Trade Relations Between EU and African, Caribbean and Pacific Countries: With or Without Economic Partnership Agreements?

Submitted 15/09/21, 1st revision 03/10/21, 2nd revision 18/10/21, accepted 15/11/21

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Abstract:

Purpose: The article aims to present the benefits and costs for ACP countries of the conclusion of Economic Partnership Agreements (EPAs) and of the implementation of trade liberalisation thereunder, in the light of their trade relations with the European Union Member States.

Design/Methodology/Approach: The article employs an analytical and descriptive method. Empirical (indirect observation and description) and general methods, including deduction and induction, were used to achieve the aim of the study. It draws on sources from the national and international literature, secondary legislation of the European Union in the form of regulations as well as on EUROSTAT statistics.

Findings: The analysis produced no unambiguous results, but they do indicate that the answer to the above question depends on the economic situation (status) of the country concerned (in this regard, the group of ACP Countries is very diversified). As regards LDCs, the ‘no EPA’ option seems to be the most favourable, whereas non-LDCs would benefit from an EPA due to the fact that if EPA is not signed, the EU “makes a threat” of suspending preferences, and this means worse EU market access conditions for these countries.

Practical Implications: Practical implications for entities involved in trade with the African, Caribbean and Pacific countries and initiating further research to examine the situation of the ACP countries, the progress of EPA negotiations and their consequences.

Originality/value: Performing a critical analysis of provisions contained in economic partnership agreements made by the European Union with the ACP countries and demonstrating that such agreements serve mainly the purpose of defending the EU’s interests, but not the interests of the ACP countries, moreover, identifying weaknesses, opportunities and threats concerning the agreements in question (a SWOT analysis).

Keywords: Economic Partnership Agreement (EPA), international trade, African, Caribbean and Pacific (ACP) countries, Cotonou Agreement.

JEL classification: F13, F14, F15.

Paper Type: Research paper.

Acknowledgement: The publication was co-financed from funds allocated to the statutory activity of the Faculty of Law, Administration and International Relations at the Andrzej Frycz Modrzewski Krakow University No WPAiSM/NoPiA/SUB/15/2020.

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1. Introduction

The European Union uses several trade preference systems as part of the common commercial policy and its exclusive competences. The first of these systems comprises mainly reciprocal preferences based on free trade areas and/or the deeper forms of economic integration (a customs union, a common market, association agreements), in which case trade between parties is liberalised either entirely or asymmetrically. The European Union also applies non-reciprocal (unilateral) trade preferences to countries favoured by geographical proximity (as part of a neighbourhood policy) and/or by reason of development-related or other issues. Reciprocal preferences mean the reciprocity of concessions, that is to say, the opening of countries’ own markets for competition from European companies. The last two decades saw significant changes in these two dimensions, namely, there was a distinct shift from unilateral preferences to reciprocal preferences, manifested through bilateral/regional agreements.

Relationships between the EU and the African, Caribbean and Pacific (ACP) countries, which were formerly colonies of some Member States (France, the UK, Belgium, the Netherlands and Italy), are really special in nature. They are formed mainly by countries from Sub-Saharan Africa, and several small countries from the region of the Caribbean Sea and the Pacific Ocean, including member countries of the so-called Caribbean Community (Caribbean Community and Common Market, CARICOM).

2. EU-ACP Trade Relations: From Unilateral to Reciprocal Preferences

The European Union’s relationships with the ACP countries date back to the beginnings of European integration – indeed, the document which contained provisions on mutual co-operation was the Treaty of Rome. Since 1975, the ACP countries had been benefiting from unilateral preferences granted under the Lomé Conventions, which were expected to be a contributory factor behind the growth of trade. Under these conventions, 96.5% of all imports (all industrial goods and 80% of agricultural goods) from the ACP countries benefited from duty-free access to the EU market. For nearly thirty years during which the said conventions were in effect,
they were treated as an instrument of growth and development, specifically by failing to adhere to the fundamental principles of the General Agreement on Tariffs and Trade (GATT), i.e., the non-discrimination principle (MFN Clause) and the principle of reciprocity, namely the equality of benefits and concessions (European Commission, 1996; Nello, 2009). Preferences granted under these conventions were, as a matter of fact, non-reciprocal, hence countries of the region were not obliged to grant the same concessions on EU goods.

However, these unilateral trade preferences were contrary to the rules of the World Trade Organisation (WTO), hence it was necessary to supersede them by reciprocal preferences manifested through free trade areas. Nevertheless, creating free trade areas means the elimination of customs duties in mutual trade, that is to say, in this case by the ACP countries (the EU abolished most customs duties much earlier).

The new Cotonou Partnership Agreement of 2000, which was made for 20 years (from March 2000 to February 2020), providing for the possibility of revision every five years, was drafted in line with the WTO rules. The Cotonou Agreement aims to reduce and eventually eradicate poverty and contribute to the gradual integration of the ACP countries into the world economy. The Cotonou Agreement was initially due to expire in February 2020. Its provisions have been extended until 30 November 2021, unless the new partnership agreement between the EU and the ACP countries is provisionally applied or enters into force before that date.

The Cotonou Agreement based on three pillars: development cooperation, economic and trade cooperation, political dimension. The agreement provided, in particular, for opening the negotiations of regional economic partnership agreements (EPA) between 2002 and 2007. These were supposed to be new trade agreements complying with the WTO rules and providing for the gradual elimination of barriers on a reciprocal basis between the parties, and extending co-operation on all fields relating to trade, in particular, on services and investments, copyrights and environmental protection, border controls and customs procedures.

Access to the EU market was not granted for certain agricultural products, which were of relevance to the ACP countries, in order to protect EU producers. These products included, among other things, bananas, sugar and beef; and as regards these goods, tariff quotas were allocated for the ACP countries. The reason behind that was to safeguard the interests of traditional EU importers and processors of colonial goods. Hence, for instance a tariff quota for raw cane sugar was set at a level corresponding to the capacity of British refineries (Reichert et al., 2009, p. 9).

6 The last deviation from the WTO rules pursuant to the Lomé Conventions was extended until 31 December 2007. Therefore the EU exerted pressure on the ACP countries, announcing the withdrawal of preferences and the introduction of import duties as from 1 January 2008. To ensure that customs preferences could be still received, interim economic partnership agreements (so-called interim EPAs) had to be negotiated.
3. EU’s Trade Relations with ACP Countries

Given the nature of trade relations between the EU and the ACP countries, it is obvious that the European Union is a more important trading partner for them, than they for the Union market. In spite of the preferences granted by the EU throughout many years of the partnership, only approximatelly 3.5% (as at 2020) of the Union’s imports and exports (taking into account trade with third countries) originates from the ACP region, whereas the share of imports and exports from the EU for this group of countries amounts to approx. 21%. The share also declined after the Brexit (Table 1). The ACP bloc is not homogeneous, the significance of trade with the European Union varies from region to region. The role the European Union serves is the biggest for African countries, which perceive the EU as an important trading partner: approx. 22% share in exports and imports (Table 1).

