The new EPAs: comparative analysis of their content and the challenges for 2008

Final Report

Christopher Stevens, Mareike Meyn and Jane Kennan
ODI

Sanoussi Bilal, Corinna Braun-Munzinger, Franziska Jerosch, Davina Makhan and Francesco Rampa
ECDPM

31 March 2008

Available online at:
http://www.odi.org.uk/iedg/Projects/0708010_The_new_EPAs.html and www.ecdpm.org/pmr14

Overseas Development Institute
111 Westminster Bridge Road,
London SE1 7JD, United Kingdom
Tel.: +44 (0)20 7922 0300 Fax: +44 (0)20 7922 0399
www.odi.org.uk

European Centre for Development Policy Management
Onze Lieve Vrouweplein 21
6211 HE Maastricht, The Netherlands
Tel: +31 (0)43 3502 900 Fax: +31 (0)43 3502 902
www.ecdpm.org

Table of contents

List of tables

List of boxes

List of acronyms

ACP	African, Caribbean and Pacific
AfT	Aid for Trade
AGOA	(United States) Africa Growth Opportunity Act
AoA	(WTO) Agreement on Agriculture
BLNS	Botswana, Lesotho, Namibia and Swaziland
BLS	Botswana, Lesotho and Swaziland
CARIFORUM	Caribbean Forum
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale
CET	Common external tariff
COMESA	Common Market for Eastern and Southern Africa
Comtrade	United Nations Commodity Trade Statistical Database
CPA	Cotonou Partnership Agreement
CSP	Country Strategy Papers
DFQF	duty-free, quota-free access
DSB	[WTO] Dispute Settlement Body
EAC	East African Community
EAFF	Eastern Africa Farmers Federation
EBA	Everything but Arms
EC	European Community
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FTA	free-trade agreement
GAERC	General Affairs and External Relations Council
GATT	General Agreement on Tariffs and Trade
GSP	Generalised System of Preferences
HS	Harmonised System
ICTSD	International Centre for Trade and Sustainable Development
LDC	least developed country
MDG	Millennium Development Goals
MEP	Member of European Parliament
MFN	most favoured nation
NAO	National Authorising Officer
NIP	National Indicative Programme
NTB	non-tariff barrier
NTL	national tariff line
ODI	Overseas Development Institute
PACP	Pacific ACP
PARI	*Program d'Aide à la Recherche Industrielle*
PNG	Papua New Guinea
PROPAC	*Plateforme sous-régionale des organisations paysannes d'Afrique centrale*
PRSP	Poverty Reduction Strategy Paper
PSD	private sector development

RAO	Regional Authorising Officer
REC	regional economic community
RSP	Regional Strategy Paper
RIP	Regional Indicative Programme
RoO	rules of origin
ROPPA	*Réseau des organisations paysannes et des producteurs agricoles de l'Afrique de l'Ouest*
RSP	regional strategy papers
RPTF	regional preparatory task force
SACAU	Southern Africa Confederation of Agricultural Unions
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SDT	special and differential treatment
TDCA	(EU–South Africa) Trade, Development and Co-operation Agreement
TRA	trade-related assistance
TRAINS	(UNCTAD's) Trade Information and Analysis System
UEMOA	*Union Economique et Monétaire Ouest Africaine*
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WINFA	Windward Islands Farmers Association
WTO	World Trade Organization

Executive summary and recommendations

This report[1] provides a comprehensive analysis of the trade regimes for Africa that on 1 January 2008 replaced the Cotonou Partnership Agreement (CPA), the negotiations that remain to be completed and the challenges facing Africa in implementation, some of which require support from Europe. Part A provides an analysis of the liberalisation that African states have agreed to undertake in relation to imports from the European Union (EU) and *vice versa* and key features of the main texts of the interim Economic Partnership Agreements (EPAs). Part B reviews the process that culminated in the initialling of interim EPAs by some ACP states but not by others to learn the lessons, reviews the future options for both current signatories and non-signatories and assesses the aid for trade (AfT) modalities.

Eighteen African states (including most non-least developed and some least developed countries (LDCs)) have initialled interim EPAs, as have two Pacific non-LDCs (Fiji and Papua New Guinea (PNG)); the Caribbean countries (CARIFORUM) have gone further and have agreed full EPAs. The remaining African, Caribbean and Pacific (ACP) countries apart from South Africa now export to the European market under the EU Generalised System of Preferences (GSP): its favourable Everything But Arms (EBA) sub-regime in the case of LDCs, and the less favourable standard GSP for Nigeria, Republic of the Congo, Gabon and seven Pacific countries.[2] South Africa continues to export under its own free trade agreement (FTA) with the EU, the Trade, Development and Cooperation Agreement (TDCA).

As World Trade Organization (WTO)-compatible free trade deals, the interim EPAs have removed the risk that the end of the Cotonou waiver would result in some ACP losing their preferential EU market access. Free from the pressure to meet WTO commitments, the parties can now continue negotiations towards more comprehensive EPAs, based on their initial development objectives. The European Commission has the mandate to conclude full EPAs and it intends to do so; none of their ACP partners has so far renounced this objective. But, whilst reaching development-oriented agreements without arbitrary time pressure is an attractive prospect, it is no easy task.

Key features of the interim EPAs

Part A analyses the agreements initialled by African countries and, where relevant, makes a comparison with the CARIFORUM and Pacific agreements. It responds to five specific research questions posed in the terms of reference for the study.

1. National level: what is the impact of the agreed tariff liberalisation schedules, when compared to current applied tariffs? Aspects to be addressed are the coverage (relative impact on products and sector) and speed of tariff liberalisation (front loading/back loading of products/sectors), analysis of the exclusion list (products/sectors) and impact on hypothetical government revenue.

2. Regional level: how should the individual agreements (if applicable) be interpreted in relation to current and future regional integration initiatives? Including comparative analysis of exclusion lists and liberalisation schedules of countries within the same region, identification of (dis)similarities in exclusion baskets and liberalisation schedules.

---

[1] This report provides the findings from a study commissioned and funded by the Ministry of Foreign Affairs of the Netherlands and undertaken by the Overseas Development Institute (ODI) and the European Centre for Development Policy Management (ECDPM). The views expressed are those of the authors, and do not necessarily reflect those of the Ministry.

[2] Cook Islands, Federated States of Micronesia, Nauru, Niue, Palau, Marshall Islands and Tonga.

3. ACP–EU exports: what does the DFQF market access to the EU mean for ACP countries in terms of (additional) market opening to the EU? Special attention should be given to the regime for sugar.

4. What do the agreed interim agreements/stepping stone agreements say about possibilities to opt out and conditions and time schedules to come to a full EPA (incl. conditions in relation to the Singapore issues, etc.).

5. In how far are the agreed texts for African regions and countries i) similar to each other and to the text for the Caribbean region and ii) development friendly? Aspects to be addressed are for example provisions on export taxes, compensation of export revenues, trade-related technical assistance and capacity building., infant industry and safeguards.

It does this through a detailed analysis of the changes that each party (both ACP and the EU) will make to tariffs and quotas on goods trade and a review of the main texts of the agreements which concentrate upon: the provisions required for an FTA in goods such as can be presented to the WTO; necessary institutional infrastructure; provisions on trade defence; some provisions (but not complete ones) on those elements that have been included in the negotiations but on which final agreement has not yet been reached such as services and the so-called Singapore Issues.

As such, it provides a country-by-country and region-by-region snapshot of the interim EPAs, explaining in broad terms what has been agreed and what changes will be made to current policy – and when. As well as providing a starting point for further, more detailed country- and issue-focused work, certain broad themes have emerged from this initial scrutiny. Some important findings on research questions 1, 2, 4 and 5 are summarised in the next three sub-sections, and those from research question 3 are included in the sub-section on Aid for Trade.

Levels of national commitment

The interim EPAs were finalised in a rush to beat the end 2007 deadline – and it shows. All of the African EPAs are different and in only one region does more than one country have the same commitments as the others: this is the East African Community (EAC). At the other extreme is West Africa, where the only two EPA countries have initialled significantly different texts with different liberalisation commitments.

No clear pattern can be identified that the poorer countries have longer to adjust than the richer ones or of the EPAs being tailored to development needs (however defined). Some of the richer countries among the list have to adjust quickly – but so do some of the poorest.

The picture that emerges is entirely consistent with the hypothesis that countries have a deal that reflects their negotiating skills: that countries able to negotiate hard, knowing their interests, have obtained a better deal than those lacking these characteristics. Côte d'Ivoire and Mozambique will face adjustment challenges that are among the largest and will appear soonest. Côte d'Ivoire, for example, will have removed completely tariffs on 60% of its imports from the EU two years before Kenya even begins to start reducing its tariffs as part of the EPA; Ghana will have liberalised completely 71% of its imports by the time Kenya is three years into this process which, after a further six years, will result in just 39% of its imports being duty free.

Implications for regionalism

A common perception, expressed by many countries in the independent Article 37.4 review of the negotiations, is that there is little coherence between the EPA agenda and the regional integration processes in Africa. One particular concern has been that countries in the same economic region might liberalise different baskets of products and so create new barriers to intra-regional trade in order to avoid trade deflection. This concern has been vindicated by the interim EPAs that have been agreed.

In the case of Central and West Africa the principal challenge for regional integration is that most countries have not initialled an EPA, but Cameroon, Côte d'Ivoire and Ghana have done so. The countries in the regions that do not currently belong to an EPA will reduce none of their tariffs towards the EU, maximising the incompatibility between their trade regimes and those of Cameroon, Côte d'Ivoire and Ghana.

Only in the case of EAC have all members joined the EPA and accepted identical liberalisation schedules. If these are implemented fully and in a timely way economic integration will have been reinforced.

Those Eastern and Southern Africa (ESA) countries[3] and the five Southern Africa Development Community sub-group (SADC-minus) states that have initialled, have done so to single agreements, but there is considerable dissimilarity in the country liberalisation schedules and exclusion baskets. Of the goods being excluded by ESA not a single item is in the basket of all five countries and over three-quarters are being excluded by just one. Comparing Mozambique's schedules with those jointly agreed by Botswana, Lesotho, Namibia and Swaziland (BLNS), just one-fifth of the items are being excluded by both parties.

ESA faces an additional challenge. All of the ESA states have established their liberalisation schedules in relation to the common external tariff (CET) (presumably of the Common Market for Eastern and Southern Africa – COMESA), but it is not only the details of their liberalisation and of their exclusion baskets that are different – so is their classification of goods. The agreed phasing of liberalisation is made in relation to the product groups established by COMESA for its CET. Although the COMESA members agreed that the CET should be set at different levels for these groups, they have not so far agreed a formal definition that allocated each item in the nomenclature to one or other group. The EPAs have required countries to make this specific link – and they have done so differently, which will create problems for implementing any eventual COMESA CET. There are over a thousand items being liberalised by one or more of the ESA countries where there is some degree of discrepancy in the CET classification.

Some key provisions of the interim agreements

The issues highlighted above (which respond to research questions 1 and 2) have been derived from the complex and detailed EPA schedules using the authors' judgements about the relative importance of different elements of the agreements. This subjective dimension is even greater when attention shifts to answering research questions 4 and 5. This takes attention away from the schedules of tariffs to be liberalised or excluded towards the main texts, the impact of which will become clear only over time in the light of circumstances.

Part A explains how judging features of the main texts that have already attracted attention (such as the 'MFN clause') depends on how they are interpreted and enforced as well as on

[3] Only five of the 11 ESA states (excluding EAC) have initialled an interim EPA.

the analyst's political and economic perspective. The same applies to the fact that the recent food export ban imposed by Tanzania (to fight domestic shortages) will be illegal in any EPA once implemented other than that of the EAC.

It is for this reason that an issue-by-issue summary of the main provisions of the EPAs is provided in Appendix 3. It is the safest guide to what the parties have agreed and allows a comparison to be made of each main provision in the various EPA texts . The TDCA and EU–Mexico FTA are less restrictive than any of the EPAs in several (but not all) respects: they contain no MFN clause, standstill clause, or time restrictions for pre-emptive safeguards, and provide no sanctions in case of a lack of administrative cooperation. And in some respects the CARIFORUM and Pacific EPAs are less restrictive than those in Africa (though in other cases the reverse is true, so it is not possible to say that one EPA is more or less restrictive than another across the board). There are seven provisions found in the CARIFORUM and/or PACP EPAs but not in any of the African ones, and six of these have the effect of making the accords less restrictive.

Despite this need for caution in drawing bold conclusions on the texts, there are some clear patterns on some specific issues. These are summarised below.

Border measures

Specific border measures are provided in the EPAs which may slightly alter some of the features of the liberalisation regimes. CEMAC has provision to halt tariff reduction unilaterally for a maximum period of one year, and the 'standstill clause' phrasing in the SADC EPA does not apply to goods excluded from liberalisation. All the African EPAs except ESA allow for the temporary introduction/increase of export duties in 'exceptional circumstances' following 'joint agreement' with the EC (EAC) or 'consultations' (CEMAC, Ghana, Côte d'Ivoire and SADC).

A general prohibition on import barriers other than customs duties and taxes (apart from measures taken in the context of anti-dumping and countervailing measures/safeguards) is subject to exemptions in all EPA texts (e.g. for infant industry protection or in case of public finance difficulties). The maintenance of national subsidies conforming to WTO provisions is also allowed in all the texts. The CEMAC text refers to the gradual phasing out by the EU of its agricultural export subsidies, which it is already committed in the WTO to do by 2013.

There are strict provisions on customs and trade facilitation with sanctions in case of failure to provide administrative cooperation. If the Joint Council/Committee cannot come to a mutually accepted solution within three months, the complaining party can suspend preference for up to six months (renewable).

Areas for continued negotiation

There are big differences in the '*rendezvous* clauses' in the interim EPAs which establish the areas in which negotiations must continue. How important these differences are in practice remains to be seen since the clauses are 'guidelines' for the areas to be negotiated, and all texts foresee additional topics deemed by the parties to be relevant coming up in the ongoing negotiations towards a full EPA.

Dispute settlement

The dispute avoidance and settlement provisions are more extensive and rigid than in some previous EU FTAs, such as the TDCA with South Africa. The procedures for consultations,

seeking advice from a mediator and establishing an arbitration panel are detailed and the time-frames are very strict. The procedures are largely identical except in EAC and ESA, where negotiations continue. The application of temporary trade remedies is envisaged in cases of non-compliance with an arbitration decision.

Development cooperation and finance

All the EPAs except EAC have comprehensive but wholly non-binding provisions for development cooperation, mentioned in each and every chapter as well as in a section on development cooperation (most extensively in the ESA text). The EAC, ESA and CEMAC texts also explicitly foresee continued negotiations on this.

The way forward

Provided that there is goodwill and flexibility on all sides it ought to be possible to avoid the EPA process creating new barriers to African integration. But this requires a recognition that not all the details of the current texts are set in stone. The demands that will arise from the agreement of full EPAs reinforce this need.

Part B considers the implications of the interim EPAs concluded in Africa, and the way they were concluded, on the continuing EPA negotiation process, and identifies options for the way forward. It addresses five questions raised in the terms of reference for the study.

1. What are the lessons learned from the EPA negotiation process?

2. Based on the findings from part 1, what are the different scenarios for the way forward, including: – moving from interim to comprehensive EPAs, moving from country to regional EPAs, and/or moving from interim EPAs to GSP+?

3. What could be the changes and additions to the interim EPAs to make them comprehensive, development friendly and in support of regional integration?

4. What are the opportunities and threats for the ACP for the negotiations on ‘phase 2’? Special attention should be given to the lessons from phase 1, the political dynamics and the interaction between regional integration and EPA negotiation processes.

5. Considering the outcomes of part 1, what are the implications for aid modalities for the coming years (where should ACP and donors pay attention to compared to the current state of affairs)?

A turbulent negotiating process

The EPA process has not been an easy or friendly one; words and deeds have often been at odds, and tension has flared up.

From the outset, EPA negotiations have been extremely challenging, in terms of both process and substance. As a result, and amidst much tension and frustration on either side of the table, there had been only limited substantive progress in most negotiations a few months ahead of the 31 December 2007 deadline. For various reasons, EC and ACP negotiators have in most cases not been able to reach a common understanding and approach on the cornerstones of the new trading arrangement, notably, and quite surprisingly, on the development component and regionalism. The lack of institutional and technical capacity on the ACP side, as well as insufficient political leadership in many regions, has also taken its toll on a smooth progress in the negotiations.

The first challenge is thus to mend bruised feelings, restore some confidence and trust and build a true partnership. To that end, positive rhetoric will not suffice. It will be necessary to allow for the adjustment of interim texts that do not fully reflect the interests of all parties. In revising an interim agreement it may be helpful to draw on texts concluded in other ACP regions, adopting some provisions from these as suitable.

Options for the way forward

All the parties are officially committed to concluding comprehensive EPAs, and negotiations are continuing to that end in all regions. However, given past experience, this goal may not be as easy to achieve as hoped and different outcomes of the negotiation process may be envisaged. These range from concluding full EPAs over adopting the initialled interim agreements as permanent solutions (possibly joined by additional countries), to opting out of EPAs, relying instead on the GSP (EBA, GSP+ or standard GSP, depending on the criteria met by the countries) to access the EU market and liberalising under the intra-regional and multilateral frameworks, if at all. It is not for the authors of this study to identify which is the best option, as this is a task for each country and region. In fact, different countries, even within the same region, may prefer different options. As indicated by the analysis in Part A, the challenge will be for each grouping to adopt an common approach consistent with their regional integration processes, while promoting their development objectives.

The need for ownership

The range of issues to be covered in a full EPA should reflect both ACP national and regional interests. If interests among countries within a region differ, an EPA might include varying degrees of commitment on trade in services and trade-related issues. Further, signing an EPA should be a sovereign decision by each country: if a country chooses not to take part it should not be pressured to join through political pressure or through aid conditionality.

Timing

It will be crucial to allow sufficient time to negotiate a truly development friendly, comprehensive EPA that is owned by all involved stakeholders; while the momentum of the negotiations should not be lost, there is no need to rush to an agreement with ill-conceived provisions. A clear agenda and calendar for the negotiation that is acceptable to both partners should be defined, and should avoid leaving contentious or difficult issues until the end.

Instead of moving from interim agreements directly to full EPAs it would be possible to address different areas of negotiations step-by-step through a built-in agenda consisting of *rendezvous* clauses with different issue-specific deadlines to finalise negotiations. Implementing commitments in line with this agenda could further be made conditional on the availability of support for capacity building.

Increasing transparency

There is a need to increase transparency in the negotiations and their outcomes in order to allow for public scrutiny by policy makers, parliamentarians, private sector and civil society representatives. This will foster a more participatory approach and contribute to increasing ownership of the agreements reached.

Reducing negotiation asymmetries

The asymmetries in negotiating capacity (between the EU and ACP and among the ACP) that have contributed to the incoherence of the interim agreements need to be taken into account in the further negotiations if the problems identified in Part A are not to be made worse. This needs to be done through adapting the pace of negotiations as well as the style of interaction between the parties and through capacity-building measures under the AfT initiative.

Lack of capacity has also hampered the effective consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, a fact which consequently often hindered the ACP negotiating positions. As a result, the EPA process has generally not been effectively embedded in national policy processes in the ACP and in extreme cases it has generated a general public hostility towards the EPAs.

Aid for Trade and EPA related development support

Although the EPAs have only non-binding provisions for development cooperation, the African ACP states will lose significant tariff revenue – in some cases very quickly – and financial support to offset this is needed. The total 'theoretical revenue' (as defined in Part A) that will be lost during the first tranches of liberalisation is $359 million per year.

Such inflows are needed just to maintain the *status quo:* the support needed for domestic producers to adjust to increased competition from imports and new opportunities for exports as a result of duty-free, quota-free access (DFQF) is additional. DFQF will bring some immediate and valuable gains from the redistribution of the revenue that until the end of 2007 the EU accrued as import tax. But it still needs to be built on by enabling an increase in ACP supply to bring longer-term benefits. This will often require significant investment in both physical and human resources, some of which will need to come from the private sector and some from the public sector.

As the centrepiece of the EU's commitment to EPAs so far, it would be sensible to ensure that there is also adequate aid provision to help remove blockages to increased supply. Europe has committed itself to provide more Aid for Trade (AfT) to developing countries and should ensure that part of this enhances the use of DFQF by removing obstacles to production and export, such as poor infrastructure and other physical or institutional deficiencies.

Indeed, the EU decided that EPA-related needs should be addressed through the 'EU Aid for Trade Strategy' in favour of all developing countries, recognising that the availability of aid for trade should not be made conditional on concluding an EPA. However, there is no clarity on what resources will be available for each ACP country and by when as part of the AfT Strategy.

Improving mechanisms and procedures for delivering AfT and trade-related assistance is as important as providing an appropriate level of support. Effectiveness of delivery will determine the capacity to implement EPAs and any further trade reform. Given that the AfT Strategy builds on the EU commitments for improving the quality of aid in line with the Paris Declaration, there is a window of opportunity in 2008 to use aid effectiveness processes to harmonise donors' practices and align them with partner countries' own delivery instruments.

The ACP regions and countries should proactively ensure that the EU AfT Strategy is operational and effective by identifying gaps in existing support and improvements needed in AfT delivery instruments. There is urgent need in particular to assess the added value of different mechanisms (regional funds and national-level instruments, etc.).

Introduction

The purpose and scope of the report

The start of 2008 marked the quiet death of over 30 years of Lomé/Cotonou preferences, and yet most ACP countries did not lose their privileged access to European markets. This report, prepared by the Overseas Development Institute (ODI) and the European Centre for Development Policy Management (ECDPM), provides a comprehensive analysis of the regimes that have replaced it for Africa, the negotiations that remain to be completed and the challenges facing Africa in implementing it, some of which require support from Europe.

The report is divided into two main parts. Part A provides an analysis of the liberalisation that African states have agreed to undertake in relation to imports from the EU and *vice versa* and key features of the main texts of the interim EPAs. Part B reviews the process that culminated in the initialling of interim EPAs by some ACP states but not by others to learn the lessons, reviews the future options for both current signatories and non-signatories and assesses the AfT modalities. This last section of Part B is particularly relevant, since it is clear from the analysis in both Parts that securing a favourable development impact from EPAs will require substantial financial and technical assistance both to help countries adjust and to boost supply in order to take advantage of new opportunities.

This introductory review provides a brief scene-setting guide to the events leading up to December 2007 and ushering in 2008 and highlights some of the key findings and recommendations that have a general applicability; many others are to be found in the relevant country- and issue-specific sections of the report.

The road to EPAs

When the EU and the ACP group of countries started negotiating a new WTO-compatible trade regime in 2002 it was with the intention of concluding EPAs by the end of 2007. After a first ACP-wide phase to address issues of interest to all ACP countries negotiations were taken to the regional level. The EU and six ACP regional configurations thereby engaged in discussions on the scope and substance of the future trade and development agreements, which they have formally been conducting for the last three to four years.

From the outset EPA negotiations were extremely challenging, in terms of both process and substance. As a result, and amidst much tension and frustration on either side of the table, there had been only limited substantive progress in most negotiations a few months ahead of the 31 December 2007 deadline. For various reasons, EC and ACP negotiators had in most cases been unable to reach a common understanding and approach on issues surrounding the key principles of EPAs.[4]

By October–November 2007 none of the African regions was in a position to conclude a full EPA and nor was the Pacific. The EU insisted on abiding by the letter of the WTO rules and on not seeking any further derogation. In the absence of any decision to the contrary the only alternative trade regime available for those ACP countries not signing an EPA would have been EBA for LDCs and for others the standard GSP.[5] Since the latter offers less favourable

[4] For the sake of simplicity, the term 'EPA' in this report refers to interim agreement (also called interim EPA) as well as the comprehensive agreement (also called full EPA).

[5] See ODI, 'The Costs to the ACP of Exporting to the EU under the GSP', London, March 2007 (http://www.odi.org.uk/IEDG/Publications/Final-ODI-ACP-GSP-report.pdf). Section B2.1 and Appendix 6 provide a discussion of GSP+.

conditions the ACP asked for an alternative to EPAs that would safeguard market access from 2008 onwards. Proposals ranged from an extension of Cotonou preferences (through the formal request of a prolongation of the WTO waiver) to the granting of GSP+ preferences to all ACP countries.

Whilst the EC refused such approaches, stressing that failure to reach an agreement by the end of the year would not produce an alternative strategy,[6] it did agree to limit the scope of what needed to be agreed by end-2007 to 'interim agreements' that provided a legal basis for continuing (and improving) ACP preferences into 2008. Such interim agreements would need to cover all the areas required for an FTA compatible with GATT Article XXIV.

Although the European Commission denies having exerted any pressure,[7] there are plenty of ACP accounts to the contrary (see Part B, Box 4). The December 2007 ACP Council of Ministers 'deplore[d] the enormous pressure that has been brought to bear on the ACP States by the European Commission to initial the interim trade arrangements, contrary to the spirit of the ACP–EU partnership,'[8] in a process characterised by the ACP Secretary General Sir John Kaputin as 'fraught with panic, confusion and disagreements.'[9] Many ACP Heads of States and Ministers have publicly expressed their disquiet over these EPA negotiations.[10] Even Commissioner Mandelson came to acknowledge that 'the last months of 2007 were difficult' and that 'some good relationships […] have been strained.'[11]

The extreme rush of negotiating these extremely detailed and complex documents goes a long way to explain the many inconsistencies and gaps uncovered by this study and reported in Part A. It also explains the regional incoherence in most of the African EPAs. As the deadline approached, Part B explains, the European Commission switched away from a purely regional approach and started conducting parallel bilateral negotiations with single countries and sub-regions as a fall back position.

Free from the pressure to meet WTO commitments, the parties can now continue negotiations towards more comprehensive EPAs, based on their initial development objectives (and negotiations can continue with states that have not initialled the interim agreements). The European Commission has the mandate to conclude full EPAs and it intends to do so; none of their ACP partners has so far renounced this objective.

Reaching development-oriented agreements without arbitrary time pressure is an attractive prospect, but it is no easy task. The pressures of 2007 have coloured the continuing negotiations both in substance (some existing texts are incompatible with regional accords) and in style (there are bruised feelings and a lack of confidence). Without active steps to remove these actual and psychological barriers the promised land of EPAs may remain an unattainable goal.

---

6 See interview with Peter Mandelson, 'There is no Plan B', in *Trade Negotiations Insights*, Vol.6, No. 5, September 2007, www.acp-eu-trade.org/tni

7 See interview by the European Commissioner for Development Louis Michel in this issue and DG Trade. Statements are available at http://ec.europa.eu/trade/issues/bilateral/regions/acp/pr280108_en.htm

8 Declaration of the ACP Council of Ministers at its 86th Session Expressing Serious Concerns on the Status of the Negotiations of the Economic Partnerships Agreements, ACP/25/013/07, 13 December 2007, www.acp.int/en/com/86/ACP2501307_declaration_e.pdf

9 See interview with ACP Secretary General Sir John Kaputin in TNI Vol.7, No.1, February 2008.

10 The Ministerial Committee of ECOWAS of 17 December 2007 similarly 'deplored the pressure being exerted by the European Commission'., whereas Guyana President Bharrat Jagdeo accused the EU 'to bully the countries into meeting the deadlines' (*Stabroek news*, 06.01.08, http://www.stabroeknews.com/index.pl/article?id=56536297)

11 http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm190_en.htm

Part A. Analysis of the existing agreements so far, both liberalisation schedules and texts

1. Introduction to Part A

1.1 The scope of the analysis

Part A of this report analyses the agreements initialled by African countries in December 2007. Where relevant, a comparison is made with the agreements initialled by the CARIFORUM states and by those in the Pacific, but the principal focus of the analysis is Africa. Since the African agreements are only 'interim ones', the analysis is restricted primarily to:

- a detailed analysis of the changes that each party will make to tariffs on goods trade;
- a review of the main texts of the agreements which concentrate upon:
  - the provisions required for an FTA in goods such as can be presented to the WTO;
  - necessary institutional infrastructure;
  - provisions on trade defence;
  - some provisions (but not complete ones) on those elements that have been included in the negotiations but on which final agreement has not yet been reached (such as services and the so called Singapore Issues).

Because the African texts have reached full agreement only in the area of trade in goods and related matters, negotiations on other areas will continue during 2008. These are one of the areas of focus in Part B of the report, which also includes an analysis of the lessons to be learned from the EPA negotiation process as well as the best way to move forward.

Identifying the lessons to be learned involves building upon the factual evidence provided in Part A. Since almost every African EPA agreement is different from the others many hundreds of pages of text and tens of thousands of tariff lines have had to be analysed in the course of this research. A major task for the report is to strike a balance between, on the one hand, providing accurate country- and product-specific information (which by definition is easily digestible only for readers focusing narrowly on, for example, Ghana or on the 'implications for cereals') whilst at the same time providing a broad picture of the overall patterns of what has been agreed. The second task necessarily involves the exercise of some qualitative judgements by the authors.

The format of this report aims to deal with these two tasks and make clear the extent to which any 'broad patterns' identified are based upon the authors' judgements. It does this in the following way. Section A2 goes through key features of the liberalisation commitments that have been accepted by ACP signatories, country by country and region by region. Even this section, which is the most detailed, focuses on a pre-selected set of common indicators judged by the authors to provide an initial overview of key features of what has been agreed. It is to be considered as the first step in analysing the full implications of each EPA for each signatory country, and will need to be followed up by in-depth, country-specific (and probably issue-specific) studies.

Section A3 provides a summary of what the authors consider to be the key similarities and differences between the EPAs. The first part points to some apparent patterns in the

liberalisation schedules that different African countries have accepted. It draws upon the country-by-country analysis in Section A2 and makes explicit the judgements and assumptions that underpin the identification of these 'patterns'. This is followed by a summary of key provisions in the various EPA texts which tries to show the range of obligations that have been adopted (and to make some comparisons with other EU–developing country FTAs). In both cases an important focus is the broad implications for different African regions. This necessarily involves the exercise of judgement by the authors over which of the many features of each agreement are the most 'relevant' for each region.

The focus is particularly on the follow-up action that now needs to be taken in the context of the EPA. Such action is required to ensure both that EPA signatories are able to take advantage of any new opportunities (for example by removing supply constraints or providing institutional support) and that they are equipped to deal with any challenges that result (including those that arise for further regional integration and from obvious features of any EPA such as the need to find alternative sources of government revenue to replace declining trade taxes).

Section A4 considers the implications of EPAs for African exports. The net impact of the EPAs on ACP trade in goods will be the product of the effects flowing from the reduction of African tariffs on imports from the EU and the removal of tariffs by the EU on exports from Africa.

1.2 Which countries have signed EPAs

The list that has been distributed by the European Commission on which countries within which regional groupings have signed is presented in Table 1. In addition to this information, the table indicates the EU tariff regime that now applies to imports from non-signatories, the proportion of members of each regional grouping that have signed, and the number of liberalisation schedules that they have submitted.

In two regions all members have signed. These are CARIFORUM and EAC. The latter is perhaps the more noteworthy, since all but one signatory are LDCs and, hence, have no immediate need to join an EPA to avoid tariffs being increased on their exports to the EU. It is also an 'EPA negotiating region' that emerged only in the final months of the five-year process.

In EAC all parties appear to have agreed to the same liberalisation schedule and so the EPA should not in principle cause any problems for achieving a CET. In fact, EAC is the only region for which this is the case. The end point for CARIFORUM (apart from Dominican Republic) is understood from those involved in the negotiations to be very similar but not identical, although there are many variations in how countries arrive, evident in complex variations in the schedules for the implementation.

At the other end of the spectrum is West Africa. Only two countries have signed interim EPAs, and they are significantly different from each other. This means that over four-fifths of the Economic Community of West African States (ECOWAS) have not joined the interim EPA, and that there is no established accord that, if all joined, would provide a region-wide agreement. In principle it would be possible for all the non-signatories to accede to the text agreed by Ghana, or that agreed by Côte d'Ivoire – but even if this were to happen there would still be at least one country in the region with different tariff obligations towards the EU from all the rest. The interim agreement with Côte d'Ivoire specifically raises the possibility of re-negotiating the liberalisation schedule as part of a wider ECOWAS EPA. Although the agreement with Ghana does not do so, Commission officials have confirmed

orally that it is current policy to allow a re-negotiation of both accords in the context of a broader ECOWAS EPA. For the present, though, all that can be analysed are the texts and schedules of these two bilateral accords.

The *Communauté Economique et Monétaire de l'Afrique Centrale* (CEMAC) is notionally in the same position as CARIFORUM and EAC, in that there is just one text and liberalisation schedule. But this is because Cameroon is the only country in the group to have initialled an interim EPA. As with ECOWAS, over four-fifths of members have not so far joined.

The other 'regions' – ESA, the Pacific ACP countries (PACP) and SADC-minus – are in a midway position. Each of the signatories within the group has agreed an identical text, but their liberalisation schedules differ, with implications for future regional integration.

The word regions is in inverted commas above because both ESA and SADC-minus are now different groupings from those that were engaged in negotiations with the EU until the middle of last year (and, of course, from those that have agreed FTAs or customs unions under COMESA and under SADC). Apart from the unresolved position of South Africa (see below) the differences are relatively small for SADC-minus: Tanzania has joined EAC and Angola has not signed an interim EPA. That leaves BLNS and Mozambique as signatories, with the position of South Africa still under a question mark.

In the case of ESA, though, the changes are substantial. The 'ESA region', as determined by the signatory states, now consists just of four islands plus Zimbabwe (the current ability of which to implement any trade agreement must be a matter for conjecture). Unless other countries join, it is hard to see how this grouping can be considered a 'real' region. The implications for COMESA are clearly very important (and are taken up below in Sections A2.5 and B2.3)

The position of the Southern African Customs Union (SACU) is an anomaly. Under the 2004 SACU Agreement, no member can agree a new trade regime with a foreign country without the consent of all. Since South Africa has not initialled an interim EPA, this consent has clearly not been given. What happens now is uncertain. South Africa would appear to have the right, if it so chose, to support autonomously a change in the SACU CET towards the EU that brought it into line with the obligations that BLNS have accepted. In other words, there would appear to be a *prima facie* case that South Africa would not need actually to sign an EPA in order for the situation to be regularised; it would merely need to accept autonomously the required changes to the SACU tariff. But, unless the 'common' SACU external tariff were to have separate BLNS and SACU schedules (at least during the EPA implementation period) the EU would also need to accept some changes to the provisions of its TDCA. This is because some goods will be liberalised later under the EPA than is scheduled under the TDCA. Unless and until both of these things happen it would appear that the commitments to which BLNS have agreed are not enforceable in law within SACU.

Column 4 of Table 1 indicates the tariff regime currently being applied by the EU on imports from non-signatories. It confirms that the Commission has indeed applied standard GSP or most-favoured-nation (MFN) tariffs on imports from non-LDC non-signatories. However, the actual impact of this is modest, since most non-LDC countries exporting sensitive products to the EU have signed. Apart from a number of Pacific islands, none of which is believed to export sensitive products to the EU, only Congo, Gabon and Nigeria have had standard GSP/MFN tariffs applied to them (see Section A4).

Table 1. Overview of EPA signatory states

	Members	Signatory states in December 2007 [a]	Countries falling into EBA/standard GSP	Proportion of signatory countries	Number of liberalis-ation schedules
ESA EPA	Comoros Djibouti Eritrea Ethiopia Madagascar Malawi Mauritius Seychelles Sudan Zambia Zimbabwe	*Comoros* *Madagascar* Mauritius Seychelles Zimbabwe	Djibouti Eritrea Ethiopia Malawi Sudan Zambia	45%	5
EAC EPA	Burundi Kenya Rwanda Tanzania Uganda	*Burundi* Kenya *Rwanda* *Tanzania* *Uganda*	—	100%	1
SADC EPA	Angola Botswana Lesotho Mozambique Namibia South Africa Swaziland	Botswana *Lesotho* *Mozambique* Namibia Swaziland	Angola	71%	2
CEMAC EPA	Cameroon Chad Cent. African Rep. Congo DR Congo Eq, Guinea Gabon S. Tomé/Principe	Cameroon	Chad Cent. African Rep. **Congo** DR Congo Eq. Guinea **Gabon** S. Tomé/Principe	12.5%	1
ECOWAS EPA	Benin Burkina Faso Cape Verde Côte d'Ivoire Gambia Ghana Guinea Bissau Liberia Mali Mauritania Niger Nigeria Senegal Sierra Leone Togo	Côte d'Ivoire Ghana	Benin Burkina Faso Cape Verde [b] Gambia Guinea Bissau Liberia Mali Mauritania Niger **Nigeria** Senegal Sierra Leone Togo	13%	2
PACP EPA	Cook Islands Fed. Micronesia Fiji Kiribati Marshall Islands Nauru Niue Palau Papua New Guinea Samoa Solomon Islands Tonga Tuvalu Vanuatu	Fiji Papua New Guinea	**Cook Islands** **Fed. Micronesia** Kiribati **Marshall Islands** **Nauru** **Niue** **Palau** Samoa Solomon Islands **Tonga** Tuvalu Vanuatu	14%	2
CARIFORUM	Antigua/Barbuda Bahamas Barbados Belize Dominica Dominican Rep. Grenada Guyana Haiti Jamaica	Antigua/Barbuda Bahamas Barbados Belize Dominica Dominican Rep. Grenada Guyana *Haiti* Jamaica	—	100%	1

	Members	Signatory states in December 2007 [a]	Countries falling into EBA/standard GSP	Proportion of signatory countries	Number of liberalis-ation schedules
	St Kitts/Nevis St Lucia St Vincent/Grenadines Suriname Trinidad/Tobago	St Kitts/Nevis St Lucia St Vincent/Grenadines Suriname Trinidad/Tobago			

Notes:

(a) Countries in italics are classified as LDCs. In the table compiled by the Commission (http://europa.eu/rapid/press ReleasesAction.do?reference=MEMO/08/15&format=HTML&aged=0&language=EN&guiLanguage=en), Somalia and Timor Leste are listed as LDC non-signatories (in the ESA and PACP groupings respectively). Since neither has played any part in the negotiation of EPAs, they are omitted here.

(b) Cape Verde has been classified as non-LDC since January 2008 but will be able to export to the EU under the EBA initiative for a transitional period of three years.

1.3 Methodology

The main texts and liberalisation schedules of all the initialled EPAs have been analysed.[12] Analysis and comparison of the texts has been fairly straightforward, albeit time consuming, but the analysis of the liberalisation schedules has involved some challenges.[13] Those with a possible bearing on the results can be summarised under the headings of reconciliation, comparability and coverage; it is also important to define what are potential 'EPA effects'.

Problems of reconciliation

There have been problems reconciling the products listed in the schedules (for liberalisation or exclusion) with data on imports and tariffs. In some cases this has arisen because the EPA schedules have been compiled using a different version of the Harmonised System (HS) from that used to record the most recent available data on imports and tariffs. In the case of BLNS, for example, the schedules are recorded using the 2007 version of the HS nomenclature. Naturally, the most recent data on imports and tariffs use an earlier version (2002). Consequently, 7% of the items imported by Botswana from the EU (accounting for 15.6% of import value in 2004–6) are not listed in its EPA schedule (either for liberalisation or exclusion).[14] Similar problems applied to the other three signatories. A similar problem of changing HS codes has arisen when identifying the overlap between the liberalisation commitments of BLNS with those to which South Africa has already agreed (and this is discussed in the Section A2.6 on SADC).

[12] The texts and schedules were collected, with considerable assistance from the Netherlands Ministry of Foreign Affairs, over a period that ended on 17 January 2008. Consequently, no amendments not already incorporated into the documents analysed have been taken into account. The authors are not aware of any such changes, but since some agreements allowed specifically for minor changes to be agreed up to end January it is possible that some have been made. Moreover, there may be further changes to the final texts to be signed formally and presented to the WTO.

[13] Among the operational challenges was the fact that some of the schedules were supplied in pdf format, and needed to be converted into Excel before they could be analysed. A software programme was purchased to allow this, but a significant amount of 'cleaning up' was still needed before analysis could commence.

[14] In part, this may simply reflect the fact that goods have been reclassified. An attempt was made manually to reconcile the 'missing' items with the new 2007 codes using a 2007 to 2002 HS concordance. But this is an enormously time-consuming process. All anomalous Botswana items were reviewed, but this resolved the problem for only 28% of the items. The 'resolved' Botswana cases were applied to Lesotho, Namibia and Swaziland's data, showing significant asymmetry between the anomalies of each country. This means that the exercise would have had to be redone for each and every country, which is obviously impossible within the parameters of this project.

Problems of comparability

All trade data sources contain errors: there is no single 'magic source' that is always superior. Since alternative sources rarely provide identical information it is normal for analysts using different sources to produce different results. Consequently, it is important to explain the choice of data sources in case the findings in this report differ from those in other documents.[15]

In one case (ESA) the EPA schedules provide data on imports, and so these have been used. In all other cases, we have had to obtain data on imports from a third party in order to calculate the share liberalised in each tranche (and excluded) and the theoretical revenue impact. The team's key selection criteria for the preferred data to be used for ACP imports when analysing their liberalisation commitments were:

- data availability for several years (normally the three years 2004–6) to allow the impact assessment to be made in reference to recent average import levels rather than those for a single year;
- a uniform approach for all countries within a single regional EPA (to maximise the intra-regional comparability of the analysis);
- a single source for the data (to maximise consistency of treatment of the raw data supplied by countries).

These criteria have resulted in the use of data from the United Nation's Commodity Trade Statistics (Comtrade) database, using figures meeting the first criterion that have been supplied by the ACP importing country whenever they exist – save for two exceptions noted below. In other cases, where Comtrade does not offer 2004–6 data supplied by the ACP importer, 'mirror data' from Comtrade (on the EU's reported exports to the country concerned) have been used instead.

The two exceptions are:

1. where the preferred data exist for some states in a regional group but not for others;
2. where they suffer from problems already known to the team.

It is important to use the same data source for all members of a regional group in order to ensure comparability in the analysis. To achieve this in the case of exception (1), mirror data have been used for all the countries in the group. They have also been used in the case of exception (2).

Data on ACP tariffs have been taken either from the EPA documents or, where these are not given or are insufficient for our purposes, from UNCTAD's Trade Analysis and Information System (TRAINS). The import and tariff data sources used for each country (and the reasons for this) are given either in Table 2 or in the relevant tables in Section A2. In all cases, again to achieve comparability, the proportion of imports covered by each tranche of liberalisation (and by the items excluded from liberalisation) has been established in relation to a country's total imports falling into HS chapters 1–97. In other words we have disregarded imports in the two miscellaneous, unclassified chapters (98 and 99), neither of which appear in the import data or the tariff schedules, on the grounds that it is not possible (by definition) to

[15] Such as 'Update: Interim Economic Partnership Agreements', *Trade Policy in Practice* (19 December), DG Trade, European Commission, http://trade.ec.europa.eu/doclib/docs/2007/november/tradoc_136959.pdf.

analyse the impact of liberalisation. Moreover, neither is mentioned in any of the EPAs except for nine items with incomplete descriptions in the BLNS schedules.

Given the likelihood that the use of different sources will produce different conclusions, we have compared our results on the share of each country's trade that will be liberalised by the end of the implementation period with those circulated by the European Commission (see Appendix 1). In all except three cases the results are sufficiently close as to be compatible with the use of different data sources (or inclusion/exclusion of HS Chapters 98–99). The exceptions are the EAC EPA (for some of its members) and Mozambique, plus BLNS (for technical reasons described in Section A2.6).[16]

Problems of coverage

Both of these exceptions are discussed in the relevant country sections below and may arise from problems of coverage. The issue is most easily illustrated in the case of EAC. The basic problem is that the EAC schedule lists goods in only 4,277 different HS6 codes, whereas the full HS nomenclature contains some 5,200. The proportion of trade that is 'missing' is substantial. In the case of Kenya, for example, the goods not listed in the EPA schedule accounted for 38% of the value of imports from the EU in 2004–6, and the proportion is even higher for Tanzania and Uganda. Since only items specifically listed as such are to be liberalised, the result of ignoring them is that a very high proportion of trade is 'excluded'. But there is no way of knowing whether this is the correct interpretation, whether there are schedules missing from the documents analysed (and not referred to in the main text) or there exists some other explanation. Requests to the Commission for further information have not brought forth a response. In the absence of guidance, the relevant tables identify separately the proportion of trade that is formally 'excluded' (because the items are flagged as such in the schedules) and the proportion that is simply not mentioned as being liberalised.

Defining the 'EPA effect'

An additional methodological 'issue' that needs to be flagged to avoid misunderstanding concerns the definition of the effects arising from the EPA rather than from other causes. In seven of the eleven tariff schedules covering Africa, liberalisation commitments are expressed not in relation to the current applied tariffs but in relation to the agreed CET of the customs union to which the countries belong (see Table 2).

Since the countries concerned have committed themselves to establish a CET, any changes from the *status quo* needed to reach the agreed levels is defined in this report not as an 'EPA effect' but as a 'customs union effect'. In the case of Cameroon, for example, changing the current tariff on a product of, say, 20% to a previously agreed CEMAC CET of 10% is a consequence of the country's decision to join the CEMAC customs union. It is only any further cuts in the tariff to 0% that is an 'EPA effect': an additional element of liberalisation that is not required to be a member of CEMAC but is required to be a member of the EPA.

At the same time it is important to consider the combined customs union and EPA effects to understand the challenges facing countries. We have adopted a pragmatic approach according to the country/region in question. Both Ghana and Côte d'Ivoire appear to us from the documents supplied to have set their liberalisation in relation to the current applied tariffs, so

[16] There is also a discrepancy between the figures in the report for BLNS and those published by the European Commission, but this probably derives from the problems of reconciliation further explained in Section A2.6 about the use of the 2007 HS nomenclature in the EPA (which is different from that used for imports in the most recent available year, 2006).

the issue of a CET does not arise. In Cameroon the reductions appear to be set in relation to a CET – but the base (CET) tariff shown is the same as the country's maximum MFN tariff for all except 276 of the 5,224 lines in the schedule. The differences are sufficiently small for the two to be assumed at this level of analysis to be identical. In the case of EAC, sufficient progress has been made towards a customs union for it to be appropriate to take the 'customs union' effect as given. This is not the case with ESA, some of the signatories of which have not signed up to the COMESA customs union. Moreover, it is clear that the agreements reached so far on the COMESA customs union are being interpreted differently by members. In all cases except Comoros (for which there are no data in TRAINS) we have shown the changes from recent MFN tariffs as well as from the CET. The 'SADC EPA' is not a regional agreement in any serious sense of the term and so the point of comparison is with current applied tariff rates.

In each of the following country sections the analysis follows the following sequence (the implications of which are spelled out in more detail in the earlier sections; only variations are flagged in the later sections). First there is an overall review of the broad pattern of liberalisation. This is followed by an analysis of the exclusion basket (i.e. the goods that will not be liberalised as part of the EPA). Third, the report focuses attention on the goods that will be liberalised in the first tranche of liberalisation, since the impact of this will be felt first (and in some cases immediately). Finally, a figure is given for the hypothetical tariff revenue loss resulting from the full liberalisation and from the first tranche of liberalisation.

Table 2. Base tariffs in the liberalisation schedules

Liberalisation schedule	Tariffs given in schedules	Tariffs on which average tariff calculations based
Cameroon	Assume CEMAC CET ('Tarifs maximum appliqués au 31/12/2007 – CEMAC')	Those given in schedule
Côte d'Ivoire	? ('Taux DD')	Those given in schedule
Ghana	None	Max. 2004 MFN from TRAINS (latest schedule available)
EAC	CET rate	Those given in schedule
BLNS	None	2006 TDCA (or MFN if not covered) rate from TRAINS for Botswana, Lesotho and Swaziland 2006 MFN schedule from TRAINS for Namibia
Mozambique	MFN tariffs	Those given in schedule; those for excluded items identified from 2006 schedule in TRAINS (NB schedule contains only items to be liberalised; exclusion basket derived from comparison of codes in liberalisation schedule with those in TRAINS MFN 2006 schedule).
Comoros	CET rate (for all except excluded items), with preparatory period to get to CET	CET rate (no MFN schedule available in TRAINS)
Madagascar	CET rate (for all except excluded items), with preparatory period to get to CET	Max. MFN 2006 from TRAINS
Mauritius	CET rate (for all except excluded items), with preparatory period to get to CET	Max. MFN 2006 from TRAINS
Seychelles	CET rate (for all except excluded items and 26 others) with preparatory period to get to CET	Max. MFN 2006 from TRAINS (NB 2006 schedule is in HS 1988/92, so impossible to identify tariffs for over 900 items)
Zimbabwe	CET rate (for all except excluded items and 1 other) with preparatory period to get to CET	Max. MFN 2003 from TRAINS (latest schedule available)

2. Extent of ACP liberalisation: country-by-country review

This section deals with four specific questions in relation to the national-level liberalisation commitments entered into by ACP states. These are:

- the product coverage of liberalisation and its relative impact on sectors;
- the speed of tariff liberalisation (and the front/back loading of products/sectors);
- the relative importance and broad composition of the exclusion lists;
- the impact on hypothetical government revenue.

Because only two West African and one Central African states have signed interim EPAs, they are treated here as separate countries. The other states are dealt with in their regional group but important differences between the commitments of the various signatories to a particular agreement are flagged.

2.1 Cameroon

The timetable

Cameroon is one of those countries that have established its liberalisation schedules by reference to a CET – which is assumed to be that of CEMAC. The broad pattern of its liberalisation is shown in Table 3. Liberalisation will not commence until 2010, giving Cameroon two years to make any necessary amendments to its current tariff schedule to bring it into conformity with the CEMAC CET.

Liberalisation is moderately back loaded in the following senses. First, the basket of products to be liberalised in the final tranche accounted for a higher proportion of Cameron's imports from the EU in 2005–6 than did the goods in either of the two preceding tranches. Second, both the simple average tariff and the trade-weighted average of the products to be liberalised are higher in the later than the earlier tranches.

At the same time, Cameroon will experience some very early effects. Even the first tranche includes liberalisation of some high-tariff items. Moreover, products accounting for almost half of Cameroon's imports from the EU in 2005–6 will be fully liberalised within 10 years.

Table 3. Summary of Cameroon market access schedule

	# lines	Import value (average, 2005–6) [a]		Base tariff [b]			
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*
Total trade in HS 1–97		**1,031,689**	**100%**				
Goods to be liberalised in:							
2010–2013	1,631	253,148	24.5%	0	30	9.8	8.1
2011–2017	971	250,815	24.3%	5	30	12.1	11.1
2014–2023	1,405	311,408	30.2%	5	30	25.8	16.4
Excluded goods:	1,217	216,317	21.0%	5	30	25.4	22
	5,224	**1,031,689**	**100%**				

Note:

(a) No import data provided with market access schedule. Cameroon's imports from EU25, as reported by Cameroon to Comtrade, used. These are available for only two recent years (2005 and 2006), so the average figures above are for these two years only.

(b) 'Tarifs maximum appliqués au 31/12/2007 CEMAC', as shown in market access schedule.

Exclusions

Cameroon's exclusion basket accounted for 21% of imports from the EU in 2005–6. Of the 1,217 sub-heads that have been excluded (see Table 4) less than one-third are agricultural products. Although almost two-thirds are items which currently face the highest CET tariff (of 30%), the country is also excluding a small number of goods that face very low tariffs at present.

Table 4. Summary of Cameroon exclusions

Excluded items	# lines
Total	**1,217** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	354
In highest applicable tariff band	798 = 30%
Tariff 10% or more	409
Tariff less than 10%	10
Duty free	—

There are too many excluded items for it to be feasible to provide a detailed analysis of the goods concerned, and the same applies to most of the EPAs. In each case we provide a broad indication of the distribution of excluded goods according to major product groups (HS chapter), presented in declining order of the relative number of excluded items in each (Table 5). Hence, for example, the three chapters with the largest number of items excluded by Cameroon are textiles and clothing. This 'league table', though, provides only a very broad indicator of the relative sensitivity of different sectors because the number of items varies substantially between chapters. Textiles and clothing, for example, have many more HS sub-heads than does Chapter 26 (ores, slag and ash). The figure for the share of total exclusions, therefore, is a function of both the relative sensitivity of the product group and the number of items that need to be listed in order to exclude it.

Table 5. Broad composition of Cameroon exclusions

HS2	Description	Share of total [a]
52	Cotton	10.4%
62	Articles of apparel and clothing accessories, not knitted or crocheted	9.4%
61	Articles of apparel and clothing accessories, knitted or crocheted	8.5%
03	fish and crustaceans, molluscs and other aquatic invertebrates	5.2%
55	man-made staple fibres	4.6%
02	meat and edible meat offal	4.1%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	3.9%
07	edible vegetables and certain roots and tubers	3.8%
20	preparations of vegetables, fruit, nuts or other parts of plants	3.2%
44	wood and articles of wood; wood charcoal	3.2%
60	Knitted or crocheted fabrics	2.9%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2.8%
11	Products of the milling industry; malt; starches; inulin; wheat gluten	2.2%
40	Rubber and articles thereof	2.1%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1.9%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.7%
22	beverages, spirits and vinegar	1.7%
39	Plastics and articles thereof	1.7%
54	man-made filaments	1.7%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	1.7%
09	Coffee, tea, maté and spices	1.6%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	1.6%
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.5%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	1.3%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	1.3%

HS2	Description	Share of total [a]
76	aluminium and articles thereof	1.2%
71	natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	1.1%
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	0.9%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	0.9%
18	Cocoa and cocoa preparations	0.8%
17	Sugars and sugar confectionery	0.7%
24	Tobacco and manufactured tobacco substitutes	0.7%
51	wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.7%
21	miscellaneous edible preparations	0.7%
26	ores, slag and ash	0.7%
38	miscellaneous chemical products	0.7%
64	Footwear, gaiters and the like; parts of such articles	0.7%
08	edible fruit and nuts; peel of citrus fruits or melons	0.6%
12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.6%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0.5%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.5%
57	Carpets and other textile floor coverings	0.5%
13	lac; gums, resins and other vegetable saps and extracts	0.4%
59	impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	0.3%
82	tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.3%
10	Cereals	0.2%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	0.2%
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.2%
50	Silk	0.2%
14	vegetable plaiting materials; vegetable products nesoi	0.2%
69	Ceramic products	0.2%
05	Products of animal origin, not elsewhere specified or included	0.1%
06	live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.1%
23	Residues and waste from the food industries; prepared animal fodder	0.1%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.1%
36	explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0.1%
46	manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0.1%
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.1%
65	headgear and parts thereof	0.1%
66	umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	0.1%
70	glass and glassware	0.1%
73	Articles of iron or steel	0.1%
79	zinc and articles thereof	0.1%
83	miscellaneous articles of base metal	0.1%
96	miscellaneous manufactured articles	0.1%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

The first tranche

At the other end of the scale are the goods that Cameroon will be liberalising in its first tranche. These are summarised in Table 6. The table lists all items with a CET of 30% plus all those with lower positive tariffs that were imported from the EU in 2005–6 to a value of $1 million or more. It is improbable that tariffs of 10% or lower could prove to be such a strong barrier that imports have been kept well below their 'natural level'. Hence, if goods were not imported in the recent past (and many of them were not imported at all or at very low levels) it is reasonable to suppose either that a demand for them does not exist in Cameroon or that the EU is not a competitive supplier. The same reasoning applies (albeit with less force) to tariffs of between 10 and 20%.

