



EU-Eastern Southern Africa Economic Partnership Agreement

Creating opportunities for EU and African businesses

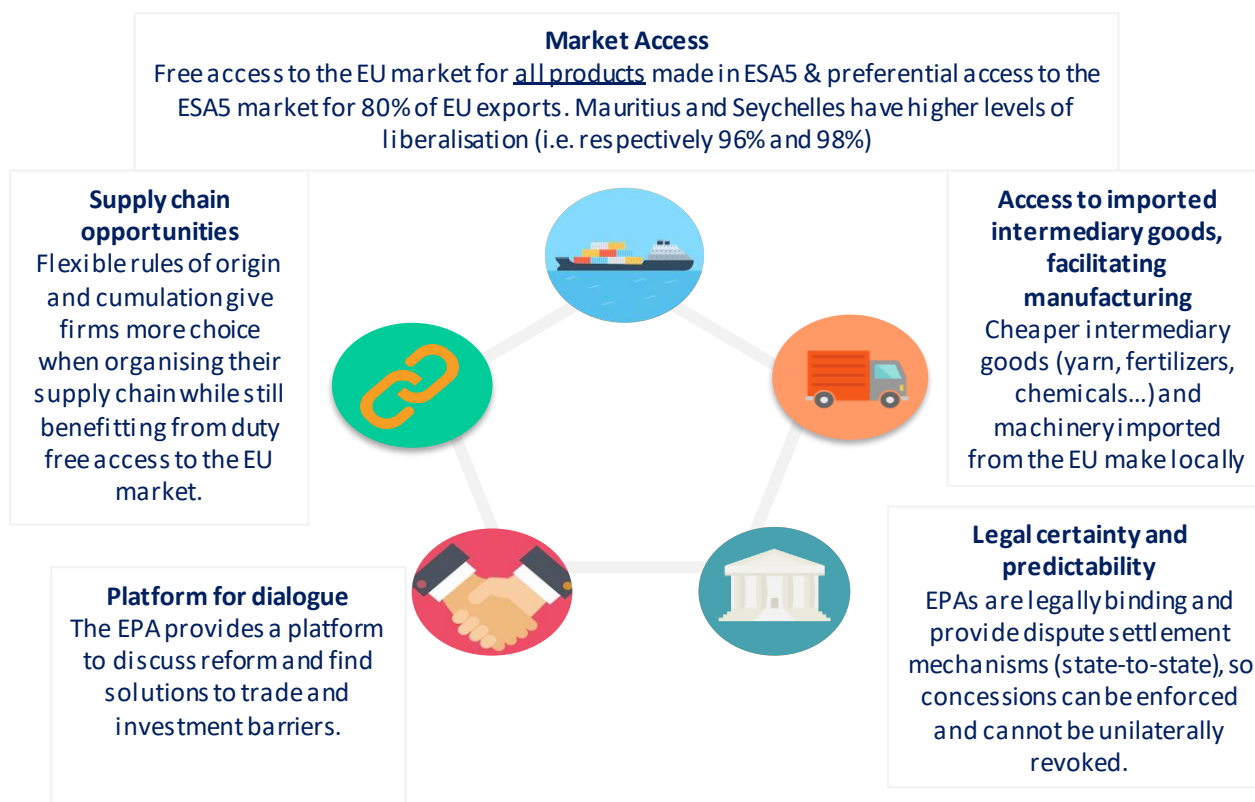
1. Introduction

Six countries in the Eastern Southern Africa (ESA) region (Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe) concluded an Economic Partnership Agreement (EPA) with the EU in 2007.

It has been provisionally applied since May 2012 for four countries (**Madagascar, Mauritius, Seychelles and Zimbabwe**) and since February 2019 for **Comoros**. The EPA remains open to other ESA countries willing to join¹.

In October 2019, the five countries (ESA5) launched negotiations with the EU to expand the scope of the EPA to cover services, investment, technical barriers to trade, intellectual property rights, and trade and sustainable development.

2. Opportunities created by the EPA for EU and African exporters and investors



¹ Eastern and Southern Africa (ESA) is a diverse EPA group including Indian Ocean islands (Comoros, Madagascar, Mauritius and Seychelles), countries of the Horn of Africa (Djibouti, Ethiopia, Eritrea and Sudan) and some countries of Southern Africa (Malawi, Zambia and Zimbabwe).

3. Opening up ESA-EPA's markets to EU exports (tariff liberalisation schedule)

The EPA is a development-oriented agreement that provides duty-free, quota-free access for all ESA-EPA exports to the EU from the first day of application of the EPA. For their part, ESA-EPA countries are **progressively reducing their tariffs to zero for 80% or more** (96% Mauritius and 98% Seychelles) of their EU imports until 2022 in line with the individual schedules annexed to the [EPA](#).

