



INVESTMENT & PRIVATE SECTOR DEVELOPMENT

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Scope of presentation

- WTO legal basis
- What are TRIMS?
- EAC present position in negotiations
- Cariforum position: a model?
- Scope for EAC negotiations

WTO legal basis

- Agreement on Trade-Related Investment Measures (TRIMS) negotiated in Uruguay Round
- Required countries to phase out TRIMS which are inconsistent with GATT rules (MFN, national treatment)
- Developing countries have been reluctant to discuss without including trade problems posed by trans-national corporations
- Investment was however introduced as a “Singapore issue”

What are TRIMS?

- Measures adopted by governments to attract and regulate foreign investment, for example:
 - Fiscal incentives
 - Work permits
 - Local content requirements
 - Export performance requirements
 - Provision of land on preferential terms
- Mainly used by developing countries, to promote investment while regulating TNCs

TRIMS inconsistent with GATT rules

- Measures which conflict with national treatment and MFN rules
- Measures which extend more favourable treatment to domestic producers
- Measures which place quantitative limits in imports and exports
- Some developing countries continue to apply local content requirements

Where does the EAC stand in EPA negotiations?

- EC has offered legal text
- EAC strategy is negotiate policies which will support Mode 4 access (Trade in Services)
- Negotiations have not started in detail
- ***For discussion: latest state of play in negotiations***

Is the Cariforum EPA a model?

- Title III (Investment, Trade in Services and E-Commerce) has 6 pages out of nearly 2,000
- Aim is the progressive liberalisation of investment
- Each party gives investors from the other equal treatment in terms of commercial presence
- Sectors liberalised are set out in annex to EPA
- Cariforum countries accord EC investors MFN treatment
- Parties agree to further negotiations in five years

Scope for EAC negotiations

- ***For discussion:***
- What is current state of texts and negotiations?
- What are issues sensitive to EA private sector in terms of inward investment, market access, national treatment?
- What opportunities to strengthen EPA negotiations?