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EPAS: THE WRONG DEVELOPMENT MODEL FOR AFRICA AND OPTIONS FOR THE FUTURE

SYNOPSIS

The EPAs provide the wrong development model for Africa, and will jeopardize African countries' development and regional integration prospects, rather than support them. Until now, only 10 out of 47 African countries have signed the EPA – most are dragging out the negotiations because they are reluctant or are resisting signing, due to their anti-developmental content. The problematic conditions of the EPAs include zero tariffs on 70-80% of all tariff lines; no increase in any tariffs; weak safeguard; prohibition of new export taxes and duties and the pressure from the EU to launch into liberalization of other issues such as services, investment, competition and procurement. The results are likely to be further deindustrialization; exacerbation of food insecurity; unemployment; loss of government revenues; and the opportunities for real regional integration in terms of cooperation in building production capacities would be lost.

March 2010
Geneva, Switzerland

EPAs
THE WRONG DEVELOPMENT MODEL FOR AFRICA AND OPTIONS FOR THE FUTURE

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I. INTRODUCTION

1. The Economic Partnership Agreements (EPAs) provide the wrong development model for Africa, and will jeopardize African countries' development and regional integration prospects, rather than support them. Until now, only 10 out of 47 African countries have signed the EPA – most are dragging out the negotiations because they are reluctant or resisting signing, due to their anti-developmental content.[1]

II. TOXIC PROVISIONS IN THE EPAS

2. 70-80% Liberalization of all Tariff Lines; Standstill Clause

The EPA model makes the assumption that dismantling of the majority of tariffs by African countries will lead to development gains. In the EPAs, the European Union (EU) is asking that tariffs for *80% of African countries' tariff lines are reduced to zero*. Thus far, the experience of African countries has not proven that liberalization brings development gains. In fact, despite being relatively more integrated in trade terms with the global economy, the last three decades of structural adjustment policies (by the World Bank and the IMF) imposing liberalization have brought stagnation and even deindustrialisation in much of sub-Saharan Africa. (See Boxes below).

Box 1: Deindustrialisation in Africa

Rapid tariff cuts in sub-Saharan Africa since the 1980s resulted in deindustrialization. In Senegal, one third of manufacturing jobs disappeared, in Cote-d'Ivoire, the chemical, textiles, footwear and automobile sectors were crushed. In Sierra Leone, Sudan, Tanzania, Uganda, Zaire and Zambia, imports displaced local production of consumer goods, causing large-scale unemployment. The industries of Kenya, too, have not been spared - beverages, tobacco, textiles, sugar, leather, cement and glass have been negatively affected.

Source: Buffie, E., Trade Policy in Developing Countries, Cambridge, Cambridge University Press, 2001.

Box 2: Africa Is Relatively More Integrated with the Global Economy (in Trade Terms)

The reality is that Africa, relatively speaking, is even more integrated into the global economy than the developed countries. Sub-Saharan Africa's share of trade vis-à-vis its Gross Domestic Product (GDP) is 34.5%. For all Least Developed Countries (LDCs), the figure is 29.5%. In contrast, the ratios for the developed countries are much lower – 13.5% for the US and Japan and 14.3% for the EU.

[1] See Annex 1 for a list of African countries that have signed, and those that have not signed the EPA.

3. The EPAs therefore discourage African countries from having an appropriate trade policy to support increasing production capacities both in agriculture and industry. No country has developed as a result of drastically lowering their tariffs during their development process. All developed and advanced developing countries have progressed based on the strategic use of their tariffs[2], combined with policies that have supported the development of their industrial and also agricultural sectors.

4. The *standstill clause* in the EPA is another example where the use of tariffs is curbed. Those that have signed an EPA have committed that they will not increase any of their tariff lines, not even those 20% of lines which are 'sensitive' and where tariffs will be retained.[3] That is, should Ghana sign the EPA, it will not be allowed to raise its applied tariffs on poultry, even though the imports of poultry are now destroying the livelihoods of local poultry farmers.

