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UPDATE ON BILATERAL AND REGIONAL TRADE AGREEMENTS

Asia-Pacific

AAZNFTA: Negotiations on this free trade agreement between the 10 ASEAN governments and those of Australia and New Zealand were concluded in Singapore in August 2008. The agreement was subsequently signed in February 2009. The ASEAN-Australia-New Zealand FTA (AANZFTA) envisions a regional common market by 2015. It covers all sectors, including goods, services, investment and intellectual property, simultaneously.

Australia-China: China and Australia are negotiating what may be a major bilateral free trade deal. A framework agreement for the potential FTA was signed in October 2003, and talks began in April 2005 after a feasibility study was conducted. Australia seeks a comprehensive agreement covering all sectors, while China seeks to limit the deal's coverage and hoped to complete negotiations within two years.

Australia-Japan: Australia and Japan began FTA negotiations in April 2007 after clearing a joint feasibility study (and signing a joint plan for military cooperation). As of October 2008, seven rounds of talks had been held. The deal is supposed to be a comprehensive one, but there are serious debates over agriculture.

BIMSTEC: The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, or BIMSTEC, groups together Bangladesh, Bhutan, Burma, India, Nepal, Sri Lanka and Thailand. The seven-country forum aims to achieve its own free trade area by 2017. In June 2009, India took its trade diplomacy up several notches with negotiators wrapping up a free trade deal in goods with other BIMSTEC countries.

China-ASEAN: In November 2001, China and the 10-member Association of ASEAN began negotiations to set up a free trade area. One year later, a framework agreement for the planned FTA was signed. The FTA has been targeted to come into force in 2010 for the six original ASEAN members (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) and in 2015 for the other four (Burma, Cambodia, Laos and Vietnam). Implementation of the framework agreement would occur in stages. The last one occurred in August 2009, when the China-ASEAN investment agreement was to be signed at the ASEAN Summit in Thailand.

China-Singapore: Separately, China signed a bilateral FTA with ASEAN member Singapore in October 2008.

China-India: China and India, the two giants of Asia, have been talking (unconvincingly) of the possibility of a bilateral free trade agreement since several years. A feasibility study was completed in October 2008, but there is much opposition from India's business sector as well as many other political complications that are likely to keep the idea on a very low flame for a while.

EU-ASEAN: The European Union was planning on a bilateral trade agreement with ASEAN for many years. On 4 May 2007, the two sides agreed to start negotiations. The EU-ASEAN FTA is supposed to be a comprehensive agreement. The talks have moved slowly and it's not clear if the final deal will take the form of separate agreements between the EU and individual ASEAN members, something the EU seems to prefer. EU procedures require that all ASEAN

countries sign a Partnership Cooperation Agreement (PCA), containing a commitment to human rights, as a prerequisite to an FTA. As of October 2008, Indonesia had already concluded its PCA with the EU, Singapore and Thailand were in advanced stages of negotiations, and Vietnam, Malaysia and Brunei were about to begin. The Philippine government stated early on that it expects problems in negotiating a PCA, as the agreement apparently requires that the signatory state join the International Criminal Court. In October 2009, EU gave ASEAN 4.5 million euros to train IPR enforcement agencies and introduce protection for geographic indications, in the context of an eventual EU-ASEAN FTA.

EU-India: The European Union and India launched negotiations on a bilateral free trade and investment agreement (that has enemies on both sides) in June 2007 and currently plan to conclude them by the end of 2009. The fate of the India-EU trade and investment agreement—which seeks to further open up bilateral markets for goods, investments and services—may hang in balance as India and the EU lock horns over including labour standards in the pact.

EU-South Korea: In May 2007, the European Union and South Korea started negotiating a bilateral free trade agreement. They temporarily signed the treaty in October 2009 and hope that it will come into force in July 2010. It covers goods, services, investment and government procurement.

IBSA: India, Brazil and South Africa are planning to enter into a trilateral free trade agreement, linking three economic powerhouses of Asia, Latin America and Africa in what would be a major South-South FTA. IBSA as an institution is moving along and it's likely that some FTA between the three will see the day at some point. This ambitious project may actually revolve around India, Mercosur and SACU (Southern African Customs Union consisting of South Africa, Botswana, Lesotho, Namibia and Swaziland).

