

**JOINT ZAMBIAN CIVIL SOCIETY STATEMENT
ON EPA DECEMBER 31, 2007 DEADLINE**

PREAMBLE

1. With only 10 days before the official World Trade Organisation (WTO) deadline for negotiating a free trade area, called Economic Partnership Agreement (EPA) between Europe and countries in Africa, the Caribbean and the Pacific, Civil Society Organisations in Zambia take this opportunity to:
 - a. Take stock of the recent developments in the negotiations
 - b. Express our concerns on the nature and content of the negotiations so far and
 - c. Project our focus into the future with recommendations to our Government and the European Union.

RECENT DEVELOPMENTS IN THE EPA NEGOTIATIONS

2. In the last 90 days, the EU finally accepted the need for more time to comprehensively conclude the negotiations in all areas. In this regard, the European Commission (EC) unilaterally devised Framework Economic Partnership Agreements which take into account trade in goods for agriculture, manufactured, fisheries products and others.
3. Framework Agreements are "Interim" Agreements to ensure that there is no trade disruption after the December 31, 2007 deadline and they have inbuilt provisions to continue negotiations for a comprehensive EPA to be ready by December 2008 and July 2009 in some cases. Interim Agreements can also be acceded to and accessed by sub regional groups or individual countries thereby making them bilateral trade agreements.
4. According to an update from the European Commission, only 19 countries out of the 77 ACP countries had initialed the Interim Agreement by December 12, 2007. A number of countries including Nigeria, Ethiopia, Djibouti, Sudan, South Africa, Angola, Senegal and many others in Africa, and the other two regions (Caribbean and Pacific) have not initialed the agreement.
5. Zambia initialed the agreement on December 5, 2007 alongside Mauritius, Seychelles and Zimbabwe from the Eastern and Southern Africa (ESA) configuration. Zambia however, has not made any obligations on trade particularly relating to the level of liberalization which the EU has continued to insist that it should be 80 %. Zambia has a sensitive list of 24.2 % which implies that the desired level of liberalization for Zambia is less than 80 %. Zambia has also not noded the transition period which the EC has reduced to 15 years with a 5 year moratorium opposed to a 25 year period with a 10 years moratorium that Zambia has always desired. This caution exercised by the Zambian negotiators is commendable.
6. Zambia has acceded to the agreement on account of increased prospects of sugar exports, maintenance of the current rules of origin which are less stringent than the alternative Everything But Arms and the possibility of accessing some 2 billion Euros meant for EPA related funding for ACP countries.

OUR CONCERNS

7. Pressure exerted by the European Commission resulted into speedy agreements on which many countries including Zambia did not adequately consult.
8. Zambia's bilateral initialing of this interim agreement implies that regional integration efforts are adversely affected. Zambia belongs to both COMESA and SADC which have plans of becoming Customs Unions in the next 2 years. With the current divisions on EPAs, regional integration efforts are gravely jeopardized.
9. We are disappointed that the Interim Agreement does not explicitly prohibit European Union member countries from providing subsidies which have been a threat to ESA domestic markets. The agreement also constrains policy space as government cannot introduce new taxes or increase customs duties.

10. We regret the inbuilt agenda for the next phase of the negotiations which will require Zambia and other Least Developed countries to make reciprocal commitments in liberalizing services and trade related issues such as, investments, government procurement, etc, which our governments have consistently rejected at the World Trade Organisation (WTO).
11. We deplore the coercive approach of the EC which seeks maximum conformity to the WTO rules rather than maximum flexibility even if most of the partners they (EU) intend to increase liberalization with are Least Developed countries which can take advantage of WTO safeguard mechanisms.
12. The EC argues that Interim Agreements conform to the WTO regime as well as assures continuity of trade beyond December 31st 2007. However, in the WTO agreement there is no clause which provides for such an interim agreement which in itself expresses a characteristic intransigence as it is unilaterally designed by the EU and offered to the ACPs in a "take it or leave it" fashion.
13. We note that the length of the extension was primarily determined by the EC and was not based on WTO recommendation or ACP requests based on the work needed to come up with comprehensive agreements. There is currently no explanation provided to satisfy the rationale used to arrive at an addition of 1 year for ESA and 1 ½ year for East Africa Community (EAC).

OUR RECOMMENDATIONS

14. With an extension of one year time frame for the EPA talks, it is essential:
 - a) **To reform the basis for negotiating regional free trade areas**, so that less than full reciprocity, as well as asymmetric trade rules can be negotiated, reflecting the differences in economic strength and power between Africa and the EU, and addressing the need for adequate market protection instruments against an influx of cheap EU agricultural and food products into Africa.
 - b) **To invest in Africa's small producers**, allowing them to improve supply capacity, and hence take advantage of any trading opportunities.
 - c) **To strengthen regional trading networks**, as regional trading is more advantageous to development than North-South arrangements. As the UNCTAD Trade and Development Report 2007 is rightly advocating, developing countries should strengthen regional cooperation amongst them, but proceed carefully with regard to North-South bilateral trade.
15. We encourage government to remain strong on protecting sectors which are key for food security particularly agriculture, rural development especially infrastructure development and infant industries including sectors in which Zambia has got potential to increase its trade such as tourism.
16. We urge government to ensure that public awareness programmes which the Ministry of Commerce, Trade and Industries have embarked on should be targeted at the small scale farmers, traders and producers who have been marginalized in the process so far. The budgetary allocation of only K32 000 000 for 2007 has not been sufficient for programmes which should reach all the interested stakeholders. We hope that the 2008 budget has appropriate funding to accompany EPA related awareness and capacity building for traders and farmers who can benefit or be adversely affected by EPAs.
17. We urge our African Heads of states to relook at the asymmetry of the relationship between them and their European counterparts and clearly put the growth of their economies prior to the desire for aid.
18. We reiterate our conviction that intra regional trade has potential to lead to both economic and human development and thus provide a robust exit to the poverty question.

19. The EC and the EU member countries should provide upfront resources to meet their aid pledges. Consequently the Commission should reduce the bureaucracy in the administration of its aid under the European Development Fund and make the 2 billion Euros Aid for trade resources easily accessible. Clearly, levels of EU development assistance to Africa as a proportion of national income are not increasing at the rate necessary for the EU to meet its promises. EU member countries in 2002 at the Monterrey Conference agreed to spend at least 0.51 % of national income on development assistance by 2010, and 0.7 % by 2015. Data from Debt Aids Trade Africa (DATA) indicates that since 2000, the EU's Development Assistance (ODA) to sub Saharan Africa has been just above 0.10 %.
20. We insist that the European Commission should stick to negotiating principles of partnership rather than patronage.

CONCLUSION

21. We look forward to a trading arrangement which will respond to the challenges faced by the small scale traders, farmers, producers and all those engaged in the chain of production in Zambia. Despite their activities being on a small scale, they form the majority of actors in sectors such as agriculture and manufacturing. Their individual contribution to Zambia's trade volume may be marginal but they have the potential to make substantial contributions.