International Affairs and Global Strategy
ISSN 2224-574X (Paper) ISSN 2224-8951 (Online)
Vol.45, 2016

The EU-Africa Economic Partnership Agreements: Any Way Out?

MOHAMMED, OLANIYI ABDULGANIYU
ASHAWA CONSULTS LIMITED, ABUJA, NIGERIA.

Abstract
The Economic Partnership Agreements (EPA) being negotiated by the EU and African, Caribbean and Pacific (ACP) Countries are already causing great concern, because they threaten to undermine economic development in some of the World's poorest and most vulnerable countries. That is, the EPAs, the European Union's much vaunted trade and development agreements with ACP countries, are in complete disarry.Despite the passing of a key negotiating deadlines at the end of 2007 and 2009, and relentless pressure from European Commission (EC) negotiators, many countries in Africa have refused to sign any form of EPA (even though some have lost their tariff preferences as a result). The overall consequences for their economies are simply too threatening. That is African countries have little to gain from EPAs and are participating simply to try and retain their existing trade preferences with the EU. But it seems they have a great deal to lose if they sign up to and implement EPAs. There is a significant chance that EPAs will increase poverty and hunger, rather the reduce them, and have negative impacts on environment. This paper therefore suggests that the European Union must find alternative routes to assist ACP countries to develop fair and sustainable societies"
Keywords: Partnership, poverty, sustainable development, economic agreement, trade barriers, tariffs, cooperation, treaty, preferences.

Introduction

On 7th-8th January 2008, protests took place in African countries against the planned Economic Partnership Agreement with the European Union (EU). In Dakar (Senegal) 50,000 people took part in a demonstration. Several thousand people went onto the streets in Ouagadougou (Burkina Faso), and in Mauritania and Bamako (Mali) large Social Forum meetings have been organized. In total, people in 20 countries protested against the agreement which will be a further neo-liberal attack.

The Economic Partnership Agreements (EPA) being negotiated by the EU and African, Caribbean and Pacific (ACP) Countries are already causing great concern, because they threaten to undermine economic development in some of the World's poorest and most vulnerable countries. That is, the EPAs, the European Union's much vaunted trade and development agreements with ACP countries, are in complete disarry.Despite the passing of a key negotiating deadline at the end of 2007, and relentless pressure from European Commission (EC) negotiators, many countries in Africa, including Nigeria, Congo and Gabon, have refused to sign any form of EPA (even though some have lost their tariff preferences as a result). The overall consequences for their economies are simply too threatening (Hall, 2008:1).

Essentially, EPAs replace previous non-reciprocal, development-oriented agreements between the EU and the ACP, with a fragmented, supposedly in order to comply with WTO rules. However, this new trade focus is conveniently in keeping with the EU's aggressive trade liberalization objectives, as laid out in the European Commission's communication 'Global Europe: competing in the World' (EC,2006), which seeks to secure access to natural resources and open markets to European goods and services. (CCWG, 2004:28).

Indeed, the EU and the ACP countries first established a development cooperation agreement in 1975, when the first Lome convention was agreed between the EU and former colonies of some of the EU's member states. Lome provided a framework for development aid and investment flows from the EU to the ACP countries and granted non-reciprocal preferential access for ACP exports to the EU (ACP, 2008).

The Lome conventions constituted a single model in the North-South relationship, combining a trade preference regime with important of aids. The objectives were to improve the trade performance of the ACP group of countries, the European Community offered non-reciprocal trade preferences to products originating in ACP countries (Kone, 2008: 6).

The EPAs, which will be the new cooperative framework under the Cotonou Partnership Agreement (CPA), are expected to adopt an integrated approach based on partnership and promoting cooperation, trade and political dialogue between the EU and ACP countries. One essential characteristics of this multilateral partnership is that it hopes to combine responses to the challenge of globalization and the development aid essential to ACP countries; with a strengthened political dimension. The key CPA principles are reciprocity, differentiation, deeper regional integration, and coordination of trade and aid (Karingi, 2006:2).

Indeed, according to many observers, the *Economic Partnership Agreement* (EPA) *negotiations*, which African countries are negotiating with the European nations, are unlikely to bring Africa closer to their development objectives. The way EPA has been conceived, based on the requirement for reciprocal market opening with the European Union (EU), is likely to bring more losses than gains for Africa. It will make the path to development even more difficult and uphill than it already is. (Aileen Kwa, 2009: 1).

The way EPA has been conceived, based on the requirement for reciprocal market opening with the European Union (EU), is likely to bring more losses than gains for Africa. The gains are not much, as the *Least Developed Countries* (LDCs), which make up 34 out of 47 African countries negotiating the EPAs, can avail of the Everything But Arms (EBA) preferential scheme of the EU. And the value of the preferences African countries will reap from an EPA will essentially become nil in about 5 to 10 years. It is of vital importance for developing and the least developed countries, that the options for industrialization for future generations are not foreclosed.

Whilst the price to pay for African countries wanting to maintain preferential access into the EU is very high, the value of EU's preferences is going to diminish rapidly. The value of the preferences African countries will reap from an EPA will essentially become nil in about 5 to 10 years. This is because the EU is already negotiating Free Trade Agreements (FTAs) with Central America, Andean countries, ASEAN, India and others. Therefore, for preferences that will last 5 or at most 10 years, African countries are being asked to sign away their trade policy space. (Aileen, 2009: 1).

