Fact sheet on the Economic Partnership Agreements*

The Eastern African Community (EAC)

January 2012

1. State of play

At the end of 2007 the Eastern African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) agreed a region-to-region interim EPA with the EU.

This interim agreement (which is called a Framework EPA) mainly covers trade in goods and fisheries and has been a stepping stone towards a full EPA. Both parties committed to negotiating a comprehensive EPA including agriculture, rules of origin, Sanitary and Phyto-sanitary Standards (SPS), Technical Barriers to Trade (TBT), as well as customs and trade facilitation (C&TF), while postponing negotiations on other trade-related rules and trade in services. The chapters on SPS, TBT and C&TF have been completed and chapters on economic and development cooperation and agriculture are well-advanced. All the provisions of the framework EPA concluded in 2007 together with the new chapters (completed and under negotiation) have been consolidated in a single text, the comprehensive or "full" EPA.

The Eastern African Community

East Africa is a geographically and economically homogeneous region committed to regional integration. The Eastern African Community (EAC) consists of Burundi, Rwanda, Tanzania, Uganda (all of which are Least Developed Countries or "LDCs") and Kenya (which is non-LDC).

The EAC established a Customs Union in 2005 and full fledged union with zero internal tariffs as from 2010. The EAC is fast tracking its economic integration process, has ratified a more far-reaching common market (since July 2010) and is envisaging a monetary union by 2012. The integration agenda of the EAC is strongly political in nature as its ultimate goal is to become a federation.

2. Main features of the framework EPA

- **Duty free quota free access** into the EU for all imports from EAC, with a transition period for sugar (until 2015)
- **Asymmetric** and **gradual** opening of the EAC to EU goods, taking full account of the differences in levels of development between them and the EU (see below)
- **Trade defence** provisions with safeguards allowing each party to reintroduce duties if imports of the other party disturb or threaten to disturb their economy
- **Rules of origin** (subject to review in the full EPA negotiations)
- **Dispute avoidance and settlement** provisions (more elaborate provisions will be negotiated for the full EPA)
- A chapter on **fisheries** (see below under "other features")

* *This fact sheet describes the content of the interim Economic Partnership Agreement. Its does not in any way replace or interpret the provisions of this agreement.*

Goods covered by liberalisation

All imports from EAC countries have entered the EU duty and quota free since the 1st of January 2008.

Over the next 25 years, EAC will liberalise 82.6% of imports from the EU by value (65% by 2010, 80% by 2023 and the remainder by 2033).

Goods excluded from liberalisation

The EAC decided to exclude the following products from liberalisation: sensitive agricultural products, wines and spirits, chemicals, plastics, wood based paper, textiles and clothing products, footwear, ceramic products, glassware, articles of base metal and vehicles.

Other features

The agreement contains an extensive fisheries chapter, mainly aiming at reinforcing cooperation on the sustainable use of resources (such as resource assessment and management, monitoring environmental, economic and social impacts, conformity with existing national laws and relevant international instruments, effective control and surveillance for combating illegal, unreported and unregulated fishing).

EU – EAC Trade in Goods

The EU represents an important trade partner for the region, which imports around €3 billion from the EU (mainly oil products, medicines, machinery and mechanical equipment, cars, aircraft, electrical appliances etc.) and exports around €2 billion to the EU (mainly agro-food products: coffee, tea, fresh cut flowers, fishery products, tobacco, cocoa etc.) in 2010. Kenya, the biggest economy and the only non – Least Developed Country (LDC) in the region, heavily relies on the EU (which represents 31% of its export market) for selling its cut flowers, tea, vegetables and coffee. The value of total trade flows between the Eastern African Community and the EU (27) is about €4.3bn (or 0.12% of EU imports), exports to the EU being dominated by a few products such as plants, flowers, coffee, vegetables, fish and tobacco. The EU mainly exports machinery, chemicals and vehicles to the EAC.

3. The negotiating process

The EAC is engaged in an ambitious regional integration process. In parallel, the EAC has been determined to conclude a full EPA. The pace of the negotiations is dependent on the on-going EAC integration process (see box above) which determines the commitments the EAC are ready to take in the EPA process. After a break of 14 months, the EAC and the EU met again in Zanzibar in September 2011, agreeing an agenda for negotiations over the coming months.

A subsequent round in December 2011 moved things forward and better outlined the timetable for continuing and concluding negotiations in 2012. The main outstanding issues are: MFN (non-discrimination) clause, export taxes, rules of origin, dispute settlement, institutional provisions and final provisions.

For the latest state of play, please see:
http://ec.europa.eu/trade/issues/bilateral/regions/acp/regneg_en.htm

For dates of EPA negotiating Rounds see:
http://ec.europa.eu/trade/issues/bilateral/regions/acp/epa_calendar_en.htm