

**ESA-EU Interim EPA**

**EPA COMMITTEE**

**6<sup>th</sup> Meeting**

**Antananarivo, 2 & 3 October 2016**

**MINUTES OF THE SIXTH MEETING OF THE EPA COMMITTEE**

The sixth meeting of the EPA Committee met on 02-03 October 2017 under the Co-Chairmanship of [REDACTED] representing the EU side and H.E. Mr H. DILLUM, Ambassador of Mauritius, representing the ESA side. A list of the members of the EU and ESA delegations is in **Document no. 1**

**Welcoming Remarks**

On behalf of the Government of the Republic of Madagascar, the Minister of Commerce welcomed the delegates to the meeting. He expressed the wish that the deliberations over the two days would lead to a satisfactory outcome to both parties and that a roadmap would be established to pursue with the deepening and widening of the IEPA.

The Head of the EU's delegation to Madagascar, Antonio SANCHEZ-BENEDITO praised the progress realised in implementing the EPA and noted the substantial increase of Malagasy exports to the EU since the EPA was implemented as a clear indication of the EPA's benefits and its potential. He also expressed the wish for a positive outcome of this Committee aimed at deliberating on all points of the agenda including the deepening of the agreement.

The iEPA Signatory States and the EU welcomed the Union of Comoros to the meeting

**Agenda Item 2: Adoption of the Agenda**

The agenda as agreed by both sides was adopted as per **Document no. 2.**

### **Agenda Item 3: Matters arising from the Minutes of the Fifth Meeting of the ESA-EU iEPA Implementation Committee**

The Minutes of the fifth Meeting were adopted and it was agreed that any outstanding issues would be raised in the course of the meeting.

### **Agenda Item 4: Review of the Implementation of the ESA-EU iEPA**

#### **(i) State of Play of Implementation**

The ESA side provided an overview of their state of implementation of the iEPA.

**Mauritius** indicated that they were on track with the implementation of the iEPA. Tariff reductions on raw material, capital goods and intermediate goods have been completed as per its market access offer. Some 170 tariff lines remain to be liberalised until 2022. Mauritius also indicated that a drop in exports was noted to the EU market as a result of several challenges including Brexit. Exports from the iEPA Signatory States to the EU remained concentrated on few markets such as France and UK. There was a need for more coordinated marketing /promotion strategies on the other markets within the EU. The delegate from Mauritius sought the assistance of the EU and other relevant Authorities in this regard. He also highlighted some of the constraints noted with respect to dock dues imposed by Reunion Island.

It was underlined that a mid-term review is expected this year and the possibility of a carve out for product of interest to iEPA states should be considered. He also highlighted that Mauritius is considering the possibility of using honey from Madagascar, add value in Mauritius and export to the EU. Similarly, Mauritius would seek to export poultry to the EU but would need relevant support to put in place the relevant framework. With respect to fisheries, he underlined the need for a subcommittee on fisheries. As regards the Development chapter, there is a need for a compendium of projects for which the support and assistance from the EU would be needed.

Mauritius also indicated that it submitted a request for 8000 tonnes under normal derogation in view of the critical situation prevailing with respect to the sourcing of originating fish. The derogation was rejected. Mauritius submitted a new request for a reduced amount of 4000 tonnes and responded to all the queries raised by the EU in its letter of rejection. A delegation was also led by the Minister of Foreign Affairs, Regional Integration and International Trade to explain the critical situation and to also provide explanation on the queries that were put forth by the EU. Mauritius indicated that in a true spirit of partnership, there was a need to display flexibility while

considering any request for derogation especially in crisis situations which may lead to the technical closure of the canneries. Mauritius urged the EU to expeditiously consider the request. The EU indicated that this matter was being examined by DG MARE and DG TAXUD and a response would be transmitted to the Mauritian authorities in the coming days.

The representative of **Madagascar** highlighted that they are on track with the implementation of the IEPA. He highlighted the challenges related to SPS issues, export restrictions, dock dues, lack of appropriate schemes to access to finance which were impeding on their competitiveness.

The representative of **Seychelles** indicated that they were in the process of transposing their market access schedule to HS 2017. .

Seychelles also highlighted the need for an increase in the automatic tuna derogation from 8000 tonnes to 12 000 tonnes.

Currently, Seychelles is making full use of its annual quota under automatic derogation. However, given increasing developments, notably increased trade in canned tuna, there is the need for Seychelles to source fish from other sources thereby increasing the costs of trading with EU. Therefore, a consideration for the revision of the derogation from 8000 tonnes to 12, 000 tonnes is necessary to ensure that trade between Seychelles and EU is maintained.

The possibility of providing derogation on tuna by-products should be considered in the future. He also concurred with Mauritius on dock dues and urged the EU to exempt products of interest for the ESA countries from dock dues.

