



# Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements\*

Summary of key findings, policy recommendations and lessons learned



\*connectedthinking

PRICEWATERHOUSECOOPERS 



## Acknowledgements

**Project Team Manager:** Jochen Krimphoff

**SIA team leader and lead author of this study:** Sarah Richardson (Maeander Ltd.)

### **Core team (alphabetical order)**

The following individuals are (or were) part of the core team at some time during this four-year project:

Arlène Alpha (GRET), Rémy Barbeault (PwC), Nicolas Boudeville (PwC), Anne Chetaille (GRET), Michel Courcelle (Forum pour l’Afrique), Benoît Faucheux (GRET), Adrien Guillemin (PwC), Pierre Habbard (formerly Solagral), Bénédicte Hermelin (GRET), Hubert Kieken (PwC), Patrick Sevaistre (formerly Institut de Prospective Africaine), Olivier Stintzy (Forum pour l’Afrique), and Marie-Cécile Thirion (formerly Solagral).

The authors would like to extend their thanks to the following experts who contributed to the sector studies:

Malwuli Ababio (Forum pour l’Afrique), Mourad Ayouz (CIRED), Reginald Burke (CPDC), Paul Brenton (World Bank), Pierre Castella (formerly Solagral), Prof. Joseph F. Francois (Erasmus University Rotterdam), Prof. Philippe Hugon (University Paris X), Eckart Naumann (TRALAC), Prof. Françoise Renversez (University Paris X), Luc Savard (GREDI), Eckhard Siggel (Concordia University), and Anne Wagner (GRET).

For further information, please visit <http://www.sia-acp.org> or contact:

Jochen Krimphoff  
[jochen.krimphoff@fr.pwc.com](mailto:jochen.krimphoff@fr.pwc.com)

PricewaterhouseCoopers  
Sustainable Business Solutions  
63, rue de Villiers  
F-92208 Neuilly-sur-Seine  
France  
Tel. +33 1 56 57 60 16  
Fax +33 1 56 57 16 36  
[sia-trade@fr.pwc.com](mailto:sia-trade@fr.pwc.com)

Verena Vahland  
[Verena.VAHLAND@ec.europa.eu](mailto:Verena.VAHLAND@ec.europa.eu)

European Commission  
Directorate General for Trade  
Directorate C, Unit D3  
Office CHAR 9/248  
Rue de la Loi 200 Wetstraat,  
B-1049 Brussels  
Belgium  
Tel. +32-2-29-64857  
Fax +32-2-29-21195



**This report was prepared with financial assistance from the Commission of the European Communities. The views expressed herein are those of the auditors France and do not represent any official view of the Commission.**

This report was prepared by PricewaterhouseCoopers Audit France (PwC France) for the European Commission, Directorate General for Trade, in accordance with the terms of reference of specific agreement no. 6 under Framework contract TRADE-02-F03-02\* and our engagement letter signed 31 December 2006.

A draft version of this report was presented to stakeholders in Europe during the EU Civil Society Dialogue meeting organised by the European Commission on 23 March 2007 in Brussels, Belgium. A summary of comments received from stakeholders during the consultation period and how they are addressed in the final version of the report is available on the project website: [www.sia-acp.org](http://www.sia-acp.org). Our report was finalised on 27 April 2007 based on information, which available to us as at that date, and the report was accepted by the Commission on 7 May 2007.

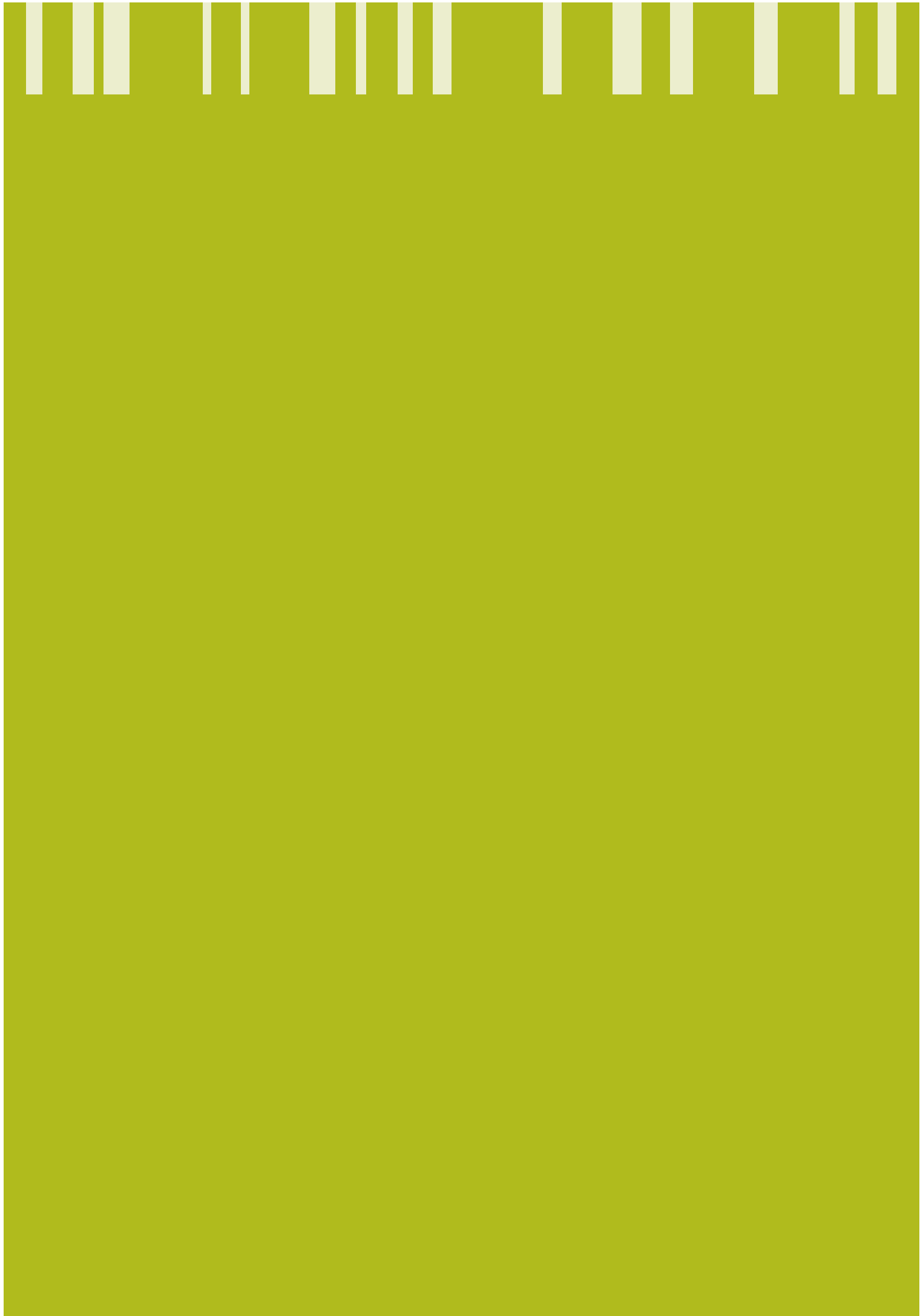
We do not accept or assume any liability or duty of care for any other purpose or to any other party. We shall not be liable in respect of any loss, damage or expense of whatsoever nature which may be caused by any use of this report.

**When referring to or quoting from this document, please use the following reference:**

PricewaterhouseCoopers, “*Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements– key findings, recommendations and lessons learned*”, Paris, PricewaterhouseCoopers, May 2007, 96 pages.

---

\* The terms of reference for this project were published by the European Commission, Directorate General for External Trade, in 2002 under a competitive call for tender. As a result of this call for tender the 5-year framework contract TRADE-02-F03-02 was awarded to PwC France in August 2002.







# Table of Contents

Executive summary .....	9
Note de synthèse .....	23
Introduction.....	39
The approach to the EU-ACP SIA.....	45
The SIA methodology.....	46
Public participation.....	48
Electronic Mechanisms .....	49
Stakeholder Workshops in the ACP Regions.....	49
Meetings in Brussels.....	50
Other Relevant Expert Meetings.....	51
Specialised Interviews and Field Missions.....	51
Regional integration.....	52
Trade measures.....	56
Market access (trade in goods).....	56
Tariffs in the EU.....	56
Tariffs in the ACP countries.....	61
Rules of origin.....	64
Trade in services.....	67
Foreign direct investment.....	71
Standards and accreditation.....	73
Trade facilitation.....	75
Measures to promote sustainability.....	78
Priority needs for diversification and increased value added in production.....	79
Improving data collection and analysis on trade and on sustainability at the national and regional levels.....	81
Capacity building to strengthen human and technical support for sustainability.....	83
Institutional mechanisms and oversight.....	85
Lessons learned.....	88
For conducting SIAs.....	88
For negotiators and other stakeholders.....	90







## Executive summary

This document is a summary of the key findings, policy recommendations and lessons learned, derived from the Sustainability Impact Assessment (SIA) of the negotiations of Economic Partnership Agreements (EPAs) between the European Union (EU) and the Africa, Caribbean and Pacific (ACP) Group of States. It is aimed at trade negotiators and other policy makers in both the EU and in the ACP countries.

The EPAs should be negotiated by 31 December 2007. EPAs aim to promote sustainable development and poverty alleviation. They should be WTO-compatible, but will require a degree of asymmetry in terms of the timetable and extent of tariff dismantling and the scope of the agreements. The ACP countries are relatively weak in terms of their trading position with the EU, are often highly dependent on single commodities, and face challenges related to development. In order to help ACP countries take full advantage of their preferential trading relationship with the EU, the EPAs will have a strong development component. This SIA aims to help ensure that the trade and development fostered by the EPAs support economic, social and environmental sustainability.

The SIA was undertaken over four years, beginning in late 2002. It involved developing a methodology and undertaking case studies in key sectors throughout the ACP, one in each of the six regional negotiating configurations. The methodology involved comparing a baseline scenario with an EPA scenario, and assessing the impact of trade-induced economic change on core economic, environmental and social indicators. For each of the six sector studies, policy recommendations were developed in three general categories: policies related to regional integration, policies that address trade-related measures (aimed at negotiators), and policies to promote sustainability (aimed at a broader range of decision makers).

An important element of the SIA was a strong focus on public participation throughout the process to disseminate information, raise awareness, and increase transparency. This involved the development of a sustained dialogue with stakeholders, in a range of fora, about issues related to sustainability and the EPAs. The team employed electronic mechanisms (through a large data base and a dedicated internet web site), stakeholder meetings in the ACP regions, meetings in the EU with stakeholders and negotiators, other expert meetings, and specialised interviews and field missions.

The SIA has yielded several conclusions and recommendations for negotiators and other stakeholders that can help ensure that the EPAs promote development that supports economic, social and environmental sustainability. Twelve recommendations are highlighted as broadly relevant for the diverse regions and countries of the ACP. Following the recommendations, is a brief summary



of the lessons learned throughout the course of the SIA both in terms of conducting SIAs, and with respect to how it may have already had an impact on stakeholders and trade negotiators.

## Regional integration

**Recommendation #1:  
The EU and ACP countries  
should strive to ensure  
coherence between EPA  
negotiating configurations and  
overlapping efforts at regional  
integration and should ultimately  
pursue, at regional level,  
strategies for the developing  
key economic and industrial  
sectors and for promoting  
sustainability.**

The SIA emphasised regional integration as a means to help ACP countries develop internal markets, address supply side constraints, and take full advantage of the EPAs. Regional integration is a vital tool for providing an economic extension to domestic markets in ACP countries and for reducing the cost of doing business in the ACP regions. Since the domestic markets in ACP countries are, on their own, relatively small and in many instances internationally uncompetitive, the current regional integration initiatives in the ACP regions are a key component in the development of more integrated and competitive markets.

However, there are challenges facing regional integration in the ACP. In all the ACP regions, EPA negotiating configurations are based to a greater or lesser extent on existing regional integration initiatives. One challenge presented by existing regional integration initiatives concerns the overlapping membership among some groups and the additional complication posed by negotiating configurations that are not consistent with existing integration efforts. Challenges to the negotiating process are particularly acute where existing country groupings have, or are working towards, a customs union but where not all members belong to the same EPA negotiating configuration and where there may be overlapping regional trade agreements.

Nevertheless, there is some evidence that the EPAs can play a role in reinforcing or accelerating existing integration efforts. However, regional integration requires attention to institutions and cooperation to provide the building blocks for more efficient regional economies. This includes national institutions and programmes to harmonise national and regional policies to ultimately lower the cost of doing business, making the ACP regions more attractive to domestic, regional and foreign investment, and to assist in bringing about a degree of political convergence. As part of regional integration efforts, the ACP countries should develop regional strategies for their economic and industrial sectors. Regional strategies to promote environmental and social sustainability should also be pursued.



## Trade measures


**Recommendation #2:**  
**All ACP countries should retain duty free and quota-free access to the EU market and access to the EU should be improved for the few products not yet fully liberalised.**

Under the Cotonou Agreement, and previously the Lomé Conventions, the ACP countries have long enjoyed preferential market access to the EU. Market access continues to be a core trade measure under the EPAs. However, the EPA negotiations cover a broader range of trade measures. Working together, the full range of trade measures can help bring about the development opportunities provided by the EPAs to, inter alia, encourage investment outside to traditional resource sectors, diversify exports, and develop an industrial base that encourages transformation and domestic value-added in the ACP countries.

### Market access: tariffs in the EU

The key issue raised in the SIA with respect to market access to the EU relates to maintaining the existing tariff preferences for Least-Developed Countries (LDCs) and non-LDCs alike. With no EPA, LDCs still have duty free and quota-free access to the EU under the “Everything-but-arms (EBA)” initiative. Non-LDCs have the most to lose in the absence of an EPA. However, given existing constraints including low levels of competitiveness, small profit margins and high transportation costs, all ACP countries seek to retain duty free and quota free access to the EU market, and to negotiate such access into the EPAs, or risk becoming less competitive. The sector study on horticulture indicated that without the current tariff preferences, the horticulture sector in Kenya, the regional leader in Eastern and Southern Africa, would collapse. Such a collapse would have serious negative impacts from an economic and social perspective in the short term. Moreover, as the regional leader, Kenya is at the forefront of disseminating best practices and developing codes of conduct for responsible behaviour in the sector, which are being shared with other countries (including LDCs) seeking to enter the sector.

Even under the Cotonou Agreement, there remain some products (mostly agricultural), which are not fully liberalised and where EU tariffs remain. Removing the few remaining EU tariffs could help develop viable processing industries in the ACP countries, help them add value to their production and create employment, including employment for women who tend to dominate employment in the processing sector. However, production and processing industries should be governed by sound environmental and social regulations to help address pollution that might come about as a result of increased economic activity. Moreover, any attempts to pursue “niche” markets (such as organic or fair trade products) would help alleviate environmental stress of economic development, including pressures on land use.



**Recommendation #3: To mitigate potential negative impacts of reciprocity and encourage positive impacts, negotiators should classify some products as “sensitive” and ensure that there is a safeguard provision taking into account the goal of promoting sustainable development.**

## Market access: tariffs in the ACP countries

The key issue with respect to market access to the ACP countries is managing the impacts of reciprocity, particularly with respect to sensitive products. The EPAs require reciprocity, and ACP countries are under pressure to lower import tariffs on substantially all trade, although there is some scope for asymmetry in the final outcome of the EPAs both in terms of what is included, and transitional timelines for liberalisation. Reciprocity is most challenging for countries where EU imports compete with domestic production (and could threaten that production) and where government relies heavily on revenues from import tariffs (and where the removal of tariffs would lead to loss in government revenue). Damage to local production could disproportionately threaten the livelihoods and food security of rural populations.


The SIA indicated that asymmetric tariff reductions should focus on production where existing gains could be most rapidly eroded as a result of full liberalisation, as well as those where the largest losses in government revenue might come about as a result of complete liberalisation. The analysis showed that there is scope for defining “substantially all trade” in a way that allows for the exclusion of sensitive products from liberalisation. Liberalisation at a level of 80 per cent, would allow for the exclusion of several sensitive products. In classifying product as “sensitive” it is vital to develop relevant criteria, which reflect the equally important roles of economic, environmental and social performance in supporting sustainable.

For other products the EPA negotiators should consider the removal of tariffs on machinery, agro-chemicals and other inputs into key processing and manufacturing sectors, replace duty-drawback schemes with zero tariffs, and accelerate tariff reduction for goods that support sustainable development in sectors that will, inter alia, diversify production, and promote vertical integration, processing, and value added.

## Rules of origin

**Recommendation #4: Negotiators should explore policy options to simplify and relax RoO that will encourage increased trade in transformed products.**

Rules of origin (RoO) are typically not a significant issue where exports are made up of primary products and/or where raw materials are wholly obtained in the ACP countries. However, they can play a role when efficient production requires the global sourcing of inputs and participation in global value chains. This is illustrated in the SIA through a case study on the garment industry in Lesotho, where strict RoO prevent the export to the EU of garments produced using non-EU or non-ACP fabric. Where countries or ACP regions lack capacity to produce fabric, or where that production is uncompetitive, and where a domestic garment industry relies on third party sourcing (such as from East Asia), they are unable to export garments to the EU, despite favourable tariff preferences.



Where this occurs, RoO have the effect of requiring more integrated domestic and regional sourcing and production than may be currently economically feasible. Poor transportation networks discourage the regional sourcing of fabrics and developing a domestic textile production requires high levels of investment. Experience shows, that this type of investment can come with high environmental costs, although these can be mitigated through the use of advanced technology and infrastructure.

Existing RoO can also be a factor in the development of primary sectors where unique rules exist, such as in the fishery sector. EU RoO in the fishery sector are complex under the Cotonou Agreement and include a relatively restricted definition of “wholly owned”, along with other restrictions including, inter alia, a high degree of local (or EU) ownership of fleets and nationality of crews. Existing RoO can create obstacles for countries that do not have an established commercial fishing industry, where the structure of the fishery sector is based on vessel-chartering arrangements or joint ventures, for example. In Namibia, the subject of the case study in the SIA, government intervention and domestic policies to promote conservation and national participation (in terms of both ownership and crews) in the fishery, are presented as an example of how ACP countries can effectively comply with EU RoO in this sector.

More relaxed RoO could encourage development through production and transformation directed towards the EU market. Any changes to the existing RoO should take into account regional realities on the ground and should occur in conjunction with improving business contacts, encouraging regional integration, and promoting strategic regional investments to improve the prospects for regional and local sourcing of materials. Such a shift should take into account the social and environmental impacts of increased economic activity, and be pursued in conjunction with policies to promote sustainability.

## Trade in services

Services play a vital intermediate role in economies as a prerequisite for economic performance and development, by contributing to a more efficient business climate for other economic sectors. The sector studies in the SIA that focused primarily on services (tourism services in the Caribbean and financial services in Central Africa) indicated that although the EU market is open, a lack of ability by ACP service providers to penetrate the EU market was linked to the relatively complex regulatory environment in Europe (for financial services, in particular) and to the lack of capacity and experience among potential service providers in the ACP countries. ACP countries typically have very few commitments in the services sector. However, this does not necessarily reflect the practice where often *de facto* liberalisation exists. Codifying this liberalisation through the inclusion of services in an EPA would reinforce the commitments and increase certainty for investors seeking to enter the ACP markets.

**Recommendation #5:  
Negotiators should increase commitments in all categories of services to improve certainty and transparency, encourage trade, and support sustainable development.**



However, increasing commitments in services can present challenges and opportunities for sustainability. While it offers the prospect of creating high levels of employment in sectors such as tourism, there are also dangers associated with increasing commercial presence, uncontrolled development and pollution. On the other hand, the sector study in the Caribbean indicated that increasing levels of commercial presence could also lead to the adoption of codes of conduct to raise standards within the industry and encourage responsible practices. Moreover, an inflow of tourism service providers, through liberalisation in the temporary movement of people as a mode of delivering services, was shown in the SIA to have overall positive impacts for the industry.

Throughout the SIA sector studies, there were perceived benefits to be gained for trade and sustainability by making commitments in several categories of services. Poor transportation linkages contribute to the lack of competitiveness of some ACP countries. Improved intra-regional and international transportation is a key component of improving trade, development and regional integration. Moreover, liberalisation of financial services can increase access to affordable credit, particularly for small and medium sized enterprises, to encourage development. Particular attention was also paid to the development of telecommunications, environmental services, and professional services (such as consulting, certification, and marketing). However, a strong regulatory framework is crucial to ensure that service providers and investors behave in a way that is environmentally and socially responsible. In addition to codes of conduct and voluntary measures, domestic regulations will help provide a stable environment for investment.

## Foreign direct investment

**Recommendation #6:**  
**The EPAs should contribute to a stable climate for FDI and encourage FDI and regional investment that support sustainability through, inter alia, including means of cooperation to achieve compliance with the enforcement of environmental and social regulations at the national level.**

Foreign direct investment (FDI) is a means for delivering development and supporting trade in both goods and services and is vital for development where few local financial resources exist. FDI is generally considered a positive component of the EPAs, holding out the promise of, inter alia, job creation, industrial development, the transfer of skills and knowledge, state-of-the-art technologies and management practices, and upgrading infrastructure. However, within the ACP, there are several obstacles to improving the quantity and the quality of FDI. These include the small size of ACP countries, perceived instability, the concentration of investment in the natural resources sector, and generous incentives, which can undermine the contribution of the FDI to the local economy.

