# THE EUROPEAN UNION-ECOWAS ECONOMIC PARTNERSHIP AGREEMENT: AN ANALYTICAL PERSPECTIVE

**BY**

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**Abstract**

The Economic Partnership Agreements (EPAs) between the European Union, on the one hand, and the African, Caribbean and Pacific (ACP) countries, on the other, have emerged in recent times as an instrument to drive development and trade cooperation aimed at transforming low-income countries. The primary aim of the EPA therefore lies in the gradual transformation of the trade and development relationship between EU and ECOWAS, from one based on dependence to a mutually beneficial relationship in the long run. The West African region is EU's most important trading partner in the ACP countries, accounting for 40% of all trade between EU and ACP countries. Of the West African countries, Cote D' Ivoire, Ghana and Nigeria account for 80% of exports to the EU, which are dominated by primary commodities. A major benefit of the EPA to ECOWAS is the increased access to the EU market, with its enormous potential to generating foreign exchange reserves and improved livelihoods tied to agriculture and industry. It also ensures coherence of the region's integration agenda. Under the EPA framework, ECOWAS is obliged to liberalize 75% of its tariffs, based upon its common external tariff, over a period of twenty years. Therefore, the major objective of this paper is to shed light on the features of the EU-ECOWAS EPA framework and its potential benefits for regional integration and development in West Africa. The paper employs empirical data to analyze the status of EU-ECOWAS inter-regional trade flow and reveals that the EPA remains a potent instrument to boost future trade ties between the two blocks. The paper also presents a policy framework anchored in trade reciprocity; development assistance to ECOWAS and deepening regional integration.

## 1.0 INTRODUCTION

### 1.1 The Economic Partnership Agreements (EPAs): A Historical Background

The Economic Partnership Agreements involving the European Union (EU), on the one hand; as well as African Caribbean and Pacific (ACP) countries, on the other, can be placed in a historical context of the EU's development partnership with developing countries. The European Union states have nurtured an enduring partnership in developing countries, particularly with former colonies in several African, Caribbean and Pacific countries, leading to two Yaoundé Conventions which initially established the EU – ACP partnership in 1963 between the European Economic Community (EEC) and former European colonies (Persson, 2009). The framework provided financial and social support through the European Development Fund (EDF), as well as reciprocal, non-discriminatory trade preferences. However, in 1975, the first Lomé convention was endorsed by the partners, replacing the previous partnership agreement. The new agreement established preferential access for ACP countries to the EU market. While the agreement offered tangible benefits to ACP countries, it however discriminated against other developing countries and consequently incompatible with World Trade Organisation (WTO) principles of free trade.

The challenges associated with the Lomé Convention provided a backdrop to the Cotonou agreement in 2000 between the EU and ACP, which laid a foundation for a new trade and development framework known as Economic Partnership Agreements (EPAs). The EPAs effectively replaced the Lomé Conventions, characterized by unilateral trade preferences. Also, the EPAs are more holistic, development driven and compatible with Article XXIV of the General Agreement on Tariffs and Trade (GATT) (Ntsanano, 2010). It is noteworthy to emphasize that the Lomé Conventions largely failed to meet their objectives, as the ACP countries were undermined by low economic growth and weak trade flows. Indeed, the frameworks were renewed four times between 1975 and 2000, with ineffective outcome.

Therefore, the successor to the Lomé Conventions, the Cotonou Agreement came into effect in 2000 for a period of 20years. The new agreement replaced the Lomé partnership with six regional EPAs, comprising 78 countries. The regional groupings are as follows: West Africa; Central Africa; Eastern and Southern Africa; Caribbean and Pacific.

The EPAs have emerged as reciprocal, but asymmetric trade agreements, with the EU providing full, duty-free market access to EPA countries and/or regions and where the ACP countries/regions commit to open at least 75% of their markets to the EU. The new trade instruments have replaced the unilateral trade regime that characterized the trade relationship between the EU and ACP countries for about forty years (World Bank, 2008).

EPA negotiations were kick-started in 2002. Following months of initial preparation and wide consultations at the all-ACP level, at the end of 2003; it was agreed that the EPAs would be negotiated at the regional level. Consequently, six EPA groups were constituted as follows (ECDPM, 2014):

- The Caribbean region, comprising 15 countries of the Caribbean Forum (CARIFORUM).
- The pacific region, comprising 14 countries of the Pacific Island Forum.
- The West African region, comprising the 15 Economic Community of West African States (ECOWAS) countries plus Mauritania;
- The Central African region, comprising 8 countries;
- The Southern African Region (a sub-group of the Southern African Development Community-SADC), which then included Botswana,

Lesotho, Namibia, Swaziland, Mozambique, Tanzania and Angola. It is noteworthy to emphasize that South Africa did not join negotiations in 2002, as it was covered by a bilateral trade agreement, the Trade and Development Cooperation Agreement (TDCA), but joined negotiations in 2007, while it was allowed to trade under the TDCA framework. In 2007, Tanzania left to join the East African Community EPA group;

- The Eastern and Southern African (ESA) region (a sub-group of the Common Market for Eastern and Southern Africa – COMESA), comprising 11 countries (Four countries left in 2007 to join the East African Community: EAC – EPA group.

