A CRITICAL OVERVIEW OF THE IMPACT OF ECONOMIC PARTNERSHIP AGREEMENT WITH EUROPEAN UNION ON TRADE AND ECONOMIC DEVELOPMENT IN THE WEST AFRICAN REGION

A mini-thesis submitted in partial fulfilment of the requirement for the degree of Magister Philosophiae (MPhil), Faculty of Law, University of the Western Cape

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August 2012
DECLARATION

I, TOSIN PHILIP AINA, do declare that this mini-thesis is my own work and to the best of knowledge, it has not been submitted in part or full to any other institution or university for the acquisition of a degree. All sources used and quotes used have been indicated and fully acknowledged.

Tosin Philip Aina

Signature: __________________________ Date: __________________________
ACKNOWLEDGEMENT

First and foremost, I am thankful to God Almighty for the gift of life, good health and the strength to be able to walk this journey through.

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DEDICATION
Firstly, I dedicate this book to my ever loving mother who brought me to this world. You provided the funds for my education and promised to give me the best education you can give me in your capacity. Your love for me is an eternal gift I will never forget and through this, I have learnt to love unconditionally. All this is beyond what I can ever repay.
KEYWORDS AND PHRASES

Economic development

Economic Community of West African States (ECOWAS)

European Union

Least Developed Countries

Developing Countries

Regional Trade Agreements

Regional Integration

Economic Partnership Agreements

Trade liberalisation
# ACRONYMNS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<tr>
<td>AEC</td>
<td>African Economic Community</td>
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<td>AMU</td>
<td>Arab Maghreb Union</td>
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<td>AU</td>
<td>African Union</td>
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<tr>
<td>CAP</td>
<td>Common Agricultural Policy</td>
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<tr>
<td>CEMAC</td>
<td>Economic Community of Central African States</td>
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<td>CENSAD</td>
<td>Community of Sahel-Saharan States</td>
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<td>CEPGL</td>
<td>Economic Community of the Great Lakes Countries</td>
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<td>CET</td>
<td>Common External Tariff</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CPA</td>
<td>Cotonou Partnership Agreement</td>
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<td>CU</td>
<td>Customs Union</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>EBA</td>
<td>Everything But Arms</td>
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<td>ECCAS</td>
<td>Economic Community of Central African States</td>
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<td>ECDPM</td>
<td>European Center for Development Policy Management</td>
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<td>ECM</td>
<td>European Common Market</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EEC</td>
<td>European Economic Community</td>
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<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<tr>
<td>Abbreviation</td>
<td>Definition</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FLA</td>
<td>Final Act of Lagos</td>
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<td>FTAs</td>
<td>Free Trade Agreements</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>GSP</td>
<td>Generalized System of Preferences</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>IEPA</td>
<td>Interim Economic Partnership Agreement</td>
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<td>IFPRI</td>
<td>International Food Policy Research Institute</td>
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<td>IGAD</td>
<td>Inter-governmental Authority on Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IOC</td>
<td>Indian Ocean Commission</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>LPA</td>
<td>Lagos Plan of Action</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MFN</td>
<td>Most Favoured Nation</td>
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<td>MNCs</td>
<td>Multinationals Corporations</td>
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<td>MRU</td>
<td>Mano River Union</td>
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<td>NANTS</td>
<td>National Association of Nigerian Traders</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>PTA</td>
<td>Preferential Trade Area</td>
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<td>PWC</td>
<td>Price Water Coopers</td>
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<td>UEMOA</td>
<td><em>Union Economique et Monétaire Ouest Africaine</em></td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNCTAD</td>
<td>United Nation Conference on Trade and Development</td>
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<td>UDNP</td>
<td>United Nations Development Program</td>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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<td>RECs</td>
<td>Regional Economic Communities</td>
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<td>RNC</td>
<td>Regional Negotiation Committee</td>
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<td>RTA</td>
<td>Regional Trade Agreement</td>
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<td>SACU</td>
<td>Southern African Customs Union</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<tr>
<td>SAT</td>
<td>Substantially All Trade</td>
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<tr>
<td>SIA</td>
<td>Sustainability Impact Assessment</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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<td>ODI</td>
<td>Overseas Development Institute</td>
</tr>
</tbody>
</table>
Table of Contents
Declaration ............................................................................................................................... ii
Acknowledgement ..................................................................................................................... iii
Dedication ................................................................................................................................ iv
Keywords and Phrases .............................................................................................................. v
Acronyms ................................................................................................................................ vi
Table of Contents ..................................................................................................................... ix

Chapter One
1.1 Background of study ........................................................................................................... 1
1.2 Problem Statement .............................................................................................................. 6
1.3 Objective of the study .......................................................................................................... 7
1.4 Research Question ............................................................................................................... 7
1.5 Research hypothesis ............................................................................................................ 8
1.6 Significance of the study ..................................................................................................... 8
1.7 Research Methodology ....................................................................................................... 8
1.8 Structure of the Study ......................................................................................................... 8
1.9 Literature review ................................................................................................................ 9

Chapter Two
2.1 Introduction ...................................................................................................................... 12
2.2 Historical relationship between the EU and ACP countries ............................................. 12
2.2.1 Treaty of Rome ............................................................................................................... 12
2.2.2 Yaoundé Convention after the Treaty of Rome ............................................................ 14
2.2.3 Cotonou Agreement ...................................................................................................... 16
2.2.4 Cotonou Agreement ...................................................................................................... 17
2.3 Economic Partnership Agreement ..................................................................................... 18
2.4 Relationship between GATT and EPAs ............................................................................ 24
2.4.1 Most Favoured Nation ................................................................................................... 25
2.4.2 Article xxiv of GATT .................................................................................................... 26
2.4.3 FTAs in Article XXIV .................................................................................................... 27
2.5 Enabling clause .................................................................................................................. 28
2.6 WTO waivers .................................................................................................................... 29
2.7 challenges faced by ECOWAS with regards to EPA ......................................................... 30
2.8 Brief analysis of different scenarios .................................................................................. 35
2.8.1 Possible event 1............................................................................................................... 35
2.8.2 Possible event 2............................................................................................................... 37
2.8.3 Possible event 3............................................................................................................... 38
2.9 Conclusion ......................................................................................................................... 39

Chapter Three
3.1 Introduction ....................................................................................................................... 41
3.2 Comprehensive background of ECOWAS ....................................................................... 41
3.3 Millenium Development Goals and Human Development Index ...................................... 44
3.3.1 About MDGs.................................................................................................................. 44
3.3.2 Connection between EPAs and MDGs ........................................................................... 46
3.3 Human Development Index ............................................................................................... 48
3.4 Trade and Economic structure .......................................................................................... 50
3.5 Trade effects of the EPA ................................................................................................... 51
3.5.1 Major concern on trade effects for the ECOWAS region that could impact Possible the yet to be concluded agreement ....................................................................................... 54
3.6 Potential impact of the liberalisation factor in the EPA ..................................................... 55
3.6.1 Positive impacts .......................................................................................................... 55
3.6.2 Negative impacts .......................................................................................................... 56

Chapter Four
4.1 Introduction ....................................................................................................................... 59
4.2 Breakdown of African integration scheme thus far .......................................................... 61
4.2.1 Brief history of regional integration processes in Africa................................. 61
4.3 Impact of the EPAs on regional integration processes of the West African region .... 64
4.3.1 EPA as hindrance to intra-regional trade............................................................ 65
4.3.2 EPA as a cause to regional split-ups................................................................. 67
4.3.3 Liberalisation effect as a tool to distort regional integration .............................. 68
4.3.4 EPAs differentiation of Least developed countries (LDCs) and non LDCs as a tool to hamper integration................................................................. 68
4.4 Conclusion ............................................................................................................. 69

Chapter Five
5.1 Conclusions........................................................................................................... 71
5.2 Recommendations.................................................................................................. 73
Bibliography ................................................................................................................ 75
Appendix ....................................................................................................................... 88
CHAPTER ONE

1.1 Background of Study

The positive impact of international trade on a nation’s economic development can be said to first be pointed out by Smith in 1776. As explained in United Nations Economic Commission for Africa (UNECA) report, regional integration is a tool that enhances international trade and also promotes global trade competition. It was further said in the article that regional integration continues to be the main approach to enable African nations with the transformation of their small economies, market expansion and also to obtain the gains of economies of scale for trade. An economy that engages in international trade is called an open economy while the one that does not is called a closed economy. With this fact, international trade can be defined as trade between nations in goods and services. A situation whereby a country does not involve in foreign trade can be said to have economic independence as a national policy.

Negotiations involving the European Union (EU) and the African, Caribbean and Pacific (ACP) nations under the auspices of the Cotonou Partnership Agreement (CPA) are part of the Free Trade Agreements (FTAs) that is being agreed between the EU and a number of regional groups within the ACP region. The prospect in the establishment of free-trade agreements has been that it will increase the bargaining strength of African nations in global trade negotiations. It can be held that it could help with conflict reduction and help tackle the issue of inadequate infrastructure in Africa.

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1 The word ‘development’ is used, though it would sometimes be more correct to use the word ‘growth’. The choice to make use of the word ‘development’ has to do with the treatment given to both words in various literatures consulted. Though, both words will be used interchangeably in this work.


For this reason, the EPAs are considered to be a tool for the development of nations and will assist with promotion of regional integration to ACP regions. This negotiation is to bring about a free trade zone between the Economic Community of West African States (ECOWAS) and the EU for a period of years. The EU has trade relationships with the ACP nations which are under the first Yaoundé Convention agenda.

In 1963, the first Yaoundé Convention and the second Yaoundé Convention was signed in 1969. Both Yaoundé Conventions had ineffective solutions to the economic development challenges faced by most ACP countries. According to Gruhn, there came about a breakthrough when the first Lomé convention was signed and this breakthrough was more visible in the North-South relations. The first Lomé negotiations brought about notable achievements such as compensation fund scheme (STABEX) which was introduced to assist nations if export earnings should fall below a certain level and also a preferential market access to the European markets was achieved. Preferential trade agreements was enjoyed from 1975-2000 and there came about extensive negotiations concerning trade dealings which passed through several phases of Lomé Convention I to Lomé Convention IV and this led to the and implementation of the Cotonou Partnership Agreements.

According to Oyejide, the CPA is different from other previous conventions in some main areas of which he explained that the CPA engages in a mutual relationship between the EU and the ACP nations unlike the Lomé Conventions that entails a preferential access of exports

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7 The group ACP which are signatories to the Lomé Convention with the European Commission would be used continuously in this thesis. It consists of 48 African, 16 Caribbean and 15 Pacific countries.


12 The STABEX (this derived from French Système de Stabilisation des Recettes d’Exportation) is the acronym for a European Commission compensatory finance scheme to stabilise export earnings of the ACP countries.


of the ACP nations into the EU. Also, the CPA is to be incorporated into Economic Partnership Agreements (EPAs) which will be as a free trade between the EU and ACP countries.\textsuperscript{15} According to Dirk, regional integration can be said to be a key to economic development as it helps with market enlargement.\textsuperscript{16} Market enlargement can be argued to mean economies of scale expansion and increase in labour specialisation. It is held that a big market that has consumers will attract domestic and foreign investors offer services and build more industries which will help with the generation of jobs for individuals.

The importance of the CPA is poverty reduction and the development of partners in developing-countries and also there will be concentration on the awareness of other objectives which includes the deepening of the integration process in the West African region and trade cooperation between ECOWAS and EU.\textsuperscript{17} This trade cooperation involves improvement of access to the EU markets for exports from West Africa. In the West Africa’s case, which is the centre of attention of this thesis, ECOWAS provides the negotiating front for the fifteen countries that makes the group and some are part of the West African Economic and Monetary Union (WAEMU), from the French Union Economique et Monétaire Ouest Africaine (UEMOA) countries. The UEMOA countries include Burkina-Faso, Benin, Cote d’Ivoire, Mali, Chad, Senegal and Niger. The non-UEMOA members are Ghana, Cape-Verde, Gambia, Guinea-Bissau, Guinea, Nigeria, Liberia and Sierra Leone.

The CPA will have implications on ECOWAS economies due to the fact that the reciprocity clause inherent in the agreement implied that ECOWAS will have to open their struggling markets to imports that come from the EU region. There are fears that there will be substantial impact on ECOWAS economies and it is been expressed that most of the member countries stand to get a little in return.\textsuperscript{18}

\vspace{0.5cm}


The CPA might lead to deindustrialization, this is based on the fact that the EU has been urging ECOWAS countries to cut their import tariffs to at least 80% import tariffs\textsuperscript{19}. It is hypocritical to argue that this market-opening approach is for the advantage of ACP members especially ECOWAS which is the case study in this thesis. There is proof to suggest that the extensive market opening will bring about deindustrialisation.\textsuperscript{20}

For example in the 1980s and 1990s, many developing countries were compelled to open weak markets when implementing World Bank and the International Monetary Fund (IMF) Structural Adjustment Programmes.\textsuperscript{21} Côte d'Ivoire, a member of ECOWAS experienced a collapse of its chemicals, textiles and automobile assembly sectors in 1986 when their tariffs was cut down to 40%. Kenya, with beverages, tobacco, textiles, sugar, leather, cement and glass products sectors all struggling to survive following a major trade liberalisation programme in 1993 and Cameroon which is another country in ECOWAS experienced closure of manufacturing firms in the 1990s in the structural adjustment.\textsuperscript{22}

Many ACP countries are exempt from market opening in the WTO’s Non-Agricultural Market Access negotiations and these explains that the risks that small economies are prone to are widely noted but yet the EU still expresses that its demands are of a generous act. The EU stated that:

[I]t believes the benchmark for WTO compatibility in this case should be 100% liberalisation of EU Trade and at least 80% of ACP trade over 15 years, with the majority of this in 10 years. This represents the most generous interpretation of WTO rules ever applied.\textsuperscript{23}

\textsuperscript{19} EC Interim Economic Partnership Agreements (2007).
\textsuperscript{20} EC Interim Economic Partnership Agreements (2007).
So, it can be said that the entering of EPAs with EU could push ECOWAS into deindustrialisation, by compelling ill-prepared industries to compete with European imports and this is done with little protection and also by taking away a source of government revenue. The EU declared that EPAs will encourage industrial diversification which will help nations to shift from dependence on natural resource exports but will make them to earn hard currency of which it could lead to the collapse of the manufacturing sector in West Africa\textsuperscript{24} and this can be argued that it can affect the economic development of these nations.

Various definitions have been made for the word economic development and each definition tends to focus on several variables. The World Bank declared that ‘economic growth by itself may not alleviate the problem of poverty within any reasonable time-period’.\textsuperscript{25} In the early 20\textsuperscript{th} century, the phrase economic development has been related to economic growth and industrialisation in capitalist society by the classical school of economics.

After the World War II and as a result of the decolonisation, the theory shifted to include the less developed countries and not only the western areas. The theory which included the less developed accounted for most of the population of the world and as a result, economic development included other variables and not just economic growth.\textsuperscript{26} In time past, it was explained that economic development was perceived to have changed from being centred on only capital orientated but have included human capital formation.

After a comprehensive overview of the relevant literatures, a suitable definition of economic development was found based on the fact that the research is on a third world country. Economic development is defined as:

\begin{quote}
[T]he process of improving the quality of human life through increasing per capita income, reducing poverty, and enhancing individual economic opportunities. It is also sometimes defined to include better education, improved health and nutrition, conservation of natural resources, a cleaner environment, and a richer cultural life.\textsuperscript{27}
\end{quote}


\textsuperscript{25} Chenery H, Bell M, Duloy C & Jolly R \textit{Redistribution with Growth} (1976) 3.

