Equipping SADC states for effective participation in multilateral agricultural trade negotiations
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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AoA</td>
<td>Agreement on Agriculture</td>
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<tr>
<td>ACP</td>
<td>Africa, Caribbean and Pacific Group</td>
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<td>AGOA</td>
<td>Africa Growth and Opportunity Act</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Community</td>
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<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<td>CAP</td>
<td>EU Common Agricultural Policy</td>
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<td>CARICORM</td>
<td>Caribbean Common Market</td>
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<td>COMESA</td>
<td>Community of Eastern &amp; Southern Africa</td>
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<td>DLO</td>
<td>Research Programme International Cooperation</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<td>EU</td>
<td>European Union</td>
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<td>EBA</td>
<td>Everything But Arms initiative</td>
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<td>ECOWAS</td>
<td>Economic Community of African States</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation</td>
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<td>FTA</td>
<td>Free Trade Agreements</td>
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<td>GATT</td>
<td>General Agreement on Trade &amp; Tariffs</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GMO</td>
<td>Genetically Modified Organisms</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<td>IAC</td>
<td>International Agricultural Centre</td>
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<td>ICM</td>
<td>Information &amp; Communication Management</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>International Monetary Fund</td>
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<td>LDCs</td>
<td>Least Developed Countries</td>
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<td>LIFDC</td>
<td>Low income, food deficit economies</td>
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<td>MERCOSUR</td>
<td>Mercado Comon del Sur</td>
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<td>MFN</td>
<td>Most Favoured Nation</td>
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<td>NAFTA</td>
<td>North American Free Trade Area</td>
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<td>Non Governmental Organisations</td>
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<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>RTO's</td>
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<td>Southern African customs Union</td>
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MAP OF SADC

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<td>South Africa</td>
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<td>Namibia</td>
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<td>Botswana</td>
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<td>Zimbabwe</td>
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<td>Mozambique</td>
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<td>Zambia</td>
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<td>Angola</td>
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<td>Democratic Republic of the Congo</td>
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<td>Malawi</td>
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<td>Tanzania</td>
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<td>Lesotho</td>
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<td>Swaziland</td>
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EXECUTIVE SUMMARY

Agriculture continues to play an important role in the SADC region, making substantial contributions to GDP, employment and export revenue. However, there is scope for improving productivity and growth to reduce persistent problems of poverty and food insecurity as well increasing supply to international agricultural markets. SADC member states expect the regional integration programme including implementation of the SADC Trade Protocol to increase the region’s competitiveness in international trade and the scope for a common agenda in global negotiations, taking into account internal and external threats to the integration process.

Access to timely and high quality trade information as well as strong capacity to utilise such information is vital for effective trade policy formulation and participation in multilateral trade negotiations. The Technical Centre for Agriculture and Rural Development (CTA) has the mandate to develop and promote dissemination of technical and policy level information on agricultural and rural development for stakeholders in the African Caribbean and Pacific group, including SADC countries.

For 25 years up to 2000, the Lome’ Convention provided preferential trade arrangements into the EU market, financial support for development programmes and promoted intra-ACP networking for the benefit of the ACP countries. However, the seminar identified structural constraints and distorted international agricultural markets as some of the key reasons for continued low trade performance by the beneficiaries of the Convention. Due to incompatibility with WTO rules and the pressure for economic reforms in the EU, the Cotonou Agreement replaced the Lome Convention to provide for transitional arrangements for ACP-EU trade and development relations to adapt to international trade rules.

The SADC region and other developing countries face multi-faceted challenges in effective participation in multilateral negotiations. Although they registered some improvements in macro-economic policies in the past decade, there is a wide scope for further improvements, particularly integrating trade in national development planning and promoting conditions for widespread policy dialogue and review. Improvements in the share of world trade and the distribution of revenues within the economy is an important incentive for domestic stakeholders to participate more actively in dialogue and the development of sustainable institutions for such dialogue.

Agriculture is a sensitive sector in many WTO-member countries as reflected by the slow pace of past and expected trade liberalisation efforts. Divergent interests within developing countries in the WTO agricultural negotiations weaken their bargaining strengths. Low capacity to execute current rights and obligations and to evaluate the impact of past reforms as well as inherent gaps in negotiating techniques are some of the challenges facing trade negotiators. Sanitary and phyto-sanitary issues continue to threaten world trade in agriculture as a non-tariff barrier. Developing countries must take advantage of its current provisions while pushing for a simplified agreement that is easier to interpret.

In the future ACP-EU negotiations, SADC and other states have to contend with supply-side constraints, the shift in ACP-EU donor relationship to a more competitive relationship and the differential negotiating capacities. Trade negotiators must enhance their understanding of the negotiating process, including the different phases of the negotiations and expected outcomes. Many member states still have to identify their negotiating interests, to improve internal communication and to understand the negotiating principles outlined in the Cotonou agreement and the economic implications of various options. Some of the specific issues include the centrality of the reform of the European Union Common Agricultural Policy, the appropriate place of the WTO ‘new’ issues in the ACP-EU negotiations and the institutional arrangements for the negotiations, including the geographical configuration.
This paper highlights the critical need for capacity building strategies to equip SADC states for multilateral negotiations. The paper notes as an important challenge, the identified policy gaps at the international level in developing and agreeing on the rationale & focal areas of technical assistance programmes. Based on identified challenges in developing countries and in SADC states in particular, the paper proposes that capacity-building strategies must focus on enhanced policy formulation and negotiating capacity.

Policy strategies must address structural constraints, focusing on integrated development planning, quantitative analyses and equitable growth. Improvements in the areas of consultation, trade policy prioritization, resource allocation, institutional development, specialist training and regional alliance building are important focal areas for enhancing trade negotiating capacities.

The paper summarises some of the available technical assistance programmes for the SADC region and their main focus. Finally, it proposes short, medium and long-term actions in the area of capacity building.

1 Introduction

After decades of political unrest, the SADC region is experiencing a period of relative peace and security that is conducive for promoting higher levels of economic development and for fighting the problems of poverty and food insecurity that continue to plague the economies of this region. An important development goal for SADC is to strengthen regional integration in order to improve trade, increase mobility of factors of production and increase aggregate income. As well as improving various socio-economic indicators for the benefit of its citizens, member states expect successful regional integration to increase the region’s competitiveness in international trade. Increasing market share in world trade would improve the incentives for SADC to participate more effectively in the ongoing negotiations with the objective of influencing the international market environment in their favour (SADC, 2002).

1.1 A common regional approach to international agricultural trade negotiations

It is important to note, however, that the SADC region has to pursue its common development efforts in a dynamic global setting in which it has to interact with other countries, regional groupings and international organisations at various stages of development and with varying interests. In many respects, the demands of the global trade environment require responses that may interfere with the progress of SADC integration. As well as external threats, the region also faces many internal challenges relating to the economic pre-requisites for deep integration. The region is characterised by highly variable levels of development, relatively low levels of intra-regional trade and a high level of dependence on a few international market destinations where member countries export similar primary commodities. However, the SADC Trade Protocol and other ongoing regional development programmes continue to foster a conducive environment for economic, political and social integration that are yielding positive benefits for the region and increasing the scope for a common agenda in the globalisation process.

A common approach to international trade negotiations is to build coalitions with negotiating partners with similar interests with the objective of pursuing these interests jointly thereby increasing the chances of success. Regional trade organisations are a common source of such alliances. Hence regional trade groups such as the European Union (EU), North America Free Trade Agreement (NAFTA), Mercado Comon del Sur (MERCOSUR), Economic Community of African States (ECOWAS), Caribbean Common Market (CARICORM), Common Market for Eastern and Southern Africa (COMESA) and Asia-Pacific Economic Community (APEC) will try, as much as possible, to support each other in the World Trade Organisation (WTO) negotiations for the benefit of their respective regions. Similarly, the SADC region stands to benefit from such cooperation through aggregation of economic strengths, negotiating capacity and for moral support.
2. OVERVIEW OF MULTILATERAL AGRICULTURAL TRADE

2.1 Trends in world market performance

World agricultural output has been increasing\(^1\) over the years, and the increased growth is attributed mainly to the developed countries. In Sub-Saharan Africa agricultural output lagged behind population growth between 1997 and 1999 (FAO, 2001) with adverse impact on food security such as the current food shortages and emergencies being experienced by some SADC member states. As well as its adverse impact on food security, slow growth in agricultural production in developing countries is a key supply side constraint to increasing their share of world agricultural trade. Agricultural exports are very important sources of income for developing countries but their contribution to aggregate world trade is very low. To illustrate the point, agricultural exports contribute over 27% of the value of total merchandise exports in developing countries while the share of export income derived from agriculture in the US and EU was around 4% in 1999 (Beierle, 2002).

The major actors and interests in Multilateral Agricultural Trade are the:
- United States (US)
- European Community (EC)
- Cairns Group (net exporters of agricultural commodities)
- Food importing developing nations
- Other developing nations

The EU, NAFTA and Association of South East Asian Nations (ASEAN) are the world’s largest regional trade blocs in terms of net proceeds respectively\(^2\). Africa is still marginal in global trade accounting for less than 1% of the world trade. Ironically, many African countries are more integrated in world trade in terms of export ratio of GDP, than western countries.\(^3\) Most African countries are still engaging in trade with the EU as a major partner dating back from the colonial era. Trade within the eastern and southern African region is still small and dominated by South Africa (Ueda, 2001).

One of the reasons for such low export performance by SADC and other developing countries is the distorted international agricultural markets. Concerns about these distortions that are due to protective domestic and border policies, prompted the affected participants in multilateral trade first to seek favourable market access arrangements with trading partners and secondly to negotiate international trade rules within GATT and subsequently the WTO.

Trade liberalisation is the central theme of the WTO regime.

Many developing countries are reluctant to engage in further multilateral negotiations mainly because they feel they are bearing the costs of implementing difficult and complex agreements without adequate corresponding benefits of improved market access. They also feel that there is insufficient technical and financial assistance to ease their integration into the global economy. It is also evident that many developing countries have liberalised their markets unilaterally under structural adjustment programs from multilateral lending organisations in advance of WTO reforms and imminent demands for reciprocal market access in future ACP-EU trade relations and thus have a relatively weaker bargaining position. These countries therefore face stiff competition in their domestic markets from a flood of cheap, subsidised imports from developed countries. Meanwhile, important exports from the developed countries such as fruits and vegetables, cocoa and sugar still face highest tariffs in OECD nations (Beierle, 2002).

The Lome Convention, Cotonou Agreement and the WTO Agreement are outlined below to show their use in multilateral agricultural trade over the years.