5. Relinquishing the ability to craft appropriate trade policies will lock African countries into their current patterns of production i.e. low levels of manufacturing capacity and 'mono-exportation'. For many countries in Africa, 50 -70% of their exports to the EU are made up of only one product – petroleum accounting for 90% of Nigerian exports, gold and diamonds are 96% of Botswana's exports; coffee is 67% of Burundi's exports.

6. In large part due to liberalization and the resultant import surges, Africa's agricultural sector has also stagnated, with disastrous implications on poverty.

Box 3: Number of Poor in SSA Has Almost Doubled Between 1981 and 2005

Percentage wise, poverty levels in Sub-Saharan Africa have remained stagnant, comparing 1981 and 2005 figures i.e. before the food and financial crisis. However, the number of poor in Africa has doubled – from 202.1 million in 1981 to 384.2 million by 2005. With the financial and food crisis, the numbers have increased. The food crisis alone added 5.8 million additional poor people in Sub-Saharan Africa between January 2005 and 31 December 2007, as a result of higher food prices. [4]

Source: World Bank 2008 'The Developing World is Poorer than We Thought, But No Less Successful in the Fight Against Poverty', Policy Research Working Paper, September . World Bank 2009 'Poverty Effects of Higher Food Prices' Policy Research Working Paper, March.

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[2] At the beginning stages of industrialisation, countries may liberalise capital goods and protect the primary and intermediate products they are producing. At later stages, a country can protect the capital goods sectors it has manufacturing capacity in, and open markets for those primary products it may no longer be producing. This means that tariff levels should not be bound permanently, but countries that are still developing need a dynamic trade policy, allowing them to change their tariffs according to their agriculture and industrial development process.

[3] Some renegotiations have taken place on this issue in some of the EPA sub-regions, but the EU has not yet changed the texts and wants countries to negotiate 'full' EPAs i.e. an expanded EPA including liberalization of services, investment competition etc. before any improvements to the standstill clause is official.

[4] For the purpose of global aggregation and comparison, the World Bank measures global poverty according to reference lines set at $1.25 a day.

7. For poverty reduction in Africa, the agricultural sector which still provides a significant amount of jobs must be supported – both by governments, for example through price supports and inputs, as well as through trade policies so that farmers can sell their produce on the domestic and regional markets and receive decent prices. Governments can also support the sector through investing in processing and diversification. Purchasing power for the rural sector must increase, so that demand for industrial products can in turn create local domestic industries. These efforts cannot succeed in the context of an EPA.

Box 4: Africa's Stagnant Agriculture and Industrial Development

Between 1960 and 2007, the GDP share of agriculture value added in Africa decreased from 41 per cent to 22 per cent. The GDP share of industry increased from 17 to 32 per cent, whilst for services, it went up from 42 per cent to 46 per cent.

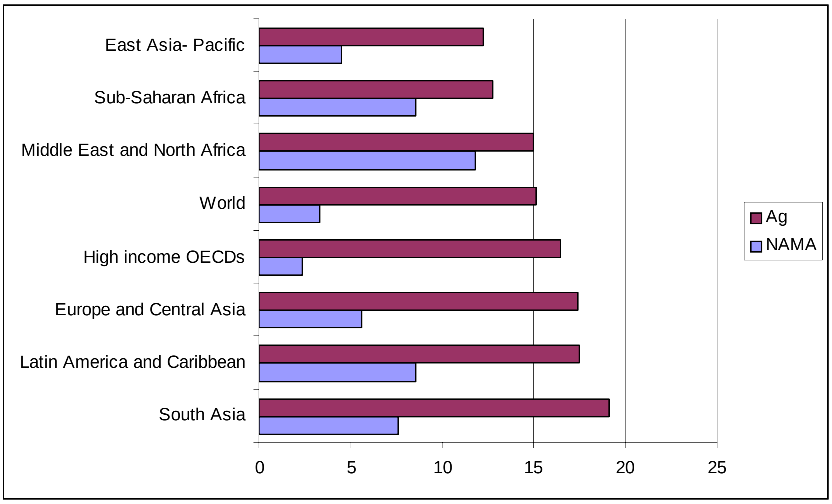
However, this structural change has not resulted in the type of economic diversification that is needed to sustain growth and development in the long term. The increase in industry's share of the GDP has been mostly driven by the expansion of mining. Manufacturing has continued to play a marginal role. GDP share of manufacturing value added increased only from an average of 8.7 in 1960 to 10.7 per cent in 2007. The weak contribution of manufacturing has important consequences. Opportunities for technological spillovers, productivity gains, and skills upgrade make the manufacturing sector a key driver of growth. In the absence of a robust manufacturing sector, countries tend to depend heavily on primary commodity exports.