\textsuperscript{26} See general Chenery H, Bell M, Duloy C & Jolly R \textit{Redistribution with Growth} (1976).

\textsuperscript{27} International Development, Renewable Resources and the Environment course website of Penn State University (2008), Penn State University USA, Available at \url{http://450.aers.psu.edu/glossary_search.cfm?letter}. Accessed on 6 August 2011.
It can be held that the above definition explains that today, economic development not only focuses on growth or expansion in Gross Domestic Product (GDP) but also on the way the human life is touched and its ability to ensure dignity of the human person, the right to employment with a just wage and the preferential option for the poor.

It is in this context that this study will take a critical overview of the impact of entering into EPA with EU on trade and economic development in the West African region.

1.2 Problem statement

The EPA between ECOWAS and EU intends to bring about free trade not only in goods but in government procurement and services. To start with, most ECOWAS members do not have the ability to compete with the EU and this is as a reason of their underdevelopment state they find themselves.\(^\text{28}\)

The theory of liberalism\(^\text{29}\) argues that trade is an instrument for growth and free trade agreements are the means towards attaining that growth. On the other hand, it is unclear how the less developed communities like ECOWAS will gain especially if they continue to trade on raw materials and the developed communities like the EU continue to trade in manufactured products that are of high prices in these less developed countries. This explains that there is no reciprocity of benefits between the developing and the developed countries with regards to ‘terms of trade’. Economic development of Less Developed Countries (LDCs)\(^\text{30}\) under the aegis of free trade agreements is most questionable. ECOWAS is considered to be one of the poor communities in the world and this due to the fact that the economies rely mostly on services and agriculture.\(^\text{31}\)

It is against this background that the research tends to know the impact and implications of the economic partnership agreement with European Union on trade and economic development in the West African region.


\(^\text{29}\)Liberalism is school of thought which emphasized there shouldn’t be restrictions on manufacturing and there shouldn’t be tariffs. It encourages the concept of free trade for a nation's economy to develop.

\(^\text{30}\)LDCs in this thesis refer mostly to the ECOWAS countries.

1.3 Objective of the study

The objective of this study is to look at the evolution of EPA negotiations between the EU and ECOWAS nations. Also the implications of this EPA are an aspect that will be studied in this thesis. Also this research seeks to provide answers to the questions whether weak economies like the ECOWAS region could handle the competition from strong economies like EU states? This thesis aims to investigate how the EU-ECOWAS EPA will impact regional integration in West Africa. According to Maksimova’s definition of regional integration, it can be derived that it will help address the issue weak economies experience due to the fact that deep and stable relationships are developed and there is division of labour among economies nationally. It can be assumed that investment and trade grows rapidly in the region and with the rest of the world.

Another objective is to describe the basis by which ECOWAS could sign a free-trade agreement with the advanced region like EU and to explain the influence of power asymmetry theory used by the EU to influence the less developed nations this agreement partners will also be analysed. Furthermore, this research will take a look at how FTA among uneven partners could result in adverse economic outcomes.

The negotiation process between ECOWAS and EU will be analysed so as to show if this EPA will bring about a negative or positive effect to regional integration and also its effect as regards to poverty in West African region.

1.4 Research question

The overarching question to be answered within this thesis will be:

What are the implications of the EU EPA trade agreement on the regional integration objectives of ECOWAS?

This will further be broken down to:

- What is the aftermath on ECOWAS economies as a result of their commitments in these agreements?

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34 This puts power at the centre and the result of the negotiations is determined by those with the most power.
Will objectives of regional integration of ECOWAS be encouraged under the EPA?
What are the repercussions of this new trade regime on regional integration in West Africa?

1.5 Research hypothesis

The thesis is be based on the hypothesis that regional integration is an instrument for economic development but if there is fragmentation it could lead to a negative effect on the economic development of the ECOWAS region.

1.6 Significance of the study

This study is of great significance because the findings obtained from the thesis will help explain how the EU determines the future of ECOWAS by making use of their economic strength.

Also this thesis seeks to deepen the need for an integrated common market and also the importance of unity in the process of negotiation processes and also in regional agreements.

1.7 Research Methodology

Various literatures such as books and journals that are available on the subject matter is used to observe the impact of EPA with EU on trade and economic development in the West African region.

The Internet was a useful tool to source for information in this thesis. Journal articles and reports were searched to help discuss the topic better. Also articles written by professionals and organization in this area of work were used. Finally, the reports will be vital in terms of analysing the co-operation amongst ECOWAS and EU countries.

1.8 Structure of the study

Chapter one gives an introduction to the mini-thesis which will provide a background to the study followed by the objectives, significance, methodology, hypothesis and problem statement. This chapter also introduces the literature review.

Chapter two will takes a deeper look at the EPA. This will describe the nature and content of the EPA with EU.
Chapter three explains the trade and economic structure of West Africa. Also the trade effects of the EPA will be explained in this chapter as well as the impact of trade liberalisation.

Chapter four critically describes the history of African integration and there-after the implications of the EPA with the EU on the ECOWAS region and Africa at large in terms of regional integration was considered. The concept of intra-regional trade as a means to support integration in the region will be looked at.

Chapter five will contain the conclusions and recommendations.

1.9 LITERATURE REVIEW

**Historical development of the term economic development.**

Social development has been recognised to make part in the meaning of economic development with the view that third world countries were not simply under developed parts of Western countries but had unique features of their own, which is referred to as the structuralist theory postulated by Seers.\(^35\) Seers recognized specific requirements that are vital in order to understand what development means. Seers identified adequate educational level and a situation whereby one belongs to a country that stands on its own in economic and political areas and that the views of the other country does not affect its own decision.\(^36\)

At the end Cold War period, nations that came out from the colonial rule experienced economies primarily subordinated to requirements of the mother country.\(^37\) As a result of this, the rule had aggravated economic deformation in these countries. Through the projection of liberalism ideas like trade development, the developed countries had amplified their authority in the developing nations in the post-cold war era. A key problem for these developing countries is that free trade only favours the interest of the Northern developed economies because wealth is being extracted from the South.\(^38\)

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are required to trade their land and labour as primary products at very low prices and this is in large supply. This increases their economic failure. These less developed countries find themselves at a point where there can’t be escape because they are enclosed with poverty and underdevelopment. There is an indication of uneven relationship between the developed and developing countries due to the fact that the developed nations has domination in global free trade as they produce manufactures goods while raw materials are being supplied by the less developed nations.\textsuperscript{39}

During the 1980s, liberalism\textsuperscript{40} brought into existence the initiative of private sector establishments such as foreign multinationals corporations (MNCs) to be viewed as a factor in the economic development of countries that are non-developed.\textsuperscript{41} Free trade agreements were viewed by the neo-liberals to help the less developed nations with their economic growth. Trade liberalization has been perceived to be the solution to the problem linked to the economic failure of the developing countries. For these reason, trade can be viewed as a device for growth in nations. The argument by the neo-liberal is said to be under the aegis of the idea that if developing nations can open up their market in order to trade, their small and weak economies will be merged into the global economy. As a result, opportunities will be present for developing nations to access new technologies’ and acquire skills from the developed ones. Hence, there is a need for nations that are developing to sign free trade agreements with developed economies for their own advantage and economic development.

It is within this framework that the developed nation (EU) has come up with EPAs to embed the principles linked to trade liberalisation. Pearson, explains that there will be development in most of the poorest countries in the world if liberal set of rules are been introduced in the EPAs.\textsuperscript{42} Thompson also stated that the main goal of the EPA is to make sure that sustainable development exist in developing countries through trade.\textsuperscript{43} It was expressed that EPAs will


\textsuperscript{40} Liberalism is school of thought which emphasized there shouldn’t be restrictions on manufacturing and there shouldn’t be tariffs. It encourages the concept of free trade for a nation's economy to develop.


\textsuperscript{43} Thompson, P. ‘EPA and natural resources: The European sustainability agenda’, Trade Negotiation Insights (2009) 11.
help African countries with their issue of inadequacy of infrastructure.\textsuperscript{44} Free trade brings about nations developing comparative advantage. Marrewijk explained that this theory was developed by Ricardo and he expresses that nations can benefit from trade if one country is less productive than the other in terms of goods produced.\textsuperscript{45} This is a challenge due to the fact that trade liberalisation with the LDC has not essentially brought about comparative advantage because the EU continually gives agricultural subsidies to its farmers. This results in non-competition of LDC goods with EU agricultural goods. Stevens C \textit{et al.}, asserted that tariff revenues will drop rapidly and this might cause an undercut in future development.\textsuperscript{46}

According to International Food Policy Research Institute (IFPRI) which explains that the EPAs will be of more harm to less developed countries.\textsuperscript{47} Agriculture is a dominant economic driver in West Africa. Free-trade with the EU might lead to West African countries importing EU agricultural products at prices that are very low and these will result in a decline in agricultural goods that are produced locally and poverty increases. Evidently there is dissatisfaction among different scholars as regards to the impact that the EPA will in particular to the West African region.

Therefore, it is in my opinion that this EPA trade regime needs commitments in areas like the liberalisation of services and investment of West African states. Also the competition policy of the policy of West African countries needs attention as this will help put some form of pressure on regional manufacturers within its own market.


\textsuperscript{47} Sechler S and Guinan J ‘ACP and EPAs: where’s the beef?’, \textit{Trade Negotiation Insights} (2007) 15.
Chapter 2

EPA – ECONOMIC PARTNERSHIP AGREEMENT

2.1 Introduction

This chapter presents the nature and contents of the Economic Partnership Agreement (EPA) between the European Union (EU) and African, Caribbean and Pacific (ACP). It also looks at how the partnership agreement was developed and why it has evolved. Also, the section looks briefly into Most Favoured Nation principle (MFN) as this is one of the principles that are incorporated in the EPA and it’s deeply rooted in the Cotonou Partnership Agreement (CPA).  

This chapter simply intends to explain the historical relationship between the African nations and the European nations and also to help the reader understand how the Cotonou agreement came into existence and to show the nature and content of the current EPA.

Nature and content of the EPA with EU

2.2 Historical relationship between the EU and ACP countries

2.2.1 Treaty of Rome

The EU and ACP nation’s cooperation can be said to have existed since the Treaty of Rome which in 1957 brought about the European Economic Community (EEC) and in this treaty, France promulgated that favourable market access must be given to its past colonies to enter the EEC member nations. It can be held that the relationship between the EU and the African nations is one that has existed for a long time before the establishment of the Lomé convention and the Yaoundé convention which will be discussed later in this chapter. During this period, when the European Common Market (ECM) was being created, France declared that a relationship must exist between the Francophone states in West Africa and the European nations as this was also a precondition for the nation of France to play a part in the

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49 Gruhn I ‘The Lomé Convention: inching towards interdependence’ International Organisations (1976) 243
So it can be argued that the European countries conveyed a sense of commonality amongst its region and also to the countries abroad and also were oblige to play a part in the prosperity of these nations under the Treaty of Rome.

In the early 1960s when some African nations got their freedom from their colonial masters, some of these countries had a discussion for the furtherance of favourable relations with the EEC. Due to this negotiation, there was an existence of economic relationship between the EU and the African nations that got their independence at this time. More strength was given to the obligation that was made in the Treaty of Rome when the Yaoundé I and II conventions was signed and in essence, the signing of the Yaoundé Conventions brought about the first alliance of ACP-EC partnership in areas of trade agreement and development agreement. Conversely, the Yaoundé Conventions were recorded to have not catered for the African nations other than just the Belgian and the French cities, which omitted the British colonies that were present in Africa outside. When the Treaty of Rome was signed initially, Britain was not part of the EEC. For example, favourable market entry was given by France to its past colonies and as a result of this; its previous colonies in return were expected to give the EEC certain privileges like ownership of commercial enterprise. It is explained that the provisions in the Yaoundé convention in terms of trade depends on reciprocal terms. It can be argued that the reciprocity in the trade terms or negotiations under the Yaoundé convention are like the EPAs which is been arranged now amongst the EU and the African nations.

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52 The New ACP-EU Agreement: General Overview, 2.
54 The members of the EEC were Italy, Germany, Netherlands, France, Luxembourg and Belgium.
2.2.2 Yaoundé Convention after the Treaty of Rome

It was recorded that trade relationship between the EU and ACP countries has gone through various stages which are from the Yaoundé conventions to the Lomé conventions and finally pass through to the Cotonou Agreement. In 1962, the Treaty of Rome expired. The African nations that just got their independence at this time discussed with the EU for another agreement. The agreement that was discussed by the African countries brought about the Yaoundé Convention I which came into existence in the year 1963. The newly signed Yaoundé agreement was explained to be a model of the part IV of the Treaty of Rome. It is clear from the Part IV of the treaty of Rome that it allowed for the creation of Free Trade Area (FTA) to occur between both European countries and non-European countries and also for the existence of FTA between the non-European countries themselves. Cosgrove had a contradictory view when he explained that the Yaoundé 1 was just renewal of the treaty of Rome and this is because the African countries asked the EEC for an extension or restoration of their relationship with the EU as it was in the treaty of Rome. This statement by Cosgrove points out that the Yaoundé 1 was a

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57 Yaoundé convention consists of Yaoundé I and II. The Lomé Conventions were concluded through four stages, Lomé I, II, III and IV. The name Yaoundé was given to the agreement based on the fact that it was signed in Yaoundé, Cameroon.

58 Lomé Conventions consist of Lomé I, II, III and IV.

59 Soper T ‘The European Economic Community and Aid in Africa’(1965) International Affairs(1965)466.


62 Article 131 in Part IV of the Treaty of Rome explained that the treaty was to help improve the economic development of the nations and to promote or help with the prosperity of the residents in the African region.


continuation of the terms and objectives contained in the Treaty of Rome. This research suggests that this might be based on the reason that the African states were not yet experienced in terms of negotiating due to the fact that they just acquired their independence in the 1960s of which the Yaoundé was in the year 1963 and they were also still addicted to the favourable access granted to them earlier in the Treaty of Rome. Therefore, it can be held that the Yaoundé I was not a negotiated agreement. On May 1969, the Yaoundé I convention expired and the Yaoundé II which was for a period of five years replaced it of which it came into effect on January 1970. There was basically little difference between Yaoundé I and Yaoundé II and also minor changes were incorporated into the terms set out in the Yaoundé II.

Britain was allowed to be a member of the EEC two years just before the Yaoundé II was going to expire which happened to be in the year 1973. The entering of Britain into the EEC could mean that its past colonies would be tied to it in the next convention. On June 6, 1975, the Georgetown Agreement which established the ACP nations was signed. Thirty-seven (37) African nations signed this agreement in Georgetown.

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of the ACP group is to promote commonality in terms of solidarity among the nation and also to bring about the enhancement of cooperation and understanding between the ACP nations. Following the implementation of the Georgetown agreement, legal entity prominence was attained by the ACP nations i.e., the ACP nations acquired the power to carry out acts relating to the law or jurisprudence. This paved way for a relationship between the ACP nations and the EEC nations in areas of trade and aid.