Table 6. Summary of Cameroon first-tranche liberalisations (2010–2013)

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2005–6 ($000) [b]
All items with tariff of over 20%				
010110	Yes	pure-bred breeding horses and asses	30	5
010611	Yes	live primates	30	0
010612	Yes	live whales, dolphins and porpoises 'mammals of the order cetacea' and	30	-
010619	Yes	live mammals (excl. primates, whales, dolphins and porpoises 'mammals of the	30	-
010620	Yes	live reptiles 'e.g. snakes, turtles, alligators, caymans, iguanas, gavials and	30	-
051110	Yes	bovine semen	30	4
071410	Yes	fresh, chilled, frozen or dried roots and tubers of manioc 'cassava', whether or	30	-
071420	Yes	sweet potatoes, fresh, chilled, frozen or dried, whether or not sliced or in the	30	-
071490	Yes	roots and tubers of arrowroot, salep, jerusalem artichokes and similar roots and	30	2
330620		yarn used to clean between the teeth 'dental floss', in individual retail packages	30	0
370610		cinematographic film, exposed and developed, whether or not incorporating	30	0
370690		cinematographic film, exposed and developed, whether or not incorporating	30	12
370710		sensitising emulsions 'for photographic uses'	30	8
Items with 20% tariff and imports of $1 mn or more				
847290		office machines, n.e.s.	20	1,709
852990		parts suitable for use solely or principally with transmission and reception	20	7,339
853620		automatic circuit breakers for a voltage <= 1.000 v	20	1,855
Items with 10% tariff and imports of $1 mn or more				
252010		gypsum; anhydrite	10	1,478
271312		petroleum coke, calcined	10	1,495
271320		petroleum bitumen	10	1,046
281511		sodium hydroxide 'caustic soda' solid	10	1,358
281512		sodium hydroxide 'caustic soda' in aqueous solution 'soda lye or liquid soda'	10	6,049
281820		aluminium oxide (excl. artificial corundum)	10	11,789
282612		fluoride of aluminium	10	2,939
292910		Isocyanates	10	1,996
380210		activated carbon (excl. medicaments or deodorant products for fridges, vehicles	10	1,004
842481		agricultural or horticultural mechanical appliances, whether or not hand-	10	1,326
843139		parts of machinery of heading 8428, n.e.s.	10	1,523
847149		data-processing machines, automatic, digital, presented in the form of systems	10	1,258
847150		processing units for automatic data processing machines, digital, whether or not	10	2,286
847160		input or output units for digital automatic data-processing machines, whether or	10	1,421
847330		parts and accessories of automatic data-processing machines or for other	10	1,025
847490		parts of machinery for working mineral substances of heading 8474, n.e.s.	10	1,306
848340		gears and gearing for machinery (excl. toothed wheels, chain sprockets and	10	1,444
848490		sets or assortments of gaskets and similar joints, dissimilar in composition, put	10	1,036
850421		liquid dielectric transformers, having a power handling capacity <= 650 kva	10	1,609
850423		liquid dielectric transformers, having a power handling capacity > 10.000 kva	10	2,913
850434		transformers having a power handling capacity > 500 kva (excl. liquid dielectric	10	1,152
850440		static converters	10	1,874
854460		electric conductors, for a voltage > 1.000 v, insulated, n.e.s.	10	1,934
871690		parts of trailers and semi-trailers and other vehicles not mechanically propelled,	10	1,938
901580		instruments and appliances used in geodesy, topography, hydrography,	10	2,620

Notes:
(a) 'Tarifs maximum appliqués au 31/12/2007 CEMAC', as shown in market access schedule.
(b) As reported by Cameroon to the UN Comtrade database. Only two years' recent data (2005 and 2006) are available.

Given this, Table 6 probably gives a reasonably realistic picture of the positive-tariff items in which EU imports may increase as the first tranche of liberalisation is implemented. Only nine of the 41 products in the table are agricultural (in the sense that they are covered by the WTO Agreement on Agriculture – AoA). And none was imported in significant values (or at all) in 2005–6. All have a CET at the highest level (of 30%). Because this is relatively high

(and the pre-existing Cameroonian applied tariff could be even higher) it is not impossible that imports have been kept at artificially low levels. On the other hand, the products concerned do not appear to be ones in which either the EU is a major exporter or there is likely to be competitive production in Cameroon. This picture is reinforced by the non-agricultural items in the list. A number of these appear to be production inputs rather than direct competitors with Cameroonian production.

Hypothetical revenue loss

We calculate for each country the 'hypothetical revenue loss'. This is obtained by applying the base applied tariff (where known) to the value of imports in the reference year in order to produce the 'hypothetical revenue' currently being collected. In other words, if imports are €100 and the tariff is 15%, the hypothetical revenue is €15. This assumes that collection is 100% efficient and that there are no rebates, which is unrealistic. It also assumes that all tariffs are known, which is not always the case. These two 'errors' will work in opposite directions. One will produce a figure for current hypothetical revenue (and hence the figure for EPA-induced revenue loss) that is the maximum possible figure and is almost certainly overstated, but by an unknown amount. The other will overlook some revenue that is currently being collected (assuming that the 'missing tariffs' are positive).

By the end of the liberalisation period, tariffs will by definition be zero and so no further revenue will be collected. But during the implementation period the 'loss of revenue' will be smaller than implied by the figures cited in this report both because they are based upon the unrealistic assumptions of perfect collection but also because revenue on some items could actually increase. If the initial reductions in tariffs lead to a surge in imports, the total revenue for government could be higher even though the tariff is lower. But, by definition, any such increase will be temporary and will disappear once tariffs have reached zero (and probably before then as they fall to very low levels).

In order to provide a helpful guide to the incidence of tariff loss, we provide two figures for each country. The first is the total revenue loss (in the values relevant to the reference year) that will occur by the time that liberalisation schedule is fully complete. The other is the equivalent figure for the revenue loss by the end of the first tranche of liberalisation.

In the case of Cameroon the total theoretical loss (in 2005–6 values) over the full implementation period is $99 million. Of this $20 million will be 'lost' during the first tranche of liberalisation. Although the majority of the loss occurs later in the implementation period the early 'revenue shock' is greater than the early 'adjustment shock'. Although the tariffs on the early tranche liberalisation are relatively low, they generate (as might be expected) disproportionately high theoretical revenue. Cameroon will lose 21% of its theoretical tariff revenue on imports from the EU during the first six years of implementation (and this will be additional, of course, to any loss that occurs by virtue of Cameroon adopting the CEMAC CET).

Summary

In conclusion, therefore, the initial impression of the Cameroon liberalisation schedule is that:

- the 'EPA effect' will start in two years (and will be additional to any 'CEMAC effect') and will be completed over the next 16 years;
- the effects of liberalisation on producers and consumers will be moderately end loaded because:

- the later tranches include a higher proportion of Cameroon's recent imports than do the earlier ones;
- the tariffs of goods liberalised in the earlier tranches tend to be lower than those in the later tranches;
- the items that will be liberalised in the first tranche either face a CET of zero or are goods that appear either not to be imported or not to compete with Cameroonian production;

- by contrast, the revenue impact of the EPA will be moderately front loaded, with 21% of the hypothetical loss occurring during the next six years;
- one consequence of the front-loading of the tariff cuts, as explained in Section B2.3, is that if a regional agreement is concluded Cameroon could already have cut tariffs below the CEMAC CET level applied by other countries in the region.

2.2 Côte d'Ivoire

The timetable

Côte d'Ivoire will begin to liberalise products immediately in 2008 (two years before Cameroon) and will complete the process by 2022 (one year before Cameroon) – see Table 7. The goods to be liberalised during the first tranche (over five years to 2012) represented almost 60% of Côte d'Ivoire's imports from the EU in 2004–6. Liberalisation is therefore heavily front loaded, with less than 10% of imports scheduled for tariff cuts from 2018 onwards.

Table 7. Summary of Côte d'Ivoire market access schedule

	# lines	Import value (average, 2004–6) [a]		Tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1-97		**2,301,953**	**100%**					
of which, total in 11 codes not listed in schedule		664	0.03%					
Goods to be liberalised in:								
2008-2012	3,494	1,369,793	59.5%	0	20	9.1	6.0	3,289
2013-2017	1,229	243,794	10.6%	5	20	17.7	14.1	1,167
2018-2022	342	226,748	9.9%	5	20	16.7	10.0	269
Excluded goods:	643	460,954	20.0%	5	20	15.6	13.6	517
	5,708	**2,301,289**	**99.97%**					**5,242**

Note:
(a) No import values included in market access schedule. Côte d'Ivoire's imports from EU25 2004–6, as reported by Côte d'Ivoire to Comtrade, used. As the schedule is at 10-digit national tariff line (NTL) level and the trade data are at HS 6-digit sub-head level, where two or more lines fall within the same HS6 sub-head, the value of imports in that sub-head has been attributed to the line (or one of the lines) scheduled for the latest liberalisation (or for exclusion, if applicable).
(b) 'TAUX DD', as shown in market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.

Although some of the goods that are to be liberalised in the first tranche currently face zero tariffs, there are some with tariffs as high as 20%. Indeed, it is the second tranche of liberalisation and not the third that has the highest simple and trade-weighted average tariffs.

Exclusions

The basket of goods to be excluded from any liberalisation accounted for 20% of the country's imports from the EU in 2004–6. Of the 643 items, just over one-third are agricultural and almost two-thirds face the highest current tariff of 20% (see Table 8). A

further 28% currently face a tariff of 10% or more, with the rest facing positive duties of less than 10%. Textiles account for the largest proportion of exclusions (Table 9), but vehicles (presumably for revenue purposes) are also important as are a number of agricultural goods. It is worth noting, though, that the second-'highest' agricultural chapter (9) is one in which the EU would not appear to have an obvious supply capacity (since it excludes for example instant coffee, to be found in Chapter 21).

Table 8. Summary of Côte d'Ivoire exclusions

Excluded items	# lines
Total	**643** at NTL 10-digit level – falling into 517 HS6 sub-heads
Covered by WTO Agreement on Agriculture	226
In highest applicable tariff band	396 = 20%
Tariff 10% or more	180
Tariff less than 10%	67
Duty free	—

Table 9. Broad composition of Côte d'Ivoire exclusions

HS2	Description	Share of total [a]
52	Cotton	21.2%
71	natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	7.8%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	7.8%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	6.5%
54	man-made filaments	5.9%
09	coffee, tea, maté and spices	5.6%
02	meat and edible meat offal	4.0%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3.7%
72	iron and steel	3.4%
18	cocoa and cocoa preparations	3.1%
20	preparations of vegetables, fruit, nuts or other parts of plants	3.0%
22	beverages, spirits and vinegar	2.8%
61	articles of apparel and clothing accessories, knitted or crocheted	2.3%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.7%
60	knitted or crocheted fabrics	1.6%
01	live animals	1.4%
38	miscellaneous chemical products	1.4%
39	plastics and articles thereof	1.4%
73	articles of iron or steel	1.4%
24	tobacco and manufactured tobacco substitutes	1.2%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	1.2%
07	edible vegetables and certain roots and tubers	1.1%
17	sugars and sugar confectionery	1.1%
40	rubber and articles thereof	1.1%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	1.1%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	1.1%
10	Cereals	0.8%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	0.8%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.8%
12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.6%
21	miscellaneous edible preparations	0.6%
03	fish and crustaceans, molluscs and other aquatic invertebrates	0.5%
11	products of the milling industry; malt; starches; inulin; wheat gluten	0.5%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.5%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.5%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.2%
49	printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and	0.2%

HS2	Description	Share of total [a]
	plans	
69	ceramic products	0.2%
96	miscellaneous manufactured articles	0.2%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

The first tranche

Five of the goods being liberalised in the first tranche and which have been imported to a value of $1 million or more in the recent past are agricultural (see Table 10). The table only includes those items that have been imported in sufficient values to give a reasonable probability that they are items that the EU can supply and that Côte d'Ivoire demands. Several of the agricultural products would appear to be items that might compete with domestic producers. In addition to the items covered by the AoA, Côte d'Ivoire will be liberalising six fish items which could well be directly or indirectly competitive with domestic food supplies. Many of the non-agricultural products, though, appear to be intermediate inputs into production.

Table 10. Summary of Côte d'Ivoire first-tranche liberalisations (2008–2012)

NTL code	Covered by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
Items with 20% tariff and imports of $1 mn or more [c]				
1602500000	Yes	Prepared or preserved meat or offal of bovine animals (excl. sausages and	20	1,254
2005400000	Yes	Peas 'Pisum Sativum', prepared or preserved otherwise than by vinegar or	20	1,038
2106901000	Yes	Food preparations, n.e.s.: No description at level 8	20	13,493
2522200000		Slaked lime	20	1,514
3208901000		Paints and varnishes based, incl. enamels and lacquers, on synthetic	20	1,172
7307990000		Tube or pipe fittings, of iron or steel (excl. cast iron or stainless steel	20	1,028
8205590000		Hand tools, incl. glaziers' diamonds, of base metal, n.e.s.	20	1,010
8205900000		Sets of two or more tools of the sub-heading of heading 8205	20	1,185
8413110000		Pumps fitted or designed to be fitted with a measuring device, for dispensing	20	1,017
8414800000		Air pumps, air or other gas compressors and ventilating or recycling hoods	20	1,241
8609000000		Containers, incl. containers for the transport of fluids, specially designed and	20	4,291
9005800000		Monoculars, astronomical and other optical telescopes and other	20	4,225
9013100000		Telescopic sights for fitting to arms; periscopes; telescopes designed to form	20	3,432
9616100000		Scent sprays and similar toilet sprays, and mounts and heads therefor (excl.	20	1,349
Items with 10% tariff and imports of $1 mn or more				
0303420000		Frozen yellowfin tunas 'Thunnus albacares'	10	24,922
0303430000		Frozen skipjack or stripe-bellied bonito 'Euthynnus -Katsuwonus- pelamis'	10	8,268
0303490000		Frozen tunas of the genus 'Thunnus' (excl. Thunnus alalunga, Thunnus	10	1,396
0303500000		Frozen herrings 'Clupea harengus, Clupea pallasii'	10	1,123
0303740000		Frozen mackerel 'Scomber scombrus, Scomber australasicus, Scomber	10	1,328
0303790000		Frozen freshwater and saltwater fish (excl. salmonidae, flat fish, tunas,	10	11,463
1108120000	Yes	Maize starch	10	1,396
3215190000		Printing ink, whether or not concentrated or solid (excl. black ink)	10	1,394
3302100000	Yes	Mixtures of odoriferous substances and mixtures, incl. alcoholic solutions,	10	8,824
3404900000		Artificial waxes and prepared waxes (excl. chemically modified lignite wax	10	1,275
3811210000		Prepared additives for oil lubricants containing petroleum oil or bituminous	10	3,110
3819000000		Hydraulic brake fluids and other prepared liquids for hydraulic transmission	10	1,102
3920100000		Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced,	10	1,558
3920200000		Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not	10	2,421
4011100000		New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station	10	1,672
4011990000		Pneumatic tyres, new, of rubber (excl. having a 'herring-bone' or similar	10	1,417
4803000000		Toilet or facial tissue stock, towel or napkin stock and similar paper for	10	1,163
4809200000		Self-copy paper, whether or not printed, in rolls of a width > 36 cm or in	10	1,029
4813200000		Cigarette paper in rolls of a width of <= 5 cm	10	1,416

NTL code	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
4821100000		Paper or paperboard labels of all kinds, printed	10	1,675
7304491000		Tubes, pipes and hollow profiles, seamless, of circular cross-section, of	10	1,118
8207190000		Rock drilling or earth boring tools, interchangeable, and parts therefor, with	10	26,090
8409990000		Parts suitable for use solely or principally with compression-ignition internal	10	1,241
8414900000		Parts of : air or vacuum pumps, air or other gas compressors, fans and	10	1,922
8481800000		Appliances for pipes, boiler shells, tanks, vats or the like (excl. pressure-	10	4,159
8484900000		Sets or assortments of gaskets and similar joints, dissimilar in composition,	10	1,228
8535290000		Automatic circuit breakers for a voltage >= 72,5 kV	10	1,260
8543890000		Electrical machines and apparatus, having individual functions, not specified	10	1,674
8906900000		Vessels, incl. lifeboats (excl. warships, rowing boats and other vessels of	10	1,303
9028300000		Electricity supply or production meters, incl. calibrating meters therefor	10	1,174

Notes:
(a) 'TAUX DD', as shown in market access schedule.
(b) As reported by Côte d'Ivoire to the UN Comtrade database.
(c) There may be other items in the first liberalisation tranche with tariffs in this band, but they fall within HS6 sub-heads which also have components in later liberalisation tranches (or on the exclusion list). Because the trade data are available only at HS6 level, the full value of imports in any HS6 sub-head has been attributed to the latest tranche into which any of its components fall (or to the exclusion list if applicable); hence no values are recorded in this, earliest, tranche.

Hypothetical revenue loss

By the end of the implementation period Côte d'Ivoire could face theoretical revenue losses of $139 million. These will be heavily front loaded. The theoretical losses in the first tranche are $83 million, or just under 60% of the total.

Summary

In conclusion, therefore, the initial impression of the Côte d'Ivoire liberalisation schedule is that:

- the ' EPA effect' will start immediately because tariff reductions will be from the current applied tariff and start in 2008;
- the liberalisation will occur more rapidly than was the case for Cameroon, both because the implementation period is shorter and because liberalisation is heavily front loaded; by 2107 Côte d'Ivoire will have liberalised over 70% of its recent imports from the EU, including many of those with relatively high tariffs;
- both the revenue impact and the effect on agricultural producers could be felt very early in the implementation period.

2.3 Ghana

The timetable

Ghana will start liberalising in 2009 and will complete the process by 2022 (Table 11). The liberalisation schedule is front loaded. The products to be liberalised in the first tranche (which will be completed within six years from now) accounted for over one-quarter of the country's imports from the EU in 2004–6 and also include the highest tariffs on any item that will be liberalised under the EPA. Over 70% of imports will be liberalised within ten years (or two years faster than, say, South Africa is liberalising under the TDCA).

Exclusions

Some 20% of the value of Ghana's imports are excluded from any liberalisation at all. Of the 1,085 items that will be excluded 28% are agricultural items (Table 12). 62% of the excluded items are in the highest tariff band but six goods that are excluded are currently duty free – which appears bizarre. The most frequently excluded items appear to relate to light engineering, and may be intended to protect domestic manufacturers (Table 13).

Table 11. Summary of Ghana market access schedule

	# lines	Import value (average, 2004–6) [a]		MFN 2004 [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1-97		**1,521,631**	**100%**					
Goods to be liberalised in:								
2009-2013	1,189	437,735	28.8%	0	233	12.0	6.6	979
2013-2017	2,764	648,711	42.6%	0	20	11.6	9.7	2,480
2018-2022	391	125,549	8.3%	0	20	18.4	15.4	372
Excluded goods:	1,085	309,636	20.3%	0	20	16.0	16.0	1,039
	5,429	**1,521,631**	**100%**					**4,870**

Notes:

(a) No import values are included in the market access schedule. Although Ghana has reported to Comtrade its imports from the EU in 2005 and 2006, because of known anomalies in the figures for 2005 mirror data from Comtrade on EU's reported exports in 2004–6 were used. The market access schedule contains 205 codes which do not appear in the trade data (all of which appear to have ceased to be valid in 2001).

(b) No tariffs are given in the market access schedule. The latest MFN tariff schedule available in TRAINS is for 2004, and is in H1 (1996). It was not possible to identify tariffs for 355 of the 5,429 lines in the schedule.

(c) i.e. number of lines for which both tariff and import value are known.

Table 12. Summary of Ghana exclusions

Excluded items	# lines
Total	**1,085** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	306
In highest applicable tariff band	672 = 20%[a]
Tariff 10% or more	372
Tariff less than 10%	35
Duty free	6

Note:

(a) Only one item faces a tariff greater than 20% and it is to be liberalised in the first tranche.

Table 13. Ghana: broad composition of exclusion list

HS2	Description	Share of total [a]
73	articles of iron or steel	10.0%
39	plastics and articles thereof	9.2%
72	iron and steel	7.2%
52	Cotton	5.7%
40	rubber and articles thereof	4.8%
03	fish and crustaceans, molluscs and other aquatic invertebrates	4.6%
07	edible vegetables and certain roots and tubers	3.6%
02	meat and edible meat offal	3.3%
44	wood and articles of wood; wood charcoal	3.0%
76	aluminium and articles thereof	2.9%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2.8%
54	man-made filaments	2.7%
08	edible fruit and nuts; peel of citrus fruits or melons	2.5%
09	coffee, tea, maté and spices	2.2%
20	preparations of vegetables, fruit, nuts or other parts of plants	2.2%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	1.9%
95	toys, games and sports requisites; parts and accessories thereof	1.9%

HS2	Description	Share of total [a]
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1.8%
22	beverages, spirits and vinegar	1.8%
42	articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	1.8%
41	raw hides and skins (other than furskins) and leather	1.6%
61	articles of apparel and clothing accessories, knitted or crocheted	1.5%
82	tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1.5%
12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	1.1%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	1.1%
10	Cereals	1.0%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.0%
13	lac; gums, resins and other vegetable saps and extracts	0.9%
71	natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	0.9%
96	miscellaneous manufactured articles	0.9%
11	products of the milling industry; malt; starches; inulin; wheat gluten	0.8%
18	cocoa and cocoa preparations	0.8%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	0.8%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0.6%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.6%
17	sugars and sugar confectionery	0.6%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0.6%
24	tobacco and manufactured tobacco substitutes	0.5%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	0.5%
45	cork and articles of cork	0.5%
47	pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	0.5%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.5%
74	copper and articles thereof	0.5%
01	live animals	0.4%
06	live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.4%
23	residues and waste from the food industries; prepared animal fodder	0.4%
46	manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0.4%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.4%
43	furskins and artificial fur; manufactures thereof	0.3%
50	Silk	0.3%
60	knitted or crocheted fabrics	0.3%
83	miscellaneous articles of base metal	0.3%
14	vegetable plaiting materials; vegetable products nesoi	0.2%
21	miscellaneous edible preparations	0.2%
38	miscellaneous chemical products	0.2%
67	prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	0.2%
97	works of art, collectors' pieces and antiques	0.2%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	0.1%
35	albuminoidal substances; modified starches; glues; enzymes	0.1%
36	explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0.1%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	0.1%
57	carpets and other textile floor coverings	0.1%
70	glass and glassware	0.1%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.1%
93	arms and ammunition; parts and accessories thereof	0.1%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

The first tranche

The single very high tariff item that Ghana will liberalise is petroleum and the current high tariff must be assumed to be for revenue generation rather than protectionist purposes (Table 14). Four of the items that will be liberalised in the first tranche (and meet the selection criteria for the table) are agricultural products. The first three are all items likely to be exported by the EU and which are likely to affect farmers. Other items, though, seem unlikely to pose obvious adjustment challenges.

Table 14. Summary of Ghana first-tranche liberalisations (2009–2013)

HS6	Covered by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
All items with tariff of over 20%				
271000		petroleum oils and oils obtained from bituminous minerals (excl, crude);	233	See note b
Items with 20% tariff and imports of $1 mn or more				
020727	Yes	frozen cuts and edible offal of turkeys of the species domesticus	20	1,297
110100	Yes	wheat or meslin flour	20	1,245
110412	Yes	rolled or flaked grains of oats	20	1,536
382200		diagnostic/laboratory reagents on a backing	20	2,646
630900		worn clothing and clothing accessories, blankets, household linen	20	55,609
Items with 10% tariff and imports of $1 mn or more				
300210		antisera and other blood fractions and modified immunological products,	10	1,225
300220		vaccines for human medicine	10	12,520
300410		medicaments containing penicillins or derivatives thereof with a penicillanic acid	10	1,121
300420		medicaments containing antibiotics, put up in measured doses 'incl. those in the	10	5,395
300439		medicaments containing hormones or steroids used as hormones but not	10	4,324
300450		medicaments containing provitamins, vitamins, incl. natural concentrates and	10	3,868
300490		medicaments consisting of mixed or unmixed products for therapeutic or	10	47,195
330210	Yes (ex)	mixtures of odoriferous substances and mixtures, incl. alcoholic solutions, with a	10	8,996
390521		vinyl acetate copolymers, in aqueous dispersion	10	1,879
721061		flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled	10	3,124
841830		freezers of the chest type, of a capacity <= 800 l	10	2,360
847350		parts and accessories equally suitable for use with two or more typewriters,	10	1,020
901890		instruments and appliances used in medical, surgical or veterinary sciences,	10	7,853
902290		x-ray generators other than x-ray tubes, high tension generators, control panels	10	2,284
902300		instruments, apparatus and models designed for demonstrational purposes, e.g.	10	3,330

Notes:

(a) No base tariffs are given in the market access schedule. The tariffs shown here are from the latest MFN tariff schedule available (2004) in UNCTAD's TRAINS database, which is in the H1 (1996) version of the HS, and contains only 5,074 of the 5,429 codes in the market access schedule (and 1,027 of the 1,189 items in the first tranche of liberalisation).

(b) As there are known anomalies in Ghana's 2005 export data as reported to the UN Comtrade database, mirror data on EU exports to Ghana have been used instead. All codes in the trade data are included in the market access schedule – but there are 205 codes in the market access schedule which do not appear in the trade data (all of which ceased to exist in 2001 (including HS 271000 shown above).

Hypothetical revenue loss

Whilst the initial tranche of liberalisation does not appear likely to cause major adjustment problems for Ghanaian producers, the same cannot be said of the revenue impact of the EPA. Over the full implementation period, Ghana will lose theoretical revenue of $97 million, but 29% of this will disappear during the first tranche, i.e. within six years from now.

Summary

The conclusion, therefore, of the initial impression of Ghana's liberalisation schedule is that:

- the EPA effect will start very quickly because tariff reductions will be from the current applied level and will begin in one year;

- the items liberalised in the first tranche do not at first sight appear to pose adjustment problems for domestic producers;
- but the revenue impact of the EPA liberalisation is likely to be severe since significant new revenue must be found within ten years.

2.4 EAC

The regional implications and timetable

EAC is the only African region in which all signatories have identical schedules. These are all based on reductions from the EAC CET and none requires a country to start removing any positive tariffs until 2015. Any liberalisation before that date, therefore, needs to be judged as a 'customs union effect' rather than an 'EPA effect'.

Liberalisation will occur in three tranches. The first is in 2010 and involves only products with a CET of zero percent. The second will be between 2015 and 2023 and the third between 2020 and 2033. In other words, countries have 24 years from the date of attainment of the CET rates (and 26 years from 2008) to complete the EPA liberalisation process. This makes the EAC EPA the one with the longest transition period.

Hypothetical revenue loss

Following the format of the hypothetical revenue analysis undertaken for West and Central Africa, Table 15 shows the potential implications of the EPA. Since none of the countries will liberalise any positive duty tariff during the first tranche the table indicates the proportion of hypothetical revenue that will be lost by the end of the second tranche. In other words, the impact indicated in the table will not be fully felt until 2023, giving countries a relatively long time to adjust. But by that time all countries will have had to put in place alternative revenue sources since they will have lost the greater part of their tariffs on imports from the EU. Because the figures in Table 15 are with respect to changes from the CET they are wholly an 'EPA effect' and are additional to any 'customs union effect'.

Table 15. Hypothetical revenue loss in EAC countries

Country	Hypothetical revenue ($000) on:		2nd tranche share
	all items being liberalised	*2nd tranche items*	
Burundi	4,827	4,368	91%
Kenya	39,515	26,884	68%
Rwanda	3,019	2,144	71%
Tanzania	16,718	12,906	77%
Uganda	8,746	6,721	77%

Specific country effects

Although the liberalisation schedules are the same, their impact is determined by the level and distribution of imports from the EU in the recent past. Obviously, countries that import from the EU large quantities of items that will be liberalised earlier in the EPA process will face a more rapid adjustment shock than those that do not.

A flavour of the potential non-revenue adjustment effects (for domestic producers and consumers) in each of the countries is provided in Tables 16–20, which provide for each of the EAC countries information on the number and value of the goods to be liberalised in each of the tranches (and to be excluded from liberalisation) as well as the agreed EAC CET for these goods. In all cases countries have to start removing positive tariffs on a significant proportion of imports during the second phase. The trade-weighted average CET for the goods covered by the second tranche varies from a low of 10.3% (for Uganda) to a high of 17.4% (for Burundi).

Table 16. Summary of Burundi market access schedule

	# lines	Import value (average, 2004–6) a		CET tariff b				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1–97		**85,698**	**100%**					
Of which, in items not listed in schedule [d]		21,423	25.0%					
Goods to be liberalised in:								
2010	1,123	17,698	20.7%	0	0	0	0	1,123
2015-2023	1,040	25,042	29.2%	10	25	10.1	17.4	1,040
2020-2033	865	1,834	2.1%	25	25	25.0	25.0	862
Excluded goods:	1,323	19,702	23.0%	10	100	24.5	23.7	1,321
	4,351	**64,275**	**75.0%**					**4,346**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Although the market access schedule is at HS6 sub-head level, several of the codes are duplicated, with different sub-components falling into different liberalisation tranches. Where this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche (or to the exclusion list if applicable).
(b) As shown in the market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.
(d) 410 of the HS 2002 6-digit codes in which the EU reported exports to Burundi in 2004–6 do not appear in the EAC liberalisation or exclusion schedules.

Table 17. Summary of Kenya market access schedule

	# lines	Import value (average, 2004–6) a		CET tariff b				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1–97		**1,214,717**	**100%**					
Of which, in items not listed in schedule [d]		460,303	37.9%					
Goods to be liberalised in:								
2010	1,123	246,411	20.3%	0	0	0	0	1,123
2015-2023	1,040	221,872	18.3%	10	25	10.1	12.1	1,040
2020-2033	865	50,525	4.2%	25	25	25.0	25.0	862
Excluded goods:	1,323	235,607	19.4%	10	100	24.5	26.6	1,321
	4,351	**754,414**	**62.1%**					**4,346**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Although the market access schedule is at HS6 sub-head level, several of the codes are duplicated, with different sub-components falling into different liberalisation tranches. Where this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche (or to the exclusion list if applicable).
(b) As shown in the market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.
(d) 724 of the HS 2002 6-digit codes in which the EU reported exports to Kenya in 2004–6 do not appear in the EAC liberalisation or exclusion schedules.

Table 18. Summary of Rwanda market access schedule

	# lines	Import value (average, 2004–6) [a]		CET tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1–97		**109,453**	**100%**					
Of which, in items not listed in schedule [d]		39,057	35.7%					
Goods to be liberalised in:								
2010	1,123	18,724	17.1%	0	0	0	0	1,123
2015-2023	1,040	20,335	18.6%	10	25	10.1	10.5	1,040
2020-2033	865	3,500	3.2%	25	25	25.0	25.0	862
Excluded goods:	1,323	27,837	25.4%	10	100	24.5	28.8	1,321
	4,351	**70,396**	**64.3%**					**4,346**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Although the market access schedule is at HS6 sub-head level, several of the codes are duplicated, with different sub-components falling into different liberalisation tranches. Where this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche (or to the exclusion list if applicable).
(b) As shown in the market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.
(d) 468 of the HS 2002 6-digit codes in which the EU reported exports to Rwanda in 2004–6 do not appear in the EAC liberalisation or exclusion schedules.

Table 19. Summary of Tanzania market access schedule

	# lines	Import value (average, 2004–6) [a]		CET tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based [c]*
Total trade in HS 1–97		**639,035**	**100%**					
Of which, in items not listed in schedule [d]		285,324	44.6%					
Goods to be liberalised in:								
2010	1,123	96,637	15.1%	0	0	0	0	1,123
2015-2023	1,040	112,675	17.6%	10	25	10.1	11.5	1,040
2020-2033	865	15,250	2.4%	25	25	25.0	25.0	862
Excluded goods:	1,323	129,150	20.2%	10	100	24.5	27.0	1,321
	4,351	**353,711**	**55.4%**					**4,346**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Although the market access schedule is at HS6 sub-head level, several of the codes are duplicated, with different sub-components falling into different liberalisation tranches. Where this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche (or to the exclusion list if applicable).
(b) As shown in the market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.
(d) 643 of the HS 2002 6-digit codes in which the EU reported exports to Tanzania in 2004–6 do not appear in the EAC liberalisation or exclusion schedules.

Table 20. Summary of Uganda market access schedule

	# lines	Import value (average, 2004–6) [a]		CET tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based [c]*
Total trade in HS 1–97		**319,695**	**100%**					
Of which, in items not listed in schedule [d]		135,382	42.3%					
Goods to be liberalised in:								
2010	1,123	55,675	17.4%	0	0	0	0	1,123
2015-2023	1,040	65,176	20.4%	10	25	10.1	10.3	1,040
2020-2033	865	8,099	2.5%	25	25	25.0	25.0	862
Excluded goods:	1,323	55,362	17.3%	10	100	24.5	25.5	1,321
	4,351	**184,312**	**57.7%**					**4,346**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the EAC countries, data reported by EU25 on their exports were used to mirror EAC imports. Although the market access schedule is at HS6 sub-head level, several of the codes are duplicated, with different sub-components falling into different liberalisation tranches. Where this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche (or to the exclusion list if applicable).
(b) As shown in the market access schedule.
(c) i.e. number of lines for which both tariff and import value attributable to the treatment in question are known.
(d) 593 of the HS 2002 6-digit codes in which the EU reported exports to Uganda in 2004–6 do not appear in the EAC liberalisation or exclusion schedules.

Exclusions

The proportion of imports (in 2004–6) that are being excluded from liberalisation for the region as a whole is 19.7%, but this varies between countries (because they import different things) from a low for Uganda (of 17.3%) to a high for Burundi (of 23%). Very few of these are agricultural products (Table 21) and all are goods with a CET of 10% or more. Clothing figures prominently in the exclusion basket (Table 22), followed by other light manufactures.

Table 21. Summary of EAC exclusions

Excluded items	# lines
Total	**1,323** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	330
Tariff unknown	—
In highest applicable tariff band	4 = 100%
Tariff 10% or more	1,319
Tariff less than 10%	—
Duty free	—

Table 22. Broad composition of EAC exclusions

HS2	Description	Share of total [a]
62	articles of apparel and clothing accessories, not knitted or crocheted	8.9%
61	articles of apparel and clothing accessories, knitted or crocheted	8.5%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	5.7%
52	cotton	5.3%
55	man-made staple fibres	4.6%
39	plastics and articles thereof	4.5%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	4.2%
20	preparations of vegetables, fruit, nuts or other parts of plants	3.9%
07	edible vegetables and certain roots and tubers	3.7%
44	wood and articles of wood; wood charcoal	3.4%
70	glass and glassware	2.3%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	2.3%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	2.0%
09	coffee, tea, maté and spices	2.0%
73	articles of iron or steel	2.0%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	2.0%
54	man-made filaments	1.9%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.8%
08	edible fruit and nuts; peel of citrus fruits or melons	1.8%
64	footwear, gaiters and the like; parts of such articles	1.8%
02	meat and edible meat offal	1.7%
22	beverages, spirits and vinegar	1.7%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1.5%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	1.4%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.4%
42	articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	1.4%
21	miscellaneous edible preparations	1.2%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	1.2%
69	ceramic products	1.2%
17	sugars and sugar confectionery	1.1%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1.0%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	1.0%
57	carpets and other textile floor coverings	1.0%
11	products of the milling industry; malt; starches; inulin; wheat gluten	0.9%
68	articles of stone, plaster, cement, asbestos, mica or similar materials	0.8%
83	miscellaneous articles of base metal	0.8%
03	fish and crustaceans, molluscs and other aquatic invertebrates	0.7%

HS2	Description	Share of total [a]
24	tobacco and manufactured tobacco substitutes	0.7%
76	aluminium and articles thereof	0.7%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.7%
10	cereals	0.6%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0.5%
40	rubber and articles thereof	0.5%
72	iron and steel	0.5%
96	miscellaneous manufactured articles	0.5%
18	cocoa and cocoa preparations	0.4%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	0.4%
35	albuminoidal substances; modified starches; glues; enzymes	0.3%
45	cork and articles of cork	0.2%
49	printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.2%
60	knitted or crocheted fabrics	0.2%
82	tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.2%
23	residues and waste from the food industries; prepared animal fodder	0.2%
28	inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.2%
36	explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0.2%
01	live animals	0.1%
06	live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.1%
14	vegetable plaiting materials; vegetable products nesoi	0.1%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.1%
38	miscellaneous chemical products	0.1%
66	umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	0.1%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

Summary

In conclusion, therefore, the initial impression of the EAC liberalisation schedule is that:

- the approach and provisions of the EPA support EAC regional integration;
- the 'EPA effect' will not start until 2015 and will be completed over 26 years from now, giving the region a good period of time within which to adjust;
- the effects of EPA-induced liberalisation on producers and consumers will be end loaded because the cuts will be from the CET, with most of the highest-tariff items reserved for the final tranche;
- but the revenue impact will be faced in the middle of the implementation period – and will be severe.

2.5 ESA

The regional implications and timetable

All of the ESA states have established their liberalisation schedules in relation to the CET (presumably of COMESA), but the details of their liberalisation and of their exclusion baskets are different. Hence they are treated as separate actors in this section and in all cases (except Comoros for which data are lacking) the tables show each country's autonomous, pre-CET tariff for the latest available year (2006). This allows readers to make an assessment of the relative scale of the 'customs union' and the 'EPA effects'.

In all cases, the phasing of liberalisation is made in relation to the product groups established by COMESA for its CET: raw and capital (for which the agreed CET is to be zero); intermediate (with an agreed CET of 10% when the customs union is fully implemented); and final (with a CET of 25%). This has important implications for the impact of the EPA on COMESA. Although the COMESA members agreed that the CET should be set at different levels for these groups, they never agreed a formal definition that allocated each item in the nomenclature to one or other group. The EPAs have made this specific link – but it is far from clear that 'raw and capital' or 'intermediate' or 'final' are defined in the same way in each country's schedules. Take the cases of chromium and thallium waste and scrap which are treated differently by all five countries:

- Comoros indicates that they are CET Class A (raw), and has them with raw/capital goods in the first liberalisation tranche;
- Madagascar indicates that they are Class 3 (final) but it includes them in tranche 2 (intermediate goods);
- Mauritius indicates that they are Class 3 (final), but has included them in tranche 1 (raw/capital goods);
- Seychelles doesn't use the same codes, but appears to indicate that analogous ones are CET Class B (intermediate) and has them in tranche 2;
- and Zimbabwe indicates that thallium waste is Class B (intermediate) and includes it in tranche 2, but that chromium waste is Class C (final) and includes it in tranche 3.

A selective check has been made of the countries' schedules to determine whether or not this is an isolated, one-off case of incompatible definitions; it is not. There are, in fact, over a thousand items being liberalised by one or more of the ESA countries where there is some degree of discrepancy in the CET classification. Table 23 gives the incompatible definitions that have been used in the EPA schedules for a selection of goods to illustrate the point.[17] This may make eventual agreement on a common, customs union wide set of tariffs more difficult.

Table 23. Items with the largest number of different classifications being liberalised by all ESA countries

Code	Description	ESA country	CET classification in country's schedule	Liberalis-ation tranche
400942	Tubes, pipes and hoses, of vulcanised rubber (excl. hard rubber), reinforced or otherwise combined with materials other than metal or textile materials, with fittings	Comoros	Intermediate	2
		Madagascar	Final	3
		Mauritius	Capital	1
		Seychelles	Part intermediate, part final	2 & 3
		Zimbabwe	Final	3
491199	printed matter, n.e.s.	Comoros	Intermediate	2
		Madagascar	Final	3
		Mauritius	Raw	1
		Seychelles	Part intermediate, part final	2 & 3
		Zimbabwe	Final	3
702000	articles of glass, n.e.s.	Comoros	Intermediate	2
		Madagascar	Final	3
		Mauritius	Raw	1
		Seychelles	Part intermediate, part final	2 & 3
		Zimbabwe	Final	3

[17] An additional confusion is that the goods categorised under these headings are not necessarily always those that the casual observer would expect. The Mauritius EPA, for example, classifies air filters for vehicle engines as capital goods.

Code	Description	ESA country	CET classification in country's schedule	Liberalis-ation tranche
811299	articles of hafnium 'celtium', niobium 'columbium', rhenium, gallium and indium, n.e.s.	Comoros	Intermediate	2
		Madagascar	Final	3
		Mauritius	Capital	1
		Seychelles	Part intermediate, part final	2 & 3
		Zimbabwe	Final	3
853910	sealed beam lamp units	Comoros	Capital	1
		Madagascar	Intermediate	2
		Mauritius	Final	3
		Seychelles	Part raw & capital, part intermediate	1 & 2
		Zimbabwe	Capital	1
853949	ultraviolet or infra-red lamps	Comoros	Capital	1
		Madagascar	Final	3
		Mauritius	Intermediate	2
		Seychelles	Part raw & capital, part final	1 & 3
		Zimbabwe	Final	3

In all cases liberalisation occurs in three tranches which relate broadly speaking to the COMESA CET categories although, Seychelles and Zimbabwe apart, countries put a few items from other CET classes into their liberalisation tranches. Putting these minor variations aside, raw materials and capital goods are liberalised first in a single year (although the actual year varies). The other two groups are liberalised in two overlapping tranches with the one on intermediate goods normally (but not always) being completed before the one on final goods. Tariffs are not reduced by equal annual instalments during these two tranches (as is the case in some other EPAs) but in four or five specified years. There will be tariff cuts in 2013, 2014, 2016, 2017, 2020 and 2022. EPA-induced liberalisation will take place, therefore, over ten years, but since it will not begin until 2013 the effective period is 15 years from now. During the first five years (2008–2012), though, countries must accommodate their current tariffs to the COMESA CET level.

Hypothetical revenue loss

Because there are broad similarities in the liberalisation timetable and schedules, differences in the hypothetical revenue loss will be influenced heavily by the pre-existing level and balance of imports from the EU. Table 24 provides for all of the ESA states the same information on potential overall and first-tranche revenue loss. Potentially, all the countries will experience substantial revenue losses in the first tranche – but in the case of Mauritius and Seychelles this impression is probably misleading since sales tax will replace tariffs as a revenue source.

Table 24. Hypothetical revenue loss in ESA countries

Country	Hypothetical revenue ($000) on:		1st tranche share
	all items being liberalised	*1st tranche items*	
Comoros	3,508	0	0
Madagascar	32,643	13,631	42%
Mauritius	18,074	3,858	21%
Seychelles	142,874	141,748	99%
Zimbabwe	14,531	6,906	48%

Comoros

The TRAINS database does not list MFN tariffs for Comoros so it is unclear how far current tariffs will have to be reduced in order to reach the agreed CET. All of the items in the first tranche of liberalisation (2013) have CETs of zero (Table 25). It has until 2014, therefore, which is the first year for the other two tranches, to begin 'EPA induced' liberalisation.

Table 25. Summary of Comoros market access schedule

	# lines	Average import value 2004–6 [a]		CET [b]			
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*
Total trade in HS 1–97		**31,786**	**100%**				
Goods to be liberalised in:							
2013	1,456	6,837	21.5%	0	0	0	0
2014-2022 (reductions in 2014, 2017, 2020, 2022)	2,496	7,956	25.0%	10	10	10	10
2014-2022 (reductions in 2014, 2016, 2018, 2020, 2022)	1,157	10,848	34.1%	0	25	24.98	25
Excluded goods:	93	6,145	19.3%	Not given in schedule			
	5,202	**31,786**	**100%**				

Notes:
(a) As included in the market access schedule.
(b) As included in the market access schedule (for all but the 93 excluded lines). No MFN tariffs are available in TRAINS for Comoros. There are preparatory periods for the CET to be achieved: these are 5 years (2008-12) for raw and capital goods (to be liberalised in 2013) and 2008-13 for the rest.

The exclusion basket accounted for 19.3% of Comoros imports from the EU in 2004–6. Two-thirds of the excluded items are agricultural (Table 26). But the absence of any information on either MFN or CET tariffs for the other items means that the information provided for other countries on the exclusion list table has not been possible for Comoros. Not all of the agricultural goods excluded are items that the EU can necessarily supply (Table 27). Chapter 9, for example, which is listed third in Table 27, does not include instant coffee – and the EU is obviously not a producer of unprocessed coffee and tea.

Table 26. Summary of Comoros exclusions

Excluded items	# lines	
Total	**93**	86 at HS6 sub-head level, 7 at NTL 8-digit level – falling into 87 HS6 sub-heads
Covered by WTO Agreement on Agriculture	63	
In highest applicable tariff band	?	No MFN tariffs available for Comoros, and no CET tariffs shown in the market access schedule for excluded items
Tariff 10% or more	?	
Tariff less than 10%	?	
Duty free	?	

Table 27. Broad composition of Comoros exclusions

HS2	Description	Share of total [a]
08	edible fruit and nuts; peel of citrus fruits or melons	17.2%
02	meat and edible meat offal	9.7%
09	coffee, tea, maté and spices	9.7%
03	fish and crustaceans, molluscs and other aquatic invertebrates	8.6%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	8.6%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	7.5%
07	edible vegetables and certain roots and tubers	5.4%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	5.4%
30	pharmaceutical products	5.4%
22	beverages, spirits and vinegar	4.3%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	3.2%
05	products of animal origin, not elsewhere specified or included	3.2%
11	products of the milling industry; malt; starches; inulin; wheat gluten	2.2%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2.2%
20	preparations of vegetables, fruit, nuts or other parts of plants	2.2%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	2.2%
10	cereals	1.1%
24	tobacco and manufactured tobacco substitutes	1.1%
62	articles of apparel and clothing accessories, not knitted or crocheted	1.1%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

All of the items being liberalised in the first tranche face a CET of zero. But the absence of MFN tariff data has also made it impossible to identify what changes Comoros will need to make to current tariffs in order to achieve this CET rate.

Madagascar

Although Madagascar has in each of the liberalisation tranches some items for which its recent MFN duties have been zero, they also all contain other items that have faced tariffs of up to 20% (Table 28). There is a modest progression over the implementation period from the trade-weighted average tariff of 10.4% for the goods to be liberalised in 2013 to one of 13.3% for goods in the two tranches ending in 2022, but this is insufficient to indicate any discernable back loading. On the contrary, the items that will be liberalised in 2013 accounted for 37% of the country's imports from the EU in 2004–6, implying a sharp front loading given the similarity of trade-weighted tariffs.

Table 28. Summary of Madagascar market access schedule

	# lines	Average import value 2004–6 [a]		MFN 2006 [b]					CET [c]
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average* [d]	*# lines on which based* [e]	
Total trade		**355,538**	**100%**						
Goods to be liberalised in:									
2013	1,297	131,563	37.0%	0	20	10.6	10.4	1,151	0
2014-2022 (reductions in 2014, 2017, 2020, 2022)	2,445	92,779	26.1%	0	20	11.6	11.5	2,303	10
2014-2022 (reductions in 2014, 2016, 2018, 2020, 2022)	1,127	62,739	17.6%	0	20	17.7	13.3	1,066	25
Excluded goods:	575	68,457	19.3%	0	20	18.5	17.7	574	Not shown in schedule
	5,444	**355,538**	**100%**					**5,094**	

Notes:
(a) As given in the market access schedule (for all but 108 of the lines).
(b) MFN tariffs could not be identified (from the 2006 Madagascar tariff schedule in TRAINS) for 263 lines in the market access schedule (accounting for 0.03% of the average value of imports 2004–6).
(c) The CET rate is included in the market access schedule (other than for the 575 excluded lines). There are preparatory periods for the CET to be achieved: these are 5 years (2008-12) for raw and capital goods (to be liberalised in 2013) and 2008-13 for the rest.
(d) Where a range of tariffs applies to different items within the HS6 sub-head, the highest has been used.
(e) i.e. number of lines for which both MFN tariff and import value are known.

Some 19.3% of imports are excluded altogether from liberalisation, and just over two-thirds of these are agricultural (Table 29). The majority of items (87%) face the highest CET (of 20%). Bizarrely, though, as with Ghana some items that are duty free are also being excluded from liberalisation. The agricultural exclusions are, in the main, goods for which the EU is a plausible supplier of items that would compete directly or indirectly with local farmers (Table 30).

Table 29. Summary of Madagascar exclusions

Excluded items	# lines
Total	**575** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	341
In highest applicable tariff band	500 = 20%
Tariff 10% or more	57
Tariff less than 10%	12
Duty free	6

Table 30. Broad composition of Madagascar exclusions

HS2	Description	Share of total [a]
02	meat and edible meat offal	9.6%
07	edible vegetables and certain roots and tubers	8.0%
20	preparations of vegetables, fruit, nuts or other parts of plants	7.8%
39	plastics and articles thereof	7.0%
03	fish and crustaceans, molluscs and other aquatic invertebrates	6.8%
52	cotton	6.4%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	4.5%
22	beverages, spirits and vinegar	3.7%
08	edible fruit and nuts; peel of citrus fruits or melons	3.5%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	3.3%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	3.1%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	3.0%
11	products of the milling industry; malt; starches; inulin; wheat gluten	2.8%
17	sugars and sugar confectionery	2.6%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	2.4%
21	miscellaneous edible preparations	2.1%
73	articles of iron or steel	2.1%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	1.9%
42	articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	1.7%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	1.7%
18	cocoa and cocoa preparations	1.6%
24	tobacco and manufactured tobacco substitutes	1.6%
09	coffee, tea, maté and spices	1.4%
76	aluminium and articles thereof	1.2%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	1.2%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0.9%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	0.9%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.7%
35	albuminoidal substances; modified starches; glues; enzymes	0.7%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.7%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.7%
10	cereals	0.5%
54	man-made filaments	0.5%
96	miscellaneous manufactured articles	0.5%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	0.3%
36	explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0.3%
44	wood and articles of wood; wood charcoal	0.3%
64	footwear, gaiters and the like; parts of such articles	0.3%
12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.2%
13	lac; gums, resins and other vegetable saps and extracts	0.2%
23	residues and waste from the food industries; prepared animal fodder	0.2%
38	miscellaneous chemical products	0.2%
46	manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0.2%
49	printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	0.2%
55	man-made staple fibres	0.2%
72	iron and steel	0.2%
79	zinc and articles thereof	0.2%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

None of the items being liberalised in 2013 are agricultural products (Table 31) and two of the three of those that currently face a tariff of 20% are not necessarily competitive for domestic production. One item, though, may cause problems: this is ‘worn clothing’.

Table 31. Summary of Madagascar first-tranche liberalisations (2013)

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
Items with 20% tariff and imports of $1 mn or more				
630900		Worn clothing and clothing accessories, blankets and travelling rugs, household	20	1,542
870210		Motor vehicles for the transport of >= 10 persons, incl. driver, with compression-	20	2,414
940600		Prefabricated buildings, whether or not complete or already assembled	20	1,432
Items with 10% tariff and imports of $1 mn or more				
841869		Refrigerating or freezing equipment and absorption heat pumps (excl.	10	1,056
842230		Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or	10	1,438
842940		Self-propelled tamping machines and road rollers	10	1,686
842951		Self-propelled front-end shovel loaders	10	2,530
842952		Self-propelled mechanical shovels, excavators and shovel loaders, with a 360°	10	1,658
843810		Bakery machinery and machinery for the industrial preparation or manufacture	10	1,002
843880		Machinery for the industrial preparation or manufacture of food or drink, n.e.s.	10	1,369
847141		Data-processing machines, automatic, digital, comprising in the same housing	10	1,914
847160		Input or output units for digital automatic data processing machines, whether or	10	1,139
847290		Office machines, n.e.s.	10	8,297
847420		Crushing or grinding machines for solid mineral substances	10	1,138
847982		Mixing, kneading, crushing, grinding, screening, sifting, homogenizing,	10	1,059
847989		Machines and mechanical appliances, n.e.s.	10	1,025
850211		Generating sets with compression-ignition internal combustion piston engine	10	1,349
850213		Generating sets with compression-ignition internal combustion piston engine	10	2,705
851750		Apparatus for carrier-current line systems or digital line systems, for line	10	1,156
853710		Boards, cabinets and similar combinations of apparatus for electric control or	10	1,215
870120		Road tractors for semi-trailers	10	2,015
870421		Motor vehicles for the transport of goods, with compression-ignition internal	10	6,003
870422		Motor vehicles for the transport of goods, with compression-ignition internal	10	5,829
870423		Motor vehicles for the transport of goods, with compression-ignition internal	10	2,116
870590		Special purpose motor vehicles (other than those principally designed for the	10	2,232
880230		Aeroplanes and other powered aircraft of an unladen weight > 2.000 kg but <=	10	6,107

Notes:
(a) Maximum MFN 2006, obtained from TRAINS database. No tariffs are available for 64 codes in this tranche which are not listed in the 2006 tariff schedule (61 of which came into existence only in 2007).
(b) As given in the market access schedule.

Mauritius

Mauritius's first tranche of liberalisation is to be completed in 2008 (rather than 2013 as specified in all the other ESA EPAs). Not all of these goods had been liberalised in 2006, the latest year for which tariff data are available (Table 32). Since the country has announced its intention to be 'a duty-free island' (and to use sales taxes instead of tariffs to collect revenue from consumption), this will presumably not pose any 'additional' EPA-induced problems for it. This group of products accounted for one-quarter of imports from the EU in 2004–6. Since only 4.4% of imports are being excluded altogether, the great bulk of imports (71% in total) will be liberalised between 2013 and 2022.

Of the 185 items that have been excluded from liberalisation, accounting for only 4.4% of the value of Mauritius imports from the EU, one half are agricultural goods and 58% currently face the highest tariffs, which are *ad valorem* rates of 30% or specific duties (Table 33). Again, there is a group of products that currently face zero tariffs that are being excluded from liberalisation. The main excluded items are processed foods and light manufactures, for all of which cheaper EU imports might compete with domestic production (Table 34).

Table 32. Summary of Mauritius market access schedule

	# lines	Average import value 2004–6 [a]		MFN 2006 [b]					CET [c]
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average* [d]	*# lines on which based* [e]	
Total trade		**865,330**	**100%**						
Duty free in 2008	1,398	212,155	24.5%	0	30 or spec.	2.7	1.8	1,322	0
Goods to be liberalised in:									
2013-2017 (reductions in 2013, 2014, 2015, 2017)	2,541	251,961	29.1%	0	30 or spec.	1.5	1.2	2,411	10
2013-2022 (reductions in 2013,2015, 2018, 2020, 2022)	1,257	363,328	42.0%	0	30 or spec.	7.2	3.1	1,009	25
Excluded goods:	185	37,887	4.4%	0	30	23.1	23.4	175	Not shown in schedule
	5,381	**865,330**	**100%**					**4,917**	

Notes:
(a) As given in the market access schedule (for all but 9 of the lines).
(b) MFN tariffs could not be identified (from the 2006 Mauritius tariff schedule in TRAINS) for 279 lines in the market access schedule (accounting for 0.6% of the average value of imports 2004–6).
(c) The CET rate is included in the market access schedule (other than for the 185 excluded lines). There is a preparatory period for the CET to be achieved intermediate/final goods of 2008-2012.
(d) Where a range of tariffs applies to different items within the HS6 sub-head, the highest has been used.
(e) i.e. number of lines for which both MFN tariff and import value are known.

Table 33. Summary of Mauritius exclusions

Excluded items	# lines
Total	**185** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	93
Tariff unknown	2
In highest applicable tariff band	108 = 30% or specific duty
Tariff 10% or more	66
Tariff less than 10%	—
Duty free	9

Table 34. Broad composition of Mauritius exclusions

HS2	Description	Share of total [a]
20	preparations of vegetables, fruit, nuts or other parts of plants	20.0%
39	plastics and articles thereof	9.2%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	9.2%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	8.6%
02	meat and edible meat offal	5.9%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	5.9%
17	sugars and sugar confectionery	4.3%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	3.2%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	3.2%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2.7%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	2.7%
22	beverages, spirits and vinegar	2.7%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	2.7%
42	articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	2.7%
72	iron and steel	2.7%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	2.2%
21	miscellaneous edible preparations	2.2%
73	articles of iron or steel	2.2%
01	live animals	1.1%
06	live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	1.1%
09	coffee, tea, maté and spices	1.1%

HS2	Description	Share of total [a]
11	products of the milling industry; malt; starches; inulin; wheat gluten	1.1%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	1.1%
40	rubber and articles thereof	0.5%
46	manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0.5%
70	glass and glassware	0.5%
83	miscellaneous articles of base metal	0.5%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

A large number of the goods that will be liberalised this year faced 30% tariffs in 2006 (Table 35). But many of these were imported either in very low quantitative values or not all. This applies particularly to the 23 agricultural items. The rest appear to be industrial inputs and the objective of tariffs well may have been revenue generation.

