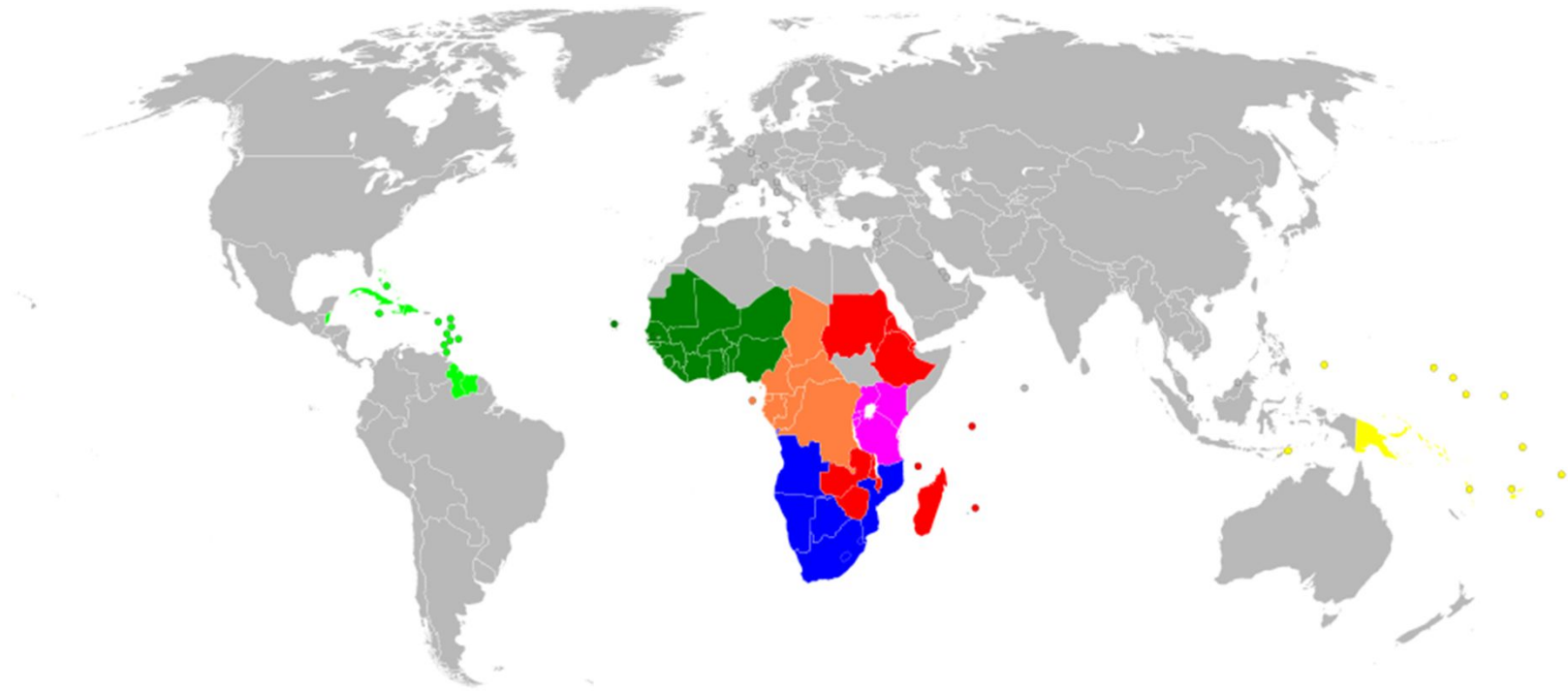



1. ACP countries



Caribbean group East and South Africa group Pacific group West African group Southern African group Central African group East Africa group

