Foreword

In 1976, when Kenya became the first country to sign a National Indicative Programme for co-operation with the European Community under the first Lomé Convention, a partnership was established. Today, the European Union remains a steady and significant supporter of Kenya’s economic and social development and a major partner in the country’s integration into the global marketplace.

The Economic Partnership Agreement (EPA) with the East African Community (EAC) reached a conclusion in October 2014, after 12 years of negotiations. Consequently on 16th October, the EAC initialled an EPA with the EU. Being the only non-Least Developed Country (LDC) in the bloc, Kenya lost its preferential access to the EU market between 1st October and 24th December 2014 when it was reintegrated in the duty-free, quota-free EU trade regime.

The successful conclusion of the EPA negotiations with West Africa, SADC and the EAC are major milestones in EU-Africa trade relations. These balanced and fair agreements will cement the privileged relationship between the EU and its African partners. They ensure the application of a single trade regime with the EU throughout the respective regions and demonstrate EU’s long-term commitment to use trade agreements as an instrument for development, job-creation and growth.

Under the EPA, Kenyan producers will gain better choice and cheaper imported inputs and machinery which will contribute to reduced production costs and lower consumer prices. This is crucial for competitiveness, industrial development and better connection to global value chains.

Moreover, the competitiveness of the EAC industry is much more complex and lies in the ability of the local producers and the governments to address the multidimensional challenges including: barriers to trade, lower transport and communication costs, more value addition for products so as to remain competitive with other producers accessing the EU market without preferences. New trade rules also require producers to comply with higher standards (Environmental, Sanitary and Phyto -Sanitary and labour standards)

Therefore, whilst the EPA provides the basics, its full potential can only be realized through the private sector’s ability to adjust and adopt new approaches to foster competitiveness and governments’ readiness to implement strong, coherent and ambitious economic and social policies.

“EPAs are unique and generous trade and development deals, with a great deal of asymmetry in the commitments and obligations.”

Cecelia Malmström
EU Trade Commissioner
With 500 million consumers, the EU has the world’s third largest population after China and India. The EU’s 2012 GDP of over €12 trillion is the biggest in the world with China and the United States as the EU’s largest trading partners.

Trade, development, and poverty reduction are closely linked. Trade is an engine for global growth as it contributes to long-term jobs creation and export-led policies, instrumental in many countries’ successful development strategies. The EU believes that trade openness can be an important tool to lift developing countries out of poverty and enable them to reap the benefits of globalisation.

Global trade has grown rapidly in the last ten years. Between 1999 and 2008 the value of world trade in goods grew by 73%. Experts estimate that about a quarter of that growth is due to trade policy choices: traditional tariff cuts as well as other measures that reduce non-tariff barriers. The remaining three quarters would be due to the overall economic growth, increased demand, technology, efficiency gains in transport, etc.

**Trade in goods by main world traders, 2012 (Source: Eurostat)**

*Share of national imports in world imports %*

- EU 17%
- Canada 4%
- United States 17%
- China (exc. Hong Kong) 12%
- Japan 6%
- Others 44%

*Share of national exports in world exports %*

- EU 16%
- Canada 3%
- United States 12%
- China (exc. Hong Kong) 14%
- Japan 7%
- Others 48%
DID YOU KNOW THAT:

28
Member States

1. Austria
2. Belgium
3. Bulgaria
4. Croatia
5. Cyprus
6. Czech Republic
7. Denmark
8. Estonia
9. Finland
10. France
11. Germany
12. Greece
13. Hungary
14. Ireland
15. Italy
16. Latvia
17. Lithuania
18. Luxembourg
19. Malta
20. Netherlands
21. Poland
22. Portugal
23. Romania
24. Slovakia
25. Slovenia
26. Spain
27. Sweden
28. United Kingdom

€53B
Amount in development aid that the EU and its member States accounted for in 2011; more than half the total aid from the rest of the world.

1st
Ranking of the EU in both inbound and outbound international investments.

25%
Percentage of world GDP that the EU accounts for with just 7% of the world's population. EU's trade with the rest of the world accounts for around 16% of global exports and imports.

