

REPOA Brief



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

By REPOA

Key messages	
Parties	Low-Middle-Income States: Tanzania (since 2020) and Kenya
	Low-Income States: Uganda, Rwanda, Burundi
	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 EPA	Negotiations for an EU-EAC EPA were finalised in October 2014. The consolidated draft agreement was published in October 2015, opening the way for the signature and ratification process.
Objectives	<ul style="list-style-type: none"> ➤ To foster the structural transformation of EAC economies, and their diversification and competitiveness by enhancing their production, supply and trading capacities. ➤ 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 not 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:
	<ul style="list-style-type: none"> ✓ trade in goods facilitation, ✓ sustainable development of agriculture and fisheries, ✓ economic and development cooperation, ✓ institutional provisions, ✓ dispute avoidance and settlement.
Prospects/ Going Forward	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.
	The additional trade-related chapters (deepening of the EPA) to be negotiated include:
	<ul style="list-style-type: none"> ➤ investment and private sector development, ➤ 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 dialogue (June 2021+)	The launch of the Strategic Dialogue between the EU and the Republic of Kenya;
	The strengthening of the multilateral partnership between the EU and the EAC region;
	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 the EPA (February 2022)	Agreed on the future of the EU-Kenya i-EPA that will liberalise trade in goods on mutual basis;
	Agreed to negotiate binding provisions on trade and sustainable development in their i-EPA, which will be subject to an appropriate dispute settlement mechanism;
	The i-EPA will remain open for joining of other six East African Community Partner States.

Tanzania—EU Agro-Trade

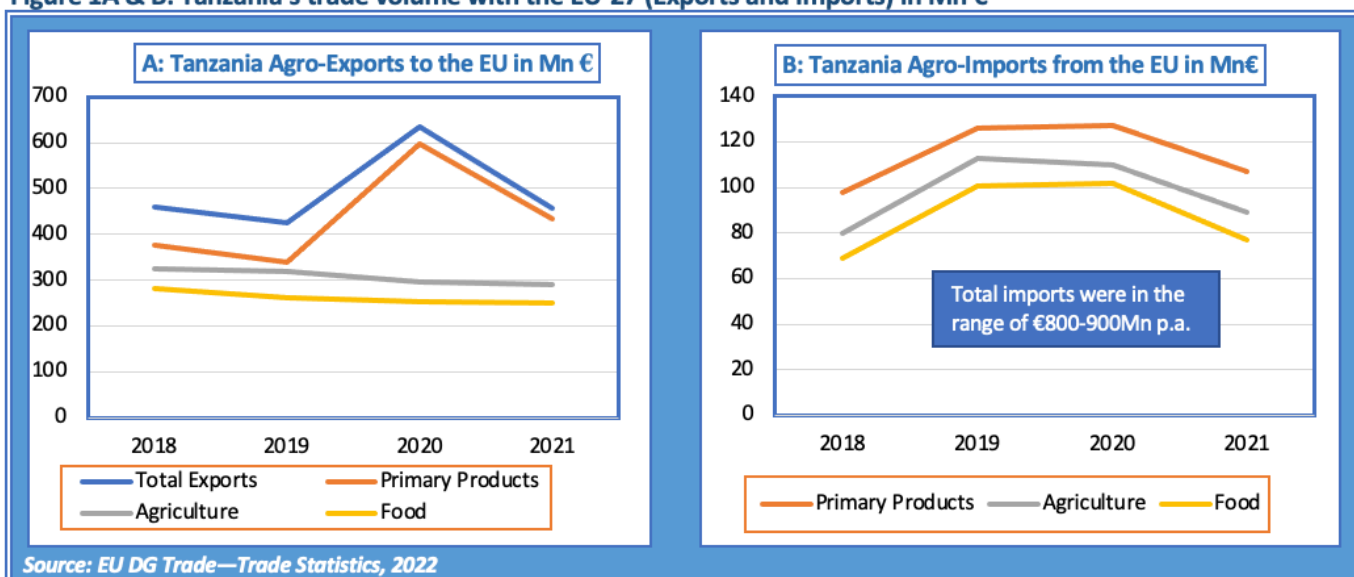
Tanzania—as well as Burundi, DRC, Rwanda, Uganda, South Sudan (the six members of the EAC)—maintains a trade relationship with the EU under the Everything-But-Arms (EBA) scheme. Nonetheless, as Tanzania sustains a per capita GDP above \$1045 it will graduate from the LDC status, joining Kenya’s status 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.

