THE ECONOMIC IMPACT OF THE WEST AFRICA –EU ECONOMIC PARTNERSHIP AGREEMENT
An analysis prepared by the European Commission's Directorate-General for Trade

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[With SOL' comments by Jacques Berthelot in blue arial 11 police and in square brackets. The bibliography and annexes (tables) are deleted and the width of pages has been enlarged to shorten the length of the report.]

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Executive Summary

On 3 April 2014, Heads of State and Governments of Africa and of the European Union gathered at the Fourth EU Africa Summit declared: *"Our economies remain closely linked, and we will work to ensure that the growth of the one will help the other. We are also convinced that trade and investment and closer economic integration on each of our continents will accelerate that growth."* While acknowledging the *"valuable role"* of development assistance, they called for *"a fundamental shift from aid to trade and investment as agents of growth, jobs and poverty reduction."*[1]

Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) countries are the main pillar of ACP-EU trade cooperation, and aim at creating the right conditions for trade and investment. In this context, the West Africa – EU EPA establishes a long-term and stable trade relationship between both parties, in compliance with international trade rules.

West Africa is the EU's main economic partner among ACP regions, with strong political and social links to the EU. In the period 20082013, West Africa experienced strong economic growth (4.8% annually). West Africa's trade with the world (exports plus imports) increased by 67% between 2007 and 2013, and West Africa's trade with the EU by 70%. The EU is West Africa's main trade partner (34.5% of West Africa's exports and 22.1% of their imports)
[The reality is higher: 37.6% of Ecowas exports on average from 2013 to 2015 and 29.8% of its imports or, for 2015 only 38.8% of exports and 31.2% of imports, according to ITC TradeMap].

In 2014 West Africa exported €37 billion worth of goods
[No: this is the figure of EU imports from WA at CIF prices, not at FOB prices of WA which should be about 20% lower on average.]
and imported goods to a value of €31 billion from the EU

[1] EU Africa Summit Declaration of 3 April 2014, §43.

[No: again this is the FOB value of EU exports to WA, the CIF value of WA is at least 205% higher.]
(around 2% of EU trade with the world), percentages which are comparable to those of India or Canada.

The present report is part of the Economic analyses of negotiated outcome undertaken by DG TRADE at the end of negotiations. Contrary to earlier reports, it does not rely on possible scenarios but on the actual outcome of the negotiation between the parties
[This is not true as it relies on CGE modelling simulations encompassing only 7 countries over 16 for macro-economic impacts, even if they represent the bulk of WA population and GDP, and on only two (Nigeria and Ghana) for the impact on poverty and inequality. And this CGE model relies on the GTAP-9 data, themselves based on outdated input-output tables per country (see comments page 50).],
with a view to provide information to all stakeholders involved in the adoption process of the agreement, as well as to the wider public.

The rationale and content of the West Africa – EU EPA

The EU's trade relations with the ACP countries were historically framed by a series of conventions, which granted unilateral preferences to the ACP countries on the EU market. By the end of the 1990s, it was found that these conventions did not promote trade competiveness, diversification and growth as intended.
[Since the preferential trade agreements of the Lomé Convention did not prevent the ACPs from getting poorer, then administering the sovereign remedy of exposing them to a full fledged free trade with their main partner will necessarily trigger a salutary reaction which will increase drastically their competitiveness: a way of thinking as absurd as that consisting for a poultry producer to open the henhouse gate to allow the fox to test the poultry resistance capacity.]

They were also found to be in breach of the World Trade Organisation's (WTO) principles, as they established unfair discrimination between developing countries.
[This was not unfair if we consider that the WA countries exporting bananas were much less developed than the Latin American countries exporting bananas which sued the EU on this issue at the GATT first and then at the WTO. Thus in 1995 the average per capita GDP of the 9 Latin American countries (Colombia, Ecuador, Peru, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua and Panama) exporting bananas ($1,294) was 3.9 times that of the 16 WA countries ($333) and 2.3 times that of Ivory Coast plus Ghana ($560, the only WA exporters of bananas to the EU). Furthermore the gap has increased in 2014 when the average per capita GDP of the 9 Latin American countries ($6,321) was 4.3 times that of Ivory Coast+Ghana ($1,454) even if it was 3.1 times the average of WA ($2,056) because of Nigeria ($3,120). But now that the banana war has been buried at the WTO in December 2009 and that, furthermore, the Latin American bananas exporters have got FTAs with the EU with much reduced import duties in the EU, it would be possible to come back to preferential agreements for ACPs through a waiver at the WTO. The more so as Nigeria per capita GDP would likely fall after the collapse of oil prices.]

A change was therefore required. EPAs were the response defined jointly by the ACP countries and the EU in the Cotonou Agreement. EPAs build a new bilateral reciprocal partnership for trade and development, asymmetric in favour of ACP countries.
[It is the reverse: the EU would have only to open 3% more of its imports from WA when WA has to open 82% of its imports from the EU (corresponding to 75% of tariff lines as shown by the South Centre, based on 2012 trade)!].

In keeping with the objectives set out in the Cotonou Agreement, sustainable development is a key objective of the EPA, which is explicitly based on the "essential and fundamental" elements set out in the Cotonou Agreement (human rights, democratic principles, the rule of law, and good governance). The joint EPA institutions are tasked with the function of monitoring and assessing the impact of the implementation of EPAs on the sustainable development of the parties, also carving out a clear role for civil society and members of parliament.

In view of these objectives, the EPA differs from most Free Trade Agreements (FTAs) currently in place or negotiated by the EU with other trading partners: while it remains a reciprocal agreement (as a factor favouring trade and investment, and as a condition for its compatibility with WTO principles),
[This not true, particularly as the EPA negates the WTO principle of DTQF (duty free-quota free) for LDCs, negating first the EU EBA (Everything But Arms) decided in 2001.]
it weighs in favour of West Africa through specific provisions:

- Asymmetric market access in favour of West Africa: The EU has committed itself to open its market to all West African products as soon as the agreement enters into force. In exchange, the EU has accepted a partial and gradual opening of the West African market. The agreement fully takes into account the differences in the level of development between the two regions
[we can doubt it given that the average WA per capita GDP is 17.7 times lower than that of the EU28 in 2014 (World Bank Indicators 2016 and UN population data base revision 2015)].
- Safeguards: Under the terms of the agreement, West Africa continues to be able to protect its sensitive products from European competition either by keeping tariffs in place or, if necessary, by imposing safeguard measures. To support local agricultural production, the EU has also agreed not to subsidise any of its agricultural exports to West Africa
[a huge misrepresentation as it does not take into account the large EU domestic agricultural subsidies which benefit also to its exported products. In 2015 the EU subsidies to exported cereals to WA have reached €232 million (M), those of dairy €72 M and those of meats and eggs €162 M (figure of 2014). Given that all EU agricultural products benefit now of decoupled subsidies, all their exports are dumped].

- Flexible rules of origin: West African companies also have more flexibility to use foreign components while still benefitting from free access to the EU market. Cumulation of origin is allowed with a large number of developing countries (including ACP countries engaged in EPAs), so as to foster West Africa's integration into regional and global value chains.

- Development: The EU complements the market opening effort of the West African partners with a substantial development assistance package. On 17 March 2014, the EU Foreign Affairs Council confirmed EU support of at least €6.5 billion for West Africa during the first period 2015-2020
[but there is not a single additional euro to the traditional cooperation funds, as attested by the EU Commission DEVCO brochure of July 2015: "*From 2014-2020, €6.5 billion will be delivered to support PAPED… The funds are drawn from the existing EU financial instruments: 11th European Development Fund National Indicative Programmes (NIP), Regional Indicative Programme (RIP), intra-ACP programme, and relevant EU thematic budget lines*" (https://ec.europa.eu/europeaid/sites/devco/files/epa-brochure_en.pdf). Furthermore this traditional funding corresponds to €3.44 per year per inhabitant of WA at mid-term].

The Economic Partnership Agreement Development Programme (EPADP) plays a crucial role in ensuring that the EPA promotes trade and attracts investment to West African countries. This will contribute to development, sustainable growth and reducing poverty.

The institutional provisions of the EPA set up a specific forum for West Africa and the EU to discuss and resolve trade issues: in that manner, the EPA creates a genuine bi-regional "partnership", which is also extended to parliamentary representations and the civil society
[why then the DG Trade refused to publish the WA EPA reports concluding to negative impacts for WA?].

The conclusion of the EPA negotiations should also be seen in the context of West Africa's efforts to improve regional integration, which materialised, for instance, in the adoption and entry into force of the Economic Community of West African States (ECOWAS) Common External Tariff (CET) in

January 2015. Current intraregional trade is low, but the EPA would contribute to foster it especially through the flexible rules of origin provisions that are part of the agreement and the development assistance channelled in the EPA context for instance to support regulatory convergence and trade facilitation within the region.

[Before coming to the ROO rules, let us mention that 3 reports just alluded to underscore that the EPA would foster the WA desintegration as a consequence of trade diversion favouring imports from the EU:

- The ITAQA report of 2008, based on 2004 trade data, concluded that at the end of the liberalization process Nigeria's imports would be reduced by 8.7% from Mali, by 5.7% from Niger, by 5% from Ghana and by 4% from Ivory Coast (IC).
- For the ITAQA report of 2012 "*There is a decline in intra regional exchanges, reflecting trade diversion in favor of the EU and to the detriment of regional partners. For products equal in quality and characteristics, the decline in the prices of European imports due to the tariff reductions pushed African importers away from regional producers because they became less competitive than before the tariff cuts*".
- The University of Ibadan report of April 2014 states that *"trade diversion mentioned in a 2011 study is confirmed, with imports from the rest of ECOWAS falling by 3% to 4%*", which would reduce regional integration that the EPA claims to promote… "*The reductions in duties on imports from the EU raise Nigeria's imports from the EU by 10.2% leading to a diversion of… US$ 920 million and US$ 2.25 billion respectively from ECOWAS and other African countries*".]

The estimated effects of the tariff reductions set out in the West Africa – EU EPA

The economic impact of the EPA between the EU and West Africa was assessed using a dynamic general equilibrium model, tailor-made for trade policy analysis and adjusted to the specific characteristics which apply to the West African countries. In a conservative manner, only the impact of the tariff reductions was assessed, i.e. what is easily quantifiable from the agreement. Essential provisions of the EPA (rules of origin, trade facilitation, cooperation on norms, the EPA Development Programme, etc.) were left out from the model since they are difficult to quantify without making strong assumptions; still they weigh in favour of West African countries. The results presented in the study should thus rather be seen as a lower approximation which is expected to be exceeded in the long-term thanks to the nontariff provisions of the agreement.

Based on the simulation results, West African countries' GDP will be positively affected by the agreement, albeit to a small extent, up to 0.5% (all results refer to the situation in 2035 compared to a baseline without the EPA). Welfare is also expected to slightly increase, from 0.1 to 0.7% depending on the country but regardless of the country's status as Least Developed Country (LDC) or not.

[It is curious that the same IFPRI team who wrote the report on WA EPA in January 2016 that the DG Trade refused to publish arrives now at a different conclusion when it wrote: "*The results concerning welfare are negative for Nigeria, Senegal, Benin, the Rest of ECOWAS region, and Togo and positive for Burkina Faso and Côte d'Ivoire*".]

Total exports from West Africa to the world are positively affected by the EPA and so are total imports, though to a smaller extent. West African exports are expected to increase on average by 1.5% and imports by 1.2%.

[Which contradicts the IFPRI summary in introduction: "*The gains in terms of access to foreign markets are limited or nil for West African countries, especially West African LDCs*".]

Despite the fact that most West African countries already enjoy duty-free quota-free (DFQF) access in the EU market, West Africa's exports to the EU are expected to increase by 4.1%.

[This report forgets to take into account – as most evaluation reports on EPAs and more generally on all FTAs – that the EU population would at best stabilize (the UN expects that it will decline after 2030) and that it will get older, implying that food consumption per capita will decline so that there is little chance that EU imports would rise, at least of agricultural and fish products which are the most exported by WA if you exclude raw commodities (of which crude oil). Above all you forgets to take into account the impact of the many recent FTAs signed by the EU and of those still negociated which would render WA products less competitive than other countries with which the EU has concluded FTAs.]

The agreement does not affect the Rest of Africa's trade with the world (0.0%) and has a small positive impact on the EU's trade with the world (0.1% for both imports and exports).

Almost all sectors in West Africa are expected to benefit from the EPA through an increase in exports – with the highest increases in the following sectors: cereals (10.2%), other food (9.9%), red meat (8.4%) and wearing apparel (12.8%).
[Which is not credible at all for cereals given the huge dependency of WA from imports of cereals which have risen from 7.1 million tonnes (Mt) in 2000 to 16.1 Mt in 2013 (growth rate of 6.1%/year), of which from 3.855 Mt to 7.361 Mt for wheat (growth rate of 4.4%) and from 2.903 Mt to 8.467 Mt for rice (growth rate of 8%), and more generally this is not credible for all foods given the demographic explosion in a context of the detrimental impact of climate change. Above all the huge dumping of EU food products, particulaly cereals would prevent any net food surplus (outside non basic food staples like cocoa and coffee).]

Minor decreases in exports are expected in only three sectors: cattle (-1.4%), other crops (-0.6%) and other mineral (-2.2%). The increase in exports relates to agricultural sectors as well as industry and services sectors.

West African production is expected to follow the same pattern, with an increase in almost all the main sectors in each country. The sectors where production is estimated to increase mostly are vegetables/fruits, construction, metals, transportation and business services.

The report also highlight the case of several sectors such as cocoa and textiles, for which the EPA constitutes an opportunity for more transformation in West Africa and more value addition. For instance, the EPA provides access to the EU market not only for raw cocoa beans (as under the GSP) but also to cocoa powder, cocoa paste and chocolate. The textile sector will benefit from preferential rules of origin (only a single transformation required in order to keep the benefit of the preferential access to the EU market) that other competing countries do not have, thus incentivising investment location and production in West Africa, in line with West Africa's industrialisation strategies.

EU's exports to West Africa are expected to increase by 23.3%, reflecting the absence of preferential treatment for EU products currently. This increase would be in the sectors that West Africa decided to liberalise with a long timeframe and not on the sensitive sectors that have been excluded from liberalisation.
[What a misrepresentation! The import duty on cereals except rice and milk powder would disappear in year 6 (from 5% to 0), at the beginning of liberalisation, and these two products have accounted for 23% of all EU food exports to WA in 2015: €907.7 M – of which €545.1 M for cereals and €362.6 M for milk powder (HS code 0402) – over total EU food exports to WA of €3.939 bn.]

That improvement in market access would only marginally affect other trade partners (mostly Asia and NAFTA) without however radically changing West Africa's trade pattern.

The remuneration of production factors is generally positively affected by the EPA, albeit to a small extent. Remuneration of labour is expected to increase in all countries (up to 0.9% in Côte d'Ivoire), while other factors such as capital, land and natural resources would also gain in most countries, with limited exceptions. Tariff reduction is expected to slightly reduce the poverty headcount in the two countries observed (Ghana and Nigeria).

As a result of tariff reductions, collected import duties will on average be lower in 2035 (by 11.7%). Compared to GDP or government revenues, the reduction in import duties remains limited (respectively

-0.3% and -2%). It should be noted that this is only the impact of the tariff reductions, without taking account the positive impact of fiscal reforms that West African countries might undertake, or the other elements of the EPA (e.g. the EPADP).

Conclusion

The simulation of the impact of tariff reductions set out in the EPA shows positive gains for West Africa, though small. However, the gains for West African countries should be considered as lower bounds since the modelling takes into account only those aspects of the EPA that are readily quantifiable (tariff reductions) and does not cover other aspects that are more difficult to quantify, but can affect positively West Africa's economy.

For example, the relaxation of rules of origin should enable West Africa to take better advantage of the market access offered, to enhance cooperation among them as well as regional integration. Improvements in the quality of infrastructure and reduction in delays in trading through trade facilitation measures can reduce trade costs and further increase exports.
[But the trade facilitation would mobilize scarce fiscal resources that would foster even more imports from the rest of the world, particularly from the EU, to the detriment of regional integration with funds prioritizing horizontal transport infrastructures, particularly railways, from Dakar to Niamey.]

By establishing a favourable and predictable regulatory environment and enhancing good governance, reducing corruption and increasing political stability, West African countries should be able to stimulate trade and investment further. All the aforementioned elements cannot be easily and accurately quantified and therefore they were not included in the analysis.

The EPA creates several joint institutions in charge of the implementation of the agreement (Joint Council, Joint Committee, Parliamentary Committee and Consultative Committee). It is the task of those institutions to ensure that the EPA is properly implemented, as well as to make proposals for reviewing priorities set out in the agreement. For that purpose, constant monitoring of implementation of the EPA is paramount. The setting-up of the Competitiveness Observatory would be important in this context too. It covers implementation of all aspects of the EPA from trade liberalisation, sustainable development to development cooperation actions. This will be achieved through a participatory and inclusive process, involving various actors and stakeholders.

In addition, the EPA foresees discussions on a wider negotiation agenda ("rendez-vous clauses") covering other areas affecting trade and investment, for instance services, investment, or sustainable development, which could bring additional benefits to the countries concerned, when concluded.

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1. Introduction

The Economic Partnership Agreements (EPA) between the EU and the African, Caribbean and Pacific (ACP) states are the main element of the ACP-EU trade cooperation, and date back to the signing of the **Cotonou Agreement** in 2000. The objectives as set out in the Cotonou Agreement were to go beyond the unilateral preferential market access to the EU, which ACP countries had enjoyed since the first Lomé Convention in 1975, by:

- taking account of the different level of development between the negotiating parties.
- fostering the integration of the ACP states into the world economy,
- supporting their regional integration, and
- making trade a better tool for growth and sustainable development.

In order to negotiate EPAs, ACP states chose their own **regional configurations**, usually building upon existing economic integration processes. Seven regions resulted from that choice: five in Africa, one in the Caribbean and one in the Pacific. In December 2001, the Economic Community of West African States (ECOWAS) Heads of State Summit decided that West Africa was to negotiate an EPA as a region. In October 2003, negotiations between West Africa (including Mauritania) and the EU were officially launched in Cotonou. On the West African side, the negotiating mandate was granted to the regional organisations (ECOWAS and West African Economic and Monetary Union-WAEMU).

After several rounds of negotiations spanned over more than 10 years, the negotiations were formally concluded on 6 February 2014 in Brussels and **the agreement was initialled on 30 June 2014** in Ouagadougou, Burkina Faso by the Chief Negotiators. The ECOWAS Summit in Accra on 10 July 2014 fully endorsed the EPA and decided that it should be signed and ratified. On the EU side, the Council Decision to sign and provisionally apply the EPA was adopted on 12 December 2014. Following the endorsement of the negotiated deal by both parties to the Agreement, it was presented for signature and will subsequently be submitted to the European Parliament for consent and to national Parliaments of signatory states for ratification.

While the EPA was crafted to respond to the jointly set objectives and is considered balanced and mutually beneficial by the two parties, it is however important to dispose of an in-depth analysis of the actual outcome of negotiations and of its consequences. The present study responds to this need. Given the development objective of the EPA, and the relatively low impact expected from the agreement on the EU economy[2], the study focusses on the consequences of the EPA for West African countries, in terms of economic development, social and fiscal impact.

Estimating the future effects of trade agreements is not an exact science, even when the content of the agreement is known. Apart from the methodological problems presented in section 6, certain aspects of the EPA make the analysis a challenging task:

[2] This low impact can be attributed to (1) the relatively small weight of trade with West Africa in the EU's total trade with the world, and (2) the fact that most West-African products already enter the EU market duty-free (either as a result of the Everything-but-Arms scheme, the general GSP scheme or the fact that the goods face MFN-0 duties on the EU market).

- The EPA sets out a time schedule for liberalisation on the West Africa side of 20 years. In the first five years no impact in terms of tariff reduction is to be expected: the main tariff liberalisation occurs after 10, 15 and 20 years
[that is not true: in year T+6 already 40% of tariffs liberalization occurs according to a South Centre report of 2012].

While the modelling carried out in the present study simulates future trends based on conservative assumptions, no certainty can be warranted over such a long time horizon. It is worth recalling, for instance, the unprecedented growth rate experienced by most West-African countries in the past 10 years [Maybe but this growth was mainly due to commodities exports, including oil and minerals and some agricultural (cocoa, bananas) and fish products (processed tuna), and World Bank data indicate that fuel, metal, and mineral exports represented about 62 percent of sub-Saharan Africa's exports in 2010-2014. With the collapse of world prices of oil and other minerals the prospects are not faaorable for the coming years. And the World Bank underlines that "*Overall, growth is less poverty reducing in Africa than elsewhere*." (http://www.worldbank.org/en/region/afr/overview#1). One percent of Nigeria's population controls 80 percent of the country's wealth (http://www.orfonline.org/wp-content/uploads/2015/12/OccasionalPaper_67.pdf). According to the Human Development (HD) Report 2015, 14 over the 16 WA countries were in the low HD in 2000, 2010 and 2014 (only Cape Verde and Ghana were in the medium HD group) and all of the 14 countries had a HD index lower than the average index of SSA (Sub-Saharan Africa) in 2000, 2010 and 2014, knowing that the HD index of SSA has only improved by 8% from 2000 to 2014 against by 32% for all countries of low HR index (http://hdr.undp.org/sites/default/files/2015_human_development_report_1.pdf). The HD index goes beyond only per capita GNI (gross national income) as it includes also life expectancy at birth and the years of schooling.]
– a fact which, in itself, pleads for caution when presenting the consequences of the agreement in year 2035.

Improvements in the business environment, in energy and transport infrastructures, can have positive economic outcomes outpacing the EPA's impact.[3]

- The analysis is based on the comparison of a scenario under which the EPA is implemented and, as a counterfactual, a baseline without EPA. That baseline needs to take into account the trade provisions which would apply to each West African country in its trade with the EU in case of no EPA. In the case of middle-income countries (Nigeria, Côte d'Ivoire, Ghana and Cape Verde[4]), the provisions of the Generalised Scheme of Preferences (GSP) would apply
[not to Cape Verde which benefits of GSP+! (http://eeas.europa.eu/delegations/costa_rica/documents/eu_costa_rica/european_commission._(2016)._report_on_the_generalised_scheme_of_preferences_during_the_period_2014-2015..pdf)].

In the case of Least Developed Countries (LDCs), the baseline reflects market access under the Everything-but-Arms scheme (duty-free quota-free access (DFQF) to the EU market, though with less flexible features than under the EPA, for instance with regard to cumulation of origin). Such approach is conservative, given that several West African LDCs[5] expect to become middle-income countries within the period covered by the study (20152035)

[3] See World Bank (von Uexkull, Njinkeu, Maur, Coste, Shui), *ECOWAS economic partnership agreement with the EU and Nigerian trade and development*, December 2014

[4] Cape Verde currently benefits from the enhanced Generalised System of Preferences known as GSP+. As a conservative approach, it was expected in the baseline that Cape Verde would keep on benefitting from the GSP+ provision in the observation period.

[5] See for instance, Senegal's "Emerging Senegal Plan" ('Plan Senegal Emergent"), which aims at *"an emerging Senegal in 2035 with social solidarity and the rule of law"*.

[Which ones? Could you argue, despite that their population would explode by 74.2%, from 120.9 million (M) in 2015 to 210.6 M in 2035, not to speak of the threats of climate change. At least the prospects of ODA (official development assistance) are not good: "*ODA will decline in 2015 to USD 54.9 billion and is projected to diminish further. More than two-thirds of states in sub-Saharan Africa, the majority of which are low-income countries, will receive less aid in 2017 than in 2014 (OECD, 2014a)*" (http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/PDF_Chapters/Overview_AEO2015_EN-web.pdf).]
and would then face market access under the GSP in case of no EPA

Also some of the middle-income countries are expected to graduate from GSP, at least in selected sectors[6] if not fully, by becoming upper-middle income countries [same remarks].

