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A home-grown approach to regional economic integration in Africa: Thinking outside the European box

Peter Draper

Support for regional economic integration in Africa runs high amongst the continent's international development partners and African elites. This is most loftily expressed in the African Union's stated goal of achieving a continental economic integration scheme, the African Economic Community, by 2028. The G20 also wishes to support African economic integration as expressed during their summit in Seoul last year.

African economic integration, however, suffers from a plethora of problems, ranging from overlapping memberships, through unfulfilled commitments, to unrealistic goals.

It is, therefore, appropriate to reconsider the conceptual foundations on which such integration is based, taking note in particular of their strong European roots. This focus on Europe arises from the dominance of the European integration model in sub-Saharan Africa's approach to regional economic integration.

It is my contention that the dominant model pursued in sub-Saharan Africa mimics European procedures, and as such is not appropriate to regional capacities and may do more harm than good.

Politics of African economic integration

The political case for building regional economic integration is centered primarily on security considerations. The reference point is principally Europe and more specifically the creation of the European Community, which was the result of Franco-German efforts to achieve political and economic stability in the region following the two World Wars. The aim was to bring constituent states together into a web of close economic ties, which was seen as a stepping stone to foster resource competition and promote mutual wealth creation; an end towards which the establishment of democratic governance in Germany was an essential prerequisite.

The General Agreement on Tariffs and Trade (GATT) stemmed from similar ideological foundations and the leading role of strong states (the US in the GATT; France and Germany in the EU) was essential to the success of both regimes.

The two regimes remained fundamentally intergovernmental rather than supranational,



although the EU exhibits a greater degree of supranationality with respect to regulation of the common market.

The EU's success in managing inter-state conflict via its "liberal peace" project is understandably proffered to developing countries. African countries are particularly subject to that influence given their historical and existing links to Europe via trade, investment, and development assistance.

Nevertheless, the "liberal peace" paradigm is a challenging proposition for African states. Many of these are managed by former liberation movements or single party governments that are authoritarian, and governance remains an abiding concern; therefore building viable national states is a challenging proposition for them.

Furthermore, in light of the relative "youth" of states in the region, leaders in many of these countries are reluctant to really yield their prerogatives to regional institutions. Thus pronouncements made at Heads of State level often do not translate into practical implementation requiring actual surrender of sovereignty at regional level.

Nonetheless, African states are increasingly concerned with cross-border security risks generated by their neighbours' poor governance. Regional security communities in Africa are increasingly willing to replace "hard

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Editorial

News and publications

In brief

Authored by Peter Draper from the South African Institute of International Affairs (SAIIA), our lead article this month is a highly insightful article discussing the political nature of African economic integration and questioning its conceptual basis founded on the European model.

In "Securing tariff preferences for developing countries", Lorand Bartels from the University of Cambridge and Christian Haerberli from the University of Bern come together to discuss the arbitrary nature of most General System of Preferences (GSP) schemes. In order to palliate to the latter's lack of predictability and security, the authors argue in favour of the binding of tariff preferences at the WTO and demonstrate that, contrary to general belief, this option would be legally feasible. This article is intended as an introductory piece to next month's special issue of TNI on the proposed reform of the EU GSP, featuring high-level perspectives from EU circles, developing countries, civil society actors, as well as experts on the subject.

Antonio Tricarico, member of the Counter Balance coalition, critically analyses the lending tools, on-the-ground practices, and the development theory underpinning the lending actions of the European Investment Bank in ACP countries. Tricarico draws attention to the EIB's growing use of financial intermediaries in development finance, which according to the author calls for concern and scrutiny. As a response, TNI has opened its columns to the EIB, but has not yet received the article as we go to print.

Judith Wedderburn calls attention to the potential effects the CARIFORUM –EU EPA might have on gender inequalities in the Caribbean region based on Guyana and Antigua and Barbuda case studies, and suggests how EPA implementation can be engineered to answer women's needs.

As a follow-up article on our special issue on Emerging Players in Africa (TNI, Vol. 10 No.3), Stephen Kingah takes a closer look at the rapid change in the balance of power towards the BRICs. The author analyzes the impact of the growing economic influence of the BRICs in Africa and what it means for the EU.

Finally, Rudi Richards, former Chairman of the South African Fruit and Vegetable Canner's Association analyses the importance of improved European Union market access for South African benefited agricultural products, which he sees as a "driver of regional agriculture development".

As always, TNI's editorial team welcomes your feedback and ideas for contributions. Feel free to contact us at tni@ictsd.ch or tni@ecdpm.org. To subscribe electronically to TNI, please go to <http://ictsd.org/news/tni/>.

The EU plans to reform the Generalised System of Preferences

The European Commission (EC) proposed a reform of the EU's Generalised System of Preferences (GSP), a scheme that aims at supporting developing countries' exports by granting them unilateral tariff concessions. The new GSP scheme is set to enter into force in 2014, after being ratified by both the Council of the European Union and the European Parliament.

The EC presents its reform proposal as "focusing on needs". It limits the access of the EU's GSP system to lower and lower middle income countries. This *de facto* excludes most Latin American countries and countries such as Russia, South Africa, Namibia or Gabon. Countries such as China, India or Indonesia would however not be excluded using this criterion. The EC also proposes that developing countries benefiting from an FTA providing equivalent market access to the EU be excluded from the GSP two years after having signed the agreement in order to rationalize the scheme. Additionally, the proposal would make the scheme open-ended, but subject to revision every five years.

The GSP+, a subset of the GSP providing additional tariff concessions to vulnerable countries abiding by a set of 27 international conventions relating to human and labour rights, along with environmental and good governance standards, would also go through major transformations. The GSP+ has been made easier to access and more attractive: the criteria defining vulnerability has been relaxed and the so-called "graduation" of competitive products abolished. However, the EC also proposes to reverse the burden of proof for the implementation of the 27 international conventions: countries would now have to demonstrate that they are indeed taking measures to implement the principles embodied in the conventions.

The EC has also proposed that restrictions on the access of raw materials be explicitly cited as an 'unfair' trading practice that could lead to the suspension from the scheme.

The Everything But Arms regime, providing quasi duty free quota free access to the EU's market for all LDCs remains untouched as it is not concerned by the reform.

Do not miss TNI's special issue on the upcoming GSP reform this summer!

See: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/284>; <http://www.ecdpm-talkingpoints.org/eu-slims-down-number-of-beneficiaries-under-new-trade-scheme/>

UN conference in Istanbul endorses a 10-year plan to support LDCs' development

The UN conference on Least Developed Countries (LDCs) adopted a plan of action on 13 May that aimed at helping the world's poorest countries combat poverty during the upcoming decade.

The plan's main goal is to halve the number of LDCs by 2020, through a combination of strong economic growth, greater gender equality, decreased vulnerability to economic shocks and natural disasters, and better governance. Since the first UNLDC conference in 1981, only three countries have graduated from LDC status: Botswana, Cap Verde and the Maldives.

At the opening ceremony, UN Secretary-General Ban Ki-moon called the "enthusiastic engagement" of the business community "one of the most significant

aspects of this conference." Some civil society groups, however, disapproved of the summit's focus on the private sector, viewing it as a pretext for developed countries to shirk their responsibilities on providing additional aid.

With regards to agriculture, the text calls for fulfilling the pledge made by governments during the WTO's Doha Round negotiations to ensure the elimination of all forms of agricultural export subsidies, which are trade-distorting.

Trade proved to be the most controversial issue of the negotiations. The final plan of action calls only for a "timely implementation of duty and quota free market access, on a lasting basis for all LDCs" in line with the Hong Kong Ministerial Declaration, and "the abolition or reduction of arbitrary or unjustified trade barriers."

The EU, along with Canada, Australia and New Zealand expressed support for giving LDCs unrestricted market access, and urged all countries to do so. The US and Japan, both of which still maintain significant trade barriers on exports from many LDCs, did not announce new concessions under their respective Generalised System of Preference (GSP) schemes for LDCs.

The final text did not reflect the request made by LDCs for increased and predictable Aid for Trade funding, despite the potential for such assistance to increase exports and diversification.

The representatives of civil society organizations expressed their frustrations during the dosing ceremony stating that the program of action has been "undermined by the developed countries systematically having removed any targets, timetables and delivery mechanisms that may have been used to hold them to account."

Please refer to full article: <http://ictsd.org/news/bridgesweekly/106915/>

The World Bank releases the Global Development Horizons 2011

A report released by the World Bank "Global Development Horizons 2011- Multipolarity: the New Global Economy" highlights the economic power shifts toward emerging countries such as Brazil, China, India, Indonesia, South Korea and Russia. According to the report, these countries are expected to grow on average by 4.7 per cent a year between 2011 and 2025 whereas advanced economies are forecast to grow by 2.3 per cent over the same period. The high growth in these economies will have positive externalities in lower income countries through cross border commercial and financial transactions.

To sustain growth and cope with more complex risks, economies that are home to emerging growth poles need to reform their domestic institutions, including in the economic, financial, and social sectors. China, Indonesia, India, and Russia all face institutional and governance challenges.

On these issues, do not miss in June, the release of the OECD-AfDB African Economic Outlook 2011 on "Africa's Emerging Economic Partnerships".

See: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22915632~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>, and http://www.oecd-ilibrary.org/development/african-economic-outlook-2011_aeo-2011-en

Continued from front page

sovereignty" (in terms of which interference in other member states' affairs is expressly forbidden), with regimes that allow for foreign intervention under expressly defined circumstances. The Kenyan and Zimbabwean political deals reached in 2008 and 2009 respectively, imperfect as they are, attest to this new paradigm. African support for the recent Libyan intervention in the United Nations Security Council could also arguably be seen in this light.

