



**Concept Note: Regional Round Table  
On  
Economic Partnership Agreements (EPAs) and Poverty Reduction**

Burgers Park Hotel, Pretoria, South Africa  
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## **1.0 INTRODUCTION**

It is a pivotal year for the negotiations on Economic Partnership Agreements (EPAs) between the European Union (EU) and the four (4) configurations in Africa. These configurations are Central Africa (7 countries), East and Southern Africa (16 countries), West Africa (16 countries) and SADC (7 countries). EPAs are an integral part of the African-Caribbean-Pacific (ACP) – European Union (EU) Agreement or Cotonou Partnership Agreement signed in 2000. ACP constitutes 79 member-states of which 48, 16 and 15 are from Sub-Saharan Africa, the Caribbean and the Pacific, respectively.

The Cotonou Partnership Agreement sets the end of 2007 as the date for creating a new trade relationship between the EU and the four configurations. This deadline relates to the expiry of a waiver in the World Trade Organisation (WTO) that legitimises the preferential trade regime under which the Africa exports to the EU. The Cotonou Agreement lays down the basic principles and the timeframe for EPAs negotiations whose outcome is scheduled to enter into force by 1 January 2008. This becomes the framework for broad-based cooperation aimed at reducing poverty through renewed industrialisation and export activities as well as sustainable development. EPAs proponents anticipate progressive scaling-down of all barriers to trade between the parties as a way of enhancing co-operation in all areas relevant to trade activities. EPAs are basically free trade areas (FTAs) between the EU and ACP regions. While proponents of FTAs argue for trade liberalization is a powerful instrument for sustainable poverty reduction, the countries and/or regions are at different levels of development. These countries have numerous similarities in terms of their production structures, structures of their exports and the challenges they face.

## **2.0 BACKGROUND AND CONTEXTUAL ISSUES**

For more than 200 years ago, the main architect of the free trade paradigm had visualised the disastrous fallout from an uneven trade regime. The consequences of ignoring this warning has been the rapid economic growth which failed to translate the benefits to those who suffer from hunger, and live in squalid conditions and abject poverty. In spite of adopting neo-liberal policies and programmes, many African countries continue to register unimpressive socio-economic conditions characterized by low economic growths; falling per capita income and life expectancy; rising inflation rates, interest

rates and infant mortality rates; deteriorating external and domestic debt stocks; worsening poverty situations evidenced by food dependence, malnutrition and up to 80% of the population still living below the poverty datum line; and lack of access to basic social services such as health, education, housing and water.

While other region (the EU) is certain of a positive EPAs outcome, the same can not be said with regards to the four African EPAs configurations. Countries have developmental challenges including poverty alleviation, the on-going processes point to a potentially flawed process and unfavourable outcomes. This is the challenge that the proposed Round Table Discussion, drawing participation from the continent including policy makers, civic bodies, private sector and donor agencies seeks to redress.

EPAs process has failed to ameliorate the prevailing supply-side challenges despite numerous promises by the EU, especially following the end of first phase of the Contonou Agreement, a development that split ACP regions as well as authoring the four configurations in Africa that are negotiating an EPAs with an enlarged 25-member EU. Supply-side constraints facing many countries in Africa include unreliable provision of public utilities (electricity and water); poor public infrastructure (run down roads and railways); weak institutional and policy frameworks (leading to fluctuating exchange rates and high inflation); labour productivity (arising from poor education, health and housing provision); limited technical and financial capacity; uncontrollable factors (weather and fluctuation of prices at the world market).

Africa remains the poorest region in the world today in which half of its citizens are living on less than one dollar a day. Despite embracing neo-liberal policy project as dictated by the global institutions of the IMF, WB and WTO, many countries continue to specialise in exporting raw but mono commodities, a development that restricts the industrialisation processes. Trade negotiations (both bilateral and multilateral) are premised on the neo-liberal agenda of one-size-fit-all trade liberalisation. This is despite the wave of de-industrialisation and de-agriculturalisation leading to rising unemployment, poverty incidence, income inequality and societal contradictions. Renewed calls for reciprocal trade amid conditionalities by industrialised economies are likely to dampen efforts to diversify Africa's economies whose exports remain largely primary commodities.