2.2 The Lome Convention

The Lome Convention is an international aid and trade agreement between the African, Caribbean and Pacific (ACP) group of countries in which the EU supported the efforts of ACP states to achieve comprehensive, self reliant and self-sustained development. Four such Conventions were signed namely the Lome I, Lome II, Lome III and Lome IV. These conventions governed the development and trade relations between the ACP countries and the EU from 1975 to 2000.

\(^1\) World agricultural output increased by 1.4% in 1998 and by 2.3% in 1999 (FAO, 2001)

\(^2\) In terms of net proceed in 1998, the EU realised 34.4%, NAFTA 18.8% and ASEAN 6.1% (Ueda, 2001).

\(^3\) Zambia, DRC, Ivory Coast exports account for almost 30% of GDP Sub-Saharan Africa had a higher export-GDP ratio (29% in the 1990s) than Latin America (15%) (Ueda, 2001).
2.2.1 Objectives

The Lome Conventions sought to assist ACP states' development and promote close relations with them through:

- Privileged commercial access especially duty-free access for exports to the 15 nation EU markets with guaranteed quotas for some major ACP products
- Commodity export compensation, a unique form of aid through which the EU compensates ACP countries for falls in international prices for specified commodities
- Financial aid, provided in various forms by the EU as an entity as well as bilateral aid by individual EU states

For 25 years, the regime of non-reciprocal preferential trade under the four successive Lome Conventions allowed most ACP products to enter duty free into the European market with the exception of some sensitive agricultural products covered under the European Common Agricultural Policy (CAP). The Lome IV Convention, covering the period from 1990 to 2000, was the most extensive development co-operation agreement between North and Southern countries both in terms of scope (aid and trade) and the number of signatories. The convention stated that ACP cooperation was to be based on partnership, equality, solidarity and mutual interest. The convention also recognised the principal of sovereignty and the right of each ACP states to define its own development strategies and policies, affording development centred on people, respect and promotion of human, political, social and economic rights. Lome IV covered a broad range of sectors eligible for support under its development finance cooperation chapters. These include the environment, agriculture, food security and rural development, fisheries, commodities, industry, mining and energy, enterprise (private sector) development, services, trade, cultural and social cooperation and regional cooperation.

2.2.2 Principal Characteristics

Four commodity protocols annexed to the Lome Convention provided duty-free access for a specified quantity of exports from a selected group of traditional ACP providers of banana, rum, sugar and beef. The commodity protocols continue to be invaluable to many ACP beneficiaries due to their high export contribution. However, the level of quota utilization is highly variable due to supply-side constraints as well as phyto-sanitary constraints.

What has the Lome Convention Achieved for agricultural trade?

BOX 1

Achievements of Lome Convention

- Overall relationship with developing regions especially with the world's poorest countries
- Negotiated partnership intended to support domestic capabilities and access to commercial outlets under internationally monitored conditions
- Network based on solidarity and mutual interest backed up by temporary safety nets for the most vulnerable

Flaws of Lome Convention

- Failed to take sufficient account of the institutional inadequacies and structural deficiencies of ACP countries
- Arrangements took inadequate account of the basic uncompetitive nature of traditional agricultural exports in ACP countries
- Trade failed to increase as much as was hoped
- Trade regime was not compatible with WTO
2.3 Cotonou Agreement

The Cotonou Agreement that replaced the Lome' Convention allows for the continuation of ACP preferential treatment into the EU market up to 2008. 77 ACP countries and 15 member states of the EU signed the Partnership Agreement in Cotonou, Benin in the year 2000. It is valid for a period of 20 years.

2.3.1 Objective

This partnership is intended to serve as a transitional arrangement between the Lome-type preferential arrangements and the WTO compatible trade agreements that are expected to integrate ACP countries in the liberalised global economy. The agreement provides that trade preferences to ACP countries must comply with WTO rules by 2008 at the latest. The Least Developed Countries (LDCs) will benefit from duty-free access to European markets for all products from 2005. This agreement identifies a new role of non-state actors (private sector, economic and social partners including trade union organisations and civil society in all its forms according to national characteristics) establishing a new framework for the relationship between ACP countries and the EU.

2.3.2. Characteristics

The Cotonou Agreement provides substantial resources to assist ACP governments together with non-state actors to further liberalise their economies. Access to these resources will not be on a quota basis but on the performance of beneficiary countries as an incentive for designing and implementing effective strategies on a timely basis.

Market access is free for ACP products under the Cotonou Agreement but subject to the restrictions of the CAP regime. About 80% of mainly tropical agricultural exports enter the EU market from the ACP countries with no restrictions (Wolf, 2002). The current non reciprocal preferential market access for the ACP group will be replaced with WTO compatible new trading arrangements (NTAs) to enter into force latest by 2008 (Bilal, 2002).

2.3.3 Differential Treatment and Other Provisions

Different restrictions are in place for products that fall under CAP. Sugar, beef and bananas access continues to be regulated through special commodity protocols included in the annexes into the Cotonou Agreement. The proposed WTO compatible NTAs would institutionalise differential treatment among the ACP countries within the Cotonou Agreement. Different agreements can be signed with different ACP countries or groups of countries but trading arrangements take into consideration each country’s level of development, needs and performance, the socio-economic impact of trade measures and the capacity to adapt to the liberalisation process (Bilal, 2002). These trading arrangements will be in the form of Economic Partnership Agreements (EPAs). The EPAs shall be development oriented free trade agreements (FTAs) between groups or regional groups of ACP countries and the EU (Bilal and Van Hove, 2002).

What has the Cotonou Agreement achieved for agricultural trade?

**BOX 2**

Achievements of Cotonou Agreement
- Equality of partners and ownership of development strategies
- Participation (central government, civil society, private sector, local government)
- Dialogue and mutual obligations
- Differentiation and regionalisation

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7 ACP countries producers benefiting from import quotas for sugar and beef receive the internal price in the EU which is up to four times the world market price (Wolf, 2002).
8 Key principles set out in the Cotonou Agreement for the formation of EPAs
* Development
* Reciprocity
* Regionalism
* Differential
2.4 World Trade Organisation (WTO)

The multilateral trading system introduced by the General Agreement on Tariffs and Trade (GATT) of 1947 aimed at removing restrictions to trade. GATT was replaced by the WTO9 at the end of the Uruguay Round of Negotiations (UR). The Uruguay Round established two institutional structures:
1. The Uruguay Round Agreement on Agriculture (URAA) which explicitly makes agricultural trade subject to multilateral trade disciplines
2. The WTO, an institution with greater powers for administering trade rules and resolving disputes (see Annex 1 - WTO structure).

The WTO elaborates a broad and universally agreed international framework in the area of trade.

2.4.1 Objective

The WTO encompasses all the arrangements and agreements concluded under the auspices of GATT, including the UR agreements. It was created to oversee the implementation of the GATT Uruguay Round agreements, facilitate further trade liberalising discussions among member governments and to administer the dispute settlement system (WTO, 2001). A number of agreements deal with various technical, bureaucratic or legal issues that could involve hindrances to trade.
- technical regulations and standards
- import licensing
- rules for the valuation of goods at customs
- pre-shipment inspection: further checks on imports
- rules of origin (i.e. rules governing degree of foreign content)
- investment measures

2.4.2 Principal Characteristics

The WTO agreement is made up of 29 separate agreements, memos, declarations and other ministerial decisions covering areas that had not been included in GATT (Biagotti, 2002). The agreements are the legal ground rules for international commerce. They are contracts guaranteeing member states important trading rights. The agreements were negotiated and signed by governments thus binding the governments to keep their trade policies within agreed limits the benefit of all parties (WTO, 2002). The Uruguay Round of Negotiations from 1986 to 1994 discussed trade in temperate agricultural products leading to the signing in 1994 of the Agreement on Agriculture (AoA). Among other issues the AoA provides for the reduction of export subsidies, reduction in subsidized financial support for agricultural producers, improved access through replacement of non-tariff barriers by tariffication and reduction of the resultant tariffs. The URAA created the agricultural trade rules that the WTO is charged with administering and enforcing. URAA recognises that agricultural trade reform is an ongoing process. The WTO negotiations on agriculture began in Geneva in March 2000 in the context of the GATT guiding principles of trade liberalisation.

In the GATT/WTO negotiations, members agreed to replace the use of import quotas and other non-tariff barriers with tariff-rate quotas. Tarrification of agricultural commodities was largely achieved and viewed as a major success of the GATT agreement. By lowering the tariff rates of the WTO member countries and raising the quantity to which the low tariff applied, trade would be taxed at a lower rate and trade flows would increase (Summer, 2002).

The basic structure of the WTO agreements encompasses:
- GATT (goods)
- General Agreement of Trade in Services (GATS)
- TRIPS (intellectual property rights)
- Dispute Settlement
- Policy Review
(see Annex 2 - WTO List of Agreements)

The general principles are transparency, national treatment, most favoured nation status, preference for tariffs as import controls and dispute settlement. The GATT Uruguay Round negotiations also added a set of comprehensive trade agreements dealing with agriculture including those covering sanitary and phyto-sanitary (SPS) measures.(repetition).

Although the WTO is a permanent multilateral organisation, it does not have any decision-making powers. These fall with the 144 member countries of which 55 are ACP countries10. Any future
agreement between ACP states and the EU must be compatible with WTO provisions. Theoretically, a combined ACP-EU approach in the WTO would go a long way towards pushing for joint interests.

2.4.3 Differential Treatment and Other Provisions

There are provisions in the WTO for developing countries to be treated differently from developed states in various regards. In the majority of WTO agreements, ACP countries are allowed:

- A longer transition period of implementing agreements
- Reduction of their commitments
- Exemption from certain clauses
- Access to technical assistance programs

What has the Uruguay Round achieved for agricultural trade?

**BOX 3**

Achievements of Uruguay Round

- Established the WTO, the successor to the GATT
- Brought international trade rules to areas previously excluded or subject to weak rules (agriculture, textiles, services, clothing, trade related investment measures, trade related intellectual property rights)
- Strengthened the dispute settlement mechanism
- Developing countries played a more active role than in previous rounds and adopted the same WTO agreements as other members as part of the round’s single undertaking

2.5 Non-Tariff Barriers to Trade

The objective of the SPS and Technical Barriers to Trade (TBT) Agreements is to determine when barriers to trade based on health and safety standards should be considered compatible or incompatible (O’Connor, 2002). SPS, technical standards and the traceability requirement in particular form increasing obstacles to ACP exports. These are to a large extent developed by northern countries giving no particular attention to the specific features of ACP countries. SPS provides for conflict resolution between the right of exporting countries to access markets and the right of importing countries to maintain certain health and safety standards. Through the SPS Agreement, WTO members are guided in setting of standards in a way that would least restrict international trade. Furthermore, the agreement provides clear indications to determine whether or not a measure is primarily a barrier to trade or primarily a measure to protect health (O’Connor, 2002).

