



Economic Partnership Agreement (EPA)
Ghana – European Union
A new partnership for Trade and Development

**How can the EPA help
Ghana's sustainable
development?**

April 2014

In the current context of globalization and liberalization of trade, developing country economies, just like those of developed countries, are at a crossroads in their evolution.

To benefit from the increase of trade exchanges and ensure its integration in the global market, West Africa needs to improve its production and competitiveness. To this end, the economies of the region and its member states should no longer be

Ghana – EU EPA in a few words

In accordance with the provisions of the Cotonou Agreement, the countries of the West African region (ECOWAS and Mauritania) agreed with the EU to negotiate an Economic Partnership Agreement, designed as a tool for development and regional integration.

While negotiations for a regional EPA were still on-going, an interim agreement was initialled in December 2007 by Ghana and the EU. This interim agreement allowed Ghana to avoid any disruption of its exports to the EU after 1 January 2008, the end date of the trade provisions of the Cotonou agreement. From 1 October 2014, Ghana will continue to benefit from this market access to the EU only on the basis of the ratification of the interim EPA or the entry into force of the regional EPA.

As is the case for the interim EPA, the regional EPA currently under political validation provides duty-free and quota-free access to the EU market for an unlimited period for all imports originating in Ghana. In return, Ghana and other West African countries gradually liberalize 75% of their imports from the EU over 20 years. This asymmetric and gradual opening of the Ghanaian market to European goods takes into account the different level of development between Ghana and the EU and affords enough flexibility to protect sensitive sectors as well as to preserve fiscal revenues.

Liberalized imports from the EU are mainly goods which are not produced locally, notably inputs used by local industries, such as agricultural inputs, equipment and machinery. Therefore, the elimination of import tariffs will reduce the production

dependent exclusively on exporting commodities, such as oil, cocoa, wood or bananas, but begin to export processed products, with more added value created locally, as well as develop the service activities characteristic of modern economies.

These are precisely the challenges that the West Africa - EU EPA can help to address.

costs of local companies and will also benefit Ghanaian consumers. In order to protect sensitive sectors, a number of agricultural and non-agricultural products, such as chicken, tomatoes, sugar, cereals and flour, frozen fish, tobacco, beer and industrial plastics, have been excluded from liberalization.

In terms of trade volumes, around 35% of EU exports into Ghana are already liberalized or nearly liberalized, de facto leaving only an additional 40% of imports to be liberalized. The reductions of duties will be done gradually over several years to keep the initial revenue loss small and spread the impact over many years.

The EPA also has a chapter on trade defence instruments, which provides for safeguard measures in case of disruption or risk of disruption, a chapter on technical barriers to trade and on sanitary and phyto-sanitary measures to help Ghanaian exporters to comply with international standards, a chapter on trade facilitation, and a dispute settlement mechanism.

Rules of origin in the regional EPA are also very favourable, providing for asymmetry between West Africa and the EU, as well as for very generous cumulation provisions. Further negotiations are also possible on services and trade-related issues.

The development-cooperation dimension of the agreement provides for support aimed at improving the business environment, accelerating regional integration, as well as strengthening and diversifying productive sectors. The agreement also envisages support to address the fiscal impact and related reforms.

How can the EPA help Ghana's sustainable development?

In summary, the objectives of the EPA are simple: increase productive investments and job creation in Ghana and West Africa, and intensify and facilitate trade between Ghana, the region and the EU towards a win-win development relationship.

The EU welcomes the conclusion of negotiations for the regional EPA. Once signed and ratified by all parties, the

regional EPA will supersede the interim EPA. In the meantime Ghana will continue to benefit from the interim EPA until 1st October 2014 and even beyond, if Ghana decides to sign and ratify this transitional agreement. Otherwise Ghana will benefit from the Generalised System of Preferences, which offers a less advantageous level of preferences as shown in the table below.