India-ASEAN: Over a period of five years, India and ASEAN negotiated a bilateral free trade agreement — with plenty of difficulty. Under their initial bilateral framework agreement, signed in Bali on 8 October 2003, the India-ASEAN FTA for goods was supposed to be finalized by 30 June 2005. Negotiations on services would start in 2005 and end in 2007. On 28 August 2008, a deal was finally concluded.

Japan-ASEAN: In October 2003, the governments of Japan and of the 10-country ASEAN signed a general framework for a bilateral free trade agreement. In November 2004, they agreed to initiate the negotiating process. The talks started in April 2005 and ended in November 2007, and the agreement came into force on 1 December 2008. The Japan-ASEAN FTA is a comprehensive one, covering trade in goods, services, investments, rules of origin, dispute settlement, sanitary and phyto-sanitary regulations, technical barriers to trade, economic cooperation and, on Japan's request, intellectual property rights.

Japan-Indonesia: In July 2005, Japan and Indonesia formally began negotiations on a bilateral free trade and economic agreement. The two governments aimed to reach a deal by the end of 2006 but it took two years. The pact was signed on 20 August 2007 and went into effect on 1 July 2008.

Japan-Vietnam: The Japanese government started negotiating a bilateral free trade agreement ("economic partnership agreement") with Vietnam in January 2007. As of September 2008, nine negotiating rounds had been held. The agreement was finally signed on 25 December 2008.

PICTA: The Pacific Island Countries Trade Agreement (PICTA) is an FTA on trade in goods among 14 members of the Pacific Islands Forum signed in 2001. As of 2008, it is being expanded to trade in services.

PACER: The Pacific Agreement on Closer Economic Relations or PACER is a framework agreement to deepen trade and investment liberalization in the broader Pacific on a step by step basis. It was signed in 2001 and came into force in 2002. PACER includes Australia and New Zealand, who are excluded from PICTA and commits all members to begin negotiations towards a free trade agreement by 2011 at the latest. In August 2008, Australian Trade Minister Simon Crean started advocating a "PACER-plus" agreement, in lieu of the originally envisaged FTA, which signals the aggressiveness of Australia's stance to achieve an agreement, particularly given the EU's pending EPA with the Pacific Island states.

P4: The P4, formally the "Trans-Pacific Strategic Economic Partnership Agreement", is a so-called free trade agreement between the four Pacific governments of Brunei Darussalam, Chile, New Zealand and Singapore. It was signed on 3 June 2005 and came into force on 1 January 2006. In September 2008, the US Trade Representative announced that the US will negotiate entry into the P4 agreement, tentatively starting in March 2009. In November 2008, the governments of Australia, Peru and Vietnam announced their inclusion as well, while the Chilean government is lobbying the Korea government to also join. This raises the specter of any "P4+" deal evolving into a potentially APEC-wide, comprehensive free trade agreement.

Canada-South Korea: Canada and South Korea are currently negotiating an FTA. The talks began in July 2005. As of March 2008, 13 rounds of negotiations have been held. Both countries are aiming for a comprehensive agreement.

China-Taiwan: In early 2009, the Ma administration in Taipei and the Chinese government in Beijing began seriously discussing the possibility of signing a free trade agreement between the two. The stakes are quite large and so is the controversy around any such deal. Taiwan hopes to sign an economic cooperation framework agreement (ECFA), similar to a free trade agreement, with China as soon as possible: next year, if not earlier.

China-New Zealand: On 7 April 2008, New Zealand and China signed a comprehensive bilateral free trade agreement. It was the first bilateral FTA that Beijing signed with a so-called developed country. It entered into force on 1 October 2008.

India-Japan: The governments of Japan and India started negotiating a comprehensive Economic Partnership Agreement in January 2007. They started a fresh round of talks on a free trade agreement on 29 September 2009 after discussions in January remained inconclusive because the countries failed to find common ground on a few contentious issues (concerns are being expressed about certain measures that could hamper generic drugs and access to medicines).

ASEAN-South Korea: The government of South Korea and nine members of the Association of South-East Asia Nations (all of them except Thailand) signed an FTA together in May 2006, which took effect in July 2006. Due to concerns about agriculture, particularly the deal's provisions on rice and livestock, Thailand negotiated separate arrangements with the Korean government. In June 2009, ASEAN and South Korea completed their Framework Agreement on Comprehensive Economic Cooperation with the signing of the ASEAN-Korea Investment Agreement (after agreeing on opening up the services sector on 1 May).