The following table provides a snapshot of the liberalisation scheme for the most important EU exports²:

Seychelles: Timetable for cutting tariffs on selected EU exports (by value 2019)				
HS Code	Product	EU exports in 2019 (€m)	Current tariff	Full liberalisation
30342	Frozen yellowfin tunas thunnus albacares	18.7	0%	2013
30343	Frozen skipjack or stripe-bellied bonito "Euthynnus	10.6	0%	2013
731021	Cans of iron or steel, of a capacity of < 50 l	4.7	0%	2013
852691	Radio navigational aid apparatus	4.2	0%	2013
890391	Sailboats and yachts, with or without auxiliary motor	4.1	25%	2022
830990	Stoppers, caps and lids	4.0	10%	2017
560811	Made-up knotted fishing nets of man-made textile materials	3.7	10%	2017
840999	Parts suitable for use solely or principally with compression-ignition internal combustion piston engine	3.7	0%	2013
210690	Food preparations	2.4	25,0%	2022
721090	Flat-rolled products of iron or non-alloy steel	2.2	10%	2017
890392	Motor boats and motor yachts, for pleasure or sports	1.1	25%	2022

Zimbabwe: Timetable for cutting tariffs on selected EU exports (by value 2019)				
HS code	Product	EU exports in 2019 (€m)	Current tariff	Full liberalisation
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49	14.3	0%	2016
300220	Vaccines for human medicine	7.6	0%	2016
382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents	6.9	5%	2022
380891	Insecticides	5.3	5%	2022
100199	Wheat and meslin	4.4	0%	2017
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes	4	0% for 3004.90.10, 10% for 3004.90.20 and 3004.90.90	2016 for 3004.90.10, 2022 for 3004.90.20 and 3004.90.90
843149	Parts of machinery of heading 8426, 8429 and 843	2.5	0%	2017
300420	Medicaments containing antibiotics	1.6	10%	2022
842482	Agricultural or horticultural mechanical appliances	1.1	0%	2017

Mauritius: Timetable for cutting tariffs on selected EU exports (by value 2019)				
HS code	Product	EU exports in 2019 (€m)	Current tariff ³	Full liberalisation
710231	Non-industrial diamonds unworked or simply sawn	70.4	10%	2017
030343	Frozen skipjack or stripe-bellied bonito "Euthynnus Katsuwonus-pelamis"	31.8	0%	2013

² As Comoros joined in 2019, the table is not yet available

³ Some products for which tariffs are due to be reduced to zero in 2022 are already at 0% tariffs for EU products.

300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes	28.5	25%	2022
030342	Frozen yellowfin tunas "Thunnus albacares"	13.4	0%	2013
870322	Motor cars and other motor vehicles	11.4	25%	2022
330499	Beauty or make-up preparations	10.9	25%	2022
250990	Preparations of a kind used in animal feeding	8.7	25%	2022
901890	Instruments and appliances used in medical, surgical or veterinary sciences	8.6	0%	2013
870323	Motor cars and other motor vehicles	8.6	25%	2022
210690	Food preparations	8.6	25%	2022

Madagascar: Timetable for cutting tariffs on selected EU exports (by value 2019)				
HS code	Product	EU exports in 2019 (€m)	Current tariff	Full liberalisation
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes	47	25%	2022
870421	Motor vehicles for the transport of goods	11.8	0%	2014
870323	Motor cars	9.1	25%	2022
300220	Vaccines for human medicine	9.1	10%	2022
110710	Malt (excl. roasted)	7.8	5%	2022
841391	Parts of pumps for liquids	6.7	10%	2022
630900	Worn clothing and clothing accessories	6.6	0%	2014
300660	Chemical contraceptive preparations	5.3	25%	2022
581099	Embroidery of materials other than cotton or man-made fibres	5.3	20%	2022
521132	Woven fabrics of cotton	5.3	20%	2022

To protect certain sensitive agricultural markets and industries in ESA-EPA countries and to maintain tax revenues, ESA-EPA countries will not remove import duties for **some agricultural and non-agricultural processed goods**, including:

- Madagascar:
 - Preparations of a kind used in animal feeding (current duty at 20%)
 - Food preparation (20%)
 - Soups and broths (20%)
 - Biscuits, cakes, pastry (20%)
 - Beauty or make-up preparations (20%)
- Mauritius:
 - Perfumes and toilet waters (current duty at 15%)
 - Waters, incl. mineral and aerated, with added sugar, sweetener or flavour (15%).
- Seychelles:
 - Wine of fresh grapes, incl. fortified wines and sparkling wine of fresh grapes (current duty at 25 SCR/litter)
 - Beer made from malt (35 SCR/ litter)
 - Whiskies (170 SCR/ litter).
- Zimbabwe:
 - Motor vehicles for the transport of goods (current duty at 5%)
 - Motor cars and other motor vehicles (40%)
 - Whiskies (excise)
 - Food preparations (5%)

The current applied duties can be found on the website of the ESA5 Customs and in the [EU's Access2Markets portal \(except Comoros and Seychelles\)](#).