- Many trade-related elements of the EPA cannot be modelled in the study. For instance, the more favourable rules of origin set out in the agreement for West Africa constitute an asset for business to settle and produce in West Africa. However, these advantages could not be modelled; the reason being that while the benefits of the more favourable rules of origin vary across product groups, the rules of origin themselves are usually defined at the 4-digit level of the Harmonised System, which is a finer level of aggregation than the GTAP sector level at which the simulations are carried out. The various safeguards set out in the Agreement in favour of West African countries (e.g. the safeguard to protect infant industry, or the food security safeguard) may be activated if needed, but the need for such activation (e.g. a sudden surge in imports, a food security crisis, etc.) cannot be foreseen at this stage. [But the EPA safeguard is much less protective than the Special Safeguard available to the EU which can be triggered by a fall in import prices as well as by a surge in import volumes].

Another example is the foreseen cooperation on sanitary and phytosanitary norms (SPS): by helping West African companies to cope with SPS norms, cooperation will improve the access of West African products to the European market but in a magnitude which is impossible to quantify at this stage.

- Finally, and most importantly, the EPA is built on two "pillars": the trade pillar and the development cooperation pillar. While the impact of trade-related provisions on future economic patterns can be estimated, the impact of the development cooperation is more difficult to predict in the long term (20 years), in the absence of known projects and priorities which will emerge over the years. [Above all this is not politically feasible as the Cotonou agreement expires in 2020 and the Commission cannot guarantee that the EU will continue to grant as much funds to WA, funds which furthermore would not take into account the WA high population increase. And let us remember that there is not a single additional euro to the traditional cooperation funds in th EPADP, as attested by the EU Commission DEVCO brochure of July 2015.]

However, the development cooperation provisions, of which the overall objective is *"to build a regional economy that is competitive, harmoniously integrated with the world economy and stimulates growth and sustainable development"*, can be seen as amplifier for the positive effects of the EPA and a mitigating factor of the short term fiscal losses that the trade-related provisions will have.

Bearing these aspects in mind, the study is structured as follows. First it seeks to explain the policy context and rationale for concluding the EPA (section 2). Then, it looks at the existing economic and trade relationship between West Africa and the EU (section 3), before summarising the content of the EPA (section 4). Finally, after a literature review (section 5), economic modelling tools are applied to assess the impact of the tariff liberalisation schedule set out in agreement (section 6).

2. Context and rationale for the West Africa – EU EPA

2.1.Towards the EPA

[6] This is already the case for the Nigerian "raw hides and skins and leather" sector under the GSP (see http://trade.ec.europa.eu/doclib/docs/2012/december/tradoc_150164.pdf p. 23)

Starting point of the EPA process: the Cotonou Agreement (2000)
The Lomé Conventions (the first of which dates back to 1975) set out the principle of non-reciprocal concessions on trade in favour of countries from Africa Caribbean and Pacific (ACP)[7]. The first three Conventions were concluded for a period of five years. The fourth Convention covered the period from 1990 to 2000.

By the end of the 1990s there was a sense of frustration that the significant trade preferences for ACP exports had failed to stem the steady fall in ACP countries' share of total extra-EU imports and to bring the much needed diversification of ACP economies.
[Since the preferential trade agreements of the Lomé Convention did not prevent the ACPs from getting poorer, then administering the sovereign remedy of exposing them to a full fledged free trade with their main partner will necessarily trigger a salutary reaction which will increase drastically their competitiveness. This is a way of thinking as absurd as that consisting for a poultry producer to open the henhouse gate to allow the fox to test the poultry resistance capacity.]

Moreover, these preferences were in breach of the rules of the World Trade Organisation (WTO), which provide that countries in a similar situation should be treated on an equal basis. However, WTO rules also provide that countries can be granted specific treatment, insofar as such treatment is provided in the framework of a reciprocal free trade agreement that covers substantially all trade between the parties.
[Not necessarily! For Robert Howse, one of the best specialist of the WTO law, "*In determining what are the needs referred to in 3(c) for purposes of establishing what developing countries are similarly situated, the AB* [Appellate Body] *suggested that the adjudicator should look for a benchmark of development needs in WTO treaties, as well as in other multilateral instruments related to development. This implies a further role for non-WTO law (hard and soft) it articulating standards or benchmarks relevant to the application of WTO agreements*"[8]. Indeed, the Appellate Body statement reads: "*When a claim of inconsistency with paragraph 3(c) is made, the existence of a "development, financial [or] trade need" must be assessed according to an objective standard. Broad-based recognition of a particular need, set out in the WTO Agreement or in multilateral instruments adopted by international organizations, could serve as such a standard*" (paragraph 163). And Howse adds that "*it is encouraging that the Appellate Body cited the conditions in the EC's environmental and labor preferences as examples of objective and transparent criteria*"[9].]

The WTO agreed with much difficulty to an exception for the non-reciprocal trade regime until the end of 2007, after which they were to be replaced by WTO compatible arrangements.
[If the EU was forced to replace the non-reciprocal trade agreements with ACP countries in force in the Lomé Conventions by reciprocal EPAs of the Cotonou Agreement of 2000, it was because the producers of "dollar bananas" of Latin American countries complained at the GATT first and then at the WTO of their unequal treatment vis-à-vis the ACP countries that did not have to pay import duties to the EU. But the "banana war" in which the EU has been repeatedly condemned at the GATT and then at WTO finally ended with the agreement of 19 December 2009 concluded at the WTO between the EU and the bananas exporters of Latin America, an agreement entered into force on May 31, 2010: EU tariffs will be reduced from 176 €/t in 2009 to 114 €/t in 2017. In addition, the EU concluded in 2012 bilateral agreements with Colombia, Peru, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua and Panama, and Ecuador joined in 2014, in which tariffs on bananas will be reduced gradually to 75 €/t by 2020 (they are already at 103 €/t (against 127 €/t erga omnes including GSP) and will fall at 96 €/t in 2017, 89 €/t in 2018, 82 €/t in 2019), and there would not be then any tariff quota. Offsets, but insufficient, were granted to ACP and EU banana producers to cope with increased

[7] The ACP Group of States was founded by the Georgetown Agreement in 1975.
[8] Robert Howse, *Appellate Body ruling saves the GSP, at least for now*, ICTSD, Bridges, April 2004.
[9] Rober Howse, *Internet roundable*, op. cit.

competition from these countries. Since Latin America countries are no longer opposed that ACP countries keep their DFQF access to the EU banana market, the EU and ACP countries would have the greatest chance of getting a WTO waiver to return to non-reciprocal trade preferences with the EU. A fortiori if the application for a waiver were limited to food products. It is only a matter of political will.]

The ACP countries and the EU have jointly designed the EPAs as a response to this commitment. Therefore the Cotonou Agreement foresaw the setting up of a new reciprocal - partnership for trade and development which maintained still a significant asymmetry in favour of ACP countries.

In 2003 and 2004, formal regional negotiations were launched with West Africa, Central Africa, Eastern and Southern Africa, the Caribbean, Southern Africa / SADC and the Pacific. Countries of the East African Community formed a separate negotiating group in August 2007. However, negotiations made slow progress and by the beginning of 2007 no WTO-compatible trade agreements had yet been agreed. In deference to the rapidly approaching end-of-year deadline, it was agreed in October 2007 to split the negotiations into two stages: (i) "interim EPAs" (also called "stepping stones"), to be concluded by the end of 2007; followed by (ii) further negotiations towards comprehensive EPAs to be concluded at the regional level.

Box 1: State of play of EPAs in other ACP regions (March 2016)

- Caribbean: regional EPA applied since 2008
- Pacific: EPA with Papua New Guinea applied since 2011, with Fiji applied since 2014
- Eastern and Southern Africa: EPA with Mauritius, Seychelles, Zimbabwe and Madagascar applied since 2012
- Central Africa: EPA with Cameroun since 2014
- South African Development Community: conclusion of negotiations of a regional EPA in 2014
- Eastern African Community: conclusion of negotiations of a regional EPA in 2014

The EU Market Access Regulation (2008)

Annex V of the Cotonou Agreement, which provided for unilateral trade preferences for the ACP countries, expired on 31 December 2007. To bridge the gap for countries that were not yet in a position to apply EPAs, as they were awaiting signature and ratification, the EU set out transitional arrangements applying as from 1 January 2008 to products from the countries in question through the Council Regulation (EC) No. 1528/2007, the so called Market Access Regulation (MAR). This regulation governed the EU import regime for the ACP countries that had initialled EPAs in 2007. It basically unilaterally anticipated the duty-free access that the EU offered in these agreements, pending their entry into force.

However, because after several years a large number of ACP countries had neither taken the necessary steps towards ratification of an EPA nor concluded comprehensive regional negotiations, the MAR was amended in May 2013 (Regulation 527/2013) to reserve free access only to those countries that had ratified their EPA or had concluded negotiations for a regional full EPA by 1 October 2014. Otherwise, the unilateral regimes with their particular arrangements apply (except in upper middle income countries which are submitted to the MFN regime).

The Generalised Scheme of Preferences (GSP)

The GSP consists of three arrangements, namely the general arrangement; a special incentive arrangement for sustainable development and good governance (‘GSP+’); and a special arrangement for LDCs - the Everything But Arms (EBA) initiative. The first GSP was adopted in 1971. The regime has undergone significant reforms leading to the current GSP, adopted in 2012, which has been applied since 1 January 2014. The scheme is focused on fewer eligible beneficiaries (removing countries which have achieved a high or upper middle per capita income, according to the World Bank classification) to ensure more impact on countries most in need. At the same time, more favourable treatment is provided through

GSP+ to countries which commit to implementing international human rights, labour rights and environment and good governance conventions. Finally, the EU's EBA initiative provides for even more favourable tariff treatment for LDCs, granting unrestricted DFQF access to all products (except arms) from all LDCs.

The EPA negotiation process

EPA negotiations with West Africa were officially launched at a ministerial meeting in Cotonou, Benin, in October 2003. The West African Heads of States Summit decided to negotiate under a geographic configuration composed of all ECOWAS States plus Mauritania. Mandate was given to the ECOWAS Commission, in association with WAEMU Commission, to negotiate on behalf of the West African countries.

A road map for the negotiations was later adopted in May 2004. The road map covered two initial phases: 1) to examine the acquis of the region in all trade matters and, 2) to agree on the global parameters and scope of the future agreement. Negotiation on the text of the agreement started in 2006. The ministerial meeting of 5 February 2007 agreed to progress in parallel on three main substantive issues: 1) market access, 2) trade related rules, and 3) development support. It became clear that it would not be possible to conclude a full EPA before the deadline set by the WTO (until the end 2007). Côte d'Ivoire and Ghana initialled separate bilateral "stepping stone EPAs" end-2007 to avoid trade disruption (see above).

At a ministerial level meeting in June 2009, a two-phase approach was agreed. First, an agreement with the whole West African region would cover trade in goods, some trade rules and development cooperation. Second, trade in services and the remaining trade-related issues would continue to be negotiated in a later phase.

In October 2013, the ECOWAS Heads of State summit in Dakar confirmed the West African commitment to conclude the negotiations and validated a new market access scenario. A compromise package was worked out during a final round of negotiation in January 2014.

2.2.Rationale for the EPA

The declared objective of the parties when negotiating the agreement was broad, aiming at *"fostering the smooth and gradual integration of the ACP States into the world economy with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries".*[10]

The conclusion of the EPA negotiations comes at a time when West Africa has experienced unprecedented growth rates (4.8% on average in the period 2008-2013, see below), despite political, health or security challenges in several countries. This economic growth has been sustained by an increasing oil production and exportation, but also by the development of the services sector (telecommunications, transport, retail, online services, banking) – which has resulted in increased production and an increased diversification of most West-African economies.

However, the consolidation of these positive trends still face obstacles such as the lack of appropriate infrastructure, regulatory hurdles between countries and within countries, or the cost of trading across borders, of registering property of enforcing contracts, etc.[11] With regard to trade patterns, the existence of several trade schemes (EBA, GSP, GSP+) is suboptimal in terms of regional integration and as they are unilateral and can be revised at any time, they offer limited visibility for investors.

[If the EBA can be revised at any time why then the EU Commision wrote in its document of October 2012 on "The EU's new Generalised Scheme of Preferences (GSP)": "*The Everything But Arms arrangement already is an open-ended scheme and will not change. Least Developed Countries continue to benefit from duty-free, quotafree access to the European market for all products – except for arms and ammunition. LDCs will also continue to benefit from the recently amended, more favourable, GSP Rules of Origin. Under the new GSP, the*

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[10] Cotonou Agreement, Article 34 §1.

[11] See World Bank, *Doing business 2014 : Economic Community of West African States,* p.8

effectiveness of the EBA scheme will be strengthened. Reducing the GSP to fewer beneficiaries, and increasing graduation will reduce competitive pressure and make the preferences for LDCs more meaningful—providing much more opportunity to export" (http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150028.pdf)].
Moreover, these schemes are linked to a particular level of development and as the countries grow richer, they will eventually graduate from these unilateral preference schemes.

A major objective of the EPA is to help West African countries produce valueadded goods and develop their industrial capacities.
[If this were true why then the Nigeria's President Muhammadu Buhari told the EU Parliament in Strasbourg on 3 February 2016 that "*Giving due consideration to the mismatch of the two regions (Europe-ECOWAS) in terms of technology and manufacturing experience, the Manufacturers Association of Nigeria and Associated Trade Unions raised concerns over the negative impact of the agreement on Nigeria's industrialisation programme*".]

To that end, the EPA will lower the cost of imported inputs and intermediates, thus lowering production costs for all companies, including small and medium-sized enterprises (SMEs). This increases the competitiveness of the local economy to produce for local, regional and international markets and to connect to global value chains.
[How can you write that lowering the cost of imported inputs such as cereals (except rice) and milk powder would increase the competitiveness of the WA farners producing millet, maize, sorghum, yam, tapioca, plantains and milk? Their already very low import duty – 5% ad valorem – would fall to zero from 1 January of the year 6, from the beginning of the opening of the WA market to EU exports. Reducing to zero import duty on cereals, mainly wheat, would jump the share of EU exports to ECOWAS, which has averaged 22% of ECOWAS imports from 2010 to 2013, because Nigeria, which makes ¾ of the total wheat imports value of ECOWAS, mainly from the US, is already planning to source them in the EU, given the depreciation of the euro to the dollar. This reduction to zero of duties on wheat would result in a minimal loss of €28.4 million (M) in duties from the start in the 6th year, which could reach €179 M in 2030 because of the potential increase in wheat imports due to the sharp rise in WA population and if the wheat consumption per capita observed from 2000-02 to 2010-12 would continue at the same pace. On the other hand the EU subsidies to its cereals exports to WA increased from €186.3 M in 2012 to €208.6 M in 2013, declined to €198.1 M in 2014 but rose again to €238 M in 2015 (see *Impact of the West Africa-EU Economic Partnership Agreement on cereals*, Solidarité, May 31, 2015 (http://www.solidarite.asso.fr/Papers-2015?debut_documents_joints=10#pagination_documents_joints) and *Dumping des céréales totales exportées par l'UE en 2015*, Solidarité, 30 mars 2016, http://www.solidarite.asso.fr/Articles-de-2016). As for the EU subsidies to its dairy exports to WA, each tonne of milk equivalent receive a subsidy of €51.5 of which €17.4 of feed subsidies and €34.1 of direct payments to the EU milk producers. In 2013 the subsidies reached €68 M or 12.6% of the EU exports and €72 M in 2015. And the WA losses of import duties on dairy would have reached €9.2 M if the total dismantlement of duties would have occured in 2015. And even if most meat are excluded from liberalisation and if most of their tariff lines (TL) in the ECOWAS CET (common external tariff) are at 35%, it is not sure that this tariff level would be enough to prevent imports from the EU given the high level of EU subsidies in 2014: €161.6 M, of which €75.2 M for bovine meat, €68.7 M for poultry and eggs and €17.7 M for pig meat.]

It is also complemented with measures to be triggered to protect industrial sectors and infant industry, as well as to exclude from liberalisation West Africa's sensitive productions. EPAs also offer flexible rules of origin under which firms can more easily source inputs from elsewhere without losing their free access to the EU.

In keeping with the objectives set out in the Cotonou Agreement, sustainable development is a key objective of the EPA, which is explicitly based on the "essential and fundamental" elements set out in the Cotonou Agreement, i.e. human rights, democratic principles, the rule of law, and good governance.

The joint EPA institutions are tasked with the function of monitoring and assessing the impact of the implementation of EPAs on the sustainable development of the parties, also carving out a clear role for civil society and members of parliament.

The conclusion of the EPA negotiations can also be seen in the context of West Africa's efforts to improve regional integration, which materialised, for instance, in the adoption of the ECOWAS Common External Tariff (CET) for entry into force in January 2015. Regional integration efforts are a key element of West Africa's future trade patterns, aiming at creating a wider integrated market which will attract investors and increase revenue prospects for local production. The EPA, coupled with the EU's overall strategy to support regional integration, aims at helping West Africa also in the technical and policy aspects of economic integration.
[Unfortunately the EU Commission has refused to publish 4 excellent reports on the WA EPA that if has commissioned and financed because they concluded on many negative impacts of the EPA, among which the dismantlement of the regional integration as a result of trade diversion in favour of more imports from the EU. For the leaked ITAQA report of 2008 the trade diversion in favour of imports from the EU reduces the regional integration process, one of the main EPA objectives: at the end of the liberalization process Nigeria's imports would be reduced by 8.7% from Mali, by 5.7% from Niger, by 5% from Ghana and by 4% from IC. The other leaked ITAQA report of 2012 showed a decline in intra regional exchanges, reflecting trade diversion in favor of the EU and to the detriment of regional partners. For products equal in quality and characteristics, the decline in the prices of European imports due to the tariff reductions pushed African importers away from regional producers because they became less competitive than before the tariff cuts. For the report on the impacts of the EPA on Nigeria, published on April 23, 2014, and prepared by Adeola Adenikinju and Abiodun Bankole of the University of Ibadan, the trade diversion already mentioned in their previous report of 2011 is confirmed, with imports from the rest of ECOWAS falling by 3% to 4%, which would reduce regional integration that the EPA claims to promote.]

For that reason, the EPA differs from free trade agreements currently in place or currently negotiated by the EU with other trading partners: while it remains a reciprocal agreement (as a condition for its compatibility with WTO rules), it weighs in favour of West Africa through so-called "asymmetries", i.e. specific provisions in favour of West Africa. Those more favourable features can be summarised as follows:

- Asymmetric market access in favour of West Africa (full market access for West African products, partial market access for EU ones);
  [no, the assymetry is in favour of the EU as it has only to liberalise 3% more imports, from the present 97% to 100%, whereas WA has to liberalise 82% (the South Centre has shown that 75% of tariff lines corresponded to 82% of imports value from the EU in 2012).]
- Safeguards for West Africa (e.g. for reasons linked to surge of imports, nascent industry, food security, etc.);
- Flexible and asymmetric rules of origin, so as to foster West Africa's integration into regional and global value chains;
- Development package with focus on promoting trade, increasing competitiveness and attracting investment to West African countries.

Box 2: EPAs and regional integration
There is political consensus in Africa to pursue ambitious integration projects, at regional and continental level. In that regard, the EPA process has served as a useful learning experience and has contributed to the advancement of the integration process. Regional integration in the ACP is one of the key objectives of EPAs. [Sure but the 4 EPA reports that the EU has refused to circulate have underscored that the EPA would foster disintegration, particularly from the trafic diversion favouring imports from the EU to the detriment of intra-regional imports.]

The negotiation process as such has contributed to this effect, by bringing different countries within regions around the same table to define common positions on the issues at stake and by strengthening processes leading to customs unions and common external tariffs, like in EAC and West Africa.

Besides that general objective, EPAs include mechanisms to support and facilitate regional integration. Flexible rules of origin and the possibility to cumulate origin while sourcing inputs are crucial in this regard. Moreover, through the EPA provisions on "regional preference" countries within a region commit themselves to give each other at least the same treatment as to the EU. This does not exclude that they apply better preferences among each other than those granted to the EU.

Other EPA provisions, especially those addressing standards, technical barriers to trade, regulatory frameworks and trade facilitation, are aimed to help build a predictable and standardised business environment that would address some of the bottlenecks impeding regional integration in Africa. Development assistance, channelled in the EPA context for instance to support regulatory convergence and trade facilitation within regions, is also likely to help. Last but not least, having a single trade regime across a region, with free access to the EU market, eliminates incentives for industry relocation from countries with less generous access to those with better preferences.

With the institutional provisions of the EPA, the EU and West Africa will have a specific forum to discuss and resolve trade and trade related issues (such bilateral forum does not exist at this stage): in that manner, the EPA sets up a genuine bilateral "partnership", which also includes parliamentary representatives and the civil society. Finally, the European Commission recalled on several occasions that EPAs form part of the EU's development policy approach, in line with the EU Africa Summit Declaration of 3 April 2014: *"It is time for a fundamental shift from aid to trade and investment as agents of growth, jobs and poverty reduction."*[12]

Overview of the economic and trade relations between the EU and West Africa

3.1.West Africa's economy

The 16 West African countries have a population of over 330 million, with over half of them in Nigeria (see Table 1). Their Gross Domestic Product (GDP)[13] ranges from €680 million in Gambia to €36 billion in Ghana, with Nigeria reaching €393 billion in 2013.. According to the United Nations categorisation[14][15], 12 out of the 16 countries are identified as LDCs. The remaining four countries (Cape Verde, Nigeria, Ghana and Côte d'Ivoire) are lower middle income countries.

Table 1: West Africa's GDP and population, 2013

Country	GDP 2013 (million €)	World rank (GDP 2013)	Population (million)	GDP per capita (€)	Average GDP growth rate (%)[13]
Nigeria	392,895	25	173.6	2,263	5.9
Ghana	36,245	82	26.1	1,389	8.6
Côte d'Ivoire	23,388	96	21.1	1,108	3.8
Senegal	11,137	119	13.5	825	3.1
Burkina Faso	8,721	129	18.0	485	6.2
Mali	8,239	134	15.5	532	3.3
Benin	6,255	142	9.6	652	4.1

[12] EU Africa Summit Declaration of 3 April 2014, §43.

[13] GDP data were downloaded by the World Bank (World Development Indicators) in March 2015. For the conversion from $ to €, the average annual exchange rate used was €1=$1.3281 (Eurostat). Population data were obtained by the 2013 world population data sheet (Population Reference Bureau).

[14] According to the United Nations (UN), the criteria used for the identification of LDCs are gross national income per capita, the human assets index and the economic vulnerability index. http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_criteria_id.shtml

[15] The GDP growth rate is, for each individual country, the average of the annual GDP growth rates from 2008 to 2013.

Niger	5,577	145	16.9	330	5.8
Guinea	4,626	148	11.8	392	2.8
Togo	3,267	153	6.2	527	4.3
Mauritania	3,131	155	3.7	846	4.1
Sierra Leone	3,114	156	6.2	502	5.1
Liberia	1,469	166	4.4	334	11.0
Cape Verde	1,415	167	0.5	2,830	2.1
Guinea-Bissau	723	177	1.7	426	3.0
Gambia	680	178	1.9	358	4.2
West Africa	*510,885*		*330.7*	*862*	*4.8*

rld Bank (GDP, World Development Indicators), Eurostat (exchange rate $/€), Population Reference Bureau (population)

In the 2008-2013 period, the average annual GDP growth rate was slightly below 5% for the 16 West African countries as a total, with the highest growth rate reported for Liberia (11%) and Ghana (9%) and the lowest for Cape Verde (2%).