Overall regional economic integration in Africa ought to be primarily inter-governmental, with a minimum of supranational aspirations. Furthermore, strong leadership is required in order to drive the construction of even a minimalist agenda. But what should such an agenda encompass?

Economics of African economic integration

According to UNCTAD, Sub-Saharan African countries trade mainly with developed countries from which inward investment is also primarily sourced albeit there has been some diversification towards emerging markets, especially China, in recent years. The bulk of extra-regional exports are undifferentiated commodities that are generally not needed in regional supply-chains owing to the serious underdevelopment of manufacturing industry. Therefore, it is not surprising to find that aggregate levels of intra-regional trade in Africa remain the lowest in the world, at around 10 percent of total trade.

The major obstacle to economic diversification in Africa is the exceedingly low level of economic development. Integrating with neighbours that also suffer from this problem may mitigate it to some extent by promoting specialization in commodities trade, and encouraging subsistence farming and nascent manufacturers to produce for wider markets. However, this does not hold nearly as much potential to overcome this obstacle as would integration with dynamic and large external markets.

Furthermore, proponents of the "New Economic Geography" are reluctant to promote South-South economic integration schemes amongst poor developing countries. Essentially, their arguments concern the danger of industrial concentration in particular countries, or agglomeration which, over time, would generate substantial political tensions that in turn would undermine integration processes.¹ This process was an important factor behind the unravelling of the original East African Community, as Kenya attracted manufacturing investment and relocation at the expense of Uganda and Tanzania. It also partly explains why South Africa continues to "compensate" its customs union partners for their membership to SACU. These issues raise substantial question marks concerning the limits to strong regional leadership in driving economic integration in Africa.

Nonetheless, there are economic problems associated with the fragmentation of states in Africa. For example, nobody knows how much informal and unrecorded trade takes place across national borders. Substantial economic activity in poor countries happens below the radar of official statistics and often suffers from poorly designed policies predicated on the erroneous notion that the informal economy is unproductive.² Hence regional trade facilitation measures can help to

increase the level of formality and volume of such trade at the same time.

Moreover, regional provision of public goods, notably in the spheres of policy and/or regulatory coordination, but particularly provision of network services infrastructure (energy, finance, telecommunications, transport) grounded in a trade facilitation agenda, has an important role to play in addressing development challenges.

African markets are very small when considered individually, whereas pooling markets through regional economic integration in principle generates greater economies of scale and the potential for regional production sharing, although it runs the twin risks of diverting trade and agglomeration.³ Since small markets are vulnerable to monopoly capture, which may discourage investing in them, widening the market may minimize this problem by offering the prospect for greater competition and higher productivity gains.

Overall, whilst regional economic integration in Africa can yield net benefits, it is not likely to drive economic development in the manner of European or East Asian economic growth. Rather, it must be buttressed with North-South economic integration that makes the most of the region's comparative advantages. It should also promote income convergence, and over time knowledge transfer from developed to developing countries.⁴ Whilst this approach at first sight would seem to "condemn" African countries to the status of perennial suppliers of primary products to northern markets, that conclusion assumes comparative advantage is static – which is clearly not the case. Rather, it is (arguably) through trade and commercial contact with dynamic regions of the world that developing countries grow and diversify their economies.

These undercurrents point to a limited regional economic integration agenda, tailored to regional capacities. To summarise, this agenda should comprise three essential elements: promoting productivity gains through widening regional markets by establishing Free Trade Areas (FTAs); trade facilitation; and provision of regional public goods, especially network services infrastructure. A key question is how regional leaders can be supported and boosted, with a long-term view to pulling their regions up with them.

Conclusions

From the discussion concerning the politics of regional economic integration in Africa, four principle conclusions can be drawn:

1. There is a major disjuncture between the ideological character of states in Sub-Saharan Africa and those in Europe, which sharply curtails the possibilities for constructing a "liberal peace" agenda using the instruments of economic integration.
2. Many states in Sub-Saharan Africa do not have the capacities to manage development processes, let alone to engage in complex institutional forms of economic integration along the lines of the EU model.
3. The role of regional leading states is nonetheless critical; with the exception of South Africa, no country would seem to have the capacity to underwrite relevant Regional Economic Communities (RECs).

4. There is some willingness to replace "hard sovereignty" with "soft sovereignty", which lends itself to a good governance agenda. However, if this is the political foundation stone upon which sustainable RECs can be built, it should be on the basis of inter-governmentalism, and not supranational structures demanding major sovereignty concessions.

From the discussion concerning the economics of regional economic integration in sub-Saharan Africa five principal conclusions can be drawn:

1. Widening regional markets could, on balance, promote dynamic economic development through increasing the possibilities for expanding the division of labour and associated specialisation.
2. Pooling capacities offer substantial promise in providing network services infrastructure which would otherwise be under-provided in domestic markets.
3. This should be reinforced by a trade facilitation agenda, and a focus on regulations linked to network infrastructure, rather than harmonizing policy approaches per se. The current approach of integrating through formal arrangements, particularly customs unions and their common external tariffs, poses policy coordination challenges to states with often diametrically opposed industrial interests and very limited capacities to harmonise industrial policies.
4. The extent to which regional leaders can drive economic integration in Africa is sharply limited. Regional leaders need to show good faith by underwriting the RECs, notably through providing preferential access to their markets.
5. These challenges again suggest that a different approach may be more appropriate rather than the formal, EU-style, institutional integration. Furthermore, regional economic integration is not a panacea for African states; therefore continued economic integration with northern partners in order to capture the dynamic gains from increased openness remains essential.

Author

Peter Draper is Senior Research Fellow with the South African Institute of International Affairs (SAIIA) and non-Resident Fellow at the OECD Development Centre. Related to this subject, see TNI Vol.9, No.7, 2010, Colin McCarthy, Reconsidering the African regional integration paradigm.

This article is based on a more detailed discussion paper available at: <http://www.oecd.org/dataoecd/18/59/46013902.pdf>. All references and sources used in the context of this article can be found in that longer discussion paper.

Notes

- 1 North-north integration schemes will not suffer from agglomeration since intra-industry trade is a strongly established feature of such arrangements; similarly in north-south schemes inter-industry trade is the basis.
- 2 Bauer, 2000
- 3 Collier and Venables, 2008
- 4 The accession of relatively poor countries into the European Union in various waves provides strong evidence of such convergence effects.

Securing tariff preferences for developing countries

Lorand Bartels and Christian Häberli

The Generalized System of Preferences (GSP), under which developed countries grant tariff preferences to developing countries, is a key component of the world trading system.¹ However, GSP programs suffer from a significant defect: they universally lack security and predictability at the international level, as dramatically illustrated by the unexpected termination of the US GSP program on 31 December 2010. This was not the result of a considered policy decision, but the consequence of a single senator holding the renewal of the GSP program to ransom, in a move designed to protect a single sleeping bag manufacturer in his home state from competition from Bangladesh. This unforeseen non-renewal of the GSP scheme might not only impact \$20 billion a year worth of various imports from 131 mostly poor countries, but it could lead to a potential loss of 80,000 jobs even in the US itself from importers under the US GSP scheme.²

The arbitrary nature of many GSP programs seriously impacts their usefulness. Because preferences can be withdrawn at any time, traders and investors are not granted sufficient legal security to be able to make long-term business decisions on the basis of these preferences.³ One solution to this problem is for developing countries to conclude Free Trade Agreements (FTAs) with developed countries.⁴ However, the price for this security is reciprocity of trade liberalization, as prescribed by Article XXIV GATT, and, depending on how this condition is interpreted, this price can be too high. For example, for this reason, Nigeria, Congo (Brazzaville), Gabon and ten Pacific countries have preferred to move from preferential access to the EU under the Cotonou Agreement to general and even less secure GSP treatment, which does not grant free market access for all their exports, rather than conclude FTAs in the form of EPAs with the EU. Partly for the same reasons, the finalization of EPAs with most other ACP countries was still being negotiated in April 2011. For some developing countries, regionalism is not even an option. Many poor countries cannot join FTAs unless they belong to the sphere of influence of the developed trading partner proposing such agreements – and even then their ‘negotiating space’ is limited to financial compensation for opening their markets.

One of the selling points of FTAs for developing countries is that these agreements provide the security for preferential trade that cannot be gained under the GSP system. In our view, this



assumption is flawed. It is perfectly possible legally to bind GSP preferences (with legitimate exceptions) under Article II of the GATT, just as with any other tariff concession. Naturally, this raises the question: what is a legitimate exception? One can hardly expect developed countries to bind GSP preferences at the WTO if this means that they lose the power to protect themselves, or to tweak their systems according to the needs of developing countries. This article explains the legal rationale for the initial binding of preferences and the types of exclusions that are permitted. It shows that binding GSP programs does not affect their WTO legality, and that programs that are legal now will continue to be legal when bound under Article II. The one significant difference is that a failure to live up to the stated preferential market access will then be enforceable at the WTO.

“It is perfectly possible legally to bind GSP preferences (with legitimate exceptions) under Article II of the GATT, just as with any other tariff concession.”

