West Africa's losses of customs revenues with the WA EPA or interim EPAs

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Table 1 shows the WA losses of import duties (ID) on EU28-UK FOB exports from T (2015) to T20 (2035) on liberalized products from T5 (2020) to T20 (2035) if the regional EPA is implemented.

The percentage of imports of products that will be liberalized in relation to all EU28-UK exports at FOB values in T (2015) was of 76.3% for WA, 78.5% for the 3 DCs – of which 82.1% for Nigeria, 75.1% for Ghana and 67.7% for Ivory Coast – so that it was of 73. 8% for the 13 LDCs (to which we assimilate Cape Verde benefiting from the GSP +). So it would be Nigeria which would suffer the most from the EPA and Ivory Coast the least.

The percentage of import duties (ID) levied on liberalized products on that levied on total EU28-UK FOB exports (of liberalized + excluded products) in T (2015) was of 61% for WA, of which 66.1% for the 3 DCs – of which 74.2% for Nigeria, 48.8% for Ghana and 56.2% for Ivory Coast – and of 56.1% for the 13 LDCs. Here again the ID losses would be relatively the highest for Nigeria and the lowest for Ghana. Let us stress that the level of EU exports and the losses of import duties are to be taken here in a restricted sense as they do not incorporate the gap between EU FOB values and WA CIF values, the larger imports value and ID losses from T5 to T20 due to the higher WA population, trade diversion and losses of VAT (value added tax) on imports but they are taken into account in the specific papers on WA, Nigeria, Ghana and Ivory Coast, and a summary is made in table 3 below.

Table 1 – WA losses of import duties (ID) on EU28-UK FOB exports in 2015 and up to 2035

	EU exports and ID on them in T (2015)			ID reductions on liberalized products from T5 to T20			
Euros million	EU exports	ID on FOB EU	ID rate	T5 (2020)	T10 (2025)	T15 (2030)	T20 (2035)
West Africa							
Excluded products	6191,6	1090,5	17,61%	1090,5	1090,5	1090,5	1090,5
Liberalized Products	19856,6	1706,2	8,59%	1367,8	679,7	65,6	0
All products	26048,2	2796,7	10,74%	2458,3	1770,2	1156,1	1090,5
% liberalized	76,30%	61%		55,60%	38,40%	5,70%	0%
Nigeria							
Excluded products	1590	221	13,90%	221	221	221	221
Liberalized Products	7275,4	635,1	8,73%	537,7	267,7	13,4	0
All products	8865,4	856,1	9,65%	758,7	488,7	234,4	221
% liberalized	82,10%	74,20%		70,90%	54,80%	5,70%	0%
Ghana							
Excluded products	606,6	117,7	19,40%	117,7	117,7	117,7	117,6
Liberalized Products	1833,3	150,9	8,23%	114,4	57,2	5,9	0
All products	2430	268,6	11,05%	232,1	174,9	123,6	117,7
% liberaliszed	75,14%	56,18%		49,29%	32,71%	4,79%	0%
Ivory Coast							
Excluded products	726,1	124,2	17,11%	124,2	124,2	124,2	124,2
Liberalized Products	1520,7	118,3	7,78%	73,8	35,8	8,4	
All products	2246,7	242,5	10,79%	198	160	132,6	124,2
% liberalized	67,68%	48,79%		37,29%	22,38%	6,35%	0%
The 3 DCs							
Excluded products	2922,7	462,9	15,84%	462,9	462,9	462,9	462,8
Liberalized Products	10629,4	904,3	8,51%	725,9	360,7	27,7	0
All products	13542,1	1367,2	10,10%	1188,8	823,6	490,6	462,9
% liberalized	78,49%	66,14%		61,11%	43,80%	5,65%	0%
The 13 LDCs							
Excluded products	3268,9	627,6	19,20%	627,6	627,6	627,6	627,7
Liberalized Products	9227,2	801,9	8,69%	641,9	319	37,9	0
All products	12506,1	1429,5	11,43%	1269,5	946,6	665,5	627,6
% liberalized	73,78%	56,10%		50,56%	33,70%	5,69%	0%

Source: Eurostat and the WA tariff offer to the EU for the EPA

The average rate of ID on all EU28-UK FOB exports in 2015 was of 10.7% in WA, of which of 10.1% in the 3 DCs – of which of 9.7% in Nigeria, 8.2% in Ghana and 7.8% in Ivory Coast – and of 8.7% in the 13 LDCs. But the rate of ID on excluded products was about twice that on liberalized products: 17.6% against 8.6% in WA, of which 15.8% against 8.5% in the 3 DCs – of which of 13.9% against 8.7% in Nigeria, 19.4% against 8.2% in Ghana and 17.1% against 7.8% in Ivory Coast – and of 17.2% against 8.7% in the 13 LDCs.

Table 2 focuses on WA losses of ID on EU28-UK FOB exports in 2015 of agricultural and fish products (chapters 01 to 24 of the Harmonised System of trade codes).