Nigeria is by far the largest economy in West Africa, representing 76.9% of West Africa's GDP, followed by Ghana, Côte d'Ivoire and Senegal. Collectively, those four countries amount to more than 90% of West Africa's economy.

West Africa's international competitiveness, determined by the institutional environment, infrastructure, the stability of the macroeconomic environment, quality of education, goods market and labour market efficiency, financial market development, technology and innovation, is poor. All the West African countries are ranked in the Global Competitiveness Index 2014-2015 below the 111th position (out of 144 economies), with Mauritania and Guinea being among the 5 worst performers[16].

In the World Bank's 2015 Doing Business ranking[17], West African countries are ranked below the 140 position (out of 189 countries), with the exception of Ghana (114) and Cape Verde (126). The average position of West African countries is 153, and the main issues identified are "getting electricity" (average rank 160/189), "paying taxes" (155/189), and "dealing with constriction permits" (143/189).

One of the main problems that West African countries face in their integration to international trade is their logistics infrastructure. According to the World Bank's Logistics Performance Index for 2014, their overall performance in terms of customs, infrastructure, logistics quality and competence is poor as well. In a comparison of 160 countries, almost all West African countries ranked below the 100th position (with the exception of Nigeria and Côte d'Ivoire which ranked on the 75th and 79th position[18]).

3.2.West Africa's trade with the world

All West African countries are members of the World Trade Organisation (WTO)[19].West Africa's exports to the world were €100 billion in 2013, whereas their respective imports were €113 billion (see Table 2).

[16] Global Competitiveness Index 2014-2015 in the Global Competitiveness Report 2014-2015 of the World Economic Forum. Data are not available for Liberia, Benin, Guinea-Bissau, Niger and Togo. In 2013-2014 the respective ranking for Liberia and Benin was around 130.

[17] http://www.doingbusiness.org/rankings

[18] World Bank, Logistics Performance Index 2014. Burkina Faso is ranked in the 98th position. Sierra Leone (2012 data), Mauritania and Gambia are ranked below the 140th position. There are no data available for Cape Verde. It should be noted that there are differences in the performance of each country in the different categories, e.g. a country may perform better in terms of timeliness or logistics quality and competence and worse in terms of customs.

[19] Liberia was admitted as a member at the WTO Ministerial Conference in Nairobi in December 2015.

Table 2: West Africa's key trading partners in trade in goods (million €)

West Africa's imports in goods					
	2004	**2007**	**2010**	**2013**	**Share**
World	**37,653**	**63,295**	**86,479**	**112,894**	**100.0%**
EU28	13,002	19,072	22,025	24,907	22.1%
China	2,780	7,618	14,872	21,572	19.1%
WA*	4,058	5,434	7,167	10,317	9.1%
USA	2,204	3,468	5,343	7,831	6.9%
India	910	2,185	2,779	4,982	4.4%
S. Korea	2,240	4,201	5,548	4,911	4.4%
West Africa's exports in goods					
	2004	**2007**	**2010**	**2013**	**Share**
World	**38,172**	**64,107**	**77,354**	**100,232**	**100.0%**
EU28	10,037	15,837	19,556	34,602	34.5%
India	417	5,941	8,025	10,400	10.4%
WA*	3,836	5,117	6,560	9,387	9.4%
USA	13,273	23,156	22,802	9,374	9.4%
Brazil	2,829	4,065	4,521	7,475	7.5%
China	674	986	1,873	4,647	4.6%

Source: Eurostat – IMF (downloaded in April 2015)
Note: WA refers to intra-West Africa trade, i.e. trade among the 16 West Africa countries)*

West Africa's largest trading partner is the EU, which receives 35% of West Africa's exports and accounts for 22% of West Africa's imports.
[No, it is higher: the EU accounted for 37.6% of Ecowas exports on average from 2013 to 2015 and 29.8% of its imports or, for 2015 only 38.8% of exports and 31.2% of imports according to ITC TradeMap].

Other important trading partners are India, the US and China. In the last decade West African countries have increased both exports and imports to and from their key trading partners (with the exception of the US on the export side, mainly due to the decrease of Nigerian exports to the US, and South Korea on the import side).

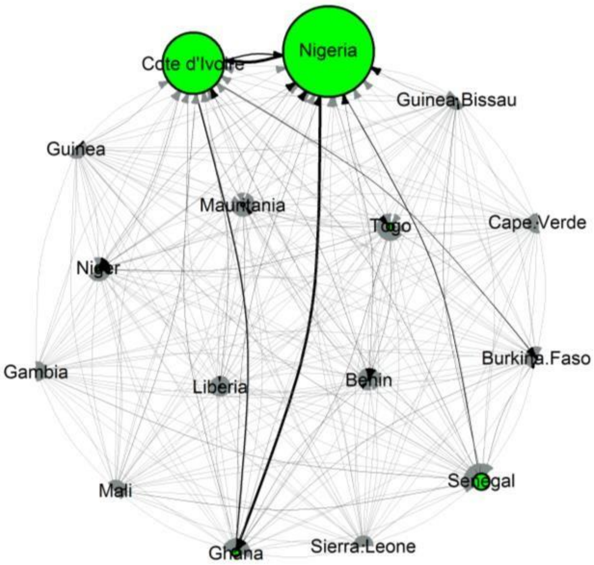
West Africa's exports to the world were multiplied by 2.6 between 2004 and 2013, and West Africa's imports by 3. This is superior to the global evaluation of World trade, which was multiplied by 2 over the same period[20]. West Africa's exports to the EU were multiplied by 3.4, confirming the EU as the

[20] Source: WTO statistical database http://stat.wto.org/Home/WSDBHome.aspx?Language=E

main market for West African exports, and West Africa's imports from the EU by 1.9. Intra-West Africa trade also increased over the period.

Trade among the 16 West African countries (intra-West Africa) represents less than 10% of West Africa's total exports and imports showing thus that there is still a significant margin of improvement in regional trade integration.

Figure 1: Intra-West African trade, 2013



Source: IMF DoTS (Eurostat)

Intra-regional trade flows are reproduced in the above figure, where arrows show the direction of trade, i.e. exports from a West African country to other countries in the region. The thicker the arrow is, the more important the value of exports from one country to another. Arrows in grey represent trade below the average trade value in intra-West Africa trade, whereas arrows in black represent trade above. In 2013 the total exports of the 16 West African countries to other West African countries were €9 billion and the average export value from one country to another was €37.9 million.

The size of the circles represents the share of exports to West Africa from a given country to West Africa's total intra-regional exports. This means that the bigger the circle, the larger the exports are from this given country to the other West African countries.

3.3.Trade relations between the EU and West Africa

Trade in goods

Trade between the EU and West Africa consists mainly of goods and has increased substantially since 2003 (see **Error! Reference source not found.**).

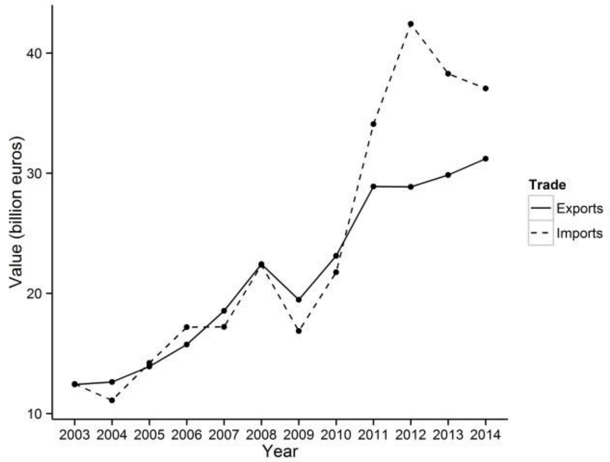
In 2014, EU exports to West Africa stood at €31 billion, i.e. accounting for 2% of EU total exports to the world, and EU imports from West Africa measured over €37 billion, i.e. 2% of EU total imports – percentages which are comparable to those of India or Canada.

From 2003 to 2010, EU exports to and imports from West Africa have increased at a similar rate (10% annual growth rate on average). However, since 2010, EU imports of West African goods have increased at a faster rate than EU exports to West Africa and remain significantly higher despite a decline in 2013 and 2014.

As can be seen in Table 3, five West African countries (Nigeria, Togo, Ghana, Senegal, and Côte d'Ivoire) account for 79% of EU exports to the region, with Nigeria receiving nearly 40% of EU exports to the region, Togo receiving 15%, and Ghana and Senegal about 10% each.

In terms of EU imports from West Africa, Nigeria is the EU's main supplier from the region (76%), followed by Côte d'Ivoire and Ghana (9% and 8 % respectively).

Figure 2: **EU exports and imports to and from West Africa, 2003-2014**



ce: Eurostat – Comext (downloaded in March 2015); exports from the EU to WA" and imports to the EU from WA"

Table 3: EU trade in goods with West Africa, 2014 (million €)

	EU Exports		**EU Imports**	
West Africa	***31,198***	***100%***	***37,053***	***100%***
Nigeria	11,578	37%	28,166	76%
Togo	4,759	15%	85	0%
Ghana	3,103	10%	2,874	8%
Senegal	2,840	9%	399	1%
Côte d'Ivoire	2,306	7%	3,240	9%
Benin	1,102	4%	46	0%
Mauritania	1,053	3%	548	1%
Guinea	957	3%	469	1%
Mali	852	3%	41	0%
Liberia	602	2%	367	1%
Burkina Faso	588	2%	107	0%
Niger	457	1%	387	1%
Cape Verde	418	1%	79	0%
Sierra Leone	282	1%	224	1%
Guinea-Bissau	160	1%	3	0%
Gambia	140	0%	18	0%

Source: Eurostat - Comext

Importance of trade by products (HS sections)

The most traded products between the EU and West Africa in 2014 can be observed in Figure 3. Only the 4 major countries (in terms of GDP) are depicted individually in the graph. The 12 remaining have been aggregated into the others category[21].

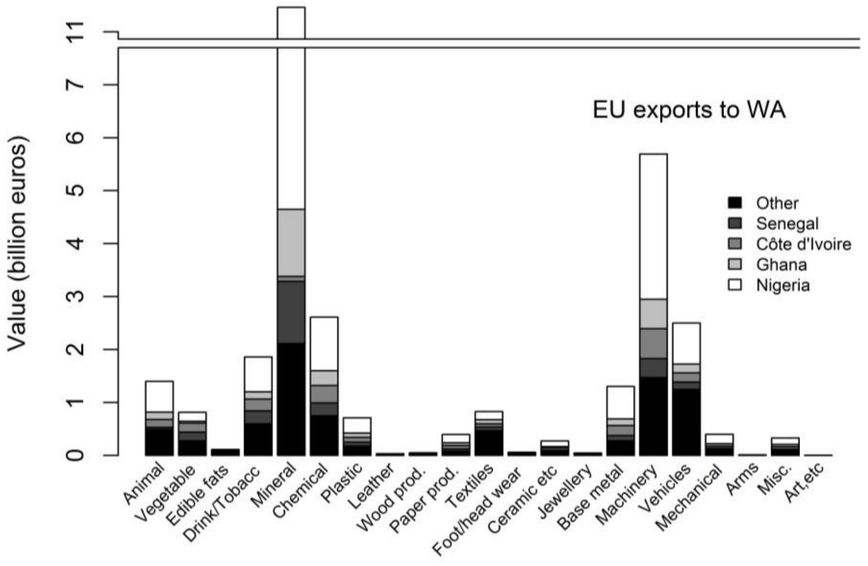
[21] Individual trading with the EU for each of the 16 West African countries at section level have been included in Annex 2.

The top graph in Figure 3, shows that "minerals" (i.e. oil) were the section most exported by the EU[22] (above €11 billion, accounting for 37% of EU exports to West Africa) followed by machinery and vehicles (HS[23] 16 and 17 – €5.7 and 2.5 billion respectively, accounting for 18% and 8% of EU's exports to West Africa). EU exports of "minerals" to West Africa (mostly refined oil) are mainly directed to Togo (36% of EU's exports of minerals to West Africa), Nigeria (33%), Ghana (11%) and Senegal (10%). Concerning machinery, 48% of EU exports to West Africa go to Nigeria and 10% each to Ghana and to Côte d'Ivoire.

From the bottom graph in Figure 3, minerals (HS 5) were by far the most important section imported by the EU (almost €30 billion, accounting for 80% of EU's imports from West Africa) followed by prepared foodstuffs, drinks and tobacco (HS 4 – €4.1 billion, accounting for 11% of EU's imports from West Africa). The majority of EU imports of minerals comes from Nigeria (91%), followed by Ghana (4%). EU imports of prepared foodstuffs, drinks and tobacco come mainly from Côte d'Ivoire, Ghana and Nigeria (54%, 31% and 11% respectively).

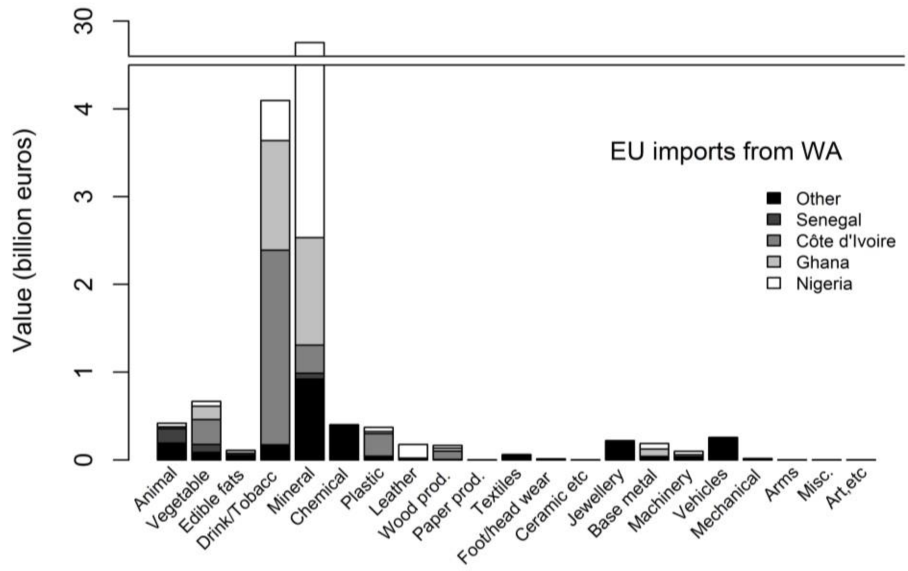
A more detailed analysis of the trade structure in each of the 16 West African countries can be found in Annex 2.
[Solidarité has presented the EU-WA trade by HS chapter for 2015 (*The foly to implement the EU-West Africa Economic Partnership Agreement (EPA), based on 2015 trade data* (http://www.solidarite.asso.fr/Papers-2016)].

Figure 3: EU exports and imports of goods to and from West Africa, 2014



[22] EU is mainly exporting (to West Africa) products that fall under the HS 2710 heading (petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic), while it is mainly importing (from West Africa) products that fall under the HS 2709 heading (petroleum oils and oils obtained from bituminous minerals, crude) and HS 2711 (petroleum gas and other gaseous hydrocarbons). In 2014 exports of HS 2710 products accounted for 96% of EU's exports of minerals to West Africa, whereas imports of HS 2709 and 2711 for 96% of EU's imports of minerals from West Africa.

[23] Harmonised System (HS).



Source: Eurostat – Comext

West Africa's tariff structure

Reflecting a significant step forward in West Africa's history of regional integration, the Common External Tariff (CET) for ECOWAS was adopted in October 2013 in Dakar. Officially coming into effect on the 1 January 2015, the CET harmonises tariff rates amongst West African countries. Based on the tariff bands of the WAEMU CET (0%, 5%, 10%, 20%) and with the addition of a fifth band at 35%, the CET reflects the political decision to protect sensitive sectors and nascent industries from trade liberalisation.

Table 4: Common External Tariff per section (on average) (%)

HS Section		**CET**
1	Live animals, animal products	17.0
2	Vegetable products	13.8
3	Animal or vegetable fats	15.0
4	Foodstuffs, beverages, tobacco	18.2
5	Mineral products	6.1
6	Chemical products	7.5
7	Plastics, rubber	10.9
8	Raw hides and skins	12.3
9	Wood, charcoal and cork	12.6
10	Pulp of wood, paper and paperboard	10.1
11	Textiles	17.0
12	Footwear, hats and other headgear	15.8

13	Articles of stone, glass and ceramics	16.7
14	Pearls, precious metals	10.6
15	Base metals	12.5
16	Machinery and appliances	8.5
17	Transport equipment	8.6
18	Optical and photographic instruments	10.9
19	Arms and ammunition	14.8
20	Miscellaneous manufactured articles	18.6
21	Works of art and antiques	20.0
Total		12.3

Note: The simple average was computed on each section's tariff lines (at 10-digit level).
[But this simple average of tariff lines is meaningless given the large disparity among tariff lines in most HS chapters!]

Before the CET, the tariff structures of the various countries were very diverse. In general, most tariffs at HS6 level were found between 3% and 20%, with the highest values recorded in arms and ammunition (HS 19) in Liberia and Cape Verde. The maximum tariffs applied (at 6-digit level) were around 30% in Nigeria and Sierra Leone. For the remaining West African countries, the maximum tariff was 20%. Implementation of the CET is however not fully effective, as several countries still need to put in place the changes. In addition, the CET foresees a transitional period of 5 years, during which two mechanisms are allowed: the import adjustment tax and the supplementary protection tax. The effect of both taxes is to provide ECOWAS countries with the possibility to adjust the CET as a way to ensure a smooth transition from national tariffs to the CET. That adjustment, which constitutes a derogation from the CET tariff, is limited to 3% of tariff lines.

Notwithstanding those transitional provisions, the (simple[24]) average tariff applied since January 2015 with the entry into force of the CET (in the 15 ECOWAS countries[25]) would be 12%.

Trade in services
In terms of trade in services, West Africa's exports to the world measured €8.3 billion in 2013, while their imports were €31.2 billion (see Table 5). Ghana and Nigeria are the largest exporters accounting each for 22% of total West Africa's services exports to the world, followed by Senegal and Côte d'Ivoire (12% and 9% respectively). On the other hand, Nigeria is the major importer (54% of the total West Africa's services imports from the world), followed by Ghana and Côte d'Ivoire (12% and 7% respectively). The majority of West African services that are exported to the world are transportation, travel and other business services.

From 2011 to 2013, all West African countries have a trade deficit in services, with the exception of Cape Verde, Gambia and Togo.

[24] Given the fact that the CET and the EPA tariffs have not yet been applied, the direction and volume of trade flows are not known and thus the simple average is more reliable than the trade-weighted average.
[The trade-weighted average is itself meaningless as the highest tariffs have a deterrent impact on imports]
[25] Mauritania is not included in the ECOWAS.

Table 5: West Africa trade in services with the World (million €)

	WA Exports	WA Imports	Trade balance
2010	7,075	26,424	-19,349
2011	7,959	28,708	-20,748
2012	8,760	31,567	-22,806
2013	8,250	31,179	-22,930

Source: WTO (Prepared by DG Trade)

West Africa's exports to the EU reached €5.5 billion in 2013 and West Africa's imports from the EU €9.5 billion (see Table 6). EU's major trading partner in West Africa is Nigeria (accounting for 51% of EU exports and 30% of EU imports), followed by Ghana and Côte d'Ivoire (accounting for around 10% of exports/ imports each)[26][27]. West Africa represents about 1% of EU's exports and imports in services.

Table 6: West Africa (WA) trade in services with the EU (million €)

	WA Exports	WA Imports	Trade balance[25]
2010	5,308	8,793	-3,485
2011	5,521	9,691	-4,170
2012	5,991	9,883	-3,892
2013	5,505	9,513	-4,009

Source: Eurostat, Balance of Payments data (BPM6), downloaded in November 2015

In 2013, approximately 67% of West Africa's total exports of services were directed to the EU and 31% of West Africa's imports of services originated from the EU[28].

Foreign Direct Investment

With respect to the Foreign Direct Investment (FDI), in 2013 the recorded inward stocks in West Africa from the world were €107.3 billion, having increased by 6% compared to 2012. At the same time West Africa's recorded outward stocks to the world were €12.0 billion[29].

Table 7: West Africa-EU FDI stocks (inward: from EU to West Africa, outward: from West Africa to EU) (million €)

West Africa	FDI Inward stock			FDI Outward stock		
	2011	**2012**	**Share**	**2011**	**2012**	**Share**
Benin	256	422	1%	6	n/a	n/a
Burkina Faso	n/a	65	0%	0	0	0%
Cape Verde	843	801	2%	6	1	0%
Côte d'Ivoire	847	1,158	4%	358	401	16%
Gambia	0	0	0%	0	0	0%

[26] Senegal accounts for 6% of EU exports of services to West Africa and 10% of EU imports of services from West Africa, whereas Liberia for 3% and 13% respectively.

[27] The WA countries that had a trade surplus with the EU in this 4-year period were Liberia, Cape Verde and Gambia, as well as Togo in 2010 and 2011 (and Senegal in 2012 (a small one)).

[28] Given the fact that the sources of data on EU's trade in services with West Africa and data on West Africa's trade with the world differ, these percentages should be treated with caution.

[29] Data on FDI are the ones recorded in UNCTAD which only cover a limited set of countries.

Ghana	2,490	n/a	n/a	5	2	0%
Guinea	122	205	1%	4	0	0%
Guinea-Bissau	61	n/a	n/a	0	0	0%
Liberia	416	390	1%	26	56	2%
Mali	404	771	2%	0	2	0%
Mauritania	0	0	0%	4	0	0%
Niger	3	1	0%	0	13	1%
Nigeria	20,792	28,089	87%	1,652	2,022	80%
Senegal	497	430	1%	34	16	1%
Sierra Leone	2	0	0%	1	1	0%
Togo	64	n/a	n/a	47	n/a	n/a
West Africa	*26,799*	*32,333*	*100%*	*2,144*	*2,515*	*100%*

Source: UNCTAD FDI/TNC database, own calculations[30] (n/a: not available)

In 2012 the FDI stocks in West Africa from the world were €101.1 billion, having increased by 25% compared to the previous year[31]. Since 2006 the West Africa inward stocks report a 17% annual average growth rate[32].

EU27's stocks in West Africa accounted for more than €32 billion in 2012 (32% of West Africa's inward stocks from the world), having increased by 21% compared to the previous year (see Table 7)[33]. Nigeria was by far the largest recipient of FDI, with 87% of West Africa's inward stock from the EU in 2012 and 78% in 2011. The respective percentage for Ghana was 9% in 2011 (data are not available for 2012). West Africa's outward stocks to the world were €12.3 billion in 2012, having increased by 32% compared to the previous year. West Africa's outward stocks to the EU27 were €2.5 billion in 2012 (20% of West Africa's outward stock to the world), with Nigeria accounting for 80% and Côte d'Ivoire for 16% of them.

4. The content of the West Africa – EU EPA

The EPA is based on the principles and essential elements of the Cotonou Agreement: equality of the partners

[it is a joke, given a GDP per capita 17.7 times higher in the EU than in WA in 2014, not to mention all the other ways by which the EU dominates WA]

, participation (including participation of civil society), enhanced dialogue (as reflected in the setting-up of joint institutions to monitor the implementation of the EPA), and regional integration. The essential elements referred to in the Cotonou Agreement are human rights, democratic principles and the rule of law, and good governance.