In any case, the Least Developed Countries (LDCs), which make up 34 out of 47 African countries negotiating the EPAs, can avail of the *Everything But Arms* (EBA) preferential scheme of the EU. For non-LDCs, options more supportive of development should be fully explored, including the search for regional and other markets (rather than looking mainly to the EU for export markets*),* the Generalized System of Preferences plus *(GSP+),* as well as renegotiating Article 24 of the World Trade Organization *(WTO*).

It is based on the above facts that this paper seeks to examine and analyze the provisions of the EPA and their social economic impacts on African society. Therefore, the paper is divided into six parts. Following the introduction is the history of ACP-EU economic and trade relations. This is followed by an overview of the EU-Africa EPAs negotiations. The next part is the examination of the EPAs provisions. The social and economic impacts of the EPAs on Africa come under fifth part, while the last part is the recommendations and conclusion.

HISTORICAL CONTEXT

Contact between Europe and the ACP countries dates back to the era of discovery of new territories primarily propelled by the need to seek raw materials to feed the bourgeoning industrial revolution in Europe. This contact led to trade between the local inhabitants who had their agricultural produce and other raw materials to trade on and the Europeans who had some finished goods to trade on. This relationship later metamorphosed into the slave trade and subsequently into colonization. Meanwhile, sometime in 1957, some countries in Europe came together under the Treaty of Rome and formed the European Economic Community (EEC). Thus marking the genesis of regional integration in Europe and what we know today as the European Union.

Yaoundé Convention

At the attainment of independence by most of the colonies especially in the sixties, there was a paradigm shift in the relationship between the two groups as the emphasis became more on cooperation on social and economic fronts especially in the process of building the newly independent states. In the ECOWAS sub-region, the first concrete attempt at creating a framework for economic cooperation was between the EEC and mainly French-speaking West African states and Madagascar, and this led to the Yaoundé Convention of 1963 which was based on trade and financial aid.

Lome Conventions

The Lome Conventions marked the beginning of an inclusive approach to EU-ACP cooperation after the demise of the Yaoundé Agreement which lasted for five years. The concrete cooperation between EU and the ACP Countries dates back to 1975 which transcended from successive agreements called the "Lomé Conventions."

The first Lome Convention lasted from 1975 to 1980 under the 4th European Development Fund (EDF). The second Lome convention or Lome II thrived from 1980 to 1985 under the 5th EDF, while Lome III lasted from 1985 to 1990 and was overseen by the 6th EDF.

There were two Lome IV conventions. The first one lived from 1990 to 1995 under the 7th EDF with some amendments bringing about the second Lome that thrived from 1995 to the 2000, ushering in the powerful Cotonou Agreement that sought development as a pivot for the relationship under the 9th EDF. It is the Cotonou Agreement that eventually became the mother of EPA.

Thus, for the first time, ACP countries were expected to participate in reciprocal trade agreements with the EU, in return for development assistance. This means they are now expected to give trade concessions, in order to get – or even retain – their trade preferences. The extraordinary negotiations which ensued saw the previous EU-ACP relationship turned on its head, as the EU sought to use EPAs to drive home an aggressive trade liberalization strategy, which is now expressed through its 'Global Europe' strategy.

The Cotonou Agreement

Whereas the successive Lomé Conventions were essentially non-reciprocal agreements which embedded socio-economic cooperative mechanisms and measures and particularly trade agreements that grant unilateral trade preferences, the Cotonou Agreement brought about the question of Reciprocity in the trade arrangement between the two parties, and the element is what is called the EPA which is currently being negotiated. EPA is meant to be WTO compatible arrangement.

The EU Economic Partnership Agreement (EPA): What is it?

Economic Partnership Agreements are a scheme to create a free trade area (FTA) between the European Commission of the European Union and the Group of African Caribbean and Pacific (ACP) countries. They are a response to continuing criticism that the non-reciprocal and discriminating preferential trade agreements offered by the EU are incompatible with WTO rules. The EPAs are a key element of the Cotonou Agreement, the latest agreement in the history of ACP-EU Development Cooperation and are to take effect as of 2008. EPAs are based on four pillars (EU: 2007:1-12);

Partnership: EPAs are partnership agreements, entailing rights and obligations for both sides. Compliance with the obligations by each side is essential for the achievement of the entire undertaking. In particular, while the Union will be prepared to further open up its market to ACP products and tackle all other trade barriers, the ACP States must be prepared to implement appropriate policies to strengthen their supply capacity and to reduce transaction costs.

Regional integration: Regional integration is a powerful means of fostering integration into the world economy. The EU itself has built its strength on regional integration. The recent progress made in regional integration within the ACP reflects the political decision of the ACP States to base their own integration into the world economy on regional economic integration. EPAs will therefore be based on regional integration initiatives existing in the ACP.

Development: EPAs are above all instruments for development. They will therefore be designed taking into account the economic, social and environmental constraints of the ACP countries concerned and of their capacity to adapt to the new trading environment.

Link to WTO: Economic Partnership Agreements (EPAs) are not an end in themselves but are intended to act as a stepping stone to the gradual integration of the ACP countries into the world economy. They will therefore build upon the rules of the WTO, taking into account the results of the Doha Development Agenda.

