

Alternatives To EPAs If Not Signed?

As there is strong likelihood that the economic partnership agreements will not be signed at the set date of 31st December, 2007 because of the delay recorded in the ratification process, several alternatives have been suggested by governments, civil society and the European Union [EU]. As a result, the concern of African countries engaged in the negotiations is to see the EU adopt transitional measures that make it possible to ensure the access of products exported from Africa on its market after the deadline.

The Ghanaian authorities have a positive approach on negotiating an Economic Partnership Agreement [EPA]. They feel, however, that many points still need to be elaborated on the West African regional level which make - in their opinion - finishing the negotiations for the full EPA very difficult, if not impossible. On the other hand, the Ghanaian authorities are very concerned about the possibility of a legal vacuum as from December 31, 2007 [for not signing an EPA] that would lead to important trade disruptions.

Ghanaian authorities, to avoid such disruptions, proposed a "Generalised System of Preferences [GSP] -plus" as a temporary stop-gap solution. By resorting to the GSP+, the EU could still easily offer to all ACP countries good access to the markets for their exports at very similar levels to the access offered within the framework of the Cotonou Agreement, while remaining compatible with WTO rules as long as the regime remains open to other developing countries on the basis of objective and transparent development criteria. Fifteen developing countries, mainly in Latin America, are currently benefiting from preferential access to the European market within the framework of this programme.

The GSP+ would provide a high level of coverage for ACP exports that currently use the Cotonou preferences. In 88% of the cases where the standard GSP applies higher tariffs than those of Cotonou, access without paying customs duties is provided for under the GSP+.

The relevance of the GSP+ can only be analysed through a detailed examination, per country, of each export product. This study has analysed in detail the products targeted by the GSP+ for all blocs of developing countries in negotiation, namely in Eastern and Southern Africa, the Economic Community of West African States [ECOWAS].

More significantly, the key export sectors of horticulture, fishing and wood, sectors in which ACP member countries take special interest, will benefit from access to the EU market without paying customs duties under the GSP + by 2008 would guarantee to exporters and investors, in these key export sectors, the certainty they need for the continuation of their exports. This would relieve EPA negotiations of excessive and useless pressure in terms of time, and would enable ACP countries to continue negotiations beyond 2007, with or without negligible interruptions of on-going trade exchanges.

However, EU has rejected the GSP+ and it is believed that the Ghanaian Authorities were working on other proposals to avoid trade disruption and provide legal security. They seem to consider the signing of an "EPA-light" as an interesting possibility. The "EPA-light" would be a stop-gap solution, whilst WA and the EU will continue negotiating the comprehensive pro-development EPA which remains the ultimate objective.

"EPA- light" would have the same safety-valves for WA as proposed with full EPAs. Sectors which would not be ready [yet] to face competition from EU can be excluded temporarily with transition phases from 5, 10 to 20 years or even longer or, when necessary - totally excluded. The other alternative - application of the Generalized System of Preference - does not have these transition modalities.

According to the head of the Trade Section of the EU in Ghana, Dick Naezer, technical work on EPAs would continue. However, no EPA would provoke a serious problem for African trade and for maximizing opportunities of African integration into the world economy. By the absence of a signed EPA, as from 01/01/08, import duties on exports from Ghana to EU would have to be applied on the basis of the Generalized System of Preferences. This would be very costly, because in such scenario WA exports to EU worth more than 1 billion Euro per

year would be at risk [700 million Euro for Ivory Coast, 240 million Euro for Ghana; duties would go from 0% to more than 20% on average]. Products concerned are: bananas, pineapple, tuna, fish, shrimps, textiles cocoa paste, butter and aluminium.

Naezer explained that the EU was committed to take all the necessary measures to design an EPA supportive of sustainable development, which promotes deep regional integration and good economic governance, facilitates trade and attracts private investment to the region, thus fostering growth and creating employment. "Our joint objective is to design an EPA that takes into account both the region concerns and the regions ambitions in terms of development," he said. He said the objective of EU for WA region is to design a market access offer that takes into account the region's sensitive products, that they can be either excluded or liberalised through a very long transitional period. And the regions ambitions: early liberalisation of entrants, which means reducing costs of production and enhancing competitiveness of W/A productive sectors. [Joe Baidu-Ansah, Minister Trade, Industry - GC 03/10/07]