It is clear…that the diversification process must lead to a recovery in agriculture and promotion of non-mining industrial activities.

Source: Economic Commission for Africa 2009 'Economic Report on Africa 2009: Developing African Agriculture Through Regional Value Chains'.

8. African countries' applied agricultural tariffs are already some of the lowest in the world – about 12.5% on average, whilst those of the high income OECD countries as well as Europe are on average over 17 percent. Individual sensitive products have much higher tariffs than the average. Freezing or lowering tariffs further will not support Africa's intention to increase domestic production to cope with food crises.

Diagram 1: Africa's Applied Trade-weighted Tariffs Compared to other Groupings



Source: South Centre, based on World Bank World Trade Indicators 2009/2010

II. 1 EXPORT TAXES

9. The other toxic clause in the EPA is on export taxes. All the EPAs disallow countries to impose new export taxes or increase existing ones. This is because the EU is interested in ACP countries' raw materials such as its minerals which are critical to the growth of EU's own manufacturing sector. However, export taxes are important for African countries in terms of revenue and also for cultivating their own industrial sectors.

II. 2 WEAK SAFEGUARD

10. When fears have been voiced by African countries about the anti-development impact of such widespread liberalization proposed by the EU, the EU has always defended itself on the grounds that the EPAs provide a good safeguard. However, this is not the case. Continued use of the measure beyond 200 days would depend on the EPA Committee, which includes the EU Party. Given the unequal power relations between African countries and Europe, the former can come under pressure not to use the safeguard or to use it for only a very limited duration. (It should be noted that it is possible in the 'normal' WTO safeguard to impose a safeguard for 8 years).

11. In any case, dismantling the bulk of African countries' tariffs, leading to EU imports displacing African products, or leading to the stagnation of African production capacities is a structural issue that a temporary safeguard cannot adequately address.

II. 3 New Services, Investment and Competition and Procurement Rules are damaging to Africa

12. The EU is also pushing African countries to liberalize services and investment, as well as to have rules on competition policy as well as government procurement. These proposed rules are damaging to African development interests. Moreover, the EU is demanding these issues in the EPA although it is not necessary to do so to be in compliance with the WTO rules on FTAs.

13. In services and investment, the EPA model assumes that when African countries open up their services and investment sectors, development will result. These sectors range from

- professional services (legal; accounting; engineering);
- business services (computer and related services; management consulting; maintenance and repair of equipment etc);
- telecommunications services; construction; distribution (wholesale; retail);
- environmental services;
- financial services;
- transport services;
- energy services (exploration and production; pipelines; powerlines; distribution of electricity) etc.

14. In addition, EU also wants access to other traditionally 'non-service' sectors including agriculture, hunting and forestry; fishing; mining and quarrying; manufacturing.

15. In sectors that African countries choose to liberalise, the EU wants 'national treatment' – i.e. its companies located in Africa must be given the right to operate on the same terms as those provided to local companies. Exceptions can be taken. However, they have to be scheduled at the time when liberalization commitments are made. Tools which more developed countries have used to regulate foreign investors – limits on number or share of foreign firms in the sector, proportion of foreign ownership in a firm of industry, requirements to employ local personnel, use local materials, produce for export, establish linkages with the domestic economy - are prohibited if they had not been scheduled. The EPA model therefore does not allow for adequate dynamism and change in regulation as development takes place.