It is noteworthy that some African countries no longer consider the EU the main trading partner – now China occupies that position. That is the case with countries from Eastern and Southern Africa (China – share in imports – 14.2%, whereas the EU-27 – 10.5%); the East African Community (China – share in imports – 21.6%, whereas the EU – 10.7%). As regards Caribbean countries of the ACP group, the European Union is ranked third among the main trading partners (imports and exports – approx. 13%), behind the USA (imports – approx. 40% and exports – 39%) and China (approx. 15% share in exports and imports). Pacific countries attach definitely lesser importance to trade with the European Union (imports – above 2% and exports – above 9%); the main partners of this group of countries, both for imports and exports, are: Australia, China and Singapore (in aggregate, these three countries alone account for almost half of Pacific countries’ exports and imports (Table 1).

Table 1. Directions of ACP Countries’ Trade in 2020, total %

| ACP Countries’ Exports | All ACP Countries | ACP African Countries | Caribbean Countries | Pacific Countries |
|------------------------|-------------------|-----------------------|---------------------|------------------|
| EU-27                  | 21.4              | 20.5                  | 13.4                | 9.4              |
| USA                    | 8.6               | 5.2                   | 47.7                | 3.8              |
| China                  | 17.5              | 17.6                  | 14.8                | 14.8             |
| Rest of the World      | 52.5 (India – 9.5; Switzerland – 8.3) | 57.3 (next India – 9.8) | 24.1 (Switzerland – 5.9; Canada – 5.8) | 72.0 (Australia – 20.1; Singapore – 10.2; Japan – 10.8) |

| ACP Countries’ Imports | All ACP Countries | ACP African Countries | Caribbean Countries | Pacific Countries |
|------------------------|-------------------|-----------------------|---------------------|------------------|
| EU-27                  | 21.1              | 22.5                  | 13.4                | 2.2              |
| USA                    | 10.8              | 5.7                   | 38.8                | 2.5              |
| China                  | 20.1              | 19.0                  | 14.8                | 19.4             |
| Rest of the World      | 48.0 (India – 5.8; Brasil – 3.8) | 53.0 (India – 5.7) | 33.0 (Brasil – 3.8; Brasil – 3.8) | 75.9 (Australia – 10.8) |

All figures concern 2020 and relate to the EU-27 (without the United Kingdom); own calculations based on Eurostat Comext.
The Southern African Development Community (SADC) accounts for the biggest share in trade between the European Union and the ACP countries – approx. 1.3% of trade with third countries. That share is the same for West African countries (also 1.3%), whereas the rest of countries account for less than 1%.

### Table 2. Trade Between EU-27 and ACP Countries, in EUR billion

| Specification | IMPORTS | EXPORTS |
|---------------|---------|---------|
|               | 2015    | 2016    | 2017    | 2018    | 2019    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
| ACP - West Africa* (% extra EU-27) | 26.6(1.7) | 20.4(1.2) | 24.9(1.3) | 29.7(1.6) | 31.5(1.6) | 22.5(1.3) | 29.2(1.6) | 25.1(1.4) | 28.0(1.5) | 28.4(1.3) | 28.8(1.4) | 25.9 |
| main commodities (as % of total) (HS section) | Mineral products (64.2)(V); Foodstuffs, beverages, tobacco (22.7)(IV); Vegetable products (3.2)(VI) | Mineral products (28.7)(V); Machinery and appliances (16.8)(XVI); Products of the chemical or allied industries (10.9)(VI) |
| ACP - Central Africa* (% extra EU) | 8.3(0.5) | 6.3(0.4) | 6.4(0.4) | 6.6(0.3) | 5.7(0.3) | 5.5(0.3) | 6.8(0.4) | 5.3(0.2) | 4.7(0.2) | 4.7(0.2) | 4.6(0.2) | 4.4 |
| main commodities (as % of total) (HS section) | Mineral products (42.3)(V); Base metals and articles thereof (18.4)(XV); Foodstuffs, beverages, tobacco (12.1)(IV) | Machinery and appliances (226)(XVI); Products of the chemical or allied industries (16.2)(VI); Foodstuffs, beverages, tobacco (13.5)(IV) |
| ACP - Eastern and Southern Africa, ESA* (% extra EU) | 4.2(0.2) | 4.1(0.2) | 4.5(0.2) | 3.8(0.2) | 3.6(0.2) | 3.3(0.2) | 5.8(0.3) | 5.9(0.3) | 6.9(0.4) | 5.4(0.3) | 6.2(0.3) | 5.0 |
| main commodities (as % of total) (HS section) | Vegetable products (28.1)(II); Foodstuffs, beverages, tobacco (26.6)(II); Textiles and textile articles (13.9)(XI); Base metals and articles thereof (10.0)(XV) | Machinery and appliances (25.4)(XVI); Products of the chemical or allied industries (17.0)(VI); Transport equipment (14.9)(XVII) |
| ACP - SADC* (% extra EU) | 25.5(1.5) | 22.7(1.4) | 22.6(1.3) | 25.5(1.3) | 26.8(1.4) | 22.3(1.3) | 28.3(1.5) | 24.9(1.3) | 26.7(1.3) | 26.1(1.3) | 27.1(1.3) | 21.1 |
| main commodities (as % of total) (HS section) | Pearls, precious metals and articles thereof (33.0)(XIV); Mineral products (21.4)(V); Transport equipment (16.4)(XVII); Base metals and articles thereof (11.3)(XV) | Machinery and appliances (29.1)(XVI); Products of the chemical or allied industries (16.7)(VI); Transport equipment (13.1)(XVII); Base metals and articles thereof (5.1)(XV) |
| ACP - Caribbean Countries* (% extra EU) | 3.9(0.3) | 3.1(0.2) | 3.5(0.2) | 3.8(0.2) | 4.6(0.2) | 3.4(0.2) | 6.7(0.4) | 6.4(0.3) | 6.6(0.3) | 7.0(0.3) | 7.1(0.3) | 5.4 |
| main commodities (as % of total) (HS section) | Mineral products (31.6)(V); Products of the chemical or allied industries (15.3)(VI); Foodstuffs, beverages, tobacco (13.2)(IV); Vegetable products (10.1)(II); Transport equipment (8.2)(XVII) | Machinery and appliances (23.7)(XVI); Transport equipment (12.1)(XVII); Foodstuffs, beverages, tobacco (9.0)(IV); Products of the chemical or allied industries (7.9)(VI) |
| ACP - Pacific Countries* (% extra EU) | 1.1(0.1) | 0.81(0.1) | 1.3(0.1) | 1.2(0.1) | 1.3(0.1) | 1.3(0.1) | 1.8(0.1) | 2.0(0.1) | 1.5(0.1) | 2.7(0.1) | 1.5(0.1) | 1.7 |
| main commodities (as % of total) (HS section) | Transport equipment (32.3)(XVII); Animal or vegetable fats and oils (26.7)(III); Foodstuffs, beverages, tobacco (20.1)(IV); Mineral products (9.3)(V) | Transport equipment (85.5)(XVII); Machinery and appliances (5.7)(XVI); Mineral products (3.0)(V) |