Before turning to the argument, two points should be made. First, we remain agnostic about the benefits of GSP programs. Not only is there evidence to suggest that the full integration of developing countries into

the world trade regime is best achieved through multilateral trade liberalization⁵, but preferences can also have negative effects both for the beneficiaries as well as in the aggregate⁶ and can produce trade diversion with potentially negative overall welfare effects.⁷

The other question that needs to be addressed, at least in the context of the EU GSP, is: so what? After all, the EU’s GSP is set out in a multi-annual Council Regulation. The EU’s seriousness in keeping this regulation on foot is demonstrated by the European Parliament’s agreement to a Commission proposal to extend the GSP program beyond its normal expiry date at the end of 2011 by two more years, so as to allow for the preparation of a new GSP program,⁸ even though this has meant dropping its preferred amendments. Nonetheless, there are various reasons why the EU should be encouraged to bind its GSP program:

- The EU should bind its Everything But Arms (EBA) program – under which it grants duty-free, quota-free market access to virtually all products from least developed countries – indefinitely. This would be done in accordance with the WTO Hong Kong Ministerial Declaration, in which WTO members agreed that: “Developed-country members shall, and developing-country members declaring themselves in a position to do so should [...] provide duty-free and quota-free market access on a *lasting basis*, for all products originating from all LDCs by 2008 or no later than the start of the implementation period *in a manner that ensures stability, security and predictability.*”⁹

- The EU should also bind its GSP program indefinitely (subject to legitimate exclusions). As with any other bindings, preferential tariff concessions could be revised, if necessary, on provision of compensation to affected WTO Member exporting countries. This would go beyond its current multi-annual plan.
- Even if the EU only binds its multi-annual plan, it would send a message to other countries – such as the United States – that this is a realistic possibility. For countries whose GSP programs are more discretionary than the EU's, this would make a significant difference.
- Our proposal also foresees an equally scheduled 'exit strategy' by which countries and product sectors can be excluded from preferential treatment when they become competitive without the tariff preference.

Binding tariff preferences

Article II GATT provides a mechanism for binding trade concessions. Most concessions currently scheduled are bound on a most-favoured nation basis, but there is no reason to consider Article II limited in this way. In fact, Article II:1(c) itself permits the scheduling of historical preferences (permitted under Article I:2), which indicates that there is nothing in the architecture of the GATT that prevents the scheduling of tariff preferences.

“Can autonomous rules of origin then continue to be applied to bound tariff preferences? There is no reason why this should not be the case.”

Can autonomous rules of origin then continue to be applied to bound tariff preferences? There is no reason why this should not be the case. The Agreement on rules of origin, which explicitly regulates strictly multilateral rules of origin, does not appear to apply. Article 1.1 of this Agreement defines its scope as excluding rules of origin 'related to contractual or autonomous trade regimes leading to the granting of tariff preferences going beyond the application of paragraph 1 of Article I of GATT 1994'. It cannot be said that bound preferences remain fully autonomous but they could be considered contractual in the relevant sense. If this

is the case, and no other multilaterally agreed rules of origin apply, it would seem that autonomous rules of origin can continue to apply to bound tariff preferences. Of course, this conclusion does not exclude the possibility of agreed bound rules of origin between tariff preference donors and beneficiaries.

Binding qualifications

Tariff preference programs are limited in a number of ways, including *ex-ante* product and country exclusions, graduation, safeguards and non-trade conditionality. They are also frequently time-limited, though regularly renewed. Such exclusions may be included in tariff bindings, so long as they are legitimate. Article II:1(b) expressly permits WTO Members to bind tariff concessions subject to 'terms, conditions and qualifications'. The condition, according to a rule first stated in *US – Sugar Headnote* is that any such 'terms, conditions and qualifications' must not violate other WTO obligations. The corollary is that Article II:1(b) does not prohibit 'terms, conditions and qualifications' that are otherwise lawful. Thus, in one example the Appellate Body has held that it is possible to put a time limit on concessions because this is not prohibited anywhere in the WTO Agreements. We conclude that if a qualification to a tariff preference authorized under the Enabling Clause (or under a time-limited waiver) does not violate any WTO obligations, it may also be bound, to the same extent, under Article II:1.

This leads to the question of what exclusions might be legitimate. If an exclusion – a safeguard, graduation or conditionality – is permitted under the Enabling Clause, it may be bound under Article II GATT. If it is not permitted under the Enabling Clause, it may not be bound under Article II GATT but its primary problem is that it is not permitted under the Enabling Clause. In short, binding a qualification improves predictability but has no effect on its legality. WTO members should not therefore feel that they would be entering into a legal minefield by binding and qualifying their preferences; even though this could be a good opportunity for conducting a due diligence on these exclusions.

Conclusion

In the 2001 WTO Doha Ministerial Declaration, WTO member ministers re-committed themselves to making 'positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade'.¹⁰

So far, nothing has happened, and today the Doha negotiations are stalled without even a draft proposal on how to address this key pledge in the context of a 'Development Round'. Our suggestions in this article are intended to show a way to implement this promise – and importantly, without involving any change to existing WTO rules. In fact, it does not even hinge on a successful conclusion of the Doha Round. The value of our proposal is that it gives needy developing countries a way to gain the maximum benefit from their existing preferences, without being compelled to conclude an FTA that might hit their vulnerable producers at the wrong moment.

Authors

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Notes:

- 1 Under the WTO Enabling Clause, WTO members are permitted to grant tariff preferences to developing countries 'as described' in the 1971 GSP Decision, notwithstanding the most favoured nation obligation in Article I:1 GATT.
- 2 John Maggs, 'Sleeping-bag battle not just fluff' Politico LLC, 2011, at www.politico.com/news/stories/0111/48154.html, accessed 9 February 2011.
- 3 UNCTAD Secretariat, Ways and Means of Enhancing the Utilization of Trade Preferences by Developing Countries, in Particular LDCs, as well as Further Ways of Expanding Preferences, UN Doc TD/B/COM.1/20, 21 July 1998, para 68.
- 4 Mark Manger, Investing in Protection: The Politics of Preferential Trade Agreements between North and South (Cambridge: CUP, 2009).
- 5 Jagdish Bhagwati, David Greenaway and Arvind Panagariya, 'Trading Preferentially: Theory and Policy' (1998) 108 Economic Journal 1128, 1145, n 21.
- 6 Caglar Özden and Eric Reinhardt, The Perversity of Preferences: The Generalized System of Preferences and Developing Country Trade Policies, 1976–2000, Policy Research Working Paper 2955 (World Bank, 2003).
- 7 Ingo Borchert, 'Trade Diversion under Selective Preferential Market Access' (2009) 42 Canadian Journal of Economics
- 8 European Parliament Position, P7_TC1-COD(2010)0140 (24 March 2011).
- 9 Decision on Measures in Favour of Least-Developed Countries, contained in WTO Hong Kong Ministerial Declaration, WT/MIN(05)/DEC, Annex F, para 36.
- 10 WTO Ministerial Conference, Ministerial Declaration, 14 November 2001, WT/MIN(01)/DEC/1, para 1.3.

EIB lending through financial intermediaries in Africa: a call for action

Antonio Tricarico

The role of the European Investment Bank (EIB) in development finance has rapidly expanded in recent years, as well as the bank's own understanding of this role. Yet with now more than €10 billion per year being deployed by the EIB outside the European Union (according to its 2009 loan volumes), it is critical to analyse the lending tools, the development ideologies and the on-the-ground practices that lie behind the EIB's ever-increasing development lending volumes.

EIB lending in ACP countries

Regarding ACP countries, EIB project financing is provided through the Investment Facility (IF) funded by the European Development Fund (EDF) – the budget of EU member states – with the EIB's own resources to a minor extent. The IF was established under the Cotonou Agreement and is managed, under mandate, by the EIB. The IF is a revolving fund, i.e. loan amortizations are reinvested in new operations, which makes it a financially sustainable facility. It provides financial instruments – including some grant-based interest rate subsidies – that allow for support of higher risk operations. As with EIB action in general, the IF supports projects that promote the development of the private sector and commercially-run public enterprises. Investments in the infrastructure sector and in financial sector development are a priority.

As an integral part of its lending to developing countries, the EIB is using an increasing number of intermediated loans in its lending outside the EU – this type of EIB lending has doubled in ten years, accounting for up to 37 per cent of the bank's non-EU lending in 2009. The EIB is disbursing large global loans to private banks which will in turn be passed on (or on-lend) in smaller loan tranches to SMEs. In recent years, this practice has been used chiefly in Africa and Eastern Europe. The EIB is pushing ahead with 'framework loans' that pre-approve projects as a group instead of appraising them individually. The EIB is also conducting an increasing amount of development investments via private equity, a further shift away from traditional project finance, to investments via entities that clearly prioritise profit maximisation over concerns about sustainable development – in short what the former Vice-Chancellor of Germany called the "locusts of capitalism".

Towards the "financialisation of development"

The EIB's growing use of financial intermediaries is part of a wider trend of transformation of development finance that is more and more oriented towards supporting the private sector and private financial institutions as key drivers for "inclusive" economic growth and possibly development. For example the International



Finance Corporation of the World Bank group, whose portfolio has more than quintupled since 2002, allocates about half of its lending through financial intermediaries.¹ This trend – accelerated by donors' growing lack of ODA allocations – is part of a worrying "financialisation" of development that appears to be running unchecked, in spite of the recent global economic crisis which was largely brought about by widespread and in the end disastrous "financialisation" of the global economy.

This should be of particular concern to developing countries from an economic development perspective. In fact, there are still diverging views in academia about whether financial sector development causes economic growth or whether it generates an intrinsic need for financial sector expansion.² Nevertheless IFIs and the EIB have made support to financial sector development a central priority, under the guise of wanting to enhance access to finance for the poor and small-scale producers. This is indeed a crucial issue. But there are different ways of guaranteeing access to finance, which might bear different social and economic implications. It should be pointed out, though, that the IFIs have repeatedly downplayed the possibility of enhancing a public-controlled or led financial system in developing countries, and have instead favoured the deregulation of banks, including the privatisation of local and rural banks and financial market liberalisation.

Due diligence: The missing link

The rising trend for these types of investment techniques favoured by the EIB places an increased emphasis on the need for solid due diligence of projects (what are their potential environmental and social impacts? what measures are being taken to mitigate them?) and on the selection of project partners.