The EPAs can help address these obstacles through, inter alia, encouraging regional integration to help address the small market size of individual ACP countries, promoting a more stable environment for FDI by including rules to



protect investment and improving transparency. However, there should also be protections within the EPAs to help ensure that FDI supports efforts to develop sustainably. This might include a prohibition against lowering environmental and social standards to attract investment, or against providing incentives that ultimately make the investment unsustainable in the long term. Moreover, FDI should be subject to high levels of environmental scrutiny (including sustainability assessment) and governed by mandatory requirements and voluntary codes of conduct that prioritise sustainability.

## Standards and accreditation

**Recommendation #7: EU-ACP cooperation on standards should focus on addressing obstacles to trade, maintaining high levels of protection for consumers and the environment and assisting ACP countries to develop their own national and regional approaches to SPS and TBT.**

Unlike the EU, countries in the ACP tend to have in place few sanitary and phytosanitary (SPS) measures, food safety requirements or technical barriers to trade (TBT). Standards can have a negative economic impact when producers find themselves unable to meet requirements imposed by the EU and private importers in the EU (such as major retail chains) as a result of lack of information, lack of capacity, or lack of testing facilities. Generally, for ACP producers already exporting to the EU, the SIA revealed that SPS measures were not considered to be a major obstacle to trade. On the other hand, TBTs, such as labelling and packaging standards, were considered increasingly to pose challenges. The numbers of standards (both private and public) in some sectors, along with onerous procedures for inspection, were cited as creating costly delays in sectors, such as fresh produce, where the product must reach consumers on a timely basis.

The EPAs can help address constraints through increased cooperation and assistance to ACP countries and regions to develop standards and related bodies. The ACP countries should develop their own standards at the national and regional levels, tailor-made for local priorities and production. Moreover, there are benefits for regional integration brought about by developing SPS, TBT and food safety issues at regional level. Moreover, to help address the issues of inspections development in the ACP would be facilitated by regional initiatives and recognised accreditation bodies. The EPAs can contribute to achieving these goals by encouraging information sharing, capacity building and technical cooperation with the EU.



**Recommendation #8:**  
The EU should engage in ongoing cooperation with the ACP in several areas related to trade facilitation including, inter alia, customs, transportation, technology, business information and human resources.

**Recommendation #9:**  
Development cooperation should focus on priority needs for diversification of production and exports towards higher value-added products, with an emphasis on reinforcing economic and industrial sectors impacted by the EPAs, while ensuring the sustainability of new development.

## Trade facilitation

Trade facilitation involves reducing administrative and regulatory burdens on importers and exporters. Losses that businesses suffer through delays at borders, complicated and unnecessary documentation requirements, and lack of automation of government-mandated trade procedures, can exceed the costs of tariffs. To support trade and development, the SIA identified the need to address trade facilitation, improve capacity and governance, and support weak institutions.

Trade facilitation requires attention to issues such as increasing transparency and access to information (of other countries' importing and exporting regulations), and simplifying and administrative issues associated with customs procedures and other formalities. Streamlining customs procedures, cutting costs and red tape, and improving transit could encourage regional trade. Moreover, advances in trade facilitation will work in synergy with other trade measures, such as investment, to alleviate some constraints on increasing levels of trade between the EU and the ACP, regional integration and south-south trade. Any agreement on trade facilitation can also contribute to a climate that would encourage growth in trade flows, attract investment, and enhance manufacturing.

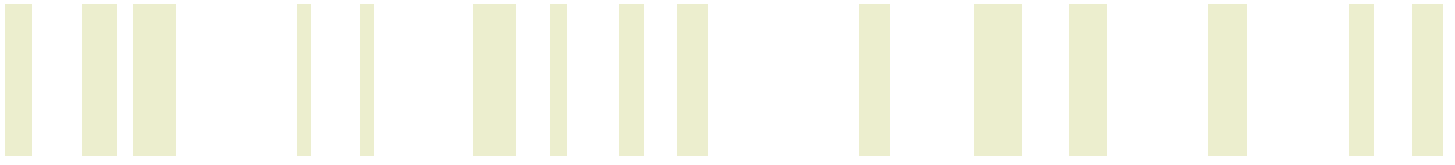
## Measures to promote sustainability

The trade measures discussed in the SIA will not necessarily, alone, promote sustainability or even lead to increased trade. Whether development occurs and whether or not it is sustainable, depends not only on trade, but on a host of other factors, which speaks to the vital importance of the development component of the EPAs. Three areas have been prioritised, where technical assistance and development cooperation in the short term could help ensure that the EPAs encourage trade and development that is sustainable in the long term. Pursuing policies in these areas will involve decision makers throughout relevant government departments and would benefit from input from civil society.

### Priority needs for diversification and increased value added in production

Pursuing value added through increased processing can help countries diversify their economies. However, there are several challenges facing ACP countries seeking to diversify and add value to production. Among the major challenges





are a lack of logistical capacity and a lack of infrastructure. Low levels of trade, regional integration and lack of competitiveness in the manufacturing sector in the ACP countries are the result, in part, of relatively under-developed physical infrastructure. Physical infrastructure such as improved facilities for processing and other factories could improve competitiveness in several sectors. Regional integration and development is also hampered by lack of transportation infrastructure, which negatively affects competitiveness in some sectors.

There are several areas where development cooperation could be focused to support development that promotes diversification and increased value added in production. In addition to transportation infrastructure, this includes, inter alia, technology and capacity to handle waste (including hazardous waste), and to deliver, treat and/or recycle water among other technologies which have been shown to reduce negative environmental impacts of processing. It also includes attention to urban infrastructure, for the development of industrial zones as well as providing basic services to residents and migrant workers and developing basic services to support development, such as telecommunications. However, the SIA suggested that such development should be subject to sustainability assessments that take into account environmental and social impacts and can provide an understanding of the environmental and social infrastructure necessary to accompany industrial development in order to assure its sustainable operation.

## Improving data collection and analysis on trade and on sustainability at the national and regional levels

**Recommendation #10:**  
**Development cooperation should focus on technical assistance to collect information and data on trade and sustainability to support sound policy development.**

The SIA identified the need for access to more reliable data on both trade and on sustainability in the ACP regions to support policy development in both these areas; to develop trade policy and positions and to set priorities for pursuing sustainable development. This is a result of deficiencies in information gathering systems and lack of capacity to improve these systems at the national level and the regional level. Although through existing regional integration initiatives there are efforts to improve data collection at the regional level, this is not necessarily consistent with the EPA configurations, and even where regional integration is relatively well advanced, data collection is poor.

This is an area where technical assistance and support is likely to lead to relatively rapid positive results for both trade and for prioritising vital sustainability issues. Collecting information related to trade could have a positive impact on trade facilitation. Coupled with assistance for equipment purchase and appropriate technical assistance, on an ongoing basis, improved systems could be developed that enhance the trade process, further the objective of economic development in the region and support regional integration. Moreover, improved data will assist future efforts to monitor the implementation of the EPAs.



## Capacity building to strengthen human and technical support for sustainability

**Recommendation #11:**  
Development cooperation should focus on capacity building to promote sustainable development in both the private and public sectors, with an emphasis on training, research and development, and a sound regulatory framework.


Capacity building to strengthen human and technical support for sustainability is important for both the private sector and the public sector. Several examples were raised in the SIA including, inter alia, training and extension services for farmers, training for tourism service providers and assistance developing effective fishery management and conservation regimes. Capacity building and support is also important in the context of disseminating codes of conduct and best practices related to production practices and technologies to support sustainability and training to improve capacity to pursue value-added niche markets in the EU. Moreover, the SIA identified a need to develop human relations and capacity building in the private sector for marketing and networking. Partnerships could be established in the private sector, or in conjunction with the public sector to implement research and development in key sectors to promote sustainability development. The importance of training centres in specific sectors (such as horticulture) was also raised.

In the public sector, a domestic regulatory framework that supports sustainability should be put in place and enforced. This includes, for example, legislation to ensure that FDI and other investment in infrastructure occurs in a way that supports sustainability or, where reciprocity threatens to erode significantly government revenues, countries may need to diversify their sources of revenue and establish realistic, effective and enforceable taxation systems to mitigate any negative fiscal impacts of declining tariffs. In considering the policy framework to support sustainability, countries should consider a mix of command-and-control measures and economic incentives.

## Institutional mechanisms and oversight

**Recommendation #12:**  
A permanent institutional mechanism should be developed to monitor the implementation of the EPAs from the perspective of economic, environmental and social sustainability.

Multi-stakeholder institutional mechanisms are vital for ensuring an integrated approach to future trade negotiations and monitoring the implementation of the EPAs to assess their contributions to economic, social and environmental sustainability. Stakeholders seek to have input into trade negotiations. To do this, where they do not already exist, mechanisms should be established and/or strengthened that encourage transparency and opportunities for dialogue between negotiators and civil society during the process of trade negotiations. Between the parties to the negotiations, trade-related working groups could advance a regulatory dialogue and a cooperative agenda under the EPAs on trade-related issues of common concern such as, for example, trade facilitation and standards and accreditation.



The aim of the EPAs is to promote trade and development that is sustainable. Civil society actors equipped with the appropriate information, knowledge and skill can make effective contributions to ACP-EU cooperation under the EPAs to support sustainability. In the medium and longer terms, this could occur through an effective, multistakeholder monitoring mechanism to follow-up on the implementation of the EPAs. Such follow-up and monitoring could suggest priorities for ongoing development cooperation and provide valuable lessons for future trade negotiations and agreements. The SIA suggested the establishment of a permanent EU-ACP Cooperative Dialogue for Public Participation and Capacity Building for Sustainability to support sustainability under the EPAs on an on-going basis. In cooperation with national and regional authorities, and with a high degree of stakeholder participation, it could, inter alia, compile and disseminate information with regard to trade and sustainable development, coordinate technical assistance in support of sustainability, and develop indicators to monitor the implementation of the EPAs and assess their ongoing contribution to sustainability.

## Lessons learned

In addition to the recommendations, the SIA has yielded several lessons emphasising the importance of developing meaningful connections in the ACP regions and a sustained dialogue with negotiators and stakeholders. It has contributed to the debate surrounding the EPAs for both negotiators and stakeholders and has helped define and/or reinforce the agenda for ACP-EU development cooperation.

With respect to undertaking SIAs in the future, the team has identified several lessons. These include: select sectors based on defined criteria; allow sufficient time and resources to undertake field missions; work in close cooperation with credible and relevant regional organisations; and, maintain flexibility with respect to both the composition of the SIA team and with respect to the consultations. With respect to consultations, large multistakeholder consultations work best in regions with a history of public participation while smaller meetings with like-minded stakeholders or one-on-one interviews may be more effective in regions where there is less trust built up among stakeholders. Consultations are useful throughout the SIA process and should include regular exchanges with negotiators from all parties to the negotiations.

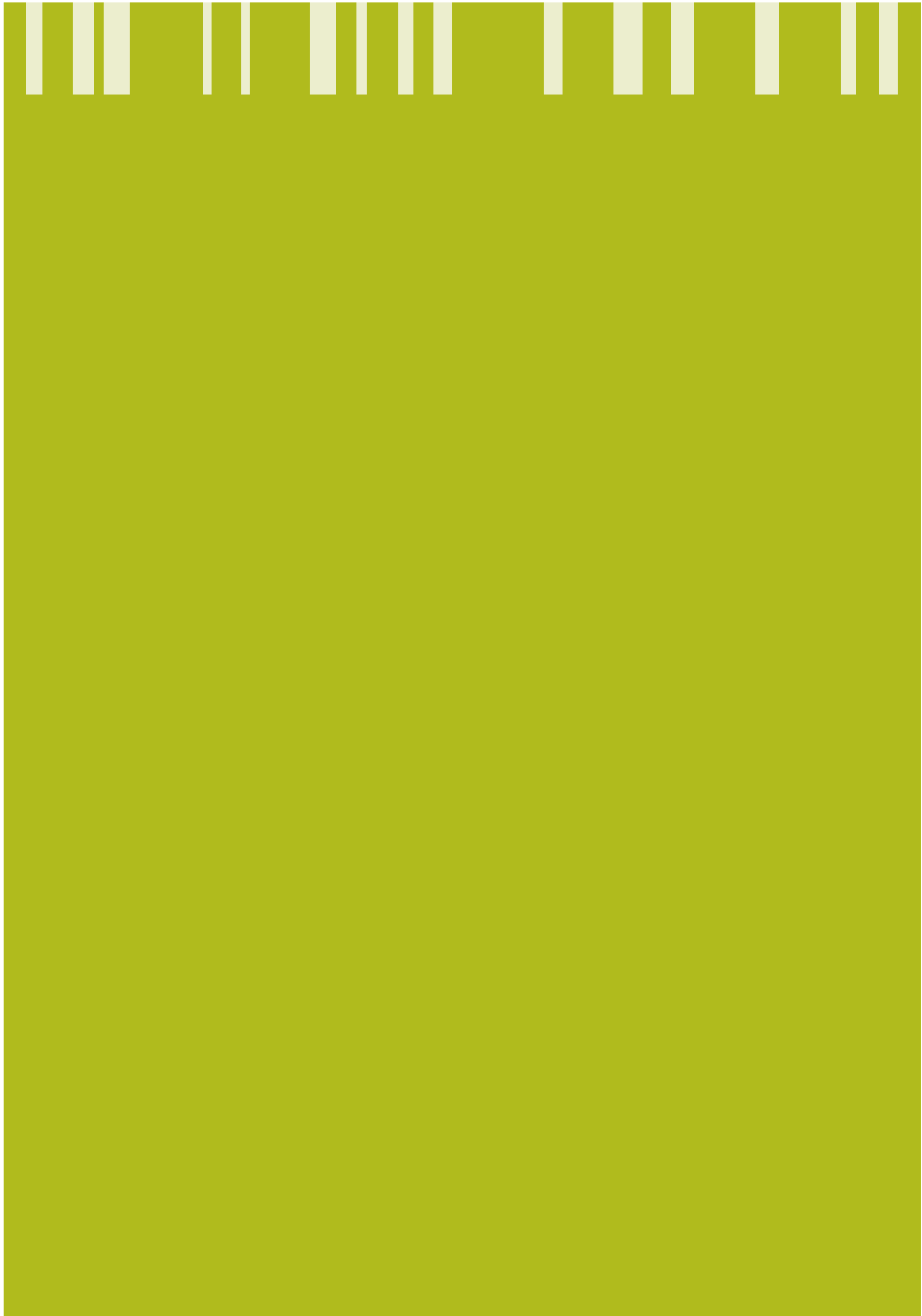
It is difficult to demonstrate a causal link between recommendations made in the SIA and the ongoing ACP-EU negotiations on the EPAs at this stage. In several areas there is some consistency in the SIA with policies being pursued in the negotiations and it is also clear that the SIA has had an influence on the thinking of some negotiators. Moreover, negotiators in the EU have already used the

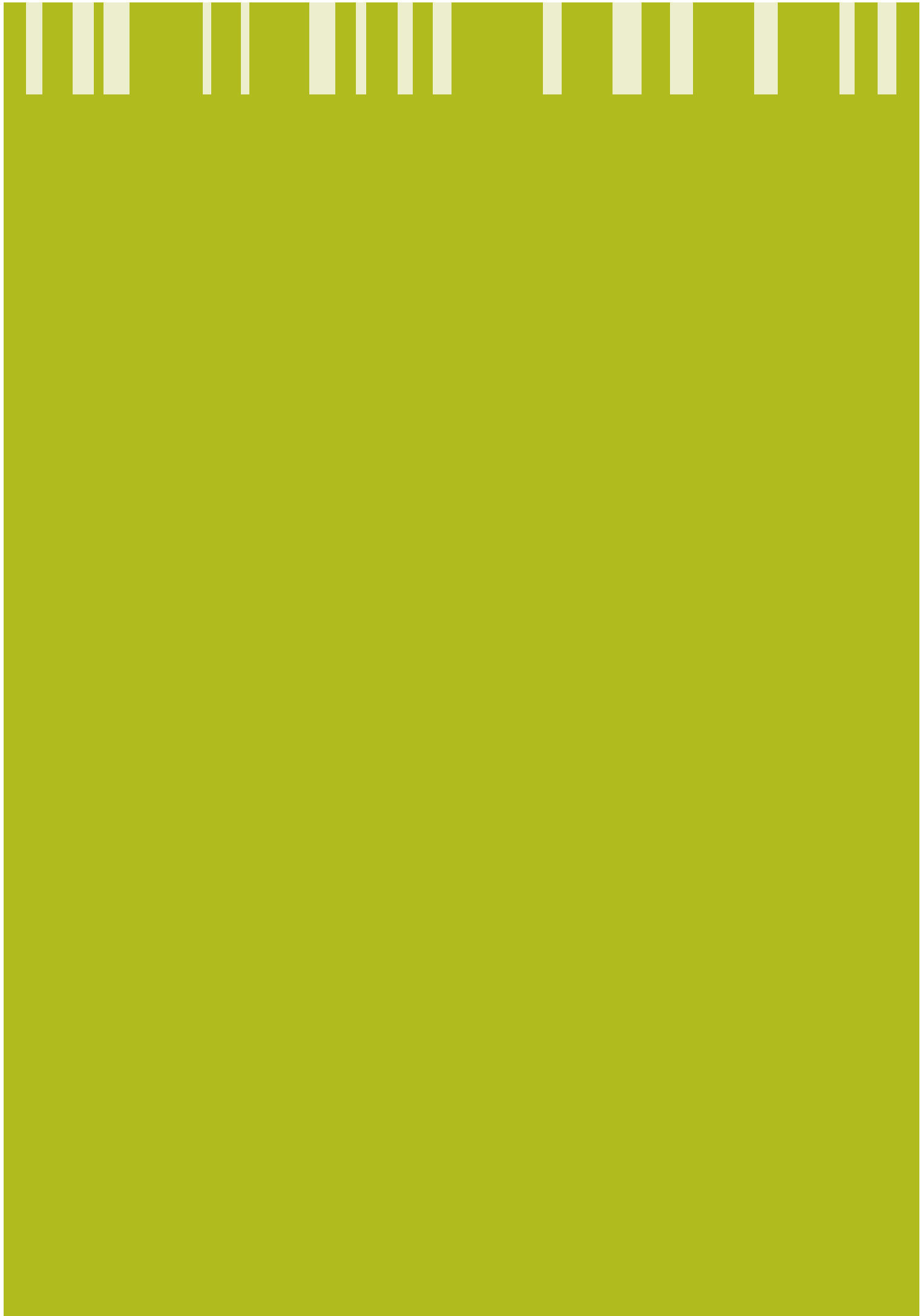
SIA for a variety of purposes including preparing presentations and addressing sustainability elements associated with the EPAs. The SIAs have thus helped raise awareness in areas that are relevant for the negotiations. The studies have also been used by negotiators and stakeholders in the ACP regions as background documents in meetings.

It is also clear that the SIA has served as a vital starting point for identifying issues and mechanisms to encourage the sustainable development component of the EPAs. In some cases the SIA reinforced the importance of, and elaborated on, existing debates, such as the discussion of “sensitive” products. The SIA can help set priorities for trade-related technical assistance and development cooperation. It has also highlighted important issues related to regional integration, including the benefits of supporting a regional approach to policy making, and ensuring the general compatibility of trade rules to promote regional integration and the effective operation of those rules.

The SIA has inspired debate and has been part of the discussion among negotiators and stakeholders from civil society. The SIA process has already been useful to increase awareness, engage stakeholders, increase transparency and raise the level of the dialogue and encourage discussion both in the EU and at workshops in the ACP regions.










## Note de synthèse

Ce document est une synthèse des principaux résultats, recommandations de politique et enseignements tirés de l'évaluation de l'impact sur le développement durable (EIDD) des Accords de partenariat économique (APE) entre l'Union européenne (UE) et les pays d'Afrique, des Caraïbes et du Pacifique (ACP). Il a été élaboré à l'intention des négociateurs commerciaux et d'autres décideurs des pays ACP et de l'UE.

La conclusion des négociations des APE est fixée au 31 décembre 2007. Les APE visent un développement durable et la réduction de la pauvreté. Ils devront être compatibles avec les règles de l'OMC, mais demanderont un certain degré d'asymétrie au niveau du calendrier, de l'ampleur des réductions tarifaires et du champ d'application de ces accords. Les pays ACP sont dans une position commerciale relativement faible vis-à-vis de l'UE, dépendent souvent d'un seul produit de base et ont à relever des défis au niveau du développement. Pour aider les pays ACP à pleinement tirer parti de leur relation commerciale préférentielle avec l'UE, les APE comporteront un volet développement important. L'objectif de l'EIDD est de s'assurer que le commerce et le développement renforcés par les APE permettront un développement durable d'un point de vue économique, social et environnemental.

L'EIDD a été entamée il y a plus de quatre ans, fin 2002. Elle consistait à élaborer une méthodologie et à mener des études de cas dans des secteurs clés de l'ensemble des ACP, une dans chacune des configurations régionales de négociation. La méthodologie consistait à comparer un scénario de base avec un scénario APE, et à évaluer l'impact de modifications économiques générées par le commerce sur les principaux indicateurs économiques, environnementaux et sociaux. Chacune des six études sectorielles a permis de dégager des recommandations politiques dans trois catégories générales : les politiques concernant l'intégration régionale, les politiques portant sur les mesures commerciales (pour les négociateurs), et les politiques pour promouvoir un développement durable (pour un ensemble plus large de décideurs).

