

CPTM/Smart Partnership Movement: Quality and Standards Inclusion Initiative

3rd Smart Partners' Think Tanking Dialogue with the Brussels Smart Partnership Hub

'INTENSIFYING PROGRESS TOWARDS ECONOMIC PARTNERSHIP AGREEMENTS (EAP) THROUGH SMART PARTNERSHIP'

Africa-Caribbean-Pacific (ACP) House, Brussels,
24th October 2011



At the same time as EU leaders gathered in Brussels to agree on a solution to the Eurozone debt crisis, the current **Chairman of the ACP Committee of Ambassadors** and **head of the Brussels Smart Partners' Hub**, **HE Steven Katenta-Apuli, Ambassador of Uganda** co-convener with CPTM Smart Partnership Movement, the 3rd Smart Partnership Think Tanking Dialogue with ACP Ambassadors and the European Commission on progressing the EPAs. So far, only 27 of an eligible 78 ACP States have signed an interim or full EPA with the European Union, whilst 9 others have simply initialled. In the context of Europe in crisis, the conclusion of EPAs has been given a new deadline by the EU.



HE Steven Katenta-Apuli was joined by Smart Partners Alan Bryden (*Immediate former Secretary-General of ISO*), Dr Mihaela Smith (*Joint-Dialogue*

Convener), Cathy Cunningham (*CPTM Companion*), Kirit Dal, Dr Ir Jan Verloop (*CPTM Director*), Mr David Bell (*BSI*), Mr Volodymyr Yakubov (*BSI*) and Ms Kathleen van Hove (*European Centre for Development Policy Management*), in addition to Embassies of ACP countries in Brussels: Representative from the Embassy of Kenya, HE Mary Margaret Muchada (*Ambassador Extraordinary and Plenipotentiary of Republic of Zimbabwe*), Representative of the Embassy of Senegal, Ms Gemma Masonya (*Trade Attache of Botswana Embassy*), HE Todjinou Charles Borromee (*Ambassador of Benin*), HE Eltigani Salih Fidail (*Ambassador of the Republic of Sudan*), Mr Sipelele Dlodlu (*Counsellor of the Kingdom of Swaziland*), Jens Peter Prothmann and Bonny Haufiku (*Minister-Counsellor and Commercial Counsellor of the Republic of Namibia*), HE Patrick Gomes (*Ambassador of Guyana*), Deputy Ambassador (*Ethiopia*), HE Mbikusita Lewanika (*Ambassador of Zambia*) and a representative, HE Shirley Skerrit-Andrew (*Ambassador of Organisation of Eastern Caribbean States*), HE Margaret King-Rousseau (*Ambassador of Trinidad and Tobago*).

After the welcoming remarks from **Joint-Dialogue Conveners**, **HE Steven Katenta-Apuli** and **Dr Mihaela Y Smith**, where she stressed the need for **'Smart values for smart ideas and delivery'**, a Smart Partnership motto to encourage frankness, the **Secretary-General of ACP Group of States**, **HE Dr Mohamed Ibn Chambas** presented a welcome statement.





“Your Excellency KATENTA-APULI, Ambassador of Uganda and Chairperson of the ACP Committee of Ambassadors, Convenor and Moderator of the ACP Smart Partners, Brussels Hub

Dr. Mihaela SMITH, Joint Dialogue Convenor, Smart Partnership Movement and CEO of CPTM

Excellency, Ambassadors and High Commissioners, Distinguished guests, Ladies and gentlemen

“I welcome you all to the ACP House for this dialogue which has been organized by the Brussels Hub of the Commonwealth Partnership for Technology Management (CPTM) –Smart Partnership. A special welcome to all those who have travelled from outside Brussels to come for this meeting, in particular:

Dr. Mihaela Y. SMITH, the Dialogue Convenor and CEO of CPTM.

Mr. Alan BRYDEN, former Secretary General of ISO
Mr. David BELL, Head of External policy BSI; and
Dr. Engineer Jan VERLOOP, CPTM Director

I should also welcome Mr. Roelof PLITJER, both from the European Commission, our close partners. A warm and hearty welcome to you all.

I should also congratulate the organizer of this Dialogue, H. E. Ambassador Stephen KATENTA-APULI of Uganda. Ambassador KATENTA-APULI, as you probably all know, is also the current Chairman of our ACP Committee of Ambassadors. Thank you, Ambassador, for inviting me to deliver these welcoming remarks.

The topic of today’s dialogue, “*Intensifying Progress Towards EPAs Through Smart Partnership*”, is clearly, very topical.

The EPA negotiations commenced nearly over decade ago. I regret to say that the state of play on the EPA process has not changed significantly for several years now. So far, only 27 of an eligible 78 ACP States have signed an interim or full EPA. Some 9 others have simply initialled. Negotiations at the

regional level usually pick up at certain times, albeit at variable speeds, and then tend to slow down, in some cases, grinding to a halt for long durations.



Despite the slow pace in the negotiations, the ACP States and regions concerned have repeatedly expressed their full commitment to reaching an agreement with the EU. However, for them, EPAs must serve as instruments of development, which we believe to be the key objective that the parties set out for themselves when they began the process. Our member countries and regional communities would insist that EPAs contribute to sustainable development, improve competitiveness, foster regional integration and assist in the smooth, gradual, and I may add, beneficial, integration into the multilateral trading system.

There are a number of key challenges that the ACP States and regions have stated they face in the EPA negotiations.

The first relates to the deadlines for concluding full EPAs and status of interim agreements. As stated before, all ACP regions have expressed the willingness to negotiate full EPAs that would supersede the interim agreements. For most of them, only then can the ratification process begin.



As negotiations continue to face delays, it is imperative that the interim agreements are applied over a longer period than initially foreseen. In some cases they could even become the final EPA Agreements. It would seem that this is the direction that EPA process may take, especially following the demand by the Commission for immediate ratification and implementation of Agreements that

were initialled or signed by countries that benefit from the Market Access Regulation 1528/07. This is an issue that needs “*smart consideration*” by today’s dialogue and offer advice on the way forward.

I say this because, as we all know, there are a number of contentious issues in the interim agreements that will have to be resolved first. These issues include, *inter alia*, the definition of substantially all trade, transitional periods, export taxes, free circulation of goods, national treatment, bilateral safeguards, infant industry and non-execution clause as well as the MFN clause.

There is also the question of the final content of full EPAs. The rendez-vous clauses in the interim agreements specify areas to be addressed in the on-going negotiations (in particular relating to services and trade related issues). However, it would seem that not all ACP States are keen to negotiate these additional issues at this stage. Various options of how provisions may be designed in the final agreements range from comprehensive provisions to a simplified language providing for cooperation in these areas.

Further, in order to address the specificities of individual countries and sub-regions, variable geometry is being applied within a region. Although seen as practical, the problem with this approach is that it could undermine regional integration efforts. We should be careful not to create a two speed integration process in our regions.

Furthermore, it is important that we try to harmonize the EPA process with integration initiatives in the ACP regions. Where interim agreements have been initialled with individual countries and sub-regions out of larger regional groupings, Parties concerned should aim at concluding full regional agreements, which bring on board and harmonise commitments among all countries within a region. This is a crucial aspect in ensuring that EPAs will meet their initial objective of fostering regional integration.

In addition, further efforts at deeper integration such as the on-going establishment of a Free Trade Area that brings together COMESA, EAC and SADC calls for greater focus on harmonization of trade policies. Therefore, it may be necessary to sequence this type of an initiative in such a way that the setting up the FTAs precedes the conclusions of full EPAs.

Another final point relates to the development support for EPAs. While all parties recognise the necessity of accompanying measures for EPAs, challenges relate both to the amounts and to the identification of supportive programmes. While the EU considers that funds provided under its Aid for Trade (A4T) strategy will be adequate, the ACP regions have come up with EPA development programmes the financing of which will exceed what the EU is so far ready to meet.

However, all said, we are encouraged by the EU Trade Commissioner De Gucht who was here to address the

Heads of ACP Regional Organization. It was his opinion that the negotiations are in fairly good shape and that the Commission will exercise reasonable flexibility in ensuring that we move beyond the current impasse.

We hope that this meeting can, in a “*smart way*,” address some of the few unresolved issues. I urge us to work smartly and to come out of this meeting “*smarter*” than when we started.

With these few remarks, I welcome you all once and wish you all a successful dialogue.”

‘Making EPAs work’

Mr Roelof Plijter, Smart Partner and Adviser to the European Commission introduced the subject of Economic Partnership Agreements as envisaged in the 2000 Cotonou ACP-EC Partnership Agreement. “Negotiations between the EU and ACP regions started in 2002 and have so far resulted in agreements in the Caribbean region and in the Pacific but not with regions in Africa. The objective of the negotiations is to achieve WTO compatible and development promoting trade agreements which will help stimulate economic growth, help reduce poverty and connect Africa to the global trading system.



African countries are very much hesitating to gradually open their markets for European imports. However, open markets are the key to achieve the development objectives of economic growth, jobs, reduction of poverty, etc.. In addition, improved governance is essential and European Aid for Trade is available to help eliminate barriers and facilitate trade. The present provisional unilateral EU arrangement for access to the European market is not legally sustainable.

Therefore, the Commission has made a proposal to make an end to this situation by 2014. Creativity from negotiators and political will are now needed to complete the regional negotiation processes and ratify agreements in time in order to avoid trade disruption for some African middle income countries. If this will not be possible, then, for some of them an improved scheme of the Generalised System of Preferences will become available, also in 2014. For the Least

Developed Countries, the duty free/quota free access to the European market will continue."

HE Steven Katenta-Apuli stressed that for the deadline of January 2014, the negotiations must be concluded by mid-2012 to allow ratification, translation, agreement by Ministers and Parliament etc. This deadline is not impossible, however, if there is trust between the two partners. This is what is needed. Trust.

'Innovating for effectiveness of 'Aid for Trade''

Kathleen Van Hove, European Centre for Development Policy Management, focused her intervention on the need to find innovative tools, instruments and mechanisms to deliver Aid for Trade and EPA support. If trade is an integral part of a development strategy of the ACP country, effective support is required that reaches the actual intended beneficiaries to enable them to benefit from the trade agreements that will be signed. This calls for more smart and frank dialogue with the private sector actors to make the tools more adapted to the needs and more effective.

for more on **ECDPM** see:

- 'Operationalising the West African EPA Development Programme; moving beyond the paperwork', *Melissa Dalleau and Jeske van Seters, Discussion Paper, ECDPM (No. 121, October 2011)*
- The Aid for Trade Agenda and accompanying measures for EPAs; current state of affairs', *Dan Lui, Discussion Paper no 86, ECDPM*

<http://www.ecdpm.org/>

'Including business and consumers within EPAs through Standards and Innovation'

Two perspectives from the Smart Partners' Quality and Standards network came from **Mr Alan Bryden** and **Mr David Bell**. **Mr Bryden, former Secretary-General of ISO**, who stressed that trade capacity is the key issue. To increase it, public private partnership is required (including the right regulatory environment and the operators to increase local value added goods for national and export markets).



Money, Machines, Man power, Markets and Management are the essential inputs for innovation, whilst increasing capacity requires the strengthening of 3 enablers: financial inclusion, innovation and quality standards. Quality and Standards can increase the levels of exports while guarding against low standard imports and are also enablers of developing local added value. Having a

National Vision can unite and drive these three dimensions.

Mr Bell, BSI, explained that he feels at home at this dialogue because of working alongside all these countries through their National Standards Bodies at the International Standards Organisation. He explained how standards increase the economic chances of companies and the effectiveness of governments and also bring together the public and private sector in an exercise to agree on a common language. This language plays a part in facilitating the opening up of markets by harmonizing regional requirements for health and safety and enabling innovation – as has been seen in Europe. Inclusion is a large part of the standards process, and gives a voice to consumers, small businesses, among others. BSI has taken steps within Europe to improve information on standards, access to them and facilitate feedback on their development.



Innovation

A perspective from the business side came from **Dr Ir Jan Verloop, CPTM Director** from his experience within innovation management for Shell, where he was involved in converting waste to fuel. He spoke about innovation as a potentially valuable element of an EPA: as a creator of wealth and a creator of change. He stressed the importance of partnership - not for the jargon – but real; win-win essential for continuity and success. Two way exchange for mutual benefit.

Why partnerships: Innovation is bringing idea to market. Innovation needs 4 elements: know-how, risk capital, entrepreneurs, access markets. Partner 1 (A&C) provides entrepreneur and access markets, partner 2 (EU) provides missing knowhow and capital. Knowhow, not science (cooking, airplane, business models)

Partnership innovation (PI) fits new ways of innovation: co-creation of value; open innovation, innovating the whole value chain. Supports grassroots type innovation; internet provides new opportunities and competitive position.

Concluding suggestions:

1: Key to success is good infrastructure – education, communications, transportation, finance, legal, entrepreneur friendly environment, etc.



2: Create low cost, basic 'Silicon Valley's' type innovation platforms that bring the 4 elements together. E.g. incubators around local universities in A&C, with links to partner universities and capital providers in EU: rotating funds by governments (Barbados) and venture capital by interested industries, MNCs!. EPA's should facilitate interactions, creating partnerships and flow of capital.

3. Not only goods and service in EPA, but also selected, focused flows of knowhow and high-risk capital. **PI** creates win-win, thus can assist success negotiations (lubricant).

ACP Ambassadors and Smart Partners' Dialogue

A perspective from **Zimbabwe** in relation to the topic of innovation highlighted the need to develop industry and ensure there are provisions for nascent industries before the markets are opened up to the EU through the EPAs. In this way, it will ensure the partnership is win-win.

Benin followed up the intervention from ECDPM. The Ambassador explained that all ACP countries want free trade with the EU and have chosen the EU as a partner for a long time, however the problem is identifying the mutual interest for the two partners. What type of market? And for which products? The products for which the EU is most interested in is extractive minerals and metals, whereas the West Africa economy is mainly based around service and agriculture.



All the ACP countries are at different levels of development. If the markets are opened, some countries will simply pull out because of national

interests, those capable to trade by EU standards have already entered EU markets and there are some who have put the EPAs on a back burner and will take them up when they are ready. The reality doesn't allow for the promotion of regional integration, which was the intention. Another intention was development of the ACP countries, which will require social and economic development also, requirements not necessarily synonymous with growth.

A perspective from **Namibia** conveyed that trade is not development, but that only fair trade is development. The entry of European products into local markets must not oust local products from the shelves.

ACP countries should be in the driving seat of their development. Namibian beef is not like other beef. Namibian's should be adding value to it themselves.

HE Katenta-Apuli added that the EPAs should include defensive clauses, which will enable a country to defend their industry if they feel another party is acting unfairly. 5 months until mid-2012 is enough time for the EPAs to be concluded – one shouldn't negotiate forever. If there is goodwill on both sides, they can be signed in good time.



'What about using the format of Smart Partnership Dialogues at the national or regional level to progress the EPA negotiations in an informal way?' asked **Mr Bryden**. From the Smart Partnership Dialogue that was recently held in Namibia in March 2011 on the topic of financial inclusion and quality and standards inclusion, one thing that was learnt was that mixing up the different backgrounds of participants – from the Central bank and standards body, in addition to business sector, public sector and consumers enabled a far more encompassing discussion with outcomes and next steps that include a wider range of stakeholders.

Mr Bryden outlined how such a dialogue at the regional level could explore what is win-win with respect to EPAs and work out how to include all the stakeholders (industry, NGOs, public sector, EU etc.) within the region. In principle they all could win. These dialogues would run parallel to the formal negotiations with the

EU.

This suggestion was echoed by **Ms von Hove**, who built on the idea saying that EU member states should be involved in the discussion as 'friends of the EPAs' to contribute their vision of EPAs. Those who want EPAs should ensure to involve other interested parties in the discussions also.

Mr Plijter added to his intervention, by saying that from watching the growth trajectories of Asian countries, such as China, trade is development and a country doesn't necessarily need the EU to realize that objective. What is notable is that two-thirds of all trade is intercompany. What the EPA agreements will provide is a set of rules both parties have agreed to, a situation that can build confidence and ensure fair trade more so than unilateral trade, which can be taken away at any time. Currently technical discussions have come to an end and political aspects remain.



Once the agreements are concluded, continued Mr Bell, the role that standards can play is great and maximize inclusion. BSI's webbased online tools help deliver a new audience to the standards process in places where the internet infrastructure is advanced. In Europe, this new audience is SMEs. Without an inclusive process, standards are done to you instead of with you. Indeed, standards are one of the main ways of avoiding barriers to trade as they are the best tools for compliance. For more see:

http://ec.europa.eu/enterprise/policies/european-standards/files/standards_policy/access_to_standardisation/doc/20090427_study_cencenelec_sme_access_en.pdf

HE Katenta-Apuli highlighted that SMEs in Europe are big business back home. They are the businesses that drive the economy. The EU at the moment is suffering from high youth unemployment. These youth are often qualified and could work in our countries if sponsored! As partners, we should find ways of working in joint ventures – doing business together. This way we can build trust. Meeting informally is a way to build that trust – this needs to be done more often. The meetings should happen in a real 'Smart

Partnership' manner, with roundtables, a format which enables all to talk to all without formal structure. This can help bring modernity to the established interface between the EU and ACP countries. The CPTM Smart Partnership Hub can also be part of the discussions. Dr Smith then invited the Ambassadors to join the AGM and Think Tanking dialogue at the CPTM Hub in London in December (5th-7th).



for Audio of interventions:

www.sugarsync.com/pf/D667256_7630958_639559

Pre-Dialogue brief at Smart Partnership Hub in Brussels

Prior to the Dialogue, Smart Partners received a briefing from HE Katenta-Apuli on the current status of EPAs at the Embassy of Uganda. They then discussed the Smart Partnership approach of bringing together professionals in an informal manner to share experiences, in addition to recent activities of the Movement and current topics of focus within the Smart Partnership Movement (for example the business of agriculture and the opportunities).



Notes edited by Miss Heloise Tunstall-Behrens and Dr Mihaela Y Smith

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