4. EPA supporting ESA's sustainable development

The EPA main objective is to promote **sustainable development and reduce poverty** in ESA-EPA countries. The following play an important role in this:

- Duty-free, quota-free market access to the EU is crucial in particular to the exports of the three ESA countries that are not classed as Least Developed Countries – Mauritius, Seychelles and Zimbabwe
- Removing tariffs on intermediary goods and machinery from the EU makes ESA-EPA countries more competitive and supports to both industrial development and ESA-EPA countries' integration into global value chains. Madagascar and Mauritius remained competitive on world exports in the textile sector thanks to cheaper inputs guaranteed by the EPA
- Under the EPA, ESA countries can **protect their emerging and infant industries** by
 - not lowering tariffs on certain products
 - using safeguard measures to block a sudden surge in EU imports if needed
 - taking additional measures to protect food security

In addition, several **EU development cooperation programmes** are linked to the EPA. They aim to facilitate tax and customs reforms, improve the business environment and improve ESA States' competitiveness. Current programmes to support ESA-EPA countries include:

- Capacity-building assistance to help ESA5 producers and farmers meet EU standards through the Fit for Market programme (€ 20 million) launched in 2016
- Aid for Trade provided specifically under the EPA. €10 million were earmarked for each of the four initial signatory countries to help them implement the EPA:⁴
 - Mauritius has set up an online single-entry point for businesses to obtain licences and permits and is in the process of reforming its intellectual property rights system.
 - Madagascar has started work on an APEX export promotion agency and a one-stop-shop for customs clearance, and the information, communications and technology; tourism; and textile sectors will be developed.
 - Seychelles is working on diversifying its economy and ways to add value in the manufacturing, agriculture and fisheries sectors.
 - Zimbabwe is developing an online customs portal connecting customs posts around the country. It is also helping small and medium-sized businesses export, with a focus on agricultural value chains.

5. The EU-ESA5 EPA in a regional perspective...

This EPA is designed to encourage **regional integration** and to build a stronger regional market covering all ESA members. The successful implementation of the current EPA as well as the future deepened agreement may lead to all other ESA members joining the agreement.

The EPA between the EU and ESA-EPA countries:

- strengthens our trade relations with the five ESA countries
- enables the Parties to monitor impact and discuss this with all stakeholders
- signals the advantages of an EPA to the region

⁴ Comoros joined later and its implementation project has not yet started.

6. ...and the continental perspective

ESA5 is involved in the negotiations and implementation of the **African Continental Free Trade Area (AfCFTA)**. The five countries have signed the Agreement and Mauritius and Zimbabwe have ratified it. The EU supports the setting up of a future AfCFTA both politically and financially, and through its trade policy.

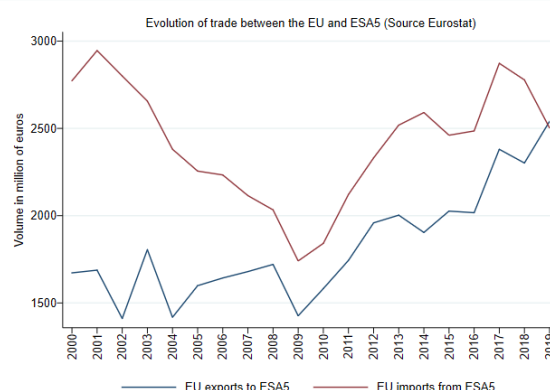
EPAs are **building blocks** of the AfCFTA. They give African countries:

- trade tools, capacity and expertise that help them negotiate and implement the AfCFTA
- better market access to the EU, for most of them their main export market
- a supply of high quality, affordable imports, helping them to become competitive in the regional and continental market.

In the long-term, the AfCFTA could become the basis for a continent-to-continent free trade area.

7. EU-ESA5 bilateral trade in figures

- The EU is the **second largest trade partner for ESA4 after South Africa in 2019**.
- Over the last decade, EU trade with ESA5 countries has **increased by more than 47%**.
- In 2019, total trade between the EU and ESA5 is the highest with Mauritius (€1.8 billion) and Madagascar (€1.6 billion), followed by Zimbabwe (€515 million), Seychelles (€445 million) and Comoros (€82 million).



ESA5-EPA exports to the world in 2019: South Africa 31%, **EU 22%**, United Arab Emirates (UAE) 10%, USA 8%

ESA5-EPA imports from the world in 2019: South Africa 19%, **EU 15%**, China 14%, United Arab Emirates 8%, India 8%

ESA-EPA main exports to the EU by value (2019):

- tuna
- vanilla
- textiles
- cane sugar
- tobacco
- diamonds
- crustaceans

In 2019, main ESA-EPA imports from the EU by value under EPA preferences were:

- aeroplanes (€237 million)
- medicines (€99 million)
- vehicles (€133 million)
- frozen fish (€85 million)

Main EU markets for ESA-EPA countries' exports: France, Germany, Belgium

In 2019, exports of some EU products to ESA-EPA countries increased significantly, such as wheat and meslin by 20% (+€6.8 million).

EU foreign direct investment in ESA-EPA countries:

- Investment stocks in 2018:
 - €15.7 billion in Mauritius
 - €778 million in Seychelles
 - €366 million in Zimbabwe
 - €269 million in Madagascar.
- Mauritius stands out as the single most important jurisdiction in Africa offering a stable legal environment. As such, among the ESA5 partners, Mauritius gets the most foreign direct investment from EU firms.
- Productive investment in Madagascar, Mauritius and Seychelles can be found in **tourism**, but also in manufacturing for Madagascar and Mauritius. ESA countries are attracting foreign direct investment in other sectors, such as **renewable energy**. In Seychelles, a German-Seychellois joint venture, Sun Tech Seychelles, provides solar photovoltaic technology and after sales services in the country.

8. EPA Success Stories**MAURITIUS Ecological T-shirts from the Indian Ocean reach neighbouring countries and the EU**

Textile manufacturers in Mauritius, conscious of competition from low-wage production locations, are increasingly switching to higher value-added products, including high-tech, organic and fair trade. As a result, Mauritian exports to the EU of specialised textile products, such as professional wear (up 200 % since 2012).

Baobab Company, a brand of ecological T-shirts founded in Mauritius in 1995, is an excellent example of this trend. Drawing inspiration from the lush nature of Indian Ocean islands, Baobab T-shirts are made of 100 % organic cotton, are Ecocert certified and adhere to the Global Organic Textile Standard.

Baobab employs 50 workers in its two workshops in Mauritius and Madagascar, and exports T-shirts to neighbouring countries as well as to the EU. Thanks to the EPA, Baobab T-shirts can enter the EU market duty free and quota free. In 2015, Baobab opened a shop in Barcelona, Spain. It serves the European market with fast deliveries of limited collections and complements Baobab's online sales.

MADAGASCAR Exporting ingredients for cancer medicines thanks to a unique biodiversity

Endemic to the country, at first glance the Madagascar periwinkle appears unremarkable, but in fact it possesses strong medicinal properties. Periwinkle is a source of the anticancer drugs vincristine and vinblastine. Scientists have only recently taken the crucial last steps to unravel the complex chemistry of periwinkle and find ways to quickly synthesise its cancer-fighting compounds. This represents huge potential for Madagascar in the future.

Production is already taking place. Pierre Fabre, a French multinational pharmaceutical and cosmetics company committed to natural medicine, employs 3000 local farmers in periwinkle production and 2000 more cultivating peppercorn and moringa (a tree with medicinal properties). Periwinkle is mainly exported to France, where it is further processed to extract the cancer-fighting ingredient vinblastine.

There is high demand in Europe for natural medical ingredients such as periwinkle and moringa, and a stable business environment will help unlock the potential of Madagascar's biodiversity while at the

same time protecting it. The EPA not only provides market access for these products in the EU, but also comes with commitments by all Parties to respect international environmental and labour conventions.

European investors, like Tozzi Green in Madagascar, provide not only jobs, but also get involved in corporate social responsibility, building child care facilities, wells, hospitals, sports facilities, and providing training. Others, like Pierre Fabre, finance projects in environmental protection in Madagascar.

ZIMBABWE German investors supporting small farmers' exports to the EU

In Zimbabwe Organic Africa, a German investor and exporter of fair trade and organically certified products derived from herbs, spices, and medicinal and aromatic plants, strongly focuses on supporting small farmers through training, product quality assurance and postharvest handling and preservation. Organic Africa buys small farmers' produce and exports it, mainly to recognised German-based firms such as herbal tea manufactures.

9. Need more information?

 <p>Access2Markets</p> <p>Portal covering all EU countries and more than 120 export markets around the world.</p> <p>Technical information on tariffs, rules of origin, taxes, product requirements, customs procedures and more.</p> <p>trade.ec.europa.eu/access-to-markets'</p>	 <p>EBO-WWN</p> <p>European Business Organisation Worldwide Network</p> <p>Active in 35 key markets, including 15 African countries</p> <p>https://www.ebowwn.com/</p>	 <p>European Enterprise Network (EEN)</p> <p>Network to advise and support SMEs with international ambitions.</p> <p>Active in more than 60 countries worldwide (in Africa only in Cameroon)</p> <p>https://een.ec.europa.eu/</p>
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[DG TRADE and ESA](#)
[Free Trade Agreement Implementation Report.](#)