

## **Summary Event Report**

### **Capacity Building of Eastern and Southern Africa ESA Civil Society during the Economic Partner Agreement Negotiations Back Ground Paper on Economic Partnership Agreement (EPAs) in Malawi.**

A half day meeting was held with the intention of building the Capacity of Civil Society during the ongoing ESA-EPA negotiations. This draft report summarises the proceedings of this meeting that was held in Lilongwe on 7<sup>th</sup> May 2006, at Cresta Crossroads Hotel.

The meeting was well patronised, with participants coming from the Ministry of Trade and Private Sector Development, the National Assembly, Civil Society, and the University of Malawi Chancellor College Economics Department. All in all, there were around thirty technocrats.

The meeting began with welcoming remarks from Mr. Mavuto Bamusi, Acting Executive Director of Malawi Economic Justice Network (MEJN). In his remarks, he introduced the idea of Economic Partnership Agreements (EPAs) and went straight to the heart of the matter by asking the question *“Whose interest do the EPAs serve, and their helpfulness to Malawi?”*

Mr. Robert White, MEJN’s board member, in his opening remarks emphasised the importance of Civil Society’s participation in the agreements, making mention of the Eastern and Southern Africa’s (ESA’s) negotiations with European Union (EU) with reference to the Cotonou Agreement. He pointed out that the in-built reciprocity in EPAs will expose Malawi to competition with the EU and her neighbours, which if Malawi were to fail to compete against would have very big negative impacts and therefore he urged the participants to advocate for EPA’s awareness and for the interests of the marginalised with reference to the EPAs. He then declared the meeting officially opened.

Following the above, Mr. H. J. K. Mandindi, Director of Trade in the Ministry of Trade and Private Sector Development (MOTPSD), set the meeting rolling by giving a “*Background to the EPA/ESA Negotiations and Malawi’s Involvement*”. Mr. Mandindi started by defining EPAs as trade agreements between the Africa Caribbean Pacific group of countries (the ACP) and the EU which was followed by an historical and general background to the EPAs. He then gave the principles and objectives of EPAs which included regional integration among the ESA group, bringing compatibility with the WTO rules and many more. Then followed the structure of the negotiations and of more importance was the fact that at the regional level, Malawi is leading in the agricultural sector at ministerial level, and in trade in services at the ambassadorial level. He further pointed out that at the national level, Malawi has a National Development and Trade Policy Forum (NDTPF). Mr. Mandindi continued by explaining Malawi’s offensive and defensive interests like market access, and he further argued that it is very important that the rules of origin (RoO) be as flexible as possible. The Singapore issues came next, raising issues like the investment policy and then the other design issues. In this, he stressed the need for the overall obligations of Malawi in the negotiation to consider the country’s variable geometry i.e. be mindful of her limitations and specific interests when negotiating. He concluded by reiterating the need for EPAs over the EBA for Malawi as a country.

After Mr. H. J. K. Mandindi’s presentation, Mr. Temwa Gondwe, The Project Manager-Trade, MEJN gave his presentation entitled *Background Paper on Economic Partnership Agreements (EPAs) in Malawi*. At the start, Mr. Gondwe told the participants that the objective of the paper was to synthesise the existing EPA impact studies in an effort to draw out the impacts on the key sectors of agriculture and industry. Going through his paper, Mr. Gondwe gave a brief background to EPAs, explained Malawi’s development constraints, where he outlined Malawi’s policy framework (the MGDS); and supply side constraints which comprise public infrastructure, poor human resources and many more. Briefing on the EPAs, he emphasised the impact that EPAs are likely to have on Malawi. This brought the discussion to Malawi’s trade with the EU, followed by an analysis of the impact on specific areas like agriculture, industry and manufacturing, on the social sector,

and the EPA's fiscal impacts. In his conclusion, Mr. Gondwe argued that there was need for further impact analysis so as to make better policy decisions in the EPAs negotiations. He reiterated that Malawi could benefit from the EPAs if additional aid (aid for trade) is pumped into the economy so as to eradicate the supply side constraints of development; and over and above this, the need for consideration of outcomes of a dynamic analysis over the static analysis.

Comments from the participants were invited after the presentations.

National Smallholder Farmers Association of Malawi (NASFAM)'s representative, Mr. Timothy Shawa was first to give comments. He firstly applauded the paper as being comprehensive, then raised caution over the EU's activities, considering their Common Agriculture Policy which is an export oriented policy. He expressed NASFAM's view that CAPS will be a tool that will be used to flood countries like Malawi with cheap agricultural imports from the EU in the long run. He pointed out an example that with the EBA policy, tax is charged on value added products which poses technical rather than tariff barriers. He also argued that Mr. Gondwe's paper should have shown the importance of agriculture in the Malawi economy vis-à-vis EPAs. In addition, he proposed that low enterprise levels, technical and technological constraints, access to finance, poor land tenure system, low quality of products to EU and input marketing be mentioned as part of the supply constraints that Malawi is currently facing, especially in the agricultural sector. He concluded his comments by adding that the Mr. Gondwe's paper should also look at the national level concerning issues such as governance and democracy and international level such as the EU and the WTO.

Mr. Austin Mabungwa, the Southern Regional Co-coordinator for MEJN, was also very keen to know how Malawi is benefiting from the EPAs. He argued that we have to look at the EPAs with a holistic perspective.

Mrs. Jessie Ching'oma of Malawi Congress for Trade Union (MCTU) did not have much to say, but shared Mr. Mabungwa's interest in wanting to know Malawi's gains from the EPAs.

Mr. Jacob Mazalale from MEJN was interested to know if the Malawi Government is developing a methodology to be used for calculating an optimal combination of products to be included and excluded in the agreement.

Mr. H. Ngalawa, a representative from the Economics Department, Chancellor College, cognisant of the fact that EPAs go together with aid, was keen to know how much would Malawi gain in terms of additional aid after engaging herself with the EPAs.

Responding to some of the comments, Mr. Mandindi argued that our economy is almost completely liberalised, highlighting the fact that Malawi's average tariff rate is only 13 percent, as opposed to some other countries which have tariffs as high as 400 percent. He therefore recommended that as Malawi, we should be able to determine our own level of liberalisation, and we should develop specific areas for case studies. There is therefore need for further consultations, for which he commended MEJN for the good work being done and he promised that their doors would be open for recommendations, suggestions and inputs from all the civil society. He further reiterated the need for sector specific impact assessment studies, and urged civil society to carry out a 'social impact audit' of EPAs as a matter of urgency.

Giving a vote of thanks and closing remarks, Mr. Mavuto Bamusi, made it clear that MEJN believes in evidenced advocacy, and explicitly offered that MEJN intends to conduct comprehensive advocacy on EPAs. He further urged government to consider civil society's fears seriously. He lastly thanked CUTS for the support offered, and all participants, and finally declared the meeting closed.