

Putting Partnership into Practice

**Economic Partnership
Agreements (EPAs)
between the EU
and African, Caribbean
and Pacific (ACP) countries**



The purpose of EPAs: using trade as a tool to promote development

The Economic Partnership Agreements (EPAs) are trade agreements between the European Union (EU) and African, Caribbean and Pacific (ACP) countries and regions.

This brochure recalls the basic features of EPAs, showing specific success stories that are already emerging. The aim is to promote dialogue on EPA implementation and exchange best practice. The EPA features highlighted in this brochure are:

The best possible access to the EU market

- **'Duty- and quota-free' access** - EPAs give free access to the EU market: zero tariffs and unlimited quantities ("duty-free, quota-free") for all products (except for arms). Some half a billion European consumers can now be reached.
- **Flexible rules of origin** - EPAs also have flexible conditions ("rules of origin") under which ACP exporters can more easily source from elsewhere the inputs they need to make their final products without losing their free access to the EU.
- **Financial support** - Moreover, EU development assistance with

trade capacity-building measures supports ACP producers' capacity to comply with sanitary and phytosanitary ("plant-health") and other product standards.

Promoting investment and value chains

- The bottom line is that long-term free access to the EU market increases incentives for local and foreign companies to invest in EPA countries.

Doing so:

- increases those countries' competitiveness and
- enables them to put the processes in place to meet EU standards.
- By **favouring domestic and foreign investment**, EPAs support ACP countries' efforts to develop new industries and diversify their economies, so they depend less on unprocessed commodities and low value-added craft industries, which generate less revenue.
- EPAs **lower the cost of imported inputs** and products needed to make final products, such as machinery. That lowers the costs of production in ACP countries. This increases the

competitiveness of the local economy to produce for local, regional and international markets and to connect to global value chains.

- However, if local industry is threatened because of import surges from the EU, EPAs make it possible for ACP countries to **protect certain established or infant industries** (ones which the country seeks to develop). ACP countries have also been able to keep their market closed to imports from the EU of sensitive products – ones which are especially susceptible to foreign competition. This includes doing so to protect government revenue.
- **Processed agricultural products**, in particular, stand to gain from EPAs. Local agriculture is protected. The EU has committed to stop export subsidies on all agricultural products exported to EPA destinations, and EPAs also involve enhanced policy cooperation and dialogue on agriculture and food security, with a commitment to transparency on domestic support for the farming sector.

Encouraging trade within ACP regions

- EPAs aim at contributing to regional economic integration by joining up smaller markets in larger EPA regions that were established by the ACP countries themselves.
- Coupled with the EU's overall strategy to support regional integration, EPAs will help in particular African regions come

to grips with technical and policy aspects of economic integration, including at continental level.

- Economic integration is a choice of the ACP countries: the EPAs and accompanying development assistance are there to support ACP efforts.

Fostering sustainable development

- Development, growth and investment must be sustainable and EPAs therefore have sustainable development as a key objective, including labour rights and environmental issues.
- EPAs are based on the "essential and fundamental" elements set out in the Cotonou Agreement, i.e. human rights, democratic principles, the rule of law, and good governance.

Paving the way forward

- Putting economic partnership into practice is now top priority. We need to monitor EPA implementation and its effects and impact. The Commission will continue to discuss EPA implementation with ACP countries, civil society and non-state actors, including the private sector.
- Accession by new partners and deepening of the existing partnerships (for instance, intensifying cooperation under the EPA, adding services, investment and other trade-related areas) may also happen in the future, depending on the parties' interests and priorities. Extending the trade partnership to these areas would improve the business environment and contribute to the diversification of ACP economies.



State of play

The **majority of ACP countries** are either implementing an EPA or have concluded negotiations with the EU.

Once an agreement is signed, ratified and applied, the focus of the process moves to its **implementation**, or putting it into practice, to enable the private sector and consumers alike to reap the benefits of these agreements.

Seven EPAs are in the implementation phase, involving twenty-eight ACP countries. Many more are working to prepare the implementation of EPAs that are ready but not yet in force.