70%
Approximate percentage of the EU's agricultural imports that originate from developing countries. This is more than Australia, Canada, Japan, New Zealand and the USA put together.

80
Countries
The EU is the leading market for more than 80 countries. The EU is one of the most open economies in the world. More than 70% of imports enter the EU at zero or reduced tariff.
Trade statistics EU/Kenya/EAC

Kenya exports to the EU, 2013

Kshs. 100 billion worth of exports to EU, accounting for 20.6% of Kenya’s total exports

Kenya Trade with the World

Total Goods: Top trading partners 2013

<table>
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<tr>
<th>Partner</th>
<th>Value (Mio €)</th>
<th>Share in World (%)</th>
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<th>Value (Mio €)</th>
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Source: Eurostat, IMF

EU exports to Kenya, 2013

Kshs. 188 billion worth of imports from EU, accounting for 12.31% of Kenya’s total imports

Exchange rates at 100Ksh = 1 EUR
Kenya’s export performance remains well below its potential in diversification and value addition for its core export products and destination markets given its agricultural production, size of economy, population, and arable land.

*Source: USAID Kenya Horticulture Competitiveness Project (2015)*
The EAC-EU Economic Partnership Agreement (EPA)

On 16 October 2014, the Eastern African Community (EAC) agreed a region-to-region comprehensive EPA with the EU. The EPA agreement covers goods and development cooperation and includes rendezvous clauses for services and rules chapters. The agreement also contains an extensive chapter on fisheries, mainly aimed at reinforcing cooperation on the sustainable use of resources. The EPA deal is balanced and has what it takes to foster development. It is fully in line with the EAC Common External Tariff and supports the EAC’s ambitious regional integration project.

Since the agreement was not concluded on time, all EAC member States temporarily reverted to the EU’s Generalised System of Preferences, or GSP. The GSP grants total access to EU markets for Least Developed Countries (LDCs) through the Everything but Arms (EBA) initiative, and a more restricted access for Kenya - a non-LDC that had to pay import duties to enter the European market between 1st October and 24th December 2014, when it was reinstated into the Market Access Regulation (MAR).

Whilst the EPA deal was initialled on 16th October 2014, the agreement still needs to be signed (summer 2015) and then ratified by the parliaments of the different jurisdictions. Since Trade is a common policy of the EU, it is the European Parliament that needs to give its consent to the deal before ratification by the 28 Member States. In the EAC, ratification is carried out by the five national parliaments.
The East African Community

East Africa is a geographically and economically homogeneous region committed to regional integration. The East African Community (EAC) consists of Burundi, Rwanda, Tanzania, Uganda (all of which are Least Developed Countries (LDCs)) and Kenya (a non-LDC).

The EAC established a Customs Union in 2005 which was fully-fledged with zero internal tariffs as from 2010. The EAC, in fast-tracking its economic integration process, ratified a more far-reaching common market protocol in July 2010. In November 2013, EAC Members signed a protocol on the monetary union. The integration agenda of the EAC is strongly political in nature as its ultimate goal is to become a federation.

The EAC-EU EPA contains:

- **8 CHAPTERS**
  - General Provisions
  - Trade Regime for goods
  - Fisheries
  - Agriculture
  - Economic and Development Cooperation
  - Areas for Future Negotiations
  - Good Governance in Tax Matters
  - Institutional Arrangements, Dispute Settlement.

- **3 ANNEXES**
  - Customs duties on products originating in the EAC Partner States
  - Customs duties on products originating in the EU Party
  - EAC EPA Development Matrix.

- **2 PROTOCOLS**
  - Concerning the definition of the concept of “originating products” and methods of administrative cooperation
  - On mutual administrative assistance in customs matters.