Tout au long du processus, l'EIDD a fortement mis l'accent sur la participation publique, pour diffuser les informations, sensibiliser aux enjeux en matière de développement durable et améliorer la transparence. Ceci impliquait d'établir un dialogue durable avec les parties prenantes, dans le cadre d'une série de forums portant sur des questions liées au développement durable et aux APE. L'équipe a utilisé des moyens électroniques (avec une base de données importante et un site web dédié), en organisant des réunions avec des parties prenantes dans les régions ACP, des réunions dans l'UE avec les parties prenantes et les négociateurs, d'autres réunions d'experts et en pratiquant des interviews spécialisées et des missions sur le terrain.



L'EIDD a permis de dégager plusieurs conclusions et recommandations à l'intention des négociateurs et d'autres parties prenantes, permettant de s'assurer que les APE encouragent un développement durable en termes économiques, sociaux et environnementaux. En découlent douze recommandations considérées comme s'appliquant de façon générale aux diverses régions et pays des ACP. Les recommandations sont accompagnées d'une brève synthèse des enseignements tirés tout au long de l'EIDD, tant sur la façon de mener des EIDD que sur la façon dont elles ont déjà pu avoir un impact sur les parties prenantes et les négociateurs commerciaux.

## Intégration régionale


**Recommandation N°1 :  
Les pays de l'Union  
européenne et des régions  
ACP devraient chercher  
à assurer une cohérence  
entre les configurations de  
négociation des APE et les  
efforts d'intégration régionale  
existants et devraient adopter  
des stratégies régionales  
pour développer les secteurs  
économiques et industriels  
et viser un développement  
durable.**

L'EIDD souligne l'importance de l'intégration régionale pour aider les pays ACP à développer leurs marchés internes, à répondre aux contraintes de l'offre et à profiter pleinement des APE. L'intégration régionale est un outil essentiel pour l'extension économique des marchés domestiques des pays ACP et pour réduire le coût des activités commerciales dans les régions ACP. Comme les marchés domestiques sont en eux-mêmes relativement petits et souvent peu compétitifs sur le plan international, les initiatives actuelles d'intégration régionale sont un élément important pour le développement de marchés plus intégrés et plus compétitifs.

Cependant, l'intégration régionale dans les pays ACP se trouve confrontée à des défis. Dans toutes les régions ACP, les configurations de négociation des APE sont plus ou moins fondées sur les initiatives régionales d'intégration qui existent. Un des défis posés par les initiatives d'intégration régionale concerne l'appartenance d'un pays à plusieurs groupes déjà existants, et le fait que les configurations de négociation ne sont pas forcément cohérentes avec les efforts d'intégration existants. Les enjeux sont particulièrement pointus pour le processus de négociation là où les groupes actuels de pays ont œuvré ou œuvrent à la création d'une union douanière, où tous les membres n'appartiennent pas à la même configuration de négociation des APE et où il pourrait y avoir des accords commerciaux régionaux qui se superposent.

Il s'est néanmoins avéré que les APE peuvent jouer un rôle dans le renforcement ou l'accélération des efforts actuels d'intégration. L'intégration régionale implique de s'intéresser aux institutions et d'instaurer une coopération pour fournir les éléments de base nécessaires à des économies régionales plus efficaces. Cela demande des institutions nationales et des programmes pour harmoniser les politiques régionales et nationales afin de réduire le coût des activités économiques, et de permettre aux régions ACP d'attirer l'investissement national, régional et étranger, et d'encourager une certaine convergence politique. Dans le cadre des efforts d'intégration régionale, les





pays ACP devraient élaborer des stratégies régionales pour leurs secteurs économiques et industriels. Il faudrait également des stratégies régionales pour promouvoir un développement durable d'un point de vue environnemental et social.


## Mesures commerciales

Dans le cadre de l'Accord de Cotonou, et auparavant des Conventions de Lomé, les pays ACP ont longtemps bénéficié d'un accès préférentiel au marché de l'UE. L'accès au marché reste une mesure commerciale fondamentale dans le cadre des APE. Cependant, les négociations APE couvrent une gamme plus large de mesures commerciales. Prises ensemble, les mesures commerciales peuvent aider à concrétiser les opportunités de développement offertes par les APE pour, entre autres, encourager l'investissement en dehors des secteurs de ressources traditionnels, diversifier les exportations et créer une base industrielle qui favorise la transformation et offre une valeur ajoutée au niveau national dans les pays ACP.

### Accès au marché : Droits de douane dans l'UE

**Recommandation N°2 :**  
**Tous les pays ACP devraient conserver un accès au marché de l'UE sans droit de douane ni contingent tarifaires et il faudrait améliorer l'accès au marché de l'UE pour les quelques produits qui ne bénéficient pas encore d'une libéralisation complète.**

Concernant l'accès au marché de l'UE, le point crucial soulevé par l'EIDD est le maintien des préférences tarifaires actuelles pour les pays les moins avancés (PMA) comme pour les non PMA. Sans APE, les PMA conservent l'accès aux marchés de l'UE, sans droit de douane et sans contingent dans le cadre de l'initiative « Tout sauf les armes » (TSA). Sans APE, les pays non PMA sont ceux qui auraient le plus à perdre. Cependant, étant données les contraintes actuelles, notamment les faibles niveaux de compétitivité, les faibles marges de bénéfice et les coûts de transport élevés, tous les pays ACP cherchent à conserver un libre accès au marché de l'UE et à le négocier dans les APE, au risque sinon de devenir moins compétitifs. L'étude sectorielle sur l'horticulture indique que sans les préférences tarifaires actuelles, le secteur de l'horticulture au Kenya, leader régional en Afrique orientale et australe (AfOA), s'écroulerait. Une telle situation aurait, à court terme, de sérieuses répercussions négatives sur le plan économique et social. De plus, en tant que leader régional, le Kenya est bien placé pour diffuser les meilleures pratiques et élaborer des codes de bonne conduite dans le secteur, que partagent d'autres pays (notamment les PMA) cherchant à développer leur secteur horticole.



Même dans le cadre de l'accord de Cotonou, il reste quelques produits (en majorité agricoles) qui n'ont pas encore fait l'objet d'une libéralisation complète (en majorité des produits agricoles), et pour lesquels l'UE maintient un droit de douane. Éliminer les quelques droits restants de l'UE pourrait permettre de développer des industries de transformation viables dans les pays ACP, d'apporter une valeur ajoutée à leur production et de créer des emplois, notamment pour les femmes qui ont tendance à être majoritaires dans le secteur de la transformation. Cependant, les industries de production et de transformation devraient être régies par de solides réglementations environnementales et sociales pour s'attaquer aux impacts environnementaux qui pourrait découler d'un accroissement de l'activité économique. De plus, la recherche de marchés de niche (comme les produits biologiques ou de commerce équitable) permettrait de réduire la contrainte environnementale du développement économique, notamment les pressions sur l'utilisation des sols.

## Accès au marché : droits de douane dans les pays ACP

**Recommandation N°3 :**  
**Pour limiter les impacts négatifs potentiels de la réciprocité et encourager les impacts positifs, les négociateurs devraient classer certains produits dans la catégorie des produits « sensibles », et s'assurer qu'il existe une disposition de garantie adéquate tenant compte des enjeux du développement durable.**

Concernant l'accès aux marchés des pays ACP, l'important est de gérer les effets de la réciprocité, en particulier au niveau des produits sensibles. Les APE exigent une réciprocité, et les pays ACP doivent réduire les droits de douane sur une part substantielle des échanges, en dépit d'une certaine possibilité d'asymétrie dans le résultat final des APE, tant au niveau du contenu que du calendrier de transition vers la libéralisation. La réciprocité est un enjeu plus important pour les pays où les importations de l'UE font concurrence à la production nationale (et pourraient la menacer) et où le budget gouvernemental dépend fortement des recettes douanières (et où l'abolition des droits de douane entraînerait une perte de revenus pour le gouvernement). Les dégâts sur la production locale pourraient peser de façon disproportionnée sur les moyens de subsistance et la sécurité alimentaire des populations rurales.

L'EIDD indique que l'asymétrie de réduction tarifaire devrait être concentrée sur les productions menacées par une libéralisation complète. L'analyse montre la nécessité de couvrir « l'essentiel des échanges » tout en offrant la possibilité d'exclure des produits sensibles de la libéralisation. Une libéralisation à 80 pour cent permettrait d'exclure plusieurs produits sensibles. Dans le choix des critères pour décider si un produit est considéré comme « sensible » ou non, il est essentiel de tenir compte non seulement des enjeux économiques, mais aussi des impératifs environnementaux ou sociaux du développement durable.

Pour d'autres produits, les négociateurs des APE devraient envisager l'élimination des droits de douane sur les machines, les intrants agricoles et autres dans les principaux secteurs de fabrication et de transformation, remplacer les mécanismes de remboursement des taxes à l'importation par



des droits de douane nuls, et accélérer la réduction des barrières tarifaires pour les biens favorisant le développement durable dans des secteurs qui entre autres, diversifieront la production et encourageront l'intégration verticale, la transformation et la valeur ajoutée.

## Règles d'origine

**Recommandation N°4 :**  
**Les négociateurs devraient étudier des options politiques pour simplifier et assouplir les règles d'origine et qui encourageront des échanges plus importants de produits transformés.**

Les règles d'origine (RO) ne sont en général pas un problème important dans les pays où les exportations sont des produits primaires et/ou lorsque les matières premières sont entièrement produites dans les pays ACP. Néanmoins, elles peuvent jouer un rôle lorsque l'obtention d'une production efficace implique de sélectionner des intrants au niveau mondial et d'appartenir à des filières mondiales. Ceci ressort clairement dans l'EIDD grâce à une étude de cas sur l'industrie textile au Lesotho où des RO strictes empêchent l'exportation vers l'UE de vêtements produits au Lesotho, à partir de tissu non UE ou non ACP. Si les pays ou les régions ACP qui n'ont pas la capacité de fabriquer des tissus, si cette production n'est pas compétitive, ou s'ils dépendent de fournisseurs d'un pays tiers (comme l'Asie de l'est), ils ne peuvent pas exporter des vêtements vers l'UE en dépit de préférences tarifaires favorables. Ici, les RO ont pour effet d'exiger une fourniture de matières premières nationales ou régionales plus intégrées que ce qui est actuellement économiquement possible. La médiocrité des réseaux de transport décourage l'établissement de sources d'approvisionnement régionales de tissus, et la création d'une production textile nationale demande des investissements importants. L'expérience montre que ce type d'investissement peut s'accompagner de coûts environnementaux élevés que l'utilisation d'une technologie et d'une infrastructure de pointe pourrait limiter.

Les RO existantes peuvent également intervenir dans le développement de secteurs primaires où prévalent des règles spécifiques, comme le secteur de la pêche. Dans ce secteur, les RO de l'UE précisées dans l'Accord de Cotonou sont complexes dans le cadre de l'Accord de Cotonou, et incluent une définition de la « pleine propriété » des entreprises relativement restreinte, à laquelle s'ajoutent d'autres contraintes comme notamment un niveau de propriété locale (ou de l'UE) élevé des flottes et de la nationalité de l'équipage. Les RO existantes peuvent créer des obstacles pour les pays n'ayant pas d'industrie de pêche commerciale bien établie, où la structure du secteur de la pêche est basée par exemple, sur des accords d'affrètement pour les navires ou des co-entreprises. En Namibie, le pays étudié dans le cadre de l'EIDD, l'intervention du gouvernement et les politiques nationales pour promouvoir la conservation et la participation nationale (en termes de propriété et d'équipages) dans la pêche, sont utilisées comme exemple, pour montrer comment les pays ACP peuvent se conformer efficacement aux règles d'origine de l'UE dans ce secteur.



Des RO plus flexibles encourageraient le développement au travers d'une production et d'une transformation orientées vers le marché de l'UE. Toute modification aux RO existantes devrait tenir compte des réalités économiques sur le terrain et devrait se faire tout en améliorant les contacts d'affaires, en encourageant l'intégration régionale et les investissements régionaux stratégiques pour accroître les possibilités de sélection de fournisseurs régionaux et locaux de matières premières. Un tel tournant devrait tenir compte des effets sociaux et environnementaux d'un accroissement de l'activité économique, et être accompagné de politiques pour promouvoir un développement durable.


## Le commerce des services

**Recommandation N°5 :**  
**Les négociateurs devraient accroître les engagements dans les catégories de services analysés dans l'EIDD pour améliorer la confiance et la transparence, encourager les échanges et soutenir le développement durable.**

Les services jouent un rôle d'intermédiaire crucial dans les économies en tant que condition préalable au développement et à la performance économique, en contribuant à instaurer un climat d'affaires plus efficace pour les autres secteurs économiques. Les études sectorielles dans l'EIDD, essentiellement axées sur les services touristiques dans les Caraïbes et les services financiers en Afrique centrale indiquent que bien que, le marché de l'UE soit ouvert, les fournisseurs de services ACP n'arrivent pas à pénétrer le marché de l'UE. Cette incapacité est liée à l'environnement réglementaire européen relativement complexe (notamment pour les services financiers) et à l'absence de capacité et d'expérience chez les fournisseurs potentiels de services des pays ACP. Les pays ACP ont de façon générale peu d'engagements de libéralisation dans le secteur des services. Cependant, ceci ne reflète pas nécessairement la réalité, car la libéralisation existe *de facto*. La codifier en intégrant les services dans un APE renforcerait les engagements et accroîtrait la confiance des investisseurs cherchant à entrer sur les marchés ACP.

Cependant, des engagements plus importants dans les services peuvent impliquer des enjeux et des opportunités pour le développement durable. Les perspectives de créations importantes d'emplois dans des secteurs comme le tourisme s'accompagnent également de risques liés à une présence commerciale plus importante, à un développement et à une pollution non maîtrisés. Par ailleurs, l'étude sectorielle dans les Caraïbes indique qu'une plus forte présence commerciale pourrait aussi entraîner l'adoption de codes de conduite pour améliorer les normes dans l'industrie touristique et encourager les pratiques responsables. De plus, l'EIDD a montré que l'arrivée de fournisseurs de services dans le tourisme au travers d'une libéralisation de la liberté de circulation temporaire des personnes (qui est un mode de fourniture de services) pour fournir des services, avait dans l'ensemble des impacts positifs sur ce secteur.

Toutes les études sectorielles de l'EIDD donnent un aperçu des avantages pour le commerce et le développement durable de la réalisation d'engagements dans




diverses catégories de services. Des liaisons de transport médiocres contribuent à l'absence de compétitivité de certains pays ACP. L'amélioration du transport intra-régional et international est un élément essentiel pour l'amélioration du commerce, du développement et de l'intégration régionale. En outre, la libéralisation des services financiers peut permettre d'avoir plus facilement accès à un crédit abordable, notamment pour les petites et moyennes entreprises, favorisant le développement. Une attention particulière a également été apportée au développement des télécommunications, de services environnementaux et professionnels (comme le conseil, la certification et le marketing). Cependant, il est essentiel de disposer d'un cadre réglementaire solide pour s'assurer que les fournisseurs de services et les investisseurs se comportent de façon responsable sur le plan social et environnemental. Des réglementations nationales ajoutées aux codes de conduite et aux mesures volontaires contribueront à offrir un environnement stable pour l'investissement.

## Investissement direct étranger

**Recommandation N°6 :**  
**Les APE devraient contribuer à créer un climat stable pour les IDE et encourager les IDE et les investissements régionaux qui soutiennent le développement durable au travers, entre autres, de mécanismes de coopération pour assurer que les investisseurs se conforment aux réglementations environnementales et sociales.**

L'investissement direct étranger (IDE) est un moyen de créer le développement et de soutenir le commerce des biens et des services et est essentiel pour le développement là où les ressources financières locales sont limitées. L'IDE est en général considéré comme un élément positif des APE, porteur, entre autres, d'une promesse de création d'emplois, de développement industriel, de transfert de compétences et de connaissances, de technologie de pointe et de pratiques de gestion, et d'amélioration de l'infrastructure. Cependant, il existe à l'intérieur des pays ACP divers obstacles à l'amélioration de la qualité et de la quantité de l'IDE, parmi eux, la petite taille des pays ACP, l'instabilité perçue, la concentration des investissements dans le secteur des ressources naturelles, et des incitations financière ou fiscales qui peuvent saper la contribution de l'IDE à l'économie locale.

Les APE peuvent aider à surmonter ces obstacles en encourageant entre autres, l'intégration régionale pour dépasser la petite taille des marchés des pays ACP individuels, un environnement plus stable pour l'IDE avec des règles pour protéger les investissements et améliorer la transparence. Cependant, les APE devraient également contenir des protections pour s'assurer que l'IDE soutient les efforts en faveur d'un développement durable, comme l'interdiction d'abaisser les normes environnementales et sociales pour attirer l'investissement, ou d'offrir des incitations financière ou fiscales qui finalement ne contribuent pas à un investissement durable à long terme. En outre, l'IDE devrait faire l'objet d'une surveillance environnementale à haut niveau (notamment une évaluation de l'impact sur l'environnement et le développement durable) et être régi par des exigences obligatoires et des codes de conduite volontaires qui accordent une priorité au développement durable et à la responsabilité sociétale des entreprises (RSE).



**Recommandation N°7 :**  
**La coopération UE-ACP sur les normes devrait être axée sur les obstacles au commerce, le maintien de niveaux de protection élevés pour les consommateurs et l'environnement et aider les pays ACP à élaborer leurs propres approches nationales et régionales des normes sanitaires et phytosanitaires (SPS) et des obstacles techniques au commerce (OTC).**

## Normes et accréditation

Contrairement à l'UE, les pays ACP n'ont mis en place que peu de mesures sanitaires et phytosanitaires (SPS), d'exigences en matière de sécurité alimentaire ou d'obstacles techniques au commerce (OTC). Les normes peuvent avoir un impact économique négatif lorsque les producteurs sont dans l'incapacité de respecter les exigences imposées par l'UE ou les importateurs privés de l'UE (comme les chaînes de grande distribution) par manque d'informations, absence de compétence, ou de laboratoire de contrôle. D'une façon générale, pour les exportateurs des ACP qui exportent déjà vers l'UE, l'EIDD révèle que les mesures SPS ne sont pas considérées comme un obstacle majeur au commerce. Par ailleurs, les OTC comme les normes d'étiquetage et d'emballage sont considérées comme posant de plus en plus de problèmes. La quantité de normes (privées ou publiques) dans certains secteurs, ainsi que les procédures onéreuses d'inspection sont données comme responsables de retards coûteux dans des secteurs comme les produits frais, où le produit doit arriver aux consommateurs en temps opportun.


Les APE peuvent permettre de faire face aux contraintes grâce à une plus grande coopération et à une assistance plus importante aux pays et aux régions ACP pour leur permettre d'élaborer des normes et de créer les organismes adéquats. Les pays ACP devraient élaborer leurs propres normes aux niveaux national et régional, adaptées à la production et aux priorités locales. En outre, créer des SPS, des OTC et s'occuper des questions de sécurité sanitaire des aliments au niveau régional offre des avantages pour l'intégration régionale. Des initiatives régionales et des organismes d'accréditation reconnus faciliteraient la question des inspections dans les pays ACP. Les APE peuvent contribuer à la réalisation de ces objectifs en encourageant le partage d'informations, le renforcement des capacités et une coopération technique avec l'UE.

## Facilitation des échanges

**Recommandation N°8 :**  
**L'UE devrait s'engager dans une coopération permanente avec les ACP dans divers domaines liés à la facilitation des échanges, notamment entre autres, les douanes, le transport, la technologie, les informations commerciales et les ressources humaines.**

Faciliter les échanges implique l'allègement des charges administratives et réglementaires pesant sur les importateurs et les exportateurs. Les pertes encourues par les entreprises suite aux retards aux frontières, aux exigences de documents compliqués et inutiles, et l'absence d'automatisation des procédures commerciales mandatées par le gouvernement peuvent dépasser le montant des droits de douane. Pour soutenir le commerce et le développement, l'EIDD souligne la nécessité de faciliter les échanges, d'améliorer les capacités et la gouvernance, et de soutenir les institutions fragiles.

Faciliter les échanges signifie aborder des questions comme une plus grande transparence et l'accès aux informations (sur les règles en matière d'importation et d'exportation des autres pays) et simplifier les questions administratives associées aux procédures douanières et autres formalités. Rationaliser les



procédures douanières, réduire les coûts et les formalités administratives et améliorer le transit pourrait encourager le commerce régional. En outre, les synergies créées par les progrès réalisés au niveau de la facilitation des échanges viendront s'ajouter à d'autres mesures commerciales comme l'investissement pour alléger certaines contraintes pesant sur la multiplication des échanges entre l'UE et les ACP, l'intégration régionale et le commerce sud-sud. Tout accord sur la facilitation des échanges peut également contribuer à créer un climat favorisant la croissance des flux commerciaux, attirant les investissements et développant les industries.