The model is problematic also because it pits giant EU corporations with fledgling domestic African companies. Rather than building domestic supply capacities, given the competition with EU giant corporations, the EPA is likely to lead to stagnation in the growth of domestic suppliers in key services sectors of interest to the EU.

16. In the area of competition, the EU also wants African countries to have regulation for goods, services and investment that do not have the 'object or effect of preventing or substantially lessening competition in the territory'[5] of African countries. That is, regulations that de facto or de jure benefit a local product or company are not allowed. This demand is unreasonable – that foreign investors and companies and goods should be treated the same or have the same rights as local companies or goods. Equal rules for unequal players will only exacerbate the current inequities.

17. The EU also wants "government procurement" business to be open to European products and firms. This business was removed from the WTO Doha agenda due to insistence from ACP countries. It will be damaging to Africa to include market access to government procurement in the EPA as it would disable African governments from giving preferences to local firms which would thus lose a major part of their business.

II.4 High Adjustment Costs; Elusive Development Assistance

18. Some calculations have been done regarding the extent of adjustment costs African countries will be faced with when implementing the EPAs. These are summarized in the table below. For the Eastern and Southern African (ESA) region which includes the East African Community, the costs amount to 2.6 billion Euros. It comes to 1 billion for SADC, 2.8 billion Euros for ECOWAS and 0.9 billion for Central Africa. (Note that these costs do not cover the need for major infrastructural works – eg. energy, transport etc).

Box 5: Estimated Costs of EPAs by Region (Euros)

Region	Total estimated costs	Fiscal adjustment	Upgrade of Export capacity*	Production and Employment Adjustment	Skills and Productivity Enhancement
	Euros	*(% of total)*			
ESA	2,687,000,000	30.7%	28.0%	15.4%	25.9%
SADC	1,073,000,000	31.7%	24.3%	20.25%	23.8%
West Africa	2,789,000,000	34.2%	25.5%	15.1%	25.1%
Central Africa	880,000,000	30.7%	29.2%	17.4%	22.7%

[5] Language taken from the EPA between the EU and Cariforum, Title IV, Chapter 1, Article 126a.

Source: adapted from *Chris Milner, "An Assessment of the Overall Implementation and Adjustment Costs for the ACP Countries of Economic Partnership Agreements with the EU,"* in R. Grynberg and A. Clarke (2006)

19. Whilst African countries have been insisting that any EPA should be accompanied by a robust development package that can support countries in coping with the negative effects of implementing the EPA, the EU has never wanted to bind these commitments beyond the current European Development Fund (EDF) five-year cycle. It is also clear that there will be no new money. What is provided to African countries in the EDF will simply be reallocated. There is thus a major imbalance. On the one hand, African countries take permanent binding liberalization commitments, on the other, the EU does not provide Africa with new sources of funds which are binding and permanent.

III. The Balance Sheet of Losses And Gains for Africa

20. On balance, there are losses for African countries signing the EPAs:

III. 1 EU Exporters are the Winners; Preferential Market Access Maintained for Non-LDCs; Bad Deal for LDCs

21. Most of the African countries that have signed the EPAs have done so because they have wanted to maintain their preferential market access (zero tariffs) to the EU market for key export commodities – Cameroon (for bananas); Cote d'Ivoire (bananas and cocoa); Botswana, Swaziland and Zimbabwe (beef and veal); Lesotho (better access in textiles); and others such as Seychelles (better access in fish).

22. The LDCs do not gain from signing the EPA since they already have 100 per cent duty and quota free access to the EU market (EBA scheme). The only gains they have are small changes to some rules known as 'rules of origin' giving them better market access than the EBA. However, these better rules of origin are only for textiles and fish. LDCs have thus been dragged into the EPAs even though for most, there is no benefit.

