

# **Building An Inclusive East Africa Community**

## **Regional Workshop at Nairobi on 27-28 April 2009**

### **Economic Partnership Agreements**

The Economic Partnership Agreements (EPAs) between the European Union (EU) and a group of African, Caribbean and Pacific (ACP) countries are a continuation of pre-existing relations between certain Member States of the European Economic Community (EEC) and the territories that were under their jurisdictions at the beginning of the European economic integration process. These relations date back to the 1957 Treaty of Rome that established an association framework between the territories and the EEC followed by the signing of the Yaounde I and II Conventions in 1963 and 1969 respectively that were later replaced by the Lome Convention of 1975 and ultimately the Cotonou Partnership Agreement of 2001.

The EC-ACP association is characterised by maintaining close economic and commercial relations between the two regions, including the grant of certain financial incentives by the EC to the ACP countries in the form of development aid. In the Lome Convention, the trade regime was characterised by the granting of preferential access to ACP states exports by the EC on a non-reciprocal basis. However, with the advent of the World Trade Organisation (WTO) in 1994, these relations were found to be incompatible with its Most Favoured Nation (MFN) rule. EC had to seek WTO waivers to stay in conformity with the WTO rules until when in 2001 it agreed to bring these relations in conformity with WTO rules by signing reciprocal agreements with the ACP countries.

In order to implement this commitment, EC started negotiating the EPAs in 2002. Initially this was done at the individual country level, but it was later decided that the negotiations be conducted at a regional level and which was done for six regions (West Africa, Central Africa, Eastern and Southern Africa, the Southern Africa development community, Caribbean and Pacific region). The WTO waiver granted to the parties was to expire by the end of 2007 and hence Interim Agreements were initialled with some of them in order to meet the deadline of the waiver.

### **EAC and EPAs**

The EAC signed an interim agreement with the EU in November 2007, though the negotiations are still ongoing. At the beginning of these negotiations Kenya and Uganda were part of the Eastern and Southern Africa (ESA) configuration, and Tanzania was negotiating under the Southern Africa Development Community (SADC). In 2005, the EAC became a Customs Union (CU). As negotiations for the EPAs progressed it became apparent that they could not be concluded under different configurations without compromising the union. With the 2007 accession of Burundi and Rwanda, four of the EAC partner states were negotiating the EPAs under ESA, while one under SADC. At the August 2007 EAC Heads of State summit, it was decided that EAC would conclude the EPAs as a bloc. This was to build on the work already done by the partner states in their previous configurations. The negotiations between EAC and EC are at an advanced stage, with a target of signing the final EPAs by July 2009.

### **Opportunities and Challenges**

These developments on the two fronts of regional integration in Eastern Africa and the EPAs offer significant opportunities for promoting economic and social development in the EAC region. However, a wide range of challenges, many of which proved to be stumbling blocks in the previous effort to establish the EAC, still remain. These include those relating to:

- **Implementing existing agreements:** This includes phasing out tariffs within the region in order to implement the FTA, and a common external tariff (CET), as well as removing non-tariff barriers (NTBs).
- **Agreeing to future terms for cooperation and external trade:** This includes possible adjustments to the CET and external trade terms such as those relating to EPAs and the

region's engagement in the wider regional integration process such as the one announced in October 2008 at Kampala for integration of EAC, SADC and COMESA.

- **Adjusting to emerging economic and social dynamics:** This is to ensure that while trade integration creates new opportunities, it also leads to redistribution of resources away from some sectors, and those within these sectors need support to take up opportunities elsewhere.
- **Ensuring cooperation:** This most effectively contributes to promoting inclusive developments and poverty reduction, hence, economically and socially marginalised groups require targeted assistance in order to access new trading opportunities.

Thus, successfully tackling these challenges will require a wide range of actions and cooperations across the EAC. Engaging citizens in the policy dialogue and implementation process, so as to ensure action responds to their needs and attracts the ownership required to be politically sustainable is a prominent action in this context. The Building an Inclusive East African Community (BIEAC) project proposes to address these challenges.

### **The BIEAC Project – Aims and Expectations**

The BIEAC-project is being implemented by CUTS Geneva Resource Centre (CUTS GRC) and covers all the five EAC members: Burundi, Kenya, Rwanda, Tanzania and Uganda. The project aims to support a range of civil society organisations (CSOs) in the EAC member countries in the next two years to examine the implications of external trade policies on the welfare and livelihood of people and provide a better understanding of both challenges and opportunities of trade integration. It will support these CSOs in their effort to raise the awareness of the general public on relevant issues, gather their concerns and carry out advocacy to highlight them to the policy makers. This will be done through research, awareness raising and advocacy in two one yearly cycles.

Expectations from the project include research outputs on EPAs and regional trade issues; regular thematic outputs like Briefing Papers, Trade Guides and Position Papers; and a sustained interaction with the policy makers during the two years with a view to establish an aware and informed CSO constituency in the region.

### **Regional Workshop**

Research is being carried out under the BIEAC project on some topics of greater relevance in the period from now until the deadline for conclusion of the EU-EAC EPA in July 2009. Some of the topics include: MFN clause and its implications, SPS provisions in the EPA, Export Taxes, Services sector in the EPA, Safeguards and Infant Industries and Revenue Implications for EAC member countries.