While the EIB may insist that it selects "trusted and experienced partners" for such investments, the evidence suggests otherwise.

Counter Balance's research³ in 2010 highlighted a number of recent controversial projects in Africa funded by the EIB in the last four years, including the use of tax havens and offshore incorporated private equity funds, and pointed out various corruption scandals involving EIB clients, in particular in Nigeria (see box 1 page 7).

“Counter Balance's research in 2010 highlighted a number of recent controversial projects in Africa funded by the EIB”

Concerning EIB investment in private equity funds during 2007-2009, 11 out of 12 of the funds were incorporated in tax havens, most of them in Mauritius. The EIB claims that these investments are in compliance with the Bank's new policy on non-cooperative jurisdictions, and that the use of tax havens is needed to enhance private investments toward countries supposedly devoid of an adequate investment climate, while at the same time it helping to avoid double taxations for international investors.⁴ However, it still remains questionable whether private equity firms selected by the EIB have adequate knowledge of the development needs of affected countries.

This variety of cases where the EIB's due diligence and project partner selection have been compromised casts doubts

Box 1: Fueling corruption in Nigeria⁵

Two specific cases investigated by Counter Balance raise concerns over the due diligence conducted by the EIB in its dealings with a private equity firm: Emerging Capital Partners (ECP), that the bank supported financially in 2006 with €43 million, and Intercontinental, a Nigerian private commercial bank, which after being financed by ECP then received an additional loan of €50 million directly from the EIB at the end of 2007.

ECP has invested in Nigerian companies that are reported to be “fronts” for the alleged laundering of money obtained corruptly by the former governor of Nigeria’s oil rich Delta State, James Ibori. Mr. Ibori fled Nigeria in April 2010 following charges brought against him by Nigeria’s Economic and Financial Crimes Commission (EFCC) for allegedly selling off \$290 million of Delta State assets illegally to pay off a private loan from Intercontinental Bank. Ibori has also a criminal record in the UK and is currently under investigation on money laundering charges by London’s Metropolitan Police.

The EIB kept investing in ECP until 2010, despite the fact that since October 2007 the EFCC had made public a sworn affidavit naming three companies in which ECP invested as vehicles through which funds are alleged to have been corruptly moved on behalf of James Ibori. Such public information should have at least triggered a request by the Bank to ECP to suspend its investments in the companies investigated. The affidavit also referred to ECP-backed Intercontinental Bank as being party to an alleged illegal payment. In 2009, Intercontinental Bank collapsed and had to be bailed out by the Central Bank of Nigeria.

At the moment, the European Anti-Fraud Office (OLAF) is investigating the case in cooperation with the EIB after a formal complaint of fraud and corruption was submitted to the Bank by Nigerian citizens with the support of Counter Balance and other NGOs. To date the European Commission has not made public its position on the specific case.

not only on how fit for purpose these newly favoured investment models are, but also on the overall development effectiveness of the EIB’s activities in developing countries. The EIB’s own development economic model requires concern and scrutiny, particularly now as its new external lending mandate awaits definition by the European Parliament and EU member states.

A call for transparency

When it comes to the transparency of the EIB’s intermediated development finance, a further glaring failing emerges: even though the EIB grants all of its intermediated finance in Africa – and elsewhere – with a guarantee from the EU member states, the bank provides very little information on where this money ends up, principally because it is not obliged to provide thorough feedback. This is compounded by the EIB’s rigorous protection of its clients’ commercial confidentiality, as well as the interest of the latter to protect the confidentiality of the ultimate clients benefiting from the loans.

In this context of widespread business secrecy, the EIB appears reluctant to encourage intermediaries to disclose at least some details regarding the global loans they have been allocated. This inflexible stance thus ignores the overwhelming public interest over commercial confidentiality in knowing how European public money is ultimately being deployed.

The international private financial sector should not be used by the EIB as the primary vehicle for channelling development funding to local and indigenous private companies. Screening financial intermediaries both ex-ante and

ex-post would absorb too many resources without necessarily generating a positive outcome and would divert capacity from trying to directly support local public and private sectors according to a development logic of mobilising domestic resources and capacities. At the same time, support for locally established, but mostly foreign controlled, financial intermediaries could easily lead to the repatriation of local savings and profits at any time, thus contributing to capital flight from poor to rich countries, going against the very rationale of development finance.

Conclusions and recommendations

Support for financial intermediaries should be restricted only to local financial institutions that do not operate in tax havens and secrecy jurisdictions. These should have a substantial local ownership that are equipped to implement a pro-development approach – in line with transparent and verifiable criteria – and that support the specificity of local SMEs in each country by disclosing, in a timely manner, all relevant information to the public in Europe and developing countries.

More drastically, we believe that EIB participation in private equity funds should be ended. All such funds operate via tax havens and secrecy jurisdictions contrary to any kind of development logic: it is abundantly clear that the wealth management logic of these speculative funds is inherently against development goals and policies. Moreover, experience to date has shown that the EIB is not equipped to use its leverage as an equity participant to drive the practice of these funds towards better outcomes. It would be easier and more logical for the EIB to support a direct equity participation into

local companies that are judged able and likely to support wider development goals through their work in a transparent and accountable way. Equity participation in principle requires more direct responsibilities for the EIB – or any other bank – than does lending. It is time for the EIB to take on these responsibilities and to act accordingly.

Author

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As a matter of fairness TNI has also opened its columns to the EIB, but has not yet received the article as we go to print. Hopefully the debate will continue in future issues.

Notes:

- 1 Development diverted: How the International Finance Corporation fails to reach the poor; Eurodad; Bodo Ellmers, Nuria Molina, Visa Tuominen; November 2010, Brussels
- 2 For a literature review on the matter please consult; ADB Economics Working Paper Series No.173; Financial Sector Development, Economic Growth and Poverty Reduction: A Literature Review; Juzhong Zhuang and others; October 2009
- 3 Hit and Run Development. Some things the EIB would rather you didn’t know about its lending practices in Africa, and some things that can no longer be covered up; Counter Balance, November 2010, Brussels.
- 4 European Parliament, Committee on Budgetary Control; Questionnaire to the European Investment Bank on discharge in respect of the implementation of the budget of the Eighth, Ninth and Tenth European Development Funds for the financial year 2009; (COM(2010)0402 – C7 0220/2010 – 2010/2151(DEC)); Rapporteur: Bart Staes; 11.01.2011
- 5 Compiled on the basis of “Memorandum to the President of the EIB. Concerns over alleged corruption in EIB-backed companies in Nigeria”, by The Corner House, Bretton Woods Project, Counter Balance, July 2010

Highlights of the potential gender effects of the CARIFORUM-EU EPA

Judith Wedderburn

With respect to gender and trade, research has consistently demonstrated the existence of an important relationship between trade openness and the feminization of labour across sectors, as the specific outcomes of trade agreements impact women and men differently depending on their location in society and the economy. Their capacity to benefit from any opportunities associated with trade liberalization and changes in trade performance require analysis using a gender lens, in order to identify how women's and men's experiences differ and how their livelihoods are affected. This article focuses on the potential effects that the CARIFORUM – EU EPA might have on gender inequalities in the Caribbean region based on the Guyana and Antigua and Barbuda case studies, and suggests how EPA implementation can be engineered to answer women's needs.

Free Trade between unequal partners can impact developing economies through the potential loss of tariff revenue, increased competition for imports, increased opportunities for exports, and possible longer term growth effects.

Gender in the CARIFORUM-EU EPA: A dual challenge

The Economic Partnership Agreement (EPA) involves two unequal partners, the CARIFORUM countries and the European Union, and entails reciprocal trade liberalisation, indirectly implying the objective of maximising the comparative advantage of each country in the global market. This also means maximizing the output from productive labour, and by extension, increasing women's participation in productive labour itself. Free trade restructures economic relations within and across societies (employment, prices, incomes, and consumption patterns) and impact women and men differently. From a gender perspective, the prevailing market-access framework of the CARIFORUM-EU EPA is driven by private sector-led and export-driven growth, and uses market-based criteria which "basically exclude poor women, because most of their work is non-market work."¹

Issues at the heart of the development challenges facing CARIFORUM countries include food insecurity, high levels of violent crime, drugs trade, both of these involving primarily men. Poor availability of jobs coupled with lack of certifiable skills, discrimination based on community of origin, vulnerability to HIV/AIDS, and high unemployment are significant barriers to young women and men entering the labour market. The chances of youth are limited, thus making them more vulnerable to economic restructuring advocated by the EPA which reduces their capacity to take advantage of any opportunities that may arise.

One of the three main objectives of the EPA is "contributing to the reduction and eventual eradication of poverty through the establishment of a trade partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement".² Yet, in order to be truly "developmental",

the EPA must address a dual challenge: minimizing the gendered costs of this free trade agreement and maximizing any benefits that would serve to redress gender inequalities, eradicate poverty and promote equitable and sustainable development. Men and women do not gain or lose evenly from international trade. Rather, the outcomes of trade agreements are influenced by a number of factors such as economic structure and composition, the relative access to resources by women and men, and critically, the gender structure of the labour market.

“...in order to be truly “developmental”, the EPA must address a dual challenge: minimizing the gendered costs of this free trade agreement and maximizing any benefits that would serve to redress gender inequalities, eradicate poverty and promote equitable and sustainable development.”

What's in the text?