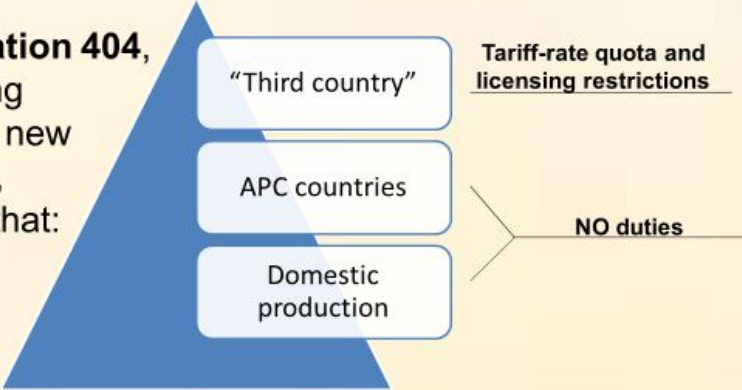
2. End of the special ACP tariff arrangement



The EU New Banana Regime (1993)

The new regime announced in December 1992 favored the pattern of imposing restrictive measures EU-wide.

Regulation 404, following the EU new regime, states that:




Tariff-rate quota and licensing restrictions

“Third country”

APC countries


Domestic production

NO duties



The Banana Trade War (1999)

In April 1999, the already six-year-old-dispute erupted into a trade war.



- A. In 1996, WTO started investigating the EU new regime;
- B. In 1998, EU announced the changes it made to the regime complying with the WTO ruling;
- C. The U.S. government claimed the changes **cosmetic (not changing the basic structure)**;
- D. In 1999, the Clinton office ignored WTO's call to delay action and imposed a set of sanctions on a variety of EU goods, not related to bananas.

As a result of the WTO Banana dispute the special ACP tariff arrangement established through the Lomé and Cotonou Agreements was abolished and replaced for the most of the ACP countries by the Everything but gut arms special arrangement of the GSP or by free trade through a free trade agreement.

3. The EU GSP treatment of African ACP countries

They are 34 African ACP countries, benefiting from the Everything but Arms arrangement for the least developed countries.

Outside this regime are only 14 African ACP countries.

One of them – Cape Verde is benefiting from the EU's special initiative Arrangement for Sustainable Development and Good Governance – GSP+

6 other EU ACP countries are benefiting from the standard GSP arrangement – Republic of Congo, Ivory Coast, Ghana, Kenya, Nigeria, Swaziland.

The remaining 7 countries are already not included in the EU GSP scheme.

These are: South Africa, Zimbabwe, Namibia, Botswana, Gabon, Equatorial Guinee, Seychelles. These countries are already emerging economies or classified as upper-middle income countries.

Most of them are included in the EU – SADC Economic Partnership Agreement.

3. Economic Partnership Agreements (EPA)

The EU is negotiating EPA with 6 regional groups of African countries.

West African group = ECOWAS plus Mauritania (16 countries, incl. Nigeria). Another integration group is WAEMU – West African Economic and Monetary Union – 8 countries – 7 former French colonies plus Guinea Bissau.

Central African group = CEMAC (Economic and Monetary Community of Central Africa) plus São Tomé and Príncipe, DR Congo (8 countries, inc. Congo)

East Africa group = EAC (East African Community) – Burundi, Kenya, Uganda, Rwanda, Tanzania (5 countries)

Eastern and Southern Africa group – based on COMESA - Common Market for Eastern and Southern Africa, but some COMESA members (Egypt, Libya, etc.) are not members of the group. ACP countries are 12 countries, incl. Ethiopia, Sudan, Madagascar, Zambia, Zimbabwe.

Southern African group = SADC (Southern African Development Community) – 7 countries, incl. South Africa, Namibia, Mozambique and Angola.

There are all together 48 Sub-Saharan African ACP members.