2.2.3 Lomé Agreement

In 1974, the Yaoundé II convention expired and a new agreement called the Lomé convention was signed in the year 1975 by nine (9) European countries and forty-six ACP nations and the Lomé I agreement commenced on April 1976 till December 1980. In contrast to the Yaounde convention, the Lome convention came up with trade preferences that were non-reciprocal between both the EU and the ACP nations which means that goods were allowed to enter the EU markets duty free except for the goods that were perceived to be under Common Agricultural Policy (CAP) were not allowed to enter the markets free. The Lomé II agreement came into being among ten (10) European countries and sixty-three (63) ACP nations in January 1981 and expired on the 28 February 1985. On May 1986, the Lomé III came into effect and expired in December 1990. The Lomé IV agreement which was considered to be the longest and a complex agreement was signed in the year 1990 and expired after ten (10) years which was in the year 2000. The EU and the Economic

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75 See Georgetown agreement Article 15 which explains the ability of ACP countries to get into contracts, own property and also to set up legal proceedings.
Community of West African States (ECOWAS) member nations’ trade relationships have been associated with non-reciprocity for years. Since the Yaoundé era up unto the Lomé I-IV conventions, West African countries which forms part of the ACP group have enjoyed favourable access to the European markets. Nevertheless, these access or provision was challenged by members of the WTO as they were perceived to be discriminatory against the non-ACP nations and as a result of this it was seen not to be compatible with the rules of the WTO.

Furthermore, Gibbs explained that the nations under the Lomé convention saw a need for a new agreement due to the fact that the Lomé convention has been a failure and he declared that it refused to fulfil major objectives and therefore saw it has disappointing.

### 2.2.4 Cotonou Agreement

With regards to the preceding issue that the Lomé agreement was not being compatible with the WTO rules, the nations that partook in the Lomé agreement had to agree on another agreement that will be non-discriminatory. After several negotiations to come up with an agreement, an agreement was to be signed on the 8 June 2000 in Suva, Fiji but the there was a coup in Fiji during that time and this disrupted the signing thereby causing the cancellation of the signing. After the agreement was rescheduled, it therefore was signed on the 23 June 2000 in Cotonou which is the Benin capital and for this reason it was called the Cotonou agreement. The CPA was to serve as a replacement for the Lomé conventions and during

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this period, the ACP nations still benefited from favourable market access to the European markets. The CPA’s aim was to bring about poverty reduction and also poverty eradication amalgamated with continuing integration of African nations to establish themselves to the world market. The CPA clearly states that it is concerned with:

[F]ostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries.\(^{87}\)

The CPA covers two vital areas which should be implemented between the ACP nations and the EU. These are the areas of trade and development cooperation and it was explained that the areas should be jointly emphasized.\(^{88}\) The development area of it has to do with the eradication of poverty in ACP nations.\(^{89}\) The trade and economic part of the CPA is to make sure that the ACP nations are involved in global trade.\(^{90}\)

### 2.3 Economic Partnership Agreement

As the preferential trade arrangements opposed WTO (World Trade Organisation) rules, the EU had to streamline its trade relationship with the African states to be compatible with the WTO rules. With regards to the terms set out in the CPA which expresses that:

[I]n view of the objectives and principles set out above, the Parties agree to conclude new World Trade Organisation (WTO) compatible trading arrangements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade.\(^{91}\)

As a result of this clause, there came about a negotiation for an EPA between ACP nations and the EU. On 27 September 2002, negotiation between the EU and the ACP six regional groups\(^{92}\) EPA was formed. ECOWAS-EU EPA negotiations which the research focuses on

\(^{86}\) Cotonou Partnership Agreement Article 1(2).

\(^{87}\) Cotonou Partnership Agreement Article 34(1).

\(^{88}\) Article 18 of Cotonou Agreement.

\(^{89}\) Article 19 of Cotonou Agreement.

\(^{90}\) Cotonou Agreement Article 34.

\(^{91}\) Cotonou Agreement Article 36.

\(^{92}\) The ACP six groupings are four in Africa, the Caribbean comprises of one grouping and also the pacific was one. The groupings are **SADC** (SOUTHERN AFRICAN DEVELOPMENT COMMUNITY) which comprises of Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania.
forms a large part of the ACP-EU process and was also launched this same year 2002 and aspires to conclude in 2007 with the prospect agreements coming to place in the year 2008. Due to the implementation of the CPA, the EU and ACP decided that development and poverty reduction will be of utmost priority under the EPAs to the African states. Based on this notion, it can be held that EPAs are perceived to be a medium for economic development and for the enhancement of regional integration to the ACP states. In addition, it was notable that the EU and ACP states under the framework of the CPA were involved in negotiations with an objective of developing a new trade agreement known to be the EPA. The CPA can be perceived to have instituted an ample structure for potential relationships between the EU and ACP regions. Economic cooperation as well as trade cooperation is being covered in the Cotonou Agreement. An example is the EPAs among the EU and the ACP countries which will fall under the trade and economic provision part of it. When the negotiation between

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**CEMAC** (CENTRAL AFRICA) Cameroon, Central African Republic, Chad, Congo (Republic of), Democratic Republic of Congo, Equatorial Guinea, Gabon, Sao Tome and Principe.

**ECOWAS** (WEST AFRICA) which consist of Benin, Burkina Faso, Cape Verde, Cote d’Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

**ESA** (EASTERN AND SOUTHERN AFRICA) which includes Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia, Zimbabwe.

**PACIFIC** which includes Cook Islands, Fed. Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

**CARIBBEAN** comprising of Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Surinam, Trinidad and Tobago.


94 Cotonou Partnership Agreement Article 37 (1).


98 Patel M ‘Economic Partnership Agreements between the EU and African Countries: Potential Development Implications for Ghana’ (2007) 10. Available at
the EU and ECOWAS began under the auspice of the CPA which is meant to be a guide for the EPA negotiations.\(^9\) 78 ACP countries were been divided into six regional configurations in the EPA negotiation.\(^10\) The division was to help give strength to regional integration in these regions and this is a big factor perceived to be a vital measure for the integration of these states into the world economy.\(^11\) It is also argued that some countries are too small to manufacture goods and services alone like the large groups of nations, thus creating large regional groups was regarded to be a means to promote growth, to assist with the dialogue process and also to produce goods and services which will be competitive.\(^12\) Currently, the groups involve overlapping free trade areas and customs unions and this makes the negotiating process more difficult.

There are sixteen countries negotiating the EPA with EU in the West African region. Fifteen of these countries are still members of the ECOWAS. They are Benin, Burkina Faso, Cape Verde, Cote d’Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.\(^13\) Mauritania joined these countries in the EPA negotiations. The Regional Negotiation Committee (RNC) conducts the negotiations on behalf of the West African region while the European Community (EC) on behalf of the EU. Due to the fact that liberalisation schedule are expected to begin when the EPAs are in place, it became significant for the ECOWAS negotiators to stipulate development benchmarks that


will make sure that EU-ECOWAS EPA results to development. The benchmark that was been put in place is that the tariff reductions of ECOWAS are linked to pre-defined development indicators. The latest offer from the West African region is that ECOWAS market access offer must not exceed 65% and the pace of liberalisation must be for a period of 25 years.

The issue with the new regime is that the ACP states in accordance with WTO MFN standards are expected to open up their market to European products with no tariff imposition and this will also affect government revenue. There will be negative experiences of customs duties reduction due to the fact that the tariffs on products coming from Europe to Africa will be reduced to zero. On the other hand, there is consideration by the EU to reduce poverty in the countries that signs the EPA and the EU will take into account development challenges such as poverty reduction in developing countries or regions that seek to endorse the EPAs, in which the EU is prepared to fund the implementing cost in this new trade regime. For example, the EU gave assurance that it will make provision for Aid for Trade to countries signing the EPA inform of financial support in order to enable with the facilitation of their development and this support will also include funding of infrastructural facilities and the EU gave its word to bring an increment to 0.56% in Gross National Income (GNI) in terms of aid.

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Furthermore, the EC declared that it is willing to make the most of the partnership agreement as a useful tool for development such that it will help with the enhancement of intra-regional trade.\textsuperscript{110} Nevertheless, there have been notable challenges with the EPAs. The ACP countries realised that the partnership will be more harmful than being good.\textsuperscript{111} The challenge is that the EC added issues that the West African countries are not totally convinced that the benefits will be in relation to its development problems.\textsuperscript{112} These issues are known to be the WTO plus issues which are intellectual property, trade facilitation, government procurement, service liberalisation, and the MFN clause and competition policy.\textsuperscript{113} Surely, the insertion of this WTO plus issues will be of a challenge to the initial agreement in the CPA, especially in terms of eradication of poverty and the enhancement of development in the West African countries. It can be argued that the EPA can be more of a potential harm to regional trade within the West African region and also to regional integration. Also, the cost of this could be more than the benefits to be enjoyed.\textsuperscript{114}

Subsequently, West African countries have protested that the current EPAs are non-supportive of their national development policy.\textsuperscript{115} With this, the research is of a strong view that the EU’s intention is to dominate West African market and also to take advantage of the economy of scale in the ECOWAS region rather than focusing on the regions development objectives. According to Soludo, the EU has continuously threatened to remove the trade access given to the West African states if they fail to agree with the full EPA agreement\textsuperscript{116} and of recent the EU has given an ultimatum to ECOWAS that they will remove the access that exports from ECOWAS benefit from in the EU markets by the year 2014 unless


\textsuperscript{112} Osagie C ‘Nigeria: Soludo - EU Trade Agreement is Second Slavery’ This day (2012). Available at http://allafrica.com/stories/201203190657.html Accessed on 20\textsuperscript{th} March 2012.

\textsuperscript{113} Drieghe L ‘The European Union’s Trade Negotiations’ with the ACP: Entrapped By Its Own Rhetorical Strategy?’ Romanian Journal of European Affairs (2008) 52.


ECOWAS completes the EPA by then.\textsuperscript{117} This is argued to mean that the EU is forcing the West African region to sign the agreements and are not been thoughtful of the predicament the poor countries within this region find itself in.

An argument was made by Minister of Trade in South Africa concerning the implementation of new generation issues like intellectual property rights and the liberalisation of services can be related ‘to the global strategy of the EU to promote the offensive interest of the European companies across the world’.\textsuperscript{118} The West African region did also encounter challenges before the December 2007 deadline which was the challenge of making preparation to negotiate an EPA and also participating in the Doha round launch.\textsuperscript{119} It also was argued that the December 2007 deadline given to ECOWAS was unfeasible for a common trade agreement because so many tariff changes in the West African area were to be looked into and agreed upon.\textsuperscript{120} Undoubtedly, it can be held that the deadline imposition on ECOWAS by the EU is an indication of power imbalance between the two groups in the negotiation process and also due to the EU dictating the direction and the outcome of the negotiations process.

Out of the six groupings set out for the EPAs, only three have one or two members that have signed the EPA with the EU.\textsuperscript{121} The EAC region and the Caribbean happen to have a 100 per cent rate of signatory nations.\textsuperscript{122} According to ODI, most of all this agreements were explained to have been done in a rush due to the insufficient time given of which this has given a rise for major thought on the EPAs whether it was actually well negotiated or not in

\textsuperscript{117} West African Civil Society ‘European Union’s threat on EPA is departure from spirit of partnership’.Ghana Business news (2011).


terms of the trade agreements and therefore the ODI reviewed the content of the EPAs and found out that some text which should contain certain clauses like liberalisation schedules were missing.\(^{123}\)

Therefore, this research suggest that it is of importance that ECOWAS nations observes carefully the new trade era in order to make certain that the development scheme of the region is not been put at risk in the EPA.

### 2.4 Relationship between GATT and EPAs

It is of importance to discuss the linkage which the EPAs have with GATT. The creation of a WTO compatible trade regime was regarded to be the EPAs goal and also to ensure that the accomplishment of the Lomé agreement and Cotonou agreement will be retained.\(^{124}\) So then the EU will be able to comply with MFN and no longer require waivers as the EPA are not General System of Preference (GSP). Consequently, this brought about a shift from the non-reciprocal trade which the ACP states benefited from in the past to a reciprocal trade era.

The non-discrimination principle or MFN principle is one that falls under the aegis of the GATT and this is in the GATT 1947 article 1.\(^{125}\) There have been arguments around the true and concise meaning of some terms that exist in the GATT of which it was perceived to be contradictory also.\(^{126}\)


\(^{124}\) Drieghe L ‘The European Union’s Trade Negotiations’ with the ACP: Entrapped By Its Own Rhetorical Strategy?’, Romanian Journal of European Affairs (2008) 52:

\(^{125}\) It says that ‘With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in paragraphs 2 and 4 of Article III,* any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties’ The General Agreement on Tariffs and Trade (GATT 1947). Available at [http://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm](http://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm) Accessed on 20 March 2012.

2.4.1 Most Favoured Nation

The MFN principle is one of the WTO’s major principles. Therefore as a WTO member, the principle must be followed. The clause explains that when a member of the WTO offers specific privileges and access to another member, it must offer such privileges to all other member states. The specific privileges and access that is being offered pertains duties on either export or import of goods and with regards to the terms and issue stipulated in paragraph two (2) and four(4) of GATT. The MFN principle can be ignored based on two exceptions, which are the enabling clause and Article XXIV of the General Agreement on Tariffs and Trade (GATT). The enabling clause to developing countries allows for the provision of a legal framework for special treatment under the GSP and of which the EPAs are not GSP systems, therefore the structure of the WTO for the signing and creation of the EPAs is the Article XXIV of the GATT which brings about MFN exceptions for agreements such as the interim agreement. When the issue has to do with development matters, the enabling clause gives room for preferential treatment to another state. Therefore it is of the view that favouritism can be given to developing countries provided it is been given to all other developing states. Examples of schemes that have been developed under the enabling clause are the Everything but Arms (EBA) and the GSP. The EBA allows Least Developed Country (LDC) states duty free access to EU markets but with arms and ammunitions

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128 GATT Article III, paragraph 2 and 4.


131 The criteria set out to determine who belongs to the LDC group was explained by Economic and Social Committee of the United Nations to be based on certain factors such as (1) low-income characteristics of the nation, (2) weakness of the human resource in the country and (3) the vulnerability of the economy. It was decided that the total population of these LDC nations should not be more than 75 million. Available at [www.un.org/special-rep/ohrlls/ldc/ldc%20criteria.htm](http://www.un.org/special-rep/ohrlls/ldc/ldc%20criteria.htm) Accessed on 20 March 2012.
exempted from this access and also lower tariffs on specified goods have been offered to developing countries by the EU under the GSP.  

2.4.2 Article XXIV of GATT

The EPA between the EU and the ACP states could be said to be one that falls under Article XXIV of GATT. The formation of the FTAs by WTO members is one that is permitted in article XXIV of the GATT and this can be perceived to be opposing the terms in the GATT Article I except there is a liberalization of ‘substantially all trade’ (SAT) in a ‘reasonable length of time’. In order for the EPA to be in accordance with the provisions of Article XXIV, “Substantially All Trade” needs to be liberalised.

As stated in the WTO rules, EU and the ECOWAS region are expected to remove barriers on SAT among themselves in a period of time. According to the EU, it is required that the liberalisation of at least 90 percent of bilateral trade flows among the EPA participant needs to be put in place, in view of the fact that the EU has made commitment to liberalise its trade by 100 per cent. It can be argued to mean that there must be elimination of barriers of trade on about 90 percent of the value of ECOWAS imports from the EU markets.

Nevertheless, the EU will make provision for ECOWAS export to have duty and quota free access; this can be understood to mean that it will at least liberalise 80 percent of its trade. It was also stated that more than 80 percent liberalisation is expected from ACP

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134 See Article XXIV, 8b.


nations that experiences bilateral trade deficit with the EU and also less than 80 percent liberalisation of imports is expected from those experiencing surplus.\textsuperscript{138} It can be held that by liberalising about 90 per cent, this will help ECOWAS to guard against areas that are susceptible to import competition and not including sensitive products in the liberalisation.