JPEPA: The governments of Japan and the Philippines reached a basic political agreement on the Japan-Philippines Economic Partnership Agreement (JPEPA) on 29 November 2004. The

agreement was then signed on 9 September 2006 and came into force on 11 December 2008. JPEPA was and remains hugely controversial.

Korea-US: The US-Korea free trade agreement has been one of the most controversial since NAFTA. Washington and Seoul talked about a possible free trade agreement for several years before anything got started. The first round of negotiations took place in the US on 5-9 June 2006. Ten months and eight formal rounds (not to mention numerous side talks on side agreements) later, the deal was concluded on 2 April 2007 in Seoul. Two weeks later, newly elected Korean President Lee Myung-Bak travelled to Washington to sign the FTA. As of November 2009, the US-Korea FTA is still pending ratification by both countries' parliaments.

Malaysia-US: Having signed a Trade and Investment Framework Agreement on 10 May 2004, the US and Malaysia agreed in early 2006 to start negotiating a bilateral Free Trade Agreement. According to the Malaysian Minister of International Trade and Industry Datuk Mustapa Mohamed, the dialogue between the two countries stalled since the middle of 2008. There is no major development since then.

Malaysia-New Zealand: The Malaysia-New Zealand FTA was signed on 26 October 2009. The agreement consists of commitments on Goods, Services, Investment, Movement of Business People, Intellectual Property, Economic Cooperation, Competition, Sanitary and Phytosanitary measures, Technical Barriers to Trade, Rules of Origin, Customs Cooperation, Trade Remedies, Dispute Settlement, Transparency, Institutional Provisions, General Exceptions and Final Provisions.

Thailand-US: The US and Thailand started negotiations on a comprehensive bilateral free trade agreement in June 2004. Like other recent bilateral free trade agreements with the US, the US-Thailand FTA will cover investment, services, government procurement, intellectual property, as well as agriculture. The last round of talks took place in Chiang Mai in January 2006 with 10,000 people protesting in the streets and disrupting the meeting. Negotiations have not resumed since.

Africa (bilateral and regional trade agreements other than EPAs)

COMESA: The Common Market of Eastern and Southern Africa (COMESA) was established by a treaty signed on 5 November 1993 in Kampala, Uganda. The agreement was ratified a year later in Lilongwe, Malawi on 8 December 1994. The COMESA treaty builds on an earlier preferential trade agreement and is aimed at creating a common market in Eastern and Southern Africa. In October 2008, the member states of COMESA, the East African Community (EAC, with five members) and the Southern Africa Development Cooperation (SADC, with 14 members) agreed to merge as one giant 26-member free trade area. (There is some overlap in membership among the current blocs.) This will take some time, as the three have different levels of economic integration.

EU-Mediterranean: The Euro-Mediterranean Free Trade Area (EMFTA) is a free trade zone under construction since the Barcelona Declaration, a framework plan, was adopted in 1995. It is being built through a series of bilateral FTAs (called Association Agreements) between Brussels and each state bordering the Mediterranean, as well as so-called horizontal FTAs between the non-EU Mediterranean countries themselves. EMFTA is supposed to be completed by 2010. However, an ongoing sustainability impact assessment of EMFTA commissioned by the EU already foresees important negative social and environmental consequences.

SACU-US: The US began negotiating a free trade agreement with the Southern African Customs Union — composed of South Africa, Botswana, Namibia, Lesotho and Swaziland — in June 2003. The talks first got stalled in mid-2004, largely because of the US' extreme and inflexible demands regarding intellectual property rights. By early 2006, the process was looking like it would still go nowhere and in April that year it was suspended. On 16 July 2008, the US Trade Representative and the SACU Trade Ministers signed a Trade and Investment Development Cooperation Agreement. The TIDCA is meant to be a stepping stone to a full FTA, so the process is still in motion. On 12 May 2009, the US government said it would not revive talks on a free trade agreement with SACU countries.

Middle East

EU-GCC: The European Union and the Gulf Cooperation Council signed an Economic Cooperation Agreement in 1988 which laid the framework for the elaboration of a bilateral free trade agreement between the two regional blocs. Formal negotiations began in 1990 and are still not concluded. After having been suspended twice in December 2008 and May 2009, The long-awaited negotiations is expected to be completed by next March, a Kuwaiti senior official said by late September 2009.

US-Oman: Late 2005, Oman finalized an FTA with the United States, as part of the US' plan to reach an all encompassing Middle East Free Trade Agreement. The FTA was ratified in June 2006 and came into force on 1 January 2009.