The percentage of agricultural and fish products liberalized in T (2015) was of 37.5% in WA, of which of 41.6% in the 3 DCs – of which of 36.9% in Nigeria, 32.1% in Ghana and 56.2% in Ivory Coast – and of 33.2% in the 13 LDCs. We see that the percentage of agricultural and fish imports liberalized was about half that of total imports liberalized in WA (49.1%), of which 53.1% in the 3 DCs – of which of 44.9% in Nigeria, of 42.7% in Ghana but of 83% in Ivory Coast – and of 45% in the 13 LDCs.

Comparing tables 1 and 2 we see that:
- Agricultural and fish imports in relation to all imports from the EU28-UK in 2015 accounted for 15% in WA, of which 14.9% in the 3 DCs – of which 12.3% in Nigeria, 14.4% in Ghana and 25.6% in Ivory Coast – and 16.1% in the 13 LDCs. Clearly Ivory Coast is the most dependent on agricultural and fish imports from the EU28-UK, which illustrates its weakness on these products despite its large surplus in all agricultural and fish products due to its large export of cocoa products and processed tuna. Which illustrates also the risk of the EPA including of its interim EPA which will be implemented as long as the regional EPA will not be signed by all WA countries.

Table 2 – WA losses of import duties (ID) on EU28-UK FOB exports in 2015 of agricultural and fish

Euros million	In T (2015)			Reductions of import duties on EU FOB exports from T5 to T20			
West Africa							
	EU exports	ID/EU FOB	ID rate	T5 (2020)	T10 (2025)	T15 (2030)	T20 (2035)
Excluded products	2446,2	560,7	22,9%	560,7	560,7	560,7	560,7
Liberalized products	1469,1	89,5	6,1%	30,4	14,2	1,8	0
Total	3915,3	650,2	16,6%	591,2	574,9	562,6	560,7
% liberalized products	37,5%	13,8%		5,1%	2,5%	0,3%	0%
Nigeria							
Excluded products	687,4	117,3	17,1%	117,3	117,3	117,3	117,3
Liberalized products	402,4	23,9	5,9%	6,6	3,3	0,5	0
Total	1089,8	141,2	13%	123,9	120,6	117,8	117,3
% liberalized products	36,9%	16,9%		5,3%	2,7%	0,4%	0%
Ghana							
Excluded products	236,9	59,3	25%	59,3	59,3	59,3	59,3
Liberalized products	112,2	8,2	7,3%	5	2,5	0,1	0
Total	349,1	67,5	19,3%	64,2	61,7	59,4	59,3
% liberalized products	32,1%	12,2%		7,7%	4%	0,2%	0%
Ivory Coast							
Excluded products	252,1	62,3	20,3%	62,3	62,3	62,3	62,3
Liberalized products	323,8	19,8	6,2%	8,3	3,4	0,2	0
Total	576	82,1	14,4%	70,6	65,7	62,5	62,3
% liberalized products	56,2%	24,2%		11,8%	5,2%	0,4%	0%
The 3 DCs							
Excluded products	1176,4	238,9	20,3%	238,9	238,9	238,9	238,9
Liberalized products	838,4	51,9	6,2%	19,9	9,2	0,8	0
Total	2014,9	290,8	14,4%	258,7	248	239,7	238,9
% liberalized products	41,6%	17,8%		7,7%	3,7%	0,3%	0%
The 13 LDCs (of which Cape Verde with the GSP+ status)							
Excluded products	1269,8	321,8	25,30%	321,8	321,8	321,8	321,8
Liberalized products	630,7	37,6	6%	10,5	5	1	0
Total	1900,4	359,4	18,90%	332,5	326,9	322,9	321,8
% liberalized products	33,20%	10,50%		3,20%	1,50%	0,30%	0%

Source: Eurostat and the WA tariff offer to the EU for the EPA

- The percentage of import duties on agricultural and fish imports in 2015 in relation to that on all imports from the EU28-UK was of 23.2% in WA, of which of 21.3% in the 3 DCs – of which of 16.5%

in Nigeria, 25.1% in Ghana and 33.9% in Ivory Coast – and of 25.1% in the 13 LDCs. The highest weight of ID on agricultural and fish imports on all its imports from the EU28-UK is in line with its higher dependency on those imports than for the rest of WA.

- The percentage of import duties on agricultural and fish products liberalized in relation to that on all imports from the EU28-UK in 2015 was only of 5.2% in WA, of which of 5.7% in the 3 DCs – of which of 3.8% in Nigeria, 5.4% in Ghana and 16.7% in Ivory Coast – and of 4.7% in the 13 LDCs.

- The percentage of import duties on agricultural and fish products excluded from liberalization in relation to that on all excluded imports from the EU28-UK in 2015 was of 51.4% in WA, of which of 51.6% in the 3 DCs – of which of 53.1% in Nigeria, 50.4% in Ghana and 50.2% in Ivory Coast – and of 51.3% in the 13 LDCs.