23. Overall, the big winners are the EU exporters and this has been corroborated by most simulations done. UNECA forecasted in 2005 that EU firms will increase their exports by more than 20 percent. Although consumer welfare increases by $509 million, fiscal losses for the government amount to almost US$2 billion for Africa.[6] A detailed country-by-country compilation of revenue losses can be found in Annex 2**.**

[6] UNECA 2005, 'Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements, African Trade Policy Center Paper No. 10, March

24. Most African sub-regions already have a negative trade balance with the EU (the exceptions are SADC and Central Africa (ECCAS).[7] The EPA will exacerbate this trade imbalance.

III.2 LOSS OF TARIFF REVENUE

25. The tariff revenue losses resulting from the EPA are substantial. Ghana is projected of loose up to 30% in their tax revenues; Cote d'Ivoire 44%; Togo 40%; Burkina Faso 42% etc.[8] See Annex 2 for more details. This will put fiscal constraints on countries and this does not even take into account the costs to a country resulting from implementation (Box 5).

III.3 DEINDUSTRIALISATION AND UNEMPLOYMENT

26. Increased EU imports into Africa is likely to displace local and regional products and suppliers of goods and services. According to a Kenyan Ministry of Trade assessment, 65% of Kenyan industries are vulnerable to unfair competition with the EU. They include food processing, textiles, paper and printing companies. These firms employ more than 100,000 people.[9] Furthermore, in East Africa, statistics show that the regional market for manufacturing is much more important for local producers than any other market. Kenya exports 67% of its manufactured exports (chocolates, soap, plastics etc) to the COMESA market. Only 9% goes to the EU.[10] More EU imports will mean the displacement of domestic and regional producers and lead to deindustrialization.

27. A study by Ademola Oyejide on the EPA and Nigeria shows that domestic production will decrease. Liberalising 66.7% of tariff lines (ECOWAS' last offer) results in losses of up to $68.3 million over 25 years, or $2.73 million a year. Unemployment caused by the EPA is projected to amount to 13,674 people, or about 550 workers a year. The sectors in Nigeria likely to be affected include certain fabric sectors, metal, beverages, mining sectors and metal products. Oyejide et al note that the fabricated metal products sector alone is slated to lose up to $17.5 million and to disengage 3,500 workers.[11]

III.4 LOSSES IN AGRICULTURE

28. Many African countries are already facing agricultural import surges from Europe – from poultry, to dairy, cereals as well as processed agricultural

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[7] Fontagne L, Laborde D and Mitaritonna C 2008 'An Impact Study of the EU-ACP Economic Partnership Agreements (ACP) in the Six ACP Regions, CEPII, No. 2008-04 April.
[8] Fontagne L, ibid.
[9] Kenya Institute for Public Policy Research and Analysis (KIPPRA) 2005 'Assessment of the Potential Impact of Economic Partnership Agreements (EPAs) on the Kenyan Economy, on behalf of the Kenyan Ministry of Trade and Industry', September.
[10] 'Poultry Farmers Set to Lose in EAC EPA Deal – CSO Analysis of Possible EAC-EU EPA Deal', November 2007.
[11] Ibid.

products. All these sectors, should they be liberalized, will be badly affected by EU's highly subsidized exports. Whilst many countries are listing agricultural product lines in their sensitive list, since the lists have to be harmonized at the sub-regional levels (for one common offer to the EU, and there are differing sensitivities within sub-regions), some sensitive agricultural have in fact been liberalized.

29. It should be noted that key agricultural staple products make up the bulk of African countries' imports. These are products countries themselves can produce and if they do so, poverty and unemployment will be alleviated.