- **1 JOINT DECLARATION**
  - Declaration on consequences from Customs Union Agreements concluded with the EU

Contained in a document of over 600 pages
Main features of the EPA

- **Duty free quota free access (DFQF)** into the EU for all imports from EAC
- **Asymmetric and gradual opening of the EAC to EU goods**, taking full account of the differences in levels of development between the EAC and the EU
- **Trade defence provisions** with safeguards allowing each party to reintroduce duties if imports of the other party disturb or threaten to disturb their economy and special safeguard conditions to protect EAC infant industry
- **Flexible Rules of Origin** which fully take into account EAC specificities and the needs of its sectors and industries
- A chapter on **customs and trade facilitation** aiming to facilitate trade between the Parties, to promote harmonisation of customs legislation and procedures and to provide support to the EAC’s customs administrations.
- A chapter on **sanitary and phytosanitary measures** aiming, inter alia, to address problems arising from SPS measures, to promote regional harmonisation of measures and to enhance EAC capacity to implement and monitor SPS measures
- An **extensive chapter on fisheries** mainly aiming to reinforce cooperation on the sustainable use of resources including combating illegal, unreported and unregulated fishing
- A reference to **fundamental principles** of the Cotonou Agreement
- A clause allowing **future negotiations** on a number of issues with a view to conclusion within five years from entry into force: on services and other trade related issues (i.e. competition, investment, intellectual property rights, public procurement).
What is the level of reciprocal market opening?

100% MARKET OPENING 🏴󠁧󠁢󠁥󠁮󠁧󠁿 X 82.6% MARKET OPENING 🇰🇪 GRADUAL OVER 25 YEARS

By keeping high import duties on a selection of goods, even after 25 years of progressive opening, Kenya will remain sheltered from many EU imports.

The EU will continue to grant 100% duty free, quota free access (DFQF) to its market for all imports from EAC member countries. Currently, such access is guaranteed by the EU’s Market Access Regulation (MAR) pending signature, ratification and application of the agreed EPA. Once the EPA enters into force, DFQF access will be granted under the EPA as from day one.

The EAC has committed itself to liberalise the equivalent of 82.6% of imports from the EU by value. Under the EAC Customs Union, a major part of these imports (65%) from across the entire world are already duty free. The remainder (15%) will be progressively liberalised within 15 years from entry into force. The additional 2.6% of it will be liberalised by year 25. Thus, the EPA represents a modest effective import liberalisation (17.6%) within the overall figure of 82.6% over 25 years. This allows time for local producers to adjust.

What are the goods excluded from liberalisation

The EAC decided to exclude the following products from liberalisation: various agricultural products, wines and spirits, chemicals, plastics, wood based paper, textiles and clothing, footwear, ceramic products, glassware, articles of base metal and vehicles. All of them represent the most sensitive products for the EAC market. Such goods are thus sheltered from EU competition.

“You worry about a possible inflow of agricultural goods from the EU? You should worry more about the huge amount of manufactured goods imported from India and China at the expense of local manufacturers. This is currently happening without trade liberalization.”

Christophe De Vroey, EU Trade and Communications Counsellor to Kenya
EPA to improve diversification and competitiveness

Despite the fact that Kenya is the most thriving producer and exporter of fresh produce and flowers in sub-Saharan Africa, it is losing its share in the global market.

Kenya’s current export performance is below its potential partly because it has a too limited trading base (over 90% of Kenya’s exports to the EU are agricultural commodities, mainly fresh flowers, peas and beans, coffee and tea). The country should diversify its export portfolio to include commodities that have great potential (e.g. vegetables such as potatoes, carrots or onions and fruits such as pineapple, passion, mango or avocado).

Kenya should expand its variation of crop categories for export but also spread out to new markets: Kenyan exporters tend to rely heavily on two or three markets for the majority of their trades, denoting potential for further diversification relating to destination (within the EU market as well).

Apart from diversification, Kenya’s exports are facing increased competition from producers and exporters of around the world. Indeed, Kenya is not the only country that has a free access to the EU market. The EU has concluded, and is negotiating, various free trade agreements with other partners some of which are direct competitors to Kenya (e.g. Colombia which is a major flower producing country).

In order to keep, or even expand its market share, Kenya needs to address issues that will improve the country’s competitiveness in world markets. Brand differentiation (“made in Kenya”) and local packaging are amongst the first things to do.

Kenya would also need to move up the value-chain. This is not possible without good access to intermediate goods. The EPA ensures that these intermediate goods enter the EAC markets at lower prices. The Rules of Origin also make it easier to source from neighbouring EPA or non-EPA countries, to make a processed product and still export duty-free to the EU.