Table 3 shows the share of each WA State or group of States in total liberalized imports and in annual and cumulative losses of customs revenues, once taken into account the additional imports and duties losses linked to the gap between EU28-UK FOB value and WA CIF value, the large rise in population, the trade diversion and the losses of VAT on imports. The customs revenues losses are the gap between the revenues without the EPA and those with the EPA.

Table 3 – Losses of revenues on imports (ID+VAT) with EPA from T5 to T20 and T35 (2050)

Euros million	T	T5	T10	T15	T20	T35
West Africa						
Liberalized imports	32267	35226	38267	41530	44916	55577
Annual losses	0	696	2421	4004	4476	5538
Cumulative losses	0	696	8515	25050	46463	121816
Nigeria						
Liberalized imports	9458	12870	13960	15099	16281	19968
Annual losses		181	784	1359	1492	1830
Cumulative losses		181	2556	8076	15267	40271
Ghana						
Liberalized imports	2382	3200	3417	3628,8	3840,4	4452
Annual losses		73,7	211	334,5	366,6	425
Cumulative losses		73,7	796	2200	3967	9923
Ivory Coast						
Liberalized imports	2471	2676	2892	3119	3355	4126
Annual losses		121	203	268	303	377
Cumulative losses		121	954	2196	3638	8748
The 3 developing countries						
Liberalized imports	13817	18746	20269	21846	23476	28546
Annual losses		376	1198	1961	2161	2632
Cumulative losses		376	4306	12472	22872	58942
The 13 LDCs (assimilating Cape Verde with GSP+ to an LDC)						
Liberalized imports	18450	16480	17998	19683	21440	27031
Annual losses		320	1223	2043	2315	2906
Cumulative losses		320	4209	12578	23591	62874
Share of liberalized imports						
The 3 developing countries	42,8%	53,2%	53%	52,6%	52,3%	51,4%
Nigeria	29,3%	36,5%	36,5%	36,4%	36,2%	35,9%
Ghana	7,4%	9,1%	8,9%	8,7%	8,6%	8%
Ivory Coast	6,1%	7,6%	7,6%	7,5%	7,5%	7,4%
The 13 LDCs	57,2%	46,8%	47%	47,4%	47,7%	48,6%
Share of cumulative losses of customs revenues						
The 3 developing countries		54%	50,6%	49,8%	49,2%	48,4%
Nigeria		26%	30%	32,2%	32,9%	33,1%
Ghana		10,6%	9,3%	8,8%	8,5%	8,1%
Ivory Coast		17,4%	11,2%	8,8%	7,8%	7,2%
The 13 LDCs		46%	49,4%	50,2%	50,8%	51,6%

The annual losses for WA jump from €696 M in T5 to €4.476 bn in T20 (2035) and €5.538 bn in T35 (2050) and the cumulative losses to €46.463 bn in T20 and €121.816 bn in T35. The details are to be found in the specific analyzes for Nigeria, Ghana and Ivory Coast.

However these losses would materialize only in the event that the regional WA EPA would be implemented, which does not seem likely any longer given that the formal deadline to do it was the 1st October 2016 and Nigeria, the Gambia and Mauritania have not even signed it. But now that Ghana and Ivory Coast have ratified their interim EPAs (iEPAs) they will have to pay from T5 on import duties for their exports to the other WA countries which otherwise would be flooded with EU28-UK products these two countries would have imported duty-free. And these duties would be quite substantial, even larger than the GSP+MFN duties they would have had to pay on their exports to the EU if they did not implement their iEPAs.

Indeed, as IC exports more to the other WA States than to the EU, the cumulative losses of ID on IC exports to ECOWAS countries would exceed the GSP + MFN duties their exporters would have had to pay to the EU without EPA as soon as 2022 (€1.277 bn against €1.170 bn). So that the net cumulative losses of ID – on imports from the EU28-UK plus on exports to other ECOWAS States less the GSP+MFN ID on IC exports to the EU28-UK if they did not implement their IEPAs – appear as soon as 2021 and then quickly explode: from €241 M in 2021 to €1.964 bn in 2025, €4.873 bn in 2030, €8.177 bn in 2035 at the end of the liberalization period, and the extension to 2050 would skyrocket the net deficit at €20 bn!

For Ghana it is in 2022 that the cumulative losses due to its exports to the other ECOWAS countries with the EPA would exceed the cumulative GSP + MFN duties without the EPA. So that the net cumulative losses of duties on imports from the EU28-UK plus those to pay on exports to other ECOWAS States minus the GSP duties to pay on Ghana exports to the EU28-UK without EPA would explode to €1.281 bn in 2025, €3.391 bn in 2030, €5.924 bn in 2035, end of the liberalization period, and the extension to 2050 would skyrocket the net deficit to €13.702 bn!

The conclusion is clear-cut: Ghana and Ivory Coast should have no interest whatsoever to implement the interim EPAs already ratified but should pressure the EU to request a new WTO waiver or to grant them the status of GSP +.