Reciprocity: Due to the continuing WTO incompatibility of previous arrangements, the EPAs' key feature is their reciprocity and their non-discriminatory nature. They involve the phased out removal of all trade preferences which have been established between the EU and the ACP countries since 1975 as well as the progressive removal of trade barriers between the partners. In order to fulfill the criterion of being a non-discriminatory agreement, the EPAs are open to all developing countries, thereby effectively terminating the ACP group as the main development partner of the EU (EU, 2007:13).

The establishment of a reciprocal trade agreement confronts the EU with the problem of how to reconcile the special status of the ACP group with the EU’s obligations to the WTO. The solution proposed for this dilemma is an agreement which is only as reciprocal as necessary to fulfill WTO criteria. In reality, the ACP countries will have some room to manoeuvre and to maintain some limited protection of their most vital products. The extent to which trade must be liberalized under the new EPAs is still a widely debated issue and it remains to be seen whether the WTO provisions regulating regional trade agreements will be revised in favour of the EPA scheme at the end of the Doha Round (ibid.).

Regionalism

True to the Cotonou principle of *differentiation and regionalization* the developing countries are encouraged to enter into the EPAs in regional groupings. So far the **ACP countries** have formed six regional groupings in which they intend to enter into EPAs with the European Union. These regional groupings are

- l'Union Économique et Monétaire Ouest Africaine
- la Communauté économique et monétaire de l'Afrique centrale
- the Southern African Development Community
- the East African Community
- the Caribbean Community + Dominican Republic (CARIFORUM)
- the Pacific region.
- Economic Community of West African States

Special treatment

The new regional grouping established due to the EPA scheme causes the problem of how to reconcile this approach with the previous special treatment of the group of least developed countries (LDCs) among the ACP countries. Currently, 39 of the 77 ACP countries are defined as LDCs by the United Nations. The LDCs constitute a special group among the developing countries and have usually been treated separately.

Therefore, EPA also will provide special arrangements for this particular group. As opposed to the other ACP countries, the group of LDCs will be invited to reject the EPAs and continue trade relations under the

"Everything But Arms" (EBA) regulation. Launched in 2001 by the Council of Ministers, this amendment to the Generalized System of Preferences has ever since regulated the trade relations between the EU and the LDCs, granting duty-free access to all products from LDCs without any quantitative restrictions – except to arms and munitions. While this provision facilitates the situation of the LDCs under the new trade scheme, it has also been criticized that the EBA initiative prevents LDCs to open up their markets for EU products within the context of an EPA (Curran, et al, 2007).

Overview of EPA Negotiations with Africa

The Economic Partnership Agreement negotiations started in 2002, as a part of the Cotonou negotiations, according to the rules of the WTO (World Trade Organization). Seventy seven countries in Africa, the Caribbean and Pacific are affected. The EU already threatened those countries that did not sign with severe sanctions. The EPA is supposed to replace the so-called preferential trade, which ensured small export advantages to countries (mostly former colonies of the European powers).

The origin of the EU-Africa joint strategy can be traced to an EU strategy for working with Africa. This is set out in a document entitled *'The EU & Africa: Towards a Strategic Partnership,'* which was adopted at a European Council meeting on 15 and 16 December 2005. The primary aims of this strategy are the achievement of the Millennium Development Goals and the promotion of sustainable development, security and good governance in Africa.

Under the heading *'Sustainable Economic Growth, Regional Integration and Trade'* the EU recognizes that rapid, sustained and broad-based growth is essential for ending poverty in Africa. Accordingly, the EU commits itself to the following (Wilson, 2007:3-5):

- Facilitate a better-connected Africa, to itself and the rest of the world; including by establishing an EU/Africa Infrastructure Partnership, which will be complementary to the new Infrastructure Consortium for Africa and include existing initiatives on transport and to facilitate peoples' access to water and sanitation, energy and information technology.
- Promote a stable, efficient and harmonized legal business framework in Africa, for example by convening a Euro-African Business Forum in 2006.
- Help to integrate Africa fully into the world trade system, by pressing for a successful outcome to the Doha Round of world trade talks that is ambitious, maximizes development gains, ensures special and differential treatment, addresses preference erosion and makes trade work for the poor, and extends duty and quota-free market access for LDCs to all industrialized country markets.
- Provide increased aid for trade, building on the EC's commitment of €1 billion per year by 2010.
- Agree EPAs with Africa's regional groupings by 2008 that are instruments of development, promote regional integration, improve African access to European and regional markets; support asymmetric and flexible implementation of EPAs; and reduce non-tariff barriers. In addition, the EU will closely monitor EPAs so that they help achieve development objectives; and also redouble efforts to complete by 2010 agreement on an EU-Mediterranean Free Trade Area.
- Help African countries comply with EU rules and standards, establish clear rules for services, simplify rules of origin and make them more development friendly.
- Support Africa in countering the effects of climate change in accordance with the EU Action Plan on Climate Change and Development; and protect its environment through a range of policies, by combating desertification and ensuring the sustainable management of its forests, land and biodiversity fisheries and water. Such support includes, for example, €500million for the EU Water Facility and €220 million for the Energy Facility under EDF 9.