Table 35. Summary of Mauritius first-tranche liberalisations (2008)

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
All items with tariff of over 20%				
010310	Yes	pure-bred breeding swine	30	-
010391	Yes	live pure-bred swine, weighing < 50 kg (excl. pure-bred for breeding)	30	-
010392	Yes	live pure-bred swine, weighing >= 50 kg (excl. pure-bred for breeding)	30	-
010599	Yes	live domestic ducks, geese, turkeys and guinea fowls, weighing > 185 g	30	-
020630	Yes	fresh or chilled edible offal of swine	30	0
020641	Yes	frozen edible livers of swine	30	-
020649	Yes	edible offal of swine, frozen (excl. livers)	30	0
020725	Yes	frozen turkeys of the species domesticus, not cut into pieces	30	40
020726	Yes	fresh or chilled cuts and edible offal of turkeys of the species domesticus	30	4
020727	Yes	frozen cuts and edible offal of turkeys of the species domesticus	30	115
020727	Yes	frozen cuts and edible offal of turkeys of the species domesticus	30	-
020732	Yes	fresh or chilled ducks, geese and guinea fowls of the species domesticus, not	30	3
020733	Yes	frozen ducks, geese and guinea fowls of the species domesticus, not cut into	30	1
020734	Yes	fresh or chilled edible fatty livers of ducks or geese of the species domesticus	30	34
020734	Yes	fresh or chilled edible fatty livers of ducks or geese of the species domesticus	30	-
020735	Yes	fresh or chilled cuts and edible offal of ducks, geese or guinea fowls of the	30	12
020736	Yes	frozen cuts and edible offal of ducks, geese or guinea fowls of the species	30	45
021011	Yes	hams, shoulders and cuts thereof of swine, salted, in brine, dried or smoked,	30	3
021012	Yes	bellies 'streaky' and cuts thereof of swine, salted, in brine, dried or smoked	30	0
021019	Yes	meat of swine, salted, in brine, dried or smoked (excl. hams, shoulders and cuts	30	187
240110	Yes	tobacco, unstemmed or unstripped	30	-
240120	Yes	tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	30	-
240130	Yes	tobacco refuse	30	-
491199		printed matter, n.e.s.	30	477
702000		articles of glass, n.e.s.	30	61
840732		spark-ignition reciprocating piston engine, of a kind used for the propulsion of	30	2
840733		spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter	30	0
840734		spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter	30	66
840820		compression-ignition internal combustion piston engine 'diesel or semi-diesel	30	149
840999		parts suitable for use solely or principally with compression-ignition internal	30	2,633
841311		pumps fitted or designed to be fitted with a measuring device, for dispensing	30	112
841330		fuel, lubricating or cooling medium pumps for internal combustion piston engine	30	477
842123		oil or petrol-filters for internal combustion engines	30	584
842131		intake air filters for internal combustion engines	30	329
850710		lead-acid accumulators of a kind used for starting piston engine 'starter	30	300
850720		lead acid accumulators (excl. spent and starter batteries)	30	159
851110		sparking plugs of a kind used for spark-ignition or compression-ignition internal	30	116
851120		ignition magnetos, magneto-dynamos and magnetic flywheels, for spark-ignition	30	2

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
851130		distributors and ignition coils of a kind used for spark-ignition or compression-	30	38
851140		starter motors and dual purpose starter-generators of a kind used for spark-	30	72
851150		generators of a kind used for internal combustion engines (excl. magneto	30	100
851190		parts of electrical ignition or starting equipment, generators, etc. of heading	30	130
851220		electrical lighting or visual signalling equipment for motor vehicles (excl. lamps	30	168
870899		parts and accessories, for tractors, motor vehicles for the transport of ten or	30	1,999
930111		artillery weapons 'e.g. guns, howitzers and mortars', self-propelled	30	-
930119		artillery weapons 'e.g. guns, howitzers and mortars', not self-propelled	30	-
930120		rocket launchers; flame-throwers; grenade launchers; torpedo tubes and similar	30	-
930190		military weapons, incl. sub-machine guns (excl. artillery weapons, rocket	30	-
930630		cartridges and parts thereof for smooth-barrelled shotguns, revolvers and pistols	30	8
Items with 15% tariff and imports of $1 mn or more				
392690		Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s	15	3,219
853690		Electrical apparatus for switching electrical circuits, or for making connections to	15	1,348

Notes:
(a) Maximum MFN 2006, obtained from TRAINS database. No tariffs are available for 74 codes in this tranche which are not listed in the 2006 tariff schedule (72 of which came into existence only in 2007).
(b) As given in the market access schedule.

Seychelles

Seychelles, like Comoros and Madagascar and unlike Mauritius, has its first EPA commitments in 2013. But in some cases it will need to reduce very high tariffs (in 2006) to meet the CET target. Table 36 shows that this customs union effect far outweighs the EPA one. The trade-weighted average tariff for goods that will be liberalised by 2013, to reach the CET of zero percent, was 104.1% in 2006. Whilst some items had zero applied tariffs, others had rates of up to 200%. Further cuts from current levels are required for the subsequent tranches (which bring tariffs below the level needed for the CET), but the trade-weighted average of these tariffs is much lower than those included in the first tranche.

Table 36. Summary of Seychelles market access schedule

	# lines	Average import value 2004–6 [a]		MFN 2006 [b]					CET [c]
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average* [d]	*# lines on which based* [e]	
Total trade		**224,557**	**100%**						
Goods to be liberalised in:									
2013	1,492	139,380	62.1%	0	200	5.8	104.1	1,246	0
2013-2017 (reductions in each year)	2,606	33,824	15.1%	0	200	1.4	0.7	2,103	10
2013-2022 (reductions in each year)	1,390	45,789	20.4%	0	200 or Scr/lt 10	11.1	2.4	1,213	25
Excluded goods:	131	5,563	2.5%	0	225 or SR/lt 170	116.4	79.3	104	Not shown in schedule
	5,619	**224,557**	**100%**					**4,666**	

Notes:
(a) As given in the market access schedule (for all but 17 of the lines).
(b) MFN tariffs could not be identified (from the 2006 Seychelles tariff schedule in TRAINS) for 926 lines in the schedule – largely because the tariff schedule is in H0 (1988), and the market access schedule in HS 2002/2007. These 926 lines accounted for 5.8% of the average value of imports in 2004–6.
(c) The CET rate is included in the market access schedule (other than for the 131 excluded lines plus 26 others). There is a preparatory period for the CET to be achieved intermediate/final goods of 2008-2012.
(d) Where a range of tariffs applies to different items within the HS6 sub-head, the highest has been used.
(e) i.e. number of lines for which both MFN tariff and import value are known.

Only 2.5% of the value of Seychelles imports from the EU in 2004–6 are excluded from any liberalisation. But their 2006 trade-weighted average tariff was high at 79.3%. Some 37% of

them are agricultural products (Table 37) and most face a tariff of 10% or more. There are a number of duty free items in the list as well. Apart from fish, the exclusions appear primarily to be related to revenue generation rather than domestic protection (Table 38).

Table 37. Summary of Seychelles exclusions

Excluded items	# lines
Total	**131** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	49
Tariff unknown	15
In highest applicable tariff band	5 = 225% (1) or SR/lt 170 (4)
Tariff 10% or more	100
Tariff less than 10%	5
Duty free	6
Note: Tariff breakdowns assume that all specific duties equate to 10% or more *ad valorem.*	

Table 38. Broad composition of Seychelles exclusions

HS2	Description	Share of total [a]
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	19.8%
03	fish and crustaceans, molluscs and other aquatic invertebrates	15.3%
22	beverages, spirits and vinegar	14.5%
43	furskins and artificial fur; manufactures thereof	8.4%
24	tobacco and manufactured tobacco substitutes	6.9%
02	meat and edible meat offal	6.1%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	4.6%
40	rubber and articles thereof	3.8%
09	coffee, tea, maté and spices	3.1%
69	ceramic products	3.1%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	2.3%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	2.3%
07	edible vegetables and certain roots and tubers	1.5%
08	edible fruit and nuts; peel of citrus fruits or melons	1.5%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	1.5%
70	glass and glassware	1.5%
83	miscellaneous articles of base metal	1.5%
39	plastics and articles thereof	0.8%
44	wood and articles of wood; wood charcoal	0.8%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.8%
Note: (a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.		

Because so many of Seychelles's initial tranche of liberalised products currently face high tariffs they are listed in full in Table 39 (as a consequence of which the table is long). Tariffs of 100% or 200% are sufficiently large plausibly to form an insuperable barrier to imports, so that the fact that trade has been low is not necessarily an indication of a lack of demand or supply capacity. Many are fish products and the high tariffs are linked to support for the domestic canning industry. But Seychelles is able, to an even greater extent than Madagascar and Mauritius, to substitute domestic sales taxes for tariffs since such a large proportion of the goods consumed are imported.

Table 39. Summary of Seychelles first-tranche liberalisations (2013)

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
All items with tariff of over 20%				
030211		fresh or chilled trout 'salmo trutta, oncorhynchus mykiss, oncorhynchus clarki,	100	-
030212		fresh or chilled pacific salmon 'oncorhynchus nerka, oncorhynchus gorbuscha,	100	0.3
030219		fresh or chilled salmonidae (excl. trout 'salmo trutta, oncorhynchus mykiss,	200	0.03
030221		fresh or chilled lesser or greenland halibut 'reinhardtius hippoglossoides, atlantic	100	-

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
030222		fresh or chilled plaice 'pleuronectes platessa'	100	0.2
030223		fresh or chilled sole 'solea spp.'	100	-
030229		fresh or chilled flat fish 'pleuronectidae, bothidae, cynoglossidae, soleidae,	200	-
030231		fresh or chilled albacore or longfinned tunas 'thunnus alalunga'	200	-
030232		fresh or chilled yellowfin tunas 'thunnus albacares'	200	-
030233		fresh or chilled skipjack or stripe-bellied bonito	200	0.04
030239		fresh or chilled tunas of the genus 'thunnus' (excl. thunnus alalunga, thunnus	200	-
030240		fresh or chilled herrings 'clupea harengus, clupea pallasii'	100	-
030250		fresh or chilled cod 'gadus morhua, gadus ogac, gadus macrocephalus'	100	-
030261		fresh or chilled sardines 'sardina pilchardus, sardinops spp.', sardinella	100	0.02
030262		fresh or chilled haddock 'melanogrammus aeglefinus'	100	-
030263		fresh or chilled coalfish 'pollachius virens'	100	-
030266		fresh or chilled eels 'anguilla spp.'	100	-
030270		fresh or chilled fish livers and roes	100	-
030321		frozen trout 'salmo trutta, oncorhynchus mykiss, oncorhynchus clarki,	100	-
030322		frozen atlantic salmon 'salmo salar' and danube salmon 'hucho hucho'	100	5
030331		frozen lesser or greenland halibut 'reinhardtius hippoglossoides', atlantic halibut	100	-
030332		frozen plaice 'pleuronectes platessa'	100	-
030333		frozen sole 'solea spp.'	100	-
030339		frozen flat fish 'pleuronectidae, bothidae, cynoglossidae, soleidae,	200	-
030341		frozen albacore or longfinned tunas 'thunnus alalunga'	200	-
030342		frozen yellowfin tunas 'thunnus albacares'	200	-
030343		frozen skipjack or stripe-bellied bonito 'euthynnus -katsuwonus- pelamis'	200	-
030349		frozen tunas of the genus 'thunnus' (excl. thunnus alalunga, thunnus albacares,	200	70,303
030360		frozen cod 'gadus morhua, gadus ogac and gadus macrocephalus'	100	0.01
030371		frozen sardines 'sardina pilchardus, sardinops spp.', sardinella 'sardinella spp.'	100	-
030372		frozen haddock 'melanogrammus aeglefinus'	100	-
030373		frozen coalfish 'pollachius virens'	100	-
030376		frozen eels 'anguilla spp.'	100	-
030377		frozen sea bass 'dicentrarchus labrax, dicentrarchus punctatus'	100	-
030378		frozen hake 'merluccius spp., urophycis spp.'	100	-
030380		frozen fish livers and roes	100	0.4
030551		dried cod 'gadus morhua, gadus ogac, gadus macrocephalus', whether or not	50	-
030559		dried fish, salted, not smoked (excl. cod and other fillets)	50	-
030561		Herrings 'clupea harengus, clupea pallasii', salted or in brine only (excl. fillets)	50	0.1
030562		cod 'gadus morhua, gadus ogac, gadus macrocephalus', salted or in brine only	50	-
030563		anchovies 'engraulis spp.', salted or in brine only (excl. fillets)	25	0.3
030613		frozen shrimps and prawns, whether in shell or not, incl. shrimps and prawns in	100	25
030619		frozen crustaceans, fit for human consumption, whether in shell or not, incl.	50	1
030623		shrimps and prawns, whether in shell or not, live, dried, salted or in brine, incl.	100	-
030751		live, fresh or chilled octopus 'octopus spp.', with or without shell	25	-
040110	Yes	milk and cream of a fat content by weight of <= 1%, not concentrated nor	50	1
040120	Yes	milk and cream of a fat content by weight of > 1% but <= 6%, not concentrated	50	0.2
040700	Yes	birds'' eggs, in shell, fresh, preserved or cooked	200	516
050100	Yes	human hair, unworked, whether or not washed or scoured; waste of human hair	25	-
050210	Yes	pigs', hogs' or boars' bristles and waste of such bristles	25	-
050290	Yes	badger and other brush making hair and waste thereof	25	-
050300	Yes	horsehair and horsehair waste, whether or not put up as a layer, with or without	25	3
050400	Yes	guts, bladders and stomachs of animals (other than fish), whole and pieces	25	-
050510	Yes	feathers used for stuffing and down, not further worked than cleaned, disinfected	25	-
050590	Yes	skins and other parts of birds, with their feathers or down, feathers and parts of	25	-
050610	Yes	ossein and bones treated with acid	25	-
050690	Yes	bones and horn-cores and their powder and waste, unworked, defatted,	25	-
050710	Yes	ivory, unworked or simply prepared, its powder and waste (excl. cut to shape)	200	-
050790	Yes	tortoiseshell, whalebone and whalebone hair, horns, antlers, hooves, nails,	200	-
060410	Yes	mosses and lichens for bouquets or for ornamental purposes, fresh, dried, dyed,	100	-
060491	Yes	foliage, branches and other parts of plants, without flowers or flower buds,	100	-
060499	Yes	foliage, branches and other parts of plants, without flowers or flower buds,	100	-

HS6	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
070511	Yes	fresh or chilled cabbage lettuce	25	25
070519	Yes	fresh or chilled lettuce (excl. cabbage lettuce)	25	0.3
070930	Yes	fresh or chilled aubergines 'eggplants'	25	1
080440	Yes	fresh or dried avocados	50	3
080450	Yes	fresh or dried guavas, mangoes and mangosteens	50	3
080720	Yes	fresh pawpaws 'papayas'	50	0.03
090111	Yes	coffee (excl. roasted and decaffeinated)	50	1
090112	Yes	decaffeinated coffee (excl. roasted)	50	59
090300	Yes	Mate	50	-
091050	Yes	Curry	100	0.1
230910	Yes	dog or cat food, put up for retail sale	50	-
631010		used or new rags, scrap twine, cordage, rope and cables and worn-out articles	25	0.01
631090		used or new rags, scrap twine, cordage, rope and cables and worn out articles	25	3
840731		spark-ignition reciprocating piston engine, of a kind used for the propulsion of	25	0.1
840732		spark-ignition reciprocating piston engine, of a kind used for the propulsion of	25	-
840733		spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter	25	-
840734		spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter	25	1
840790		spark-ignition reciprocating or rotary internal combustion piston engine (excl.	25	1
840890		compression-ignition internal combustion piston engine ‘diesel or semi-diesel	25	19
871000		tanks and other armoured fighting vehicles, motorised, whether or not fitted with	100	-
There are no items with a tariff of 10–20% and imports of $1 mn or more				

Notes:
(a) Maximum MFN 2006, obtained from TRAINS database. No tariffs are available for 242 codes in this tranche which are not listed in the 2006 tariff schedule (which is in the 1988 version of the nomenclature). A further two items in this tranche are listed in the market access schedule without any codes at all.
(b) As given in the market access schedule.

Zimbabwe

Like the other ESA countries apart from Mauritius, Zimbabwe’s first tranche of liberalisation is in 2013 (Table 40). But its other two tranches begin a year later than the norm (in 2015) and, unusually, the liberalisation of final goods is completed one year earlier than that for intermediate goods.

Table 40. Summary of Zimbabwe market access schedule

	# lines	Average import value 2004–6 [a]		MFN 2003 [b]					CET [c]
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average* [d]	*# lines on which based* [e]	
Total trade		129,292	100%						
Goods to be liberalised in:									
2013	1,480	58,021	44.9%	0	60	13.0	12.0	1,468	0
2015-2023 (reductions in 2015, 2018, 2021, 2023)	1,882	19,027	14.7%	0	80	12.4	8.8	1,881	10
2015-2022 (reductions every year)	1,149	26,215	20.3%	0	100	28.4	23.0	1,068	25
Excluded goods:	716	26,029	20.1%	0	100	23.7	42.4	447	Not shown in schedule
	5,227	**129,292**	**100%**					**4,864**	

Notes:
(a) As given in the market access schedule.
(b) MFN tariffs could not be identified (from the 2003 Zimbabwe tariff schedule in TRAINS – the most recent available) for 363 lines in the schedule (accounting for 1% of the average value of imports 2004–6).
(c) The CET rate is included in the market access schedule (other than for the 716 excluded lines plus 1 other). There are preparatory periods for the CET to be achieved: for raw and capital goods (to be liberalised in 2013) this is 5 years (2008-2012); for the rest the schedule says 6 years, but then gives dates of 2008-2015 for intermediate goods (to be liberalised 2015-2023) and 2008-14 for final goods (to be liberalised 2015-2022).
(d) Where a range of tariffs applies to different items within the HS6 sub-head, the highest has been used.
(e) i.e. number of lines for which both MFN tariff and import value are known.

Again as with the other countries, the COMESA CET for the products to be liberalised in 2013 is zero but recent Zimbabwean tariffs on some goods have been much higher than this level. The trade-weighted average MFN tariff in 2003 for the goods to be liberalised in 2013 was 12%. Since 45% of the country's imports from the EU in 2004–6 fall into this category the impact could be significant. The highest trade-weighted average, though, is for the final goods which will not be fully liberalised until 2022.

Zimbabwe is excluding from liberalisation a basket of commodities which accounted for about one-fifth of its imports from the EU in 2004–6. Only a relatively small number of these are agricultural products (Table 41). And only two fall clearly into the highest tariff band. But since a full 38% of the items that are excluded have an unknown tariff it is not possible to draw any firm conclusions on the extent to which exclusions will mitigate the adjustment effects of the EPA. Three-quarters of those items for which the tariff is known have a rate of 10% or more. But 13 excluded items are totally duty free. Textiles, clothing and light manufactures head the list of excluded goods (Table 42).

Table 41. Summary of Zimbabwe exclusions

Excluded items	# lines
Total	**716** at HS6 sub-head level
Covered by WTO Agreement on Agriculture	68
Tariff unknown	269
In highest applicable tariff band	2 = 100%
Tariff 10% or more	350
Tariff less than 10%	82
Duty free	13

Table 42. Broad composition of Zimbabwe exclusions

HS2	Description	Share of total [a]
52	Cotton	18.0%
62	articles of apparel and clothing accessories, not knitted or crocheted	16.5%
61	articles of apparel and clothing accessories, knitted or crocheted	16.2%
82	tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	5.6%
40	rubber and articles thereof	4.1%
70	glass and glassware	4.1%
64	footwear, gaiters and the like; parts of such articles	3.9%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	3.2%
71	natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	2.8%
57	carpets and other textile floor coverings	2.5%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	2.5%
22	beverages, spirits and vinegar	2.4%
69	ceramic products	2.2%
90	optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.0%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.7%
10	Cereals	1.1%
11	products of the milling industry; malt; starches; inulin; wheat gluten	0.8%
41	raw hides and skins (other than furskins) and leather	0.8%
84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.8%
18	cocoa and cocoa preparations	0.7%
39	plastics and articles thereof	0.7%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	0.7%
21	miscellaneous edible preparations	0.6%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	0.6%

HS2	Description	Share of total [a]
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	0.6%
88	aircraft, spacecraft, and parts thereof	0.6%
96	miscellaneous manufactured articles	0.6%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.3%
17	sugars and sugar confectionery	0.3%
24	tobacco and manufactured tobacco substitutes	0.3%
35	albuminoidal substances; modified starches; glues; enzymes	0.3%
38	miscellaneous chemical products	0.3%
47	pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	0.3%
68	articles of stone, plaster, cement, asbestos, mica or similar materials	0.3%
76	aluminium and articles thereof	0.3%
83	miscellaneous articles of base metal	0.3%
08	edible fruit and nuts; peel of citrus fruits or melons	0.1%
09	coffee, tea, maté and spices	0.1%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.1%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.1%
37	photographic or cinematographic goods	0.1%
55	man-made staple fibres	0.1%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.1%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.1%
73	articles of iron or steel	0.1%
89	ships, boats and floating structures	0.1%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

The list of items to be liberalised in 2013 which had recent MFN tariffs in excess of 20% is so long that in Table 43 it has been necessary to aggregate them to the HS 2-digit level. Just over one-third of the chapters which include some items with tariffs exceeding 20% are agricultural products and in some cases (such as dairy produce, cereals and oil seeds) it is entirely possible that EU imports would compete with domestic production. Given the former sophistication of Zimbabwean industry it is also probable that some of the non-agricultural items that will be liberalised in 2013 are competitive with imports from the EU. However, in the light of the recent economic problems of Zimbabwe it is far from clear how great domestic production will be by 2013.

Table 43. Summary of Zimbabwe first-tranche liberalisations (2013)

HS2	# HS6 items aggre-gated	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
Aggregation of all (326) items with tariff over 20%					
01	16	Yes	live animals	30	46
02	50	Yes	Meat and edible meat offal	40	0.4
03	30		fish and crustaceans, molluscs and other aquatic invertebrates	40	0.01
04	3	Yes	dairy produce; birds' eggs; natural honey; edible products of animal origin,	40	0.1
05	9	Yes	products of animal origin, not elsewhere specified or included	40	4
07	39	Yes	edible vegetables and certain roots and tubers	40	2
08	42	Yes	edible fruit and nuts; peel of citrus fruits or melons	40	1
09	1	Yes	coffee, tea, mat+ and spices	40	0.1
10	1	Yes	Cereals	25	4,853
12	3	Yes	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit;	40	-
63	2		other made-up textile articles; sets; worn clothing and worn textile articles;	25	84
71	1		natural or cultured pearls, precious or semi-precious stones, precious	25	-
73	12		articles of iron or steel	40	46
76	2		aluminium and articles thereof	40	3
84	36		nuclear reactors, boilers, machinery and mechanical appliances; parts	40	1,985

HS2	# HS6 items aggre-gated	Cover-ed by AoA?	Description	Tariff [a]	Average imports 2004–6 ($000) [b]
85	35		electrical machinery and equipment and parts thereof; sound recorders and	60	3,264
86	10		railway or tramway locomotives, rolling-stock and parts thereof; railway or	25	1
87	11		vehicles other than railway or tramway rolling-stock, and parts and	40	370
89	3		ships, boats and floating structures	25	1
90	10		optical, photographic, cinematographic, measuring, checking, precision,	40	156
91	3		clocks and watches and parts thereof	25	2
94	1		furniture; bedding, mattresses, mattress supports, cushions and similar	25	34
95	2		Toys, games and sports requisites; parts and accessories thereof	40	1
96	1		Miscellaneous manufactured articles	30	0.002
97	3		works of art, collectors' pieces and antiques	40	10
Items with 15% tariff and imports of $1 mn or more					
100640		Yes	Broken rice	15	2,087
847149			Data-processing machines, automatic, digital, presented in the form of	15	1,620
847160			Input or output units for digital automatic data processing machines, whether	15	1,119
Items with 10% tariff and imports of $1 mn or more					
843143			Parts for boring or sinking machinery of sub-heading 8430.41 or 8430.49,	10	1,196

Notes:
(a) Maximum MFN 2003, obtained from TRAINS database. No tariffs are listed for 12 codes in this tranche.
(b) As given in the market access schedule.

Summary

It is hard to know how to conclude on ESA. The initial impression of the liberalisation schedules is that:

- the group is in several respects in a midway position between the West/Central African signatories on the one hand and EAC on the other:
  - unlike Ghana, Côte d'Ivoire and Cameroon, the EPAs are not wholly unrelated to other members of the emerging customs unions to which countries belong, but neither are they as closely linked as those of EAC;
  - the implementation period is shorter than that of EAC and, while it starts later than those of the West/Central African countries, the ESA states will need to bring their current tariffs into conformity with the CET before the EPA-related liberalisation begins;
- the islands in the group (especially the small ones) have a policy latitude not available to large mainland countries since the high proportion of imports in their consumption and the fact that most goods must enter via a sea or airport make it more feasible to replace tariffs with a sales tax, thus avoiding all of the revenue and some of the competition effects of 'liberalisation';
- when combined with the fact that the only 'mainland' signatory, Zimbabwe, has substantial economic problems likely to result in sharp, semi-permanent changes to its production structure, it is probably unrealistic to offer any 'ESA-wide impact assessment'; only detailed, country-specific analysis will throw light on the probable impact of the EPA;
- but the possible new obstacle to the COMESA customs union thrown up by the over-hasty forcing of precise definitions of products is worrying.

2.6 SADC

Group membership

As indicated above, the countries of SADC are now split into four groups: signatories to the SADC-minus EPA; signatories to the ESA EPA; one signatory to the EAC EPA; and non-signatories. This section covers only the four EPA signatory members of SACU – BLNS – and Mozambique.

A key task is to establish the scale of the differences in the liberalisation schedules agreed by these five signatories and by South Africa in the TDCA, and how soon will they emerge. The answers will determine how great a barrier EPAs have created to regional integration among signatories and between them and non-signatories. But the questions are not straightforward to answer.

The overlap between BLNS and TDCA commitments

There are major differences between the BLNS schedules and those in the TDCA for two reasons.

1. Whereas the BLNS schedules are established by reference to HS 2007, those of the TDCA use the 1996 version of the HS or earlier.
2. The TDCA has a 'negative list' whereas BLNS (like all the other African EPAs) have a 'positive list'. Under the former, any product not specifically listed in the schedules is liberalised on the entry into force of the agreement. In the latter, the agreement lists what is to happen to each and every item; if an item is not listed, no agreement has been made on making changes to the *status quo.*

As a result of these two differences, as many as 56% of the codes listed in the BLNS EPA are not listed in the TDCA. This makes it impossible to determine from these two documents alone the exact overlap. Further guidance has been obtained by comparing the BLNS EPA provisions with the tariff applied in 2006 by South Africa on imports covered by the TDCA (according to the tariff schedule available in the UNCTAD TRAINS database). Under the TDCA, South Africa agreed to liberalise in four tranches: on entry into force, in 2003, in 2005 and in 2012. In other words, all the liberalisation that South Africa is required to make under the TDCA has either already happened or will not happen until 2012.

Hence, any commitment made by BLNS to liberalise before 2012 an item that faced a positive TDCA tariff in 2006 must involve, by definition, a more rapid tariff removal than South Africa is required to make. In addition, BLNS have agreed to liberalise some goods after 2012. In cases where these will be liberalised by South Africa in 2012, the effect is to allow BLNS (*de jure* if not *de facto)* to liberalise more slowly than does South Africa. But if the items are goods on South Africa's exclusion list, the BLNS will have agreed to liberalise products that their partner has not agreed to liberalise fully. Unfortunately, observance of applied tariffs in 2006 does not indicate which of these two possibilities applies. This is the area in which the problems of relating the BLNS and TDCA commitments are likely to have the greatest operational significance.

BLNS have committed to liberalise in three tranches that end before or by 2012 as well as in a further four tranches all of which begin before 2012 but end afterwards. Because of the changes in the nomenclature, and the fact that the schedule is partly at 4-digit, partly at 6-digit and partly at 8–digit levels, it is not always possible to be certain how many of the items

listed in each tranche faced positive tariffs in 2006. But it is clear that there does exist some 'earlier-than-TDCA' liberalisation.

Some of the 4,161 items that BLNS will liberalised in 2008 (accounting for 55% of imports) and the 1,326 items to be liberalised 2008–2012 (12.2% of imports) faced tariffs in 2006 of up to 33.75% or specific duties. And all the items[18] in the tranche to be liberalised between 2008 and 2010 faced positive tariffs (of between 7.5% and 22.5%) in 2006.

Were South Africa autonomously to accept these commitments (or to sign an EPA) it would need either to establish differential transition tariffs for imports or it would need to bring forward its own liberalisation. It might object to this – but the EU may find difficult to accept the corollary that some items scheduled for full liberalisation by 2012 under the TDCA will not be liberalised by BLNS until 2018.

BLNS and TDCA liberalisation

Table 44 provides analogous information for BLNS to that provided on the other EPA signatories above. It has two sets to show the tariff *status quo* because this is different for Botswana, Lesotho and Swaziland (BLS) on the one hand and for Namibia on the other. It is understood that prior to the EPA goods originating in the EU were treated in one of two ways according to the country through which they first enter SACU. Those goods that enter SACU via the territory of Botswana, Lesotho, South Africa or Swaziland have been subject to the tariffs specified in TDCA. Those goods that enter via Namibia have been charged the MFN tariff set out in the SACU CET. But Namibia has not applied 'top-up' duties to EU-originating goods that enter its territory via another member and have paid a lower TDCA tariff than would have been the case had they been imported direct (and nor have BLS done so).

In other words, BLS were already applying the TDCA and will see tariffs fall further only to the extent that the EPA brings forward tariff cuts in the TDCA or extends them to products excluded from the TDCA. Namibia, by contrast, will experience a change in the tariff on all goods imported directly from the EU that face EPA liberalisation in 2008.

The great bulk of BLNS imports (by value) will either be liberalised by 2012 or are, as with the TDCA, industrial products subject to partial liberalisation. 55% of imports are to be liberalised in 2008 and by 2012 the liberalisation process will have been completed (as far as it goes) on 84% of the country's imports. Just 2.8% of goods are excluded from liberalisation altogether.

By 2012, therefore, the import policy of BLNS with respect to the EU is likely to be very similar to that of South Africa under the TDCA (although because of product classification problems noted above it is not possible to be absolutely certain that everything that BLNS will liberalise by 2012 is identical to what South Africa will liberalise under the TDCA). Just 67 items will be liberalised after 2012 (by 2018) and between them they account for only 0.8% of BLNS imports from the EU. A further four items will be 'frozen at 2007 TDCA tariff rates'. None is imported in significant values at the present. The corresponding tables for each of the four BLNS states are provided in Appendix 2. These show that Swaziland, in

[18] For which the TDCA tariff is known: but these are only 21 items accounting for 0.2% of imports from the EU.

Table 44. Summary of BLNS market access schedule

Tariff range	# lines	Import value (average, 2004–6) [a]		TDCA tariff (Botswana, Lesotho, Swaziland) [b]					MFN tariff (Namibia) [b]					
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average* [c]	*Trade weighted average* [c]	*# lines on which based* [d]	*Min.*	*Max.*	*Simple average* [c]	*Trade weighted average* [c]	*# lines on which based* [d]
Total trade in HS 1–97		**351,905**	**100%**										
of which, total in codes not listed in schedule [e]		48,888	13.9%	unknown	Unknown	unknown	unknown		unknown	unknown	unknown	unknown	
minus value of correlated codes [f]		-8,665	-2.5%										
Goods to be liberalised in:													
2008	4,161	193,453	55.0%	0	30 or spec.	0.1	0.06	2,937	0	55 or spec.	2.0	1.2	2,925
2008-2010	21	547	0.2%	7.5	22.5	15.2	7.6	15	10	30	20.3	20.2	15
2008-2012	1,326	42,985	12.2%	0	72 or spec.	11.2	11.1	822	0	96 or spec.	15.4	16.7	823
2008-2014	2	1	0.0%	25	25	25.0	0	2	25	25	25.0	25.0	2
2008-2017	16	136	0.0%	25	25 or spec.	25.0	0	11	25	25 or spec.	25.0	25.0	11
2011-2014	46	2,990	0.8%	0	23 or spec.	13.2	14.1	34	5	40 or spec.	22.5	9.5	34
2011-2018	3	140	0.0%	18.75	18.75	18.8	18.8	3	25	25	25.0	25.0	3
Excluded goods:													
Partial liberalisation [g]	831	58,645	16.7%	0	32	15.4	30.3	709	0	43	25.3	24.8	709
Frozen at 2007 TDCA rate [h]	4	13	0.0%	15	20.25 or spec.	17.6	15	2	20	27 or spec.	23.5	27.0	2
Excluded goods [i]	177	9,893	2.8%	0	96 or spec.	21.6	15.1	113	0	96 or spec.	22.0	12.4	113
Goods for which treatment not clear [j]	61	2,880	0.8%	0	23	4.7	6.0	30	0	40 or spec.	8.9	1.8	30
	6,648	**311,682**	**88.6%**					**4,678**					**4,667**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by BLNS, data reported by EU25 on their exports were used to mirror BLNS imports. Because the schedule is partly at 8-digit NTL level and partly at HS6/4, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value (which is at HS6 level) for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) No tariffs are shown in the market access schedule. 'TDCA tariffs' (used in the average tariff calculations for Botswana, Lesotho and Swaziland) were identified from the South African schedule of the 'Preferential tariff for European Union countries' in TRAINS (with any codes not listed there assumed to face the applied MFN rate). For Namibia applied MFN tariffs obtained from TRAINS were used. In each case, no tariffs could be identified for 585 of the lines in the schedule. Many of the TDCA tariffs which were identified are likely to be overstated because the latest tariff schedules available in TRAINS are for 2006 (and many EU preferential rates reduce annually).

(c) Where a range of tariffs applies to different items within an HS6 sub-head, the highest has been used in these calculations. Where the given tariff is, e.g., '10% or 100c/kg', the 10% *ad valorem* rate has been used.

(d) i.e. number of lines for which both an AV tariff and the import value are known. In many of the cases where import data are missing, this is because the value applying to each HS6 sub-head has been 'counted' only once.

(e) 150 codes in which BLNS had imports in 2004–6 do not appear in the BLNS market access schedule.

(f) i.e. the value/share of imports in codes missing from the market access schedule that it has been possible within the constraints of this study to correlate to codes which do appear in the market access schedule.

(g) i.e. goods categorised as Industry List 5, on which tariffs will be reduced but not removed.

(h) i.e. goods categorised as List 5, regime 1.

(i) i.e. goods categorised as Agriculture List 4 or Industry List 6.

(j) A list of these items can be found in Appendix 2, Table A2.6.

particular, and Namibia to a lesser extent, are the principal destinations for the goods which will not be liberalised until 2011–2014.

BLNS exclusions

Table 45 summarises the exclusion basket of BLNS, which account for 2.8% of the value of BLNS imports from the EU. Once again, figures are given separately for BLS on the one hand and Namibia on the other. Most items face tariffs of over 10% (and up to a possible 96%) but as with many other EPA signatories, there are some items on the list that are currently duty free. Clothing, textiles, motor vehicles, and a wide range of agricultural and manufactured goods make up the bulk of the list (Table 46).

Table 45. Summary of BLNS exclusions [a]

Excluded items	# lines	
Total	**1,012**	
Covered by WTO Agreement on Agriculture	105	
	Botswana, Lesotho, Swaziland	***Namibia***
Tariff unknown	53	53
Specific duty only	15	9
In highest applicable tariff band [b]	6 = 450c/kg with a maximum of 96% [c]	6 = 450c/kg with a maximum of 96% [c]
Tariff 10% or more [b]	716	837
Tariff less than 10% [b]	163	43
Duty free	59	56

Note:
(a) As shown in the BLNS summary tables, 'exclusions' include goods to be only partially liberalised, goods whose rates are to be frozen at the 2007 TDCA rate, and goods explicitly excluded from liberalisation.
(b) Only lines for which the tariff is known (i.e. because it is a simple *ad valorem*, or a specific duty with a maximum *ad valorem* rate) have been attributed to these tariff bands.
(c) This is assumed to be the highest applicable tariff – although it is possible that some of the other specific duties are in fact higher.

Table 46. Broad composition of BLNS exclusions

HS2	Description	Share of total [a]
52	Cotton	11.7%
62	articles of apparel and clothing accessories, not knitted or crocheted	11.0%
61	articles of apparel and clothing accessories, knitted or crocheted	9.3%
55	man-made staple fibres	8.5%
54	man-made filaments	7.4%
60	knitted or crocheted fabrics	5.8%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	5.0%
02	meat and edible meat offal	4.3%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	3.9%
59	impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	3.7%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	3.7%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3.5%
64	footwear, gaiters and the like; parts of such articles	2.7%
40	rubber and articles thereof	2.2%
51	wool, fine or coarse animal hair; horsehair yarn and woven fabric	2.1%
57	carpets and other textile floor coverings	2.1%
42	articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	1.9%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	1.9%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.4%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	1.3%
11	products of the milling industry; malt; starches; inulin; wheat gluten	1.2%
84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1.2%
98	*[No description]*	0.9%
17	sugars and sugar confectionery	0.6%

HS2	Description	Share of total [a]
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.5%
10	Cereals	0.4%
29	organic chemicals	0.4%
21	miscellaneous edible preparations	0.3%
28	inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.3%
83	miscellaneous articles of base metal	0.3%
19	preparations of cereals, flour, starch or milk; pastrycooks' products	0.2%
68	articles of stone, plaster, cement, asbestos, mica or similar materials	0.2%
70	glass and glassware	0.2%
23	residues and waste from the food industries; prepared animal fodder	0.1%
39	plastics and articles thereof	0.1%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	0.1%
Note: (a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.		

The first BLNS tranche

Table 47 lists all the items that the countries will liberalise this year and which face *ad valorem* tariffs of 20% or more and/or specific duties. All are fish and none is covered by the TDCA, which does not at present have a fisheries dimension. Consequently, by the start of 2009 BLNS will have EPA tariffs that are sharply lower than those being applied by South Africa for these goods.

Given that over half of the imports will be liberalised in 2008, the list is relatively short – but it covers only the items that will be liberalised by *all four* countries. There is a longer list for Namibia (in Appendix 2) reflecting the fact that it, alone, has not been applying the TDCA tariff rates. In other words the additional high-tariff products on which Namibia will liberalise are those that are necessary to bring its current regime on imports from the EU into line with the TDCA; it is only the additional reductions that all four BLNS countries have to make going beyond what has already been undertaken under the TDCA that are listed in Table 47.

Table 47. Summary of BLNS first-tranche liberalisations (2008)

Code	AoA?	Description	Applied MFN [a]	
			AV (%)	*Specific*
All items with tariff of over 20% (or a specific duty)				
030311		frozen sockeye salmon [red salmon] 'oncorhynchus nerka'	25	
030322		frozen atlantic salmon 'salmo salar' and danube salmon 'hucho hucho'	25	
160411		prepared or preserved salmon, whole or in pieces (excl. minced)		6c/kg
16041210		frozen	25	25% or 200c/kg
16041290		other		6c/kg
16041310		sprats (sprattus sprattus) in oil, in airtight metal containers		2,4c/kg net
16041315		sardinella (sardinella spp.), in airtight metal containers		2,4c/kg net
16041380		other, frozen	25	25% or 200c/kg
16041390		other		6c/kg
16041410		frozen	25	25% or 200c/kg
16041490		other		6c/kg
16041510		frozen	25	25% or 200c/kg
16041520		in airtight metal containers, not frozen		6c/kg
16041590		other		6c/kg
160416		prepared or preserved anchovies, whole or in pieces (excl. minced)	25	
16041920		horse-mackerel (trachurus trachurus), in airtight metal containers, not frozen		6c/kg
16041990		other		6c/kg
16042010		fish paste	25	16,5c/kg with a maximum of 25%
16042030		other anchovies	25	

Code	AoA?	Description	Applied MFN [a]	
			AV (%)	*Specific*
16042040		other sardines (pilchards) (sardinops spp.), mackerel and horsemackerel (trachurus trachurus), in airtight metal containers		6c/kg
16042090		other		6c/kg
16043010		caviar	30	
16043020		caviar substitutes	27	
16051080		other, in airtight metal containers		5,5c/kg
16051090		other		5,5c/kg
16052080		other, in airtight metal containers		5,5c/kg
16052090		other		5,5c/kg
16053090		other	30	
16054080		other, in airtight metal containers		5,5c/kg
16054090		other		5,5c/kg
16059020		other molluscs, in airtight metal containers		5,5c/kg
16059030		other molluscs		5,5c/kg
16059040		other aquatic invertebrates, in airtight metal containers		2,75c/kg
16059090		other		2,25c/kg
There are no items with a tariff of 10–20% in which any BLNS country had average imports of $1 mn or more in 2004–6.				
Note: (a) None of the items is covered by the TDCA.				

Mozambique: the broad picture

Unlike BLNS, Mozambique's commitments are not linked to the TDCA and can be analysed in the same way as for all the other African states and Tables 47–50 provide analogous information. There does exist one difference, though, between the approach of the Mozambique agreement and the others, and this concerns the exclusions from liberalisation. The Mozambique agreement does not provide a positive list of exclusions. Rather, it lists 2,116 lines of which 85 (accounting for almost 9% of imports) are already duty free, 1,966 (accounting for 50.8% of imports) will be liberalised in 2008 and 65 (accounting for 2.6% of imports) will be liberalised in 2018. This leaves 3,268 items at the 8-digit level (falling into 3,187 HS6 sub-heads) that are not listed in the agreement. The text of the agreement states that only the items listed are to be liberalised and for everything not included 'applicable duties will continue to apply'.

Mozambique's liberalisation is summarised in Table 48, which shows almost all liberalisation taking place in 2008 with implementation completed by 2018. This eleven-year implementation period is the shortest of any EPA, and it is the most heavily front loaded: 51% of imports (all facing positive tariffs, with a trade-weighted average of 6.8%).

On the other hand, it *appears* that a much higher proportion of imports are excluded from any liberalisation. Of the 3,268 items missing from the agreement, only 33 are already duty free (and they account for only 0.01% of the country's imports in 2004–6 from the EU). It follows that, unless there are pages missing from the version of the EPA analysed by ODI, that 37.7% of Mozambique's imports from the EU will remain unliberalised at the end of the implementation period.

Because this apparently excluded share is so high, we have checked whether the explanation is to be found in the trade data source used. As explained in Section A1.3 on methodology, in all cases of regional agreements we have used the same data source for each country to enhance the comparability of the results across the region. Hence, in all cases where one or more members are not (recent) reporters to Comtrade (or do not report in a recent version of the nomenclature) we have used mirror data for all countries. In the case of SADC, since

Lesotho is not a recent reporter and Botswana and Swaziland have reported in H1 (1996), we have used mirror data for all five states, including Mozambique.

If, instead of using mirror data, the analysis is made using the data reported by Mozambique to Comtrade, the figure for the share of imports not covered by the EPA is different – but not by much. Instead of 37.8% of imports being apparently excluded from liberalisation commitments, the figure becomes 33.5%. This is still very high by comparison with all the other EPAs. Interestingly, use of this alternative data source also reduces slightly the proportion of trade on which tariffs will be cut in 2008 (to 48.6%) because a larger share (16%) is already duty free.

Table 48. Summary of Mozambique market access schedule

	# lines	Import value (average, 2004–6) [a]		MFN tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average*	*Trade-weighted average*	*# lines on which based* [c]
Total trade in HS 1–97		**267,758**	**100%**					
Already liberalised [d]	85	23,613	8.8%					
Goods to be liberalised in:								
2008	1,966	135,971	50.8%	2.5	25	10.6	6.8	1,898
2018	65	6,936	2.6%	2.5	25	21.1	13.6	59
Excluded goods [e]	3,268	101,239	37.8%	0	25	13.1	13.5	3,187
	5,384	**267,758**	**100.0%**					**5,144**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by the SADC-minus EPA group, data reported by EU25 on their exports were used to mirror Mozambique's imports. Because the schedule is at 8-digit NTL level and the trade data are at HS6, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) As given in the market access schedule, augmented by data from TRAINS (see note (e)).

(c) Although tariffs and import data are available for all lines, because the import values have been attributed to one occurrence of each HS6 sub-head only, the number of lines on which the trade-weighted tariff could be calculated is still fewer than the number of lines in the market access schedule.

(d) The market access schedule includes 85 lines for which no liberalisation date is shown, and for which the current tariff is zero.

(e) The market access schedule lists only the 2,116 items to be liberalised (or, in 85 cases, which have already been liberalised – see note (c)). The remaining codes, which are to be excluded from liberalisation, and their tariffs were identified from the 2006 tariff schedule in TRAINS.

Mozambique exclusions

These 'apparent exclusions' are summarised in Table 49, with more detail provided in Table 50. Somewhat under half of the excluded items face tariffs of 25% (the highest level) but over half face tariffs of less than 10%. The HS chapter summary of the exclusions in Table 50 shows the chapters with the greatest number of excluded items appear to be industrial inputs (chemicals, iron and steel) together with various items for which exclusion aims to protect domestic production (clothing, fish, vegetables, and processed agriculture) plus items such as vehicles for which tariffs are probably revenue raising.

Table 49. Summary of Mozambique exclusions

Excluded items	# lines
Total	**3,268** at 8-digit NTL level, falling into 3,187 HS6 sub-heads
Covered by WTO Agreement on Agriculture	592
In highest applicable tariff band	1,323 = 25%
Tariff 10% or more	—
Tariff less than 10%	1,912
Duty free	33

Table 50. Broad composition of Mozambique exclusions

HS2	Description	Share of total [a]
29	organic chemicals	9.2%
72	iron and steel	5.1%
28	inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	4.6%
52	Cotton	4.0%
62	articles of apparel and clothing accessories, not knitted or crocheted	3.6%
61	articles of apparel and clothing accessories, knitted or crocheted	3.5%
73	articles of iron or steel	3.4%
03	fish and crustaceans, molluscs and other aquatic invertebrates	2.9%
87	vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	2.8%
55	man-made staple fibres	2.3%
25	salt; sulphur; earths and stone; plastering materials, lime and cement	2.2%
38	miscellaneous chemical products	2.0%
07	edible vegetables and certain roots and tubers	1.8%
70	glass and glassware	1.8%
84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1.7%
63	other made-up textile articles; sets; worn clothing and worn textile articles; rags	1.7%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1.7%
71	natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	1.6%
02	meat and edible meat offal	1.6%
20	preparations of vegetables, fruit, nuts or other parts of plants	1.6%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1.5%
96	miscellaneous manufactured articles	1.5%
68	articles of stone, plaster, cement, asbestos, mica or similar materials	1.4%
32	tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	1.4%
81	other base metals; cermets; articles thereof	1.4%
95	toys, games and sports requisites; parts and accessories thereof	1.2%
94	furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, nesoi; illuminated signs, illuminated name-plates and the like; prefabricated buildings	1.2%
26	ores, slag and ash	1.1%
37	photographic or cinematographic goods	1.1%
33	essential oils and resinoids; perfumery, cosmetic or toilet preparations	1.1%
51	wool, fine or coarse animal hair; horsehair yarn and woven fabric	1.1%
04	dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.0%
64	footwear, gaiters and the like; parts of such articles	1.0%
08	edible fruit and nuts; peel of citrus fruits or melons	1.0%
12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	1.0%
60	knitted or crocheted fabrics	0.9%
69	ceramic products	0.9%
41	raw hides and skins (other than furskins) and leather	0.9%
11	products of the milling industry; malt; starches; inulin; wheat gluten	0.8%
16	preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0.8%
23	residues and waste from the food industries; prepared animal fodder	0.8%
34	soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	0.8%
54	man-made filaments	0.8%
86	railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	0.7%
74	copper and articles thereof	0.6%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.6%
93	arms and ammunition; parts and accessories thereof	0.6%
09	coffee, tea, maté and spices	0.6%
58	special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.6%
05	products of animal origin, not elsewhere specified or included	0.6%

HS2	Description	Share of total [a]
22	beverages, spirits and vinegar	0.6%
40	rubber and articles thereof	0.6%
01	live animals	0.5%
21	miscellaneous edible preparations	0.5%
88	aircraft, spacecraft, and parts thereof	0.5%
47	pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	0.5%
53	other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.5%
91	clocks and watches and parts thereof	0.5%
17	sugars and sugar confectionery	0.4%
35	albuminoidal substances; modified starches; glues; enzymes	0.4%
48	paper and paperboard; articles of paper pulp, of paper or of paperboard	0.4%
75	nickel and articles thereof	0.4%
13	lac; gums, resins and other vegetable saps and extracts	0.4%
39	plastics and articles thereof	0.4%
65	headgear and parts thereof	0.4%
90	optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.4%
10	cereals	0.3%
44	wood and articles of wood; wood charcoal	0.3%
43	furskins and artificial fur; manufactures thereof	0.3%
31	fertilisers	0.3%
14	vegetable plaiting materials; vegetable products nesoi	0.2%
24	tobacco and manufactured tobacco substitutes	0.2%
50	silk	0.2%
67	prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	0.2%
36	explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	0.2%
66	umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	0.2%
89	ships, boats and floating structures	0.2%
92	musical instruments; parts and accessories of such articles	0.2%
97	works of art, collectors' pieces and antiques	0.2%
06	live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.2%
59	impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	0.2%
57	carpets and other textile floor coverings	0.2%
83	miscellaneous articles of base metal	0.2%
56	wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.1%
79	zinc and articles thereof	0.1%
76	aluminium and articles thereof	0.1%
78	lead and articles thereof	0.1%
80	tin and articles thereof	0.1%
18	cocoa and cocoa preparations	0.1%
30	pharmaceutical products	0.1%
45	cork and articles of cork	0.1%
46	manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0.0%

Note:
(a) Number of excluded lines within HS chapter as a proportion of total number of excluded lines.

The first Mozambique tranche

Table 51 summarises the products in the first tranche of liberalisation. Because such a large proportion of imports is to be liberalised in this first, immediate tranche, the table presents data aggregated to the HS2 level as the only practical way to present such a long list. The product groups in which the largest number of items will be liberalised are fruits, plastics, rubber and leather, paper, textiles, electrical machinery, optical goods and clock/watch parts.

Table 51. Summary of Mozambique first-tranche liberalisations (2008)

HS2	# 8d items aggre-gated	Cover-ed by AoA?	Description	Average imports 2004–6 ($000) [a]
Aggregation of all (507) items with tariff over 20% (tariff is 25% in all cases) [b]				
02	6	Yes	meat and edible meat offal	5
07	1	Yes	edible vegetables and certain roots and tubers	2
08	23	Yes	edible fruit and nuts; peel of citrus fruits or melons	35
09	8	Yes	coffee, tea, mat+ and spices	8
10	1	Yes	cereals	-
12	3	Yes	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	-
18	2	Yes	cocoa and cocoa preparations	0.4
20	4	Yes	preparations of vegetables, fruit, nuts or other parts of plants	1
35	1		albuminoidal substances; modified starches; glues; enzymes	17
36	1		explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	-
39	29		plastics and articles thereof	1,335
40	17		rubber and articles thereof	1,050
42	20		articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	143
43	2		furskins and artificial fur; manufactures thereof	-
44	6		wood and articles of wood; wood charcoal	7
46	4		manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	2
48	37		paper and paperboard; articles of paper pulp, of paper or of paperboard	522
49	7		printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	327
50	2		silk	-
51	2		wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.2
53	3		other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	-
54	25		man-made filaments	56
55	19		man-made staple fibres	52
56	1		wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	-
57	18		carpets and other textile floor coverings	46
58	22		special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	24
59	1		impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	1
60	14		knitted or crocheted fabrics	30
62	1		articles of apparel and clothing accessories, not knitted or crocheted	0.3
63	3		other made-up textile articles; sets; worn clothing and worn textile articles; rags	58
73	2		articles of iron or steel	565
74	4		copper and articles thereof	1
76	4		aluminium and articles thereof	272
78	1		lead and articles thereof	-
79	1		zinc and articles thereof	
80	1		tin and articles thereof	-
82	18		tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	202
83	10		miscellaneous articles of base metal	345
84	19		nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	796
85	80		electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	1,988
89	4		ships, boats and floating structures	2
90	34		optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	166
91	29		clocks and watches and parts thereof	84
92	16		musical instruments; parts and accessories of such articles	12
96	1		miscellaneous manufactured articles	4
There are no items with a tariff of 10% or more				

Notes:

(a) Mirror data from Comtrade. The values shown are likely to be understated as the full value of imports in any HS6 sub-head has been attributed to the latest tranche into which any of its components fall (or to the exclusion list if applicable); hence no values are recorded in this, earliest, tranche if items within the same HS6 sub-heads also fall into later tranches/the exclusion list..

As a result of its EPA liberalisation Mozambique will lose theoretical revenue of $10 million. Unsurprisingly, given the front loading of the liberalisation, 91% of this loss will take place in 2008.

2.7 Overlap of regional liberalisation/exclusion

One recurrent concern expressed during the EPA negotiations was that countries in the same economic region might liberalise different baskets of products and so create new barriers to intra-regional trade in order to avoid trade deflection. Is this concern been upheld by the agreed schedules?

The EAC, Cameroon, Côte d'Ivoire and Ghana *schedules* do not cause concern in this respect – but only in the case of the first of these is this for positive reasons. The *status quo* in West Africa is clearly incompatible with a regional customs union but the Commission has indicated that it would be willing to re-negotiate the schedules in the context of a broader ECOWAS EPA (although, as explained in Sections B2.1 and B2.3, this raises some major practical difficulties unless it happens soon). In that sense the current schedules of Côte d'Ivoire and Ghana are irrelevant. In CEMAC only Cameroon has signed an EPA so, by definition, its schedules cannot be incompatible with any other EPA signatory. And that is the problem for Central and West Africa: the current EPAs are at the extreme end of the 'disruption to intra-regional trade' spectrum. Because most countries in the region do not currently belong to an EPA and will reduce none of their tariffs towards the EU, the incompatibility between their trade regime and those of Cameroon, Côte d'Ivoire and Ghana will be maximised. Whilst the schedules do not cause concern the (lack of) membership of the EPAs does do so.

In the case of EAC, by contrast, all members have joined the EPA and have accepted identical liberalisation schedules. If these are implemented fully and in a timely way economic integration will have been reinforced.

The oft-mentioned concern over dissimilar liberalisation schedules is relevant, therefore, mainly to ESA and SADC. Tables 52 and 53 indicate the overlap in the exclusion baskets respectively of ESA and SADC. The reason for focusing on the exclusions is that it provides a handle on which EU goods, by the end of the implementation period, will face zero duties and which will face the standard MFN tariff. If different goods are excluded, some members of the regional group will be levying positive duties on an item that another member is importing duty-free.[19]

Table 52 shows considerable dissimilarity in the ESA exclusion baskets. There is not a single item that is being excluded by all five countries and over three-quarters are being excluded by just one. Table 53 paints a similar picture. Since the BLNS schedules are identical the point of comparison is between these on the one hand and those of Mozambique on the other. After taking account of non-reconcilable differences in the nomenclatures used in the schedules (see table notes), just one-fifth of the items are being excluded by both parties.

