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**Committee on Regional Trade Agreements
Eighty-seventh Session**

**INTERIM ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN UNION AND
THE ESA STATES (MADAGASCAR, MAURITIUS, SEYCHELLES AND ZIMBABWE) (GOODS)**

NOTE ON THE MEETING OF 9 NOVEMBER 2017

Chairman: Ambassador Walid DOUDECH (Tunisia)

1.1. The 87th Session of the Committee on Regional Trade Agreements (hereinafter 'CRTA' or the 'Committee') was convened in Airgram WTO/AIR/RTA/12/Rev.1 dated 30 October 2017.

1.2. Under Agenda Item D.III of the Session, the CRTA considered the Interim Economic Partnership Agreement between the European Union and the ESA States (Madagascar, Mauritius, Seychelles, and Zimbabwe), goods, (hereinafter "the Agreement").

1.3. The Agreement had entered into force on a provisional basis on 14 May 2012. It had been notified to the WTO by the Parties on 9 February 2012 and 27 July 2012 under Article XXIV:7(a) of the GATT 1994 and the Understanding on the Interpretation of Article XXIV of GATT 1994 as an Agreement establishing a free trade area (documents WT/REG307/N/1 and WT/REG307/N/1/Add.1). The text of the Agreement was available, together with its Annexes, on the Parties' official websites. The Factual Presentation on the goods aspects (document WT/REG307/1 dated 30 August 2017) and questions and replies on the Agreement (document WT/REG307/2 dated 30 October 2017) had been distributed. The Chairman also drew the attention to the responses received from Madagascar issued in room document RD/RTA/47. A revision to the questions and replies document would be issued after the meeting.

1.4. The representative of the European Union welcomed the consideration of the Economic Partnership Agreement between the EU and the four Eastern and Southern African (ESA) States (Madagascar, Mauritius, the Seychelles and Zimbabwe) in the CRTA. He thanked the Secretariat for the preparation of the Factual Presentation and Madagascar, Mauritius, the Seychelles and Zimbabwe for their cooperation. He also thanked Canada and the United States for their questions and the interest shown in the consideration of the Agreement.

1.5. The European Union and the African, Caribbean and Pacific (ACP) countries and regions had enjoyed a Strategic Partnership since the ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000. The ACP-EU Partnership Agreement was the most comprehensive partnership agreement between developing countries and the EU. Since 2000, the Cotonou Agreement had been the framework for the EU's relations with 79 countries from Africa, the Caribbean and the Pacific. It had entered into force in April 2003 and had been revised in 2005 and 2010 in accordance with the revision clause to re-examine the agreement every five years. The agreement had economic, political and development dimensions and was characterised by equality of the partners, broad-based participation (i.e. States and non-state actors), dialogue and regional integration.

1.6. Under the umbrella of the Cotonou Agreement, the EU had signed several Economic Partnership Agreements (EPAs) with the ACP countries and regions aimed at promoting ACP-EU trade. The EPAs were "tailor-made" agreements to suit specific regional circumstances and went beyond conventional free trade agreements. The EPAs intended to support trade diversification by shifting ACP countries' reliance on commodities to higher-value products and services. They focused on the development of ACP partners, taking into account their socio-economic

circumstances. They also included co-operation and development assistance to help ACP countries benefit from the agreements.

1.7. The EU-ESA EPA Interim Agreement had been signed on 29 August 2009 and its provisional application had started on 14 May 2012. The Agreement had been effective in increasing trade between the Parties. Since its implementation, for example, Madagascar's exports had increased by 65% in the period 2012-2016. After the application of the EPA in 2012, Madagascar had seen a rise in its exports to the EU of almost 15% per year. In 2015, textiles and apparel were its main exports worth more than €300 million and had accounted for almost one third of its total exports to the EU. The Seychelles' exports had followed the same trend and had increased by almost one third in the period 2012-2016.

1.8. The Agreement offered ESA States expanded and strengthened access to the European market, thus providing greater stability to exports from those countries to the EU. Furthermore, the Parties reaffirmed their commitment to the Agreement as a mechanism for dialogue and partnership, as well as a tool to foster development and reinforce regional integration.

1.9. Overall, the Agreement provided for substantial coverage, meaning that duties and quantitative restrictions were eliminated on substantially all the trade. However, the final outcome reflected the different levels of economic development between the Parties. The EU had eliminated its tariffs on all products of HS Chapters 1-97 at the start of implementation of the Agreement. By the end of the implementation period in 2022, the ESA States would fully liberalise 92% of their tariff lines on average.