At the 5th Ministerial Meeting of the African and EU Troikas held in Bamako on 2 December 2005 (i.e. before the EU strategy was adopted by the European Council), the African side welcomed the then draft EU strategy. However, at the suggestion of the African representatives it was agreed to transform the EU strategy into a joint EU-Africa Strategy.

At the 6th Ministerial Troika Meeting held on 8 May 2006 in Vienna, it was further agreed that the joint strategy be a focused, political document, setting out a vision of EU-African relations in the decade ahead, and building on a dialogue that should be flexible, deeper, more frequent and include new areas of common interest. It was also agreed that the joint strategy be structured around the four clusters of peace and security, human rights and governance, trade and integration, and development.

A roadmap for further work on the joint strategy was agreed at the 7th Ministerial Troika Meeting held on 10 October 2006 in Brazzaville. This included preparing an outline for the joint strategy and consulting with civil society and other stakeholders. An expert group was mandated to implement this roadmap and present the results at the 8th Ministerial Troika Meeting. The intention is that further work be undertaken during 2007 so that the joint strategy can be adopted at the Second Europe-Africa Summit in Lisbon in late 2007 (Wilson, 2007:5-15)

However, the Negotiating Mandate for the Economic Partnership Agreement (EPA) between West Africa and the European Union was given to the ECOWAS Commission in collaboration with the UEMOA Commission. In view of this mandate and on the basis of the EPA negotiations launched in the ACP regions, the West African region and the European Union adopted the following three-point roadmap in August 2004 (Daramy, 2008:1-7):

(i) Deepening of the regional integration process;
(ii) Enhancement of competitiveness: capacity building and upgrading;
(iii) Activities linked to the preparation and conduct of the negotiations.

The two sides asserted in the roadmap, that the main **objective** of the Economic Partnership Agreement (EPA) is to promote the strengthening of regional integration and sustainable economic development in the West African region.

The indicative schedule for the negotiations presents the following three phases:

• *Phase 1:* December 2004 to September 2005: integration priorities, setting of EPA reference framework and upgrading programmes;
• *Phase 2:* September 2005 to September 2006: the overall structure of the EPA and the draft Agreement in trade-related areas;
• *Phase 3*: September 2006 to December 2007: Negotiation of liberalization and conclusion of the EPA (ibid).

SOCIO-ECONOMIC IMPACTS OF THE ECONOMIC PARTNERSHIP AGREEMENTS ON AFRICA

The effects of the EPA on African countries will be disastrous; it will expose local production further to big international corporations, boosting the market and profits for the imperialist powers. The banning of restrictions on exports will include lifting quotas on the amounts of raw materials which have to stay in the country. The majority of the population in the countries concerned work in agriculture (e.g. Burkina Faso 80%, Mali 70%) and will be hit twice by the Economic Partnership Agreement. According to the agreement, it is not allowed to raise taxes on imports or to subsidize the domestic agricultural sector. The result is that the African markets will be further inundated by cheap vegetables, eggs, and meat from Europe (Kone, 2008: 2).

Already, in recent years, cheap European products replaced many of the local products. In Mali, a country where there is a cow at every street corner, it is, today, nearly impossible to buy milk. Instead, people have to buy cheaper milk powder from Nestlé. Coffee from the neighboring Ivory Coast is, at best, available in tourist cafés. In Ghana, the import of tomato paste increased from 26,000 tons to 40,000 tons, from 2002 to 2004 (Aremu, 2008:8-12).

A consequence of this is that food safety will become further dependent on the big European corporations and it will also destroy the basis of existence of many peasants. That is why Aminata Traoré, spokesperson of the Forum for another Mali, explained at a press conference in Bamako: “There is a close connection between the EPA and immigration. In destroying the workplaces of many young people, it creates new reasons to migrate.”(Kone, 2008:5).

At the same time, through the abolition of import taxes, the Economic Partnership Agreement-hit countries will loose one of their main tax revenues. Under pressure, the EU has now promised to compensate for the losses. But nobody believes this will be done for the long term and many people see this will be nothing else but a direct gift to the big European enterprises, which do not have to pay import duties, any more.

In addition, the service sector and the rest of the public services will be completely opened up to European corporations. It is true, during the last years, under pressure from the neo-liberal Structural Adjustment Programmes (SAPs), everything which promises any kind of profit has already been privatized. In Bamako, since the privatization of refuse collection, waste often remains discarded in streets and is collected by locals using donkeys and carts.

Behind the Economic Partnership Agreement negotiations is the growing competition over the African market. In recent years, China, especially, gained influence through increased trade with Africa. During a visit to Africa by the Chinese foreign minister, Yang Jiechi, in January, China announced that its trade with Africa grew, in 2007, by about 30% to 50 billion euro. China agreed on a most ‘favoured nation’ clause with 41 countries, and it is negotiating a free trade agreement with South Africa. These are key reasons for the EU to try to ensure its influence.

But the European countries also compete against each other. The German Ministry for Economic Cooperation (BMZ) declared: “The engagement of the German economy should be much stronger, taken into account the manifold market opportunities in Africa” (GMEC, 2007).

The planned EPA goes so far that even neo-liberal politicians, like the Senegalese president, Wade, protested against it. Wade published an open letter against the agreement, which the South African president signed, as well. In addition to the protest of unions and peasant organizations, many well-known managers signed a petition against the EPA. The Senegalese government distributed free T-shirts against the EPA and many government members took part in the 7 January anti-EPA demonstration.