[19] Other things being equal. It is always possible, of course, that the excluding country will autonomously decide at some point in the future to remove its tariff on EU imports of the item.

Table 52. Summary of ESA exclusions

	HS6 sub-heads	
	Number	*Proportion*
# HS6 sub-heads which are excluded by any country [a]	**1,347**	**100%**
of which:		
excluded by 5 countries	-	0%
excluded by 4 countries	9	1%
excluded by 3 countries	45	3%
excluded by 2 countries	227	17%
excluded by 1 country only	1,066	79%

Note:

(a) All countries' exclusions are set at HS6, except for 7 of Comoros's (five of which fall into HS 330129, one into 330190 and one into 870831). 1,260 of the excluded codes are currently valid. 83 (five of Comoros's, 16 of Madagascar's, eight of Mauritius's, seven of Seychelles's and 51 of Zimbabwe's) are in codes which are not now valid (72 appear to have ceased to be valid at end 2006, seven at end 2001, and four at end 1995). Four of Comoros's exclusions are in 6-digit codes which don't appear ever to have been valid in the HS.

Table 53. Summary of SADC-minus exclusions [a]

	HS6 sub-heads	
	Number	*Proportion*
# comparable HS6 sub-heads which are excluded by either party [b]	**3,134**	**100%**
of which:		
excluded by both BLNS and Mozambique	649	21%
excluded by one party only	2,485	79%

Note:

(a) The 1,012 BLNS items excluded from full liberalisation are at a mixture of 8-digit NTL level (289) and HS6 (723), falling into 869 different HS6 sub-heads. Of these, 97 also contain elements which are to be liberalised. The Mozambique market access schedule is entirely at 8-digit NTL level, and does not list exclusions. These have been identified from the Mozambique tariff schedule as 3,268 NTL codes falling into 3,187 different HS6 sub-heads, 22 of which also contain elements which are being liberalised.

(b) **This includes only HS6 sub-heads which were valid in both 2006 and 2007**. Since the BLNS market access schedule is in HS 2007, and the Mozambique schedule in HS 2002, there are a number of incomparable codes. The BLNS exclusions include 21 codes which came into existence only in 2007 (and which therefore cannot appear in the Mozambique schedule), whilst the Mozambique exclusions include 252 codes that ceased to be valid at end 2006 (which cannot appear in the BLNS schedule). Thus, whilst a total of 3,407 different HS6 sub-heads are included in the two parties' exclusion lists, only 3,134 of these are 'comparable'.

3. Summary of key similarities and differences

Section A2 has provided a great deal of detail on the broad features of the liberalisation schedules for each country. These provide both a point of entry for subsequent more detailed, country- and issue-specific study but also some apparent 'patterns' about common features of all the EPAs and specific areas of dissimilarity. As explained in Section A1, the identification of patterns in such complex and detailed schedules necessarily involves judgements about the relative importance of different elements. This subjective dimension is even greater when attention shifts from the schedules to the main texts. The schedules are unambiguous: if a tariff currently at 10% is to be removed within three years, the nature of the agreed action is clearly demarcated and the broad methodology for assessing the possible effects is one that is widely used and clearly understood. There may still be wide variations between different estimates of the potential effects because of the need to take account of many contextual factors – but at least the starting point and the absolute scale of the agreed changes is known.

As explained in Section A3.2 below, this initial area of certainty does not always apply to parts of the main texts. Whilst *any* painting of patterns necessarily involves normative judgements, we can be more definitive on the key features and potential implications of the tariff reduction schedules than in relation to the main text provisions. The impact of the latter will become clear only over time in the light of circumstances. All that can be done in this report is to sensitise observers to similarities and those differences that *might* turn out to be important.

Accordingly, the next sub-section identifies some key features of the liberalisation schedules. It is followed by a review of what appear to the authors to be significant provisions in the main texts.

3.1 Liberalisation schedules

Table 54 identifies five key features of the liberalisation schedules and, in relation to each of these, aggregates the African states analysed in Section A2 into one of three categories. The five features are the time period over which liberalisation will be implemented, the date at which countries will start to remove tariffs on goods that are not already duty free, the extent to which the early tranches of liberalisation remove high tariffs on goods that the EU can export and which might compete with domestic production, the 'hypothetical revenue loss' in the early tranches, and the relative size of the exclusion basket. Some categories are defined in wholly objective terms (such as the duration of implementation or size of the exclusion basket). Others involve an element of judgement by the authors (notably the adjustment and revenue impact of the early tranches). Between them they aim to provide a picture of how quickly and extensively the EPAs will begin to 'make a difference'. This is an essential starting point for identifying the support that countries need both to take advantage of new opportunities (see Section A4) and to help them adjust to the competitive and revenue shocks.

There are two clear groups of countries in terms of the speed with which tariffs are to be removed. At one extreme is EAC, which has over 20 years implementation and need not remove any existing tariffs for over six years, but all of the ESA countries apart from Mauritius are also able to defer any 'EPA induced' liberalisation for over six years. At the other extreme are SADC, Côte d'Ivoire, Ghana, and Mauritius, which have the shortest implementation periods and must start reducing existing tariffs within two years. Côte d'Ivoire, for example, will have removed completely tariffs on 60% of its imports from the EU two years before Kenya even begins to start reducing its tariffs as part of the EPA; Ghana will have liberalised completely 71% of its imports by the time Kenya is three years into this process which, after a further six years, will result in 39% of its imports being duty free.

When account is taken of the front loading of high-tariff goods Côte d'Ivoire remains one of the countries that will need to adjust most rapidly and is joined by BLNS, Mozambique, Seychelles and Zimbabwe. The majority of countries face a severe short-term revenue shock unless the hypothetical figures greatly overstate the level of duties currently collected. BLNS are included in the table for the sake of completeness but, of course, their revenue is determined by the SACU revenue-sharing formula and will be barely affected directly by the EPA. Were the EPA to lead, though, to the dissolution of SACU (which cannot be ruled out though hopefully it is not probable), the revenue effects would be very, very severe. These countries apart, only Cameroon, Comoros, Ghana and Mauritius will avoid losing about one-third of their revenue on tariffs levied on EU goods soon after they begin to liberalise. Since the start date for liberalisation varies, it is Côte d'Ivoire and Mozambique that will be hit most and soonest.

The countries with the smallest exclusion baskets are all special cases. The BLNS EPA has been heavily influenced by the TDCA, whilst Mauritius and Seychelles, as island economies that import a high proportion of consumed goods, have alternative instruments available to them that will be less effective in other countries. The key distinction to be made, therefore, is between the five states that are empowered by the EPA to exclude from liberalisation 15–20% of their imports and the eight that can exclude over 20%.

Mozambique (37.8% of imports excluded) and EAC countries have been italicised to emphasise that in both cases there are 'missing data' and that they have been treated differently in this table. The EAC text specifically identifies a list of excluded products which, in Kenya's case, accounted for 19.4% of its imports; the problem is that the schedules do not mention in any of the lists (for liberalisation or exclusion) a large number of products. The Mozambique text does not list exclusions; it states that any item not listed for liberalisation will continue to face the 'applicable duties'; the goods not listed for liberalisation accounted for 37.8% of imports.

No clear pattern can be identified that the poorer countries have longer to adjust than the richer ones. Some of the richer countries among the list have to adjust quickly – but so do some of the poorest. The picture that emerges is entirely consistent with the hypothesis that countries have the deal that they could negotiate: that countries able to negotiate hard with a knowledge of their interests obtained a better deal than those lacking these characteristics.

Table 54. Comparison of liberalisation schedules

Duration	**15 years or fewer**	**16–20 years**	**20+ years**
	BLNS Comoros Côte d'Ivoire Ghana Madagascar Mauritius Mozambique Seychelles	Cameroon Zimbabwe	All EAC
Liberalisation starts for positive-tariff goods	**2 years or fewer**	**3–5 years**	**6+ years**
	BLNS Côte d'Ivoire Ghana Mauritius Mozambique	Cameroon	All EAC Comoros Madagascar Seychelles Zimbabwe
Impact of early tranche(s)	**High**	**Medium**	**Low**
Adjustment	BLNS Côte d'Ivoire Mozambique Zimbabwe Seychelles	Ghana Madagascar Mauritius	All EAC Cameroon Comoros
	30%+	**10–30%**	**Under 10%**
Revenue	Burundi Côte d'Ivoire Kenya Madagascar Mozambique Rwanda Seychelles Tanzania Uganda Zimbabwe	Cameroon Comoros Ghana Mauritius Namibia	Botswana Lesotho Swaziland
Exclusions	**Under 15%**	**15–20%**	**20+%**
	Lesotho Mauritius Namibia Seychelles Swaziland	Côte d'Ivoire *Kenya* *Uganda* Comoros Madagascar	Botswana *Burundi* Cameroon Ghana *Mozambique* *Rwanda* *Tanzania* Zimbabwe

3.2 The EPA main texts

As explained above, not only are the main texts lengthy and complex; their impact will depend on the relationship between the precise wording (and how it is interpreted) with the

exact circumstances in which they might be actioned. Three examples, two related to food security (an area of considerable public interest) and one to the controversial 'MFN clause' illustrate the issues.

The three analytical problems

All three involve several analytical difficulties but each illustrates particularly well one of three generic problems. The first illustrates a 'problem of scope': whilst the nature of the commitment is clear it is difficult to foresee how frequently it might limit the freedom of manoeuvre of countries. The second illustrates a 'problem of interpretation': whether or not a particular clause is valuable depends not only on how it is interpreted but also on how other clauses are applied. The third illustrates a 'problem of options': it is clear how the provision might constrain certain actions but not whether or not the constraint can be sidestepped or its desirability.

Problems of scope

At the end of February 2008 Tanzania imposed an export ban on agricultural commodities in the face of a domestic shortage of cereals. Whilst such a ban is legal under its EPA which – uniquely – permits the ACP parties to impose quantitative restrictions on the export of food in cases of domestic food shortage for the preservation of food security, it would be illegal under the others. Such a ban imposed in the future by a signatory of any other EPA would be a contravention of the terms of the agreement and, potentially, result in penalties being imposed under the dispute settlement provisions.

What this report can do is to identify the fact that only one EPA has provisions allowing an export ban, but this goes only so far.

- There may be some other areas where the EPA text restricts policy space that have been overlooked because they are covered by very general clauses, the implications of which are only apparent if one thinks in each and every case of all the possible future actions that might be covered. Would we have spotted the uniqueness of the EAC provision (and the blanket prohibition of export restrictions in all other cases) had Tanzania not imposed the ban whilst this report was being written? How many other cases of policy space restriction have been overlooked? The recent history of WTO dispute settlement is replete with examples of how countries have discovered that provisions in the Uruguay Round texts they agreed in the confident expectation that current policies complied have turned out to require policy to be changed.
- Does the ability to prohibit exports actually matter? The Tanzania ban is reported to have had no impact because there are no surplus stocks to be exported. In cases where such a ban might be considered politically expeditious is it likely that it will have any practical effect? If not, then what is being prohibited by all the EPAs other than that of EAC is not the ability to protect food security but the ability to undertake 'gesture politics' in a situation that can be resolved in practice only by increasing supply (probably in the short term through imports).

Problems of interpretation

The second example relates to provisions in the EPAs on pre-emptive safeguards. The Cameroon, Ghana and Côte d'Ivoire EPAs (and that of CARIFORUM) allow the countries to

impose pre-emptive safeguards to limit imports in defence of food security. The EAC, ESA and SADC texts make no such provision.

Whilst this report can draw attention to this difference, it cannot demonstrate its operational importance which will be influenced by several other key factors.

- *Legal interpretation:* do the food security safeguard clauses actually add freedom of manoeuvre to the more general pre-emptive safeguard provisions in all of the EPAs, or are they merely a public relations feature emphasising that the provisions apply to food security as well as to all the other justifiable triggers?
- *Administrative interpretation:* this is related to another imponderable – if a pre-emptive safeguard is imposed by an ACP state, how will the terms (in either the food security or the general clauses) be interpreted if the case goes to dispute settlement? Both the food security and the general pre-emptive safeguard clauses limit action to 200 days, so there is no difference on this point. And phraseology such as is found in the ESA general clause would seem to cover food security as well as other issues: measures can be taken where imports cause 'or threaten to cause…disturbances in a sector … particularly where these … produce major social problems ... or … the markets of agricultural like or directly competitive products …' (Article 21:2).
- *Political demand:* this leads in turn to the most fundamental question: why have African countries not used WTO safeguards in the past? If the answer is either that full MFN tariffs provide sufficient protection or that the WTO procedures are too unwieldy, the EPA provisions could be operationally important. Because countries are removing MFN tariffs on some agricultural goods from a substantial exporter it is more likely that food security safeguards might be needed, and the pre-emptive provisions of the EPAs appear to be much easier to apply. If, by contrast, the reason is that governments either are unaware of the problem or choose in favour of cheaper food for consumers rather than higher prices for producers, the pre-emptive safeguard clauses are irrelevant.

Problems of 'options'

A feature of the EPAs that has attracted much attention is the 'MFN Clause' which is in all of the EPAs, although the SADC, CARIFORUM, and PACP texts make provision for possible 'mutually agreed' exemptions. It requires any tariff preferences granted to other 'major trading economies' (defined as economies accounting for a share of world merchandise exports above 1%) automatically to be granted to any party of the EPA. It has been criticised for constraining future ACP FTAs with emerging economies like India or China.[20]

This report can make a number of clear observations. These include the fact that such a clause is unique for the EU: it is not to be found in its FTAs with South Africa, Mexico, Chile or, as far as the authors are aware, any other EU trade agreement. Part B cites Commissioner Michel's mercantilist explanation for the MFN clause that '… it's also a question of sovereignty for Europe…. It is difficult to say that Europe should let our partner countries treat our economic adversaries better than us. We are generous but not naïve.'

[20] See for instance Dièye and Hanson, "MFN provisions in EPAs: a threat to South-South trade?", *Trade Negotiations Insights*, vol.7, no.2, March 2008; and for a Namibian perspective, Rumpf, "Accommodating regional realities: practical issues and challenges for the EPA negotiations", *Trade Negotiations Insights*, vol.7, no.3, April 2008, www.acp-eu-trade.org/tni .

On the other hand the MFN clause is a symmetrical restriction of policy space in the sense that both parties are obliged to extend to the other improvements in treatment. The EU is not exempt from this obligation because it has already granted DFQF. To quote the phraseology in the EU-ESA text the clause applies to '… the subject matter covered by this Chapter …' (Article 16). The chapter covers a range of subjects; Article 13, for example, covers rules of origin (RoO). It would appear, therefore, that were the EU to offer less constraining origin rules in a future agreement with a non-ACP state it would have to extend these to the ACP. The chapter also covers safeguards and standstill.

But, simply establishing these features does not answer the question of how powerfully it will limit ACP freedom of manoeuvre since this also depends on other, unpredictable factors. These include the following.

- Will any future ACP-South trade agreements be notified to the WTO under Article 24 and described as 'free trade agreements'; the parties would appear to have the option of presenting them under the Enabling Clause as preferential accords, in which case it would appear that the MFN clause might not apply?
- In any negotiations with an industrialised country (for which the Enabling Clause is not an option) will the MFN clause constrain ACP options (by increasing the adjustment costs of any 'concessions') or expand them (by helping the country to defuse unwanted demands since the exporters of the *demandeur* will have to share any gains with those from the EU)?
- Is the option that is foregone, of restricting improved access granted to another industrialised country, economically advantageous (because it minimises adjustment costs) or disadvantageous (because it causes trade diversion)?

Comparison across the board

This report deals with these problems of drawing definitive conclusions from the textual analysis in the following way. It provides summary information and analysis on all the main provisions but then focuses on those provisions where there are significant differences between the EPAs.

An issue-by-issue summary of the main provisions of the EPAs is provided in Appendix 3, Tables A2.1 (CARIFORUM, CEMAC, Ghana and Côte d'Ivoire) and A2.2 (PACP, ESA, EAC and SADC).This is organised according to the area of provision (approach, time frame, review clause, RoO etc). The 'raw material' in Appendix 3 is used in Appendix 4 to provide a systematic comparison between the accords.

Each of the 'areas of provision' is taken in turn and Appendix 4 records the results of a comparison of the provisions in the different agreements ranked according to 'restrictiveness'. To facilitate comparison, the table includes PACP and CARIFORUM as well as the African EPAs, and also provides information on whether there exist comparable provisions in the EU's trade agreements with South Africa and Mexico and, if so, whether these are more or less restrictive than those in the EPAs.

'Restrictiveness' is put forward as a neutral measure. Depending on the perspective of the observer, restrictiveness can be viewed as good or bad. Some see EPAs primarily as a method of helping ACP countries to integrate better into the world economy by aligning their domestic prices more closely to international ones and by moving to broader-based taxation systems. From this perspective, it is advantageous for the texts to be 'restrictive' in the sense that we use it: to limit the opportunity of governments to avoid or delay implementing the

commitments that they have made. The opposite view is that the economic policies fostered by EPAs are developmentally undesirable. From this perspective, the greater the latitude offered by the detailed provisions of the texts the better, since it may allow some ACP to avoid some of the more egregious consequences foreseen from EPAs. A third view is that EPAs are largely irrelevant to the economic challenges faced by the ACP and, if they are justified, it is by virtue of avoiding the problems being made worse by the ending of preferences. From this perspective, too, less restriction is better than more since the main danger of EPAs is that they may 'get in the way' of tackling the real problems.

The rows, of course, are not of equal weight to all observers, but in order to determine whether or not there exist any clear patterns over the degree of restrictiveness they need to be combined in some way. Purely for the purposes of making this determination, the table in Appendix 4 shows, section by section, how frequently an EPA appears in each of the three columns indicating low, medium or high restrictiveness.

Table 55. 'Restrictiveness' scores for the nine EPAs [a]

	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA
CARIFORUM	34%	17%	49%
CEMAC	45%	15%	39%
Côte d'Ivoire	39%	24%	36%
EAC	44%	4%	52%
ESA	38%	25%	38%
Ghana	39%	24%	36%
PACP	58%	14%	29%
SADC	33%	30%	36%

Note:
(a) Percentage of total appearances in each EPA restrictiveness column in the table in Appendix 4.

Table 55 aggregates these 'scores' without any weighting primarily to demonstrate that there is no apparent 'overall' pattern; possibly patterns would emerge if some sections of the texts were selected as more important than others, but scrutiny of Appendix 3 suggests that even such a normative approach is unlikely to produce across-the-board generalisable conclusions. In many cases, the proportion of an EPA's unweighted aggregate scores in the 'least restrictive' category is similar to that in the 'most restrictive'. Apart from PACP, which appears to be at the 'least restrictive' end of the spectrum, and CARIFORUM which, to a lesser extent, is 'more restrictive', most of the differences are as likely to be due to the share of items in the middle, indeterminate category as any other factor.

More noteworthy is the fact that the TDCA and EU-Mexico FTA are less restrictive in several respects. Not only do neither have an MFN clause but also they contain no standstill clause, no sanctions in case of a lack of administrative cooperation, and no time restrictions for pre-emptive safeguards. But they are also more restrictive in some areas: no multilateral exclusion from AoA safeguards, shorter maximum infant industry protection, and quantitative safeguard restrictions.

Differences between the African and non-African EPAs

In the absence of a clear across-the-board pattern, the next step is to determine whether there are features that appear in the EPAs of CARIFORUM or PACP but are not included in any African EPA – and whether these omissions from the latter are restrictive or non-restrictive.

Table 56 provides the results of our analysis. There are seven such differences. Six of the provisions to be found in the CAIFORUM and/or PACP EPAs have the effect of making the accords less restrictive than the African ones; the one that doesn't is italicised. The CARIFORUM EPA contains no standstill clause, and the parties agree only to use 'best endeavours' (which the EU will support with technical assistance) to ensure that import

duties are levied only once (whereas in the EPAs of the African groups – all of which have less fully developed regional co-operation than does CARIFORUM – this is a mandatory, actionable requirement).The PACP provisions on safeguards are more flexible in two respects than are any of the African EPAs, as well as on the provisions for further negotiations (the '*rendezvous* clause') and on investment and capital movements. The one area where both CARIFORUM and PACP are more restrictive than are the African EPAs is that it is mandatory to apply a single administrative document.

Table 56. Provisions in the CARIFORUM and/or PACP not found in the African EPAs

Provision	CARIFORUM	PACP
Customs duties: no standstill clause	✓	
Customs duties: no binding requirement to levy customs duties only once ('only best endeavours')	✓	
Trade defence: up to 15 years safeguards for smaller island states as well as LDCs		✓
Trade defence: application of safeguards in the first 20 years possible		✓
Customs and trade facilitation: *single administrative document*	✓	✓
Rendezvous clause: unspecified *rendezvous* clause		✓
Investment and capital movement: corrective measures possible if general disequilibrium persists		✓

Key provisions in the African EPAs

This sub-section reviews the provisions in certain key areas to identify areas of similarity and difference.

Border measures

Most features of the African liberalisation regimes have been described in Section A2. In addition to these features, CEMAC has provision to halt tariff reduction unilaterally for a maximum period of one year, and the 'standstill clause' phrasing in the SADC EPA is less restrictive than in the others. All the African EPAs except ESA allow for the temporary introduction/increase of export duties in 'exceptional circumstances' following 'joint agreement' with the EC (EAC) or 'consultations' (CEMAC, Ghana, Côte d'Ivoire and SADC).

A general prohibition on import barriers other than customs duties and taxes (apart from measures taken in the context of anti-dumping and countervailing measures/safeguards) is subject to exemptions in all EPA texts (e.g. for infant industry protection or in case of public finance difficulties). The maintenance of national subsidies conforming to WTO provisions is also allowed in all the texts. The CEMAC text refers to the gradual phasing out by the EU of its agricultural export subsidies, which it is already committed in the WTO to do by 2013.

There are strict provisions on customs and trade facilitation with sanctions in case of failure to provide administrative cooperation. If the Joint Council/Committee cannot come to a mutually accepted solution within 3 months, the complaining party can suspend preference for up to 6 months (renewable).

Areas for continued negotiation

There are big differences in the '*rendezvous* clauses' in the interim EPAs which establish the areas in which negotiations must continue (and are analysed further in Part B – see B2.1). How important these differences are in practice remains to be seen since the clauses are 'guidelines' for the areas to be negotiated, and additional topics the parties deem to be

relevant might come up in the ongoing negotiations. But the differences do need to be noted (see Table 57).

Only the CEMAC, Ghana and Côte d'Ivoire EPAs provide for continued negotiations on intellectual property rules and only EAC and ESA identify good governance in the area of tax. The CEMAC text appears to be most ambitious with respect to regional rules aiming to agree on competition, public procurement and intellectual property rules. The aim is to finalise most negotiations by the end of this year except for EAC and ESA (which do not specify a deadline) and SADC/CEMAC in relation to services.

Table 57. Areas subject to the '*rendezvous*' clause

	EAC	ESA	SADC	CEMAC	Ghana	Cote d'Ivoire	PACP
Customs and trade facilitation	✓	✓			✓	✓	
Outstanding market access issues	✓	✓					
Agriculture	✓	✓					
TBT/SPS	✓	✓					
Services	✓	✓	✓	✓	✓	✓	
Investment	✓	✓	✓	✓	✓	✓	
Competition	✓	✓	✓	✓	✓	✓	
Current payments	✓	✓		✓		✓	
Public procurement	✓	✓	✓	✓		✓	
Intellectual Property				✓	✓	✓	
Environment/ sustainable development	✓	✓		✓		✓	
Social issues				✓			
Dispute settlement	✓	✓					
Institutions	✓	✓					
Personal data protection							
Good governance in tax areas	✓	✓					
Development cooperation	✓	✓		✓			✓
Integration of other countries	✓	✓	✓	✓	✓	✓	✓
Any other areas	✓	✓					✓
Deadline	Not mentioned	Not mentioned	31/12/08 and 31/12/11 for service liberalisation	01/01/09 and no deadline for negotiating service liberalisation	31/12/08	31/12/08	31/12/08

Process conditionality

There appear to be few 'process criteria' in the interim EPAs which would, for example, require parties to maintain certain social, labour or environmental standards in order to retain the trade benefits of the agreement. The CEMAC EPA has an extra chapter on ***wood*** outlining the relevance of good governance with respect to forestry and trade in wood. Central African states are to implement measures to improve the traceability of wood products and to establish a system of effective auditing and monitoring, and build up a regional governance framework that establishes appropriate mechanisms and legislation to ensure countries' legal

compliance. But no sanctions are specified for non-compliance (though the negotiations on environmental provisions are to continue).

None of the EPAs include any binding provisions on ***gender relations***. The subject is not even mentioned in the texts for SADC, CEMAC, Ghana and Côte d'Ivoire. EAC and ESA simply refer to the parties' objectives to improve gender equity in the fisheries sector and ESA also refers to the relevance of gender equity in its 'development matrix'.

There are CEMAC provisions on ***personal data protection*** that foresee the creation of legal and regulatory regimes to protect personal data in line with international standards and the provision of technical assistance to develop appropriate legislative, judicial and institutional frameworks. No transitional period is provided (though CARIFORUM states have up to 7 years) and an independent authority is to be created to supervise implementation. Provision is made for sanctions and compensation in the case of non-compliance.

Dispute settlement

The dispute avoidance and settlement provisions are more extensive and rigid than in many previous EU FTAs, such as the TDCA with South Africa and EU FTAs with Mediterranean countries.[21] The procedures for consultations, seeking advice from a mediator and establishing an arbitration panel are detailed and the time-frames are very strict. The procedures are largely identical except in EAC and ESA, where negotiations continue. The application of temporary trade remedies are envisaged in cases of non-compliance with an arbitration decision.

Development cooperation and finance

All the EPAs except EAC have comprehensive but wholly non-binding provisions for development cooperation, mentioned in each and every chapter as well as in a section on development cooperation (most extensively in the ESA text). The EAC, ESA and CEMAC texts explicitly foresee continued negotiations. To date the EC has limited its financial commitments for EPAs to the funds provided under the 10th European Development Fund (EDF) (2007–2013). The European Commission and member states have pledged to raise from 2010 onwards €2 billion a year in AfT, around half of which is to be targeted specifically at the ACP. However, to date neither are the additional funds formally secured nor is the strategy clear.

What is certain is that the EPA texts make no firm commitments in this respect. Only SADC aims to set up a regionally managed development financing mechanism to mobilise and channel funds for the implementation of the EPA. ESA aims to establish a joint development committee (which shall remain flexible to adapt to national and regional needs) which shall monitor the implementation of the development cooperation arrangements.

[21] Note though that the EU FTAs with Mexico and in particular Chile have highly elaborated dispute settlement provisions. See Szepesi, Comparing EU Free Trade Agreements: Dispute Settlement, ECDPM InBrief 6G, July 2004, www.ecdpm.org/fatinbriefs .

4. Provisions on ACP exports

4.1 EU treatment of exports from EPA signatories

EPAs have provided a very unusual example of trade negotiations which commonly involve all parties agreeing broadly similar improvements in the access to their markets they offer to exports from their partners. But most ACP exports could already enter the EU duty free under the trade provisions of the Cotonou Agreement. The only improvement the EU could offer on tariffs was the removal of those few that remained – which is what it is doing with the DFQF provisions for EPA members. This section builds on an ODI study of DFQF funded by DFID at the end of 2007.[22]

The EU removed in January 2008 all tariffs and quotas on imports from EPA signatories except for sugar and rice, for which DFQF is being phased in. The transition for sugar will involve three-phases for non-LDCs but some of the details still have to be agreed.

1. January 2008–September 2009: continuation of the Sugar Protocol, with 'additional market access' for beneficiaries.

2. October 2009–September 2015: DFQF for non-LDC ACP subject to an 'automatic volume safeguard clause' and, for processed agricultural products with high sugar content, an 'enhanced surveillance mechanism in order to prevent circumvention of the sugar import regime.'

3. October 2015 onwards: DFQF for non-LDC sugar exports, subject to a 'special safeguard clause'.

In the case of rice, DFQF for the varieties exported by the ACP will begin in 2010.

In absolute terms the immediate gains will be relatively small, but this is because the *status quo ante* was already liberal. For some countries the principal export benefit of EPAs is less the new opportunities offered by DFQF than the retention of previous levels of access which, in January 2008, the EU controversially withdrew from non-signatories (see Section A4.2).

DFQF will have four types of actual or potential effect. First, and most immediate, is the re-distribution of the import tax that the EU formerly levied on imports. This will be transferred from the EU to elements in the ACP export supply chain (retailers, importers, shippers, exporters, producers). To the extent that any accrues to ACP producers or exporters it will make exports more profitable.

Second, if the revenue transfer induces importers to shift purchases away from less preferred sources towards the ACP, there could also be an increase in the volume of ACP exports. It may also enable them to increase their supply of competitive products without substantial new investment.

Third, by removing some very high tariff barriers DFQF might make it commercially feasible, for the first time, for ACP countries to export to the EU products that they already supply competitively to other markets.

---

[22] Stevens, C., Meyn, M. and Kennan, J., 'EU duty- and quota-free market access – what is it worth for ACP countries in 2008 beyond?', London: ODI, February 2008 (http://www.odi.org.uk/IEDG/publications/0708009_report_final.pdf).

The fourth effect could be the most substantial, but is also the most difficult to predict. If DFQF induces increased supply from ACP states (e.g. as a result of new investment or shifts between products) there could be wide ranging effects both in terms of foreign exchange earned and in knock-on effects for the rest of the economy.

Which countries will gain?

As of January 2008 35 ACP states have been accorded DFQF treatment for most of their exports. The greatest change has been for the 26 states that are not LDCs. LDCs already have DFQF under the EU's EBA initiative of 2001, which will be fully phased in by 2009. The only way in which their export situation will change is if the EPA RoO provide more opportunities than do the EBA ones.

Some €1.4 billion of EU imports is affected immediately (Table 58). Although this is equivalent to just 2% of total EU imports from all non-LDC ACP states in 2006, the immediate gains for some items may be large, and for some countries could be relatively important especially in the longer term if they are able to increase supply of the affected goods, and once DFQF is fully implemented.

Table 58 lists the ACP countries that stand to gain from DFQF; it is presented according to the value and number of the affected exports, although this is not a proxy for the relative gains each country might make. Those in italics have not yet initialled EPAs and so will be affected only if they do so in future, but all of the ACP states with the greatest immediate interest in DFQF have signed; only those with more limited interests have not done so. Some €1.40 billion of existing exports from countries that have already initialled EPAs have been affected already by DFQF (and this would rise to €1.41 billion if all non-LDCs signed).

Most non-LDC states gain from DFQF and a significant number of export products are covered: of the 26 that have signed EPAs, six have exports affected by DFQF of over €100 million and for a further 13 affected exports are over €10 million. Ten signatory countries will see an improvement in access to the EU market for over ten of their current exports.

Table 58. The countries exporting goods affected by DFQF

Non-LDC ACP exporter	*No. different goods*	*Value of exports 2006 (€000)*
Mauritius	20	270,382
Cameroon	10	175,975
Côte d'Ivoire	16	146,382
Dominican Republic	21	111,436
Guyana	6	111,196
Fiji	1	105,792
Jamaica	17	85,052
Swaziland	15	81,065
Belize	4	67,854
Namibia	5	54,870
Zimbabwe	16	39,742
St Lucia	2	24,006
Botswana	3	23,712
Suriname	13	21,332
Trinidad and Tobago	9	18,288
Barbados	6	16,575
Ghana	24	13,940
St Vincent/Grenadines	1	11,249
Kenya	28	10,685
Dominica	6	8,624
Congo	2	5,513
Antigua and Barbuda, Bahamas, *Gabon, Marshall Islands, Nigeria,* Seychelles		<€ 1 million each
	Total	**1,405,255**

Source: Calculated from data obtained from Eurostat COMEXT database.

Tariff saving gains

The biggest tariff saving gains will arise from the removal of those tariffs that are very high – but not so high as to stifle ACP exports altogether or keep them at low levels. The goods for which the removal of EU import taxes will be greatest are listed in Table 59. It shows that the removal of import taxes will inject a significant amount (€12.7 million in 2006) into the ACP supply chain.

Table 59. Products eligible for greatest static DFQF gains

HS/CN	Description	Non-LDC ACP exports 2006 (€000)	Duty paid in 2006 (€000)
ex 1006	Rice	29,651	4,041
08061010	Fresh table grapes	28,075	3,959
ex 0201/2	Beef	50,507	2,611
ex 0805	Citrus fruit	17,869	599
ex 07	Some fresh vegetables (i.e. tomatoes, onions, leeks, cauliflower, broccoli, kohlrabi, chicory, carrots, turnips, spinach, salad vegetables (excl. lettuce), sweetcorn, manioc, arrowroot/salep)	6,124	384
ex 19	Preparations of cereals	1,733	338
23023010	Wheat bran	493	244
18069070	Preparations containing cocoa for making beverages	1,174	220
ex 11	Flour of cereals or roots and tubers	917	132
ex 0808/9	Apples, pears, plums	815	77
15091090	Olive oil	248	77
04022119	Milk and cream of a fat content > 11% but <= 27%, unsweetened	87	23
ex 2007/9	Fruit jams and juice	194	19
08119011	Tropical fruit and nuts	60	5
22042185	Wine	97	4
12129920	Sugar cane	186	3
21069059	flavoured or coloured sugar syrups	124	0.5
Total		**138,354**	**12,737**

Source: Trade: Eurostat COMEXT database. Tariffs: UNCTAD TRAINS database, UK Tariff 2007, EC Taric Consultation online.

The goods at the top of the table are rice, grapes and beef, followed by citrus fruit and vegetables. These are the ones that that have faced high tariffs but have been imported at moderate (or greater) levels. Lower down the table are a number of processed foods that are currently exported at only modest levels but which could become more important particularly if DFQF is accompanied by supporting actions (see below).

Increased sales of current exports

Table 59 does not give the full picture of the potential gains and the case of sugar illustrates why this is so. It does not appear in the table because the ACP pay no tariff; but this is because the EU import regime is very illiberal, not because it is liberal. Normal tariffs are so high that imports are commercially viable only if they fall within a fixed, duty-free quota. Gains from DFQF will arise only when the quotas are formally removed in 2009 *and* if the new safeguards are applied lightly *and* if a country is able to supply more sugar competitively (at a time when EU prices are falling). But if all three happen, some countries (e.g. Guyana) stand to gain substantially.

A similar rationale applies to goods facing high tariffs that have been exported in very small volumes or not at all: will the removal of tariffs unlock the gates to ACP exports or is the main problem that countries have limited supply potential? The question is easiest to answer in cases where an ACP country already exports to other markets than the EU. The existence of exports to non-EU markets but not to Europe could be due to differences in taste, transport costs, standards or other factors that will not be affected by DFQF. But, in cases where pre-DFQF tariffs have been very high, it could also indicate that the ACP are able to supply Europe competitively but have so far been prevented by protectionism from doing so. By improving the commercial attractiveness of the EU market compared to the others, DFQF could result in a diversion of trade from the ACP's existing markets to Europe. If it happens it would be to the gain of the ACP (since exports will be diverted only if EU prices are higher). Potentially it could also involve costs for any countries that currently export the same goods

to Europe (either because they previously enjoyed more preferential access than did the ACP or because they are sufficiently competitive to sell to the EU despite the protection). Their exports might be displaced by the, now cheaper, ACP goods.

The answer suggested by the ODI study on DFQF is that neither the favourable effect for ACP or the unfavourable one for their competitors is likely to occur on a large scale. In most cases, the countries that compete with the ACP on the EU market for these goods also have favourable access. For over half of the goods that will be affected by DFQF some of the ACP's major competitors have FTAs with the EU. Although none offers complete DFQF, restrictions on imports into Europe are very detailed (often relating to specific varieties or seasons) so only a case-by-case analysis will show whether or not ACP country has gained a competitive advantage as a result of joining an EPA.

Consequently it does not appear likely that there will be a sudden diversion of EU imports towards ACP suppliers. Nor is it likely that the ACP will start to export to the EU goods that they currently sell in other markets. Most of these fall broadly into the same product categories as those already being exported to the EU. It is more likely, therefore, that DFQF will allow the ACP to export a wider range of items within the same broad product groups as currently feature in their basket than immediately to re-direct entirely new products to the European market.

Boosting supply capacity

Apart from the immediate revenue gain, therefore, the long term impact of DFQF will be determined by whether or not it provokes an increase in export supply from the ACP. In turn, this may require increased investment. The most likely candidates are meat other than beef and its products, grapes, rice and, possibly, citrus. All are agricultural because the ACP have long received DFQF for industrial goods – provided that they meet the RoO (see above).

There could also be scope to increase exports of processed foods (especially those containing sugar once quotas are lifted – provided the remaining safeguards are unconstraining), but this will depend largely on how far the current RoO are amended during the continuing EPA negotiations. Critics have long alleged, and the EU Commission has recently accepted, that some rules are unduly onerous and prevent the ACP utilising the tariff preferences that exist on paper. Previously a concern primarily in relation to manufactures, DFQF extends these concerns into processed foods. In many cases the current rules do not allow an ACP state to process raw materials that are imported (unless they have been produced in another member of the same EPA or the EU).

It seems improbable that many ACP countries will be able to increase substantially their production of all the basic raw materials that go into processed food products (or that their EPA partners can do so). Moreover, if supply capacity of the raw inputs is constrained it may also be questionable whether it would make sense on food security grounds to use them for processed exports rather than unprocessed domestic consumption. But there could be scope, were the RoO to be amended, to undertake value-added processing that would use some locally sourced raw materials together with some imported inputs.

DFQF will bring some valuable immediate gains from the redistribution of the revenue that until the end of 2007 accrued to the EU as import tax, but it needs to be built on to bring longer-term benefits by enabling an increase in ACP supply. This will often require significant investment in both physical and human resources, some of which will need to come from the private sector and some from the public sector. As the centrepiece of the EU's commitment to EPAs so far, it would be sensible to ensure that there is also adequate aid

provision to help remove blockages to increased supply. Europe has committed itself to provide more AfT to developing countries and should ensure that part of this enhances the utilisation of DFQF by removing obstacles to production and export, such as poor infrastructure and other physical or institutional deficiencies.

Recent history indicates that new trade preferences granted to the ACP have been quite quickly extended by the EU to other suppliers. The competitive advantage of DFQF is likely to be eroded in the same way. Whilst the speed and breadth of this erosion is a matter for speculation, it would be optimistic to expect the benefits to last for much more than a decade. DFQF has opened up a window of opportunity, but it is time bound. To benefit fully from the opportunities both ACP and EU countries will need to take further action. The former must engage without delay in necessary reforms and adjustments of their economies. And there is now an onus on the EU and its member states to provide positive assistance to help countries make the most of it.

Rules of origin

What has been agreed in the interim EPAs so far about the RoO, and what further improvements are needed to take account of the points made above about the possibilities for increased supply of some new exports? 'Cotonou plus' RoO have not yet been specified for Ghana, Côte d'Ivoire or CEMAC; they continue to apply the old RoO defined in the Cotonou Agreement. The Ghana and Cameroon texts specify that they will finalise negotiations on 'Cotonou plus' rules by the end of March while for Côte d'Ivoire the deadline is end of July 2008.

The other African EPAs provide for 'Cotonou plus' rules to apply; although not specified explicitly in texts it is understood that they will take effect once the interim EPAs are signed. These rules are to be reviewed and replaced by a new set after either three years (SADC, CEMAC, Ghana and Côte d'Ivoire), five years (CARIFORUM and PACP) or at the same time as a comprehensive EPA (EAC and ESA).

It has not proved possible within the constraints of this study to undertake a full analysis of the 'Cotonou plus' rules. As foreseen, the provisions for clothing have been improved to bring them into conformity with those under the US Africa Growth Opportunity Act (AGOA) derogation for lesser developed countries and allow the use of non-originating fabric. There are also improvements on fisheries that are understood to be considered valuable, especially by Seychelles. And the only clear current case of intra-African ACP cumulation (on clothing between Mauritius and Madagascar) appears to have been safeguarded since both belong to the ESA EPA. But beyond this, it is not known if there are other improvements nor whether the new, EPA provisions on cumulation are likely to cause any operational difficulties in future. One area in which there has been no change is in relation to processed foods – so the needs identified above still have to be met through further negotiation.

4.2 EU treatment of exports from non-EPA signatories

All but three African non-signatories are LDCs. There are reports of some temporary disruption to exports (e.g. in Zambia) whist exporters adjusted to the different documentation requirements required for EBA, but presumably these will be short-lived. The three non-LDC states are Congo, Gabon and Nigeria, and from January 2008 they have faced either GSP tariffs or MFN tariffs in the case of items not covered by the standard GSP.

Appendix 5 gives details of the impact on exports from Congo, Gabon and Nigeria of this change in tariff status. As expected, these countries were not heavily dependent on Cotonou preferences, but nonetheless all of them do export some items on which EU taxes have now

been raised. Only 1.2% of Nigeria's exports are affected by the tax increase, but 6% of Gabon's and 3.5% of Congo's are affected. Some of the newly imposed tariffs are low, but others are either specific duties (which often implies a high barrier) or *ad valorem* tariffs of up to 14.9%.

Part B. Implications and options for the way forward

While all parties remain committed to concluding full EPAs, the central question for the year 2008 comes down to identifying the most suitable approach towards achieving this goal, in terms of both the process and the substance of the negotiations, for the overarching purpose of putting EPAs at the service of development objectives. The aim of this part of the report is to draw lessons from the EPA preparation and negotiation process so far, and identify options for the way forward. We first highlight key issues faced during the negotiation process relating to systemic questions apparent throughout the negotiations, as well as the political and practical tensions that appeared in the run up to the deadline of 31 December 2007. Further, we explore different possible scenarios of how to proceed towards full EPAs and point to alternative trade regimes. A central question in this context relates to the consequences of any agreements reached on regional integration processes. Drawing on the experience gained from the negotiation process, we identify lessons learned that could help to improve future efforts towards concluding full EPAs which are development-friendly.

Furthermore, while the EU has committed to provide AfT regardless of whether a country signs an EPA or not, development support will be critical to implementing and adjusting to EPAs. We therefore also make recommendations on specific modalities for AfT, encompassing the levels and scope of aid as well as the effectiveness of delivery mechanisms.

1. Process: why we are where we are now, and how did we get here?

When the EU and the ACP group of countries started negotiating a new WTO-compatible trade regime in 2002, it was with the intention of concluding EPAs by the end of 2007. After a first ACP-wide phase to address issues of interest to all ACP countries – to little avail – negotiations were taken to the regional-level. The EU and six ACP regional configurations thus engaged in discussions on the scope and substance of future trade and development agreements which have been formally conducted for the last three to four years.

On 31 December 2007, the date set for the WTO waiver for the Cotonou preferences to expire, a somewhat different picture emerged than expected: one ACP region had initialled interim goods agreements, known as 'stepping-stone agreements', with the EU (EAC), others had concluded interim goods agreements for some individual countries or sub-sets of countries within a region (in West Africa, Central Africa, ESA, SACU '+' minus South Africa, and the Pacific), and only one region had initialled a full EPA with the EU (the Caribbean region).

Since then, all the regions concerned have indicated their commitment to transform the various interim agreements into comprehensive and regional EPAs. It yet remains to be seen whether, in the framework of their trade relations with the EU, these African and Pacific regions will indeed opt for an EPA as the best way forward to meet their development objectives. What could and will change in 2008 that would get countries like Nigeria – an oil-rich nation that has been exporting under the GSP scheme since the start of the year and which has recently applied for GSP+ – to conclude an EPA? A look back over the recent years of negotiations reveals certain fundamental flaws in the negotiations that the parties were unable to bridge. This can only suggest a rocky road ahead – and a narrow call, if the

parties are not to lose the momentum for the negotiations. It is, nevertheless, a useful exercise to draw attention to some key lessons for the way forward.

1.1 The EPA negotiations: a turbulent process

From the outset, EPA negotiations have been extremely challenging, in terms of both process and substance. As a result, and amid much tension and frustration on both sides of the table, there was only limited substantive progress in most negotiations a few months before the 31 December 2007 deadline. For various reasons, in most cases European Commission and ACP negotiators were unable to reach a common understanding and approach to issues relating to the key principles of EPAs (see Box 1).

Box 1. Key features of Economic Partnership Agreements

The Cotonou Partnership Agreement (CPA) sets out four core elements around which the EPAs should be developed:

Development: EPA negotiations must be placed in the context of the overall development objectives of ACP countries and of the CPA. To be of benefit to the ACP, EPAs must be 'economically meaningful, politically sustainable, and socially acceptable'. Hence, EPAs are not just ordinary agreements on trade. Rather, they are intended to be development-oriented trade arrangements to foster development and economic growth in ACP countries which will ultimately contribute to poverty eradication.

Reciprocity: The most important element of an EPA is the establishment of an FTA, which will progressively substantially abolish all trade restrictions between both parties (CPA Art. 37.7). This is a radically new element in ACP-EU trade relations and also a necessary requirement to make the EPAs WTO-compatible, in line with Article XXIV of the General Agreement on Tariffs and Trade (GATT).[23] For the first time, ACP countries will have to open up, on a reciprocal basis, their own markets to EU products in order to retain their preferential access to the EU market. The rationale for reciprocity rests on the principle that liberalisation of ACP markets towards the EU will increase competition within ACP economies, thereby stimulating local and foreign (including EU) investment and the necessary adjustment of their economies, leading to growth and development.

Regionalism: The EU clearly envisages negotiations with ACP regional groupings which are in a position to do so, though it has not ruled out the possibility of concluding agreements with single countries in exceptional cases. The principle of basing future trade cooperation on regional integration stems from the conviction that regional integration is a key stepping stone towards further integration into the world economy, as well as an important instrument to stimulate investment and lock in the necessary trade reforms (CPA Art. 35.2).

Differentiation: Considerable weight is given to differentiation and special treatment, which affirms the North-South nature of the relationship. The CPA states that EPAs will take into account the different levels of development of the contracting parties (CPA Art. 35.3). Hence, EPAs should provide sufficient scope for flexibility, special and differential treatment and asymmetry. In particular, LDCs, small and vulnerable economies, landlocked countries and small islands should be able to benefit from special and differential treatment.

Trade and development at odds

A good, but striking, illustration in this respect is the fundamental divergence between the negotiating parties in terms of their approach towards development. For the EU, EPAs will foster development mainly through trade liberalisation and the creation of the right policy framework to attract investment. In addition, by building on the ACP regional integration processes, EPAs should contribute to the establishment of effective regional markets in the ACP, thus attracting and stimulating both domestic and foreign investment, a necessary condition for sustainable development. From an ACP perspective, however, EPAs only make sense if they foster development. While most of the ACP states would agree with the EU on the development opportunities offered by an EPA, they tend to consider trade liberalisation

[23] For a more detailed discussion of EPAs and WTO-compatibility, see Onguglo, Bonapas and Taisuke, Ito, (2003), *How to make EPAs WTO compatible? Reforming the rules on regional trade agreements,* ECDPM Discussion paper 40, Maastricht: ECDPM. http://www.ecdpm.org/dp40

and regional integration as necessary, yet far from sufficient, conditions to foster development and alleviate poverty.

Throughout the negotiations, negotiators and stakeholders from all ACP regions have repeatedly expressed their serious concerns regarding the 'development dimension' of EPAs. In their view, if an EPA is to promote development in the ACP regions, this objective must permeate all aspects of the EPA agreement. The EPA must also be accompanied by appropriately arranged financial support to address supply-side constraints as well as measures to mitigate the related adjustment costs. Such support should be binding, predictable and made available in addition to the existing EDF, albeit in a more flexible manner.

While the EC recognises the structural and institutional constraints impeding ACP countries' productive and trading capacities, it has however been reluctant to discuss these issues in the EPA negotiating sessions, arguing that the latter were about trade and trade-related issues only, and not development financing. This particular issue would be addressed through the Regional Preparatory Task Forces (RPTF), whose precise mandate is to link the EPA negotiations with the programming of EC development finance.[24] In addition, development assistance for the ACP is already covered through the EDF, which amounts to € 22.7 billion for the 2007-2013 timeframe. Lastly, the European Commission contended that it did not have a mandate from the EU Member States to enter into negotiations on development assistance.

Towards the end of 2006, however, bridge-building efforts were made in this respect. At the October 2006 General Affairs and External Relations Council (GAERC), EU Member States agreed to provide bilateral funds for AfT to complement the EC administered EDF. The conclusions of the meeting together with the EU Strategy on Aid for Trade adopted in October 2007 established a clear link between AfT and the development support for EPAs, as a substantial share ('in the range of 50%'[25]) of this trade-related assistance (TRA) would be earmarked to support the ACP, including for EPAs (see Section B3). Early in 2007, the EC furthermore conceded to the inclusion of development chapters in the scope of the negotiated agreements (see Appendix 3, Table A3.2, for an overview of the development chapters in the various agreements initialled so far).

Some key issues however, remain outstanding. Firstly, the ACP has asked the EU to make binding commitments in the legal text of each EPA for the existing or additional[26] resources covering EPA-related costs. Their major concern is the need for predictability of the available funds. Independently of the debate on the amounts of support needed (additionality to EDF), the ACP countries want legal certainty that such resources will be available when needed, just as they would like to make sure that the EPA-related trade reforms that they will be committing to are matched by correspondingly binding EPA-related support from the EU. However, binding commitments of this nature for development assistance in an EPA are not found in the existing texts.

---

[24] However, as revealed by the CPA Article 37.4 review of the EPA negotiations conducted in early 2007, the RPTFs have not proven to be the most effective means for the ACP regional groups to elaborate on and get commitment to the development support aspects of an EPA.

[25] See EU Strategy on Aid for Trade adopted by the GAERC on 15 October 2007. http://register.consilium.europa.eu/pdf/en/07/st14/st14470.en07.pdf

[26] It remains to be seen whether the resources available under Aid for Trade will indeed be additional to the existing funds to be made available. Some fear that little extra support will be provided and that EU commitments will be honoured by re-labelling existing aid commitments to trade and regional integration objectives. For a more detailed discussion, see Part B, Section 3.

Secondly, the issue of sequencing remains a contentious one. In several regions, particularly Central Africa and ESA, the requirement for prior development of production and trading capacities was a fundamental point of disagreement in the negotiations. Even in regions like the SADC EPA configuration where integration is considered most advanced, there has also been little liberalisation within the grouping itself, and countries lack a harmonised approach to key issues discussed in the EPA. In this respect, they have argued for the possibility of integrating first and developing a proper regional framework, with adequate assistance, as a prerequisite for the opening their markets to the EU – but to no avail so far.

In fact, besides the difficulty of finding common ground on the question of development, regional integration also appeared to be a problematic issue for EC and ACP negotiators throughout the various phases of the negotiations, as described in the following section.

Insufficient synergies between EPAs and regional integration

EPAs are supposed to build on and reinforce regional integration within the negotiating regions. According to the European Commission, by negotiating EPAs on a regional basis, the ACP countries would have an opportunity to strengthen their regional integration processes and create dynamic regional markets, conducive to investment and development. This would be possible if the ACP countries and regions embrace a wider scope than just trade liberalisation, as trade-related issues covered in an EPA – a legally enforceable text – will help to drive much needed economic reforms in the region. The regional partnership with the EU would also enhance the credibility of regional integration processes, notably in Africa, whereby the EU would act as an "external guarantor" to avoid a reversal of economic and integration policy.

However, this approach presented serious challenges and problems for many of the parties, particularly in Africa. Indeed, with the start of the EPA negotiations in 2002, an additional layer of complexity was added to the already intricate picture of regional integration in Africa. The regional groupings within which African countries chose to negotiate their respective EPAs did not match the contours of the formally recognised regional economic communities (RECs) to which they belong, except in the recent case of EAC.[27] A closer look further shows that some regional sub-groupings[28] are more fully integrated than the broader EPA configurations within which they are negotiating with the EU. Besides this, many African countries are members of more than one REC with often conflicting objectives and obligations and, in recognition of this, have taken up the challenge of rationalising the RECs at pan-African level. In assessing the impact of an EPA, the parallel implementation of EPAs and endogenous regional integration initiatives in the ACP poses some challenges in terms of identifying the consequences of the different processes (see Section A1.3, sub-section *Defining the 'EPA effect').*

While it remains that regional integration in Africa has seen slow progress and been hampered by various obstacles and challenges, both internal and external, little consideration seems to have been given to the complexity and importance of existing regional integration efforts in the context of the EPA negotiations. Many African countries, in particular in ESA, opted to favour national interests over commitments to regional solidarity and agenda when considering which regional EPA grouping to join, with some countries shifting from one

[27] The EAC decision to negotiate an EPA as a bloc was made as early as 2002, but, this was not concretised until late 2007 when the region initialled an interim EPA with the EU. Until then, the region negotiated within the ESA configuration. In the current state of play,, the EAC is the only coherent regional configuration to have initialled an interim EPA in Africa.

[28] Notably the UEMOA within ECOWAS, EAC within ESA and SACU within SADC.

configuration to another a few years into the negotiations. Whether a regional integration process can be driven or supported by external forces such as the EU or should be internally driven in order to be sustainable is a question that can ultimately only be answered by the African (and by extension, the ACP) countries themselves.

Nevertheless, in the context of the ongoing EPA negotiations, EC proposals for tariff harmonisation and liberalisation cut across or even pre-empted existing regional integration initiatives. Indeed, ACP countries were pressured to negotiate on trade-related issues, such as investment and government procurement, in cases where there is little capacity or incentive at either regional or national level to enter into commitments in such areas. This raised the concern that the pace set by the EPA negotiations left little time to focus on internal factors relating to autonomous regional integration and could, in fact, undermine such efforts. At the same time, it has been recognised that the EPA negotiations process provided some impetus for further focus on regional integration agenda (e.g. ESA and West Africa regions) and revived otherwise somewhat dormant economic cooperation initiatives (e.g. the Indian Ocean Commission). Yet, calls for integration at the regional level before opening up to the EU under an EPA remained unanswered.

As a result, a common perception is that there is little coherence between the EPA agenda and the regional integration processes in Africa, a view expressed by many countries in the independent and regional analysis conducted for the review of the EPA negotiations under Article 37.4 of the Cotonou Agreement (see Box 2). Interestingly enough, the formal joint review of the most problematic region in terms of overlapping and multiple membership between regions, the ESA, stated that by sharing the same objective of integrating the regional economy into the global economic system, integration processes and EPA commitments have the potential to coexist and support each other. However, as revealed by the analysis in Section A2.5, this is not reflected in the ESA liberalisation schedules, which, in the current status, make regional integration in a COMESA framework an extremely difficult objective to meet, if attainable.

The lack of progress in serious and sustainable regional integration in many ACP countries, in particular in Africa, also had further repercussions in another fundamental area of the EPA negotiations, i.e., market access. While this formed the cornerstone for the WTO-compatibility of the new ACP-EU trade regime, both parties actually shied away from tackling this difficult technical issue right from the start of the negotiating process. It was not until a few months into 2007 that market access started to be seriously addressed, when the EC tabled its offer to EPA negotiating regions. On the ACP side, progress in identifying common market access offers with regional coverage was also hampered by the fact that most regions encountered difficulties in identifying their list of sensitive products at both national and regional levels, a necessary step for determining the exclusion basket and level of liberalisation towards the EU. Diverging national interests often prevailed over regional concerns, preventing agreement on a common regional market access offer or resulting in offers unlikely to pass the 'WTO-compatible' test.

Beyond their technical features, the way discussions on market access have evolved (or not) are also in many respects symptomatic of the ownership (or lack thereof) and capacity problems that have hindered many ACP countries.

Box 2. CPA Article 37.4 Review of the EPA negotiations: a lost opportunity?