4. West African group

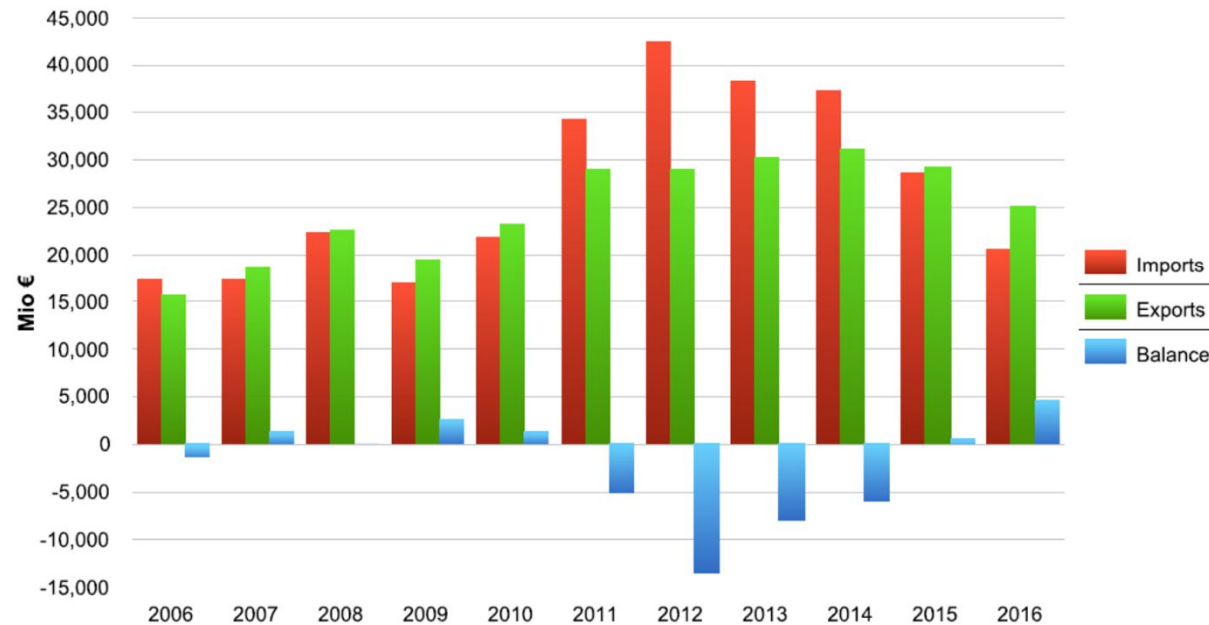
Two **Economic Partnership Agreements** are negotiated – one with the ECOWAS member states and one with WAEMU member states. The aim of both agreements is to come to free trade in non-agricultural commodities and to tariff quotas in agricultural products. This will be done at different speed, much faster concerning the exports of the African countries to the EU as in the opposite direction. But most of the West African countries are already using the tariff arrangement for the least developed countries and have no interest in changing the situation. Therefore the negotiation process is too slow.

Pending the adoption of the regional EPA with West Africa, "stepping stone Economic Partnership Agreements" with Côte d'Ivoire and Ghana entered into provisional application respectively on 3 September 2016 and 15 December 2016. Both Agreements are very close to free trade agreements in non-agricultural goods. The tariff regime in trade with agricultural commodities is very favorable for both African states.

European Union, Trade with ACP -- West Africa

Total goods: EU Trade flows and balance, annual data 2006 - 2016

Source Eurostat Comext - Statistical regime 4



The share of West Africa is only 2 – 3 per cent of the whole EU trade with the world.

Nevertheless the trade of the EU with West Africa is the most important direction of trade in the EU trade with the ACP countries as a whole.

The trade balance in the EU-West Africa trade strongly depends on oil price because EU is importing a lot of oil from the region especially from Nigeria.