But while the government and the managers are outraged because only the profit interests of European enterprises are taken into account and not those of local Senegalese companies, and because they fear for state finances, it is the workers and peasants who suffer from neo-liberal policies, from the Senegalese government and the EU. This is the reason why a general strike was called in Senegal for 9 January, against the rise in the cost of living. The unions postponed the strike because of the anti-EPA demonstration and offered time for new negotiations with the government until March. But it is a mistake to think that the government could be a reliable partner in the fight against this agreement. Instead, a general strike should have been used to build up pressure on both the Senegal government and the EU (Schnatter, 2008:2-4).

A clear example of the Senegalese government's neo-liberal policies is seen in the higher education sector: the students in Senegal were on strike for several months, last year, against the lack of space in university buildings and against a university reform, which among other things, threatens students with the introduction of tuition fees.

Many opponents of the Economic Partnership Agreement negotiations are full of hopes in the creation of a functioning African market as a "counter-weight" to the EU, US and China, which they hope would lead to rising living standards.

It is absurd that African fruits are exported to the EU if there is a local market. Of course, all attempts to further exploit the African continent in the interest of European capitalist profits have to be resisted. Therefore, the importance of the current protest is not to be underestimated.

But, within the capitalist system, it is an illusion to think that an African market, insulated from international competition, could be created. The big economic powers, the EU, US and China, will never accept that a region they exploit becomes a strong competitor. They made this clear with their recent threats to those who will not sign the EPA. In the past, they big powers proved they do not hesitate to provoke conflicts and wars when it is in their interests (Oxfam, 2006).

However, a harmonious African market is not the motivation of the current African rulers, either. South Africa, for example, established itself as a regional imperialist power. In countries like Namibia it is hard to find products without the label "made in RSA". The South African capitalists do not want to lose this market to European, or any other competitors.

This is why a part of the mass movement against the agreement is drawing the conclusion that they have to find other partners in the fight against neo-liberalism. At a conference in Bamako, several speakers from peasants' organizations and unions pointed out that in Europe workers also protested against neo-liberal attacks, and cited the protests against attacks on pensions in several countries.

Aminata Traoré, from the Forum for Another Mali, compared the EPA with the undemocratic attempt to impose an EU constitution. "We need a coalition with other forces in the north, who know that this economic system is a blind alley." The coalition we need is an international one, of the working people and poor, that struggles against capitalism and for a socialist alternative that can truly liberate humanity from poverty and crisis (Kone, 2008: 3-6).

According to Ronnie Hall (2008:8), EPAs, should they be completed and implemented, look set to force Africa countries to open up their struggling markets to European industrial (and some agricultural) exports; to foreign investment, targeted especially at the agricultural, forestry and mining sectors, all of which are likely aggravate deforestation and food security concerns. The ACP countries, especially the 32 located in Africa, stand to gain little in return, especially since least Developed Countries (LDCs) already qualify for the EU's Duty-Free Quota access to European markets.

Thus, if negotiations on Economic Partnership Agreements continue, they could lead to trade deals that have significant negative impacts on forests, biodiversity and forest-dependent communities in Africa. The EU's own mid-term Sustainability Impact Assessment (SIA) clearly acknowledged the likelihood of such impacts (PWC, 2007).

For example, the mid-term version of the EPA SIA predicted that EPAs could infact "accelerate the collapse" of the manufacturing sector in West Africa (PWC, 2003: 125). This goes entirely against the gain of the Millennium Development Goals agreed in 2000, which list the eradication of poverty and hunger and the maintenance of environmental sustainability as two of the world's most pressing priorities.

Also, the EC is disingenuous when it equates trade liberalization with development. If this were really the case it would not be necessary to force unwelcome issues, such as the Singapore issues (which include liberalization of investment, competition and government procurement) onto the negotiation table – especially when they have been already roundly rejected by developing countries in the WTO.

In terms of the liberalization coverage, most African countries are heavily dependent on import taxes to raise government revenue. The World Bank estimates that in sub-Saharan Africa tariff revenues average between 7-10 percent of government revenue. With EU products representing 40 percent of total imports in sub-Saharan Africa, eliminating tariff on EU' import would lower tariff revenues considerably (Busse et al, 2004"

15).

These losses are likely to have serious impacts on government spending because Africa countries, if they are unable to mitigate the loss by raising revenue in other ways, will be forced to cut fiscal expenditure. This could in turn put social welfare programmes at risk and lead to declining investment in health and education. To put it into perspective, the estimated tariff revenue loss as a result of EPAs for Republic of Congo is roughly equivalent to the government's total public expenditure on education (Karingi, 2005: 5).

Not only do EPAs threaten productive sectors, they could severely undermine the ability of ACP governments (especially Africa) to support future economic development. Virtually, all countries that have developed in the past have used tariff policy to encourage small enterprises to move up the value chain into new manufacturing and processing industries. This entails changing tariff levels in response to the needs of the economy and to national or regional development priorities. The EPAs will severely restrict the ability of ACP governments to use tariff policy in this way. Freezing tariffs under EPAs therefore runs the risks of locking ACP countries into production of primary commodities and preventing economic development (Akyuz, 2005:12).

