

THE ECONOMIC PARTNERSHIP AGREEMENT: SCHEDULE OF NEGOTIATIONS

BY

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Recent commentary in the media has given the misleading impression that the CARIFORUM (CF) countries are being forced by the European Union (EU) to conclude an Economic Partnership Agreement (EPA) by the end of 2007. It implied that this puts the Region's negotiators at a disadvantage and suggests that a more prudent course of action would be to extend the duration of the negotiations. Its most extreme exposition takes the form of the sound bite: "no agreement is better than a bad agreement". This is simply incorrect and is a disservice to the negotiating structure the apex of which is the CARIFORUM Heads of Government. The mandate to the negotiators as repeatedly reiterated by the Ministers and Heads has been to finish the negotiations on the schedule mutually designed and agreed to by the CF and the EU. The rationale of these instructions is that the Region would be worse off with an EPA in place on January 1, 2007 and to completion at a later date would put the region in a disadvantageous position.

CURRENT ARRANGEMENTS

The current arrangement is the Cotonou Agreement that was signed in 2000 after the expiration of Lome IV. It provided a framework of political and economic partnership between the African, Caribbean and Pacific countries (ACP) and Europe designed to provide the foundation on which to construct a WTO compatible successor agreement, namely the EPA. The EPA negotiations present opportunity to craft a trade arrangement with an important historical trading partner complemented and supported by development cooperation to assist in meeting the costs of adjustment, implementation and international competitiveness.

The political circumstances that allowed the preferential arrangements which were the core of the Lome agreements and the Cotonou Agreement has changed dramatically as is graphically illustrated by the erosion the EU sugar and banana regimes at the behest of developing country members of the WTO. Therefore, achieving the EPA is fundamental to CARIFORUM interests of repositioning these economies in a new global context. In light of these considerations, CARIFORUM Member States, since inception of the EPA negotiation process some five years ago, have been systematically engaged in a calculated exercise to capitalize on this opportunity to evolve a new trading relationship with Europe to promote the sustainable development of CARIFORUM including the strengthening of regional integration.

NEGOTIATING STRUCTURE

The Region, despite its size and financial constraints CARIFORUM has deployed a world-class team of negotiators utilizing the technical advice of the Regional Negotiating Machinery and directed by mandates stipulated by the Heads and supervised by Trade Ministers. The negotiating positions are formulated by and thorough, transparent and intensive consultative process involving technical working groups involving participation from member states, regional institutions, the private sector, academics, technical experts and civil society.

COMPLETING NEGOTIATIONS ON SCHEDULE

If an EPA is not in place by the 1st January, 2008 the CARIFORUM countries would have to conduct trade on the basis of the EU's GSP regime, which is less advantageous because its product coverage does not include several important CF exports and some other exports would incur tariffs. Completing the negotiations on schedule allows the Region to avoid operating under the GSP scheme.

The possibility of extending the duration has been suggested however, the WTO waiver, which permits access to the current preferential provisions of the Cotonou, will expire on December 31, 2007. At the end of 2007 it will not be possible to activate a temporary extension of a WTO waiver for a trade regime that has ceased to exist. To extend access to the current trade regime, the ACP and the EU would have to agree to the establishment of a new Protocol to resuscitate the trade regime before a new waiver could be sought. Reaching such an agreement would take some time to achieve and it would be difficult to secure passage except on the basis of reciprocity.

Even if all this was implemented, successfully attaining the waiver would be improbable in an international political environment, where other countries, including non-ACP developing continually seek to 'level' the playing field by dismantling preferential trade arrangements. Mobilizing adequate international support for another waiver is highly unlikely.

CARIFORUM'S SITUATION

While these realities are common to all ACP States alike, the consequences of not having an EPA in place by the end of 2007 are not equal for all ACP States. Failure to establish an EPA will inevitably lead to the implementation of the EU Generalized System of Preferences (GSP) in 2008. In the absence of an EPA, African States, most of which are classified as Least Developed Countries (LDCs), will continue to benefit from have non-reciprocal preferential access for goods to the European market under the EU GSP system. From the African perspective, while this level of access may not be considered ideal it could be regarded as satisfactory until an EPA is established. In marked contrast, it is well documented that CARIFORUM States with the exception of Haiti, which are not classified as LDCs, face no such acceptable alternative under the GSP system. Therefore, for CARIFORUM in particular, the necessity of meeting the deadline for the completion of the EPA is pragmatic and does not emanate from pressure from the EU.

THE CHALLENGE

While establishing an EPA in accordance with the negotiating schedule is in the interest of CARIFORUM, achieving this end is not serious challenges but failure is not an option. Resolving the outstanding issues in time is not only desirable but attainable. Furthermore, the prospect of completing the negotiations is enhanced by the current political will on both sides to achieve an EPA of mutual interest.

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