Article 37(4) of the CPA mandates the ACP and the EU to undertake a formal and comprehensive review of the EPA negotiations during 2006. The negotiating parties were therefore provided with an opportunity to assess the progress made in the negotiations, identify outstanding issues and challenges, and make suggestions for the way forward. After several delays, the review was adopted in May 2007 at the ACP-EU Council of Ministers, i.e. just a few months before the year-end deadline.

Taking into account the controversy generated by EPAs and their possible impact since the start of the negotiations in 2002, as well as the difficulties encountered on the ACP side in negotiating such complex agreements, the Article 37(4) Review might have been expected to be a key stock-taking moment in the negotiation process. On the contrary, the Review seems to have had hardly any impact on the overall EPA process. Several reports from various sources (independent, regional and joint) were fed into the review exercise, with various degrees of analysis, consultation and involvement of non-negotiating stakeholders. Despite the diversity of the information available in terms of quality and area of focus, major bottlenecks in the negotiations emerged pertaining to both the content and process of the EPAs, in particular in the regional and independent reviews. The extent to which the formal joint ACP-EC reviews incorporated key messages taken from the ACP reports differs from one region to another. Although it was recognised that the negotiations are generally behind schedule, the final joint Review concluded that despite some problems and a need to expedite negotiations in certain areas, the parties had confirmed that, despite the delays, they were prepared and willing to conclude EPA negotiations by the end of 2007.

The impression is that many on both the ACP and EU sides perceived the EPA Review mainly as a hurdle, which risked distraction from the ongoing negotiations. The fact that the final text of the Joint Review was negotiated in Brussels, involving mainly ACP Ambassadors and few ACP negotiators, may indicate that some saw such an exercise as an all-ACP step, detached from the reality and needs of the individual countries. Little thought appears to have been given to the strategic use of the review process which, in fact, received only marginal attention in public debates and the media, and apparently at the negotiating tables as well. It could be argued that to a large extent the Article 37.4 review of the EPA negotiations was a lost opportunity.

For a more detailed overview of the Article 37.4 Reviews of the EPA negotiations, see ECDPM, Discussion Paper 81, http://www.ecdpm.org/dp81

Asymmetric negotiating power

EPA negotiations brought to the table two groups of countries between which there was a wide gap in terms of negotiating power. This was formally recognised in the Cotonou Agreement, in which the EC and the ACP also agreed to use the preparatory period in the run up to December 2007 to build ACP capacity for the purpose of the negotiations and future implementation of the new trading arrangements (CPA Article 37.3). Article 37.4 of the Cotonou Agreement further provided for the parties to formally assess, in 2006, the progress made in the preparations and negotiations of the EPAs to ensure that no further time would be needed to complete both aspects.

However, since 2002 the ACP countries have repeatedly voiced their concerns about capacity constraints which affect not only their ability to negotiate effectively and implement the EPAs, but also the ability to conclude a development-friendly EPA by the end of 2007 deadline. In relation to conducting the negotiations the ACP has been challenged by a range of institutional and technical capacity constraints at both regional and national levels. This was further revealed by the various Article 37.4 reviews which the parties were only able to formally conclude in May 2007.

In some cases, notably ESA and the Caribbean, the region took a strong leadership in the negotiations and the negotiating structure has been instrumental in moving key aspects of their agenda forward. However, as mentioned above, difficult yet fundamental areas of the negotiations were not dealt with before late in the process. In the case of ESA, for instance, while the region strongly argued for the development dimension of an EPA and elaborated a detailed development matrix, the region was ill prepared in submitting other offensive interests, pertaining notably to market access, to the EU. Furthermore, most of the countries individually were generally unprepared for the completion of the EPA negotiations and in many cases the process was mainly driven by a handful of countries within the

configurations. Often, the negotiation structure and the flow of information, as well as the allocation of responsibilities to member states within the EPA negotiating groups did not work well. Lack of capacity also hampered the effective consultation, involvement and participation in the EPA process of ACP civil society, private sector and parliamentarians, a fact which consequently often hindered the ACP negotiating positions. As a result, the EPA process has generally not been effectively embedded in national policy processes in the ACP and in extreme cases has generated general public hostility towards the EPAs.

Apparently, these constraints have not been sufficiently addressed during the EPA process, specifically in terms of the provision of funding and time for building negotiating capacity. As a result, engaging in negotiations on substantive issues continued to be difficult and was likely to result in an unsatisfactory articulation and defending of interests on the ACP side.

It should also be noted that many in the ACP lacked the necessary political leadership to take up the challenges posed by the EPAs. Despite the criticisms, it is indeed widely acknowledged that for the EPA vision of development to succeed, ACP countries and regions must adopt and implement a reform agenda for development, which the EPA would then support, foster and strengthen. However, mainstreaming trade into ACP development strategies remains a challenge which many of them are still struggling with. Most of the ACP countries engaged in the EPA negotiations with reluctance and with the prime objective of maintaining their preferential market access to the EU while making the least possible commitments in terms of opening of their own markets.

However, in cases where EPA regional groupings did engage and try to promote their reforms for a development agenda, the Commission has often been perceived as either slow or unresponsive to their demands. In SADC, for instance, the negotiations were literally suspended throughout 2006, as the region awaited the EC's formal response to the Framework proposal tabled in March of the same year. It was not until February 2007 that the EU Council of Ministers formally responded to the SADC proposal. While the ESA region regretted the reluctance of the EC to discuss key issues for the region and ACP as a whole, such as agriculture and the issue of commodity protocols under an EPA, in the Pacific, stakeholders pointed to the prevalence of 'non papers' process over actual negotiations, and complained about the delays and lack of responsiveness to some of their proposals by EC negotiators. This has contributed to a general frustration with and distrust of the EPA process.

As a result, by mid-2007, there was a growing perception within the ACP that EPAs would be more about trade and WTO-compatibility than about development and capacity building needs. While it can be argued that the Article 37.4 review was a lost opportunity, the discrepancy in the conclusions of the internal or independent reviews and those of the joint review adopted in May 2007 is noticeable. For instance, most of the former questioned the full ownership of the EPA process and the preparedness of the regions to conclude the negotiations expeditiously, often recommending a postponement of the 2007 deadline. Although it was recognised that the negotiations were generally behind schedule, the final joint Review concluded that despite some problems and a need to expedite negotiations in certain areas, the parties were committed to 'concluding negotiations by the end of 2007 as stated in the Cotonou Agreement.' It seemed unrealistic, however, given the short time remaining, that substantial progress could be made on all outstanding issues, such as market access, accompanying measures and the financial resources necessary to strengthen ACP capacity. As this became clear, a sense of urgency developed within the ACP as countries and regions, pushed by the European Commission, scattered and scrambled at the eleventh hour of the negotiations to reach a deal before the daunting 31 December deadline.

Key lessons:

- It is a vital for the parties to reach common ground on how to approach the key issues to move the ACP-EU trade agenda forward in a spirit of true partnership. *(This was, in fact, the objective of the first phase of the negotiations.)*
- For a sustainable outcome, there needs to be stronger coherence between EPAs and ACP regional integration initiatives (see Section A2.7). Liberalisation schedules and other commitments need to be harmonised.. This entails responsibilities on both sides of the table as well as providing appropriate policy initiative from ACP countries to take their regional agenda forward.
- Otherwise, there is a risk that there will be no room on the ACP side to engage effectively in the negotiations (take ownership), and this would also leave little scope for ACP political leadership.
- In the same vein, transparency will be key in the upcoming EPA negotiations to allow involvement, and by extension, ownership of the EPA process by non-state actors and further strengthen ACP positions.
- Without ownership, capacity and adequate support to effectively engage, EPAs may not turn out to be the coherent tool at the nexus of trade and development that they were expected to be.
- Building a partnership, which seeks to encompass both trade and development issues takes time as it involves both technical and political considerations. An intimidating deadline by no means creates a conducive environment for this.

1.2 The political dynamics of the last few months

From EPAs to interim agreements

By October-November 2007, none of the African regions and the Pacific were in a position to conclude a full EPA. The EU insisted on abiding by the letter of the WTO rules and on not seeking any further derogation.

In the absence of any decision to the contrary, the only alternative trade regime available for those ACP countries not signing an EPA would have been EBA for LDCs and the GSP for others. For non-LDC ACP countries the GSP offers less favourable conditions, notably as it does not cover key products such as sugar and bananas. Market access was not such a pivotal issue for LDCs as under the EBA initiative LDCs benefit from duty-free and quota-free access to the EU, although the regime has more stringent RoO than those provided under the Cotonou preferences.[29] The ACP therefore asked for an alternative to EPAs that would safeguard market access from 2008 onwards. Proposals ranged from an extension of the Cotonou preferences (through a formal request for a prolongation of the WTO waiver) to the granting of GSP+ preferences to all ACP countries.[30] The European Commission however

[29] ODI (2007), *The costs to the ACP of exporting to the EU under the GSP*, Report prepared for the Dutch Ministry of Foreign, March 2007, www.odi.org.uk

[30] For a discussion of GSP+, see Part B, Section 2.1 and Appendix 5. See also for instance Stevens, C. (2007), *Economic Partnership Agreements: What happens in 2008?*, ODI Briefing Paper 23, June 2007, www.odi.org.uk/publications/briefing/bp_june07_EPAs2008.pdf and Bilal, S. (2007), Concluding EPAs: Legal and institutional issues, ECDPM Policy Management Report 12, www.ecdpm.org/pmr12

refused such approaches and stressed that failure to reach agreement by the end of the year would not spur the EU to engage in an alternative strategy.[31]

The interim agreements proposed by the European Commission (see Section B2.1) provided a legal alternative to the conclusion by the end of 2007 of comprehensive EPAs, as originally envisaged. However, this proposal maintained the pressure on ACP non-LDCs to conclude an FTA compatible with GATT Article XXIV by the end of 2007 if they did not want to face new protection measures by the EU.

These market access considerations are key to understanding why some ACP countries have initialled an interim agreement with the EU, while others have not (see also Section A4). In Africa, all non-LDCs have concluded such deals, with the exception of oil rich countries (Congo, Gabon and Nigeria) and South Africa, which already has an FTA with the EU, the TDCA. Their concerns related mainly to preserving preferences for a limited number of commodities, notably bananas (e.g. Cameroon, Côte d'Ivoire), sugar (e.g. Mauritius), beef (e.g. Namibia), fisheries (e.g. Seychelles, Mauritius). With regard to LDCs, those that have initialled an interim agreement have done so in the context of a regional agreement, as in the case of EAC, and/or because they had some specific concerns related to less favourable RoO for certain products under EBA, as in the case of the small islands in the Indian Ocean Commission for fisheries, or Lesotho with clothing and textiles.

Some of the key events in these final weeks of negotiation are summarised in Box 3.

Box 3. Key events in EPA negotiations, autumn 2007

25 September	African Union Chairman Kufour addressed EPAs at the UN General Assembly and asked the EU to extend the deadline of 31 December 2007
27 September	'Stop EPAs Day': On the fifth anniversary of the start of EPA negotiations, civil society organisations called for an extension of the deadline of 31 December 2007.
28 September	The Council of the European Union adopted a decision to unilaterally denounce the sugar protocol annexed to the Cotonou Agreement with effect from 1 October 2009
28 September	According to press reports, senior World Bank Staff asked the EU to consider an extension of the deadline.
4 October	The African Industrial Association issued a press release stating that 'Nearly a hundred industrialists from Western and Central Africa have already signed the petition against the Economic Partnership Agreements (EPAs)'
23 October	By October 2007, it became apparent that EPAs would not be concluded by the target date of 31 December 2007. In reaction to this, the European Commission issued a communication on 23 October 2007, in which it proposed to conclude WTO-compatible interim agreements (that cover trade in goods as a minimum requirement) to safeguard preferential market access for non-LDC countries from 1 January 2008 and allow for more time to negotiate on outstanding issues. These interim agreements could be signed at regional, sub-regional or national level).
1–2 November	The networks of the farmers' organisations of the ACP regions (PROPAC, ROPPA, SACAU, EAFF, WINFA) met in Brussels (Belgium). They condemned the interim approach as not being in conformity with the Cotonou Agreement.
6–9 November	ACP ministers and senior officials met to address the outstanding issues in the EPA negotiations and to take stock of the negotiations underway at the WTO. Ministers 'endorsed concerns expressed that negotiations should not be conducted in a manner that continues to exert pressure on ACP regions in a take-it-or-leave-it-manner' and 'noted that most regions would not be in a position to conclude a full EPA by the agreed deadline.'
20 November	The Council of the EU endorsed the two-step approach proposed in the Commission communication.
22 November	The 14th ACP-EU Joint Parliamentary Assembly adopted the Kigali Declaration calling for more time for EPA negotiations

[31] See interview with Peter Mandelson, 'There is no Plan B', in *Trade Negotiations Insights*, Vol.6, No. 5, September 2007, www.acp-eu-trade.org/tni

25 November	The Commonwealth Heads of Government underlined the need for EPAs to take account of capacity constraints, stressed the need for accompanying measures and regretted the denunciation of the sugar protocol.
9 December	At the EU-Africa Summit in Lisbon, European and African Heads of Government approved the joint Africa-EU strategy. Different views on EPAs were prominently addressed in the discussions.
10 December	The Council of the EU reached political agreement on the draft regulation on market access, to be adopted without discussion on 20 December 2007.
13 December	During the 86th Session of the ACP Council of Ministers, participants issued a declaration 'expressing serious concern on the status of the negotiations of the Economic Partnership Agreements'. They further welcomed 'the assurances given by the President of the European Commission, Mr. Manuel Barroso … that the discussions on the Economic Partnership Agreements would continue beyond the initialling of interim arrangements and that the contentious clauses therein would be opened up for re-negotiation.'
20 December	On 20 December 2007, the Council of the EU formally adopted a market access regulation to grant duty and quota-free access to the EU market to ACP countries from 1 January 2008, with transition periods for sugar and rice.

The final conclusion of full and interim EPAs has pleased some as it safeguarded market access, the major concern of most ACP countries. But the process by which this result was achieved has been a cause for grave concern. Many were left with the perception that negotiations accelerated too quickly, too much pressure was put on ACP negotiators and that too many concessions were made to the EU without getting much in return.

In this section we will undertake a review of the major dynamics of the negotiation process, highlighting key political tensions that appeared in the run up to the deadline of 31 December 2007. This will allow us to draw major lessons to guide the future process of ACP EU trade and other relations.

From economic partnership to free trade

Although the interim agreements offered ACP countries an opportunity to temporarily safeguard market access, the European Commission has been accused of pushing ACP countries into signing what are *de facto* simply FTAs. Some have interpreted this as the EU showing its real face after years of empty rhetoric, while others considered this interim approach merely as a face-saving exercise that allows the EU to avoid re-imposing tariffs on ACP countries, thereby buying time to negotiate full EPAs without pressure from the WTO.

The EU defends its approach and interpreted the signing of several interim agreements in late 2007 as significant process. According to its argument the interim deals are stepping stones towards comprehensive regional EPAs (see also Section B2.1). The European Commission criticised the 'myths and fictions' that surrounded the EPA debate, which according to Mandelson has been 'subjected to an aggressive NGO campaign'. He further criticised NGOs for 'show[ing] no respect for the many ACP negotiators and reform-minded ministers who have worked hard with the EU to build agreements that do reflect development needs'.[32]

Some NGOs have indeed been responsible for oversimplification of the issues and presenting undifferentiated arguments, but the harsh approach by the European Commission and the tense process during the run up to the end of the year deadline was real and certainly soured relations between the EU and the ACP.

[32] Peter Mandelson, http://allafrica.com/stories/200712210324.html

ACP under pressure

Although the European Commission denies having exerted any pressure,[33] there are plenty of ACP accounts to the contrary (see Box 4). The ACP Council of Ministers last December 'deplore[d] the enormous pressure that has been brought to bear on the ACP States by the European Commission to initial the interim trade arrangements, contrary to the spirit of the ACP-EU partnership,'[34] in a process characterised by the ACP Secretary General Sir John Kaputin as 'fraught with panic, confusion and disagreements.'[35] Many ACP Heads of States and Ministers have publicly expressed their disquiet over these EPA negotiations.[36] Even Commissioner Mandelson came to acknowledge that 'the last months of 2007 were difficult' and that 'some good relationships […] have been strained.'[37]

Box 4. Negative reactions to EPA process

President Bharrat Jagdeo, Head of State Guyana	'No matter how the EC tries to portray this as a wonderful new development partnership for the future, a modern partnership, a mature arrangement that will stimulate trade, we feel that the countries that were part of the LOME convention will see significant changes in the benefits they received in the past' http://www.caribbeanpressreleases.com/articles/2440/1/CARIFORUM-negotiations-faced-several-bottlenecks--Guyana-President-Jagdeo/Region-must-retain-benefits-of-Lome.html 'I resent that characterisation that we won from these negotiations. We did not win anything whatsoever.'
Rob Davies, South Africa's deputy trade minister	'We were not legally obliged to enter into the EPA process. But we did so because we thought it could be a step to regional integration. I'm afraid it has worked out in an end-game that could contribute to regional disintegration.'' http://ipsnews.net/news.asp?idnews=40567 'This (the threat to impose tariffs from 2008) led to a situation where a country that was unwilling to sign on did so under huge duress and with little enthusiasm'. http://ipsnews.net/news.asp?idnews=40567
Assembly of the African Union, Tenth Ordinary Session, 31 January – 2 February 2008	The Assembly is 'further concerned that the process leading to the conclusion of Interim Economic Partnership Agreements did not build on what was negotiated earlier and in particular that political and economic pressures are being exerted by the European Commission on African countries to initial Interim Economic Partnership Agreements' DECLARATION ON ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) DOC. EX.CL/394 (XII
Satiawan Gunessee, Mauritius's ambassador to the EU	'The last few weeks of 2007 were very painful' said Gunessee, adding that the European side 'has created a lot of strain and mistrust in the process'. http://www.ipsnews.net/news.asp?idnews=41015
Sir John Kaputin, Secretary General of the ACP Group	'The decisions of ACP States were driven by sovereign national trade interests. Unfortunately in some cases their position was at variance with the regional approach and compromised the solidarity of the region ... I can describe the process towards the initialling as one fraught with panic, confusion and disagreement at the national and regional level ... The ACP group regrets that in nearly all cases, the agreements were initialled under the great pressure of time ...' TNI Vol.7, No.1, February 2008.

[33] See interview by the European Commissioner for Development, Louis Michel, in this issue and DG Trade. Statements are available at http://ec.europa.eu/trade/issues/bilateral/regions/acp/pr280108_en.htm

[34] Declaration of the ACP Council of Ministers at its 86th Session expressing serious concerns on the status of the negotiations of the Economic Partnerships Agreements, ACP/25/013/07, 13 December 2007, www.acp.int/en/com/86/ACP2501307_declaration_e.pdf

[35] See interview with ACP Secretary General Sir John Kaputin in TNI Vol.7, No.1, February 2008.

[36] The Ministerial Committee of ECOWAS on 17 December 2007 similarly 'deplored the pressure being exerted by the European Commission', whereas Guyana President Bharrat Jagdeo accused the EU of 'bully[ing] the countries into meeting the deadlines' (*Stabroek news*, 06.01.08, http://www.stabroeknews.com/index.pl/article?id=56536297)

[37] http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm190_en.htm

Vitorrio Agnoletto (MEP)	'The Commission has been able to apply the notion of divide and conquer… I think this is the logic the European Commission will continue to follow.' (Vitorrio Agnoletto from Italy, Member of the European Parliament) http://www.ipsnews.net/news.asp?idnews=41015
Bacar Dia, Senegalese information minister	'When we are asked to open our borders to allow in products from the north without any customs barriers, without taxes, it's almost like declaring nuclear war on us.' http://mwcnews.net/content/view/19264&Itemid=1)
Elisabeth Tankeu, AU trade commissioner	'Africa must remain very vigilant and speak out with one voice. Hurrying to do things individually can lead to errors which the countries may regret in later years ... It is regrettable that some countries have gone ahead to sign interim EPAs with the European Union.' http://africa.reuters.com/wire/news/usnL08

European Trade Commissioner Peter Mandelson, in particular, has been perceived not only as a 'hard line' negotiator but also as being disrespectful to ACP negotiators and NGO representatives. Development Commissioner Michel was also accused of putting European interests at the expense of development. Being asked about South Africa's reluctance to agree on a MFN clause, he was quoted: 'Evidently, it is a question of national sovereignty. But it's also a question of sovereignty for Europe. The European Commission and our member states provide 56 percent of all development assistance in the world. It is difficult to say that Europe should let our partner countries treat our economic adversaries better than us. We are generous but not naïve.'[38]

In addition to these general perceptions, concrete cases running counter to the partnership principle have been reported by observers and negotiators throughout the regions. In the Pacific region, reportedly, about ten countries were ready to sign late 2007, but by then end of November only two countries that are highly dependent on a few commodities exports to Europe, namely Fiji and PNG, were left. A meeting with the European Commission mid-October was described as 'a humiliation' by Pacific officials who reportedly felt 'insulted and disgusted'. According to reports, Mandelson threatened to walk out unless ministers were prepared to negotiate on the outstanding issues, so that they 'gave in on virtually every issue'.[39] According to observers in the CEMAC region, during the ministerial conference with the EU at the end of October, the European Commission threatened to suspend or 'delay' programming of regional EDF envelopes and raise tariffs to GSP level. In order to bypass differences within the region the European Commission further proposed to the Central African negotiation party to limit the CEMAC negotiation team to a handful of willing experts.[40] Even in the Caribbean region, which was praised by the Commission as exemplary for its commitment and progress, tensions were exacerbated. In what has been described as 'as a particularly brutal meeting' late December, the European Commission threatened to impose GSP tariffs if the Caribbean could not improve its market access offer.[41] The European Commission has further been accused of trying to play regions and countries off against each other. Reportedly, EC negotiators have in some cases claimed progress on certain contentious areas (agreement on certain provisions) in one region, to convince another to agree to the same. According to several actors this negotiation stance illustrated the Commission's attempts to secure an EPA signature at any price.

---

[38] Q&A: 'We Are Generous but Not Naïve' Interview with Louis Michel, EU Development Commissioner, http://www.ipsnews.net/news.asp?idnews=40762

[39] Primack, D., 'EPA fails to draw the Pacific closer to the international trading system'. In: *Trade Negotiations Insights*, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

[40] Ulmer, K., 'The Emperor's new clothes', in: Trade Negotiations Insights, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

[41] Jessop, D., 'All or nothing: the Caribbean EPA', in *Trade Negotiations Insights*, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

From regions to sub-regions and countries

In addition, the EC switched from a regional to a double approach with negotiations at both national and regional levels. Regional market access offers were foreseen but when it became apparent that it would not be possible to reach an agreement, as a fall back position, the European Commission started conducting bilateral negotiations in parallel with single countries and sub-regions.[42] In West Africa, the European Commission reportedly sent regional drafts to ECOWAS and the *Union Economique et Monétaire Ouest Africaine* (UEMOA), as well as national drafts to Ghana and Côte d'Ivoire. In Central Africa the European Commission changed its tactics and negotiated a bilateral interim agreement with Cameroon, without involving CEMAC.[43]

According to the European Commission this was the only WTO-compatible way of securing market access, one of the major concerns of most ACP countries. The European Commission repeatedly highlighted its commitment to negotiate comprehensive full regional EPAs and defended the interim agreements as stepping stones towards full regional agreements specifically drafted to provide a basis for negotiations towards full regional EPAs to continue.[44] Yet, by adopting the double approach, the European Commission by-passed the formal regional negotiation structures and was therefore accused of actively weakening regional solidarity. The fragmentation of countries has led to tensions within the regions and put non-LDCs in an extremely difficult situation. They had to make the difficult choice of either concluding an agreement individually and thus disrupting regional integration, a politically costly option, or align with the region and fall back to GSP, an economically costly option. However, some countries were also more inclined to favour national interests over those of the region, as they did not see the need to find a regional compromise on their exclusion baskets. This is the case notably of many ESA signatories which are not yet sufficiently integrated.

The EPA process clearly exposed the weak regional cohesion in most EPA regions in which national interests still prevail over regional integration agendas. Or to put it in the words of Mr. Augustine Adongo, Chief Executive at the Federation of Associations of Ghanaian Exporters: 'To harmonise the interests of all 16 West African countries would not have been best for Ghana, as interests differ from country to country'.

Conducting interim agreements bilaterally provided the opportunity to also safeguard market access in those regions were regional solutions were not possible in the remaining time. The bilateral approach adopted by the EC and some ACP counterparts, however, is clearly at odds with one of the key objectives of the EPAs, which is to build on and reinforce regional integration.

Market access as the driving force

The political and economic cost of disrupting regional solidarity and rushing an agreement through were hardly taken into account. While interim agreements in the Pacific are more or less a conglomeration of what had been agreed until end of the year, Interim Agreements in Ghana, Côte d'Ivoire and Cameroon, have been agreed on the basis of draft texts proposed by

---

[42] Watson, J., East Africa: a splintered picture, in: *Trade Negotiations Insights*, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

[43] Interestingly, though, the text of the interim agreement with Central Africa quotes CEMAC as partner (only signed by Cameroon so far), while the texts with West Africa quote Ghana and Côte d'Ivoire as partner (and other ECOWAS countries as possible acceding countries).

[44] See, for example: European Commission, Six common misconceptions about Economic Partnership Agreements (EPAs) – Brussels, 11 January 2008.

the Commission at the last minute. This left little space for democratic scrutiny or time to examine and amend the agreements. Some interim agreements reportedly have never been checked by ACP technical experts and were agreed on only at political level.

This saved time and in some countries it may have been the only way to conclude an agreement in time. Yet in some cases this has led to a severe lack of ownership of both the negotiation process and its outcome. Indeed, it seems that many ACP countries signed not because they believe in the benefits and the concept of EPAs as originally envisaged but only because they saw no other way of safeguarding market access, one of the main concerns for most of ACP countries; the cost of not signing was greater than that of signing.[45] This is acknowledged by Mandelson who argued: 'If all of Africa has rejected EPAs, why are we getting people signing?' And added: 'It's because in some cases they reluctantly feel that they don't have any alternative and don't want their trade disrupted, and in other cases because they see an opportunity.'[46] This is in sharp contrast with the development rhetoric of Europe, according to which: 'EPAs […] should no longer be conceived as trade agreements in the conventional sense where both sides are seeking mutual advantage […]. The purpose of EPAs is to promote regional integration and economic development.'

But the ACP countries have their share of responsibility as well in this frantic process: many left contentious or difficult issues until the end of the negotiations. The EU cannot be held accountable for the fact that market access offers were prepared in a rush and under great pressure, as the countries and regions knew about the 2007 deadline for years. The ESA region reportedly met in mid-October in Madagascar in an attempt to create a unified regional market access offer. As more countries submitted their national lists of sensitive products it became apparent that it would be impossible to reach a unified position, given that the regional list of sensitive products covered over 90 percent of trade with the EU.[47] With time running out, no common position could be reached. But the issues of market access could have been addressed earlier.

A tense process but satisfying outcome for many

Despite the tense process, many ACP countries that have initialled an agreement have publicly declared their satisfaction with the outcome. In the Caribbean many celebrated the EPA as a mutual partnership with the Caribbean being able to get some major concessions from EU, namely in the service sector. In other regions (and countries) too, positive comments were heard (mainly officials or the private sector) praising the interim agreements as paving the way for a more mature partnership (see Box 5).

In the end, it seems that those countries and regions which have shown strong commitment to the EPA process and were better prepared, are now more likely to benefit from the agreements (see Section A3.1).

---

[45] Some observers have even put it in more drastic terms: 'It is not as if politicians in developing countries don't know that these agreements are bad. They know, but for many, the only alternative they see is worse. Europe has put them between a rock and a hard place'. See Bloomer, P., EU has put region between a rock and a hard place, in: New Vision (Kampala), 19 December 2007.

[46] See William Schomberg, EU's Mandelson hits back at African leaders on trade, http://africa.reuters.com/wire/news/usnL10259362.html, 10 December 2007.

[47] Watson, J., East Africa: a splintered picture, in: *Trade Negotiations Insights*, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

Box 5. Positive reactions to EPAs

NAU President Raimar von Hase	Namibia Agricultural Union is grateful and relieved that the government signed an interim trade deal with the EU. 'The NAU would like to express its joy and gratitude about the signature. It is well known that negotiations between Government and the EU were at times difficult,' said Raimar von Hase. http://allafrica.com/stories/200712180685.html
Stephen Mbithi, chief executive FPEAK	'We don't see any reason why it [the economy] should go down. Our biggest worry was the economic partnership agreements, that's out of the way now' (Stephen Mbithi, chief executive of Fresh Produce Exporters Association of Kenya (FPEAK)) http://www.guardian.co.uk/feedarticle?id=7216979
Peter Mandelson speaking to the European Development Committee, 28 January 2008	'Too many poor people in the ACP have been trapped in poverty while others in the developing world have moved on. We all agree we need to amend this situation and I believe that in December, we and the ACP did something very significant about it. I do not pretend that this has been easy. That is not surprising given the important change involved in the economic partnership between the EU and ACP. But I do think we are now moving forward on the basis of a solid platform.'
Mr. Vimal Shah, Vice Chairman Kenya, Association of Manufacturers	'The government has demonstrated strong leadership throughout the negotiation period in ensuring that the country gets a deal despite all odds and last-minute hitches and challenges from the EAC neighbours.' http://allafrica.com/stories/200712031448.html
Mr. Harvey Rouse, the European delegation's head of trade, based in Nairobi.	'This is a truly historic day as it is the first international agreement concluded by the EAC as a bloc, as well as the first trade agreement concluded by the EU with another customs union.' http://allafrica.com/stories/200712031448.html
Côte d'Ivoire's Minister of African Integration, Amadou Kone	The agreement paves the way for the 'strengthening of economic and trade relations and the establishing of lasting relations ... in order to safeguard Ivory Coast's major trade interests with the European Union'. http://afp.google.com/article/ALeqM5jLUKah18ZDh7kcJaSyUX5OGX1BLA
Zhivargo Laing, minister of state in the Ministry of Finance, Bahamas	'We are very happy with the agreement ... It gives us access to the EU market in the area of goods through our membership in CARIFORUM…' He called the agreement a 'win-win' for The Bahamas. http://www.thenassauguardian.com/bixex/325295312187329.php
Henry Jeffrey, Foreign Trade Minister, Guyana	'They have done well in terms of hard negotiations. It was four years of hard slog and I think for the most part they have come through for us.' http://www.stabroeknews.com/index.pl/article_general_news?id=56535726

A wake up call?

A deadline can often be regarded as a stimulus for the parties to move ahead and may have helped to put trade higher on the agenda of policy-makers. But both parties certainly started too late to negotiate on substantive issues while spending the initial years discussing systemic questions without being able to reach agreement. The push given by the looming deadline may thus have helped to propel both parties to the negotiating table and to focus on the major issues (notably market access, a core issue in any FTA). However, the recent events also demonstrate that too much pressure in an asymmetric relationship like that between the EU and the ACP, can lead to a lot of suspicion and a lack of ownership of the final result and is certainly not conducive to a harmonious relationship.[48] The EU therefore may have succeeded in getting countries to sign through pressure and the threat of imposing tariffs from 2008 on. But many ACP stakeholders are left with the perception that the agreements have been externally imposed. As a consequence, there is a loss of domestic ownership and they may be less willing to bring forward the process and related reforms.

[48] Or as African Business Woman put it 'You may impose your EPA, but it will not be ours', cited by Karin Ulmer in: The Emperor's new clothes, *Trade Negotiations Insights*, Vol.6, No.8, December 2007 – January 2008, ECDPM-ICTSD, www.acp-eu-trade.org/tni

In addition, by the end of 2007, many were left with the perception that commercial and political interests, in both the EU and ACP countries, too often prevailed over development concerns. It seems that largely pragmatic concerns ultimately overshadowed the outcome of the negotiations. While conformity with the WTO rules of its trade regimes available to ACP countries as of 1 January 2008 was paramount to the EU,[49] preserving access to the EU market was of prime importance for most of its ACP counterparts. Over the last few years, the one or the other side certainly had to learn 'that there is no link more politically emotive than the link between trade and development' (Peter Mandelson[50]).

Looking at the process as a whole some important lessons can be drawn that could help to guide the future relationship between ACP and the EU. Key lessons are summarised below and were covered in more detail in the Introduction.

Key lessons:

- External pressure was a crucial element during the final weeks of negotiations. It functioned as a wake-up call to negotiators, getting them to tackle contentious and outstanding issues.
- The core interests of market access and WTO compatibility help to move negotiations forward. Yet these entail the risk of dominating all other concerns and may be used to the detriment of the counterpart.
- Ambitions were set high (perhaps too high) and agreement could only be reached by adopting a pragmatic approach and lowering expectations.
- The attitude in negotiations cannot be separated from the content. A tense atmosphere during negotiations is at odds with the development objectives and partnership dimension of the agreements.
- The process has created mistrust and resentment, the political costs of which are likely to be felt beyond the negotiation arena. An open and fair process is therefore crucial to achieve a result that is owned by all parties involved and to build a stable partnership.

2. Options for the way forward and challenges to be expected

Concluding comprehensive EPAs is the stated aim of all the parties in the current negotiations. However, given past experience as outlined above, this goal may not be as easy to achieve as hoped and a different outcome of the negotiation process may be envisaged. Section B2.1 discusses the available options, ranging from concluding full EPAs over adopting the initialled interim agreements as permanent solutions (possibly joined by additional countries), to opting for one of several alternative trade regimes. The salient features of these different scenarios are summarised in Table 60 (Section B2.1, in sub-section *Alternative trade regimes*).

Section B2.2 examines some general issues related to the regional scope of EPAs, while Section B2.3 addresses the specific options and challenges in each of the negotiating regions.

[49] In this regard it is somewhat surprising that the EU and the ACP countries that have concluded an EPA or interim deal have not yet notified these agreements to the WTO prior to their application, contrary to their WTO obligations.

[50] European Parliament, Brussels, October 19 2006.

2.1 Available trade regimes

Moving towards full Economic Partnership Agreements

The logic of the European Commission, which has so far been followed by the ACP countries, is as follows: based on the provisions of the Cotonou Agreement, the objective of the negotiations is, and has always been, to conclude full EPAs.[51] Towards the end of 2007, this goal appeared to be achievable in the Caribbean. Other regions, however, were not yet in a position to come to a comprehensive agreement.

Faced with the expiry of the WTO waiver covering the preferences under the Cotonou Agreement, a solution needed to be found in order to extend the negotiation period and to safeguard access to the EU market for ACP products for non-LDCs, while respecting commitments made at the WTO. This situation led to the idea of concluding preliminary agreements, either based on what had already been agreed at the present state of negotiations (as in the Pacific) or based on a new text covering mainly market access in goods (as in Central and West African countries). In line with the latter approach, new texts were drafted by the European Commission for some interim agreements; these agreements are meant to be replaced by full EPAs based on comprehensive jointly negotiated texts by the end of 2008.

The interim agreements initialled in November and December 2007 have been conceived as 'stepping stones'[52] towards wider agreements. Accordingly, ongoing negotiations towards full EPAs are a central element in the interim agreement approach. The EC aims to include provisions on trade in services as well as on trade-related issues (such as investment, competition, government procurement, trade facilitation and intellectual property rights, the environment and social aspects) in comprehensive EPAs. In line with the rendezvous clauses contained in all interim agreements, negotiations towards full EPAs are expected to address these areas in 2008 (see Section A3.2, Table 57).[53]

However, several ACP countries have been reluctant to take on firm commitments on services or on some trade-related issues, and these are not required in order to comply with WTO rules. Hence, the degree of detail of any such provisions in the full EPAs to be concluded remains to be determined. Furthermore, in principle, it is possible to include varying degrees of commitment on services and trade-related issues by different members of the region within one full regional EPA, though deeper integration in these areas may ultimately require common regional undertakings.

The CARIFORUM-EC EPA, being the only full EPA initialled so far, is likely to be used as a point of reference for negotiations in other regions. Nevertheless, comprehensive EPAs are likely to differ between regions to take account of the specific situation in each configuration.

Given that some interim agreements were largely drafted by the European Commission, there will also be a need to ensure that the full EPAs appropriately reflect the interests of both parties. In this context, it will ultimately depend on a political decision by the negotiators whether and to what extent the provisions of the interim deal will be incorporated into a

---

[51] In this context note that there is no agreed definition of the range of areas are to be covered by a 'full' EPA. Hence, the scope of such agreements may differ between regions.

[52] Communication from the Commission to the Council and the European Parliament on Economic Partnership Agreements , European Commission, 23 October 2007.

[53] For all interim agreements except ESA and EAC, the rendezvous clauses contain the deadline of end 2008.

comprehensive agreement.[54] The range of options in this respect can be summarised in three different scenarios. An interim agreement that has been signed and notified to the WTO can be:

- superseded by a full EPA, which contains an entirely new text (possibly building on negotiations prior to the conclusion of the interim agreement);
- taken as a basis to construct the text of a full EPA, modifying some provisions as necessary, e.g., by drawing on agreements reached in other regions (see Box 6);
- used as a building block for a full EPA, retaining the existing provisions without re-negotiation and adding new ones covering additional areas not yet covered by the interim deal.

The differences between these approaches are subtle and the approaches adopted may vary between regions. Ensuring regional ownership and full understanding of the consequences of any deal is likely to be a key argument for altering or replacing the text of the interim agreement.

Modifications to the market access schedules contained in the interim agreements are legally possible even after notification to the WTO, provided that both parties agree that the liberalisation commitments continue to comply with the 'substantially all trade' criterion of Article XXIV of GATT[55] and that the new schedules are re-notified to the WTO. Such adjustments will generally become necessary when moving from interim agreements at the country or sub-regional level to full regional EPAs, in order to harmonise liberalisation commitments within a region. The analysis in Part A clearly indicates that significant changes may be required to existing texts and, especially, schedules.

Identifying a common tariff liberalisation schedule acceptable to all regional partners is likely to be a difficult process, particularly if this schedule is to be based on what was signed by an individual country in its interim agreement. For example, Côte d'Ivoire has an exclusion list which covers, according to the European Commission, 19.2% of its trade with the EU. However, by extending the same selection of sensitive products to all members of the negotiating group, exclusions at the regional level amount to much more than the 20% acceptable to the European Commission. The same applies to Cameroon and Ghana, whose individual exclusion lists cover 20% and 19.5% of their imports from the EU respectively.

Therefore, either the European Commission has to show unprecedented flexibility by lowering the threshold to less than 80% of trade liberalisation (which several ACP negotiators and experts have been calling for), or some products must be excluded from their individual country list of sensitive products to accommodate those of regional partners (which might not be well received by the private sector in those countries that have concluded interim deals). In the case of West Africa, matters are further complicated by the fact that the liberalisation schedules for Côte d'Ivoire and Ghana differ. In any case, this is likely to be a painstaking process.

---

[54] In Central Africa, for example, the parties have agreed to base future negotiations on joint texts drawn up prior to the conclusion of the interim agreement with Cameroon, which is largely based on an European Commission draft. Accordingly, the interim agreement should be entirely substituted by a new text.

[55] The EC interpretation of 'substantially all trade' used in the interim agreements is a liberalisation by the ACP of at least 80% of imports from the EU within 15 years.

Box 6. Interim texts cast in stone?

With regard to the challenge of moving from interim and often, country-specific texts, to full regional EPAs, the immediate issue concerns the status of the interim agreements. The European Commission had suggested that these agreements should be open to alteration. Indeed, some interim deals, such as those in Central and West Africa, contain explicit provisions to allow adjustment at the regional level, while others, such as Namibia's, contain annexed declarations for amendments. The plan is for interim deals to form the basis of full EPAs, subject to changes and additions negotiated in 2008 or beyond. But the extent to which these interim deals can be revised remains to be determined. Recent declarations by European Trade Commissioner Peter Mandelson suggest that he does not want to re-open and re-negotiate interim deals.[1] This raises two main points of concern.

First, some ACP negotiators have been able to extract better concessions or more favourable deals than others. While it would not make sense for all EPAs to be the same, given their need to reflect specific national and regional interests, the European Commission should not seek to discriminate against certain ACP countries or groupings. Thus, it would seem appropriate that any ACP country or region that so desires, should be allowed to import any provision agreed to by the EU in another interim or full EPA, into its own final EPA.

Second, most interim deals were concluded in haste and therefore modifications should be permitted after re-negotiation. More importantly, some of the texts for interim deals were tabled by the European Commission just a few weeks (as was the case for ESA and EAC) and in some cases even a few days (Cameroon, Ghana and Côte d'Ivoire) before the deadline for conclusion. These proposals did not reflect prior negotiations with the regional groupings concerned, and only marginal fine-tuning was agreed on.

At the time, the Commission's argument was that these Agreements were primarily aimed at safeguarding EU market access and that negotiations would continue in 2008. Several countries concluded deals on this principle, taking into account strategic political and economic considerations, without having the correct technical assessment and input needed. Should the European Commission refuse any request to reconsider some provisions, it would be a fatal blow to the notion that EPAs are based on an equal partnership.

Interim agreements as a permanent solution

Even though the interim agreements are intended to be temporary solutions and contain rendezvous clauses to continue negotiations towards full EPAs, it may be the case that future negotiations do not result in an EPA being concluded. In which event an interim deal could become the full agreement. As the interim agreements constitute WTO-compatible arrangements on trade in goods, this scenario could occur if the EC does not manage to convince ACP countries of the benefits it sees in negotiating provisions on issues which go beyond safeguarding market access in goods. Countries currently exporting under the GSP or EBA could further seek to join an existing interim agreement.

Alternative trade regimes

While concluding a full EPA is the goal all parties have committed to, there are other trade regimes that could be applied instead of an EPA.[56] In the first place, this is the EU's GSP, comprising the standard GSP, the special incentive arrangement for sustainable development and good governance (GSP+) and the EBA initiative. LDCs have duty and quota-free access to the EU market under EBA while the standard GSP available to non-LDCs offers less generous market access conditions compared to those under an EPA or to the preferences under the Cotonou Agreement which applied until December 2007. Market access under GSP+ is more favourable than under the standard scheme; however not all products are covered by GSP+ and participation in the scheme requires the ratification and implementation of a number of international conventions. (For comprehensive information on the EU GSP, see Appendix 6.)

These trade regimes are potentially attractive options for ACPs that decide against concluding an EPA. Theoretically, even some of those countries that have initialled interim agreements

[56] See Bilal, S. and F. Rampa. 2006. *Alternative (to) EPAs. Possible scenarios for the future ACP trade relations with the EU*. Policy Management Report 11. Maastricht: ECDPM, http://www.ecdpm.org/pmr11

might go back to one of these options if negotiations towards full EPAs fail or if initialled agreements are not signed and ratified. However, this will certainly entail a loss of market access to the EU for non-LDCs, a cost that may not be economically and politically acceptable to many of those ACP countries.[57] Hence, for those countries that are party to an interim deal, either concluding a full EPA or at least keeping the interim solution would seem to be more likely scenarios.

Multilateral liberalisation by the ACP as a complement to concluding EPAs would reduce potential trade diversion effects. An option would thus consist in inducing ACP countries to reduce their tariff in the multilateral framework in exchange for DFQF market access to the EU.[58] Another option that has been suggested is partial liberalisation by the ACP towards the EU in return for DFQF access to the EU market.[59] This is currently inconsistent with WTO rules (notably Article XXIV of GATT and the Enabling Clause). Thus, in order to gain the approval of WTO members for an exception or a change of rules, the story goes, the ACP would to agree on multilateral tariff reduction by the ACP. However, it is unlikely that other WTO members would agree to a change in rules that would allow such systemic exemption to the MFN principle. Besides, competitors of the ACP in the EU market have no interest in improved access to ACP markets through multilateral liberalisation as compensation for allowing EU preferences to the ACP.

Table 60. Options for the way forward: EPAs and alternative trade regimes

Trade regime		Main characteristics
EPA	**Full EPA**	**Nature of the agreement:** • Comprehensive WTO-compatible FTA, covering trade in goods and in services, as well as trade-related issues (e.g. investment, competition, public procurement, intellectual property rights, the environment and social aspects) • Gives the ACP-EU trade regime the legal certainty of a bilateral agreement (contrary to unilateral preferences) **Market access in goods:** • Duty and quota-free (DFQF) access to the EU market for ACP for all products, with transition periods for sugar and rice • Improved RoO • Opening up of ACP markets to imports from the EU **Services and trade-related areas:** • Possible liberalisation of trade in services and provisions on trade-related issues **Regional dimension:** • Regional coverage • Requires harmonised liberalisation commitments on trade in goods within the region • Able to include varying degrees of commitment on services and trade-related issues **Development:** • Includes provisions on development cooperation (no binding financial commitment yet) • Perception of having access to additional development financing from the EU **Agreements concluded:** • Only one full EPA concluded so far (Caribbean); but official aim of all ACP regional groupings negotiating an EPA

[57] See ODI (2007), *The costs to the ACP of exporting to the EU under the GSP*, Report prepared for the Dutch Ministry of Foreign, March 2007, www.odi.org.uk

[58] See Hoekman, B., *Designing North South Trade Agreements to promote economic development*. Paper presented at the International Trade Roundtable 2005 'The WTO at 10 Years: The Regional Challenge to Multilateralism,' Brussels, June 27-28, 2005. http://gem.sciences-po.fr/content/publications/pdf/Hoekman_North_South_PTAs.pdf Note that LDCs ACP countries, which already benefit from DFQF access to the EU under EBA, would have no such incentive.

[59] See Messerlin, P. A. and C. Delpeuch (2007), *EPAs: A Plan 'A+'*, Groupe d'Economie Mondiale (GEM), Sciences Po, Paris, 18 November 2007, http://gem.sciences-po.fr/content/publications/pdf/messerlin_delpeuch_EPAs26112007.pdf summarised in Guinan, J. and S. Sechler (2007), "ACPs and EPAs: where's the beef?", *Trade Negotiations Insights* 6.(8), December 2007 – January 2008, ECDPM – ICTSD, www.acp-eu-trade.org/tni.

Trade regime		Main characteristics
EPA	**Narrow (interim) EPA**	**Nature of the agreement:** • WTO-compatible arrangement covering only trade in goods • Contains rendezvous clauses to continue negotiations towards full EPA but could become the permanent agreement should these negotiations not be concluded • Gives the ACP-EU trade regime the legal certainty of a bilateral agreement but possible ambiguity where negotiations for a full EPA are not completed by the deadline of 31 December 2008 (specified for all regions except EAC and ESA) **Market access in goods:** • Duty and quota-free (DFQF) access to the EU market for ACP for all products with transition periods for sugar and rice • Possibility of improved RoO • Opening up of ACP markets to imports from the EU **Services and trade-related areas:** • No liberalisation of trade in services and no commitments on trade-related issues **Regional dimension:** • So far, there are interim agreements between the EU and individual countries/sub-regions which are part of larger regional entities • Regional scope could be extended as countries currently exporting under GSP and EBA could join an existing interim agreement **Development:** • Provisions on development cooperation are included in most interim agreements (no binding financial commitment yet) • Perception of having access to additional development financing from the EU **Agreements concluded:** • Several interim agreements have been concluded at sub-regional and country levels
EU GSP	**Standard GSP**	**Nature of the trade regime:** • Unilateral trade preferences granted by the EU to developing countries meeting certain vulnerability criteria based on an EU Council regulation[60] **Market access in goods:** • Preferential market access to the EU market for ACP countries equivalent to market access for other developing countries, with higher tariffs than under an EPA and under previous Cotonou preferences • Limited coverage, some goods (e.g. sugar,[61] bananas and rice) are not included in GSP and have to be exported under MFN conditions • Most favourable market access regime available to non-LDCs in the absence of an EPA or interim agreement • GSP RoO are currently more restrictive than RoO under an EPA, but are expected to be reviewed in 2008 • No additional opening up of ACP markets to imports from the EU **Services and trade-related areas:** • No liberalisation of trade in services and no commitments on trade-related issues

[60] See the provisions in force until 31 December 2008: Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences, http://trade.ec.europa.eu/doclib/docs/2005/june/tradoc_123910.pdf and the proposal for the period 2009-2011: European Commission, Proposal for a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006, 21 December 2007, http://register.consilium.europa.eu/pdf/en/08/st05/st05177.en08.pdf

[61] For sugar, the sugar protocol annexed to the Cotonou Agreement will apply until 30 September 2009 to those ACP countries that hold quotas under this arrangement.

Trade regime		Main characteristics
EU GSP	GSP+	**Nature of the trade regime:** • Unilateral trade preferences granted by the EU to developing countries meeting certain vulnerability criteria and political criteria, based on an EU Council regulation[62] **Market access in goods:** • Preferential market access to the EU market for ACP countries with higher tariffs than under an EPA and under previous Cotonou preferences, but lower tariffs than under the standard GSP • Limited coverage, some goods (e.g. sugar, bananas and rice) are not included in GSP+ and have to be exported under MFN conditions • GSP RoO are currently more restrictive than RoO under an EPA but are expected to be reviewed in 2008 • No additional opening up of ACP markets to imports from the EU **Services and trade-related areas:** • No liberalisation of trade in services and no agreement on trade-related issues **Timeframe for entering the GSP+ scheme:** • new regulation to be adopted by the EU in 2008, for 2009-2011 period • request has to be submitted by 31 October 2008 • list of beneficiaries published by 15 December 2008 **Compliance of ACP countries with the eligibility criteria** • **Economic criteria**: Currently all African and Pacific non-LDC ACP countries except South Africa meet the vulnerability criteria for GSP+.[63] • **Political criteria**: According to the European Commission proposal for the next GSP regulation for the period 2009-2011, countries are required to have ratified and effectively implemented all 27 conventions to be included in the list of GSP+ beneficiaries. As of November 2007, Seychelles and Ghana were eligible based on having ratified the required conventions.[64] **Potential application:** • For non-LDC ACP countries without an EPA or interim agreement, GSP+ would offer better market access conditions than the standard GSP currently applied (3 African countries and 7 Pacific Island States) • For non-LDC ACP countries that initialled an interim agreement, GSP+ may be an option should the negotiations towards full EPAs fail or if the interim EPA were not to be **signed and ratified**

	EBA	**Nature of the trade regime:**
		• Unilateral trade preferences granted by the EU to LDCs based on an EU Council regulation[65]
		Market access in goods:
		• DFQF access to the EU market for ACP for all products with transition periods for sugar and rice, i.e. similar to the market access offer under EPAs
		• GSP RoO are currently more restrictive than RoO under an EPA but are expected to be reviewed in 2008
		• No additional opening up of ACP markets to imports from the EU
		• Services and trade-related areas:
		• No liberalisation of trade in services and no agreement on trade-related issues
		Current and potential application:
		• Many ACP LDCs have decided not to initial an interim agreement and have been exporting under EBA since 1 January 2008
		  ○ **some may decide to retain these preferences and not opt for an EPA**
		  ○ **other LDCs** may decide to join a regional EPA in order to safeguard regional integration and to benefit from provisions other than market access in goods[66]

[62] See the provisions in force until 31 December 2008: Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences, http://trade.ec.europa.eu/doclib/docs/2005/june/tradoc_123910.pdf and the proposal for the period 2009-2011: European Commission, Proposal for a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006, 21 December 2007, http://register.consilium.europa.eu/pdf/en/08/st05/st05177.en08.pdf

[63] (European Commission, September 2007: Is GSP+ an alternative to an Economic Partnership Agreement?)

[64] Furthermore, there is a precedent (El Salvador) for applying GSP+ preferences provisionally for a grace period of 14 months during which the required conventions are to be ratified and implemented. (Lorand Bartels, November 2007: The EU's GSP+ arrangement as an alternative to the EPA process).

[65] See the provisions in force until 31 December 2008: Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences, http://trade.ec.europa.eu/doclib/docs/2005/june/tradoc_123910.pdf and the proposal for the period 2009-2011: European Commission, Proposal for a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006, 21 December 2007, http://register.consilium.europa.eu/pdf/en/08/st05/st05177.en08.pdf

[66] Zambia has initialled the ESA framework agreement in order to benefit from provisions on fisheries and development cooperation.

Trade regime		Main characteristics
Multilateral Liberalisation by the ACP	In addition to an EPA	**Nature of the trade regime:** • Multilateral tariff reduction by the ACP in addition to asymmetric reciprocal liberalisation under an EPA[67] **Expected consequences:** • Reduce trade diversion effects of an EPA • Reduce administrative costs (as ACP do not need to survey RoO on those imports for which MFN tariffs are equal to tariffs applied on goods from the EU)
	Instead of reciprocal liberalisation by the ACP	**Nature of the trade regime:** • Multilateral tariff reduction on all products by the ACP in return for complete preferential liberalisation by the EU towards the ACP[68] • Does not strictly comply with current WTO rules, i.e. implementation depends on acceptance by other WTO members. These would have to agree to the EU granting preferences to the ACP in return for some reduction of MFN tariffs by the ACP, instead of reciprocal liberalisation of substantially all trade consistent with Art. XXIV of GATT **Expected consequences:** • Reduce trade diversion effects of an EPA • Reduce administrative costs (as ACP do not need to survey RoO on imports)
	In addition to further limited liberalisation by the ACP towards the EU	**Nature of the trade regime:** • Multilateral tariff reduction by the ACP in addition to asymmetric reciprocal liberalisation under an incomplete EPA (further liberalisation by the ACP but not necessarily complying with GATT Article XXIV, whereas the EU grants DFQF to ACP products)69 • Does not strictly comply with current WTO rules, i.e. implementation depends on acceptance by other WTO members. These would have to agree to the EU granting preferences to the ACP in return for some reduction of MFN tariffs by the ACP (and limited reciprocal liberalisation), instead of reciprocal liberalisation of substantially all trade consistent with Art. XXIV of GATT **Expected consequences:** • Reduce trade diversion effects of an EPA • Lower the percentage of imports from the EU into the ACP markets liberalised under an EPA (depending on acceptance by other WTO members in return for offering some reduction in MFN tariffs)

2.2 Regional scope of agreements

Strengthening ACP regional integration has been defined as a key objective of EPAs. Accordingly, the aim of EPA negotiations has been to conclude agreements at the regional level. However, as interim agreements have been initialled with sub-regions and individual countries, it remains to be seen whether it will be possible to indeed extend interim agreements to full EPAs that cover all the countries belonging to each of the negotiating regions. Instead of creating full EPAs at the regional level, different countries within the same region might make different choices about the trade regimes (as presented in Table 60). Moreover, as interim agreements are open for other countries in the region to join, the regional scope of the agreements could be widened without extending the range of issues covered to a full EPA.

Box 7 presents possible consequences related to choices made in term of the regional scope of any agreement.

[67] See Hoekman, B., *Designing North South Trade Agreements to promote economic development*, Paper presented at the International Trade Roundtable 2005 'The WTO at 10 Years: The Regional Challenge to Multilateralism,' Brussels, June 27-28, 2005 and Messerlin, P. A. and C. Delpeuch, *EPAs: A Plan 'A+'*, Groupe d'Economie Mondiale (GEM), Sciences Po, Paris, 18 November 2007

[68] See Hoekman, B., *Designing North South Trade Agreements to promote economic development*. Paper presented at the International Trade Roundtable 2005 'The WTO at 10 Years: The Regional Challenge to Multilateralism,' Brussels, June 27-28, 2005.

[69] The aim of the latter would be to reduce the liberalisation by the ACP towards the EU under an EPA; see Messerlin, P. A. and C. Delpeuch, *EPAs: A Plan 'A+'*, Groupe d'Economie Mondiale (GEM), Sciences Po, Paris, 18 November 2007.

