

Report of the Third Meeting of Delegates from the Geneva Missions of East African Community Countries

CUTS Geneva Resource Centre Conference Room, 22 September 2010

1. Delegates from the Geneva Missions of East African Community (EAC) countries met for an informal lunch meeting at CUTS GRC on Wednesday, September, 22nd 2010. The discussion focused primarily on the major issues surrounding the under-negotiation Economic Partnership Agreements (EPAs), which are addressed in six briefing papers circulated by CUTS GRC. The meeting had three objectives: 1) to provide some background on the current work being done on EAC regional integration 2) to identify issues that should be dealt with in the ongoing negotiations for EPAs and 3) to enable a discussion on topical issues of interest to EAC delegates. Below is a summary of the discussion.
2. Export taxes are being used sparingly amongst the EAC countries despite the fact that they could be a useful policy instrument for developmental objectives. A good historical example of this is Great Britain which used export taxes extensively to assist in its industrialization process, this is further exemplified by the fact that many developed countries continue to use export taxes today. Nevertheless, the proposition by the E.U. to include in EPA with the EAC provisions that would prohibit export taxes can be expected. Therefore EAC countries must ensure the insertion of a carefully worded amendment that would leave the final authority of the export tax to the imposing country but would allow a process for consultation with other parties involved.
3. The proposed most favored nation (MFN) provisions in EPAs is not a cause for major potential trade losses between ACP countries or between the EAC and other African countries and African trading blocs. It does however pose some contentious issues in regard to the possibility of slowing down the wider spectrum of south-south trade. This should be addressed through further research and a line by line analysis with subsequent provisions. The increased availability of past and present models means that such an undertaking can be completed within a relatively short period; however, it may be a costly exercise.
4. Compliance with the E.U.'s food safety and quality standards may serve as a stimulus for investments in supply chain modernization and provide increased incentives for the adoption of better safety and quality control practices. However, there must be clear provisions outlining which specific standards will be adopted as well as the E.U.'s obligation to assist countries that are unable to meet these standards and the establishment of a consultation process with EAC member states on the setting of standards. Furthermore, measures should be taken to ensure that Article 10 of the EC-EAC partner states EPA is operational, consistent and concrete.

5. There is a need for more thorough studies to be conducted on the EAC service sectors in order to give the EAC a more informed approach and thus enable them to negotiate beneficial terms and avoid any unforeseen pitfalls in the EPA.
6. Irregular cross border trade remains a major issue both amongst the EAC member states as well as between member states and surrounding countries. This reality has become an ever present thorn but it should not close the way forward, instead there should be extensive preparation to ensure that the EAC regional integration takes into account the existing risks and adjust accordingly.
7. There remains a strong relation between regional integration and EPAs. On the one hand EPAs are presumed to be potential catalysts for increased regional integration and on the other, the benefits of the EC – EAC EPA can only be realized by EAC member countries through an increased integration.
8. The research conducted by CUTS on EAC regional integration was introduced; these include six policy briefs on Non tariff barriers, informal cross border trade, trade policies, migration, competition, and ascension of Rwanda Burundi and the harmonization of tax laws. There was a positive reception of the research works which were hailed as “highly complementary” for the needs and efforts of member countries. There was also a general appreciation for the facilitation of the informal delegates meetings which help to provide a platform for discussion and coordination of efforts.