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## **EU-ACP Economic Partnership Agreements: State of Play at June 2010**

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## 1. INTRODUCTION

Over the last six months work towards signature, notification and ratification of the Economic Partnership Agreements (EPAs) continued. Fiji signed the Pacific interim EPA (iEPA) agreement and Haiti was able to join the comprehensive Caribbean EPA in December. The Bahamas finalised their services and investment deal. Papua New Guinea started to provisionally apply its Agreement, and the Seychelles finalised their ratification process. However, signatures from the Comoros and Zambia (both ESA), and Ghana are still pending. Namibia (SADC) and the Eastern African Community (EAC) have indicated that they are not prepared to sign their iEPAs as they stand. We are still awaiting notification of provisional application from Ivory Coast and Cameroon as well as Fiji, Mauritius, Madagascar, Zimbabwe and the SADC signatories. In February 2010, the Pacific iEPA was submitted by Council to the EP for the consent procedure.

Following the expiry of the Cotonou trade regime and the WTO waiver which covered it on 31 December 2007, trade disruption for the ACP was minimized by the comprehensive EPA concluded with the Caribbean region and the series of interim agreements concluded with African and Pacific countries and regions. The interim agreements are transitory measures to keep EU markets open to ACP countries and allow negotiations towards comprehensive regional EPAs to continue.

The overwhelming majority of ACP goods enter EU markets duty and quota free either under improved EPA market access or under the EU's Everything but Arms initiative. This means 67 ACP countries have full duty and quota free access to EU markets, with 36 of these also benefiting from improved EPA Rules of Origin and, on the whole, over 99.5% of ACP trade is free of any EU tariffs or quotas.

7 Pacific small island countries (with minimal trade with the EU) and three African countries - Nigeria, Republic of Congo and Gabon – did not conclude an interim agreement. They continue to export most of their goods to the EU duty free under the Generalised System of Preferences (GSP). While GSP is overall less comprehensive than Cotonou or EPA, there is no evidence of significant trade disruption in these cases. South Africa

continues to trade with the EU under their existing free trade agreement with the EU (the Trade Development and Cooperation Agreement or TDCA).

In parallel, negotiations to conclude more comprehensive and inclusive EPAs in all ACP regions are continuing, with differing levels of progress. The state of play is summarised below. ACP and EU trade regimes currently in force and the membership of the EPA negotiating groups are presented in Annexes.

In all ACP regions, the Commission is working with EU Member States, regional organisations and national governments towards regional aid for trade packages that will build on, and complement, the existing support for EPA implementation and regional economic integration.

## **2. PROGRESS WITH SIGNATURE OF AGREEMENTS**

The process towards signing and applying iEPAs has effectively taken much longer than anticipated, in part because of EU internal procedures. During this period, negotiations were continuing in all regions with a view to reaching comprehensive regional EPAs, i.e. broaden the subject coverage (SPS, TBT, services, investment, etc) and foster further regional integration, where possible. In this process, upon request of ACP countries and subsequent to initialling the iEPA, the EU revisited certain provisions already contained in the iEPAs (such as export taxes, infant industry, standstill, etc.) in order to include revisions in the comprehensive regional EPA. Requests multiplied as, issues specific to an area in one negotiation were often taken up by a neighbouring configuration. In many cases, the texts are now agreed upon formally between negotiators (SADC, ESA, EAC). As negotiations advanced and issues were addressed and mostly resolved, it became increasingly difficult for countries and regions to sign the iEPAs previously initialled, since they not include these new provisions. On the other hand, from the EU's perspective, advanced provisional application of the iEPAs, made possible through Regulation 1528/2007, was predicated upon the iEPA that was initialled being signed and applied.

Status	Agreement	Comments
<i>Signed agreements approved by the EP</i>	Cariforum	Signed on 15 October 2008 and approved by the EP on 25 March 2009. Provisionally applied.
	Côte d'Ivoire	Signed on 26 November 2008 and approved by the EP on 25 March 2009.
<i>Signed agreements</i>	Cameroon	Signed on 15 January 2009.
	SADC	Signed by the EU and by Botswana, Lesotho and Swaziland on 4 June 2009. Mozambique signed the agreement on 15 June 2009. <u>Namibia</u> has indicated it is not ready to sign.
	Pacific	Signed by the EU and Papua New Guinea on 30 July and by Fiji on 11 December. PNG applies provisionally.
	ESA	Signed by the EU and by Madagascar, Mauritius, the Seychelles and Zimbabwe on 29 August 2009. Seychelles have ratified. <u>Comoros</u> and <u>Zambia</u> have not yet signed.
<i>Signature pending</i>	Ghana	<u>Ghana</u> and European Community signature arrangements are pending.
<i>Signature put on hold</i>	EAC	<u>EAC</u> has indicated it is not ready to sign the iEPA

