



Discussion Note

Regional Integration

Context analysis

Both the EU and Africa have put trade and regional integration at the heart of their development strategy. However, diverging views seem to exist between Europe and Africa as to whether the proposed trade arrangements, particularly the Economic Partnership Agreements-EPAs, will deliver on their development objectives and the MDGs. The African/ACP side in the partnership has repeatedly expressed concern that EPAs, as conceived now, could undermine the delicate regional integration processes in the various African sub-regions as well as pan African integration. Furthermore, African countries feel that not enough attention has been given to concrete actions aimed at addressing supply-side constraints and supporting their industrialisation efforts, as well as building effective regional markets and thereby Africa's capacity to produce, diversify and export. Last but not least, while participation has been strongly advocated for in the Cotonou Partnership Agreement, it appears that the EPA process suffers from a lack of ownership by ACP governmental and key economic and social actors such as agricultural producers and private sector operators. There is now increasing pressure on the various African sub-regions involved in the EPA negotiations to respect the deadline of 31st of December 2007 for the conclusion of EPAs. The proposed dialogue on a renewed partnership between Europe and Africa offers an opportunity to openly address unresolved concerns on EPA related issues and to consider alternative strategies to fully integrate trade in a developmental perspective. .

Key Questions

1 *Stock-taking: what assessment can be made of current and future trade arrangements between the EU and Africa?*

This is the first step to take on the way to a shared vision on how trade issues should be dealt with in the proposed joint strategy. It invites parties to take stock of strengths and weaknesses of ACP-EU (Lomé and EPAs), EU-MED and EU-South Africa trade arrangements, as well as the EBA and GSP schemes. Such a diagnosis could help to jointly identify the building blocks of a more solid, African owned and development-oriented trade partnership in the coming years.



2 Value added: what is the potential value-added of a joint EU-Africa Strategy on trade and regional integration as compared with the Cotonou Partnership Agreement, the MEDA agreement and the TDCA?

To what extent can a Joint EU-Africa Strategy on trade and regional integration be any different from the existing partnerships and future trade arrangements i.e. MEDA, EPAs, TDCA? How to ensure coherence between the EU-Africa Strategy on trade and regional integration and other trade initiatives? What needs to be done to ensure that the joint EU-Africa strategy (i) contributes to ensuring that Africa takes better advantage of multilateral settings (e.g. WTO and/or other international organisations; (ii) provides the basis for greater coherence between processes discussed at the multilateral level, such as the Doha negotiations and EU trading arrangements with Africa; (iii) facilitates enhanced coordination at pan-African level among the various regional integration and EPA processes.

3 Process of EPAs: How can the fundamental divergences between the EU and Africa/ACP on the development aspects of EPAs be bridged, in particular with respect to development support to EPAs? How can the joint EU-Africa Strategy help in solving this issue?

Throughout the negotiating process for EPAs (2002-2007), confusion seems to exist as to how the ultimate development goals of EPAs will be achieved. In the past years, several African stakeholders have expressed concern that ACP-EU negotiations for EPAs do not sufficiently address trade and development objectives. While the EC is focussing on trade liberalisation and related rules, the ACP are calling for the latter to be linked to binding development support for capacity building, at both the negotiating and implementation levels of EPAs. What guarantees can the EC and EU member states give to the African side of the partnership that development support will be given the necessary attention? Can the EC mandate be changed accordingly and are EU Member States prepared to do so? Do EPAs and other trade agreements with the EU actually stimulate regional integration processes in Africa or do they rather undermine regional and pan-African integration? How can the EU respond in a positive way to these African concerns so as to ensure African full ownership and flexibility of the process? Are there any realistic alternatives to EPAs that could be considered by Africa?



4 Governance of trade: how to ensure the governance dimension in trade, both in terms of the process and implementation of any new trade arrangements?

The way in which trade negotiations between the EU and Africa/ACP are conducted has been critically assessed by various African actors (including civil society organisations). The perception exists that an asymmetric partnership prevails, characterised by 'top-down approaches', with the related risk of 'pushing through' trade deals that are not genuinely shared or that lack the flexibility to make them work to the benefit of Africa. To what extent do parties agree that the 'governance' of the trade partnership could be improved in terms of process and outcome? If so, how can the joint EU-Africa Strategy effectively address the linkages between trade, development and governance? How can the trade dialogue between the EU and Africa be improved so as to better incorporate Africa's development needs as well as fostering true ownership? How to better involve the private sector both in the negotiating and implementation process of EPAs?

5 Actors: who would be the key interlocutors on the African side on trade issues? How to ensure complementarity between the AU, the RECs, Member States and Non State actors?

In addressing this question it would be important to assess the roles to be played by different categories of actors in support of trade in the EU- Africa partnership. For instance, is there a need to reconsider the roles played by the AUC in support of the various regional integration and EPA negotiations processes in Africa? How can the AU take a more prominent role and responsibility in this respect? What is the potential value added and complementarity of the AUC in relation to the RECs and the ACP institutions? How to ensure that economic and social actors, including the private sector, agricultural producers and trade unions also play their roles in trade? Through what processes can this be fostered?

6 Monitoring: how to monitor the implementation of the EU-Africa trade arrangements and ensure transparency and accountability in the process?

This question aims to identify the type of joint monitoring mechanisms that should ideally ensure underpin the EU-Africa partnership on trade and economic cooperation. Attempts were made to put in place such a joint system, but without much impact so far. To what extent do 'development benchmarks' approaches provide a good tool to assess the outcomes of the negotiation and implementation of trade agreements? How can monitoring mechanisms ensure that the benefits of a Europe-Africa partnership on trade and regional integration are distributed in



an equitable and sustainable way? How to make these mechanisms operational, functional and participatory?

7 EU Support: how can the EU most effectively support regional integration and trade in Africa? Where to put priorities in the use of aid for trade? What are the most urgent priorities in terms of capacity building and institutional development so as to ensure that African countries can benefit from trade with Europe?

In addressing this set of questions, it would be important to look into the various instruments and procedures for effective and timely delivery of EU aid to African institutions, private sector actors and other stakeholders involved in trade. Through which channels should EU support best be delivered (at the level of the African Union institutions, the Regional Economic Communities, the EPA configuration, the NEPAD, national states, economic and social actor?) How to ensure effective trade support in a long term perspective?

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