**SPS Key Points**

- The SPS operates by mandating general procedural requirements for the setting of standards. The agreement does not set any specific SPS measure.
- The measures set should be based on scientific principles.
- Under the SPS agreement, WTO members are encouraged to harmonise standards.

The main objective of the WTO Agreement on Sanitary and Phyto-sanitary measures is to provide a framework for international trade in agricultural and other products that promotes food safety, human and plant health without undue restrictions to such trade. It
The agreement provides that exporting countries should give importing countries "reasonable access for the purpose of inspection, testing and other relevant procedures".

Differential Treatment and Other Provisions

The SPS agreement contains provisions in recognition that less developed WTO members will have difficulty meeting the obligations of the SPS agreement. The developing countries were given 5 years to delay complying with the SPS rules and principles in order for them to adopt international standards or alternatively develop their national sanitary and phyto-sanitary regulatory framework. WTO members are required to agree to facilitate the provision of technical assistance to developing countries either bilaterally or through the appropriate international organisations to help them adjust to and comply with the obligations of the SPS agreement. It is provided within the agreement that the SPS committee may European Parliament, traceability refers grant less developed WTO members upon request, specific time-limited exceptions from obligations under the SPS agreement considering their financial trade and development needs (O’Connor, 2002).

2.5.2 Technical Barriers to Trade

The TBT covers all technical regulations, voluntary standards and conformity assessment procedures except when they are SPS measures. The TBT unlike SPS may be applied and maintained for other reasons other than protecting human, animal and plant life.

2.5.3 Traceability Issues

The traceability system was designed to monitor food supply through the complete food chain from the farm to the table. As a regulation laid out by the to "the ability to trace and follow a food, feed, food producing animal or substance intended to be or expected to be incorporated into a food or feed, through all stages of production, processing and distribution. Certain principles are to be introduced allowing improved tracing. Food businesses have to be registered by a competent authority to this end. The food businesses are obliged to ensure adequate procedures for the withdrawal from the market where such food presents a risk to the health of the consumer. All EC imports including importers from ACP countries have to comply with these requirements. Traders have to adapt to the requirements in order to continue selling in the EC market. This will apply from January 2005 (O’Connor, 2002 to the EU).

3 CHALLENGES FACING SADC STATES IN AGRICULTURAL TRADE NEGOTIATIONS

3.1 Macro-economic policy environment

A sound macro-economic policy environment is a critical factor influencing trade performance. The World Bank noted some improvements in the policy regimes of many developing countries in the 1990’s particularly in the area of exchange rate management and competitive market environments; resulting in increased investment, increased exports, higher land productivity & overall economic growth. Areas of improvement for the future include risk management, improved market access, reduction of trade barriers, rural investment, private-public sector partnerships and investment in processing & input supply (WB, 1999). Overall governance is also a critical ingredient for political stability and dialogue.

3.2 Trade and Development Strategies

An important determinant of active participation in trade negotiations by a country is its contribution to international trade as well as the distribution of the earnings in the economy. When a substantial proportion of stakeholders have tangible claims on the issues at stake, credible internal structures tend to evolve and seek to find a voice to influence domestic and international policies in their favour. Therefore one tends to find numerous and strong civic and private sector organisations participating in national and international debate among developed countries that invariably have a substantial share in world trade.
It would seem therefore that low trade development is the fundamental constraint to effective participation in trade negotiations in general and in the area of agriculture in particular. Hence developing countries need to find strategies for dealing with supply side constraints and other macro-economic factors as a basis for increased trade and as a viable justification for taking an active part in international trade negotiations. Some of the areas needing attention in formulating comprehensive trade development strategies include:

- Low & variable production of a limited mix of agricultural commodities
- Low exportable surpluses
- Low competitiveness due to limited marketing skills, quality control including management of sanitary and phyto-sanitary aspects of marketing
- Low investment in processing, market & product diversity
- Poor incentive structure in domestic policies

3.3 The future international agricultural trade regime in the WTO

The overall objective of ongoing WTO negotiations on agriculture is to liberalise international trade in agriculture and promote efficiency in market performance. Agriculture is a sensitive sector for many economies in developed and developing countries and progress in trade liberalization since the conclusion of the Uruguay Round has been slow. Thus the broad objective of ongoing negotiations in the Agreement on Agriculture and in the Sanitary and Phytosanitary Agreement is to contribute to global trade liberalization process with improvements in market access, domestic policies, SPS standards and other non-trade concerns.

3.3.1 WTO Agreement on Agriculture

Market access

The first phase of the post UR negotiations comprised discussions of general proposals. Table 1 provides a broad summary of negotiating positions grouped into the major interest groups. Developing countries received applause for taking an active part in the Committee on Agriculture during the first phase of WTO AoA negotiations. However, these countries now face the challenge of translating the general proposals into specific and negotiable MFN tariff reduction schedules.

Developing countries have an interest in improving current market but would like to reciprocate in an asymmetric manner in line with the agreed principle of special and differential treatment. The challenge for developing countries is to initiate and pursue specific proposals on S & D such that the WTO can incorporate them into the WTO rules as well as the schedule of country commitments. The Doha declaration recommends this approach to make S & D ‘operationally effective for the purpose of accounting for food security, rural development and other development needs in developing countries. Competitive agricultural producers, many of whom are members of the Cairns group, would like comprehensive tariff reform while conservative counterparts such as the EU, Korea and Japan, regard agriculture as a sensitive sector and therefore prefer a product-by-product approach. Given the diversity of developing countries as net food exporters and importers, as well as differences in strategic and economic interests, it is difficult to avoid a dilution of the common ground for a united alliance in WTO negotiations.

Due to limited capacities in previous trade negotiations and the subsequent implementation problems, many developing countries continue to raise concerns about outstanding implementation issues before proceeding with full-scale negotiations of the next round of reforms. The 4th Ministerial conference recognized this concern in the general statement on ‘implementation-related issues and concerns’ and member states committed themselves to consider implementation issues as an integral part of the future work WTO programmes. There is no guarantee, however, that such a consideration would necessarily alter the overall course of future negotiations in the absence of fundamental change in the negotiating capacities of the developing countries. At best, the incorporation of implementation issues into future negotiations may slow down the conclusion of the next round of negotiations but may not affect the direction and extent of the reforms.
### Table 3.1: Summary of Negotiating Positions on Prominent Issues

<table>
<thead>
<tr>
<th></th>
<th>Market Access</th>
<th>Export Support</th>
<th>Domestic Support</th>
<th>Special and Differential Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United States</strong></td>
<td>* Reduce applied rather than bound tariffs</td>
<td>* Reduce and eventually phase out export subsidies</td>
<td>* Reduce amber box support to fixed percentage of total agricultural output</td>
<td>* Different targets, timetables and exemptions consistently applied to developing countries, as in URAA</td>
</tr>
<tr>
<td></td>
<td>* Eliminate special agricultural safeguard</td>
<td>* No new WTO disciplines on export credits or food aid</td>
<td>* Reduce and eliminate blue box</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* TRQ reform</td>
<td>* Retain green box</td>
<td>* Retain blue box</td>
<td></td>
</tr>
<tr>
<td><strong>Cairns Group</strong></td>
<td>* &quot;Deep cuts&quot; in tariffs, tariff peaks, and all other market access barriers with large immediate &quot;down payment,&quot; *</td>
<td>* Reduce export subsidies by 50% immediately and phase out in three years. *</td>
<td>* Reduce and eliminate amber box payments</td>
<td>* Different targets, timetables and exemptions consistently applied to developing countries, as in URAA</td>
</tr>
<tr>
<td></td>
<td>* Eliminate special agricultural safeguard</td>
<td>* Retain state trading enterprises</td>
<td>* Reduce and eliminate blue box</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* TRQ reform</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EU</strong></td>
<td>* Percentage reductions in unweighted average, bound tariffs from specified baseline, as in URAA. *</td>
<td>* Reduce export subsidies if other forms of export support are disciplined (e.g., export credits, food aid, and state trading enterprises).</td>
<td>* Reduce amber box payments as percentage of baseline, as in URAA. *</td>
<td>* Different targets, timetables and exemptions consistently applied to developing countries, as in URAA</td>
</tr>
<tr>
<td></td>
<td>* Retain special agricultural safeguard</td>
<td></td>
<td>* Support for amber box reductions conditioned on continuation of blue box</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* TRQ reform</td>
<td></td>
<td>* Retain green box</td>
<td></td>
</tr>
<tr>
<td><strong>Developing Countries</strong></td>
<td>* Large reductions in developed country tariffs, disaggregated by product (to target tariff peaks and tariff escalation). *</td>
<td>* Eliminate developed country export subsidies</td>
<td>* Reduce and eliminate developed countries' amber box payments, preferably on product-by-product basis. *</td>
<td>* &quot;Development&quot; or &quot;food security&quot; box allowing developing countries more country-by-country tailoring, such as retaining high tariffs on some products, creating new special safeguard, and exempting some trade distorting subsidies</td>
</tr>
<tr>
<td></td>
<td>* Eliminate special agricultural safeguard. *</td>
<td></td>
<td>* Reduce and eliminate blue box</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Some countries with preferential arrangements oppose TRQ reform.</td>
<td></td>
<td>* Cap or reduce green box</td>
<td></td>
</tr>
</tbody>
</table>

Source: Beierle, 2002
Export competition

Export subsidies, taxes & export credits still form a substantial part of world trade in agriculture, with severe distortions in international markets. They normally take the form of export incentives or disincentives for exported products, thereby creating artificial competitive values to commodities exported from the countries applying the incentives. Current WTO reduction schedules by major trading nations with export subsidy programmes as well as recent changes in their domestic policies indicate that reform in this area is likely to be slow, despite the commitments to work towards an elimination of such forms of protection. Some economic commentators also note that the OECD countries hold extra-WTO negotiations where they agree on the direction they seek to take in this area. As such, they have a common understanding when they negotiate in the WTO and there is concern about the negative implications of such arrangements on the negotiating leverage of developing countries (FAO, 2000).

Differences in developing country positions on export promotion measures as well as poor appreciation of the issues at stake further limits united action on issues of export competition. Net exporting countries tend to oppose export subsidies because they lower international prices of agricultural commodities, with adverse impact on export revenue. Export taxes are rare but where they occur, they are opposed by net importing countries in developed & developing countries alike. On the other hand, countries seeking to enhance food self-sufficiency find merit in imposing export taxes on exports of agricultural commodities.

Domestic Support

Related to export subsidy programmes is an administratively complex system of tax based domestic support that enables agricultural producers to receive above the world prices for their agricultural products. The EU Common Agricultural Policy is the classical example of this form of protection. ACP exporters benefit from these prices mainly due to the preferential duty arrangements and it is not in their immediate interest to support calls for radical reforms in this area. However, there is potential for freer markets if there is substantial reform of both domestic and export subsidy programmes in all the markets that they are found. The SADC and other ACP countries need to reconcile the dual character of EU domestic support when formulating positions for both the WTO and ACP-EU trade negotiations.

