

Interim Economic Partnership Agreements - West Africa: Ivory Coast and Ghana - Brussels, 26 November 2008

1. State of Play

The European Commission initialled interim EPAs with Ivory Coast and Ghana in December 2007. These agreements were put in place to prevent disruption to their exports to the EU after the trade provisions of the Cotonou Agreement expired at the end of that month and provide additional time to negotiate a full regional EPA. As a result, the main exports of Côte d'Ivoire and Ghana still enjoy preferential access to EU markets. This includes trade in cocoa, bananas and other agricultural products worth around €940 million a year or around a third of annual exports to the EU.

These two country-specific (although mostly identical) interim EPAs are a temporary solution while negotiations to replace them with a "full" EPA covering the entire West African region are ongoing. The full EPA will entirely replace these interim agreements. In the meantime, Signature of both interim EPAs has been scheduled to take place by the end of 2008 so that they can be notified and scrutinised at the World Trade Organisation (WTO).

As the rest of the West African region is largely made up of Least Developed Countries, they have duty free access to the EU under the Everything But Arms (EBA) scheme while full EPA negotiations continue. The exceptions are Cape Verde and Nigeria. Cape Verde was no longer classified as Least Developed after 1 January 2008 but will continue to benefit from the EBA regime for another 3 years and Nigeria decided not to enter into an interim EPA and benefits from the regular EU Generalised System of Preferences.

2. Main features of the interim EPAs

Trade in goods

The provisions on Trade in Goods cover:

- **Duty free quota free access** into the EU for all imports from Ivory Coast and Ghana as of 1 January 2008, with transition periods for rice and sugar;
- An **asymmetric** and **gradual** opening of their markets to EU goods, taking full account of the differences in levels of development between them and the EU (see below);
- A chapter on **trade defence** with bilateral safeguards allowing each party to reintroduce duties or quotas if imports of the other party disturb or threaten to disturb their economy;
- A chapter on **technical barriers to trade** as well as **sanitary and phyto-sanitary** (SPS) measures, to help West African exporters meet EU import standards; and
- A chapter aiming to **facilitating trade** through measures such as more efficient customs procedures and better cooperation between administrations.

Goods liberalised in the Interim EPAs

All imports from Ivory Coast and Ghana have entered the EU duty and quota free since the 1st of January 2008 (other than transition periods until 2010 for rice and 2015 for sugar). This is an improvement over the previous "Cotonou" trade regime.

In return, over the next 15 years, Ivory Coast will liberalize 81% of imports from the EU (representing 89% of tariff lines) and Ghana will liberalize 80% of imports from the EU (representing 81% of tariff lines).

Liberalised EU imports are mainly industrial machines (pumps, generators, turbines, etc), certain vehicles (boats, aircrafts, cars), and certain chemicals. These are all inputs used by Ivorian and Ghanaian industries which are not produced locally. Eliminating import duties on these products will reduce the costs of inputs for local businesses

EU-West Africa Trade

EU-West Africa trade is largely balanced with equal exports in both directions. The EU's main exports are industrial goods and vehicles which make up 80% of exports. West Africa's main exports are oil from Nigeria (50% of West African exports) and agricultural tropical products (cocoa, bananas, pineapples, wood) mostly from Côte d'Ivoire and Ghana.

Goods not liberalised in the Interim EPAs

Côte d'Ivoire and Ghana excluded a number of agricultural goods and non-agricultural processed goods from liberalisation, mainly to ensure the protection of certain sensitive agricultural markets and industries but also to maintain fiscal revenues.

The exclusion lists of Côte d'Ivoire and Ghana are not identical as they reflect the respective situation in each country. But both countries are working with the West African region to produce a common market access offer in the context of the full EPA negotiations.

Both Ghana and Côte d'Ivoire have excluded chicken and other meats, tomatoes, onions, sugar, tobacco, beer, worn clothes. Côte d'Ivoire has also excluded cement, malt, gasoline and cars while Ghana has excluded wheat, frozen fish, and industrial plastics.

Other elements

There is a detailed dispute settlement mechanism to support effective implementation of the agreements and new, improved, **Rules of Origin** will be annexed to the interim EPAs as soon as they are agreed with the whole region in the full EPA negotiations. In the meantime Côte d'Ivoire and Ghana benefit from general EPA improved rules of origin (Council Regulation 1528/2007).

Development Cooperation

Development Cooperation provisions make the link with European Community and EU Member States development cooperation instruments. They identify priority areas of development cooperation to accompany the implementation of the interim EPAs. The main areas identified are:

- **Reinforcing and upgrading** of the capacity of productive sectors;
- **Cooperation** over fiscal adjustment;
- **Improvement** of the business environment; and
- **Implementation** of trade rules in the agreements.

3. State of play of the full EPA negotiations with West Africa (November 2008)

Negotiation of a full EPA covering the full West African region (Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo) are ongoing. The objective of the EC and West Africa in these negotiations is to conclude an agreement at regional level, which supports development and fosters regional integration.

In addition to agreeing a common West African market access offer for goods, these negotiations cover trade in services, investment and other trade related rules relevant for development and regional integration such as competition or transparency in government procurement.

Since early 2008, there have been five negotiation rounds at technical or senior official level. The interim EPAs and the full EPA with the Caribbean have been useful points of reference in these negotiations. The EU is re-examining any difficult issues in these negotiations in which West Africa partners may wish to reconsider in the context of the full EPA. The Commission recognises that each region will want to move at its own pace, discuss the substance with the EU and reach a view on the commitments they are ready to take.

The text of the trade in goods provisions have been largely agreed but still contain points of divergence for which we are looking for compromise, such as on export taxes, regional levies or the MFN clause. As is the case for the interim EPAs, there are provisions covering trade defence, Technical Barriers to Trade, SPS measures, and trade facilitation.

The West African region is now finalising its common market access offer for goods and aims to table it in early 2009. Draft texts on services and development cooperation are also under preparation. Discussions so far on these issues have focused on the interpretation of WTO compatibility (see separate fact sheet) and the link with development finance under the Cotonou Agreement.

Negotiations over Rules of Origin are also ongoing. These discussions started from the Rules of Origin used in the Cotonou Agreement and those contained in Council Regulation 1528/2007. We are looking for simplifications that could help West Africa develop, such as the "simple transformation" for textiles products (already contained in Council Regulation 1528/2007). The West African side have developed their own ideas which are currently on the negotiating table.

Negotiations now include certain trade related rules such as competition or consumer protection but are moving slowly. While West Africa agrees in principle with the importance of other trade-related issues for regional integration and the EPA, so far they remain opposed to include chapters on social issues, environment or public procurement.

In order to keep the momentum in the negotiations, the target date for completing the full EPA negotiations is now mid-2009.

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