Box 7. Scenarios regarding the regional coverage of the agreements

Scope of the agreements	Threats and opportunities
Agreements at the **regional** level	• Provided all countries within one region can agree on a common liberalisation schedule towards the EU, it will foster regional integration dynamics and allow for the formation and implementation of customs unions with CETs and policies, e.g. for the existing customs unions CEMAC, EAC, SACU and UEMOA, as well as for the emerging/expected customs unions in COMESA, ECOWAS and SADC. • Possible difficulties in arriving at a regional list of sensitive products/reduced opportunity to protect nationally sensitive sectors from EU competition. • Even though varying degrees of commitment on services and trade-related issues are possible within an EPA, a common understanding across the region on coverage of these issues will be conducive to regional integration. Different positions on these issues may create political tensions and weaken the cohesion of the regional grouping.
Agreements at the **sub-regional** level (leaving out some members of the negotiating group)	• Preserve narrow deeper regional integration, such as exists in EAC, SACU and UEMOA, but prevent broader regional integration, as in COMESA, SADC and ECOWAS. • Offer the possibility for some countries in the region not to open their markets to EU imports, e.g. for LDCs that export under EBA or for non-LDCs that apply for GSP+.
Agreements at the level of **individual countries**	• Counteract regional integration processes and create political tension, e.g. in the case of Côte d'Ivoire and Ghana initialling interim agreements alongside the negotiations at regional level in West Africa. • Offer the possibility for some countries in the region not to open their markets to EU imports, e.g. for LDCs that export under EBA or for non-LDCs that apply for GSP+ or opt for the standard GSP. • Market access offers at individual country level provide the largest policy room for determining sensitive products specific to each country's situation. • Create a need to introduce new barriers to trade and border controls within a region in order to implement RoO to avoid trade deflection.

In the process of designing a regional agreement, countries will have to determine a common regional position on services liberalisation and trade-related issues, based on the interests of each country defined at the national level. Where differences of opinion prevail in a region, it is possible that a full EPA could contain regional provisions that would apply to all members of the group, and country-specific ones (e.g. on services, investment) that would apply on an individual basis. This would allow a regional agreement to be concluded which is in line with existing integration dynamics, while respecting the choices made by individual countries.

However, as explained in Part A, if the *status quo* in some countries persists and regional partners continue to hold significantly different positions, the regional integration process could be seriously jeopardised. Regional cooperation and the dynamic of further integration would be interrupted: customs unions will be unable to apply the same CET; new border controls will be required; heterogeneous RoO might thwart production integration and political tensions would rise across the region. Nevertheless, preserving regional unity may not be a sufficiently strong argument to continue negotiations and conclude regional (potentially full) EPAs. Strategic considerations on development should determine whether an EPA should be signed, and if so, what that agreement would entail.

2.3 Possible scenarios for the African negotiating regions

Negotiations are set to continue and be concluded in 2008 or beyond. The European Commission has the mandate to conclude full EPAs and it intends to do so. None of their ACP partners has so far renounced this objective. But what is the likelihood of success?

The rushed conclusion of interim agreements at the end of 2007 may have created a sense of urgency about the need to improve on the situation created by these agreements. However, for those countries that have already committed to an interim trade deal, the market access bargaining-chip has been lost, which may weaken their stance *vis-à-vis* the EU. This is a point well understood by the Caribbean, which ruled out an interim deal for this very reason.[70] Further, some LDCs that have not initialled an interim agreement may find the duty and quota-free market access under EBA a suitable trade regime to continue exporting to Europe (despite the less favourable RoO), and may have no appetite to pursue a broader trade-related agenda. Apparently, this is the current position of Senegal, where President Wade has repeatedly called for a development partnership agreement to replace the EPA initially proposed.

The remainder of this section considers the situation in each of the four African groupings negotiating an EPA with the EU, outlining key options and indicating the most likely scenarios.

Possible scenarios for West Africa

The West Africa-EC EPA negotiations were essentially frozen during the last few weeks of 2007 and were replaced by bilateral talks between the European Commission and individual countries in the region, which led to the initialling of interim agreements by Côte d'Ivoire and Ghana. Since then, the West Africa EPA grouping has clearly indicated its commitment to concluding a full and regional EPA by June 2009. In line with this, a detailed action plan has been drafted and will be further detailed. More recently, the region also confirmed that the interim agreements of Côte d'Ivoire and Ghana would be superseded by a regional EPA.

To meet this objective, some key issues will need to be addressed. These include the development framework for the EPA, which has been a major stumbling block in the negotiations so far. Concerns relate to the net fiscal impact of EPA implementation, as well as the necessary development programme and accompanying measures that need to be in place to enable the region to take advantage of the new opportunities provided by an EPA and to respond to the various adjustment costs incurred through the implementation of the new trade regime with the EU.[71]

While the region has confirmed that the interim agreements will be superseded by a comprehensive regional EPA, it remains to be seen whether or not negotiations will be based on existing texts, and if so, which one (the last draft agreed at the regional level in 2007, or the text of the interim deal of Côte d'Ivoire, or the one of Ghana) and to what extent it can be amended or re-drafted. More fundamentally, the challenge for the West African region will be to adopt a common position that reflects their regional ambitions while respecting their national sensitivities and interests.

A priority for West Africa is to determine its common market access offer. First, each country will have to identify its list of sensitive products to be excluded from liberalisation. It is expected that all national lists will be submitted by the end of March 2008, on the basis of which the region will draw up the common regional exclusion list. The outcome of such an exercise will have to be acceptable to all in the region and reflect in a balanced manner the

---

[70] See declarations by the Caribbean Chief Negotiator, Dr. Richard Bernal, http://jamaica-gleaner.com/gleaner/20080104/business/business4.html

[71] This last point – or lack of clarity and clear EU commitments on this matter – is at the core of Senegal's strong opposition to the proposed EPAs and the subsequent proposal to replace them with a 'development partnership agreement'.

interests of each country, while still falling within the scope of 'WTO-compatibility'. This will be most challenging. Côte d'Ivoire and Ghana already rushed through such a process at the end of 2007. But their market access offers differ (see Sections A2.2 and 2.3).[72] And, as mentioned in Section B2.1, extending any of them to the region would lead to an exclusion basket of goods whose coverage would be well beyond the levels acceptable to the European Commission. In this context, either the EC will have to demonstrate flexibility by lowering its interpretation of the 'substantially all trade' threshold to significantly less than 80% of trade liberalisation (which would be in line with what West Africa has been calling for), or Côte d'Ivoire and Ghana will have to adjust their market access offer to accommodate the interests of their regional partners (which might trigger discontent in the private sector).

A second and crucial challenge for the West African region and integration efforts, relates more specifically to the liberalisation process towards the EU. This will largely depend on the outcome of the internal discussions currently taking place on the implementation of the ECOWAS CET. This was adopted in January 2006 and was to be implemented after a two-year transition period, building on the existing UEMOA CET. Entry into force would have therefore coincided with the start of the implementation of the EPA on the 1st January 2008. However, despite a fast-track approach, the harmonisation of the ECOWAS CET with that of the UEMOA has been delayed for various reasons, notably because of a controversial request a fifth level of customs duty to be introduced. In addition to the four categories agreed for UEMOA and ECOWAS CET rates (at 0%, 5%, 10% and 20%), a 'fifth band' at 50% has been proposed by Nigeria, with the support of many non-state actors in the region.[73] In this context a key aspect to consider is the starting point for liberalisation towards the EU. Will it be the maximum fourth band at 20% as already applied by UEMOA or the fifth band at 50% proposed for ECOWAS CET? Should a fifth band indeed be adopted, this could raise some problems for future liberalisation at the regional level within the framework of an EPA. Some West African countries could find themselves in a situation where they would have first to increase their tariffs towards the EU (to the level of the fifth band) before dismantling them. This would contradict though the standstill clause in the interim EPAs of Côte d'Ivoire and Ghana. The time frame for the liberalisation schedules may also prove tricky. With the market opening starting as early as 2008 for Côte d'Ivoire and 2009 for Ghana under the terms of their respective interim agreements, these countries may have to re-impose tariffs on EU imports to accommodate the new liberalisation schedule of a full regional EPA which would replace their interim agreements sometime in 2009 or beyond.[74] Here, a further consideration to bear in mind is whether such countries would, in this process, also be forced to go beyond their MFN commitments at the WTO level and face a possible sanction from multilateral partners.

In spite of the optimistic and positive rhetoric in the region on the prospect of concluding a full regional EPA, given the current situation, the road ahead remains unclear. Harmonisation of tariff liberalisation in West Africa will by no means be smooth and straightforward. The issues to be addressed are sensitive and highly political.

In this context, another scenario could emerge, albeit one which is less favourable to regional integration efforts, in which a differentiation is made between UEMOA and non-UEMOA

---

[72] As highlighted in Part A, the Côte d'Ivoire and Ghana lists of sensitive products differ in their scope and their approach. The first has adopted a positive approach while the latter has opted for a negative one.

[73] For a more detailed discussion of this particular issue, see Ukahoa, K., *ECOWAS CET: The imperatives of Nigeria's Fifth Band*, NANTs, March 2008, and *Note de travail relative à la réforme du Tarif extérieur commun de la CEDEAO*, rédigée à la demande d'Oxfam International et du ROPPA, 16 janvier 2008, http://www.hubrural.org/IMG/pdf/Note_de_travail_TEC_Oxfam_Roppa_17_janvier_2008.pdf

[74] This would also run counter to the standstill clause imposed by the EC in all its interim agreements.

countries within the ECOWAS grouping. The former constituting a customs union with an established CET would have a common market access offer, while ECOWAS' non-UEMOA countries could have a separate market access offer and liberalisation schedules, specific to individual countries. Should a common understanding prevail on the scope and content of the agreement, it would still be possible to envisage a common EPA text. Regional integration in West Africa would then be essentially driven by the pace of liberalisation towards the EU, while the UEMOA sub-grouping and other West African countries would undertake separate liberalisation commitments. These could gradually converge over time to reach a common level of liberalisation towards the EU. But in the meantime, this would prevent the implementation of an ECOWAS customs union with a CET. This will also have an affect other aspects under negotiation, notably services.

It is therefore crucial for the West African region to make sufficient effort to define as soon as possible its market access offer to the EU under an EPA, in a manner which is satisfactory to all its members. While this is technically challenging, it requires strong political leadership and commitment. Several issues will have to be addressed to meet this objective, including that of RoO. This last matter will most likely prove to be equally challenging: while these rules are still in the process of being defined at the regional level, they are at the same time being further discussed between the EC and the signatories to an interim agreement. Here again a careful balance will have to be found between the various interests at stake and forces at work.

Besides, with many West African countries, and in particular LDCs and Nigeria, having shown little interest in all the trade-related issues advocated by the EU in the EPA agenda, the parties need to give careful consideration to the development cooperation issue and accompanying reforms if the negotiations are to be successfully concluded. Otherwise, some countries, notably LDCs, may ultimately decide to opt out from an agreement with the EU, which for most of them would result in only a marginal loss of effective preferences, if any at all. By the same token though, the EU should not be perceived as enticing reluctant governments to conclude an EPA they dislike simply to obtain more financial aid.

Efforts will have to be directed towards identifying a common position that will be sustained at the regional institutional level, with a strong buy-in from all members. In this respect, the establishment and operationalisation of a Regional Fund to support EPA implementation could play a key role in drawing various interests together.

Possible scenarios in Central Africa

The Central African region is facing the challenge of defining a common regional position after initialling an interim agreement between an individual country, Cameroon, and the EU. At a joint technical meeting on 6-7 February 2008 in Douala, Central African and European negotiators re-stated their objective of concluding a regional EPA. The parties agreed to use the conclusions of previous Central Africa-EC ministerial meetings in 2007 as a basis for future negotiations, rather than building on the text of the interim agreement. Although the text of the Cameroon-EU interim agreement is accordingly expected to be superseded by a full regional EPA, an open question relates to the extent to which commitments taken on by Cameroon in the interim agreement will influence the regional agreement, including in terms of the definition of sensitive products. However, extending the exclusion list of Cameroon to the whole region would be likely to result in an exclusion of more than 20% of imports from the EU. The percentage would increase even more if additional products of interest to other Central African countries were added to the list. Accordingly, either adjustments will have to be made in the range of products excluded or agreement will have to be reached on a higher

threshold for exclusion. Moreover, Cameroon will start liberalising its tariffs from the CEMAC CET level in 2010. Given that this CET is not yet fully implemented, a delay in the conclusion of a regional agreement would require some additional effort to realign tariffs within the region during the implementation of a full EPA.[75] Should the conclusion of a regional agreement be delayed beyond that date, this would mean that Cameroon would already have cut tariffs below the CEMAC CET level applied by other countries in the region. Accordingly, in order to implement a regional EPA, either Cameroon would have to re-increase tariffs to the regional level, other countries would have to accept rapid cuts in tariffs to reach the level of Cameroon, or the regional EPA would have to specify a transition period during which Cameroon would apply different tariff levels than other countries in the region, until these gradually reach the same level of liberalisation as Cameroon.

The economic interest in concluding a regional EPA is likely to be stronger for some countries than for others. The non-LDCs Gabon and the Republic of the Congo would benefit from improved market access under an EPA, compared to the standard GSP under which they currently export to the EU. So far, Gabon has shown greater interest in concluding an agreement than the Republic of the Congo. For the non-LDCs in the region, political considerations on regional integration and the expectation of gaining easier access to development finance may well be stronger incentives for continuing EPA negotiations than provisions on market access. Hence, based on the experience from negotiations up to 2007, binding EU commitments on the availability of finance for accompanying measures and compensation of net fiscal revenues are likely to remain a key issue in the region.

Another matter that needs to be taken into account when reflecting on the negotiations in Central Africa is the limited technical negotiating capacity in the region. This may lead to little regional ownership of the outcome of negotiations at the technical level, e.g. in areas such as intellectual property rights or services. Yet, rather than technical issues, political concerns about regional coherence and development cooperation with the EU are likely to be decisive in determining whether to sign an EPA or not, and in defining its scope.

Based on the above and information from the negotiating circles, four scenarios can be put forward as possible outcomes of the future negotiations:

1. A very comprehensive regional EPA could be concluded which would be only marginally owned by the region. Central Africa and the EC were close to adopting such a solution in November 2007.

2. A less complex regional EPA may be signed which would reflect the different levels of ambition within the region as well as a desire for regional unity.

3. Cameroon could keep its individual agreement with the EU while the other countries in the region would negotiate a separate or differentiated deal with the EU. This might occur if the challenges of aligning the interim agreement with a regional position were perceived to be too great, notably in the area of market access. Such an outcome would most likely disrupt the regional integration process of Central Africa.

4. Some countries in the region might decide against an EPA. In this case, Gabon and possibly some other countries may join the Cameroon-EU interim agreement, while the remaining countries would export to the EU under the standard GSP or EBA initiative without taking on any reciprocal commitments. This scenario would run counter to the

[75] In the case of Cameroon, however, the differences between the CET and maximum MFN tariffs are small (see Part A).

regional integration dynamics of the region, preventing the implementation of the CEMAC CET. But it might best reflect the national interests of CEMAC countries regarding an EPA.

Which of these options will be chosen is likely to be determined to a large extent by political considerations. Given the fragile security situation in the Central African Republic, Chad and the Democratic Republic of the Congo – concerns about political stability, in particular, could turn the question of whether or not to join an EPA into a strategic political matter rather than a purely economic one.

Possible scenarios for ESA

The post-2007 deadline for a new WTO-compatible trade regime between the EU and the ACP gives a splintered picture of the ESA region which, to a large extent, reflects the inherent disparity of the grouping. Five countries have initialled the ESA agreement, but with separate schedules for liberalisation (Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe), and five others have initialled under the recently emerged EAC EPA grouping (Burundi, Kenya, Rwanda, Tanzania and Uganda). The remaining six countries are LDCs (Djibouti, Eritrea, Ethiopia, Malawi, Sudan and Zambia) which have been exporting to the EU under the EBA initiative since January 1st 2008.[76]

At this stage, the regional character of the ESA EPA grouping is difficult to see and, indeed, the initialling of a separate agreement by EAC partner states has created some tensions within the grouping. Restoring the ESA configuration is further complicated by the high degree of variation between the liberalisation schedules of the different ESA signatories and EAC signatories (see Section A2.5). To be aligned, the new liberalisation schedules will have to be negotiated. All the parties involved in the ESA EPA negotiations have made the political commitment to pursue negotiations towards a full and comprehensive EPA, building on and improving the existing texts. It is expected that countries signing the ESA text (including liberalisation schedules on trade in goods and services) will be in a position to do so by the end of 2008, while countries signing the EAC text are aiming for July 2009.[77] In addition, all ESA members, including the EAC countries, have committed to coordinate and harmonise their positions in the negotiation of a comprehensive EPA with the EU. More recently, EAC Ministers tabled a proposal to their SADC and ESA partners which aim to create a larger trading bloc encompassing COMESA and SADC 'in order to eliminate friction amongst states over deals signed with partners outside the continent'.[78] While it is too early to tell whether and when this will materialise, countries in the region are openly committed to restoring the regional coherence beyond that of just the EAC and the broader framework of the ESA configuration.

---

[76] It should be noted that while Zambia has initialled the interim ESA EPA text, no market access offer was agreed upon with the EU. Zambia has been exporting to the EU under the EBA regime since 1st January 2008.

[77] Some observers have indicated that it is unlikely that this difference in the timing for completion of the EPA negotiations will have an impact on the integration efforts at a broader level. Indeed, this deadline does not appear to be binding, nor will it lead to possible sanctions if it is missed, but it is rather an estimate of the time needed to complete the negotiations. The European Commission has however recently expressed its concerns over the slow pace of the negotiations towards a comprehensive EPA in Africa and warned that African countries might face a situation similar to that of December 2007 should the negotiations not pick up. In this respect, timely coordination and harmonisation between ESA and the EAC will be key to avoid any negative impact.

[78] Ministers propose bigger East African trading bloc, Allan Odhiambo, Business Daily Africa, 13 February 2008, http://www.bdafrica.com/index.php?option=com_content&task=view&id=5847&Itemid=5813

In this respect, the scenario officially expected for the ESA region would be the successful conclusion of a comprehensive ESA-EC EPA, to which all countries in the configuration, including the EAC Member States, would adhere. Looking at the existing provisions, this appears to be technically feasible as each of the signatories of the ESA group has agreed to identical provisions and, the EAC ones are fairly similar (Appendix 3, Table A3.2). However, the fact that ESA countries tabled separate individual market access offers does serious concern (see Section A2.5), which could prevent the formation of a customs union in COMESA.[79] Harmonisation of liberalisation schedules between ESA and EAC will prove most challenging.

In this context, another possible scenario emerges in which the EAC market access offer would remain unaltered and ESA countries would table offers in line with their specific interests and where possible, on the basis of a common agenda for all areas of negotiation, including trade-related issues and services. This might lead to an ESA EPA as a framework agreement, with various degrees of commitment for different ESA countries or sub-groups of countries (as in the case of EAC for market access in goods). This should preserve some regional unity; however, it could limit deeper integration processes and would most likely prevent the formation of an effective COMESA customs union.

While there is a clear political drive to move towards a comprehensive and regional EPA, each country within the ESA configuration will have to look carefully at where its interests lie. Those countries, like Mauritius or Kenya, that had a clear interest in concluding an agreement with Europe have already done so and will most likely spearhead the process towards a full EPA. Throughout the EPA negotiating process, such leadership has been key in overcoming the diverse composition of the region and in ensuring progress in the negotiations. However, as the unfortunate recent events in Kenya show, security and political considerations will most likely take their toll on both the EPA negotiations and implementation in this country and have an impact on political leadership at the broader regional level.

Either of the above scenarios also implies that those LDCs that have opted-out of an interim agreement with the EU are convinced of the benefits of signing at least an FTA with the EU and possibly a comprehensive and full EPA. However, in the absence of an established CET for COMESA, it is less clear what interest such countries would have in tabling a market access offer. Beyond the crucial need for regional coherence and establishing a common regulatory framework, development cooperation and the extent to which accompanying measures are adequately addressed within the framework of an EPA can therefore play a key role in galvanising support from the LDCs. This will be crucial to avoid a situation where countries opt for a pick-and-mix EPA and regional integration processes in the ESA are further jeopardised. The risk remains however, that providing adequate development support and aid to accompany an EPA could be used by the EU as a way to 'induce' reluctant ESA countries to sign an EPA; an outcome which cannot in any way be conducive to the development objectives owned by the countries of the region.

Possible scenarios for the SADC EPA configuration

Uncertainty about the position of South Africa makes predictions about future developments in the SADC region difficult. While South African President Thabo Mbeki in his State of the Nation Address expressed his willingness to 'ensure that the negotiations on the Economic

[79] A Common External Tariff has already been agreed upon and the region aims to launch the COMESA customs union by the end of 2008.

Partnership Agreement are completed as soon as possible',[80] South Africa has repeatedly expressed concern about a number of provisions in the interim agreement.

Trade in services and trade-related rules are key issues in the region. In the interim agreement, Botswana, Lesotho, Mozambique and Swaziland have taken on the commitment to continue negotiations on these areas in 2008, while South Africa and Namibia have been reluctant to do so. Contrary to other regions, commitments on development finance do not play a key role in the SADC configuration, even though the definition of support measures is important for the effective implementation of specific EPA provisions.

Considering South Africa's firm opposition to binding commitments in the area of services and trade-related issues, a comprehensive regional EPA covering these areas and including South Africa is unlikely to be concluded, unless South Africa reverses its position held so far. Given that the countries that initialled the interim agreement have expressed a strong interest in the EPA, several possible options can be imagined as outcomes of the second stage of negotiations:

1. A regional EPA including South Africa may be signed with identical liberalisation commitments on trade in goods but possibly varying degrees of commitments on services and trade-related issues. This would foster the customs union SACU and allow some members to go beyond a goods-only deal without compelling South Africa to negotiate on issues it prefers to exclude from an agreement. It would require an harmonisation between the liberalisation schedule of the interim EPAs agreed so far and the one of the TDCA (see Section A2.6).

2. A regional EPA including South Africa may be signed covering trade in goods only. Provided a single liberalisation schedule for SACU is agreed upon, this would preserve regional integration within SACU with all members. The possibility of concluding a common agreement on trade in services and trade-related issues with the EU at some later stage, after increased capacity building and integration within SADC, could be kept open. However, a goods only agreement would contradict the commitments taken on by Botswana, Lesotho, Mozambique and Swaziland in the interim agreement.

3. South Africa may decide not to join an EPA and to continue exporting under its current FTA with the EU, the TDCA, while other countries would conclude a full EPA. This would solidify the *status quo* further to initialling the interim agreement, thereby creating a permanent split in the region. This may jeopardise the relevance, and ultimately survival, of SACU. Hence, the opportunity of promoting stronger coherence in SACU and SADC through an EPA would be lost.

Under SACU, the conclusion of an EPA by those countries that have initialled the interim agreement is legally possible with the consent of South Africa even if, as explained in Section A 2.6 it is not a practical possibility for most goods. A refusal to give this consent, however, might put the existence of SACU in question. The extent and the urgency of the threat to economic regional integration posed by a possible non-participation of South Africa in an EPA depends on the differences in liberalisation schedules under an (interim) EPA compared to those under the TDCA (see Section A2.6).

The extent of the participation of Angola and Namibia remains to be seen. Angola has expressed its 'intention of acceding to the full EPA once this agreement is concluded',[81] but

[80] State of the Nation Address of the President of South Africa, Thabo Mbeki, *The Citizen*, 8 February 2008, http://www.citizen.co.za/index/article.aspx?pDesc=58071,1,22

[81] Joint Declaration of the EC-SADC EPA Ministerial Meeting, 4 March 2008, Gaborone.

has not initialled the interim agreement. Namibia is party to the interim agreement and has strong interest in access to the EU market in goods. On the other hand, Namibia has shown less interest in negotiations on services and trade-related issues, and has initialled the interim agreement on the condition that several issues of concern would be addressed in the ongoing negotiations.

Key lessons:

- Comprehensive regional EPAs should be the primary goal of the ongoing negotiations, in line with the commitment that has been expressed on all sides.
- Agreements at the regional level should reflect the **common interest of all members of the region**. Accordingly, the thematic scope of any agreement should be adjusted to what is feasible in each region.
- If a country chooses not to take part in a regional EPA, it should not be pressured to join but should have the freedom to opt for an individual or sub-regional agreement or for an alternative trade regime, such as one of the schemes available under the GSP regulation.
- In deciding whether or not to conclude an EPA, each country should consider the **economic and social costs and benefits of signing an EPA,** as well as the **cost of disrupting regional integration** incurred by not joining a regional agreement or through signing an agreement with the EU that does not include the majority of the countries in the region.
- There is a crucial need to ensure ownership and awareness of the expected positive and negative consequences of any agreement by all parties.

3. Aid for Trade modalities

Throughout the entire period of EPA negotiations, the availability of EU financial support to accompany implementation of the agreement has probably been the most contentious issue of all. The ACP regions, in particular, requested that firm legal EU guarantees for development resources additional to the EDF, form part of the agreed EPA. Despite the recognition by all parties that without accompanying measures and development support there is a risk that the EPAs will not deliver on their development promise,[82] the EU member states have refused to negotiate development resources as part of EPAs,[83] let alone accept guarantees of any kind in the legal texts. In 2007 the European Commission finally accepted the possible inclusion of a 'development chapter' in EPAs. However, this has not covered European commitments on development resources. Instead, compromises were made on rather vague pledges to increase development resources spent on trade-related sectors within the existing frameworks (captured in different ways by non-binding articles or annexes to the various EPA legal texts), based on two main arguments. First, that ACP-EU aid relations are already regulated under the CPA and channelled through EDF, and EPAs only replace the trade chapter, not the whole Cotonou Agreement. Second, that aid should not be used as bait for the conclusion of EPAs.

---

[82] 'Market access without aid for trade is like putting a plate of food in front of a man while withholding the knife and fork.' Europe's aid for trade pledge, Peter Mandelson, Louis Michel, Manuel Pinho and João Gomes Cravinho, in Diario Noticias 16 October 2007 (http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/artpm043_en.htm)

[83] The mandate that the European Commission received from the European Council to negotiate EPAs does not include the negotiation of development cooperation, which is a separate, though related, aspect of the ACP-EU partnership. The Cotonou Agreement deals with trade and aid relations in the two separate parts.

The EU decided that the needs arising from EPAs should be dealt with as part of the 2007 'EU Aid for Trade Strategy', an overall framework aimed at 'delivering an effective response to countries own trade-related priorities' in favour of all developing countries. This Strategy commits the EU member states and the European Commission to spending collectively € 2 billion per year on trade-related assistance, a rather limited part of the wider AfT agenda, from 2010. To take account of the specific weaknesses and needs of ACP countries, in parallel to the conclusion of EPA negotiations, the EU made a commitment that around 50% of the increase in trade-related assistance as part of this Strategy will go to the ACP, on the basis of policy and programming decisions at country and regional levels. In practice, compared to current spending, this should bring an annual increase of € 300-400 million for trade-related assistance in ACP countries and regions.[84]

Alongside the need for additional resources, ACP negotiators and several actors in ACP and European countries also reiterated the long-standing need to further improve the value, quality and effectiveness of the EU AfT and, in particular, the predictability and timeliness of EDF resources. Many aspects of the EDF delivery set-up require improvements and the ACP regions have sought firm legal EU commitments to fully exploit the potential of the aid effectiveness principles reiterated in the (2005) Paris Declaration: ownership, alignment, harmonisation, coordination and mutual accountability. Furthermore, in terms of aid quality and the effectiveness of delivery modalities, the current EPA texts do not go beyond best-endeavour language and joint declarations attached to the agreements recognising the importance of more and better AfT to accompany EPAs.

While access to more and better aid resources is not and should not be made conditional upon signing a trade agreement, it is true that specific needs will arise for those countries that have (or will) sign an EPA. For them it is crucial that implementation of the EU AfT Strategy not be delayed relative to the implementation of an EPA. Though formally these are separate processes, coordination and coherence must be ensured in 2008 between programming in bilateral donors' headquarters, EDF disbursements, implementation of current EPA (interim) agreements, and the conclusion of negotiations for comprehensive EPAs.

In the following sub-sections, we will refer to *aid for trade modalities* to encompass more than just EPA-related development support. The observations and suggestions on the quantity and quality of trade-related aid are aimed at making trade work for development, regardless of whether the ACP beneficiary country involved is a signatory to an EPA or not.

3.1 Scope and levels of Aid for Trade

The EU has to overcome a number of challenges to ensure effective delivery of its AfT. In terms of quantitative commitments, the EU member states will be in the spotlight as they will have to increase their trade-related assistance to € 1 billion by 2010 (i.e. 50% of the EU collective commitment which should come from EU member states aid budgets). The European Commission is on safe territory due to the already negotiated 10th EDF (approx. € 23 million during 2008-2013). Together with the 9th EDF, the 10th EDF will provide the EC's part of the AfT commitment (mainly through Country and Regional Strategy Papers).

Given that the EU AfT Strategy is a general policy framework and how to move from pledges to delivery by member states will be discussed in 2008, the only legally guaranteed EU AfT, including development support for EPA implementation, will come through the intergovernmental (9th and 10th) EDF(s), managed and implemented by the European

[84] See *Council agrees EU strategy on aid for trade*, press release, Council of the European Union, 15 October 2007, http://register.consilium.europa.eu/pdf/en/07/st13/st13873.en07.pdf

Commission on behalf of EU member states (see Box 8). This is the only source of new AfT that is in the process of being programmed (according to ACP needs). In particular, the EDF Regional Strategy Papers/Regional Indicative Programmes (RSP/RIPs) focus on trade-related support and regional integration, and the nominal value of the financial envelopes for the RIPs in the 10th EDF has increased considerably. While most National Indicative Programmes (NIPs) have been agreed upon in the course of 2007, the programming of RIPs will be completed in 2008 to take account of the results of EPA negotiations.

Box 8. EDF programming instruments

Country and Regional Strategy Papers (CSPs and RSPs) are the main strategic frameworks for the programming of EU assistance to ACP countries and offer guidelines for allocation and implementation of EDF funds in different intervention areas. These papers set out the political guidelines for the implementation of cooperation policies and are instruments for directing, managing and reviewing EC assistance programmes, including on trade. The funds attached to the CSPs and RSPs are disbursed through multi-annual programming (in five-year cycles) in NIPs and RIPs. NIPs and RIPs specify the focal and non-focal sectors of assistance and the indicative allocation of resources. The ACP authorities responsible for NIP and RIP implementation are the National and Regional Authorising Officers (NAOs and RAOs). In many national or regional assistance programmes, considerable funds have been explicitly reserved for TRA (and increasingly so with EPA negotiations). As an example, the RIP for the West African region (ECOWAS and UEMOA) and NIP for Tanzania under the 9th EDF (2002-07) are outlined below.

- ECOWAS RIP – (total €235 million), focus on regional integration and trade:
  - support related to building ECOWAS customs union: €118m;
  - transport facilitation: €82m.
  - Ongoing programmes:
  - UEMOA regional integration *Program d'Aide à la Recherche Industrielle* (PARI): €65m;
  - accreditation, standardisation, quality for private sector programme: €15m.
- Tanzania NIP – (total €355 million), areas of support:
  - transport infrastructure (roads): €116m (40%);
  - basic education: €43.5m (15%);
  - macro-economic support: €98.6m (34%);
  - other programmes (governance, non-state actors and reserve): €31.9m (10%).

At this point in time very few details are available on what sectors of intervention (i.e. types of programmes) and how much trade-related support will be delivered in each ACP country and region. Hence the ACP countries and EU donors should immediately pay particular attention to the *scope* and *volumes* of AfT that will be available for programming in the coming years.

Scope: uncertainties about what type of trade-related support

The *scope* of AfT also depends on what type of assistance is considered as 'trade-related'. The WTO AfT Task Force[85] chose a broad definition of the scope of AfT interventions, and its recommended six categories are increasingly used in all AfT debates:

1. support for trade policy and regulations;
2. trade development;
3. trade-related infrastructure;
4. building productive capacity;
5. trade-related adjustment;

[85] The Task Force on AfT was established by the Director General of the WTO at the request of WTO members. Its given mandate was to make a recommendation to the Director General on how to operationalise AfT and on how AfT might contribute to the development dimension of the Doha Round negotiations.

6. other trade-related needs.[86]

In recent years, most donors have reported only on their AfT efforts in the first two categories only, classified in the Joint WTO/OECD Database that concentrated on trade-related technical assistance and capacity building (TRTA/CB). Inclusion of the other categories in the AfT debates has led to a discussion in the donor community on how precisely to distinguish between them and report the different assistance activities.[87]

The EU decided that its AfT Strategy will cover the wider AfT agenda and adopted the six WTO categories. It is now time to deliver on this, starting with clarification on definitions and reporting of different categories, since the exact scope of trade-related support, whether for EPA implementation or other trade reforms, will also significantly affect the volumes available for AfT programming in each country and region. Uncertainties still remain on the actual scope of European AfT, given that the €2 billion commitment included in the Strategy is only for first two categories while there is no clear financial allocation for the others ('additional AfT resources from the EU will be spent on trade-related infrastructure, building productive capacity, trade-related adjustment and other trade-related needs').[88] The distinction between categories 2 and 3 is also rather artificial, as it is often difficult to predict how much and when a productive capacity building activity will contribute to national market development and eventually international trade flows.

TRTA/CB categories 1 (support for trade policy and regulations) and 2 (trade development) alone are likely to be insufficient to adequately respond to the trade-related needs of partner countries. Timely support for trade reforms in the ACP together with development resources to help adjust to and foster the necessary economic transformation as well as to enhance domestic capacities to produce and market goods competitively, will be crucial. This is important if all ACP countries are to be able to actually take advantage of improved trading opportunities, and in the case of EPA, fully benefit from enhanced regional trade opportunities and the market access to Europe based on the DFQF offer by the EU.

Support for trade-related infrastructure (3) and building productive capacity (4) is particularly important to address 'supply-side constraints', the obstacles to efficient production and trade that are a general feature of the ACP economies. From landlocked Zambia, for instance, it costs more to transport a tonne of maize to neighbouring Tanzania than it costs to send the same tonne of maize from Tanzania to Europe or the United States. In most European and American ports, it takes a day to clear a container through port. In many African ports, it takes weeks. Overall, bottle necks for regional trade are often even more constraining then those for trade overseas. There are countless examples of serious supply-side constraints. When exporting many ACP agricultural producers lack the technical and financial capacity to be able to meet the EU's health and safety standards. Importantly, when defining the scope of AfT interventions, to have an impact on poverty reduction EU and ACP countries should target not only the well-established export sectors, but also support entrepreneurial activity at every level, including small and medium-sized business associations and marginalised groups such as small-scale farmers and women's groups.

---

[86] Whereby the last three categories shall only be reported 'when these activities have been explicitly identified as trade-related priorities in the recipient country's national development strategies, such as the PRSP' (WTO, 2006, Recommendations of The Task Force on Aid For Trade. WT//1 , 27 July 2006).

[87] For a discussion on AfT definitions and categories in the ACP-EU case, see part I of Martí D. and F. Rampa (2007), *Aid for Trade: Twenty lessons from existing aid schemes*, ECDPM Discussion Paper 80 http://www.ecdpm.org/dp80

[88] 'EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries', 15 October 2007.

The last category of AfT, trade-related adjustment (5), will also be very important as it refers to supporting developing countries in adapting to changes in domestic, regional and international markets due to liberalisation. The removal of protective trade barriers in the ACP will, apart from creating opportunities, also expose domestic industries to more regional and global competition and could cause fundamental economic restructuring and loss of jobs. Moreover, it is likely to lead to a significant loss of government revenues as the collection of duties constitutes a considerable part of many ACP countries' total income. Replacing revenues from duties by other tax income sources will require considerable institution building efforts. The example in Table 61 below gives a rough idea of the magnitude of expected 'adjustment costs' of EPA (in millions of euros). An estimate of the adjustments related to compensation for loss of tariff revenue, employment, production, and support for export development is presented for each ACP region. These are rough estimates that would need to be further refined, specified per country and compared to benefits that can accrue from regional trade opportunities and increased exports to the EU market.[89]

Table 61. Estimated adjustment costs by region[90]

Region	Fiscal Adjustment	Export Diversification	Employment Adjustment	Skills/Prod. Enhancement	Total Adjust. Costs
Central Africa	320	307	193	265	1,085
West Africa	925	682	416	690	2,713
East South Africa	775	702	375	630	2,482
Southern Africa	340	261	217	255	1,073
Caribbean	355	189	134	195	873
Pacific	210	175	82	175	642
Gross Total	2,925	2,316	1,417	2,210	8,868

In terms of EPA negotiations and the possible scope of EPA-related support, some of the interim and other agreements initialled in 2007 make explicit reference to AfT priorities either in the main text or in annexes (see Appendix 3 for more details). The comprehensive agreement between CARIFORUM and the EU, for instance, lists in its development chapter AfT priority areas (that are further articulated in individual chapters): a) building of human, legal and institutional capacities to comply with the commitment of the EPA; b) fiscal reform and improved customs collections; c) promoting the private sector; d) investment promotion and diversification; e) enhancing technological capabilities, research and innovation; and f) trade infrastructure development. However, lists of priorities and joint declarations by the parties attached to the agreement will not automatically lead to programming of actually available resources (see following sub-section). In the case of the Caribbean region, it also remains unclear to what extent the cooperation activities mentioned are likely to materialise (see Section A3.2).

All AfT categories should be specifically taken on board in the Country and Regional Strategy Papers for EDF disbursement as well as in the EU member states bilateral programmes through which the EU AfT Strategy will be implemented in the years to come. There is an urgent need for more clarity on the actual AfT scope for each ACP country and region. In the case of EPAs, for some, like CARIFORUM, it will be about moving from listing priorities to actual programming; for others, like the EAC and Pacific regions, there will be room in 2008 also to discuss further with European counterparts the scope of potential trade-related development support. The onus is largely on the ACP countries, since most of

[89] For more details, also on the estimation methodology, see C. Milner 'An assessment of the overall implementation and adjustment costs for the ACP countries of Economic Partnership Agreements with the EU', in Grynberg, R. and A. Clarke (2006). *The European Development Fund and Economic Partnership Agreements*, Commonwealth Secretariat Economic Affairs Division. www.acp-eu-trade.org

[90] Source: Ibid.

them have yet to mainstream trade into national and regional development plans, before effectively articulating AfT needs and demands based on a realistic set of priorities. On the EU side too, much remains to be done. Until funds are transferred to the beneficiary country, commitments on AfT categories remain empty boxes.

Levels: the EDF is not enough

Another major challenge in the implementation of the EU AfT Strategy relates to the *volumes* that will be available for ACP countries on a *predictable* and *timely* basis. Two dimensions are at stake: what AfT levels the beneficiary ACP country can count on in programming for coming years (given all other *non* trade-related development needs); and the volumes that will actually flow into the country at the time when they are needed (considering the serious time lags that usually separate aid programming from disbursement).

In terms of **predictable levels** available for the years to come, one thing is clear: the EDF cannot be the only source of AfT. For both EPA signatories and non-EPA states, the EDF also addresses other development programmes on health, education, water, rural development and other areas. On many occasions, ACP governments have expressed their concern that the strengthening of TRA within existing aid frameworks may lead to the neglect of other priority areas. Especially since the nominal increase in EDF, often used by the EU to counter such arguments, is negligible when adjusted for inflation. Between the 4th and the 9th EDF the nominal increase was 348%, but if 1975 is taken as a base year, the increase is only a mere 16%.[91] An indication of the relative importance of AfT compared to *non* trade-related interventions as shown by the current choices made by the ACP comes from the 2007 programming of the EDF NIPs. As shown in Table 62, very few AfT programmes can be detected as part of the focal sectors identified in the 31 NIP documents available for African ACP countries.

Table 62. 10th EDF NIPs for 31 African countries: number of focal sectors covering AfT needs [92]

		African region				
		Central	*Western*	*Eastern & Southern*	*Southern*	*Total*
WTO AfT Categories	Trade-related adjustment	0	0	1	0	1
	Building productive capacity	1	0	0	0	1
	Trade-related infrastructure [a]	1	2	6	1	10
	Trade development; support for trade policy and regulations; other trade-related needs [b]	1	1	1	0	3
Other possible AfT categories	Rural development	1	1	3	2	7
	Human resources development	0	0	0	2	2

Notes:
(a) All programmes included in these NIPs refer to regional transport infrastructure; basic national infrastructure is not included in this category (see footnote 87).
(b) These three WTO AfT categories have been merged here since the only matching programmes were defined as (unspecified) 'support to regional integration' (which could fall under each of the three).

[91] Grynberg, R. and Clarke, A., The European Development Fund and Economic Partnership Agreements, Commonwealth Secretariat, Economic Affairs Division, 2006.

[92] This table derives from the authors' own analysis of the European Commission document: MEMO/07/559 Bruxelles, le 9 décembre 2007 Sommet Europe Afrique de Lisbonne: Signature des documents de stratégie pays et programmes indicatifs nationaux 10ème FED (http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/559&format=HTML&aged=0&language=FR&guiLanguage=en) Note also that in the OECD/CRS database for the period 2002-2005, more than 30 percent of the ODA that was provided by the European Commission qualified as Aid for Trade. To have a clearer picture, further analysis is required.

At national level, where most AfT needs will be addressed, governments choose to allocate funds outside the AfT categories (with the partial exception of transport infrastructure relevant for regional integration). This table thus also shows that EDF cannot be the only envelope to address all AfT needs of ACP countries. A final aspect of the issue of predictability of AfT, as already mentioned, will be the way the different categories of AfT (and respective volumes) are defined, calculated and reported.[93] In Table 62, for instance, are the NIP programmes in the areas of 'rural development' and 'human resources development' (shaded rows), outside the conventional AfT categories, going to address AfT needs? Or rather those which only support food security and education projects? And are they going to be reported as AfT? It is not the objective of this study to specify AfT needs of the ACP, but what clearly emerges here is that EDF will not cover them all. It is necessary to estimate AfT needs in all the different categories combined at country and regional levels to identify where the gaps are and fill them with fresh new funding from European and other sources.

The call for a clear and urgent indication of what *other* amounts of AfT will be available under the EU AfT strategy, and especially for the ACP countries that will soon start implementing EPAs, is confirmed by the expected volume of fiscal revenues that will be lost in the coming years. Table 63 reports some of the figures from the analysis in Part A of this study, showing the level of the adjustment costs for revenue loss. Substantial AfT resources will be needed just for this particular category of trade-related support, either in the form of direct replacement of import revenues (e.g. via budget support) or through fiscal reforms (and strengthening of administration systems) needed to offset the loss of government funds from tariff reductions, both on intra regional imports and, in the context of EPAs, on imports from the EU.

Table 63. Expected revenue loss in EPA countries

Country	Hypothetical revenue ($000) on:		1st tranche share
	All items being lib.	*1st tranche items*	
ESA			
Comoros	3,508	0	0
Madagascar	32,643	13,631	42%
Mauritius	18,074	3,858	21%
Seychelles	142,874	141,748	99%
Zimbabwe	14,531	6,906	48%
Central and Western Africa			
Cameroon	99,000	20,000	21%
Côte d'Ivoire	139,000	83,000	60%
Ghana	162,000	153,900	95%
EAC		*2nd tranche items*	**2nd tranche share**
Burundi	4,827	4,368	91%
Kenya	39,515	26,884	68%
Rwanda	3,019	2,144	71%
Tanzania	16,718	12,906	77%
Uganda	8,746	6,721	77%

Finally, the issue of **timely disbursement** of funds should be addressed as it significantly affects the actual availability of AfT volumes by recipient countries. The EDF record of delays between aid programming and disbursement, shown in Table 64, is not encouraging in

[93] In OECD and WTO, directives have already been agreed about the CRS codes that should be used for reporting on the Aid for Trade categories Trade-related technical assistance and Capacity Building (including trade development), Infrastructure and Building Production Capacity. However, accurately reporting under the agreed codes remains a serious challenge.

this respect.[94] And it reinforces the argument that more clarity is needed on what resources (additional to EDF) will be available, and by when, for ACP countries as part of the EU AfT Strategy commitment that in the range of 50% of the planned increase in EU trade-related assistance will be available for the ACP.

Table 64. Funds allocated and spent during each five-year financing cycle (million euros)

EDF assistance package	Funds allocated during the five-year envelope (nominal value)	Real value of envelope (1975 base year)	Disbursements in the five years to which the envelope was allocated (nominal value)	Percentage of total allocation disbursed in the five years to which it was allocated (nearest percent)
4th EDF (1975–80)	3,390	2,696	1,454.5	43
5th EDF (1980–85)	5,227	2,586	2,041.0	39
6th EDF (1985–90)	8,400	3,264	3,341.6	40
7th EDF (1990–95)	12,000	3,514	4,417.9	37
8th EDF (1995–2000)	14,625	3,463	2,921.6	20
9th EDF (2000–07)	15,200	3,131	4,239.0	28

The urgency of timely disbursement of AfT resources also emerges from the last column of Table 63. For most of the EPA signatories, the largest share of the revenue impact of the EPA liberalisation will materialise over a short period of time. Significant government revenue shocks can be expected during the first or second phase of the tariff reduction period, with obvious consequences on the urgent need for AfT to address them.

Key lessons:

- The EU decided that EPA-related needs should be addressed through the 'EU Aid for Trade Strategy' in favour of all developing countries. How to move from pledges to delivery by EU bilateral donors will be discussed in 2008, hence the only legally guaranteed EU's AfT currently available, including for EPA, is through the EDF.
- Uncertainties remain on actual *scope* of EU AfT, given that the € 2 billion commitment in the Strategy is only for TRTA/CB. There is no financial allocation for other categories of AfT, such as to adjust to economic transformations or to produce and market goods competitively (crucial in the case of EPAs to benefit from enhanced market access to Europe).
- All AfT categories should be taken on board concretely in the Country/Regional Strategy Papers for EDF disbursement and in the EU MS bilateral programmes through which the EU AfT Strategy will be implemented in the years to come.
- In terms of *volumes* available for the ACP on a *predictable* and *timely* basis, the EDF cannot be the only source of AfT. There is preliminary evidence that AfT needs will go beyond what is available in the EDF, and that at national level the EDF is being programmed for developmental needs other than trade-related.
- Hence transparency is needed on what resources/by when will be available for each country as part of the AfT Strategy. This is particularly urgent for the EPAs initialled so far, since the lists of priorities/joint declarations annexed to the agreements will not necessarily lead to the disbursement of required volumes and scope of support (considering that the only secure resources are limited to EDF and that serious delays occur between programming and disbursement of aid).

[94] Source: Grynberg, R. and Clarke, A. (2006), 'The European Development Fund and Economic Partnership Agreements', Commonwealth Secretariat, Economic Affairs Division. Data from http://ec.europa.eu/comm/development/body/cotonou/statistics/stat11_en.htm

3.2 Quality of Aid for Trade and effective delivery mechanisms

In addition to increased financial (quantitative) resources, the success of AfT initiatives will depend on whether the ACP and the EU can improve the delivery (quality) of AfT. Importantly, at the overall policy-level, the AfT Strategy builds on all existing commitments in this direction, namely Millennium Development Goal (MDG) attainment, policy coherence, enhanced division of labour and the Paris Declaration on Aid Effectiveness (based on a demand-driven approach). However, as with the volumes and scope of AfT, little is known of what improving AfT effectiveness means in practice. The risk is that the AfT fashion and pledges will not be matched by reality.

ACP governments emphasise that the current development support mechanisms under the CPA are not adequate to face the development challenges of integration into the world economy, starting with the EPAs. Improving mechanisms and procedures for delivering assistance is therefore as important as providing an appropriate level of support. Preparation of concrete, bankable proposals, mainstreamed in Poverty Reduction Strategy Papers (PRSPs) and supported by all relevant actors in ACP countries, timely disbursement of funding and well prepared, effective delivery of assistance will affect the capacity of ACP countries to implement EPAs and any other trade agreements.

The following paragraphs address issues related to what the Paris principles could mean for AfT (and EPAs). There is now a window of opportunity to use these aid effectiveness processes (involving both EU and ACP countries) to make AfT delivery channels more efficient and effective.

Ownership of AfT strategies and policies by partner countries. First of all it is up to the ACP countries and regional organisations to identify AfT priorities based on political choices and sound analysis of existing bottle necks, opportunities and required poverty reduction efforts. However, EU donors' procedures and practices are not conducive to full ownership.[95] In the case of EDF in particular, effective and broad participation in defining demands on the ACP side and the depth of needs assessment are questionable, as often only a few officials in the NAO/RAO offices know and participate fully in the programming process.[96] In the case of EC AfT activities, consultations are mainly conducted with government agencies and regional organisations and rarely with private sector and civil society stakeholders (ADE, 2004). The problem is aggravated by the fact that the NAO is generally located at the treasury or at planning ministries, and there is usually little or no involvement of the trade ministry in mainstreaming the EDF process as part of the PRSP.

When deciding on how to deliver on their AfT commitments, EU donors should consider devoting part of the AfT funds to strengthening ownership, especially in the early stages of the process. Resources could support both capacity building in the ACP to design AfT demands and the domestic processes of mainstreaming owned AfT strategies and programmes in PRSPs.

Lack of ownership risks making improvements in other dimensions of aid management useless and progress in addressing such systemic weakness should be monitored as part of the aid delivery processes. For instance, ownership of EPA-related development cooperation by ACP would be reflected by the number of countries and RECs that effectively implement

---

[95] For a thorough discussion see Mackie, J., 2006. EDF Management and Performance. Paper presented at the ECDPM seminar 'The Cotonou Partnership Agreement: What role in a changing world?' Maastricht, 18-19 December 2006.

[96] See Eurostep 2006, An assessment of the Programming of EC aid to ACP countries under the 10th EDF. Brussels.

EPA-related integration and trade liberalisation strategies, and on the emphasis placed on joint programming of all cooperation instruments (including the non-EDF EU and ACP country's budget instruments).

Alignment of donors with the partner countries' development strategies and instruments. Alignment will relate to (i) policy alignment, i.e. decisions on allocation and programming of AfT on the basis of national and regional policies (see ownership); and (ii) the use of nationally and regionally owned instruments for the delivery of AfT. Nationally owned instruments through which trade-related development support may be delivered could include instruments such as budget support, infrastructure programmes, trade facilitation schemes, income support programmes, price support in agriculture, SME Funds, Road Funds, National Development Banks, commercial private sector funding schemes, etc. Regionally owned instruments could be mechanisms such as the COMESA Fund[97] or the EAC Partnership Fund, as well as the Pan African instruments established through the African Development Bank, etc. EPA-specific mechanisms, or the establishment of EPA-specific windows within existing instruments, may be the preferred option for those countries who have or will sign an agreement.

Harmonisation among donors. The broader the scope of AfT interventions, the more important proper articulation, definition and reporting of the different initiatives will be. To be effective, all AfT activities by different donors and agencies within a single country should be designed in a holistic manner and under a coherent framework. Hence the importance of basing future AfT interventions on a careful analysis of what is already on the table. This also reveals the key role of coordination among different implementing agencies and actors, including harmonisation of the practices, procedures and requirements of various donors for an optimal connection with the beneficiary country's PRSP.

Managing for results and strengthening mutual accountability. Both parties should commit to monitor AfT. This would strengthen mutual accountability and should be ensured by the institutional provisions of the AfT programming frameworks. Building a monitoring mechanism into programming cycles to implement the EU AfT Strategy (including EPA-specific programmes) would provide tools to evaluate both parties' progress in mobilising adequate AfT support. Monitoring should both be quantitative and qualitative as well as continuous (in the case of EPAs, for example, it should last throughout the entire period of the Agreement). Monitoring and evaluation provisions within AfT frameworks should, apart from indicators like Doing Business performance, also lock-in the responsibility of both donors and recipients for the sustainable mobilisation and effectiveness of the resources. Establishing joint indicators on progress, for example, would emphasise this mutual responsibility in AfT implementation, including the effectiveness of the development cooperation institutions. The example of the EDF monitoring system could serve as a model, with annual operational reviews, mid-term reviews and end-of-term reviews. In practice, in the case of EDF, the mid-term review also provides an opportunity to adjust intervention strategies and the corresponding financial resource allocations based on an assessment of both needs and performance. This would be very important given the continuously evolving nature of AfT needs.

[97] The COMESA Fund was established to deepen and accelerate the COMESA regional integration process by supporting the efforts of Member States in undertaking economic reforms related to economic integration and facilitating the development of trade-related regional infrastructure. The COMESA Fund, with its two specific components 'Infrastructure Fund' and 'Adjustment facility', became operational in November 2006.

There is widespread consensus that **the effectiveness of AfT**, including from the EU, falls well below the above benchmarks, as identified in the Paris Declaration.[98] EC aid, in particular, is hampered by inadequate delivery modalities and procedural bottlenecks leading, in many instances, to poorly timed and inefficient implementation of assistance programmes.[99] In most cases this depends on the general nature of EDF management. But in certain cases the problem is aggravated by the fact that the assistance is urgently required and its effectiveness time-bound, being related to trade negotiations, trade reforms and economic adjustment in recipient countries.

However, there are signs of improvement in the quality of EU aid, due to internal processes to review aid management. Lessons for future AFT initiatives could be drawn from the ongoing internal reforms in Europe aimed at increasing aid effectiveness and, in particular, experience of ACP-EU cooperation.[100] Specific ideas on PRSP based aid decision-making and procedural simplification, use of recipient countries' institutions and public finance management rules, aid modalities which facilitate more predictable and flexible programming, as well as better coordination and complementarity among donors could all be utilised.

The division of labour between donors is particularly important in the context of the EU AfT Strategy, given the multiple donors and possible areas of intervention involved, as well as the different comparative advantages in different assistance areas by different donors. Division of labour should be based on a careful assessment of such advantages. A donor should be able to delegate responsibility for carrying out its aid programme in a particular area to another donor that is better placed to do the job. For instance, the EC is better equipped to manage programmes which contain large investment components than programmes that depend on processes (i.e. trade governance, capacity building, etc.), so the latter could be left to other EU donors with better performance in these areas (ERO, 2006). Implementation of the EU AfT Strategy should include, in line with the requirements by the ACP country concerned, as a prerequisite, a diagnostic exercise to determine which donor should focus on which part of the AfT package in each ACP region and country. As in the ongoing discussions between EU member states and the European Commission, this also entails a joint financial agreement favouring the harmonisation of procedures around a 'country system'.

A final general dimension in the quest to make AfT delivery channels more effective and efficient relates to finding the right institutional framework and process for dialogue to move towards enhanced effectiveness. In the case of EPAs, RPTFs outside but closely linked to the formal setting of EPA negotiations were set up to facilitate this process. Comprising development officials and experts from both the EU and the ACP region concerned, their aim was to 'cement' the strategic link between the EPA negotiations and development cooperation. In particular, they should have contributed with ideas for cooperation activities, helped with the identification of sources of assistance required for EPA-related capacity building and facilitated the efficient delivery of such support. However, the RPTFs did not perform as expected. There is a need to evaluate the reasons why, and re-assess their functioning, including the role played in this by various European Commission services, EU member states, other donors, and the private sector. A short term effort should be made by the European Commission and the EU member states to clarify the causes of the malfunctioning of the RPTFs, this in order to avoid that the same unsatisfactory result will be

[98] For a comprehensive discussion, see OECD 2007. Aid for Trade: Making it Effective. In Development Co-operation Report Volume 8, No. 1. Paris: OECD. https://www.oecd.org/dataoecd/23/15/37438309.pdf

[99] Martí D. and F. Rampa (2007), *op.cit.* footnote 87.

[100] For an overview of the ongoing EU processes to improve aid effectiveness see section 5 of Martí and Rampa (2007) (*op. cit.* footnote 87): 'Effectiveness of EC assistance: EDF management and procedural bottlenecks'.

reproduced at the upcoming national and regional meetings that are planned in the new WTO Aid for Trade Road Map.

