

CHAIRMAN'S OPENING REMARKS BY:

THE DEPUTY GOVERNOR
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NATIONAL SEMINAR ON THE ECONOMIC
PARTNERSHIP AGREEMENT (EPA)

THEME:

POSITIONING SIERRA LEONE
THE ECONOMIC PARTNERSHIP AGREEMENT
NEGOTIATION

WEDNESDAY 12TH - THURSDAY 13TH
DECEMBER, 2007

The Hon. Minister of Trade
H.E. Ambassador of the EU
Other Members of Cabinet
Hon Members of Parliament
Members of the Diplomatic and Consular Corps
Members of the Civil Society & Private Sector Participants
Distinguished Ladies and Gentlemen

I feel honoured and indeed delighted to be asked to chair the day's deliberations on this very crucial and sensitive seminar, having as a general objective positioning Sierra Leone for the Economic Partnership Agreement (EPA) negotiations. At the end of the two day proceedings, it is fervently expected that a sound understanding of our national position on the Economic Partnership Agreement (EPA) will emerge alongside with better appreciation of the challenges to trade policy both in Africa and the European Union.

The importance of trade for fostering growth and development has been the calculated basis for European Union (EU) and African, Caribbean and Pacific (ACP) countries cooperation under successive Lome Conventions and the succeeding Cotonou Partnership Agreement, signed in 2000. Reactions from last weekend's Euro-African summit seem to indicate that this cooperation is presently under severe strain. The problems arise from proposals to replace the Cotonou Partnership Agreement, which expires at the end of this year, with Economic Partnership Agreements (EPAs), effective 1st January 2008.

The problem can perhaps be best understood from an appreciation of the fact that sustainable development, poverty alleviation and meeting the Millennium

Development Goals (MDGs) define the thrust of policy in developing countries at present. Seen from this focus, the ACP countries view the EPAs as inimical to their main pursuits. While the Cotonou Partnership Agreement supported these goals and provided for the continuation of the non-reciprocal trade preferences and aid to ACP countries, the EPAs present a fundamental departure. Under the EPAs, in keeping with World Trade Organisation (WTO) rules, trade liberalization between the parties should be mutual, thus requiring the ACP countries to grant duty-free access to substantially all EU exports "within a reasonable time". Part of the contention is that this stipulation ignores the extent of economic disparity between the partners and is fraught with implications that are detrimental to the ACP countries.

One of the obvious implications is that the ACP countries will be put in an impossible competitive position, having to expose their fragile economies to the incomparably great efficiency and might of the EU's industrial framework. This would simply smother their fledgling industries, and compromise their potential for industrial growth and development. A further consequence will be significant loss of revenue given the high dependence of these countries on import taxes. The revenue impairment would further erode their ability to support the provision of services in an inadequately provisioned setting, not to mention investment for capacity building and infrastructural development.

Future economic development will also be impacted by constraining these countries from the use of tariffs to influence industrial policy. It is a historical fact that practically all industrialized countries used differential tariffs to assist their enterprises in strengthening their manufacturing and processing capacity before subjecting them to the rigors of international competition. By enforcing reciprocal liberalization, the EPAs will deny ACP countries the possibilities

presented by these policies and would thus condemn them to perpetual primary commodity production dependence and hence a lower development threshold.

The value of the market access and integration into the world economy being stressed by the EU is questioned by some commentators, as advantage could only be taken of these if the supply-side constraints which inhibit domestic production are appropriately addressed. They say the EU seems to be shying away from the financial requirements dictated by the need to address these impediments, preferring to relegate funding considerations to the EDF arrangements, already deemed insufficient for meeting even present concerns without adding the cost of implementing the EPAs.

There is concern at the attempt to bring "trade in services" into the EPA framework, as well as the trade-related issues involving rules on competition, investment and government procurement. These are outside the WTO framework and the attempt to force them on the ACPs is seen as an intention by the EU to strengthen their own competitive position by extraneous means. Adequate impact assessments of the proposed contents of the EPAs have not been undertaken and as such the ACP countries are being asked to accept policies the consequences of which have not been fully analysed.

These and other elements of the proposed EPAs are interpreted as a diversion from the basic principles that should guide the EU/ACP arrangements and as a reflection of insensitivity on the part of the EU to the genuine interests of development and cooperation. Among these principles and objectives are sustainable development, structural transformation and support of regional integration among ACP countries; maintenance and improvement of

preferential access to EU markets and special and differential treatment of ACP countries; export structure diversification and attention to rural development and environmental considerations.

What the EPAs present, other commentators argue, is largely a negation of these fundamentals hence the difficulties the proposals have run into. Speaking at the recent EU-African summit, President Wade is reported to have described the proposals as threatening a “seismic rupture” between Europe and Africa. There have been calls for a postponement of the deadline for signing the agreement beyond end December 2007. Indeed ECOWAS has requested a three-year extension to allow for meaningful negotiation and review including consideration of alternatives. The EU has insisted that the deadline should be adhered to otherwise it would impose tariffs on ACP exports to the EU. Analysts have established that there are indeed alternatives to the EPAs as presently structured and have even suggested that the GSP+, or Special Incentive Arrangement for Sustainable Development and Good Governance scheme could be an appropriate stop-gap measure, which would not violate the WTO rules. The reluctance of the EU to adopt this approach is seen by them as a lack of political will.

This is a brief background of the context of this two-day seminar at which we would examine the above and related issues in greater depth with a view to determining Sierra Leone’s position on these proposals. I am pleased that the programme provides for differing perspectives. But more importantly there could be no clearer indication of the importance of this workshop than to have the Minister of Trade himself to deliver the Keynote Address.