



Economic Partnership Agreement between the EU and the Eastern African Community (EAC)*

October 2015 Update

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

The agreement covers trade in goods and development cooperation. It also contains an extensive chapter on fisheries – aiming mainly to reinforce cooperation on the sustainable use of resources – and foresees further negotiations on services and trade-related rules in the future.

The deal is balanced and fully in line with the EAC Common External Tariff. It supports the EAC's ambitious regional integration project and has what it takes to foster development.

It is expected to be signed and ratified by October 2016.

The Eastern African Community

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

The EAC established a Customs Union in 2005 which was fully-fledged with zero internal tariffs as from 2010. The EAC, in fast tracking its economic integration process, ratified a more far-reaching common market protocol in July 2010. In November 2013, EAC Members signed a protocol on a monetary union. The integration agenda of the EAC is strongly political in nature as its ultimate goal is to become a federation.

Main features of the agreement

1. Immediate **duty-free quota-free access to the EU market** for all EAC exports;
2. **Partial and gradual** ("asymmetric") **opening of the EAC market** to imports from the EU, taking full account of the differences in levels of development between the EAC and the EU (see p. 2 for more details);
3. **Ban** on unjustified or discriminatory restrictions on imports and exports, which contributes to the EAC's efforts to eradicate **non-tariff barriers** (NTBs) in intra-EAC trade;
4. **Trade defence** provisions including safeguards allowing each side to reintroduce duties if imports from the other side disturb or threaten to disturb its economy, as well as special safeguard conditions to protect EAC infant industry;
5. **Rules of Origin**, defining which products are eligible for trade preferences under the EPA, fully take into account EAC specificities and the needs of its sectors and industries;
6. **Customs-related provisions** aiming to facilitate trade between EAC countries and the EU, to promote better customs legislation and procedures, and to provide support to the EAC's customs administrations;
7. A chapter on **sanitary and phytosanitary measures** that should allow, *inter alia*, to address plant health-related trade problems, promote intra-regional harmonisation with international standards in this area and enhance EAC capacity to implement and monitor this type of measures;
8. A **chapter on agriculture** geared towards sustainable agricultural development, including food security, rural development and poverty reduction in the EAC. It guarantees that the EU will not apply exports subsidies, even in times of market crisis, and commits the Parties to a deepened policy dialogue on agriculture and food security, including transparency as regards their respective domestic policies;
9. Rules for **dispute settlement**;
10. Provisions reinforcing cooperation on the **sustainable use of resources** in the area of **fisheries** (such as resource assessment and management; monitoring of 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);
11. A chapter on **economic and development cooperation** aimed at enhancing the competitiveness of the EAC

economies, building supply capacity and assisting the EAC members in implementing the EPA smoothly;

12. A clause linking the EPA to the Cotonou Agreement and its essential elements such as **human rights, democracy and the rule of law**;
13. Clauses foreseeing **further talks on trade in services and trade-related rules** addressing sustainable development, competition policy, investment and private sector development, intellectual property rights, transparency in public procurement – to be concluded within five years following the entry into force of the EPA
14. The EPA also has a fully-fledged **institutional chapter** with ministerial, senior-official and civil-society bodies to steer and oversee EPA implementation.

To what extent does the EPA eliminate existing custom duties?

The EAC has committed to liberalise the equivalent of 82.6% of imports from the EU by value. Under the EAC Customs Union, more than half of these imports are already imported duty free, not only from the EU but from the entire world. The remainder will be progressively liberalised within 15 years from the moment the EPA enters into force. 2.9% of it will be liberalised only within 25 years.

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

The liberalisation on EAC imports resulting from the EPA will therefore be entirely manageable and spread over a long period of time. There is no risk either of EAC markets being "flooded" by EU products or of any significant budget revenue shocks.

The EU already provided duty-free quota-free access to EAC products between 1 January 2008 and 30 September

of 2014. Since 1st October 2014, the four EAC countries having Least Developed Country status continue to benefit from duty-free quota-free access to EU market under Everything But Arms (EBA) scheme. For a brief period Kenya fell under the standard Generalised Scheme of Preferences, but in December 2014 the EU reinstated Kenya in the list of countries benefiting from duty-free quota-free access to the European market, pending signature, ratification and application of the agreed EPA by October 2016. From the moment of application on, all EAC countries will benefit from the same access regime under the EPA, i.e. free access with improved rules of origin.

How does this agreement relate to other existing preferential schemes?

Four EAC Partner States, as Least-Developed Countries, could benefit solely from the unilateral Everything-But-Arms regime under which the EU offers full access to its market. However, they are now opting for a bi-regional trade partnership with the EU. This is because the EPA provides a predictable and uniform trade scheme for all EAC Members that fully respects their established customs union and preserves the duty-free quota-free market access of the EAC Least Developing Countries regardless of their income status (Least Developing Countries/Non Least Developing Countries), which they wish to substantially improve in the near future.

When will the agreement come into force?

The texts agreed by the chief negotiators have been initialled and checked by EU and EAC lawyers. This "legal scrubbing" process was completed on 11 September 2015. The clean text has now been sent to translation in order to pave the way to the signature and ratification of the EPA by October 2016. The agreement will enter into force once ratification is completed.