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Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone +251115- 517700 Fax : +251115- 517844  
Website : [www.africa-union.org](http://www.africa-union.org)

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**INTEGRATION OF AFRICA INTO THE MULTILATERAL  
TRADING SYSTEM: RECENT DEVELOPMENTS  
IN THE WTO AND EPA NEGOTIATIONS**

## **INTEGRATION OF AFRICA INTO THE MULTILATERAL TRADING SYSTEM: RECENT DEVELOPMENTS IN THE WTO AND EPA NEGOTIATIONS**

### **1. Introduction**

The elimination of the imbalances in the multilateral trading system is necessary for the improvement of Africa's performance in global trade as well as the utilization of trade as an effective instrument for the achievement of rapid and sustainable economic development and the attainment of the Millennium Development Goals (MDGs). Since the beginning of this decade, African countries, under the coordination of the African Union, have been engaged in two major sets of international trade negotiations (the WTO and EPAs) that are aimed at achieving this objective and integrating Africa into the multilateral trading system. Although the WTO and EPA negotiations are now in their final stages, in both of them, Africa is still confronted with major challenges that require the continent's collective response.

### **II. WTO Negotiations on the Doha Work Programme**

At the 4<sup>th</sup> WTO Ministerial conference held in Doha, Qatar in November 2001, the Member States of the Organization adopted a work programme, the Doha Development Agenda, which was aimed primarily at putting development at the center of the multilateral trading system. In the expectation that this Doha commitment would be met, African countries have participated actively in the current Round of WTO negotiations. Common positions on issues of interest and concern to Africa have been articulated and presented in Ministerial Declarations (notably the Kigali Consensus, the Cairo Road Map, and the Arusha Benchmarks).

The major issues of interest and concern to Africa in the WTO negotiations include:

- the enhancement of market access for African agricultural and industrial products, through the elimination of agricultural export subsidies and trade-distorting domestic support as well as high agricultural and industrial tariffs;
- the achievement of balanced and fair trade rules that take due account of the level of development of African countries and provide adequate policy space and sufficient flexibility to determine their trade policies;
- the enhancement of trade-related technical assistance and capacity building for the elimination of the supply-side constraints that hinder Africa's trade and growth performance; and
- the expeditious review of the Special and Treatment (S&D) treatment provisions of WTO Agreements, with a view to strengthening them, and making them to be more precise, effective and operational.

If these concerns and interests are adequately addressed, Africa would be better integrated into the multilateral trading system and have a fair share of global trade.

Progress of the negotiations on the Doha Work Programme has been slow, especially in areas of interest to Africa. Indeed, the negotiations on key issues of concern to the continent have been characterized by missed deadlines, the latest being the end of April 2006 deadline set for the formulations of modalities in Agriculture and NAMA. For Africa, there have been few positive outcomes of the Doha Round negotiations to date. They include the extension of the TRIPs Agreement's transition period for the LDCs and the incorporation of the temporary solution of August 2003 into an amendment of the TRIPs Agreement, the 97 per cent duty free quota free market access for LDCs and the 6<sup>th</sup> WTO Ministerial Conference decision on Aid for Trade. Africa's major concerns on issues such as market access, domestic support, export competition, adequate flexibilities, appropriate S&D Treatment, preference erosion, price fluctuations of commodities service supply mode 4, and implementation-related issues are yet to be adequately addressed.

Lack of progress in the Doha Round negotiations has been due largely to the absence of political will on the part of the developed countries and some bigger developing countries to have the necessary flexibility in their negotiating positions. They have not been able to agree on the level of ambition in the negotiations and appear not to be committed to an ambitious pro-development outcome. Some of the key players in the negotiations have been against, or lukewarm in their support for, Africa's position. Such players, for example, would want the benefit of Aid for Trade to be traded off and serve as a substitute for rather than as a complement to the development promises of the Doha Development Agenda.

The successful completion of the Doha Round of the WTO negotiations is critical for the effective integration of Africa into the multilateral trading system and improving the share of the continent. Africa should remain committed to the faithful implementation of DDA, with development as its core as agreed in the Doha Declaration. At this crucial stage of the negotiations, African countries should remain united and vigilant in the defense of their common positions and insist on full modalities that adequately address issues of interest and concern to the continent and that will ensure an outcome that is consistent with the development objectives of the Round. Support to the efforts of African negotiators, in the form of targeted AU high-level missions to lobby the highest political leadership of some key players in the WTO negotiations can contribute to the attainment of an ambitious pro-development outcome of the Round.

