

# EABC Issue Update



## STATE OF PLAY ON ECONOMIC PARTNERSHIP AGREEMENT NEGOTIATIONS

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*Between December 8 and 11, 2009, East African Community (EAC) held a joint Economic Partnership Agreement (EPA) negotiations with European Commission (EC). However, the two teams could not agree on development text and the negotiations were deferred to February 23rd and 24th in Brussels, Belgium.*

*The controversy under the development text stems from the realization that, after initialling the Framework EPA in November, 2008, some unresolved issues in the Most Favoured Nation clause and the development provisions under Framework Economic Partnership Agreement (FEPA) were weak and offered no commitments by European Commission (EC) and hence needed to be reinforced.*

Economic Cooperation and Development is one of the areas of cooperation under FEPA which EAC and the EC agreed to negotiate a full comprehensive EPA.

Both parties made commitments to cooperate with the objective of facilitating the implementation of the EPA and to support integration and development strategies. Regarding the above, both EAC and EC agreed that the cooperation should be based on the EAC-EC Development Strategy.

In the initialled FEPA, the EAC and EC agreed on broad areas of Economic and Development cooperation which will act as a guiding framework for the development of a full text mapping out specific areas of cooperation. A full Chapter on Economic and Development cooperation will feature in the comprehensive EPA text.

Subsequent to the December meeting, EAC Partner States at technical level held a Dedicated Session on Economic & Development Cooperation in Bujumbura between January, 18th and 22nd 2010 to develop positions for the next round of Joint Technical negotiations.

The East African Business Council participated in the Council session to review the state of play in EPA and provide a way forward for the planned Joint EAC-EC-EPA Technical Officials negotiations on

23-24 February 2010 in Brussels, Belgium.

During the Dedicated Session on Economic & Development Cooperation, the EPA experts advised that since the Framework Economic Partnership Agreement (FEPA) has not been signed, it is not legally binding on any party, making it possible to amend or make alterations.

The experts, therefore, advised that annexing the economic and development cooperation text under the contentious FEPA should be considered legal and does not at all contradict any of the World Trade Organisation provisions.

EPA experts also agreed to convene a dedicated session on the 15-18 February, 2010 to, among others, finalize the outstanding issues on Economic & Development issues in preparation for the s Joint EAC-EC-EPA Technical negotiations planned for 23-24 February 2010.

The FEPA negotiation process has been slow and failed to live up to the envisaged road map. Although the FEPA was originally set for signing in July 2008, it was never concluded due to too many outstanding issues.

EABC therefore proposes that both parties should adhere to the principles and rules of negotiations while taking into consideration proper scrutiny by EAC Partner States on outstanding issues such as Rules of Origin, MFN clause and Economic & Development Cooperation.

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