### 3. PROGRESS IN NEGOTIATIONS

Negotiations towards more comprehensive and inclusive EPAs have continued in parallel to the process towards signature of the interim agreements. The EU approach is based on the Cotonou Agreement and the negotiation directives of 12 June 2002. These foresee comprehensive, regional arrangements that include trade in goods, trade in services and investment as well as a range of trade related rules such as competition policies, trade facilitation, sanitary and phytosanitary standards, protection of intellectual property rights, trade and environment and labour standards. Development cooperation clauses are also discussed. The following table provides a state of play of the negotiations in each region.

The following timetable provides a state of play of these negotiations.

Region	Prospects
West Africa (WA)	Parties continue to engage on a regular basis. The latest WA market access offer presented in March 2010 covers near to 70% of tariff lines and trade volume. The EU adopted Council Conclusions in May to demonstrate its support to the EPA development package (PAPED). Both parties are committed to finalize an inclusive trade and development agreement including trade in goods, development cooperation and certain trade related issues as soon as possible. Success will depend on progress on outstanding issues (Most-favoured

	<p>Nation clause –MFN–, regional levies, non-execution clause, market access offer and Rules of Origin). Services negotiations should, in principle, have started since January 2010 and other rules would be negotiated immediately after signature of the agreement.</p>
Central Africa	<p>Discussions on the draft EPA were well advanced. However, no progress was made since a last meeting in February 2009. Difficulties remain on financing of accompanying measures, MFN, regional taxes, non-execution and market access.</p> <p>A Central African Trade Ministers meeting in February 2010 decided to re-engage in negotiations with EU; however, they issued new orientations effectively hardening the CA position and backtracking from the 2008 CA market access offer. There have only been informal contacts since then.</p>
East African Community (EAC)	<p>Regular discussions on a comprehensive EPA are underway at all levels. A Ministerial meeting was held in Dar Es Salaam on 9 June 2010.</p> <p>A roadmap for discussing and concluding by the end of 2010 on all remaining issues including services, investment, IPR, government procurement and competition was agreed in February. It is essential to make progress towards a mutually acceptable EAC development co-operation matrix. Other outstanding issues in the talks are the "MFN clause" and export taxes.</p>
Eastern and Southern Africa (ESA)	<p>After the signature of interim agreement with four partners, negotiations to reach a more comprehensive and inclusive agreement, possibly including variable geometry, are to continue. ESA Ministers had a first contact with the new Trade Commissioner in April followed up by an exchange of letters confirming the principles of their engagement - need for flexibility and mutual trust - on the way forward to conclusion.</p> <p>The main outstanding issues are the degree of liberalisation and transition periods, development assistance, export taxes, agriculture safeguards, MFN and rules of origin.</p>
Southern African Development Community (SADC) EPA group	<p>After the signature of the interim agreement by 4 SADC partners, the region agreed to work towards a broad and inclusive trade and development agreement, including chapters on services and trade-related aspect. This would address all outstanding issues for which a number of provisions (such as export taxes, infant industries or safeguards) have already been agreed.</p> <p>To help SACU implement its CET, the Commission proposed to align the iEPA with the Trade and Development Cooperation Agreement applicable to South Africa. In February 2010, the five SACU members informed that they did neither intend to provisionally apply nor - in the case of Namibia - to sign the iEPA. Rather they propose to focus on reaching an "inclusive" and comprehensive agreement with the whole group.</p>
Pacific	<p>The last meeting took place in September 2009. Issues to be resolved in the regional negotiations towards a comprehensive agreement are Rules of Origin applying to fishery products and a fisheries chapter, the MFN clause, export taxes, provisions to protect infant industries and the non execution clause. Services would be covered by a rendezvous clause.</p> <p>Given the specificities of the region and slow progress, prospects for a comprehensive regional EPA are currently unclear. Nevertheless regional negotiations will continue for the time being if our partners so</p>

	wish. Alternatively one could build on the existing iEPA in a flexible way by bringing in more countries and gradually expanding the scope, an option increasingly favoured by some in the region.
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#### **4. PROGRESS WITH IMPLEMENTATION**

Under Regulation 1528/2007, the EU has already been applying the improved EPA market access to all ACP countries that initialled an agreement since end 2007.