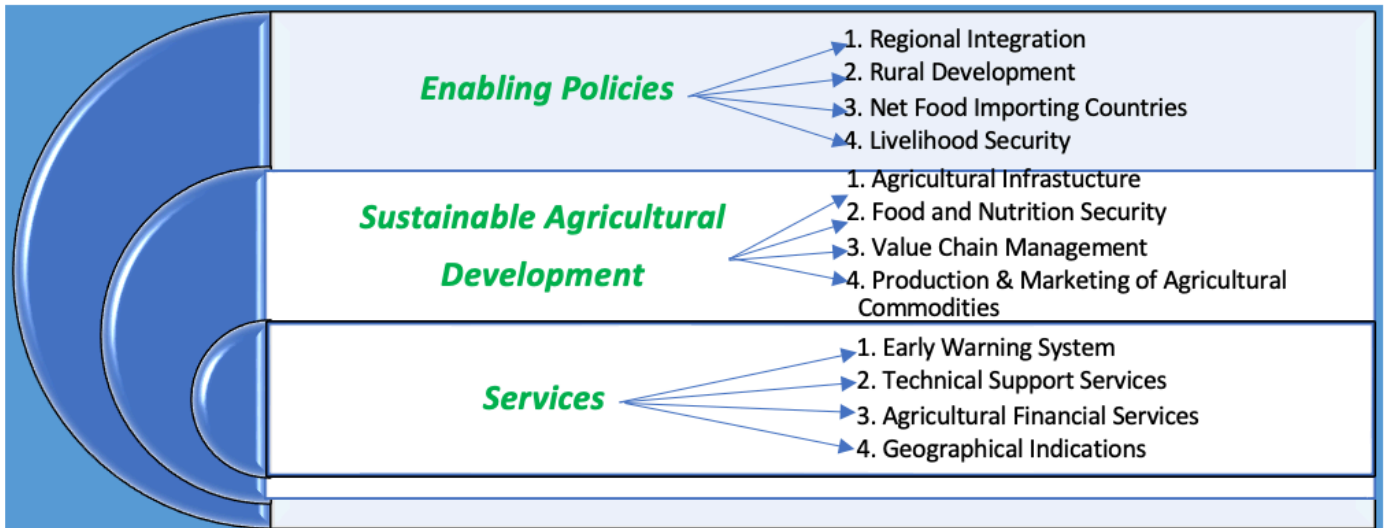
For the past decade, Tanzania’s exports of goods to the EU-27 (through the EBA scheme) have been in the range of Euro 500 million per annum and imported goods of over an average of Euro 800 million per annum. Tanzania’s exports of agro products over the same period have been in the range of Euro 300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



The Key Objectives of the EAC-EU EPA on the Agriculture Chapter	
<p>The main objective is the sustainable agricultural development</p>	Foster cooperation between the Parties —creating wealth, gainful employment and improving the quality through increased production, productivity and market share;
	Improve food and nutrition security in the EAC Partner States —promoting value addition, increasing output, quality, safety, market integration, trade, availability and accessibility;
	Develop modern and competitive agro-based industries —developing environmentally friendly sustainable technologies that improve the agricultural productivity;
	Contribute to competitiveness and trade expansion —promoting value addition throughout the supply chains to access markets and increase foreign exchange earnings;
	Facilitate the adjustment of the agricultural sector and the rural economy —to cope with global economic changes;
	Mobilize and increase the economic performance of small-scale farmers —capacity building of farmers’ organisations and contribute to provision of gainful employment;
	Improve infrastructure within EAC Partner States —for enhancing production, productivity, marketing and distribution of agricultural inputs and products—storage, grading, handling, packing and transport.

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:



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





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

Bibliography:

1. EU-EAC EPA Consolidated text, October 2014;
2. REPOA Research Study on the Implications of the EU-EAC EPA on the EAC and Tanzania Economies; October 2021;
3. EU DG Trade—Statistics, 2022;
4. UNCTAD 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.