[30] For the conversion from $ to €, the average annual exchange rate used was €1=$1.392 in 2011 and €1=$1.2848 in 2012 (Eurostat). Data were downloaded in November 2015. It is important to note that there are differences between UNCTAD data on West Africa's inward stock from the EU and Eurostat data on EU outward stock in West Africa. This might be the case due to differences in definitions or confidentiality of data. These data reflect only the recorded stocks from a very limited set of countries.

[31] The FDI analysis refers to 2012, as data on bilateral FDI between the EU and West Africa are not available in UNCTAD for 2013.

[32] Own calculations based on UNCTAD data.

[33] This increase is probably even higher, as data are not available for FDI stocks in Ghana, GuineaBissau and Togo (from the EU).

Sustainable development is also a core objective of the agreement, covering human, cultural, economic, social, health and environmental interests. To reduce extreme poverty, the Parties agreed to design development cooperation projects aimed at promoting economic growth and intra-regional trade in West Africa, supporting sustainable forests and fisheries management, as well as adapting national administrations to trade liberalisation.

Box 3: Sustainable development in the West Africa – EU EPA
Article 3 of the EPA recalls that the objective of sustainable development is to be applied and integrated at every level of the economic partnership. In that regard, an explicit reference is made to the commitments set out in the Cotonou Agreement, especially the general commitment to economic development and reducing and eventually eradicating poverty in a way that is consistent with the objectives of sustainable development. This covers as well the "essential and fundamental" elements set out in Article 9 of the Cotonou Agreement, i.e. human rights, democratic principles, the rule of law, and good governance. As such, it offers some of the strongest language on rights and sustainable development available in EU agreements. By way of an article commonly called the "non-execution clause" (Article 105), the agreement confirms that "appropriate measures" (as set out under the Cotonou Agreement) can be taken if any party fails to fulfil its obligations in respect of those elements. Suspension of trade benefits remains one such measure even if this will be considered an action of last resort. While a full sustainable development chapter is left for future discussions under the "rendez-vous clauses" (Article 106), the Joint Implementation Committee of the EPA is already tasked with the function of monitoring and assessing the impact of the implementation of the agreement on the sustainable development of the parties. That task is facilitated by the work of the Competitiveness Observatory. Other bodies such as the Joint Parliamentary Committee and the Joint Consultative Committee (civil society) also monitor the implementation of the EPA.

The EPA mainly covers trade in goods and development cooperation. This stems from a decision taken in 2009 by the Chief negotiators to split the negotiations between, on the one side, trade in goods and development cooperation, and, on the other side, the other domains such as trade in services or investment. This decision was mainly due to the time needed and lack of capacity to carry out a wide negotiation on all areas in parallel.

However, as West Africa develops, West African economies will increasingly need services, research and innovation, rules on investment and competition, protection of intellectual property rights and personal data. Services such as transport, distribution or finance already significantly contribute to West Africa's GDP growth. Those elements are also fundamental drivers for the competiveness of West African companies when it comes to trade in goods, and, to a large extent, constitute today a bottleneck for West Africa's development[34].

The agreement therefore foresees "rendez-vous clauses", i.e. the continuation of negotiations between the parties on the following items:

- services;
- intellectual property and innovation, including traditional knowledge and genetic resources;
- current payments and capital movements;
- protection of personal data;
- investment;
- competition;
- consumer protection;
- sustainable development;
- public contracts.

[34] See for instance Takeshima H, O. EDEH H. and O. LAWAL A., *Characteristics of private-sector service provisions: insights from Nigeria*, in The Developing Economies 53, no. 3 (September 2015): 188–217.

The two parties recognised the importance of those subjects and the EPA sets out an undertaking to enter into discussions on all items. The result of those negotiations is not prejudged.

4.1.Customs duties

The agreement takes account of the current differences in the level of development between the two regions and therefore weighs in West Africa's favour with regard to tariff dismantling. The reduction of customs duties is a key aspect of the agreement and a key focus of the present study.

Exports to the EU

Products originating in West Africa (see rules of origin) shall be imported into the EU free of customs duties and quotas. This covers all products apart from arms and ammunitions[35]. Quotas on sugar and sugar products can be imposed by the EU but only until 30 September 2015. Specific derogations are foreseen for sugar products and bananas exported to EU Outermost Regions, for a renewable period of 10 years.

As presented in section 2, the agreement replaces several trade schemes in force between the countries of the region (EBA, MAR, GSP+ and GSP). The immediate duty-free quota-free access to the EU market upon entry into force of the agreement will mostly benefit in the short term Nigeria and Cape Verde (respectively under GSP and GSP+). Other countries have already enjoyed free access to the EU market under the EBA and the MAR. It is worth recalling, however, that the MAR is a temporary scheme based on the parties' willingness to enter into an EPA (i.e. without the EPA, the normal GSP would apply, not the MAR), and that the EBA is conditional on the LDC status (i.e. without the EPA, if a country "graduates" from LDC to middle-income status, the EBA's benefit would be terminated after a transitory period[36] and normal GSP would apply, not the EBA anymore). The EPA therefore not only harmonises the different regimes across the region, but it also provides certainty to all West African countries and businesses that the duty-free quota-free access to the EU market for their product will remain over time.

[35] HS chapter 93. This is already a basic feature of the EBA scheme.

[36] This situation occurred for Cape Verde in 2007.

Box 4- Case study: The EU - West Africa EPA and cocoa production in Ghana and Côte d'Ivoire - Better market access, higher value added and stronger competitiveness

The central role in the socio-economic development of Ghana and Côte d'Ivoire

In both countries, the cocoa sector is central for employment and poverty alleviation. The two countries are the world's largest cocoa producers and exporters. In 2013, Côte d'Ivoire produced 32% of global cocoa while Ghana accounted for 18%.[37] Most of cocoa production is run by small, family-run farms. In Ghana, six million people (25 – 30% of the population) work in the cocoa sector[38]. Ghanaian cocoa production has increased as a share of GDP from 2.5% in 2008 to 3.6% in 2011 and brought 23% of merchandise export earnings in 2011[39]. In 2013, the developmental benefits of cocoa production were fully acknowledged by the Ghanaian government which decided to significantly increase the internal processing of the commodity.

In Côte d'Ivoire, exports of cocoa products have grown by 20% a year since 2009 and accounted for 31% of total exported value in 2012[38].

The EU is an important market for cocoa exports, accounting for nearly 40% of the world cocoa processing market and also being the main importer of post-processing cocoa products (butter, powder, cake, and paste)[40]. It is the main trading partner of both Côte d'Ivoire and Ghana. In 2013, cocoa and cocoa preparations accounted for more than half of Ivorian exports to the EU (54%) and about a third of Ghanaian exports to the EU (28%).

The impact of the West-Africa EU EPA on the cocoa sector

In the absence of a regional EPA, EU trade relations with Côte d'Ivoire and Ghana would be defined by the Generalised Scheme of Preferences (GSP), which does not grant dutyfree and quota-free (DFQF) access to all exported products. Indeed, while cocoa beans would still benefit from DFQF access, the GSP arrangements foresee import tariffs on processed cocoa products such as cocoa paste, cocoa butter, fat and oil.

Figure: Comparative table between GSP and EPA Tariffs on cocoa products.

Product description	GSP	EPA
1801 - cocoa beans, whole or broken, raw or roasted	0%	0%
1803 - cocoa paste	6.1%	0%
1804 - cocoa butter, fat and oil	4.2%	0%
1805 - cocoa powder	2.8%	0%

By comparison to GSP, the EPA encourages the export and domestic production of processed cocoa products in Ghana and Côte d'Ivoire, thereby contributing to the countries' economic development and bringing higher paying industrial jobs. Today, both countries show rather low levels of "value addition" in the cocoa sector[41]. Maintaining DFQF access for value-added cocoa products is thus crucial to incentivize local producers to invest and specialize in higher-value products. Guaranteeing it in a long term stable legal framework such as the EPA, would also make investment in local value addition more attractive for investors. In the absence of the EPA, the higher tariffs may make local transformation less competitive.

[The greatest threat to the scaling up in competitiveness of cocoa products from the 3 WA DCs (IC, Ghana and Nigeria) comes from Switzerland which sells all its chocolate DFQF to the EU for the ad valorem part of the duties on the sugar, milk or other agricultural components whereas this ad valorem part is for GSP duties of 8% for the codes 1806.10 and of 17.50% for

[37] Source FAOstat, available at: http://faostat.fao.org/
[38] Asante-Poku A., Angelucci F. (2013).
[39] UNECA (2013). p. 144 [38] Stratégie nationale d'exportation – République de Côte d'Ivoire 2015 – 2019. Centre du commerce international.
[40] World Cocoa Foundation (2014), p. 6.
[41] UNECA (2013). p. 95.

the codes 1806.20/31/32/90 (the code 1806.20 corresponds to the majority of IC chocolate exports to the EU (29,241 t in 2015). Indeed Switzerland is the first exporter of chocolate (1806) to the EU with 64,707 tonnes in 2015 or 44.2% of EU total imports of 146,340 tonnes and 62% of total Swiss exports and more than twice the WA chocolate exports to the EU (29,343 t). A second threat comes from the US if the TTIP is finalized as the EU has offered to import DFQF all US chocolate if their is reciprocity. Even if the US has only exported 9383 t to the EU in 2015 (USITC data, although Eurostat gives 10028 t) its total chocolate exports have reached 332,963 t, whereas the EU has exported 74,490 t to the US over total exports of 667,856 t. Therefore the UE total exports of chocolate are twice those of the US. But as the EU import duties on chocolate are much higher than the US ones (the US average duty in 2015 was of 5.2% on imports from EU) one can think that the US would likely respond positively to the EU offer that all import duties on cocoa products (including chocolate) should be eliminated in the TTIP if there is reciprocity. The consequence is that the EU importers could prefer to import chocolate from the US than from IC or Ghana. Which shows that the EU FTAs with Switzerland and the US would be much more favorable to their exporters than to those from EPAs which would be submitted to more drastic limitations of the ROO (rules of origin) despite the alleged DFQF. Admittedly the EU CIF price of chocolate coming from WA (3,390 €/t) was about half that of Switzerland (7,262 €/t) and of the US (7,709 €/t) in 2015 but, as there are so many tariff lines, it is clear that the quality of chocolate products are not the same.

Furthermore the US imports DFQF cocoa butter (1804) and cocoa paste not defatted (1803.10) whereas the EU GSP impose duties of 7.70% and 9.60% respectively. Cocoa paste defatted (1803.20) and cocoa powder (1805) are also imported DFQF from several countries with FTs, particularly Mexico, Andean countries and Central American countries, whereas the EU GSP imposes duties of 9.60% and 8% respectively. However the recent EU FTAs with the 3 Andean countries (Colombia, Peru, Ecuador) and Central American countries as well as that with Mexico grant them also DFQF exports to the EU on cocoa paste, butter and powder and also on many tariff lines of chocolate (1806). In fact the EPAs do not grant DFQF without taking into account the restrictions relating to the ROO which, in ANNEX II TO PROTOCOL No. 1, to get the status of originated products for chocolate (1806) incorporating sugar *"the value of any materials of Chapter 17* [on sugar] *used does not exceed 30 % of the ex-works price of the product*" and, in ANNEX II-A, "*in which the content of materials of Chapter 17 used does not exceed 40 %, by weight, of the final product*".

On the West Africa import side, the EPA excludes from liberalisation the highest valueadded products (cocoa powder and chocolate). When imported, those products will be subject to a 35% rate duty – a protection which will facilitate the countries' opportunity to move up the value chain.
Increased trade and manufacturing in the cocoa sector will also be helped by the elimination of input tariffs that are crucial to improve Ivorian and Ghanaian competitiveness in the cocoa sector[42] including fertilizers and machinery for the manufacture of cocoa or chocolate.

The sector will also be supported by development projects which will be part of the EPA Development Programme (EPADP). Concrete examples of existing projects are the following:

- In the previous European Development Fund, the EU allocated an amount of €14.5 million to a project supporting trade facilitation and regional integration in Côte d'Ivoire, one of its components being the strengthening of exporting companies' competitiveness.
- Likewise, the EU funded a programme improving transport infrastructure in Ghana which resulted in the design of an integrated transport plan for 20112015 (Improving transport infrastructure in Ghana, 2007 – 2011).
- The Trade Related Assistance and Quality Enabling Programme in Ghana (€9 million of EU funding) aimed to improve trade related capacity and performance of the national authorities and to support the national quality policy and the creation of the related National Quality Infrastructure.

[42] The Economic Commission Report for Africa listed high costs and weak infrastructure as major constraints to Ghana's higher value added cocoa production.

Imports from the EU

While the EU fully opens its market from the entry into force of the agreement, West Africa partially and progressively reduces and eliminates customs duty applicable to products originating in the European Union. This applies to 75% of tariff lines

[But which corresponds to 82% of WA import value in 2012 according to the South Centre]

, and over a period of 20 years. In other words, 20 years after the entry into force of the EPA, 25% of tariff lines remain unchanged (all those at a 35% duty and about half of those at 20% duty).

Based on the five standard custom duties of 0%, 5%, 10%, 20% and 35% of the ECOWAS Common External Tariff (CET, see above), tariff lines were divided by West Africa negotiators into 4 categories depending on considerations such as the need for rapid access to intermediary products for local production purposes, basic population needs, etc. Those categories lead to a differentiated EPA market access offer implemented by steps of 5 years as presented in **Error! Reference source not found.** below.

Table 8: Tariff levels and tariff dismantling schedule categories

Group	CET	T	T+5	T+10	T+15	T+20
D	0 10 20 35	*Exclusion (i.e. no change)*				
C	5	5	5	0	0	0
	10	10	10	5	0	0
	20	20	20	10	5	0
B	0	0	0	0	0	0
	5	5	0	0	0	0
	10	10	5	0	0	0
A	0	0	0	0	0	0
	5	5	0	0	0	0

Note: T refers to the first year of implementation of the EPA

- In the first five years after the entry into force of the EPA, liberalisation only relates to not increasing duties in tariff lines already applied at 0% duty under the CET. In practice, this means that no reduction in tariff and hence no reduction in import duties is to be expected in the first five years (but all West African countries will enjoy duty free quota free access to the EU market as from day one).
- At the beginning of the 6th year, the tariff lines at 5% will be liberalised, and part of the tariff lines at 10% will be decreased to 5%.

  This corresponds to goods which are considered as basic and essential by West Africa, and on which governments already apply very low tariffs because those products are needed by West African consumers and companies.

  [The inclusion of cereals (except rice) and milk powder in the products whose tariffs would fall from 5% to 0 corresponds to products that are essential for WA producers but was the result of large presures from the EU agro-industries lobbies, particularly by the Mimran Group which owns the Grands Moulins of Abidjan and Dakar and from the EU dairy industry. The EAC would be able to maintain its 60% duty on milk powder in the EAC EPA, which has allowed it to

become almost self-sufficient in dairy and Uganda to be a net exporter, while the WA EPA would not allow WA to raise its dairy duties once the EPA would be implemented (article 9 on Status quo). This is all the more unfair that the EU is one of the few countries with the highest duties on dairy, deterrent to imports above the TRQs (tariff rate quotas) conceded to a small group of countries (of which New Zealand and Switzerland).]
All tariff lines at 35% and half of those at 20% under the CET will remain unchanged at all times as they are excluded from liberalisation.

- It is only at the beginning of the 11th year that tariff lines previously reduced to 5% are liberalised, while the tariff lines at 10% and 20% which are not excluded decrease to 5% and to 10% respectively. Similarly at the beginning of the 16th year tariffs reduced at 5% are liberalised and those reduced at 10% decrease to 5%. The last tariff reductions will take place at the end of the 20th year.
- At the end of the liberalisation period, 25% of tariff lines remain unchanged (most of them at 20% or 35%).

In addition, the EPA includes several safeguards with a wide scope which can be deployed if imports of liberalised products are increasing too quickly thus jeopardising local markets.
[Yet, unlike the ACP countries, the EU is benefitting alone of the AoA Special Safeguard (SSG), which can be triggered either by the rise in import volumes or by falling import prices, while the safeguard provided in the EPA can only be triggered by the rise in import volumes. And in this case the additional fees may not exceed in the EPA "*the customs duty applied to other WTO Members*" (Article 3.b), that is the MFN (Most Favoured Nation) duty, while for the SSG used by the EU the additional duty may "*be levied at a level which shall not exceed one third of the level of the ordinary customs duty in effect in the year in which the action is taken*" (AoA Article 5.4). Since agricultural EU applied tariffs are the same as its bound tariffs, the EU may exceed one-third of its bound tariffs on 31% of its TLs covered by the SSG, knowing that the SSG does not cap the number of TLs that can be covered a given year. Moreover, paragraph 3 of Annex B on EU duties on imports from WA provides that the EU will use safeguard measures in case of a drop in sugar prices: "*3. As of 1 October 2015, for the purpose of applying the provisions of Article 22, disruptions in the market for products of tariff heading 17.01 may be deemed to arise in situations where the average European Community price of white sugar falls during two consecutive months below 80 % of the average European Community price for white sugar prevailing during the previous marketing year.*" In other words, here too the EU denies the right of WA countries to safeguards based on prices falls, a right that it reserves to itself.

Moreover the safeguards created by ECOWAS in October 2013 are inconsistent with those of the EPA and could not be implemented. In particular the Supplementary Protection Tax (SPT) is triggered either when the imported volume is higher by at least 25% than the volume imported under MFN in the last 3 years, or when the MFN CIF price falls below 80% of the MFN CIF price in the last 3 years. The fact that the EPA would not allow to trigger the SPT in the event of falling prices is a particularly serious weakness in this period of very high volatility in global agricultural prices, generally denominated in dollars, amplified by the high volatility of the exchange rate, particularly between the euro (ie the CFA franc) and the dollar. In addition, the SPT has been planned for the first 5 years of the CET and for at most 3% of tariff lines while the EU SSG has no time limit and can cover 31% of tariff lines. After the first 5 years, nothing is planned by ECOWAS whatever the rise in import volumes or lower prices!

Availing of efficient safeguards is all the more necessary that, nowithstanding the EPA agreement article 20 on Anti-dumping and countervailing duties and article 21 on Multilateral safeguard measures, WA countries have not implemented anti-dumping or countervailing measures under the WTO Anti-dumping Agreement, the Agreement on Subsidies and countervailing measures and the Agreement on Safeguards while the EU is constantly using them. Thus, from 1995 to 2013 the EU has filed 700 complaints to the WTO under the Anti-dumping Agreement – of which 100 by the EU and 600 by its member States, for 15.5% of all WTO complaints –, 51 complaints under the Agreement on Subsidies and Countervailing measures for 15.2% of of all WTO complaints –, and 31 complaints under the Agreement on Safeguards representing 11.1% of all WTO complaints. Besides 9 ECOWAS Member States notified the WTO that they had no anti-dumping measures.]

Special protection is foreseen for infant industries and for agricultural products. The EPA allows West Africa to take specific measures in case food security is threatened.

In terms of products, West Africa has excluded all the products which are considered most sensitive and currently face a 35% duty under the ECOWAS Common External Tariff (CET), such as meat (including poultry), yoghurt, eggs, processed meat, cocoa powder and chocolate, tomato paste and concentrate, soap and printed fabrics. Also excluded from liberalisation are half of the products currently attracting 20% duty under the ECOWAS CET such as fish and fish preparations, milk, butter and cheese, vegetables, flour, spirits, cement, paints, perfumes and cosmetics, stationery, textiles and apparel and fully built cars.
[Maybe but WA should be allowed to raise its applied duties on food products at least to the EU level: in 2013 the EU MFN duties, in *ad valorem* equivalent (specific or mixed duties being reported to the CIF value) were of: 54.2% on wheat, 38.6% on barley, 40.9% on maize, 27.9% on rice, 30.8% on wheat flour; 71.3% on sugar; 32.6% of fresh beef and 46.7% on frozen beef; 43.2% to 46.7% on milk powder, 67% on butter and 31.7% on cheese. Furthermore, as the world prices of agricultural products have fallen since 205, the ad valorem equivalent of the specific and mixed duties have risen.]

At the same time, tariffs will be gradually eliminated on goods such as equipment, fertilisers and other inputs making them cheaper for local businesses. Part of the liberalised lines also corresponds to products which are seldom traded between the EU and West Africa.

Table 9: Examples of liberalised and protected products

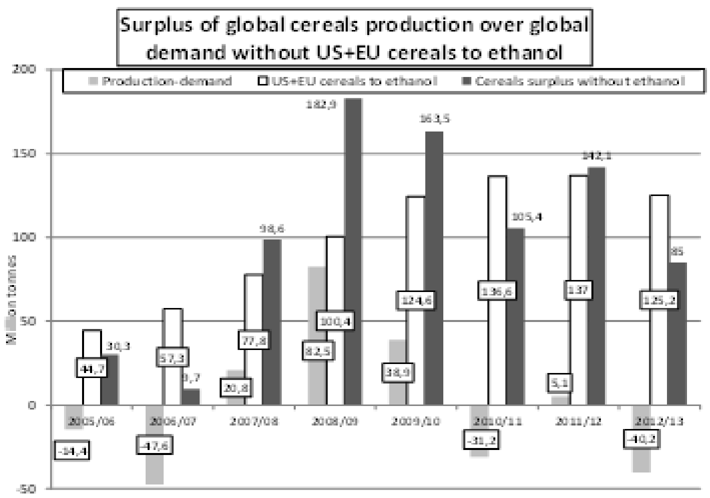
Liberalised products: Groups A, B and C	**Protected products: Group D**
Agricultural inputs: Animal or vegetable fertilisers, poultry-keeping machinery, harvesting or threshing machinery, horticultural or forestry machinery, packing machinery, milking machines and dairy machinery, machines for cleaning, sorting or grading seed etc.	**Food products**: milk and cream, yogurt, mango juice (for domestic use), tomatoes, and tomato paste, potatoes, pasta, prepared or preserved fish, fresh or frozen poultry, cocoa powder and chocolate etc.
Industrial inputs: car parts, machines for cutting man-made textile materials, machines for preparing textile fibres, knitting machines, stitch-bonding machines and sewing machines, fishing vessels etc.	**Manufactured products**: assembled motor cars and other motor vehicles, used motor vehicles etc.

Export duties and taxes

Since export restrictions are considered suboptimal means for income generation purposes or industrial policy, no new duties or taxes on exports shall be introduced by the parties. Those currently applied shall not be increased from the date of entry into force of the EPA. In exceptional circumstances however, if West Africa can justify needs for income, promotion of an infant industry or environment protection, West Africa may temporarily introduce or increase export duties on a limited number of goods, subject to a consultation mechanism.

[But, given that the EPA will reduce considerably Government revenues to face the needs of their fast rising population the EPA should have at least allowed WA States to raise their export taxes, the more so as the alleged article 60 provision that "*the European Union undertakes to provide funding to cover the fiscal impact agreed by the Parties for the period of tariff dismantling*" – following the EU Council's conclusions on the EU strategy of aid for trade of 29 October 2007 that "*The EU will… contribute to the absorption of net fiscal impact resulting from tariff liberalisation in the context of EPAs in full complementarity with fiscal reforms*" (http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2014470%202007%20INIT) – is not credible given that there is not already a single additional euro for the EPADP as attested by the DG DEVCO Brochure of Julty 2015. The EU should not forget that it has restricted its exports of wheat in 1995-96 and that, at the WTO Public Forum on 25 September 2012, Mansoor Ahmad, former Ambassador of Pakistan to the WTO, criticized the United States and EU which have withdrawn huge amounts of cereals from the market to process them into biofuels at a time when the world prices of cereals were rising fast and he added that these transfers of cereals to biofuels were equivalent to very large export restrictions. He meant that, before giving a lecture to the rest of the world on the necessity to forbid export restrictions, the US and EU must begin to put an end to their massive diversion of cereals to biofuels (http://www.wto.org/english/forums_e/public_forum12_e/programme_e.htm#session42).

If the US and EU did not process in fuel ethanol a considerable amount of their cereals, global cereals production would have always been larger than global demand from 2005-06 to 2012-13, with an average surplus of 102.5 million tonnest. Hence cereals ending stocks would have been much larger and, far from exploding, world cereals prices would have collapsed. The substitution of areas in wheat and soybean by maize would not have occurred and wheat and soybean prices would not have soared. And the fall in feedstuffs prices would not have implied the rise in animal products prices (meats, eggs, dairy products) (J. Berthelot, *Réguler les prix agricoles*, L'Harmattan, 2013). And this combined withdrawal of cereals by the US and EU from the market was larger than the combined reductions of cereals by all the other countries like India and many others which were fingered point for the only responsible of prices spikes.



Without US+EU ethanol, global cereals production would have exceeded global demand

Million tonnes	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13*	Average
1- Production	2017,2	2005,3	2121	2240,8	2241,5	2199,9	2314	2239,4	2172,6
2- Demand	2031,6	2052,9	2100,2	2158,3	2202,6	2231,1	2308,9	2279,6	2170,5
3- Production-demand	-14,4	-47,6	20,8	82,5	38,9	-31,2	5,1	-40,2	2,1
4- US maize/éthanol	40,7	53,8	77,4	94,2	116,6	127,5	127	114,3	93,9
5- EU cereals/éthanol	4	3,5	4	6,2	8	9,1	10	10,9	7
6-: 3 – (4 + 5)	30,3	9,7	102,2	182,9	163,5	105,4	142,1	85	103

Sources: USDA, WASDE (World Agricultural Supply and Demand Estimates) montly reports and European Commission]

Movement of goods
Once in the territory of one of the parties (the EU or West Africa), goods shall move freely in the territory of the party without being subject to additional custom duties, in keeping with the objective of a customs union. West Africa is however granted a transitional period of 5 years in which to set up a free movement system. Cooperation is foreseen in the areas of fiscal reform and customs procedures.

Most favoured nation clause ("MFN clause")
The most favoured nation (MFN) clause stipulates that the EU shall grant West Africa any more favourable tariff treatment that it grants to a third party. In a similar way, West Africa shall grant the EU any more favourable treatment that it would grant to a large industrial country[42] (or group of countries). However, the MFN clause does not apply to preferential treatment granted by West Africa to countries of Africa or the ACP states, leaving the possibility, for instance, for further integration between African regions without any obligation to extend these preferences to the EU.

Case Study: The EU - West Africa EPA and potato production in West Africa – Protection of local agriculture, food security and economic development
The socio-economic benefits of potato production in West Africa
Potato production in West Africa has been increasing since the 1990s and amounted to 1 410 thousand tons in 2013.
Figure: potato production in West Africa

	2009	2010	2011	2012	2013
Quantity (thousand tonnes)	1157	1251	1282	1367	1410

Source: FAOStat
[Maybe but WA imports of potatoes from the EU have increased much more, having tripled in volume from 2000 (69,273 tonnes) to 2015 (217,314 tonnes) and more than quadrupled in value (from €10.9 M to €46.6 M). Furthermore all EU agricultural products, including potatoes, avail of decoupled domestic subsidies benefiting as well to their exports.]

Potato production is particularly important for food security and poverty alleviation thanks to the crop's counter-seasonal cultivation and high nutritive content. Potato is indeed cultivated during the dry season, an important asset for farmers in the dry areas which allows for consumption-smoothing. Potato is also a "cash crop" providing West African farmers with more income than other traditional crops such as cereals and cotton.[43]
In West Africa, potato cultivation and inter-regional trade of potato products nevertheless face several constraints such as limited access to cheap quality seed potatoes, machinery tools and storage facilities, weak training on more efficient cultivation techniques, phytosanitary surveillance and commercial organisation[44].

[42] Those are defined in the agreement as countries having both a share of world trade above 1.5% (2% in case of group of countries) and an industrialisation rate above 10% (ratio of manufacturing value added to GDP). Those criteria are fulfilled by a limited number of countries such as the United States, Japan, China, etc.
[43] Vanderhofstadt B., Jouan B. (2009).
[44] *Ibid* p. 11

Impact of the EPA on local potato production and on exports
Being considered sensitive, potatoes benefit in the ECOWAS CET from the highest level of protection – a customs duty of 35%. The EPA protects local potato production from trade liberalisation by excluding competing EU products from any tariff reduction. This includes fresh or chilled potatoes, frozen potatoes and other processed potato products. At the same time, the EPA guarantees DFQF access

of West African potato products to the EU market so any excess of production could be exported to the EU, particularly of sweet potatoes and other tubers[43] for which there is an increasing demand in the EU. The EPA will also ease farmers' access to cheap quality inputs, a crucial factor for the competitiveness of the local potato sector and the increase in inter-regional trade[44]. For instance, the agreement foresees the elimination of tariffs on seed potatoes, mineral fertilizers, harvesting and post-harvesting machinery. These advantages in terms of input access and competitiveness, local protection and market access to the EU are illustrated below.

The potential benefits of the EPA on the potato sector.

Local production West African

Inputs become is protected from products have full cheaper foreign imports access to the EU

(duty rate for important

(duty rate for foreign (duty-free quota-free for inputs*: 0% after 5 potato products*: 35%) West African products) years)

**: e.g. seed potato, fertilisers, *: e.g. non-processed potatoes, In addition, cooperation on machinery, storage facility frozen potatoes, crisps phytosanitary norms*

Finally, the EPA emphasises the orientation of the EU development co-operation funds towards trade facilitation and infrastructure projects, which could take the form of technical assistance for skills improvement, phytosanitary control, and better commercial organisation, which can further support competitiveness of the sector in West Africa.

Rules of origin

Rules of origin are part of any free trade agreement leading to a preferential reduction of tariffs. In today's global economy, many sectors are characterised by successive steps of production organised in international value chains. As a result, final products are composed of components and inputs of various country origins. It is important, therefore, to distinguish the goods which qualify for the preferences agreed under the EPA (because they "originate" from the EU or West Africa), from those goods which do not.

Rules of origin distinguish between “wholly obtained” products and “substantially transformed” products and those which are considered not to originate from the country. For that purpose, the agreement defines:

- The conditions for products to be considered as wholly obtained in West Africa or in the EU (e.g. mineral products extracted from their soil, live animals born and raised there, etc.);
- The types of working or processing operations considered as insufficient to confer the status of originating product (e.g. removal of coverings, affixing of labels, etc.)
- The types of working or processing operations considered as sufficient to confer the status of originating products ("substantial transformation"). Specific annexes define the applicable criteria per category of products (specific conditions). An example is the textile sector, where only "single transformation" is required (i.e. origin is conferred by a single set of processing operations leading to clothing, such as spinning, weaving or assembly), by contrast to the previous "double transformation" rule" (i.e. from yarn to fabric and from fabric to clothing).
- Cumulation of origin, which is a derogation from the basic principle that a product should obtain originating status in a single country, means that producers in more than one country may jointly meet the requirements for a "substantial transformation". Under the Agreement, cumulation or origin is extended to the parties (the EU or West Africa), to other ACP States which apply an EPA, and to the Overseas Countries and Territories associated with the EU (OCTs). Furthermore, new cumulation possibilities are allowed under certain conditions with the EU's GSP and FTA partners. This provision takes account of the fact that value chains extend from different zones: inputs can therefore be sourced from various countries without the risk of losing preferential treatment when exported to the EU. In the

[43] West Africa supplied 8.4% of EU imports of roots and tubers of manioc, arrowroot, salep, jerusalem artichokes, sweet potatoes (HS 0714) in 2014. EU imports of those products increased by 92% from 2005 to 2014. Source COMTRADE database

[44] *Ibid, p. 41*

long term, the geographical extension will contribute to a better integration of ACP countries in global value chains as well as the creation of value chains across ACP countries.

[However, for a US GAO report of August 2015, "*EPAs between the EU and SSA countries contain some features that create challenges for SSA countries' integration into the global economy… The EPA negotiations demonstrate that negotiating reciprocal agreements with SSA countries may involve some trade-offs that could impose burdens as SSA countries open their markets further to EU imports and affect SSA countries' relations with other trading partners, including the United States*" (http://gao.gov/assets/680/671862.pdf).

"Regional origin": the EPA introduces "West Africa" as a valid origin, as a way to encourage regional value chains, regardless of the West African countries in which the product was produced.

[But the new AGOA adopted the 25 June 2015 extends the cumulation to all AGOA countries and the House of Representatives' prior bill of 16 April 2015 "*Addresses unfair practices by the European Union that condition African access to the European market on signing imbalanced and substandard trade agreements*" (http://agoa.info/images/documents/5659/agoa-extension-and-enhancement-act-of-2015-2.pdf). AGOA did not demand free trade agreements but suggested only that AGOA countries could engage in that process (http://agoa.info/images/documents/2/bills-114hr1295public-law-pl-114-27.pdf).]

- Conditions for establishing the proof of origin and framework for cooperation in the field of rules of origin between West Africa and the EU.
- Asymmetrical tolerance rule: the agreement defines a ceiling under which "non-originating materials" can still be used in the manufacture of an "originating" product. That ceiling is 10% for products from the EU and 15% for products from West Africa (i.e. a product manufactured in West Africa, which uses less than 15% of nonoriginating materials, would still be considered as originating from West Africa)

  [According to the GAO report of August 2015, "*one study found that after the United States put in place the "third-country fabric" provision enabling certain AGOA beneficiaries to use imported fabric for apparel production, AGOA created about seven times more apparel exports than the EU's programs* (Paul Collier and Anthony J. Venables, *Rethinking Trade Preferences: How Africa Can Diversify Its Exports*, Center for Economic Policy Research Discussion Paper 6262, May 2007.). *But in the case of agriculture, the EU was found to be more effective at raising agricultural exports than the U.S. preference program*". The "third country fabric" provisions were reauthorized in the new AGOA of 2015. Apparently the Kenyan clothing industry has more confidence in AGOA than in the EU-EAC EPA: "*East Africa's biggest economy exported clothing worth $380 million in 2015, when the U.S. extended its African Growth and Opportunity Act agreement by a decade, according to Phyllis Wakiaga, the Chief Executive Officer of the Kenya Association of Manufacturers. "The 10 year extension of the AGOA agreement has offered African manufacturers more confidence to make long-term investments, especially in apparel," Wakiaga said in an e-mailed response to questions*" (http://agoa.info/news/article/6098-kenya-bets-on-agoa-to-grow-apparel-exports.html).

  Another study of Madagascar's clothing industry confirms that "*The preferential trading arrangements of the EU, Lomé/Cotonou, and the US, AGOA, differ however when it comes to ROO for clothing. AGOA has very liberal rules for input-sourcing and allows Madagascar to source inputs from anywhere in the world (3rd country fabric rule). The ROO of Lomé/Cotonou are on the other hand stricter and demand that inputs must be sourced domestically, from Africa or from the EU… The ROO of Lomé/Cotonou limited Madagascar's input sourcing possibilities which led to supply-switching towards European and African producers due to strict cumulation rules. When the more liberal ROO of AGOA were introduced inputs were instead sourced from the most efficient producer on the world market, Asia. The possibility to source inputs from Asia to competitive prices made it easier to expand and to get materials that otherwise would have been too expensive or simply not available… AGOA's ROO were found to promote SouthSouth trade to a larger extent and to be less trade distorting than the Lomé/Cotonou ROO. Economic inefficiencies are avoided through AGOA since inputs are allowed to be sourced from the cheapest and most efficient producer on the world market… The 3rd country fabric rule is also heavily used for products exported under AGOA which even* *further underlines the importance of flexible input sourcing rules for expansion possibilities. Finally, no signs of increased vertical integration were found. The usage of domestic inputs has instead decreased substantially and the domestic cotton industry has almost been destroyed. To use strict ROO as a tool for development policy in the T&C sector hence does not seem to have been effective in Madagascar".* (https://liveatlund.lu.se/intranets/LUSEM/NEK/mfs/MFS/193.pdf)]

- An automatic tuna derogation for tuna products, with a limit of 6000 tons per year [which is not a real derogation given that WA has exported to the EU 63,238 tonnes in 2015, even less than in 2005 (85,235 tonnes)].

4.2.Trade defence instruments

The agreement sets out conditions for the use of trade defence instruments. Antidumping and compensatory measures are defined by way of reference to the relevant WTO Agreements. This is also the case for multilateral safeguard measures.

Bilateral safeguard measures are allowed for a limited duration when a product originating from the other party is imported in such quantities and in conditions as to cause or threaten to cause serious injury to the domestic industry, or disruption in a sector of the economy or in a market. In such a case, safeguard measures may consist in the suspension of the reduction in customs duties, an increase in the customs duty (not above MFN rate), or the introduction of tariff quotas for the product concerned. Those measures shall be temporary, proportionate, and subject to a consultation mechanism between the parties.

West Africa also is also allowed to implement safeguard measures to protect infant industries. If a product, following the reduction in the rate of customs duty, is imported in quantities increased to such an amount that it poses a threat to the establishment of a "fledgling industry" or causes or threatens to cause disruption in a fledgling industry producing similar products, West Africa may temporarily suspend the reduction in the rate of customs duty or raise the rate of customs duty (again, not above MFN). Those asymmetric safeguard measures (i.e. available to West Africa but not to the EU) are exceptional in comparison with other FTAs negotiated by the EU.
[I have documented above that the assymetry is in favour of the EU, not of WA.]

4.3.Sanitary and phytosanitary measures

Product groups such as raw or processed products of animal or plant origin (e.g. meat, fruits, etc.) are sensitive to human, animal and plant life and health. As a means of protection, most jurisdictions in the world put special measures in place. Whilst legitimate, those measures can become an additional challenge to trade, as it requires certain production capacities, but also a quality infrastructure which is able to certify their conformity with relevant standards and norms. The agreement defines the relevant authorities and obligations in that field, in particular by reference to the relevant WTO agreements. It also foresees enhanced transparency, exchange of information and cooperation.

Box 6: ***Case Study: The EPA and the Senegalese mango sector - The EPA's contribution in response to phytosanitary issues***

To boost West Africa's economic development, the EPA not only protects the region's sensitive and employment-generating sectors from liberalisation but also emphasises the orientation of the EU development cooperation funds towards trade-related infrastructure and trade facilitation measures, to push forward the integration of the region into the world economy. Such aid can for instance be used to overcome sanitary and phytosanitary (SPS) problems.

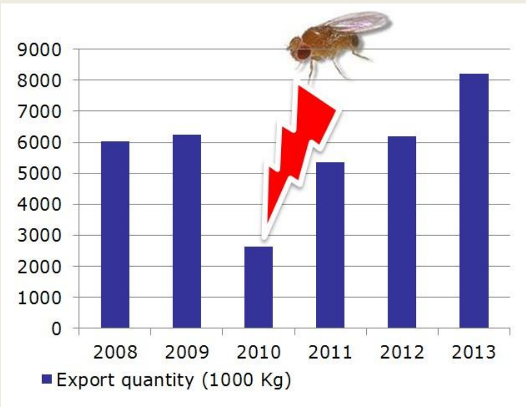
Indeed, despite benefiting from DFQF access to the EU market, West African exports can remain constrained by sanitary and phytosanitary diseases or other local difficulties such as weak transport infrastructure. The EU can help to facilitate trade by funding trade-related development projects aimed at overcoming these obstacles. Such projects will help West African states to fully reap the benefits of the EPA. The mango sector is a case in point.

The mango sector: increasing production but phytosanitary risks

The West African mango sector is booming, with 1.6 million tons of mangoes produced in 2012 and a significant increase in mango orchard areas [47]. The main mango producers in West Africa are Nigeria, Niger, Guinea and Senegal and the EU is an important export market for West African producers [48]. In Senegal, mango cultivation is expanding and offers job opportunities to the rural workforce, especially women and young people [49].

However, the sector has suffered from fruit fly attacks which can sometimes affect up to 80 % of ripe fruits and result in serious income losses for export-oriented operators [50]. Indeed, fruits flies are listed as "quarantine insects" and consignment of mangoes containing infested fruits cannot be considered proper for the EU market by the European phytosanitary services [51]. Because of the fruit fly, Senegalese exports dropped from 6.2 to 2.7 thousand tons in 2010 (Figure 1).

Figure: Senegalese export quantities of fresh or dried guavas, mangoes and mangosteens to the EU



Cooperation mechanisms on phytosanitary norms under the EPA

It is therefore important that action be taken to fight against this infestation not only for food security reasons but also to reap full advantage of the opportunities provided by the EPA in terms of full access to the EU market.

47 Stonehouse J., Ritchie M. (2008).
48 UNCTAD (2012). 49 *Ibid* 57
50 *Ibid* 58
51 TECA (2010).

To this end, the EU recently agreed to participate in the funding of a development cooperation project (amounting to €17 million) aimed at setting up monitoring and control systems against orchards' infestation as well as supporting research for the development of improved cultivation techniques[45]. Several provisions of the EPA reinforce the cooperation between the EU and West Africa on SPS norms, in order to improve quality control and fight against animal or plant diseases. Those measures will

[45] Projet "Action de soutien au plan régional de lutte et de contrôle des mouches des fruits en Afrique de l'Ouest" http://www.eeas.europa.eu/delegations/mali/press_corner/all_news/news/2015/20150803_fr.htm

benefit West African producers and will help them export better-quality products to Europe and elsewhere.
Mango producers will also benefit from a stable and predictable framework with regard to the applicable rules and norms.[46] With the EPA, customs cooperation and mutual administrative assistance will be established between the Parties, which will help local and regional authorities to enforce laws and norms more effectively at the local and regional levels. An example of support to mango producers is the *Programme de Renforcement et de Développement des Capacités Commerciales (PRDCC)*, financed by the EU, which accompanied the certification to international private norms such as GlobalGap for the mango sector. This certification is useful to benefit from higher prices in the EU market. Small producers were targeted in order to help them develop their exports.

4.4.Trade facilitation, customs cooperation and mutual administrative assistance

The agreement sets out objectives and undertakings from both parties in the area of trade facilitation, customs cooperation and mutual administrative assistance, with a view to reinforce administrative capacity, promote the facilitation of trade and contribute to development and regional integration.

The chapter covers, for instance, cooperation on automation of customs procedures, technical assistance, development of IT systems to facilitate the electronic exchange of data, simplification of customs requirements, or promotion of regional transit arrangements. With regard to relations with the business community, the agreement encourages an increased transparency of legislation procedures, fees and charges. A special committee on customs and trade facilitation will be established, with the task of monitoring and discussing all matters relating to customs, rules of origin, tariff classification or mutual administrative assistance.

4.5.Agriculture, fisheries and food security

The tariff schedule for imports into West Africa leaves most agricultural products excluded from liberalisation.
[We have already shown that this is not true for cereals and milk powder (on page 5) and the huge EU subsidies to its exported cereals, dairy and meats in pages 3 and 13.]

The agreement is meant to foster agriculture in West Africa, also by liberalising inputs for agricultural production. Action in connection to the EPA Development Programme should help to increase productivity, competitiveness and diversity of output in the agriculture and fisheries sector.
[We have reminded (page 3) that the EPADP does not bring additional euros to WA beyong the traditional aid of the EDF, EIB and Coopearation funds. In any case these funds are much lower than the WA losses of import duties expected if the EPA is implemented.]

Food security safeguards can be adopted if the agreement results in difficulty for West Africa in obtaining the products necessary for ensuring food security.
[We have shown (page 30) that these safeguards are inconsistent with the WA food security needs.]

The agreement also foresees enhanced cooperation in agriculture and fisheries, based on regular dialogue. Areas for such cooperation are described in the agreement: they cover for instance the promotion of performing irrigation and water management programmes, the improvement of the storage and preservation of agricultural products, the establishment of a vessel monitoring system for West Africa, etc.

4.6.Development and regional integration

The EPA is part of the EU and West Africa's development strategy. Both parties consider that improving access solely to markets alone is not a sufficient condition for bringing about the profitable insertion of West Africa into world trade.

[46] *Ibid,* 17

[But WA is one of the world regions the most integrated into world trade as attested by the ratio (Imports of goods and services +exports)/2 GDP, this ratio being the lowest for US, EU and Japan. And we have shown (page 3) that several reports on the WA EPA have concluded to the desintegration impact of the EPA becausen among other things, of the trade diversion in favour of imports from the EU.]

Rather, both parties agree that this move should be accompanied by effective measures to spur development across the region. The EU and its Member States therefore agreed to accompany the EPA by supporting actions and projects linked to the development cooperation aspects of the agreement. A significant part of that support will come from the European Development Fund (EDF), especially from National Indicative Programmes and the Regional Indicative Programme for the next implementation period (2014-2020).

Box 7: The Regional Indicative Programme under the 11th EDF (20142020)

The Regional Indicative Programme (RIP) for West Africa is a programme funded by the European Union under the European Development Fund (EDF), the overall objective of which is to contribute to reducing poverty through supporting better growth and regional economic integration among countries of the region.
Through the RIP, the EU will make available to the region €1.15 billion, with priorities centred on regional integration. These priorities are:

1. Peace, security and regional stability
2. Regional economic integration and support for trade and private sector
3. Resilience, food and nutritional security and natural resources

With regard to the second priority (regional economic integration and support for trade and private sector), the RIP states: *"There is a great, untapped potential for economic growth via regional integration in West Africa, with a potentially substantial impact on reducing poverty and inequality. The average cost of transport in the region is still one of the highest in the world, and is about four times higher than the average cost of transport in the EU. Regional infrastructure networks are essential to drive trade and investment and encourage peace and stability. The RIP will support the consolidation of the common market, the implementation of the CET and the EPA and the approximation of economic policies, with particular emphasis on trade facilitation, improving domestic resource mobilisation, tax shifting and strengthening the judicial system. It will also improve the competitiveness of the productive system and human resources, and to develop the regional infrastructure network. For infrastructures, the RIP will focus on the use of loan/grant blending that can act as lever by linking development financing institutions and the private sector."*[47]
[Unfortunately the WTO TFA (trade facilitation agreement) adopted in Bali in December 2013, promoted by the EU, will prioritize the funding of port infrastructures which will lower the cost of imports when the priority should have been given to infrastructures to lower the cost of regional trade to foster regional integration rather than integration of WA in the world markets which is already too high.]

Within this context, the two regional organisations of West Africa (ECOWAS and UEAMOA) as well as Mauritania have a mandate in the field of economic integration in the region and are therefore responsible for the implementation of the 11th EDF.

As outlined in the EPA (Article 54), the EU and its Member States undertook to finance the development cooperation aspect of the EPA for a period at least corresponding to the period of economic liberalisation in West Africa, as a means to accompany the EPA implementation. Furthermore, the EU and its Member States agreed to assist West Africa in raising additional funding for the development cooperation aspect of the EPA from other donors with a view to ensuring that the EPA promotes trade and attracts investment to West African countries so as to encourage sustainable growth and reduce poverty.

[47] See European Union – West Africa - Regional Indicative Programme 2014 – 2020, p. 14.
https://ec.europa.eu/europeaid/sites/devco/files/eeas-2015-rip-west-africa_en.pdf

The EPADP (more commonly known under the French acronym "PAPED") is the overall programme established by the agreement in order to strengthen the development cooperation aspect of the EPA through implementation arrangements and aid instruments. The EPADP must contribute to:

- achieving rapid, sustained economic growth that creates jobs and contributes to sustainable development and reducing poverty in the West African region;
- increasing the diversity and competitiveness of the economies of the West African region;
- increasing the population's output and income;
- deepening the process of regional integration and increasing intraregional trade;
- increasing the market shares of the West African region on the European market through such measures as improving access to the said market;
- promoting investment in West Africa, partnership between the private sectors of the European Union and West Africa and improving the business environment in the West African region.