In 2007, a 7$^{th}$ EPA group emerged, comprising 5 members of the East African community.

The EPAs are part of EU's policies aimed at fostering development in ACP countries by focusing special attention to the following issues (European Commission, 2010).

- Individual ACP country's geography and structure – emphasizing vulnerable landlocked and Island topographies.
- The need for ACP countries to take ownership of their development and design their own strategies for achieving growth and prosperity.
- The involvement of non-governmental bodies in EPA negotiations, including civil society and members of the business community.
- Development level-focusing on the least developed countries.

By October 2014, EPAs have been concluded by the EU (28 countries) with 49 ACP countries, covering more than 900 million people on four continents.

Figure 1 reveals key milestones, involving EU-ACP Partnerships, from the Lomé Convention to EPAs.

# From Unilateral Preferences to EPAs: Key Milestones

**1975 – 2000:** Successive Lomé Conventions
Trade regime: Unilateral preferences by EU to ACP

**2000**

**2000:** Cotonou Partnership Agreement signed (2000-2020)

Decision taken to negotiate reciprocal but asymmetric trade and development agreements (EPAs)

**2001**

**2001:** Everything-But-Arms (EBA) trade initiative by the EU granted duty-free quota-free market access to Least Developed Countries (LDCs)

**14th November 2001:** 2nd WTO Waiver granted till 31st December 2007

**2002**

**27th September 2002:** Start of negotiations on Economic Partnership Agreements

**2007**

**November - December 2007:** Countries/regions that concluded an EPA were:
- 15 countries in the Caribbean region (full EPA);
- 2 Pacific countries;
- 18 African countries

**31st December 2007:** 2nd WTO waiver expired, Cotonou unilateral preferences ended

**2008**

**2008:** Negotiations continued; many countries raised concerns on contentious issues

Market Access Regulation (MAR) 1528 entered into force for countries that have concluded an EPA

Zambia initialled EPA in September 2008

Remaining countries trade under GSP regime (EBA or GSP);

South Africa entered SADC EPA negotiations

**2009**

**2009:** Countries start ratifying CARIFORUM EPA
ESA countries (Mauritius, Seychelles, Zimbabwe, Madagascar) signed
Zambia and Comoros did not sign

EAC did not sign

Central Africa: Cameroon signed but did not ratify

West Africa: Cote D'Ivoire signed; Ghana did not sign

Southern Africa: Botswana, Lesotho, Mozambique, Swaziland signed; Namibia did not sign

**2013**

**May 2013:** EC announced that countries not having ratified Interim EPAs are removed from MAR 1528 as from 1st October 2014

**2014**

**1st January 2014:** New GSP Scheme entered into force

**July 2014:** ECOWAS and SADC concluded regional EPAs
Cameroon ratified
Fiji started ratification

**1st October 2014:** Countries having concluded regional EPAs or started ratification of Interim EPAs are reintegrated on MAR 1528

**16th October 2014:** EAC initialed a regional EPA

Regional EPAs to be signed, ratified and implemented

Graphic design: Y. Chiwan't Hoff, ECDPM

**Figure 1: EU-ACP Partnership Milestones-from Lome Convention to EPAs.**
**Source: ECDPM, 2014**

## 1.2 The Benefits and Challenges of EPAs

The Economic Partnership Agreements (EPAs) have emerged as a novel instrument for trade and development partnership between the European Union (EU) and African, Caribbean and Pacific Countries (ACP). The EPAs also involve two principal commitments (European Commission, 2013):

- On both sides there is removal of barrier to trade in goods.
    - The EU offers fully free access to its market, without import duties or quotas.
    - ACP businesses can source some of their inputs from other countries to make their end products and export to the EU market freely.
    - ACP partners also open up their markets to the EU partially and at a slow pace to protect their domestic industries.
- The EU – ACP partners work together through EU-funded aid for trade programmes.
    - The EU provides financial support to assist ACP government as a cornerstone of the EPAs.
    - EU also assists ACP – based businesses to use EPAs to export more goods and secure investment.

