

The WTO: towards Hong Kong

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EPAs and the WTO

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WTO and EPAs – the links

- ❑ Doha is *one* influence on the potential impact of EPAs:
 - value of market access for ACP;
 - impact of market access for EU;
 - clarification of Article XXIV.
- ❑ EPAs could influence a delayed Doha:
 - services;
 - Singapore issues;
 - competitive regionalism.
- ❑ But the Doha links are *relatively* weak (and WTO influence mainly indirect via dispute settlement):
 - the main sources of ACP preference erosion are:
 - ★ CAP change;
 - ★ GSP+;
 - an EPA precedent on services/Singapore issues won't constrain WTO doubters;
 - appropriate clarification of Article XXIV seems unlikely.

WTO Article XXIV

- ❑ Without Doha clarification, application of Article XXIV will be determined by:
 - a) EU–ACP negotiations;
 - b) dispute settlement;
 - c) precedents.

- ❑ Influences (a) and (b) are unpredictable – but IDS is systematically analysing (c) to:
 - identify the implications of ACP liberalising ‘substantially all’ trade;
 - emulate Dr Frankenstein: to create ‘the minimum EPA’ by cutting and sewing provisions from existing agreements.

EU precedents on FTAs

- ❑ All the EU's agreements are different but include:
 - a core text of principles, provisions, institutions, safeguards, etc.;
 - annexes listing products that:
 - ★ will be liberalised – and when;
 - ★ will not be liberalised until further agreement.
- ❑ IDS:
 - has analysed trade/tariff data of 55 ACP states to determine potential impact of reciprocity on alternative assumptions;
 - is currently reviewing the other provisions of recent FTAs.
- ❑ Aim is to show:
 - not that supporters/critics are wrong – that EPAs are anodyne; but
 - whether Article XXIV **requires** them to involve radical change.

The FTAs being reviewed

Partner	Date notified to WTO as in conformity with Article XXIV
Tunisia	15/01/1999
Mexico	25/07/2000
Morocco	13/10/2000
South Africa	02/11/2000
FYR Macedonia	23/10/2001
Croatia	17/12/2002
Chile	03/02/2004
Egypt	03/09/2004

ACP liberalisation – how much?

- ❑ The EU precedent is that ‘substantially all’ is defined by reference to the **value** of pre-existing trade that is liberalised.
- ❑ The alternative – the proportion of sectors – gives very different results.
e.g. Mexico is liberalising on 98% of its imports from the EU but it is excluding wholly or substantially from any liberalisation one-third of all agricultural chapters.
- ❑ IDS has applied the value formula to ACP imports to identify the ‘marginal tariff’.

Region	Marginal tariff (%) ^a	Range	High outliers ^b
Caribbean	20	15–30	<i>St Kitts, St Lucia, Surinam</i>
Central Africa	30	20–30	None
East and Southern Africa	25	5–40	<i>Burundi, Djibouti, Ethiopia</i>
SADC	5	0–25	<i>Angola, Mozambique, Tanzania</i>
West Africa	20	20–30	Nigeria

Notes:

(a) The most frequently encountered marginal tariff for all countries in group if they liberalise on 80% of imports.

(b) In italicised countries a small number of very large imports absorb a high proportion of the 20% excludable basket.

The least-constraining precedents

Issue	Agreement	Provision
Liberalisation schedule	Mexico	Positive list
Transition period	South Africa, Morocco	12 years
Contingent liberalisation	South Africa	SA liberalisation dependent on positive action by EU
Agricultural safeguard	South Africa	Act first, talk later
Transitional non-agricultural safeguard	South Africa	Act first, talk later
Permanent non-agricultural safeguard	Mexico	Act first, talk later
Fisheries	South Africa	Separate agreement
Domestic subsidies	Mexico	Allowable
Export restriction	Mexico	Allowable
Services, TRIPs	Mexico, South Africa	Empty box
Government procurement	South Africa	Empty box
Competition policy	Mexico, South Africa	<i>Status quo</i>

Conclusions on Article XXIV

- ❑ Unless the EU's existing accords are non-compliant with Article XXIV it is **possible** for EPAs to involve:
 - modest ACP liberalisation (+ safeguards on EU agricultural exports);
 - no binding commitments on services or Singapore Issues.
- ❑ This does not mean EPAs are benign – the subject of a different talk!
- ❑ What it does mean is that:
 - the WTO's Article XXIV does not **require** very much;
 - the opportunity cost of the huge investment in EPA negotiation may turn out to be very high – for both ACP and EU.

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