## Mesures pour promouvoir le développement durable

Les mesures commerciales abordées dans l'EIDD ne pourront à elles seules promouvoir un développement durable ou même accroître les échanges. Que le développement se produise et qu'il soit durable ou non dépend non seulement du commerce mais d'une série d'autres facteurs qui expliquent l'importance vitale du volet développement des APE. La priorité porte sur trois domaines où à court terme, l'assistance technique et la coopération pour le développement pourraient permettre aux APE d'encourager le commerce et un développement durable à long terme. Mener des politiques dans ces domaines impliquera les décideurs de l'ensemble des ministères concernés du gouvernement et bénéficierait de l'apport de la société civile.

## Besoins prioritaires pour diversifier la production et créer une plus grande valeur ajoutée

Rechercher une valeur ajoutée par une augmentation de la transformation peut aider les pays à diversifier leurs économies. Cependant, les pays ACP qui souhaitent diversifier leur production et y apporter une valeur ajoutée ont plusieurs défis à relever. Parmi les principaux enjeux, on peut citer l'absence de capacités logistiques et l'absence d'infrastructures. Les faibles niveaux d'échanges, l'intégration régionale et l'absence de compétitivité dans le secteur manufacturier des pays ACP sont en partie le résultat d'infrastructures physiques relativement sous développées. Par exemple, la modernisation des installations de transformation ou d'autres industries pourrait améliorer la compétitivité dans divers secteurs. L'intégration régionale et le développement sont également bloqués par la faiblesse des infrastructures de transport qui a un effet négatif sur la compétitivité dans certains secteurs.

La coopération pour le développement pourrait se révéler essentielle dans plusieurs domaines pour soutenir un développement favorisant la diversification et une plus grande valeur ajoutée dans la production. Outre les transports, cela inclut entre autres la technologie et la capacité à gérer les déchets (y compris les déchets dangereux) et à fournir, traiter et/ou recycler l'eau, parmi les

**Recommandation N°9 :**  
**La coopération pour le développement devrait se concentrer sur les besoins prioritaires pour diversifier la production et les exportations vers des produits à plus forte valeur ajoutée, en mettant l'accent sur le renforcement des secteurs économiques et industriels touchés par les APE, tout en assurant un développement durable.**



technologies qui permettent de réduire les impacts négatifs de l'industrialisation sur l'environnement. Cela inclut également les infrastructures urbaines, pour la création de zones industrielles et offrir des services essentiels aux résidents et aux travailleurs migrants, et pour créer des services essentiels soutenant le développement, comme les télécommunications. Cependant, l'EIDD propose qu'un tel développement fasse l'objet d'une étude d'impact sur le développement durable qui prenne en compte les impacts environnementaux et sociaux et qui permette de mieux comprendre les besoins environnementaux et sociaux nécessaires pour accompagner le développement industriel et assurer sa durabilité.


## Améliorer la collecte de données et l'analyse sur les échanges commerciaux et le développement durable aux niveaux national et régional

**Recommandation N°10 :**  
**La coopération pour le développement devrait se concentrer sur l'assistance technique pour collecter les informations et les données sur le commerce et le développement durable en appui des décisions politiques.**

L'EIDD montre la nécessité d'avoir accès à des données fiables sur le commerce et le développement durable dans les régions ACP pour favoriser l'élaboration d'une politique dans ces deux domaines, de développer des politiques et des positions commerciales et de fixer des priorités pour assurer un développement durable. Ceci est le résultat d'insuffisances au niveau des systèmes de recueil d'informations et de l'absence de capacités à améliorer ces systèmes au niveau national et au niveau régional. En dépit des efforts déployés dans le cadre d'initiatives existantes d'intégration régionale pour améliorer la collecte des données, cela n'est pas nécessairement cohérent avec les configurations APE, et même lorsque l'intégration régionale est suffisamment avancée, la collecte de données reste médiocre.

C'est un domaine où le soutien et l'assistance techniques pourraient entraîner des résultats positifs relativement rapides pour le commerce et pour l'établissement de priorités pour les questions essentielles du développement durable. Le recueil d'informations relatives au commerce pourrait avoir un impact positif sur la facilitation des échanges. Grâce à l'achat d'équipements et à une assistance technique appropriée et continue, il pourrait être possible de développer des systèmes améliorés pouvant accroître les échanges commerciaux, faisant progresser l'objectif de développement économique dans la région et soutenant l'intégration régionale. En outre, une amélioration des données permettra à l'avenir d'assurer le suivi de la mise en œuvre des APE.





## Renforcer les capacités pour un soutien humain et technique plus important en faveur du développement durable

**Recommandation N°11 :**  
**La coopération pour le développement devrait se concentrer sur le renforcement des capacités pour promouvoir un développement durable dans les secteurs public et privé, en mettant l'accent sur la formation, la recherche et le développement, et un cadre réglementaire solide.**


Renforcer les capacités pour assurer un soutien humain et technique plus important en faveur du développement durable est important tant pour le secteur privé que pour le secteur public. L'EIDD cite plusieurs exemples, comme les services de formation et de vulgarisation pour les paysans, la formation des responsables de services de tourisme et l'aide à la création de régimes efficaces de gestion et de conservation de la pêche. Le renforcement des capacités et le soutien sont également importants dans le cadre de la diffusion des codes de conduite et de la formation pour améliorer les capacités à trouver des marchés de niche à valeur ajoutée dans l'UE. En outre, l'EIDD a mis en lumière la nécessité de développer les relations humaines et de renforcer les capacités de marketing et de réseautage dans le secteur privé. Des partenariats pourraient être créés dans le secteur privé ou en conjonction avec le secteur public pour appliquer la recherche et le développement dans les secteurs clés et promouvoir un développement durable. L'importance des centres de formation dans des secteurs spécifiques (comme l'horticulture) est également soulignée.

Dans le secteur public, il faudrait mettre en place un cadre réglementaire national qui soutienne le développement durable, comme une législation pour s'assurer que les IDE et d'autres investissements dans l'infrastructure sont effectués de façon à soutenir le développement durable. Ou encore, lorsque la réciprocité représente une sérieuse menace pour les revenus du gouvernement, mettre en place des systèmes d'imposition réalistes, efficaces et applicables pour diversifier les sources de revenus fiscaux et réduire l'impact négatif de la baisse des droits de douane. En élaborant un cadre politique pour soutenir le développement durable, les pays devraient envisager un mélange de mesures de contrôle et d'incitations économiques.

### Mécanismes institutionnels et de surveillance

**Recommandation N°12 :**  
**Il faudrait développer un mécanisme institutionnel permanent pour suivre la mise en œuvre des APE sur le plan de la durabilité économique, environnementale et sociale.**

Il est important de disposer de mécanismes institutionnels impliquant les diverses parties prenantes pour assurer une approche intégrée des futures négociations commerciales et pour suivre la mise en œuvre des APE afin d'évaluer leur contribution au développement durable sur le plan économique, social et environnemental. Les parties prenantes essaient d'apporter leur contribution à la réalisation des négociations commerciales. Pour ce faire, il faut créer, s'ils n'existent pas déjà, ou renforcer des mécanismes encourageant la transparence et les opportunités de dialogue entre les négociateurs et la société civile au cours du processus de négociations commerciales. Entre les deux parties impliquées dans les négociations, des groupes de travail sur le




commerce pourraient être créés pour faire progresser le dialogue réglementaire tout comme un programme coopératif dans le cadre des APE sur les préoccupations communes, comme la facilitation des échanges commerciaux et l'accréditation.

L'objectif des APE est de promouvoir un commerce et un développement durables. Les acteurs de la société civile disposant d'informations, de connaissances et de compétences appropriées peuvent contribuer efficacement à la coopération ACP-UE dans le cadre des APE pour soutenir le développement durable. A moyen et à plus long terme, ceci pourrait se produire au travers d'un mécanisme de suivi efficace impliquant les diverses parties prenantes pour suivre la mise en œuvre des APE. Un tel suivi et contrôle pourrait inciter à établir des priorités au niveau de la coopération pour le développement en cours et offrirait des enseignements importants pour les négociations et les accords commerciaux futurs. L'EIDD a proposé l'instauration d'un dialogue coopératif permanent UE-ACP sur la participation publique et le renforcement des capacités pour un développement durable afin d'apporter un soutien permanent au développement durable dans les APE. En coopération avec les autorités nationales et régionales, et avec une participation importante des parties prenantes, il pourrait entre autres, compiler et diffuser les informations sur le commerce et le développement durable, coordonner l'assistance technique pour soutenir un développement durable et élaborer des indicateurs pour le suivi de la mise en œuvre des APE et évaluer leur contribution permanente au développement durable.

## Enseignements tirés

Outre les recommandations, l'EIDD dégage plusieurs enseignements sur l'importance d'instaurer des relations constructives dans les régions ACP et un dialogue substantiel avec les négociateurs et les parties prenantes. Elle a contribué aux débats autour des APE tant au niveau des négociateurs que des parties prenantes et a aidé à définir et/ou à renforcer le programme de coopération pour le développement ACP-UE.

Pour les EIDD à venir, l'équipe dégage plusieurs enseignements, comme : choisir des secteurs en fonction de critères prédéfinis ; accorder un délai et des ressources suffisants pour entreprendre des missions sur le terrain ; travailler en étroite collaboration avec des organisations régionales crédibles et pertinentes ; et maintenir une flexibilité concernant la composition de l'équipe de l'EIDD et les consultations. En matière de consultations, les grandes consultations impliquant les diverses parties prenantes donnent de meilleurs résultats dans les régions où la participation publique existe déjà, alors que des réunions plus restreintes avec des parties prenantes partageant les mêmes idées ou des entretiens individuels pourraient se révéler plus efficaces dans des régions où la confiance entre les



parties prenantes est moins affirmée. Les consultations sont utiles tout au long du processus d'EIDD et il serait bon de prévoir des échanges réguliers avec les négociateurs de toutes les parties aux négociations.

Il est difficile à ce stade d'apporter la preuve d'un lien de cause à effet entre les recommandations de l'EIDD et les négociations en cours sur les APE. Dans certains domaines il existe une certaine cohérence entre l'EIDD et les politiques visées dans les négociations et il est également clair que l'EIDD a eu une influence sur le mode de pensée de certains négociateurs. De plus, les négociateurs de l'UE ont déjà utilisé l'EIDD à plusieurs fins, comme pour préparer des présentations ou aborder le volet du développement durable associé aux APE. Les EIDD ont donc permis une prise de conscience dans des domaines en rapport avec les négociations. Les négociateurs et les parties prenantes des régions ACP ont également utilisé ces études comme documents d'information dans des réunions.

Il est également clair que l'EIDD a été un point de départ important pour identifier les questions et les mécanismes pour encourager le volet développement durable des APE. Dans certains cas, l'EIDD a renforcé et participé aux débats existants, comme la discussion sur les produits « sensibles ». L'EIDD peut aider à fixer des priorités pour l'aide technique liée au commerce et la coopération pour le développement. Elle a également mis en lumière des questions importantes liées à l'intégration régionale, notamment les avantages à soutenir une approche régionale de la formulation des politiques, et à assurer la compatibilité des règles commerciales pour promouvoir l'intégration régionale et le fonctionnement efficace de ces règles.

L'EIDD a inspiré les débats et a fait partie de la discussion entre les négociateurs et les parties prenantes de la société civile. Le processus de l'EIDD s'est révélé utile pour créer une plus grande sensibilisation, engager les parties prenantes, accroître la transparence et élever le niveau du dialogue et encourager la discussion au niveau européen comme dans les ateliers dans les régions ACP.



### List of boxes

Box 1	Setting priorities for the SIA
Box 2	GATS modes of supply of services
Box 3	Some obstacles to FDI in the ACP

### List of tables

Table 1	Negotiating configurations for the EPAs
Table 2	Overview of the SIA
Table 3	EU tariffs and quotas for the top-12 exports from the ACP to the EU
Table 4	Products not fully liberalized under the Cotonou Agreement
Table 5	Summary of the sensitivity of selected agricultural products in the West African region
Table 6	Trade flows from the EU to ECOWAS for selected products


### List of figures

Figure 1	ACP regions
Figure 2	Tariffs and quotas for entry to the EU for selected EU suppliers for roses (HS 06031010) up to end 2007
Figure 3	Share of main suppliers of roses (HS 06031010) to the EU-15
Figure 4	Lesotho's garment exports to the EU and the United States

### List of abbreviations

CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum
CEMAC	Communauté économique et monétaire de l'Afrique centrale
CET	Common external tariff
CGE	Computable general equilibrium
COMESA	Common Market of Eastern and Southern Africa
CSME	CARICOM Single Market Economy
CSR	Corporate Social Responsibility
DG	Directorate General (European Commission)
EBA	Everything but Arms
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EESC	ACP-EU Economic and Social Committee
EEZ	Exclusive Economic Zone
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FDI	Foreign direct investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalised System of Preferences
ICT	Information and Communications Technology
ILO	International Labour Organisation
KEPHIS	Kenya Plant Health Inspectorate Services
LDC	Least developed country
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PE	Partial equilibrium
RoO	Rules of origin
RTA	Regional Trade Agreement
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SIA	Sustainability impact assessment
SPS	Sanitary and phytosanitary
SWOT	Strengths, Weaknesses, Opportunities, Threat analysis
TBT	Technical barriers to trade
WTO	World Trade Organisation





*The SIA of the EU-ACP EPAs has yielded several conclusions and recommendations for negotiators and other stakeholders that can help ensure that the EPAs promote development that supports economic, social and environmental sustainability.*


## Introduction

**The European Union is committed to assessing the economic, environmental and social impacts of trade.**

Since 1999, the European Union (EU) has been committed to undertaking sustainability impact assessments (SIAs) to identify the economic, environmental and social impacts of its trade negotiations and to integrate these issues into the development of its bilateral, plurilateral and multilateral trading relationships. This report summarises the major findings and key recommendations of the SIA of the EU's negotiations of Economic Partnership Agreements (EPAs) with the Africa-Caribbean-Pacific (ACP) Group of countries. It is aimed at trade negotiators and other policy makers in both the EU and the ACP countries.

**Most ACP countries are LDCs and face specific development challenges.**

Countries such as the 77 that make up the ACP – developing countries, least-developed countries (LDCs), landlocked countries and small island developing states – face special challenges related to development. Thirty-eight ACP countries fall under the United Nations classification of LDC. Five LDCs are located in the Pacific region, one (Haiti) is in the Caribbean region and the remaining 32 are located in Africa. Most ACP countries are relatively weak in terms of their trading positions with the EU and the rest of the world. There is a high level of dependence on single commodities (often where international prices are falling) and low levels of regional integration, which aggravates supply-side constraints.



**The EPAs will replace the Lomé Conventions' trade preferences, which have been maintained temporarily under the Cotonou Agreement.**

**EPAs will cover “substantially all trade”, be WTO compatible, and will require a degree of asymmetry.**

**Negotiations should be completed by 31 December 2007.**

**The EPAs will have a strong development component.**

The EPAs are being negotiated within the framework of the Cotonou Agreement. The Cotonou Agreement replaced Lomé IV as a temporary measure in 2000 and includes similar non-reciprocal preferential access to the EU market for certain ACP agricultural and other goods, through to the end of 2007. Trade provisions in the Cotonou Agreement have been sanctioned by a waiver granted by the World Trade Organisation (WTO)<sup>1</sup>.

The EPAs will be reciprocal, cover “substantially all trade” and will be WTO-compatible. They will take into account the level of development of the Parties and the particular economic, social and environmental constraints the ACP countries face in terms of their capacity to adjust to the new trading arrangements. This is required by Article 37(7) of the Cotonou Agreement which provides that, “on the Community side, trade liberalisation shall build on the *acquis* and shall aim at improving current market access” for ACP countries. The negotiations will be flexible in establishing the duration of a sufficient transitional period and in the final product coverage (taking into account sensitive sectors). This requires a degree of asymmetry in terms of the timetable and extent of tariff dismantling which, in turn, requires careful consideration of what constitutes “substantially all trade”.

The EPA negotiations began in September 2002 and should be completed by 31 December 2007. The EPAs will be implemented between 2008 and 2020.

The EPAs are intended to have a strong development component and several of the principles governing the negotiations refer to the role that the EPAs can play in promoting sustainability. Because the EPAs are situated in the broader context of the Cotonou Agreement they are perhaps better suited than many trading arrangements to address sustainability challenges. The central objectives of ACP-EU co-operation as set out in the Cotonou Agreement are: “poverty reduction and ultimately its eradication; sustainable development; and, progressive integration of the ACP countries into the world economy” (Article 19).

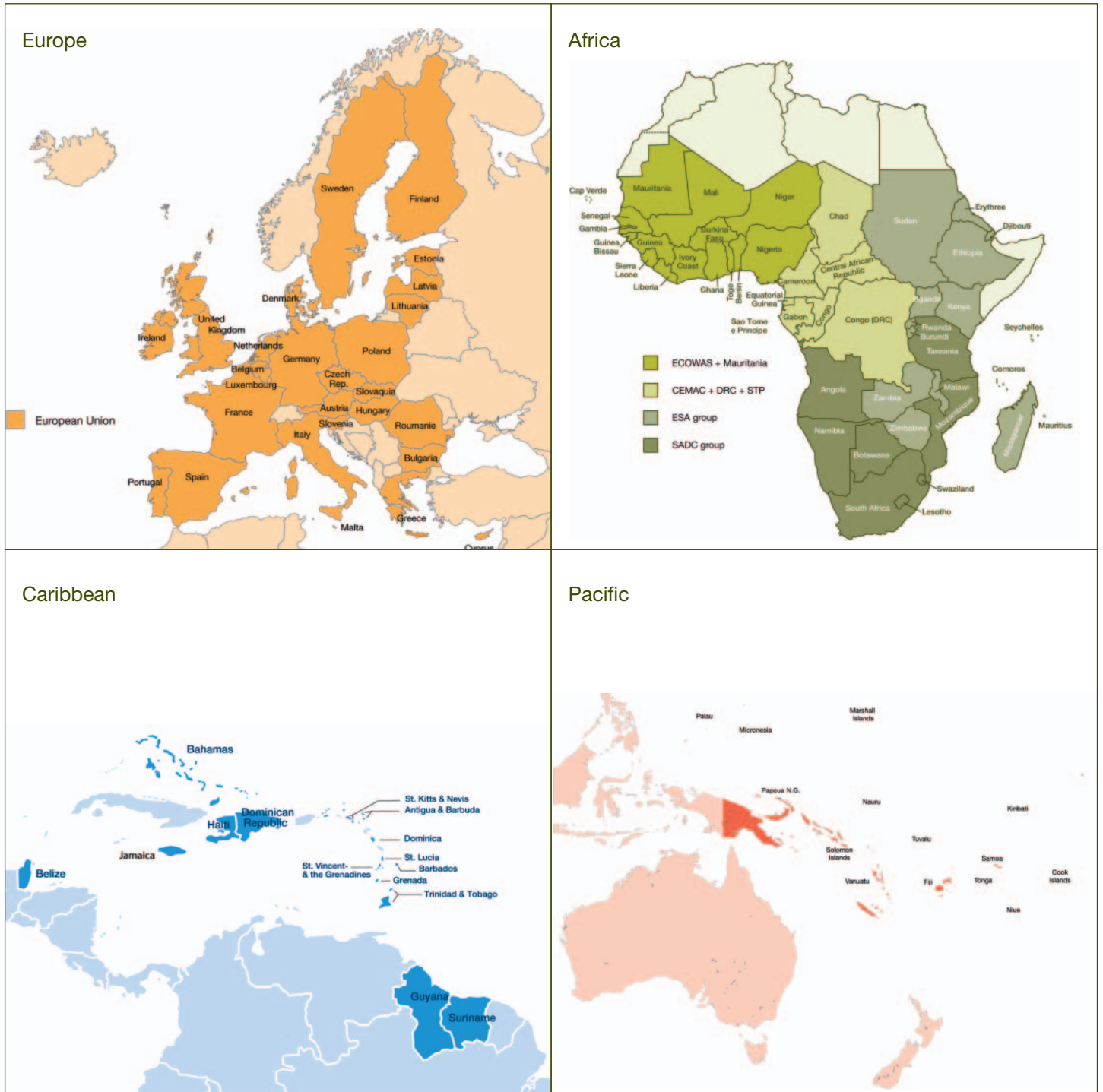
For the purposes of the EPA negotiations the ACP has been divided into six regional negotiating configurations as illustrated in Figure 1 and detailed in Table 1.

---

<sup>1</sup> Universal trade preferences for imports from all developing countries, as extended under the Generalised System of Preferences (GSP), are consistent with the General Agreement on Tariffs and Trade (GATT) under the Enabling Clause. The same is true for preferences granted to all LDCs (such as the “Everything but Arms” initiative). Specific trade preferences for limited groups of developing countries, such as those provided under the Lomé Conventions are not consistent with the GATT although in the past the WTO granted waivers, which allowed the EU to maintain these specific preferences.



Figure 1 - Europe and ACP regions



For the purposes of the EPA negotiations the ACP has been divided into six regional negotiating configurations as detailed in Table 1.