In general, EPAs create opportunities for individuals and businesses in ACP countries to export their goods to the European market, allowing them to:

- buy imported goods at a competitive price and acquire new technology
- attract investment, as EPAs promote clearer, simpler rules for engaging in business, paying taxes and clearing customs, as well as offering easier access to legal advice and other services for business outfits.
- Get their goods into export markets, developing capacity and assisting to meet international quality standards.
- Create better infrastructure, administration and public services critical to increasing and improving productive capacity, training opportunities and transfer of knowledge.
- Foster more transparency/political economic stability essential to political dialogue aimed at upholding democratic standards, good governance and human rights.

The EPAs also offer benefits to European consumers, through:

- **Lower Prices**: removing trade barriers, produces healthy competition on the EU market and lower prices for consumers.
- **More Choices**: exotic, new products from Africa, Caribbean and Pacific countries, as well as new varieties of familiar goods, including cocoa, coffee, mangos, pineapples and other agricultural commodities become widely available to consumers.
- **Good quality and good value**: tropical products grown in ACP countries are made available to EU consumers, with improved quality and creating value for money.

- **Employment Opportunities**: In the long run, increased trade will assist ACP countries to become more prosperous, which in turn, will generate more demand for European products and expertise, translating to more employment opportunity in the European Union.

EPAs are designed with a special focus on benefits for farmers and manufacturers in the ACP countries, including:

- **No quota, no duties on exports to the EU**: The framework guarantees free access to the EU market of half a billion people for all ACP products, providing plenty of scope for economies-of-scale.
- **Building Regional Markets**: Boosting trade between ACP neighbours and regions, with significant potential benefits for ACP exporters.
- **No undue Competition**: ACP countries are only obliged to gradually open up their markets to EU imports and producers of the most sensitive 20% of goods will be accorded permanent protection from competition.
- **No Shocks**: EPAs will be implemented in a way that avoids unnecessary shocks as duties are phased out over a period of 15 (and up to a maximum of) 25 years, with safeguards and support on offer for ACP countries that encounter challenges.
- **Coverage of Services and Foreign Investment**: EPAs are not exclusive to trade in goods, but also with development issues.
- **Wider Reforms**: EPAs are part of a wider development agenda for ACP countries aimed at strengthening the law, attracting both local

and foreign investments as well as creating the enabling environment for greater prosperity.

Since a significant proportion of ACP countries is grouped amongst the world's Least Developed Countries, EPAs have been negotiated with special benefits targeted at this group of countries. The framework comprises the following elements:

- EPAs enhance trade beyond free market access, designed with less strict rules of origin, making it easier for LDCs to export products with inputs from other countries (third country inputs), particularly in key exports sectors-agriculture, fisheries and textiles and clothing.
- EPAs tackle cooperation on trade related issues, providing an opportunity to address complex issues affecting trade, such as: copyright and environmental degradation.
- EPAs boost regional markets and rules – by tagging on to ACP regional integration initiatives, assisting to promote regional solutions, critical to development.
- EPAs provide a broader approach to trade barriers – the EPA approach recognizes that tariffs and quotas not only undermine trade but also provides solutions that address such wider issues as poor infrastructure, inefficient customs and border controls or inadequate standings.
- EPAs bring customized approaches to regional needs, created out of regional negotiations to ensure that regional needs and each country's sensitivities are addressed.

- EPAs safeguard local economies – though ACP countries that endorse EPAs are obliged to gradually open up to 80% of their markets to EU imports, safeguards ensure that EU products do not compete against locally produced products, avoiding dispute with local industries.
- EPAs respect national sovereignty – instead of imposing development strategies, EPAs consult with countries to determine their own development strategies, including the pace and sequence of reform decisions.
- EPAs are stable partnerships between EU and ACP countries, establishing viable contacts between equal partners which cannot be altered without mutual agreement, a development that promotes long-term planning and investment for development.

Despite the obvious benefits that the EPAs bring to all stakeholders, there are concerns raised on the framework, particularly as they relate to the interests of the ACP countries. Hangi (2010) identified the following potential impediments associated with the EPAs:

- ACP countries may become appendages to the EU productive systems;
- ACP partners may end up becoming cheap sources of EU's inputs and primary commodities.
- Industrial development in ACP countries to be undermined.
- EPAs threaten trade diversification.

- The partnership framework may lead to fragmentation or outright disintegration of regional blocks.

In another report by ECDPM (2014), various potential constraints were also identified with the EPAs, including:

- Degree and time frame for trade liberalization
- Export taxes
- The Most Favored Nation clause
- Non-execution clause
- Infant industry clause
- Agricultural export subsidies and domestic support in the EU; and
- Development Finance.