30. In contrast to the promise that lower tariffs will support Africa's development, EU's MFN tariffs in sensitive agricultural sectors are high. eg. 32 points higher than ECOWAS' tariffs in cereals; 50 points higher than ECOWAS' tariffs for milk and dairy products; 16 for meat; 31 for sugar and 8 points higher for tobacco.[12]

31. In addition, the playing field in agriculture remains highly uneven, with EU farmers receiving about 55 billion Euros per year (or $76 billion) in order to keep them afloat. EU has refused to address the issue of subsidies in the EPA negotiations, saying that it is already being negotiated in the WTO's Doha Round. However, the current Doha negotiations have allowed EU supports to be retained!

III. 5 REAL REGIONAL INTEGRATION FOREGONE

32. The European Commission declares that EPAs are about supporting regional integration. This assumes that regional integration within Africa will take place when regional integration between Africa and the EU takes place. This argument is illogical. Allowing Europe market access to Africa will negate the opportunities that African producers have to sell on their domestic and regional markets.

33. The EPA leads to a hubs and spokes trade relation between Africa and Europe. The main production center is Europe (the hub), whilst resources for production (usually primary commodities) will be sourced from the spokes (Africa), resulting in the stunting of production capacities in Africa. African countries will also be exporting with the EU market in mind, and less so to each other.

34. The argument goes that all African countries signing the EPA will be 'integrated' by way of a common trade framework with the EU. However, in real economy terms, it will be more disintegrated.

[12] Roppa 2008 'Working Memo on the Reform of the ECOWAS Common External Tariff', January 17, Oxfam.

III.6 OTHER COSTS

35. There are other major costs that have not been mentioned. For example, the long-term costs of development prospects foregone in the industrial, agriculture and services sector. Furthermore, it should also be borne in mind that when a large number of African countries sign an EPA, the US and other countries will also be asking Africa for similar market access terms. It is unlikely that the US for instance will continue to provide the African Growth Opportunity Act or AGOA (which is a unilateral preferential scheme for some products like garments from Africa) but will also ask for an EPA-type agreement, requiring Africa to also liberalise.

IV. ALTERNATIVES TO THE EPA

36. African countries are in a bind. Non-LDCs will face tariffs on their key exports to the EU market if they do not sign the EPA. Yet doing so will foreclose their development options. There are alternatives to the current situation.

IV.1 GSP+ FOR NON-LDCS

37. The EU offers a Generalised System of Preferences Plus (GSP+) scheme for non-LDCs. To be eligible, countries have to be 'vulnerable' defined in terms of economic diversification and size. Countries also need to sign 27 conventions. The GSP+ scheme will meet most (but not all) African countries' need for preferential market access to the EU market. It works particularly well for East Africa and West Africa. Kenya's horticultural products will enter duty free into the EU market, as will Ghana's cocoa. In fact, with GSP+, 99.61% of Kenya's exports will enter duty free into the EU. It works for Ghana and Cote d'Ivoire too – 97.99% of Ghana's exports and 100% of Cote d'Ivoire's exports will enter the EU duty free.[13]

38. Most African countries have also signed the majority of the 27 Conventions. They should request for an implementation time, when they apply for GSP+ for the ratification of the remaining conventions (two years was provided to the Central American countries).

39. The next GSP+ deadline is 30 April 2010. Since the coming into force of the Lisbon Treaty, the European Parliament now has oversight of GSP+ and African countries can work with the European Parliament to call for a review of the GSP+ to make EU acceptance of African countries into the GSP+ easier.

[13] We take note that Cote d'Ivoire has already signed an EPA.

IV.2 RENEGOTIATE ARTICLE XXIV IN THE WTO

40. The WTO's Article XXIV relating to regional trade agreements and Free Trade Agreements (FTAs) calls for the liberalization of 'substantially all the trade' in FTAs. However, Article XXIV is currently being renegotiated in the Doha Round. Paragraph 29 of the Doha Declaration notes that

41. 'The negotiations shall take into account the development aspects of regional trade agreements'. (WTO Doha Ministerial Declaration, WT/MIN(0)/DEC/1, 14 November 2001).'