EPA implemented	Africa	West Africa	Côte d'Ivoire Ghana
		Central Africa	Cameroon
		Eastern and Southern Africa (ESA)	Mauritius Madagascar Seychelles Zimbabwe
		Southern Africa Development Community (SADC) EPA group	Botswana Lesotho Namibia South Africa Swaziland
	Caribbean	Antigua and Barbuda	Jamaica
		Bahamas	St. Lucia
		Barbados	St. Vincent
		Belize	St. Kitts and Nevis
		Dominica	Suriname
		Dominican Republic	Trinidad and Tobago
EPA concluded, adoption ongoing	Pacific	-	Fiji Papua New Guinea
	Africa	West Africa	16 countries
		East African Community (EAC)	5 countries
		Southern Africa Development Community (SADC) EPA group	Mozambique
	Caribbean	-	Haiti



Caribbean tea fills a niche in Europe thanks to the EPA

Tea exports increased by 89%

The EU and fifteen CARIFORUM countries concluded the Caribbean EPA at the end of 2007. Exports of Caribbean tea to the EU have grown steadily since then as Caribbean tea manufacturers have worked hard to develop products that could find a niche in the EU market.

The CARIFORUM group exported 2.3 million euro worth of tea globally in 2015. The main suppliers for this product come from Jamaica, Suriname, Guyana, Trinidad and Tobago and Barbados with the main European importers working from Poland, the United Kingdom, Austria, Germany and the Netherlands. The export of tea from CARIFORUM to the EU has shown steady growth from 2012 to 2015 with consecutive annual **double-digit growth**, reaching as high as 89% in 2014 and peaking at almost 200,000 euro in 2015 (source: International Trade Centre).

There are a number of tea manufacturers in the Caribbean

including Perishables Jamaica Ltd, a producer of sixteen varieties of herbal teas. Perishables Jamaica participated in ANUGA, one of the world's largest food and beverage fairs, in 2015 and received the Green Exporter of the Year award at the Caribbean Export Exporter of the Year Awards held in Barbados in 2016.

Another successful company is SMAKS, which moved into the tea business in 2011 and now produces eleven varieties of premium tea and has brought **innovation** to the industry, developing the world's first Chai-Rum by combining authentic Caribbean products of rum and tea.

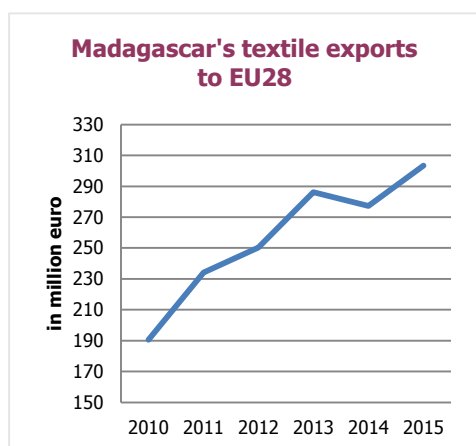




Better jobs and better products in Malagasy textiles industry

A big boost in textile exports (+65%) accompanied by increase in standards

Since EPA implementation started in 2012, Madagascar exports to the EU increased by **65%** by 2016. In 2015, textiles and apparel were its main exports worth more than 300 million euro and accounted for almost one third of Madagascar's total exports to the EU.



The EPA provides duty-free, quota-free access to the EU and **flexible rules** to qualify for this access ("rules of origin"): the production process now generally has to include only one step (e.g. weaving) instead of previously two (e.g. spinning *and* weaving).

Textile manufacturers have adapted their production to EU standards and norms, and have become more competitive. In addition, the EPA has allowed for cheaper imports of raw materials and inputs from the EU and neighbouring countries.

One of the beneficiaries is the local textile company Epsilon, which manufactures workwear, sportswear, and children's clothing. All stages of production are integrated, including design, pattern, cutting and making. **Founded in 1999 with 100 employees, today the company has a workforce of 2,000 employees.** Epsilon is committed to corporate social responsibility and has been careful to create a better framework for employees and their families. 75% of Epsilon's employees have access to financial services, 50% are owners of their houses and 98% of management staff is recruited via internal promotion.



EPA boosts investment in fish processing in Papua New Guinea

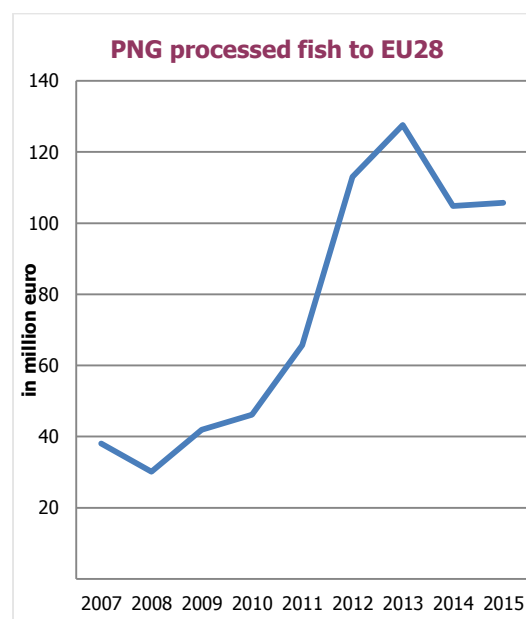
50 000 new jobs in tuna canning sector

Since the EPA with Papua New Guinea (PNG) started in 2009, this country has enjoyed duty-free, quota-free access for processed fish to the EU market. Key to its success have been flexible rules for defining what fish qualifies for free access ("rules of origin").