## 1.3 The Elements of EU-West Africa Economic Partnership Agreement

The European Union and West African countries finally concluded a pact on the Economic Partnership Agreement on January 24, 2014, bringing to an end more than a decade of protracted negotiations on both sides. The West African countries comprise members of the Economic community of West African states: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Cote d’Ivoire, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo) plus Mauritania.

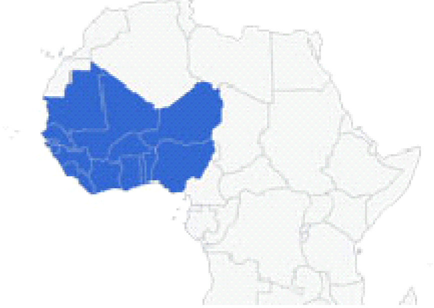

**Figure 2: West Africa in a Regional Context**

**Source: European Commission, 2015**

Among other things, the objectives of the EU-West Africa EPA are to (ECOWAS, 2014; Schmieg, 2015):

- establish an economic and trade partnership designed to bring about swift, sustained, job-creating economic growth, to reduce and eventually eradicate poverty, to raise living standards, to diversify economies and to increase real income and production in a way that is compatible with West Africa's needs- taking into account the parties differing levels of economic development.
- foster regional integration, economic cooperation and good economic governance in the West Africa region;
- increase intra-regional trade and to foster the establishment of a unified and efficient regional market in West Africa;
- promote the gradual and harmonious integration of the West Africa region into the global economy, in accordance with its political choices, priorities and development strategies; and
- strengthen the economic and trade relations between the parties on a basis of solidarity and mutual interests, in accordance to WTO requirements and taking into account the major competitiveness differential between the two regions.

In order to achieve the objectives of the framework, the parties further agreed to:

- help improve the supply capacity and the competitiveness of the West African region's production sectors;
- increase the region's capacities, particularly with trade policies and trade-related rules;
- assist in putting into effect the commitments made by the Parties within international fora as regards sustainable development, the financing of development, enhancing the role of trade in development and increasing the amount and the effectiveness of aid;
- establish and put into operation an effective, predictable and transparent regional regulatory framework in the West Africa region with a view to promoting investment, the development of West Africa's private sector, public-private dialogue and a partnership between WA-EU private sectors;
- establish an effective, predictable and transparent framework for cooperation measures enabling the objectives set out in this agreement to be pursued, including the EPA development programme and provisions relating to the implementation thereof; and,
- pursue gradual asymmetrical liberalization of trade between the parties and increase cooperation in sectors concerned with trade in goods and services.

The EPA between the EU and West Africa is grounded in the ACP-EU Partnership Agreement, endorsed in Cotonou in 2000. The framework is development oriented and backed by significant development cooperation fund designed to ensure that West Africa can leverage on its comparative advantage for trade. The EPA also aims at assisting West Africa to integrate better into the global trading system, as well as supporting investment and economic growth in the region.

The agreement is the first economic partnership bringing together not only the sixteen countries of the sub-region but also their two regional organizations; the Economic Community of West African States (ECOWAS), and the West African Economic and Monetary Union (UEMOA). This development is an affirmation of the West African drive towards regional integration. The EPA in West Africa, like other ACP regions implementing EPAs is accompanied by mutual benefits when it is put into practice. The EPA provides both partners practical tools for increasing trade cooperation and addressing challenges that may accompany it. The main elements of EU-West Africa EPA are multi-dimensional, embracing both primary commodities and processed products (ICTSD, 2014). The agreement is largely in favour of West Africa, taking into account the differences in the level of development between the two regions. While the EU opens its market completely from the beginning, West Africa is obliged to remove import tariffs only partially over a 20 year transitional period. The EU, under the EPA accord, offers market access that is significantly better than its Generalized Scheme of Preferences (GSP). This is especially critical for non-oil exporters in West Africa producing such products as bananas, and other fruits, and vegetables, fish and fishery products, processed cocoa and other processed food, as well as textiles or leather products (ECDPM, 2014a).

On the other hand, West Africa is not obliged to reduce its import duties for agricultural products or finished consumer goods currently produced in the region or for which the region plans to develop capacity. Indeed, the market access of West Africa liberalizes 75% of tariff lines only at the end of the transition period, i.e. 20 years after the implementation of the EPA, 25% of the tariff lines will remain the same as for all third countries. In fact, West Africa has excluded all the products which are considered most sensitive and currently face a 35% duty under ECOWAS Common External Tariff (CET), including meat and poultry, Yoghurt, eggs, processed meat, cocoa powder and chocolate, tomato paste and concentrate, soap and printed fabrics. Also excluded from liberalization are half of the products currently attracting 20% duty under the ECOWAS Common External Tariff, including fish and fish preparations, milk, butter and cheese, vegetables, flour, spirits, cement, paints, perfumes and cosmetics, stationery, textiles and apparel, as well as fully built cars. At the same time, tariffs will be progressively eliminated on such goods as equipment and other inputs, making them cheaper for local businesses.