As well as the traditional focus on S & D exemptions and longer implementation time frames, developing countries need to expend more time in analyzing their development needs and formulating specific support measures to incorporate into the continuum of Amber/Blue and Green boxes12 that are the subject of intense debate in the WTO as well as their own proposed 'Development' box. It is also interesting to follow the debate on the extent to which domestic support measures can accommodate the 'non-trade' concerns that the EU and its allies are advocating.

Tariff Rate Quotas

Some developing countries benefit from the tariff rate quotas established in the Uruguay Round of negotiations to protect traditional supply relationships. These relationships were threatened by the tariffication exercise that preceded the UR tariff reduction schedule. Beneficiaries from these quotas are likely to support proposals to improve tariff administration but may not be enthusiastic about increasing their competitive nature in the absence of substantial progress in agricultural trade liberalization in general.

Special safeguards

To strengthen free trade and its predictability, advocates of radical trade liberalisation such as the Cairns Group would like to promote the abolition of the Special safeguard clause in agricultural trade because it allows importing countries to protect themselves to import surges following trade liberalization. By contrast, some developing countries, including many SADC countries, are not in a position to examine the merits and demerits of such a proposal because they are focused on seeking the right to safeguards that they omitted to obtain in the last round of negotiations.
Other Issues

Article 20 of the AoA recognises ‘Non-trade’ concerns that generally call for restraint in the trade liberalisation process due to the special or multi-functional role of agriculture in promoting welfare as well as growth objectives. These concerns include issues listed below:

- Supply of public goods
- Cultural heritage
- Agro-biological diversity & environmental conservation
- Plant, animal & human health
- Food security

The concerns tend to be qualitative in nature. For example, Japan argues that a certain level of self-sufficiency is necessary to reduce negative effects of world instability caused by climatic change & the influence of dominant exporters & importers in the world. Some concrete measures to operationalise the multi-functionality of agriculture include decoupled support in domestic subsidy programmes, through supportive tariffs as well as domestic support measures in the green box. Most WTO members are supportive of the principles put forward in support of non-trade concerns but differ on the expected instruments to address them. The challenge for SADC states is to support the non-trade concerns that are relevant to its development objectives but not compromising the agreed objective of free trade and the implementation of the relevant WTO commitments by developed countries in this area.

3.3.2 Sanitary and Phyto-sanitary agreement

Since member states committed themselves to a process of liberalising agricultural trade at the end of the Uruguay Round of trade negotiations, there have been concerns that some would increasingly turn to the use of non-tariff barriers to protect their domestic markets. The provisions of the agreement recognise the rights of member countries in protecting their territories from imports of harmful food, animal and plant products. However, importing countries may not protect their domestic markets on the pretext of promoting safety through the imposition of restrictive SPS measures. The agreement uses international standards\(^\text{13}\) as a guide for appropriate levels of protection.

Some contemporary economic reviews indicate that SPS measures constitute one of the most significant NTB’s in world trade and that developed countries are among the countries that perpetrate protectionist practices. Even if developing countries have a low market share of world trade, the export revenues nevertheless have an important contribution to GDP. This group of countries therefore has an important stake in reducing trade distorting SPS measures through the SPS agreement. The countries also need to strengthen their domestic institutions, including legislation, to provide appropriate SPS protection for their territories.

The SPS standards imposed on imports of plant, animal & food products by most countries, including some developed countries, are lower than the allowable maximum standards. Therefore, most countries can easily monitor imports in compliance with current SPS legislation. However, most developing countries find the allowable SPS measures too stringent for their exports to profitably enter the markets of their developed counterparts. Moreover, ACP countries have to contend with very high SPS regulations standards that in certain cases exceed the WTO compliant SPS standards when exporting into the EU preferential market. Like any other WTO member, the EU may operate at such a level as long as they can provide a scientific justification for it. By contrast, most developing countries cannot take advantage of the opportunity to apply up to the allowable SPS measures because this would be inconsistent with the lower standards applicable in their domestic and regional markets.

To level the playing field, developing countries need to play an effective role in standard setting to ensure that international standards increase at a rate that

\(^{13}\) The FAO International Plant Protection Convention, International Office of Epizootics (OIE) and the joint FAO/WHO Codex Alimentarius Commission set international SPS standards for plant, animal and food material respectively.
is more consistent with their level of development and that also reflects their proportion of the membership of the organisations. In practice, the WTO compliant international standards keep going up, reflecting a measure of weakness by participating developing countries in the standard setting bodies. Some of the constraints include low attendance of meetings and weak technology base to justify the relevant levels of risk for SPS regulations.

Developing countries also find the SPS agreement difficult to interpret, with adverse impact on the ability to implement their obligations, let alone demand their rights. For example, the process of notifying changes in domestic SPS legislation is technically demanding and potentially risky if challenged by a more technically competent trading partner. As well as notification, the same concern is true for invoking the SPS dispute settlement process. Thus, very few developing countries have participated in the cases brought up for dispute settlement. Due to low levels of trade, some countries are not prepared to invest time and effort in SPS negotiations and often find that they have fallen behind in terms of the agreed time frame for notifying various SPS requirements.

The WTO recognizes most of the constraints affecting developing countries and the ministerial conferences usually recommend the relevant committees to take them into account in future deliberations. For example, the Doha declaration urges the SPS committee to incorporate longer time frames for developing countries for complying with new SPS measures. However, it is doubtful whether the focus on bilateral consultations by the SPS committee is effective in promoting differential implementation of new SPS measures. The declaration also recognizes the need to improve the participation of developing countries in setting international SPS standards and urges the WTO institutions to continue to offer technical assistance in this regard and ‘to give priority to least-developed countries’ (WTO, 2002).

3.3.3 Impact of other WTO Agreements on Agriculture

Given the important role of agriculture in the economic development of most SADC states, it is important for trade negotiators in the area of agriculture to take an active interest in the positions taken in other WTO agreements with a potential large impact on agricultural trade. Some of these areas include intellectual property rights, competition policies, labour and the interface between trade and environment.

Regulation of intellectual property rights over genetic material is important for ensuring that inventors in developed and developing country can reap a fair amount of the benefits of their inventions without compromising reasonable access to the new technologies by producers through the market. A central theme in the ‘new’ issue of competition policy is equal treatment of domestic and foreign suppliers of goods and services, including public procurement. Given the prevailing distortions in world agriculture, unreserved application of such principles would impose severe limitations on fragile domestic input and output markets in developing economies. In the area of labour, some developed countries are keen to provide WTO legislation on labour standards over and above those of the International Labour Organisation (ILO). There are concerns among the developing world that the main intention of pursuing the issue is to erode the perceived competitiveness stemming from relatively lower labour costs than those in developed countries. Agriculture in developing countries is more labour intensive than in developed countries and would be affected by new disciplines in this area. Developing countries concede that minimum labour standards must be maintained but prefer to restrict their application to the precepts of the ILO. Finally, there is concern that environmental concerns in developed countries may be used to perpetuate excessive domestic support for agricultural producers thereby protecting them from potential international competition.

3.3.4 SADC Specific WTO concerns

Regional consultations during the initial phases of formulating the SADC Regional Indicative Strategic Development identified the following key WTO concerns within member states:

- Technical understanding of WTO agreements & their implications on SADC economies and the agricultural sector
● Low utilisation of provisions
● Understanding of the new issues & the potential macro-economic & sector limitations/potential
● Low capacity for effective representation in trade negotiations
● Low level of stakeholder consultation in formulation of WTO positions.

3.4 The Evolution of ACP-EU Preferential Trade & WTO Compatibility

The transition of ACP-EU trade from non-reciprocal preferential trade to WTO-compatible arrangements that also reflect negotiated economic benefits for both parties is unavoidable for ACP countries but also heralds an era of significant economic change for their generally fragile economies.

3.4.1 Review of ACP trade performance

Despite the preferential environment, the share of ACP exports to the EU market has fallen from 8% in 1975 to only 2.8% in 2000. Similarly, the ACP share of world merchandise declined from 4.7% in 1980 to only 1.7% in 2000. Despite the low contribution to world trade, ACP exports constitute a relatively higher percentage of GDP relative to the world average. In general, the ACP countries have continued to rely on exports of primary commodities, with very little investment into diversification or value-adding activity, except for textile, horticultural and fishery products, where there are substantial margins of preference over the EU’s MFN and GSP tariffs. It is also important to note that ACP participation in international trade is concentrated in a few countries, with South Africa and Nigeria accounting for 27% and 15% of total ACP trade respectively (Bilal & Van Hove, 2002). It is evident from these few statistics that on the eve of Economic Partnership negotiations between ACP states and EU, the former are still battling with fundamental issues of meeting the basic needs of their citizens, stimulating economic growth and promoting sustainable development.

3.4.2 Rationale for review of preferential trade

As well as improving its trade performance in the European Union and other markets, the ACP must cope with fundamental shifts in the donor-recipient relationship between the two parties brought by the demands for a more competitive environment in world trade by the WTO membership. Given its mandate of promoting world trade liberalisation, the WTO could no longer accommodate the preferential trade arrangements provided by the Lome Convention because they offered more favourable market access to ACP developing countries than non-ACP developing countries at equal or lower levels of development, thereby violating the Most-Favoured Nation (MFN) principle.

The trade preferences also failed to meet the provisions of Article 24 of the GATT Agreement, that allows trading partners to enter into free trade areas as long as they are reciprocal and cover ‘substantially all trade’ within a ‘reasonable’ time frame of about 10-12 years. The legitimacy of the EU-ACP trade regime has therefore relied on WTO waivers since the conclusion of the Uruguay Round of trade negotiations, on the understanding that the parties to this regime would review the trade regime in line with the WTO rules.