##### **4.1. Caribbean**

The CARIFORUM EPA was signed on the 15<sup>th</sup> October 2008 by the EU and all CARIFORUM States<sup>1</sup> and entered into provisional application on 29 December 2008. Haiti signed the agreement on 10 December 2009, after having agreed with the EU on adjusting some of its commitments on tariffs. The Bahamas signed a services and investment deal with the EU on 27 January 2010. The EPA Council, held on 17 May 2010, adopted the rules of procedure and started exchanges on implementation. The Trade and Development committee is foreseen to meet some time in the summer of 2010.

The challenge now is implementation. Apart from Haiti which is currently unable to ratify the agreement in the aftermath of the earthquake, the CARIFORUM side needs to successfully overcome their difficulties – between CARICOM and the Dominican Republic – to co-operate.

##### **4.2. Ivory Coast**

The Interim agreement with Côte d'Ivoire was signed on 26<sup>th</sup> November 2008 and was formally notified to the WTO. The agreement is not yet provisionally applied. Indeed, implementing iEPA commitments would be problematic for ECOWAS Common External Tariff (CET) still to be agreed and the existing UEMOA CET; but provisional application of the iEPA would allow us to formally agree a solution and manage jointly an alignment with the prospective regional integration agenda.

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<sup>1</sup> With the exception of Guyana that signed the EPA on 20<sup>th</sup> October 2008.

### **4.3. Cameroon**

The Interim agreement with Cameroon was signed on 15<sup>th</sup> January 2009. The agreement was formally notified to the WTO, but is not yet provisionally applied. According to the Cameroonian constitution, iEPA must be ratified by the parliament before any implementation. However, Government has still not put the agreement on the agenda of the Parliament for ratification.

### **4.4. Pacific**

The Interim agreement with the Pacific was signed by Papua New Guinea on 31 July 2009 and by Fiji on 11 December 2009. Papua New Guinea has started to provisionally apply since 20 December 2010, and Fiji said it will follow in due course.

### **4.5. Other regions**

The Interim agreement with ESA, EAC and SADC countries cannot be implemented before they have been signed by all partners who have initialled them.

## **5. AID FOR TRADE**

Following up to the 2008 Council conclusions, the Commission and EU Member States have engaged with ACP regional organisations and countries as well as with other donors, to prepare regional aid for trade packages that set out support for EPA implementation and regional economic integration. These packages, developed around the regional integration agendas and the specific roadmap of each ACP region, will build on, and complement, the existing and planned support for EPA implementation and regional economic integration provided by the regional and national programmes of the 10<sup>th</sup> European Development Fund (EDF).

Intense co-operation between the EC and MS has already led to the development of an EU response to the EPA Development Programme (PAPED), which includes the regions' Aid for Trade needs. The programme involves considerable investments to the tune of €9.5 billion over 5 years, but is considered to be valid and realistic, although absorption capacity may be an issue. EU sources (Member States, EIB and available EDF funds) are estimated to be in a position to cover 65% of required funding. The Pacific Region has already adopted its Aid for Trade strategy, the Caribbean has set up a Roadmap as inventory of their Aid for Trade needs. The EAC, ESA and SADC regions are preparing a Tripartite Roadmap, which should also include an overview of needs for further regional integration and EPA implementation. EAC is also developing its own EPA development matrix, which includes regional Aid for Trade needs related to the EAC EPA.

All six 10<sup>th</sup> EDF regional programmes focus on Trade and regional integration, in anticipation of EPA implementation needs, which were adopted in 2008 and 2009 (for Central Africa). Regional Organisations and the European Commission are currently working on the implementation of these regional programmes with a view to improve the coherence between support at national and regional level, and to enhance the coordination of support with EU Member States and other donors. In the ESA region, commitments reached already close to €120 million in the first year of the programme, whereas Pacific and Caribbean regions have prepared substantial commitments under the 10<sup>th</sup> EDF for 2010.

## **6. EUROPEAN PARLIAMENTARY ASSENT**

The European Parliament gave its formal assent to the CARIFORUM (Caribbean) EPA and Côte d'Ivoire interim agreement in 2009. The Pacific EPA was submitted by Council to European Parliament in February 2010.

The Cameroon interim agreement is also signed but the Council has not yet formally passed it to the European Parliament. Council has also not sent the remaining agreements to Parliament, for which signature of some parties to these are still missing.