The Cotonou Partnership Agreement (CPA) signed in 2000 between ACP states and the EU set out the general framework for ACP-EU development cooperation relations for the next twenty years. Chapter 1, Article 1 of the CPA states that "the partnership shall be centered on the objective of reducing and eventually eradicating poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy", and that "systematic account shall be taken of the situation of women and gender issues in all areas – political, economic and social."³

Article 9 of the CPA places major emphasis on poverty reduction and the political dimensions of development such as human rights,

democracy, rule of law and good governance. Development cooperation supports both objectives of the trading arrangements, reflecting thereby major changes in provisions related to trade, political dialogue, civil society participation and gender. In article 36, the ACP and EU countries also committed to completing a new WTO-compatible trading arrangement which would progressively remove all barriers to trade between them. The EPA between the EU and CARIFORUM countries was signed in 2008 in this context.

There are clearly stated links between the CPA and EPA which indicate how these two Agreements generally should be "implemented in a complementary and mutually reinforcing manner" but also, how gender issues specifically should be treated.⁴ In the EPA text, Part I, Article 1 indirectly links the objectives of the EPA to the third Millennium Development Goal which promotes gender equality and women's economic empowerment, to CPA section 4, article 31 on gender issues and to section 4.1 of the Compendium of the CPA.⁵ In addition, EPA Article 5 on monitoring seeks to ensure that the objectives of the Agreement are realized and that "the Agreement is properly implemented and the benefits for men, women, young people and children deriving from their Partnership are maximized." The provisions of the CPA suggest that a gender-aware approach was being promoted at every level of development cooperation, including macro-economic policies. In particular, section 4.1 of the Compendium of the CPA not only lists five principles which should guide development cooperation in this area, but also defines gender and lays the foundation for a strategic and comprehensive approach to gender mainstreaming not previously stated in any of the Lomé Conventions between the European Union and ACP countries.

What way forward? Two illustrative examples

Antigua and Barbuda and Guyana have different economies, one service-oriented, and the other more focused on agriculture and fisheries, both facing social challenges that have significant adverse effects on households living in poverty with gender specific outcomes.⁶

Guyana

In relation to the Guyanese economy, the EPA Article 37 refers to the recognition of the

A summary gender analysis of the Guyanese Economy

In Guyana, men dominate employment in the formal sector, representing 90 percent of agriculture sector (sugar, rice, fisheries) employment.

The differential impact of free trade agreement on women and men will vary, given the traditional gender roles organized around, for example, the sugar and rice industries.

Women's labour force participation rate is low (40 percent) compared to men (80 percent); their activities fall mainly within the informal sector as household heads and as primary care-givers.

Women are affected both as consumers and producers: positively, with access to lower prices for certain goods, but negatively as small-scale informal agri-producers, if EU food imports are cheaper.

A summary gender analysis of Antigua and Barbuda economy

The service sector represents 80 percent of GDP and employs 80 percent of the labour force.

Women account for 54 percent of the wholesale and retail trade, 55 percent of financial services, and 60 percent of the hotel and restaurant sector. Services exports averaged 56% of GDP between 2000-2006.

Agriculture contributed to 3.6 percent of GDP in 2005, representing eight percent of labour force employment with a significant proportion of women. Significant decline occurred when the export of sugar cane ceased.

Most of the agricultural sector's growth originated from the fisheries sector dominated by men with exports serving the EU markets; production & sale of vegetables and ground provisions tend to have greater proportions of women but are confined largely to local markets.

critical links between food security, enhanced livelihoods of rural and fishing communities, the eradication of poverty and sustainable development.⁷ EPA Article 43 "recognizes the need to facilitate the adjustment of the agricultural, food and fisheries sectors and the rural economy, to the progressive changes brought about by this Agreement, while paying particular attention to small-scale operations"⁸.

Technical assistance that may be available under the cooperation objectives identified in Article 43 should be informed by gender analysis that identifies the gender dimensions of the value chain in the fishing enterprise of Guyana for example and any particular challenges that women may face due to lack of control of land or boats. This analysis should guide the design and implementation of trade related capacity-building projects that provide skills leading to substantial improvements in women's livelihoods, and funding and technical support for improved access to credit by small scale operators. Such gender-sensitive approaches would provide opportunities for upgrading skills and providing employment for fisherfolk to support their families, and develop their communities. Successful implementation could, over time, support Guyana's policy objective of developing its fisheries industry, as one plank of an industrial diversification programme, and improve women's labour participation in fisheries. Moving up the value chain on equitable terms with men in terms of income generation and sustainable livelihoods would make fisheries more attractive to women, and increase the contribution of this sub-sector to the overall agricultural sector.

A similar gender-sensitive approach could be used to improve food security and the viability of small-scale agricultural operations,

by identifying the challenges facing women in these operations, the impact on their livelihoods and families, and possibilities for appropriate technical support.

Antigua and Barbuda

Antigua and Barbuda is the CARIFORUM State which is the most dependent on trade in services but where women enjoy a large share of employment. The EPA agreement provides for reciprocity with substantial access to CARIFORUM goods and services markets. As with trade in goods, the commitments in services are legally binding, whereas provisions for development cooperation and technical assistance are not. Given the strict conditions of access to be applied to the movement of natural persons from CARIFORUM to European Union countries, it appears that there is very little to be gained by a CARIFORUM country like Antigua and Barbuda.⁹ Given the gendered reality of women's lives, often with sole responsibilities for their families, the option of disrupting them for short-term employment opportunities may not be very attractive. Furthermore, it is not clear that they would access better working conditions or wages and they will inevitably face the challenges of language and culture in many European Union countries. Advantages to be gained by women in the services sector can be best realized with significant investment in skills training: Women should be trained in order to be more efficient and productive so that they can take advantage of their competitive advantage once the Antiguan market is liberalised to EU service providers and investors.

From these case studies, it follows that EPA implementation should be focused on the critical issues faced by Guyana and Antigua and

Barbuda, and on the adjustment costs which are likely to fall heavily on women, who are unemployed or underemployed, and on single, unattached men with limited education and social networks. Further research needs to be done on the projected gender impacts of the EPA and on the identification of sectors which can realize benefits from the EPA, such as economic growth with gender equitable outcomes.

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See related articles Trade Negotiations Insights Vol.6 No2 March April 2007, Equity in trade negotiations: a gender review of the EPAs by Karin Ulmer, http://acp-eu-trade.org/library/files/TNI_EN_6-2.pdf

Notes:

- 1 Analytical Report on the Gender Dimension of Economic Partnership Agreements, Dakar, 27-29 October 2003, pg. 38, APRODEV and AID TRANSPARENCY, September 2004.
- 2 Part I, Trade Partnership for Sustainable Development, Article 1, Objective (a).
- 3 Cotonou Partnership Agreement, Chapter I, Article 1
- 4 Economic Partnership Agreement, Part I, Trade Partnership for Sustainable Development, Article 2, Principles 1 & 2
- 5 Gender is treated as a cross-cutting issue in CPA section 4, article 31 entitled Gender issues.
- 6 An Analysis of the Potential Gender Effects of the CARIFORUM-EU EPA by J. Jackson and J. Wedderburn, in UN ECLAC Caribbean Development Report, Volume 2.
- 7 EPA, Chapter 5, Agriculture & Fisheries, Article 37
- 8 EPA, Chapter 5, Agriculture & Fisheries, Article 43
- 9 EPA, Chapter 4. Temporary Presence of Natural Persons for Business Purpose, and ANNEX IV.

Increasing influence of BRICs in Africa: How should the EU respond?

Stephen Kingah

During a business event sponsored by *The Times* in London, on 22 March 2011, President Bongo of Gabon stated that “in the past two decades we have seen less of Europe, creating a vacuum which is today being filled by others – mostly China... Europe is no longer to be seen.” This is a paradoxical turn of events, especially at a time when the EU has been increasing development assistance funding that can be put to direct use in African national budgets. It is also unfortunate because the Union has forged innovative schemes in the social sectors in order to ease the effects of globalization on the most vulnerable. All these have been developed and are being strengthened within the framework of the Africa-EU Joint Strategy that was further articulated in Tripoli in November 2010.¹ The EU can regain its leadership amongst various partners engaging with Africa, but for this to happen there is need for a clear understanding of the rapid shift of economic power towards the BRICs. It is also important to understand what the BRICs are doing in Africa both in the economic and political spheres.

Who are they anyway?

Jim O’Neill of Goldman Sachs noted in a study in 2001 that the gross domestic product of the emerging countries (Brazil, Russia, India and China) was growing faster than expected and that the increasing economic power of this group of countries had to be aligned with international decision making possibilities for them.² The study argued that their combined economies will eclipse the combined economies of the current rich countries of the world by 2050.³

Although they share common traits as emerging economies, these countries are also different in the sense that Brazil and Russia are primary commodity suppliers (especially of agricultural products and natural gas) while China and India rely heavily on labour-intensive manufacturing. They are all influential in their respective regions and are keen on exporting their influence to other regions of the world. Moreover, they are transforming economic leverage into political and security clout.

BRICs’ economic influence in Africa

What is the nature of the advent of the BRICs in Africa? From an economic perspective China is the country that has expanded its ties farthest with Africa. From 1998 to 2008 China’s trade value with Africa boomed from \$6 billion to over

\$107 billion. This dwarfs figures for India, Brazil and Russia – for which trade figures were \$32 billion; \$20 billion and \$3.5 billion respectively.⁴

In terms of investment, Africa is China’s fourth largest investment destination with China’s contracted projects in Africa amounting to over \$205 billion in August 2010. But while its economic cooperation with Africa is widening, Chinese stakes in Africa have been criticized for having a deprecatory attitude towards local populations and for violating environmental standards. In recent years, Chinese workers have come under fierce threats in various African countries such as Sudan, Kenya, Zambia, Chad, Ethiopia and Nigeria.