### 2.4.3 FTAs in Article XXIV

Article XXIV of the GATT allows for repeal of the MFN clause during the engagement of a Free Trade Agreements (FTA) or where an interim agreement would lead to the establishment of a Customs Union (CU).\textsuperscript{139} This is due to the reason that FTAs are of a discriminatory characteristic. As the Article XXIV of the GATT gives permission for the establishment of FTAs and also CU which is based on the fact that certain criteria’s or conditions must be fulfilled.\textsuperscript{140} These criteria’s that needs to be met for the establishment of the trade agreements are that:

- The barriers in trade should not increase on the average after integration,
- Tariffs must be eliminated on goods in a reasonable length of time,
- The WTO has to be notified

Thus, these criteria’s can be said to be aimed at minimizing non-discrimination against those that are not members.\textsuperscript{141}

In addition, the GATT article also explains that in the situation where an interim treaty leads to a FTA, an agenda or plan for such establishment of the FTA should be inculcated into the agreement ‘within a reasonable length of time’.\textsuperscript{142}

There has been debate on the vagueness in Article XXIV of GATT regarding the time that liberalisation must be complete. It states that the execution should be over a ‘reasonable


\textsuperscript{139} GATT Article XXIV 5.

\textsuperscript{140} Article 24(5), 7 and 8 of GATT.

\textsuperscript{141} Hailu M ‘Effects of Bilateral Trade Agreements on the Multilateral Trading Arena: special consideration of EPA between EU and ACP countries’ (2006)8.

\textsuperscript{142} GATT Article XXIV 5b.
length of time. Here, the interpretation is not clear but the term ‘within a reasonable term’, is predictably considered to be about 10 years and most of the EPAs which has been signed up until now has exceeded a period of 10 years. In a situation whereby the 10 years given is not enough to liberalize trade and to form a FTA, a reason must be given to the Council for Trade in goods if an extension is required. This is as a result of the fact that the ACP nations have expressed their concerns for a flexibility of the Article XXIV interpretation in order for them to be able to have adequate time to amend their procedures due to the liberalization of trade also to be able to give protection to the ACP sensitive products.

2.5 Enabling clause.

As briefly explained earlier in section 2.5.1, the enabling clause can be expressed to be another WTO or GATT compatibility principle. The different ways to which the enabling clause may be applicable are:

- When there is an existence of a favourable treatment to developing nation from a developed country on a Generalised System of Preferences basis,
- If there is a presence of non-tariff measures with respect to differential and preferential treatment established on GATT,
- If LDCs get a special treatment,
- When an agreement is formed in order to lower tariffs regionally.

Desta explained that compatibility of the WTO rules is needed but he explained that this cannot be accomplished by the Enabling clause. The research suggests that the Enabling clause.

143 See article XXIV, 5c.
145 GATT Article XXIV.
clause has the compromising factor or the flexibility issue\textsuperscript{149} that the ACP expressed their concerns about in the Article XXIV but it is arguable in the sense that the enabling clause cannot be applied to the EPAs between EU and the ACP nations because the EU is regarded as a developed country\textsuperscript{150} and in addition to this, the clause is limited to the RTAs that are being signed by WTO members but the EPAs between the EU and ACP do involve parties who are not a member of the WTO.\textsuperscript{151}

\textbf{2.6 WTO waivers}

Waivers were described by the WTO as permission that is given by members of the WTO allowing another WTO member to be exempt from certain obligations.\textsuperscript{152} For example, there is a waiver\textsuperscript{153} that allows LDCs not to comply with the obligation that they have to give exclusive marketing rights until 2016.\textsuperscript{154} With regards to the Article XXIII on ‘understanding in respect of waivers of obligations under the GATT 1994’ explains that members or countries that pleads for a waiver must give reasons for it not being able to meet up with the policy that was established.\textsuperscript{155}

The Marrakesh Agreement Establishing the World Trade Organization Article IX makes provision for the ministerial conference to waive commitments that the agreement has

\textsuperscript{149} ACP countries did express their views that the Article XXIV be flexible in terms of its interpretation in order to buy them time for the protection of the ACP sensitive products.

\textsuperscript{150} Gonzales A ‘Reciprocity in the future of ACP/EU Trade Relations with Particular Reference to the Caribbean’. Available at \url{http://hostings.diplomacy.edu/iirt/conf/Dipl2000/Text/GONZL1.HTM} Accessed on 14 May 2012.


\textsuperscript{152} Available at \url{http://www.wto.org/english/glossary_e/waiver_e.htm} Accessed on 14 May 2012.

\textsuperscript{153} In this case, the waiver was under the TRIPS Agreement that gives developing nations extension to delay for it to protect its patent for its pharmaceuticals.

\textsuperscript{154} WTO ‘Council approves LDC decision with additional waiver’. Available at \url{http://www.wto.org/english/news_e/pres02_e/pr301_e.htm} Accessed on 15 May 2012.

\textsuperscript{155} Article XXIII- Understanding in Respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994. Available at \url{http://www.wto.org/english/res_e/booksp_e/analytic_index_e/wto_agree_04_e.htm} Accessed on 15 May 2012.
imposed on WTO members in ‘exceptional circumstances’.\textsuperscript{156} On the other hand, the meaning of exceptional circumstances is not clear.

2.7 Challenges faced by ECOWAS with regard to EPA

This section explains the problem that ECOWAS faces in the final EPA negotiations. The challenges that has occurred which will be looked at are matters such as overlapping memberships’ in the West African region and also the issue of custom union in the region will be explained in this section as countries tend to partake in several unions and issue of the groups in the region converging will be made mention.

It was gathered that there are eight (8) Regional Economic Communities (RECs)\textsuperscript{157} that are been recognised formally by the African Union (AU) commission and this was done according to the July 2006 Banjul summit.\textsuperscript{158} Some other groupings are regarded as inter-governmental agencies and not RECs.\textsuperscript{159} Among all the RECs recognised by the AU, the focus in this min-thesis is the ECOWAS group and the West African Economic and Monetary Union (WAEMU) group which is recognised to be an intergovernmental agency and the WAEMU will be made mention of in some cases in this mini-thesis due to the fact that it is a grouping in the West African region. Consequently, ECOWAS which was

\textsuperscript{156} GATT Article IX.

\textsuperscript{157} The eight RECs consist of Arab Maghreb Union (UMA), East African Community, Southern African Development Community, Community of Sahel-Saharan States, Inter-governmental Authority on Development, and Common Market for Eastern and Southern Africa, Economic Community of Central African States, Economic community of West African States which is the main focus of this thesis.

\textsuperscript{158} Ndomo A ‘Regional Economic Communities in Africa: A Progress Overview’ (2009) 10.Available at \url{http://www2.gtz.de/wbf/4tDx9kw63gma/RECs_Final_Report.pdf}. Accessed on 28 March 2012.

\textsuperscript{159} These inter-governmental agencies are Economic Community of Great Lakes Countries, Southern Africa Customs Union, Mano River Union, West African Economic and Monetary Union, Central African Economic and Monetary Community and the Indian Ocean Commission.

formed in the year 1975 and WAEMU which came into existence in 1994 are known to be the two foremost regional groups in the West African region.\textsuperscript{161}

A major problem also has been towards the creation of a CU in the West African region. Taking a look at the West African sub-region as a grouping in the ACP, all the countries divided into the West African group forms part of ECOWAS with the exception of Mauritania, which opted out in the year 2001.\textsuperscript{162} Countries which belong to the West African grouping are also members of some overlapping regional grouping which includes the Community of Sahel-Saharan States (CENSAD) and also the WAEMU.\textsuperscript{163}

WAEMU has experienced some level of success in terms of integration and this can be said to be as a result of the existence of a customs union and nevertheless the formation of the CET posed series of challenges amongst the WAEMU nations and the non- WAEMU nations.\textsuperscript{164} An illustration is the case of Nigeria which is the most populous nation in Africa has sought after 50\% in CET in order to safeguard and favour its young companies from the entrance of cheap imports from the European countries\textsuperscript{165} and the performance of export is been recorded to be low as the rest of the members required about 20\% of the tariff.\textsuperscript{166} It is derived that there has been slow progress in the ECOWAS region in terms of integration.


\textsuperscript{163}CENSAD members consist of Benin, Gambia, Guinea –Bissau, Burkina Faso, Mali, Cote d’Ivoire, Ghana, Liberia, Senegal, Niger, Nigeria, Togo Sierra Leone and Senegal. Members of WAEMU include Benin, Guinea –Bissau, Burkina Faso, Mali, Cote d’Ivoire, Niger, Togo and Senegal.


unlike the WAEMU region however; in 2000 an FTA existed in the region.\(^{167}\) Also, there has been the challenge of convergence by the two regional groups which are the negotiators in West Africa so that the ECOWAS group can be the main or only body in the region.\(^{168}\)

With regards to this, Soludo a professor of Economics in his analysis said that:

> [T]he EU enters into agreement as one single community which makes them strong in this process unlike the nations in the ACP region where there is a division in the region into seven parts and also in these same region each country wants to negotiate individually and this allows the EU to take them (African Nations) off one after the other without much effort.\(^{169}\)

This mini-thesis expresses views based on the above quote by Soludo that a lesson to be learnt by the West African region in the yet to be concluded EPA is that West Africa needs to go into this agreement as a team or bloc and by negotiating in this manner, it makes it difficult or complex for the EU to manipulate the West African region.

Furthermore, the issue of overlapping membership has been another major issue has it was explained that most of the countries in the African region partakes in more than one regional integration zone and as a result this clearly explains that the environment is one of which various ideas are socially and regionally assimilated.\(^{170}\) It was said that by overlapping in several regional integration zones with different integration plans is obviously a major problem for the nations in the West African region because it is not possible for a country to partake in more than one custom union.\(^{171}\) It can be held that the nations must implement an integrated policy and they must execute the same CET. According to the Sunday mail, it was


\(^{168}\) There was a decision made in the year 2000 by the member states in ECOWAS that the 4 scale WAEMU CET will serve as the base for ECOWAS CET.


declared that overlapping membership amongst these regional groups is severely a great hindrance to the African countries integration and explained that this has been occurring for a long time and that a solution needs to be made to the inconsistency or conflict that is attached to this act.\textsuperscript{172}

Also, it was clearly stated by the AU that the establishment of various CETs by each group will result to:

\begin{quote}
[A] \textit{de facto} reconfiguration of the RECs and their membership. This could well disrupt the process of economic integration under the Treaty establishing the African Economic Community...\textsuperscript{173}
\end{quote}

West African states face the challenge of differentiating between the French and English speaking countries.\textsuperscript{174} For example, due to the fact that the French speaking countries and the English speaking ones belongs to several groups like all the nations in West Africa belongs to ECOWAS and some of this belongs to other groupings and this is regarded as a problem of overlapping and multiple memberships that has been re-occurring.\textsuperscript{175} As regards the promotion of intra-regional trade through the execution of trade agreements, there has been some noticeable negative impact within this region due to the overlapping memberships issue by the ECOWAS member states.\textsuperscript{176} For example, the WAEMU\textsuperscript{177} member states used one main currency that was associated to France currency\textsuperscript{178} and growth was recorded between 1994 and 1998 when the currency was devaluated.


\textsuperscript{174} The French speaking countries consist of Benin, Cameroon, Chad, Burkina Faso, Congo Republic, Cote d’Ivoire, Gabon, Mali, Equatorial Guinea, Guinea-Bissau, Niger, Togo, and Senegal.

\textsuperscript{175} Khadiagala G ‘Institution Building for African Regionalism’ (2011) 22.


\textsuperscript{177} The alternative name for WAEMU is the UEMOA which in French is \textit{Union Economique et Monétaire Ouest Africaine}.

\textsuperscript{178} This is the common currency used by the WAEMU states. This currency is issued by a single central bank which is the Banque central des Etats de l’ouest. The full name for the currency s the CFA franc (de la
Furthermore in terms of the overlapping memberships by this region, research shows that West African nations still remain weakly integrated regionally. Most of these countries have several challenges’ nationally and suffers from communications facilities, weak transport and barriers to socioeconomic integration and there are odds amongst the West African countries at the regional level in terms of institutional, legal, and infrastructural barriers that brings about hindrance to regional integration.\(^{179}\) It was observed that the WAEMU countries had significant low rates of inflation while other non-WAEMU nations were high.\(^{180}\) As a result of this, there has been difficulty in promoting regional trade with the execution of regional trade agreement putting into consideration the progress of the WAEMU countries. The WAEMU currency remains the most relevant to ECOWAS\(^{181}\) and this has also been a reason for the slow pace in the implementation of the EPA. It can be held that the impact of introducing the regional trade agreements to these national economies is uncertain.

It is of importance to know that there is uneven development between the EU and ECOWAS and as a result of this, it is a requirement by the CPA that regional integration must be incorporated in the EPA before negotiating.\(^{182}\) Also, ECOWAS requires the EPA to solve the difficulties its region faces in terms of development.\(^{183}\) Free trade agreement should be consolidated in West Africa as this is vital for the promotion of common external tariff policy rather than several policies that might jeopardise regional integration aims.\(^{184}\) For example, Nigeria is a big trader to the outside world rather than trade with its neighbours.\(^{185}\) It can be said that there has been no improvement in trade within this region and integration within the

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\(^{182}\) The Cotonou Agreement, Article 35 (2).


region has been slow.\textsuperscript{186} It is clear that the AU is deeply at unease with the implications of the EPAs on the integration of the West African region.\textsuperscript{187}

With this, it can be held that due to the challenges or issues that confront the West African negotiators, there is room for incongruity, disagreement and policy inconsistency in terms of the formulation process especially with the issue of overlapping membership and this could be a threat to the development in the region.

\textbf{2.8 Brief analysis of different Scenarios.}

This section looks at different scenarios that could exist and makes a forecast of different possible results of these scenarios that could exist and some that exist already during these EPA negotiations from the researcher’s point of view. This can also be very impactful for the negotiators to ponder upon and make a decision on which possible event to go with. The scenarios with the possible results are being made based on the researcher’s analysis on the present state of the EPA and also the literatures that have been studied upon so far.

\textbf{2.8.1 Possible event 1}

\textbf{Comprehensive EPA is signed}

The first scenario will be in respect to the case whereby a comprehensive EPA is signed between EU and ECOWAS. The two regions have been involved in trade together ever since which can be dated back to the 1950s\textsuperscript{188} and will want to protect that relationship that exist between them. The EPAs negotiations have been on and on for a long time and therefore looking at the scenario that the regions might prefer to move forward with the agreement rather than stall for a long-time or decide to cancel which they believe might not be in the best interest of both regions as they tend to gain in separate areas which favours both nations.


Here, in the full EPA, the West African region is expected to liberalise 80 per cent of its market to the EU by the year 2020\textsuperscript{189} and in my point of view the vast opening of the markets of the West African region to the EU possibly mean that product from the EU will flood the region with ease which allows for bigger revenue for the European nations. The other result of this is that the consumers in the Western part of Africa will feel at ease because they can choose to buy quality goods coming from abroad at cheaper prices and also the prices of these goods are very much reasonable compared to the domestically produced goods.