Table 1: Ghanaian exports to the EU, tariff rates under the EPA and GSP, 2012

	Exports total value EUR million	Tariff rates under the EPA	Tariff rates under GSP
Prepared or preserved tunas and skipjack	116	0.0	20.5
Bananas, fresh (excl. plantains)	35	0.0	19.4
Cocoa paste	161	0.0	6.1
Cocoa butter, fat and oil	77	0.0	4.2
Cocoa powder	30	0.0	2.8
Pineapples	34	0.0	2.3
Other Products	78	0.0	Various
TOTAL	531	0.0	Various

Source: EUROSTAT and the TARIC databases.

Moreover, the EPA provides a stable and predictable trade partnership attractive to investors. As part of the agreement, EPA institutions will be created, which will be the key forum for dialogue between the two parties, comprising of senior representatives

who meet regularly or when required. The regional EPA also contains a joint parliamentary committee and a consultative committee made up of representatives of civil-society and private-sector bodies.

EPA Support

Implementation of EPA (interim or regional) will be a complex process that requires plenty of energy and investment from all Ghanaian and European partners. This is

why Ghana and the EU have decided to combine their efforts to ensure the success of the interim EPA by mobilizing accompanying support:

1. Ghana-EU cooperation in the field of trade support

The EU instruments for development cooperation have already been mobilized for several years in order to prepare Ghana for

EPA implementation. The on-going or future interventions are the following:

<i>Programmes</i>	<i>Implementing bodies</i>	<i>Total (€m)</i>
1 Capacity building for formulating, negotiating and implementing trade policies	Ministry of Trade and Industry (MoTI)	6.30
2 Support to non-traditional exports promotion (Accompanying measures for the Banana sector)	Ministry of Trade and Industry, Companies in Banana sector	7.24
3 Support to Trade Facilitation and Trade Related Infrastructure (roads; customs modernization)	Ministry of Transport, Ghana Highway Authority	123.25
4 National quality infrastructure support	MoTI	8.70
5 Improvement of the business environment and promotion of dialogue between private and public sectors	BUSAC Fund	3.00
Total		148.49

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2. Support to Ghanaian Entrepreneurs and National Product Quality Infrastructure

In order to ensure the success of the EPA, Ghana and the EU aim at creating favourable conditions for Ghanaian entrepreneurs through supporting the following organisations:

- **Ghana Standard Authority (GSA)**, which promotes standardization for the improvement of the quality of goods, services and sound management practices in industries and public institutions in Ghana.
www.gsa.gov.gh
- **National Board for Small Scale industries (NBSSI)** which promotes growth and development of Micro and Small enterprises providing services including business development services.
www.nbssi.org
- **The Business Advocacy Challenge Fund (BUSAC)**, which support efforts aiming at improving the business environment at all levels through advocacy actions.
www.busac.org
- **The Ghana Export promotion Agency (GEPHA)**, which develops and promotes non-traditional Ghanaian exports.
www.gepaghana.org
- **The Food and Drugs Authority (FDA)**, which regulates and controls product safety, quality and compliance with international standards and regulations.
www.fdaghana.gov.gh

Other useful links

EU Delegation to Ghana:

http://eeas.europa.eu/delegations/ghana/index_en.htm

EU-West Africa bilateral trade relations:

<http://ec.europa.eu/trade/policy/countries-and-regions/regions/west-africa/>

Ghana Investment Promotion Centre:

www.gipcghana.com

Centre for the Development of Enterprise (CDE)

www.cde.int

The EU also helps companies in Ghana and other developing regions to export more to the EU through the EU Export Helpdesk website:



Do you want to export to the European Union? Visit the EU "Export Helpdesk":

www.exporthelp.europa.eu

You will find all the practical information you need to export to the EU, including:

- technical standards to comply with, including those relating to health and safety;
- the rules of origin for the inputs you use so that your products can benefit from free access to the EU market;
- Documents to submit with your shipments.

Latest news on EPAs and more details:

- The website of the EU Commission on EPAs:
<http://ec.europa.eu/trade/wider-agenda/development/economic-partnerships/>
- The interim EPA between the EU and Ghana:
http://trade.ec.europa.eu/doclib/docs/2009/june/tradoc_143814.pdf

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