MEFTA: The US-Middle East Free Trade Area (MEFTA) initiative is an ambitious plan to achieve a single free trade agreement (FTA) between the United States and all countries between Western Sahara and Iran. It was launched by George W Bush in 2003. The idea is to build the FTA bit by bit from the bottom up. Here, in theory, that means pushing all the countries up a scale of necessary conditions: from WTO membership to a Trade and Investment Framework Agreement leading to a bilateral investment treaty and/or an FTA. While the US initially set the deadline for MEFTA at 2013, officials now refer to a target of 2014.

US-UAE: The US is trying to secure a bilateral free trade agreement with the United Arab Emirates as part of its drive to patch together an overall US-Middle East FTA by 2013. Talks started in 2005, after the signature of a US-UAE Trade and Investment Framework Agreement in 2004, and were supposed wrap up in 2006. However, the Dubai Ports World scandal that erupted in the US in 2006 put all this on ice and the process has not recovered since.

North America, Latin America and the Caribbean

EU-MERCOSUR: Late 1995, the EU initiated negotiations on a bilateral free trade agreement with MERCOSUR (common market between Argentina, Brazil, Paraguay and Uruguay) as a reaction to the US' push for a Free Trade Area of the Americas (FTAA). The EU-MERCOSUR FTA was slated to be completed in October 2004, but the two sides failed to agree on each other's final offers. Discussions resumed in 2005 and the EU planned to reach an agreement by 2006; however, the resumption of negotiations has been put off indefinitely due to the resistance of South American countries to opening up certain markets and to the European rejection of demands to cut agricultural subsidies. In October 2009, negotiations resumed again, both regional organizations trying to reach a deal on a FTA.

Canada-Colombia: On 7 June 2008, Canada concluded free trade agreement (FTA) negotiations with Colombia. The agreement was signed by the Government of Canada on 21 November 2008 over strong criticism from the opposition parties and condemnation from Colombian civil society organizations. However, public pressure has forced a victory in the fight to stop the Canada-Colombia FTA on 29 May 2009. It has indeed been removed from the Canadian government's current legislative agenda.

UE-Canada: In March 2009, after years of speculation and discussions, Stockwell Day, Canada's international trade minister, signaled the formal start of negotiations towards a comprehensive free trade agreement with Canada's second largest economic partner, the European Union. Initial areas of negotiation include trade in goods, intellectual property, investment, technical barriers to trade, regulatory cooperation and, competition policy. There has also been talk of and an eventual agreement on labour mobility. Officials from Canada and the European Union held their first official round of free trade talks last week, kicking off a five-round process that the parties say should take about two years to complete.

UE-CAN: The European Union and the Andean Community (composed of Bolivia, Colombia, Ecuador, and Peru) have been working towards a bilateral trade and investment pact since 1993, when they first signed a Framework Cooperation Agreement. In Rome in 2003, ten years later, they signed a joint commitment to formally enter into an Association Agreement, "including a Free Trade Agreement (FTA)". Negotiations started in May 2007. Five rounds of negotiations have taken place so far, but the last one has only seen the participation of Colombia and Peru. The objectives pursued are: reduction of taxes on foreign business activity, including import and export tariffs; opening up the country to uncontrolled trade flows; changing quality standards and technical standards; simplifying and restricting the use of sanitary and phytosanitary measures; providing unrestricted access to raw materials, especially minerals; "maximum possible protection" for intellectual property rights; opening up of all economic sectors and aspects of national life to European investment; direct or indirect privatization of all public services and government-owned corporations; obligation on the part of governments to put all procurement and contracts out to international tender; elimination of policies and programs to support and protect economic activities and domestic products. As of year-end 2009, negotiations are continuing on a bilateral basis with Colombia and Peru, thus heightening the risk of a CAN breakup.

EU-Central America: The European Union has been negotiating a free trade agreement with six Central American countries — Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama — since mid-2007. The deal is dubbed an "Association Agreement" in which the FTA is one component alongside others (concerning cooperation and political dialogue). It is also a "progressive" agreement in that its provisions are phased in over time. Currently, it seems that the Honduran crisis is delaying trade agreement negotiations between Central America and the European Union, as diplomats wait to see how the political situation there plays out.