Also another opinion is that when the region enters into this EPA agreement with the EPA, the question to be answered is that – Will the region be able to facilitate the implementation of the EPA? This question comes into being due to the fact that the nations in Africa which are known to be the poorest nations in the world\textsuperscript{190} and doesn’t have the financial abilities to implement what the EPA entails.\textsuperscript{191} The cost for the implementation for this agreement between the EU and ECOWAS is about 15 billion Euros and the EU promised to help with about 6.5 billion Euros.\textsuperscript{192} According to Ukoaha the president of the National Association of Nigerian Traders (NANTS) declared that Nigeria would have lost an estimate of about $478 million in 2008 if it the EPA had been signed in 2007 and the EU would have made a profit of about $709 million that same 2008.\textsuperscript{193} This in the researchers’ opinion is too much for the African countries that are regarded to be poor and the EU are aware of this and they are willing to help with such amount because they know what they will gain from Africa in the short or long term when the nation opens up their market to EU goods. These African nations become more of importers which mean that they will now rely heavily on EU ‘quality goods’ and will not produce their own domestic goods anymore probably because of inferiority


\textsuperscript{191}Among the 15 poorest countries in the world, measures by GNI per capita, five are from the West African Region (Guinea-Bissau, Liberia, Mali, Niger and Sierra Leone) Also, the Human Development Index (HDI) for West Africa is also among the lowest in the world.


\textsuperscript{193}Ukoaha K ‘EPAs as impediments to Nigeria’s development strategy’ This Day (16 May 2006). Available at \url{www.bilateral.org}. Accessed on 21 March 2012.
reasons and the cheap purchase of the European made goods. The global financial crisis in
the authors view might be another factor that could disrupt the implementation of the
agreement by poor African nations.

The positive effects of the West African region signing the full EPA is that it might serve as a
great opportunity to obtain well upgraded technology and this is due to the fact that there is
free access to the European markets. This technology will help for greater production in the
region at a reduced cost.

2.8.2 Possible event 2

If the West African nations are content with the status quo

There are several agreements that have been explained in this research so far which is the
EBA, GSP and EPA. The EBA allows access to the LDCs and also the GSP has to do with
the developing countries like Nigeria where tariffs are been lowered on certain goods by the
EU.\textsuperscript{194}

Here, it can be argued that each country is pleased with the present state of affairs as regards
to the agreements that have been signed with the EU. Furthermore, the entering into an EPA
as one region is no longer of importance to the West African region in this scenario. This
therefore can be held to bring about a division in the region and several agreements takes
place.

The LDCs in the West African region in this scenario will prefer to maintain agreement with
the EU to obtain access to the markets in the Europe based on zero tariffs in the EBA scheme
and this assumption is based on the fact that the LDCs like Togo, Niger, Benin and Burkina
Faso gain a lot from the EBA scheme unlike the developing countries in the West African
region.\textsuperscript{195}

Also, the developing countries in the West African region with an example of Nigeria
currently trades under the agreement called GSP and they obtain free duties on oil export

\textsuperscript{194} Karingi S et al ‘Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements’ \textit{African
Accessed on 22 March 2012.

\textsuperscript{195} Nwoke N ‘EU-ECOWAS EPA: Nigeria’s role in Securing Development Focus and Regional Integration’,
which is their main export to the EU market. Nigeria first asked that it may trade under the GSP plus but its offer was been denied. In my opinion, the two countries which are Côte d’Ivoire and Ghana in this assumption can be said to be satisfied with the interim EPA that has begun between itself and the EU and thereby might sign a full agreement. It was declared that If Ghana and Cote d'Ivoire should fully go into the EPAs and a regional agreement is yet to be finished, then the regional integration objectives of the region will be put at risk. So therefore, it can be deduced that the presence of all this different trade schemes between the West African countries might be of a disadvantage to the regional integration process in this region due to the fact that there are several trade regimes been signed individually by each country. There-after the ECOWAS CET which is yet to be finalised will be suspended or terminated and also the existence of WAEMU is in jeopardy. Each country signs the agreement that is of best interest to it.

2.8.3 Possible event 3

If the region decide to opt out from the EPA with the EU

This scenario explains that the region did not sign the EPA with the EU probably because they could not come in terms with each other. This scenario does not stop the countries access to the EU market because the LDCs still enjoys certain benefits like the exemption of tariffs. Nigeria as an example trades under the GSP. At this stage, the regions gains confidence and regional integration begins to happen gradually. Also, the region might want to start trading with several partners all over the world rather than depending on the EU. The aid that was promised by the EU will be lost and therefore the benefits for importing from the

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197 The GSP plus is a trade agreement which offers extra favour or preferences to countries that are regarded as developing and have formally approved with proof of implementation of certain International Conventions. The conventions might cover labour standards, human rights and also development.

198 The denial came as a reason of Nigeria to have not implemented the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.


200 Both regional EPA and the interim EPA does not exist. Here, it can be assumed that the interim EPA signed by Ghana and Ivory Coast is been terminated.

201 This benefits fall under the Everything But Arms scheme (EBA).
EU will be lost too as there will be increase in the tariffs because there is no EPA. It was derived that if the Cotonou should expire, about 70 per cent of Ghana’s goods will not be affected in terms of tariffs\(^\text{202}\) which shows that it won’t lose much if it doesn’t sign the EPA.

Furthermore, as Soludo, a professor of economics, in his words explained that Africa’s industrial sector and also agriculture which the poor uses as a means of support to live would be shattered and dumping becomes so rampant thereby causing more poverty and unemployment in the country.\(^\text{203}\) With this, it can be argued that when EPAs are not signed, then the rate of foodstuffs imported will decrease drastically and thereby allowing for food security because the production of agricultural goods will be in the increase of which there will be surplus and industrial export will develop. The country regains utmost confidence to produce its own local goods thereby also increasing employment and due to this the development of the region looks bright.

To back this scenario up, Article 37 (6) of the CPA explains that when a country doesn’t sign an EPA, it mustn’t find itself in a worse position as regards to market access.\(^\text{204}\)

### 2.9 Conclusion

In conclusion, it can be seen how trade between the EU and ACP nations has developed not just into a normal trade agreement but one that impedes development and integration of the region right from the Yaoundé Conventions. Also, it can be held that the EU’s pressure on the developing countries in the West African region such as Nigeria, Ghana and Ivory coast is a strategy to bring about lack of unity in the region and by Ghana and Ivory Coast signing the interim EPAs shows how the EU is after its own interests rather than the joint interests of the West African region. When countries begin to sign the EPAs individually, then it means that each nation wants to get a good deal for itself in order to continue to obtain access to the EU markets and this was evident when the Ghana’s former Trade minister said that Ghana signed the interim EPA so as not to lose out of the European market as Ghana is among the top

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\(^{204}\) Cotonou Agreement Article 37(6).
world’s exporter of cocoa. There is a need for both parties to honour the terms of the agreement in order to promote a friendly and enjoyable trade relationship.

Chapter 3

TRADE EFFECTS ON TRADE AND ECONOMIC DEVELOPMENT

3.1 Introduction

The liberalisation of trade in the perspective of the Economic Partnership Agreement (EPA) is likely to bring about certain effects on the economic development of African countries going into the EPAs as a whole. This chapter explains and analyses the effect of the trade agreement between the European Union (EU) and the Economic Community of West African States (ECOWAS) region on the economic development of the region and the trade aspect as this two areas are believed to be the main focus of the research.

The effects on the economic development will be looked at, with respect to the definition used as a guide in chapter one and also a framework for this thesis.

Economic development was defined in chapter one to mean:

[T]he process of improving the quality of human life through increasing per capita income, reducing poverty, and enhancing individual economic opportunities. It is also sometimes defined to include better education, improved health and nutrition, conservation of natural resources, a cleaner environment, and a richer cultural life.\textsuperscript{206}

This section elucidates on the effect of trade using the above definition as a framework and also tries to link the EPA to human development. Here, reference will be made to Human Development Index (HDI) and Millennium Development Goal (MDG) as this is also a critical indication of how a country is developing. The trade and economic structure of the ECOWAS region will also be described in this section. Furthermore, this chapter expresses views as to the different ways by which the intra-regional trade flows in West Africa have been impacted by the EPA as well as the preferential access granted by the EU to the ECOWAS community.

3.2 Comprehensive background of ECOWAS

The initiative for the establishment of a West African society dates back to the call made by the former president of Liberia William Tubman in 1964.\textsuperscript{207} The history of the economic

\textsuperscript{206}Matin A \textit{Social Change and Planning} (2011)153.

\textsuperscript{207}Ndomo A ‘Regional Economic Communities in Africa’ (2009)34. Available at
establishment of West Africa can be traced to the period when several nations in the African continent got their freedom from their past colonial masters in the 1960s. Both the French country and Britain has been very involved in the creation of new boundaries in the West African region in order to have their influence upon the continent of African and also for the distinguishing between the English and French speaking people in the area. The independence gained by the west African countries left many states to encounter disorder, conflicts and civil war and after a while when the prevalence of conflicts finally settled, unity was affirmed to be way forward due to the fact that the nations didn’t experience progress. The concept of regional integration have been perceived to be a positive step for poor countries or region and this was expressed by Meyer et al when he declared that nations that are land-locked will benefit a lot from bilateral liberalization because there is high level of imports at intra-regional level.

In 1965, during the campaign for the establishment of a West African society in 1965, Côte d'Ivoire, Guinea, Sierra Leone and Liberia signed an agreement that year in February but the whole process yielded nothing and this made General Gowon of the Republic of Nigeria and General Eyadema of the Republic of Togo to revisit the idea in 1972. In 1973, there was a meeting in Lomé to discuss the treaty that was to be signed among West African states and an extra look was given to it in 1974 and 1975 at a meeting in Accra and Monrovia respectively.

http://www2.gtz.de/wbf/4tDx9kw63qma/RECs_Final_Report.pdf Assessed on 15 April 2012.


where 15 states finally signed the agreement to become a region known as ECOWAS on May 1975. In 1975, the Lomé agreement happened to be the first agreement that was being signed by ECOWAS and the countries that were involved in this act were Gambia, Ivory-coast, Benin, Nigeria, Liberia, Guinea, Burkina Faso, Mali, Togo, Guinea Bissau, Senegal, Niger, Mauritania, Niger and Sierra Leone making the total of 15 countries. The aspiration to conquer the undersized economy was the motivation or drive towards the first attempt of regionalization. It is evident that the treaty’s aim is to enhance cooperation and also promote integration which leads to the creation of a free trade area in West Africa. The main objective is to improve the standard of living of the population, promote stability in the economy, help improve relationship among member nations and also contribute towards the development and the progress of the West African region and continent of Africa. However, the vital goals of ECOWAS are to bring about union in the policies of its members and also in its performance economically through a bilateral monitoring system, implementation of a Common External Tariff (CET), establishment of a common market, a monetary union establishment and the agreement of union of national procedure or policies.

In 1977, ECOWAS became functional and the execution of the regional society became a priority for the members of the region in the year 1989. Building a functional monetary

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union in the West African region forms part of an economic integration process and this functional monetary union is expected to increase the volumes of trade and also bring about a common society.\textsuperscript{219} There was an adjustment to the agreement in the year 1993 and this was intended to promote economic integration and ECOWAS has been selected to be part of the five regional pillars\textsuperscript{220} of the African Economic Community (AEC).\textsuperscript{221}

An attempt was made in 1999 in Togo where some non-West African Economic and Monetary Union (WAEMU) states which forms a part of ECOWAS were present in a meeting in order to establish a monetary union and thereafter in April 2000, a declaration was signed in Ghana where the interest of this states was to come up with a second common currency in the zone and this will be separate from the CFA franc.\textsuperscript{222} Taking a look at the liberalization schemes implementation, the West Africa region was only able to come up with the creation of a free-trade zone and under this trade liberalisation scheme of which some ECOWAS member countries\textsuperscript{223} eliminated tariffs to unprocessed products and Benin abolished tariffs with respect to industrial products.\textsuperscript{224}

3.3 Millennium Development Goals and Human Development Index

3.3.1 About MDGs

MDGs can be said to be the framework of the United Nations (UN) on which several countries are willing to work towards in order to eradicate poverty and hunger in their respective countries which will help to also promote the development of human and the


\textsuperscript{220} The five regional pillars are ECOWAS, Common Market for Eastern and Southern Africa (COMESA), Economic Community of Central African States (ECCAS), Inter-Governmental Authority on Development (IGAD) and Southern Africa Development Community (SADC).

\textsuperscript{221} Profile: Economic Community of West African States (ECOWAS) 2. Available at \url{http://www.africa-union.org/Recs/ECOWASProfile.pdf}. Accessed on 6 May 2012.


\textsuperscript{223} This includes Senegal, Mali, Niger, Nigeria, Burkina Faso, Gambia, Guinea, Ghana, Togo, Gambia, Ivory Coast and Sierra Leone.

nation at large.\textsuperscript{225} The obligation was made by 189 nations in the year 2000 to free people from deprivation of necessary resources needed for human development.\textsuperscript{226} Eight Goals were being established by these nations to be achieved by 2015 and these goals makes provision for real yardsticks which will help in tackling the issue in its various dimensions. The MDG goals are very exclusive in that it recognises the fact that goals that help decrease poverty can be derived through the act of being in rigid partnerships with other nations that are development oriented and also through wealthy nations being totally involved in this process, e.g. by the trade expansion, technology transfer and also through the provision of aid.\textsuperscript{227} The eight MDGs goals are:

Goal 1: Eradicate extreme poverty & hunger,
Goal 2: Achieve universal primary education,
Goal 3: Promote gender equality & empower women,
Goal 4: Reduce child mortality,
Goal 5: Improve maternal health,
Goal 6: Combat HIV/AIDS, malaria & other diseases,
Goal 7: Ensure environmental sustainability,
Goal 8: Develop a global partnership for development.\textsuperscript{228}

This mini-thesis focuses more on the MDGs goal one and the goal eight which are the eradication of poverty and hunger and also the development of a global partnership for development respectively.


3.3.2 Connection between EPAs and MDGs

It was expressed in an international business forum in Bonn that the poverty rate in Africa by the year 2015 will stay put at a rate of 38% and above of which this is still considered to be higher than the target of 22.3% set and furthermore to this, it was stated by World Bank that several nations in Africa might not achieve the set target or goals of the MDGs.229

It can be argued that out of all this goals that was being established by the various nations all around the world, Goal 8 which has to do with a global partnership for the human and economic development of a nation seems to be the most significant in present times. It can be explained that this act of global partnership can be associated with a nation being involved in international trade as this helps to achieve economic development.230 Furthermore, as it is main purpose of this research to look into the impact of the EPAs on the West African region, the most significant goal is linked to the EPAs between the EU and the ECOWAS region. If African nations and developing states at large are to grasp the possible benefits of EPAs in order to bring about growth in their respective nations, there need to be elimination of trade barriers placed on goods e.g. exports from the African nations and also in order to be in line with the WTO rules on trade barrier elimination.231 This mini-thesis is of the view that these barriers can be expressed to consist of the imposition of duties which the developed nations like the EU impose on the developing nations and the Least Developed Countries (LDCs) like the ECOWAS region. There is an understanding that the poverty that exists in the region has to be eradicated and it was derived that all nations has something or the other to benefit from it and it is of high significant that support is being given has an input from the developed nations to the poorest nations.232 Better cooperation was perceived to be of importance if the various communities are to develop and also in this mutually dependent economy, trade and

the transfer of resources are needs for (African Caribbean and Pacific) ACP countries for accelerated growth.\textsuperscript{233} As regards trade between the developed and non-developed nations, there will be need for consideration by the developed nations to ascertain the strength of the developing nations while designing the EPA and this is important if EPAs are considered to be tools for development of a nation, e.g. the EPA between EU and ECOWAS.\textsuperscript{234} It can be argued that the non-existence of aligning rules in EPAs to human development could bring about severe costs. According to Dr Gordon, he defined poverty to mean a situation where individuals are not privileged to certain and necessary needs which can include good water, good health, information, good education for a better life.\textsuperscript{235}

It is in the researchers opinion that individuals are regarded as poor economic, cultural and social needs are not been fulfilled which can be attributed to not having sufficient food to eat, poor drinking water and no shelter. So the EPA between the EU and ECOWAS should incorporate human development within its trade agreements\textsuperscript{236}, when this is being fulfilled then the nations is said to be healthy developed. This is still yet to be implemented in the current negotiations and it can be argued that so far the ongoing negotiation by the EU and ECOWAS might bring about an unbalanced result which might not be favourable for the development of the nation and in achieving the MDGs.

