BRIEFING

International Agreements in Progress

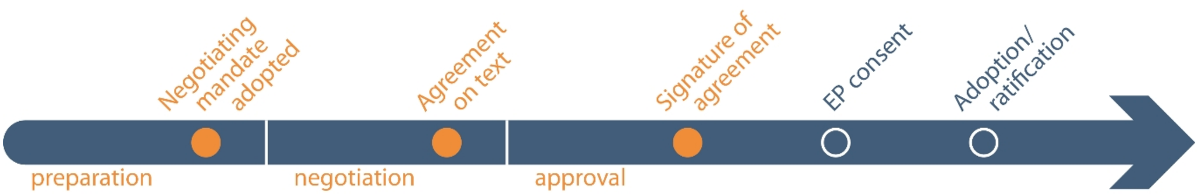
Economic Partnership Agreement with the East African Community

OVERVIEW

The current ACP-EU Partnership Agreement (the 'Cotonou Partnership Agreement') features a provision making it possible for the EU to negotiate different economic partnership agreements (EPAs) with regional ACP sub-groups. This provision was needed for the partnership to be brought into compliance with the World Trade Organization's rules. Negotiations for an EPA with the members of the East African Community (EAC) – at the time: Burundi, Kenya, Rwanda, Tanzania, and Uganda – were finalised in October 2014. South Sudan, which joined the EAC in 2016, did not take part in the negotiations, but can join the agreement once it comes into force.

Once it enters into force, the EU-EAC EPA will provide immediate duty-free, quota-free access to the EU market for all EAC exports, combined with partial and gradual opening of the EAC market to imports from the EU. The EPA contains detailed provisions on sustainable agriculture and fisheries, rules of origin, and sanitary and phytosanitary measures. The parties are committed to concluding additional negotiations within five years of the entry into force of the agreement.

The signing of the EPA has been stalled because of discussions within the EAC. Kenya is the only EAC country to have ratified the agreement, in order not to lose free access to the EU market. Other EAC member states, being least developed countries, still enjoy free access and some of them have pushed for further clarifications on the consequences of the EPA for their economies before the EAC endorses the agreement.



Economic Partnership Agreement between the East African Community Partner States, of the one part, and the European Union and its Member States, of the other part

Committee responsible:	International Trade (INTA)
Rapporteur:	Helmut Scholz (GUE/NGL, Germany)
2016/0038(NLE)	

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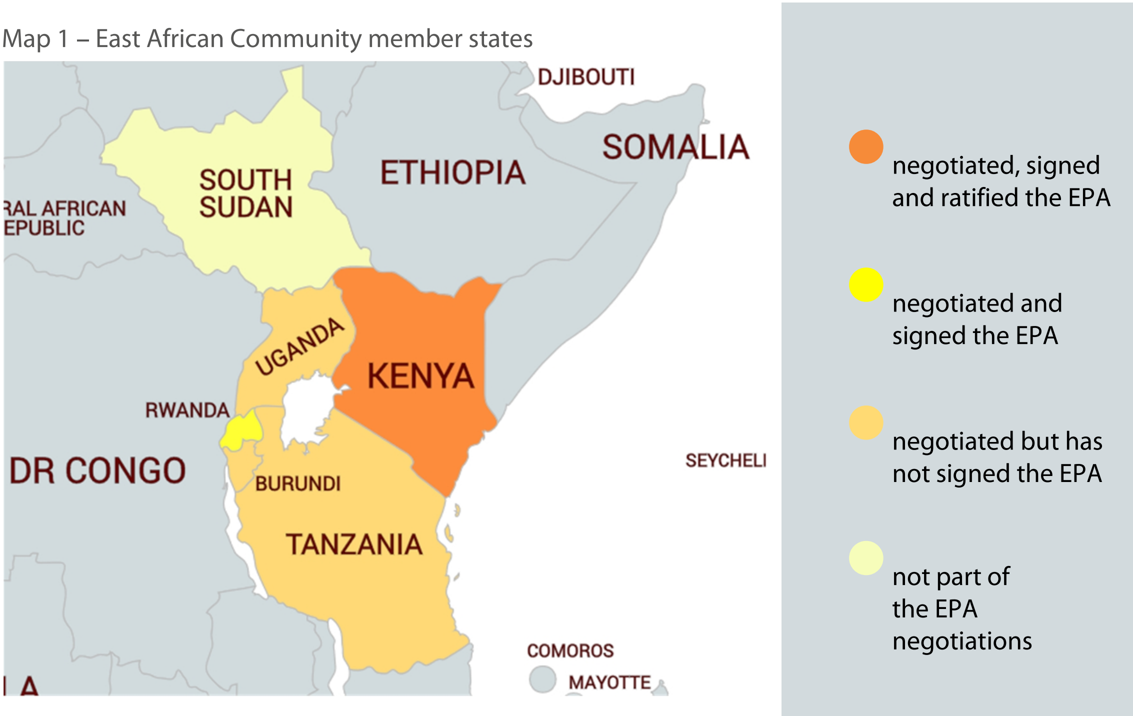
Introduction

According to the 'Lomé IV' Convention (1990-2000), Sub-Saharan African, Caribbean and Pacific (ACP) countries benefitted from a preferential tariff system for their trade with the Member States of the European Communities and later the European Union. However, this system was in breach of the General Agreement on Tariffs and Trade's (GATT) 'most-favoured-nation' principle, according to which preferential treatment granted to ACP countries should also be granted to other countries with a similar level of development. This is the reason why the new ACP-EU Agreement (the 'Cotonou Partnership Agreement', or CPA), signed in 2000, included a provision making it possible for the EU to negotiate different economic partnership agreements (EPAs) with ACP sub-groups (Chapter 2, Part 3, Title II, CPA): EPAs are aimed at liberalising most trade in goods and services – with the exception of sensitive sectors and products – in conformity with World Trade Organization (WTO) rules (Article XXIV, GATT). This means that partner countries have to open their markets to EU products. However, this reciprocity is accompanied by asymmetry: while EPAs require the EU to immediately open its markets for most products, they provide for a gradual opening of ACP markets.

The East African Community (EAC) is one of the groupings having negotiated an EPA with the EU.[1] All EAC members at the time – Burundi, Kenya, Rwanda, Tanzania, and Uganda – were part of the negotiations, which concluded in October 2014. South Sudan, which is an EAC member state since 2016, was not involved in the negotiations, but can become a party to the EPA once it comes into force.[2] However, the EPA is not in force yet, as the signature and ratification process is currently stalled, after EAC members failed to adopt a common position.

Map 1 – East African Community member states



Data source: DG Trade, European Commission, accessed in March 2018.

