



Overseas Development
Institute

Taking stock: what is in the interim EPA?

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Overview of EPA signatory states

	EPA signatories	Falling in EBA/ <u>standard GSP</u>	Proportion of signatories	Number of schedules
ESA EPA (11)	6	5	54.5%	6
EAC EPA (5)	5	-	100%	1
SADC EPA (7)	5	1	71%	2
CEMAC EPA (8)	1	5/ <u>2</u>	12.5%	1
ECOWAS EPA (15)	2	12/ <u>1</u>	13%	2
PACP EPA (14)	2	5/ <u>7</u>	14%	2
CARIFORUM EPA (15)	15	-	100%	de facto 15

- ❑ Zambia submitted schedule in July;
- ❑ CARIFORUM does not have a joint regional schedule

What do the liberalisation schedules say? **East African Community (EAC)**

- ❑ Only region where all countries have identical schedule based on EAC CET
- ❑ 26 years (2 years moratorium)
 - “customs union effect” 2010-2015: only items that show an EAC CET of zero are liberalised
 - ‘real’ liberalisation (EAC CET >0) only starts in 2015
- ❑ Regional exclusion basket of about 20% of EU import value (only few agricultural products)
- ❑ Significant revenue impact will be faced in the middle of the implementation period (2015-23)
- ❑ Consumer/producer effects will be end loaded
- *Questions about treatment of 58 pages of the latest schedule remain...*

What do the liberalisation schedules say? Eastern and Southern Africa (ESA)

- ❑ 5 countries have established individual liberalisation schedules in relation to COMESA CET
 - Expect the same for Zambia; will be part of revised report
- ❑ Liberalisation occurs in 15 years (5 years moratorium; except for Mauritius)
- ❑ 2008-2013: tariff reduction to meet COMESA three bands tariffs
- ❑ *Problem:* Countries never agreed a formal definition that allocated the items in the nomenclature according to the groups
 - Over 1000 items show discrepancy in CET classification;
 - Overlaps are tiny
- ❑ Exclusion baskets differ between 2.5% (Seychelles) to 20% (Zimbabwe) of EU import value
- ❑ Revenue impact varies largely depending
 - to what extent countries tariff differ from COMESA CET
 - whether tariffs can be replaced by sales tax

What do the liberalisation schedules say?

SADC EPA

- ❑ SADC split into 5 different trade regimes with the EU
- ❑ SADC EPA:
 - BLNS and Moz established 2 different liberalisation schedules: Only about one fifth of products overlaps
 - Liberalisation over 11 years, start 2008
- ❑ Mozambique: liberalisation is heavily front loaded
 - But: large exclusion basket (37.7% of EU imports, 2004-6); currently renegotiated...
 - 'hypothetical' revenue losses largely frontloaded (90% in first tranche)
- ❑ BLNS: nobody knows...
 - Theory: TDCA exclusion basket plus/minus a small number of BLNS products should equal BLNS EPA exclusion basket
 - Practice: Impossible to compare TDCA (negative list) with EPA (positive list)

Summary of countries' IEPA liberalisation commitments

Duration	15 years or fewer	16–20 years	20+ years
	BLNS Côte d'Ivoire Madagascar Mozambique Comoros Ghana Mauritius Seychelles	Cameroon Zimbabwe	All EAC
Liberalisation starts for positive-tariff goods	2 years or fewer	3–5 years	6+ years
	BLNS Ghana Mozambique Côte d'Ivoire Mauritius	Cameroon	All EAC Comoros Madagascar Seychelles Zimbabwe
Exclusions	Under 15%	15–20%	20+%
	Lesotho Namibia Swaziland Mauritius Seychelles	Côte d'Ivoire Kenya Uganda Comoros Madagascar	Botswana Burundi Cameroon Ghana (Mozambique) Rwanda Tanzania Zimbabwe

IEPA trade rules

- ❑ Could be more relevant than the liberalisation commitments
- ❑ Do not only comprehensively rule EU-ACP trade but also intra-ACP trade
- ❑ Some examples:
 - Prohibition of quantitative restrictions
 - Regional preference
 - Limitation of IIP to safeguards (time restricted)
- ❑ Impact on countries' trade practise and regional integration arrangements (e.g. SDT in SACU and CARIFORUM)

In summary

- ❑ IEPAs were finalised in a rush and it shows
 - Except EAC only ‘sub-regional’ or country EPAs exist
 - No clear pattern that schedules are tailored to development needs
 - Revenue effects front-loaded for a range of countries
 - Alignment of national liberalisation schedules towards common regional schedule will become very difficult

Where to go from here?

1. IEPAs and regional integration: the schedules

- Chance to reinforce implementation of EAC
- Unfinished business for SADC
 - 5 different trade regimes with the EU
 - Country-specific and sub-regional schedules with little overlaps
- Will be an additional challenge for SADC to align country-specific interests and to expand the SADC EPA

2. IEPAs and regional integration: the policies

- Country-specific assessments are needed. What are the implications of the IEPA on the economy and current policies?
- What are the costs of implementing the current text compared to leaving the IEPA?
- Form negotiation strategy for ongoing negotiations: maximum/minimum positions



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