US-Andean Countries: In May 2004, the US began negotiations with Colombia, Ecuador and Peru to reach some form of FTA with the three Andean countries. No agreement was reached by end November 2005, with Colombia and Ecuador holding back on several grounds and Peru saying it would proceed alone. Since Peru signed a bilateral trade deal with the US in December 2005 and bilateral negotiations were continuing with Colombia as of that date, information on subsequent events is presented separately under US-Peru and US-Colombia. As to Ecuador, Quito's cancellation of a contract with Occidental Petroleum (Oxy) in May 2006 sounded the death knell for negotiations around a US-Ecuador FTA. Ecuador said it wants to negotiate "un tratado de comercio par el desarrollo" that would go further than purely economic matters.

US-Columbia: On 27 February 2006, the United States and Colombia reached a Trade Promotion Agreement whose negative impacts were immediately subjected to severe criticism by civil society. The perks granted to the US by the new FTA, especially concerning agriculture and national treatment, rapidly became public knowledge. A vote on the deal was put off in April 2008 after President Bush sent the corresponding bill to Congress despite a recommendation against this move on the part of Speaker Nancy Pelosi. Pelosi sought a change to the House rules to prevent the fast-track timetable from kicking in. In May 2009, US president Barack Obama has given "instructions" to his Trade Representative Ron Kirk to start talks with Colombia about the pending free trade agreement between the two countries.

US-DR-CAFTA: The US-Central America Free Trade Agreement, commonly referred to as "CAFTA", was signed in December 2003 after twelve short months of negotiation. The negotiations involved the US, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. The US separately negotiated a bilateral treaty with the Dominican Republic, with a view to folding the deal, and the country itself, into the US-CAFTA scheme. CAFTA is a wide-ranging agreement covering many areas: agriculture, telecommunications, investment, trade in services (from water distribution to gambling), intellectual property, the environment, etc. The overall agreement needs ratification by all parties to go into force (up to date, only Dominican Republic and Costa Rica ratified the treaty).

US-Peru: On 7 December 2005, Peru and the United States signed a bilateral treaty called the Trade Promotion Agreement. Despite strong opposition from Peruvian peasant and indigenous communities, social organizations and trade unions, the FTA took effect on 1 February 2009.

US-Panama: Separate from the US-Dominican Republic-Central America free trade agreement (DR-CAFTA), the US is negotiating a bilateral deal with Panama. The process started in April 2004 and a text was finally agreed to in December 2006. A Trade Promotion Agreement was signed in June 2007 but as of late 2009, the FTA had not been ratified by the US Congress, despite President Martinelli's interest in pushing it through.

Economic Partnership Agreements (EPAs)

Status of EPAs in the various sub-regions:

High-level African, Caribbean and Pacific (ACP) Economic Partnership Agreement (EPA) negotiators and representatives from Regional Integration Organizations exchanged information on the state of play in regional EPA negotiations and their implementation at the ACP Technical Follow-up Group meeting held in Brussels on 12-13 October 2009. A common area of divergence with the European Commission (EC) in the negotiations relates to the EC's demand that African and Pacific (AP) (the Caribbean has signed a full EPA) market-access offers include liberalization of 80 percent of regional trade within a 15-year transition period (although the EC has shown some flexibility in this regard). AP regions are calling for lower coverage and longer transition periods to accommodate LDC members, especially considering the continued, and in some cases increasing, use of EU subsidies for agricultural products. The possibility of adjusting the pace of trade liberalization in the face of the current global economic crisis was also considered.

The ACP negotiators also called for improvements in the rules of origin to allow for full cumulation at the all-ACP level and with neighbouring developing countries. Other requests by the AP include binding EPA provisions to ensure EU development-cooperation support to increase competitiveness and meet EPA adjustment and implementation costs, effective Aid for Trade support and ex-ante-calculated compensation for loss of customs revenue.

For its part, the EU is calling for applying net fiscal impact as the basis for calculating compensation for revenue loss due to trade liberalization. The EU also maintains that development-support commitments are sufficiently provided for in the overall ACP-EU Partnership Agreement, and that additional resources can be provided by EU Member States and other donors outside of this framework. Participants called for amendments to be tabled in the current review of the ACP-EU Partnership Agreement to ensure continued focus on regional cooperation, coherence in EPA monitoring institutions and to exempt trade cooperation from the threat of sanction in the case of non-execution of EPAs.