* Source: Own calculations based on Eurostat Comext.
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Note:  
\( ^a \) Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo  
\( ^b \) Cameroon, Central African Republic, Chad, Congo, Congo (Democratic Rep), Equatorial Guinea, Gabon, Sao Tome and Principe  
\( ^c \) Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Somalia, Sudan, Zambia, Zimbabwe  
\( ^d \) Southern African Development Community, Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland  
\( ^e \) Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent, Surinam, Trinidad and Tobago  
\( ^f \) Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu  

Source: Own elaboration based on Eurostat.

Table 2 demonstrates the goods structure of trade between the EU and the ACP countries. The main goods imported from West and Central Africa include mineral resources, mainly crude oil and petroleum products. Other countries export to the Union mainly food, beverages (Southern and Eastern Africa, Caribbean and Pacific countries) and precious stones and diamonds (SADC).

4. Progress of Negotiations and Key Provisions of EPAs with ACP Countries – Critical Analysis

The Cotonou Agreement\(^8\) provides for setting up a comprehensive partnership with three pillars manifested through: development co-operation, political co-operation and economic and trade co-operation (Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, 2000). In mutual relations, priority is given to the growth of the ACP countries. Respect for human rights and fundamental freedoms, including fundamental social rights, democracy based on the rule of law and transparent and accountable governance are an integral part of continuous development.

Therefore the Cotonou Agreement laid emphasis on the development of democracy, the protection of human rights, rule of law, “good governance” (Article 9 of the Agreement). Having entered into partnership, parties pursue an active, comprehensive and integrated policy for peace-building and conflict prevention and resolution (Article 11). Migration and readmission became an important, but also controversial issue. Each of the parties to the agreement had to accept the return and

\(^8\) The Cotonou Partnership Agreement is the greatest international agreement signed by the EU, which defines the relations among 28 Member States of the European Union and 76 ACP countries; its provisions apply to 104 countries from four continents, populated by more than 1.5 billion people (Kugel and Wnukowski, 2015, p. 9). In 2000, the ACP group was comprised of 77 countries, in 2003 Timor-Leste joined the group. Out of all the ACP states, only Cuba and Timor-Leste did not sign the agreement.
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readmission of all their citizens staying illegally in the other party’s territory on the request of an EU Member State or an ACP country and without further formalities (Article 13(5c)).

Between 2002 and 2007, the negotiations of Economic Partnership Agreements (EPAs) were to be – as already mention – conducted as part of the third pillar. There are three conditions for introducing new rules of trade relations between the ACP States and the European Union. The first condition is legal in nature as it concerns the aforementioned compliance with the WTO principles. Secondly, it is economically necessary to reform the inefficient system of mutual trade relations based on the Conventions of Lomé (Koné, 2010, p. 106). Trade governed by the above-mentioned rules did not bring the expected results as the share of ACP exports to the EU in the EU market dropped considerably, from 6.7% in 1976 to 2.8% in 1994. Tariff preferences and financial aid failed to counteract the marginalisation of the ACP States in world trade, neither did they contribute to the diversification of exports of the countries in question (European Commission, 1996). The third reason is political in nature as it is related to maintaining the European Union’s strong position in the region as the main exporter and importer as well as benefactor, which was particularly important in the context of expanding activities of China in Africa. There are three pillars of EPAs:

- Eliminating the majority of customs duties within 10-15 years, pursuant to Article XXIV of the GATT; the approach adopted in economic partnership agreements was such that if the EU liberalises 98-100% of its trade, the ACP countries would have to liberalise 80-82% of their trade in order to follow the European Union’s approach that was based on the interpretation of Article XXIV of the GATT, namely the 90% liberalisation of trade;
- Applying the provisions also to other trade-related areas, including also administrative facilitations;
- Ultimately, entering into full EPAs covering the liberalisation of capital flow, government procurements (non-discrimination), technical (sanitary and phytosanitary) barriers and the provision of services.

Initially, an integration-based approach prevailed in EPA negotiations, which relied on existing regional integration groupings. However, ultimately the process of EPA negotiations takes place in four regional areas in Africa, the boundaries of which do not entirely coincide with the boundaries of integration groupings on that continent: Central Africa (8 countries), West Africa (16 countries), East and Southern Africa (11 countries), the Southern African Development Community (SADC) (6 countries, including South Africa, which joined in 2007) and two non-African groupings:

\textsuperscript{9}Some researchers, emphasising the importance of African raw materials to China, use an expression “China’s New Silk Road”; 30% of oil imported to PRC originates from African countries (Broadman, 2007, p. 69).
CARIFORUM (the Caribbean – 15 countries), the Pacific region (14 countries). In December 2004, formal negotiations with these regions began\(^\text{10}\).

During the negotiations of economic partnership agreements, one of the most important contentious issues included the elimination of barriers (including customs duties) to export, which concerned specifically exporting certain raw materials, such as rare-earth elements, in particular from African countries\(^\text{11}\). Export duties and restrictions – even though less common than normal import duties and levies – are imposed by some ACP countries on a limited number of goods, most frequently on agricultural products, fisheries products, mineral and metal products, as well as leather and leather products. African countries place restrictions on the export of such products, mainly to encourage domestic companies to process them, develop the domestic industry, as well as to manufacture and export higher value-added products.

In 2008, the Commission launched the Raw Materials Initiative (RMI), which constitutes an integrated strategy addressing various challenges related to access to non-energy and non-agriculture raw materials. One of the pillars of this initiative is the provision of equal opportunities for access to third country resources, which refers also to the ACP countries\(^\text{12}\). This concerns unlimited and barrier-free access to raw materials in other countries; which means that no restrictions (including customs duties) may be imposed on the export of such raw materials, namely, that existing restrictions must be lifted and no new ones can be introduced. Every EPA contains a clause relating to the restriction or elimination of export duties or other export levies, although its provisions slightly differ\(^\text{13}\).

