EU-EAC ECONOMIC PARTNERSHIP AGREEMENTS
NEGOTIATIONS: CURRENT STATUS

Prepared by:

Monica A. Hangi

The Economic and Social Research Foundation (ESRF),
51 Uporoto Street, (off Ali Hassan Mwinyi Road), Ursino Estates,
P.O Box 31226, Dar es Salaam, Tanzania,
Phone: (255-22) 2760260, 2760751/2,
Mobile: (255-754) 780133 Fax: (255-22) 2760062
Email: esrf@esrf.or.tz Web: www.esrf.or.tz

April, 2009
THE ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) and the ACP-COUNTRIES

Economic Partnership Agreements (EPAs) are defined by the Cotonou Agreement as the major instrument of economic and trade co-operation (EC, 2002). Generally, EPAs are referred to as a new framework for trade cooperation between member countries of the ACP and the European Union. This co-operation is built around trade liberalization involving opening up of the markets for products from each side through reducing tariffs and removing non-tariff barriers to trade (creating a Free Trade Area between the ACP countries and the EU).

The Economic Partnership Agreements (EPAs) are an evolution of long historical ties between Europe and the African-Caribbean-Pacific (ACP) countries. EPAs replace the previous market access regime of unilateral preferences for ACP countries, which became open to challenge in the WTO by other developing countries. The thought originated from a recognized need of cooperation between Europe and the former (and current) colonies. Article 36 of the Cotonou Partnership Agreement (CPA) which was signed in June 2000, provided for comprehensive negotiation of WTO trade regime between ACP and EU: The EPAs. These negotiations were officially launched in Brussels on 27th September, 2002 and were planned to be conducted in two phases:

1. The first phase conducted at "All-ACP"-EU level and takes on board cross-cutting themes of interest to all parties concerned, mainly: Legal matters, the development "dimension" of the EPAs, Agriculture and Fisheries agreements, Services, Market access and trade-related matters.

2. The Second phase conducted at ACP national and regional level with spotlight on specific commitments.

1 The dilemma was how to safeguard the development requirements of the ACP while respecting international rules.
1.1 Objectives of the EPAs

The Cotonou Agreement stated clearly the overall and specific objectives of the EPAs; whereas the general objective is to ensure an overall sustainable development of the ACP States, their smooth and gradual integration in the world market, and eradication of poverty.

Specifically, the EPAs have got a number of objectives:

- enhancing sustainable growth,
- increasing production and supply capacities of the ACP countries, and
- promoting structural processing and economic diversification of the ACP states while supporting regional integration.

In order for the EPAs to achieve these objectives, a number of principles were designed and agreed upon. These fundamental principles include:

a) Sustainable Development-Oriented EPAs:

The EPAs should serve as instruments of development that contribute to the promotion of gradual and smooth integration of the ACP states in world economy while respecting their political options and development priorities, promoting thereby their sustainable development and contributing to the eradication of poverty in the ACP states and not an end in themselves. In this context, the European and ACP parties agreed that the EPAs contribute directly to the development of the ACP states while helping them to expand their markets and improving the predictability and transparency of the legal framework governing trade, creating thereby suitable conditions for investment growth and the mobilization of private sector initiatives in order to improve the supply capacity of the ACP States. To this end, the EPAs should take account of the economic, social, environmental and structural constraints specific to each ACP state and region concerned, as well as their capacity to adapt their economies to the EPA process. The EPAs should also take on board the development guidelines of the countries and regions concerned.
b) ACP Unity and Solidarity (Regional integration):

The EPAs should support the existing regional integration initiatives in the ACP states and not compromise them. They should therefore be based on the integration objectives of the ACP regions concerned. They should also contribute to the reinforcement of regional integration while promoting, among other things, the harmonization of the regulations at regional level. In this perspective, the EPAs should first of all help to consolidate the ACP markets before promoting commercial integration with the EC.

c) Preservation and Improvement of the Lome Acquis:

The two sides agreed that the EPAs maintain and improve upon the current level of preferential access of ACP exports to the European market. As regards the commodity protocols, the two sides agreed to re-examine them in the context of the new trade agreements especially from the viewpoint of their compatibility with the WTO rules, in order to safeguard the advantages accruing thereto in the light of the special legal status of the sugar protocol. As regards the non-LDC ACP states which will not be in a position to conclude EPAs, both sides have agreed that the EC assess the situation of such countries and explore all the possible avenues in order to provide them with a new framework equal to their existing situation and compatible with the WTO rules.

d) Compatibility with WTO Rules:

An agreement has been reached on the fact that the EPAs should be compatible with the WTO rules in force at the time of their conclusion and that they should take into account the evolutionary nature of the relevant rules especially in the framework of the Doha Programme for Development. The two sides have agreed to cooperate closely in the framework of the WTO negotiations with a view to defending the agreements concluded especially as regards the degree of flexibility.

e) Special and Differential Treatment:

The two sides agreed that a special and differential treatment be accorded all ACP States, especially the vulnerable LDCs and the small landlocked and island countries.
f) Flexibility:

The EU has been urged for flexibility on the ACP countries during negotiations and moreover, more flexibility should be injected on the WTO rules so as to make the future EPAs compatible with WTO.

g) Sustainability:

EPAs will have significant implications for the socio-economic and political fabric of ACP States. The positive impact of EPAs needs to be maximized and their adjustment costs minimized so that their implementation is sustainable. In addition, EPAs should result in trade creation and not in trade diversion so as to avoid any welfare loss. Sustainability should be a guiding principle and should be viewed in terms of the adjustment costs, the social and political implications, the institutional and human resource capacities of the ACP states; and the stability of the ACP states.

h) Coherence and Consistency:

It has been agreed that, it is essential for ACP States to maintain overall consistency in their development strategies and to adopt a coherent position in the various negotiations in which they are involved, whether with the EU, in the WTO, at the regional/sub-regional level or with third countries, so that they can derive the best possible results from the EPA and other negotiations.

i) Legitimacy:

EPAs should establish their legitimacy in ACP States, particularly as regards their contribution to the sustainable development of those countries. In this regard, it will be essential that the negotiation process be paralleled by concerted efforts to generate within the ACP and EU States

Five products; Petroleum, Diamonds, Cocoa, Fish and Wood products, from 9 ACP countries totaled a 60 per cent of the entire export products from ACP to the EU.
1.2 Advantages and Disadvantages of the EPAs

A number of positive scenarios have been predicted in line with the EU-ACP EPAgreements

- Strong Integration between the EU and the ACP
- Promotion of ACP economic liberalization
- Deep integration among ACP countries
- Increased access for the EU companies into the ACP countries (North-South relationship)

However, other aspects have been pointed out as disadvantages:

- ACP countries will appended to the EU productive systems
- ACP countries will end up being cheap sources of inputs and primary commodities
- Industrial Development in ACP will be suppressed
- Hindrance to Trade Diversification
- Fragmentation or disintegration of regional blocs
REGIONAL NEGOTIATIONS ON THE ECONOMIC PARTNERSHIP AGREEMENTS (EPAs)

At first, the EPA negotiations were made at an 'All-ACP'-EU level, where as from September 2002 to September 2003, the ACP countries agreed to negotiate on the following six groups:

- **Market access**: Including, among others, rules of origin; trade facilitation including customs procedures; non-tariff barriers to trade including standardization and certification; safeguards; product coverage and transitional periods;

- **Agriculture and fisheries agreements**: Including, among others, commodities and commodity protocols; sanitary and Phyto-Sanitary measures;

- **Trade in services**: Including, among others, labour, business, distribution, financial, tourism, cultural, construction and related engineering services, air and sea transport, information and communication technologies;

- **Trade-related issues**: Including, among others, competition policy, intellectual property rights, trade and environment;

- **Development Cooperation issues**: Including, among others, supply side constraints, transport and telecommunication infrastructure, energy, investment promotion and protection schemes, technologies, capacity building, debt and financial support and other measures to address adjustment costs;

- **Legal issues**: Including, among others, dispute settlement, legal status of the Agreement(s), institutional matters, and WTO compatibility.

Certain cross-cutting subjects such as special and differential treatment, sanitary and Phyto-Sanitary measures and safeguards could be dealt with in more than one negotiating group.