Table 1 - Negotiating configurations for the EPAs

European Union (EU-27)	West Africa	Central Africa	Eastern and Southern Africa (ESA)	Southern Africa "SADC Group"	Caribbean	Pacific
Austria	<b>Benin</b>	Cameroon	<b>Burundi</b>	<b>Angola</b>	Antigua & Barbuda	Cook Islands
Belgium	<b>Burkina Faso</b>	<b>Central African Republic</b>	<b>Comoros</b>	Botswana	Barbados	Fiji
Bulgaria <sup>2</sup>	Cap Verde	<b>Chad</b>	<b>Djibouti</b>	<b>Lesotho</b>	Bahamas	<b>Kiribati</b>
Cyprus <sup>1</sup>	<b>Gambia</b>	<b>Congo</b>	<b>Eritrea</b>	<b>Mozambique</b>	Barbados	Marshall Islands
Czech Republic <sup>1</sup>	Ghana	Democratic Republic of Congo	<b>Ethiopia</b>	Namibia	Belize	Micronesia
Denmark	<b>Guinea</b>	<b>Equatorial Guinea</b>	Kenya	South Africa <sup>3</sup>	Dominica	Nauru
Estonia <sup>1</sup>	<b>Guinea Bissau</b>	Gabon	<b>Madagascar</b>	Swaziland	Dominican Republic	Niue
Finland	Ivory Coast	<b>Sao Tomé &amp; Príncipe</b>	<b>Malawi</b>	<b>Tanzania</b>	Grenada	Palau
France	<b>Liberia</b>		Mauritius		Guyana	Papua N. G.
Germany	<b>Mali</b>		<b>Rwanda</b>		Haiti	<b>Samoa</b>
Greece	<b>Mauritania</b>		Seychelles		Jamaica	<b>Solomon Islands</b>
Hungary <sup>1</sup>	<b>Niger</b>		<b>Sudan</b>		St. Kitts & Nevis	Tonga
Ireland	Nigeria		<b>Uganda</b>		St. Lucia	<b>Tuvalu</b>
Italy	<b>Senegal</b>		<b>Zambia</b>		St. Vincent	<b>Vanuatu</b>
Latvia <sup>1</sup>	<b>Sierra Leone</b>		Zimbabwe		Suriname	
Lithuania <sup>1</sup>	<b>Togo</b>				Trinidad & Tobago	
Luxembourg						
Malta <sup>1</sup>						
Netherlands						
Poland <sup>1</sup>						
Portugal						
Romania <sup>2</sup>						
Slovakia <sup>1</sup>						
Slovenia <sup>1</sup>						
Spain						
Sweden						
United Kingdom						

Notes: LDCs are presented in **bold**. EU member states that joined the EU after 2002 when the ACP-EU negotiations were launched are identified as follows: 1 member since 2004; 2 member since 2007. 3 In response to a proposal tabled by the SADC in March 2006, the EU Council of Ministers included South Africa in the SADC Group EPA negotiations on 12 February 2007, which was after the completion of Phase III of the SIA.



**How can ACP countries promote economic growth and sustainable development through trade?**

**The SIA aims to encourage trade that promotes economic, social and environmental sustainability.**

**The SIA should help ensure that the EPA negotiations take sustainable development into account.**

The EPAs present the ACP countries with new opportunities to trade, improve investment and capital flows, and generate advances in technology (including information technology) to promote economic growth, development and raise the living standards of the people in the ACP regions. Whether or not these potential gains can be realised depends on, inter alia, improving competitiveness, productivity, horizontal diversification, vertical integration, the delivery of basic services, and improved infrastructure (such as transportation, communications and financial services).

These are among the issues that have been explored in the SIA. The ultimate objective of the European Commission's SIA programme is to help ensure that trade between the EU and the ACP Group of countries supports economic, social and environmental sustainability. Fundamental to the SIA is the premise that strengthened regional integration can be a tool for achieving sustainability.

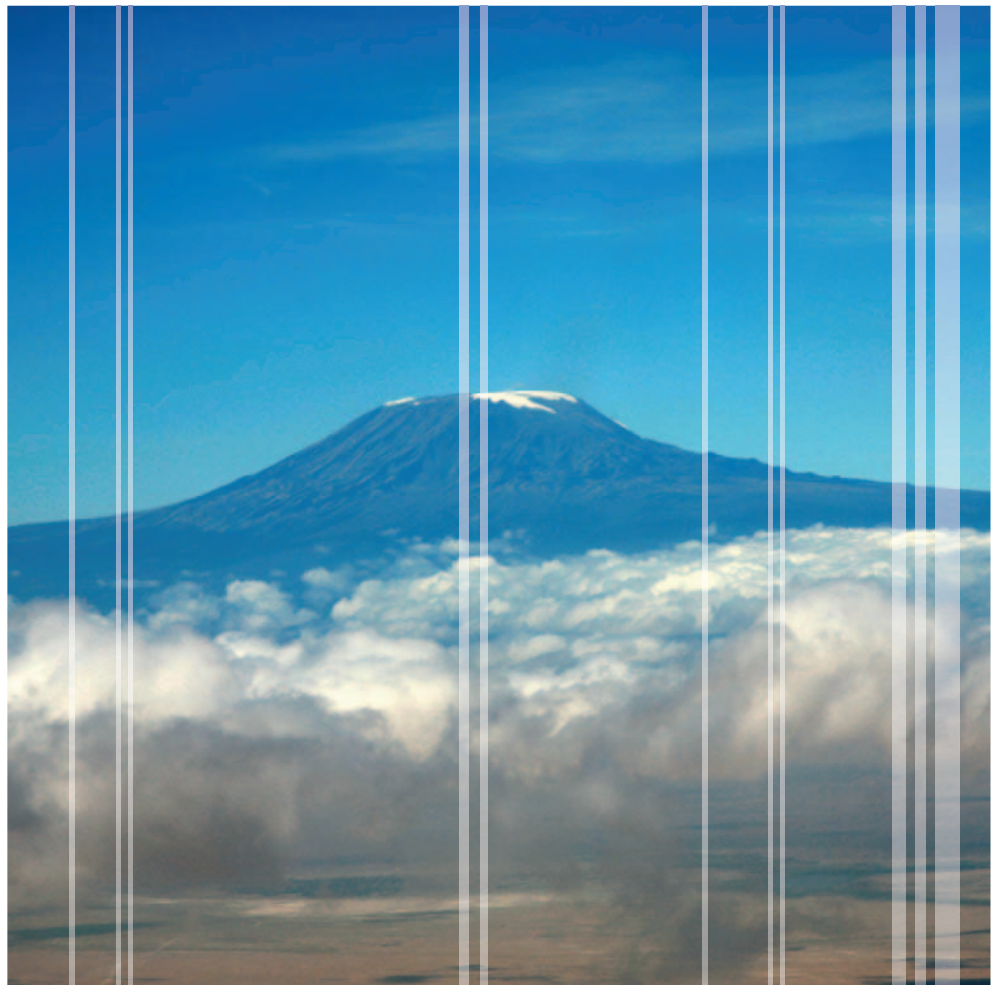
The specific goals of the EU-ACP SIA are to:

- Enhance the analytical awareness and understanding of the negotiators of the links between trade liberalisation (and the EPAs in particular) and sustainability to ensure that the EPA negotiations take sustainable development fully into account.
- Contribute to research and policy efforts related to the EPA negotiations and to encourage negotiators to adopt positions that will promote sustainability in the EU and in the countries of the ACP.
- Help define, and provide input into, policy packages being developed by the EU and by the countries of the ACP to accompany EPAs to ensure that the outcome of the negotiations contributes to sustainable development.
- Increase transparency by developing a basis for the discussion with European and ACP stakeholders about sustainability implications associated with the negotiations.

This report contains a summary of the major findings and conclusions of the SIA. **Section 2** (the approach to the EU-ACP SIA) presents a summary of the approach to the EU-ACP SIA including the methodology and the process employed to undertake the analysis, which ensured a high level of public participation.

The major findings and recommendations from the SIA are summarised in Sections 3-6, with each section representing a component of the analysis from the SIA. The object of this document is to present a limited number of recommendations and a total of twelve are highlighted in the margins of the text. They are presented as they are relevant in each section of the report rather than in order of priority.

**Section 3** (Regional Integration) presents the key findings related to regional integration, a cross-cutting issue that was considered in all the sector studies undertaken in the SIA. **Section 4** (Trade measures) examines the major trade measures that were considered in the SIA and presents key conclusions and recommendations that, taken together, represent the major findings from the sector studies. In **Section 5** (Measures to promote sustainability) three priority areas for promoting sustainability through the EPAs are identified. In **Section 6** (Institutional mechanisms and oversight) institutional considerations drawn from the experience of the team and the consultations are presented. The final section, **Section 7** (Lessons learned), reflects on lessons learned throughout the process and considers ways in which the results of the SIA can influence negotiators and policy makers, or where they may already have had an influence.



*The SIA was undertaken over four years and involved developing a methodology, undertaking case studies in key sectors throughout the ACP, and undertaking extensive consultation with negotiators, experts, and relevant stakeholders in civil society in the EU and in the ACP regions.*


## The approach to the EU-ACP SIA

The SIA involved a four-year process in parallel with the ACP-EU trade negotiations.

In parallel with the EPA trade negotiations, the EU-ACP SIA was undertaken in three phases between December 2002 and December 2006. The overall methodology employed during the SIA, was developed during Phase I. In Phases II and III the team employed the framework and undertook six sector studies on a range of issues, one in each of the ACP regional negotiating configurations. In this, Phase IV, the final phase of the SIA, the team seeks to disseminate to negotiators and stakeholders in the ACP and the EU, the findings and recommendations developed through the sector studies.

Table 2 - Overview of the SIA

Phase I	Initiated a dialogue with stakeholders Developed a framework for the SIA Identified preliminary priorities for the EU-ACP SIA
Phase II	Agro-industry in Western Africa Tourism services in the Caribbean Fisheries in the Pacific
Phase III	Rules of origin in the Southern African Development Community (SADC) Group Horticulture in Eastern and Southern Africa (ESA) Financial services in Central Africa
Phase IV	Key conclusions, recommendations and lessons learned Dissemination of results



The SIA focused on priority sectors and trade measures based on trade and sustainability considerations.

## The SIA methodology

The first step in the methodology involved setting priorities. Given the desirability to provide concrete examples to illustrate potential environmental and social impacts of the EPAs, the SIA was considered most usefully applied to specific sectors or trade measures in selected regions, consistent with the EPA negotiating configurations. Criteria were defined to help select key sectors, based on sustainability priorities (economic, environmental and social), on relevant trade flows, and on the potential for the EPAs to affect trade flows through, inter alia, reducing tariffs. (Box 1) Following this, the most important economic, environmental and social indicators associated with the sector and/or regions were identified to serve as the basis of, and focus for, the sustainability analysis.

### Box 1 : Setting priorities for the SIA

#### Priority sectors

- The sector is significant from an economic, environmental and social perspective;
- The sector is significant in terms of trade flows in terms of both volume and value;
- The sector may be impacted by changes in the trade measures included in an EPA;
- The sector is one where one might expect that there will be potential impacts on sustainability at the local, regional or national level, or for specific actors.

#### Priority trade measures

- The measure is a core component of the Cotonou Agreement;
- The measure is likely to be the subject of EPA negotiations with respect to liberalisation;
- The measure is one that could significantly affect trade in strategic sectors between the EU and the ACP;
- The measure is one where one might expect, a priori, that there may be important sustainability impacts.

Source: PricewaterhouseCoopers. "Qualified Preliminary EU-ACP SIA of the EPAs: Phase One" Paris: PricewaterhouseCoopers, February 2004.



**The SIA compares a “baseline scenario” and an “EPA scenario”.**

The second part of the methodology presents an analytical approach for identifying the impacts of trade-induced changes on economic activity and subsequently the impact of those changes on environmental and social conditions. The analytical approach takes into account:

- the sustainability impacts of a ‘baseline scenario’: the current state of regional integration and trade liberalisation between the EU and the ACP;
- the sustainability impacts of an EPA scenario: regional integration in conjunction with liberalisation (in goods and/or services).

**There is no “one size fits all” approach to SIA.**


Experience applying the framework confirms that there is no “one size fits all” approach that can be used to analyse the range of issues involved in a SIA. Consistent with much of the work in this field, the approach employed in this SIA involved a combination of quantitative and qualitative techniques. The choice of techniques selected varied from sector to sector and among the regions, and depended on the scope of the sector being studied, its economic weight, available data, and the required human and financial resources weighed against expected value-added of the output.

**Quantitative modelling is possible where data is available and where it is technically feasible.**

For example, it was possible to employ a full computable general equilibrium (CGE) model in the Caribbean study to examine the potential impacts of an EPA on tourism services because that sector is such an important economic activity in the region, linked to many other sectors, and relatively complete data sets are available. On the other hand, when assessing the impacts of an EPA on the horticulture sector in Eastern and Southern Africa, the very small size of that sector vis a vis the economies in the region meant that a CGE model would not provide meaningful results and a partial equilibrium (PE) approach was employed.

**Qualitative approaches to illustrate the impacts of trade-induced economic change on social and environmental conditions included “causal chain” and SWOT analysis.**

Where issues cannot be modelled the methodology presents a series of variables that can be used, alone or in combination to “tease out” potential impacts of trade-induced economic change on social and environmental sustainability, through a causal-chain analysis. The variables are not exclusive, in some cases they overlap, and they may not all be relevant for a single sector or trade measure. They include: scale; product/services; structure; production practices; technology and knowledge; infrastructure; transportation; and, government revenue (with a focus on the erosion of tariff revenues), policies and regulation. A second qualitative technique employed was a “Strengths, Weaknesses, Opportunities and Threats” (SWOT) analysis.



**Sound analysis depends on the availability of data and solid interview research.**

**Policy recommendations for trade negotiators and domestic policy makers focused on trade measures, regional integration and sustainability.**

**Significant levels of funding are available for implementation.**

**Public participation is an important element of the SIA.**

**In the ACP knowledge of the EPA negotiations and the SIA was weak.**

All qualitative techniques relied heavily on gathering reliable and timely information. For this, the SIA employed targeted case studies to generate concrete empirical information and illustrate causal links between trade-related impacts in specific sectors and economic, social and environmental sustainability. To supplement desk research, specialised interviews were conducted with relevant individuals in Europe and in the ACP regions. Field missions were an important component of the sector studies.

The final section of the methodology involved developing policy recommendations for both trade negotiators and domestic policy makers in the EU and the ACP regions to help define policies to accompany the EPAs and ensure that the outcome of the negotiations contributes to sustainable development. The recommendations were developed in each sector study with a view to mitigating any potential negative impacts on sustainability and reinforcing positive impacts of the EPAs. Policy recommendations were developed in three general categories: policies related to regional integration, policies that address trade-related measures (aimed at negotiators), and policies to promote sustainability (aimed at a broader range of decision makers).

The final category of recommendations, which are aimed at promoting sustainability, are related to capacity building and development co-operation, for which significant funding sources have been identified<sup>2</sup>.

## Public participation

An important element of the SIA was a strong focus on public participation throughout the process to disseminate information, raise awareness, increase transparency, and ensure that the work is relevant and responds to the major concerns of stakeholders. This involved the development of a sustained dialogue with stakeholders, in a range of fora, about issues related to sustainability and the EPAs.

Following initial consultations during Phase I, it was evident that knowledge of the EPA negotiations was weak in the ACP regions, that information does not always circulate effectively, and that familiarity with the SIA was low. Therefore the team made a concerted effort during Phases II and III to reach out to as wide a range of stakeholders as possible using all means available. The team employed the following mechanisms to disseminate information and promote the active participation of stakeholders.

---

<sup>2</sup> In December 2005, the European Council adopted a financial envelope for the 10th European Development Fund (EDF) of € 22.7 billion for the period 2008-2013 (the 9th EDF, which covered the period 2002-2007, had been allocated the sum of €13.5 billion). The European Commission recently announced a fund of €2 billion per year in "aid for trade" pledged jointly by the Commission and the EU Member States. A substantial part of this will go to the ACP countries negotiating EPAs. These funds are in addition to those already announced in the 10th EDF.





Information on the SIA was posted on a dedicated website.

## Electronic Mechanisms

A dedicated Internet website was created ([www.sia-acp.org](http://www.sia-acp.org)) to allow stakeholders to access information about the project, to receive updates on progress, and to provide comments and input to the team. The website included the following features:

- information about the project (such as its objectives and developments related to the SIA methodology);
- an electronic feedback function to allow stakeholders to comment on, and provide input into, the SIA;
- opportunities to join electronic discussion groups, which were used as a consultation tool in several of the sector studies. The objectives of the discussion groups included raising awareness, discussing preliminary findings from the sector studies and providing input for the researchers including practical policy recommendations; and,
- electronic links to related SIA websites, and in particular the website created by the European Commission's Directorate General (DG)-Trade.

Stakeholder workshops were organised in the ACP regions.

## Stakeholder Workshops in the ACP Regions

Several stakeholder workshops were organised in the ACP regions to discuss the SIA and the specific sector studies. In some cases these were organised by the team in partnership with local organisations. In other cases the team was able to take advantage of existing initiatives organised by institutions, trade negotiators or non-state actors.

The following provides a sampling of some of the stakeholder workshops held in the ACP regions that were employed during the SIA to encourage dialogue and disseminate information.

- In West Africa, two regional stakeholder workshops were organised by the SIA team. They were held in Dakar (Senegal), on 10-11 November 2003 and 2 May 2005.
- The SIA workshop for the Caribbean region was organised in cooperation with the Caribbean Policy Development Centre (a local network of non-governmental organisations). It was held in Trinidad, on 11-13 November 2003. In July 2003 preliminary findings of the SIA were presented at a workshop organised in collaboration with the Centre technique de coopération agricole et rurale (CTA).
- *ESA Sub-Regional Dialogue on Floriculture* (Nairobi, 24-25 November 2005) organized by Union Fleurs and the Kenya Flower Council. The meeting was followed by farm visits which helped the team to identify the main sustainability issues in the sector and to develop contacts. A second *'Workshop On*



*Economic Partnership Agreement Between ESA and the EU: The Case of Horticulture*<sup>3</sup> was organised by Kenya Flower Council in collaboration with the ACP-EU Project Management Unit on 4-6 December 2006, where the findings of the sector study were presented to stakeholders.

- *Negotiating EPAs for Development*, the Annual Conference of the Trade Law Centre for Southern Africa (TRALAC), 5-6 October 2006, Cape Town, South Africa. This conference, which focused on the EPAs, brought together a range of stakeholders from SADC Group countries, South Africa and other ACP countries in the region. Members of the team presented the sector study on rules of origin, focusing on major findings and potential policy options.

### Meetings in Brussels


Consultations were held with EU and ACP negotiators.

Meetings were organised periodically with negotiators and other relevant DGs from the European Commission and with ACP negotiators to discuss specific issues related to trade, the SIA and specific sector studies. For example, on 4 February 2005 the sector study on agro-industry in Western Africa was presented to negotiators from both the European Commission and from the Economic Community of West African States (ECOWAS) in Brussels. The sector study on financial services in Central Africa was presented to, and discussed with, EPA negotiators from the European Commission, the *Communauté Économique et Monétaire de l'Afrique Centrale* (CEMAC) and the *Communauté Économique des Etats d'Afrique Centrale* during a workshop in Brussels organised by the Commission on 9 February 2007.

Consultations with EU stakeholders were conducted through the EC's Civil Society Dialogue.

In addition, since the end of 2002 the European Commission has organised meetings in Brussels as part of its Civil Society Dialogue with stakeholders in Europe, where they have direct access to the project team and negotiators. Relevant documentation is posted on the Commission's website in advance and a period is designated for written comments, which are responded to by the team either in writing or through a conference call<sup>3</sup>.

<sup>3</sup> This was the case, for example, with respect to comments from the World Wide Fund for Nature, which addressed the sector study on horticulture. The comments were directed in particular towards environmental pressures related to resource conflicts and governance in the industry with an emphasis on the Lake Naivasha area in Kenya. Their comments emphasised the importance of forward-looking programmes and policies to help ACP countries begin to address relevant environmental and social challenges of trade before the EPAs are implemented.



The team took advantage of relevant expert meetings to gather information, discuss the SIA, and disseminate findings.

Field missions and specialised interviews generated data and contacts for the sector studies.


## Other Relevant Expert Meetings

The team worked with organisations and EU Member States to organise and attend meetings and workshops to disseminate information on the SIA and encourage discussion on major findings and policy recommendations. Synergies were also developed with the national impact studies conducted at the request of several ACP governments.

- The sector study on tourism services was presented at a meeting to launch the Caribbean Non-State Actors network on 13 November 2004 after the second CARIFORUM-EC Principal Negotiators' meeting. This meeting included members of civil society, as well as trade negotiators from both the EU and the Caribbean.
- The findings of the study on tourism services were also discussed at the *Caribbean workshop on building sustainable development into Economic Partnership Agreements (EPAs)* on 24-25 July 2006 in Montego Bay, Jamaica.
- The team was involved in meetings organized by EU Member States, such as the briefing workshop on 12 July 2006 in Paris for the French Government and the international expert meeting hosted by the French Ministry for Ecology and Sustainable Development on 14 April 2005 in Paris, which brought together experts involved in impact assessment and sustainable development.
- Team members attended meetings such as the workshop on *Methodologies for Assessing the Impact of Economic Partnership Agreements for African Economies* organised in Geneva by the Friedrich Ebert Stiftung on 27-30 September 2004.
- Opportunities for consultation were pursued through the *ACP-EU Economic and Social Committee (EESC)*. Team members attended the meeting of the ACP-EU Follow-up Committee in Brussels on 14 March 2003 and the *Eighth Regional Seminar of ACP-EU Economic and Social Interest Groups* in Bamako (Mali) on 22-24 May 2006, to present the results of the SIA.