Apart from the gradual and controlled levels of liberalization in West Africa, the EPA was also designed with a variety of safeguards to be deployed in the event that increased imports of liberalized products jeopardize local markets. In this case, special protection may be introduced for infant industries allowing West Africa to take prudent measures for example to protect food security.

Aside from the free access to the EU and the improved access to inputs, West African Countries, under the terms of the EPA, will be able to product goods for export to Europe, using materials sourced from other countries without losing the free access to the EU with the improved rules of origin. This prospect stands to increase West Africa's ability to benefit from opportunities in the EU and its capacity to participate in global value chains (Karingi et al., 2005).

Apart from offering improved access to the European market, the EPA is also an instrument designed to aid trade. For example, the framework is building on the financial assistance already flowing to the West African sub-region for the 2010-2014, wherein the EU had pledged £6.5 billion for the EPA Development Programme (PAPED). Also, the European Commission, working with EU member states and the European Investment Bank (EIB) reached a joint commitment for further support to West Africa's EPA Development Programme in the new programming period 2015-2019. Consequently, the EU council of Ministers decided in March, 2014 to continue providing at least £6.5 billion to the PAPED, using all the financial instruments available, including those of the EU member states and the EIB. The EU support is designed to support trade, agriculture, infrastructure, energy and capacity building for developing civil society. The EU also agreed to assisting West Africa throughout the period of implementation and to continue even beyond 2019. The EPA has emerged as a framework, providing the possibility to hold further negotiations on sustainable development issues, as well as services, investment and other trade oriented matters in the future. The regional agreement covers goods and development cooperation critical to economic growth of West African economies into the foreseeable future.

## 2.0. THE NATURE OF EU-WEST AFRICA TRADE FLOWS

### 2.1 The Trade Relationship between the EU and West Africa

West Africa has emerged as the EU's largest trading partner in Sub-Saharan Africa. The EU is also West Africa's trading partner, supplying a large component of capital equipment critical to economic growth and development in the region. The EU is the main export market for the region's agricultural and fisheries products (European Commission, 2014). In addition, West African economies account for 40% of all trade flows between the EU and the African, Caribbean and Pacific region. Of the West African economies, Cote D'Ivoire, Ghana and Nigeria account for 80% of the exports to the European Union. On the other hand, EU exports to Cote D'Ivoire and Ghana are dominated by industrial goods, machinery vehicles, as well as transport equipment and chemicals. EU imports from West African economies comprise mainly primary commodities with Nigeria as the major oil exporter, recently followed by Ghana. However, Cote D'Ivoire and Ghana, the world's two largest cocoa exporters, are dominant players in the region with commodities' exports to the EU. They also export banana and, together with Cape Verde and Senegal, processed fisheries products. Other exports in the region include such agricultural commodities as mango, pineapple, groundnuts, and cotton. Such solid mineral resources as copper, gold and diamonds are also exported in smaller quantity (Alaba, 2016).

The EU-West Africa trade profile in services is expanding in recent times, driven by transportation and logistics, travel and business services. West Africa has also emerged as the most important investment destination for the EU in Africa.

## 2.2 The State of EU-WEST AFRICA trade flows: facts and figures

The European Union market is a traditional export destination for several products originating from West Africa. These products are dominated by primary agricultural commodities. European Commision (2015) data reveal that for the period 2004 – 2008, exports from the EU to ECOWAS grew steadily before declining in 2009, in the wake of the global economic crisis. However, exports to West Africa recovered, rising to EUR 22 billion in 2010. The data also reveal that ECOWAS imports were dominated by chemicals, which accounted for about a third of all imports in 2010. Machinery and transport equipment also accounted for 29%. On the other hand, the EU imports from West Africa are dominated by mineral fuels which accounted for 67% in the same year, while food and live animals accounted for 22% (Hassan and Qiao, 2015).

West Africa is an important trade partner with the European Union, accounting for 2% of EU trade (2.2% of EU imports and 1.8% of EU exports). On the other hand, the EU is West Africa's largest trading partner, ahead of China, the US and India; with the region accounting for 37% of West Africa's exports and 24.2% of the region's imports. In value, EU-West Africa trade amounts to EUR 68 billion and West Africa generated a trade surplus of EUR 5.8 billion in 2014 (European Commission, 2015).

