



The Economic Partnership Agreement (EPA)

A New Partnership for Trade and Development

How can the EPA help Ghana's sustainable development?

June 2016

In the current context of globalization and trade liberalization, there are huge opportunities for developing countries to integrate into global markets and to benefit from the increasing global trade flows. Ghana has already been successful in ensuring transformation of products locally and in attracting activities that are part of global value chains. Together with West African countries and

the EU, Ghana has been negotiating the Economic Partnership Agreement (EPA) to ensure its continued favourable access to the EU market. By providing this long-term market access, for instance for manufactured or processed products, with local value addition, the EPA sets incentives for new investments and job creation in Ghana.

The West Africa – 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) decided to negotiate with the EU an Economic Partnership Agreement, designed as a tool for sustainable development, economic growth and regional integration. Negotiations for the regional EPA were concluded in 2014, and the signature and ratification process is currently on-going.

The regional EPA 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 only partially liberalize their imports from the EU and do so over a long period of up to 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 producers, such as agricultural inputs, for instance fertilisers and seeds as well as equipment and machinery needed for manufacturing. Therefore, the elimination of import tariffs will reduce the production 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, goat and swine meat, tomatoes (fresh and prepared), sugar, palm oil, cocoa powder, soap, woven and printed fabrics of cotton, flour, frozen fish, and beer 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 of an economic sector, a chapter on technical barriers to trade and on sanitary and phytosanitary 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, investment and other 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.

In summary, the objectives of the EPA are simple: increase investments and job creation in Ghana and West Africa, and intensify and facilitate trade between Ghana, the region and the EU towards a sustainable economic partnership.

As part of the agreement, EPA institutions will be created, which will be the key forum for dialogue between the two parties, comprising of ministers or 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.

Once the signature and ratification process in West Africa is completed, the regional EPA will replace existing tariff arrangements between Ghana and the EU. An "interim EPA" (i-EPA) was negotiated between Ghana and the EU in 2007 as a stepping stone towards the regional agreement. In the absence of any EPA, the EU's standard scheme for developing countries (GSP) would apply (see below).

Benefits of the EPA market access for Ghana

The EPA provides duty-free quota-free access to the EU market, the world's largest market for imports. The table below highlights the lower tariff rates of the EPA by comparison to the EU's standard scheme for developing countries (GSP)

for some of Ghana's key export sectors. The EPA ensures continued favourable access to the EU market, and will thus make made-in-Ghana products more competitive in Europe, creating decent job opportunities in Ghana.

Table 1: Ghanaian exports to the EU, tariff rates under the EPA and GSP, 2015

	Exports total value EUR million	Tariff rates under the EPA	Tariff rates under GSP
Cocoa paste	191.8	0%	6.1%
Cocoa butter	101.3	0%	4.2%
Prepared skipjack	63.5	0%	20.5%
Prepared tuna	58.9	0%	20.5%
Fresh bananas (excl. plantains)	39.1	0%	127 EUR/1000 kg
Cocoa powder	31.4	0%	2.8%
Pineapples	24.2	0%	2.3%
Yams	13.4	0%	9.5 EUR/100 kg
Vegetable fats & oil (mostly shea butter)	15.5	0%	6.1%
TOTAL	EUR 539.2 Million	0%	Various

Source: EUROSTAT and the TARIC databases.

Support to EPA implementation

Implementation of the EPA will be a long-term process based on commitments from Ghanaian and European partners. Ghana has developed an EPA accompanying measures strategy in line with the West African EPA Development programme to ensure the success of the EPA. Ghana and the EU

have decided to work together by using the EU instruments for development cooperation, which have already been mobilized for several years in order to prepare Ghana for EPA implementation. The current on-going interventions are as follows:

Area of support	Implementing bodies	Total (€m)
Capacity building for formulating, negotiating and implementing trade policies	Ministry of Trade and Industry with TRAQUE	6.3
Support to non-traditional exports in the banana sector	Ministry of Trade and Industry, Companies in Banana sector	7.2
Upgrading road infrastructure and customs administration	Ministry of Transport, Ghana Highway Authority	123.3
Improvement of quality infrastructure and quality standards	Ministry of Trade and Industry with TRAQUE	8.7
Improved access to finance and business development services in an enabling business environment	The Business Advocacy Challenge Fund (BUSAC) Association of Ghana Industries (AGI)	13.4
Total		158.9

For the years 2016-2020, €90 million support for productive investments in agriculture and additional support for trade facilitation, fiscal transition, competitiveness and EPA implementation is foreseen.

Creating an enabling business environment for trade and investment

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
- **Ghana Export promotion Authority (GEPA)**, which develops and promotes non-traditional Ghanaian exports. www.gepaghana.org
- **Food and Drugs Authority (FDA)**, which regulates and controls product safety, quality and compliance with international standards and regulations. www.fdaghana.gov.gh
- **European Business Organisation in Ghana (EBO-Ghana)**, which promotes trade and investment between Ghana and the EU. www.eurboghana.eu

These five organisations are supported through the Trade Related Assistance and Quality Enabling programme (TRAQUE) which aims at facilitating trade and stimulating trade-led pro-poor growth. www.traqueghana.org

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 (GIPC): www.gipcghana.com

- **The Business Advocacy Challenge Fund (BUSAC)**, which supports efforts aiming at improving the business environment at all levels through advocacy actions. www.busac.org

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



The banner features the European Commission logo at the top left. The background is a light blue map of Europe. In the center, there is a dark blue rounded rectangle with the words 'EXPORT HELPDESK' in white, bold, sans-serif capital letters. Below this, a green horizontal bar contains the text 'Your gateway to Europe's market' in white, sans-serif font.

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 regional EPA between the EU and West Africa: <http://eur-lex.europa.eu/legal-content/EN/TXT?uri=CELEX:52014PC0578>

**// The Economic
Partnership
Agreement ensures
continued
favourable access
to the EU market,
encourages new
investment, and
protects jobs in
Ghana. //**

William HANNA,
EU Ambassador in Ghana

The EU is the most important trade partner for Ghana and the leading destination of Ghana's exports.

Ghanaian products most exported to the EU in 2015:

Products	% total	M€
Oil products	31.7	759
Cocoa beans	29.3	701
Cocoa butter/ paste/powder	14.2	341
Prepared or preserved fish	7.1	171
Fruits and nuts	4.4	106
<i>Including bananas</i>	1.6	39
Unwrought aluminium	1.9	45
Oil Seeds and oleaginous fruits	1.6	39
Animal and vegetable fats and oils (all)	1.4	33
Wood and articles of wood	1.3	30
Waste and scrap of copper	1.0	23
Natural rubber	0.9	22
Fish and crustaceans	0.8	18
Vegetable and roots	0.8	20
Others	2.0	47
Total	100	2,394

European products most exported to Ghana in 2015:

Products	% total	M€
Oil products	22.6	689
Machinery and mechanical appliances	15.1	461
Transport equipment	6.8	208
Electrical machinery and equipment	5.9	180
Articles of iron or steel	5.2	159
Pharmaceutical products	3.5	108
Textiles	3.5	106
Others	37.3	1,136
Total	100	3,047

Source : ec.europa.eu/eurostat