Some of the measures already taken by the EU to comply with these demands include the extension of duty-free market access to all Least Developed Countries under the Everything-But Arms Initiative. The Cotonou Agreement entered into by the ACP and EU in 2000 commits the two parties to negotiate WTO-compatible trade agreements by the end of 2007. Within this period, the two parties agreed to maintain the non-reciprocal trade arrangements instituted by the Lome Convention. To avoid the threat of legal challenges to the extension, the EU and ACP successfully lobbied the 4th WTO Ministerial conference in Doha to extend the waiver of the preferences up to the end of 2007. On September 27, 2002, the ACP and the EU officially launched the negotiations of WTO-compatible Economic Partnership Agreements (EPAs) that should reflect the future interests of both parties as well as complying with the evolving demands of the WTO system. It is important to note that while the overall objective of the WTO is to liberalise world trade, the progress towards achieving it is slow and is subject to continuing negotiations. One of the challenges the ACP faces is to be able to negotiate for positive outcomes in both sets of negotiations, to keep track of the outcomes of the WTO negotiations and to evaluate their potential impact on ACP interests in the EPA negotiations.
3.4.3 ACP Challenges in the EPA negotiations

The recent CTA seminar held in Brussels, Belgium on 27-29 November 2002 established that there would be two phases to the EPA negotiations, which could overlap. The first phase, involving the European Commission and the ACP group as a whole, officially started on September 27, 2002 and would extend at least until September 2003 and would discuss the format, structure and negotiating principles. By the end of the first joint ambassadorial meeting in October 2002, the two parties were still to decide on the precise content of the negotiations. However, the ACP group had officially announced its intention to use the 'all-ACP', first phase to discuss issues of common concerns to the ACP countries to be addressed in six working groups relating to market access, services, agriculture, trade related issues, development cooperation and legal issues. The European Commission proposed an additional working group referred to as 'tool box' intended to address some cross-cutting issues but whose specific content remains to be defined (Bilal & Hove, 2002).

- Understanding the different Phases of the Negotiations

The main actors in ACP countries need to appreciate not only the overall objectives of the EPA negotiations, but also the objectives and expected outcomes of each phase. This is critical in order to develop focused negotiating strategies, to allocate human, financial and time resources more efficiently and to monitor progress. While the stated objective of the first phase is to agree on the format, structure and negotiating principles, it is useful to have a clear understanding of the purpose of the second phase in order to formulate structures that will respond well to the needs of the second and critical phase of the negotiations.

- Low utilisation of provisions
- Understanding of the new issues & the potential macro-economic & sector limitations/potential
- Low capacity for effective representation in trade negotiations
- Low level of stakeholder consultation in formulation of WTO positions.

Review of ACP institutions

Although the ACP intends to discuss negotiating issues of common interest in the first phase in the six to seven working groups referred to above, it is vitally important take concrete steps in attending to ACP institutional structures first. Since the ACP Group intends to maintain its solidarity through a coordinating framework for the negotiations, the Group must clarify and take appropriate steps on how the current administrative, financial and legal arrangements must change to support the new demands, taking into account the real threats to ACP solidarity. If too much emphasis is placed on the working groups at the onset, there is a danger of leaving the institutional matters to the last minute when the group will be required to get into substantive trade negotiations in the second phase. The smaller regional groups may then find themselves without a higher body to attend to the issues that require a strong lobby group.

- Effective identification of ACP concerns

Working groups will be effective if there is a more general forum that pools the knowledge and continually draws the links among the various issues to avoid diluted debates due to loss of focus in the specialist groups. Perhaps the EU idea of a toolbox is meant to address this concern. It is also critical to ensure effective communication within the ACP internal mechanism, starting with national consultations in developing positions in these working groups. This action would avoid the historical tendencies of responding to EU initiated positions.

In the working group on agriculture, there is need for the schedule of activities to focus on the central issue of the review of the CAP by the EU in response to the demands of the WTO negotiations but maintaining the development objectives of the economic bloc. The main objectives of the reform as defined in the 2002 CAP Mid-term review proposals include:

- A competitive agricultural sector
- Environmentally friendly production methods
- A fair standard of living and income stability for the agricultural community
- Justification of support to the agricultural sector through the provision of services that the public expects farmers to provide
The EU faces enormous internal and external challenges in meeting these objectives that tend to conflict with each other. For example, the Mid-term review cites the challenge of ‘simultaneously enhancing the competitiveness of EU agriculture in rural areas while responding to the higher costs of promoting higher environmental, food safety, food quality or animal welfare standards’ (European Commission, 2002). The reforms actively respond to the concerns that EU citizens express about the cost effectiveness of the CAP. An important element of the reforms is the phased introduction of direct financial support to farmers in exchange for production reduction programs as opposed to market price support. Market prices for various agricultural commodities in the EU are expected to change in this process, with negative effects on the value of ACP preferences.

Issues of EU enlargement are also important because they may influence the future size of the EU market for agricultural products but may also increase the competition for ACP exporters if the new EU members produce the same products. As well as trade related concerns, ACP countries perceive the threat of reduced financial support by the EU for ACP development programmes due to the additional budgetary demands to support new EU members. The financial concerns are a distraction from recognising the opportunities that enlargement could potentially bring in the form of new markets. The new entrants enlarging the EU do not share the colonial experiences underlying the Lome to Cotonou arrangements and there are questions as to whether the basis for development cooperation will exist beyond Cotonou (Hylton, 2002).

While ACP states may not influence the progress of CAP reform in its bilateral discussions with the EU, it is important to keep track of the review and to make strategic decisions on the negotiating position within the WTO. Full understanding of the likely impacts would also help in evaluating preferences during the EPA negotiations.

Given the important role of agricultural exports into the EU and the possibility of granting market access for subsidised EU products, it is vital to maintain the link between agriculture and market access issues. Discussions of commodity protocols are important aspects of the issues on agriculture and they may require a certain degree of specialisation to avoid dominating the discussion at the expense of the other critical issues outlined above. The critical factor is that not all ACP countries benefit from anyone commodity protocol and the degree of interest will vary among member states. However, it is important to ensure that each commodity protocol has a discussion forum and that the relevant beneficiaries are represented. As highlighted above, SADC member states benefit from the Sugar and Beef protocols.

The working group on trade related issues will need to be aware that most developing countries resisted the inclusion of the issues of competition policy, public procurement, labour and environmental concerns within the WTO agenda setting process and they will only be considered for negotiations in the 5th WTO Ministerial Conference. The Cotonou Agreement reflects the intention to consider these issues under Articles 45-54 of the agreement and substantive negotiations are likely to occur in the second phase. It is important therefore that the EPA negotiations do not extract concessions from ACP countries ahead of the WTO negotiations as this would tend to weaken their bargaining position within the WTO. One of the challenges within the first phase would therefore be to enhance the understanding of these new issues by ACP countries within the working groups.

The working Group on Development issues may find it particularly difficult to relate these discussions to specific commitments within the EPA trade negotiations.
Understanding Negotiating Principles & Practical Implications

For the first phase, the provisions of the Cotonou Agreement provide a useful starting point in defining the negotiating principles. There may not be much more to do in this area except to elaborate on the meaning and intentions of these principles as well as using them as reference points for the substantive negotiations. In this regard, it is useful for ACP negotiators to have a sound background of the negotiating principles and to utilise them accordingly.

The all-ACP phase could be a useful forum for prospective EPAs, including the SADC region, to improve on the understanding and usefulness of the negotiating principles.

Development

The principle of placing EPAs within the context of the overall development objectives of ACP countries is potentially very useful and is likely to have a high level of recognition even within the WTO regime in view of the prominence accorded to development issues in the Doha Declaration of the 4th WTO Ministerial Conference. However, the ACP challenge is to ensure that they have clear development objectives and they can demonstrate during the negotiations the potential positive or negative effects of various options. The principle suggests that due to the focus on development, the EPA’s would not be common trade agreements. The degree to which the EPAs can pursue this principle will relate first to the EU’s preparedness to commit itself to high levels of asymmetry in the reciprocal arrangements and to continue to give meaningful levels of development aid. Secondly, the outcome of the WTO debate on the acceptable levels of Special and Differential Treatment within the context of regional trade agreements will also influence how far both the EU and ACP regions can go in this regard.

Reciprocity

The principle of reciprocity was one of the most contentious issues of the negotiations leading to the Cotonou Agreement because it requires the relatively undeveloped ACP countries to open up their markets to the EU for the first time in the history of their trading relationship. The rationale for pursuing reciprocity is often cited as that of attaining WTO compatibility. In addition, the principle also rests on the controversial expectation that liberalisation of ACP markets to the European Union would increase competition within ACP economies, with favourable impacts on investment and on consumer welfare.

ACP countries already have duty-free access into the EU market for most of their exports. However, in order to retain these benefits, they will have to reciprocate by offering the EU preferential access to their own markets. Practically, the outcomes of the EPA negotiations in most cases will represent an economic loss for participating countries compared to the current market access arrangements. However, given the prospect of losing the current market access arrangements by choosing not to join an EPA, the negotiations do offer the affected ACP countries an opportunity to negotiate asymmetrical reciprocal arrangements that would ameliorate the losses.

All ACP countries therefore need to carry out objective Cost-Benefit analyses of available options in order to decide whether or not to participate in an EPA and to make practical moves to join their chosen regional grouping.

Regionalism

The Cotonou Agreement recognizes regional integration as a stepping-stone towards further integration into the world economy, as well as an instrument for stimulating investment (Bilal & Van Hove). Within the ACP group, there are many regional organizations at various levels of development. While most of these regional groupings realise the potential
of strong regional economic blocs for international competitiveness, integration efforts are still in their infancy and most of them have not unified their development policies sufficiently to have a common negotiating agenda. For the SADC region in particular, intra-SADC trade is still very low in aggregate value as well as relative to international trade. Intra-regional trade tends to be concentrated in a few countries. The different countries in the region tend to produce the same unprocessed agricultural commodities, thereby limiting the scope for trade with each other. Low infrastructure development also tends to limit growth in trade levels.

Despite these fundamental deficiencies, the ACP group has committed itself to participate in the first phase of the negotiations in which it must intensify efforts to organize itself into viable negotiating regional groupings with effective negotiating structures. In Southern and East Africa, most negotiations involve national teams that negotiate with other member states for trade and other economic cooperation agreements. In multilateral trade negotiations such as the WTO, national governments still register as single entities, although they tend to consult and agree on common negotiating positions that have no bearing on individual commitments.

Since most of the organisations have not progressed beyond Free Trade areas, they seldom enter into trade agreements with other regional trade organisations and their Secretariats are therefore not equipped to offer support services for such activities. In contrast, the structure of the EU as a negotiating partner is well developed and understood even at the multi-lateral level, reflecting its superiority as a regional economic bloc with unified development and negotiating agendas. While the ACP concentrates on organizing its structures, the EU will be free to focus on other issues, including strategizing for the second phase.

The ACP group will therefore face the double challenge of deciding on the relevant regional organisations (RTO’s) within which to negotiate with the EU and to jointly build their capacity to negotiate EPA agreements with maximum benefits for participating members. Regional organizations can play a leadership role in this regard and the challenge is to articulate their vision of the future Economic Partnership Agreements and how they would strengthen the regional integration process and the overall development path of the region. For the SADC and other ACP RTO’s, the unavailability of sound national and regional level studies continues to limit progress in this area. A substantial number of national governments therefore have little basis for decision-making on the best option to take, thereby weakening the resolve to actively pursue regional preparatory activities on EPAs.