Over the past five years (2010 – 2014), EU imports from West Africa increased by 14.2% annually, while EU exports to the region grew by 7.7 annually. West Africa's exports to the EU are dominated by fuels (77.8) and food products from the EU comprising fuels (36%), food products (13.2%), machinery (26.1%) and chemicals and pharmaceutical products (9.5%) over the same period. It is noteworthy that the EU – West Africa trade in services is also expanding, peaking at EUR 15 billion in 2013 and covering transportation and logistics, travel, and business services: 64% of West Africa's exports of services were directed to the EU and 31% of the region's imports of services originated from the EU. The region has also emerged as the most important investment destination for the EU in Africa, accounting for more than EUR 32 billion in 2012, or 31% of West Africa's inward stocks from the world. Table 1 reveals trade flows between the EU and West Africa from 2010 to 2014.

**Table 1: The EU Trade flows with West Africa, 2010-2014**

| | | | Imports | | | | | Exports | |
|---|---|---|---|---|---|---|---|---|---|

| | | | | (Mio €) | | | | | (Mio €) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2010** | **2011** | **2012** | **2013** | **2014** | **2010** | **2011** | **2012** | **2013** | **2014** |
| | Total | 21,759 | 34,080 | 42,421 | 38,342 | 37,030 | 23,140 | 28,891 | 28,856 | 29,663 | 31,164 |
| 0 | Food and live animals | 4,651 | 5,257 | 4,687 | 4,390 | 5,029 | 2,496 | 2,761 | 3,127 | 3,320 | 3,416 |
| 1 | Beverages and tobacco | 4 | 4 | 5 | 6 | 7 | 417 | 505 | 542 | 626 | 627 |
| 2 | Crude materials, inedible, except fuels | 1,676 | 2,159 | 2,029 | 1,895 | 1,669 | 298 | 342 | 399 | 418 | 404 |
| 3 | Mineral fuels, lubricants and related materials | 14,179 | 25,365 | 34,321 | 30,346 | 28,818 | 7,398 | 10,549 | 10,119 | 10,306 | 11,223 |
| 4 | Animal and vegetable oils, fats and waxes | 106 | 127 | 75 | 71 | 109 | 41 | 57 | 77 | 64 | 61 |
| 5 | Chemicals and related prod, n.e.s. | 198 | 293 | 443 | 613 | 403 | 2,253 | 2,505 | 2,691 | 2,805 | 2,954 |
| 6 | Manufactured goods classified chiefly by material | 363 | 426 | 433 | 415 | 434 | 2,190 | 2,375 | 2,436 | 2,556 | 2,703 |
| 7 | Machinery and transport equipment | 347 | 260 | 227 | 396 | 357 | 6,633 | 8,333 | 7,942 | 7,970 | 8,145 |
| 8 | Miscellaneous manufactured articles | 30 | 34 | 52 | 38 | 41 | 1,053 | 1,044 | 1,117 | 1,193 | 1,223 |
| 9 | Commodities and transactions n.c.e. | 162 | 126 | 147 | 152 | 161 | 255 | 280 | 267 | 279 | 243 |
| | Other | 44 | 28 | 1 | 20 | 1 | 108 | 140 | 139 | 126 | 165 |

**Source: European Commission, 2015**

# 3.0 THE EPA AND DEVELOPMENT ISSUES

## 3.1 The EU-West Africa EPA Development Programme

The EU-West Africa EPA Development programme (PAPED), the French acronym for the EPA Development Programme, is a partnership framework aimed at fostering development through a competitive and harmonious regional economy in West Africa. The PAPED is a concept that originated in West Africa and elaborated by and for the region through a broad, participatory mechanism led by the ECOWAS and UEMOA commissions at both regional and national levels (ECDPM, 2010).

As originally conceived by the West African partners, the PAPED consist of 5 areas for which EPA development support was sought. Specific projects were then elaborated at the national level through the definition of 'National Operating Plans' including an overall cost for each component for the initial five-year time frame, as depicted in figure 3.

5. EPA implementation, monitoring and evaluation, 145m (2%)

4. Making the necessary adjustments; other trade related needs, 880m (9%)

1. Diversification and production capacities 1855m (19%)

2. Intra-regional trade dev't and facilitation of access to international markets, 631m (7%)

3. Improvement and reinforcement of trade related infrastructure, 6029m (63%)

**Figure 3: The EPA Development Programme's Core areas of Finance**

**Source: ECDPM, 2010**

Figure 3 reveals the PAPED proposal requesting for EPA development assistance in five core areas as follows:

- Diversification and production capacities, with EUR 1.855 billion (19%)
- Intra-regional trade development and facilitation of access to international markets, with EUR 631 million (7%).
- Improvement and reinforcement of trade-related infrastructure, with EUR 6.029 billion (63%).
- Making necessary adjustment; other trade related needs, with EUR 880 million (9%).