CUTS Geneva Resource Centre, in collaboration with CUTS Africa Resource Centre, Nairobi, is organising a Regional Workshop in Nairobi on 27-28 April to discuss draft research papers with a number of stakeholders from EAC member countries. Agenda for the Workshop can be seen below.

The BIEAC project is being undertaken with the support of the Ministry of Foreign Affairs of Germany via GTZ.

**Building an Inclusive East African Community**  
**Civil Society Responses to Emerging Challenges and Opportunities of EAC Regional**  
**Integration**  
**Regional Workshop, 27<sup>th</sup> -28<sup>th</sup> April 2009 Panafric Hotel, Nairobi**

**Programme Outline**

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**DAY I: Monday 27 April 2009**

**08:30 – 09:30 Opening Session**

Welcome Remarks by Clement Onyango, Centre Director, CUTS NRC  
Official Speech and Keynote Speech from Minister for East African Community, Kenya

*Brief Response and Clarifications*

**Reflections and Evaluation**

**PLENARY SESSIONS I: OVERVIEW OF POST 2007 EAC EPA NEGOTIATIONS**

**09:30 – 10:30**

- What has been initialled? What progress has been made in the negotiations of other issues, other than goods trade?
- What is the focus, objectives and scope of discussions on Singapore Issues?
- What have been the key achievements, setbacks/shortcomings and challenges during these negotiations? What strategy is the government pursuing to make the negotiations an inclusive process that incorporates civil society interests and positions?
- What strategies are (will be) embodied in these EPAs to ensure that they support poverty reduction and sustainable development, and EAC-ACP and EAC-Asia-Latin America regional integration?
- What if the EPAs turn out to be undesirable for EAC? Is there a plan B?

*Presenters: Government of Kenya Lead negotiator (tbc)*  
*Plenary Response*

**11:00-13:00 Paper 1: Status of EAC-EC Economic Partnership Agreements (EPAs) and Assessment of Revenue and Development Implications: Tanzanian Case**

*Presenter: Monica Hangi, Economic and Social Research Foundation (ESRF), Tanzania*  
*Dr. Beatrice Mkenda, University of Dar es Salaam, Tanzania*

*Discussant:*

**13:00 – 14:00 LUNCH BREAK**

**14:00–15:30 Paper 2: Safeguarding the EAC Agricultural sector in relation to the EAC–EU Economic Partnership Agreement (EPA): Case study of Rwanda**

*Presenter: Francois Munyentwari, ACORD, Rwanda*  
*Issues to be addressed:*

- Potential implications of the proposed EPA framework on agriculture and agro-based processing.
- Interventions and policies to support economic and social adjustments to trade reforms in the sectors of agriculture and agro-processing.
- Opportunities for small farmers and ordinary citizens in the proposed EPA framework.
- NTB's and their potential to handicap the future trade relations with the EC.
- Trade defence measures related to agriculture.
- Recommendations.

*Discussant:*

**16:00–17:30 Paper 3: A Critical Analysis of Implications of the Most Favoured-Nation provision in the EC-EAC Economic Partnership Agreement**

*Presenter: Julian Mukiibi, CUTS Geneva Resource Centre*

Issues to be discussed:

- The MFN principle in general.
- Overview of MFN provision in free trade agreements and other EPA's.
- Implication of the MFN clause in the EC-EAC EPA.
- Recommendations.

*Discussant:*

**DAY 2: Tuesday 28 April 2009**

**9:00 – 10:30 Paper 4: Standards and Market Access under the EPAs: Implications and Way Forward for EAC**

*Presenters: Gloria Otieno, Institute of Social Studies (ISS), Netherlands*

Issues to be addressed:

- Standards and market access issues in the EPA.
- Types and nature of SPS standards that EAC exporters face in order to access EC markets.
- Who are the most affected/impacted by Standards in EAC?
- EAC countries' technical and human resources capabilities in meeting EC SPS standards.
- Way forward, recommendations and proposals on standards in the EPA negotiations.

*Discussant:*

**11:00–12:30 Paper 5: Analysis of EAC-EC SPS Agreement: What are the Challenges and Opportunities for EAC Trade and Value-Additions?**

*Presenter: Elly Twineiyu, African Centre for Trade and Development (ACTADE)*

*Discussant:*

**12:30 – 13:30 Paper 6: Trade in Services and EPAs: What is at stake for the East African Community?**

*Presenter: Victor Ogalo, CUTS Africa Resource Centre, Nairobi*

Issues to be addressed:

- Importance of services sector in the EAC.
- EC concessions regarding opening the services sector.
- State of play in the EC-EAC services negotiations.
- Recommendations.

*Discussant:*

**13:30 – 14:30 LUNCH BREAK**

**14:30 – 15:30 Paper 7: Export taxes and EPAs: Another trade policy tool under threat from the EU?**

*Presenter: Julian Mukiibi, CUTS Geneva Resource Centre*

Issues to be addressed:

- Export taxes and their current application by the EAC member states.
- EC's stance on application of Export taxes.
- Merits/demerits of applying export taxes.
- Recommendations

*Discussant:*

**16:00-17:00: Reading of Draft Report of the Summary Discussions**

*Presenter: Rapporteur*

**17:00-17:30: Discussion of Next Steps and Closing Remarks**

*Presenters: Atul Kaushik, CUTS Geneva Resource Centre (GRC)*

*All Advocacy Partners*

**17:30: Free time and Departures**