



EUROPEAN UNION

Delegation of the European Commission
to South Africa

Pretoria, 11-09-07

PRESS RELEASE

.../for immediate release

Mandelson urges final push in EPA talks

EU Trade Commissioner Peter Mandelson has today urged ACP governments to join a final burst of negotiations to successfully complete Economic Partnership Agreement negotiations by the end of 2007. He warned that there would be no legal basis for the extension of existing preferential trade terms between the EU and the 78 African, Caribbean and Pacific countries if the two sides do not initial new Economic Partnership Agreements before the end of 2007. In the absence of such agreements, Mandelson said, the EU and the ACP would have no legal alternative but to switch to the EU Generalised System of Preferences which would mean less-generous tariff preferences for many ACP countries.

Speaking to the European Parliament's International Trade Committee, Mandelson said: "I have no hat and no rabbit to pull out of it ... If we have no new trade regime in place by the end of this year the Commission has no legal option but to offer the region concerned [less generous] GSP preferences. This deadline is not a bluff or some negotiating tactic invented in Brussels. It is an external reality created in the WTO in Geneva. We are committed to replace Cotonou trade preferences with a new trade regime that does not discriminate against non-ACP developing countries. We have to do this by 1 January 2008".

Mandelson said the European Commission was committed to a successful negotiation. Noting that the EU has offered to eliminate all tariffs and quotas on all exports from ACP countries as part of an agreement, Mandelson said: "In the time we have available, we will do everything we can to ensure the ACP regions get the best legally secure EU market access available. I believe that EPAs remain attainable for every region, and we will continue to work for success".

The full text of Mandelson's remarks to the INTA Committee on EPAs follows:

"Let me turn now to EPAs. We know the objectives of these negotiations. They are well known to the committee – to use trade and regional integration to promote development and to put in place a trade regime for the ACP that is secure from WTO challenge without that, everything else is worthless. I want today to give you my judgement on the state of the negotiations based on numerous meetings and conversations with ACP Ministers over recent weeks.

We stand in these negotiations on the edge – and whether this is the edge of a cliff or of success the next few weeks will tell.

The Commission has put an unprecedented market access offer on the table – duty and quota free access for all ACP countries' exports with the only significant transition arrangements being really for sugar. No other country or region in the world has offered anything remotely comparable to put trade at the service of development. We are about to offer significant changes to EPA rules of origin – a longstanding request of African countries in particular – which will make EPAs at least as generous in this respect as any other preferential trade scheme on offer today. The EU – in particular the Member States – have more to do to clarify the proportion of additional aid for trade commitments which will go to the ACP. I understand the importance of this to our ACP partners and Louis Michel and I are working hard with the Member States to be able to clarify their commitments. But overall, I believe that the EU has gone a long way already to meeting its commitments and will not fall down on its promises.

Let me set out where we are region by region.

In the Caribbean, we have agreement on well over two thirds of the EPA text. What remains outstanding is mainly a WTO-compatible market access offer from the region without which the agreement falls. If we receive that offer within the next two weeks or so, I believe we will be able to complete negotiations rapidly and the EPA will enter into force on the 1st of January 2008. If we do not, these ACP countries will be in serious difficulty.

The Pacific is a region with particular needs. There is limited trade between the EU and Pacific but its development needs are great. The region has made requests in fisheries and services a good number of which I believe we can meet. Whether an agreement will be possible on that basis together with a degree of WTO compatible reciprocity remains to be seen. Influencing this will be the consensus within the Pacific on the importance of an EPA with the EU. Recent events and contacts have given us confused and conflicting messages.

The picture in Africa is mixed. I held a Ministerial meeting in Central Africa in July. This region has understood what is at stake and has defined its interests. It is negotiating hard, but negotiating positively. We await the Region's response to what the EU has put on the table. In Southern Africa, our ability to deliver an EPA will depend in large measure on the attitude of South Africa. It appeared to me before the summer break that the role of South Africa in the EPA – and indeed in the DDA – was, I am afraid to say, deeply negative. They were preventing others – much less well off than them in the region from moving forward. Bear in mind that in the absence of an EPA, South Africa's market access is protected by our existing bilateral trade and co-operation agreement. This is not the same for other countries in this region. In some areas of the negotiation, South Africa is now engaging more positively. If that is confirmed, we must ensure that the EU responds positively, both to South Africa's legitimate expectations but especially to those of the other countries of the region.

I am, however, even more seriously concerned about progress in West and in East Africa. There are long-standing issues of region grouping and configuration in East Africa. It is disappointing that a few weeks from the effective deadline for concluding

an EPA those difficulties continue to hinder progress. I have spoken recently to those most concerned by these issues in Kenya and Tanzania. All I can do today is to reiterate my plea that these issues be resolved now. It will not serve the interests of any country in the region to be seen to be holding up the region as a whole.

West Africa has the capacity to conclude an agreement rapidly. So it is all the more disappointing that recent indications suggest it may be moving backwards, not forwards in preparing its own market access proposals for the agreement. Some in the region believe they have little to lose if an EPA is not concluded and for the more resource-rich countries this may be the case; or that the EU will pull a rabbit out of the hat at the last minute to guarantee continuing existing trade preferences in the absence of an EPA.

Let me address those beliefs, because they are not limited to West Africa. I have no hat and no rabbit to pull out of it. If we have no new trade regime in place by the end of this year in each of the regions – and that means effectively initialling an agreement by around the end of October – the Commission has no legal option but to offer the region concerned GSP preferences. Contrary to the advice given by certain NGOs, no region will be eligible for GSP+ from 1 January 2008 – and very few, if any, from 2009, when the next version of the GSP will enter into force. The 31 countries of the ACP who are not Least-Developed Countries will lose the tariff advantage Cotonou gives them over their competitors in key areas such as textiles, cocoa, tuna, bananas and horticulture.

This deadline is not a bluff or some negotiating tactic invented in Brussels. It is an external reality created in the WTO in Geneva. We have given a binding multilateral commitment that was set and agreed seven years ago.

If we run over the deadline, we – and by "we" I mean the ACP and the EU – will be in open breach of our commitments to other WTO members. We are committed to replace Cotonou trade preferences with a new trade regime that does not unilaterally discriminate against non-ACP developing countries. We have to do this by 1 January 2008. As our experience with bananas shows, other developing countries are unlikely to hesitate to challenge us. It is a gross irresponsibility to pretend otherwise.

Nor is the idea of reciprocity invented by the EU. A measure of reciprocal opening by the ACP is essential for these deals to be secure from WTO challenge. Without respecting this basic principle, we will not be WTO-compatible and there will be no ducking this fact. But that reciprocity will be strongly asymmetrical, in favour of the ACP. It can be flexible enough to allow the ACP to protect their most sensitive sectors and it can be phased in over many years. And, let us be clear, reducing barriers in a number of chosen areas will support development – helping not only industrial but other sectors to get the lower cost inputs they need to grow.

Let me clear. In the time we have available, we will do everything we can to ensure the ACP regions get the best legally secure EU market access available. I believe that EPAs remain attainable for every region, and we will continue to work for success. We will prepare for the rapid implementation of the various legislative and procedural steps needed to put EPAs into place in time to avoid a WTO challenge. We have a packed negotiating schedule with an unprecedented level of time from Commissioners and Senior Officials compared to other bilateral negotiations. With the DDA negotiations, this will be my highest priority in the weeks ahead. But we cannot negotiate with ourselves and I hope those in a position to do so, will encourage this negotiation to take place in a sensible and responsible way".

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