



Economic Partnership Agreements: Jeopardizing a United Africa

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The European Union is currently negotiating **Economic Partnership Agreements (EPAs)**, with 77 States in Africa, the Caribbean and Pacific (ACP). For the past three decades, ACP countries have had preferential access to European markets through the Lomé and Cotonou agreements. EPAs will dramatically change this relationship. EPAs will be essentially Free Trade Agreements (FTAs), creating free trade between the EU and ACP countries, with no duties or quotas on substantially all trade between the regions.

Thus, **in order to continue enjoying duty-free access into Europe's markets, Africa has been told to open its own markets in return.** According to the schedule for negotiations, EPAs are supposed to take effect on 1 January 2008. EPAs will be reciprocal and legally binding agreements with no end date; they represent a point of no return¹.

Towards the United States of Africa

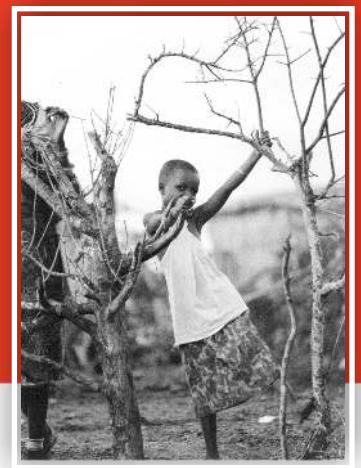
This July at the 9th African Heads of States AU summit, there is only one agenda: 'The Grand Debate' on the proposed Union Government of Africa (UGA). The Union Government of Africa is proposed to be the transitional structure and mechanism for attaining Africa's long-standing aspirations of a self-reliant united Africa.

A united Africa will enhance Africa's dealings with the international community and increase its clout and negotiating power. It will also harmonise Africa's own internal affairs, which would greatly improve the quality of African States' decisions and improve the standards of living of the African peoples. The UGA is a progression from the current Africa Union and is itself intended to be an interim mechanism, paving the way to a United States of Africa, a vision long held by Africa's founding champions such as Nkwame Nkrumah and Julius Nyerere.

The 3 phase proposal for reaching the United States of Africa spans over 8 years and seeks common policy standards, harmonised approaches and joint global negotiation in 16 areas, including essential social services, agricultural and industrial development, trade, governance and democratisation, and external relations

This bold project of attaining African unity is threatened, however, by EPAs. Regional integration is likely to be set back if African governments sign an EPA with the EU, undermining all the efforts put in place thus far to achieve the AUG's agenda

¹ See COTONOU Agreement. WTO GATT Art. XXIV 8(b) defines a Free Trade area as duties and restrictions on commerce eliminated on "substantially all trade." This phrase has been interpreted as requiring "free trade" for no less than 80% of commerce.



The UGA and the vision of a United States of Africa face being undermined by EPAs. EPAs pose a direct threat to the policy space of African governments and to the aspiration of full economic integration, including market and regional integration - yet, these are all pillars that are a major prerequisite in the establishment of a Union Government of Africa and the United States of Africa. Over and above that, EPAs directly threaten the development of the continent and its peoples' human rights.

Eroding Regional Integration

Africa has a long history of regional integration. The world's oldest customs union is the South African Customs Union (SACU), formed in 1910. Not long after, three East African countries formed a regional bloc in 1919 which developed into the East African Community customs union in 1967. Considering that most African countries are small economies with small populations, low incomes and weak production structures, regional integration is perceived as the best strategy to generate development by overcoming those constraints.

The EPA negotiation process has serious implications for regional integration in Africa. The EU now accounts for nearly 41% of world trade and is Africa's largest trading partner. In its impact assessment study of EPAs, the United Nation's Economic Commission for Africa (UNECA) has highlighted that regional integration in Africa is likely to reduce by as much as 18% and would be worsened by the specialisation African countries would be forced to adopt.