These broad objectives are covered within the EPADP "areas of actions" which are defined in the EPA as follows:

- diversifying and increasing production capacities;
- developing intra-regional trade and facilitating access to international markets;
- improving and reinforcing national and regional infrastructures linked to trade;
- making essential adjustments and taking account of other needs linked to trade;
- implementing and monitoring/evaluating of the EPA by the West African region.

When it comes to production processes, the above areas of action are interlinked: the box below provides an example of actions undertaken in favour of the cotton sector in Côte d'Ivoire, focussing on value addition and regional integration.

The EPADP is also the framework for the areas of cooperation detailed in the various chapters of the EPA. Those chapters cover for example the improvement of customs administration, a cooperation mechanism on SPS norms, or the development of an effective Monitoring/Control/Surveillance system for fisheries.

A dialogue and cooperation on taxation adjustment is established. While West Africa undertakes to establish tax reforms as part of the change in taxation resulting from liberalisation, the EU undertakes to help West Africa to implement these reforms and, in view of these reforms, to provide funding to cover the net fiscal impact agreed by the parties for the period of tariff dismantling.

Two instruments of the EPA will be created in the region (Article 61):

- The Competitiveness observatory aims at monitoring and assessing the implementation and impact of all aspects of the EPA from trade liberalisation, sustainable development to development cooperation actions. The monitoring carried out by the Observatory will be done on the basis of indicators agreed upon by the parties.
- The Regional EPA Fund, as a financing mechanism to be created by and for the region, shall be the preferred instrument for channelling support from the EU and its Member States, especially at the regional level.

For the first programming period (2015-2020), the European Commission, the EU Member States and the European Investment Bank (EIB) reached a joint commitment to support the West Africa's EPA Development Programme. Indeed, the EU Council of Ministers decided on 17 March 2014[48] to continue providing at least €6.5 bn. to the PAPED, using all the financial instruments at disposal, including those of the EU Member States and the European Investment Bank (EIB).
[Which confirms that there is a simple repackaging of EU traditional cooperation funds.]

[48] Council conclusions on West Africa's EPA Development Programme (PAPED), 7736/14, 17 March 2014.

Box 8: Case study - *The West Africa-EU Economic Partnership Agreement and the cotton sector in Côte d'Ivoire - Value addition and regional integration*

Cotton production and the Ivorian National export strategy

Côte d'Ivoire mainly produces and exports primary and low value added products. In 2012, 56% of Côte d'Ivoire export value was made of primary products such as cocoa, hydrocarbons and rubber. This bias towards extensive production is done at the expense of a diversified production system, which remains weak despite its stronger growth and sustainability benefits. These trends are explained by weak trade-related institutions and infrastructure, limited training on good agricultural practices and mechanisation, costly inputs and competing informal markets as well as little foreign investment and technology transfers.[49]

Côte d'Ivoire's national export strategy identifies cotton as one of the most promising sectors to undertake a strategy of export-based industrialization and global value chain integration.[50]

Figure: Cotton seed production in Côte d'Ivoire (2008 – 2013, tonnes).

	2008	2009	2010	2011	2012	2013
Quantity (tonnes)	65850	70000	91000	170000	140000	140000

Source: FAOStat

Cotton production plays a crucial role in the country's economic development and rural poverty reduction, especially in the Northern and central regions. Mostly composed of smallholder farmers, the sector produced about 140 000 tons of cotton seeds in 2013 (Figure 1) and has increased its exports of cotton fibre by 50% per cent per year since 2009.

Transformed cotton products as cotton fabrics, shipping bags, or impregnated textiles from Côte d'Ivoire are mostly exported to other ECOWAS countries while the rest of the world absorbs about 10% of total processed cotton products. However, the processing cotton industry remains weak because of low capital investments and costly inputs, insufficient training and technological equipment[51].

In this context, it was decided that the National export strategy should focus on improving the profitability of the cotton industry, upgrading the governance of the cotton sector, promoting a regional export strategy for value added cotton products.[52]

The EPA and national strategies of value addition in the cotton sector

The EPA will both facilitate producers' access to cheaper inputs and protect the country's cotton and textile industry from competing EU imports.

- On the one hand, producers will have access to cheaper inputs, such as fertilizers and machinery tools e.g. ploughs[53].

- On the other hand, transformed and higher value added products are excluded from liberalisation, for instance extracted and transformed cotton-seed oil, products resulting from spinning, cotton sewing

[49] Stratégie Nationale d'Exportation – République de Côte d'Ivoire 2015 – 2019, p. 65

[50] *Ibid*, p. 84

[51] *Ibid*, p. 31

[52] *Ibid* p. 67

[53] Ploughs (HS product code 84.32) belong to the liberalisation group B (liberalised after 10 years)

thread, and cotton yarn, as well as from the weaving of cotton yarns, woven fabrics of cotton. The EPA will also protect Côte d'Ivoire's textile manufacturing and exclude embroidery products.[54]

Examples of development cooperation projects benefiting the cotton sector
From 2006 to 2011, the EU helped to finance a project supporting the sustainable recovery of the Ivorian cotton sector[55]. As a result, cotton yields have increased (from 862 kilos in 2007 to one ton in 2012). Besides, the EU has allocated €13.5 million to the rehabilitation of transport infrastructure in rural Côte d'Ivoire[56].

The EPA's contribution to regional integration and to the creation of regional value chains
Many West African countries produce cotton: Burkina Faso, Mali, Côte d'Ivoire, Benin and Togo are among the top-20 exporters of cotton, although far below the USA, India, Australia and Brazil.[64]

With regard to regional integration, the EPA provides the opportunity to develop value chains across the region. This is particularly relevant for value addition. Under the EPA's provisions on rules of origin, a manufacturer of higher-value cotton product in Côte d'Ivoire can source cotton and other inputs from any country of the region, and still export it to Europe DFQF.

The development cooperation provisions of the EPA also provide a framework for action towards more regional integration. By way of example, the EU funded a project of Trade Support and Regional Integration in West Africa (2009 - 2015)[65]. The EPA also foresees bilateral customs cooperation and mutual administrative assistance, which could help to improve the control of foreign imports in the territory. The EU is, for instance, helping WAEMU Member States to improve the implementation of the existing regulations for the free movement of goods in the region[66].

Source: COMTRADE (2011). 65
See the EU's "Programme d'Appui au Commerce et à l'Intégration Régionale (PACIR) 2009/ 021309" (Programme supporting trade and regional integration 2009/ 021-309). 66
See the EU's "West Africa Regional Economic Integration and Trade Programme (2014–2018) 2013/ 024-212".

[If it is fair to use some of the EU cooperation funds to promote the WA cotton sector it is totally unfair that the EU is a net cotton exporter since 2005, with exports exceeding those of Burkina Faso, the largest exporter of C4, although the 367,600 tonnes exported in 2014 are low compared to the US 2.6 million tonnes. Because the EU subsidy per tonne is by far the highest in the world and its dumping rate was 211% in 2014, the subsidies being more than twice the value of the exported cotton. The fact that 2/3 of these subsidies are decoupled and hiden in the Single Payment Scheme (now the Base Payment Scheme since 2015) does not allow to not take them into account. And even if the EU share of total US+EU production of cotton has been of 12.5% on average from 1995 to 2014, its share of their total export subsidies has reached 40.4%, 2.8 times more and in 1995-00 and 2014 the 50.4% and 50.6% EU shares exceeded those of the US ! So that the EU dumping is suppressing the world price to the detriment of WA producers. Furthermore the EU has exported 313,857 tonnes of worn clothes for €344 million to WA in 2014 at a FOB price of 1097 €/t. Even though the EU cannot prevent its private exporters to sell what they want and if worn clothes are in the WA exclusion list, nevertheless the 20% ad valorem duties for a long time (as well as for the EPA) did not prevent WA imports to be multiplied by 2.4 in qauntity and by 2.8 in value since 2005. When we know that the textile industry has been at the basis of development of all developing countries and that it creates a huge amount of jobs, we realize the urgency for WA to regain control of its

[54] EU exports are not likely to disrupt West African production, since the EU production only accounts for 2% of the world production.

[55] See "Programme de Relance durable de la filière coton en Côte d'Ivoire (2006 – 2011)", which aimed at both increasing yields by distributing better quality seeds and strengthening the sector's professional organisations.

[56] See "Réhabilitation des infrastructures de transports en milieu rural en Côte d'Ivoire (2008 – 2012)", which has operationalized 54 crossings and eased producers' access to distribution markets in the cotton and coffee sectors.

cotton chain future, which must rest on processing its cotton lint in apparels to stop progressively their imports while reducing cotton lint exports (see "*US and EU cotton subsidies from 1995 to 2014*", Solidarité, 12 March 2016, http://www.solidarite.asso.fr/Papers-2016.]

5. Literature review

This section is organized along the quantifiable topics of the EPAs economic implications for West African countries. After depicting the literature on fiscal system impacts, the section describes the identified effects on trade dynamics and social welfare.

5.1.Overview

Quantitative research has focused on the direct effects of trade i.e. the fiscal, consumption and employment aspects and, to a lesser extent, on the indirect and more institutional impact of the EPAs, e.g. tax system efficiency. Studies were done both at the regional and country levels of the West African region.

Research difficulties were encountered due to limited data availability and 'blind' assumptions on the timeframe and scope of trade liberalisation. Most studies were indeed conducted before the conclusion of the agreement, and had to guess the magnitude and nature of tariff cuts. Studies also made different assumptions on product exclusion as well as on the implementation schedule. Yet, the exclusion of sensitive products and the length of the transition period significantly affect the estimation of the EPA's effects. Finally, the limited availability of data have led researchers to focus on the static and short-term implications such as fiscal losses, ignoring the long-term impact linked to inter-sectorial changes, a widening market and its positive impact on fiscal revenues and development.

Specifically, most research is based on the use of partial equilibrium models which, while allowing for a detailed analysis on the effects of trade policy change at the product and firm level, do not account for the adjustment within and between firms, sectors and households, i.e. the dynamic effects of trade policy reforms.

5.2.The EPA's impact on trade, firms' productivity and consumers

At the regional level, Busse (2004) finds that trade creation exceeds trade diversion in all West African countries, with an increase in ECOWAS exports to the EU by 4.5% while ECOWAS imports from the EU would increase by 15% at the end of the liberalisation process[57]. Using a partial equilibrium model, Karingi (2005), finds that trade diversion from ECOWAS is rather significant[58].

However, Karingi assumes full reciprocity between the EU and ECOWAS. No information is provided on the kind of products that would be most affected by trade diversion and whether these products will in fact be covered by the liberalisation process. This study also predicts that consumers derive important gains from the EPAs benefitting from lower prices.

Mevel (2014) shows that ECOWAS's total exports to the EU are expected to grow by 12% in 2040 and that the EU's exports to ECOMAS would increase by 22%[59]. It also states that non-LDCs are likely to benefit more from the agreements than LDCs, accounting for 96.4% of total export gains to the EU, concentrated in the agricultural sectors of rice, milk, sugar and meat.
[A stupid statement showing that the authors ignore that ECOWAS is a large net importer of these foods, to a large extent from the EU (excluding rice). And the more so as ECOWAS has already a large and fast rising food deficit if we exclude cocoa and this deficit will continue to grow fast to cope with its spike in population (a 64.4% increase from 2015 to 2035), a fundamental issue ignored by these authors.]

[57] Fontagne L., Mitaritonna C., Laborde D. (2008).

[58] Karingi S., Lang R., Oulmane N., Perez R., Sadni Jallab M., Hammouda H. (2005).

[59] Karingi S., Mevel S. (2014).

The reason for lower export gains for LDCs mainly stems from the fact that LDCs already face favourable market access conditions.
[But Ivory Coast and Ghana as well have always benefitted from the same DF access that the LDCs, even since 2008 as they signed interim EPAs.]

However, as non-LDCs increase their exports in newly liberalised products, the researchers suggest that less intense competition in previously liberalised products will provide more export opportunities for LDCs in these sectors (energy, fishing, crops and livestock).
[It does not seem that you read attentively the Karingi and Mevel's article of 18 June 2015 in ICTSD who conclude the following: "*Notwithstanding many years of preferential market access, African exports to the EU remain mainly concentrated in a narrow range of mostly primary products… EPAs may lead to some trade diversion for Africa, with adverse effects on intra-African trade and, to a lower extent, for countries outside EPAs. Finally, the impact of EPAs on African countries' real income could be expected to be slightly negative, as a result of a decline in tariff revenues, an increase in imports following liberalization, and a smaller increase in exports, mainly captured by African non-LDCs… African countries may end up granting a more favourable treatment to a number of EU-originating imports compared to similar African products. As a simple example, West Africa's agreed liberalisation schedule implies that the tariff applied on, say, cereal imports from Europe would be significantly lower than the corresponding CET* [common external tariff]… *European products may end up displacing intra-African exports, notably in the manufacturing, oil, and food sectors*" (http://www.ictsd.org/bridges-news/bridges-africa/news/the-epas-and-africa%E2%80%99s-regional-integration).]

Country-level studies highlight the positive effect of the EPAs on the domestic industry and firms' competitiveness, in particular in the long-term. In Ghana, according to Von Uexkull (2015), the EPA enables 75% of the firms in the manufacturing sector (representing 84% of the manufacturing workers) to experience a net benefit resulting from lower prices and easier access to imported products[60]. The losses are concentrated in the Mineral Products and Furniture sectors while the sectors that gain the most from liberalisation would be processed cocoa, fruit and vegetables and fish. The EPA not only generates short-term benefits but is also likely to generate positive growth dynamics in the long-run by reducing imposed costs on consumers, facilitating access to intermediate goods and thus increasing the firms' global competitiveness.[61]. With regard to consumer welfare, the EPAs lead to a reduction in consumption prices and could offset the negative effect of higher tariffs from the CET. For instance, in Ghana, the price of the consumption bundle is decreased by 0.4% compared to the CET level[62].
[However this report presents several large flaws:
1) It writes that "*The EPA will result in the gradual opening of Ghana's market to 75 percent of the tariff lines, equivalent to around 65 percent of the value of imports from the European Union, by 2035*", which is no true as the South Centre has calculated that the 75% of tariff lines corresponds to import values of 80.4% for Ghana, based on 2012 data.
2) The methodology is highly flawed on several points:
- "*By the time the EPA has been fully implemented in 2035, annual imports are forecast to be 0.5 percent higher than they would be under the CET, but 0.5 percent lower than they are currently. Again, this is a static model, and as such does not account for any rise ine imports due to causes other than the CET and EPA*". Indeed first it does not take into account the 46.4% increase in Ghana's population from 2015 (27,4 million, M) to 2035 (40,1 M) (UN population revision of 2015). Solidarité has estimated that this would increase imports by 2/3 of the rate of population increase.
- The trade diversion in favour of more imports from the EU is hugely underestimated: "*By full implementation of the Economic Partnership Agreement (EPA) in 2035… the size of the*

[60] Von Uexkull E., MacLeod J., Shui L. (2015).

[61] *Ibid*, p. 20.

[62] Von Uexkull E., MacLeod J., Shui L. (2014).

diversion is still fairly small relative to total imports, ranging from zero to 2.79 percent of total imports in each sector". On the contrary the Fontagné, Laborde and Maritonna's report of 2010 has estimated a trade diversion impact for ECOWAS of 32.5% more than the direct impact of the EPA: €172 M over €530 M (in 2004 euros) in the central H1 scenario where sensitive products are not liberalized and are concentrated in agricultural products, not far from the actual EPA choice (http://lionel.fontagne.free.fr/papers/fontalabmita_JAE.pdf)

- The report writes: "*The EPA will reduce total annual government revenue by 1.6 percent (GHc 485 million or US$234 million) from the CET level by 2035*". The conclusion of Fontagné et al. is quite opposite: "*The combination of these effects will result in a forecast average loss in tariff revenue on EU imports for all ACP of 71% in 2022 (702 million euros of 2004). The lowest relative losses are forecast to occur in the SADC region (58%), while the region most heavily affected will be ECOWAS where the trade diversion effect will be particularly detrimental (losses of 700 million euros annually in the long run or 82% of tariff revenue in 2022… However… while scenario H1 may reduce the tariff revenue collected on imports from the EU by 71%, it would represent just a 25% decline in total tariff revenue for the ACP countries when all importers are considered… Several West African countries, such as Ghana and especially Côte d'Ivoire, which are heavily dependent for their budget on this revenue source* [10.6% for Ghana and 28% for Côte d'Ivoire] *may experience difficult transition phases due to heavy predicted losses in customs receipts*".

In another paper of 15 July 2010, David Laborde estimates that " *Overall, customs revenues should be reduced by 30% at the most* [for an opening rate of 80%] *for the whole ECOWAS, and between 20% and 40% for the different countries, which represents 10% of total indirect tax revenue*" (http://www.ictsd.org/bridges-news/trade-negotiations-insights/news/fiscal-impact-of-the-economic-partnership-agreement-in).

- The impact of the CET and EPA on consumers' prices: "*As with the consumer effects, we have assumed that any changes in prices caused by tariff reform are fully passed through to firms*", which is not feasible. "*The impact of the CET on the poorest Ghanaians occurs principally through the increase in tariffs on fish, soap, chicken, beef, and tomato paste; however, this is partially offset by reductions in the price of rice… By full implementation in 2035, the EPA, in contrast, will have reduced the price of the average household consumption bundle by around 0.2 percent from that of the CET*". Considering lower prices on these basic staples as large benefits for consumers forgets that in a country where about two-third of the population, hence also of consumers, are farmers or fishermen lower prices have negative economic and social impacts. But the report admits that "*the results only cover the manufacturing sector; extending this analysis to the agriculture sector would have been highly desirable, but was not possible with the available data and resources. It is important to note that the manufacturing sector accounts for less than 20 percent of gross domestic product and about 10 percent of employment in Ghana*".

- One of the reasons of these flaws might come from the limitations of the TRIST (Trade Reform Impact Simulation Tool) model, acknowledged by the authors ("*our approach excludes general equilibrium effects such as adjustment within and between firms, sectors, and households*") and confirmed by Fontagné et al.: "*they model one market at time (i.e., demand of country s from country r of commodity i), which means that there is no link between different products and countries. To obtain total trade creation or trade diversion resulting from a trade reform, one needs simply to sum the relevant dimensions (e.g., products and countries)… In our model… we obtain consistent results based on the fact that all products and markets are linked and initial regional revenue is unchanged*".

Similarly, in Nigeria, the net effect of the EPA on the median firm's profitability is positive because of the gradual reduction of input prices. Most firms would either see their profitability increase or remain unchanged[63].

[63] von Uexkull E., Njinkeu D., Maur, J-C., Coste A., Shui (2014).

Households from all income categories would see the price of the average consumption bundle decline by 0.4%, more particularly resulting from a price reduction in processed vegetables[64].

[This WB report on the EPA impact on Nigeria is as much flawed as its report on Ghana:

- The population increase of 61.3% from 2015 to 2035 is ignored.
- Indeed partly because "*While this study's results are based on a short-term, static methodology, they do not give reason to believe that longer term dynamic effects would turn negative as some of the above cited works suggest... The key metric of firm level results is the expected change in in firms' profit levels when the EPA is implemented, assuming a constant output level and combination of inputs. These are short term, static effects in nature that are likely to trigger subsequent dynamic adjustment effects at the firm level, including adjustment in output level and production technology as well and entry and exit of firms, and may also have macroeconomic repercussions… The calculations underlying the revenue results therefore combine the trade related relative changes in revenue calculated in TRIST with a simple assumption of 3 percent annual growth in all revenue sources, using fiscal data from the 2012 IMF Art IV report as a base*". How can we justify a growth of 3% of budget revenues in a static economy without production growth? By assuming a growth of 3% of all budget revenues, it is not difficult to show that tariff revenue losses due to the EPA correspond to only 0.8% of budget revenues! In fact Table 1 in the appendix of the quoted IMF report anticipated a decline of 2.42% per year in the ratio of these revenues in the GDP from 2012 to 2032[65]! And yet in 2013 this ratio had not anticipated the collapse in oil prices since 2014 and the correlative fall in GDP. But "*The World Bank had recently revised Nigeria's growth forecast from 3.3 per cent to 2.3 per cent in 2016*" (http://allafrica.com/stories/201605030517.html).
- It is the assessment of 0.3% of consumer gains which is the most questionable from a methodological perspective and for the impact of the EPA on human rights and in particular of the agricultural population which accounts for 60% of the total. More broadly 69% of Nigerians live below the poverty line (less than $ 1 a day) while 80% of the poor are in rural areas[66]. Already it is recognized that "*The impact is slightly regressive with the richest households benefitting the most given that products imported from the EU that benefit from the EPA feature more prominently in their consumption bundles*". Then consumers' gains are linked to the expected price reductions coming from lower CDs on imports from the EU, with the assumption that they will be fully passed on to consumer prices and that world prices will not change, a classic hypothesis in the case of imports of a "small country" in relation to world imports. Further gains to consumers are tied to their demand elasticities in the face of lower prices of EU imports but, as we do not know them for Nigeria, the study uses "standard values in the literature" of 0.5 and 1, as if these elasticities applied to all products!

Especially "*The model does not allow for direct substitution between different products. In other words, each product is modeled as a separate market and in isolation from other markets. This is perhaps the strongest assumption used in the model. However, a relaxation would not only complicate computations but would also generate a need for a range of additional ad-hoc assumptions regarding the precise design of the additional substitution effect and its parameterization*". In particular, the model does not take into account the effects on the consumption of each product of lower CDs on other products, especially imported agricultural products are expected to have no effect on the price of self-consumed products. Indeed, "*The change in the cost of consumption is calculated at the item level and then aggregated to assess the price change of the entire consumption basket. Annex 2 shows the price changes at the GHS category level*", aa methodology citicized by Fontagné et al. as we saw. Now this Annex (page 36) provides that, for basic food products, the consumer prices would remain unchanged from 2024 to 2035 (rice, bread, tubers, pulses, meat other than poultry) or would fall (maize other cereals, sugar, vegetables, fruits, poultry, fish, dairy products, beverages, and other food

[64] Von Uexkull E., Njinkeu D., Maur, J-C., Coste A., Shui (2014).

[65] http://www.imf.org/external/pubs/ft/scr/2013/cr13116.pdf

[66] https://globaljournals.org/GJHSS_Volume14/5-Millennium-Development-Goals.pdf

products), which could be attributed to the impact of imports from the EU but which is inconsistent with the hypothesis that imported agricultural products have no effect on the price of self-consumed products.]

In Guinea, Mevel (2014) finds that the EPA entails a trade diversion away from ECOWAS partners of 1.2% in favour of the EU for which Guinea's exports increase by 4.5%, especially in the mining and energy sectors[67].

As far as industry liberalisation is concerned, two studies find that industry protection is not needed in Senegal[68] and the Gambia[69]. This would be explained by the fact that the average tariff rate on EU imports is already low (7%) in both cases and that most imports from the EU are not in competition with domestic production. Both studies nevertheless advise the exclusion of agricultural products from the liberalisation process. According to the studies, industrial tariffs are not protective but rather revenue generating and the industry sector might in fact benefit from gradual liberalisation: it enables the good sequencing of restructuring while providing incentives to improve international competitiveness.