- EPA implementation, monitoring and evaluation, with EUR 145 million (2%).

Altogether, the West African partners proposed development assistance for the PAPED to the time of EUR 9.54 billion over an initial period of five years.

In response to the proposed, the EU ministers of development elaborated their support for the EPA/PAPED proposal in May, 2010, reiterating commitments on aid for trade and aid effectiveness. The ministers affirmed their commitment with the sum of EUR 6.5billin over the next five years, while the total aid-for-trade to West Africa from all donors can be projected to exceed 12 billion US dollars in the same period (CEU, 2014).

The EU-West Africa EPA was endorsed in 2014 by both Parties, with the initial period of the agreement covering the period 2014-2020. Therefore, the EU is committed to delivering EUR 6.5 billion over the period (European Commission, 2015a) through:

- EU institutions for over EUR 3 billion;
- EU member states for EUR 2 billion;
- European Investment Bank (EIB) for EUR 1.5 billion.

It should be noted however that of the EUR 3 billion to be delivered by the EU institutions, almost EUR 1.2 billion has already been committed to be delivered by 2016. In addition, the EU support to PAPED is focused on the following sectors:

- Infrastructure (Energy, transport);
- Agriculture;
- Regional economic integration;

- Trade and private sector development; and
- Civil society.

The success of the PAPED, in the opinion of observers, would depend on the commitment of the parties. The trade and development instrument is in line with the principles and objectives of EU development cooperation and its agenda for change, as well as the objectives of the Doha Development agenda (Kunate, 2014). The instrument is also critical to regional integration in West Africa, an issue that is at the heart of development discourse in the region.

### 3.2 The EPADP and Regional Integration in ECOWAS

With an estimated regional population of 340 million in 2013, ECOWAS was created on 28th May, 1975, under the Treaty of Lagos. The primary aim of ECOWAS is to create regional integration in West Africa. In line with the Africa Action Plan (AAP) of the African Union (AU), ECOWAS is at the forefront of Regional Economic Commissions (RECs), coordinating the implementation of the New Partnership for Africa's Development (NEPAD) programmes in West Africa, including the Comprehensive African Agriculture Development Programme (CAADP) and the programme for Infrastructure Development in Africa (PIDA) (AfDB, 2011). In order to accomplish its objectives, ECOWAS has eight major institutional organs (UNECA, 2015):

- The Conference of Heads of State and Government;
- The Council of Ministers;
- The Community Parliament;
- The Economic and Social Council;

- The Court of Justice of the Community;
- The Commission;
- The Investment and Development Bank of ECOWAS; and
- The West African Health Organization

Established in 2006 to replace the secretariat, the Commission is the major organ responsible for implementing the policies and plans adopted by the Conference of Heads of State and Council of Ministers. It is composed of nine commissioners who are nationals of the member countries, selected on rotational basis.

In a bid to foster regional integration in West Africa, ECOWAS has committed member states towards the following goals (ECOWAS; 2012):

- Suppression of customs duties and equivalent taxes;
- Establishment of a Common External Tariff (CET);
- Harmonization of economic and financial policies; and
- Creation of a monetary zone.

Over the years, ECOWAS has gradually removed barriers to regional integration across the region, promoting democracy and accountable governance. Also, it has endorsed the gradual withdrawal of the state from the productive sectors, promoting the private sector as the engine of economic growth and development, critical to regional integration. ECOWAS has also accelerated the process of integration in order to create a single regional market based on trade liberalization, as well as establishing a common external tariff and to harmonize economic and financial policies.

It is against the backdrop of the regional integration agenda in West Africa that the emergent Economic Partnership Agreement Development Programme (EPADP) is contextualized. The EPADP is a specific regional initiative for West Africa, providing a coherent framework for the implementation of activities related to EPA development. The EPADP also provides the EU member states and all development partners a common platform for the coordination of their assistance to the West Africa region within the framework of the EPA (ECDPM, 2011).

The EPADP is driven by the vision of leaders in ECOWAS with the overall goal of building a competitive and harmonious regional economy that is integrated into the global economy, while stimulating growth and sustainable development. In order to accomplish these lofty goals, 28 component of the EPADP were identified and grouped into the following five axes (ECOWAS, 2015):

- Diversification and increase of production capabilities;
- Development of intra-regional trade facilitation of access to the global market;
- Improvement and strengthening of trade-related national and regional infrastructures;
- Realization of indispensable adjustments and consideration of the other trade-related needs; and
- EPA implementation and monitoring.