Most countries in the developing world belong to more than just one regional bloc. Due to this, it was later discovered that some countries could be affected in the process of implementing the agreements once fully signed up for. Hence, regional negotiations were opted for. Currently, the EU is negotiating for these agreements with the ACP countries under six (6) regional groupings/blocs:
• Central Africa\(^2\): where Cameroon is the only country which signed a goods-only interim EPA.

• Eastern Africa (EAC)\(^3\): where an interim Framework Economic Partnership Agreement has been initialed.

• Eastern and Southern Africa (ESA): The EU has initialed an interim EPA with 6 of member countries under this category\(^4\). A full fledged EPA is expected to be signed by July, 2009.

• Pacific\(^5\): where only two countries have initialed an interim with the EU. However, the negotiations are being made as a region.

• Southern Africa (SADC)\(^6\): where eight countries are negotiating under the region and the remaining countries are negotiating with other regions.

• Western Africa\(^7\): where its only two countries initialed bilateral interim EPA.

In total then, the European Union is so far said to have signed interim of full EPAs with 36 countries within the ACP regions. Caribbean countries which are in the CARIFORUM\(^8\) region have already signed a full-fledged EPA with the European Union. However, the signed agreement excludes the agricultural and processed agricultural products; some chemicals, furniture and other industrial products.

\(^2\) Cameroon, Congo, Gabon, Chad, Central African Republic, Democratic Republic of Congo, Sao Tome e Principe and Equatorial Guinea

\(^3\) Tanzania, Kenya, Uganda, Rwanda and Burundi

\(^4\) Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe

\(^5\) Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

\(^6\) Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, South Africa, Tanzania, Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Zambia and Zimbabwe

\(^7\) Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea, Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo

\(^8\) Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Surinam, and Trinidad and Tobago
The EAC established a Customs Union in 2005 (by 2010, a full fledged union with zero internal tariffs is anticipated). The EAC is fast tracking its economic integration process and has so far started negotiating on the establishment of a common market. The integration agenda of the EAC is strongly political in nature as its ultimate goal is to become a federation.

The East African Community (EAC) Partner States on one side and the European Union (EU) on the other side initialed a Framework on Economic Partnership Agreement (FEPA), at times referred to as an interim agreement, on the 27th November 2007 in Kampala Uganda which is to be applied provisionally after it has been signed and ratified until July 2009 when comprehensive and full EPA is expected to be signed by both parties.

The framework agreement is comprised of Trade in Goods Market Access, Development Cooperation and Fisheries. The framework of agreement as well includes a simplification of rules of origin for clothing products. What does this mean then? It means, clothing companies established in the EAC will be able to source fabrics from all over the world and export their products to the EU free of duties and with no quota restrictions. The framework agreement provide for flexibility to exclude sensitive products from liberalization since most of them are agricultural goods. The agreement has also prioritized the need to provide shelter for growing industry from external competition. Sensitive industrial sectors have been excluded from liberalization and an 'infant industry clause' has been agreed that will allow EAC countries to reinstate tariffs in future if they wish to protect a growing industry.
3.1 Framework Clusters in the EU-EAC EPA Negotiations

3.1.1 Trade in Goods Market Access

The value of total trade flows between the EAC and the EU (27) is about 0.12% of EU imports; exports to the EU being dominated by a few products such as plants, flowers, coffee, vegetables, fish and tobacco. The EU mainly exports machinery, chemicals and vehicles to the EAC. (Fact Sheet on the interim of EPA, 2009)

On 1st January, 2008, the EC granted the EAC a market access offer consisting of Duty Free Quota Free (DFQF) with transitional arrangements for rice and sugar. Export of rice will continue to attract tariff until January, 2010 while exports of sugar will attract tariff until October, 2009. The EAC on its part gave the EU an offer consisting of 82.6 percent liberalization of her imports from the EU over a transitional period of 25 years, that is 65 per cent by 2010, 80 per cent by 2023 and the remainder by 2033 (this offer consists of an exclusion list of 18 per cent as well). In the list are products whose tariffs are not going to be phased down of which most of them are agricultural products, agro based products and some sensitive industrial products.