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Although Brazil’s economic clout in Africa is smaller (more sensitive to risks), it is still significant, especially since Lula’s rise to power. With regard to investments, the influence of Brazilian companies is expanding in countries such as Mozambique, Angola, Congo, Zambia, Namibia, South Africa, Sudan, Guinea, Liberia and Nigeria, amongst others. The main sectors of investment include bio-fuels, infrastructure and banking. During eight years of Lula’s rule, Brazil signed over 200 bilateral accords with various African countries. Brazilian companies like Vale (notably in the copper sector), the infrastructure firm Odebrecht and oil giant Petrobras are leading outfits in Angola, Guinea and Mozambique. In agriculture, through the state agricultural research institute EMBRAPA, Brazil provides technical assistance to the cotton sector in Benin, Burkina Faso, Chad, and Mali. Unlike China, Brazilian cooperation with Africa is well received, mindful of the fallout in terms of local employment and importantly, transfer of knowledge and technology. It is regarded as a true South-South deal. Brazil dedicates significant resources to ensure that its policies are



aligned with those of local populations. It is keen on expanding its economic leverage in various parts of the world to demonstrate that it is a global force and that it also deserves a voice in important decision making platforms. A few years back, the country sought the assistance of the International Monetary Fund. Today it has granted the IMF loans of \$10 billion to lend to others. It has even teamed with the African Development Bank to create a Trust Fund to finance transfer of technology in South-South cooperation in fields of agricultural research and the environment.

This approach is a far cry from the Russian strategy in Africa. Andrei Petrov, chairman of the “New Africa Initiative” non-profit organization, has noted that Russia lags critically behind China, India and some countries in Western Europe, in promoting its interests in Africa. There is an absence of a global Russian strategy when compared to China which has already organized three grand African summits since the turn of the century. Petrov adds that there is also a lack of coordination amongst Russian ministries and agencies when dealing with Africa. Russia is keen to foster ties with Nigeria and Angola as they produce natural gas. Unlike China and India, Russia does not really need African resources but may be keen to sell arms and control the manner in which other players can access Africa’s resources.

Despite the presence of many Russian companies, including oil leviathan Lukoil, in Africa, the perception of Africa in Russia is still that of a lost continent. Indeed, Russia still has a steep curve to overcome in Africa before its economic efforts are collated against those of the other BRIC countries, but this could be changing. In 2009 President Medvedev led a team of more than 100 Russian business leaders to Egypt, Nigeria, Namibia and Angola. In Egypt, a ten year Strategic Cooperation

Pact was endorsed under which Rosatom would help construct Egypt's first nuclear power plant, granting the company an edge in a region where similar Western outfits were keen to make inroads. In Nigeria, Gazprom will team with the Nigerian state-owned oil company to develop gas and oil fields and to construct a pipeline from Nigeria to Europe, thereby providing greater leverage to the Kremlin in influencing the sale of Nigerian oil and gas to Europe. As such, Russia is gradually making an inroad back into Africa whilst also providing carrots such as debt relief that amounted to 20 billion dollars between 2007 and 2009.

India is also interested in Africa's proven oil reserves. However, Indian companies have a knack for investing in less crowded sectors in Africa such as the flower industries in Kenya and Ethiopia. Compared to Chinese economic stakes in Africa, India still lags behind. Nonetheless, the country has a vested interest in fostering these ties, as it was revealed during a conference organized by the Indian Prime Minister Singh in 2008 with 14 African leaders in attendance. Although India also has continent-wide ambitions in Africa, its focus has been on Ethiopia, Nigeria, South Africa, Mauritius, Kenya, Tanzania and Ghana, accounting for around 69 percent of the country's total bilateral trade with sub Saharan Africa.

All these factors allude to the ever increasing economic leverage of the BRICs in Africa. However, is the renewed economic foray by the BRICs into Africa translated into political strategies on ensuring security and peace in the continent?

The politics: security and peace

The BRICs are also keen on influencing political processes in Africa. Although it lacks a permanent military base in Africa, China is actually the highest contributor of peacekeepers amongst the members of the UN Security Council, with many operations in Africa. On the negative side, however, between 2006 and 2009, China was the largest arms exporter to Africa. It has also been argued that China has used its political clout in the past to back regimes that do not uphold human rights such as in Sudan and Zimbabwe. Such actions on the part of Beijing fortify the belief that the Asian giant's primary goal is simply to access Africa's resources.

Russia remains influential, mindful of the scientific and political cooperation forged during yester years of the East/West rift. Another area where Russia

has vital leverage in Africa, apart from its veto in the Security Council, is in the realm of arms sales, a factor which has led countries like Egypt, Angola and Morocco to endorse arms deals with the country.

“ However, is the renewed economic foray by the BRICs into Africa translated into political strategies on ensuring security and peace in the continent? ”

India is also keen on developing political and security clout with African countries and has therefore signed military cooperation accords with many countries of Eastern Africa including Kenya, Madagascar and Mozambique. India has military cooperation (training) with a third of African nations and has thus participated in all the peacekeeping operations in Africa. It has deployed military training teams and defence attachés in a number of African countries. It has formidable military equipments stationed in the Indian Ocean and Indian officials make it clear that this is to defend the country's economic interests.

It must be noted that Brazil is also exerting political influence in Africa. When Lula came to power, he made a distinctive break with the erstwhile policies of his predecessors of dealing only with Portuguese-speaking African countries. Brazil has also participated in peacekeeping operations in Africa and contributed military and police personnel to four UN peacekeeping missions in Africa. This is partly due to the importance that Brazil places on being regarded as a global player with an eye to a seat on the UN's Security Council. Nevertheless, the country's attachment with Africa runs deeper and is also emotive.

Responding to the BRICs: What should the EU be doing?

The European Union (EU) has many instruments to promote democracy, peace and economic development in the developing world, and especially in Africa. It thus has a range of options to respond to the increasing influence of the BRICs in Africa.

First, it must continue to press African leaders on questions of democratic reforms. It would be wrong for the EU

to downgrade its democratic demands in terms of rule of law and respect for human rights on the pretext of responding to the BRICs' indifference to these issues. However, standards need to be applied (and be seen to be applied) consistently in a manner free of double standards. Support for people power in Egypt, Tunisia and other countries should also be extended to countries such as Kenya, Côte d'Ivoire and Zimbabwe.

Second, the EU should encourage its companies to continue to uphold standards of corporate social responsibility. Western companies will succeed where the new companies fail in terms of upholding core social standards. People care about the social dimensions of economic development and Africans are increasingly aware that failure to respect social standards may be costly, with some ready to pay the price even if it entails shunning companies from the BRICs.

Finally, the EU should continue facilitating cooperation between African and European businesses. Similar efforts should be made in enhancing ties between educational and research institutions. Moreover, joint initiatives between civil society organizations from the EU and African countries should be bolstered.

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Notes:

- 1 For more information in this respect, please see Ferial/Laporte (2011). *TNI*. Vol. 9 No 12.
- 2 South Africa has formally joined the group.
- 3 Jim O'Neill, "Building better global economic BRICs," 66 *Goldman Sachs Global Economics Paper* (30 Nov 2001).
- 4 Saferworld, China's growing role in African peace and security (Saferworld, January 2011); Global Trends, "The new colonization of Africa, BRIC Style," 3.3.2011, at <http://www.globaltrends.com/blog/the-new-colonization-of-africa-bric-style.html>

The importance of improved EU market access for South African agro-industry

Rudi Richards

Expanded market access into the European Union (EU) is important for the agricultural sector in South Africa (SA), notably for the beneficiated agri-sector, including canned fruits and vegetables. "Beneficiation" relates to the value addition of the primary agricultural product through further processing including, for instance, preservation, packaging as well as improved taste and application through addition or mixing of ingredients. This process uses local resources, inputs and labour, all of which require a higher level of sophistication and skill that support wealth creation within local and rural communities. The trade relationship between SA and the EU under the bilateral Trade Development and Cooperation Agreement (TDCA) of 2000, is currently being merged into a regional Economic Partnership Agreement (EPA) that could be finalised at the end of 2011. The SA agricultural sector hopes that this can be achieved and hopes to strengthen its access to EU markets in this context.

Context

In terms of market access for agricultural products, the TDCA is not particularly supportive of SA's beneficiated agricultural sectors. For example, it allows SA canned fruits entering the EU with only limited tariff relief on a few quotas, whereas it grants most EU beneficiated agricultural products duty-free and quota-free access into SA, despite the fact that the EU subsidises its agriculture whereas SA does not.

Africa has long asked for a partnership to develop economic sectors that are based on the beneficiation of primary materials, notably to strengthen rural development and support growth across a wide variety of sectors. Agro-processing is a key example of such sectors: it does not only provide higher skilled and paid employment, but also allows value addition through the utilization of a variety of primary inputs and secondary materials.

SA beneficiated agricultural sector: a driver of regional agriculture development

The overwhelming majority of canned fruits and vegetables are produced within SA. The importance of SA's production of beneficiated agricultural products in the SA economy and in the SACU region (where national productions are much smaller) demonstrates the potential for SA to provide capacity building to the regional beneficiated agri-processing sector and also illustrates the potential for joint ventures between SA companies

and those in the region in support of the development of the regional economy.

Moreover, being responsible for collecting customs revenue for SACU and supplementing the distributed revenues in what can be considered as developmental funding, SA plays a crucial role in supporting development within SACU.

Besides, retarding the development of SA's beneficiated agricultural sector by restricting market access to the EU is detrimental to rural development. SA hopes that the EPA can provide a homogenized trading regime with the EU under which SA as well as Botswana, Lesotho, Namibia, Swaziland and Mozambique can have similar trading provisions with the EU, therefore including increased market access for SA's agricultural products. The EPA could also be a platform for EU support across various agri-sectors.