42. African countries should ensure that as developing countries negotiate FTAs with developed countries, they are not required to liberalise 'substantially all trade' (which the EU interprets as 80% tariff liberalization), but liberalization can be asymmetrical i.e. developing countries can liberalise in accordance to their development needs.

IV.3 'MOLDOVA TREATMENT'

43. In January 2008, Moldova unilaterally received 'autonomous trade preferences' from the European Union (Council Regulation (EC) No 55/2008). This is near to similar market access as under the Everything But Arms (EBA) preference scheme the EU provides to LDCs. The explanation of the Commission was that

44. 'Moldova is the poorest country on the European continent and to offer Moldova an improved access to the EU market would support the development of its economy through increased export performance. Furthermore it was clear that entering into negotiations on a Free Trade Agreement with Moldova is not an option as Moldova does not possess the competitive strength to take on reciprocal obligations of such an arrangement with the EU'.[14]

45. This preferential treatment provided by the EU was approved by WTO members without problems in March 2008. Many of the non-LDCs in Africa have even lower levels of development (measured by per capita GDP) than Moldova eg. Kenya, Ghana, Cote d'Ivoire, Nigeria, Cameroon and are therefore deserving of even better than the 'Moldova treatment'.

IV.4 A EUROPEAN AGOA (AFRICAN GROWTH OPPORTUNITY ACT) OR FINANCIAL CRISIS PACKAGE FOR AFRICA

46. Countries in Africa should request the EU to provide an AGOA to them i.e. duty free access to the EU market for key tariff lines on which they are currently

[14] Commission of the European Communities, 'Proposal for a Council Regulation introducing autonomous trade preferences for Moldova and amending Regulation (EC) No 980/2005 and Commission Decision 2005/924/EC', 14 November 2007 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0705:FIN:EN:PDF

exporting to the EU. Calculations by the South Centre show that such a package for Africa (the non-LDCs since the LDCs already enjoy the EBA) amounts to only about 100 tariff lines. The total amount of African exports to EU on these lines is $6 billion a year. The import revenue foregone by the EU, assuming that the average duty on the $6 billion is 10% is only $600 million a year. This package can also be a financial contribution to Africa since the continent has and is still suffering the effects of the financial crisis even though they had not contributed to the crisis.

IV.5 JUSTIFICATION FOR ALTERNATIVES TO EPA: ARTICLE 37(6) OF COTONOU AGREEMENT

47. Under Article 37(6) of the Cotonou Agreement, the EU is in fact legally bound to help non-LDC African countries seek an alternative trade arrangement other than the EPA. This alternative should provide them market access to the EU comparable to what they had received under Cotonou.

48. The Article reads that should non-LDC African, Caribbean and Pacific (ACP) countries
'decide that they are not in a position to enter into economic partnership agreements…(the European Community) will examine all alternative possibilities, in order to provide these countries with a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules'.

IV.6 A GOODS-ONLY EPA PEGGED TO DEVELOPMENT BENCHMARKS

49. If African countries that have not yet signed an EPA decide to go ahead with signing, they should ensure that it is a strictly goods-only EPA, with no built-in clauses about negotiations on services in the years to come. This is not needed for compliance with the WTO.

50. Importantly, liberalization in goods should be done in keeping with development benchmarks i.e. only when the sub-regions have attained a certain level of development (eg. measured by per capita GDP; per capita manufactured exports etc) should the sub-region liberalise x percentage of their tariff lines.[15] Since the EPA proposes a model of development that is fundamentally flawed and anti-developmental, pegging liberalization to development benchmarks, if the EPA is signed is the only way to ensure that liberalization is paced appropriately and is not fixed to an arbitrary and artificial timeline such as 15 or 25 years.

[15] http://www.southcentre.org/index.php?option=com_content&task=view&id=915&Itemid=1

ANNEX 1: STATE OF PLAY – COUNTRIES THAT HAVE SIGNED, AND THOSE THAT HAVE NOT SIGNED AN EPA

Facts:

- 47 African countries are negotiating an EPA with the EU.
- Of these, 13 are non-LDCs and 34 are LDCs
- The LDCs already enjoy duty free quota free access to the EU market under the EU's Everything But Arms (EBA) provision. The only advantage of the EPA is better rules of origin in textiles and fish.