The EPA is a development-friendly agreement aiming at trade liberalisation and offering a framework to harness regulatory reforms that engage the public and the private sector. The EPA triggers the appropriate policies and reforms, helps EAC countries diversify their economies and attracts investments which boost the trade capacity of the EAC producers. It thus contributes to the general business environment.

The EPA offers a lot of opportunities. It is however up to the private and public sector to reap the benefits offered by complementing with sound reforms to reach the desired diversification and competitiveness.
An example: Kenya flower exports to the EU
70% of Kenya’s total flower production is exported to EU

35%
Kenyan flowers account for 35% of all flower sales in the European Union

66%
17%
12%
5%
Holland
UK
Germany
Others

Source: Kenya Flower Council
Kenya’s horticulture and trade with the EU

It is estimated that over **500,000** Kenyans depend on the floriculture industry and **90,000** of whom are flower farm employees.

Kenya’s floriculture industry exported **125,000** tons in **2013** valued at **$507 million**.

The agriculture sector contributes **25.3%** of Kenya’s GDP, with the flower industry accounting for **1.3%** of the national economy.
EPA and SPS/TBT

Sanitary and Phytosanitary Standards (SPS) are receiving increasing attention within the framework of international trade. SPS measures are meant to ensure that imports do not undermine national health and safety. Goods imported into the EU must meet the EU SPS requirements to protect human and animal health. EU’s SPS measures are transparent and science-based, they are in proportion to the potential risk involved and are equally applied to national and imported products.

The EPA devotes an entire chapter on SPS measures. The Parties agreed to cooperate in helping and facilitating the compliance of the EAC products with formal standards of the EU and other markets. This will include:

- support for harmonization of SPS standards,
- promoting capacity in both public and private sector for sanitary control through development and implementation of quality programmes,
- technical assistance,
- harmonizing appropriate regulatory frameworks and policies between and within the parties, training and information exchange.

The EAC will develop, with the support of the EU, a programme and timetable for harmonising its SPS standards. The EPA also foresees an adequate information exchange system including an early warning system to inform EAC States of EU measures that may affect EAC States’ exports.

Technical regulations (TBT) and product standards vary from country to country. Having many different regulations and standards makes life difficult for producers and exporters. If regulations are set arbitrarily, they could be used as an excuse for protectionism.

The EPA will smooth dialogue and enhance cooperation in such field. Both parties agreed to pool resources and the EU will provide support for capacity building in the fields of standardisation, technical regulations, conformity assessment and metrology.
The EU has a comprehensive food policy that was updated in 2013 – It is available on the net under the title: “From farm to fork: Safe and healthy food for everyone”.

The EU policy safeguards health along the whole ‘agri-food chain’ — every part of the food production process from farming to consumption by preventing food contamination and promoting food hygiene, food information, plant health and animal health and welfare.

Its three general objectives are:
- to ensure that food and animal feed are safe and nutritious;
- to ensure a high level of animal health, welfare and plant protection;
- to ensure adequate and transparent information about the origin, content/labelling and use of food.

Concerns on the presence of pesticides in imports of beans and peas originating from Kenya have been raised over the last years. Several pesticides have been detected in imports of these products at levels above the Maximum Residue Levels (MRLs).

For this reason, beans and peas from Kenya were included in January 2013 in the list of food and feed of non-animal origin subject to an increased level of controls at import. The frequency of control for Kenyan beans and peas is 10% of all consignments. Such measure is not a ban and it does not create import requirements. It is a way to target controls on two commodities for which a possible risk has been identified.

The increased controls have had a serious impact on Kenyan exports to the EU. There has been substantial decline in export volumes, and suppliers have suffered a decrease in income.

To be able to comply with international and EU food safety standards, it is essential that Kenya enhances its national systems to supervise food safety compliance and its ability to fully trace agricultural commodities along the supply chain.