The challenges in negotiating such an EPA are considerable, and even more so due to the EU's scepticism to grant SA the same market access coverage it is willing to grant other Southern African countries, despite the fact that SA's economy is dominant in the region and has a key role to play in strengthening economic regional integration.¹

But precisely because SA's economy is far more developed than other economies in the region, SA is a competitor for the EU which has strong commercial interests to protect, often leading to protectionist tendencies. Thus, the EU may face challenges giving SA the same privileged access to the EU market as it gives to other economies in Southern Africa. In the context of the EPA negotiations, SA has to consider the interests of all its partners within SACU which may often have more restrictive defensive interests than SA vis-à-vis EU imports into the SACU market. This, therefore, often makes it difficult for SA to broaden the coverage of its market access offer as much as the EU would like it to do. SA and the EU both face challenges in what they can offer each other in terms of market access, although the need to take into account the broader interests of developing the Southern African economy is acknowledged by both.

Such a challenge is a problem in particular for SA exporters, especially those dealing with agricultural products. Non-SA SACU exporters of beneficiated agricultural products currently enjoy privileged access into the EU market under the unilateral EU Market Access Regulation 1528/2007 granted to those that have concluded an



interim EPA. Lesotho and Mozambique can besides benefit from the Everything But Arms (EBA) program, which provides least developed countries (LDCs) privileged market access into the EU without the need for reciprocity. Namibia, however, seems to be in a more delicate situation. With the recent proposal of the European Commission to reform the GSP, the country might indeed be placed under a much less favourable treatment if it does not sign the EPA. Namibia's main exports, however, while having a large component of some agricultural exports (especially beef products) do not include beneficiated fruit and vegetable products.

Paradoxically the EU has often granted better market access to countries which are in less urgent need of specific rural development than those in Southern Africa where the SA agri-sector plays a significant role. The South African beneficiated agro industry is competing with, for instance, producers from Chile, who benefit from tariff-free access to the EU in spite of being in a far better economic position than most of Sub-Saharan Africa.

Conclusion

In September 2010, political statements of support from the EU and SA President Jacob Zuma emphasized that political determination could deliver a mutually advantageous EPA by December 2010. Although this targeted date was not met, the SA agri-sector hopes for such a result in the latter half of 2011. The challenges are great, but so are the potential gains of a revitalized EU/Southern African economic partnership that spans many sectors with beneficiated agriculture, being a key focus and a driver of rural development.

Author

Rudi Richards was until recently the Chairman of SA Fruit & Vegetable Canners' Association in South Africa (SAFVCA) - a voluntary grouping of fruit and vegetable canning and processing industry members.

Notes:

- 1 See recent development in this respect in the EPA update on p14 of this issue.

WTO Roundup

WTO members exploring options for Doha 'Plan B'

In an effort to minimize the damage of possible failed talks within the Doha Round, WTO Director-General Pascal Lamy has started quiet consultations with member delegations in order to explore different alternatives. The general idea has been to select specific issues amongst those currently being considered, for a stand-alone agreement; breaking away from the previous overriding notion that nothing is agreed until everything is.

An alternative Plan B, as proposed by some Geneva-based trade diplomats, would have a stronger focus on providing duty-free, quota-free market access to LDCs and an agreement on a waiver that would allow WTO members to discriminate in favour of LDC service providers.

Nevertheless, it is generally believed that these options would wind up at a similar impasse to that which has affected the development round thus far.

The idea of a possible suspension of the Doha Round has also been put forward, in order to allow WTO members to address newer issues and developing countries' concerns about some of the existing country rules. However, it has been argued by some that such a suspension would make the conclusion of a multilateral trade deal by 2020 near impossible taking into consideration, amongst other factors, post-election US politics and new Chinese leadership that would avoid showing weakness in making major concessions to its trading partners.

Needless to say, distrust shall remain a major obstacle to the conclusion of the round, specifically between the WTO membership and the 'big five', and among the US, EU, China, Brazil and India.

Doha: Unenthusiastic response to EU proposal for breaking NAMA sectoral deadlock

The single most divisive issue in the Doha Round of negotiations has been the participation of emerging countries, in initiatives that would deeply cut or eliminate tariffs across entire industrial sectors. On April 29th Jean-Luc Demarty, the European Commission's Director-General for trade, unveiled an EU proposal seeking to break the deadlock in this matter.

'Sectoral' initiatives on non-agricultural market access (NAMA) have become a growing source of contention as developed members such as the EU and the US demand that fast-growing emerging economies participate in many of these initiatives in order for a higher proportion of global trade to be covered. According to the US and the EU, participation in sectorals by large developing countries is essential to ensuring that sufficient market access is granted through the conclusion of the Doha Round, however, this would require a much greater tariff reduction effort by developing countries compared to developed ones.

The terms in the EU proposal laid out by Demarty suggest that developed countries would be obliged to cut all tariffs covered by the sectoral initiatives whereas developing countries would have to eliminate tariffs only on a few of these initiatives, whilst establishing a tariff 'ceiling' for others. Specific provisions for three sectors of focus have been outlined by the EU. With regard to chemicals, developing countries would be expected to reduce their tariffs to the levels prescribed by the current Chemical Tariff Harmonization Agreement (CTHA), whereas in the electronics and electrical machinery sector these countries would be expected to eliminate their tariffs. Demarty further stated that under the current EU proposal, developing countries would be able to apply the 'Paragraph 7 flexibilities' to products covered by sectoral initiatives.

Nonetheless, China, Brazil and India have countered these demands by pointing out the explicit negotiating mandate that participation in sectorals is on a voluntary basis and by further arguing that dramatic increases in NAMA liberalization are not necessary for the modest farm reforms that rich countries have put on offer. At the TNC session, China noted that the proposal primarily took into account the interest of developed countries, while the US showed little enthusiasm towards the proposed compromise.

EU signs accords with Indonesia, Liberia in bid to curb illegal timber trade

On May 4th, the EU and Indonesia, followed by Liberia and Brussels on May 9th, finalized agreements on the

monitoring of bilateral trade in timber products in order to thwart all trade in illegal resources.

The Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT-VPA), once ratified, will require all timber exports, including forest products such as paper, to be certified by an independent body as coming exclusively from legally felled trees.

For Liberia, the VPA can almost be seen as a saving grace for legal logging. Containing half of West Africa's tropical rainforest, the country saw the removal of UN sanctions against its timber exports 5 years ago; nevertheless, due to bad weather and poor roads, 2010 saw a 30.4 percent reduction in Liberia's timber exports. However, according to the European Forest Institute, "demand could increase given the growing movement in consumer countries to require proof that wood and wood-product exporters are dealing only in legal timber."

Though not the first Asian country to conclude VPA negotiations with the EU, Indonesia is certainly the largest timber exporter to do so according to EU Trade Commissioner Karel de Gucht. Timber trade between Indonesia and the EU accounts for 15 percent of the country's total timber exports, grossing over \$1.2 billion per annum. With 40 percent of annual timber trade in Indonesia estimated to be illegal, a monitored system of log tagging is to be put in place as a means of identifying timber as being legal or not and thus enforcing this regulation in Indonesia.

To counter hindering factors such as corruption while improving the trade and investment climate in Indonesia, a \$44.7 million 'capacity building' programme will run in parallel to the VPA. Should it be ratified, the VPA will go into full effect in 2013.

This information has been summarized from ICTSD Bridges Weekly Trade News Digest

EPA UPDATE

By Melissa Julian and Melissa Dalleau

ACP-EU prepare for Council discussion on EPAs

The African, Caribbean and Pacific (ACP)-European Union (EU) Committee of Ambassadors met on 3 May in Brussels to prepare for the 31 May ACP-EU Council of Ministers meeting which will discuss the state of play and perspectives on Economic Partnership Agreements (EPAs). It is not expected that the Council will be a groundbreaking meeting.

The EU and ACP Co-Chairs reiterated well-known positions on their approach and what they see as obstacles to a swift conclusion of negotiations. Both sides restated their commitment to concluding development-friendly EPAs.

The EU Co-Chair said that the EU is implementing its renewed approach on the way forward for the EPA negotiations as set out in the strategy included in its October 2010 "Reflection Paper" – building mutual trust and enhancing dialogue; tailoring EPAs to meet the specific needs of the regions; ensuring the suitability of aid packages to the needs of the regions; and reviewing current market access under the EU's EPA market access regulation.

ACP countries reiterated their request for more flexibility in the negotiations and for the reinforcement of development components of EPAs. The EU Co-Chair said that the EU was being more flexible in EPA negotiations – on issues ranging from export taxes, additional safeguards and development cooperation provisions – and emphasized the need for flexibility on both sides in order to reach results that help foster a sound business environment, regional integration and sustainable economic development. The EU is also working on increasing EPA aid for trade packages.

The EU stressed that the market access provided since 2007 to ACP countries that concluded EPA negotiations is temporary and predicated upon implementation of EPAs by ACP countries. Only one of the 36 beneficiaries has since signed and implemented the EPA. The EU said this delay is increasingly unsustainable on legal, political and financial grounds and that ACP countries may only secure lasting duty free access to the EU market by signing and implementing EPAs.

The EU also stressed that EPAs can constitute building blocks to broader, inter-regional and continental integration as they address issues such as the elimination of non-tariff barriers, the improvement of business climate, taxation system reforms and the strengthening of institutional and productive capacities.

Central Africa prepares for June round of negotiations

There have been no EPA negotiations since European and Central African negotiators met from 12-15 April in Brazzaville; however, a regional preparatory meeting on services and investments took place in Douala from 25-29 April in preparation of the next round of technical official level negotiations which is scheduled to take place from 6-10 June in Brussels.

West Africa discusses EPA development support ahead of May round of negotiations

From 26-28 April 2011, the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU) Commissions organised a meeting in Lomé, Togo to discuss the institutional setting of the EPA Development Programme (EPADP). The meeting was an opportunity for EPADP national focal points to exchange on the draft national institutional frameworks they foresee to coordinate and monitor EPADP-related activities, and to consider ways and means to organise later this year meetings with the EU and other financial partners to discuss the national operational plans.