It should be noted, however, that issues have been raised about the feasibility of elements in the EPADP framework. Observers have noted that significant discrepancies exist with the national frameworks in terms of identified needs, as well as the seemingly ambitious levels of funding that are projected under the EPA development programme (ECDPM, 2010).

# 4.0 SUMMARY, RECOMMENDATIONS AND CONCLUSION

## 4.1 Summary

The EPA has emerged as a trade and development framework between the EU, on the one hand; and the African, Caribbean and Pacific countries, on the other. After several decades of ineffective development assistance of the EU to the ACP countries; a new approach was adopted with the Cotonou agreement in 2000 between the Parties. Negotiation for the EPA began in 2002, replacing the Lomé partnership agreement. The EU partnership agreement was negotiated with six regions, comprising 78 countries in the ACP countries. The regional groupings are as follows: West Africa, Central Africa, Eastern and Southern Africa, as well as the Caribbean and Pacific.

The EU – West Africa EPA was signed in February, 2014; bringing to an end more than a decade of protracted negotiations on both sides. Among other things, the EPA allows West African economies to have access to the European market and security investment to bolster economic growth and development in the region. The EPA also provides the opportunity for West African economies to be integrated into the global markets.

## 4.2 Recommendations

This section presents recommendations aimed at strengthening the EPA between the EU and West African countries. They include the following:

- **Embrace Trade Reciprocity:** The EU and ECOWAS partners should embrace trade reciprocity as an over-arching principle underpinning the EPA in all its ramifications. Efforts on both sides should be mobilized to ensure the success of the agreement by involving their respective institutions in its effective implementation.
    - **Provide Effective Implementation Mechanisms**: The EPA framework is a robust instrument between the EU and West African countries. However, in order to be successful, there is need for effective implementation of the agreement to preserve and protect the mutual interests of the Parties. Therefore the Monitoring and

Evaluation component of the agreement must be allowed to play its critical role and supported by the Parties.

- **Build Human Capacity in West Africa**: In order to integrate the regional economies in West Africa into the global markets, there is an urgent need to develop human capacity in the region on trade and development issues critical to economic growth and development. The EU should assist in the training of manpower in West Africa in order to ensure the success of the EPA.
- **Support Enterprise Development**: Accessibility of West Africa's goods to the EU lies at the heart of the EPA. Therefore, there is need for policy makers across the region to support entrepreneurs and private enterprises in accessing the EU market with their products. Small and Medium Scale Enterprises (SMEs) should be accorded priority, while assistance should be given in terms of market identification and development, as well as creating the enabling environment for farmers, traders and entrepreneurs to access the EU market effectively.
- **Mobilize Resources for the Exports Market:** Policy makers in West Africa should assist with the mobilization of resources for the private sector to access the EU market. Various funding mechanisms should be created for business enterprises and entrepreneurs to deliver their products to the EU market. Such bodies as the EX-IM Bank (Export-Import Bank), as well as other development finance

institutions should be created and empowered to deliver capital to business organizations interested in the EU market.

- **Rehabilitate Social and Physical Infrastructure:** Policy makers across West Africa should give development priority to the rehabilitation of social and physical infrastructure, which are largely dysfunctional, where they exist at all across the region. Leaders at the local, national and regional levels should deepen their partnerships with multi-lateral agencies for the mobilization of infrastructure in both rural and urban centres to create the enabling environment for business to thrive and succeed.
- **Deepen Economic Reform Agenda:** West African economies should deepen the economic reform agenda embarked upon by various countries, with varying degrees of transparency and accountability since the 1980s. There is need to address such lingering issues as the size of the public sector; valuation of the national currency; macro-economic management; as well as foreign exchange controls. Above all, there is need to embrace the paradigm shift in development practice, which has acknowledged the private sector as the engine of economic growth and employment generation.
- **Create Poverty Reduction Strategies**: In order to foster economic growth and development, as well as increased human well-being across the West African region, there is need to design and implement robust poverty reduction programmes, underpinned by a human-centered development paradigm. The programme should

embrace literacy and health care innovations, capacity building and social safety nets that target such poor and vulnerable elements in the society as women, youth, handicapped and the aged.

## 4.3 Conclusion

The EPA is a development instrument designed to enhance trade between the EU and members of the ACP countries. The EPA framework is laden with benefits on both sides. In the EU, consumers stand to benefit from lower prices and more choices that accompany the goods from the ACP countries. On the other hand, the ACP countries have unhindered access to the European market and offers robust partnership with the European Union on a variety of development issues. The EPA between the EU and West Africa has emerged as an innovative instrument, offering opportunity to integrate West African economies with the global markets. It is also designed as a framework to support intra-regional integration in West Africa. The EPADP is particularly designed to mobilize resources to foster development across the region.

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