## ANNEX 1: CURRENT TRADE REGIME BY ACP COUNTRY

Region	Countries ( <u>LDCs underlined</u> )	Non LDC	LDC
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### Comprehensive EPA (signed and provisionally applied)

CARIFORUM	Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, <u>Haiti*</u> , Jamaica, St. Lucia, St. Vincent, St. Kitts and Nevis, Suriname, Trinidad and Tobago	14	1
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### Interim Agreements (some signed, none implemented)

SADC	Botswana, <u>Lesotho, Mozambique</u> , Namibia, Swaziland	3	2
Pacific	Fiji, Papua New Guinea	2	0
EAC	<u>Burundi</u> , Kenya, <u>Rwanda, Tanzania, Uganda</u>	1	4
ESA	<u>Comoros, Madagascar</u> , Mauritius, Seychelles, <u>Zambia</u> , Zimbabwe	3	3
Central Africa	Cameroon	1	0
Western Africa	Côte d'Ivoire, Ghana	2	0
<b>Total</b>		<b>26</b>	<b>10</b>

### General System of Preferences (GSP, including EBA)

Central Africa	<u>Central African Republic</u> , Rep. Congo, <u>DR Congo (Kinshasa)</u> , <u>Chad</u> , <u>Equatorial Guinea</u> , Gabon, <u>São Tome</u>	2	5
West Africa	<u>Benin</u> , <u>Burkina Faso</u> , Cape Verde*, <u>Gambia</u> , <u>Guinea</u> , <u>Guinea Bissau</u> , <u>Liberia</u> , <u>Mali</u> , <u>Mauritania</u> , <u>Niger</u> , Nigeria, <u>Senegal</u> , <u>Sierra Leone</u> , <u>Togo</u>	1	13**
ESA	<u>Djibouti</u> , <u>Eritrea</u> , <u>Ethiopia</u> , <u>Malawi</u> , <u>Somalia</u> , <u>Sudan</u>		6
Pacific	Cook Islands, <u>East Timor</u> , <u>Kiribati</u> , Marshall Islands, Micronesia, Nauru, Niue, Palau, <u>Samoa</u> , <u>Solomon Islands</u> , Tonga, <u>Tuvalu</u> , <u>Vanuatu</u>	7	6
SADC	Angola		1
<b>Total</b>		<b>10</b>	<b>31</b>

### Trade, Development and Co-operation Agreement

South Africa		1	
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<b>Total</b>		<b>37</b>	<b>41</b>
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\* Haiti does not yet provisionally apply, pending ratification by the Haitian Parliament.

\*\* Cape Verde is no longer an LDC, but graduated recently and still qualifies for EBA until end-2010

## ANNEX 2: EPA NEGOTIATING REGIONS

### (i) CARIFORUM (Caribbean Forum of ACP States)

CARIFORUM consists of the Caribbean Community (CARICOM) and Dominican Republic

Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Vincent, St. Kitts and Nevis, Suriname, Trinidad and Tobago

### (ii) Central Africa

The regional negotiators for Central Africa are CEMAC / CEEAC (Communauté Économique et Monétaire de l'Afrique Centrale / Communauté Economique Des Etats De L'Afrique Centrale)

Cameroon, Gabon, Equatorial Guinea, Congo Brazzaville, Democratic Republic of Congo (DRC), Chad, Central African Republic, São Tomé e Príncipe

### (iii) West Africa

The regional negotiator for West Africa is CEDEAO / ECOWAS (Communauté Economique des Etats de l'Afrique de l'Ouest / of Economic Community West African States) in collaboration with UEMOA (Union Economique et Monétaire Ouest Africaine)

Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo

### (iv) The Southern Africa Development Community (SADC) EPA Group

The SADC secretariat assists the SADC EPA group in negotiations

Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland

### (v) The Eastern and Southern Africa (ESA) EPA Group

The COMESA (Common Market for Eastern and Southern Africa) secretariat facilitates negotiations for the ESA EPA group

Comoros, Djibouti, Eritrea, Ethiopia, Malawi, Mauritius, Madagascar, Seychelles, Sudan, Zambia, Zimbabwe

### (vi) The East African Community (EAC)

The East African Community (EAC) Secretariat co-ordinates negotiations for the EAC States

Burundi, Kenya, Rwanda, Tanzania, Uganda.

### (vi) Pacific

The Pacific ACP Countries are negotiating as a region, assisted by the Pacific Islands Forum Secretariat

Cook Islands, Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu