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REPOA Brief



The EU-EAC Economic Partnership Agreement (EPA) AGRICULTURE—All crops, livestock and productive insects

By REPOA

	Key messages			
	Low-Middle-Income States: Tanzania (since 2020) and Kenya			
	Low-Income States: Uganda, Rwanda, Burundi			
Parties	Low-Income States: South Sudan and Democratic Republic of			
	Congo—Joined the EAC in 2016/2022, did not take part in the			
	negotiations, but can join the EU-EAC EPA once it comes into force			
	The European Union and its 27 Member States (Post Brexit)			
EAC-EU	Negotiations for an EU-EAC EPA were finalised in October 2014. The consolidated draft agreement			
EPA	was published in October 2015, opening the way for the signature and ratification process.			
	> To foster the structural transformation of EAC economies, and their diversification and			
	competitiveness by enhancing their production, supply and trading capacities.			
Objectives	> To sustainably integrate the EAC economies into the global economy and the inherent regional			
	value chains (RVCs) and global value chains (GVCs).			
	The main objective is the sustainable agricultural development, which includes but is a			
	limited to food and livelihoods security, rural development and poverty reduction in the EAC			
	Partner States.			
	The consolidated text of the EU-EAC EPA provides:			
	✓ trade in goods facilitation,			
Coverage	 ✓ sustainable development of agriculture and fisheries, ✓ economic and development cooperation. 			
	 ✓ economic and development cooperation, ✓ institutional provisions, 			
	✓ dispute avoidance and settlement.			
	The draft EPA agreement (October 2014) contains a <i>rendezvous</i> clause, (a commitment) to conclude			
	negotiations on trade in services; trade, environment and sustainable development; and other			
	chapters within five years of the entry into force of the agreement.			
Prospects/	The additional trade-related chapters (deepening of the EPA) to be negotiated include:			
Going	investment and private sector development,			
Forward	> competition policy,			
	> transparency in public procurement,			
	> intellectual property rights,			
	digitalization / e-commerce,			
	> general exceptions.			

The EU-27 and Kenya—which has already signed and ratified the regional EPA (October 2016)—on the modalities towards the implementation of the EU-EAC EPA

Strategic	The launch of the Strategic Dialogue between the EU and the Republic of Kenya;	
dialogue	The strengthening of the multilateral partnership between the EU and the EAC region;	
(June 2021+)	Agreed to engage towards implementing bilaterally the trade and the economic and development cooperation provisions of the EPA with the East African Community—the current consolidated text.	
Deepening	Agreed on the future of the EU-Kenya i-EPA that will liberalise trade in goods on mutual basis;	
the EPA	Agreed to negotiate binding provisions on trade and sustainable development in their i-EPA, which	
(February	will be subject to an appropriate dispute settlement mechanism;	
2022)	The i-EPA will remain open for joining of other six East African Community Partner States.	

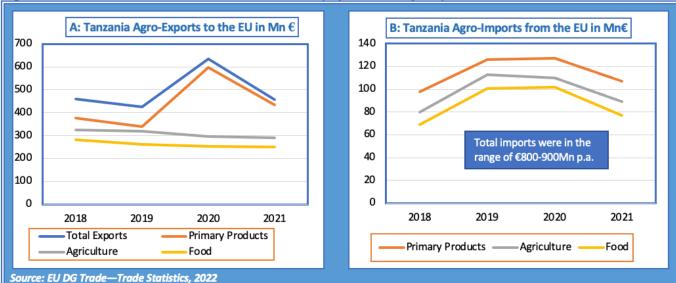
Tanzania-EU Agro-Trade

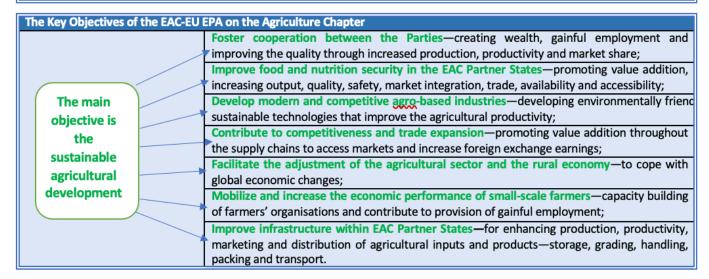
Tanzania—as well as Burundi, DRC, Rwanda, Uganda, South Sudan (the six members of the EAC)—maintains a trade relationship with the EU under the Everything-But-Arms (EBA) scheme. Nonetheless, as Tanzania sustains a per capita GDP above \$1045 it will graduate from the LDC status, joining Kenya's status and, hence, maintain a trade relationship with the EU under the Market Access Regulation (MAR) component of the Generalised Scheme of Preferences (GSP).

Under the MAR, countries benefit from
 •duty-free and quota-free access to the EU market for products originating from eligible ACP countries;
 •the MAR only covers goods not services.

For the past decade, Tanzania's exports of goods to the EU-27 (through the EBA scheme) have been in the range of Euro 500 million per annum and imported goods of over an average of Euro 800 million per annum. Tanzania's exports of agro products over the same period have been in the range of Euro 300 million per annum, while that of manufacturing has been in the range of Euro 80 million per annum.

Figure 1A & B: Tanzania's trade volume with the EU-27 (Exports and Imports) in Mn €





Under the areas of Cooperation—the Parties acknowledge the importance of the agricultural sector to the economies of the EAC Partner States and agree to cooperate in promoting its transformation to increase its competitiveness, ensure food and nutrition security, rural development and facilitate the adjustment of agriculture and rural economy to accommodate the effects of implementation of this Agreement with special attention to small scale farmers. The Parties agree to cooperate in the following three main clusters of areas:

Enabling Policies «	1. Regional Integration 2. Rural Development 3. Net Food Importing Countries 4. Livelihood Security
Sustainable Agricultural Development	Agricultural Infrastucture Security A. Value Chain Management Production & Marketing of Agricultural Commodities
Services <	 1. Early Warning System 2. Technical Support Services 3. Agricultural Financial Services 4. Geographical Indications
/	

Selective indicators of the key areas of EU-EAC EPA cooperation under the agro-development and trade expansion are as follows:

1. Enabling Policies

Improvement of access to regional and international markets for agricultural products;
 development of national and regional agricultural policies, legal and regulatory frameworks, building of the necessary capacity and support to institutional development.

2. Sustainable Agricultural Development

- Undertaking joint activities on regional framework;
- Promotion and strengthening Processing, Marketing, Distribution and Transportation (PMDT) and handling of agricultural products;
- Capacity building to comply with international standards relating to agricultural production, packaging and SPS measures.

3. Agricultural Infrastructure

- Development of agricultural support infrastructure;
- Development of research and training infrastructure, storage facilities;
- Development of agro processing infrastructure;
- Establishment of agro meteorology centre in the EAC Partner States;
- Development of modern market infrastructure for expansion of domestic and regional markets.

4. Food and Nutrition Security

- Diversification of agricultural production and development of products that address food and nutrition security needs of the EAC Partner States;
- Designing and implementation of programmes that lead to increased production and enhanced productivity in the agricultural sector;
- Capacity development for national and regional food safety compliance;
- Designing and implementation of social adjustment programmes in the EAC Partner States adversely affected by natural disasters.

5. Value Chain Management

- Promotion of the use of sustainable agricultural technologies;
- Enhancing production, productivity and competitiveness of the agricultural sector through promoting agro-based industries;
- Enhancing value addition throughout the supply chain of agricultural products to meet the requirements of national, regional and international markets;
- Promoting the development of activities in the areas of processing, marketing, distribution and transport of agricultural products.

6. Production and Management of Agricutural Commodities

- Developing capacities to access niche markets and facilitating compliance with commodity standards to meet such markets requirements;
- Diversification of agricultural production and export products in the EAC Partner States;
- Development of modern market infrastructure for expansion of domestic and regional markets;
- Developing product packaging and labelling programmes which enable the EAC Partner States' producers to secure premium prices for commodity exports.

7. Technical Support Services

- Strengthening of innovation and transfer of technology, knowledge, R&D;
- Increasing use of mechanization of the EAC Partner States' agricultural sector;
- Promoting and strengthening investment in agricultural research, extension services, training and research-extension –farmers linkage;
- Improving access to services in plant and animal production including livestock breeding services, veterinary services and plant protection services.

8. Agricultural Financing Services

- Strengthening rural financial services for small-scale producers, processors and traders;
- Developing regionally owned fund for agricultural and rural development;
- Developing agricultural micro financing institutions and insurance schemes;
- Facilitating access to credit from banks and other financial institutions for agro processors, traders and farmers;
- Supporting the EAC Partner States financial institutions serving the agriculture sector and facilitating access by the private sector to capital markets to raise both short and long-term capital.

It is evident thus far that the EU-EAC EPA intends to make use of the agro-based resources to contribute to socioeconomic development, environmental sustainability and equitable benefit sharing among the Partners through, inter alia, sustainable agricultural development in the EAC States.

Bibliography:

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- 3. EU DG Trade—Statistics, 2022;
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This is the third of a five-part series of policy briefs presenting findings of a research study on the "Implications of EU-EAC EPA on Tanzania". The study is part of the broader research and capacity building project 'Targeted support to strengthen capacity of policy makers, exporters, and trade associations to assess and review trade and related economic policies to promote trade competitiveness and diversification for widening trading opportunities with the EU', implemented by REPOA and ISS-Erasmus—funded by the European Union (EU) through the EU-ACP TradeCom II Programme. Its contents are sole responsibility of REPOA.