In Kenya, the Standards and Market Access Programme (SMAP), funded with a grant of 12 million EUR from the EU, was recently launched. The project’s overall objective aims at assisting Kenya to minimise risks and hazards related to agricultural products, enhance the quality of local produce and increase the country's export basket. The project is being implemented by three agencies – the Kenya Bureau of Standards (KEBS), the Kenya Plant Health Inspectorate Service (KEPHIS), and the Department of Veterinary Services (DVS).

MRLs are likewise applicable to all food and feeds produced in and imported to the EU. Kenya is not the only country affected by such measures. Currently 17 countries are subject to increase control to verify the MRL of pesticide.
EPA and Rules of origin

Rules of origin are the criteria needed to determine the national source of a product. Their importance is derived from the fact that the 0% duties for EAC imports into the EU depend upon the source of such imports.

The EPA (1st Protocol) improves substantially the rules of origin that were applicable under Cotonou but also those currently applicable under MAR. These rules negotiated with the EAC are tailored to the specific needs of the EAC industry. The EAC producing exporters will benefit from specific rules which in many cases are different from the applicable rules to the EU exports for as long as this is deemed required. This asymmetry will offer an additional protection to EAC producers who will benefit from less stringent rules than the EU producers.

Moreover, the rules of origin of the EPA offer better cumulation provisions. The EAC producers can cumulate with materials supplied by any third country in the world provided that these materials benefit from duty-free access to the EU market when exported directly from that third country. Such materials can enter the EU market duty-free, either on a MFN (Most Favoured Nation) basis or by any preferential arrangement. In the case of FTAs, agricultural products are excluded.

This ‘extended’ cumulation grants the EAC producers access to cheaper and more competitive inputs that will increase their production capacity and competitiveness of their final products for export to the EU market.

In addition, the EPA offers provisions on customs and trade facilitation that are meant to harmonise customs procedures and to offer assistance to EAC customs administrations. This would bring substantial benefits to building an efficient trading bloc and would thus boost the EAC regional integration project.
EPA and Development cooperation

The EU has also made specific commitments to use development cooperation for the development of all sectors, including the agriculture sector, which will benefit EAC local businesses and producers. The programming of this co-operation will respond to EAC Partner State or EAC regional priorities, as defined in their development plans.

The parties to the EAC-EU EPA have agreed on an EAC EPA Development Matrix. The Development Matrix indicates costed priority projects to address the supply side constraints in the region, the envisaged adjustment costs and other trade related infrastructure so as to enable the region to take full advantage of the market access granted by the EU.

The Development Matrix is not part of the EPA agreement. The EU will contribute to the Development Matrix through the European Development Fund (EDF) and Aid for Trade (AfT).

EU Member States agreed in 2013 the overall amount for development cooperation that will be channelled to 78 African, Caribbean and Pacific countries under the so-called 11th EDF during the next financing period 2014-2020 (total amount €29.1 billion).

For the first time, National Indicative Programmes (NIPs) are based on governments’ own policies and strategies reflecting their analysis of needs. They are in line with the EU’s vision for future development cooperation, the “Agenda for Change”, which calls for resources to be targeted where they are most needed and can be most effective. EU funding will focus on a maximum of three sectors per country to achieve maximum impact and value for money of EU cooperation.

The NIP for Kenya under the 11th EDF is EUR 435 million and the sectorial priorities have been defined as Food security and Resilience to climate shocks; Sustainable infrastructure; and Accountability of public institutions.

€435 million
EU development aid to Kenya under 11th EDF (2014-2020)
How long will it take before the agreement is applied?

On the EU side, the process of legal scrubbing has now started. This process is meant to identify any legal deficiencies in the agreed text. Once this is completed, the text would need to be translated in all the 24 official languages of the EU. After that, the Council would have to agree on signing the agreement. Once signature has taken place, the agreement can be concluded by the Council with the consent of the European Parliament. All in all, we would expect that this process will take about a year.

On EAC side, the legal scrubbing should pave the way for the signature (Ministerial level) of the EPA in the summer 2015. A prompt signature of the EPA will secure the ratification of the EPA.

The EU wants the ratification by all parties of EPAs to happen within a reasonable time-frame, as required by the WTO. Speedy ratification of the Agreements also means that businesses have certainty about a stable trading environment sooner rather than later. Legal uncertainty is detrimental to trade relations since businesses would be less willing to enter into commercial relations in such conditions.