The European Union also insisted on adding a most favoured nation clause to EPAs. Such a provision guarantees that if ACP countries make a preferential trade

\(^{10}\) Subsequently, negotiations involved yet another – the seventh – region, and it was the East African Community (EAC), which is comprised of 5 countries.

\(^{11}\) 41 minerals and metals of strategic significance to Europe were identified, of which 14 were classified as “critical” based on “a supply risk” and “a natural environment risk” (Ramdoo, 2011).

\(^{12}\) An increase in the number of emerging powers, specifically China, and their growing demand for raw materials caused the EU’s concerns about a possible shortfall in supply, and more importantly, about the loss of long-term and relatively privileged access to raw materials, especially in the ACP countries. Africa has approx. 30% of the world’s reserves of above 60 metals and minerals. In spite of a small share of Africa in the export of critical raw materials, the EU heightened pressure on all its trading partners to ensure access to raw materials for itself. For more information on this initiative, see: (Communication from the Commission, 2008; European Commission, 2021b; I. Ramdoo, 2011).

\(^{13}\) The agreement with CARIFORUM stipulates that absolutely no levies of this type may be imposed, hence it is necessary to abolish them within a transitional period (three years). SADC EPA, ECOWAS (Ghana, Côte d’Ivoire) and the agreement with Cameroon provided that no new export duties could be introduced, whereas the existing ones should not be increased. The agreement with EAC stipulated that no new export duties could be introduced and the existing ones imposed only on products listed in Annex No. 3 to the agreement.
agreement with other countries (which concerns mainly so-called emerging economies: China, Brazil, Russia), the European Union will be accorded the same privileges automatically. At the same time, the said provision significantly curtails the freedom in making trade agreements with other countries, especially when it comes to most developed countries of the ACP group, i.e., the RSA\textsuperscript{14}.

EPAs also contain a standstill clause, under which customs duties may not be raised and new levies may not be introduced in the future, after the agreement comes into effect\textsuperscript{15}. This means that countries are obliged to determine base customs rates which will be liberalised at dates set out in appropriate schedules contained in agreements. This clause is included in all EPAs, but its contents differ depending on an agreement. In the case of EPAs with CARIFORUM, the SADC and the Pacific countries, that obligation applies only to customs duties which are subject to liberalisation, whereas as regards the other agreements, the ‘standstill’ clause is applicable even if goods are exempt from liberalisation (Lui and Bilal, 2009). Some ACP negotiators claimed that the clause in question was not necessary, as a matter of fact, it would be enough to rely on WTO bound tariff rates, instead of applied rates, as a benchmark for the liberalisation of customs duties (rates bound in the ACP countries, including in CARIFORUM countries, are substantially higher than rates actually applied)\textsuperscript{16}.

\textsuperscript{14}The said provision is contained for instance in Article 28 of the SADC EPA and it limits the RSA’s capacity to sign free trade agreements with third countries. This refers either to countries serving an important role in the world’s trade (major trading economy), whose share in the global export was greater than 1% in the year preceding the entry into force of the agreement or a group of countries acting individually, collectively or through an economic integration agreement, whose share in the global export exceeded 1.5% in the year preceding the entry into force of the agreement (Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, 2000). In particular, two regions announced that they were willing to negotiate free trade agreements with other developed countries: the Caribbean countries with Canada and the USA and the Pacific countries with Australia and New Zealand. Some Pacific ACP (PACP) countries export only several goods to the EU; in fact, Australia and New Zealand are for the entire group of the countries much more important trading partners and vice versa – the Pacific countries are also significant markets for goods from Australia and New Zealand. The Pacific countries expect that the negotiations of agreements with these countries will bring greater benefits than those which the EU offered for such areas as, for example, workforce, and in relation to goods – more favourable rules of origin. In accordance with the MFN clause, such better treatment of Australia and New Zealand requires the EU’s consent.

\textsuperscript{15}Article 14 of the ESA-EU, Article 13 of the EAC-EU, 23 of the SADC-EU, Article 15 of the Ghana-EU, Article 14 of the Pacific-EU interim EPAs, and Article 16 and Annex III of the CARIFORUM-EU EPA.

\textsuperscript{16}Despite the fact that the European Commission initially refused to re-negotiate EPA clauses, ultimately, the ‘standstill’ clause with Côte d’Ivoire and Ghana was modified (in this way amendments could be made to apply the regional tariff). The agreement with Ghana contained a provision which enabled the country to introduce an additional levy of 0.5% of
5. The Role of Economic Partnership Agreements in Trade Relations Between ACP Countries and European Union – Who Will Benefit?

In practice, reciprocal preferences granted under EPAs mean that it is the ACP countries that will abolish customs duties and open their markets to EU goods. This will cause a significant decline in proceeds from customs duties, whereas for many of them duties constitute an important, if not the main source of budgetary revenue. The ACP countries maintain a diversified level of protection in imports with the EU, which is measured by the rate of customs duties. The highest average customs rates in imports with the EU are applied by the CEMAC countries – 13.5% and the COMESA countries – 12%, whereas the lowest by the SADC countries – 7.1% and the ECOWAS countries – 8.1%\(^{17}\). For some ACP countries proceeds from customs duties are a significant source of budgetary revenue, hence in the event of the liberalisation of trade, losses caused by a drop in proceeds from customs duties may be considerable\(^ {18}\).

In the expected period, specified in the Cotonou Agreement, i.e. until the end of 2007, EPAs were entered into only with the Caribbean countries (full EPAs); these agreements also cover the provision of services in accordance with Article V of the GATS. The European Commission desires to ensure that EPAs are made with all the ACP countries, and to this end, it used to put them under pressure in the past. The first critical period was in 2007, when the waiver granted by the WTO for preferential trade with the ACP countries was due to expire. The European Union, in order to persuade countries to negotiate EPAs, threatened that preferences would be withdrawn, which would translate into considerably worse conditions of access to the EU market for some developing countries, except for LDCs (which in that time included 36 countries in total), even if they would be eligible for the GSP\(^ {19}\).

\(^{17}\)CEMAC (Communauté Économique et Monétaire de l’Afrique Centrale), COMESA (Common Market for Eastern and Southern Africa), SADC (Southern African Development Community), ECOWAS (Economic Community of West African States).

\(^{18}\)Share of import duties in total income from tax is quite high in certain developing countries, e.g. for Cameroon it is – 31.6%, for Uganda – 50.3% and Swaziland – 54.7%. Projected losses arising from the loss of revenue from customs duties after the implementation of EPA (based on import volumes recorded between 2008 and 2010) for countries of Sub-Saharan Africa would total approx. EUR 3.4 billion, of which EUR 1.8 billion for West Africa (South Centre, 2012, pp. 17-18).