In terms of **the ACP countries and the EU AfT Strategy**, little is known on the delivery channels to implement it. What is known today is only that the European Commission has indicated that the preferred channel for disbursing EDF resources in this context would be 'regionally owned mechanisms' (based on Contribution Agreements, as was done recently with the COMESA Fund). There is a need for a comparative analysis and assessment of the existing options to deliver AfT in each of the six ACP regions. A number of questions need to be answered soon, including about the added value of different mechanisms (regional funds, national level instruments, etc.) in terms of their ability to generate more production capacity, infrastructural development, national, regional and global trade, aid effectiveness, ability to leverage additional public and private funding, specific opportunities for financing interventions under each of the five AfT categories, and so forth.

The same uncertainties remain also with regard to EPA-related support, despite the fact that certain chapters of EPA texts refer to improved aid modalities. The CARIFORUM EPA and the interim agreements for CEMAC, SADC, Ghana and Côte d'Ivoire explicitly aim to set up regionally managed development financing mechanisms. However, there are no legal guarantees that this will happen, nor indications on the timeframes (with the exception of the Caribbean with a timeline of 2 years) or on what resources will be available to support the complex establishment process. In the PACP, EAC, and ESA agreements there is nothing on institutions or funds, or delivery modalities for AfT. This leaves PACP in the cold as EAC and ESA benefit from the COMESA Fund that is in the process of becoming operational (see Annex 2b for more details on the content of development chapters in current EPAs).

Finally, EPA texts also vary substantially in terms of possible institutions overseeing AfT implementation. ESA texts are possibly the most advanced, as the agreement aims to establish a joint development committee (which shall remain flexible to adapt to national and regional needs) to monitor the implementation of the development cooperation arrangements. Moreover, it is explicitly envisaged that this cooperation will be based upon the ESA Development Strategy and that an ESA Development Matrix will be developed.

Key lessons:

- Improving mechanisms/procedures for delivering AfT assistance is as important as providing an appropriate level of support, and effectiveness will determine the capacity to implement EPAs and any trade reform.
- Given that the AfT Strategy builds on the EU commitments for improving quality of aid in line with the Paris Declaration, there is now a window of opportunity to use aid effectiveness processes to: strengthening ownership of AfT strategies by ACP; harmonising donors' practices and aligning them to partner countries' own delivery instruments; managing AfT for results towards mutual accountability.
- EC aid effectiveness is hampered by procedural bottlenecks, but internal processes to review aid management are generating improvements. Ideas for more effective EU AfT could be borrowed from there on: aid decision-making devolution/procedural simplification; use of recipient countries' institutions/management rules; aid modalities facilitating more predictable and flexible programming; better coordination/complementarity among donors. Division of labour between EU donors will be particularly important for AfT.

- Little is known on the modalities to implement the AfT Strategy and there is urgent need for comparative analysis of existing options to deliver AfT in each of the 6 ACP regions. A number of questions should soon be answered, including with regard to the added value of different mechanisms (regional funds, national-level instruments, etc.) and, for EPAs, the reasons why RPTF did not work as expected and ways to improve their functioning,
- Certain chapters of initialled EPAs refer to setting up regionally managed development financing mechanisms as improved aid modalities. However there are no legal guarantees that this will happen.

3.3 The way forward: windows of opportunity in 2008

The foregoing sections offer a number of suggestions for a way forward to implement EU AfT, in terms of the scope and levels of AfT, as well as the quality and effectiveness of its delivery. The following suggestions apply to all ACP countries and their AfT needs, independently of their signature on an EPA. When a distinction is made it refers to the text of a possible agreement, and the observations are common to all the scenarios presented in Section B2 (interim, full EPA or alternative trade arrangements).

Improving demand and supply of AfT

The year 2008 presents a number of windows of opportunity for improving the programming as well as the management and delivery of AfT. **On the demand side**, to avoid 'business as usual', governments, the private sector and NGOs from the ACP regions and countries should 'drive' the process and pro-actively contribute to ensuring the EU AfT Strategy is operational and effective. Following the design of national and regional AfT strategies and the identification of priority sectors of intervention, there is a need for:

1. stocktaking of existing AfT programs in ACP countries, mainstreamed as part of PRSPs and supported by government budgets

2. stocktaking of existing regional AfT programs, supported from ACP countries' budgets

3. stocktaking of existing EC and EU member states AfT support in each region. A base-line analysis of AfT in CSP/RSP (2002-2007 and 2008-2013 EDF and OECD CRS data) should be compared with existing EU strategies, policies and funding with the purpose of identifying possible ways in which to enhance EU division of labour and thus bring about more effective AfT to the benefit of partner countries and regions;

4. identification of gaps (both in overall financing needs and sectoral aid allocations) and the improvements needed in terms of quality and delivery instruments;

5. proposals on where and how the EC and interested EU member states should contribute with additional regional and bilateral AfT, including TRA.

6. agreement between EC and interested member states about better harmonised and coordinated joint delivery mechanisms for AfT and TRA

7. mainstreaming additional, concrete AfT (including TRA) activities in ACP countries' national PRSP implementation and regional programmes

If such steps are not taken in this order there is a risk of lack of ownership on the ACP side and of some EU member states not moving because of 'lack of clear, poverty reducing, fully owned and prioritised AfT demands'. The window of opportunity exists mainly due to the political focus on EPAs, but concrete steps are urgently needed before attention shifts to other priorities.

ACP countries and regions which aim to exploit the possibilities offered by EU AfT must take charge of it and seek to manage the various external donors, including the EU. In this respect, urgent establishment or strengthening of home-grown AfT 'vehicles' is an important criterion for effective use of AfT (see the case of the COMESA Fund, which may be replicable at national level). This means that recipient countries should also take advantage of the possibilities for alignment, harmonisation and mutual accountability embedded in the Paris Declaration on Aid Effectiveness and carefully assess different proposals for future national, regional and multilateral development support mechanisms.

Improving ownership will be crucial. This is directly related to the process and governance structure for aid decision-making, as well as the capacity of recipients to identify priorities for assistance and participate pro-actively in decision-making processes. Needs identification is a key aspect to ensure ownership in the recipient country, for better prioritisation and mainstreaming of its trade and development interests. To make AfT initiatives an owned process, the trade-related capacity of various ministries (including the NAO offices), private-sector organisations (including small and medium enterprise organisations and small-scale farmers) and other non-state actors should be strengthened and tailored towards full participation in the programming of AfT, which also involves building soft capabilities, such as organisational and networking skills. Mainstreaming of AfT programming in PRSPs should enable ACP governments to include growth and its distribution in their development plans.

Finally, in the design of their AfT strategies and in the programming of resources (through instruments such as the NIPs/RIPs), ACP countries will have to ensure a balance between national and regional levels of support. AfT initiatives should also encompass region-wide programmes which can be especially successful alongside regional integration. At the same time, this must avoid losing focus at the national level.[101] Strengthening the links and complementarity between the regional and country levels of interventions and identifying national and regional needs is an important step in this direction. The involvement of institutions coordinating regional integration in preparation for AfT national-level strategies would facilitate the identification of the AfT support needed by each member country to implement the regional integration reforms and commitments.

On the supply side of AfT, the 'Paris process' will be particularly important. The implementation of the Paris Declaration will be reviewed at the high-level meeting in Accra, Ghana (September 2008). Aid effectiveness (including AfT and support to EPA implementation) will thus take centre stage in the (EU) donor discussions during 2008. Preparations are already going on in various corners. Intensive technical discussions are taking place in parallel, between and within European Commission and EU member states, on implementation of the joint EU AfT strategy.

[101] This risk is recognised by the European Commission: 'TRA in the aggregated data for the ACP are dominated by regional and all-ACP programmes in part designed to prepare for the EPAs. There are only relatively few ACP countries that have a trade programme, even though this number is increasing reflecting increased attention for trade and development over the past few years. In contrast to the ACP countries, the share of TRA within country programmes is higher in Asia and in Latin America.' (European Commission 2005, EC Trade-Related Assistance (TRA) – some key facts and figures. Brussels: European Commission).

In this respect (see discussion on EDF in Section B3.1) the major uncertainties related to the actual levels and scope of AfT available for ACP countries should be solved by EU bilateral donors. What does the collective commitment that in the range of 50% of new TRA will go to ACP countries actually mean? Will every individual EU member state deliver some sort of TRA? Is there enough ACP demand for suitable TRA programmes? Will an individual donor's share be decided according to its EDF contributions, or other criteria? Should donors that already give 0.7%ODA/GNI be expected to provide even more? And how to divide any new fresh resources among different beneficiaries? What to do about several countries in the Pacific and Caribbean regions where there is no bilateral EU aid programme? Will an extra effort for those regions be required from the European Commission? Will member states deliver TRA through common delivery instruments as with a regional fund or through the existing bilateral country (and regional) programmes?

First of all, classification and reporting methodologies for AfT and TRA interventions need to be clarified in detail in the early stages of programming assistance, to avoid confusion about the exact scope and amounts of the AfT actually available and any risk of a re-labelling of existing support.

The division of labour will be particularly important for AfT and TRA implementation, in particular, in terms of rationalisation of all possible different AfT interventions at various levels, as well as harmonisation of donor practices. The EU stands a relatively good chance of dividing the tasks, responsibilities and roles in this area if EU member states can overcome their reluctance to rely on other EU administrations in regions where they are not present. This will require active use of co-financing, voluntary contributions and joint implementation strategies. Apart from regional issues that are dealt with in national poverty reduction strategies, solutions for regional challenges should be supported by institutions with suitable instruments like the EU Commission. It remains to be seen whether EU bilateral donors and the EC can agree to pool their resources and thus exploit these opportunities for better division of labour for the purpose of increased aid effectiveness. Efforts to implement the joint AfT strategy probably represent the 'sector' where most progress on 'division of labour' can be seen (at least at the Brussels level), having already started before interim EPAs were concluded in 2007 and now being stepped up in parallel to the negotiations for comprehensive EPAs over 2008.

For EU member states with little experience of AfT or TRA, division of labour may lead to a 'minimal involvement scenario', in which a serious focus/shifting (from non-priorities) to only one or two ACP regions occurs with one or two sectors of AfT intervention, or the decision to channel own AfT resources into regional funds rather than bilateral aid programmes.

The importance of AfT modalities in an EPA text

While all parties acknowledged that accompanying measures and development support could reinforce the development impact of EPAs,[102] the EU member states refused to mix discussions about development assistance with EPA negotiations.[103] Two main arguments

[102] 'Market access without aid for trade is like putting a plate of food in front of a man while withholding the knife and fork.' Europe's aid for trade pledge, Peter Mandelson, Louis Michel, Manuel Pinho and João Gomes Cravinho, in Diario Noticias 16 October 2007 (http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/artpm043_en.htm)

[103] The mandate that the EC received from the European Council to negotiate EPAs does not include the negotiation of development cooperation, which is a separate, though related, aspect of the ACP-EU partnership. The Cotonou Agreement deals with trade and aid relations in the two separate parts. Despite in

were used. First, that ACP-EU aid relations are already regulated under the CPA and channelled through EDF, and EPAs only replace the trade chapter, not the whole Cotonou. Second, aid should not be used as bait for the conclusion of less attractive EPAs.

The EU decided that one aim of the EU AfT Strategy is to support ACP regions and countries to take full advantage of increased trading opportunities and maximise the benefits of trade reforms, including those of EPAs, while the collective EU delivery of AfT does not depend on the outcome of such negotiations. The Strategy will indicate the overall share of the Community and Member States increase in TRA available for needs prioritised by ACP countries. In the context of efforts to increase the collective EU TRA to € 2 billion annually by 2010, in the range of 50% of the increase will be available for these ACP needs. Accordingly, the spending will reflect policy and programming decisions at country and region levels. A prerequisite to deliver on both TRA and wider AfT commitments is to enhance the integration of trade-related concerns into ACP national development strategies, implementation plans or national budgets. In this context, the EU indicated it will enhance its dialogue on these issues with ACP countries and other donors and financial institutions present at country level, with a view to achieving integration of trade concerns into the ACP countries' poverty reduction and development strategies by 2013.

The text of an EPA is important to increase the chances of materialising EPA-related support with appropriate levels and scope, through effective TRA delivery channels. The details of the agreements are and will continue to be an important element. The Caribbean and ESA texts should be taken as examples as they appear to be more advanced and detailed in terms of development cooperation, including some provisions for monitoring of assistance.

For CARIFORUM it is mainly an issue of implementation of the Joint declaration on development cooperation, starting with the programming of 10th EDF Caribbean RIP (led by the European Commission); the delivery by EU member states on their 'intention to ensure that an equitable share of Member States' TRA commitments will benefit the Caribbean ACP States'; and the establishment by the CARIFORUM States of the regional development fund. During 2008 the countries that have signed an interim EPA shall seek improvements in the text and development cooperation provisions in line with the benefits achieved by other ACP regions (such as the Caribbean and ESA). For countries that did not sign interim deals or for whom the Interim Agreement did not include a development chapter (e.g. PACP and EAC) the negotiations for a comprehensive EPA are the avenue for ensuring that their TRA needs and their preferred delivery mechanism are anchored into the legal text. Negotiators should bear in mind that the more binding the language in the agreement, the greater the likelihood of effective delivery of the needed support.

Two types of provisions are particularly important for all ACP countries. The issue of TRA and wider AfT predictability is of such fundamental relevance for EPA implementation, especially in view of sequencing trade provisions and development cooperation strategies, that it is suggested to specifically refer to the predictability aspect within the EPA text. An important element of predictability should also be the status of TRA and AfT, i.e., the part delivered through EDF, once the CPA (overarching framework for EDF programming) expires in 2020. Hence the discussion on aid modalities in 2008 should take into account that EPA implementation will go beyond current aid arrangements expiring in 2020. Secondly, the EPA text needs to reflect the parties' commitment to 'manage for results' and the proper monitoring of (i) basic quantitative indicators on commitment and disbursement levels, (ii)

2007 the EC finally accepted the possible inclusion of a 'development chapter' in EPAs, this has not covered European commitments on development resources.

qualitative indicators relevant to judge Aid Effectiveness (according to the Paris Declaration and process).

A new idea: AfT Contracts?

One of the recent initiatives launched by the EC in the context of improving aid effectiveness and as part of the 'Paris process' is an enhanced form of budget support, called 'Millennium Development Goals (MDG) contracts'. The idea is to further improve the predictability and effectiveness of the budget-support (aid) modality by providing a six-year guarantee for regular financial transfers of EDF resources into the national budgets of ACP countries. Certain conditions that apply to general budget support also apply. Moreover, the ACP countries would have to sign up to efforts intended to achieve the MDGs, and subsequent disbursements would be linked to providing evidence of progress on the MDGs.

ECDPM has suggested that a similar 'AfT contract'[104] could be created for ACP regions and countries which are prepared to commit to a series of trade reforms. Implementing an EPA, for instance, would constitute the required 'demonstrated efforts' towards trade reform. Evidence would be provided by the fact that EPA-related reforms are progressing. In exchange for this evidence, the EU could legally guarantee the enhanced predictability and effectiveness of trade-related budget support.

This would solve a number of the problems regarding the quantity and quality of AfT, as discussed in this section of the study, and could help to facilitate the identification of what are the appropriate levels and scope of AfT as well as ensure effectiveness of the delivery channels. An 'AfT contract' would provide the ACP regions and countries with the necessary predictability to allow them to plan and programme AfT resources as well as leverage more funding from other international donors and private sector sources (for example, by pursuing public-private partnerships). Such contracts, in particular, would be an important element and provide an incentive to join or conclude EPAs for those ACP countries that were not in a position to sign by end of 2007 because of the lack of guarantees on predictable funding to support its implementation.

Precedents exist and should be looked at when exploring the path of 'AfT contracts'. A similar concept is behind the idea of 'performance-based partnership' within the Cotonou aid framework, for example, as well as the 'incentive tranche' in the EDF rolling programming.[105] Particular effort should be made to prevent the performance assessment being used as an instrument to enforce conditionality. Any reprogramming of aid in the context of an AfT contract should be based on the country's own policy agenda. Needs and performance parameters should be jointly identified by recipients and donors, so that the ACP governments involved can set targets in a manner which is consistent with an 'owned' policy orientation.

---

[104] This idea should be developed further and ECDPM is willing to facilitate a consultative process and further research on the topic. See ECDPM, *Aid for Trade Contracts*, www.ecdpm.org.

[105] For a general discussion on performance-based partnership, see Frederiksen, 2003 (Mid-Term Reviews: Performance-based partnerships in ACP-EU cooperation. InBrief 5. Maastricht: ECDPM). The incentive-based approach to programming was strengthened with the 10th EDF, especially in relation to initiatives to strengthen governance. When preparing new cooperation strategies with ACP countries, the Commission will propose granting 'additional financial support' – incentive tranche – to encourage countries 'adopting or ready to commit themselves to a plan that contains ambitious, credible measures and reforms' (see the European Commission Communication on Governance, August 2006).

Key lessons:

- To improve *the demand side* of AfT and TRA, the ACP regions/countries should proactively contribute to ensure the EU AfT Strategy is operational and effective, by: stocktaking existing EC/EU member states' AfT; identifying gaps (both in overall financing needs and sectoral aid allocations) and improvements needed in terms of delivery instruments; and proposing where and how EU member states should contribute with bilateral AfT. This requires strengthening of the trade-related capacity of various ministries and non-state actors in the ACP.
- *On the supply side* of AfT and TRA, the review of the Paris Declaration implementation at the high-level meeting in Accra (September 2008) will be particularly important. Division of labour is key and will require active use of co-financing, voluntary contributions and joint implementation arrangements among EC and bilateral donors.
- The text of an EPA is important to increase the chances for EPA-related support to materialise with appropriate levels/scope and through effective AfT and TRA channels. The more binding the language in the agreement, the higher the likelihood of effective delivery of the needed support. The Caribbean and ESA texts should be taken as examples as they look more advanced and detailed in terms of development cooperation, including some provisions for monitoring of assistance.
- '*AfT contracts*' could be made available for ACP regions/countries prepared to commit to a series of trade reforms. In exchange for evidence on 'demonstrated efforts' by ACP to reforms, the EU could legally guarantee enhanced volumes/effectiveness of trade-related budget support. This would solve a number of the problems discussed regarding quantity and quality of TRA, provide the ACP with the necessary predictability to allow them to plan and programme AfT and TRA resources, as well as leverage more funding from other international donors and the private sector.

Appendix 1. Comparison of European Commission and ODI liberalisation estimates

Interim EPA	Cumulative share of imports from the EU to be liberalised by the end of the implementation period	
	European Commission	*ODI*
EAC	82%	40.5%
Comoros	80.6%	80.7%
Madagascar	80.7%	80.7%
Mauritius	95.6%	95.6%
Seychelles	97.5%	97.5%
Zimbabwe	80%	79.9%
Botswana, Lesotho, Namibia, Swaziland	86% + 47 tariff lines	68.3%
Mozambique	80.5%	62.2%
Cameroon	80%	79.7%
Cote d'Ivoire	80.8%	79.9%
Ghana	80.48%	79.7%

Appendix 2. Supplementary BLNS tables

Table A2.1. Summary of BLNS market access schedule: Botswana

Tariff range	# lines	Import value (average, 2004–6) [a]		TDCA tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average* [c]	*Trade-weighted average* [c]	*# lines on which based* [d]
Total trade in HS 1–97		**138,035**	**100%**					
of which, total in codes not listed in schedule [e]		21,544	15.6%	unknown	unknown	unknown	unknown	
minus value of correlated codes [f]		-3,547	-2.6%					
Goods to be liberalised in:								
2008	4,161	67,420	48.8%	0	30 or spec.	0.1	0.04	2,937
2008-2010	21	15	0.0%	7.5	22.5	15.2	8.4	15
2008-2012	1,326	9,127	6.6%	0	72 or spec.	11.2	11.3	822
2008-2014	2	0	0.0%	25	25	25.0	0	2
2008-2017	16	0	0.0%	25	25 or spec.	25.0	0	11
2011-2014	46	145	0.1%	0	23 or spec.	13.2	6.6	34
2011-2018	3	17	0.0%	18.75	18.75	18.8	18.8	3
Excluded goods:								
Partial liberalisation [g]	831	42,786	31.0%	0	32	15.4	30.6	709
Frozen at 2007 TDCA rate [h]	4	0	0.0%	15	20.25 or spec.	17.6	0	2
Excluded goods [i]	177	297	0.2%	0	96 or spec.	21.6	9.0	113
Goods for which treatment not clear [j]	61	221	0.2%	0	23	4.7	4.4	30
	6,648	**120,028**	**87.0%**					**4,678**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by BLNS, data reported by EU25 on their exports were used to mirror BLNS imports. Because the schedule is partly at 8-digit NTL level and partly at HS6/4, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value (which is at HS6 level) for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) No tariffs are shown in the market access schedule. 'TDCA tariffs' were identified from the South African schedule of the 'Preferential tariff for European Union countries' in TRAINS (with any codes not listed there assumed to face the applied MFN rate). No tariffs could be identified for 585 of the lines in the schedule. Many of those which were identified are likely to be overstated because the latest tariff schedules available in TRAINS are for 2006 (and many EU preferential rates reduce annually).

(c) Where a range of tariffs applies to different items within an HS6 sub-head, the highest has been used in these calculations. Where the given tariff is, e.g., '10% or 100c/kg', the 10% *ad valorem* rate has been used.

(d) i.e. number of lines for which both an AV tariff and the import value are known. In many of the cases where import data are missing, this is because the value applying to each HS6 sub-head has been 'counted' only once.

(e) 75 codes in which Botswana had imports in 2004–6 do not appear in the BLNS market access schedule.

(f) i.e. the value/share of imports in codes missing from the market access schedule that it has been possible within the constraints of this study to correlate to codes which do appear in the market access schedule.

(g) i.e. goods categorised as Industry List 5, on which tariffs will be reduced but not removed.

(h) i.e. goods categorised as List 5, regime 1.

(i) i.e. goods categorised as Agriculture List 4 or Industry List 6.

(j) A list of these items can be found in Table A2.6.

Table A2.2. Summary BLNS of market access schedule: Lesotho

Tariff range	# lines	Import value (average, 2004–6) [a]		TDCA tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average* [c]	*Trade-weighted average* [c]	*# lines on which based* [d]
Total trade in HS 1–97		**19,621**	**100%**					
of which, total in codes not listed in schedule [e]		1,971	10.0%	unknown	unknown	unknown	unknown	
minus value of correlated codes [f]		-1,182	-6.0%					
Goods to be liberalised in:								
2008	4,161	13,726	70.0%	0	30 or spec.	0.1	0.01	2,937
2008-2010	21	1	0.0%	7.5	22.5	15.2	15.9	15
2008-2012	1,326	3,834	19.5%	0	72 or spec.	11.2	10.4	822
2008-2014	2	0	0.0%	25	25	25.0	0	2
2008-2017	16	0	0.0%	25	25 or spec.	25.0	-	11
2011-2014	46	38	0.2%	0	23 or spec.	13.2	5.9	34
2011-2018	3	1	0.0%	18.75	18.75	18.8	18.8	3
Excluded goods:								
Partial liberalisation [g]	831	974	5.0%	0	32	15.4	22.0	709
Frozen at 2007 TDCA rate [h]	4	4	0.0%	15	20.25 or spec.	17.6	15	2
Excluded goods [i]	177	172	0.9%	0	96 or spec.	21.6	1.3	113
Goods for which treatment not clear [j]	61	83	0.4%	0	23	4.7	9.0	30
	6,648	**18,832**	**96.0%**					**4,678**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by BLNS, data reported by EU25 on their exports were used to mirror BLNS imports. Because the schedule is partly at 8-digit NTL level and partly at HS6/4, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value (which is at HS6 level) for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) No tariffs are shown in the market access schedule. 'TDCA tariffs' were identified from the South African schedule of the 'Preferential tariff for European Union countries' in TRAINS (with any codes not listed there assumed to face the applied MFN rate). No tariffs could be identified for 585 of the lines in the schedule. Many of those which were identified are likely to be overstated because the latest tariff schedules available in TRAINS are for 2006 (and many EU preferential rates reduce annually).

(c) Where a range of tariffs applies to different items within an HS6 sub-head, the highest has been used in these calculations. Where the given tariff is, e.g., '10% or 100c/kg', the 10% *ad valorem* rate has been used.

(d) i.e. number of lines for which both an AV tariff and the import value are known. In many of the cases where import data are missing, this is because the value applying to each HS6 sub-head has been 'counted' only once.

(e) 46 codes in which Lesotho had imports in 2004–6 do not appear in the BLNS market access schedule.

(f) i.e. the value/share of imports in codes missing from the market access schedule that it has been possible within the constraints of this study to correlate to codes which do appear in the market access schedule.

(g) i.e. goods categorised as Industry List 5, on which tariffs will be reduced but not removed.

(h) i.e. goods categorised as List 5, regime 1.

(i) i.e. goods categorised as Agriculture List 4 or Industry List 6.

(j) A list of these items can be found in Table A2.6.

Table A2.3. Summary of BLNS market access schedule: Namibia

Tariff range	# lines	Import value (average, 2004–6) [a]		MFN tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average* [c]	*Trade-weighted average* [c]	*# lines on which based* [d]
Total trade in HS 1–97		**161,661**	**100%**					
of which, total in codes not listed in schedule [e]		22,502	13.9%	unknown	unknown	unknown	unknown	
minus value of correlated codes [f]		-3,225	-2.0%					
Goods to be liberalised in:								
2008	4,161	91,136	56.4%	0	55 or spec.	2.0	1.2	2,925
2008-2010	21	325	0.2%	10	30	20.3	20.2	15
2008-2012	1,326	24,888	15.4%	0	96 or spec.	15.4	16.7	823
2008-2014	2	1	0.0%	25	25	25.0	25.0	2
2008-2017	16	20	0.0%	25	25 or spec.	25.0	25.0	11
2011-2014	46	984	0.6%	5	40 or spec.	22.5	9.5	34
2011-2018	3	92	0.1%	25	25	25.0	25.0	3
Excluded goods:								
Partial liberalisation [g]	831	13,903	8.6%	0	43	25.3	24.8	709
Frozen at 2007 TDCA rate [h]	4	9	0.0%	20	27 or spec.	23.5	27.0	2
Excluded goods [i]	177	8,469	5.2%	0	96 or spec.	22.0	12.4	113
Goods for which treatment not clear [j]	61	2,558	1.6%	0	40 or spec.	8.9	1.8	30
	6,648	**142,384**	**88.1%**					**4,667**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by BLNS, data reported by EU25 on their exports were used to mirror BLNS imports. Because the schedule is partly at 8-digit NTL level and partly at HS6/4, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value (which is at HS6 level) for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) No tariffs are shown in the market access schedule. Applied MFN tariffs were obtained from the 2006 schedule in TRAINS, but none was identified for 585 of the lines in the market access schedule.

(c) Where a range of tariffs applies to different items within an HS6 sub-head, the highest has been used in these calculations. Where the given tariff is, e.g., '10% or 100c/kg', the 10% *ad valorem* rate has been used.

(d) i.e. number of lines for which both an AV tariff and the import value are known. In many of the cases where import data are missing, this is because the value applying to each HS6 sub-head has been 'counted' only once.

(e) 121 codes in which Namibia had imports in 2004–6 do not appear in the BLNS market access schedule.

(f) i.e. the value/share of imports in codes missing from the market access schedule that it has been possible within the constraints of this study to correlate to codes which do appear in the market access schedule.

(g) i.e. goods categorised as Industry List 5, on which tariffs will be reduced but not removed.

(h) i.e. goods categorised as List 5, regime 1.

(i) i.e. goods categorised as Agriculture List 4 or Industry List 6.

(j) A list of these items can be found in Table A2.6.

Table A2.4. Summary BLNS of market access schedule: Swaziland

Tariff range	# lines	Import value (average, 2004–6) [a]		TDCA tariff [b]				
		US$000	*Share of total*	*Min.*	*Max.*	*Simple average* [c]	*Trade-weighted average* [c]	*# lines on which based* [d]
Total trade in HS 1–97		**32,587**	**100%**					
of which, total in codes not listed in schedule [e]		2,860	8.8%	unknown	unknown	unknown	unknown	
minus value of correlated codes [f]		-710	-2.2%					
Goods to be liberalised in:								
2008	4,161	21,171	65.0%	0	30 or spec.	0.1	0.004	2,937
2008-2010	21	205	0.6%	7.5	22.5	15.2	7.5	15
2008-2012	1,326	5,137	15.8%	0	72 or spec.	11.2	11.2	822
2008-2014	2	0	0.0%	25	25	25.0	0	2
2008-2017	16	117	0.4%	25	25 or spec.	25.0	0	11
2011-2014	46	1,822	5.6%	0	23 or spec.	13.2	14.8	34
2011-2018	3	31	0.1%	18.75	18.75	18.8	18.8	3
Excluded goods:								
Partial liberalisation [g]	831	983	3.0%	0	32	15.4	26.2	709
Frozen at 2007 TDCA rate [h]	4	0	0.0%	15	20.25 or spec.	17.6	0	2
Excluded goods [i]	177	954	2.9%	0	96 or spec.	21.6	13.3	113
Goods for which treatment not clear [j]	61	18	0.1%	0	23	4.7	0	30
	6,648	**30,437**	**93.4%**					**4,678**

Notes:

(a) No import data are included in the market access schedule. Because of the disparity (in terms of years and nomenclature) in the availability of data reported to Comtrade by BLNS, data reported by EU25 on their exports were used to mirror BLNS imports. Because the schedule is partly at 8-digit NTL level and partly at HS6/4, items within a given HS6 sub-head may fall into two or more liberalisation tranches, or be split between liberalisation and exclusion. Wherever this is the case, the import value (which is at HS6 level) for the full HS6 sub-head has been attributed to the latest liberalisation tranche or, where some items within it are to be liberalised and others not, to the exclusion list.

(b) No tariffs are shown in the market access schedule. 'TDCA tariffs' were identified from the South African schedule of the 'Preferential tariff for European Union countries' in TRAINS (with any codes not listed there assumed to face the applied MFN rate). No tariffs could be identified for 585 of the lines in the schedule. Many of those which were identified are likely to be overstated because the latest tariff schedules available in TRAINS are for 2006 (and many EU preferential rates reduce annually).

(c) Where a range of tariffs applies to different items within an HS6 sub-head, the highest has been used in these calculations. Where the given tariff is, e.g., '10% or 100c/kg', the 10% *ad valorem* rate has been used.

(d) i.e. number of lines for which both an AV tariff and the import value are known. In many of the cases where import data are missing, this is because the value applying to each HS6 sub-head has been 'counted' only once.

(e) 37 codes in which Swaziland had imports in 2004–6 do not appear in the BLNS market access schedule.

(f) i.e. the value/share of imports in codes missing from the market access schedule that it has been possible within the constraints of this study to correlate to codes which do appear in the market access schedule.

(g) i.e. goods categorised as Industry List 5, on which tariffs will be reduced but not removed.

(h) i.e. goods categorised as List 5, regime 1.

(i) i.e. goods categorised as Agriculture List 4 or Industry List 6.

(j) A list of these items can be found in Table A2.6.

Table A2.5. Summary of additional [a] Namibia first-tranche liberalisations (2008)

Code	AoA?	Description	Applied MFN [a]	
			AV (%)	*Specific*
020830	Yes	fresh, chilled or frozen meat and edible offal of primates		8c/kg
020850	Yes	fresh, chilled or frozen meat and edible offal of reptiles 'e.g. snakes, turtles, crocodiles'		8c/kg
070110	Yes	seed potatoes		0,44c/kg
070190	Yes	fresh or chilled potatoes (excl. seed)		0,44c/kg
070320	Yes	garlic, fresh or chilled	39	325c/kg with a maximum of 39%
07129015	Yes	culinary herbs		4c/kg
07139020	Yes	skinned or split	30	
08011190	Yes	Other	25	
08011990	Yes	Other	25	
080131	Yes	fresh or dried cashew nuts, in shell		4c/kg
080132	Yes	fresh or dried cashew nuts, shelled		4c/kg
080450	Yes	fresh or dried guavas, mangoes and mangosteens	35	
090121	Yes	roasted coffee (excl. decaffeinated)		6c/kg
090122	Yes	roasted, decaffeinated coffee		6c/kg
09019020	Yes	coffee substitutes containing coffee		10c/kg
110210	Yes	rye flour		1,1c/kg
11029015	Yes	oats flour		2,75c/kg
11031910	Yes	of oats		2,75c/kg
11032020	Yes	of oats, in immediate packings of a content exceeding 10 kg		2,75c/kg
11071025	Yes	of oats		2,75c/kg
11072025	Yes	of oats		2,75c/kg
12119020	Yes	basil, borage, hyssop, mint, rosemary, rue and sage, neither ground nor crushed		0,45c/kg
12119030	Yes	basil, borage, hyssop, mint, rosemary, rue and sage, ground or crushed.		4c/kg
19022010	Yes	stuffed with meat		3c/kg
19022020	Yes	stuffed with fish, crustaceans or molluscs		5,5c/kg
19049010	Yes	prepared rice		5c/kg
19059010	Yes	gluten bread	25	3,6c/kg with a maximum of 25%
19059090	Yes	Other	25	
20049010	Yes	cabbages, cucumbers and gherkins		4,15c/kg
20049020	Yes	peas (pisum sativum), beans (vigna spp., phaseolus spp.) and lentils		4,15c/kg
20060020	Yes	crystallised fruits	30	30% or 7,25c/kg
200799	Yes	jams, jellies, marmalades, purees or pastes of fruit, obtained by cooking, whether or not containing added sugar or other sweetening matter	30	30% or 4,5c/kg
200820	Yes	pineapples, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit	55	
200911	Yes	frozen orange juice, unfermented, whether or not containing added sugar or other sweetening matter	25	
200912	Yes	orange juice, unfermented, brix value <= 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200919	Yes	orange juice, unfermented, whether or not containing added sugar or other sweetening matter	25	
200921	Yes	grapefruit juice, unfermented, brix value <= 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200929	Yes	grapefruit juice, unfermented, brix value > 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200931	Yes	single citrus fruit juice, unfermented, brix value <= 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200939	Yes	single citrus fruit juice, unfermented, brix value > 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200941	Yes	pineapple juice, unfermented, brix value <= 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200949	Yes	pineapple juice, unfermented, brix value > 20 at 20ªc, whether or not containing added sugar or other sweetening matter	25	
200950	Yes	tomato juice, unfermented, whether or not containing added sugar or other sweetening matter	25	
20098020	Yes	vegetable juices	25	

Code	AoA?	Description	Applied MFN [a]	
			AV (%)	*Specific*
20099020	Yes	vegetable juices	25	
21013010	Yes	roasted chicory and other roasted coffee substitutes		9,2c/kg
21041090	Yes	Other		3c/kg
21069067	Yes	compound alcoholic preparations of a kind used for the manufacture of beverages		154c/li
22021010	Yes	in sealed containers holding 2,5 li or less		4,36c/li
22021090	Yes	Other		3,3c/li
22029090	Yes	Other	25	
27079990		Other		11c/li
38249001		mixtures of hydrocarbons and lubricity agents		0,183c/li
511190		woven fabrics containing predominantly, but < 85% carded wool or carded fine animal hair by weight	22	
611610		gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted or crocheted	30	
611691		gloves, mittens and mitts, of wool or fine animal hair, knitted or crocheted	30	
611692		gloves, mittens and mitts, of cotton, knitted or crocheted	30	
611693		gloves, mittens and mitts, of synthetic fibres, knitted or crocheted	30	
611699		gloves, mittens and mitts, of textile materials, knitted or crocheted	30	
62114110		Saris	25	
62114210		Saris	25	
62114310		Saris	25	
62114910		Saris	25	
62132010		containing lace or embroidered on multiple needle machines, of a value for duty purposes exceeding 6,25c	30	
62139010		of flax, containing lace or embroidered on multiple needle machines, of a value for duty purposes exceeding 6,25c	30	
621600		gloves, mittens and mitts, of all types of textile materials	30	
62171030		printed labels and tabs	25	
62171090		Other	30	
621790		parts of garments or clothing accessories, of all types of textile materials, n.e.s.	30	
841810		combined refrigerator-freezers, with separate external doors	25	
841821		household refrigerators, compression-type	25	
841829		household refrigerators, non-electrical, absorption-type	25	
84183090		Other	25	
84184090		Other	25	
84186110		suitable for household refrigerators or freezers	25	
There are no items with a tariff of 10–20% in which any BLNS country had average imports of $1 mn or more in 2004–6.				

Notes:
(a) Additional to the items shown in text Table 47.

Table A2.6. Items in the BLNS market access schedule whose treatment is unclear

As shown in BLNS market access schedule					Nature of uncertainty
H.S. Code 30.09.07	Description	Sector	Staging category	Explanatory notes	
121190	Other:	Agriculture			No staging list specified
150430	Fats and oils and their fractions, of marine mammals	Fish	Not offered		Specified staging not included in Annex 3 explanatory text
15161010	Obtained entirely from fish or marine mammals	Fish	Not offered		Specified staging not included in Annex 3 explanatory text
160231	Of turkeys	Agriculture	List 0		Specified staging list not included in Annex 3 explanatory text
16030015	Extracts and juices of whale meat	Fish	Not offered		Specified staging not included in Annex 3 explanatory text
22060005	Sparkling beverages	Annex VI	List 3		Specified staging list not included in Annex 3 explanatory text
292241	Lysine and its esters; salts thereof	Annex III	List 1		Specified staging list not included in Annex 3 explanatory text
29310010	O-Alkyl (including cycloalkyl) alkyl (methyl, ethyl, n-propyl or isopropyl) phosphonofluoridates	Annex III	List 1		Specified staging list not included in Annex 3 explanatory text
300310	Containing penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
330130	Resinoids	Agriculture			No staging list specified
330620	Yarn used to clean between the teeth (dental floss):	Industry			No staging list specified
38247210	Containing perhalogenated derivatives of acrylic hydrocarbons containing two or more different halogens (excluding acrylic hydrocarbons perhalogenated with fluorine and chlorine)	Industry	List 2		Specified staging list not included in Annex 3 explanatory text
410621	In the wet state (including wet-blue)	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
441700	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood	Annex III	List 1		Specified staging list not included in Annex 3 explanatory text
48025830	Other carbonising base paper	Industry	List 9		Specified staging list not included in Annex 3 explanatory text
480269	Other:	Industry			No staging list specified
491000	Calendars of any kind, printed, including calendar blocks	Annex III	List 4		Specified staging list not included in Annex 3 explanatory text
511300	Woven fabrics of coarse animal hair or of horsehair	Agriculture	List 5	Textiles – fabrics	Partial liberalisation, but no regime given
520621	Measuring 714,29 dtex or more		List 5	Textiles – yarn	Partial liberalisation, but no regime given
5305	Coconut, abaca (Manila hemp or MUSA TEXTILIS NEE), ramie and other vegetable textile fibres, not elsewhere specified or included raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock)	Industry	List 1/6?		Staging list unclear
550110	Of nylon or other polyamides	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
610721	Of cotton	Annex III	List 5	Textiles – clothing	Specified staging list not included in Annex 3 explanatory text
63079020	Sanitary towels, not knitted or crocheted	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
70109090	Other	Industry	List 2		Specified staging list not included in Annex 3 explanatory text
71141110	Commemorative medallions	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
71141910	Commemorative medallions	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
71142010	Commemorative medallions	Industry	List 0		Specified staging list not included in Annex 3 explanatory text

As shown in BLNS market access schedule					Nature of uncertainty
H.S. Code 30.09.07	Description	Sector	Staging category	Explanatory notes	
711510	Catalysts in the form of wire cloth or grill, of platinum	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
71159030	Crucibles of platinum; wire cloth of platinum; laboratory equipment of platinum	Industry	List 2		Specified staging list not included in Annex 3 explanatory text
720840	Not in coils, not further worked than hot-rolled, with patterns in relief	Industry			No staging list specified
740100	Copper mattes; cement copper (precipitated copper)	Industry			No staging list specified
740200	Unrefined copper; copper anodes for electrolytic refining	Industry			No staging list specified
830910	Crown corks	Industry			No staging list specified
84099137	Gudgeon pins (excluding those for motor cycle engines)	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
84099960	Radiators	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
84312090	Other	Industry	List 2		Specified staging list not included in Annex 3 explanatory text
852791	Combined with sound recording or reproducing apparatus	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
85352130	With a current rating not exceeding 1 600 A, for a voltage exceeding 24 kV (AC) but not exceeding 36 kV (AC) and a breaking capacity rating exceeding 10 000 A but not exceeding 31 500 A (excluding those with moulded casings of plastics)	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
85392145	Other, of a power of 15 W or more but not exceeding 1 000 W and for a voltage exceeding 100 V but not exceeding 260 V	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
853990	Parts	Industry			No staging list specified
87041090	Other	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87043170	Other (excluding off-the-road logging trucks and three-wheeled vehicles) of a vehicle mass not exceeding 600 kg	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
87083003	Disc brake pads	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083005	Other mounted brake linings, identifiable for use with air brakes, vacuum brakes, hydraulic air-brakes or hydraulic-vacuum brakes, suitable for use with heavy motor vehicles	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083009	Other mounted brake linings	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083011	Brake drums, of unmachined cast metal	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083013	Other brake drums	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083017	Disc brake calliper mechanisms and brake drum assemblies (excluding those identifiable for use solely or principally with tractors not being road tractors)	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083023	Other, of unmachined cast metal	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87083090	Other	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87085010	Wheel hubs (excluding those of unmachined cast metal)	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87085020	Drive-axles, of the rigid integral housing type, with a crown wheel or ring gear of a diameter not exceeding 205 mm	Industry	List 5		Partial liberalisation, but neither regime nor schedule given

As shown in BLNS market access schedule					Nature of uncertainty
H.S. Code 30.09.07	Description	Sector	Staging category	Explanatory notes	
87088050	Parts of unmachined cast metal	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87089130	Parts of unmachined cast metal	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87089215	Parts of unmachined cast metal	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
87089355	Clutch driven plates (excluding parts thereof), with an outside diameter not exceeding 300 mm	Industry	List 5		Partial liberalisation, but neither regime nor schedule given
890110	Cruise ships, excursion boats and similar vessels principally designed for the transport of persons; ferry-boats of all kinds	Annex III	List 1		Specified staging list not included in Annex 3 explanatory text
890399	Other	Industry	List 0		Specified staging list not included in Annex 3 explanatory text
902219	For other uses	Industry			No staging list specified
940592	Of plastics:	Industry			No staging list specified
940599	Other:	Industry			No staging list specified

Appendix 3. Summary of key provisions in the EPA texts

Table A3.1. CARIFORUM, CEMAC, Ghana, Côte d'Ivoire

Status quo	Initialled CARIFORUM EPA	Initialled text for CEMAC	Initialled text for Ghana 16/12/07	Initialled texts for Côte d'Ivoire 06/12/07
I. Trade in goods				
1. Customs duties				
Approach	Negative list but only after a 10 years moratorium. Phased liberalisation of other duties than those agreed to be liberalised in Annex II starts after 7 years and shall be accompanied by fiscal reforms.	Positive list	Positive list	Positive list
Regional liberalisation	Yes, but a) SDT for the 9 lesser developed CF members possible if Joint Trade and Development Committee decides so; b) CF will exercise its best endeavour to achieve the objective to levy customs duties only once. EC will provide technical support.	Envisaged: liberalisation offer might be revised in light of the CEMAC CET when other countries join the EPA (which has to be implemented not later than 01/01/2013); free movement of EU imports within CEMAC.	Envisaged but no provisions that liberalisation offer might be revised in light of the ECOWAS CET; no provisions that customs duties shall be levied only once.	Envisaged: liberalisation offer might be revised in light of the UEMOA/ ECOWAS CET when other countries join the EPA; no provisions that customs duties shall be levied only once.
Review of liberalisation schedule for regional integration	-	Yes. If a CEMAC CET is established by 01/01/2013 at the latest the EPA Committee can revise the liberalisation schedule.	No provisions.	Yes, liberalisation offer might be revised in light of the UEMOA/ECOWAS CET when other countries join the EPA.
Time frame	25 years in total. Liberalisation starts 2011.	15 years in total. Liberalisation starts 2010 (Group 1: Progressive tariff abolition by 2013; group 2: Progressive tariff abolition by 2017; group 3: Progressive tariff abolition by 2023; group '5': exclusion basket)	15 years in total. Liberalisation starts from 2009 (product group A in 5 years, B in 10 years, C in 15 years, D is excluded from liberalisation	15 years (product group A in 5 years, B in 10 years, C in 15 years, D is excluded from liberalisation)
Review of tariff concessions in case of 'serious difficulties'	Yes. In the event of 'serious difficulties' the liberalisation schedule can be revised by the Joint Trade and Development Committee but not beyond the maximum transition period.	Yes. In case of serious difficulties tariff dismantling can, if mutually agreed, but not beyond the maximum transition period. If no agreement can be reached Cameroon can stop tariff reduction for a maximum period of 1 year.	No.	No.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana** **16/12/07**	**Initialled texts for Côte d'Ivoire** **06/12/07**
Export duties	Existing export duties have to be abolished within 3 years (Annex A provides an according list).	No new export duties shall be introduced / existing export duties increased. Temporary introduction/ increase allowed in case of environmental protection or to maintain currency value stability. EC needs to be consulted; provision will be jointly reviewed periodically.	No new export duties shall be introduced / existing export duties increased. Temporary introduction/ increase allowed in case of infant industry/ environmental protection or to maintain currency value stability. EC needs to be consulted; provision will be jointly reviewed after 3 years.	No new export duties shall be introduced / existing export duties increased. Temporary introduction/ increase allowed in case of infant industry/ environmental protection or to maintain currency value stability. EC needs to be consulted; provision will be jointly reviewed after 3 years.
Standstill provision	No	Yes	Yes	Yes
Liberalisation details EC	Yes (Annex 1. Rice quota of 187,000 tons in 2008 and 250,000 tons in 2009; extra sugar quota for 2008/9 of 30,000 tons for DR and 30,000 tons for all other CARIFORUM states)	Yes (Annex II. No extra quota for sugar in 2008/09).	Yes (Annex I. No extra quota for sugar in 2008/09).	Yes (Annex I. No extra quota for sugar in 2008/09).
Rules of origin	Yes, Protocol I. To be reviewed within 5 years.	No. Cotonou provisions apply; new RoO shall be negotiated until 31/03/08 and reviewed within 3 years.	No. Cotonou provisions apply; new RoO shall be negotiated until 31/03/08 and reviewed within 3 years.	No. Cotonou provisions apply; new RoO shall be negotiated until 31/07/08 and reviewed within 3 years.
MFN clause	Yes, in principle. But CF may deny more favourable treatment if the parties jointly agree.	Yes	Yes	Yes
Sanctions in case of failure to provide administrative cooperation	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.
2. Trade defence				
ACP exclusion from GATT/AoA safeguards	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension).
Quantitative safeguard restrictions	No	No	No	No
Safeguard instruments	Suspension of tariff reduction or increase of customs duties to applied MFN rate or tariff quotas	Suspension of tariff reduction, increase of customs duties to applied MFN rate and tariff quotas	Suspension of tariff reduction or increase of customs duties to applied MFN rate and tariff quotas	Suspension of tariff reduction, increase of customs duties to applied MFN rate and tariff quotas
Maximum safeguard protection	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.
Pre-emptive safeguards	Yes (max. 200 days)	Yes (max. 200 days)	Yes (max. 200 days)	Yes (max. 200 days)
Safeguards related to food security	In case of food insecurity pre-emptive safeguards can be applied.	In case of food insecurity pre-emptive safeguards can be applied.	In case of food insecurity pre-emptive safeguards can be applied.	In case of food insecurity pre-emptive safeguards can be applied.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana 16/12/07**	**Initialled texts for Côte d'Ivoire 06/12/07**
Maximum period to apply safeguards for infant industry protection	8 years but only within in the first 10 years.	8 years but only within the first 15 years.	8 years but only in the first 10 years (with the option of extension; subject to mutual decision).	8 years but only in the first 10 years (with the option of extension; subject to mutual decision).
No new safeguards for a product that has been previously subject to infant industry protection	Yes, for 1 year.	Yes, for 1 year.	Yes, for 1 year	Yes, for 1 year
Quantitative restrictions for infant industry protection	No	No	No	No
Further provisions for infant industry protection	No.	No.	In exceptional circumstances, for revenue protection, infant industry or environmental protection Ghana can temporarily increase customs or excise duties on a limited number of products. Consultation with EC necessary. Provision shall be reviewed after 3 years. List of products for which the application of discriminatory fees and charges will be allowed for another 10 years (extendable) shall be created until the end of March 2008.	In exceptional circumstances, for protection of infant industries, in case of serious revenue losses, or to protect the environment, CI can temporarily re-introduce tariffs or taxes. Mutual agreement with the EC is necessary. Provision shall be reviewed after 3 years. List of products for which the application of discriminatory fees and charges will be allowed shall be created until the end of February 2008.
3. Non-Tariff Measures				
Abolition of NTBs and quantitative measures	Prohibition of any import or export restrictions other than customs duties and taxes – notwithstanding anti-dumping/countervailing measures and safeguards.	Prohibition of any import or export restrictions other than customs duties and taxes – notwithstanding anti-dumping/countervailing measures. But: in case of public finance difficulties or environmental protection temporary customs/excise duties might be introduced if the EC agrees (periodic review).	No new customs duty on exports or equivalent charges shall be introduced or increased. But: temporary introduction of customs/excise duties in 'exceptional circumstances' (see infant industry provision)	Prohibition of any import or export restrictions other than customs duties and national taxes/regular fees and charges. But: temporary introduction of customs/excise duties in 'exceptional circumstances' (see infant industry provision)
Subsidies	No new subsidies or increased agricultural subsidies; EU to phase out agricultural export subsidies. National subsidies are allowed.	No new/increased agricultural subsidies; EU to phase out agricultural export subsidies. National subsidies are allowed.	National subsidies are allowed.	National subsidies are allowed according to WTO regulations.
4. Customs and Trade Facilitation				
Protocol on Mutual Administrative Assistance in Customs Matters	Yes	No	Yes	Yes

Status quo	Initialled CARIFORUM EPA	Initialled text for CEMAC	Initialled text for Ghana 16/12/07	Initialled texts for Côte d'Ivoire 06/12/07
Single administrative document	Yes, envisaged. A joint review of the situation shall be carried out after 3 years.	No (only coordination, cooperation and simplification of customs procedures according to international standards), assistance to implement the new RoO	No (only coordination, cooperation and simplification of customs procedures according to international standards; assistance to implement the new RoO)	No (only coordination, cooperation and simplification of customs procedures according to international standards; assistance to implement the new RoO)
Sanctions in case of administrative non-cooperation	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).
Development of common regional standards	Yes (development of regional customs legislation, procedures and requirements is envisaged and monitored by Special Committee).	Yes (development of common customs requirements, documentation, data, border procedures, and transit requirements); implementation progress shall be closely monitored.	No (only facilitation of customs reforms within ECOWAS countries) but negotiation on trade facilitation will be continued in order to complement it into a regional framework	No (only promotion of harmonised customs legislation to enhance West African trade).
Common institutions	Yes (Special Committee on Customs Cooperation and Trade Facilitation)	No.	Yes (Special Committee on Customs and Trade Facilitation).	Yes (Special Committee on Customs and Trade Facilitation).
5. Fisheries				
Access agreement	No (no only cooperation, capacity building and technical support).	No Chapter on Fisheries.	No Chapter on Fisheries.	No Chapter on Fisheries.
6. Technical Barriers to Trade and Sanitary and Phytosanitary Standards				
Scope	WTO obligations and cooperation. Cooperation areas (improved competitiveness, support to comply with quality standards, and developing export marketing capabilities) were defined.	WTO obligations and cooperation. Cameroon has named priority products for regional harmonisation (Annex IA) and for enhanced export support (Annex IB) to improve the quality/ competitiveness of products.	WTO obligations and cooperation; identification of 'priority products' for enhanced export support within 3 months of the signature of the interim EPA	WTO obligations and cooperation; identification of 'priority products' for enhanced export support within 3 months of the signature of the interim EPA
Institutions	No common institutions. Parties need to inform each other about their competent authorities.	No common institutions. Competent authorities do not need to be communicated.	No common institutions. Parties need to inform each other about their competent authorities (which shall be listed in Annex II, to be developed until the end of March 2008).	No common institutions. Parties need to inform each other about their competent authorities (which shall be listed in Annex II, to be developed until the end of March 2008).