The phasing down of tariff will be done in phases and will follow the three band tariff structure of the EAC Common External Tariff (CET) of 0, 10 and 25 percent.

- The first phase will be done immediately after the interim EPA comes into force of which consists of 64 percent of the total trade between EAC and EU. These are zero rated products which were unilaterally liberalized by the EAC Partner States before the EPA negotiations. They include Machinery, Raw materials, Industrial chemicals and Essential medicines.

- The second phase will start immediately after the first phase, of which includes 10 percent rated products which will be phased down gradually for 15 years. This group comprises of intermediate goods and amounts to 16 percent of the total trade between the EAC Partner States and the EU.
The last phase will comprise the group of products which attracts 25 percent tariffs. These are consumer goods and they amount to 2 percent of the total trade between EAC and EU. They will be phased down in 10 years.

In reality the EAC has liberalized only 18 per cent of her market over the transition period of 25 years because most of the trade had been liberalized unilaterally even before the Framework agreement was initialed.

3.1.2 Development and Economic Cooperation

On economic and development cooperation, both EU and EAC affirmed their recognition of development needs for the EAC region and their commitment to ensure that EPA is an addition for development that will promote and consolidate regional integration and aid the integration of EAC into the global economy. The parties agreed to work together to define and address the development needs associated with the EPA in order to promote sustained growth, strengthen regional integration and foster structural transformation and competitiveness to increase production, supply capacity and value addition of the EAC countries. The EU confirmed that it will contribute towards the resources required for development under the 10th European Development Fund (EDF) Regional Indicative Programme, Aid for Trade and the EU budget.

3.1.3 Fisheries

The agreement contains an extensive fisheries chapter, mainly aiming at reinforcing cooperation on sustainable use of resources. Also EAC has been given a quota of Tuna fish of about 2000 tons to be shared between Kenya and Tanzania.

3.2 Further Negotiations leading to Comprehensive EPA Negotiations

In November 2007, it was noted that within the very short time remaining until the expiry of the Cotonou Agreement trade regime (on 31st December 2007), it would not be possible to conclude a comprehensive EPA that fully addresses the aspiration of the Parties. They therefore resolved to work towards a Framework Agreement as a stepping
stone towards a comprehensive and full EPA. The areas which were agreed to be discussed upon after the deadline were:

- Outstanding trade and market access issues which include
  - Rules of origin
  - Customs and trade facilitation
  - Sanitary and Phyto-Sanitary measures
  - Technical Barriers to Trade
- Services
- Agriculture
- An elaborated dispute settlement mechanism and institutional arrangement
- Trade related issues namely
  - Competition policy
  - Government procurement
  - Investment policy and Private Sector Development
  - Intellectual Property Rights
  - Trade, Environment and Sustainable Development
- Any other area that the Parties may find necessary.

Specifically, the EAC Partner States and the EC Party started negotiations on the outstanding trade and market access issues by correcting errors and omissions in framework text. In the EAC market access offer, this work has been successively completed. The offer and the framework text are now ready for signing and ratification before it comes into force. Other areas whose negotiations have started are as follows:

3.2.1 Customs and Trade Facilitation

In principle, both parties have agreed on the text on Customs and Trade Facilitation. However, the parties have reservations on the use of the words “most convenient/designated” in Article 5.1 concerning transit trade. EC wanted to use the word “most convenient” while EAC wanted to use the word “designated.” The parties agreed to replace the word ‘designated’ with the phrase “most convenient” and introduce a new paragraph after paragraph 1 to read as “A Party may require that traffic in transit through its territory be entered at the proper customs house through designated routes.”
Should a Party require the use of such routes, it shall do it in full compliance with Article V (3) of GATT’.

3.2.2 Sanitary and Phyto-Sanitary (SPS) Measures

Both parties have as well agreed on the text of SPS chapter; however, one issue remains outstanding that is, the interpretation of compartmentalization under “zoning” whereby EC wanted to delete the paragraph concerning compartmentalization and EAC wanted to retain it. On Article 34, both Parties agreed to include compartmentalization in the subtitle so as to read “zoning” and compartmentalization”. And delete the second paragraph of that article.