European Commission stresses its flexibility in EPA negotiations

The EC highlighted the need for tailor-made solutions for AP countries in EPA negotiations in order to secure their duty-free, quota-free access to the EU in a report to the ACP-EU Joint Parliamentary Assembly Committee on Economic Development, Finance and Trade meeting on 1 October in Brussels.

The EC stresses that it is up to the AP partners to decide which type of trade-related rules they want to negotiate at this stage, without undue pressure from the EU. The EC reiterated that it is open to re-discuss any provision in interim EPA agreements (IEPAs) in the framework of regional negotiations and with a view to improving these where possible. Finally, the EC said it agrees with the need for broad-based monitoring and review to ensure that the EPAs meet their objectives. It also believes that monitoring and identifying the exact effect of a trade agreement compared to wider political, social and economic factors requires a flexible and participatory approach. This process can then be linked to formal amendments to the EPAs, said the EC.

West Africa tables revised market access offer conditional on EPA development support

West Africa presented a revised market-access offer in goods to the EC at a meeting in Abidjan from 23-24 October. The offer emerged from the West Africa Market Access Offer Thematic Working Group held prior to the joint meeting and follows extensive consultation within the region. Based on a line-by-line economic analysis, a large number of products (including animal, vegetable, mineral, chemical and wood products) were reclassified from the exclusion to liberalization lists. Some key sectors with substantial production in the region (such as base metals, leathers, textiles and footwear) were maintained in the regional exclusion list.

The communiqué issued after the West Africa-EC high-level regional seminar held in Abuja on 17-18 October states that, based on preliminary calculations undertaken by the EC, the level of necessary EPA support is more than three billion euros over current EU pledges. Participants agreed that the proposed commitments on Aid for Trade from EU donors are encouraging and may reach 8.5 billion euros in the next five years.

West Africa's market access opening is conditional on the commitment of the EU to support the EPA development programme according to ECOWAS Commissioner for Trade and Industry, Alhaji Mohammed Daramy.

Central Africa EPA negotiations set to resume

Central African and EC officials met informally on 2 October in Brussels, in the margin of the signing of the 10th EDF's Regional Indicative Programme, and agreed to re-commence technical-level EPA negotiations. The negotiations have been suspended since February,

largely due to a CEMAC secretariat re-organisation which is now complete. A Central African preparatory meeting to prepare for the negotiations will be held from 9-13 November, probably in Libreville.

The parties lack consensus in a number of areas, including market-access coverage and transition periods, legal commitments for EU EPA development support, the non-execution clause and rules of origin. In addition, further negotiation is required on Central Africa's request for specific EPA provisions allowing for the temporary movement of people exercising activities under the EPA, the EU's proposed Most Favoured National clause (MFN) provision requiring the region to accord any concessions made to major trading partners automatically also to the EU, the use of export subsidies, and EPA provisions on Trade Related Issues.

The Cameroon interim EPA was notified to the World Trade Organization (WTO) on 28 September. Tariff dismantlement is set to begin in January 2010, which could cause problems if a regional EPA agreement is not agreed by then, as the region has not yet established a Common External Tariff.

Comprehensive East and Southern Africa EPA unlikely this year

There have been no further meetings between the East and Southern Africa (ESA) region and the EU since the signing of four country-specific interim EPA agreements in August. The ESA representative attending the ACP Technical Follow-Up Group meeting informed colleagues that the outstanding disagreements on safeguard and infant industry clauses, and on export taxes, need to be resolved with the EU in order for the remaining seven of the regions' countries to sign on to IEPAs. The *rendezvous* clause is also still under negotiation. There has been some modification to tariffs on sensitive items and quantitative restrictions have been allowed in four main areas. The sunset clause has also been removed.

The region remains dissatisfied with rules of origin provisions for cumulation with ACP countries and in particular with those relating to the SADC and EAC regions. While the draft rules of origin for ESA, and for the EAC, allow cumulation with all ACP countries, they also require that the country that is cumulated with must have the same rules of origin as ESA. However, it is unclear if this is per item or if the entire rules of origin must be identical. If the latter, this would prevent cumulation between many countries. The EC has yet to clarify this question. There is also the requirement for an administrative agreement between the country ESA wants to cumulate with and the EU, but so far not all countries have this agreement.

EU officials indicate that the timetable agreed to conclude more comprehensive and inclusive EPA agreements, possibly including some variable geometry, will continue with increased momentum, but are unlikely to be concluded by the end of 2009 due to diversity in the level of development of the countries in the region.

