth.org/shared_asp_files/uploadedfiles/{CE4AE9A2-1164-4111-A678-B433EC42E1D5}_trade hot topics 39.pdf
18 October	Dispute Settlement Body	Dirty Tariffication Revisited: The EU and Sugar , by Alan Swinbank, the Estey Centre Journal of International Trade law and Policy, Vol. 5, No 1, 2004. http://www.esteyjournal.com
20-21 October	General Council	The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing , WTO Discussion Papers No. 5, 2004. http://www.wto.org/english/res_e/booksp_e/discussion_papers5_e.pdf
26 October	Committee on Trade-Related Investment Measures	The Role of Export Taxes in the Field of Primary Commodities , WTO Discussion Papers No. 4, 2004. http://www.wto.org/english/res_e/booksp_e/discussion_papers4_e.pdf
27-28 October	Committee on Sanitary and Phytosanitary Measures	Developed Country Cotton Subsidies and Developing Countries: Unravelling the impacts on Africa , ODI Briefing, July 2004. http://www.odi.org.uk/publications/briefing/bp_july04_cotton.pdf
2 November	Workshop on Technical Barriers to Trade	Development and Globalisation: Facts and Figures , UNCTAD, June 2004. http://www.unctad.org/Templates/webflyer.asp?docid=4848&infItemID=2364&lang=1
4-5 November	Committee on Subsidies and Countervailing Measures	Various papers from the commonwealth on topical trade issues , available at: http://www.thecommonwealth.org/Templates/Internal.asp?NodeID=36519
4 November	Committee on Technical Barriers to Trade	http://europa.eu.int/comm/enterprise/tbt , A new EC website on 'Technical Barriers to Trade' (TBT) measures that have been notified to the WTO.
8&10 Nov.	Trade Policy Review Body - Jamaica	
15-17 Nov.	Textiles Monitoring Body	
16 November	Committee on Trade and Development	
18 November	Committee on Agriculture	
<i>All WTO meeting take place in Geneva. Please contact the Secretariat for confirmation of dates (also available at http://www.ictsd.org/cal/).</i>		
ACP-EU Events		
22-23 Sept.	Meeting of the Bureau and Committees of the ACP-EU Joint Parliamentary Assembly	
October (tbc)	ACP-EU Joint Ministerial Trade Committee	
20-25 Nov.	ACP-EU Joint Parliamentary	
29 Nov.-3 Dec.	ACP Council of Ministers	
Nov./Dec. (tbc)	3 rd ACP Experts Meeting on Rules of Origin	
<i>Unless specified, meetings take place in Brussels. Contact ACP Secretariat, tel: (32 2) 743 06 00, fax: 735 55 73, e-mail: info@acpsec.org, Internet: http://www.acpsec.org/</i>		