EPAs' potential impacts on forest and biodiversity could also have direct social and economic repercussions on the poorest people in participating ACP countries, by removing the natural resources they rely on, especially in times of hardship. As the UN Millennium Ecosystem Assessment points out "the degradation of ecosystem services is harming many of the world's poorest people and is sometimes the principal factor causing poverty" and "the world's poor depend disproportionately on ecosystem to provide for their systems of small-scale agriculture. (Grazing, harvesting, hunting and fishing). Without access to infrastructure providing safe drinking water, electricity, fuel and transportation, poor people rely on natural sources of clean air and water, fertile soil, renewable energy and biodiversity to meet their needs" (Sachs & Melinick, 2005).

Similarly, a report from the World Resources Institute, the World Bank, the United Nations Environment Programme and the United Nations Development Programme also argues that natural resources represent a route out of poverty for the impoverished: "three-fourths of them live in rural areas; their environment is all they can depend on. Environment resources are absolutely essential, rather than incidental, if we are to have any hope of meeting our goals of poverty reduction" (UNDP et al, 2005).

In addition, why should ACP countries be required to open some 80% plus of their tariff lines to European imports, when no such requirements is made of them in the WTO, precisely because their economies are vulnerable and developing? There are many who believe that such drastic liberalization will undermine domestic production and economic development, and threaten food security – precisely the opposite of what is desired (Nduwugwe 2008:27).

RECOMMENDATIONS / WAY FORWARD

For countries that want to sign an EPA, we propose the use of development benchmarks pegged to their trade liberalization schedules. This will ensure that only when countries attain a certain level of development will they have to undertake very far reaching reform of their trade regimes vis-à-vis a very strong economic partner, the EU.

The liberalization schedules we propose kicks in 10 years after the entry into force of an EPA. If at that time, countries have attained 20 percent the economic size (measured by per capita Gross National Income and per capita value of manufactured exports) of the EU, and if their exports show a certain level of diversification, they would eliminate tariffs on 20 percent of their tariff lines. If after 15 years, the EPA has facilitated their development, and they attain 50 percent the economic size of the EU (in per capita terms), and also if the countries fulfill other criteria illustrating that their economies are diversified, and additionally they have a certain level of trade integration with other African countries, *then* the countries will eliminate tariffs on 50 percent of their tariff lines in trade with the EU. *After 20 years*, if they have attained 70 percent the size of the EU, and fulfilled the diversification and regional integration criteria, they would eliminate tariffs on 70 percent of their tariff lines over 5 years (CPE, 2006:6).

We propose that this conditioned liberalization schedule be accompanied by a 'bare bones' goods-only EPA. Whilst the EU is pushing hard for countries to liberalize services, intellectual property, investment, competition, and government procurement, these issues are more suited when African economies have grown and can negotiate from a stronger position, rather than from weakness, as now. These issues are beyond the requirements of WTO compatibility for regional trade agreements (Article 24).

Also, Africa countries should seriously consider the complete exclusion of competition policy from EPAs negotiations. Should EU pressure prove too strong to rest, Africa countries can safeguard their interests and maintain maximum flexibility by pushing for "best endeavour" instead of mandatory language, or by avoiding specific language that reflects or echoes the EU's competition policy. Africa countries should ensure that any provisions are qualified at every possible instance with references to appropriateness, development context, flexibility and progressivity in implementation, and the possibility of providing supportive measures to domestic Africa market actors to boost their competitiveness.

In addition to the benchmarking mentioned above, the 'bare bones' EPA should have the following elements:

- *Removal of the most favoured nation treatment (MFN) clause.* This clause makes it mandatory that African countries offer to the EU what they offer to another major economy after the entry into force of the EPA. This works against regional integration and the promotion of south-south trade. It also goes beyond the requirements of the WTO's Article 24 on regional trade agreements and free trade agreement.
- *Removal of the standstill clause.* All the interim EPA agreements have a standstill clause, disallowing new customs duties to be applied, or existing ones to be raised, even for sensitive products, after entry into force of the Agreement. This again goes beyond Article 24 and could prevent African countries from industrializing and increasing their domestic agricultural production.
- *Removal of the provision to freeze export taxes and duties.* This clause is again beyond the scope of Article 24. The EU wants access to Africa's raw materials in order to maintain its competitiveness. Yet putting in place these export taxes and duties is important to encourage diversification and value addition for African economies. The WTO allows countries to impose these export taxes and duties.
- *The bilateral safeguard in the EPAs should:*
- kick in automatically without having to go through a decision with the EU
- allow countries to raise their tariffs beyond the Uruguay Round bound rate, which is what the EU currently enjoys in the WTO's Special Safeguard Provision (the SSG – in Article 5 of the Agreement on Agriculture) .
- allow for a safeguard in the context of a price decline, not only a volume surge (also the case in the WTO's SSG which the EU avails of, but which is not available to the majority of African countries) .
- *Introduce a more 'proactive' infant industry clause.* The current infant industry clause is 'reactive' - only limited to a safeguard when injury has happened or is threatening to take place. A more proactive infant industry clause will allow a government or the sub-region to put in place additional duties on such goods imported into its area which compete with its own infant industries. An infant industry can be defined as an industry which has been established for not more than 15 years. This clause should not expire since countries will always have infant industries.