[The IMF report on Senegal is also flawed:

- Instead of having to liberalize 80% of its imports from the EU, this would be 86.1% according to Peter Lunenborg of the South Centre.
- The report ignores also that Senegal's population would jump by 70.6% from 2015 to 2035.
- The report misrepresents the Fontagné's report assumption that trade distorsion would be limited to 7.9% whereas this report states that "*the trade diversion effect will be particularly detrimental (losses of 700 million euros annually in the long run* [of which €530 million of direct effect plus €172 M of trade diversion effect] *or 82% of tariff revenue in 2022*".
- The report assumes that "*The EU is committed to providing additional development assistance to offset EPA-related revenue losses*" but we have seen that there is no EU actual commitment on that, the more so as the Cotonou agreement expires in 2020.
- The IMF recites its free trade bible when saying: "*International experience suggests that some protection can be useful when a particular sector has substantial potential to become competitive over time or when the immediate removal of protection would create a serious social dislocation. But two conditions need to be met. The first one is that the level of protection needs to be limited in scope and be phased out over time. Unlimited protection distorts incentives, limits competition, generates inefficient and rent-seeking behavior, and reduces overall welfare*". As if the countries today developed, particularly the EU countries, did not go through a long period of import protection before pleading for free trade for the products for which they have reached the top of the competitiveness ladder. And in fact, particularly for agricultural products, the EU maintains huge import duties, much higher than in the ECOWAS CET, and domestic subsideis which have a large import substitution effect as well as a dumping effect.
- The report assumes that "*If trade liberalization is capped at 80 percent of imports from the EU, revenue losses may be around 1.2 percent of GDP*". But import duties (including VAT on imports and special tax on petroleum products) accounted for 7.34% of GDP on average from 2005 to 2009 (http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Pages%20from%20SENEGAL_%20Evaluation%20du%20potentiel%20des%20recettes%20publiques%20Eng.pdf). As imports from the EU have represented in 2014 44.5% of total imports implies that import duties from the EU represented 3.3% of GDP and the liberalization of 86.1% of imports from the EU would represent a loss of duties of 2.81% of GDP.]

[67] Karingi S., Mevel S. (2014).

[68] Mueller J. Lakwijk F., Roudet S., Segura-Ubiergo A., Mitra P., and Adenauer I. (2008).

[69] Tsikata T., Dwight L., Sriram S., Segura-Ubiergo A., and Amornvivat S. (2008).

5.3.The EPA's effect on import duties in West Africa

To estimate the overall impact on government revenues, a study by Fontagne (2008) distinguishes between the direct effect, due to tariff liberalisation, a trade diversion effect and a domestic effect (more transactions in the formal economy)[70]. Using a partial equilibrium model and assuming that liberalisation will be gradual (14 years, 2008-2022) as well as protective of sensitive agricultural products, researchers find that annual losses of tariff revenue on EU products would amount to €700 million in the long run for ECOWAS. The study finds that the overall tariff revenue is predicted to be reduced by 38% in ECOWAS at the end of the liberalisation period.

At the country level, several studies were performed using a partial equilibrium model. In the Gambia, if trade liberalisation concerning 80% of products is implemented over 15 to 20 years, the fiscal impact will be manageable, representing only 0.5% of GDP[71]. Similarly, it is predicted that, under similar conditions, losses of customs duties in Senegal would be in the magnitude of the equivalent of 1.2% of GDP when liberalisation is completed[72].

Such findings are explained by the improvement of the countries' fiscal systems and their decreasing reliance on customs duties to finance public expenditure.

More recent studies have analysed the economic effects for Ghana and Nigeria. Based on a partial equilibrium model, these studies have used the final EPA market access offer, also taking into account the implications of the ECOWAS Common External Tariff. In Ghana, the study predicts that, while CET results in an increase of collected import duties, the EPA reduces that number when fully implemented[73]: total government revenue is expected to decrease by 1.6% from the CET level due to the EPA. At the same time, the EPA offsets the adverse effect of CET-induced reduction in total imports by 1% annually. In Nigeria, the EPA induces a reduction of the average tariff protection from 11.3% to 9.2% once fully implemented, leading to a 0.8% reduction of total fiscal revenue by 2035[74].

Finally, using a dynamic multi-region multi-sector Computable General Equilibrium model for Guinea, Mevel (2014) finds that while tariff revenues would decrease by 27%, the negative effect on the country's real income remains small, accounting for US$ 0.4 million by 2040.
[This section is redundant with the previous one!]

5.4.Impact of accompanying policies in West Africa

Overall, the quantitative assessments suggest a moderate economic impact of the EPA on West Africa given its gradual and protective approach, allowing for the implementation of compensation mechanisms and funds, such as the EPADP, to help workers in the transition and implement institutional measures to counter the negative impacts on fiscal revenues (upgrading fiscal systems, limiting exemptions and fighting against corruption). In particular, several studies point to accompanying policies to boost productivity. Those policies are expected to have a much larger effect on economic growth, offsetting the effects of the EPA. For instance, Von Uexkull (2014) finds that reducing power outages by 50% increases Ghanaian firms' profitability by almost 20% and that of Nigerian firms by 12% by 2035. Similarly, halving transport costs increases Ghanaian firms' competitiveness by 15% and that of Nigerian firms by 4.5%.

[70] Fontagne L., Mitaritonna C., Laborde D. (2008).
[71] Tsikata T., Dwight L., Sriram S., Segura-Ubiergo A., and Amornvivat S. (2008).
[72] Mueller J. Lakwijk F., Roudet S., Segura-Ubiergo A., Mitra P., and Adenauer I. (2008).

[73] Von Uexkull E., MacLeod J., Shui L. (2015).

[74] von Uexkull E., Njinkeu D., Maur, J-C., Coste A., Shui (2014).

6. Analysis of the potential economic effects of the tariff reductions set out in the EPA

6.1.Description of the methodology

The objective of this section is to assess the economic effects of the EU-West Africa EPA, primarily on West African countries, in terms of welfare, production, government revenue and poverty. The assessment is based on a dynamic multi-country multi-sector Computable General Equilibrium (CGE) model. In general, CGE models evaluate the impact of policy shocks, e.g. trade policy changes, on macroeconomic variables such as income, prices, production and employment.

The CGE model used for this study is MIRAGRODEP, which is a recent version of MIRAGE[75], developed for the AGRODEP initiative[76]. Since the EPA involves many countries, it is important to use a multi-country model so as to represent in detail and consistently the economic and trade relations with the rest of the world. The gradual implementation of the agreement, i.e. gradual tariff reductions, necessitates the use of a dynamic version of the model, under which the model is being solved sequentially and the equilibrium is moved from one year to another.

Initially, the structure of the examined economies - with all the associated transactions among the economic agents (households, government, firms) - is reproduced. A dynamic baseline is then simulated so as to project the economic situation of these countries within a specific timeframe. The baseline reflects current EU and West Africa's Free Trade Agreements in force as well as those for which negotiations have been concluded, including the Common External Tariff (CET) that is in force in ECOWAS countries since January 2015. Without the EPA, the West African LDCs would remain under the EBA initiative, while non-LDCs would benefit from the EU's GSP (GSP standard, and GSP+ for Cape Verde).[77]

A scenario simulation is then performed under the assumption that a specific policy change takes place and the result is compared to the baseline. Specifically, the economic effects of the EPA are quantified based on the tariff dismantling schedule set out in the EPA (gradual and partial dismantling for EU products exported to West Africa, immediate and full liberalisation for West African products exported to the EU) by comparison to the baseline. Both the baseline and the EPA scenario are projected for 20 years up to the year 2035.

The specific characteristics of the African continent are taken into due consideration with cutting-edge specifications that are introduced in the model and the overall analysis:

- Fiscal revenues of West African countries: The effect of the agreement on public revenues is projected based on actual revenues instead of nominal import duties and accounting for fiscal inefficiencies[78].
  [But assuming that there is a low rate of effective import duties collection assumes also that the ECOWAS authorities are unable to improve the effectiveness and integrity of customs services and officers and it is above all an easy way to underestimate the detrimental impact of the losses of import duties of the EPA.]

- Impact of the agreement on poverty and inequality: The CGE model is complemented by a top down micro-simulation approach. With the use of a micro-macro distributional toolbox[79], the impact at the macroeconomic level (change in relative prices of goods, impact on labour market, change in relative

[75] MIRAGE (Modeling International Relations under Applied General Equilibrium) is a model initially developed by CEPII (Centre d'Études Prospectives et d'Informations Internationales) and devoted to trade policy analysis.

[76] The African Growth and Development Policy modeling consortium aims to enable African experts to lead in policies related to the region's strategic development and agricultural growth.

[77] Ghana and Côte d'Ivoire currently benefit from a temporary arrangement, the Market Access Regulation, which cannot be expected to last in the long-term in the absence of EPA. For that reason, both countries are considered, in the baseline, as benefitting from GSP.

[78] As most African economies have a relatively low rate of effective tax collection, considering that their tariff revenue is equal to the product of nominal tariff and trade flows is an overestimation. Therefore, country-sector specific or country specific efficiency ratios are used to duplicate effective tariff revenue as indicated in International Monetary Fund's (IMF) financial reports. See for instance Decaluwe B., Laborde D., Maisonnave H. and Robichaud V. (2008).

[79] http://www.agrodep.org/model/micro-macro-distributional-analysis-toolbox.

factor remuneration, change in government revenue, change in consumption pattern by households etc.) are linked to microeconomic data (e.g. household budget surveys) to account for impacts at the household level and to analyse the effects on income distribution. Due to data availability constraints, the micro-simulation exercise was conducted for two countries; Nigeria and Ghana[80]. These two countries account for 84% of the region's GDP and 60% of its population.

- Additional sensitivity analysis was carried out in order to address the specificities of the region and of the agreement (weight of informal sector, EPADP). However, those options presented additional methodological complexity and their impact was rather limited on the results (see Annex 5):
  - Dual-dual economy: The objective of this option is to make a distinction between workers attached to the rural versus the urban sector and the informal versus the formal one, so as to account for differences in the production and consumption decisions of each category and the contingent labour migration among them[81].
  - EPADP: The objective of this analysis is to consider that part of the EPADP would be directed to aid for trade, infrastructure and upgrade of production capacities in the region, thus affecting West African farmers and firms' productivity and competitiveness.

[But, first, this EPADP does not add any additional euro above the EU traditional cooperation funds and, as the Cotonou agreement expires in 2020, there is no guarantee that the same level of EU funds would be available and that, furthermore, it would increase in line with the WA sharp population rise.]

The **database** used was Global Trade Analysis Project-GTAP 9[82], a fullydocumented, publicly available global database which contains complete bilateral trade information, transport and protection linkages among 140 regions for all 57 GTAP commodities for 2011.
[So that these 2011 data are irrelevant in 2016, the more so as the input-output tables (IOT) – which are the basis for the SAMs (social accounting matrices) – are much older: 1998 for IC, 2003 for Benin, 2005 for Burkina Faso, Benin, Guinea and Senegal, 2006 for Nigeria and Togo (https://www.gtap.agecon.purdue.edu/resources/download/7642.pdf). Furthermore the data in these IOT are very different from one country to the other: the number of sectors (i.e. commodities) included go from 29 in Benin and Nigeria to 30 in Guinea, Senegal and Togo, 34 in IC, 41 in Ghana, of which the number of sectors for agriculture and processed food in even more variable (6 in IC and Nigeria, 7 in Benin and Togo, 11 in Guinea, 12 in Burkina and Ghana) and the sources of prices are unknown in Nigeria and Benin. What is strange is that the IOT of EU countries are from 2000 even if they have the same number of sectors (54) and in agriculture (12). With such old and disparate data, how can we rely on the IFPRI model's results, apart from so many over simplifications (e.g. one single household) and guesses ?]
Specifically, the Social Accounting Matrixes (SAMs)[83] of 8 out of the 16 West African countries (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Niger, Nigeria, Senegal, Togo) are included, with the remaining 8 countries being embedded in the region Rest of West Africa. The main macroeconomic variables (e.g. GDP, trade data) were updated to reflect the latest available data.

6.2.Analysis of the results

This section presents the main results, at macroeconomic and microeconomic level, from implementing the tariff reductions set out in the EPA. Individual country results are generated for Nigeria, Ghana, Côte d'Ivoire, Senegal, Burkina Faso, Benin and Togo, which represent 94% of the region's GDP and 81% of its population
[Not quite: 80.3% in 2015 but only 78.5% in 2035].

[80] The household surveys that were used were the General Household Survey carried out in 2010/11 for Nigeria and the Ghana Living Standards Survey 5 carried out in 2005/06. These were the only household surveys that were publicly available and included an income module (households' income sources, apart from the expenditure/ consumption component).

[81] This modeling is inspired from Stifel and Thorbecke (2003), designed in a way that matched West Africa's sector decomposition. See also Bouët, A., Dienesch, E. and Fall C. S. (2013).

[82] In April 2015 the GTAP 8 database (with 2007 data) was publicly available, but a pre-release of the GTAP 9 database was available to Board members.

[83] Social Accounting Matrices provide a comprehensive picture of all the economic transactions (production, consumption of goods and services, investments, savings, foreign trade) among the economic agents (government, households, firms).

The remaining countries[84] are aggregated in a single category, called for the purpose of this study "Rest of ECOWAS"[85]. It is important to note that the results in this section refer to the EPA scenario compared to the baseline in 2035. For example, if there is a "5% increase" in bilateral exports in 2035, this means that bilateral exports would be 5% higher with the EPA than without. Respectively, a "5% decrease" does not necessarily mean that bilateral exports will decrease compared to today; rather it implies that bilateral exports in 2035 are lower by 5% compared to their would-be value in 2035 without the EPA.

Macroeconomic outputs (GDP, welfare, trade)
The main macroeconomic results from the model simulations are summarised in the following table. Twenty years after the entry into force, the tariff reductions have a small but positive impact on both **real GDP** and **economic welfare** for all West African countries. For example, in 2035, Côte d'Ivoire's real GDP will be 0.5% higher and welfare 0.7% higher, compared to the situation where an EPA would not be in place. More than half of these gains will materialise in the first decade. The indicator for welfare is a summary measure of the impacts on the supply side and the demand side. It measures the change in utility for a particular household and is expressed as the difference between nominal household income and an expenditure price index for the household. The agreement has negligible effect in terms of GDP and welfare on parties that are not part of it.
[But these oversimplistic welfare calculations are meaningless! Of course all neo-classical free-trade models show that welfare is raised as the consumers'surplus is larger than the loss of producers' surplus and government's revenues because consumers represent 100% of the population ! This is the best prescription to maintain DCs, here of WA, in a permanent state of under development. That is why the former governor of Nigeria's Central Bank, Professor Chukwuma Charles Soludo, said on 19 March 2012 that the West Africa's EPA would be a "second slavery", and he underscored the "*conditionalities that literally tie the hands of African governments to deploy the same kinds of instruments that all countries that have industrialised applied to build competitive national economies*" (http://www.thisdaylive.com/articles/soludo-eu-trade-agreement-is-second-slavery/111761/).

Table 10: Macroeconomic effects, 2035 (EPA vs. baseline, %)

	GDP	Welfare
Benin	0.0	0.2
Burkina Faso	0.5	0.6
Côte d'Ivoire	0.5	0.7
Ghana	0.1	0.4
Nigeria	0.1	0.1
Senegal	0.4	0.6
Togo	0.0	0.5
Rest of ECOWAS	0.1	0.5

Source: CGE simulations carried out for DG Trade[86]

Total exports of West Africa to the world also increase as a result of the EPA, e.g. by 1.3% for Nigeria and 3.0% for Senegal, whereas the imports increase is lower (+1.2% and +1.6% respectively). In total, West Africa's exports increase by 1.5% and West Africa's imports by 1.2%. The impact of the EPA on

[84] Given the lack of available data, Mauritania was not included in this analysis. Therefore, in this section, "West Africa" has to be understood as equivalent to ECOWAS.

[85] Individual data and SAMs are not available for the remaining 8 West African countries. Moreover, the existence of many zero values in the trade structure of these countries necessitates the aggregation of these figures in a single category so that the model equations can be solved.

[86] These simulations were performed by Bouët A., Laborde D. and Traoré F. (CEPR-IFPRI).

EU trade with the world is positive but very small (+0.1%) given the relatively share of EU's trade with West Africa in the EU's total trade with the world.

Table 11: Total trade in 2035 (EPA vs. baseline, %)

	Total Exports	Total Imports
Benin	2.7	0.8
Burkina Faso	2.5	3.4
Côte d'Ivoire	2.5	3.3
Ghana	2.8	1.8
Nigeria	1.3	1.2
Senegal	3.0	1.6
Togo	1.4	0.7
Rest of ECOWAS	1.3	0.6
West Africa (all countries)	1.5	1.2
Rest of Africa	0.0	0.0
European Union	0.1	0.1

Source: CGE simulations carried out for DG Trade, own calculations

West Africa's exports to Europe

The impact of the EPA regarding EU-West Africa bilateral trade are in line with expectations, as West African countries already enjoy DFQF in the EU market or low duties under the GSP and GSP+ schemes. West Africa's exports to the EU would be 4.1% higher under the EPA.

Individual country results can be seen in Table 16. For example, exports from Côte d'Ivoire to the EU increase by 10.7%.

Table 12: West Africa's exports to Europe, 2035 (EPA vs. baseline, %)

	Exports to the EU
Benin	4.2
Burkina Faso	2.1
Côte d'Ivoire	10.7
Ghana	7.3
Nigeria	2.5
Senegal	3.5
Togo	1.8
Rest of ECOWAS	2.6
West Africa	*4.1*

Source: CGE simulations carried out for DG Trade.

The EPA effects on the main sectors of the West Africa countries, i.e. sectors that represent above 5% of total exports of each West African country, can be seen in Table 24. Almost all West Africa's exports to the EU are positively affected by the agreement, but the impact on individual sectors diverges depending on the original level of protection and on the value of trade in sensitive and non-sensitive products. For instance, Ghana's exports of vegetables and fruits to the EU increase by 26.1% as a result of the EPA, Senegal's exports of fossil fuels by 20.3% and Burkina Faso's exports of other crops by 2.5%.

Exports by sector (West Africa to the world)
The individual sectors which were examined for this study are aggregated in three main categories; agriculture/food, industry/energy/raw materials and services, in

Table 13. Overall, all categories are positively impacted by the EPA, including industry and services. At sector level, an increase is estimated in all sectors but three ("cattle", "other crops" and "other minerals"), with considerable increases occurring in Cereals (+10.2%), "Other Food" (+9.9%), Red Meat (+8.4%) and Wearing Apparel (+12.8%)[87].
[As written already this is not credible at all for cereals, other food and red meats. For cereals given the huge dependency of WA from imports of cereals which have risen from 7.1 Mt in 2000 to 16.1 Mt in 2013 (growth rate of 6.1%/year), of which from 3.855 Mt to 7.361 Mt for wheat (growth rate of 4.4%) and from 2.903 Mt to 8.467 Mt for rice (growth rate of 8% but of course the EU does not export rice), and more generally this is not credible for all foods given the demographic explosion (+64.4% or 227.3 M of more inhabitants) in a context of the detrimental impact of climate change. Above all the huge dumping of EU food products, particulaly cereals would prevent any net food surplus (outside non basic food staples like cocoa and coffee). The same for bovine meat: in 2015 WA imported 83,296 t from the EU for €67.2 M and exported 0 tonne to the EU and exported 127 t to countries (ITC TradeMap data on imports from all countries are no feasible as much lower than the only imports from the EU). And the same for dairy: how can we expect an increase in WA dairy exports when it is a large net importer, mainly from the EU and these imports should rise a lot when the EPA would have eliminated the 5% duty on milk powder as soon as 2020. On average from 2011 to 2015 WA imported 245,494 t of dairy products for €534,9 M from the EU and exported only 76 t for €31,349!]

Table 14 and Table 15 depict further the impacts on West Africa's total exports, as well as on their total production, regarding the main exporting and production sectors of each West African country. All sectors that represent above 5% of total exports/ production of each West African country (as estimated under the baseline in 2035) are represented (70-93% coverage of total exports for each individual West African country). For example, 46% of Benin's total exports are in metals. These exports are positively affected by the EPA, as they increase by 3.3%. The last column shows the aggregate impact on each country's main export sectors, e.g. Burkina Faso increases its exports by 2.6% in its main export sectors (i.e. in 92% of its total exports).

Table 13: **Total exports by sector, West Africa, 2035 (EPA vs. baseline, %)**

Sector		EPA's impact
Agriculture / Food	Beverage and Tobacco	0.8
	Cattle	-1.4
	Cereals	10.2
	Dairy products	0.4
	Fisheries	0.7
	Oilseeds	0.7
	Other Animal	1.2
	Other Crops	-0.6
	Other Food	9.9

[87] The percentage of each sector in West Africa's total exports is provided in Annex 4.

	Plant Fibers	0.1
	Red Meat	8.4
	Rice	7.0
	Sugar	0.5
	Vegetable Oil	1.0
	Vegetables and Fruits	2.8
	White Meat	1.9
Industry / Energy / raw materials	Capital Goods	3.3
	Chemicals	3.0
	Electronics	3.3
	Fossil Fuel	1.1
	Leather Product	2.4
	Metals	3.4
	Motor Vehicles	1.5
	Other Industries	2.2
	Other Mineral	-2.2
	Other Natural Resources	0.3
	Paper Products	0.1
	Textile	2.6
	Wearing Apparel	12.8
	Wood Products	0.9
Services	Business Services	1.0
	Construction	1.7
	Other services	0.6
	Public Services	1.2
	Trade	1.0
	Transportation	3.3
	Utilities	3.2

Source: CGE simulations carried out for DG Trade

Production by sector

Production-wise, almost all the main **production** sectors of each West African country are positively affected by the agreement. Côte d'Ivoire's production of vegetables and fruits, which accounts for 7% of its production in 2035, increases by 1% as a result of the EPA compared to the baseline. Burkina Faso increases by 2% its production of other natural resources (which represents 8% of its total production)[88]. A positive expansion takes place in business services in Senegal, transportation in Togo and metals in Benin, Burkina Faso and Ghana.

[88] Moreover, Togo's production of other mineral (accounting for 5% of its total production) increases by 1.2% and Burkina Faso's cereals (6% of its total production) decreases by 0.1%. These values are not included in the table due to limited space.

The explanation behind the decrease in public services in West Africa countries is the fact that government consumption decreases due to the partial loss of public revenues from customs duties resulting from the EPA (the impact on tariff revenues is described later on). Nevertheless, West Africa governments could offset the loss in customs duties (see below the impact on customs revenue), through fiscal measures.
[Which is easier to tell than to do! We have shown (page 47) that the loss of import duties for Senegal would be of 2.81% of GDP.]
In total, the production of each West African country is positively affected by the EPA, though to a marginal extent (ranging from 0.1% in Nigeria to 0.7 % in Benin and 0.8% in Senegal). EU's total production is not affected by the EPA.

Imports from the EU to West Africa

As a result of trade liberalisation, **imports from the EU** to West Africa are also positively affected by the EPA. EU's exports to West Africa would be 23.3% higher with the EPA than without (see below the analysis regarding potential trade diversion and Table 24 in Annex 5 for a breakdown by main sectors).

Individual country results can be seen in Table 16. For example, exports from the EU to Côte d'Ivoire increase by 18.3% compared to the baseline.

Table 16: West Africa's imports from Europe, 2035 (EPA vs. baseline, %)

	Imports from the EU
Benin	19.9
Burkina Faso	29.5
Côte d'Ivoire	18.3
Ghana	29.5
Nigeria	21.2
Senegal	18.9
Togo	22.2
Rest of ECOWAS	33.4
West Africa	*23.3*

Source: CGE simulations carried out for DG Trade.

Breakdown of West Africa's trade by trading partner

The EPA slightly improves the EU's market access in West Africa, by comparison to other trade partners. This improvement results in small trade diversion effects. West African countries substitute some of their imports from the rest of the world by EU products and redirect a small part of their exports to the EU market. While the overall **pattern of trade partners** would not be modified, small adjustments are expected (see Table 17).