Imports 2016

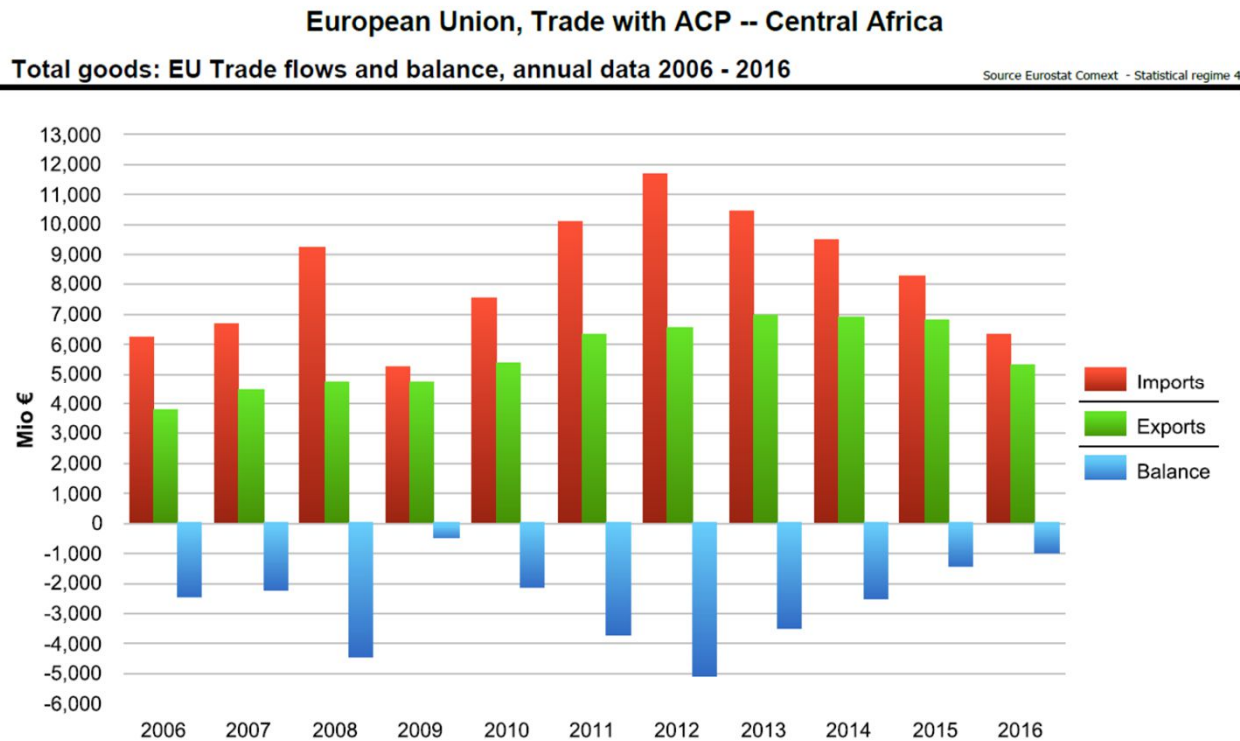
Exports 2016

Top 5 - SITC sections

Product	Value Mio €	% Total	Product	Value Mio €	% Total
3 Mineral fuels, lubricants and related materials	10,606	51.9	3 Mineral fuels, lubricants and related materials	7,168	28.6
0 Food and live animals	6,915	33.8	7 Machinery and transport equipment	6,692	26.7
2 Crude materials, inedible, except fuels	1,448	7.1	5 Chemicals and related prod, n.e.s.	3,142	12.5
7 Machinery and transport equipment	397	1.9	0 Food and live animals	3,003	12.0
6 Manufactured goods classified chiefly by material	372	1.8	6 Manufactured goods classified chiefly by material	2,272	9.1

5. Central African group

The EU is negotiating now bilateral agreements with some Central African states. Cameroon has already signed an interim Economic Partnership Agreement with the EU in 2009.



The stage of economic integration among the ACP countries in the Central African group is very low. Therefore it is quite difficult to negotiate a common agreement with the group as a whole. The EU is trying to sign bilateral agreement with some more developed countries like Cameroon.

The structure of exports and imports are the same as in the EU trade with Western African states. EU exports mostly machinery and transport equipment, beverages and imports oil and other raw materials.