\(^{19}\)In February 2001, an EBA (Everything but Arms) arrangement was launched for the least developed countries (LDCs), involving duty-free and quota-free (DFQF) access to the EU market for all goods other than those covered by chapter 93 of the Combined Nomenclature, i.e. arms and ammunition. Tariffs on bananas, rice and sugar were reduced progressively and eliminated entirely in 2009 (Council Regulation (EC) No. 416/2001 of 28 February 2001). The preferences were established for an indefinite period with no need to be reviewed, in contrast to the GSP.
First and foremost, the rules of origin, as well as sanitary and phytosanitary standards were at that time considerably stricter under the GSP than under the Cotonou Agreement. This meant that exporters from the ACP countries would have to modify their production so as to make it compliant with the European requirements, which as a consequence, would mean that they were to incur extra costs. Secondly, most countries which were not categorised under the LDC group would have to face a substantial increase in customs duties on exported goods, the effect of which would be that their products would be no longer competitive. 2

Based on the estimates of the European Commission, for instance, exports from West Africa would decline by EUR 1 billion, customs duty at the rate of 27% would be imposed on 36% of exports from Côte d’Ivoire (EUR 700 million), compared to the zero rate applicable under the Cotonou Agreement and EPA. As for Ghana, that issue would concern 25% of exports (EUR 240 million), while Central Africa would lose EUR 360 million as export revenue (European Commission, 2007).

The Council Regulation (EC) No. 1528/2007 of 20 December 2007 (the so-called Market Access Regulation, MAR) lays down conditions for early and temporary application of trade preferences by the EU, pending the ratification of economic partnership agreements (Council Regulation (EC) No. 1528/2007 of 20 December 2007). That interim and alternative solution concerned countries which negotiated EPAs, but neither signed nor ratified them before 31 December 2007.

If an ACP country no longer meets the criteria laid down in the Regulation (Article 2(3)), trade preferences had to be withdrawn and replaced with those determined in the EU’s GSP, if countries are eligible for them in accordance with relevant provisions applicable to this system of preferences. If a country is not eligible for the GSP, only MFN customs rates will apply to it, but not tariff preferences. The effective date of that amendment was 1 October 201420. However, that provision was not applicable before 21 November 2014 to the countries which initialled a bilateral preferential market access arrangement by 20 November 2012.

To avoid the withdrawal of tariff preferences, the ACP countries had to enter into the negotiations of interim EPAs by the end of 200721. These agreements incorporated all fundamental features of full EPAs (however, related only to trade in goods) and were made with single countries, but not with the entire region. Finally, at the end of 2007, 36 of 77 ACP countries completed EPA negotiations, 9 LDCs and 27 non-

20That Regulation was amended and replaced with the Regulation (EU) 2016/1076 of the European Parliament and of the Council of 8 June 2016. The Regulation in question sets out rules of origin for goods originating from certain ACP countries specified in agreements establishing, or leading to the establishment of, Economic Partnership Agreements.

21Interim EPA negotiations were initiated, so to speak, at the last minute, by 18 African countries, for more information on this subject see (Wildner, 2011).
LDCs. As regards the remaining ones – 32 of them benefited from the EBA initiative (LDCs)\(^\text{22}\) and 10 non-LDCs from preferences under the GSP\(^\text{23}\).

LDCs were not interested in entering into EPAs due to the fact that they already benefited from duty-free access to the EU market under the EBA, and had they signed economic partnership agreements, they would have opened their own markets to EU goods.

**Table 3. ACP Countries’ Access to EU Market Now and in the Future Should EPAs Be Not Ratified**

| Central Africa | East and Southern Africa | West Africa | SADC | Pacific Region |
|----------------|-------------------------|-------------|------|----------------|
| **Access Conditions Not Changed** | | | | |
| Chad (EBA) | Djibouti (EBA) | Benin (EBA) | Lesotho (EBA) | Timor-Leste (EBA) |
| the Democratic Republic of the Congo (EBA) | Eritrea (EBA) | Burkina Faso (EBA) | Mozambique (EBA) | Kiribati (EBA) |
| Central African Republic (EBA) | Ethiopia (EBA) | The Gambia (EBA) | Angola (EBA) | The Solomon Islands (EBA) |
| Congo (GSP) | Somalia (EBA) | Guinea (EBA) | South Africa (TDCA)\(^\text{a}\) | Samoa (EBA)\(^\text{b}\) |
| Equatorial Guinea (EBA) | Sudan (EBA) | Guinea-Bissau (EBA) | | Tuvalu (EBA) |
| Saint Thomas and Prince (EBA) | Malawi (EBA) | Liberia (EBA) | | Vanuatu (EBA) |
| | Zambia (EBA) | Mali (EBA) | | Cook Islands (GSP) |
| | | Mauritania (EBA) | | Tonga (GSP) |
| | | Niger (EBA) | | Marshall Islands (GSP) |
| | | Senegal (EBA) | | Niue (GSP) |
| | | Sierra Leone (EBA) | | Micronesia (GSP) |
| | | Togo (EBA) | | Palau (GSP) |
| | | Nigeria (GSP) | | Nauru (GSP) |

| Central Africa | East and Southern Africa | West Africa | SADC | Pacific Region |
|----------------|-------------------------|-------------|------|----------------|
| **Worse Access Conditions** | | | | |
| Cameroon (from MAR to GSP) | Kenya (from MAR to GSP) | Ghana (from MAR to GSP) | Swaziland (from MAR to GSP) | |

\(^\text{22}\)Every three years, the list of the least developed countries is revised by the Committee for Development Policy (CDP), a group of independent experts reporting back to the United Nations Economic and Social Council (ECOSOC). Six countries have so far graduated from LDC status: Botswana in 1994, Cape Verde in 2007, Maldives in 2011, Samoa in 2014, Equatorial Guinea in 2017 and Vanuatu in 2020. Hence as at 2021, there are 46 countries which are categorised under the LDC group. Therefore, Cape Verde lost the LDC status in December 2007. For more information on the subject see: (UNCTAD,2020).