How will the implementation of the agreement be monitored?

The EAC-EU EPA agreement sets up two institutions. The EPA Council and the Committee of Senior Officials. The EPA Council is a body at Ministerial level that will meet at least once every two years. It will be responsible for the operation and implementation of the agreement.

The EPA Council shall be assisted by the Committee of Senior Officials which will monitor the agreement at more technical level and implement the decisions taken by the EPA Council. This Committee shall meet once per year unless circumstances require more.

The EPA establishes also a Consultative Committee to promote dialogue and cooperation between the private sector, organisations of civil society and social and economic partners.

Frequently Asked Questions on EPA

Will the EAC economies be able to withstand increased competition from European companies?

Economic structures between EAC and the EU are highly complementary, so most sectors of ACP economies do not compete with EU imports. The EU mainly exports equipment, machinery and fertilizers that are much needed but hardly produced in Kenya. These are important inputs to improve productivity and the capacity of local production to compete against imported products, whether from the EU or from other countries such as China.

In any case, EAC partners have excluded their sensitive products from liberalisation, including mostly agricultural products or products where there is a local manufacturing. For other products, tariffs are phased out very gradually, giving economies the necessary time to adjust, diversify and improve the competitiveness of domestic production. Moreover, if existing or nascent local production or industry is threatened by import surges because of tariff cuts,
specific safeguards and measures allow ACP countries to impose or raise tariffs to protect local producers.

**How will EPAs affect Kenya’s industrialisation?**

EPAs are not at odds with Kenya’s industrialisation objectives, rather the opposite. EPAs are notably meant to help ACP countries produce value-added goods and develop their industrial capacities. EPAs will lower the cost of imported inputs and intermediates, thus lowering production costs. This increases the competitiveness of the local economy to produce for local, regional and international markets and to connect to global value chains. In the global landscape, it is indeed increasingly important to be able to source inputs at competitive prices to join international supply chains and to export competitively. EPAs also offer flexible rules of origin under which firms can easily source inputs from elsewhere without losing their free access to the EU.

Furthermore, guaranteed long-term free access to EU market increases incentives to invest in Kenya competitiveness and in building capacity to meet EU standards. Legal certainty, stability and predictability are indeed among the main concerns potential investors are likely to consider when making location and sourcing decisions. EPAs can thus help attract both domestic and foreign investment to manufacturing sectors and help break the dependence on commodities and low value-added craft industries.

**Will subsidized agricultural products flood EAC markets and jeopardise local production and especially small farmers’ livelihoods?**

This has not occurred and will not occur in the case of any EPA, simply because partner countries can protect sensitive agricultural products from liberalisation, either by excluding them or by imposing safeguard measures where appropriate. EPAs do not tackle domestic subsidies, which the EU considers a multilateral issue. However, in the recently concluded EPA negotiations with West Africa, SADC and EAC, the EU has committed to stop export subsidies on all products exported to EPA destinations. EPAs also involve enhanced policy cooperation and dialogue on agriculture and food security, with commitment to transparency on domestic support to the farming sector. Moreover, EU development assistance with trade capacity building measures supports ACP farming and the farmers’ capacity to comply with the EU sanitary and phytosanitary standards.

Critics of EU’s agricultural subsidies often overlook the radical changes that have taken place in the Common Agricultural Policy (CAP) since the 1980’s. The EU has moved from supporting the production of specific products to supporting farmers – so-called decoupling. The 2013 World Trade Organisation talks in Bali confirmed that the vast majority of CAP subsidies are non-trade distorting (i.e. “Green Box”). Payments made to farmers in EU Member States have no or very marginal impact on their counterparts in ACP countries. Many studies,
including those of the OECD, have indeed shown that the impact of these payments on production is minimal and prices are increasingly reflecting world prices.

**How do EPAs impact ACP regional integration?**

In EPA negotiations, ACP partners decided on their regional configurations – these were not dictated by the EU. Regional integration in the ACP is one of the key objectives of EPAs but EPAs cannot create regional convergence where the regions themselves are not ready or willing.