### **III. EPA Negotiations**

In the Cotonou Partnership Agreement (CPA) that was signed in 2000, the EU and the African Caribbean and Pacific (ACP) countries committed themselves to the negotiation of a new trade regime in the form of Economic Partnership Agreements (EPAs) that would be WTO-rules compatible. It was further agreed that EPAs should serve as key instruments for the promotion of sustainable economic development, the eradication of poverty, and the integration of ACP countries into the global economy. A key underlying principle of EPAs is that they should build on the reinforce, and not undermine, the regional integration initiatives of the ACP countries.

Following the conclusion of the CPA, the EU and ACP countries have been engaged in EPAs negotiations, first at the level of the EU and all ACP and currently at the regional

level. At the moment, four of Africa's RECs/Geographical Groupings (ECMAC, ECOWAS, SADC and ESA) are involved in EPA negotiations with the EU. If the objectives and underlying principles of EPAs, as set out in the CPA, are adhered to; the trade regime can impart dynamism and give a new strategic dimension to Africa-Europe cooperation in the area of trade. It can serve as an important instrument for enhancing the trade and growth performance of African countries.

Although EPA negotiations are scheduled to be completed by the end of December 2007, not much progress has been made towards the construction of EPAs that can serve as effective instruments for the promotion of sustainable development and economic integration in Africa. The major problem in this regard is the fundamental divergence of views between the EU and African negotiating RECs/Groups on the development elements of EPAs. The position of Africa, which has drawn lessons from the experience of Africa-Europe trade cooperation under the Lome Convention, is that additionality of resources for the building of production, supply and trade-related capacity and for the financing of the adjustment costs of EPAs is critical to making the trade regime to be development oriented. EPAs should not divert resources meant for development programmes under the EDF arrangements. The focus of the EU, in making EPAs development-oriented, has been mainly on the liberalization and promotion of trade. The attitude of the EU on this critical issue of capacity building is evident for the inadequate implementation of Article 37.3 of the CPA, which provides for capacity building measures to be addressed before the conclusion of the EPA negotiations. Beyond the capacity building support to the RECs in trade negotiations, not much has been accomplished in this area

The other major challenges facing Africa in the EPA negotiations include the absence of coherence between positions in EPA and WTO negotiations, especially over the so-called Singapore issues, such as competition policy, government procurement and investment; the lack of congruence between Africa's EPA geographical configurations and regional integration groupings due largely to overlapping membership of the latter; the non-inclusion of the AU commission in the negotiating structures of EPAs, and the failure of some of the African RECs/Groupings to send progress reports on their EPA negotiations on a regular and timely basis to the AUC, thus limiting the coordinating role of the Commission; and the divergent negotiating priorities of the RECs/Groupings that cannot be attributed to differences in their development needs.

There is an urgent need to address the above-mentioned challenges for the achievement of pro-development EPAs. With regards to the fundamental divergence between the African and EU positions on development contents of EPAs, it is critical sensitize European opinion and lobby the EU side at highest political level to ensure that EPAs are shaped to be instruments of development not only in name but also in deed. The Second Africa-Europe Summit, scheduled to hold in Lisbon, Portugal, provides an opportunity for dialogue on this issue at highest level.

Article 37.4 of the CPA provides for a comprehensive review of EPAs. The capacity of the AU commission needs to be enhanced to coordinate the results of the reviews by African RECs/Groupings negotiating EPAs, for the preparation and submission of a comprehensive report on EPA progress to the policy organs of the African Union. To maintain the unity and solidarity of Africa on the EPA progress and to ensure that EPAs are consistent with the continent's development and regional integration objectives, the

ERCs/Groupings negotiating EPAs with the EU will need to submit their Draft Agreements, to the AU Policy Organs for consideration and endorsement, before finalization with the EU. EPAs are just one of the possible options of Post-Lome Africa-Europe trade regimes. There is need for studies on the alternatives to EPAs, in case the divergence of positions on this trade regime cannot be resolved.

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# Integration of Africa into the multilateral trading system: recent developments in the WTO and EPA negotiations

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