

Trade talks set to disrupt Africa-Europe relations and poison the upcoming Africa-EU Summit

San Bilal

Talks towards free trade between the European Union (EU) and Sub-Saharan African countries could seriously sour the political relations between the two continents and potentially jeopardize their Summit next April 2014. After over ten years of negotiations, the economic partnership agreements (EPAs) are due to be completed over the next few months. Failure to do so by October 2014 - a deadline unilaterally set by the EU - will mean that some African countries will lose their preferential access to the European market.

The challenge is that negotiations on EPAs, meant to be concluded on a regional basis, are still bogged down by some remaining technical issues that negotiators seem unable to overcome. In economic terms these bottlenecks are of limited value, in particular for Europe. But they have gained symbolic importance and have been captured by technicians. It is time to take more explicit account of the political nature and interests behind this EPA process, so as to encourage more strategic diplomacy.

What is at stake?

Should trade talks collapse, some African countries will be left out in the cold, with limited or no preferences to Europe. This would be unprecedented. More importantly, the risk of serious trade disruption might lead some countries to agree to individual trade deals with the EU, splitting away from their regional grouping. In the case of customs unions, with common trade policy, this would mean the end of the regional economic integration process. This is a potential outcome, for instance with Cote d'Ivoire and Ghana in West Africa, Cameroon in Central Africa, Namibia and Botswana in Southern Africa, and Kenya in East Africa. For the time being, all have pledged regional unity. But when it comes to crunch time towards October 2014, tensions will flare up should regional agreements not be in sight. No wonder the African Union is getting edgy and wants to push the political agenda at the 4th Africa-EU Summit in April 2014.

Europe should not look the other way, but address the political challenge head on. As a skilful trade diplomat, EU Trade Commissioner De Gucht is trying to address outstanding technical issues one by one. But in doing so, the European Commission risks losing sight of the broader picture and geostrategic implications of these trade talks. Split African regions would lead to acrimonious exchanges and blame games with the EU. This would have long lasting negative economic and political repercussions. Surely, this must be of concern to the EU Chief diplomat Catherine Ashton, Commission's President Jose Manuel Barroso and European Council President Herman van Rompuy, not to mention the European Parliament, and most of all, EU member states.

Viewed through more a political lens, remaining stumbling blocks could be dealt with in a more accommodating way by trade diplomats (see Box).¹ And political implications should be openly addressed at the Africa-EU Summit. Burying one's head in the sand by refusing to include EPA on the Summit's agenda, as the EU currently does, is a recipe for diplomatic and political disaster. It also shows a distinct lack of political and economic vision, seeing this as a threat to be averted rather than an opportunity to break the deadlock.

By the same token, African leaders should more seriously consider the political implications of a failure to conclude regional EPAs for their regional agenda and for their broader relations with Europe. In doing so, they should not shy away from addressing the diversity of national interests when forging a common regional position on EPAs and towards Europe. Interestingly, the EPA dossier seems to have gained some symbolic importance, as a touchstone to many of the frustrations that some African leaders are experiencing with Europe. In a world that is changing rapidly, not least in Africa, the European attitude is often perceived as somewhat patronising and too directive, preaching a development discourse not necessarily in tune with African new dynamics and priorities, and inadequately hiding European self-interest and Eurocentric approaches. All dimensions arguably underlie the EU approach to the EPA process.

Europe and Africa praise themselves for having established a strong partnership, based on the principles of mutual understanding and respect. Yet, they seem unable to address their differences on a major issue of contention between them: the EPAs.

How to move forward?

The best way to succeed is to prepare for the worst! Leaders should assess the costs of failure to conclude regional EPAs on time, for themselves, their economic actors, African regions and Africa-Europe relations. If common sense prevails, this should translate into concrete trade proposals and commitments. This should not be difficult, as most technical potential compromises have already been sketched out.¹

But this is no guarantee for success: differences may narrow (as they already have done over the past months), but remain deep enough to prevent an agreement. Nonetheless, meeting some of the partners' concerns would certainly increase the chances of success and provide a positive political signal of goodwill. Should this prove insufficient, parties should then agree to disagree, and prepare for a 'smooth landing'. Preserving regional unity would seem a priority. While this is first and foremost an issue for African leaders in their respective regions, the EU should not turn a blind eye to the challenge or be perceived to foster division. As a major supporter of regional integration in Africa, for which it has disbursed billions of euros, the EU would have much to lose as well, not least in terms of accountability, coherence and credibility. Instead, the EU might then engage on constructive talks on how best to address the consequences of the loss of preferences for some countries that would embrace a collective decision by their regional grouping not to conclude any EPA. A similar approach towards constructive engagement should prevail were some African countries ultimately to opt to break away from a regional position and proceed with individual EPAs.