Reducing inter-regional trade

A reciprocal EPA would severely reduce intra-regional trade at the expense of Africa's trade balance and producers, and to the benefit of EU exporters. UNECA has questioned the rationale for signing EPAs and opening up to the EU before the reinforcement of regional integration in Africa. In order for Africa to extract some tangible benefit from international trade, regional integration will need to be strengthened to address supply side constraints before opening to other parts of the world. Furthermore, regional integration needs adequate time and resources to be effectively implemented, rather than the strict and unrealistic deadlines being set externally by the EU.

Aggravating Segmentation in Africa

The EPA negotiations have also created new regional groupings in Africa, such as the Eastern and Southern African bloc (ESA). Such amorphous bodies are not grounded in the principles of African regional integration and add to the difficulty of harmonizing trade policy and overlapping membership. Rather than supporting the regional integration initiatives already present in Africa, the EPA negotiations are aggravating segmentation.

If signed, there will be at least 4 different EPAs within Africa, **creating different levels of liberalization with relation to the EU and amongst themselves**. This splintering will be amplified if negotiating blocs such as the East and Southern Africa (ESA) split up. Coupled with the tensions between Least Developed Countries (LDCs) and non-LDCs, the challenges for regional integration in Africa will become ever more complex.



EPAs directly threaten the development of the continent and its peoples' human rights.

Giving up the right to decide

Sovereignty and the right to self determination include the right of a people **to freely determine their political status and pursue their economic, social and cultural development**. EPAs will negatively impact the ability of African peoples to freely pursue their chosen path of development.

Losing policy space

EPAs will be legally binding agreements, locking in tariff elimination schedules for Africa with regard to EU goods, and with no end date in their implementation. They will prevent African governments from putting in place, if and when needed, protection measures in areas of goods, services and potentially government procurement and competition.

For most countries in Africa, these protection measures are some of the only tools at their disposal to respond to competition on unfair terms with the EU. Without these tools, when EPAs lead to import surges, weakened agricultural production, loss of livelihoods for the majority of the farmer population, and destruction of young industries in Africa, governments will not be able to use quotas and other market regulation measures to protect their citizens from sinking into further poverty.

Losing important revenues

Tariff revenues constitute a significant portion of African governments' budgets. The dismantling of tariff schemes will mean heavy losses in government revenues. The UN Economic Commission for Africa (UNECA) has estimated that Sub-Saharan African governments will lose €1,516 million per annum in tariff revenues through the full implementation of the kind of EPAs envisaged by the EU.

Such a major cut in revenue will mean the substantial loss of the financial tools that countries have at their disposal to develop industry, support agriculture, strengthen infrastructure, and otherwise meet the Millenium Development Goals.

Threatening human development

Lost government revenues and policy space have very concrete implications for national economies as well as for every citizen of the negotiating countries. By losing much needed revenues and the means to adjust policies and approaches according to need, African countries will be crippled in their ability to provide already scarce basic social services such as health and education.



Signing an EPA with Europe is likely to:

- Deteriorate the progress already made by regional economic communities in Africa
- Affect the sovereignty of states in making decisions that are best suited for their citizens at any given time
- Weaken hard-gained stability in many countries as poverty increase

Recommendations

- Demand that trade negotiations respect and support internal regional integration processes rather than undermine them.

- Challenge the EPA negotiation schedules, which are not in line with the timeline of the African Union Government proposal.
- Develop alliances with Parliamentarians of other African countries and in the EU.
- Ensure that the ratification process is being planned and will not be by-passed.
- Verify that independent impact assessment studies have been carried out in your country. If so, analyze them in light of the goal of and plans for African integration and unity.
- Request that the EU put forward viable pro-development alternatives to EPAs.



For more information on EPAs, please see:

<http://www.stopthinkresist.org>

<http://www.epa2007.org>

<http://www.stopepa.org>

<http://www.erodoc.be/content/home/home.php>

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