As well as poor information, SADC member states belong to a multiple of RTO’s and it is not easy to choose among them. In the Everything-But Arms (EBA) Initiative, LDCs will be eligible to utilise the duty-free export arrangements offered by the EU and will therefore not be keen to participate in the EPA negotiations as members of RTO’s. The challenge for the organisations will be to find a way of protecting the EBA benefits due to the LDCs member states and still find issues of common concern that would warrant joint action in the EPA negotiations.

**Special & Differential Treatment**

The Cotonou Agreement lays down the noble principle of Special and Differential Treatment as a guiding element of the EPA negotiations. The principle originates in the WTO disciplines and tries to promote asymmetric trade liberalisation between developed and developing countries where the former liberalises at a relatively faster level than the less developed partners. However, the actual degree of asymmetry will depend on the commitment by the EU to translate the principle into tangible action, the ability by the ACP negotiators to evaluate offers and the outcome of future WTO negotiations on acceptable levels of differential treatment in trade negotiations.
Negotiating Interests, Objectives and Analytical Work

One of the most fundamental requirements for any negotiation is the need to define one's interests and objectives as well as understanding those of the negotiating partner. However, there is a glaring absence of comprehensive regional and country specific trade development strategies and position papers for multi-lateral trade and for trade relations with the EU. The few available analytical studies tend to rely on expectations based on economic theory with very little quantitative predictions based on country based empirical data. In the absence of such basic material, the capacity to evaluate alternative actions, to develop and present sound negotiating positions becomes severely limited.

For example, available analysis has already pointed out that preferential access into ACP markets by the EU has the potential to divert trade in favour of EU exporters with very little of the expected consumer benefits. However, information on import and export trends by country, making country level analysis difficult. Similarly, there is very little empirical work on the expected revenue losses from tariff liberalisation, comparative analysis of other market arrangements such as the AGOA schemes that some countries are participating in.

Review of the EU Common Agricultural Policy

Agricultural domestic and export subsidy programmes in OECD countries including the European Union continue to distort world agricultural markets, with negative effects on competitive exporters of agricultural commodities. As well as distorting opportunities for some ACP exporters outside the EU, reciprocal trade is likely to expose ACP domestic agricultural markets to an influx of subsidised agricultural commodities, with adverse impacts on the growth of these mostly agrarian economies. In the SADC region, the South African experience in its trade agreement should provide important lessons on how to manage the reality of EU subsidised products during the reciprocal trade negotiations. In a regional setting, it is also important to appreciate that net exporting and net importing countries will have different opinions on the subsidised commodities and the region would have to find a compromise position in its negotiations with the EU.

The ACP also has a keen interest in the EU commitments to review its Common Agricultural Policy in the WTO. The review of domestic support has an impact on the prices of some agricultural commodities of export interest to ACP countries. As prices go down in the WTO liberalisation process, so will the value of ACP preferences. The challenge for the ACP is to factor in these negative changes during the negotiations of reciprocal EPA's.

The Impact of Bretton Woods Reforms

Most ACP countries have unilaterally liberalised their economies as part of World Bank and IMF-funded Structural Adjustment Programmes. These programmes have weakened the bargaining position of these states in the EPA negotiations as well as within the WTO. Consequently, SADC and other ACP countries may have to encroach into relatively more sensitive areas when making tariff concessions.

Low export performance

Supply-side constraints prevented the ACP from effective utilisation of non-reciprocal preferences into the EU market. In its 1996 'Green Paper' leading up to the Post-Lome' IV negotiations, the EU noted that 'supply side factors are now considered much more important than trade preferences in achieving high rates of export & economic growth'. However, ACP-EU cooperation seems to have taken no concrete measures to address this aspect. In fact, certain elements of the EBA initiative have actually been detrimental to ACP export performance (Hyton, 2002). In the more competitive environment of the EPA's currently under negotiation, it will be more imperative to address these constraints in order to increase utilisation of EU market access whose value is set to decline in the process of WTO reforms. As well as
the bilateral trade negotiations with the EU, there is potential for negotiating positive change for ACP exports in the area of tariff escalation.

It is important to note that the ACP can address some of the supply side constraints through improvements in domestic policies, market diversification and technological innovation. A related factor is the need to increase aggregate exports, market destinations and product diversity. Recent studies show that 60% of total ACP exports are concentrated in just 10 products. There is potential for improvement through more innovative uses of EU development aid to maximise the utilisation of the remaining 8-year period of non-reciprocal trade preferences into the EU. The Cotonou Agreement set out a modified framework for accessing development involving increasing roles for non-state actors and time-bound performance based criteria for aid allocation and the challenge is to embrace the new framework for improved benefits.

- Negotiating Capacity

Differential levels of development impose inherent weaknesses in the bargaining position of ACP states. However, an additional challenge emanates from the low negotiating skills in the ACP institutions. Overlapping negotiations within the EPA negotiations, the WTO and at regional levels are likely to place additional strain on the limited skills. However, the analysis of ACP challenges shows that these negotiations are closely related and it is critical therefore to allocate adequate resources for all of them.

Negotiators need to explore and exploit opportunities for negotiating alliances, identify common interests and respect differences within these alliances for successful cooperation in the various negotiations. For example, the EU and ACP need to work jointly in the WTO on issues of common interest based on negotiated positions at the bilateral level. However, there is potential for one partner seeking to extract some concessions on issues that are on the WTO negotiating agenda as well as the ACP agenda.

4 CAPACITY BUILDING STRATEGIES FOR TRADE POLICY FORMULATION AND TRADE NEGOTIATIONS IN THE SADC REGION

4.1 Strategies to address Structural constraints

Most ACP states are aware of the important role of trade in generating export earnings for their economies. However, export growth depends on a more conscious integration of policy strategies to stimulate trade within overall economic development planning. This view is emerging from negative experiences of incoherent policies by some trade officials in developing countries and recent OECD research (Lecomte, 2002). Regular and high quality macro-economic and sector economic reviews form powerful but often under-exploited tools for identifying constraints to growth. For example, policy analysts may underestimate the negative impact of maintaining exports of primary agricultural commodities if they do not consistently examine the real value of earnings from these commodities as well as the opportunity costs of not investing in value adding activities. Coherent formulation of development policies is also important for identifying and avoiding potential threats to long-term development. For example, some ACP countries could have exercised greater caution in adopting some of the IMF/WB led trade liberalization programmes that have had a negative impact on their negotiating potential within the EPA negotiations.

When trade policies form an integral part of economic planning, they are more likely to receive the high priority they deserve in policy incentives and public sector resource allocation. Increased policy support for trade in developing countries is likely to support equitable participation in trade activities, which is an essential pre-requisite for substantial public interest in trade debates. However, stakeholders are responsible for lobbying for due recognition in national
policymaking and their success in doing so depends on open systems of communication. As such, governments must foster conducive environments for open consultations to encourage exchanges of ideas, wide policy debate as well as policy reviews. Civic organizations with genuine development concerns have a useful role to play in simplifying the policy debates thereby increasing the level of awareness of the trade issues at stake among the political leadership as well as grass-roots communities.

Within an environment of consultation and integrated economic planning, ACP states must seek to address some of the identified low trends in export performance through improved incentives for market and product diversification, value addition, production increases and more effective use of development aid including European Development funds in the framework of the Cotonou Agreement.

4.2 Strategies for the trade negotiations

Successful capacity building strategies for sound trade policy formulation are an important requisite for effective trade negotiations. As noted above, dynamic participation in trade negotiations at national level is a reflection of the importance of trade in the economy and the distribution of economic benefits there-of. Whereas integrated development policies form the core of such participation, building the negotiating capacities of ACP states is an important complementary measure for improving the degree of participation and the outcomes of trade negotiations.

4.2.1 Consultative culture

A strong consultative culture is important not only for sound trade policy formulation but for building negotiation capacities as well. Trade negotiations extend beyond national institutions to encompass regional and international institutions and therefore require additional skills to manage the more complex environment. Effective consultations must be timely, cover a wide range of stakeholders, allow for meaningful feedback and review of positions and must be backed by sound financial and technical resources as well as efficient information flows.

During the trade negotiating process, it is important to ensure adequate information flow between the trade negotiating teams based in country offices and their embassy representatives in trade negotiating centres such as Brussels and Geneva. One way of improving the culture of information exchange between these two centers is to develop channels of accountability. Civic organisations in ACP states can engender awareness among stakeholders at grass-root levels and in top political leadership about the mandate of trade negotiators and its impact on their welfare. Awareness would then stimulate stakeholders to demand progress reports and other outputs from the trade negotiators and this would prompt the two centres to interact more effectively to meet these demands.

4.2.2 Trade policy prioritisation, resource allocation & analytical capacity

Low analytical capacity by the main actors is a strong factor affecting trade negotiations. The main capacity building strategy relates to increased prioritization of trade policies and improved resource allocation for policy formulation and trade negotiations. Increased human resource allocation allows for efficient degrees of specialist and generalist skills. If work programmes reflect the importance of trade issues, personnel tasked with trade negotiations will have sufficient time to build-up a sound technical understanding of trade agreements, carry out the necessary research and consultations for developing sound negotiation positions without undue demands for carrying out other work assignments. Improved time allocation can also enable trade negotiators to assimilate and utilize available research outputs, to develop appropriate databases and to carry out relevant scenario analysis. In such an environment, negotiators would develop sound negotiating mandates and negotiating strategies based on awareness of self-interests and those of negotiating partners.
4.2.3 Negotiating Skills

In addition to technically sound preparations, member states require appropriate negotiating skills in order to succeed in multi-lateral negotiations. Important elements of acquiring these skills include experience, specialist training and inherent talent.

Experience & Talent

Critics have noted an improving trend in the participation of developing countries in multi-lateral trade negotiations in recent years. For example, the number of position papers presented by developing countries in the Agreement on Agriculture negotiations increased tremendously since the launch of the post-Uruguay round in 2000. Analysis of these papers shows that the papers have generally focused on principles and the review of implementation issues arising from previous agreements. Despite their general nature, they have played a useful role in building the confidence of developing countries to participate more actively in latter, more binding stages of the negotiations.

To accelerate the accumulation of national and regional experience in trade negotiations, a useful strategy is to improve on effective representation at international negotiating centres in terms of quantity and quality and to ensure deployment that promotes effective continuity. In addition, the same principles should guide the composition of national teams that form the trade delegations to regional and multi-lateral trade negotiations. Recognising that labour mobility erodes institutional memory, ACP states must augment this strategy with the promotion of research papers, investment in efficient management information systems as well as developing dynamic forums for debate.

Negotiating Institutions

Effective negotiations require a sound knowledge of the negotiating procedures in a multilateral setting to complement good generic negotiating skills and sound negotiating mandates. Recent experience in WTO agenda setting conferences and negotiating forums demonstrates the need for transparent and consistent negotiating procedures, and equitable access to Secretariat and Chairmanship services. Such considerations have enough considerable impact on the success of negotiations that perceived biases in trade negotiating institutions resulted in the breakdown of negotiations such as the 3rd WTO ministerial conference in Seattle. Strategies to enhance experience in the way institutions operate are therefore an important part of capacity building and learning by doing is the best approach. Equally important is the need to aggressively raise concerns about the shortcomings of institutional arrangements and to attend sessions devoted to address these matters.

Specialist training

Developed and developing countries both agree that the latter need externally financed technical assistance for capacity building programmes. However, a review of capacity building programmes available to ACP countries show outstanding controversy over the political rationale at country level for extending such assistance and the nature of the assistance. Consequently, financial commitments by member states have remained low despite the recurrent theme in many development forums (Lecomte, 2002). Put simply, trade negotiations tend to be competitive in nature with each partner seeking to maximise trade benefits for a minimum set of trade offers (or losses). It is therefore not realistic for one (i.e. developing countries) to expect the other negotiating partner (developed country) to train the former very well to equip them for the negotiations between the two. The only exception to the rule is if such training has rare ‘win-win’ outcomes. In a multi-lateral setting, such win-win outcomes are possible in the process of alliance building and the challenge for the developing country would be to recognise them for their worth and to negotiate accordingly.

In the light of such controversy and the threat of tied aid in external financed programmes, it is critical that ACP states thrive to define their own short and long-term training needs within the broad development objectives and to decide the focal point for extending such training. The purpose of the needs assessment
would firstly be to prioritise the use of available internal and external resources and secondly to increase their level of awareness of potential risks when negotiating capacity building programmes with potential development partners. Lecomte notes that donors may tailor make such programmes to promote their own commercial interests. The programmes may facilitate implementation of prior commitments by the recipient country without gaining ground in terms of additional market access and other required outcomes in ongoing negotiations. Finally, donors may tie the aid to supply contracts that benefit firms in developed countries at the expense of recipient countries and not necessarily giving value for money.

4.2.4 Regional Integration & Alliance Building

Regional integration processes have the potential to build the capacity for the more complex multilateral negotiations primarily due to inherent improvements in trade competitiveness and also due to experiences in negotiating at the regional level. The SADC integration programme has evolved over time but trade integration is fairly recent within the context of the SADC Trade protocol. Trade competitiveness as a region, still has a lot of room for improvement. South Africa stands out as a country with considerable competitive strength but it may not be easy to tap on due to the separate trade agreement it has with the European Union and the parallel intra-regional integration processes within the South Africa Customs Union. However, it is envisaged that the positive impact of the SADC Trade Protocol will improve cohesiveness of developmental and trade objectives and build on ongoing efforts to have a regional approach to multilateral trade negotiations.

4.2.5 Implementation Issues

As noted among the challenges in the WTO, there is need to build capacity to implement agreements, including claiming rights and complying with one’s obligations. In this area, developing countries must ensure that the available technical assistance programmes target their needs and rather than fortifying implementation solely for the benefit of developed countries.

4.2.6 Specific Issues for Ongoing Negotiations

- In addition to well-targeted technical assistance, developing countries must ensure that such programmes focus on developing specific technical inputs into negotiations. For example, specialised negotiators in SADC must be able to analyse risks of adopting different SPS measures, define commodities of trade interest, analyse different trade scenarios supported by quantitative models. To build viable alliances, it is necessary to understand existing coalitions and how they relate to one’s interests. Such a level of detail is necessary to support the philosophical arguments that tend to pacify developing countries in the agenda setting process and during initial negotiating phases but result in disappointing trade agreements at the end.

5. SUMMARY OF TECHNICAL ASSISTANCE PROGRAMMES FOR TRADE AVAILABLE FOR SADC MEMBER STATES

Well-targeted external technical assistance programmes are necessary for building institutional and human resources in multilateral trade related issues. Despite the policy gaps in the donor world regarding the rationale and the focal areas of technical capacity building programmes, a number of ACP development partners have proceeded to formulate some technical assistance programmes to address observed negotiating deficiencies. Multilateral initiatives aimed at donor support to build trade capacity for SADC member states include the Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework for Trade Related Technical Assistance (IF). Other organisations contributing to trade related technical assistance and capacity building are FAO, OECD, The Netherlands, Commonwealth Secretariat, GTZ, Solagral and the EC.
5.1 Overview of JITAP’s Areas of Technical Assistance Programmes

JITAP was designed as a response to the African countries’ concerns observed in the mid 1990s (Fadhl, 2002) for capacity building both at the human and institutional level. As a capacity building programme, JITAP establishes national networks of trainers and experts on WTO issues. One of the main features of JITAP is that it singles out a programme based on individual country needs and responses and undertakes activities to address critical common needs. The WTO, UNCTAD and ITC jointly participate to extend needs assessment and programme implementation. The programme utilises Internet based communication and discussion facility. It functions in two clusters to strengthen capacity to understand the multilateral trading system (MTS) and its implications. The first cluster supports a national coordination mechanism to handle WTO and international trade related issues and helps build up the knowledge base in each country. The second cluster considers the impact of the MTS on the national economies, and identifies priority sectors and issues. JITAP provides guidance for policy options that need to be considered to benefit from the new trade regime (JITAP, 2002; Fadhl, 2002).

5.2 Overview of FAO’s Areas of Technical Assistance Programmes

The FAO offers flexible delivery program options, which include:

- National dialogue workshops
- Country based capacity building
- Regional and Sub-regional training and networking
- Global seminars
- Distance learning activities

The FAO is in a position to offer technical assistance related to relevant WTO agreements in the areas of food, agriculture (crops and animals), fisheries, national legislation and international instruments. They are able to provide technical expertise on implementation issues of the AoA and issues in the context of the multilateral trade negotiations, including impact assessments on trade, food security and rural development, application of risk analysis or risk management (Haen, 2002).

5.3 Overview of OECD’s Areas of Technical Assistance Programmes

The OECD Development Assistance Committee on trade and development aims to help developing countries generate sustainable poverty reducing growth and integrate effectively in the global economy through improved market access and enhanced capacity building measures (OECD, 2002). The OECD also serves developing country interests by:

- Carrying out trade analysis and firm survey studies providing analytical underpinnings to support continued trade liberalisation and foster an understanding of trade policy linkages and help countries to better prepare for and engage in negotiations
- Offering information, analysis and advice on practical and innovative options for the reform and development of policies and the liberalisation of trade (OECD, 2002).

5.4 Overview of Commonwealth’s Areas of Technical Assistance Programmes

The Commonwealth support program to ACP countries on trade matters has traditionally been extended through the provision of analytical and technical studies on specific subjects and preparation of analytical briefs, coupled with strategic advice. Use is also made of consensus building workshops hereby facilitating the development and subsequent adoption of negotiating strategies and positions. Technical assistance and capacity building provided by the Commonwealth Secretariat covers the following area components relevant to SADC:

- Provision of short term experts to assist and backstop regional organisations and member states during the negotiations on specific matters
- Placement of Trade Policy Advisers at regional integration organisations
● Placement of young professionals as trade fellows in government ministries at the request of National Governments
● Capacity building training programs as well as short term technical intervention at regional levels including attachment of national trade experts to their missions or International Agencies dealing with trade issues in Geneva and Brussels (Rudder, 2002).

5.5 Overview of The Netherlands’s Areas of Technical Assistance Programmes

The Ministry of Agriculture of the Netherlands provides all its trade related technical assistance through facilitating the exchange of Dutch knowledge and experiences with stakeholders in developing countries and counties with economies in transition and vise versa by integrating technical assistance into the curricula of institutions of higher learning as well as in those specialised in target tailored training programmes. The programmes involve various implementing agencies and policy officers in technical assistance. The International Agricultural Centre (IAC) is one such agency that focuses on building the capacities of organisations and professionals in agriculture, the food sector and natural resources management. The Research Programme International Cooperation (DLO) aims at contributing to economic development and poverty in developing countries by building capacities and institutional issues regarding food quality and safety in global food chains. The programme also focuses on a theme relating to the development of enabling policies for international trade agreements. The Dutch policy attaches great importance to support projects by Non Governmental Organisations (NGOs) in developing countries and academic research institutions aimed at increasing research; knowledge and stimulating informed trade policy debate (The Netherlands, 2002).

5.6 Overview of the GTZ’s Areas of Technical Assistance Programmes

The GTZ at its headquarters pursues a project of strengthening integration of Least Developing Countries in the world economy. This project gives policy advice for multilateral trade negotiations, national implementation of obligations from multilateral trade agreements and making use of their potential chances in competition on the world markets to obtain maximum benefit. The GTZ has also had experiences in:
● attracting multilateral organisations or other interested parties in conceptual work
● conducting regional workshops on specific topics
● conducting national workshops
● practical hands-on training
● exploring synergies through public private partnership projects and twining arrangements between authorities from developed and from developing countries (Albert et al, 2002).

5.7 Overview of Solagral’s Areas of Technical Assistance Programmes

The Solagral leads three programmes on regional agricultural policy, WTO negotiations and training of trainers. This organisation has had experience in conducting workshops on links between regional agricultural policy and WTO AoA. They have supported the elaboration of a position for the agricultural negotiations both for regional policy and WTO comprising:
● sectoral workshops providing preliminary training on WTO agricultural issues and sectoral specific propositions for domestic policy and for the WTO negotiations
● synthesis workshops to prepare the country’s proposition for the negotiation of the WTO AoA.

The third programme of training of trainers aims to constitute a team of regional trainers on agricultural policies and to improve their capacities. At the end of the programme the trainers should be able to conduct training sessions for all members of ministries, NGOs, farmer’s organisations and leaders of decentralised authorities.

The Solagral is also available to collaborate with SADC on:
● dialoguing on the definition and the reinforcement of the regional agricultural policy
● involvement of SADC member states at national and regional level in multilateral agreements (Hermelin, 2002).
5.8 Overview of European Community’s Areas of Technical Assistance Programmes

The European Community (EC) and the 15 member states is the largest provider of bilateral development assistance, which include trade related technical assistance. The EC provides trade related technical assistance and capacity building through:

- contribution to multilateral funds and programmes such as the WTO Doha Development Agenda Global Trust Fund and the integrated framework for LDCs
- trade related programmes for groups of countries, such as the creation of an office for ACP countries in Geneva
- funding ACP countries to prepare for and participate in WTO negotiations
- multi-annual programmes which include:
  - providing information on EC standards and registration;
  - training and advice on the establishment or improvement of standardisation bodies;
  - assistance in upgrading physical structures;
  - training of personnel in standards writing;
  - assistance in developing technical regulations;
  - training and awareness programmes;

6 PROPOSAL FOR TECHNICAL ASSISTANCE FOR CAPACITY BUILDING IN TRADE POLICY ANALYSIS AND PREPARATIONS FOR TRADE NEGOTIATIONS

Most African countries are struggling with limited resources and not all SADC countries have permanent representation in Geneva. The integration of the SADC member states can play a major role in improving access to markets and protection of farming interests and augmenting the defence of SADC member states in negotiations. Provision of technical assistance for capacity building is an essential component of a sustained approach in trade policy analysis and preparation for trade negotiations. The following are the recommendations of possible areas needing assistance for capacity building in trade for the SADC member states in the short, medium and long term:

- Identification of key issues of greater interests to the different SADC members states with regards to trade policy in the wake of globalisation
- Determination of the specific impacts, including at sectoral level of the EPA each SADC member state intends to form
- Pooling expert resources and appropriate experience to develop trade negotiation capabilities in the SADC
- Linking up with other international and multilateral initiatives to support trade policy development of the SADC.

To help SADC countries benefit from the MTS there is need to strengthen capacity to:

1. participate in the WTO
2. integrate into the multilateral trading system
3. take advantage of new trade opportunities arising from globalisation of world markets.

Technical assistance and training related to building capacity in trade policy analysis and preparations for trade negotiations for SADC member states is proposed as outlined in table 6.1
### Table 6.1: Proposed Technical Assistance And Training Related To Building Capacity In Trade Policy Analysis And Preparations For Trade Negotiations For SADC Member States

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>TYPE OF CAPACITY BUILDING</th>
<th>AUDIENCE</th>
<th>RESOURCES</th>
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<tr>
<td>Raising awareness and improving technical understanding of trade monitoring, trade policy issues and WTO agreements</td>
<td>• introduction of training in trade monitoring and trade policy analysis and understanding of WTO agreements&lt;br&gt;• assistance to establish national networks of trainers and experts in WTO issues</td>
<td>• Government&lt;br&gt;• Universities&lt;br&gt;• Export Associations&lt;br&gt;• Commodity Trade Associations</td>
<td>• WTO, UNCTAD, ITC programme to strengthen capacity to understand the MTS and its impact on national economies&lt;br&gt;• FAO national dialogue workshops</td>
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<tr>
<td>Preparation for participation in WTO standards setting e.g. SPS and procedures for negotiating with the EU</td>
<td>• institutional capacity establishing centres of expertise&lt;br&gt;• support to research and training capacity of SADC member states’ academic institutions&lt;br&gt;• supporting regional arrangements to address common concerns regarding the WTO agreements and formulation of national trade policies&lt;br&gt;• enhancing participation of SADC countries in the international standardisation process</td>
<td>• Government&lt;br&gt;• Ministries of Trade, Finance, Agriculture, Foreign Affairs&lt;br&gt;• Civil society organisations&lt;br&gt;• Trainers from productions organisations e.g. farmers associations&lt;br&gt;• NGOs&lt;br&gt;• Private Sector</td>
<td>• Commonwealth&lt;br&gt;- provision of analytical and technical studies and preparation of analytical briefs&lt;br&gt;- case studies at national level in selected subject areas to facilitate formulation of national policies&lt;br&gt;• The Netherlands through NGOs and academic institutions projects increasing research, knowledge, and stimulating informed policy debates&lt;br&gt;• Sologral sectoral workshops providing preliminary training and WTO agricultural issues and sectoral specific propositions for domestic policy and for WTO negotiations&lt;br&gt;• Sologral training of trainers&lt;br&gt;• FAO flexible delivery program on regional and sub-regional training and networking</td>
</tr>
<tr>
<td>Preparation for trade</td>
<td>• training on trading requirements and implementation of trade policy</td>
<td>• Customs&lt;br&gt;• Standards Agencies&lt;br&gt;• Trade facilitation bodies</td>
<td>• OECD trade analysis studies and analytical support to trade liberalisation&lt;br&gt;• Commonwealth&lt;br&gt;- placement of trade policy advisers at regional integration organisations and provision of short term experts to assist during negotiations on specific matters&lt;br&gt;- trade facilitation workshops - training programmes on application of rules of WTO Agreements at the national level&lt;br&gt;- Ambassadorsial level policy meetings&lt;br&gt;• GTZ practical hands on training assistance&lt;br&gt;• Sologral synthesis workshops top prepare country’s proposition for negotiation of the WTO agreements&lt;br&gt;• UNCTAD&lt;br&gt;• EC trade-related programmes for groups of countries</td>
</tr>
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</table>
Table 6.1 broadly outlines three objectives for the proposed trade related technical assistance and training for capacity building:

1. Raising awareness and improving technical understanding of trade monitoring, trade policy issues and WTO agreements
2. Preparation for participation in WTO standards setting e.g. SPS and procedures for negotiating with the EU
3. Preparation for trade

This proposal has short and long term implications. In the long term the proposal may be funded by international donors and executed by SADC on behalf of the SADC member states. Alternatively proposed planning activities could be part of the larger proposal the SADC is making to improve their competitive position.

6.1 Immediate Action

The areas in urgent need of technical and financial support are:

- Preparation for the ongoing WTO negotiations
- Participation in the ongoing WTO negotiations

National networks of trainers should be created for this purpose. The local availability of qualified personnel in trade policy issues should be assessed in Governments and universities and an agenda drawn up for technical assistance requirements to supplement local skills. Short term training opportunities should be arranged for selected professionals. Short-term consultations are recommended in order to help SADC in shaping the negotiations. Expanding the pool of qualified and competent professionals in trade policy analysis will improve institutional capacities to drive debate at national level as part of the larger proposal for institutional capacity establishing centres of expertise within the SADC. This will prepare SADC member states to compete effectively for future negotiations.

The following areas of programme support have been identified as immediate priorities for technical assistance opportunities:

- Information provision on European standardisation and regulations
- Development of standards and conformity structures facilitating international trade
- Development of a plan of action to establish participation in WTO General Committees so as to prepare to meet WTO obligations

6.2 Intermediate Term Activities

In the medium term, SADC will want to explore funding possibilities for a program combining institutional capacity establishment of centres of expertise in multilateral trade. To assist the SADC in key problem areas affecting trade, regulatory capacity building is needed. An accelerated accumulation of national and regional experiences can be augmented through funding the effective representation at international negotiating centres for an increase in number of SADC professionals.

This plan will assist SADC in implementing the negotiations outcomes for improvement of well-developed and efficient institutional, administrative and physical structures. Such improvements will ensure viability of the region and improve the quality of trade negotiations with the developed world. Government Ministries would be one important focus of such a program. Long-term common concerns regarding WTO agreements could be addressed through facilitating a programme of training of trainers, sub-regional training and networking and provision of short-term experts to assist on implementation and definition of trade policies.

Capacity building may also include training in the following areas:

- Policy formulation
- Human Resources
- Strategies - establishing institutional mechanisms that would contribute to effectiveness of negotiations with the EU, communication and lobbying strategy

6.3 Long Term Recommendations

Long term assistance to enable countries in SADC to implement and benefit from results of the negotiations and support the elimination of supply side constraints so that SADC countries can benefit from trade liberalisation would require the development of human and institutional capacities. Strengthening of institutional capacities especially in
Government ministries would enable SADC to perform more effectively in standards setting, negotiations and trade. Continued high level policy advice on trade issues would be needed as well as linking up with international and multilateral initiatives to support trade policy development of the SADC region.

7 CONCLUSIONS

The SADC region is well poised to improve its export competitiveness due to the progress made in regional integration programme. Internal cohesion from this process is expected to increase the scope for a regional approach in multi-lateral negotiations. However, the global trade liberalisation agenda tends to move at a faster rate than the regional process, calling for concerted efforts to keep up with the changing environment. Member states and the region as a whole need to focus their energies on improving their trade performance to increase the incentives for active participation by domestic actors in multilateral negotiations.

As well as regional integration processes, the SADC region has benefited in the past from preferential trade and aid arrangements offered by the European Union in the 25-year Lome’ Convention. It is important to maximise the benefits from the non-reciprocal arrangements up to 2008 provided by the Cotonou Agreement as a transitional phase while negotiations for WTO compatible agreements take place. The ACP and the EU can also use this period to focus development programmes on dealing with supply side constraints and for capacity building, the challenges facing the former, taking into account the experiences from existing capacity building programmes.

The need for improved information flow, trade policy formulation and effective participation in multi-lateral negotiations cannot be emphasised. The SADC region needs to adopt short, medium and long term capacity building strategies to address the diverse challenges for the regional integration efforts, WTO and ACP-EU negotiations, bearing in mind the important linkages among these negotiations and the potential for alliance building.
ANNEXES

ANNEX 1: WTO STRUCTURE

All WTO members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels, Textiles Monitoring Body, and plurilateral committees.

The General Council also meets as the Trade Policy Review Body and Dispute Settlement Body. For the current negotiations, the Services Council and Agriculture Committee meet in "special sessions" and report directly to the General Council.

Key
- Reporting to General Council (or a subsidiary)
- Reporting to Dispute Settlement Body
- Plurilateral committees inform the General Council of their activities although these agreements are not signed by all WTO Members
ANNEX 2: WTO AGREEMENTS

Annex 1A  Multilateral Agreements on Trade in Goods
- GATT 1994 > (Must be read with GATT 1947,
  Other duties and charges (GATT Art.II:I(b)),
  Understanding State trading enterprises (GATT Art.XVII),
  Understanding Balance-of-payments,
  Understanding Regional trade agreements (GATT Art.XXIV)
  Waivers of Obligations,
  Understanding Concession withdrawal (GATT Art.XXVIII),
  Understanding Marrakech Protocol to the GATT 1994
- Agriculture
- Sanitary and Phyto-sanitary Measures
- Textiles and Clothing
- Technical Barriers to Trade
- Trade-Related Investment Measures (TRIMs)
- Anti-dumping (Article VI of GATT 1994)
- Customs valuation (Article VII of GATT 1994)
- Pre-shipment Inspection
- Rules of Origin
- Import Licensing
- Subsidies and Countervailing Measures
- Safeguards

Annex 1B General Agreement on Trade in Services (GATS)
Annex 1C Trade-Related Aspects of Intellectual Property Rights (TRIPS)
Annex 2 Dispute Settlement Understanding

Annex 3 Trade Policy Review Mechanism
Annex 4 Plurilateral Trade Agreements
- Annex 4(a) Agreement on Trade in Civil Aircraft
- Annex 4(b) Agreement on Government Procurement
- Annex 4(c) International Dairy Agreement
  Note: this Agreement was terminated end 1997.
- Annex 4(d) International Bovine Meat Agreement
  Note: this Agreement was terminated end 1997.
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