\(^\text{23}\)Non-LDCs include: 1) the Caribbean region: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts & Nevis, Suriname, Trinidad and Tobago; 2) East and Southern Africa: Kenya, Mauritius, Seychelles, Zimbabwe; 3) West Africa: Côte d’Ivoire, Ghana; 3) the Pacific region: Papua New Guinea, Fiji; 4) the SADC: Botswana, Namibia, Swaziland; 5) Central Africa: Cameroon. LDCs include: 1) the Caribbean region: Haiti; 2) East and Southern Africa: Burundi, Rwanda, Republic of Uganda; ESA: Madagascar, Comoros, Tanzania; 4) the SADC: Lesotho, Mozambique.
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| since 1 Oct 2014 Gabon** (from GSP to MFN) | Côte d’Ivoire (from MAR to GSP) Cape Verde*** (from EBA to GSP) | Botswana. Namibia* (from MAR to MFN) |
|---|---|---|
| | | |

**Note:**

*a South Africa was an active participant in the negotiations of the SADC regional agreement from 2007 (before the country was only an observer).

*b By 1 January 2019, Samoa was at that time a beneficiary of the standard GSP, because according to the UN classification it was no longer a least developed country (Commission Delegated Regulation (EU) 2015/1979 of 28 August 2015).

* Botswana and Namibia were classified by the World Bank as upper-middle income in 2011, 2012 and 2013, hence they should be removed from the GSP. Nevertheless, both countries initialled a bilateral preferential market access arrangement before 20 November 2012, which ensures, in principle for the entire trade, the same level of tariff preferences as the GSP or better.

**Gabon was categorised as an upper-middle income country (Commission Delegated Regulation (EU) No. 1016/2014 of 22 July 2014).

*** removed from the LDC list from 1 January 2008.

**Source:** Own elaboration based on: (Council Regulation (EC) No. 1528/2007 of 20 December 2007; Commission Delegated Regulation (EU) No. 1016/2014 of 22 July 2014; Regulation (EU) No. 978/2012 of the European Parliament and of the Council of 25 October 2012; Regulation (EU) No 527/2013 of the European Parliament and of the Council of 21 May 2013; EPAs – still pushing the wrong deal for Africa?, 2012).

If the ACP countries did not sign EPAs, EU market access conditions would not change for most of them considerably. The table does not include the Caribbean countries, because all of them were covered by the GSP, and furthermore, they signed, within a time limit provided for in the Cotonou Agreement, full EPAs, therefore it is groundless to discuss changes in their customs status if they failed to sign EPAs. Moreover, if a country continued to be a GSP beneficiary (and if it did not signed EPA), it is believed that its EU market access conditions would not deteriorate significantly. In fact, in the case of solutions adopted in the GSP, the rules of origin of goods are slightly more stringent than in EPA, and furthermore, tariff preferences do not cover certain goods, hence in practice access conditions could become slightly worse for some non-LDCs after all. Nevertheless, one must remember that preferences under the GSP are unilateral in nature, hence beneficiaries of that system of preferences do not have to reciprocate them. The withdrawal of preferences due to a failure to ratify EPAs within a proper time would
mean that access conditions would be considerably worse for Kenya, Botswana and Namibia (no preferences), Swaziland, Cape Verde, Cameroon, Gabon, Côte d'Ivoire and Ghana. It must be emphasised that these countries entered into EPAs at a later time, which was undoubtedly caused by the threat of worse EU market access conditions.

**Table 4. Products and Countries to be Affected by Withdrawal of Preferences Due to Failure to Start EPA Negotiations in Specified Time**

| Product | Tariffs | Country |
|---------|---------|---------|
| Sugar   | 339-419 EUR/tonne | Swaziland, Fiji, Kenya |
| Fresh and chilled bovine | 12.8% + 3034 EUR/tonne | Namibia, Botswana |
| Fresh bananas | 176 EUR/tonne | Ivory Coast, Cameroun, Ghana |
| Tuna    | 20.4    | Ivory Coast, Ghana |
| Other fish (fresh, chilled, frozen) + monkfish | 11.5% + 15% | Namibia |
| Beans   | 15.7%   | Kenya |
| Pineapples | 14.9%-15.7% | Kenya, Swaziland |
| Citrus  |         | Swaziland |
| Orange, grapefruits, grapes | > 10% | Kenya, Namibia, Swaziland |

**Source:** Own elaboration based on: (Bartels and Goodison, 2011).

The withdrawal of preferential access to the EU market granted under MAR would affect, to the greatest extent, Swaziland, namely 96% of its total exports to the EU (which concerns particularly the export of raw cane sugar and for refining, to which preferences under the GSP do not apply), Zimbabwe – 71% of exports to the EU (mainly horticulture and flower farming), Kenya – 69.9% (horticulture and flower farming), Namibia – 51% (mainly beef, fishery). Lesser impact of the withdrawal of preferences could be seen for such countries as: Ghana – 34.6% (fishery, fresh bananas), Côte d’Ivoire – 33.7% (fishery, fresh bananas), Cameroon – 19.2% (for example fresh bananas), whereas the least affected country would be Botswana – 9.6% (particularly beef), (Table 4; Bartels and Goodison, 2011).

The withdrawal of preferences would also considerably affect Fiji and Swaziland, 97% and 96% of total exports to the EU respectively (which concerns particularly the export of raw cane sugar and for refining, to which preferences under the GSP do not apply, hence without preferences customs duties would rise to EUR 339 per tonne). Zimbabwe (71%) and Kenya (70%, goods exported to the EU include mainly: horticulture and flower farming products), as well as Namibia (51%), which exports mainly beef (according to estimates, customs duties would soar to 142%) and fishery products (Bartels and Goodison, 2011). As regards the Pacific region, where the stocks of tuna and fishing volumes are very high and the processing industry benefits from duty-free access to the EU market, higher customs duties could be detrimental to domestic fishermen and would force such countries as Papua
New Guinea either to raise prices or make its maritime space available to other companies, including to those which are based in the EU.

Despite the fact that the principal objectives of EPAs include, first and foremost, strengthening regional groupings and supporting trade, the reality is sometimes different. One might hazard a guess that, as far as the significance of EPAs for integration processes in Africa is concerned, economic integration with the EU may slow down the progress of regional integration on the continent. This concerns the actual consolidation of regional groupings in order to boost intraregional trade. The opening of the ACP markets may be detrimental to the growth of African economies, whereas making agreements with individual regions may damage the coherence of the group of the ACP countries, consequently reducing the bargaining capacity of the entire bloc (Frankowski, 2011). Furthermore, applying various EU market access conditions (GSP, EBA, MFN, EPA) to countries belonging to the same grouping (especially those forming customs unions) precludes consolidation to encourage regional trade and means that border controls are necessary for goods exported to/imported from the EU.

Countries which ratified interim EPAs committed themselves to negotiate full partnership agreements in the future, which provide for – as already mentioned – the liberalisation of services and investments. Due to the fact that not all members of regional groupings agree to liberalise these sensitive sectors of economy, the European Commission negotiates full EPAs with individual countries (except for West Africa), although negotiations with the entire region were assumed, which also weakens integration groupings.