Existing situation

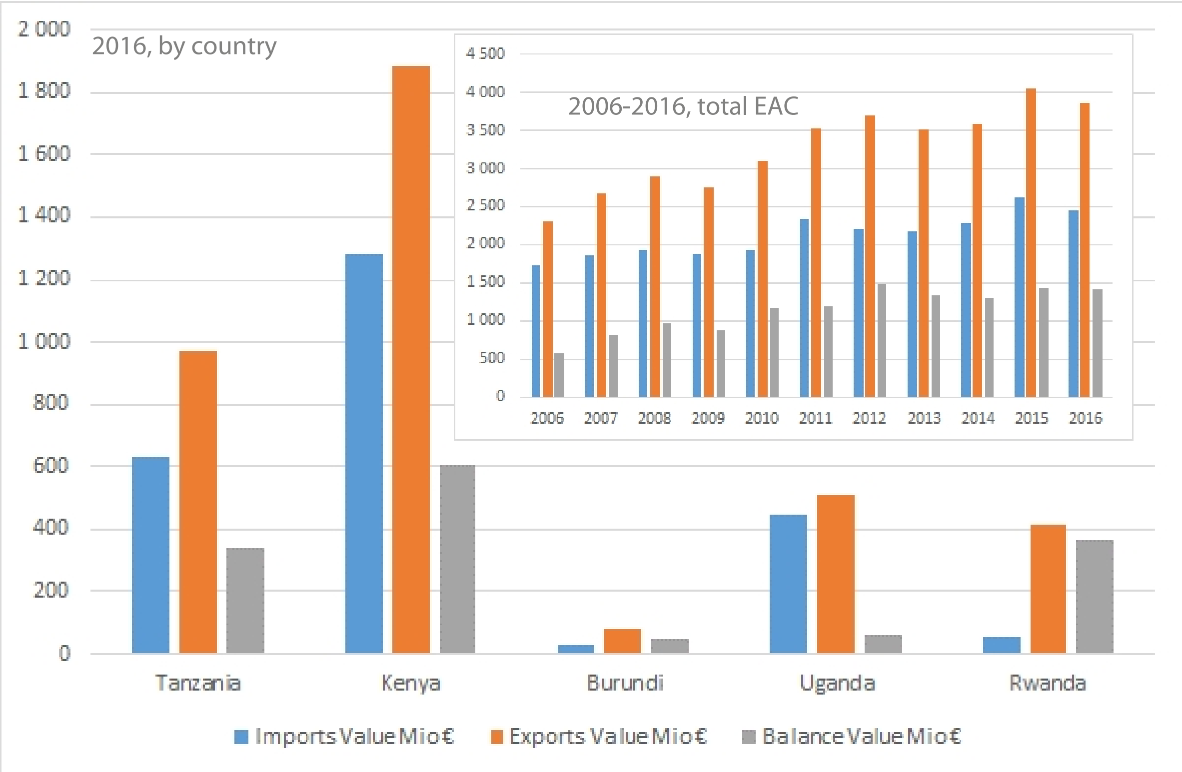
The East African Community

The EAC is one of the most integrated regional economic communities of the African Union. Most goods and services are traded duty-free between its member states and with a common external tariff with third countries (customs union); persons, goods, services and capital can circulate freely (common market). The EAC plans to establish a monetary union in 2023, and has the ambition to ultimately become a political federation.

Main trade data

In 2016, EAC countries accounted for 0.1 % of EU imports and 0.2 % of its exports, whilst the EU represented an important share of EAC trade: 21 % (€2.1 billion) of its exports to the rest of the world and 15 % (€3.7 billion) of its imports. The EAC's main exports to the EU are agricultural and horticultural products (coffee, cut flowers, tea, tobacco and vegetables) and fish. EAC manufactured products (cement, textiles, steel and plastic products) are mainly exported in Africa, mostly inside the EAC itself (60 %). The EAC's main imports from the EU are industrial products (vehicles, mechanical appliances) and pharmaceutical products. The United Kingdom alone accounts for 18 % of EAC exports to the EU and 12 % of EAC imports from the EU.[3]

Figure 1 – EU trade with the East African Community (total goods, trade flows and balance), 2006-2016, € million



Data source: European Commission, Trade statistics (accessed 7 March 2018).

Current trade schemes

In 2001, the WTO granted a temporary derogation ('waiver') to the EU and ACP countries to give them time to negotiate EPAs before the preferential EU-ACP regime was discontinued. This waiver expired in December 2007; since then, countries that had not yet ratified an EPA reverted to one of the EU's WTO-compatible trade arrangements. All EAC members except Kenya have the status of a least developed country (LDCs), and are therefore entitled to export 'everything but arms' (EBA) to the EU market without facing duties or limitations to the amount ('duty-free, quota-free', DFQF). Kenya, on the contrary, is a lower-middle-income country and cannot be granted EBA status. However, as Kenya has taken part in the negotiations on and signed the EPA (see section on 'Signature and ratification process' below), the EU has decided to keep on granting Kenya DFQF access to the EU market. This trade scheme is managed unilaterally by the EU, contrary to the EPA conditions that are negotiated between the parties.

EU negotiation objectives

The overall aim of the EPAs is 'to foster smooth and gradual integration of the ACP states into the world economy', as set out in Article 36 of the Cotonou Partnership Agreement (CPA). As they are negotiated with regional blocs rather than individual countries, EPAs are meant to foster regional integration, which is considered necessary to better tackle development issues. Conversely, as the EAC is already the most integrated African regional economic community, disagreements on the EU-EAC EPA between EAC member states have resulted in a deadlock. The EAC already has a common external tariff (CET) that risks being disrupted if not all EAC member states are part of the same EPA – the EU considers the proposed EPA tariffs to be in line with the EAC CET, but has failed to convince all partners.

In its June 2002 recommendation giving the Commission a mandate to negotiate EPAs, the EU Council highlighted that the agreements should take into consideration ACP states' 'political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication'. EPAs have therefore to be coherent with EU development policy: hence, the EU-EAC EPA has to protect some sectors, such as 'infant industry', from competition, to avoid undermining the EAC's industrialisation strategy, which receives EU financial support.

The European Commission's impact assessment of the EU-EAC EPA found that the agreement would increase EAC GDP 'on average by 0.3 %' and would 'slightly reduce the poverty headcount in EAC countries'. On average, EAC exports to the world would increase by 1.1 % and imports by 0.9 %. The EU share in total EAC imports would grow from 10.6 % to 12.6 %.

At the same time, the EU has its own trade objectives. For example, as access to raw materials at a reasonable cost is crucial for the EU, it is therefore wary of export taxes on such materials. The draft EPA prohibits new export duties and taxes, while allowing existing ones.[4] EU Member States also want to stay competitive with regard to other developed economies; for this reason, EU negotiators have insisted that a 'most-favoured-nation' clause be inserted in the EPA, so that no other developed economies could be granted more favourable access to the EAC market.

Counterparts' positions

Although having reached an agreement on the EPA's text, EAC countries have different opinions about it. As a result, so far, the EPA has been signed by Rwanda and Kenya (September 2016), but has formally been ratified only by Kenya (see 'Signature and ratification process' below). **Kenya**, the only lower-middle-income country in the region, is the most concerned: if the EPA is not ratified, the country will face export duties estimated at US$100 million a year. On the other hand, Kenya's exports to the EU risk declining sharply after 'Brexit', as the United Kingdom currently accounts for more than a quarter (28 % in 2015) of EU imports from Kenya. This might weaken Kenya's interest in committing to greater liberalisation. **Tanzania** is the main opponent of the EPA. In July 2016, the government announced it would not sign the EPA before a further assessment of the deal, taking into account the consequences of Brexit, is conducted. Moreover, according to Tanzania, the conditions set out in the EPA would hinder its industrial development: the impossibility to impose new export duties on raw materials and the phasing out of import tariffs over only 25 years would make it difficult for the country to develop a competitive processing industry. In November 2016, Tanzania's parliament called on the government not to sign the EPA. For **Rwanda**, which signed the EPA along with Kenya, the agreement will encourage foreign direct investment thanks to its transparent legal basis for trade, and its simplified rules of origin will ease EU access to Rwandan products (see 'The changes the agreement would bring' below). **Uganda**, which currently chairs the EAC, is rather favourable to the agreement but is expecting all EAC countries to sign, in order to avoid disrupting the EAC's status quo. **Burundi** has made the lifting of EU sanctions a precondition for signing the EPA, and has used its position as leverage for the EAC to pressure the EU on this issue.

Parliament's position

EPAs being international trade agreements, the European Parliament's consent is required before the Council can adopt the EU-EAC EPA. The Committee for International Trade (INTA) is responsible for the dossier (procedure file 2016/0038(NLE)), and the Committee for Development (DEVE) has to produce an opinion. The Parliament is preparing its position: so far, DEVE has drafted an opinion calling on INTA to recommend that Parliament give its consent to the conclusion of the EU-EAC EPA, despite reservations 'as regards parliamentary involvement in the monitoring process'. INTA has not yet issued its recommendation (see 'Signature and ratification process' below).

In its resolutions on economic partnership agreements, Parliament has always insisted that they be primarily aimed at sustainable development, poverty reduction and regional integration. Parliament has also demanded that ACP national parliaments be involved in the preparation of EPAs. Yet again, it has called on the Commission and partner countries to include development benchmarks and safeguard mechanisms to monitor and counterbalance the opening of ACP markets to EU products.

In a resolution of 25 March 2009 on the EU-EAC EPA, Parliament pointed out that the EPA's liberalisation schedules 'need to be assessed regularly and revised if they prove too burdensome to implement', and reminded that 'trade commitments must be accompanied by an increase in support for trade-related assistance', calling for the EAC members states to be allocated an 'appropriate and equitable share' of the EU aid for trade. Parliament has also advocated reinforced ownership of the EPA's monitoring and management by ACP states.

Preparation of the agreement

To prepare the negotiations, the European Commission's Directorate-General for Trade commissioned 'sustainable impact assessments' (SIAs) of the EPAs on key ACP economic sectors.[5] One SIA report concerns more specifically the EAC: for the horticulture sector in southern and eastern Africa, it finds that the absence of an EPA will not affect LDC countries which will retain duty-free, quota-free access to the EU market. On the contrary, Kenya (the only EAC non-LDC country) would experience several negative outcomes in the absence of the EPA: removal of preferential market access would decrease its competitiveness on the cut flowers market, where its main competitors still benefit from a duty-free regime, either because they are part of a free-trade agreement with the EU (Colombia and Ecuador), or because they are LDCs (Ethiopia). This in turn would result in a decrease in production and loss of employment.

According to the study, the EU-EAC EPA would have positive impacts for both LDC countries and Kenya, except that the effects on the environment would be uncertain: the expected increase in production would put pressure on the environment, unless codes of conduct are implemented and respected. Even though the Commission has taken most of the SIAs recommendations on board, the Parliament considers their impact on negotiations to have been low, in particular because of the difficulty in collecting meaningful data on ACP countries' trade.

Negotiation process and outcome

The WTO waiver (see 'Existing situation' above) expired on 31 December 2007; the same year, a framework EPA was concluded. However, it did not address many of the outstanding issues and took nine years to finalise.

As is the case with other EPAs, a fault line appeared between non-LDCs and LDCs; EPA negotiations had to find compromises not only between the EU and the partner blocs, but also between non-LDC and LDC members of each bloc. In the case of the EU-EAC EPA, this divide is between Kenya and the rest of EAC countries. EAC LDCs did not have an immediate incentive to conclude the EPA, since even without the preferential ACP-EU trade regime, they could still enjoy WTO-compliant duty-free, quota-free access to the EU market for their exports while applying taxes to imported products. By contrast, as the EPA is based on reciprocal treatment, LDCs would have to give up import taxes on most products and services, which would result in revenue losses. On the other hand, if Kenya (non-LDC) did not sign an EPA in due time, it faced the risk of falling to a 'generalised scheme of preferences' (Standard GSP or GSP+), a regime which is not based on an agreement but entirely depends on the EU's decision.

Technical aspects such as phytosanitary measures, rules of origin and the dispute settlement mechanism, have been discussed in specific committees. In January and August 2014, high-level negotiators failed to reach an agreement. Among the stumbling blocks were export taxes, the most-favoured-nation clause and the non-execution clause (see 'The changes the agreement would bring' below).

The EU warned that partner countries would lose their preferential market access if an agreement was not reached before 1 October 2014. The threat was particularly significant for Kenya (see 'Preparation of the agreement' above).

EAC member states agreed on the draft EPA at a ministerial meeting in Arusha (Kenya) on 25 September 2014, and negotiations were finalised in October 2014. The consolidated draft agreement was published in October 2015, opening the way for the signature and ratification process (see 'Signature and ratification process' below).

The draft agreement contains a *rendez-vous* clause, i.e. a commitment to conclude negotiations on trade in services, trade and sustainable development and other chapters within five years of the entry into force of the agreement. The additional chapters to be negotiated include: investment, competition, public procurement and intellectual property policies. Reaching an agreement on these outstanding issues might also prove difficult, as African partners claim that restrictive rules on these issues would take away the flexibility needed for the above-mentioned policies, which governments often use as pillars for developing their national industries.

The changes the agreement would bring

The consolidated text of the agreement provides for trade in goods facilitation, customs, sanitary and phytosanitary measures, and sustainable development of agriculture and fisheries. On top of its 147 articles, the document features more than 500 pages of annexes, which makes its content difficult for non-specialists to grasp. Some issues had been waiting to be resolved for years, before the draft agreement was reached.

Elimination of most import and export tariffs

Duty-free, quota-free access to the EU market for all EAC products

Duty-free, quota-free (DFQF) access will be immediately applicable after ratification. This is mainly of interest to Kenya. Other EAC countries, being LDCs, have DFQF access for 'everything but arms' (EBA) anyway, without having to provide free access to EU products in return. According to UNCTAD, no LDC country in the EAC is expected to graduate from this status until at least 2024;[6] however, should a LDC graduate and therefore lose access to the 'everything but arms' preferential trade scheme, it could join the economic partnership agreement at any time to retain DFQF access.[7] The Commission nevertheless holds the opinion that EPAs are favourable for LDCs too, as they define more flexible rules of origin and provide for support to improve infrastructure, standards and market monitoring.

Asymmetric opening of EAC markets to EU products and services

The signatories of the EPA will have to lower or lift taxes on EU imports. This will be done progressively, to give EAC countries the time to adapt to EU competition. The EAC has committed to ensuring that 82.6 % (by value) of goods coming from the EU will be imported duty-free; this liberalisation will be carried out over a period of 25 years after the entry into force of the agreement. Goods of economic importance to the EAC ('various agricultural products, wines and spirits, chemicals, plastics, wood-based paper, textiles and clothing, footwear, ceramic products, glassware, articles of base metal and vehicles'[8]) will continue being taxed, in order to protect them from competition.

Imposing export taxes made difficult

In some cases, export taxes on raw materials or non-processed foods encourage the development of a domestic industry (since it becomes less advantageous to sell unprocessed products abroad). There are already quite a few export taxes in the EAC countries, but EAC negotiators would have liked the possibility to create new ones not to be barred. The EU, on the contrary, is strongly against export taxes – although they are not forbidden by the WTO – since they increase the prices of raw commodities needed by the EU market. As a result, export taxes will not be eliminated by the EPA, but introducing new ones will be subject to certain limitations. Accordingly, EAC members will be able to impose new export taxes only after notifying the EU and for a limited period of time: after 48 months, they will be subject to a review by the joint EPA Council. Loss of revenue resulting from the elimination or reduction of tariffs should be covered 'transitionally' by the EU (Article 100- 1(c), EPA). EU support will be financed through existing instruments: mainly the EU development budget and the European Development Fund (EDF), through the 'Aid for trade strategy'. EAC countries will have to create a dedicated fund to which they will channel resources for the implementation of the EPA. Revenue loss is expected to be 'modest';[9] however, the data that would allow clear assessment of what amount of compensation would be needed and for how long, are often lacking.

Placing limits on non-tariff barriers

Non-tariff barriers, such as country-specific standards, rules of origin, and sanitary and phytosanitary conditions, are seen as restricting the free exchange of goods and services. The EPA provides for placing limits on these barriers, while reinforcing the measures that already exist for intra-EAC trade.

Technical barriers to trade (TBT)

In compliance with WTO rules on technical barriers to trade, the EU and the EAC commit to harmonising their technical standards as much as possible, and to mutually recognising those that are not common.

Rules of origin

As duty-free, quota-free conditions would immediately apply to EAC products imported into the EU, it is important to determine whether a product is considered as originating from the EAC or not. In the case of products processed with materials from third countries, rules of origin generally require a sufficient level of processing in the exporting country. In order to favour industrial development in EAC countries, it has been decided that the rules of origin would be less strict (i.e. allowing a possibly bigger proportion of foreign materials in the processed products) for EAC producers than for EU producers. A protocol to the agreement details what level of processing is sufficient for a product to be considered as originating from the EAC. Rules of cumulation define criteria for determining the origin of products that are assembled from materials originating from various countries: in the EPA, these rules (Protocol 1, EPA) allow more exceptions to insufficient processing than do the rules in the GSP, GSP+ and EBA trade schemes. In short, the EPA would make it easier to label a product as 'made in' an EAC country, even if some of its parts originated from other countries – provided the latter benefit from a GSP scheme or a free-trade agreement with the EU. Such products would therefore have preferential market access to the EU. The EPA also simplifies the procedure for obtaining proof of origin. EPA rules of origin for fresh fish and processed fish are also considered more favourable than those applicable under GSP schemes.

Sanitary and phytosanitary measures

Sanitary and phytosanitary (SPS) measures are primarily aimed at protecting consumers by guaranteeing the safety of food, animal or plant products. However, they have to be proportionate to the risks, and should not be used as a means to restrict imports in favour of domestic products. While sanitary and phytosanitary measures are framed by a WTO agreement, the latter allows countries to set their own standards, be they higher or lower than international ones. The SPS measures built into in the EPA are actually a trade-off between market openness and health protection. In the past, EU SPS measures restricted the import of a number of EAC plant, fish and meat products. The EPA mainly provides for a rapprochement of SPS measures, supported by capacity-building actions and funding from the EU. Also, new SPS measures should not be imposed without consulting the other party.

Enhanced development cooperation in agriculture and fisheries

Two specific parts of the EPA are dedicated to fisheries and agriculture (Parts III and IV). Beyond purely trade-oriented provisions, such as the rules of origin, these parts address capacity-building in the management of resources in detail, and define objectives for supporting infrastructure and trade reforms as a way to promote sustainability and food security. The agreement further mentions that the partners are committed to enhancing the fisheries and agriculture sectors' compliance with international standards. A monitoring system is planned to be put in place, to help manage natural resources and prevent or counteract unfair practices, including illegal, unreported and unregulated fishing (IUU).

Development cooperation in other sectors, such as energy, transport and ICT, is also described in the EPA, but in much less detail.

Follow up and monitoring

The EPA contains a number of mechanisms to monitor its evolution and adapt it to a changing environment.

EPA institutions

An EPA Council, composed of EAC and EU ministers, and a Committee of senior officials are handed the responsibility to decide on a number of issues, such as the application of duties, taxes and safeguard measures, and dispute settlement. The Committee of senior officials is also entrusted with monitoring the impact of the EPA on the countries' economic welfare, and on sustainable development. A consultative committee will represent civil society and the private sector.

Trade defence

The EPA provides for a trade defence mechanism: if imports increase too much and risk disturbing the economy of a country, it is possible to reintroduce duties on the product concerned. However, this could be done only for a limited period of time, not exceeding two years, and is to be monitored by the Committee of senior officials.

Non execution clause

Article 136 of the EPA provides that 'nothing in this agreement shall be construed so as to prevent ... measures ... pursuant to the Cotonou agreement'. Such a clause is generally interpreted as entailing suspension of the EPA trade preference for a country sanctioned under the Cotonou provisions for breaching human rights, democratic principles, or the rule of law. At present, Burundi is under such sanctions: it therefore has no incentive to sign an agreement that it risks being immediately suspended from.

Completion and revision of the agreement

Rendez-vous clause

Most of the EPA text concerns trade in goods. Negotiations on outstanding issues are expected to be concluded within five years after the agreement enters into force. Some important issues, such as trade in services, the environment and sustainable development, and transparency in public procurement, are still outstanding.

Most-favoured-nation clause

The most-favoured-nation clause stipulates that if the EU or the EAC enters a trade agreement granting more favourable treatment to third countries, the same treatment becomes applicable to the trade between the EAC and the EU. This clause concerns any trade agreement the EU concludes; for EAC countries it is limited to trade agreements with 'major trading economies'.[10] Accordingly, the EAC can agree more favourable treatment with other ACP countries. However, the inclusion of this clause – an obligation under WTO rules – has been, and still is, much discussed: it might prevent EAC countries from concluding a more favourable trade agreement with China or Brazil, for example.

Stakeholders' views[11]

East African civil society organisations (CSOs) have been critical of the EU-EAC EPA since the beginning of the negotiations – just like most African CSOs as concerns the whole set of EPAs. After the draft agreement was published, a network of East African CSOs called on the EAC member states not to ratify the EPA. CSOs consider that the agreement would be detrimental to the industrial development of EAC countries. They point out that protectionist policies based on tariffs, subsidies and trade quotas have been used by western countries to develop their own industries in the past and should not be refused to developing countries. Furthermore, the CSO network argues that a constrained, even if progressive, removal of tariffs would make it impossible for EAC countries to produce competitive manufactured goods. Tariff removal would make EU manufactured products cheaper than domestic ones, thus increasing EAC imports from the EU. This also risks undermining EAC trade with African regions or southern partners. CSOs also blame the *rendez-vous* clause, which they think goes beyond what is required by the WTO.

CSOs base their criticism on an assessment of the impact of the EPAs published in 2005 by the United Nations' Economic Commission for Africa (UNECA), but not officially endorsed by it. The study found that the EPAs would result in a trade expansion that would favour the EU rather than the regional partners, and in loss of revenue for all countries studied. However, this study also noted that the expected decline in prices would be beneficial to consumers.[12]

A trade union conference on EPAs with African regions took place in October 2017 and came to the conclusion that EPAs fall short on a number of expected commitments. Trade unions regretted that EPAs do not include references to labour rights, and that their impact on women workers has not been assessed. They pointed out that the safeguard mechanisms against import surges are difficult to trigger; as a result, EPAs risk putting a strain on African agro-food production. Furthermore, they voiced concern that the *rendez-vous* clause would hinder African states' capacity to develop their industry.

EAC private sector representatives are in general favourable to the EPA, though there are nuances across sectors. As concerns agriculture,[13] small-scale farmers are the most worried about competition from the EU: the EU has consented not to subsidise agricultural products exported to the EAC, but this does not apply to the EU market, where subsidised EU products would compete with imports from the EAC.

The private sector insisted on being more strongly involved in the negotiations. A 2010 seminar showed that, as a rule, EAC private sector representatives did not seem well informed on the EPA's content and practical consequences. Kenyan private sector organisations – especially the Kenya Flower Council – were the most concerned by the EU-EAC EPA, apparently because of the prospect of losing DFQF access to the EU market. Consulted in 2012 on the private sector views on the negotiations, the East African Business Council advocated more flexibility on tariffs and taxes, which it considered a development tool. It was also against the most-favoured-nation clause and called for better coordination between the various African EPA configurations.

Signature and ratification process

In June 2016, following the Commission proposal, the Council of the EU authorised the signing and provisional application as concerns the exclusive competences of the EU (as opposed to individual Member States; for instance, issues such as agricultural subsidies cannot be modified without the Member States' consent).

To fully enter into force, the EPA has to be ratified by each party, namely the EU, the EAC, and their respective Member States according to their national ratification procedures. Whereas all EU Member States and the EU have signed the EPA, from the EAC side only Kenya and Rwanda have done so. Parliament's consent is pending the official referral of the agreement by the Council. This will take place only after all EAC countries have signed it.[14]

On the EAC side, only Kenya and Rwanda have signed the EPA. Kenya is the only country to have ratified it, in September 2016. According to EAC rules, the EPA can only enter into force after it has been ratified by all EAC members, as the implementation of the agreement by only some of them would put its customs union at risk. Other EAC members' reluctance to ratify the EPA has led to protracted discussions and stalled the signing process (see 'Counterparts' positions' above). EAC heads of state decided in September 2016 to postpone the endorsement of the agreement by the EAC until January 2017, to allow EAC countries to assess its impacts on the basis of statistical data. However, this deadline was missed, since Burundi, Uganda and Tanzania failed to provide a consistent dataset. At their May 2017 summit, the heads of state acknowledged the stalemate in the signing of the agreement, but agreed that Kenya might be allowed to pursue the implementation of the trade deal as from November 2017 if a compromise was not found with the EU. Following discussions on EAC concerns between Commission President, Jean Claude Juncker, and the EAC chairman, Uganda's President Yoweri Museveni, in September 2017, the EAC was expected to make a decision. However, the February 2018 EAC heads of state summit postponed the decision again until 'satisfactory clarification of concerns of some partner states on the EPAs', which might entail a renegotiation of the agreement with the EU. EAC heads of state also declared that the EAC 'shall explore the use of variable geometry in the implementation of the EPAs', which constitutes a breach in its willingness to implement it as a bloc.