This would be in the spirit of true partners committed to strengthening their relations in spite of their potential disagreements.

Tomorrow must be prepared today. Compromises must be identified and actively pursued now, and constructive political dialogue on EPAs initiated without delay, to culminate with the EU-Africa Summit.

¹ See Ramdoo I. and S. Bilal (2013), What would it take to make an EPA economically and politically feasible for Europe and Africa? Elements for consideration ahead of the EU-Africa Summit of April 2014, ECDPM Briefing Note No. 57, November. www.ecdpm.org/bn57

ECONOMIC TRADE AGREEMENTS

2002

Date EPA negotiations were initiated

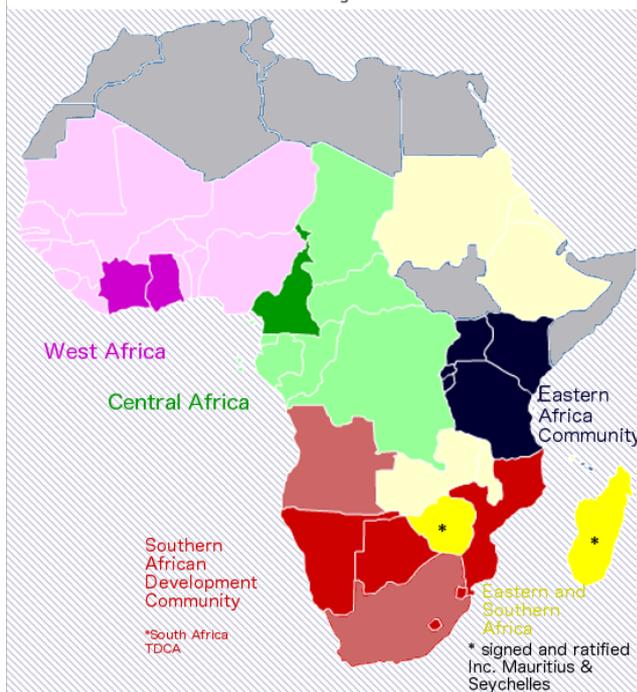
CARIFORUM

The only region to have signed a full EPA by 2007

★ 1st October 2014

EU deadline to implement the EPAs

African regions negotiating EPAs - not ratified interim agreements in dark



Will the EU-Africa summit be derailed?

★ 02 April 2014

Date of Summit

“ ”

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San Bilal, ECDPM

Box: Some stumbling blocks

- 1) In West and Central Africa, some more flexibility is needed concerning the **degree of liberalisation of access to African markets** (e.g. 70%-75% instead of the 80% requested by the EU) and possibly longer transition period (beyond 15-years).
- 2) The EU's request to African countries to eliminate **export taxes** should be solved in a pragmatic fashion, with a **WTO-compatible** language, which limits export taxes to specific exceptional economic conditions, and subject to a consultation process between the parties.
- 3) The EU requests a **“most favoured nation” (MFN) clause**, whereby preferences granted to major third parties would be extended to the other parties of an EPA. **Flexible wording should be identified**, relative, for instance, to non-automaticity and consultation, and the scope of the clause broaden (e.g. extending to African regions full cumulation in rules of origin as granted to EUROMED countries).
- 4) To address implementation and adjustment costs of an EPA, **‘additional funding’ could be mobilised**, through Aid for Trade and regional funds, using innovative financing mechanisms such as blending loan and grants for instance.

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ECDPM is a non-partisan foundation, which has followed the EPAs since their inception and provides regular updates and analysis on EPAs (www.ecdpm.org/trade and www.ecdpm.org/great). ECDPM also regularly provides independent analysis about economic, political, diplomatic and European-Africa issues. www.ecdpm.org

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