3.2.3 Technical Barriers to Trade (TBT)

EU and EAC have both agreed on the text on Technical Barriers to Trade. However, there are two issues remained outstanding namely: the interpretations of Technical Regulatory Bodies and Mutual Recognition Agreements as used in the proposed TBT text. Both parties agreed to hold expert meeting before the next round of negotiations.

3.2.4 Rules of origin (RoO)

This is one of the outstanding trade and market access issue which has not yet been negotiated. Preparations for negotiating the chapter are at a high level, including finalizing a study at regional level.

3.3 Outstanding Areas for Negotiations in EAC

Within EAC, there are a number of areas that have remained un-negotiated to date. These areas are:

3.3.1 Trade in services

Trade in services is a bit controversial because most of the EAC countries are LDC except Kenya which is developing. According to Article iv and xix of the General Agreement on Trade in Services (GATS) and WTO modalities, LDCs are exempted from binding
commitment though are encouraged to do so. However, EU is pressing for binding commitment and this is the tricky part on this subject.

3.3.2 Agriculture

This area also has some complications; apparently due to its sensitivity to both EAC and EU. Preliminary discussions have shown that EU would not like to discuss anything about domestic support for the reason that they are discussed in WTO, while they are willing to discuss tariff cuts on the same subject. Such double standard of dealings is complicating this issue.

3.3.3 Economic and Development Cooperation

According to the Cotonou Agreement and the negotiating mandate of the Parties, EPAs are supposed to be instruments for development. Given the development impetus in the EAC, this shared emphasis and commitment is well come.

However, the European Commission negotiators don’t seem to have shared the same understanding as the EAC negotiators on how development in EAC will be achieved. In the details of the negotiation positions, the European negotiators stress on Economic liberalization as a solution. EC negotiators view development mainly as a process of trade liberalization and of adopting rules prohibiting discriminations against foreign investors and foreign bidders for government contracts. These contradictory ideas are making the subject controversial.

3.3.4 Trade related issues

These issues are: The Competition policy; The Investment and private sector development; The Trade, environment and sustainable development; The Intellectual property rights; and Transparency in public procurement.

This is the area which in WTO has been removed from negotiations. However, EU is still stressing that it should be discussed in EPAs. On compatibility of EPAs with WTO rules the Cotonou provides that EPAs would be compatible with the rules “then” prevailing. This meant that WTO negotiations were to be concluded ahead of EPA negotiations. The
complication is that EPA negotiations are going ahead of WTO negotiations. This situation becomes more complicated when it comes to the trade related issues.

3.4 Implications of EPAs to the EAC

This includes both, positive and negative, implications:

- EPA will lead to a closer economic integration between East African countries and the EU; thereby further enlarge the market for these countries. This enlarged market, governed by a stable, transparent and predictable framework for trade, will allow for economies of scale, improve the level of specialization, reduce production and transaction costs and altogether help to increase competitiveness. This will lead to an increase in trade flows, technology and investment in the country and hence promote sustainable development and contribute to poverty reduction.

- The newly signed EAC Customs Union will as well get a positive boost from EPA negotiations and regarding the Common External Tariff, final solutions will be easily obtained once member countries sign EPA with EU.

- EPA will contribute to trade policy reforms within the member countries, introducing increased openness as well as transparency. EPA will consolidate and lock-in these reforms, thereby make these policies more predictable and less reversible. This will help to mobilize economic operators and to attract foreign investment.

Negatively;

- The loss of government revenue is taken as a short term and static consequence of EPA since long term, more dynamic consequences, are more important. These long term dynamic effects are mentioned above such as economies of scale, increased efficiency and productivity changes as a result of greater competition. An increased unemployment rate is as well anticipated which will at the end provoke economic insecurity and political instability within the region.
Due to the EPAs, the provision of health, education and other basic social services will only be available to those who can pay for them. Low income groups, the peasants and the unemployed will have less access to fewer basic social services; and

Dumping of cheap EU agricultural surpluses (diary products, cereals, beef etc) is seen as a threat to the viability of agriculture and agri-processing industries, particularly for small scale farming sector which does not receive state support. Rural economies will collapse hence increasing insufficiency and food insecurity.