1.10. In addition to the provisions on trade in goods, market access and trade defence, the Agreement included comprehensive chapters on rules of origin, fisheries as well as dispute settlement mechanisms. As regards rules of origin, the Agreement contained flexible and simple rules of origin making it easier for ESA States to export goods produced with inputs from another ACP country. With respect to fisheries, the Parties recognised that fisheries constituted a key economic resource in the ESA region and held great potential for future regional economic development. Against that background, the Parties envisaged specific areas of cooperation, such as the conservation and management of marine fisheries resources and trade measures and development of fisheries and fishery products and marine aquaculture.

1.11. The chapter on development cooperation aimed at reinforcing ESA institutional and productive capacities and supporting necessary adjustment processes. The ESA States could benefit from EU development aid for projects aimed at improving their infrastructure, administration and public services and, in particular, their customs.

1.12. The Parties were currently focused on ensuring the effective implementation of the Agreement so that businesses could enjoy and fully utilise the trade opportunities offered. Recently the Parties had agreed to consider setting up an appropriate mechanism for monitoring the implementation of the EPA. The Parties had also agreed to discuss the scope and objectives of deepening the existing partnership, for example by adding services, investment and other trade-related areas beyond goods which, depending on the Parties' interests and priorities, could further improve the business environment and contribute to the diversification of the ESA economies.

1.13. Looking ahead, the Agreement would expand to a new Party as the Comoros had signed the Agreement on 28 July 2017. The Comoros would start the implementation of the Agreement after the ratification was completed. The EU looked forward to a fruitful discussion and would endeavour to answer Members' additional questions and comments.

1.14. The representative of Mauritius, on behalf of the four Eastern and Southern African Countries (Madagascar, Mauritius, Seychelles and Zimbabwe), thanked the Secretariat for the preparation of the Factual Presentation on the Interim Economic Partnership Agreement. He also thanked the EU delegation for its support and the delegations of Canada and the United States for their questions.

1.15. The Interim Economic Partnership Agreement was an important agreement for the ESA States in view of the fact that the EU was and remained one of the most important export markets

for the four ESA States. The ESA States had been trading with the EU under the provisions of the Lomé Conventions for 25 years, from 1975 to 2000, and consequently under the trade provisions of the Cotonou Agreement until December 2007. The long-standing partnership with the EU had been instrumental to the economic and social development of the four ESA Signatory States. The signing of the Interim EPA was crucial to safeguard preferential access to the European market. The Agreement, which was fully compatible with WTO rules, provided legal security and predictability for trade and was, therefore, expected to create better trading conditions. Moreover, the rules that determined the origin of several key products to qualify for preferential access to the EU market had been improved.

1.16. The ESA countries were engaged in the implementation of the Interim EPA. The EPA Committee had met six times since 2012 and several issues had been addressed including non-tariff barriers encountered by the ESA States as well as ways and means to step up the competitiveness of their domestic industries through appropriate technical assistance.

1.17. The Agreement, as it stood at the moment, was limited in scope. It was in that context that the Parties had agreed to deepen and widen it on the basis of a rendezvous clause. Moreover, the Parties were exploring other issues that were relevant to their development such as value chains, innovation, industrial development and cooperation to achieve sustainable development goals. A dedicated meeting was scheduled in January 2018 to validate those areas of discussions. He looked forward to a fruitful discussion with Members.

1.18. The representative of Canada thanked the Parties for the presentations and the Secretariat for the preparation of the Factual Presentation. Canada had no further questions.

1.19. The representative of the United States thanked the Parties for the hard work in putting the report together and in answering the questions. He also thanked the Secretariat for the preparation of the Factual Presentation. The Agreement was interesting and it was useful to reflect on it. He appreciated the additional context provided that day. The United States had asked questions before the meeting and appreciated the thorough answers received. He had no additional comments or follow up questions at that time.

1.20. The Chairman said that consideration of the Goods Aspects of the Interim Economic Partnership Agreement between the European Union and the ESA States (Madagascar, Mauritius, Seychelles, and Zimbabwe) had allowed the Committee to clarify a number of questions and it could now conclude oral discussion of the RTA in accordance with paragraph 11 of the Transparency Mechanism. If any delegations wished to ask follow-up questions they were invited to forward submissions in writing to the Secretariat by 16 November 2017 and Parties were asked to submit replies in writing by no later than 30 November 2017. In accordance with paragraph 13 of the Transparency Mechanism all written submissions, as well as minutes of the meeting would be circulated promptly, in all WTO official languages, and would be made available on the WTO website.

1.21. The Committee took note of the comments made.