## Specialised Interviews and Field Missions

Finally, team members undertaking the sector studies conducted a number of specialised interviews in Europe and during field missions in the ACP regions, which had the dual purpose of collecting information and data while providing an opportunity to disseminate information about the EPAs and the SIA to small groups and relevant individuals.



*Existing efforts to pursue regional integration throughout the ACP pose challenges to the EPA process, but the EPAs can also play a role in reinforcing existing initiatives and helping promote regional co-operation that supports sustainable development.*


## Regional integration

The EPAs can play a role in reinforcing or accelerating existing efforts aimed at regional integration.

Throughout the SIA there has been an emphasis on regional integration as a means to help ACP countries develop internal markets, address supply side constraints (to increasing trade and production), and take full advantage of the EPAs. Emphasis was placed on obstacles to regional integration and how the EPAs could help overcome these obstacles. There is some evidence that the EPAs can play a role in reinforcing or accelerating existing efforts. This has occurred, for example, in the ECOWAS region in Western Africa where there has been an acceleration of the adoption of a common external tariff (CET) and the implementation of regional policies at the sectoral level. The EPA negotiations have also had a positive impact by strengthening progress in the CARICOM Single Market Economy (CSME) and the CARIFORUM, the regional negotiating configuration for the EPA in the Caribbean.

Regional integration is a vital tool for developing more competitive and viable markets.

Regional integration is a vital tool for providing an economic extension to domestic markets in ACP countries and for reducing the cost of doing business in the ACP regions. Efficient markets, from an institutional as well as a transaction-cost perspective, help firms increase their competitiveness and the size of their market, which in turn can have positive spin-offs for exports.



**Overlapping memberships among RTAs in the ACP is a challenge, particularly in Africa.**

In all the ACP regions, EPA negotiating configurations are based to a greater or lesser extent on existing regional integration initiatives. One challenge presented by existing regional integration initiatives concerns the overlapping membership among some regional groups and the additional complication posed by EPA negotiating configurations that are not consistent with existing integration efforts. The issue of overlapping membership is felt most acutely in Africa. For example, only half of the SADC countries are part of the SADC Group negotiating configuration, with the others negotiating under the COMESA banner. And within the SADC Group, with the exception of Mozambique (which is considering joining the South African Customs Union [SACU]), all of the countries belong to at least one other Regional Trade Agreement (RTA).

**Several regional blocs are at various stages of forming customs unions.**


Different regional groupings of ACP countries have different levels of existing integration with further variations among sectors. Challenges to the negotiating process are particularly acute where existing country groupings have, or are working towards, a customs union but where not all members belong to the same EPA negotiating configuration and where there may be overlapping RTAs. Conflicts in membership should be resolved during the EPA negotiations as it is technically impossible for a country to be a member of more than one customs union. Moreover, in some cases, members of RTAs are precluded from negotiating RTAs with third countries that may be inconsistent with the objectives of the relevant RTA, although the conclusion of a RTA *per se* is not disallowed. On this point, countries receive guidance from their respective RTAs.

**Inconsistent trade rules pose a challenge to regional integration.**

A second challenge with regard to aligning regional integration objectives in the context of the EPAs is that an EPA should not increase intra-regional barriers. This scenario could emerge if countries within existing regional groupings are subject to different trade rules under different EPA configurations. In the context of regional integration, this issue is also potentially relevant if trade rules negotiated in EPAs differ substantially from those in existing RTAs. It is of great importance that EPAs with countries that are part of existing integration initiatives at the very least bear a high degree of consistency among themselves.

**National interests can differ between LDCs and non-LDCs within regional groupings.**

The EPAs should also take into account existing trade agreements between ACP countries and neighbouring developed countries. This issue was raised in the sector study in the Pacific region where the ACP countries have strong trading relations and have signed trade agreements with Australia and New Zealand. Moreover, with respect to the EPA negotiations, there is not always a clear consistency between regional interests and national interests within a single negotiating configuration. Interests in pursuing a regional EPA can be affected, for example, by whether a country is classified as a LDC or as a developing country.



**Regional integration initiatives are vital for developing more competitive national and regional markets.**

**Regional integration involves establishing free trade areas but also requires attention to institutions and to policy convergence.**

**Recommendation #1:  
The EU and ACP countries should strive to ensure coherence between EPA negotiating configurations and overlapping efforts at regional integration and should ultimately pursue, at regional level, strategies for the developing key economic and industrial sectors and for promoting sustainability.**

Nevertheless, since the domestic markets in ACP countries are, on their own, relatively small and in many instances internationally uncompetitive, the current regional integration initiatives in the ACP are a key component in the development of more integrated and competitive markets. Market integration assists with the development of regional supply chains which, in turn, are important for producers to be competitive in the domestic, regional and international markets. This was illustrated in the study on agro-industry in Western Africa with respect to potatoes and onions. Also, efficient regional supply chains (brought about by a combination of factors) would provide an incentive to source inputs locally and within a region. This was highlighted in the sector study on the SADC Group as it could increase a producer's ability to take full advantage of preferential market access to the EU by complying with relevant rules of origin.

To promote regional integration, ACP countries should continue to work towards establishing free trade areas and, where relevant, encouraging ongoing efforts to achieve a CET. However, regional integration also requires attention to institutions and cooperation to provide the building blocks for more efficient regional economies. This includes national institutions and programmes to harmonise national and regional policies to ultimately lower the cost of doing business, making the ACP regions more attractive to domestic, regional and foreign investment, and to assist in bringing about a degree of political convergence. A number of such institutions and policies are of primary importance including, inter alia, the need for strong competition and regulation authorities and robust policies, well-functioning financial institutions, trade law capacity and the ability to participate effectively in regional and international efforts, the need for standard-setting bodies, and customs and revenue authorities. Through targeted support measures directed towards national and regional institutions, and programmes to increase their capacity to deliver an effective service (or deliver an appropriate policy framework), the EU can play a role in fulfilling its objective of supporting and enhancing regional integration.

As part of regional integration efforts, countries should pursue regional strategies for their economic and industrial sectors. The development of regional strategies and/or cooperative policies was recommended specifically in the SIA for the following areas: agriculture; textiles and garments; energy; investment; and tourism. A regional approach was also suggested for the development and harmonisation of regulations in the financial services sector and improving information at the regional level on trade, investment and sustainability. All of the sector studies pointed to the benefits of developing such policies at the regional level although once countries and regions move beyond basic primary industries, the merits of a regional approach become increasingly clear. For example, in the SADC Group study, which analysed rules of origin, such a strategy was proposed for the garments and textiles sector that included cooperation



to develop regionally integrated value-chains to source raw materials and intermediate products in the region (as feasible), a focus on higher-value products, and exchanging information and technology to improve industrial capacity.

**Priorities include agriculture, textiles and garments, energy, investment, tourism, financial services and information gathering**

The sector study in the Caribbean recommended developing a regional tourism policy that would develop regional standards, ratings, environmental certification, training programmes and policies on cruise tourism. Such an approach would be useful in other ACP regions and would reduce disparities among countries in tourism development and encourage foreign direct investment (FDI). A regional agricultural policy in ECOWAS was adopted in January 2005. In Central Africa initiatives are being developed with a view to harmonising telecommunications in Africa (and more broadly in the ACP) on a regional basis.


**Regional strategies should be developed for trade in goods and services to promote environmental and social sustainability.**

Likewise, regional cooperation in areas such as standards, certification, verification, labelling, and the development of common sectoral policies and strategies on investment could have significant spill-over effects across economic areas with viable export potential. The sector studies recommended that any regional approach to economic and industrial policy should take into account, and integrate, related policies to ensure environmental and social protection and a parallel cooperative regulatory dialogue on issues of common interest that can promote sustainability. Emphasis was placed on cooperation in the following areas:

- regional cooperation on transboundary environmental issues;
- the development of a regional approach to SPS measures and food safety issues;
- the development of a regional approach to labelling and certification;
- the development of guidelines for economic, social and environmentally sustainable tourism development; and
- improving information on sustainability at the regional level.

**Pay attention to capacity building needs and take into account the views of stakeholders.**

All of the sector studies noted that regional integration depends importantly on capacity building including, but not limited to, the development of strong institutions and region-wide policy implementation. Moreover, the process to develop such regional strategies should take into account the views of major stakeholders including, inter alia, companies, industry associations, governments, banks, port handlers, customs agencies, trade unions, farmers' organisations, and environmental and social NGOs.



*Trade measures that extend beyond market access can work together to help countries take advantage of preferences (which will be defined allowing for some asymmetry) and help bring about the development opportunities provided by the EPAs.*

## Trade measures

**Economic trade cooperation is a central pillar of the Cotonou Agreement that will be achieved through the EPAs.**

The Cotonou Agreement proposes a comprehensive and integrated approach to achieving its central objectives. One of its five main pillars is to develop a new framework for economic trade cooperation between the EU and the ACP. The EPAs are a central component of this and trade measures are, inter alia, at the heart of the EPAs. Therefore, from the outset, the range of trade measures likely to be negotiated under the EPAs was integral to the SIA. This section identifies the trade measures that were the focus of specific sector studies, or were most closely associated with the sectors being examined in the SIA.

**The maintenance of existing preferences for LDCs and non-LDCs, along with reciprocity, are key issues.**

### Market access (trade in goods)

Market access is relevant for ACP exports to the EU and vice versa. The key issue with respect to market access to the EU relates to maintaining the existing tariff preferences for LDCs and non-LDCs alike. The key issue with respect to market access to the ACP countries is managing the impacts of reciprocity, particularly with respect to sensitive products.

**With no EPA, LDCs still have duty free and quota-free access to the EU under the EBA initiative; non-LDCs have the most to lose in the absence of an EPA.**

### Tariffs in the EU

Few tariff barriers exist for ACP countries seeking to export to the EU. Under the Cotonou Agreement over 90 per cent (by value) of ACP exports to the EU already enter the Community duty and quota free. In a worst-case scenario, at the end of 2007 if an EPA is not negotiated and the terms of the Cotonou Agreement expire, all LDCs would still have duty free and quota-free access to the EU market under



the “Everything but Arms” (EBA) initiative, which applies only to LDCs. Because of the EBA initiative, market access is of most immediate concern for the non-LDCs in the ACP, which have heretofore enjoyed preferential access to the EU under the Cotonou Agreement or the Commodity Protocols (such as bananas from Cameroon, for example). For developing countries, with no EPA tariffs could revert to levels governed by the Generalised System of Preferences (GSP) which include, in some cases, ascending levels of tariffs for agricultural goods (such as cocoa) depending on their levels of processing. Table 3 illustrates some differences between the Cotonou preferences, the GSP, and tariffs governing the EU’s trading relations with selected third countries.

Table 3 EU tariffs and quotas for the top 12 exports from the ACP to the EU

	Total ACP exports from EU-25, 2003 (1000 €)	ACP	GSP	GSP+	Bilateral agreement	Third country
Cocoa beans, whole or broken, raw or roasted	2 254 992	0%	0%	0%		0%
Cane sugar for refining	767 886	0%			0% (quota)	€ 98.00/1000 kg (quota) € 339/1000kg (beyond)
Unwrought aluminium, not alloyed	620 905	0%			0%	6%
Banana	490 257	0% protocol	€ 176/1000 kg			€ 176/1000 kg
Coffee, not roasted, not decaffeinated	489 425	0%	0%	0%		0%
Tuna, preserved	358 444	0%	20.5%	0%		24%
Wood sawn or chipped lengthwise of tropical woods	287 222	0%	0%			2%
Shrimps of the genus Penaeus	274 417	0%	4.20%			12%
Rum	273 960	0%				0%
Roses	238 188	0%	5%	0%	8.5% - 0%	8.5%
Frozen fillets of Cape hake	179 602	0%	4%			7.5%
Tobacco, not stemmed/stripped flue-cured Virginia type	161 394	0%	0%			18.4% min € 22/100 kg max € 24/100 kg

Source: DG Trade, Comext database/Export Help Desk

**Recommendation #2:**  
**All ACP countries should retain duty free and quota- free access to the EU market and access to the EU should be improved for the few products not yet fully liberalised.**

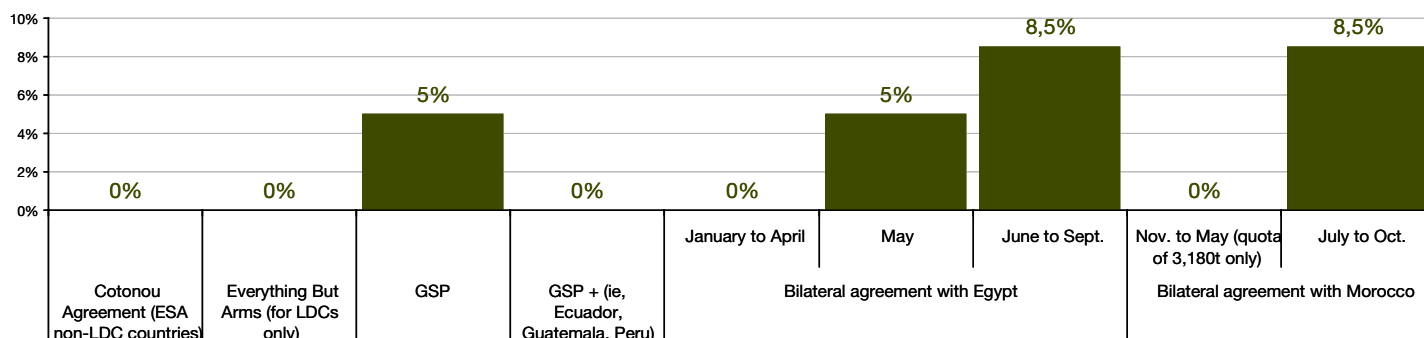
**Developing countries rely on existing trade preferences.**

The SIA included sector studies in areas where ACP countries export to the EU and/or vice versa and where market access issues related to tariffs are central for specific countries or products. Given existing constraints including low levels of competitiveness, low profit margins, and high transportation costs, all ACP countries seek to retain duty free and quota-free access to the EU market, and to negotiate such access into the EPAs, or risk becoming less competitive.

The importance of retaining duty free market access for developing countries under an EPA was illustrated in the horticulture study undertaken in the ESA region and was voiced strongly during the related consultations. In that sector study Kenya, a developing country, is the regional leader in horticulture development. It exports both vegetables and flowers and has benefited from the trade preferences in the Cotonou Agreement, which are more generous than those applied to its non-ACP and non-LDC competitors. Figure 2 indicates that Kenya (and other ACP countries) benefits from zero tariffs on cut flowers, and is not subject to the seasonal variations in tariffs applied to some major competitors.

**Figure 2 - Tariffs and quotas for entry to the EU for selected suppliers for roses (HS 06031010) up to end 2007.**

**Tariffs and quotas for entry to EU market for main EU suppliers, until end of 2007  
 Roses (HS 06031010)**

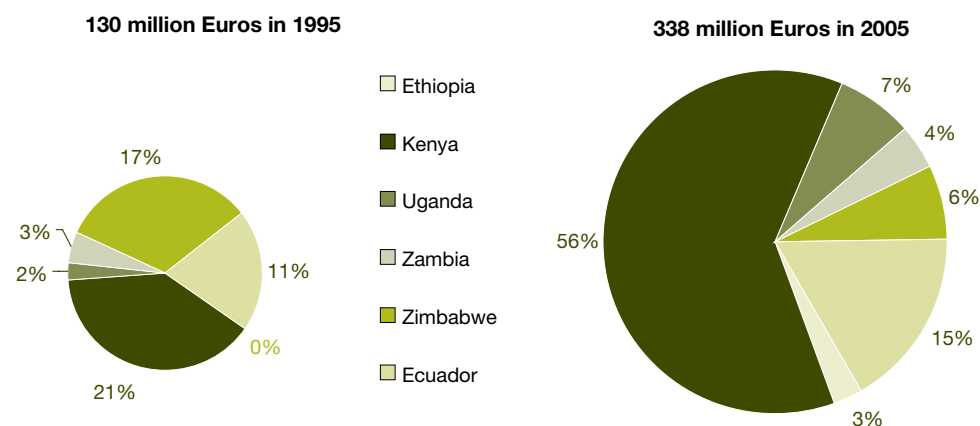


Source: DG Trade, Export Help Desk.

**Kenya is a major supplier of cut flowers to the EU and has experienced rapid growth in the past decade.**

As a result of these preferences, over the past decade, Kenyan producers have gained significant market share in the EU against their major competitors. Between 1995 and 2005 the value of Kenya’s flower exports grew from 21 per cent to 56 per cent and over half of all roses imported into the EU now originate in Kenya (Figure 3).

Figure 3 - Share of main suppliers of roses (HS 06031010) to the EU-15



Source: Eurostat Comext.

Without current tariff preferences the horticulture sector in Kenya would collapse.

Despite these successes, the horticulture sector is subject to high transportation costs, large levels of investment and operates on profit margins that are too small to sustain any increase in EU tariff. Not only would a loss of preferential access to the EU negatively affect competitiveness in the industry, but it would also put Kenyan flowers in direct competition with growers in Latin America that can import to the EU under GSP+ preferences. The benefits of GSP+ are available to a limited number of countries, which have committed to ratifying and implementing international agreements on sustainability and only some ACP countries are on that list<sup>4</sup>. The horticulture sector study suggests that the sector would collapse in Kenya without current tariff preferences.

In the horticulture sector, if LDCs gain market share if Kenya is unable to compete, that does not bode well for sustainability as Kenyan producers act as regional sectoral leaders.

Such a collapse would have serious negative impacts from an economic and social perspective in the short term. The sector is an important contributor to export earnings and represents a successful diversification away from traditional products. It is governed by sectoral codes of conduct that have led to the generation of relatively well-paid employment, and access to health care, housing and transportation for workers. From an environmental perspective, while there are still major issues associated with water and chemical use in the industry, the growing adoption of codes for responsible corporate behaviour is raising awareness and encouraging producers to seek long-term solutions in terms of changing production techniques. The fact that the LDCs in the ESA negotiating configuration could gain market share if Kenya were unable to compete does not bode well for sustainability in the region. The industry in Kenya is relatively mature and Kenyan producers act as regional leaders in the sector. They are responsible for developing rigorous codes of conduct and disseminating knowledge, experience, and best practices to other countries in the region seeking to enter the horticulture sector.

<sup>4</sup> Currently, the following ACP countries are eligible for GSP+: Burkina Faso, Burundi, Democratic Republic of Congo, Ethiopia, Guinea, Lesotho, Mali, Senegal, Seychelles, Togo, Uganda (Source: European Commission, DG-Trade).

**Removing the few remaining EU tariffs on some products could help develop viable processing industries in the ACP countries, add-value to their production, and create employment.**

Even under the Cotonou Agreement, there remain some products (mostly agricultural), which are not fully liberalised. A selection of such products is indicated in Table 4. For example, mango juice is subject to a rate of duty of €12.90 for each 100kg that is imported into the EU. The removal of remaining tariffs could help ACP countries develop viable processing industries, add value locally to their production, and create employment, including for women who tend to dominate employment in the processing sector.

**Table 4 Selected products not fully liberalized under the Cotonou Agreement**

Product Category	Tariffs
Tropical fruits and nuts, frozen, containing sugar exceeding 13% by weight	0% + € 5.3/100 kg
Tropical fruit (except passion fruit and guavas) otherwise prepared or preserved, not elsewhere specified or included Containing added spirit, With a sugar content exceeding 9% by weight	0% + € 2.6/100 kg
Juices of mangoes, mangosteens, papaws (papayas), tamarinds, cashews apples, lychees, jackfruit, sapodillo plums, carambola and pitahaya	0% + € 12.9/100 kg
Mixtures of juices of pineapples, papaws and passion fruit	0% + € 20.6/100 kg
Mixtures of citrus fruit juices and pineapple juice, With an added sugar content exceeding 30% by weight	0% + € 20.6/100 kg
Mixtures of juices of pineapples, papaws and passion fruit or other tropical fruits, With an added sugar content exceeding 30% by weight	1% + € 20.6/100 kg

Source: DG Trade, Export Help Desk.

**Production and processing industries should be governed by sound environmental and social regulations.**

The sector study on agro-industry in Western Africa indicated that from an environmental perspective, to the extent that viable processing industries develop in that region, there could be negative impacts (including the increased use of fossil fuel and production of waste). These could be mitigated through sound environmental regulation with effective enforcement mechanisms. There are unlikely to be major changes associated with land use brought about by liberalisation per se. However, production is already increasing in the region for fruits, vegetables and cereals and to the extent that this is encouraged without improvements in cultivation techniques, existing pressures on land could be exacerbated.

**“Niche” markets in the EU present an opportunity to encourage sustainable production.**

This is related to a finding that is common to several of the sector studies. That is, that increased production in the agricultural and other sectors could lead to increased pressure on the environment. In several cases there are opportunities to develop higher value, “niche” products, which could help alleviate additional environmental stress brought about by economic development. These “niche” markets, in areas such as “organic”, “fair trade” or “ethnic” foods, are large enough to present an opportunity for obtaining premium prices.



