



The Eastern Africa-EU EPA would only liberalize 9.6% of EU agricultural exports

Jacques Berthelot (jacques.berthelot4@wanadoo.fr), May 30, 2016

Contrary to the West Africa (WA)-EU EPA where 56.3% of EU exports would be liberalized at the end of the liberalization process, in year T+20 (2035 if the EPA had been implemented in 2015) on the basis of EU exports of 2015, the Eastern Africa (EAC)-EU EPA would exclude 90.4% of EU agricultural exports from liberalization in year T+25 (2040 if the EPA were implemented in 2015), based on the EU FOB exports of 2015: €392 million on a total of €433. The percentages would be of 90.7% for Kenya – €252 million on a total of €278 million – and of 90% for the four LDCs (Burundi, Rwanda, Tanzania and Uganda): €140 million on a total of €155 million.

Table 1 – EU total and excluded agricultural exports in the EAC-EU EPA in 2015, in euros

HS Chapter	Kenya			EAC			The 4 LDCs		
	Total export	Excluded	% excluded	Total export	Excluded	% excluded	Total export	Excluded	% excluded
01	1613090	1090184	67,6	5177207	4543286	87,8	3564117	3453102	96,9
02 (+ egg+hon)	2531653	1988463	78,5	3479535	2816948	81	947882	828485	87,4
03	4854032	5549	0,1	5324922	74922	1,4	470890	69373	14,7
04 (dairy only)	4439091	4439088	#100	9672633	9672629	#100	5233542	5233541	#100
05	409767	0	0	473121	0	0	63354	0	0
06	3839487	30929	0,8	4516106	95287	2,1	676619	64361	9,5
07	3521105	3049077	86,6	4037363	3440298	85,2	516258	391221	75,8
08	917471	626060	68,2	998393	671179	67,2	80922	45119	55,8
09	267733	267733	100	605968	605239	99,9	338235	337506	99,8
10	130804681	127238900	97,3	175394757	168673903	96,2	44590076	41435003	92,9
11	767439	394238	51,4	19831079	19453663	98,1	19063640	19059425	#100
12	6915969	0	0	11531404	0	0	4615435	0	0
13	1325540	0	0	3316790	0	0	1991250	0	0
14	10193	9939	97,5	20393	20139	98,8	10200	10200	100
15	2331122	810211	34,8	3969850	1027362	25,9	1638728	217151	13,3
16	550504	540552	98,2	1083437	990419	91,4	532933	449867	84,4
17	1786990	1469244	82,2	4160145	4160141	#100	2373155	2373156	100
18	3269705	2374251	72,6	4582317	3633851	79,3	1312612	1259600	96
19	37179992	37179992	100	49791091	49791091	100	12611099	12611099	100
20	6419138	6415302	99,9	17128177	17116058	99,9	10709039	10707513	#100
21	29400484	29400484	100	45009382	45009382	100	15608898	15608898	100
22	33491539	33491540	100	58698827	58698837	100	25207288	25207297	100
23	4792605	1129413	23,6	7659052	1138532	14,9	2866447	259119	9
24	210698	174298	82,7	437734	365572	83,5	227036	191274	84,2
01-24	281650028	252125447	89,5	436899683	391998738	89,7	155249655	139812310	90,1
Fish& prepara°	4943004	5549	0,1	5736589	74922	1,3	793585	69373	8,7
Agr intra 01-24	276707024	252119898	91,1	431163094	391923816	90,9	154456070	139742937	90,5
Agr extra 01-24	1371761	835	0,07	2269537	16130	0,7	897776	15295	1,7
Total agriculture	278078785	252120733	90,7	433432631	391939946	90,4	155353846	139758232	90

Source: Eurostat and EAC tariffs offer for the EPA

Clearly this calculation is only based on agricultural products and cannot prejudge if, for all EU exports to EAC, the rate of liberalization is not larger than in the WA-EU EPA. Indeed in 2015 the EU non agricultural exports to EAC accounted for 89.3% of its total exports, of which 87.5% for Kenya and 91.6% for the four LDCs.

Many agricultural chapters are entirely excluded from liberalization: dairy (chapter 04, with many tariff lines at 60% duties, eggs and honey being transferred to meats); sugar and sugar confectionery (chapter 17, with many tariff lines at 100% duties); preparations of cereals (chapter 19); miscellaneous edible preparations (Chapter 21); beverages (chapter 22).

Many chapters are excluded above 90%: coffee, tea, spices (chapter 09, at 99.9%); preparations of vegetable and fruit products (chapter 20, at 99.9%); vegetable plaiting materials (chapter 14, at 98.8%); products of the milling industry (Chapter 11, at 98.1%); cereals (chapter 10, at 96.2%); preparations of meat, of fish or of crustaceans (Chapter 16, at 91.4%).

The only important EU exports not excluded at all concern oilseeds (chapter 12).

Another important difference with the WA-EU EPA is that the EAC import duties on agricultural products are much higher than in WA, being generally of at least 25% with some important exceptions such as soft wheat which is imported duty free (but durum wheat is taxed at 60%). The result is that the EU subsidies on its exports of agricultural products to EAC are much lower than to WA and to SADC which has also lower import duties than EAC. In 2013 the EU subsidies on its exports of cereals, dairy meat and eggs to EAC were of €19.5 million – of which €17.4 million on cereals, €1.024 million on dairy and €0.479 million on meats and eggs – against €185 million to SADC – of which €73 million on cereals, €16.2 million on dairy and €90.4 million on meats and eggs – and €414 million to WA, of which €174 million on cereals, €68 million on dairy and €172 million on meats and eggs. The EU subsidies on dairy and meats are essentially the decoupled domestic subsidies granted to animal feed consumed by these products. Incidentally the idea to implement a free trade area between the three regional economic communities (RECs) of Eastern Africa (COMESA, EAC and SADC) would be highly detrimental to EAC farmers and agro-industries.

The 25% rate prevails also for most finished non agricultural products whereas input goods are either imported duty free or taxed at 10%.

Let us conclude once more than the fact that EAC has been able to exclude from liberalization most agricultural products imported from the EU in the EPA is not a plea to sign and implement the EPA, far from it. Not only because we have not yet calculated the rate of liberalization of non agricultural products but also because of the other constraints attached to the EPA, which are almost the same that in the WA-EU EPA: the standstill clause preventing to raise the import duties above their applied level at the date of implementation; interdiction to raise export taxes without the EU consent; the MFN clause constraining EAC to grant to the EU the same additional market access concluded between EAC States and other major economies; lower agricultural safeguards than those available to the EU; prohibition of quantitative restrictions; national treatment on internal taxation; rendez-vous clause to extend the EPA liberalization beyond the trade in goods: in Services; Competition policy; Investment and private sector development; Trade, environment and sustainable development; Intellectual property rights; Transparency in public procurement; and any other areas that the Parties find necessary.