The representative of **Zimbabwe** indicated that they were in the process of transposing their market access schedule to HS 2017. A stakeholder's workshop would be held to apprise accordingly. He also underlined that an EPA committee has been set up to address the IEPA challenges including SPS measures and TBT issues. Zimbabwe indicated that it was in the process of identifying projects under the 10 million euros obtained under the IEPA. Relevant institutional reforms were underway in particular to improve the ease of doing business and trade facilitation. Zimbabwe is also looking forward to the deepening of the IEPA.

The EU welcomed the progress so far and concurred that the implementation of the IEPA was beyond tariff reduction commitment. The EU also highlighted that the fisheries chapter should be looked at more thoroughly and noted that we should

examine ways to establish a fisheries sub committee. The EU underscored that Mauritius submitted a proposal on dock dues and invited other ESA states to do same.

**(ii) Recommendations of the IEPA impact study**

Both sides noted that the IEPA Impact Study contained several relevant recommendations. Mauritius proposed the establishment of an appropriate mechanism to address the recommendations of the study. He also proposed that each country should come up with an IEPA implementation enumerating their priorities on the basis of the recommendations of the study. In the case of Mauritius, he highlighted that the study recommended an upscaling of the ICT sector and a shift towards technology driven products. It was noted that innovation is a major concern for Mauritius and there was a need for appropriate capacity building. He thanked the EU for providing two consultants on GI and integrated circuits and also enquired on the possibility of assistance on plant varieties in particular to strengthen the capacity of IP office and researchers on plant variety in Mauritius. The EU agreed to revert back on this issue.

The possibility of tapping the reserve fund on the basis of the specific actions identified by each IEPA Signatory States was raised.

The study also proposed a review of the Rules of Origin. Mauritius highlighted the need for more flexibilities in the EU approach towards Rules of Origin in particular for fish products and products under chapter 63. He also apprised that Mauritius submitted a request for a normal derogation on tuna. The request was rejected and following the visit of the Minister of Foreign Affairs, Regional Integration and International Trade to discuss the matter with the Commission, a paper substantiating the request has been submitted. He urged the EU to exceptionally consider the request in a positive manner in view of the unexceptional shortage of raw tuna in the region.

Both parties agreed to consider setting up an appropriate mechanism of monitoring of the implementation of the EPA.

**(iii) Market Access schedules: Discussion on transposition to HS 2017.**

The EU side encouraged the IEPA Signatory States to provide the contact points for the transposition of the market access schedules to HS 2017. Mauritius indicated that it has already transposed its MA schedule to HS 2017 and a copy would be submitted to the EU. Seychelles, Madagascar and Zimbabwe indicated that they were in the process

of transposing their MA to HS 2017. The EU proposed that the IEPA Signatory States liaise with their technical experts to ensure that the exercise be conducted together.

**(iv) Accession of Croatia**

Both sides agreed to the revised draft Decision regarding the accession of Croatia to the EU with a reservation made by Mauritius on the BIOT included therein.

**(v) Accession of Comoros**

The representative of Comoros indicated that the ratification of the IEPA was expected in November 2017. The EU requested Comoros to inform them once the ratification procedures were completed so that appropriate notification be effected to the EU council.

**(vi) Non-Tariff Barriers faced by IEPA Signatory States**

The EU updated the Committee that amendments to include Mauritius on the list of 3<sup>rd</sup> countries allowed to source honey from EU approved list was underway and would be completed in the first quarter of 2018.

**(vii) EPA business forum**

The representative of Seychelles indicated that their Board of Investment would not be able to organise the ESA Investment forum this year:

- The Seychelles Investment Board (SIB) and the Small Enterprise Promotion Agency (SENPA) are currently reviewing their legislative frameworks which may have a huge impact on the way projects are facilitated;
- The SIB and Department of Industry, Entrepreneurship Development and Business Innovation have commissioned a market research to re-evaluate the health of the business sector. They intend to propose changes to improve the business environment;
- The SIB is reviewing its investment opportunities list to offer clearer defined opportunities to investors.

In view of the above, it has been proposed that the forum is scheduled to late next year after the Seychelles side has finalised its strategy for investment in Seychelles.

With regard to the funds the EU confirmed its support and pointed that it is crucial to have an adequate lead time (minimum 6 months) for mobilising funds.

**(viii) FTAs with Third countries**

The ESA Co-chair observed that the conclusion of FTAs with 3<sup>rd</sup> parties would further erode the preferences which EPA States enjoy and underlined the need to identify ways to compensate for such erosion. One of the options would be to have more specific carve outs for products exported by the IEPA states including sugar, tuna, horticulture, vanilla amongst others.

The EU provided an overview of the FTAs currently being negotiated with third countries including MERCOSUR, Vietnam, Thailand, Philippines, India, Japan and Mexico. With respect to the CECTA with Canada, the agreement was provisionally applied in September 2017. Discussions would be launched with Australia and New Zealand end this year. The EU indicated that the concerns of the IEPA states are taken into account in particular on the special sugar.

Mauritius on behalf of the IEPA Signatory States provided an overview of the CFTA negotiations. Progress was noted on the framework agreements and the SPS and TBT annexes would be finalised by the end of the year. It is expected that CFTA Member states would sign to the framework agreement this year, but negotiations would be pursued on the specific annexes such as rules of origin next year.