For instance, 25.1% of West African imports would originate from the EU (compared to 20.6% in the baseline), mostly to the disadvantage of Asia's and NAFTA's exports to West Africa.
[We have shown (page 27) that 31.2% of WA imports came from the EU in 2015 (and 29.8% on average from 2013 to 2015) according to ITC TradeMap, and that 38.8% of imports came from the EU in 2015 and 37.6% on average from 2013 to 2015. As the EPA would increase the share of EU in WA imports due to trade diversion your figures (in table 17) are not credible].

Table 17: West Africa's exports to/ imports from the world, 2035 (share of total trade, %)

	Share of West Africa's imports		**Share of West Africa's exports**	
	Baseline	**Scenario**	**Baseline**	**Scenario**
Asia	43.3	40.8	26.3	26.2
Caribbean Community (CARICOM)	4.7	4.5	0.7	0.7
Community of Independent States (CIS)	1.8	1.7	1.4	1.4
European Union	20.6	25.1	16.8	17.2
Latin America	4.2	4.0	4.4	4.4
Middle East and North Africa (MENA)	5.1	4.8	4.0	4.1
North American Free Trade Agreement (NAFTA)	12.0	11.3	32.4	32.4
West Africa	4.6	4.3	5.5	5.2
Rest of Africa	2.1	2.0	4.8	4.8
Rest of the world	1.6	1.5	3.7	3.7

Source: CGE simulations carried out for DG Trade, own calculations

Remuneration of production factors

The **remuneration of the factors of production** is generally positively affected by the EPA, albeit to a small extent.
Remuneration of labour is positively affected in all countries. For instance, as shown in the table below, labour remuneration in Togo increases by 0.8%[89]. The remuneration of capital increases by 1.3% in Benin, whereas that of natural resources by 0.8% in Nigeria.
[Non sense: how this would be possible after the expected loss of competitiveness of WA agricultural, industrial and services sectors due not only to the EU but also to the rest of the world as a consequence of the other EU FTAs and of the likely requirement of other countries to benefit also of lower tariffs on their exports to WA? Furthermore one of the main biases of this report is that it does not seem to have taken into account the huge rise in WA population which, in a context of loss of competitiveness and of a large rise in unemployment, would necessarily reduce the remuneration of WA production factors, and first of labour.]

On the other hand, only the remuneration of capital is negatively affected in Côte d'Ivoire and Togo, and so is the remuneration of natural resources (e.g.
mining, oil and fishing) in Côte d'Ivoire.

Table 18: Remuneration of production factors, 2035 (EPA vs. baseline, %)

	Labour	**Capital**	**Land**	**Natural resources**
Benin	0.3	1.3	0.7	0.7
Burkina Faso	0.4	0.1	0.4	1.3
Côte d'Ivoire	0.9	-1.1	1.1	-0.9

[89] The remuneration of unskilled labour is positively affected by the EPA in all West African countries. Nevertheless in some countries wages of skilled labour slightly decrease.

Ghana	0.6	0.2	0.8	0.7
Nigeria	0.0	0.4	-0.1	0.8
Senegal	0.5	0.5	0.5	0.8
Togo	0.8	-0.3	0.9	1.0
Rest of ECOWAS	0.3	0.6	0.4	1.0

Source: CGE simulations carried out for DG Trade

Impact on poverty

Based on the micro-simulation approach, the tariff reduction will have a (marginal) positive impact on poverty reduction in West Africa. As depicted in the table below, the percentage of the population living with less than 1.25 USD a day decreases slightly by 0.02 p.p. in Ghana and by 0.01 p.p. in Nigeria thanks to the EPA.

[Not credible because of the expected sharp rise in unemeployment in all sectors.]

Table 19: Impact on poverty (% of population below 1USD and 1.25USD per day) in Ghana and Nigeria, 2035 (percentage points)

	Ghana	Nigeria
1 USD	-0.03	-0.01
1.25 USD	-0.02	-0.01

Source: CGE simulations carried out for DG Trade

Impact on import duties

As a result of the tariff reduction, West African countries will collect less import duty. The decrease in collected import duties for West Africa is on average of 11.7% at the end of the liberalisation period (see Table 20). It differs by country, depending on the share of EU products in the imports of the country.

It is worth recalling that this change in tariff revenue, which would be equivalent to 2% of total government revenues[90], is merely a displacement of resources from governments to consumers and companies. Therefore, the loss of import duties identified above has no impact as such on the overall GDP, which is expected to increase as a result of the EPA (see Table 10).

[Non sense again: saying that the loss of import duties would be offset by increased consumers' surplus is a very short sighted analysis for many reasons: loss of competitiveness of WA farms and industries, hence a rise in unemployment, and the losses of public revenues would reduce governement services to consumers, particularly in education, health and infrastructures.

Above all this statment does not take into account the huge losses of WA governments' revenues linked to the collapse of oil prices and it is difficult to anticipate how long this collapse would last.

But Solidarity (now SOL) has calculated that the loss of duties on imports from the EU would reach €3,2 bn in 2035 and the cumulative losses €30 bn from 2020 to 2035.

[90] This percentage is a benchmark to assess the magnitude of the change in import duties collected by West African countries. The 11.7% of reduced import duties are equivalent to 0.34% of West Africa's GDP. Since the level of government revenues over GDP in 2035 could not be predicted by the simulation, we use the WAEMU convergence criteria of 17% of government revenue over GDP (an hypothesis which is conservative given that most countries are already above that criteria).

At least the ITAQA report of April 2012 – to which David Laborde participated – underscores that this loss of import duties would have to be offset by other taxes.

Let us mention in passing that, according to another review ot EPAs made in 2008, "*ECOWAS countries could loose up to 89.5 percent of tariff revenue, which is 20 percent of total government revenues (Busse et al., 2004). In fact, even the most optimistic studies suggest losses of at least 30 percent in West Africa*" (http://gem.sciences-po.fr/content/publications/pdf/delpeuch_harb_EPA032008.pdf).]

Table 20: Collected import duties, 2035 (% change EPA vs. baseline, %)

	Change in collected import duties (% vs. baseline)
Benin	-6.1
Burkina Faso	-25.5
Côte d'Ivoire	-15.2
Ghana	-12.7
Nigeria	-14.6
Senegal	-21.8
Togo	-9.4
Rest of ECOWAS	-8.1
West Africa	*-11.7*

Source: CGE simulations carried out for DG Trade

Tariff and fiscal reform

The role of tariffs in development cannot be looked at from the perspective of government revenue alone, but should also take into consideration the welfare of consumers and the needs of local businesses that create jobs and wealth. Because of tariffs, people with low income have to pay higher prices for the products they buy and local entrepreneurs become less competitive because they pay high prices on inputs.

The reduction in import duties is not lost for the country, but can be considered as a transfer from the government to consumers and businesses. It is therefore for the governments to assess the extent to which, through fiscal reforms, all or part of the foregone duties should come back to the public budget.

- A tendency in most African countries in recent years has been to reduce government's dependence from customs duties: at the same time as trade was increasing, collected trade taxes as a share of GDP decreased in Africa from 3% to 2% between 1996 and 2006[91], and from 4% to 3% between 1996 and 2009 in the West African Economic and Monetary Union[92].
- Mauritius is a good example, since the country moved from dependency on international trade taxes, which represented close to 50% of GDP during the 1970s, 1980s and 1990s, but less than 5%

[91] OECD/AfDB/ECA (2010), African Economic Outlook 2010, OECD Publishing, Paris p. 95

[92] Montagnat-Rentier G. and Parent G. (2012), *Customs Administration Reform and Modernization in Francophone Sub-Saharan Africa 1995-2010*, IMF Working paper, p. 6

in 2008. Mauritian authorities introduced VAT in 1998 and a flat tax rate of 15% on corporate and personal incomes in 2007. This helped the fiscal system to absorb shocks and to provide stable revenue flows to the government.[93]

- Most African countries now have a VAT system in place, but with uneven efficiency. Improvements in the existing VAT system were for instance undertaken by Kenya in 2013, which moved from a narrow-based VAT with numerous exemptions to a broader base with limited exceptions (medicines, foodstuff).[94]
- Other avenues for improving fiscal systems in West Africa include reducing exemptions, improving actual collection of taxes, and reducing the cost of administration and compliance thus lessening the scope for corruption and fraud. Development cooperation can also help in that regard.

Additional simulations

As mentioned above, additional simulations were performed taking into account the specific characteristics of the African continent with regard to the existence of formal and informal sectors, and rural and urban ones (dual-dual economy), as well as the development package that West African countries receive (EPADP).

The results in all the examined variables (GDP, welfare, exports, production etc.) in the additional simulations are very close to the ones generated without the distinction of the production sectors and without the reallocation of funds (main differences are of one or two decimal points). The main results arising from the simulations are provided in Annex 5.

6.3. Summary of the modelling results

Based on the simulation results, West African countries' GDP will be positively affected by the agreement, albeit to a small extent, from 0.0% to 0.5% by comparison to a baseline without EPA. Welfare is also expected to slightly increase, by 0.1 to 0.7% depending on the country but regardless of the country's status as LDC or not.

Total exports from West Africa with the world are positively affected by the EPA and so are total imports, though to a smaller extent. West African exports are expected to increase on average by 1.5%, and imports to increase by 1.2%. West Africa's exports to the EU will increase by 4.1%. Almost all sectors are expected to benefit from the agreement in terms of exports – with the highest expected increases in the following sectors: cereals (10.2%), other food (9.9%), red meat (8.4%) and wearing apparel (12.8%). Minor decreases in exports (compared to the baseline) are expected in only three sectors: cattle (-1.4%), other crops (-0.6%) and other mineral (-2.2%). The increase in exports relates to agricultural sectors as well as industry and services sectors.

[Again these conclusions are not credible for many reasons already underscored, of which:
- The huge rise of population which would inevitably require large increases of government expenditures – hence of import and export duties –, particularly on education, health and infrastructures, including those needed to improve the competitiveness of WA entreprises.

[93] Zafar A. (2011), *Mauritius: An Economic Success Story*, World Bank, p. 15

[94] Cnossen S., *Mobilizing VAT revenues in African countries,* CPB Netherlands Bureau for Economic Policy Analysis, February 2015 p. 25

- Expecting large rise of WA exports of cereals, other food and red meat show the huge degree of ignorance of the WA agricultural situation, of the fact that basic food like cereals (excluding rice) and milk powder would be liberalized, and the necessity to reduce exports to feed this regional population, all thsi in a context of climate change which could decrease the already low yields.
- We cannot expect improvements in the WA exports to the EU from the EPAs as they have all (excluding Nigeria since 2008 but close to 98% of its exports are entering duty free to the EU, being a minor exporter of agricultural products) been already benefitting from almost the same DFQF market access since their independence, apart a minor improvement in the rules of origin? Above all WA will suffer a large preferential erosion due to the other EU FTAs already signed but not fully implmented or still negotiated. Without forgetting the impact of new WTO agreements, particularly the TFA (trade facilitation agreement).]

Production is expected to follow the same pattern, with an increase in almost all the main production sectors in each country (i.e. those representing above 5% of total production in the country concerned), with only few exceptions. The main sectors where production would increase are vegetable and fruits, construction, metals, trade, transportation and business services.
[But these production increases would be necessary to attend the needs of the increased population despite, not because of, the EPA!]

Reflecting the fact that most West African countries already enjoy DFQF access in the EU market whereas EU products are currently not subject to any preferential treatment, EU's exports to West Africa are expected to increase by 23.3%. The improved market access would slightly impact other trade partners (mostly Asia and NAFTA) without however radically modifying the distribution of trade among West Africa's trading partners.

The remuneration of production factors is generally positively affected by the
EPA, albeit to a small extent. Remuneration of labour is expected to increase in all countries (up to 0.9% in Côte d'Ivoire), while other factors such as capital, land and natural resources would also increase in most countries, with limited exceptions. Tariff reduction is expected to have a small positive impact on the poverty headcount in the two countries observed (Ghana and Nigeria).

As a result of tariff reduction, collected customs duties in 2035 will be lower than in the baseline, on average by 11.7%. It should be noted that this is only the impact of the tariff reductions, without taking account of any fiscal reform that West African countries might undertake, or of the other elements of the EPA (e.g. the EPADP).

7. Overall conclusion

The EPA paves the way for a stable and long-term bilateral trade relationship between West Africa and the EU. It moves away from the uncertainty linked to previous preferential schemes in place (incompatibility with WTO rules of the previous preferences, or risk of losing full market access in case of "graduation" from LDCs to middle income countries). Through its development cooperation pillar, the EPA is also expected to facilitate the region's trade with the world as well as its internal trade and reinforce its competitiveness – thus joining the important trend of economic development observed in the last decade.

A simulation of the impact of tariff reductions set out in the EPA shows positive gains for West Africa. The impact is positive in terms of production and exports. The remuneration of production factors is generally positively affected by the EPA, albeit to a small extent. Those gains for West African countries should be considered as underestimations of the real gains, as the economic modelling only takes into account those aspects of the EPA that are readily quantifiable (tariff reductions) and does not cover other aspects that are more difficult to quantify, but will affect positively West African economies[95]. For example, preferential rules of origin enable West African countries to take better advantage of the EU market access and to enhance cooperation and regional integration among them. Improvements in the quality of infrastructure and reduction of delays in trading through trade facilitation measures can reduce trade costs, increase competitiveness and further encourage exports.
[They would first foster more imports, particularly from the EU, to the detriment of intra-regional trade.]

By establishing a favourable and predictable regulatory environment and enhancing good governance (reducing corruption and increasing political stability), West African countries can stimulate trade and investment. All the aforementioned elements cannot be easily and accurately assessed and therefore they were not included in the analysis. As a result, gains are underestimated.

The EPA creates several joint institutions in charge of the implementation of the agreement (Joint Council, Joint Committee, Parliamentary Committee and Consultative Committee). It will be the task of all those institutions to ensure that the EPA is properly implemented, as well as to make proposals for the review of priorities set out in the agreement. For that purpose, a constant monitoring of implementation is paramount[96]. In addition, the EPA foresees discussions on a wider negotiation agenda ("rendez-vous clauses") covering for instance services, investment, or sustainable development, which could bring additional positive results for the countries concerned.

[To not repeat all the criticisms already made, let us just compare these conclusions with those made in previous reports commissioned and financed by the DG Trade and in which David Laborde of IFPRI participated, even if the methodology of these reports were not identical to that of the present report. We present excerpts of these reports and some comments are in italic between square brackets.

1) An Impact Study of the Economic Partnership Agreements in the Six ACP Regions by Lionel Fontagné, David Laborde and Cristina Mitaritonna, *Journal of African Economies*, Vol. 20, number 2, pp. 179–216, http://lionel.fontagne.free.fr/papers/fontalabmita_JAE.pdf:

- The region most heavily affected will be ECOWAS, where the trade diversion effect will be particularly detrimental (losses of 700 million euros annually in the long run or 82% of tariff revenue in 2022)… [but] they still collect tariff revenues from third country imports… The average loss of tariff revenues is projected to be high, at… 38 percent for ECOWAS

[95] See Curran, L., Nilsson, L. and Brew, D. (2008).

[96] See, for instance, the 5-year implementation review of the Cariforum EPA.

countries… Several West African countries, such as Ghana and especially Côte d'Ivoire, which are heavily dependent for their budget on this revenue source, may experience difficult transition phases due to heavy predicted losses in customs receipts. [These results underestimate the actual losses as the authors have made "*an optimistic assumption of an average collection rate of 80% for developing countries*", i.e. IC, Ghana and Nigeria, "*and 60% for LDCs*".]

2) Regional CGE modeling for West Africa: an EPA Study, by Bernard Decaluwe, David Laborde, Helene Maisonnave and Veronique Robichaud. Report for the EC and ECOWAS secretariats done by ITAQA Sarl. Volumes 1, 2, 3 & 4. April 2008. As I had only the French version, the following excerpts are translated friom the French.
- The model is calibrated on 2004. The baseline scenario should be calculated based on the Cotonou regime that prevailed during the period 2004-2007.
- The impact on exports to the EU: the Ivory Coast would be most affected by this measure. Its exports would be reduced by just under 3.5% and this decline would be permanent throughout the simulation period.
- The customs disarmament has significant impact on import flows. The increase in imports relative to the baseline scenario is of 50% for Burkina Faso (46.3%), 34% for Ghana% and 23% for Mali. Hence in general we find that the introduction of EPAs increases the dependence of ECOWAS countries vis-à-vis the European Union
- Signing an EPA with the EU negatively affects regional partners of Ivory Coast. Imports of Ivory Coast from Nigeria (-4%), from Ghana (-2.63%), from Benin (-2.74%) are reduced substantially. On the horizon of 2028, Nigeria's imports from Mali and Niger would be reduced by 8.7% and 5.7% respectively, and nearly 5% for Ghana… At the end of the liberalization process is in 2028, the Ivorian exports to Burkina Faso and Mali will be reduced by about 9% and 6% respectively.
- The customs tax losses are however strongly accentuated: almost 37% for Mali and Burkina Faso, 28% for Senegal. The losses are around 20% and slightly above for other countries. In 2024 the countries most affected will have lost nearly 40% of their customs revenue.
- After the larger share of liberalization took place, and for the single year 2028, income losses of governments across the region represents an amount of 2.517 billion dollars for the EPA scenario 2 (liberalization delayed at T + 10) and 3369 million according to EPA 1 (liberalization starting at T + 5).
- From the standpoint of growth, our EPA scenarios do not lead to an acceleration of growth when compared to the status quo which is the Cotonou regime. In contrast, real GDP is still below its baseline level for all years of the simulation.
- The deterioration of the terms of trade due to trade diversions on the hand, and to the actual depreciation of currencies needed to maintain external balance on the other hand, cause the actual depletion of savings in the area... The decline of productive investment is costly in terms of long-term growth... All ECOWAS countries withstand fairly significant declines in investment... In Ghana reduced investment is of the order of 8% in 2019 and up to 12% in 2028… In Nigeria the situation is not much better: in 2019 investments are reduced by almost 6%, while in 2028 it is a reduction of almost 12%.
- The absence of a tax neutralization mechanism leads to a double cumulative mechanism. On the one hand, the reduction of tariffs will lead to reduced tax revenues, and on the other hand the negative impact of the budget deficit on investment results in a reduction in growth and therefore of government revenues from all sources.

3) A study with Market Access and EPADP scenarios using the HS6 model for the West Africa EPA, by Bernard Decaluwe, David Laborde, Helene Maisonnave and Veronique Robichaud. Report for the EC and ECOWAS secretariats done by ITAQA, April 2012
- The GSP baseline assumes that all ECOWAS countries revert to the GSP unilateral preferential schemes of the EU starting in 2008. At the same time, they do not provide any market access concession to the EU. LDC members of ECOWAS will benefit from the EBA

initiative and have duty-free, quota -free market access. But tariffs for the ECOWAS countries *do flot* include the Common External Tariff of the region... the highest Nigerian tariffs are capped to 50 percent… What are the consequences of the 70% tariff reduction scenarios at the end of the adaptation period *[which is lower than the 75% reduction of tariff lines in the EPA agreement, itslelf lower than the average reduction in the value of imports as assessed by the South Centre on the basis of 2012 Imports. Let us add that this report is based on a 30 years reduction period, from 2011 to 2040, not 20 years as in the EPA agreement, the first period of the elimination of West African customs tariffs only starts in 2017, which reduces the losses of import duties in the actual 20 years period.]*

- By the end of the liberation process in 2040, the imports from the entire EU zone increased by more than 12% with significant rises for Ghana (+21.9%) and Burkina Faso (+19.7%).
- Average ECOWAS tariffs applied on products originating from the EU will drop from an average of 10.7% to 5%, a decline by half in 30 years… The most significant decrease are shown by Cote d'Ivoire (64% or 6.8 points) and Nigeria (55% or 6.2 points) while, except for Togo and Burkina, the other countries manage to maintain an average decline of 43% and 47%... The strongest three sectors that will experience the highest absolute decline are: fisheries, manufacturing goods and large-scale farming. The last sector of interest, the production of raw agricultural commodities by small scale farmers, will see its average protection rate decline by 43%, or 4 points.
- For all of the ECOWAS, there is no significant improvement of exports. The only countries benefitting from a partner agreement are Côte d'Ivoire and Ghana because the suppression of the SGP and the elimination of tariffs for goods entering the European territory will reestablish their competitive situation in the European markets. Therefore, their export performance is better when compared to the SGP. For the other countries in the zone, the changes are marginal and insignificant. Nigeria's situation seems to be deteriorating in the long term, while Burkina Faso, suffering a shock in the beginning of the period, is not able to improve their exporting performance.
- There is a decline in intra regional exchanges, reflecting trade diversion in favor of the EU and to the detriment of regional partners. For products equal in quality and characteristics, the decline in the prices of European imports due to the tariff reductions pushed African importers away from regional producers because they became less competitive than before the tariff cuts.
- At the end of the liberalization process Nigeria's imports would be reduced by 8.7% from Mali, by 5.7% from Niger, by 5% from Ghana and by 4% from Ivory Coast (IC)… We can without a doubt affirm that opening the markets of West Africa to European products diminishes the intra regional trade relations and increases the economic dependence on European countries.
- For the group ECOWAS, the loss of total fiscal revenue is to the account of 8% at the end of the tariff reduction process. We remark once again the significance of Nigeria's role in this decline. The decrease in total fiscal revenue for Nigeria is -14.8% when that of all of the countries in the zone collectively is much less, -5.15%... All the customs tariffs used in the model (in the reference situation and the scenarios) are corrected to account for the level of efficiency in tariff collection *[which tables on the incapacity of WA to improve this efficiency, with the result of lowering the actual losses of import duties due to the EPA]*.

4) IFPRI Discussion Paper 01502, January 2016, The European Union–West Africa Economic Partnership Agreement. Small Impact and New Questions, by Antoine Bouët, David Laborde, Fousseini Traoré:

- Public revenues coming from the collection of import duties are negatively affected by the reform, from –7.5 percent in Benin to –25.8 percent in Burkina Faso. This is a key implication of this trade agreement since it can potentially affect the ability of Africa's public sectors to finance public services.
- The gains in terms of access to foreign markets are limited or nil for West African countries, especially West African LDCs.
- We focus on unskilled labor since this is the most important productive factor for a poverty analysis. In Nigeria, Senegal, Benin, and Burkina Faso, the nominal remuneration of this factor is reduced by the reform due to less demand for unskilled labor

- The results concerning welfare are negative for Nigeria, Senegal, Benin, the Rest of ECOWAS region, and Togo and positive for Burkina Faso and Côte d'Ivoire.
- In conclusion, the benefits of the EPA between the EU and WA's countries appear small, if not negative.

Let us add two final comments:
- According to FRONTEX the number of illegal immigrants to the EU from WA has jumped from 35,000 in 2014 to 54,085 in 2015: "*It is now fairly easy to reach the EU regardless of the heightened risk of dying in the desert or at sea. The motivation for migration may vary among individuals, but most are believed to be pushed by economic motivations*" (http://frontex.europa.eu/assets/Publications/Risk_Analysis/Annula_Risk_Analysis_2016.pdf). It is clear that this number would skyrocket if the EPA is implemented.
- By forcing WA to implement the EPA the EU would shoot itself in the foot in the medium to long run, not only because the political resentment against the EU would grow in WA but, above all, because this would contradict the selfish capitalist interest of the EU businesses. Indeed they could have expected to sell much more high quality products and services to WA in the medium to long run, given its large population rise, by not preventing WA to protect first its basic food staples and infant industries as the EU itself has been doing for decades and it is still doing for its food products, which still benefit as well of huge subsidies.