



BRIEFING PAPER

EPAs- ECONOMIC PARTNERSHIP AGREEMENTS

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The Cotonou Agreement and Economic Partnership Agreements

The Cotonou Partnership Agreement, signed in June 2000, currently includes 77 ACP countries and will run for the next 20 years. It can be distinguished from its predecessor, the Lomé Convention, by two distinct features:

1. Information and consultation of non state actors (incl. civil society) in the process of programming of aid and programme implementation.¹
2. The establishment of free trade arrangements (called EPAs – Economic Partnership Agreements) in the ACP region.

The Cotonou Partnership Agreement foresees setting up free trade, Economic Partnership Agreements (EPAs), between ACP states in various regions, and between the EU and regional ACP configurations. Consequently, the preferential system for ACP export products entering the EU market will be replaced by a trade agreement based on reciprocity.

Formal negotiations for the EPAs have started in September 2002. In January 2008, the EPAs should enter into force. The period between now and 2008 should be used to prepare for the new trade arrangements. As a result of this exercise, EU-ACP trade relations should be WTO compatible by 2008.

Separate from the Cotonou Agreement, the European Commission has adopted the 'Everything But Arms' (EBA) arrangement according to which all LDCs are granted duty free and quota free access for all products except arms. For sugar, rice and bananas, the arrangement will apply at a later date.

All in all, an extremely complicate picture emerges regarding the way forward for EU-ACP trade relations, because the ACP will need to define geographical configurations, and because of the different situation for LDCs and non-LDCs in the same region (configuration).

Aprodev study on Zimbabwe: “EPAs- What’s in it for Women?”

As in most trade negotiations, and because of the complexity of the issue, there is a danger that the negotiators on both the EU and ACP side will focus on the macro economic and political implications of future trade arrangements, and skip over an analysis of the effects on different groups in society. In the view of Aprodev and other civil society organisations, however, the major touchstone for future trade arrangements is the question how such arrangements will affect poor women and men, and under which conditions such arrangements will contribute to the alleviation of poverty.

Therefore, Aprodev commissioned a study which identifies the likely effects of EPAs on poor women and men, and makes proposals for policy measures which would limit the negative effects and enhance the beneficial effects. The study aims at contributing to identify the long term trade and development

¹ In the Country Strategy Papers including the National Indicative Programme which is revised every 3rd year; Up to 15% of EDF allocations could be available for NSA, who can become eligible contractors. For further information, see www.aprodev.net eg Summarizing table 2002 , and Rapid Analyses 2002.

interest of ACP countries. The study focuses on a non-LDC in Southern Africa (Zimbabwe), while also addressing issues at stake, which are important in other regions. The preface of the French translation of the report illustrates the relevance of the findings of the study for francophone countries in Africa.

The study concludes that *only* if a whole range of policy changes and measures are introduced, will poor women and men be able to benefit from the EPAs. The study also highlights the need for the EU to take account of the external effects of CAP (Common Agricultural Policy) reform on the competitiveness of EU exports of both basic agricultural raw materials and value added food products.

Summary of the policy measures recommended in the study:

- Shifting patterns of production from (eg cotton) production towards products with stronger demand growth and more favourable price trends
- Promoting production of more value added goods to sell competitively on local and regional markets (eg beef and sugar)
- Addressing the physical and policy constraints that currently inhibit the ability of women producers in ACP countries to produce and trade higher value products competitively.
- Protecting expenditures of greatest importance to poor women and men from budget cuts.
- Establishing programmes specifically designed and implemented in ways which facilitate women's participation in the opportunities opened up through new trade arrangements.

PRSPs – Linking aid and trade

The Gender Audit of 2002 PRSPs² shows that most of the recent PRSPs fail to engender structural adjustment measures like trade liberalisation. Despite progress made, much remains to be done to ensure that PRSPs address the gender dimensions of poverty including commitments to gender responsive interventions.

In line with the recommendations made in the Aprovev EPA study, PRSPs should formulate strategies which address the gender specific physical and policy constraints. Economic strategies (structural adjustment, budgets, fiscal policy, trade, microeconomics) should prioritise expenditures to redress gender inequalities. Adjustment measures should address gender implications. Response strategies should design specific programmes addressing women's access to productive resources, jobs, training, financial services, small and medium enterprises, etc.