In their submissions, the member organizations of **Via Campesina** in Africa, Europe and the Caribbean opined that the Economic Partnership Agreements (EPAs) between the European Union (EU) and the African, Caribbean and Pacific countries (ACP) are a new threat for the peasants and small farmers in the four regions. We ask a definitive stop in the negotiations and the opening of a period of debate and analyses on the impacts of free-trade on our national agricultures. Alternatives based on the right to food sovereignty exist.

The Economic Partnership Agreements EU-ACP is free trade agreements. They are not, as the European Commission pretends, development agreements benefiting the ACP countries. At the time when WTO undergoes a crisis of legitimacy, the EPAs are a replacement tool to force the countries to open and liberalize their agricultural market, despite the growing popular opposition against these policies.

The organization considered the proposal that is currently under negotiation to be prejudicial to the peasants and small farmers in the Caribbean, Africa, and the Pacific for the following reasons:

- Reciprocity that the European Commission claims has no other meaning than the opening of the ACP markets for the European exportations.
- The peasants and small farmers in the Caribbean, the Pacific and in Africa will have to compete with food imports from the EU sold at artificially low prices.
- More export market access will not benefit the small scale producers in neither of the four regions, because the great majority of peasants and small farmers sell their products on the local, national or regional markets, not on the international market.
- The prices at which the producers of ACP countries will be able to export their products on the European market will decrease sharply, thus reducing the advantage that they had to export to the EU.
- The elimination of the import tariffs will lead to a sharp decrease in the ACP states revenues, while many of these states are very dependant of these revenues for their budget. This lost will have a very critical impact on the capacity of the sates to invest in health, education, agriculture and public infrastructure for their development.

Nothing compels neither the ACP countries nor the European Union to negotiate such agreements (They could get a new derogation to renew the Cotonou agreements). Inspite of this, the European Commission insists to terminate the negotiations before the 31st of December 2007.

The organization thus calls for the mobilization of peasants, small farmers and civil society in our regions to stop definitively the Economic Partnership Agreements.

The organization then calls on the governments of ACP countries to resist the pressures made by the

European Commission to terminate the negotiations. They called on the social movements and civil society organizations in Africa, Europe, the Pacific and the Caribbean to mobilize to prevent the signature of the Economic Partnership Agreements.

Conclusion

EU hides itself behind the so-called WTO constraints of Article XXIV to impose on ECOWAS as well as other developing countries in the name of EPAs. Consequently, became inequitable bilateral FTA asking ACP countries to open up to 90% of their markets. If this is permitted in Africa, EPAs will expose the manufacturing sector of the region to openly compete with EU transnational corporations (TNCs) in a corporate contest of unequal partners. Competition can be viewed as a double-edged sword.

On the one hand, it can spur the region's domestic and regional manufacturing sector to improve their products and services while on the other hand, it can enable EU products to penetrate Nigerian and ECOWAS market to engage in predatory practices that can kill domestic producers. With EPAs competition policy provisions, the domestic producers are rendered helpless from national industrial protection policies of import substitution. In addition, EU is pushing the trade agenda into offensive areas which ACP countries had earlier opposed in the WTO Ministerial (i.e. the Singapore issues). The concept of reciprocity which EU is emphasing in the EPAs has been wrongly applied, as the WTO equally made provision for special and differential treatment for developing countries (Paolo, 2007: 2).

The sub-regional and now bilateral negotiation approach in operation within the EPA negotiations also seems to offer the EC a very effective opportunity to divide and rule. ACP countries are having to negotiate in isolation or in small groups, and those countries and groups are increasingly finding themselves in competition with each other, which is having a negative impact on regional integration

Overall, it seems that ACP countries, especially those who are LDCs (as most Africa countries are) have little to gain from EPAs and are participating simply to try and retain their existing trade preferences with the EU. But it seems they have a great deal to lose if they sign up to and implement EPAs. There is a significant chance that EPAs will increase poverty and hunger, rather the reduce them, and have negative impacts on environment. This is particularly the case in Africa, where most countries are LDCs and have little to lose if the EPAs process stops: they will still maintain most of their trade preferences under the EU's 'Everything But Arms' agreement.

The above view is in consonance with the one espoused by Mohammed Darami, ECOWAS Commissioner for Trade, Industry, Mines and Free Movement that, "confining West African countries to the production of primary commodities amounts to condemning them to remain locked in the commodity trap. We have asked EU to make a commitment to support us to industrialize, add some value to our products…We want them to support the EPA development programme. I cannot foresee us signing any EPA except those conditions are met. We cannot remain eternal primary producers".

In conclusion then, this paper seems to agree completely with the submission of the Friends of the Earth (an NGO based in London) in its last year publication titled: 'EPAs, Forests and European Union's Quest for Africa's raw materials'. According to it, "it seems that there are many social, economic and environmental reasons not to proceed with EPAs; and little political reason to continue. The European Union must find alternative routes to assist ACP fair countries to develop sustainable societies.

REFERENCES

Aileen, Kwa G. (2009) 'Caution when approaching Economic Partnership Agreements with European Union' South Centre –www.southcentre.org.