Canned tuna accounted for more than 15% of PNG's total exports to the EU in 2015. Since the EPA entered into force, five **major investments** in tuna canning have created around 50,000 new jobs, many of them for women.

The EPA's simpler and more flexible rules of origin support the sustainable management of fish stocks, taking into account the Pacific countries' limited fishing capacity, and promotes the development of onshore processing capacity to create local employment, skills transfer and income. In addition, the EPA makes new planned investment in fish processing more attractive. The EPA operates within the

broader framework of conservation and management measures aiming to ensure long-term **sustainability** of fish stocks.





The Ivoirian banana sector enjoys increased confidence following EPA application

Côte d'Ivoire is back on European shelves

The conclusion of the EPA has **provided predictability to new investors** and led to increased production and market share in the EU for Côte d'Ivoire's bananas.

In 2015, two additional European companies invested in Côte d'Ivoire and started exporting to the EU: Bananes Antilles Côte d'Ivoire (BANACI) SA – investing in over 500 hectares and the Société Ivoirio-Antillaise de Production Agricole (SIAPA) – producing on over 70 hectares. These companies operate in a sector that has been expanding since 2009. **The volume and value of banana exports from Côte d'Ivoire increased by 17%**, thereby exceeding the overall market trend.

The production of bananas for exports accounts for about 10% of agricultural GDP and covers about 8,000 hectares. Total banana exports are estimated at 300,000 tons with 254,000 tons being exported to the EU and amounting to 185 million euro in value in

2015. **10,000 workers are directly active in this sector, and 3,300 workers indirectly.**

Banana production is labour intensive with a ratio of employment higher than other agricultural sectors in the country. About 60,000 people rely on the banana sector in Côte d'Ivoire.

Besides the EPA, the EU contributes with 44.75 million euro to the Banana Accompanying Measures in Côte d'Ivoire, with the objective of making sure that the sector is managed in a sustainable way.





A toy-producing Mauritian SME goes greener with the EPA

Certification brings new export opportunities

Wally Plush Toys Ltd is a family textile company that has been producing soft toys and educational toys for 27 years. They count 110 workers in their plant that manages the production chain from beginning to end. The company also works with 15 small entrepreneurs.

The main market of Wally Plush Toys is Europe, in particular Germany. The islands of the Indian Ocean are also part of their commercial strategy: the company is already well-

established in the Mauritian **local market**, but furthermore seeks to increase exports to Seychelles and Madagascar in the future.

The company is well aware that without privileged access to the European market thanks to the EPA, the company could not function as well. All products are tested against and production is adapted to European **standards** through certificates. Their next challenge is to promote an eco/organic label.





South African processed fish, sugar and flowers get better EU market access

Immediate gains upon implementation of the EPA

With the EPA, South Africa has succeeded in **improving its market access to the EU** compared to the previous regime in force, particularly for the following products: fisheries, sugar, wine, fruits, fruit juices, canned fruit, flowers, dairy products, jams and ethanol.

This has already generated positive results for South African producers since the entry into force of the EPA on 10 October 2017.

Fisheries exports to the EU, such as **hake and processed fish, which the EPA has fully liberalised, have increased by 16%** in value in the last months.

Exports of **sugar – benefitting from a new duty-free quota under the EPA - have also increased by 289%** in value in the last months.

Exports of **flowers have also experienced an increase of 20%** in value in the last months.

The EU is seeking to create a civil society platform with its Southern African partners to ensure that those benefits go to everyone: workers, consumers and entrepreneurs. A first successful meeting already took place in Johannesburg on 16 October 2017 in the presence of more than 160 civil society organisations from all SADC EPA countries.