Rules of origin (RoO) in IEPA and in full EPA are similar to those contained in the Cotonou Agreement. Only new rules concerning the origin of textiles and clothing, as well as fish are less stringent in certain cases. As regards textile products and clothing, the sector of huge importance to the ACP countries, new rules of origin require that they are processed only once (which means that two-stage transformation is not necessary, as was the case previously) to make sure that goods to be exported are eligible for preferential access to the market. Moreover, in the case of fish and fishery products, requirements for the ownership and crew of fishing vessels have been reduced. This is an essential change, which allows for choosing the most competitive suppliers of woven fabrics, and this consequently, has a bearing on the level of prices and contributes to enhanced competitiveness of exported goods. The previous rules of origin laid down a two-stage processing requirement, i.e. from fibre (yarn) to woven fabric (the first stage), and subsequently, from woven fabric to clothing (the second stage). This meant, for instance, that a manufacturer of clothing from Lesotho which would like to export clothes to the EU, applying a preferential rate of customs duty pursuant to the Cotonou Agreement and in accordance with GSP RoO, would have to produce it on the site (cutting, sewing), using fabrics originating from Lesotho (or such that are woven in another ACP country). Consequently, that manufacturer would have to use local fabrics, which might be more expensive or be of lower quality.
vessels were simplified. Products wholly obtained include also aquaculture products, including mariculture. Furthermore, the requirement that at least 50% of the crew must have local citizenship and requirements applying to the crew of chartered ships were eliminated. A significant change was agreed with those Pacific countries which initialled an interim agreement, they may obtain fish landed in other countries (outside the region), provided, however, that they are unloaded and processed at local sites. This is of great importance to these ACP countries whose access to commercial fishing fleets is limited or where seasonal conditions preclude fishing and consequently the processing of fish by local exporters is impossible in the entire region (Neuman, 2010). It must be emphasised that a tolerance/deviation clause applicable to non-originating materials (de minimis) under the GSP is 10% of the product’s ex works price (excluding sections 50-63), whereas the Cotonou Agreement provides for 15%; also 15% is set out in EPAs (except for clothing and textiles) (Council Regulation (EC) No. 1528/2007 of 20 December 2007, Article 4).

Nevertheless, more flexible rules of origin applicable to these groups of goods are accompanied by less favourable provisions concerning the cumulation of origin. As determined in the Cotonou Agreement, cumulation applied to all the ACP countries, whereas EPA (as well as MAR) stipulates that only the countries which initialled or signed an EPA with overseas countries and territories, certain neighbouring developing countries and with the European Union are eligible for cumulation. As regards LDCs, if they benefit from EBA, they consequently become GSP beneficiaries, which precludes the possibility of full cumulation with partners from the ACP countries.

### Table 5. Progress of EPA Negotiations With ACP Countries, March 2021

| EPA Implemented, Including For Interim Period |
|-----------------------------------------------|
| Africa                                        |
| West Africa                                  | Côte d'Ivoire, Ghana |
| Central Africa                               | Cameroon |
| ESA                                           | Mauritius, Madagascar, Seychelles, Zimbabwe |
| SADC EPA Group                                | Botswana, Lesotho, Namibia, RSA, Swaziland |
| The Caribbean                                |
| Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana | Jamaica, Saint Lucia, Saint Vincent, Saint Kitts & Nevis, Suriname, Trinidad and Tobago |
| Pacific Region                               | Fiji, Papua New Guinea, Solomon Islands (signed the Agreement in May 2020). |

**EPA Negotiations Finished, Implementation in Progress**

| Africa | West Africa |
|--------|-------------|
| 16 countries (negotiations of the regional EPA covering 16 countries in West Africa were concluded on 30 June 2014. All EU Member States and 13 West African Countries signed the EPA in December 2014, except Nigeria, Mauritania and The Gambia, The Gambia signed on 9 August 2018 and Mauritania on 21 September 2018, leaving Nigeria the only country of |
West Africa that has not signed the EPA. Mauritania signed an Association Agreement on 9 August 2017.

| EAC | 5 countries (Burundi, Kenya, Rwanda, Tanzania, Uganda) |
|-----|-------------------------------------------------------|
| EAC (The negotiations for the regional EPA were successfully concluded on 16 October 2014. On 1 September 2016, Kenya and Rwanda signed the Economic Partnership Agreement between the East African Community and the EU. All EU Member States and the EU have also signed the Agreement. All EAC members need to sign and ratify the EPA to be implemented. |  |
| SADC EPA - The provisional application for Mozambique started on 4 February 2018 | Mozambique |
| The Caribbean | Haiti (signed the agreement EU-CARIFORUM EPA in December 2009, but is not applying it yet, pending its ratification) |

Source: Own elaboration based on: (European Commission 2018; European Commission, 2020; European Commission, 2021a).

In 2021, 31 ACP countries were implementing EPAs with the EU, 14 in Sub-Saharan Africa, 14 in the Caribbean and three in the Pacific. EPAs are development-oriented trade agreements, under which the EU provides duty-free and quota-free access to its market. All agreements which have been already made (except for CARIFORUM) are interim and provide for the liberalisation of trade in goods.

6. Attempt to Assess EPAs – SWOT Analysis

In order to assess EPAs from the ACP countries’ perspective (for the EU, that assessment gives obvious findings, as revealed by the analysis), a SWOT matrix may be used (Table 6). When one thinks of the EU, which entered into agreements, only strengths and opportunities can be seen, but not any significant weaknesses or threats, the EU is a much more powerful partner, pushing its own solutions that operate in favour of European companies, Member States’ economies and contribute to greater European security (by ensuring access to raw materials, providing the security of supplies, extending influence within the region and exerting impact on agreements concluded by countries of the region, particularly with emerging economies, etc.).

7. Conclusions

EPAs rather do not bring a new dimension of trade relations both for EU Member States and the ACP countries, a new nature of trade relations provided for in these agreements entails replacing unilateral preferences with reciprocal preferences. In
practice, this means the need for the gradual opening of markets by the ACP countries for European goods.