3.3.3 Human Development Index

HDI is an index used in ascertaining the level of human development of the resident of a nation and this is done in the areas of knowledge with regards to rate of adult literacy, health and long life with respect to life expectancy and also the standard of living with consideration


on Gross National Income (GNI) per capita.\textsuperscript{237} With the above description, HDI is seen to be of great importance in terms of knowing the trends at which a nation is developing. In this case, the research focuses on the nations in ECOWAS.

Table 1 Development Indicator\textsuperscript{238}

<table>
<thead>
<tr>
<th>Country</th>
<th>HDI value (2011)</th>
<th>Adult literacy rate\textsuperscript{239}</th>
<th>GNI per capital (PPPS)\textsuperscript{240}</th>
<th>Poverty\textsuperscript{241}</th>
<th>Life expectancy at birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>0.427</td>
<td>41.7</td>
<td>1364</td>
<td>47.3</td>
<td>56.1</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>0.331</td>
<td>28.7</td>
<td>1141</td>
<td>56.5</td>
<td>55.4</td>
</tr>
<tr>
<td>Cameroon</td>
<td>0.482</td>
<td>70.7</td>
<td>2031</td>
<td>9.6</td>
<td>51.6</td>
</tr>
<tr>
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<td>55.3</td>
<td>1387</td>
<td>23.8</td>
<td>55.4</td>
</tr>
<tr>
<td>Gambia</td>
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<td>46.5</td>
<td>1282</td>
<td>34.3</td>
<td>58.5</td>
</tr>
<tr>
<td>Ghana</td>
<td>0.541</td>
<td>66.6</td>
<td>1584</td>
<td>30.0</td>
<td>64.2</td>
</tr>
<tr>
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<td>39.5</td>
<td>863</td>
<td>43.3</td>
<td>54.1</td>
</tr>
<tr>
<td>Guinea - Bissau</td>
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<td>55.2</td>
<td>994</td>
<td>48.8</td>
<td>48.1</td>
</tr>
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<td>59.1</td>
<td>265</td>
<td>83.7</td>
<td>56.8</td>
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<td>Mali</td>
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<td>51.4</td>
<td>51.4</td>
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<tr>
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</tr>
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<td>28.7</td>
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<td>43.1</td>
<td>54.7</td>
</tr>
<tr>
<td>Nigeria</td>
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<td>60.8</td>
<td>2069</td>
<td>64.4</td>
<td>51.9</td>
</tr>
</tbody>
</table>


\textsuperscript{239} This is the percentage of the people between the ages of fifteen (15) and older who are able to both read and write with understanding on a day to day basis.

\textsuperscript{240} This is measured using the sum of income of a nation which was obtained from its production and minus the expenses on the use of factors of production which is owned from the rest of the world. This is then changed to dollars with the use of PPP rates and divided by the midyear population.

\textsuperscript{241} This is the percentage of the population living below the poverty line which is in purchasing power parity (PPP) $1.25 which is a day.
According to this table, it is clearly shown that ECOWAS nations are very poor in terms of the poverty record by the United Nations Development Program (UNDP). The HDI for West Africa happens to be one of the least in the world. After calculating the average of the HDI of the West African region, an average of 0.398243 was obtained which shows there is still an urgent need for development in the region. It becomes very clear when a critical consideration is being put into account on all other factors like adult literacy, the low life expectancy rate in the economy and severe poverty rate. In the researchers opinion, if the EPA between the EU and ECOWAS is meant to be for the development of poor countries, this is the issue that it needs to address. Dating back to post-colonial times when some West African countries went into agreements with the countries in Europe, these countries in Africa still remain very underdeveloped and also poor.244 This is still evident in the table above. It is also confirmed by Udombana that European countries has gone into several trade agreements with the ECOWAS states and this agreement did not adequately provide solutions to the concerns of this countries in terms of development.245 It can be argues that this has resulted in the West African countries having too much dependence on the EU. It can also be argued that the reason for the slack in the EPA between the EU and ECOWAS is as a result of their testimony from the past relationship they had with the EU.

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242 A total of all the 15 West African countries HDI value divided by 15.

243 It was derived from the report from UNDP that low HDI is from 0.510 downwards of which all of the countries in ECOWAS belongs to the category except Ghana which belong to the medium HDI group with 0.541. This in my opinion is a narrow escape.


3.4 Trade and Economic structure

Most of the West African nations’ economies are basically in three main sectors which are agricultural products, petroleum and mining and also manufactured goods.246 Their trade and economical structure basically revolves around primary goods with the example of Mali basically involved in mining, Nigeria is involved in petroleum, and the coastal states like Senegal are involved in fishery and also all the nations in this region are into food and live animals trade.247 Furthermore it was expressed that the economies of the ECOWAS nations are not really diversified as they all trade more in common specific products and due to this it can be said that countries in the West African region relies more on external factors which includes the policies or rules of its trade partners and also the global market price fluctuations’.248 The reliance of country or region on exogenous factors gives room for the economy of that region to be placed in a vulnerable or weak position.

It was obtained that only Nigeria, Benin Liberia, Guinea and Côte d'Ivoire have mineral fuels and lubricants to be their main export and of which the EU imports from.249 It can be said that the trade that exists in the West African region can be depicted to be one that is not developed. As shown in appendix 1 on page 88, Nigeria is the biggest market for the EU. It dominated all other nations in the region in eight products out of the nine product in Appendix 1 that was shown. The major goods exported to the country are machinery, transport and fuels. Less than a third of mineral fuels exports was been experienced in ECOWAS and is followed by transport and machinery. It can be held that the EU is one of the major exporter to the West African countries at large and the also EU’s import has a major role to play in the West African region. With exception to Nigeria, Cote d'Ivoire and Ghana, the rest of the ECOWAS nations are known to be LDCs and also with respect to


249 See Appendix 1 on page 88.
economic structure, Burkina Faso, Niger and Mali are known to be landlocked of which the rest of the ECOWAS members have sea access and the port facilities are very poor. It can be held that the structure of trade which exists among ECOWAS and EU is one that depicts inequality economically and hence, the economic structure of ECOWAS plays a vital role in achieving a favourable EPA between the EU and ECOWAS.

3.5 Trade effects of the EPA

The trade effects will be looked at in this part taking into consideration trade creation and trade diversion. The consideration of the trade effects on food security is vital due to the fact that the West African region has been going through a critical famine process and there is a need for food aid by millions of people in the region especially in the Sahel part of the region. Also this is the number one issue in the MDG that is to be achieved for the development of human and also for the economic development of the region. With respect to the food security in the West African region, it was gathered from the regional Sustainability Impact Assessment (SIA) report that the agricultural goods being imported from EU will bring about a decrease in domestic production. The study explains that this factor could an unfavourable condition to infant industries. It was derived that ACP nations are taking into consideration the EPA negotiations due to the fact that the EU is a vital partner to them in terms of trade. It can be argued that it is of importance that African countries or the West African region in particular should assess if

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they can practically be involved or be a link in the production system of the firms in EU. It can also be held that trade and economy structure of a country is a major determinant for the welfare and trade impact of liberalisation of import.

With regards to the EPAs trade effect, several researches shows that there will be more of creation of trade than diversion of trade.255 This simply means that trade creation outcome will surpass the trade diversion outcome. It is also clear that these effects are vital in analysing the effect the EPA could have on an economy and they all rely on the geographic circumstances, and inter-industry determinants.256

According to Bilal et al, trade creation was explained has the trade that arises when the margins or restrictions on trade are been reduced in a Regional Trade Agreement (RTA) of which it brings about imports creation from several producers.257 Karingi in his research on the trade effects that could occur in the EPA between the EU and the Eastern region of Africa expressed that there will be a major creation of trade for the goods from EU and also declared that in the case of ECOWAS, there will be a swift creation of trade effects for exporters of which there will be a diversion of substantial trade to the EU as there will be several producers existing from the rest of the world.258 It can be argued here that this will bring about trade expansion outcome. Furthermore to this, it can be alleged that there will be a gain for consumers domestically (ECOWAS) in terms surplus due to the fact that there will an increase in supply of goods at a cheaper rate from the rest of the world than the EU will supply.


256 Gashi L ‘EU-expansion effects on the SEE export to EU – Possible trade diversion’ Masters´ Thesis (August 2010)10 School of Economics and Management Lund University.


Trade diversion on the other-hand can be explained as the trade that arises due to the special treatment that is being given to a trade partner and discrimination is being given to efficient producers which are not included in the agreement.\textsuperscript{259} Bilal \textit{et al} further explained this concept by using an EPA as an example whereby declaring that this arises because liberalisation of trade present in an EPA could make a country or region (ECOWAS) to implement its policy thereby switching imports to a trade partner in an EPA (EU) which is of high cost from a producer in another country which somewhat a low cost efficient producer.\textsuperscript{260} This can be interpreted to mean that there is a shift in terms of trade to the EU from the rest of the world.

It can be argued that the diversion of trade could bring about an un-favourable condition and therefore if trade creation exceeds its diversion, then there will be a favourable condition because the welfare or development of the people will be on the increase. This is because the goods produced domestically (ECOWAS) will be preferred and the end users at home will replace imports from the EU for the ones produced at in the country.

There are possibilities of a diversion of trade occurring in the ECOWAS region, although most previous researchers tend to find out that there seems to be more creation of trade in the region. It is very vital to know assess the degree to which the creation of trade or the diversion of trade might impact the economy. If on a scale of 100, there is 65 per cent trade creation, the question that should arise is that could the 35 per cent trade diversion that will occur have more impact than the 65 per cent trade creation that could lead to it being harmful to the region or could it totally destroy the economy that has been craving so hard for development?

According to Bilal, he declared that the possible trade diversion that could exist in the region could result in a loss in revenue for the ACP nations of which the ECOWAS is part of the

\textsuperscript{259} Bilal S and Rampa F ‘Alternative (to) EPAs: Possible scenarios for the future ACP trade relations with the EU’ ECDPM Policy Management Report 11(2006)36.


grouping. He explained the reason being that the zero duties on EU goods will substitute imports tax from the rest of the world (other suppliers) and every product being substituted or replaced brings about a loss in revenue in terms of tariffs. According to Patel, he explained that trade diversion is basically giving the EU preferential access and this will develop further losses because more goods will enter the country or region on zero tariffs from the EU thereby distorting the region (ECOWAS) from applying to other countries under Most Favoured Nation (MFN) tariffs. It is paramount that a thorough assessment or observation is being given to the several sectors of the economy by ECOWAS states to the trade diversion effect before implementing EPAs so as not to lose heavily in tariff revenues. Lastly, it was estimated that by 2022, that there will be a high level in the trade diversion effect when the EPA must have been fully established.

3.5.1 Major concern on trade effects for the ECOWAS region that could impact the yet to be concluded agreement

Busse et al explained that tariff revenues such as imports taxes plays a vital part in the economy of the West African states due to the fact that this forms a major part of the government revenue and a reduction in this could place ECOWAS in a poor financial position. It is however possible that this reason or factor could have an impact on the West

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African region’s reluctance to come to an agreement with the EU on the yet to be conclude EPA. The region is known for its weak institutions and this could be a reason for its heavy dependence on tariff revenues. As discussed earlier that the West African region tends to have an economic structure which is not well diversified, for this reason it can be argued that the region has a tendency of being over protective of the products and as well as the resources that are in their various countries. In the author’s opinion, ECOWAS region should be concerned about all this and take their time before entering into an agreement with the EU so as not to sign an agreement that it will regret forever.

3.6 Potential Impact of the liberalisation factor in the EPA

As it has been derived earlier that liberalisation in the EPA causes the prices on goods that are being imported to be lowered and hence makes prices of domestically produced goods to decrease because there is a competition between international goods and domestically produced goods. As there are negative impacts of liberalisation of the EPA, there are also positive impacts. So, it is for the region and the negotiators in the West African region to assess its degree.

3.6.1 Positive impacts

As regards to the impact of the liberalisation, there are specific impacts that can bring about economic growth in the ECOWAS region. It is recorded that the West African region can be a centre for Foreign Direct Investment (FDI), whereby international companies will invest in the economy and this according to Busse et al was of the opinion that this will give room for the foreign investors such as Multinational Corporations (MNCs) to use ECOWAS as an export locality to provide for the EU and the African market at large which will bring about physical stock.

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267 See section 3.4 on trade and economic structure.
268 See section 3.5 on trade effects.

http://www.fes.de/cotonou/downloads/fesdownloads/conferencepapers/HWWA+EPA+STUDY+29.7.04.PDF
Accessed on 13 May 2012.
In addition to this, the FDI has the tendency of creating an avenue for transfers of technology to the host region (ECOWAS) from the investors EU.\textsuperscript{270} Another positive impacts on the economy could be that domestic companies could be forced to realize their potentials thereby being very innovative in order to keep up with the competition that awaits them between the EU goods and the domestically goods.\textsuperscript{271} Lastly with regards to the reduction of tariffs, Bilal explained that government will be forced to implement reforms that are substantial in order to increase the efficiency of administration and this in his view will result in high tax revenues domestically.\textsuperscript{272} It can be argued that if there is an occurrence of these impacts, all this impacts will bring about an increase in the growth of the ECOWAS region.

3.6.2 Negative impacts

There was a major concern raised that the liberalisation in the EPA between ECOWAS and EU could bring about deterioration in the human development of the region.\textsuperscript{273} Hallaert further declared that the EPA will bring about a negative impact on the poverty level of the people in the region and the development of the economy at large of which it is as a result of the tariff revenue loss. Also food insecurity can be argued to be inherently linked to poverty based on the fact that it was explained that if the total income of a family was spent on food, the family won’t still be able to get a nutritional meal and this was therefore referred as


extreme poverty.\textsuperscript{274} This is evident that poor people spend a big part of their earnings on food and if the region should experience decrease in their revenue, the poor will get poorer.\textsuperscript{275} Taking into consideration the rural areas of the West African region, the EPAs tend to have an influence on the food availability in these areas and this is due to the fact that ECOWAS is known to have insufficient transport structures in place, there are few roads in the community and these roads are not properly maintained.\textsuperscript{276} Based on the fact that the ECOWAS region is known to have inadequate transport facilities, the research in its view explains that most of the goods that enter into the region can be concluded to be going to the cities in the sub-region and therefore there is no impact on the rural parts in terms of food availability even if they decide to go for international goods because it is much cheaper. It was obtained that the richer the country, the chances are the liberalisation of trade will only bring about growth in a country if the country is wealthy and it explained by saying that the richer a country is, the better the enhancement of development is for a country and \textit{vice versa}.\textsuperscript{277}

In conclusion, according to Perez, it was explained that due to the fact there is a level of inequality in the commitments, ECOWAS exporters will experience a very slow rate of growth on the EU market than what the EU exporters will experience on the ECOWAS market.\textsuperscript{278} So, it can be held that the EPAs will result to an uneven benefit among the regions that are to sign the agreement in terms of trade effects and also the region will use the resources available more efficiently if there happens to be an increase in trade in the region.