Box: African Countries that have Signed or Not Signed an EPA (as of Feb 2010)
(LDCs are distinguished by the bold print)

	LDCs and Non-LDCs that Signed an EPA by Feb 2010	**LDCs that have not signed an EPA by Feb 2010**	**Non-LDCs that have not signed an EPA by Feb 2010**
Central Africa	Cameroon (Signed on 26 November 2008)	**Central African Re.** **DR Congo** **Chad** **Equatorial Guinea** **Sao Tome**	Gabon Rep. Congo
East African Community		**Burundi - initialed** **Rwanda - initialed** **Tanzania - initialed** **Uganda – initialed**	Kenya - initialed
Eastern and Southern Africa (ESA)	Mauritius Seychelles Zimbabwe **Madagascar** (All above have signed on 29 Aug 2009)	**Djibouti** **Eritrea** **Ethiopia** **Malawi** **Somalia** **Sudan** **Zambia - initialed** **Comoros -initialed**	
West Africa	Cote d'Ivoire (Signed on 26 Nov 2008)	**Benin** **Burkina Faso** **Gambia** **Guinea** **Guinea Bissau** **Liberia** **Mali** **Mauritania** **Niger** **Senegal** **Sierra Leone** **Togo**	Ghana – initialed Nigeria Cape Verde (graduated to a non-LDC in 2008 and will have 3 years of LDC treatment from this time).
SADC	Botswana Swaziland **Lesotho** (All above signed on 4 June 2009) **Mozambique** **(Signed on 15 June 2009)**	**Angola**	Namibia - initialed

ANNEX 2: REVENUE IMPACTS OF AN EPA (US$)

Country grouping	Country	Revenue Shortfall
CEMAC	Cameroon	-$149,256,117
	Congo Republic	-$75,104,052
	Gabon	-$74,302,297
	Equatorial Guinea	-$33,914,150
	Chad	-$26,677,028
	Central African Republic	-$5,844,950
ECOWAS	Nigeria	-$426,902,558
	Ghana	-$193,683,365
	Cote d'Ivoire	-$112,236,538
	Senegal	-$80,203,189
	Benin	-$39,523,104
	Togo	-$35,471,728
	Mali	-$33,141,747
	Burkina Faso	-$22,003,938
	Niger	-$20,487,214
	Mauritanie	-$14,572,779
	Guinée-Bissau	-$1,990,217
ESA	Kenya	-$107,281,328
	Sudan	-$73,197,468
	Mauritius	-$71,117,968
	Ethiopia	-$55,126,359
	Djibouti	-$37,523,124
	Seychelles	-$24,897,374
	DRC	-$24,691,828
	Zimbabwe	-$18,430,590
	Zambia	-$15,844,184
	Uganda	-$9,458,170
	Madagascar	-$7,711,790
	Burundi	-$7,664,911
	Eritrea	-$7,385,208
	Malawi	-$7,090,310
	Rwanda	-$5,622,946
SADC	Angola	-$103,254,613
	Tanzania	-$32,490,659
	Mozambique	-$7,640,140
	Botswana	-$5,232,995
	Namibia	-$3,831,993
	Swaziland	-$811,140
	Lesotho	-$256,314
	Subtotal CEMAC	-$365,098,594
	Subtotal ECOWAS	-$980,216,375
	Subtotal ESA	-$473,043,558
	Subtotal SADC	-$153,517,854
	Total for Africa	**-$1,971,876,381**

Source: UNECA 2005, 'Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements, African Trade Policy Center Paper No. 10, March

READERSHIP SURVEY QUESTIONNAIRE
South Centre Analytical Note

EPA'S THE WRONG DEVELOPMENT MODEL FOR AFRICA AND OPTIONS FOR THE FUTURE

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