3.5 Way Forward with EAC-EU EPA Negotiations

EAC and EC met in March 2009, during which areas such as Services and Agriculture were expected to be opened for negotiations for the first time. New issues were as well meant to be introduced in the negotiation these are, competition policy, intellectual property rights and government procurement (the idea which is not shared by Tanzania). Concerning Development, a very brief discussion and at a technical level, was anticipated during this meeting because most of the areas have been agree upon.

It is expected that the full and comprehensive EPA will be signed in July 2009. However, that seems to be an ambitious goal for EAC to achieve based on the following reasons:

- The pace of negotiations is fairly slow as evidenced by the fact that even the few areas in which negotiations have started are to date not yet concluded. This is due inflexible positions taken by EU in the areas of negotiations

- A good number of the outstanding issues such as Trade In services, Rules of Origin etc. require intensive studies especially on the EAC party.
EU-EPA NEGOTIATIONS WITH THE EASTERN AND SOUTHERN AFRICA (ESA)

Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe are the countries which are negotiating for the EPAs with the EU under the ESA region. These negotiations for the second phase were launched on February, 2004. As it can be observed however, a number of countries such as Kenya, Burundi, Uganda and Rwanda (except Tanzania) belong to the EAC region. By 2008, five members had initialed a series of Interim EPAs, with separate tariff-elimination commitments, under the title of the ESA EPA (Mauritius, Seychelles, Comoros, Madagascar and Zimbabwe), while another seven countries, all LDCs, had declined to initial an Interim EPA (Djibouti, Somalia, Eritrea, Ethiopia, Sudan, Malawi and Zambia) and were trading with the EU under the EBA initiative.

The ESA region agreed to negotiate for the EPAs in six clusters, there are: Development Issues, Market Access, Agriculture, Fisheries, Trade in Services, and Trade related Issues. And these negotiations were meant to be negotiated in three phases: priority setting, substantive negotiations and finalization; and currently the region is on the substantive phase.

Currently, the region is developing negotiating positions in various areas such as trade facilitation, investments and competition policy. The main ESA mandate on Trade Related Issues stresses need for necessary capacity building, promoting effectively functioning regional market and support to existing ESA policies/reforms; however, ESA has refused to agree on transparency on public procurement. On the issue of Agriculture, the ESA group has raised major key issues including on food security (where the EC agrees); and the safeguarding benefits from commodity protocols (where the EC hasn’t agreed on this) – implying a very limited progress on the aspect of agriculture. On the cluster of services; the ESA is working on its option based on the emerging regional Trade in Services framework and EC is ready to offer access to services including cross border movement of
persons. There is currently a very limited progress on institutional and legal provisions; with a joint draft text in place for fisheries.

4.1 Challenges in the ESA-EPA Negotiations

There are number of challenges which are facing the countries negotiating under this region, including:

- Like most other countries in other regions, most ESA countries also have inadequate human and technical resources/capacities to effectively engage in the EPA negotiations. There are numerous trade negotiations going on including for the World Trade Organization (WTO), at regional and bilateral levels hence adding on the already existing burden.

- There is a major issue of funds to ensure that enough studies on the subject are carried out, to raise awareness and even in organizing meetings that will bring together negotiators and key people involved in these negotiations. Countries in this ESA Group has been highlighting the need for additional resources as well as the bureaucratic and cumbersome procedures that they encounter in accessing European Development Fund (EDF) funds; all this calls for more flexible procedures.
EU-EPA NEGOTIATIONS WITH THE SOUTHERN AFRICA DEVELOPMENT COMMUNITY (SADC)

Regional EPA negotiations between the Southern African Development Community (SADC) and the European Union were officially launched on July, 2004 (with an aim of finalizing the negotiations by 2007) in Namibia and a joint roadmap providing the framework to guide the negotiations was adopted by the two parties. These negotiations, for the entire region, are officially being coordinated by the Ministry of Industry and Trade of Botswana. Seven (7) member countries are negotiating the EPAs with the EU under the SADC region, these are: Angola; Botswana; Lesotho; Namibia; Mozambique; Swaziland and Tanzania (where South Africa is participating in the SADC EPA configuration as an observer).