EP SUPPORTING ANALYSIS

L. Bartels, Human Rights Provisions in Economic Partnership Agreements in Light of the Expiry of the Cotonou Agreement in 2020, Policy Department for External Relations, European Parliament, March 2017.

A. Kwa et al., African, Caribbean and Pacific (ACP) Countries' Position on Economic Partnership Agreements (EPAS), Policy Department for External Relations, European Parliament, April 2014.

I. Massa and C. Stevens, Addressing Developing Countries' Challenges in Free Trade Implementation, Policy Department for External Relations, European Parliament, February 2017.

M. Mendez Parra et al., Export Taxes and Other Restrictions on Raw Materials and their Limitation through Free Trade Agreements: Impact on Developing Countries, Policy Department for External Relations, European Parliament, April 2016.

OTHER SOURCES

Economic Partnership Agreement between the East African Community partner states, of the one part, and the European Union and its member states of the other part, consolidated text.

European Commission, Trade Policy: East African Community (EAC), accessed 14.3.2018.

European Commission, Overview of Economic Partnership Agreements, accessed 14.3.2018.

International Center for Trade and Sustainable Development, EPAs and Regionalism Series.

S. Karingi et al., Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements, ATPC Work in Progress, UN Economic Commission for Africa, 2005.

G.I. Mwambe, Analysis of the Economic Partnership Agreement between the East African Community and the European Union: A Gravity Model Approach, MEFMI, 2014.

ENDNOTES

[1] Negotiations with the EAC as a bloc began only in 2007; prior to this date Tanzania was involved in the SADC EPA negotiations, and Kenya in the eastern and southern Africa EPA ones.

[2] Article 144 of the agreement stipulates that 'Any new Partner State of the EAC shall accede to this Agreement from the date of its accession to the EAC by means of a clause to that effect in the act of accession [...OR..] by depositing an act of accession [...]'.

[3] Source: UNCTAD, accessed 13.03.2018.

[4] For a detailed insight on export taxes, see: M. Mendez Parra et al., Export Taxes and Other Restrictions on Raw Materials and their Limitation through Free Trade Agreements: Impact on Developing Countries, Policy Department for External Relations, European Parliament, April 2016.

[5] A more detailed description of the SIAs is given in: I. Zamfir, Economic Partnership Agreement with the Southern African Development Community (SADC); EPRS, European Parliament, September 2017.

[6] Although Rwanda has a different view and expects to graduate from this status before 2024.

[7] As stated in Article 37(7) of the Cotonou Agreement; however, this agreement is to expire in 2020 and the content of a future agreement is not yet defined.

[8] As regrouped by Commission's DG Trade.

[9] This aspect is discussed in detail in I. Massa and C. Stevens, Addressing Developing Countries' Challenges in Free Trade Implementation, Policy Department for External Relations, European Parliament, February 2017.

[10] '"major trading economy" means any developed country, or any country accounting for a share of world merchandise exports above 1 percent [...], or any group of countries [...] accounting collectively for a share of world merchandise exports above 1.5 percent [...]' (Article 14 (5) of the EU EAC EPA, October 2015).

[11] This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all of the different views on the agreement. Additional information can be found in related publications listed under 'EP supporting analysis' and 'other sources'. See in particular A. Kwa et al., African, Caribbean and Pacific (ACP) Countries' Position on Economic Partnership Agreements (EPAS), Policy Department for External Relations, European Parliament, April 2014.

[12] In the case of EAC countries (in US$ million): net trade diversion for Burundi: -1.5; Kenya: -60.4; Rwanda: -3.0; Tanzania -25.0; Uganda: -9.0; revenue shortfall for Burundi: -7.6; Kenya: -107.2; Rwanda: -5.6; Tanzania -32.4; Uganda: -9.4; consumer surplus: for Burundi: +1.8; Kenya: +30.6; Rwanda: +0.8; Tanzania +8.1; Uganda: -9.4. South Sudan was not studied.

[13] A detailed analysis of the impact of the common agricultural policy on developing countries (February 2018) is available on the European Parliament website.

[14] This is common practice, as the signing of the EPA by partners indicates their will to proceed with the ratification process. The EU-EAC EPA is a 'bloc-to-bloc' agreement: a green light from the EAC is expected before going further in the procedure (interview of officials, March 2018).

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