Akyuz, Yilmaz (2005) 'The WTO Negotiations on Industrial Tariffs: What is At Stake for Developing Countries' Third World Network, Malaysia.

Aremu, I.A. (2008) "Impact of EPA on the Nigerian manufacturing sector".

ATN (2008) ATN 11 Declaration: Standing firm and acting together against EPAs! Africa Trade Network, September.

Bilal, S. and F. Rampa (2006) 'Alternative to EPAs: Possible Scenarios for the Future ACP Trade Relations with the EU' Maastricht: ECDPM, Policy Management Report 11.

Busse, M. et al (2004) 'The Impact of ACP/EU Economic Partnership Agreements on ECOWAS Countries: An Empirical Analysis of the Trade and Budget Effects', Institut fur Wirtschaftorschung, Hamburg.

Christian Aid (2005) For richer or poorer: Transforming Economic Partnership Agreements between Europe and Africa. London: Christian Aid.

CPE (2006) 'Rejecting the Economic Partnership Agreement EU-ACP" in European Farmers Coordination, Brussels, November, 22.

Curran, Louise et al, (2007) The Economic Partnership Agreements: Rational Misperceptions and the non-trade aspects' EU Briefing paper.

EC (2006) Global Europe: competing in the world, External Trade, European Commission, Brussels.
EC (2007) ACP, Regional Negotiations of Economic Partnership Agreements, European Commission, September 4.
ECOWAS (2004), "Road Map for Economic Partnership Agreement Negotiations between West" Africa and the European Community", Accra.
FAO (2008) Forests and poverty reduction, Food and Agriculture Organization website www.fao.org/forestry/site/livelihood/en.
Hinkle, L. (2005) 'Beyond Cotonou: Economic Partnership Agreements in Africa', in R. New farmer, 'Trade, Doha, and Development: A Window into the Issues',Washington DC: The World Bank.
Jessop, D. (2007) All or Nothing: the Caribbean EPA, Trade Negotiation Insights, vol.6, No.8, December.
Karingi, Stephen (2007) Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements, UNECA, Addis Ababa.
Kone, Youssouf (2008) Economic and Social Impacts of the Prospective EU-ECOWAS EPA: The Evidence from Cote D'ivoire, Faculty Research paper.
Marti F. D. (2007) West Africa's EPAs and the challenge of industrialization.Presentation to Joint South Centre – Oxfam capacity building Workshop on EPA Negotiation, Dakar, July 6-7.
Nduwugwe, Justas (2004) Why Nigeria refused to sign EPA – ECOWAS, Leadership Nigeria, July8.
ODI and ECDPM (2008) The New EPAs: Comparative analysis of their content and the Challenges for 2008, final Report. March 31.
Oxfam, (2007) 'Unequal Partners: How EU-ACP Economic Partnership Agreements (EPAs) could harm development prospects of many of the World's poorest Countries' Oxfam Briefing paper, September.
Oxfam (2008) 'Partnership or Power play? How Europe should bring development into its trade deals with ACP countries'. Oxfam briefing paper, April 21.
Oyejide, T. A. and D. Njinkeu (2002), "African Preparation for Trade Negotiations in the Context of the ACP-EU Cotonou Partnership Agreement", Special Paper 37, AERC, Nairobi.
Oyejide, T. A. (2004), "Negotiating Economic Partnership Agreement between African Sub-Regions and the European Union", ILEAP Background Paper for the Conference of African Trade Ministers, 24 – 28 May, Kigali, Rwanda.
Oyejide, T. A. (2006), "Nigeria in the West Africa – European Union Economic Partnership Agreement: To Be or Not To Be?" mimeo, TPRTP, University of Ibadan, Ibadan.
Paolo, Vicente (2008) 'Development Challenges of Competition Policy in the Economic Partnership Agreements, South Centre Trade Working paper, June.
PWC (2003) Sustainability Impact Assessment (SIA) of Trade Negotiations of the EU-ACP Economic Partnership Agreements", working draft, October, Pricehouse Coopers.
PWC (2007) Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements, Summary of key findings, policy recommendations and lessons learned, Price house Coopers.
Perez, R. (2006) Are the Economic Partnership Agreements a first-best optimum for the ACP countries? Journal of World Trade.
Perez, R. and Karingi, S. (2006) will the Economic Partnership Agreements foster Sub-Saharan African Development? Paper presented at the GTAP conference, Purdue University, US June.
Schnatterer, Tinette (2008) 'Mass protests against Economic Partnership Agreement with EU', Socialist World, CWI, London, February 8.
Singh, Ajit and R. Dhumale (1999) Competition Policy, Development and Developing Countries, South Centre Trade working paper 7, November.
Stephen, C. and J. Kennan (2005) EU-ACP Economic Partnership Agreements: The Effects of Reciprocity, IDS, Sussex.
UNDP, et al (2005) World Resources 2005 – The Wealth of the poor: Managing Ecosystems to fight Poverty, New York: UNDP, World Bank, World Resources Institute and UNEP.
Ulmer, Karin (2004)'EU-ACP Trade Negotiations on Economic Partnership Agreements: A gender Approach' .A paper presented in a workshop on Engendering EPAs, Dakar.
Wilson, Robert (2007) "The Trade Relevance of the Joint EU-Africa Strategy" in TRALAC Journal, vol.5, March.