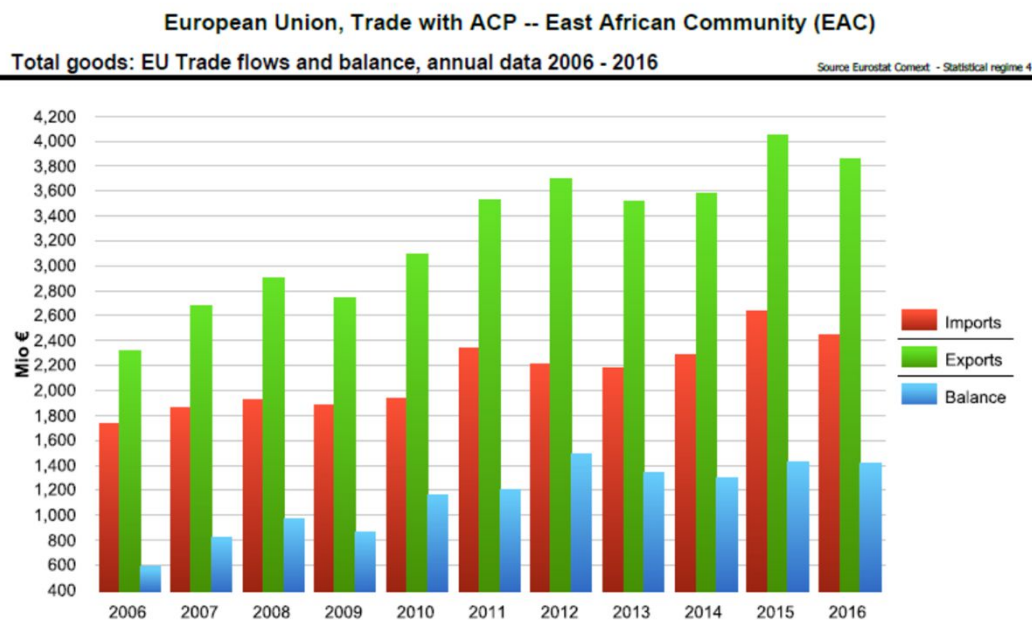
6. East Africa group

Burundi, Kenya, Rwanda, Tanzania, Uganda

On 16 October 2014, the Eastern African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) finalized the negotiations for a region-to-region Economic Partnership Agreement (EPA) with the EU.

South Sudan became the sixth member of the EAC in September 2016.

This was the first signed EU-ACP region-to-region agreement in Africa, but it is not yet fully operational.



Trade volume is very small. EU has a permanent positive trade balance because the included African countries are not oil exporting countries. About 80% of the exports of the African countries to the EU are agricultural products, about 10% are mineral raw materials.

The EU is exporting to the mentioned countries almost all kinds of finished goods but most of all transport equipment.

The only non-LDC is Kenya. She benefits most from the tariff arrangement under the EPA.

The main benefit for the rest of the ACP countries in the region is in the technical assistance (donations) which they receive from the European Development Fund.

For the EU main benefit is the access to the market of East Africa.

EPA supports the development of the infrastructure in the region and facilitates in that way export of raw material.

An interim Economic Partnership Agreement was signed in 2009 between the EU and Madagascar, Mauritius, Seychelles and Zimbabwe.

Now the EU is negotiating an EPA with the ACP group as a whole, including all 12 African countries.

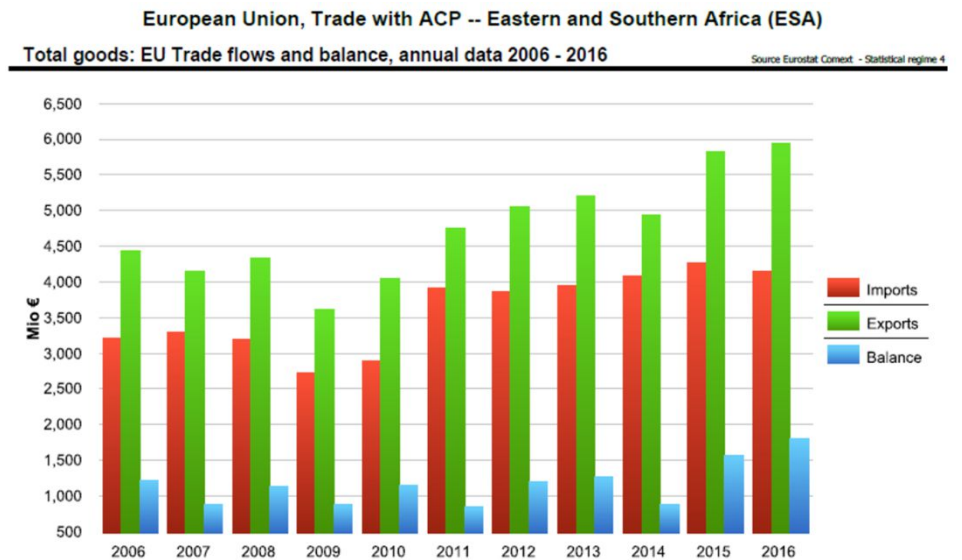
The new ACP shall include areas such as trade in services, investment, sustainable development and competition, elimination of technical barriers to trade, sanitary and phyto-sanitary standards.