The negotiable subjects between SADC and the EU are: Development Dimensions/Regional Integration; Sanitary and Phyto-Sanitary measures; Standards/Technical Barriers to Trade; Market access for Agricultural, Non-agricultural and Fisheries products; Rules of Origin; Trade facilitation and customs cooperation; Legal issues; Other trade related measure; and the Trade in Services. However, it was agreed with the EU that priorities for consideration in 2005 would be sanitary and Phyto-Sanitary measures, standards and technical barriers to trade, and regional integration.

5.1 Challenges in the SADC-EPA Negotiations

According to the SADC secretariat, the main challenge for SADC-EPA is to ensure coherence of positions and avoid conflicts in trade policy and commitments. EPA negotiations have so far to a large extent divided SADC and this is undermining the Regional Indicative Strategic Development Plan (RISDP).

Other challenges include:

- Unlike the EU side, the human and financial capacities from SADC to cope with the required technical preparations are limited. The challenge is therefore to build the capacity in terms of negotiating and analytical skills (and this is at both, national and secretarial level) and manage to negotiate within the agreed time frame.
• Coordination between the SADC-EPA group and ESA-EPA group in the context of EPA negotiations is yet another challenge in view of the fact that four SADC Member States namely Mauritius, Malawi, Zambia and Zimbabwe are negotiating EPA under the ESA group. Currently, SADC is working on liberalizing trade by 2012 and COMESA (with its overlapping membership with SADC) is also planning to become a customs union in the near future. It is however not legally or technically possible for a country to belong to more than one customs union; this point is of particular relevance to Tanzania; of which has opted to be a member of the SADC-EPA group but is also part of the EAC group which is a customs union.

• An additional complication is the Everything But Arms (EBA) initiative that grants duty-free and quota-free access to least-developed countries (LDCs). Within the SADC EPA group there are a number of LDCs, including Lesotho, Angola, Tanzania and Mozambique. The question for these countries is therefore: what incentives are there for an LDC to negotiate an EPA with the EU? Important issues including rules of origin, sanitary and phyto-sanitary measures and technical barriers to trade should be well looked into by these LDCs so as to improve their access to the EU.
CONCLUSION

Are the EPA agreements between the European Union and the African regions (most especially the EAC) beneficial?

The above question is the heart of all EPA negotiations in most regions, and most especially the African regions. This is so since most countries in these regions are poor and still developing. These negotiations require to be carried out very seriously since by the signing of EPAs, the ACP countries might end up being poorer than before. Economic growth and wealth creation isn’t always the case once the national or regional markets have been opened. Being specific to EAC, the member countries are argued to prepare themselves well in these negotiations.

Since EAC has already signed the Customs Union, then negotiating EPA in two different geographic configurations by its member countries will undermine it. If for example Tanzania negotiate EPA and sign it under SADC and Kenya and Uganda sign it under ESA, there will be a problem of which Common External Tariff (CET) to be applied on goods imported from EU to EAC. This is the biggest challenge at the moment by member countries of EAC as far as its trade relation with the EU is concerned. Hence, the EAC secretariat should sit with all representatives from member countries and agree on a stand which can be taken on this issue for the benefits of the entire region.

The issue of transparency is very crucial in these negotiations. With the context of the EAC, most parties involved in these negotiations have pointed out the lack of transparency, with CSOs and even parliaments not fully involved. Hence, this will only be made possible if all nationals are informed about the EPA processes and fully participate in negotiations through various organizations such as NGOs, trade unions, research organizations and political parties.

While paying attention to the implementation of the trade reforms to facilitate trade within EAC and consequently domestic reforms, especially on the fiscal issues of taxes, the negotiators should and must as well pay attention to the effects of reforms on the peasants and workers (low class / grass root). This attention could only be paid if Trade
Unions and farmers organizations are given an opportunity to participate and share their views and to be incorporated into the to-be-signed EPA. Sufficient and very special attention should be paid to curbing unemployment.

The point here is that, EPA (free trade agreement) between the EAC countries and the European Union will not lead to the claimed long term benefits unless the issues of inequalities are addressed.

Finally, the current global financial crisis should as well be taken into consideration while negotiating for the Economic Partnership Agreement.