Participatory processes and PRSP writing should ensure that poverty reduction strategies are designed which allow women and men to expand or protect their economic space in view of moves towards free trade.

Challenges in ongoing negotiations

The proposed Economic Partnership Agreements will pose a major challenge to ACP governments. Most of the ACP governments are poorly placed to take up this negotiating challenge, particularly as they will be involved in parallel processes of negotiations in the WTO. Challenges faced are:

- Negotiations will be carried out on the principles of reciprocity, including terms of ACP access to EU markets, as well as extension of a range of trade preferences for EU to ACP markets.
- Negotiations will include a range of trade related issues (tourism, financial services, telecommunications, etc.), and issues arising in trade in services (competition policy, intellectual property rights, sanitary and phytosanitary measures, etc.)
- Future ACP-EU trade arrangements will have to be compatible with WTO rules. There is uncertainty if WTO rules will provide sufficient flexibility to accommodate the needs of

² Do Poverty Reduction Strategy Papers Address Gender? A Gender Audit of 2002 PRSPs (2003) by Elaine Zuckerman and Ashley Garrett, a Gender Action Publication

developing countries or if modifications of WTO rules would be required in order to ensure WTO compatibility.

The ACP seeks a two-phased approach to the negotiation, with a first phase to be conducted at the pan-ACP level in order to address substantive issues of common concern followed by a second phase addressing specific issues and tariff negotiations at national and regional level. The European Commission wants to enter into regional trade negotiations as soon as possible, arguing that any tailored and specific issues can only be addressed at a national or regional level.³ It is therefore urgent that the gender impact of moves towards free are assessed at an early stage, and that policy measures are formulated making sure that women will not bear the brunt of economic adjustments but are enabled to engage in opportunities under free trade.

APRODEV proposals for ways ahead

The findings of the Aprodev EPA study were presented in several fora with DG Trade representatives. Commissioner Lamy welcomed the proactive approach of the study, and recognised the solid and valuable argumentation presented, including the critical approach to EPAs. Aprodev should seize the moment and explore this niche further, engaging in similar exercises to strengthen the arguments that EPAs need to take account of gender impacts and should be measured against the objectives of the Millennium Development Goals.

To do so, the following strategies and activities are proposed:

- Stimulate gender impact assessments to identify the relevant issues for people-centred development in negotiations on Economic Partnership Agreements (EPA).
- Contribute to an informed trade debate and feed into the EPA negotiations addressing issues of importance to poor women and men
- Influence negotiators and members of the ACP-EU Joint Parliamentary Assembly to give gender impacts and civil society participation meaningful consideration in the negotiation.
- Provide a civil society-owned and critical feed back to the Sustainability Impact Assessments carried out by the European Commission on future Economic Partnership Agreements.

Currently, Aprodev is planning a EPA workshop on gender in Dakar, aiming at stimulating other researches in West Africa. Aprodev also envisaged to engage in commissioning or supporting a research study in a ECOWAS country and possibly East African LDC country, highlighting the impact on francophone African countries, and focusing on the impacts of the regional configuration in East Africa. Decisions on which country or region will be taken will depend on the feasibility and quality of research organisations or partner organisations identified in one or two of these countries.

What APRODEV agencies could do

- Agencies to take up working on this broader context within their regional desks or specific countries.
- Agencies to identify partners or research institutes who are (i) interested, (ii) could carry out studies, (iii) identify others who could do so.
- Agencies to support or initiate further studies in cooperation with their partners and the Aprodev secretariat, or to support research capacities.
- Agencies could strengthen linkages between policy measures proposed in PRSPs to respond to gender-specific needs as identified in EPA impact assessment studies.
- A selected number of Aprodev agency partners to establish ongoing contact with the ACP-EU negotiator in their country to monitor and influence the negotiation positions. This could be done in cooperation with the regional Christian fellowship offices in Africa currently being established.

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³ CARICOM in the Caribbean and ECOWAS in West Africa have indicated that they agree to start with regional negotiations by autumn this year. ECOWAS, a regional configuration created in 1975, includes 15 countries among which are the 8 countries of the UEMOA (Benin, Burkina Faso, Ivory Coast, Guinée Bisseau, Mali, Niger, Senegal, Togo) as well as Cape Verde, Gambia, Ghana, Guinée, Liberia, Nigeria, Sierra Leone.