Many concrete EPA provisions will encourage regional integration, which makes them effective building blocks towards regional or wider integration efforts. Under an EPA, countries in a region liberalise as much of their trade amongst themselves as with the EU. This is a good step towards regional integration and for instance makes it easier to engage in negotiations on African trade agreements. From a regional perspective, it is also significant that under the flexible rules of origin inputs from one country in the region can be incorporated in products made up in another country. Moreover, the EPA’s common provisions on standards and trade facilitation help build a predictable and standardised business environment. This is supported by the EU Aid for Trade targeted to regulatory cooperation and harmonisation.

**Why is the EU imposing disciplines beyond what is required for compatibility with WTO rules?**

The question betrays a lopsided view of WTO compatibility. WTO-compatibility is a benchmark, not a limit. Preferential trade agreements typically contain provisions beyond the scope of the multilateral agenda. This does not mean that they would be incompatible with the WTO. The original vision, as agreed in the Cotonou Partnership Agreement between the ACP and the EU, was to negotiate comprehensive EPAs that use trade to promote development. The past decades had shown that market access for goods alone had not delivered export growth and diversification. EPAs were thus to encompass the liberalisation of services and to strengthen cooperation in trade related areas such as competition, Intellectual Property Rights, Technical Barriers to Trade, Sanitary and Phytosanitary Standards and sustainable development.

The scope of each EPA is mutually agreed between the Parties – it is not imposed by the EU. The EU-CARIFORUM EPA is the most comprehensive one, covering trade in goods, services and investment, sustainable development, as well as trade-related issues. African regions EAC included, in turn, have not yet been ready to negotiate all these issues. The EU has, nevertheless, certain policies and values that it is not willing to compromise, even in EPAs. For instance, it has insisted on a clause referring to the possibility to take appropriate measures, including suspension of trade preferences, where human rights, democratic principles and the rule of law are not respected, as provided for in the Cotonou Agreement. Export duties are another area on which the EU has systematically requested a discipline in EPAs, in line with its general position to reduce and control the use of export restrictions globally. EPAs, however, are very flexible in this regard as they allow African partners to maintain all their existing export duties and to impose new ones for specific development-related reasons, such as industrial development, the protection of infant industry, revenue needs or environmental concerns.
Kenya and the EU

Basic facts about our partner Kenya

Population: 42 million
Surface area: 580,000 sq km
Urban population: 22%
Current GDP: 25 billion euros
GDP per capita: 611.0 euros
Life expectancy at birth: 63 years
Literacy: 85% of total population
Languages: English and Kiswahili


Overview of EU-Kenya Development Cooperation in 2014

It is estimated that the European Union joint financial contribution to Kenya’s development will total over 3 billion euros, exclusive of other forms of financial support such as humanitarian assistance provided, regional programmes including Kenya and private sector financing which bring substantial additional funds to Kenya.

The indicative financial allocations per EU donor for year 2014/2017 are as illustrated below:

Aid distributed by Development Partners for year 2014/2017

- EU: 23%
- UK: 20%
- France: 19%
- Germany: 13%
- Denmark: 10%
- Sweden: 5%
- Italy: 5%
- Netherlands: 2%
- Finland: 2%
UK, France and Germany are the largest European bilateral donors to Kenya. The joint weight of the EU institutions - European Union Delegation (EUD), European Investment Bank (EIB) and ECHO - is also considerable at €205 million with the largest amount coming from long-term loans from the EIB (€101 million).

Looking towards 2014 the EU and its member states are working towards improved aid effectiveness through a more focussed and collaborative approach to the programming of EU development assistance. Benefits of this process expected to accrue to the EU Development Partners (DPs) and GoK are better collaboration and improved division of labour, improved cohesion as an EU Group in its dialogue with the GoK.

Overall a reduction in aid fragmentation and potentially reduction in transaction and administrative costs will be achieved. Through this process the EU and its member states in Kenya are working towards greater alignment with the Kenyan development planning process of the Medium Term Plans (MTP) of Vision 2030 and joint EU strategies resulting from the Joint Programming process are expected to make a substantive contribution to this process.
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