There are 34 least developing countries (LDCs) negotiating an EPAs with the EU in addition to other bilateral processes - American Growth Opportunity Act – (AGOA), China and within configurations or regions and multilateral platform of the World Trade Organisation (WTO). These member-states are also highly indebted poor countries (HIPC) as well as dominating the lowest strata of the global economy, in which the continent account for less than 2% to global trade while attracting just 2% of foreign direct investments (FDIs) inflows amid huge industrialisation challenges including supply-side constraints and competitive deficiencies at the market – national, regional, continental and global. This further makes many economies weak, but vulnerable towards the ambit of global institutions and agendas.

Thus, the fragmented African region is unlikely to match the prowess of a united and enlarged Europe. The two regions' socio-economic and political development is massively at different levels, further pointing to unequal partnership in both economic

and political terms. Europe as a partner, has eventually assumed a dominant role in determining and controlling the EPAs process; equally significant, EU as a donor is bankrolling individual countries, regional institutions<sup>1</sup> and sponsoring preparations of the on-going EPAs negotiations with the member-states of the four African configurations<sup>2</sup>.

Unjust trade regimes contribute to poverty phenomenon in Africa, especially where there is limited development. Several promises by influential World leaders have failed to improve poverty conditions and/or situations in the continent. While the United Nations' Millennium Development Goals (MDGs) target to half the proportion of people living in poverty and hunger as well as ensuring primary school for all children and reversing the spread of HIV/AIDS, malaria and other diseases by 2015, the reality on the ground points to a potentially off-target scenario. Furthermore, HIV/AIDS pandemic, particularly in Sub-Saharan Africa, is increasingly contributing to poverty dynamics since this is affecting mostly the working population giving rise to orphan-headed families. Again, this development worsens not only the poverty situations, but also deepens the socio-economic crisis as reflected by insignificant inflows in debt relief, international development assistance and foreign earnings necessary to satisfy national import requirements ranging from finished commodities to food items.

### **3.0 GOALS AND OBJECTIVES**

The main goal of this EPAs Round Table Discussion is to explore ways of concluding a better outcome for African configurations with the view to ameliorating poverty challenges in societies. Specifically, the Round Table Discussion objectives are:

- (i) to contribute towards a favourable EPAs outcomes of the African configurations;
- (ii) to raise dangers arising from the EPAs processes to sub-regional developmental agenda in terms of regional integration agenda, poverty alleviation goals of industrialisation and black economic empowerment;
- (iii) to evaluate the EU-Africa's trade relationship;
- (iv) to identify the opportunities of EPAs outcome to sub-regional member-states' socio-economic and political development

### **4.0 METHODOLOGICAL ISSUES**

Selected institutional representatives and individuals dealing with the EPAs processes as well as those willing to engage in this development will be invited to the Round Table Discussion. Specifically, the event will bring together policy makers from selected countries, civic groups, cooperating partners and other stakeholders to interrogate on the EPAs processes and poverty situations in Africa. The Round Table Discussion programme reflects the content and extent of coverage of issues and geographical representative of countries.

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<sup>1</sup> CEMAC, Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC), Economic Community of Western African States (ECOWAS) and East African Community (EAC).

<sup>2</sup> ECOWAS, ESA (Eastern and Southern Africa), CEMAC and SADC.

## 5.0 EXPECTED OUTPUTS AND/OR OUTCOMES

The participants are expected to explore the EPAs processes with the view to assess emerging challenges and opportunities both at the national and regional levels. In addition, participants are expected to strengthen their networks with other like-minded individuals and institutions that are dealing not only with EPAs trade negotiations, but also other trade negotiations fronts including China, USA-(AGOA), within regional groupings (SACU) as well as the multilateral level (WTO).

Specifically, the event is expected to achieve the following:

- round table participation leading to networking and renewed vigour to engage in the EPAs process as it unfolds;
- policy dialogue report summarising the discussions;
- panellists papers;
- edited publication in the form of a book or monograph on EPAs processes;
- edited policy articles published electronically or using the print channels;
- links with other processes already underway in the sub-regions;