**Higher-value production can reduce environmental pressures.**

“Niche” markets notwithstanding, the sector study on fisheries in the Pacific region found that the processed fish industry has had positive impacts on job creation, and particularly employment opportunities for women. It has also encouraged the production of higher-value products. By adding value to exports through increased processing, the economic performance of the sector could continue to increase without necessarily increasing catch levels. In the long term, therefore, this type of development could take pressure off fragile fish stocks. On the other hand, the development of infrastructure necessary to increase exports could have negative environmental impacts.

**The EPAs demand reciprocity and ACP countries are under pressure to lower import tariffs on “substantially all trade”, although there is some scope for asymmetry.**

### Tariffs in the ACP countries

Market access is also important for EU exports to ACP countries. Up until now, the trading relationship between the EU and the ACP countries has not been reciprocal. That means that although the ACP countries have had relatively comprehensive duty free and quota-free access to the EU, the ACP countries have been bound only to apply most-favoured-nation treatment to EU countries and not to discriminate between them. The EPAs will change this as they require reciprocity. However, this reciprocity is qualified by the fact that the EPAs will cover “substantially all trade” (as opposed to all trade) and there is room for some degree of asymmetry in the final outcome of the EPAs both in terms of what is included, and transitional timelines for liberalisation.

**Reciprocity is most challenging for countries where EU imports compete with domestic production and where governments rely heavily on revenues from import tariffs.**

The SIA has been useful in exploring issues associated with reciprocity. It is most important where ACP countries import products from the EU that compete with domestic production (either for domestic consumption, regional consumption, or export) and where governments are heavily dependent on revenues from import tariffs. This was the case in the sector study on agro-industry in Western Africa where some imports are subject to high tariffs for the dual purpose of protecting domestic industries and providing significant levels of government revenue. Under the EPAs, the ACP countries will be under pressure to lower their import tariffs on “substantially all trade”.

**Consultations highlighted the need for asymmetry and the inclusion in the EPAs of sensitive products.**

The sector study on agro-industry in Western Africa found that the potential economic and fiscal damage (loss of government revenue) caused by removing tariffs on certain agricultural products in the short term was severe where there was competition between domestic production and goods coming from the EU. In this case, when EU goods are cheaper, they threaten local production. Consultations associated with that sector study highlighted the importance of asymmetry and the definition of sensitive products.

**Recommendation #3: To mitigate potential negative impacts of reciprocity and encourage positive impacts, negotiators should classify some products as “sensitive” and ensure that there is a safeguard provision taking into account the goal of promoting sustainable development.**

An evaluation of the potential impact of liberalisation of agricultural imports considered in the West African sector study found that certain products should be excluded from liberalisation because of the potential of increased competition to damage local production and production for the regional market. These products included the following: wheat flour, beef, poultry, onions, potatoes and prepared tomatoes (Table 5). Increased competition from the EU could lead to a collapse in ACP production, a higher level of dependence on imported food, and a decline in food security. Therefore, the sector study proposed protection from cheaper imports of import surges (such as occurred with chicken parts), for specific products.

**Table 5 - Summary of the sensitivity of selected agricultural products in the West African region**

Products	Sensitivity to loss of fiscal revenue	Sensitivity to competition	Global sensitivity
Wheat	+++	0	medium
Wheat flour	++	+++	very high
Onions	+	+++	high
Potatoes	+	+++	high
Beef meat	0	+++	medium
Poultry meat	+++	+++	very high
Tomato concentrate	++	+	low

Notes: Degrees of sensitiveness: none = 0, weak = +, medium = ++, high = +++.

Source: Assembled by the authors based on information in PricewaterhouseCoopers. “Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements, Phase Two” Paris: PricewaterhouseCoopers, July 2005.

**Threats to domestic production, food security risks, and impacts on poverty in rural areas need to be managed.**

In the long term negative impacts may be mitigated by increased choice and lower prices for consumers, provided that savings are passed on to consumers and not simply retained by importers. However, even if urban populations benefit from access to food products at lower prices, there could be negative impacts on poverty and food security in rural areas where the poorest populations live as a result of depressed local industry and lack of development of local processing capacity.

**Some asymmetry will be possible allowing ACP countries to exclude selected sensitive products from liberalisation.**

Asymmetric tariff reductions should focus on production where existing gains could be most rapidly eroded as a result of full liberalization, as well as those where the largest losses in government revenue might come about as a result of complete liberalization. There are some products where ACP countries may not be ready, yet, to open their markets to direct competition from the EU. Such products should be identified and removed from the negotiations, or subject to a schedule for long-term liberalization. In classifying products as "sensitive" it is vital to develop relevant criteria, which reflect the equally important roles of sustainability.

Acceptable approaches to asymmetry depend on the definition of “substantially all trade”.

At a level of 80%, “substantially all trade” would allow for the exclusion of several sensitive products.

Also, the application of safeguards could be based on criteria that include harm to sustainability, not limited to economic harm.


The amount of asymmetry available to ACP countries will depend on how the negotiators, and ultimately the EPAs, define “substantially all trade”. There is some agreement that “substantially all trade” refers to a level around 80 per cent, which means that no more than 20 per cent of trade could remain untouched by the reciprocal liberalisation. These levels reflect the analysis that was undertaken in the sector study on agro-industry. In that study, a scenario of asymmetric liberalisation was examined whereby it was assumed that the EU liberalised 100 per cent of its imports while the West African countries liberalised 80 per cent of their markets, subject to a transition period of 10 to 15 years, which resulted in the liberalisation of around 90 per cent of all trade flows.

Products identified as “sensitive” in that sector represented less than 5 per cent of the total imports into the ECOWAS region from the EU. (Table 6) This means that under this scenario, all of the so-called “sensitive” products could be excluded from the EPA negotiations without running afoul of the directive to liberalise “substantially all trade”. The analysis continued to show that the impacts of government revenues were the strongest for some of the products that could be excluded from liberalisation (poultry, wheat, prepared tomato, onions and potatoes), which mitigated the potential negative impact on government revenues.

Table 6 - Trade flows from the EU to ECOWAS for selected products

	Euros (million)	Percent
Total flows from the EU to ECOWAS in 2003	12 132	100%
Potential share of products that can be excluded from liberalisation (20%)	2 426	20%
Beef meat (HS 0201 and HS 0202)	6	0%
Poultry meat (HS 0207)	90	1%
Potatoes (HS 0701)	16	0%
Onions (HS 0703)	24	0%
Wheat (HS 1001)	145	1%
Wheat flour (HS 1101)	54	0%
Tomatoes prepared (HS 2002)	138	1%
Worn clothing (HS 6309)	104	1%
Total for selected products	578	5%

Source: PricewaterhouseCoopers. “Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements, Phase Two” Paris: PricewaterhouseCoopers, July 2005.



**For other products the EPA should consider the removal of tariffs on machinery, agro-chemicals and other inputs into the agro-processing and manufacturing sectors.**

**Accelerate tariff reduction for specific goods and services that support sustainable production practices.**

**Preferential market access alone will not ensure increased and/or diversified trade and investment and will not necessarily promote sustainability.**

**Existing rules of origin can be an obstacle when global sourcing is required to be competitive.**

For other products, such as wheat (in the West African sector study), liberalisation of inputs could allow processors to reduce their costs and increase the competitiveness of local industries. Wheat is an important input for processors in Western Africa who transform it into flour in local mills. For these goods there may be advantages to reciprocal liberalisation although the sector studies indicated that, at least in the short term, these may be minimal. However, in the Pacific region the fish processing sector could benefit from reduced tariffs on the import of machinery. In the agro-industrial sector in Western Africa fertilisers imported from the EU are subject to a 5 per cent tariff, which if removed would lower the cost of agricultural inputs. The West African study also indicated that if imports of machinery and equipment were liberalised, the impact would be positive despite a temporary loss of government revenue (the large size of the informal sector in Western Africa has a more significant impact on lost government revenues in that region).

Many inputs imported from the EU by the ACP countries already enjoy favourable treatment, if not under tariffs, then by way of duty drawback schemes. However, these schemes are time-consuming and administratively burdensome to apply. Therefore, from an economic and development perspective the acceleration of tariff reductions for goods (such as industrial machinery and packaging) and liberalisation of services (such as expertise) that support development in sectors, such as fisheries or food-processing, could have positive impacts on efforts to diversify production and promote vertical integration, processing, and value added.

## Rules of origin

The ACP countries have long enjoyed preferential market access to the EU but have not attracted significant levels of FDI outside of the resource sectors, have not diversified their exports out of a limited number of primary products, and have not developed a significant industrial base whereby transformation and value-added can occur domestically. This suggests that there are significant trade and other measures that need to be addressed in conjunction with preferential tariff treatment in order to assure development, and particularly development that is sustainable.

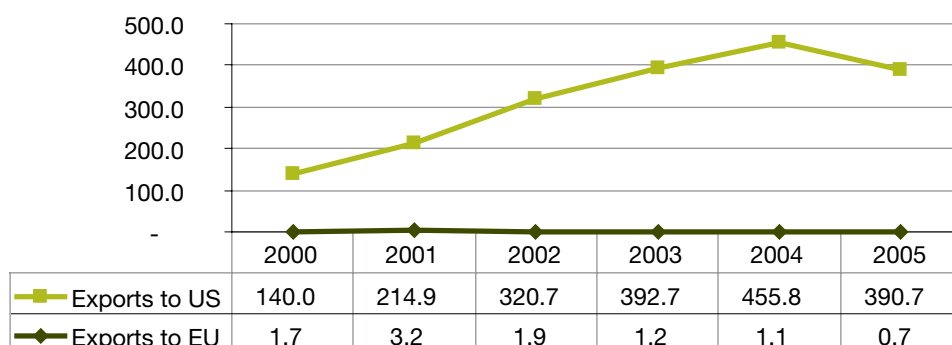
One such trade measure is rules of origin (RoO). The sector study on RoO focused on two case studies: garments in Lesotho and fisheries in Namibia. Typically RoO are not an issue where raw materials are wholly obtained in the ACP countries. However, they are significant when efficient production requires the global sourcing of inputs and participation in global value chains (illustrated in the SIA through the case study on garments) or where unique rules directed towards primary sectors exist (such as in the fishery sector).



**EU RoO prevent the export to the EU of garments produced using non-EU or non-ACP fabric.**

In the garment sector, the EU's RoO are quite strict and play a large role in the current underutilization of preferences under the Cotonou Agreement. EU RoO for cotton clothing require that firms 'manufacture from yarn' implying that fabric alone is insufficient to confer origin and that yarn must also be sourced locally. The SADC Group study indicated that a lack of knitted fabric manufacturing capacity means that fabric is imported into Lesotho mainly from Asian countries (and to a minor extent from its SACU neighbours) to be made up into garments for export. This explains Lesotho's inability to penetrate the EU market. (Figure 4) Origin requirements under Cotonou, as well as the GSP and the EBA (for which Lesotho qualifies as a LDC) require a two-stage transformation process to take place locally (or within countries covered by Cotonou Agreement's cumulation rules).

**Figure 4 - Lesotho's Garment Exports to the EU and the United States, US\$ million**



Source: US OTEXA/EUROSTAT.

**Current RoO have the effect of requiring more integrated domestic and regional sourcing and production than is currently commercially feasible.**

Lesotho's trade data suggest that despite the EU's generous trade preferences it has insufficient textile production facilities domestically, and insufficient access to a regional supply of fabric, to supply the EU or other international markets in large quantities (or even to be internationally competitive) without some flexibility in RoO. Current RoO under the Cotonou Agreement have the effect of requiring far more integrated domestic and regional sourcing and production linkages than are currently commercially feasible in the SADC region. Moreover, in Lesotho garment producers are generally unfamiliar with the EU market and have few contacts with buyers. This contrasts sharply with their longstanding relationships with buyers in the United States.

**Highly mobile production and "incentive shopping" can leave countries in a precarious position.**

Despite the positive contribution that garment production and exports have had on Lesotho's economy, the country's reliance on a single manufacturing sector and market has placed it in a highly precarious position. The garment sector is known to be fickle, both in terms of the changing dynamics globally within the sector, and in terms of its high levels of mobility. It is not unheard of for garment producers to re-locate production to another country in the space of a few days



or weeks should changing economic conditions necessitate this. “Incentive shopping” aggravates the situation. The sector is notorious for setting up production not only where basic economic fundamentals are attractive for short- and medium-term profitability, but where industrial land, services and incentives are the most favourable. However, the garment sector is a vitally important source of employment in countries, such as Lesotho, where unemployment levels are high.

**Developing competitive sourcing of raw materials would require high levels of investment and might result in negative environmental impacts.**

Given the high levels of investment that would be required to encourage the competitive sourcing of raw materials and the production of fabric in the SADC region, it may not be realistic in the short term. Any investment would need to take into account the potential for environmental damage that is posed by fabric mills. In Lesotho the environmental impacts of export-oriented production have been significant and tend to be negative. In particular, the establishment in 2004 of Lesotho’s single denim mill has had major negative impacts on water supply, wastewater treatment, solid waste disposal and air quality. There is also a lack of adequate infrastructure to safely dispose of the industrial effluent, although this is being addressed.

**RoO in the fisheries sector are complex with restrictions around where the fish are caught, ownership of the fleet and nationality of the crew.**


The second case that was examined in the RoO study was fisheries, with a focus on Namibia. EU RoO in the fishery sector are relatively complex under the Cotonou Agreement. The definition of “wholly owned” applies to fish caught in a country’s territorial waters but does not include fish caught within a country’s Exclusive Economic Zone (EEZ) or on the high seas. Where fish are not caught within a country’s territorial waters, EU RoO mandate, *inter alia*, a high degree of local (or EU) ownership and national crews in order to comply with RoO.

**The definition of “wholly owned” is considered unduly restrictive by some ACP countries, and the limits on vessel ownership and crew nationality can be hard to comply with.**

Restrictions imposed by RoO in the fisheries sector have been a source of contention in EU-ACP fisheries relations. The definition of “wholly owned” as it applies to fish is more limiting than necessary in the view of some ACP countries, which favour an approach whereby all catches made in their waters (including their EEZ) should enjoy originating status. Moreover, existing RoO pose particular problems in ACP countries where the structure of the fishery sector is based on vessel-chartering arrangements, joint ventures, and fishing agreements, which makes it more difficult for them to comply.

**The Namibian fisheries sector is an example of how ACP countries can comply with RoO by implementing appropriate domestic policies.**

The case study on fisheries focused on Namibia, which provided an example of how an ACP country can effectively comply with EU RoO. In Namibia, RoO have not impeded trade or development in the fisheries sector. The sector has developed over the past decade assisted by government intervention to promote “Namibianisation” and conservation in the industry. As a result of Namibia’s policies, it has an effective domestic fishing fleet and employs largely Namibian nationals. It is thus less vulnerable to EU RoO in the fishery sector than other



**Extending the “wholly-owned” principle to the EEZ would reduce the current restrictiveness and permit ACP States that do not have an established commercial fishing industry to use leased or chartered vessels, while complying with RoO.**

**Recommendation #4:  
Negotiators should explore policy options to simplify and relax RoO that will encourage increased trade in transformed products.**

**Two sector studies in the SIA focused primarily on trade in services: tourism services in the Caribbean and financial services in Central Africa.**


countries in the SADC Group (and the ACP more generally) and it has been able to expand its trade with the EU in both processed and unprocessed products.

For the majority of ACP countries more relaxed RoO could encourage production and transformation directed towards the EU market. For countries that do not have an established commercial fishing industry the sector study suggested that negotiators might consider extending the “wholly-owned” principle to the EEZ, which would reduce the current restrictiveness and permit ACP countries to utilise leased or chartered vessels, or enter into arrangements with other fleet owners (and likely attract flows of FDI) while complying with RoO. Administratively, such an arrangement may also free up valuable resources. A reliable Vessel Monitoring System (using available technology) that monitors fishing vessels should be employed to regulate and protect both ACP fishery resources and EU fishing interests. The current ownership and crew restrictions could also be relaxed, for example by requiring the option of alternatively complying with a crew threshold or ownership threshold (without the additional regulations relating to board of directors and so forth). For fish caught outside the EEZ (on the high seas) it would be reasonable (also given the objective of a developmental dimension in future RoO) to require such fish to be landed and processed locally, or to be caught by locally owned fishing vessels and crew prior to receiving originating status.

RoO should take into account regional realities on the ground, or ACP countries could be constrained from developing competitive sourcing and production networks and shifting into higher value-added production. In conjunction with improving business contacts with ACP regions, encouraging regional integration and strategic regional investments to improve the prospects for regional and local sourcing of materials, relaxed RoO could encourage development. Such a shift should take into account the social and environmental impacts of increased economic activity, and be pursued in conjunction with policies to promote sustainability.

## Trade in services

Two sector studies focused primarily on the impact of EPAs on the liberalisation of services and sustainability: tourism services in the Caribbean and financial services in Central Africa. Both studies focused on the delivery of services by European service providers in the ACP regions, given that the current capacity of ACP service providers to successfully penetrate the EU market was considered low (and focused on “niche” markets). This is despite a relatively open services regime in the EU. The lack of ability to penetrate the EU market was linked to the relatively complex regulatory environment in Europe (for financial services, in particular) and to a lack of capacity and experience among potential service providers in the ACP countries.



Where *de facto* liberalisation exists it could be reinforced and codified through inclusion in the EPAs, which would increase certainty for investors.

The sector studies relied on the classifications for supply of services designated by the General Agreement on Trade in Services (GATS). (Box 2) Specifically, the study on tourism services in the Caribbean found that while services were largely liberalised in practice, there were opportunities for further commitments to liberalise under modes 3 and 4. In the Central African study on financial services opportunities for liberalisation existed under mode 1 and mode 3. The relatively small number of commitments made by ACP countries in the services sector does not necessarily reflect the operation of those sectors in practice. In both cases *de facto* liberalisation exists, that could be reinforced and codified through inclusion in the EPA.

#### Box 2: GATS Modes of Supply of Services

- **Mode 1** - Cross-border supply. This mode refers to services that are consumed across the border. This covers, for example, the delivery of financial services by EU companies in the Central African region, or by a Central African company in the EU. In the sector study on financial services this is very important with respect to the transfer of funds between the EU and Central Africa and vice versa.
- **Mode 2** - Consumption abroad. This mode is important for a broad range of services when a tourist moves outside his or her home country and consumes services in another country (e.g., hotel accommodation). This is an important mode for the delivery of tourism services in the Caribbean.
- **Mode 3** - Commercial presence. This mode involves serving foreign markets by setting up local operations through FDI or licensing arrangements. It was a key component of the sector study on financial services. The financial services industry has traditionally accounted for the world's largest share of services FDI.
- **Mode 4** - Presence of natural persons: This is relevant to the extent that it includes travel or tour managers or guides from abroad, such as an employee of a European tourism company who works as a manager or tour guide in a Caribbean resort or a salesman from a Caribbean supplier travelling to an international trade fair in Europe.

Commercial presence in the tourism sector presents opportunities and challenges and can raise industry standards where CSR and codes of conduct are adopted.

Increasing investment in tourism services under mode 3 in the Caribbean presents challenges and opportunities for sustainability. Tourism is an important component of the regional economy, although the Caribbean region risks becoming overly dependent on tourism services, which makes it increasingly vulnerable to downturns in global travel. Tourism creates high levels of employment (including for women). Although there is some demand for highly-skilled, managerial level employees, most employment in the sector demands low levels of skill and is highly seasonal. Development in this sector has resulted in negative impacts on marine pollution, high levels of energy and water use, loss of biodiversity and the generation of large amounts of solid waste. However,



an open tourism sector can encourage the adoption of codes of conduct to raise standards within the industry and encourage practices that are consistent with corporate social responsibility (CSR) and that comply with international codes of conduct for multinational corporations, such as those developed by the Organisation for Economic Co-operation and Development (OECD)<sup>5</sup> or the International Labour Organisation (ILO)<sup>6</sup>.

**A strong regulatory framework is crucial to ensure that investors behave in a way that is environmentally and socially responsible.**

In addition to codes of conduct and voluntary measures, domestic regulations are crucial to provide a stable environment for investment. Moreover, national governments should put in place protections to ensure that investment is carried out in a way that respects environmental and social sustainability. This will help mitigate potential negative impacts of increased investment in infrastructure and transportation networks necessary for development in the region but where negative environmental impacts could arise if it is not pursued sustainably.

**Mode 4 presents opportunities to strengthen the competitiveness of Caribbean tourism.**

Mode 4 raises the question of the temporary movement of persons. As a means of delivering services, it presents opportunities for Caribbean tourist professionals to work temporarily in EU countries (to improve their experience and training with respect to EU tourist destinations or to explore new markets). Opportunities also exist for EU service providers under Mode 4, where further liberalisation could occur in the Caribbean region. Professionals coming from the EU into the Caribbean could help Caribbean countries respond to forecasted increases in tourism development in a sustainable way and improve their competitiveness. The modelling exercise carried out in the sector study on the Caribbean region identified, *inter alia*, employment-related impacts and indicated that an inflow of tourism services providers into the Caribbean (at a level of two per cent in the model) created overall positive impacts for the tourism industry by introducing productive factors into the economies.