A regional technical level working group meeting on trade in services was held in Cotonou from 18-22 April to prepare for the next round of EPA negotiations with the EU scheduled to take place from 23-26 May in Dakar. There are, however, low expectations that the negotiations will progress substantially because the new Presidents and Commissioners of ECOWAS and WAEMU have not yet been appointed. A WAEMU Summit will be held in Lomé on 30 May to appoint these for WAEMU. Once the process is completed on both sides, it is expected to give a new impetus to the EPA negotiations.

EU responds to SADC-EPA market access requests

On 3 May, the EU responded to the market access requests on agriculture and processed agricultural products and industrial products that were tabled by South Africa in the Southern African Development Community (SADC) EPA negotiations in November 2010. Sources indicate that the EU agrees on the request to liberalise certain industrial product lines and delay liberalisation in others if the Southern Africa Customs Union (SACU) fully liberalises certain textiles and clothing products for the EU. On agriculture, the EU says its response covers largely all of South Africa's requests, but is conditional on a positive response to EU requests for liberalisation of additional products and on reaching a satisfactory agreement on

the protection of Geographical Indications (GIs). The EU also put forward a non-paper on GIs that explains the approach they propose which reportedly calls for binding commitments beyond the World Trade Organisation's agreement on trade-related aspects of intellectual property rights (TRIPS). SADC has requested four weeks to examine the EU's offers and requests before holding another round of technical and senior official level negotiations. This meeting is likely to take place in Lesotho in June.

An extraordinary SADC Summit was held on 20 May in Windhoek, but no information on whether the EPA was discussed is available as TNI goes to press.

ESA meeting to chart the way forward on EPAs

There have been no Eastern and Southern Africa (ESA)-EU EPA negotiating meetings since December. ESA is currently consulting within the region on the joint draft text.

EU officials indicate that, due to the diversity of the countries in this region, ESA is possibly a case for an EPA with variable geometry, where some would sign on to more commitments than others.

A regional EPA meeting is scheduled to be held in Lusaka on 23-24 May as a follow-up to the December meeting and to chart the way forward in the negotiations.

The two sides have tentatively scheduled a technical round of negotiations for the last week of June in Brussels, subject to the outcome of ESA's regional meeting.

EAC Summit unblocks EPA support

The East African Community (EAC) Summit in Dar es Salaam on 19 April directed that the component of the Swedish International Development Agency (SIDA) grant intended to directly finance negotiations rather than capacity building should be allocated to the EAC partner states as they are parties in the EPA negotiations.¹ The Summit directed the EAC Secretariat to negotiate with SIDA over allowing this transfer of funds to the partner states in order to immediately reactivate the EPA negotiations. Negotiations have stalled as a result of the objection by East African Legislative Assembly (EALA) Members to the use of SIDA funds in facilitating the EPA negotiation process. EALA objected on the grounds that this would not only compromise the negotiations to the detriment of partner states, but would also prejudice and weaken any stronger stance the latter may adopt on the negotiations.

As TNI goes to press, no date has been set for the next round of negotiations with the EU.

Both sides still aim to finalise a full EPA by the end of this year.

Caribbean prepares for high level EPA implementation meeting

CARICOM (Caribbean Community and Common Market) Heads of Government are holding a two-day retreat in Guyana from 21-22 May to discuss a new governance system that would provide a legal basis for the implementation of decisions within specific time frames which all national governments must honour in a new spirit of shared sovereignty.²

A meeting of CARICOM's Council for Trade and Economic Development on 19 May discussed EPA implementation, including tariff reductions and the June meeting of the EPA Trade and Development Committee.³

Most Caribbean states missed the January 1, 2011 deadline for reduced tariffs on EU goods as set out in the EPA. By mid-May, only St. Kitts-Nevis and Guyana had notified tariff reductions. The rest are understood to be in the process of making efforts to effect their reduction. Some countries may however maintain restrictive measures invoking balance-of-payments and external financial difficulties or the threat thereof.

Pacific postpones market access workshop to continue national consultations

Pacific Forum Trade Ministers met in Vava'u on 18-19 May 2011.⁴ This forum includes Australia and New Zealand but excludes Fiji; therefore, EPAs were not discussed – the proper forum for EPAs being the Pacific ACP Trade Ministers (PACPs). However, reportedly there were tense discussions amongst Forum members on the PACPs request to extend the mandate of the Pacific Agreement on Closer Economic Relations (PACER Plus) Office of the Chief Trade Adviser (OCTA) to EPA negotiations as a way to address PACPs concerns about the Pacific Island Forum Secretariat's (PIFS) handling of the EPA negotiations and as a way to receive independent advice outside the PIFS.⁵ Australia and New Zealand, however, want to make financial support to OCTA contingent on limiting it only to Pacer Plus regional FTA negotiations. The Forum Ministers recommended that this issue be further discussed at the Forum Leaders' Meeting in Auckland in September 2011.

The Pacific regional EPA workshop on market access offers scheduled to be held on 2-5 May in Nadi was postponed to mid-June so that work can continue on these, and on the EPA texts, at national level.

According to Pacific sources, on 28 April, EU Trade Commissioner Karel De Gucht replied to the request made by the lead spokesperson for

the PACP EPA Negotiations, the Minister for Labour, Commerce and Industries for Tonga, Lisiate 'Aloveita 'Akolo, to hold a joint PACP-EU Ministerial level meeting in Brussels in May on how to move forward in the EPA negotiations. De Gucht reportedly replied that the EU wants to meet only after the PACP region submits its market access offers. EU sources, however, indicate that the EU proposed holding a stock taking exercise at senior official level during a meeting that may take place in July. EU officials also implied, in a recent meeting with civil society, that if it is confirmed that more Pacific countries join the interim EPA, they will benefit from the rules of origin derogation on fish.

Senior trade officials from the region met at an EPA Development Cooperation Chapter Workshop in Nadi on 29 April to work towards finalising the draft, comprehensive EPA legal text. A revised draft of the Development Cooperation Chapter will be circulated for further consideration in national capitals and further discussed during the week starting 27 June. The meeting will also discuss the revised draft Memorandum of Understanding and draft report for the Pacific Trade and Development Facility as well as the structure for and the timeframe to undertake the Pacific Aid for Trade Strategy.

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Join the debate: ECDPM seeks your thoughts on the future of ACP-EU relations post-2020 : <http://www.ecdpm-talkingpoints.org/the-ACP-and-europe/>

Notes

- 1 Communique of the 9th extraordinary summit of heads of state of the East African Community, 19 April 2011, <http://www.eac.int/about-eac/eacnews/625-communication-9th-extraordinary-summit.html>
- 2 CARICOM's 'energising' retreat. Trinidad Express. 12 May 2011. www.trinidadexpress.com/commentaries/CARICOM_s_energising_retreat_121614024.html
- 3 EPA implementation to feature prominently in upcoming Caribbean Council for Trade and Economic Development. CARICOM. 9 May 2011. www.CARICOM.org/jsp/pressreleases/press_releases_2011/pres173_11.jsp
- 4 Pacific Islands Forum Trade Ministers Meeting. Outcomes Document. 19 May 2011, <http://www.forumsec.org/pages.cfm/newsroom/press-statements/2011/2011-ftmm-outcomes-document.html>
- 5 Forum Leaders to decide on OCTA, 19 May 2011, <http://www.pina.com.fj/?p=pacnews&m=read&o=6392063014dd492358e3a23e65a2c3> and Concern over Forum's handling of EU trade talks, April 26, 2011, <http://www.radioaustralia.net.au/pacbeat/stories/201104/s3200242.htm>

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Trade Negotiations Insights

Calendar and resources

ACP-EU Events

June	
6-10	Central Africa-EU negotiating round, Brussels, Belgium
9-10	Joint EU-CARIFORUM EPA Trade and Development Committee, Barbados
15	Third meeting of the CARIFORUM-EC Joint Parliamentary Assembly (venue TBC)
TBC	Pacific-EU joint negotiating session (venue TBC)
TBC	EU - SADC technical and senior officials meeting on EPA, Lesotho
TBC	COMESA-SADC-EAC Tripartite meeting, South Africa
TBC	EU-ESA technical negotiating session, Brussels, Belgium
July	
1-4	Annual meeting of the Conference of Heads of Government of CARICOM, St. Kitts/Nevis

August	
29	PACP Trade Ministers' meeting, Port Moresby, Papua New Guinea
TBC	EU-Pacific EPA senior officials joint stock taking exercise (venue TBC)

September	
TBC	SADC Council of Ministers and Summit of Heads of State and Government

October	
6-9	42nd Pacific Island Forum, Auckland, New Zealand
TBC	ACP-EU EPA Joint Ministerial Trade Committee meeting to assess progress in the negotiations and in EPA implementation, Brussels, Belgium

Should also be held soon :

TBC	ACP-EU Development Finance Cooperation Committee at ministerial level, Brussels, Belgium
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WTO Events

June	
1	Dispute settlement body
7-8	Council for trade-related aspects of intellectual property rights
15-16	Committee on technical barriers to trade
17	Dispute settlement Body
20+22	Trade policy review body- Canada
23	Committee on Agriculture
23-24	Committee on trade and development- Session on aid for trade
28+30	Trade policy review body- Nigeria
28-29	Committee on regional trade agreements
29-30	Committee on sanitary and phytosanitary measures
July	
1	Committee on sanitary and phytosanitary measures
6+8	Trade policy review body- European Union
18-19	Third global aid for trade review

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Resources - All references are available at: www.acp-eu-trade.org/library

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