Sensitive points and challenges of EPAs for African regions

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I. **Background**: African regions negotiating the EPA within a framework 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 opposed 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.

Les groupements APE en Afrique

- Afrique de l'Ouest
- Afrique centrale
- Afrique du Sud-Est
- Afrique du Sud

CEDEAO: Communauté économique des États de l’Afrique de l’Ouest
CEEAC: Communauté économique des États de l’Afrique centrale
CEMAC: Communauté économique et monétaire de l’Afrique centrale
COMESA: Common Market for Eastern and Southern Africa
EAC: East African Cooperation
SADC: Southern African Development Community
SAEC: South African Economic and Monetary Union
UEMOA: Union économique et monétaire Ouest africaine
UMA: Union du Maghreb arabe
3. Complex interweaving, overlapping and inconsistency of commitments of States and regions:

- Multilatéral (OMC)
- Inter-Regional (APE)
- Régional
- Bilatéral (Accords préférentiels)
- National (Politiques commerciales)
II. Stakes and challenges of the signing of EPAs for African regions:

2.1: Impact analysis per scenario

- Ape régional complet
- Ape régional partiel
- Pas d’ape régional (statu quo)
- Aucun APE final dans aucune région africaine
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 years; 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 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 regions still have a lot more to do.
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.