Table 6. SWOT Matrix – EPAs for ACP Countries

| Weaknesses                                                                 | Strengths                                                                 |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| − Opening the markets of the ACP countries to competition from EU goods and companies; | − Preferential access to the EU market is granted pursuant to agreements, which ensures its stability and that it will not change in the future; |
| − No customs duties and other export levies may be imposed on raw materials; | − The compliance of preferences with the WTO rules;                         |
| − Decline in revenue from customs duties resulting from the liberalisation of trade; | − Development aid extended by the European Development Fund;                |
| − Non-execution clause, which means that preferences are withdrawn, e.g. in the event of the infringement of human rights; | − Slightly more flexible rules of origin allowing the utilisation of components from other countries so as to ensure that the final product still has its preferential origin; |
| − Reduced flexibility in raising the rates of customs duties should it become necessary in the future (standstill clause); | − The possibility of protecting sensitive agricultural products by excluding them from liberalisation or employing safeguard measures; |
| − Despite the removal of subsidies on agricultural goods exported to the ACP countries because of other forms of aid provided to agriculture as part of the common agricultural policy, EU agricultural products are still more competitive; | − The removal of agricultural subsidies on exports to the ACP countries as of 2014; |

| Threats                                                                 | Opportunities                                                                 |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| − The introduction of MFN in exchange for asymmetrical liberalisation completely hinders the ability to sign agreements with other trading partners in the future, such as Russia, China and other BRICS countries; | − Encouraging further regional integration, mainly in Africa, and boosting mutual trade, in spite of restrictions following from the negotiations of regional EPAs; |
| − Differences in “exclusion lists” among regional EPAs render the ACP regional integration difficult; | − Increasing trade with BRICS countries, particularly with China (this country has no colonial experience); |
| − Many ACP countries should protect more than 20% of tariff lines for a variety of reasons such as food safety, protection of employment or of infant industries; | − Transitional periods for ACP countries (which are often too short), during which trade preferences under EPAs are implemented (10-15 years), intended for improving the competitiveness of domestic goods and companies; |
| − Negotiating regional EPAs which do not coincide with regional groupings poses a threat to the integrity of the ACP bloc and regional groupings; |                                                                               |
| − Poor regional coherence in most EPA regional groupings, with national interests being given priority over regional integration schemes and conflicting interests generating tensions in the region; |                                                                               |

Source: Own elaboration.
What is particularly problematic for many ACP countries is the necessity of entering into full EPAs, which provide for the liberalisation of services. This will introduce heightened competition from European companies, which domestic businesses may find difficult to beat off.

Despite the fact that the uniqueness of the region is taken into consideration and regional integration supported, the EU’s actions have sometimes simply the opposite effect, they led to the disintegration of a solid bloc of countries and increased competition among individual countries, which specifically concerns African countries. Furthermore, the model of European integration, which lays emphasis on economic aspects, does not entirely reflect the uniqueness of integration groupings. Theoretically, 27 Member States of the EU (at the moment) and 79 ACP countries represent considerable power in the multilateral context.

Nevertheless, effective coalitions were never formed, because it turned out that it was difficult to find common ground for understanding among members of such a big and heterogeneous group of countries. Many ACP countries presented their liberalisation schedules in haste, they did not specify whether their obligations correspond with the obligations of their neighbours or not – which has significant implications for the regional integration processes. Furthermore, the enforcement of economic partnership agreements is in certain cases unlikely, given the EU market’s declining attractiveness and the Commission’s decreasing ability to impose sanctions for non-compliance with rules by withdrawing preferences (Bossuyt et al., 2016).

It would be advisable that greater flexibility in making EPAs be ensured on the part of EU Member States, no pressure for making economic partnership agreements be exerted on the ACP countries, perhaps the modification of a special solution as part of the GSP in the form of EBA would be expedient so as to ensure that most LDCs could use it – this would allow for avoiding various conditions of access to the internal market of countries of the same region. Simultaneously, preferential access to the EU market would be ensured for the countries which are not able to enter into EPAs, and this would be a sort of alternative to EPAs.

Moreover, if one of the principal objectives of an economic partnership includes supporting growth in the ACP countries, they must be allowed to push through their own solutions, including those which aim to protect infant industries against competition from the EU (this concerns also, or perhaps predominantly, the services sector). Furthermore, taking into account the loss of revenue from customs duties, the amount of which is often considerable, it would be expedient that at least part recompense be given. What is an advantage of the current economic partnership agreements is the fact that they constitute the outcome of negotiations and are not imposed unilaterally.

Nevertheless, the European Union should not act as a more powerful partner, imposing or insisting on specific solutions. During negotiations, the European Union
not only relies on its stronger position, but it also urged the other parties to enter into partnership agreements, threatening that preferences would be withdrawn. However, if one of the principal objectives of an economic partnership includes supporting growth in the ACP countries, they must be allowed to push through their own solutions, including those which aim to protect infant industries against competition from the EU (this concerns also, or perhaps predominantly, the services sector). Despite the fact that the uniqueness of the region is taken into consideration and regional integration supported, especially in Africa, the EU’s actions may sometimes have simply the opposite effect and lead to the disintegration of a solid bloc of countries and increased competition among individual member countries of groupings. On the other hand, what is an advantage of economic partnership agreements is the fact that they constitute the outcome of negotiations and are not imposed unilaterally.

The example of the ACP countries corroborates the claim that where disparities in the level of development of the EU and third countries are seen, there is a risk that the EU compels, to some extent, the countries to enter into negotiations in regional groups which they do not choose by themselves, furthers its interests during negotiations more efficiently due to its better bargaining position, combines trade negotiations with institutional reforms which are too difficult and costly to be implemented by partner countries and pushes during such negotiations matters that had been rejected on a multilateral forum (within WTO).

The adaptation costs which arise from the application of newly established rules and changes in trade relations, such as a decline in government revenues caused by reduction in customs duties or higher unemployment rates in certain sectors due to liberalisation and heightened competition from EU companies and goods, may be particularly difficult to be lowered and offset in small and volatile economies (mainly in some African countries), and therefore they can exacerbate tensions in a given country. It appears that EPAs will not have a prominent role nor will they contribute to any increase in the ACP countries’ trade and their greater importance in the global economy, and consequently to economic growth and reduction of poverty, particularly in countries of Sub-Saharan Africa.

The analysis conducted allows to cautiously conclude that an answer to the question “with or without EPAs”, or whether benefits of such agreements would exceed the costs involved, depends on the country concerned; specifically, on its economic situation and customs status granted by the EU. It seems that LDCs will not gain from the signing of EPAs, whereas they will be obliged to eliminate tariffs on a number of products imported from the EU, therefore the ‘no EPA’ option would be more favourable for them. At the same time, for non-LDCs (such as Ghana, Côte d’Ivoire, Cape Verde) which would lose their preferential access to the EU market should they choose not to sign EPAs, the ‘with EPAs’ option seems more advantageous.
The European Union seems to be more interested in entering into EPAs that the countries of the region, therefore it exerted pressure to speed up and finalise EPA negotiations. Some countries concerned even having signed EPAs, tended to postpone their ratification and implementation.

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