7. Eastern and Southern Africa group

Eastern and Southern Africa is a diverse Economic Partnership Agreement group, including Indian Ocean islands (Comoros, Madagascar, Mauritius and Seychelles), countries from the Horn of Africa (Djibouti, Ethiopia, Eritrea and Sudan) and some countries of Southern Africa (Malawi, Zambia and Zimbabwe). Regional integration remains a challenge for this region.

Exports to the EU from the Eastern and Southern Africa region are dominated by sugar, coffee, fish, tobacco, copper and crude oil.

Imports from the EU to the Eastern and Southern Africa region are dominated by machinery and mechanical appliances, equipment, vehicles and pharmaceutical products.



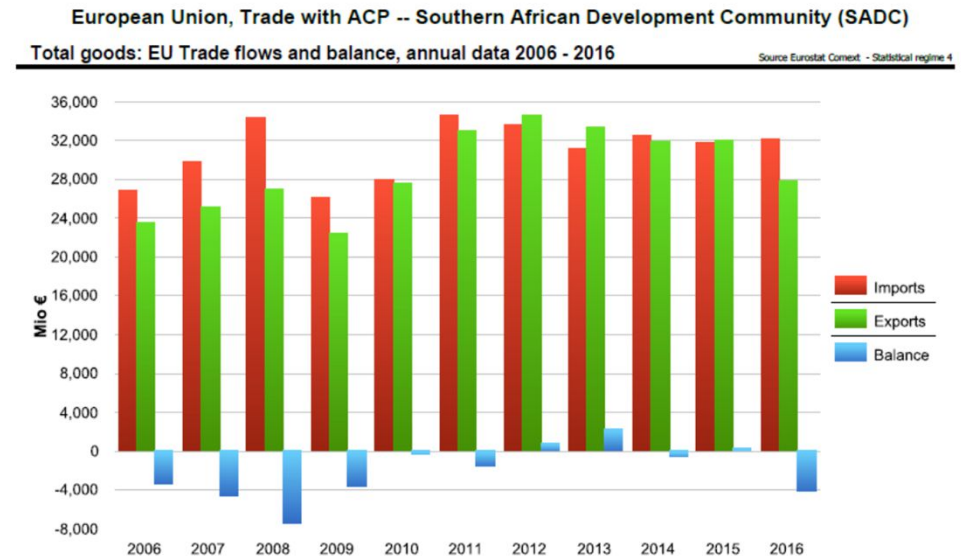


8. Southern African group

The EU signed an Economic Partnership Agreement (EPA) on 10 June 2016 with the **Southern African Development Community (SADC)** comprising Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. Angola has an option to join the agreement in future.

The agreement became the first regional EPA in Africa to be fully operational in February 2018.

Asymmetric approach: SADC countries can shield sensitive products from full liberalization and safeguards can be deployed when imports are growing too quickly. A detailed development chapter identifies trade-related areas that can benefit from funding. EPA guarantees access to the EU market without any duties or quotas for Botswana, Lesotho, Mozambique, Namibia, and Swaziland. South Africa will benefit from new market access additional to the Trade, Development and Cooperation Agreement between the EU and South Africa. The new access includes better trading terms mainly in agriculture and fisheries, including for wine, sugar, fisheries products, flowers and canned fruits. The EU will obtain meaningful new market access into Southern African Customs Union.



Presentations:

1. European Development Fund

https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/european-development-fund_en

2. Aid for Trade Initiative

<http://www.oecd.org/dac/aid-for-trade-at-a-glance-22234411.htm>