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Economic Partnership Agreements: Time is running out

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Economic Partnership Agreements: Time is running out

Bonn, 29 September 2014. 1 October 2014 is the deadline for the conclusion of the Economic Partnership Agreements (EPAs) between the European Union (EU) and a group of states in Africa, the Caribbean and Pacific (ACP states). If the agreements are not signed by that date, African countries will fear a deterioration in their conditions for exporting to the EU. This impending threat has injected new urgency into the negotiations: a range of new partnership agreements are primed and ready to go. The prompt re-establishment of trust between the partners in the difficult EPA negotiations is now of decisive importance for relations between the EU and Africa.

For years, the EU has granted one-sided customs tariffs to former colonies. Now the EPAs are set to make trading relations between the EU and the ACP states reciprocal, thereby conforming to the World Trade Organization (WTO). Efforts have long been made to agree on the form of the EPAs - with scant success, particularly in Africa. The EU has therefore issued an ultimatum. What has this questionable EU approach - which some even regard as blackmailing - achieved?

Since the EU threatened to withdraw free market access under the existing interim agreements the pace of negotiations has become more lively: countries that do not number amongst the Least Developed Countries (LDCs) will be faced with EU tariffs in future, just like all other countries. Despite the major interest of a number of countries in the EPAs, the negotiations have proved a very difficult undertaking.

The regionalisation factor

The significance of regional trade agreements has increased in recent years - including in Africa. On the one hand the negotiations for the EPAs have helped to promote regional integration. However, the increasing regionalisation is in turn resulting in conflict with the EPAs. The degree of regionalisation is often not sufficient to conclude a joint agreement with the EU. In addition, the level of development varies between the countries, which also has an effect on their attitude towards the EPAs. This is evident in East Africa: whilst LDCs such as Tanzania and Uganda will continue to enjoy tariff-free access to European markets under the general preference system of the EU, more developed countries such as Kenya face a painful drop in exports. Finding a common negotiating position is often difficult as a consequence.

Market access, but not at any price

The ACP states are taking an increasingly critical view of the ultimatum and the EPAs. One key point of dispute is the concern of the African states to protect and promote their economies by means of trade and industrial policy instruments. However, the EPAs are to be reciprocal in form: the ACP states, too, are required to open their markets in order to remove trade-distorting instruments. Critics therefore fear that the markets will be flooded with EU products and local industries weakened. The EU also aims to curb the revenues of resource-rich countries from export tax, not least due to its interest in raw materials. However, a compromise still appears possible, in spite of the hard line taken by the EU. In the scope of the EU negotiations with southern Africa, Namibia has succeeded in preserving its preferential market access whilst simultaneously gaining concessions from the EU in the areas of dispute.

What lessons can be drawn, then, from the passing of the deadline? The position of the African nations in the global system of trade has altered. Firstly, the implications of trade liberalisation are being addressed more consciously; political leeway for development-promoting measures, such as with regard to industrial policy, will not be relinquished easily in return for preferential access to EU markets. Secondly, the African states have reinforced their position via increased regional south-south integration, gaining confidence in the process. Nevertheless, the EU remains a key market for many African products. The EPA negotiations have been an ill-tempered affair. Although a number of EPAs were signed prior to the passing of the deadline, in view of the enduring scepticism it remains to be seen how many countries will ultimately ratify and implement the agreements. The German government and the new EU leadership should work to ensure that trust is re-established between the EU and ACP states. The new EU commissioner, especially Cecilia Malmström for Trade and Neven Mimica for International Cooperation and Development, should use trust-building measures to promote a forward-looking partnership between the EU and the African states. Not least because Africa is a continent of opportunities - also for Europe.

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