Product	Change Jan-Jul 2017 vs Jan-Jul 2016 (%)
Fisheries	+16%
Sugar	+289%
Flowers	+20%



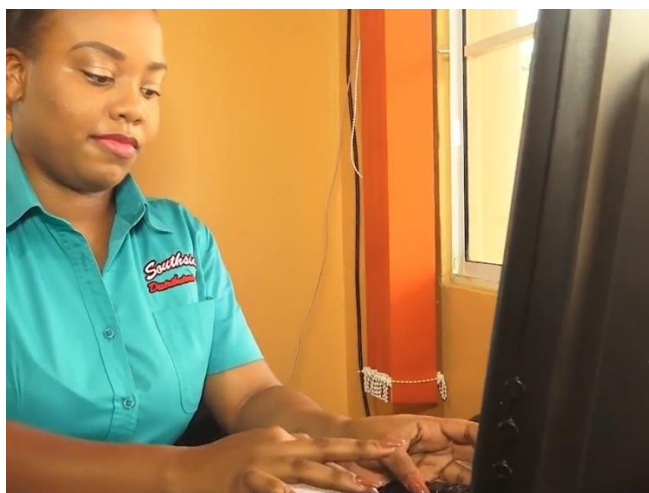
Caribbean sauces spice up EU markets *and create opportunities for female workers*

The export of sauces, mixed condiments, and seasonings from the Caribbean has increased over the past years with total sales peaking **at over 6 million euro**.

Southside Distributors Ltd is a Jamaican agro-processing firm that manufactures and distributes 15 products, all made from fresh fruits, vegetables and spices. The company **has made significant strides in the growth of business increasing sales, market reach and factory output** and will also venture into

farming by the end of 2018. Eleven years into its operation, Southside is now working on plans to grow its own raw material in order to address supply challenges.

CEO Denese Palmer, who has a background in quality control systems and quality management, food safety and food chemistry, was named **Female Exporter of the Year** in 2014. She employs 42 workers of whom 32 are women.





Producing higher-value goods through EPAs

Cocoa transformation in Côte d'Ivoire and Ghana

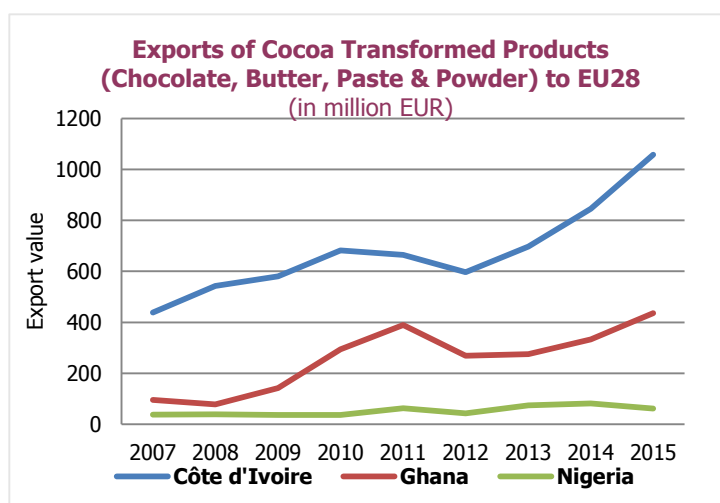
Since 2008, Côte d'Ivoire and Ghana benefited from duty-free quota-free market access and steadily increased their exports of transformed cocoa products to the EU market. **Exports of chocolate, cocoa butter, cocoa paste and cocoa powder were multiplied by 2.5 in Côte d'Ivoire and 4.5 in Ghana within less than 8 years.**

By comparison, a country like Nigeria, which remained under the GSP trade regime, saw its transformed cocoa exports to the EU stagnating.

Côte d'Ivoire and Ghana moved beyond the export of raw cocoa

beans to cocoa products that have been processed locally. This made Côte d'Ivoire's and Ghana's participation in the global cocoa value chain more sustainable and provided increased revenues for both countries.

After having developed cocoa grinding activities for several years in Côte d'Ivoire, French chocolatier Cemoi invested € 6 million in 2015 **to open a chocolate factory in Abidjan**. With the capacity to produce around 10,000 tons of chocolate products annually, the company aims at responding to the growing local demand.





ACP-EU trade in figures

58%

The amount by which EU-ACP trade has risen in the last ten years

28%

The EU's share of ACP exports

4.8%

ACPs' share of EU exports

24%

The EU's share of ACP imports

4.7%

ACPs' share of EU imports

1st

The EU's ranking amongst ACP countries' trading partners

1st

The EU's ranking as destination for ACP agricultural and transformed goods

EPAs intend to support trade **diversification** and **manufacturing** activity in ACP countries to generate more and better **jobs**.