It has been agreed that Mauritius will host the COMESA Infrastructure Fund whose main mission is to consolidate regional integration through infrastructural development, food security and energy.

East African EPA Ministerial Negotiations postponed

The ministerial-level East African Community (EAC)-EC EPA meeting scheduled for mid-October was postponed. Sources indicate the region is seeking to add a declaration to the interim framework EPA before signing it, which would include commitments to further negotiate the MFN clause, export taxes and development finance provisions in the eventual full regional EPA.

The EAC secretariat informed the EC about the positive outcome of the recent EAC ministerial meeting, in which EAC ministers agreed that working toward signing the Framework EPA (FEPA) was a top priority. Technical and senior-level officials from both parties are due to meet in the coming weeks to iron out the last remaining issues and to agree on a signing date. The ministerial-level signing ceremony is likely to also include a joint commitment on an agenda and timetable to conclude the full EPA negotiations between the EAC and the EU (the broad scope of the issues to be negotiated is included in the interim agreement) in the not too distant future. The EC is optimistic that the interim agreement can be signed before the end of the year and negotiations on the full EPA are expected to continue in early 2010.

EAC Common Market Protocol negotiations held at the end of September agreed that, starting in July 2010, there will be free movement of people, labour and services across the region. The heads of delegations of the five partner states signed the final draft protocol bringing to a close 18 months of intense haggling among the states. Legal and judicial teams together with attorney generals of the partner states will convene soon to make the negotiated document legally binding before it goes to the heads of states for formal adoption.

Southern African Development Community EPA negotiations postponed to next year

There have been no Southern African Development Community (SADC) EPA meetings or joint negotiations with the EC in October, partly because of elections in Mozambique, Botswana, and Namibia. The SADC EPA technical and senior officials meeting that was planned for 11-13 November to discuss market access, unresolved negotiation issues, the way forward and approach to be taken in negotiations has been postponed due to an ACP Ministerial meeting planned on that day in preparation for the WTO Ministerial later this year. This means that scheduled negotiations with the EC in November will also have to be postponed. It is anticipated that senior SADC officials will only be able to meet in early 2010 and only after that meeting has taken place will they meet with the EC. Expectations are, therefore, that formal negotiations will resume in the first quarter of 2010.

Slippage in Caribbean implementation commitments

The Caribbean representative reporting to the ACP Technical Follow-up Group meeting indicated that there is some slippage on the EPA implementation obligations and that not all notifications have yet been made. Trade liberalization was to have started in January 2009 as some applied tariffs are higher than those agreed in the EPA and need to be reduced to meet EPA obligations. These have not yet been reduced.

The region is in the process of setting up national and regional level implementation units. No regional coordinator has yet been appointed. Work is continuing towards setting up joint EPA institutions and procedures ahead of the first CARIFORUM-EU EPA Council meeting due to be convened in November. A regional level meeting will be held prior to this to prepare for the joint meeting.

Pacific hold first EPA negotiating round this year with the EC

Pacific ACP (PACP) and EC technical level EPA negotiators met in Brussels from 23 September - 2 October, the first negotiation round this year. Prior to the meeting, Niue, Samoa, Cook Islands and Micronesia presented market access offers for trade in goods based on liberalizing between 70-75% of their trade and with transition periods up to 25 years. At the meeting, the EC argued that the offers are not yet acceptable and would need further

negotiation. Nauru and Salomon Islands indicated that they will present market-access offers in the near future.

Positions were narrowed on a number of issues including food security, cooperation in agriculture, infant industry protection, export taxes, sanitary and phytosanitary provisions and technical barriers to trade. Possible alternative wording regarding good governance in the taxation area was also considered.

PACPs maintained their refusal to negotiate EPA services liberalization commitments before completing negotiations on services liberalization at a regional level. The group also wants to prevent any negative precedents in relation to free movement provisions in view of the ongoing trade negotiations with Australia and New Zealand. There was some discussion on the PACPs proposal to instead include a *rendezvous* clause in the EPA on this issue.

With regard to fisheries, the EC apparently backtracked on its earlier commitment to include improved market access for fresh, chilled and frozen fish in the EPA, a red-line issue for several PACPs, and also proposed new fisheries access provisions.

Further negotiation is also required on EC financial and technical assistance.

PACPs maintained their opposition to the inclusion in the EPA of the MFN and non-execution clauses, arguing that the former would reduce their policy space to negotiate other trade agreements, while the latter was already provided for in the Cotonou Agreement.