\textsuperscript{275} Refer to the Poverty Reduction Strategy Papers (PRSPs). As indicated that there are quite a number of people below the poverty line in the West African region. About 65\% of total earnings is being spent of food in Burkina Faso. Available at \url{http://www.imf.org/external/pubs/ft/scr/2005/cr05338.pdf}. Accessed on 13 May 2012.


In the researchers opinion, trade diversion poses a threat on the economy as it brings about fiscal cost to the region as trade shifts to one particular economy rather the rest of the world. As the ECOWAS region opens its market to the goods coming from Europe, domestic goods will go through losses until the goods can compete effectively with EU goods.

Finally, it was stated that it is not easy to forecast how the ECOWAS producers would perform in the long term in terms of competing with the EU.²⁷⁹

Chapter Four

4.1 Introduction

The African countries government have had passion for regional cooperation as an instrument to intensify economic integration in the African continent or in the African Union (AU). The European Union (EU) has been using the Economic Partnership Agreements (EPAs) to sway West Africa and the African continent at large because the EPAs are alleged to serve as an enhancement or encouragement to regional integration. However, this chapter will critically describe the impact that the EPAs will have on the regional integration of Africa but the main focus will be on the West African region. The impact that the EPAs has on the West African region is very important to be discussed because regional integration is an essential tool in an economy’s development and it helps with creating an option for government revenues to serve as substitute to import duties when it’s being lowered. Also the establishment of regional markets gives room for domestic industries to be able to expand and also diversify. As a step to regional integration, according to Sustainability Impact Assessment (SIA) by Price Water Coopers (PWC), it was identified that Common External Tariff (CET) in West Africa plays a vital role in the regional integration process and sustainable development in the economy of this region.

Also the establishment of regional markets gives room for domestic industries to be able to expand and also diversify. As a step to regional integration, according to Sustainability Impact Assessment (SIA) by Price Water Coopers (PWC), it was identified that Common External Tariff (CET) in West Africa plays a vital role in the regional integration process and sustainable development in the economy of this region. In addition, it was revealed that Africa has a different view of what regional integration should look like unlike what the EU perceives integration to mean in the EPAs and this is based on the premise that the EU were more focused on trade related matters such as trade liberalisation whereas the African


countries had a different perception which involves economic cooperation initiatives. As a backing to this, the Senegalese Minister of Trade in 2006, Mamadou Diop made a declaration that:

[I]f your country hasn’t a sufficient supply of production capacity you will make very little progress because you will have put ‘the cart before the horse.’

The derivation from this statement is that as part of regional integration procedures, focus has to be on supply-side constraints which include production shortages before the liberalisation of trade is being implemented or being made a priority. Furthermore, even from a trade point of view the EU does not consider the interest of the African nations and therefore before going into any agreement, it is advised as Gunessee an Ambassador of Mauritius said that ‘regional markets need to be built first’. In addition to the above explanation, Tavola who is the Fiji Minister of Foreign Affairs and Trade in 2006 declared that:

[I]f the EPA is not configured properly it is going to overwhelm the infant regional economic integration base which we are trying to build at the moment.

The statement by both the Minister and the Ambassador illustrate that African Caribbean Pacific (ACP) nations are really concerned about the outcome of the EPAs on the regional integration factor in their region. Though the African continent experiences some challenges


to the integration of the region but there have been success stories as well. However based on the analysis thus far, this mini-thesis questions the positive impact that the EPA with the EU will have on regional integration in Africa with main focus on West African region.

4.2 Breakdown of African integration scheme thus far

4.2.1 Brief History of regional integration processes in Africa

Regional integration in the African continent can be traced back to the days of colonisation and also to the times of Pan-African movement which is traced to the eighteenth century when Africans wanted their politically independence and to be free economically.

The Lagos Plan of Action (LPA) and the Final Act of Lagos (FLA) which was established in 1980 were established as a guide for the political and economic development of Africa. This was seen to bring about solution to the challenges that African countries faces then in


291 An example is the establishment of an initiative called the Maputo Development Corridor which was created in the year 1995. The corridor initiative consists of creating and maintaining roads between Mozambique and South Africa. This has helped to increase intra-regional trade in the region and as a result contributed to the economic development of the region. {Wolf S2002 ‘On the determinants of domestic and foreign investment to SADC: what role for regional integration?’ Center for Development Research (2002) 6.Annual Conference 2002, Bonn http://www.tips.org.za/files/579.pdf Accessed on 22 May 2012}.


terms of development. According to Adedeji, the LPA is after regionalism which it seeks to achieve this through six joint mutually inter-reliant processes which consist of integrating production structures, incorporation of infrastructure, conflict resolution between nations, establishing a suitable environment for initiatives, integration of markets and maintaining security and stability between nations. It was declared that the LPA is an expression of the ideal long-term development and integration goal of the Africa continent.

It is vital to mention the Regional Economic Communities (RECs) in Africa that existed before the negotiations of the EPA. Fourteen RECs that existed are Arab Maghreb Union (AMU), East African Community (EAC), Southern African Development Community (SADC), Community of Sahel-Saharan States (CEN-SAD), Inter-governmental Authority on Development (IGAD), Common Market for Eastern and Southern Africa (COMESA), Economic Community of Central African States (ECCAS), Economic community of West African States (ECOWAS), Indian Ocean Commission (IOC), West African Economic and Monetary Union (WAEMU), Central African Economic and Monetary Community (CEMAC), Southern Africa Customs Union (SACU), Mano River Union (MRU) and The Economic Community of the Great Lakes Countries (CEPGL). The Abuja treaty came into effect in May 1994 to succeed the LPA of which the Abuja Treaty was to bring about the establishment of African Economic Community (AEC) to promote Africa’s integration. Only six out of the fourteen RECs were selected to be a building block for AEC. They are the COMESA, AMU, ECCAS, SADC, IGAD and ECOWAS.

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294 This is the system whereby countries share the same views thereby implementing certain preferential policies which will help to promote the exchange of goods and services amongst each other. Lee M The Political Economy of Regionalism in Southern Africa (2003 8. Cape Town: University of Cape Town Press. Lynne Rienner Publishers.


298 See chapter two for profile of ECOWAS.
The Common Market of Eastern and Southern Africa (COMESA)

It was created in 1993 as a successor to Preferential Trade Area (PTA) which have existed since 1981\textsuperscript{299} and it is considered to be the largest REC as it has nineteen members.\textsuperscript{300}

The Arab Maghreb Union (AMU)

It was established in 17 February 1989 in Marrakech and was signed by five countries which are Algeria, Libya, Mauritania, Morocco and Tunisia.\textsuperscript{301} There are no relations between the AMU and the AEC and it has refused to sign AEC’s Protocol on Relations.\textsuperscript{302}

The Economic Community of Central African States (ECCAS)

ECCAS was created in October 1983 and has about eleven members\textsuperscript{303} of which some of the countries have overlapping membership with CEMAC.\textsuperscript{304}

The Southern African Development Community (SADC)

It was created as a development coordinating conference in the year 1980 before it became development community in 17 August 1992 in Namibia.\textsuperscript{305} It consists of fifteen member states which are Angola, Botswana, Democratic Republic of

\textsuperscript{299} COMESA ‘About COMESA’

Available at http://about.comesa.int/index.php?option=com_content&view=article&id=75&Itemid=106


\textsuperscript{300} The members of COMESA are Comoros, Burundi, Democratic Republic of Congo, Egypt, Djibouti, Eritrea, Kenya, Malawi, Rwanda, Ethiopia, Libya, Sudan, Uganda, Madagascar, Seychelles, Mauritius, Swaziland, Zimbabwe and Zambia.


\textsuperscript{303} The eleven members are Angola, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tomé and Principe.


(DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.  

**The Intergovernmental Authority on Development (IGAD)**

IGAD was formed in 1986 and it consists of seven members. IGAD’s goal is to fight drought and desertification.

4.3 Impact of the EPAs on regional integration process of the West African region.

EPAs are perceived to be of support to the regional integration process in West Africa or Africa as a whole and this view was postulated in the Cotonou Agreement where it declares that ‘economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy’. This section of the research critically analyses the EPA impact based on Stevens and Kennan statement that the ‘EPA will have a significant effect but it will be a negative one’. In addition to this, it was derived that the EPAs will ruin integration in Africa and will go as far as to dent Africa’s regional integration attempts in so many ways both now and in the future. The various ways by which EPA could hamper regional integration in Africa will be discussed below.

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308 Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda

309 Article 35.2 of the Cotonou Partnership Agreement.


4.3.1 EPA as hindrance to intra-regional trade

As explained that effective regional integration will bring about an enhancement in trade within Africa.\footnote{Dominique N ‘Boosting Intra-African Trade: What Role for External Trade Regime?’(2012) Available at http://blogs.worldbank.org/africacan/boosting-intra-african-trade-what-role-for-external-trade-regime Accessed on 25 May 2012.} This seems to be almost impossible in the ECOWAS context due to the fact that EPAs can be said to hamper the ECOWAS intra-regional trade.\footnote{Patel M ‘Economic Partnership Agreements between the EU and African Countries: Potential Development Implications for Ghana’ (2007)24 Available at http://www.realizingrights.org/pdf/EPAs_between_the_EU_and_African_Countries_-_Development_Implications_for_Ghana.pdf Accessed on 18 March 2012.} Mandelson the EU commissioner for trade in his words explained that intra-regional trade amongst African nations would bring about less dependence on the EU. He declared that:

[T]he The ACP economies are too small to go it alone and most trade more with Europe than they do with their neighbours. This means that regional integration has potential – joining forces and stepping up economic links. Most ACP countries currently depend on their exports to the EU. Take the case of Ghana: 49% of their exports go to the EU, exports to its neighbour Benin only accounts for 2.6%. In Cameroon, 61% of exports go to the EU, and 55% of imports come from the EU. Eliminating barriers between neighbouring countries and creating real integration would favour trade exchanges and boost economic growth. It would also create bigger markets more attractive to investors and would facilitate trade with landlocked countries.\footnote{Economic Partnership Agreements: Questions and Answers (October 2006).Available at http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130678.pdf Accessed on 25 May 2012.}

In terms of the success of the intra-regional trade in Africa, Mathew explained that even though the level of intra-regional trade is not that high but there have been significant increase over the years. He stated in his book that:

[I]ntra-regional trade in Africa as a share of total foreign trade has traditionally been low compared to other regions. Figures in the early 1990s suggest that the proportion was only 8.4 per cent in 1993 compared with Western Europe (69.9 per cent), Asia (49.7 per cent), North America (33 per cent) and Latin America (19.4 per cent). However, recorded trade underestimates the volume of actual trade and, if proper
account was taken of the size of informal trade, the African numbers would not look so out of line. Furthermore, there is evidence that the importance of intra-regional trade has been steadily increasing in recent years.\textsuperscript{315}

Furthermore to this, the ECOWAS region has experienced steady growth in intra-regional trade.\textsuperscript{316} So this mini-thesis questions the positive impact of the EPA because the agreement requires the liberalisation of trade to the EU over the neighbouring countries in Africa.

Coupled with this is that ECOWAS regions tend to lose out a lot in this reciprocal EPA and this was established in an estimate by Karingi where he expressed his views in terms of increased exports of the EU to ECOWAS that the region of ECOWAS will experience diversion of trade which will be a total of 365 million dollars and about 35.6million of it is regarded as exports that are forgone to the rest of the world from ECOWAS. Ghana and Nigeria is predicted to face the greatest loss in this.\textsuperscript{317} It can be held here that this will bring about a displacement or could disrupt local production due to increase in EU exports realised. Karingi explained that ECOWAS countries will lose out in terms of exports to each other and this is also due to the increase in exports of EU products to the region after the comprehensive EPA must have been signed.\textsuperscript{318} This can be alleged to mean that the EPA with the EU could lead the ECOWAS region and the African continent at large to depend heavily on EU exports and also cause them to limit the goods they produce and those they will trade with in Africa. So it can be concluded here that the EPA will bring about a diversion in goods and services from several African countries then trade with the EU. Due to the fact that there have been an effect on local services it could further worsen by reducing Africa’s and


especially the ECOWAS region’s ability to control foreign investments and bring about hindrance in establishing joint ventures with domestic companies.\footnote{South Centre ‘implications of the EPAs for Africa’ (2012). Available at http://www.southcentre.org/index.php?option=com_content&view=article&id=1429%3Asb52&catid=144%3A south-bulletin-individual-articles&Itemid=287&lang=en Accessed on 23 May 2012.}

\subsection*{4.3.2 EPA as a cause to regional split-ups}

Studies on the effect that EPAs will have on African countries declared that:

\begin{quote}
\end{quote}

Policies and countries within the African continent can be splintered due to fact that countries are beginning to take certain decisions individually in the ongoing EPAs negotiations.\footnote{Custers P ‘Economic Partnership Agreements (EPAs) and Processes of Regional Integration in Africa’ PES-Conference on EPAs (2006). Available at www.petercusters.nl/file/68 Accessed on 23 May 2012.} For example, a split could occur between nations in ECOWAS as an illustration if some countries decide to sign an EPA and some are not willing to sign. The countries that decided to opt out might experience EU imports coming into their markets through nations at their backyard. A clearer scenario will be if as an example as Ghana as entered into the EPA and as Nigeria is still deciding that it doesn’t want to sign the EPA. This might lead to Nigeria facing lots of imported goods from EU coming through Ghana. Nigeria will try to avoid this by opting out of CEN-SAD or according to Stevens, the country could be forced to place strict border barriers in order to eradicate the goods from its territory.\footnote{Stevens C ‘Economic Partnership Agreements and African integration: a help or a hindrance?’ (2005) 4 Available at http://www.acp-eu-trade.org/library/files/Stevens_EN_0905_ODI_EPA-and-African-Integration-Help-or-Hindrance.pdf Accessed on 26 May 2012.} This could be alleged to cause disruption in the regional integration process and lead to expensive rules of origin checks that
will lead to an increase in the barriers instead of decreasing it.\textsuperscript{323} These strict border controls could have a further implication on investment in the region.\textsuperscript{324}

4.3.3 Liberalisation effect as a tool to distort regional integration

Liberalisation effect could also lead to regional splits and this could happen when certain nations within a regional group are keen on eliminating barriers or tariffs to goods entering from its neighbours but certain nations within the same group is not ready to eliminate this tariffs on EU imports which can also be dumped goods and therefore bring about nations within the same zone to split or deter common goals.\textsuperscript{325} It can be argued that poses a negative impact on regional cooperation.

4.3.4 EPAs differentiation of Least developed countries (LDCs) and non LDCs as a tool to hamper integration

The differentiation of the African countries into LDCs and non-LDCs is a vital factor that could hamper regional integration in West Africa. This could happen if some LDCs decide not to enter into the EPA but will prefer to trade under the Everything But Arms (EBA) plan which provides the duty free access to the EU.\textsuperscript{326} Therefore, if it is keen on entering a regional trade treaty with the developing countries in its region, trade diversion effect will occur from EU imports coming into the LDCs and therefore the developing country will


strategies to keep these goods out.\textsuperscript{327} This mini-thesis alleges that this could pose tension in the region instead of integration. The cost of this could be very high and might even be almost permanent.\textsuperscript{328}

4.4 Conclusion

Regional integration process in Africa can be said to be complex and consist of the several issues revolving around it. There is a lot of benefit to be derived by the West African region and Africa as a whole through regional integration and improvement in intra-regional trade will help this process that has been the desire of the region. The benefit to be derived is not only associated to trade but also in investments across the borders of the region. The identification of the need for regional integration by Africa sis bring about the creation of regional communities across the regions and this is perceived to be impressive but there is a need for them to be fused together in order to record an improvement in joint success.