**(ix) Deepening and Widening of the IEPA**

The representative of Mauritius indicated that in the IEPA, there is a rendez-vous clause to complete the comprehensive EPA. Based on the recommendations of the 5<sup>th</sup> EPA Committee, it was agreed that both Parties would come up with priority issues for the deepening of the IEPA.

At the ESA level, the priority issues noted were: Improved Rules of Origin, SPS, TBT, Trade facilitation which goes beyond the WTO, Services and Investment to set the relevant framework to enhance trade, Agriculture, SME development, Industrialisation,

value chain and export tax, Innovation and Intellectual Property Rights. Linked to these commitments, there is a need for deepening of the Development chapter.

Mauritius also underlined the need for a subcommittee on fisheries to oversee the implementation of the fisheries chapter.


The EU side highlighted the need for including SPS, TBT and customs and trade facilitation elements.

With respect to the review of Rules of Origin, the EU queried on whether the ESA was still interested in the modernisation on the ROO or would prefer to go enter into a review of the entire rules of origin. The Mauritius representative indicated that it was agreed at the last EPA committee discussions will go in two parallel tracks. The ESA side expressed their commitment to pursue with the modernisation of the Rules of Origin.


The EU indicated that the latter will provide a paper on its priority areas for the deepening of the IEPA which include amongst other, trade and sustainable development chapter (labour and environmental issues), reinforced institutional provisions to include an EPA Council at ministerial level, a civil society and parliamentary consultative committee, references to the acquis of the "Cotonou agreement", dispute settlement provisions, transparency in government procurement and competition policy, monitoring mechanism. On trade facilitation, the possibility of building on the WTO agreement could be considered. With respect to SPS and TBT, the EU will propose new proposals on the basis of the SADC EPA. On services, the possibility of using TISA could be considered. The EU added that the issues that will be eventually covered by the deepening, on the basis of the joint scoping exercise, will be based on new texts and not on old ones.

Both sides agreed to exchange proposals on the priority areas for the deepening of the IEPA as well as organise a dedicated meeting thereon. As per the timeline, it was proposed that within 3 weeks, both sides will submit a paper on the priority areas. A negotiating platform will be established to launch discussions beginning next year. Funding will have to be identified accordingly.

Signed in Brussels on 19 April 2018



Co-Chair for the EU Party



Haymandoyal Dillum  
Co-Chair for the ESA Party





## Document 2

**ESA - EU EPA**

**EPA COMMITTEE**

**AGENDA**

**6<sup>th</sup> Meeting**

**02 and 03 October 2017**

**Hotel Carlton, Antananarivo**

**6<sup>th</sup> Meeting of the ESA - EU EPA Committee**  
02 and 03 October 2017, Hotel Carlton, Antananarivo

**(02 October: 9:00 - 12:30, Points 1 to 5)**

**(03 October 9:00 - 12:30, Point 6)**

**(03 October 14:00 - 17:00, Points 7 to 16)**

*[Rapporteur: ESA side]*

### **AGENDA**

1. Adoption of the agenda
2. Opening Statements
  - DG TRADE
  - MAURITIUS
  - Dignitary of Comoros (new member)
  - Dignitary of Madagascar [Official Opening]
3. Matters arising from the Minutes of the 5<sup>th</sup> Meeting of the ESA-EU EPA Committee
4. Review of the implementation of the ESA - EU EPA
  - State of play of implementation (ESA)
  - Recommendations of the iEPA impact study and way forward (ESA/EU)
  - Market Access schedules: discussion on transposition to HS 2017, exchange of information and follow up (EU)
  - Correction of errors and omissions in the market access schedules (EU)
  - Accession of Croatia to the ESA-EU EPA (EU)
  - Accession of Comoros (ESA)
  - Request for derogations
  - Specific NTBs faced by the 4 IEPA Signatory States on the EU market (*i.e. Problems faced by Mauritian operators with respect to EUR 1 certificates in Germany*).
  - Status on Mauritius inclusion on the list of 3rd Countries allowed exporting honey to the EU.

5. Rules of Origin (EU)

- State of play on modernisation
- Way forward for modernisation

6. Deepening and widening of the jEPA (ESA/EU)

- State of play
- Way forward

7. ESA EPA Business Forum (ESA)

- State of play
- Way forward

8. FTAs with Third countries

- FTAs with Third countries (ESA)
- EPAs with other configurations and FTAs with Third countries (EU)

9. Trade and investment policies (EU)

- Enhancing investments from EU to ESA

10. Reports from the Sub-Committees

- Customs Cooperation Committee
- Joint Development Committee

11. Withdrawal of the UK from the EU (ESA)

12. Next ESA-EU EPA Committee Meeting - date and venue

13. Consideration and adoption of Minutes of the 5<sup>th</sup> ESA - EU EPA Committee

14. Adoption of a Joint Communiqué

15. AOB

16. Closing Remarks.

Document 1  
6ème REUNION DU COMITE APE

[illegible]