

**Speaking points by Stefano Manservigi,
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- Facts, first. Cotonou deadline is real – our current trade regime expires after 31 December of this year. Friends tell the truth to friends. Extending Cotonou without a waiver would be WTO-incompatible. Extending our EPA market access without a reciprocal offer would be blatant violation of WTO rules. A credible legal system is in the interest of everybody. There will be no development against rules. Think about your own rights! WTO as an enforcing body was sought by developing countries against big powers. In short, there is no WTO-compatible alternative to EPAs or GSP failing a bilateral agreement.
- There are real negotiations going on, even as we speak, in each and every region. And tremendous progress has been made almost everywhere. It's feasible without major dramas.
- Things are moving because the Commission, and the EU as a whole, has also moved towards meeting key ACP concerns. Of course, we are engaged in tough negotiations. But we are first and foremost partners, engaged in a long term vision to build a new economic relationship between Europe and your regions. The starting point is to support your regional integration process. So we have carefully listened to your concerns, and replied to them very substantially. The Commission and the EU have moved:
 - As regards the negotiating process, we are prepared, as we said in our Communication on 23 October, to acknowledge the reality of the current negotiations. You choose the configurations for negotiations. The EC is pragmatic: we respect your choices.
 - This means that :
 - First, we have proposed to proceed in two stages: conclude market access negotiations and everything that can be agreed now (including, for instance, improved rules of origin); and continue discussions on other issues during the course of next year. What does that mean? We know that internal coordination takes time, that regional integration processes are not always sufficiently mature to agree on certain issues now. We propose to give ourselves a bit more time to discuss these issues.
 - Secondly, we are aware of the internal diversity of each region, in terms of level of development, economic and trade interests, etc. Non-LDCs have a vital interest in replacing the Cotonou arrangements by a new WTO compatible regime. LDCs may have difficulties to join at this stage a bilateral agreement with the EU. We know that, and we are open to consider concluding agreements with sub-groups in a region. Of course, this should be a decision left to each region. We are not going to pick and chose. You know our attachment to regional integration. But we are prepared to consider pragmatic solutions, if

regions so decide: we'll leave the doors open both on content and on participation.

- We have also been very responsive to your wish for accompanying measures and creative solutions in order to make EPAs a success for development and regional integration. We did everything feasible. When it was not possible, we have been very honest. For example, we always made it clear that once the 10th EDF funds were set in the Financial Protocol attached to the Cotonou agreement, no additional money from the Community was available. What did we do, then, to respond to your concerns ?
 - There was a strong wish that EPAs should be partnerships for development, and that this should be clearly set out with specific development chapters in the agreements. In every region, we will have development as an objective, strong development cooperation provisions and clear objectives and areas on how to use development cooperation to maximise the benefits of the EPAs. The limit is: let's not duplicate what is already in Cotonou!
 - There was also a clear call for substantial means to accompany the EPA process. We have responded in terms of:
 - Quantity: The 10th EDF has increased 30% compared to the 9th; and there has been a huge increase of regional envelopes to €1.78 bn. A third of the country strategy papers contain trade, EPA and regional integration – including infrastructure – as focal areas: the share of NIPs that link with the regional level is worth some € 1.5 bn in Western Africa alone.
 - Quality, by addressing: capacity-building ("mise à niveau", thanks in particular to the work done with UNIDO); fiscal losses; trade facilitation and SPS; infrastructures.
 - We also responded to the request for additional resources. We have worked very hard to mobilise them around an EU Aid for Trade strategy, with special emphasis on ACP countries. Half of the 1 billion € per year from 2010 that Member States have committed to give to aid for trade will go to ACP. Now you need to continue mobilising in order to ensure that these funds will indeed go in each of your region.
 - There was also a strong call on your side for a more efficient delivery of our resources. We were not prepared to create an EPA facility, but we have worked together on two tracks that should help us reach this common objective of efficiency: this is budget support and regional funds. These two mechanisms have also the beauty of facilitating the contributions of other donors, in particular EU Member States.
- So, things are moving and we did a lot. But we should only look back. Let's rather keep the perspective we are working for. We have a difficult moment to go through. We must go through it. It is difficult, because this means very difficult decisions on your side. Decisions at national level. Decisions within a region. We fully understand and appreciate the sometimes painful discussions and decisions this entails. However, in doing so, let's also look ahead. There are prospects and opportunities for the

medium and long term that we should not forget when focusing on the immediate future. Let me spell out some of these prospects and opportunities:

- The most evident one is that trade liberalisation on your side vis-à-vis the EU will be spread over a long period of time. This gives you breathing space, but also an opportunity to prepare and put in place strategies for the development of your industries. Let's see that as an opportunity also for us to work together and to re-generate our policies in support to productive capacities, investment and business environment.
- Another fact is that when discussing regulatory issues, in most cases over next year, we should not forget what the primary objective is. It is to help you consolidate regional frameworks that are designed to strengthen the economic governance framework at regional level. We all agree on the importance of creating the right business environment, for your economic operators within your region first and foremost. The EU does not pursue offensive economic interests here.
- During too long time, we have built our development cooperation in disconnection from trade realities and your economic regional agendas. EPAs offer an opportunity to re-think this relationship. It is sometimes difficult, because this means changing administrative habits or traditional networks. But we also share, I know, an assessment of today's world: no country can develop in isolation from its regional environment nor away from its integration into the world economy; its development strategy must, therefore, fully incorporate a trade strategy; consequently, its development partners should also support these strategies. With our new round of EDF programming and the participation of EU Member States, we pave the way for very promising avenues in this direction.
- In conclusion, I would just like to highlight an essential point that we should not lose sight of at this crucial moment. EPAs are part and parcel of a wider policy framework of the EU-ACP relationship. They are there to support our regional strategies, with Africa, with the Pacific, with the Caribbean. They are trade tools to strengthen regional economies in support to growth and poverty reduction. They are useful incentives, together with others, to re-think our development cooperation. So, let's not forget this when we strive to pass through a difficult deadline. The conclusion of an agreement is the necessary starting point for a new process of:
 - Creating viable, integrated regional markets: you are doing it, and we have been supporting this for many years.
 - Organising the progressive opening of these markets in a sheltered way. This is the very purpose of EPAs that provide 100% duty free quota free access to the EU market, improved rules of origin and development assistance now, while allowing you to open your markets only in a later stage and to keep exclusions.
- Development is not isolation from international trade. Development is to enter into the international economy in the best way and EPAs allow just that.