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana 16/12/07**	**Initialled texts for Côte d'Ivoire 06/12/07**
Regional approach	Yes. Objective to create harmonised SPS measures, standards and procedures; collaboration between competent authorities as well as exchange of information through regional contact points.	Yes. Objective to harmonise regional standards and other import conditions (data, procedures, documentation etc.) within 4 years.	Yes. Adopt harmonised sanitary and phytosanitary measures at regional level, based on relevant international standards.	Yes. Adopt harmonised sanitary and phytosanitary measures at regional level, based on relevant international standards..
II. Trade-related issues				
O *Rendezvous* clause				
Subjects	-	A. Integration of other CEMAC countries; B. Development cooperation; C. Service liberalisation (start of negotiations: 01 January 2009 at the latest) D. Detailed provisions on payments and capital movements E. Competition policies F. Public procurement G. IPR H. Environment I. Social issues E-G: incl. joint regional provisions	Objective to conclude a comprehensive EPA with the ECOWAS region until Dec 2008 covering the following topics: a) trade in services and electronic commerce; b) investments; c) competition d) intellectual property' e) trade facilitation.	Objective to conclude a comprehensive EPA with the ECOWAS region until Dec 2008 covering the following topics: a) trade in services and electronic commerce; b) investment; c) current payments and capital movements; d) competition; e) intellectual property; f) government procurement; g) sustainable development; h) the protection of personal data i) customs and trade facilitation
Envisaged deadline of negotiations	-	01/01/2009 (trade-related issues) No deadline: services	31 Dec 2008	31 Dec 2008
1. Services				
Scope	Commercial presence; cross border supply of services; and temporary presence of persons and businesses. E-commerce, courier, tourism, telecommunication, financial services, and maritime transport. Mode-4 is linked to the liberalisation of according sectors. Annexes that specify the commitments on investment and trade in service have not yet been developed. Commitment to enter into further negotiations on investment and trade in services within 5 years.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana 16/12/07**	**Initialled texts for Côte d'Ivoire 06/12/07**
	Haiti and Bahamas are excluded from the service and investment chapters.			
MFN clause	Yes, in principle. But CF may deny more favourable treatment if the parties jointly agree. Internal market agreements (Caricom Single Market Economy and FTA with DR) are excluded from MFN.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Standstill provision	No	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Annexes	Outstanding.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
2. Investment and capital movement				
Progressive liberalisation of investment	Yes. The implications shall be reviewed after 3 years and in regular intervals thereafter.	Chapter not yet drafted.	Chapter not yet drafted	Chapter not yet drafted.
Free movement of capital relating to direct investment	Yes.	Chapter not yet drafted but the liberalisation of investment and capital is foreseen.	Chapter not yet drafted.	Chapter not yet drafted.
Safeguards in case of balance of payment difficulties	Yes, but not exceeding six months and in line with WTO/IMF provisions.	Chapter not yet drafted but a safeguard is foreseen.	Chapter not yet drafted.	Chapter not yet drafted.
Other provisions	Investors shall act in accordance to ILO and basic environmental standards and held liable in case of fraud.			
3. Competition				
Implementation of national competition bills	Yes, within 5 years.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Regional approach	No, only cooperation among competition authorities.	After a transitional period a joint regional competition bill is envisaged.	Chapter not yet drafted.	Chapter not yet drafted.
Public enterprise provisions	Yes. No discrimination allowed after 5 years; discrimination possible if necessary for the existence of public enterprise. Sectoral rules might exclude public enterprises from non-discrimination principle. (Trade and Development Committee needs to be informed.)	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
4. Innovation and IPR				
Scope	Extensive: copyrights, trademarks, GI, industrial design, patents, plant varieties, genetic resources Regional management and enforcement of IPR is envisaged.	Chapter not yet drafted. Negotiations on a 'series of commitments on IPR' with the objective to agree on joint regional obligations (under consideration of SDT)	Chapter not yet drafted.	Chapter not yet drafted.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana 16/12/07**	**Initialled texts for Côte d'Ivoire 06/12/07**
	Penalty payments in case of infringement. Haiti has to implement the Chapter until 2021 (non-LDCs: 2014). Negotiations on protection of geographical indications shall commence not later than 2014.			
5. Public procurement				
Scope	Positive-list approach (Annex I): several exemptions from non-discrimination (like limited-tendering); linked to technical assistance. Implementation period: 2-3 years and 5 years for eight lesser developed CF states and for others if no sufficient capacities have been built. Review of chapter every 3 years.	Chapter not yet drafted. Negotiations on a 'series of contingent liabilities on government procurement' including non-discriminatory procedures for a list of products and thresholds shall be agreed	Unknown whether public procurement will be negotiated.	Chapter not yet drafted.
6. Environment				
Scope	Parties shall seek to adopt and implement international standards if no national/regional environmental standards exist.	Chapter on the Governance of logging and trade of wood and forestry products. Implement measures to improve traceability. Establish a system of auditing and monitoring. Build and implement a framework to govern regional trade of wood and establish appropriate mechanism and legislations to ensure cooperation and legal compliance. Negotiations on further environmental provisions continue.	Unknown whether environment will be negotiated.	Chapter not yet drafted.
7. Social aspects				
Scope/Institutions	International standards if no national/regional standards exist. Prohibition on enhancing trade by lowering social/labour standards. Consultative Committee monitors the implementation; a Committee of Experts may examine compliance with ILO standards	Chapter not yet drafted. Negotiations on an environmental and a social chapter shall include provisions on the level of protection and the right to regulate; regional integration and use of international standards, consultation procedures and monitoring.	Unknown whether social aspects will be negotiated.	Unknown whether social aspects will be negotiated.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana 16/12/07**	**Initialled texts for Côte d'Ivoire 06/12/07**
8. Personal data protections				
Scope	Establish legal and regulatory administrative capacities with respect to the quality, transparency, security, right of access, restriction and sensitivity of data in accordance to international commitments. EC provides according assistance and training.	Put in place the legal and regulatory regimes to ensure protection of personal data. Independent supervisory authorities shall ensure an adequate level of protection and can apply sanctions and request compensation in case of non-compliance.	Unknown whether personal data protection will be negotiated.	Unknown whether personal data protection will be negotiated.
Time frame	7 years	No indication.	-	-
Sanctions in case of non-compliance possible	No	Yes		
9. Good governance in the tax and financial area				
Scope/*status quo*	Parties will foster dialogue and transparency in the area of tax policy and administration and will fight against according illegal practices.	Unknown whether chapter will be negotiated.	Foster dialogue, transparency and to share best practices in the area of tax policy and administration; combat illegal financial activities.	Promote dialogue, transparency and share best practices in policy and tax administration / combat illegal financial activities
VIII. Dispute avoidance and settlement				
Scope/*status quo*	3 arbitrators decide how to settle dispute; decision is binding. Joint Trade and Development Committee establish rules of procedures and might review and amend provisions; binding procedures. List of 15 arbitrators and 5 chairpersons will be presented by Joint Trade and Development Committee within 3 months.	3 arbitrators decide how to settle dispute; decision is binding. Joint Trade and Development Committee establish rules of procedures and might review and amend provisions; binding procedures. List of arbitrators will be presented by Joint Trade and Development Committee within 6 months.	3 arbitrators decide how to settle dispute; decision is binding. Joint EPA Committee might review and amend provisions; binding procedures. List of arbitrators will be introduced by Joint EPA Committee within 3 months. Development cooperation (Chapter II) is excluded from DSB.	3 arbitrators decide how to settle dispute; decision is binding. Joint EPA Committee might review and amend provisions; binding procedures for DSB will be applied by Joint EPA Committee within 3 months.
Temporary remedies in case of non-compliance	Yes.	Yes.	Yes.	Yes.
IX General and final provisions				
Scope/*status quo*	Appoint coordinator to ensure effective implementation; collaboration in the fight against illegal financial activities; regional preference (1 year for more developed members, 2 years for lesser developed members and 5 years for Haiti); balance of payment restrictions, relations with Cotonou/WTO, entry into force.	Modalities for continued negotiations; def. of parties; coordination of information exchange; regional preference; duration; accession; dialogue on finance issues; combating illegal financial activities; relations with Cotonou/WTO.	Modalities for continued negotiations; def. of parties; creation of EPA Committee; entry into force; accession; dialogue on finance issues; combating illegal financial activities; relations with Cotonou/WTO.	Definition of parties, entry into force/duration, institutions, relations with other agreements, accession, dialogue on financial issues, collaboration on combating illegal financial activities; relations with Cotonou/WTO

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana** **16/12/07**	**Initialled texts for Côte d'Ivoire** **06/12/07**
Accession of other ACP states possible at later stage	Any Caribbean state can accede if EC agrees.	Yes (subject to decision by Joint EPA Committee)	No provisions; but it is the objective to conclude a comprehensive EPA with the West African region.	Yes (subject to decision by Joint EPA Committee)
Review of the EPA	Single administrative customs document: after 3 years; Cumulation rules: after 3 years; Investment framework: after 3 years; Competition chapter: after 6 years; Government procurement: every 3 years; RoO: after 5 years; Development cooperation: ongoing Comprehensive review after expiration of Cotonou Agreement.	Negotiations for comprehensive EPA continue in 2008.	Negotiations for comprehensive EPA continue in 2008.	Negotiations for comprehensive EPA continue in 2008.
X. Institutional provisions				
Scope/*status quo*	Joint Council Joint Trade and Development Committee Joint Parliamentary Committee Joint Consultative Committee Special Committee on Customs Cooperation and Trade Facilitation	Joint EPA Committee	Joint EPA Committee (to be established within 3 months) Special Committee on Customs and Trade Facilitation	Joint EPA Committee Special Committee on Customs and Trade Facilitation
Outstanding annexes	Annexes that specify investment and service liberalisation for CARIFORUM and the EU.	-	Annex III: List of products for which discriminatory fees and other charges are allowed. 'Priority products' for a) regional harmonisation and b) enhanced export opportunities (both to be developed until the end of March 2008)	Annex III: List of products for which discriminatory fees and other charges are allowed. 'Priority products' for a) regional harmonisation and b) enhanced export opportunities (to be developed until the end of Feb. and March 2008)
XI. Development Cooperation				
Scope/attempt	a) Building of human, legal and institutional capacities to comply with the commitment of the EPA; b) fiscal reform and improved customs collections; c) promoting private sector; d) investment promotion and diversification; e) enhancing technological capabilities, research and innovation; f) infrastructure	Productive capacities shall be improved. Priority areas: infrastructure, agriculture, fisheries and food security, improved industrial competitiveness and business climate: and deepened regional integration. Fiscal impact studies shall be undertaken and according support be provided; support to implement the	Focus shall be on improved business climate, support to the implementation of the rules; upgrading of productive capacities; and support for fiscal adjustment.	Declaration in Annex. EU is committed to support CI's productive capacities, help to restructure income sources etc. Studies on the implications of revenue losses shall be undertaken. Support how to best implement all provisions of the agreement shall be specified in the ongoing negotiations.

Status quo	**Initialled CARIFORUM EPA**	**Initialled text for CEMAC**	**Initialled text for Ghana** **16/12/07**	**Initialled texts for Côte d'Ivoire** **06/12/07**
		forestry chapter; competition policies; IPR; and public procurement. Discussion on development cooperation shall continue in 2008.		
Institutions/Funds	EC: no extra provisions. (Implementation of EDF and bilateral sources.) Regional Development Fund shall be created within 2 years.	EC reaffirmed its financial commitment under 10th EDF and to identify co-financing sources. A regional fund shall be established to channel resources towards EPA signatories.	EC reaffirmed its financial commitment under 10th EDF and to identify co-financing sources.	EC reaffirmed its financial commitment under 10th EDF and to identify co-financing sources. Regional Indicative Programme of the EDF shall be channelled towards EPA signatories via a regional EPA fund.

Table A3.2. PACP, ESA, EAC, SADC-minus

Status quo	PACP	ESA	EAC	SADC-minus
I. Trade in goods				
1. Customs duties				
Approach	Positive list	Positive list	Positive list	Positive list
Regional liberalisation	No. Customs duties shall be levied only once and goods shall circulate freely.	No. No provision that customs duties shall be levied only once in the ESA territory.	Envisaged but not yet agreed. Customs duties shall be levied only once and any duty paid upon importation in an EAC Partner State shall be refunded fully when the goods leave the EAC Partner State of first importation.	Partially: SACU plus Mozambique Customs duties shall be levied only once and any duty paid upon importation shall be refunded in case of re-exports.
Review of liberalisation schedule for regional integration	No indication.	Yes, liberalisation schedule might be revised in light of ESA regional integration. Customs and trade facilitation and outstanding market access issues shall be negotiated in 2008.	-	Yes. BLNS and Mozambique's schedule shall merge once Mozambique introduces the HS2007.
Time frame	No indication in text *(Schedules: PNG immediate liberalisation; Fiji: 15 years)*	No indication; Annex II not yet developed; *(Schedules: 15 years in total; start 2013).*	25 years in total. Liberalisation starts 2010: EC imports into EAC with a basic duty 0 (according to the EAC CET) shall be liberalised within 2 years o EC imports into EAC with a basic duty of 10 shall be progressively abolished within 11 years (starting from year 7 on) o EC imports into EAC with a basic duty of 25 shall be progressively abolished within 25 years (starting from year 12 on	No indication in text. Annex III and IV empty. (*Schedules: 10 years, start 2008).* EC suggest to merge the two annexes into a single SADC tariff schedule at the time of Mozambique's introduction of the HS2007
Review of tariff concessions in case of 'serious difficulties'	Yes (in case of serious difficulties. The Trade Committee by agreement may modify the duties in any manner the Parties deem appropriate).	No.	No.	No.

Status quo	PACP	ESA	EAC	SADC-minus
Export duties	Temporary allowed in exceptional circumstances (infant industry protection) subject to mutual agreement. All other export duties need to be abolished.	No new export duties shall be introduced / existing export duties increased.	No new export duties shall be introduced / existing export duties increased. Temporary introduction/ increase allowed in case of infant industry protection or to maintain currency value stability, subject to authorisation of joint Council. EPA Council reviews measures after 2 years.	No new export duties shall be introduced / existing export duties increased. Temporary introduction /increase allowed in exceptional circumstances (infant industry protection); EC needs to be consulted.
Standstill provision	Yes (but limited to products that will be liberalised)	Yes	Yes	Yes (but limited to products that will be liberalised)
Liberalisation details EC	Yes (Annex I. A tariff rate quota at zero duty of 30 000 tonnes shall be opened for 2008/09	Yes (Annex I. A tariff rate quota at zero duty of 75 000 tonnes shall be opened for 2008/09	Yes (Annex I but additional sugar quota until 2008/9 not yet defined)	Partly: Annex II for BLNS/Mozambique exists. A tariff rate quota at zero duty of 25.000 tons for Swaziland and 12.000 tons for Mozambique shall be opened for 2008/09. Annex I: liberalisation schedule for SA still empty
Rules of origin	Yes, Protocol I. To be reviewed after 5 years.	Yes, Protocol 1. To be reviewed and redefined with the negotiation of the comprehensive EPA	Yes, Protocol 1. To be reviewed and redefined with the negotiation of the comprehensive EPA	Yes, Protocol I; to be reviewed after 3 years.
MFN clause	Yes, in principle (but: where a Pacific State can demonstrate that it has been offered by a third Party a substantially more favourable treatment in goods there shall be consultations how to apply the MFN clause)	Yes	Yes	Yes, in principle for all SADC EPA states except South Africa (but the parties will 'jointly decide' how best to apply this clause)
Sanctions in case of failure to provide administrative cooperation	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.	Yes: temporary suspension (6 months, renewable) of preferences in cases of repeated failure and if the Joint EPA Committee could not come to a mutually accepted solution within 3 months.
2. Trade Defence				
ACP exclusion from GATT/AoA safeguards	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension).	Yes (limited to 5 years with option of extension for BLNS/Mozambique but SA is excluded from provisions).
Safeguard instruments	Suspension of tariff reduction, increase of customs duties to applied MFN rate and tariff quotas	Suspension of tariff reduction, increase of customs duties to applied MFN rate and tariff quotas	Suspension of tariff reduction or increase of customs duties to applied MFN rate or tariff quotas	Suspension of tariff reduction or increase of customs duties to applied MFN rate or tariff quotas

Status quo	**PACP**	**ESA**	**EAC**	**SADC-minus**
Maximum safeguard protection	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.	No time limit: not exceed what is necessary to remedy or prevent serious injury.
Pre-emptive safeguards	Yes (max. 200 days).	Yes (max. 200 days)	Yes (max. 200 days).	Yes (max. 200 days)
Safeguards related to food security	In case of food insecurity safeguards can be applied.	No. Chapter on Agriculture will be negotiated in 2008.	No. Chapter on Agriculture will be negotiated in 2008.	No.
Maximum period to apply safeguards for infant industry protection	Up to 10 years (up to 15 years for LDCs and small island states) but only in the first 20 years.	8 years but only in the first 10 years (15 years for LDCs)	8 years but only in the first 10 years	8 years but only in the first 12 years for BNS and 15 years for LDCs (extendable by Joint Council decision)
No new safeguards for a product that has been previously subject to infant industry protection	Yes, for 1 year.	Yes, for 1 year	Yes, for 1 year	Yes, for one 1 year
Quantitative restrictions for infant industry protection	Yes. Protected goods shall not increase 3% of tariff lines or 15% of import value.	No	No	No
Further provisions for infant industry protection	In exceptional circumstances, when the protection of infant industries can be defended, PACP can temporarily re-introduce MFN tariff. Mutual agreement with the EC is necessary.	Treatment of internal taxation and regulation can be discriminatory to protect infant industries (decision from the EPA Committee needed). List of products for which the application of discriminatory fees and charges will be allowed for a limited period of time shall be created.	Temporary introduction/ increase of export taxes allowed in case of infant industry. EPA Council reviews measures after 2 years.	After consultation with the EC SADC states (except SA) may introduce temporary export taxes or charges having equivalent effect on a limited number of additional products. Council reviews measures after 3 years.
3. Non-Tariff Barriers (NTBs)				
Abolition of NTBs and quantitative measures	Prohibition of any import or export restrictions other than customs duties and taxes (notwithstanding anti-dumping/countervailing measures). But: temporary introduction of customs/excise duties in 'exceptional circumstances' (see infant industry provision)	Prohibition of any import or export restriction other than custom duties and taxes (notwithstanding anti-dumping/countervailing measures). But: temporary introduction of customs/excise duties in 'exceptional circumstances' (see infant industry provision	Prohibition of any import or export restrictions other than customs duties and taxes (notwithstanding anti-dumping/countervailing measures) But:: Temporary export restrictions to prevent critical shortages of foodstuff/infant industry protection Import and export prohibitions necessary to the application of standards for the classification/ marketing of commodities	No new customs duties on exports or charges having equivalent effect (notwithstanding anti-dumping/countervailing measures) But: SADC countries (except SA) may introduce temporary export taxes for infant industry protection purposes
Subsidies	National subsidies are allowed. EU to phase out agricultural export subsidies.	National subsidies are allowed.	National subsidies are allowed.	National subsidies are allowed.
4. Customs and Trade Facilitation				
Protocol on Mutual Administrative Assistance in Customs Matters	Yes	No	Yes	Yes

Status quo	**PACP**	**ESA**	**EAC**	**SADC-minus**
Single administrative document	Envisaged (review of progress after 5 years).	Chapter not yet drafted.	Chapter not yet drafted.	No (only coordination, cooperation and simplification of customs procedures according to international standards and assistance to implement the RoO)
Sanctions in case of administrative non-cooperation	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable).	Yes, if administrative cooperation is repeatedly refused / undue delayed the complaining party can temporarily suspend the preferences for the product(s) in question if the Joint Council/Committee has not come to a solution within 3 months. The suspension shall not exceed 6 months (renewable
Development of common regional standards	No.	Chapter not yet drafted.	Chapter not yet drafted.	No (only promotion of harmonised customs legislation and procedures).
Common institutions	No	Chapter not yet drafted.	Chapter not yet drafted.	Yes (Special Committee on Customs and Trade Facilitation).
5. Fisheries				
Access agreement	No Chapter on Fisheries.	No (no only cooperation, capacity building and technical support)	No (no only cooperation, capacity building and technical support)	No Chapter on Fisheries.
6. Technical Barriers to Trade and Sanitary and Phytosanitary Standards				
Scope	WTO obligations and cooperation; identification of 'priority products' for regional harmonisation and enhanced export support (Annexes IIIA/IIIB outstanding).	Chapter not yet drafted.	Chapter not yet drafted.	WTO obligations and cooperation; identification of 'priority products' for which a) harmonised standards and procedures should be developed and b) enhanced export support is needed.
Institutions	No common institutions. Competent authorities do not need to be communicated.	Chapter not yet drafted.	Chapter not yet drafted.	No common institutions. Parties need to inform each other about their competent authorities
Regional approach	Partly. Strengthened TBT/SPS cooperation among national authorities.	Chapter not yet drafted.	Chapter not yet drafted.	Partly. Strengthened TBT/SPS cooperation among national authorities

Status quo	PACP	ESA	EAC	SADC-minus
II. Trade-related issues				
O *Rendezvous* clause				
Subjects	Development cooperation and all components that are 'in line with the Cotonou Agreement'	Customs and trade facilitation; outstanding trade and market access issues; TBT/SPS/ services; competitions, investment/PSD; environment, public procurement; agriculture; current payments; good governance in tax areas; DSB; institutions; development cooperation; any other area the parties find necessary.	Customs and trade facilitation; outstanding trade and market access issues; TBT/SPS/ services; competitions, investment/PSD; environment, public procurement; agriculture; current payments; good governance in tax areas; DSB; institutions; development cooperation; any other area the parties find necessary.	Liberalisation schedule for one service sector per state; commitment to a standstill for services; agreement to negotiate progressive liberalisation with substantial sectoral coverage by 12/2011. Cooperation and capacity building in the service sector; Investment Cooperation and strengthening of regional capacities for competition and government procurement
Envisaged deadline of negotiations	31 Dec 2008	Not mentioned.	Not mentioned.	31 Dec 2008
1. Services				
MFN clause	Unknown whether services will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Standstill provision	-	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Annexes	-	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
2. Investment and capital movement				
Progressive liberalisation of investment	Unknown whether investment will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Free movement of capital relating to direct investment	-	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
Safeguards in case of balance of payment difficulties	Yes (in line with WTO and IMF regulations. If, however, general disequilibrium persists parties shall review the agreement and consider measures for correction)	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted.
3. Competition				
Implementation of national competition bills	Unknown whether competition will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted.	'The EC Party agrees to cooperate with a view to strengthening regional capacity in these areas. Negotiations will only be envisaged once adequate regional capacity has been built.'
Regional approach	-	Chapter not yet drafted.	Chapter not yet drafted.	-
Public enterprise provisions	-	Chapter not yet drafted.	Chapter not yet drafted.	-

Status quo	PACP	ESA	EAC	SADC-minus
4. Innovation and IPR				
Scope	Unknown whether IPR will be negotiated.	Unknown whether IPR will be negotiated.	Unknown whether IPR will be negotiated.	Unknown whether IPR will be negotiated.
5. Public procurement				
Scope	Unknown whether government procurement will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted.	Chapter not yet drafted. 'The EC Party agrees to cooperate with a view to strengthening regional capacity in these areas. Negotiations will only be envisaged once adequate regional capacity has been built.'
6. Environment				
Scope	Unknown whether environment will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted.	Unknown whether environment will be negotiated.
7. Social aspects				
Scope/Institutions	Unknown whether social aspects will be negotiated.	Unknown whether social aspects will be negotiated.	Unknown whether social aspects will be negotiated.	Unknown whether social aspects will be negotiated.
8. Personal data protections				
Scope	Unknown whether personal data protection will be negotiated.	Unknown whether personal data protection will be negotiated.	Unknown whether personal data protection will be negotiated.	Unknown whether personal data protection will be negotiated.
Time frame	-	-	-	-
Sanctions in case of non-compliance possible	-	-	-	-
9. Good governance in the tax and financial area				
Scope/*status quo*	Unknown whether chapter will be negotiated.	Chapter not yet drafted.	Chapter not yet drafted	Unknown whether chapter will be negotiated.
VIII. Dispute avoidance and settlement				
Scope/*status quo*	3 arbitrators decide how to settle dispute; decision is binding. Joint Trade and Development Committee establish rules of procedures and might review and amend provisions; binding procedures. List of 15 arbitrators and 5 chairpersons will be presented by EPA Committee within 3 months.	3 arbitrators decide how to settle dispute; decision is binding. Rules shall follow those of the Permanent Court of Arbitration for International Organizations and States. Detailed procedures will still be defined.	3 arbitrators decide how to settle dispute; decision is binding. Rules shall follow those of the Permanent Court of Arbitration for International Organizations and States Detailed procedures will still be defined.	3 arbitrators decide how to settle dispute; decision is binding. Joint Trade and Development Committee establish rules of procedures and might review and amend provisions; binding procedures. List of 15 arbitrators and 5 chairpersons will be presented by Joint Trade and Development Committee within 3 months.
Temporary remedies in case of non-compliance	Yes.	No (but procedures of DSB are subject to '*rendezvous*')	No (but procedures of DSB are subject to '*rendezvous*')	Yes.

Status quo	PACP	ESA	EAC	SADC-minus
IX General and final provisions				
Scope/*status quo*	Modalities for the continuation of negotiations; appoint coordinator to ensure effective implementation; regional preference; relation with Cotonou/WTO; entry into force; revision clause, accession of new members	Entry into force/duration, institutions, relations with other agreements, accession.	Definition of parties, entry into force/duration, institutions, relations with other agreements, accession.	Definition of parties, exchange of information, regional preference, transparency, relations with Cotonou/TDCA/WTO and EU outermost regions; entry into force, accession.
Accession of other ACP states possible at later stage	Yes (subject to joint agreement of parties)	Any ESA state can accede; non-ESA states can accede upon approval of EPA Committee	Yes (subject to decision by Joint EPA Council)	Yes (subject to decision by Joint EPA Council)
Review of the EPA	Yes. Customs and legislative procedures (after 3 years); RoO after 5 years. Joint Trade Committee may review and amend the EPA at any time.	Negotiations for comprehensive EPA continue in 2008.	Negotiations for comprehensive EPA continue in 2008	Negotiations for comprehensive EPA continue in 2008.
X. Institutional provisions				
Scope/*status quo*	Joint Trade Committee (responsible for the implementation of the Agreement)	EPA Committee (responsible for the implementation and administration of the agreement) Customs Cooperation Committee (Annex V)	EPA Council Special Committee on Customs Cooperation	Joint SADC EPA Council Trade and Development Committee Special Committee on Customs and Trade Facilitation
Outstanding annexes	Priority products for TBT/SPS support (Annexes IIIA/IIIB)		RoO and the annexes that specify rules of origin and set out detailed export procedures.	RoO and the annexes that specify rules of origin and set out detailed export procedures.
XI. Development Cooperation				
Scope/attempt	Development cooperation will be discussed in ongoing negotiations.	Cooperation shall be based upon the ESA Development Strategy and an ESA Development Matrix shall be developed. Also extensive cooperation in Economic/Development Cooperation Chapter and Development and Finance Cooperation Chapter; however: provisions remain shadowy without binding financial provisions.	Development cooperation will be discussed in ongoing negotiations.	Support of SADC EPA states' trade and development policy within the SADC Framework. Cooperation on trade in goods and services, TBT/SPS (priority products), supply-side constraints etc.

Status quo	**PACP**	**ESA**	**EAC**	**SADC-minus**
Institutions/Funds	No extra provisions. (Implementation of EDF)	EC: no extra provisions. (Implementation of EDF and bilateral sources to be monitored by Joint Council.)	EC reaffirmed its financial commitment under 10th EDF.	EC reaffirmed its financial commitment under 10th EDF for BLNS/Mozambique and under the TDCA for SA

Appendix 4. Comparative analysis of the EPA texts

Provision	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA	*Least restrictive in other EU FTA*
1. Customs duties				
Liberalisation approach	CEMAC, EAC, ESA, Ghana, Côte d'Ivoire, SADC, PACP (positive list)		CARIFORUM (negative list with 10-years moratorium)	
Regional liberalisation	PACP, CEMAC, Ghana, Côte d'Ivoire (regional integration envisaged but no binding provisions yet)	CARIFORUM (joint approach but SDT possible; CF will do its best to levy customs duties only once); SADC (joint approach for BLNS; individual for Moz.; schedules shall be merged)	EAC (joint approach, no SDT)	
Time frame	CARIFORUM, EAC (25 years)	CEMAC, Ghana, Côte d'Ivoire, ESA, Fiji (15 years)	SADC (10 years) PNG (immediately)	
Review of tariff concessions in case of 'serious difficulties'	CEMAC (unilateral stop of liberalisation possible for max. 1 year)	CARIFORUM, PACP (in case of serious difficulties; to be mutually agreed)	EAC, ESA, SADC, Ghana, Côte d'Ivoire (no indication)	
Export duties	PACP, EAC, SADC, CEMAC, Ghana, Côte d'Ivoire (temporary (re-) introduction allowed; subject to mutual agreement)	ESA (no new/higher export duties)	CARIFORUM (no new duties, existing duties to be abolished within 3 years)	
Standstill provision	CARIFORUM (non-existent)	PACP, SADC (limited to products that will be liberalised)	EAC, ESA, CEMAC, Ghana, Côte d'Ivoire (for all trade)	TDCA and Mexico: no provisions
MFN clause	CARIFORUM, PACP, SADC (parties will consult how to apply MFN clause; Joint Council/Commission takes final decision)		EAC, ESA, CEMAC, Ghana, Côte d'Ivoire (no exception from MFN clause)	TDCA and Mexico: no provisions
Sanctions in case of failure to provide administrative cooperation			All regions/countries (temporary suspension of 6 months)	TDCA and Mexico: no provisions
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	*3*	*2*	*3*	
CEMAC	*4*	*1*	*3*	
Côte d'Ivoire	*3*	*1*	*4*	
EAC	*3*	*—*	*5*	
ESA	*1*	*2*	*4*	
Ghana	*3*	*1*	*4*	
PACP	*4*	*2 (+ Fiji 1)*	*1 (+ PNG 1)*	
SADC	*3*	*2*	*3*	

Provision	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA	*Least restrictive in other EU FTA*
2. Trade protection/NTBs				
ACP exclusion from GATT/AoA safeguards	All regions/countries (5 years with the option of extension)			TDCA and Mexico: no provisions
Safeguard instruments	ESA, PACP, CEMAC, Ghana, Côte d'Ivoire (suspension of tariff reduction, increase of customs duties to applied MFN rate and tariff quotas)		EAC, SADC, CARIFORUM (suspension of tariff reduction, increase of customs duties to applied MFN rate or tariff quotas)	TDCA: no specification; measures need to be communicated to Joint Council Mexico: no specification ('appropriate measure')
Maximum safeguard protection	No time limit: not exceed what is necessary to remedy or prevent serious injury.			TDCA: periodic review by Joint Council; max. period 3 years Mexico: up to 3 years in exceptional cases
Pre-emptive safeguards			All regions: max. 200 days	TDCA and Mexico: no time restrictions
Safeguards related to food security	CARIFORUM, CEMAC, Ghana, Côte d'Ivoire (linked to pre-emptive safeguards)	PACP (not linked to pre-emptive safeguards)	EAC, ESA, SADC (no provisions yet)	TDCA: linked to pre-emptive safeguards Mexico: linked to pre-emptive safeguard and the introduction of export duties.
Maximum period to apply safeguards for infant industry protection	PACP (10 years / 15 years for LDCs and small island states) in the first 20 years	CEMAC, ESA, SADC: 8 years in the first 10-15 years (10 years for ESA, 12 years for SADC, 15 years for CEMAC and all LDCs)	CARIFORUM, EAC, Ghana, Côte d'Ivoire: 8 years in the first 10 years (extendable for G+CI)	TDCA: 4 years in the first 12 years
No new safeguards for a product that has been previously subject to safeguards	All regions: for 1 year			TDCA and Mexico: for 3 years
Quantitative restrictions for infant industry protection	All regions except PACP: no		PACP (protected goods shall not increase 3% of tariff lines or 15% of import value).	TDCA: Protected goods shall not increase 10% of import value
Further provisions for infant industry protection	Ghana, Côte d'Ivoire, PACP (temporary increase of customs/excise duties possible subject to mutual agreement) EAC, ESA, SADC (temporary introduction of export taxes is possible subject to mutual agreement)		CARIFORUM, CEMAC (only safeguards)	TDCA and Mexico: only safeguards
Abolition of NTBs and quantitative measures	EAC (restrictions in case of food insecurity and for commodity marketing possible)	Ghana, Côte d'Ivoire, ESA, SADC (exemptions in case of infant industry protection possible; subject to mutual agreement)	CARIFORUM (only anti-dumping/counter-vailing measures are exempted)	
Maximum period for which infant industry protection is applicable	PACP (first 20 years)	CEMAC (first 15 years) SADC (first 12 years/15 years for LDCs); with option of extension) ESA (first 10 years/15 years for LDCs) Ghana, Côte d'Ivoire (first 10 years with option of extension)	EAC, CARIFORUM (first 10 years for all countries)	

Provision	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA	*Least restrictive in other EU FTA*
Quantitative restrictions for infant industry protection	All texts except PACP: non-existent		PACP (safeguards may not increase on more than 3% of tariff lines or 15% of import value)	
Subsidies		All regions/countries: national subsidies allowed		Mexico: national subsidies allowed; TDCA: no provisions
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	*6*	*1*	*6*	
CEMAC	*7*	*3*	*2*	
Côte d'Ivoire	*8*	*3*	*2*	
EAC	*7*	*1*	*5*	
ESA	*7*	*4*	*2*	
Ghana	*8*	*3*	*2*	
PACP	*7*	*2*	*3*	
SADC	*6*	*4*	*3*	
III. Customs and Trade Facilitation[106]				
Single administrative document	CEMAC, Ghana, Côte d'Ivoire, SADC (no provisions)		CARIFORUM, PACP (review of progress after 3 and 5 years respectively)	
Development of common regional standards	PACP (no provisions)	Ghana, Côte d'Ivoire, SADC (promotion of harmonised customs legislation and procedures)	CARIFORUM, CEMAC (regional customs legislation, joint procedures and documentation)	
Common institutions	PACP, CEMAC (no provisions)		CARIFORUM, Ghana, Côte d'Ivoire, SADC (Special Committee on Customs)	
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	—	—	*3*	
CEMAC	*2*	—	*1*	
Côte d'Ivoire	*1*	*1*	*1*	
EAC				
ESA				
Ghana	*1*	*1*	*1*	
PACP	*2*	—	*1*	
SADC	*1*	*1*	*1*	

[106] Chapters not yet drafted for EAC and ESA.

Provision	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA	*Least restrictive in other EU FTA*
IV. TBT/NTB[107]				
Competent authorities	PACP, CEMAC (competent authorities are those dealing with SPS issue)	CARIFORUM, SADC (mutual information on competent authorities)	Ghana, Côte d'Ivoire (provide a list of competent authorities by end of March 2008)	
TBT/NTB support	Least specific: CARIFORUM (general support, no priority products)	Moderately specific Ghana and Côte d'Ivoire (support for EU export priority products)	Most specific and demanding CEMAC, PACP, SADC (harmonisation of regional SPS/TBT standards for priority products; support for EU export priority products)	
Regional approach	Ghana, Côte d'Ivoire, PACP (no provisions); SADC (collaboration between public and private authorities)	CARIFORUM (objective to create harmonised SPS measures, standards and procedures)	CEMAC (harmonisation of standards within 4 years)	
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	*1*	*2*	—	
CEMAC	*1*	—	*2*	
Côte d'Ivoire	*1*	*1*	*1*	
EAC				
ESA				
Ghana	*1*	*1*	*1*	
PACP	*2*	—	*1*	
SADC	*1*	*1*	*1*	
V. *Rendezvous* clause				
Subjects on which negotiations continue	PACP (no specification)	SADC (some specifications: services, investment)	CEMAC, Ghana, Côte d'Ivoire (very comprehensive incl. IPR) EAC, ESA (very comprehensive, excl. IPR)	
Deadline	EAC, ESA (not mentioned)	CEMAC (01/01/09; no deadline for services)	Ghana, Côte d'Ivoire, SADC (31 Dec 2008)	
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	—	—	—	
CEMAC	—	*1*	*1*	
Côte d'Ivoire	—	—	*2*	
EAC	*1*	—	*1*	
ESA	*1*	—	*1*	
Ghana	—	—	*2*	
PACP	*1*	—	—	
SADC	—	*1*	*1*	

[107] Chapters not yet drafted for EAC and ESA.

Provision	Least restrictive in the EPA	Moderately restrictive in the EPA	Most restrictive in the EPA	*Least restrictive in other EU FTA*
VI. Other provisions				
Safeguards in case of balance of payment difficulties[108]	PACP (in line with WTO/IMF; a review and possible corrective measures are foreseen if a general disequilibrium persists)		CARIFORUM (in line with WTO/IMF; safeguards shall not exceed 6 months)	TDCA: in line with GATT/IMF; no time restrictions Mexico: in line with GATT/IMF; measures shall be 'of limited duration'
Personal data protection[109]	CARIFORUM (7 years transitional period to establish legal and regulatory capacities)		CEMAC (immediate compliance with provisions; supervised by independent authority)	TDCA and Mexico: Cooperation to improve the level of protection according to international standards; technical assistance is provided.
Good governance in the tax and financial areas[110]		CARIFORUM, Ghana, Côte d'Ivoire (foster dialogue and transparency; combat illegal financial practice)		TDCA: no provisions.
Dispute settlement [111]			All regions/countries: arbitration panel shall be established within 15 days; decision has to be made after 180 days (90 days in case of emergency)	TDCA: arbitration panel shall be established within 6 months; decision has to be made after 365 days.
Temporary remedies in case of non-compliance			All regions: Yes	TDCA: no provisions
Regional preference[112]	CARIFORUM (transitional periods for lesser developed members)		CEMAC, PACP, SADC (immediately)	TDCA and Mexico: no provisions
Review of the EPA[113]	PACP (review of 2 chapters; Joint Committee may review EPA at any time)		CARIFORUM (review of 7 chapters plus comprehensive review in 2020)	TDCA: comprehensive review after 5 years.
Institutions[114]	CEMAC, PACP (joint executive organ)	Ghana, Côte d'Ivoire (2 joint institutions) SADC (3 joint institutions)	CARIFORUM (5 joint institutions)	TDCA: joint executive organ
Summary (number of appearances in each EPA restrictiveness column):				
CARIFORUM	*2*	*1*	*5*	
CEMAC	*1*	—	*4*	
Côte d'Ivoire	—	*2*	*2*	
EAC	—	—	*2*	
ESA	—	—	*2*	
Ghana	—	*2*	*2*	
PACP	*3*	—	*3*	
SADC	—	*1*	*3*	

[108] CARIFORUM and PACP are to date the only regions that outlined according provisions.
[109] CARIFORUM and CEMAC are to date the only regions that outlined according provisions.
[110] CARIFORUM, Ghana and Côte d'Ivoire are to date the only regions that outlined according provisions.
[111] The dispute settlement provisions in the EAC and ESA EPA are subject to ongoing negotiations.
[112] CARIFORUM, PACP, SADC, and CEMAC are to date the only regions that outlined according provisions
[113] For the other regions/countries no review clauses have yet been determined.
[114] For EAC and ESA negotiations on the institutional set-up are ongoing.

Appendix 5. Summary of non-EPA-signatory exports subject to increased tariff from 2008

Table A5.1. Congo Republic [a]

Description		Exports to EU 2006 (€000)	Max. increase in tariff Jan. 2008	Regime	Max. duty (€000)
Total in HS 1-97		372,272			
Total of items > €100,000		368,912			
Share of items > €100,000		99.1%			
Affected exports:					
03061340	frozen deepwater rose shrimps 'parapenaeus longirostris', whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water	1,906	4.2%	Std GSP	80
03061380	frozen shrimps and prawns, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water (excl. 'pandalidae', 'crangon', deepwater rose shrimps 'parapenaeus longirostris' and shrimps of the genus 'penaeus')	292	4.2%	Std GSP	12
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	5,512	33.9 €/100 kg	MFN	3,362
24011010	flue-cured virginia type tobacco, unstemmed or unstripped	823	14.9% max. 24 €/100 kg	Std GSP	81
24012010	partly or wholly stemmed or stripped flue-cured virginia type tobacco, otherwise unmanufactured	2,995	14.9% max. 24 €/100 kg	Std GSP	262
24013000	tobacco refuse	299	3.9% max. 56 €/100 kg	Std GSP	12
44121310	plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of one the following: dark red meranti, light red meranti, white lauan, sipo, limba, obeche, okoume, acajou d'afrique, sapelli, virola, mahogany "swietenia spp.", palissandre de rio, palissandre de para or palissandre de rose (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components)'	370	6.5%	Std GSP	24
44121400	plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of non-coniferous wood or other tropical wood than specified in sub-heading note 1 to this chapter (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components)	666	3.5%	Std GSP	23
Value of affected exports		12,864			3,855
Share of affected exports in total		3.5%			1.0%

Note:
(a) All affected exports valued at €100,000 or more in 2006.

Table A5.2. Gabon [a]

Description		Exports to EU 2006 (€000)	Max. increase in tariff Jan. 2008	Regime	Max. duty (€000)
Total in HS 1-97		**607,876**			
Total of items > €100,000		**604,286**			
Share of items > €100,000		**99.4%**			
Affected exports:					
03037981	frozen monkfish 'lophius spp.'	359	11.5%	Std GSP	41
03061340	frozen deepwater rose shrimps 'parapenaeus longirostris', whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water	3,960	4.2%	Std GSP	166
03061350	frozen shrimps of the genus 'penaeus', whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water	2,295	4.2%	Std GSP	96
03061380	frozen shrimps and prawns, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water (excl. 'pandalidae', 'crangon', deepwater rose shrimps 'parapenaeus longirostris' and shrimps of the genus 'penaeus')	9,435	4.2%	Std GSP	396
03061490	frozen crabs, whether in shell or not, incl. crabs in shell, cooked by steaming or by boiling in water (excl. 'paralithodes camchaticus, chionoecetes spp.', 'callinectes sapidus', and 'cancer pagurus')	900	2.6%	Std GSP	23
03074918	frozen cuttle fish 'sepia officinalis' and 'rossia macrosoma', with or without shell	338	2.8%	Std GSP	9
44121310	plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of one the following: dark red meranti, light red meranti, white lauan, sipo, limba, obeche, okoume, acajou d'afrique, sapelli, virola, mahogany "swietenia spp.", palissandre de rio, palissandre de para or palissandre de rose (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components)'	18,811	6.5%	Std GSP	1,223
44121400	plywood consisting solely of sheets of wood <= 6 mm thick, with at least one outer ply of non-coniferous wood or other tropical wood than specified in sub-heading note 1 to this chapter (excl. sheets of compressed wood, hollow-core composite panels, inlaid wood and sheets identifiable as furniture components)	108	3.5%	Std GSP	4
85299081	parts suitable for use solely or principally with television cameras of sub-heading 852530, receivers of radio-telephonic or radio-telegraphic signals, or for radio or television (excl. aerials, cabinets and casings and assembled electronic circuits)	150	1.5%	Std GSP	2
Value of affected exports		**36,355**			**1,962**
Share of affected exports in total		**6.0%**			**0.3%**

Note:
(a) All affected exports valued at €100,000 or more in 2006.

Table A5.3. Nigeria [a]

Description		Exports to EU 2006 (€000)	Max. increase in tariff Jan. 2008	Regime	Max. duty (€000)
Total in HS 1-97		**10,776,962**			
Total in items > €100,000		**10,764,724**			
Share > €100,000		**99.9%**			
Affected exports:					
03042094	frozen fillets of saltwater fish (excl. cod, fish of the species boreogadus saida, coalfish, haddock, redfish, whiting, ling, tuna, fish of the species euthynnus, mackerel, fish of the species orcynopsis unicolor, hake, sharks, plaice, flounder, herring, megrim, monkfish, alaska pollack, swordfish, toothfish or blue grenadier)	839	11.5%	Std GSP	97
03061310	frozen shrimps and prawns of the pandalidae family, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water	114	4.2%	Std GSP	5
03061350	frozen shrimps of the genus 'penaeus', whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water	39,778	4.2%	Std GSP	1,671
03061380	frozen shrimps and prawns, whether in shell or not, incl. shrimps and prawns in shell, cooked by steaming or by boiling in water (excl. 'pandalidae', 'crangon', deepwater rose shrimps 'parapenaeus longirostris' and shrimps of the genus 'penaeus')	1,783	4.2%	Std GSP	75
03061490	frozen crabs, whether in shell or not, incl. crabs in shell, cooked by steaming or by boiling in water (excl. 'paralithodes camchaticus, chionoecetes spp.', 'callinectes sapidus', and 'cancer pagurus')	3,544	2.6%	Std GSP	92
03074918	frozen cuttle fish 'sepia officinalis' and 'rossia macrosoma', with or without shell	264	2.8%	Std GSP	7
07099090	fresh or chilled vegetables (excl. potatoes, tomatoes, vegetables of the allium spp., cabbages of the genus brassica, lettuces of the species lactuca sativa and cichorium, carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, cucumbers and gherkins, leguminous vegetables, artichokes, asparagus, aubergines, mushrooms, truffles, fruits of the genus capsicum or of the genus pimenta, spinach, new zealand spinach, orache spinach, chard, cardoon, olives, capers, fennel, sweetcorn and courgettes)	489	8.9%	Std GSP	44
07129090	dried vegetables and mixtures of vegetables, whole, cut, sliced, broken or in powder, but not further prepared (excl. potatoes, onions, mushrooms, truffles, sweetcorn, tomatoes and carrots)	127	8.9%	Std GSP	11
11062090	flour, meal and powder of sago and of root or tubers of manioc, arrowroot, salep, jerusalem artichokes, sweet potatoes and similar roots and tubers with a high content of starch or inulin of heading 0714 (excl. denatured)	103	29.2 €/1000 kg net	Std GSP	4
12129920	sugar cane, fresh, chilled, frozen or dried, whether or not ground	170	0.8 €/100 kg	MFN	1
16051000	crab, prepared or preserved	107	2.8%	Std GSP	3
18031000	cocoa paste (excl. defatted)	2,016	6.1%	Std GSP	123
18032000	cocoa paste, wholly or partly defatted	2,098	6.1%	Std GSP	128
18040000	cocoa butter, fat and oil	32,113	4.2%	Std GSP	1,349
19019099	food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing cocoa in a proportion by weight of < 40%, calculated on a totally defatted basis, and food preparations of milk, cream, butter milk, sour milk, sour cream, whey, yogurt, kephir or similar goods in heading 0401 to 0404, not containing cocoa or containing cocoa in a proportion by weight of < 5%, calculated on a totally defatted basis, n.e.s. (excl. malt extract and preparations for infant food, put up for retail sale, mixes and doughs for	119	4.1% + agricultural component	Std GSP	5 (plus agricultural component)

Description		Exports to EU 2006 (€000)	Max. increase in tariff Jan. 2008	Regime	Max. duty (€000)
	preparation of bakers" wares and goods in sub-heading 1901.90.91)				
22021000	waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption as a beverage	793	6.1%	Std GSP	48
22029010	non-alcoholic beverages, not containing milk, milk products and fats derived therefrom (excl. water, fruit or vegetable juices)	136	6.1%	Std GSP	8
41051010	skins of sheep or lambs, in the wet state 'incl. wet-blue', tanned, without wool on, unsplit (excl. further prepared and pre-tanned only)	1,928	2%	MFN	39
41053091	skins of sheep or lambs, in the dry state 'crust', without wool on, unsplit (excl. further prepared and pre-tanned only, and indian hair sheep skins, vegetable pre-tanned, whether or not having undergone certain treatments, but obviously unsuitable for immediate use for the manufacture of leather articles)	5,315	2%	MFN	106
41053099	skins of sheep or lambs, in the dry state 'crust', without wool on, split (excl. further prepared and pre-tanned only, and indian hair sheep skins, vegetable pre-tanned, whether or not having undergone certain treatments, but obviously unsuitable for immediate use for the manufacture of leather articles)	2,942	2%	MFN	59
41062110	skins of goats or kids, in the wet state 'incl. wet-blue', tanned, without wool on, unsplit (excl. further prepared and pre-tanned only)	11,110	2%	MFN	222
41062190	skins of goats or kids, in the wet state 'incl. wet-blue', tanned, without wool on, split (excl. further prepared and pre-tanned only)	155	2%	MFN	3
41062290	hides and skins of goats or kids, in the dry state 'crust', without wool on, whether or not split (excl. further prepared and pre-tanned only and vegetable pre-tanned indian goat or kid hides and skins of sub-heading 4106.22.10)	7,396	2%	MFN	148
41071990	leather 'incl. parchment-dressed leather' of the whole hides and skins of bovine 'incl. buffalo' or equine animals, further prepared after tanning or crusting, without hair on (excl. of bovine 'incl. buffalo' animals with a surface area of <= 2,6 m² '28 square feet', unsplit full grains leather, grain splits leather, chamois leather, patent leather and patent laminated leather, and metallised leather)	385	3%	Std GSP	12
52051200	single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear density of 232,56 decitex to < 714,29 decitex '> mn 14 to mn 43' (excl. sewing thread and yarn put up for retail sale)	216	3.2%	Std GSP	7
52052200	single cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear density of 232,56 decitex to < 714,29 decitex '> mn 14 to mn 43' (excl. sewing thread and yarn put up for retail sale)	119	3.2%	Std GSP	4
52053200	multiple 'folded' or cabled cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear density of 232,56 decitex to < 714,29 decitex '> mn 14 to mn 43' per single yarn (excl. sewing thread and yarn put up for retail sale)	1,946	3.2%	Std GSP	62
52081296	plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 130 g to 200 g/m², unbleached, with a width of <= 165 cm	410	6.4%	Std GSP	26
55032000	staple fibres of polyesters, not carded, combed or otherwise processed for spinning	7,956	3.2%	Std GSP	255
64022000	footwear with outer soles and uppers of rubber or plastics, with upper straps or thongs assembled to the sole by means of plugs (excl. toy footwear)	263	11.9%	Std GSP	31
69091900	ceramic wares for chemical or other technical uses (excl. of porcelain or china, millstones,	248	1.5%	Std GSP	4

Description		Exports to EU 2006 (€000)	Max. increase in tariff Jan. 2008	Regime	Max. duty (€000)
	polishing stones, grindstones and the like of heading 6804, refractory ceramic goods, electrical devices, insulators and other electrical insulating fittings)				
76012091	unwrought secondary aluminium alloys, in ingots or in liquid state	794	6%	MFN	48
78011000	unwrought lead, refined	367	2.5%	MFN	9
78019100	unwrought lead, containing by weight antimony as the principal other element	235	2.5%	Std GSP	6
78019999	unwrought lead (excl. lead containing by weight antimony as the principal other element, and lead containing by weight >= 0,02% of silver, for refining 'bullion lead', lead alloys and refined lead)	284	2.5%	MFN	7
87032490	motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm³, used (excl. vehicles for the transport of persons on snow and other specially designed vehicles of sub-heading 8703.10)	239	6.5%	Std GSP	16
Value of affected exports		**126,899**			**4,733**
Share of affected exports in total		**1.2%**			**0.04%**

Note:
(a) All affected exports valued at €100,000 or more in 2006.

Appendix 6. EU Generalised System of Preferences

Standard GSP

Under the Generalised System of Preferences (GSP) the EU unilaterally provides trade preferences to developing countries meeting certain vulnerability criteria. On this basis, the standard GSP automatically applies to all ACP countries. In the absence of an EPA or interim agreement, it is the most favourable regime available to non-LDCs, while LDCs have access to the more generous EBA scheme.

Market access conditions under the standard GSP are less favourable than under an EPA. The GSP implies increases in tariffs compared to the preferences which applied under the Cotonou agreement up to 31 December 2007. Furthermore, rules of origin are more restrictive than under EPAs[115] and not all products are covered by the GSP, e.g. bananas, sugar[116] and rice are excluded and have to be exported under MFN conditions in the absence of an EPA or interim agreement.

GSP+

A special incentive arrangement for sustainable development and good governance under the GSP regulation (GSP+) has been suggested as an alternative to concluding an EPA for non-LDC ACP countries which would offer better market access terms than the standard GSP. Tariffs under the GSP+ scheme are lower than under the standard GSP but the rules of origin and the coverage of products is the same under both regimes.

Potential interest by ACP countries?

Most non-LDC ACP countries concluded interim agreements by 31 December 2007 and intend to continue negotiations towards full EPAs. For these countries, applying for the GSP+ regime could be considered as an option if negotiations towards full EPAs fail or if initialled agreements are not signed and ratified. However, the main focus for parties to interim agreements may be expected to be on further negotiations towards concluding EPAs, which will provide more favourable access to the EU market than the GSP+.

On the other hand, three African countries (Nigeria, Republic of the Congo, Gabon) and seven Pacific countries (Cook Islands, Federated States of Micronesia, Nauru, Niue, Palau, Marshall Islands, and Tonga) have not concluded any agreement so far and have been exporting to the EU under the standard GSP regime since 1 January 2008. For these countries, the GSP+ regime may offer an opportunity to improve market access compared with the standard GSP if they decide not to join the EPAs to be negotiated on the basis of the interim agreements concluded in their respective regions. Nigeria already submitted a request to the EC asking to be included on the list of GSP+ beneficiaries.

The attractiveness of the GSP+ scheme for ACP countries could be enhanced by extending its coverage to products that are currently excluded, such as bananas, sugar and rice.[117]

---

[115] GSP rules of origin are planned to be reviewed in 2008, however, this is likely to result in less restrictive requirements.

[116] For sugar, the sugar protocol annexed to the Cotonou Agreement will apply until 30 September 2009 to those ACP countries that hold quotas under this arrangement.

[117] See Stevens, C., The GSP: a solution to the problem of Cotonou and EPAs?, Trade Negotiations Insights, July-August 2005, Vol.4, n°4

Politically, however, it may be difficult for ACP countries to apply for the GSP+ scheme[118] and possibly advocate for an extension of its coverage while at the same time showing commitment to EPA negotiations with the EU. This reduces the likelihood of ACP countries making use of the GSP+ scheme as an alternative to an EPA.

Timeframe for entering the GSP+ scheme

According to the EC, the earliest date when an ACP country can enter the GSP+ regime is 1 January 2009, when a new GSP regulation is due to come into effect. However, opinions differ on the WTO-compatibility of this timeframe: it has been argued that in order to comply with WTO commitments, the EU is legally obliged to make the GSP+ available to new beneficiaries fulfilling the required conditions at any time.[119]

In order to benefit from the GSP+ scheme from 1 January 2009, countries will have to comply with the procedures set out in the new GSP regulation for the period 2009-2011, to be adopted by the Council of the EU in 2008.

A proposal[120] for this regulation was presented by the EC on 21 December 2007 and has been under discussion in the Council since 24 January 2008. Under the proposed regulation, a request to be admitted to the GSP+ scheme, including comprehensive information on ratification and implementation measures, has to be submitted to the EC by 31 October 2008. The EC plans to publish the list of beneficiaries by 15 December 2008.

For ACP countries to be able to enter the GSP+ scheme before 1 January 2009, the Council of the EU needs to make a decision to amend the current GSP regulation[121] which will allow the Commission to include additional countries on the list of GSP+ beneficiaries.[122] This list is currently closed until the next GSP regulation enters into force on 1 January 2009.

Compliance of ACP countries with the eligibility criteria

To be eligible for the GSP+ regime countries need to meet certain vulnerability criteria as well as ratify and implement a number of core human rights and labour rights conventions together with certain conventions related to the environment and good governance.

Economic criteria

Currently all African and Pacific non-LDC ACP countries except South Africa meet the vulnerability criteria for GSP+.[123]

---

[118] The deadline to apply for inclusion on the list of GSP+ beneficiaries in the period of 2009-2011 is expected to be 31 October 2008, according to the Commission proposal for the new GSP regulation. At this time EPA negotiations are likely to still be taking place.

[119] See Bartels 2007, The EU's GSP+ arrangement as an alternative to the EPA process, http://www.acp-eu-trade.org/library/library_detail.php?library_detail_id=4030&doc_language=Both

[120] European Commission, Proposal for a Council Regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006, 21 December 2007, http://register.consilium.europa.eu/pdf/en/08/st05/st05177.en08.pdf

[121] Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences, http://trade.ec.europa.eu/doclib/docs/2005/june/tradoc_123910.pdf

[122] Commission Decision (2005/924/EC) of 21 December 2005 on the list of the beneficiary countries which qualify for the special incentive arrangement for sustainable development and good governance, provided for by Article 26(e) of Council Regulation (EC) No 980/2005 applying a scheme of generalised tariff preferences, http://trade.ec.europa.eu/doclib/docs/2006/january/tradoc_126925.pdf

[123] (European Commission, September 2007: Is GSP+ an alternative to an Economic Partnership Agreement?)

Political criteria

According to the EC proposal for the next GSP regulation for the period 2009-2011, to be included in the list of GSP+ beneficiaries countries are required to have ratified and effectively implemented all 27 conventions specified in an annex to the regulation. These conventions include core human rights and labour rights UN/ILO Conventions as well as conventions related to the environment and governance principles.

Under the current regulation applicable until December 2008, beneficiary countries needed to have ratified and implemented the 16 human rights and labour conventions and at least 7 out of 11 environment and good governance conventions to enter the scheme.[124] Beneficiaries also had to take on the commitment to ratify and implement the remaining conventions by 31 December 2008.

From November 2007, Seychelles and Ghana were eligible further to having ratified the required conventions under the current regulation.[125]

Everything But Arms

The EBA initiative is a scheme under the GSP regulation targeted at LDCs. Similar to the EC market access provided under EPAs, it offers duty and quota-free access to the EU market for all goods except arms, with transition periods for sugar and rice. However, the GSP rules of origin apply, which are currently less favourable than rules of origin under an EPA.[126]

As EBA offers similar market access conditions as an EPA, many ACP LDCs have decided not to initial an interim agreement and since 1 January 2008 have been exporting under EBA. Some of these may opt to continue in this way if they do not consider that the anticipated benefits of signing an EPA will outweigh the expected costs. Other LDCs may decide to join a regional EPA in order to safeguard regional integration or to benefit from provisions other than market access for goods.

[124] For current GSP+ beneficiaries, the deadline for ratification and implementation of these 23 conventions was 31 October 2005. Beneficiaries are also required to ratify and implement all 27 conventions by 31 December 2008.

[125] There is also a precedent (El Salvador) for applying GSP+ preferences provisionally for a grace period of 14 months during which the required conventions are to be ratified and implemented. (Lorand Bartels, November 2007: The EU's GSP+ arrangement as an alternative to the EPA process)

[126] GSP rules of origin are planned to be reviewed in 2008, however, this is likely to result in less restrictive requirements.