Kwame Osei-Prempeh, a Member of Parliament for Nsuta explains that the EPAs with the EU will cause harm to the region. Kwame stated that:

[I] am more convinced that EPAs stand to knock us back. EPAs stand to harm us... will only benefit our European partners. The ACP must sit up and look at this issue critically.\textsuperscript{329}

In additions to this, African regional market must be well utilized in order for the region to experience industrialization. It is derived that several stakeholders in the African region such as organizations, government and authors have shown signs of discontent with the signing of the EPA due to several which one of it is regional integration. These concerns have been generated in Europe also with the view that EU products will flood the African nations. It is with no doubt that this research expresses that regional integration will be undermined in the West African region and Africa at large and therefore needs to be criticized or questioned.


With a backing to this, Stevens declared that EPAs has ‘considerable destructive potentials’. Also, there are contradictions on the EU’s perception of integration in Africa and what the continent perceives it to be or what they want. Therefore, this raises a conclusion that the EU should change their approach in terms of dealing with the region. There needs to be an existence of an effective regional market before the EPAs are to be considered.

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330 Steven C ‘Economic Partnership Agreements and African integration: a help or a hindrance?’ (2005) 2
Chapter five

5.1 Conclusions

This mini-thesis concentration was to describe the West African region particularly the Economic Community of West African States (ECOWAS) regional group and the European Union (EU)’s negotiation process in the Economic Partnership Agreements (EPAs) perspective. The agreement is one that the concept of reciprocity is incorporated. There is a conclusion that there is an asymmetric of power amongst the two regions negotiating the EPAs with the EU being in total control of the ongoing negotiation. It is hinted that there is an unbalance in terms of the relationship between the EU and the ECOWAS region and this is due to the fact that the EU is dominant in global free trade. EPAs were derived in this mini-thesis to have an objective of promoting regional integration and enhancing the economic development of the African region. However, there has been lots of question as to whether the EPA with the EU will really leave a positive mark on the development and integration area of Africa.

It was noticed that since the post–cold war period, EU has been securing trade relationships with most of the African nations and afterwards it wasn’t long that the EU established trade liberalisation plan with the support of the World Trade Organisation (WTO). There was an observation that the West African country region really found the some of the WTO rules difficult to implement and now the EPA terms is what they have to deal it. In the course of the research, it was realized that some countries in West Africa are refusing to sign the EPA and consequently, the continuous refusal by this countries or the region on some of this terms that will hamper the intra-regional trade depicts that the region is really passionate about the development of the region. In terms of the EPA, ECOWAS wants development to be at the centre of the agreement. Furthermore, this study has analysed how West Africa have worked so diligently to preserve or improve regional integration in the area. An identification of the problems that reveals the defects in the EU’s approach to EPA was depicted. There is a need for all the parties in the EPA to agree over the trade and development terms if regional integration is to be agreed. An EPA must be development friendly and negotiations agreed upon jointly. There arises serious risk to the West African nation’s development if the EPAs are still being negotiated the way they are now. Also this research expresses that if the EPAs

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Refer to section 1.10 in the literature review.
in their present form will not help with the diversification of the Africans production and exportation, this will lead to less defence to imports and also if the EPAs doesn’t bring about solutions to the lack of diversification in terms of production this will bring about protection of products by the African countries.\textsuperscript{332} The Interim EPA (IEPA) signed by Ghana and Ivory Coast has shown the power the EU has on the African countries as it includes several issues that brings about a form of inconvenience and exploitation to the countries. The IEPAs is perceived to be a Trojan horse as it will make the regional attempts of the region almost impossible and also obstruct the progress of the region in creating a common tariff.\textsuperscript{333} This can cause damage to the transformation of Africa.

The signing of the IEPA shows that regional integration is not the EUs priority for the ECOWAS community. The IEPA signed by these two countries contradicts the Cotonou agreement that was established in the year 2000 and it depicts that the EU is after its own interest and not of the region. This observations show that the EU wants this agreement with the ECOWAS region in order to exploit their market and not even considering the poorest of the poor countries.

Although, the research has tried to analyse the potential impact of the EPA on trade and development in the ECOWAS region, it however claims that the enhancement of regional integration is key to the ECOWAS regional development. However, this can be achieved through intra-regional trade. Hence, liberalisation of trade with the EU will thwart the development of the economy. Though, trade liberalisation can be agreed upon to be in association with the regions certain development objectives in order to make sure that poverty is eliminated in the region. Also, in an effort to achieve the Millennium Development Goals (MDGs), liberalisation of trade must not deviate from the regions goals on development. If this is neglected, then the EPAs will bring about an increase in the poverty rate of the region and also leads to rapid underdevelopment. In addition to this, the reduction of tariff to the EU will result to the ECOWAS government to lose out on revenue as this is the one of the source of revenues for most countries and in the West Africa as a whole. Furthermore, the EU needs to set out funds in order address any negative impact of the EPA.

\textsuperscript{332} Refer to section 3.5.1.
\textsuperscript{333} Bagooro S ‘West Africa: EPA Is Detrimental to Ghanaian Businesses, ECOWAS Integration’ allAfrica (September 2011).
Available at \url{http://allafrica.com/stories/201111282198.html} Accessed on 17 May 2012.
implementation. So it is vital that ECOWAS does not rush into this agreement and should buy itself more time in order not to regret the signing of the EPA in the future.

Bringing the research to a conclusion, this mini-thesis agrees with the statement made by Kwame Osei-Prempeh who is a Member of Parliament for Nsuta when he expressed his opinion of the EPAs with the EU. Kwame stated that:

[I] am more convinced that EPAs stand to knock us back. EPAs stand to harm us... will only benefit our European partners. The ACP must sit up and look at this issue critically.\textsuperscript{334}

Finally, it can be concluded based on the research done so far and from various view-points, the EPAs will be detrimental to the regional integration that the African nationals and especially the West African regions have been striving so hard to achieve and also it will leave a negative mark on the trade and economic development of the region.

\textbf{5.2 Recommendations}

The task of finding an answer to the problems that exist due to trade discrepancies between ECOWAS and EU is one that is very challenging.

To start with, the West African region need to find a way to implement the Common External Tariff (CET). This should be done before going into the EPA so as to prevent the EU from hindering the promotion of regional trade due to its EU offers. This is vital to the regional integration goal of the region because the nation’s trade strategy will be in line with the policy of the region.

Also, the overlapping membership of the nations into different groups needs to be addressed in order to have common policies in the region. This will also solve the issue of loyalty to a group rather than having to implement several policies from different groups.

However since most of the countries in the West African region are into several groups and are also confused on which group to belong to, the best option for ECOWAS and other groups will be to join together into one bloc as an answer to the overlapping issue. If the

groups should become one trade bloc, this will make them more focus in terms of negotiating an EPA because the countries all have one goal. If they decide to go into the EPA, it can be renegotiated because of Ghana and Ivory Coast.

In order for the EPAs to work out well, it must make sure that African regional groups market opening be given utmost flexibility and the African region should be given a long time for this act and on an unconditional form.
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Appendix

Appendix 1: EU-27 exports of goods to ECOWAS countries by SITC product groups, in 2010 (EUR million)

<table>
<thead>
<tr>
<th>SITC group</th>
<th>Benin</th>
<th>Burkina Faso</th>
<th>Cape Verde</th>
<th>Gambia</th>
<th>Ghana</th>
<th>Guinea</th>
<th>Guinea-Bissau</th>
<th>Côte d'Ivoire</th>
<th>Liberia</th>
<th>Mali</th>
<th>Niger</th>
<th>Nigeria</th>
<th>Senegal</th>
<th>Sierra Leone</th>
<th>Togo</th>
<th>Total</th>
<th>Share in total EU-27 exports</th>
<th>Share in EU-27 exports to Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>0: Food and live animals</td>
<td>182</td>
<td>51</td>
<td>71</td>
<td>35</td>
<td>222</td>
<td>66</td>
<td>14</td>
<td>308</td>
<td>26</td>
<td>82</td>
<td>70</td>
<td>806</td>
<td>326</td>
<td>19</td>
<td>68</td>
<td>2 348</td>
<td>4.3%</td>
<td>23.4%</td>
</tr>
<tr>
<td>1: Beverages and tobacco</td>
<td>26</td>
<td>20</td>
<td>16</td>
<td>2</td>
<td>39</td>
<td>15</td>
<td>11</td>
<td>85</td>
<td>4</td>
<td>4</td>
<td>24</td>
<td>98</td>
<td>39</td>
<td>5</td>
<td>20</td>
<td>411</td>
<td>1.9%</td>
<td>25.9%</td>
</tr>
<tr>
<td>2: Crude materials, inedible, except fuels</td>
<td>50</td>
<td>7</td>
<td>6</td>
<td>4</td>
<td>102</td>
<td>11</td>
<td>0</td>
<td>22</td>
<td>3</td>
<td>8</td>
<td>15</td>
<td>44</td>
<td>20</td>
<td>6</td>
<td>30</td>
<td>329</td>
<td>0.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>3: Mineral fuels, lubricants and related mat.</td>
<td>610</td>
<td>5</td>
<td>106</td>
<td>4</td>
<td>334</td>
<td>242</td>
<td>7</td>
<td>166</td>
<td>42</td>
<td>5</td>
<td>32</td>
<td>4</td>
<td>457</td>
<td>879</td>
<td>10</td>
<td>87</td>
<td>6 987</td>
<td>9.2%</td>
</tr>
<tr>
<td>4: Animal and vegetable oils, fats and waxes</td>
<td>1</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>40</td>
<td>1.3%</td>
<td>10.5%</td>
</tr>
<tr>
<td>5: Chemicals and related products, n.e.s.</td>
<td>73</td>
<td>100</td>
<td>31</td>
<td>8</td>
<td>291</td>
<td>54</td>
<td>3</td>
<td>267</td>
<td>18</td>
<td>124</td>
<td>82</td>
<td>852</td>
<td>195</td>
<td>27</td>
<td>62</td>
<td>2 188</td>
<td>0.9%</td>
<td>14.6%</td>
</tr>
<tr>
<td>6: Manufactured goods classified chiefly by material</td>
<td>73</td>
<td>34</td>
<td>82</td>
<td>14</td>
<td>295</td>
<td>36</td>
<td>11</td>
<td>205</td>
<td>9</td>
<td>125</td>
<td>30</td>
<td>900</td>
<td>201</td>
<td>14</td>
<td>65</td>
<td>2 094</td>
<td>1.2%</td>
<td>10.5%</td>
</tr>
<tr>
<td>7: Machinery and transport equipment</td>
<td>193</td>
<td>171</td>
<td>123</td>
<td>35</td>
<td>714</td>
<td>121</td>
<td>17</td>
<td>538</td>
<td>594</td>
<td>216</td>
<td>108</td>
<td>2 945</td>
<td>389</td>
<td>84</td>
<td>144</td>
<td>6 392</td>
<td>1.1%</td>
<td>13.0%</td>
</tr>
<tr>
<td>8: Miscellaneous manufactured articles</td>
<td>62</td>
<td>29</td>
<td>42</td>
<td>8</td>
<td>134</td>
<td>27</td>
<td>7</td>
<td>118</td>
<td>8</td>
<td>32</td>
<td>16</td>
<td>416</td>
<td>93</td>
<td>10</td>
<td>23</td>
<td>1 026</td>
<td>0.7%</td>
<td>11.9%</td>
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<tr>
<td>9: Commodities and transactions n.e.c.</td>
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<td>4</td>
<td>5</td>
<td>2</td>
<td>25</td>
<td>1</td>
<td>0</td>
<td>12</td>
<td>8</td>
<td>3</td>
<td>2</td>
<td>102</td>
<td>18</td>
<td>1</td>
<td>9</td>
<td>195</td>
<td>0.5%</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

Appendix 2: EU imports of goods from ECOWAS countries by SITC product groups, in 2010 (EUR million)

<table>
<thead>
<tr>
<th></th>
<th>Benin</th>
<th>Burkina Faso</th>
<th>Cape Verde</th>
<th>Gambia</th>
<th>Ghana</th>
<th>Guinea</th>
<th>Guinea-Bissau</th>
<th>Côte d'Ivoire</th>
<th>Liberia</th>
<th>Mali</th>
<th>Niger</th>
<th>Nigeria</th>
<th>Senegal</th>
<th>Sierra Leone</th>
<th>Togo</th>
<th>ECOWAS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>31</td>
<td>99</td>
<td>36</td>
<td>18</td>
<td>1,458</td>
<td>472</td>
<td>6</td>
<td>3,215</td>
<td>341</td>
<td>27</td>
<td>196</td>
<td>14,592</td>
<td>297</td>
<td>159</td>
<td>221</td>
<td>21,169</td>
</tr>
<tr>
<td>0: Food and live animals</td>
<td>6</td>
<td>9</td>
<td>27</td>
<td>5</td>
<td>1,269</td>
<td>24</td>
<td>0</td>
<td>2,189</td>
<td>14</td>
<td>4</td>
<td>1</td>
<td>570</td>
<td>204</td>
<td>28</td>
<td>28</td>
<td>208</td>
</tr>
<tr>
<td>1: Beverages and tobacco</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>2: Crude materials, inedible, except fuels</td>
<td>19</td>
<td>8</td>
<td>0</td>
<td>4</td>
<td>94</td>
<td>326</td>
<td>5</td>
<td>422</td>
<td>45</td>
<td>12</td>
<td>0</td>
<td>166</td>
<td>37</td>
<td>52</td>
<td>9</td>
<td>1,198</td>
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<td>0</td>
<td>:</td>
<td>0</td>
<td>24</td>
<td>68</td>
<td>:</td>
<td>490</td>
<td>117</td>
<td>0</td>
<td>0</td>
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<td>13,566</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14,265</td>
</tr>
<tr>
<td>4: Animal and vegetable oils, fats and waxes</td>
<td>0</td>
<td>1</td>
<td>8</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>49</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>28</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>193</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>198</td>
</tr>
<tr>
<td>6: Manufactured goods classified chiefly by material</td>
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<td>4</td>
<td>0</td>
<td>25</td>
<td>14</td>
<td>0</td>
<td>52</td>
<td>10</td>
<td>3</td>
<td>0</td>
<td>181</td>
<td>6</td>
<td>67</td>
<td>0</td>
<td>363</td>
<td></td>
</tr>
<tr>
<td>7: Machinery and transport equipment</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>14</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>151</td>
<td>3</td>
<td>1</td>
<td>49</td>
<td>7</td>
<td>6</td>
<td>1</td>
<td>242</td>
</tr>
<tr>
<td>8: Miscellaneous manufactured articles</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
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<td>5</td>
<td>1</td>
<td>2</td>
<td>29</td>
</tr>
<tr>
<td>9: Commodities and transactions n.e.c.</td>
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<td>76</td>
<td>0</td>
<td>1</td>
<td>9</td>
<td>37</td>
<td>:</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>9</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>162</td>
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