

MPs Adopt GSP+ As Alternative To EPAs

Members of the Ghanaian parliamentary committee on Trade and Industry have adopted the Generalized System of Preferences Plus [GSP+], a trading arrangement that gives preferential treatment to exports of developing countries to markets in Europe. The new GSP+ is expected to be an alternative to the Economic Partnership Agreement [EPA], which is currently being negotiated between the European Union and countries in the African, Caribbean and Pacific [ACP] bloc.

The adoption followed a convincing presentation by Tetteh Homeku, Coordinator of Programmes of the Third World Network [TWN] on the pros and cons of the GSP+ 'v' the EPAs, which the EU has put on the table as its alternative to the current Cotonou Trade Pact set to expire by December 31, 2007.

The MPs decision was unanimous, after having listened to several presentations that the negative spillovers of the EPAs are sweeping and will in no doubt, impoverish ACP countries even beyond levels predicted by current studies.

They agreed that the GSP+ scheme is more progressive and has better developmental potential than both the standard GSP and EPAs. A meeting with the Trade and Industry Minister, Alan Kyeremanten will be held to put the issue before them.

The Chairman, Nana Akomea, who is also a former Minister for Information, tasked MP Enoch.T. Mensah to draft a proposal on the committee's decision. The MPs also disclosed they will be putting the issue before the whole Parliament for consideration.

The Cotonou agreement provides exporters from ACP countries with preferential access to EU's markets. Preferential, in that whereas exports into EU's markets from other developing attract tariffs and custom duties, same from ACP countries are allowed duty and quota-free entry.

However, the arrangement which has regulated trade between the EU and ACP countries for over 30 years since 1975 will be expiring on December 31 this year and cannot be renewed without a waiver from the world Trade Organization [WTO].

Even if a waiver is to be granted, it will not be limited to only developing countries within the ACP, but will apply to all other developing countries as per the WTO's Most Favoured Nation clause [MFN], making the granting of that waiver costly to the EU as well as unbeneficial to ACP countries. This has necessitated the search for a new trade relationship between the EU and ACP countries that is WTO compliant and not worse off than Cotonou. The EU is thus seeking a deal under the EPAs as an alternative. But the EPAs, which will cover 80% of all trade, have been proven by studies, conducted by the ECOWAS Secretariat, the Economic Commission for Africa [ECA] and even the European Commission [EC] to have the potential of derailing the economies of ACP countries.

Unlike the EPAs, the GSP+ does not require reciprocity, except that it excludes some products from free entry. It does have some limitations, including stricter rules of origin clauses, but Mr. Homeku thinks these do not affect majority of the exports from ACP countries, arguing that ACP countries stand to lose only 2% of their market access under the GSP+, which to him is insignificant when weighed against the benefits that will accrue to them from the scheme.

L. Y. Sae-Barawusi, Director of Multilateral Regional and Bilateral Division of the Ministry of Trade and Industry and one of Ghana's lead negotiators, however disagreed with Homeku's proposal. He said from experience, the GSP+, like the 'Everything-But-Arms' trade scheme, is not a binding legal agreement. Thus the EU can abrogate such an agreement at will and any time without suffering any penalties. Such an uncertain environment, he said, does not encourage investors and will not serve the development interest of ACP countries. He said the proposal can only be a stop-gap measure while the EU and ACP's proceed to search for a better trade arrangement.

Yao Graham, Coordinator of TWN argued that whether the GSP+ is accepted as a stop gap measure in the short, long or strategic term, it is important not to miss the value of the breathing space that it would have created. What is important though, "is that our negotiators should put it forward" as their alternative trade package to the EU. [PA 30/04/07]

Non-Traditional Exports To Cross Billion Dollar Mark

Officials of the Ghana Export Promotion Council (GEPC) were optimistic that the value of non-traditional exports will cross the US\$1billion mark this year. The renewed confidence stemmed from the excellent performance of the sector in recent years, which had seen it register an average annual growth of 14.3%. During the same period, export values rose from US\$705.4 million in 2004 to US\$893 million in 2006. The figure showed about 26% contribution of the sector to the country's total exports value of US\$3.4 billion for 2006.

The GEPC has a base of over 3,000 registered private sector exporting companies organized into 15 Product Associations. There are currently 383 different non-traditional export products categorized into agricultural, processed/semi-processed and handicrafts.

The European Union market has continued its influence as a major destination of Ghanaian NTEs products, recording US\$419.9 million for 2006, with ECOWAS being ranked second with US\$242.7 million. On a country-by-country basis the UK is leader, followed by France, Burkina Faso and Nigeria. [GNA 10/05/07]