**Services play a vital intermediate role in economies as a prerequisite for economic performance and development and contribute to a more efficient business climate for other economic sectors.**

In all of the sector studies, there is an emphasis on making additional commitments in related services. Indeed, there were perceived benefits to be gained for trade and sustainability from making commitments in several categories of services. Services play a vital intermediate role in economies as a prerequisite for economic performance and development by contributing to a more efficient business climate for other economic sectors. All of the SIA sector studies addressed the importance of related services to a greater or lesser extent. Particular attention was paid to the development of telecommunications, the importance of intra-regional and international air transportation, environmental services, financial services (such as access to credit) and professional services (such as consulting, certification, and marketing).

**Transportation services are vital for competitiveness in sectors such as tourism, and horticulture.**

The sector study in the Caribbean found that transportation is one of the major limiting factors to tourism development. This is true with respect to the ACP

<sup>5</sup> OECD Guidelines on Multinationals adopted on 27 June 2000.

<sup>6</sup> ILO Declaration of Principles Concerning Multinationals and Social Policy, ILO, 2001



more generally, and particularly, in the Pacific region. In the ESA region and in Western Africa international air transportation is a major component of the cost of exporting fresh horticulture or other agricultural products. Poor transportation linkages contribute to the lack of competitiveness of some ACP countries. Improved transportation was also repeatedly cited as a key component of improving regional integration in all the ACP regions.

**Financial services are a prerequisite for financing development.**

An emphasis on financial services is a prerequisite for development. Several sector studies supported liberalisation in the financial services sector in an effort to increase access to affordable credit, particularly for small and medium sized enterprises (SMEs). In the horticulture sector in Kenya, for example, the liberalisation of financial services offers an opportunity to entrepreneurs in the region seeking to enter the sector as interest rates and insurance premiums offered by banks in the EU are more competitive than those offered by the regional banks in the ESA region. ACP countries (particularly those in Africa) tend to have under-developed financial sectors. This is due in part to the so-called “eviction effect” whereby financing from the banking/financial sector is directed mainly towards financing the public deficit. Specific aspects of the financial services sector (such as micro-credit) play a key role for small informal businesses that do not have access to formal financing. Micro-credit allows numerous households to earn a living. The harmonisation of regulations and transparency are key points for the development of regional financial service providers.

**For all the sector studies, cooperation to develop and disseminate environmental goods and services was a priority.**

In all the sector studies, a particular emphasis was placed on environmental services. Cooperation to develop and disseminate environmental goods and services was considered a priority. Environmental services were highlighted in the sector study on tourism, given the negative impacts associated with increases in scale from ongoing tourism development (both under the baseline and the EPA scenarios). Negative impacts were attributed to pollution related to solid waste and wastewater. In both cases, increased development of environmental services and the transfer of technology and expertise (as well as investment) could mitigate negative impacts. Investment was encouraged in priority areas for environmental services such as wastewater treatment, solid waste disposal and supporting infrastructure (such as airports, port facilities, and road networks).

**Recommendation #5: Negotiators should increase commitments in the services sectors examined in this SIA to improve certainty and transparency, encourage trade, and support sustainable development.**

There was also an emphasis in some sector studies on the importance of professional services. For example, stakeholders in the horticulture sector in the ESA region suggested that increased liberalisation of services would make it easier for them to take advantage of expertise from the EU in areas such as marketing, which could improve their trading positions.



FDI is vital to improve competitiveness, comply with rules of origin, diversify, and integrate vertically.

High levels of capital required to enter production are unavailable in the ACP regions, particularly given low levels of access to credit.

There are several obstacles to FDI in ACP countries.

## Foreign direct investment


The role of FDI is highlighted in all the sector studies as a means for delivering development and supporting trade in both goods and services. Investment is vital for the development of the ACP countries where resources do not exist at the local level to make the investments necessary to improve competitiveness, engage in higher levels of value added and transformation, comply with strict rules of origin, promote diversification and vertical integration and to ensure that development occurs in a sustainable way. For Africa, in particular, the EU is among the major sources of inflows of FDI.

Several of the sector studies indicated that FDI is a pre-condition for development due to the high levels of capital required to enter production in sectors such as horticulture or fish and agro-processing. For example, the investment required to enter horticulture production in Kenya is around €3 million for a farm of eight hectares. The sector study on the SADC Group indicated that the level of investment needed to build a denim mill to support the garment industry in that region is around US\$ 100 million (€ 80 million). This type of investment is beyond the means of many local investors. For SMEs, this is exacerbated by lack of local access to credit.

Despite its importance in the ACP regions, the sector studies highlighted several obstacles to FDI (and local, national and regional investment) that can and should be addressed in conjunction with efforts to increase flows of FDI into the ACP countries. (Box 3)

### Box 3: Some obstacles to FDI in the ACP

- **Small market size.** The size of the economy is an important determinant of FDI. The volume of FDI depends on market size. Small market size justifies a small amount of investment, be it domestic or foreign. However, improving regional integration could encourage investment in ACP regions.
- **Least developed countries.** Remote geographical or land-locked positions and, in some cases, political instability and high levels of risk are advanced as reasons for the low levels of FDI flows to least developed ACP countries.
- **Limited diversification of industry structure.** The heavy dependence on natural resources implies that the industry structure is not diversified, a phenomenon which further reduces the attractiveness of ACP countries to foreign investors or continues to concentrate investment in resource rich industries. FDI inflows into Africa have been concentrated in a few countries and few natural resource sectors. In Central Africa, for example, FDI goes to the petroleum sector and within the ACP Nigeria has consistently been among the top five FDI recipients in the African region.
- **Lack of services and supporting infrastructure.** Poor infrastructure facilities, poor logistics, a generally weak climate for business, a lack of supporting services and weak human and management capacity are cited as disincentives to investment in some ACP regions.



**FDI can help create jobs, promote industrial development, and the transfer of skills, knowledge and technology.**

**Countries seek to attract FDI by providing companies with fiscal incentives, which can compromise the quality of that investment.**

**Recommendation #6:  
The EPAs should contribute to a stable climate for FDI and encourage FDI and regional investment that support sustainability through, *inter alia*, including means of cooperation to achieve compliance with the enforcement of environmental and social regulations at the national level.**

**A regional approach to investment can help overcome the obstacle associated with the small size of the ACP economies.**

For the ACP regions, FDI is generally considered a positive component of the EPAs, holding out the promise of, *inter alia*, job creation, industrial development, the transfer of skills and knowledge, state-of-the-art technologies and management practices (including CSR) and the upgrading of infrastructure.

At present most of the FDI in the ACP countries is directed towards the natural resource sector. In an effort to diversify out of the natural resources sectors some countries provide generous incentives to potential investors. For example, national authorities in Central African countries have sought to attract FDI by providing companies with fiscal incentives such as favourable tax treatment (and in some cases exemption from taxes). This has also occurred in Lesotho, in the SADC Group, in an effort to attract factories into the garment sector. In some cases, these incentive packages have the result that the foreign firms contribute little to the local economies beyond direct employment, which is often low-paid and insecure; there is very little contribution to government revenues or transfer of skills through training or lasting investment in technologies and infrastructure. Mechanisms or agreements to encourage the transfer of environmental and other technologies and know-how are important to ensure that FDI can contribute to development that is sustainable over the long term.

The study on financial services in Central Africa pointed, in particular, to perceived political instability and high risk associated with the economies in the region as an obstacle to FDI. The EPAs could contribute to a more stable environment for FDI by including rules to protect investments and improved transparency. Within the EPAs, this might include a prohibition against lowering environmental and social standards to attract investment, or against providing incentives that ultimately make the investment unsustainable in the long term. It should also strive to promote CSR and assist ACP countries in building capacity to develop and adhere to relevant codes of practice. Such policies would have the added benefit of improving the climate for investment at the local, national and regional levels.

Several of the sector studies pointed to the relevance of cooperation to develop investment policy among ACP countries at the regional level. Such an approach could help overcome the challenge to FDI posed by the small size of individual ACP economies and could encourage regional integration. It could also help the ACP regions develop vertical integration and increase levels of transformation that employ locally sourced raw materials. Pursuing such a policy should take into account the ongoing harmonisation of business laws and regulations in strategic sectors, such as telecommunications. Cooperation at the regional level already exists in both Western and Central Africa with respect to the harmonisation of business law, which includes trade and investment provisions.





**Policies to encourage FDI should be accompanied by adequate protections for sustainability.**

**FDI should be subject to high levels of environmental scrutiny (including SIAs) and governed by mandatory requirements and voluntary codes of conduct that prioritise sustainability.**

**ACP countries have few SPS and TBT measures in place.**

**SPS measures do not always pose undue obstacles to trade and increasingly TBTs are presenting challenges.**

Attempts to encourage FDI should be accompanied by adequate protections for sustainability. In the Pacific, for example, the sector study indicated that FDI should be directed towards infrastructure and logistics including transportation networks. However, any development of infrastructure, particularly in fragile coastal areas, could have negative impacts on the environment if not pursued sustainably. This is despite the likelihood that economic and social impacts would be largely positive.

Similar issues arose in the sector study on tourism development in the Caribbean. However, the tourism sector in the Caribbean is among the most advanced in terms of considering how FDI can be sustainable. The adoption of codes for sustainable tourism is increasing and the Caribbean is in a position to ensure that adequate legislation exists to ensure that increased FDI (and other investment in infrastructure) occurs in a way that supports sustainability. In addition to mandatory requirements and codes (such as the CSME's Draft Investment Code developed in 2006), the positive contribution can be further enhanced by voluntary commitments by investors to transparency and environmentally and socially responsible behaviour through initiatives such as CSR or the United Nations Global Compact. In the Caribbean, the sector study pointed to the need for FDI directed towards environmental infrastructure, large-scale recycling and major infrastructure for transportation.

## Standards and accreditation

Standards and accreditation issues involving technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures were relevant in several sector studies, particularly those related to agriculture and fishery products. The ACP countries tend to have in place few SPS measures, food safety requirements, or technical barriers to trade. While this does not produce negative impacts per se it has a negative economic impact when producers find themselves unable to meet requirements imposed by the EU and private importers in the EU (such as major retail chains) as a result of lack of information, lack of capacity, or lack of testing facilities.

Standards and accreditation issues were important in the sector study on agro-industry in Western Africa. The consultations that were carried out in conjunction with that study indicated, however, that SPS measures did not pose a major obstacle for exporting to the EU, at least for enterprises that were already engaged in exporting. However, TBTs, such as labelling and packaging standards, were identified as increasingly posing challenges for West African producers. Similar challenges were reported in the horticulture sector in the ESA region and with respect to fisheries in the Pacific and in Namibia. Onerous procedures for inspection were cited as creating costly delays in some cases, in both the fisheries sector in the SADC Group and with respect to horticultural



products in the ESA region. The negative economic impacts of delays associated with inspections were most relevant for fresh products, which must reach consumers on a timely basis.

**EPAs can address constraints through increased cooperation and assistance in developing regional standards and related bodies.**

The EPA negotiations offer an opportunity to further cooperation to ensure that potential negative economic impacts are mitigated and the positive benefits for the environment and populations that accompany effective SPS and food safety regimes are realised. Any movement to this end will have positive spill-over impacts into other sectors of the economy that also depend on meeting internationally based standards for export of goods to the EU or other international markets.

**ACP countries should develop their own SPS standards at the national and regional levels.**

One goal of the cooperative agenda under the EPAs should be to assist ACP countries develop national and regional standards and bodies for verification and certification. This would allow the countries and regions to protect their own populations more effectively with “home-grown” standards that are most relevant for their particular situations and, sometimes unique, local products, and meet internationally based standards for export of goods to other markets. It could also contribute to supporting the restructuring of regional ACP companies responsible for certification and labelling to lower the cost to ACP producers of compliance with EU standards. Any development of national and regional standards in the ACP should be based on a process that involves relevant stakeholders, such as the local processing industries.

**Development in the ACP would be facilitated by regional initiatives and recognised accreditation bodies.**

Work in this area should take into account, and build on, initiatives that already exist in the regions. For example, the Kenyan SPS body (KEPHIS), has been recognised by the EU for approving operations to check conformity on the marketing standards applicable to fresh fruit and vegetables. Because Kenya is a “hub” through which products from some other ESA countries are transported, this is positive for the overall development of the sector in the ESA region. The sector study recommended that this accreditation be extended to cut flowers.

**Capacity building and cooperation could facilitate several issues related to verification, enforcement, monitoring and labelling.**

To the greatest extent possible, the development of SPS, TBT and food safety issues in the ACP should occur at the regional level. In order to promote ACP access to high value “niche” markets, however, efforts should include the development of a WTO-compatible labelling regime that targets organic, fair trade, or private sector label products in the EU.



**Recommendation #7:  
EU-ACP cooperation on standards should focus on addressing obstacles to trade, maintaining high levels of protection for consumers and the environment and assisting ACP countries to develop their own national and regional approaches to SPS and TBT.**

Achieving these goals will be facilitated through information sharing, capacity building and technical cooperation with the EU. The SIA suggested that such cooperation could be undertaken in conjunction with implementing the EPAs, through a trade-related working group or committee. Such a body could usefully address the following issues:

- Exchange information on labelling and packaging requirements;
- Identify SPS and TBT measures that are most prohibitive for ACP producers;
- Monitor ongoing developments of SPS standards and TBT measures in the EU;
- Help ACP countries develop strategies (including those related to capacity) to meet these standards and to support local/regional companies to lower the cost of certification;
- Facilitate the development of SPS measures in the ACP by providing assistance to ACP countries to develop their own standards that can be applied at the regional level;
- Promote compatibility between the EU, the ACP countries, and international food safety, SPS measures and TBTs. All Parties should, to the greatest extent possible, participate in relevant international and regional agreements.


**Trade facilitation involves reducing administrative and regulatory burdens on importers and exporters, where losses from complicated procedures can exceed the costs of tariffs.**

## Trade facilitation

Trade facilitation refers to ways in which the administrative and regulatory burden on companies seeking to import or export can be relieved through measures such as transparency and access to information (of other countries' importing and exporting regulations), and through administrative issues associated with customs procedures and other formalities. It is the simplification and harmonisation of international trade procedures including activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods. Trade facilitation was highlighted as an issue in all of the sector studies, as the losses that businesses suffer through delays at borders, complicated and unnecessary documentation requirements, and lack of automation of government-mandated trade procedures, can exceed the costs of tariffs.

**Benefits, including improved regional integration, will flow from efficient and modern customs facilities and transparent and consistent regulations among trading partners.**

Trade facilitation involves improving facilities such as ports, airports and other border crossings. In the ACP context, it also implies the fight against informal taxation on the main trade roads in Africa. Trade facilitation involves putting in place efficient and modern customs regimes, and transparent and consistent regulations among trading partners. It can be pursued through technical cooperation for implementing common procedures and exchanging information on, *inter alia*, best practices.



**Trade facilitation can contribute to a climate that will encourage growth (in trade, investment and manufacturing).**

**Need to enhance trade facilitation, improve capacity and governance and support weak institutions and customs cooperation between the EU and the ACP regions.**

**Recommendation #8:  
The EU should engage in ongoing cooperation with the ACP in several areas related to trade facilitation including, *inter alia*, customs, transportation, technology, business information and human resources.**

Streamlining customs procedures, cutting costs and red tape, and improving transit could encourage regional trade and regional integration, more broadly. Indeed, effectively implemented, trade facilitation should enhance competitiveness and trading capacity and bring about short-term impacts that improve the flow of goods across borders – including the north-south axis and the south-south axis. Any agreement on trade facilitation can also contribute to a climate that would encourage growth in trade flows, attract investment, and enhance prospects for manufacturing.

The SIA sector studies identified the need to address trade facilitation in the context of improving capacity and governance, and supporting weak institutions. In all cases customs cooperation was identified as a means of facilitating trade between the EU and the ACP regions although it was noted that capacity building would be required. Advances in trade facilitation would also help to promote regional integration where customs offices are subject to fraud and smuggling activities due to a lack of financial and technical resources, inadequate compensation mechanisms, a weak political commitment, and the high levels of informal trade across borders in the ACP regions.


Advances in trade facilitation will work in synergy with other trade measures, such as investment, to alleviate some constraints on trade between the EU and the ACP, regional integration, and south-south trade. Trade facilitation includes addressing, *inter alia*, inefficient trade support services, lack of trade-related financing and underdeveloped customs, transportation, business information and human resource development. Improved transportation networks could reduce the high costs associated with transporting goods in the ACP regions, and improve the speed and reliability of delivering goods. The EU could work with ACP regions to cooperate on implementing programmes to improve trade facilitation. Cooperation could begin in the following areas:

- Simplification of customs rules and procedures encouraging harmonization of procedures, greater transparency, elimination or minimization of avoidable administrative and procedural delays and costs incurred in international goods and services transactions and streamlining procedures for business visas.
- Improvements in transport transit by providing technical assistance and capacity building activities in the area of transport and trade facilitation including on the use of automated systems to improve international trade and transport management. Special attention should be paid to transit arrangements for the land-locked countries.
- Supporting existing legal instruments and institutions affecting international transport, trade facilitation and multimodal transport.
- Assessing capacity and encouraging information technology. In the short term, computerisation is a particularly relevant issues with respect to trade

facilitation (and indirectly, regional economic integration and development of regional supply chains). With regard to the trade process, the key role played by customs authorities can be further supported through improved systems of processing, monitoring and implementing adequate customs controls while at the same time improving the trade process.

- To improve transparency, emphasis should be placed on exchanging information on best practices and other relevant information within the ACP and the EU.





*Trade liberalisation alone is not a sufficient condition to guarantee increased levels of trade and/or economic, environmental and social sustainability without attention to technical assistance and development cooperation including policies and programmes to support trade, build capacity, and promote sustainable development.*

## Measures to promote sustainability

**The development aspect of the EPAs is crucial and whether development occurs and whether it is sustainable, depends not only on trade but on a host of other factors.**

None of the trade measures discussed in the SIA will necessarily, alone, lead to sustainability or even to increased trade. Under the previous Lomé Conventions, despite preferential access to EU markets, ACP exports deteriorated from 6.7 per cent of the EU market in 1975 to 3 per cent in 1998, with 60 per cent of total exports concentrated in ten products. Economic cooperation was the primary concern of the Lomé Conventions. The addition of the development component in the EPAs is vitally important to encourage growth and to help ensure that development is sustainable from an economic, environmental and social perspective.

**Policies to promote sustainability are aimed at domestic decision makers throughout relevant government departments.**

Developing policies to be included in, and to accompany the EPAs and ensure that the outcome of the negotiations contributes to sustainable development requires intervention that will typically be undertaken at the national or regional level. Therefore, the measures highlighted in this section are directed towards decision makers and policy makers throughout relevant government departments and in civil society in the ACP and the EU. Beyond tariff treatment



and the role of the trade negotiators, the RoO study is among those that illustrated the important role that domestic legislation and policies can play with respect to complying with trade measures. In that case, the effective management of Namibia's fishery resources helped it comply with relatively strict RoO. Compliance with trade rules and economic development begins at the national and regional levels. Trade rules can be crafted to as not to impede development, but whether or not development actually occurs and whether that development is sustainable, depends on a host of other factors. Several of these factors were identified in the SIA.

**Three priority areas for technical and development assistance are presented.**


Although this summary cannot cover the broad range of issues included in the SIA, those that are considered most important for development are presented in this section. To ensure a coherent and integrated approach, these issues should be covered by relevant environmental and social chapters and provisions in the text of the EPAs themselves (for example, in relation to technical assistance and capacity-building and the commitment to ensure the effective enforcement of existing legislation). The sector studies in the SIA identified at least three priority areas where technical assistance and development cooperation should be directed in the short term to help ensure that the EPAs encourage trade and development that is sustainable in the long term:

- priority needs for diversification and increased value-added in production;
- improving data collection and analysis on trade and on sustainability at the national and regional levels; and,
- capacity building to strengthen human and technical support for sustainability.

## **Priority needs for diversification and increased value added in production**

**Pursuing value added through increased processing can help countries diversify their economies.**

The economies of the ACP are characterised, to a greater or lesser degree, by a high level of dependence on very few primary products or services. This makes their economies vulnerable to changing international commodity prices, declining global demand, or independent factors including climate (which can lead to crop failure, for example). Increasing vertical integration (secondary processing) is one strategy that can be employed to address declining demand for traditional exports, to pursue horizontal diversification and expand into higher-value production. However, the sector studies identified several challenges facing ACP countries seeking to diversify and add value to production. Among the major challenges are a lack of logistical capacity and a lack of physical infrastructure, including transportation infrastructure.



**Physical infrastructure in the ACP is under-developed in several sectors and poses a challenge to pursuing value-added production.**

The SIA sector studies indicated that low levels of trade and regional integration, and lack of competitiveness in the manufacturing sector in the ACP countries are partly the result of the under-developed state of physical infrastructure in the ACP regions. For example, the main obstacle to exports to the EU from Western Africa is the lack of local cooling capacity and regional and international air freight. In the Pacific region, infrastructure to process fish would contribute to development and value added. In Central Africa, the development of the financial sector is constrained by a poor telecommunications infrastructure (particularly for land-locked countries). In the ESA region, development in the horticulture sector is constrained by a lack of laboratory facilities and accreditation bodies. In the SADC Group competitiveness in the garment sector could be improved with more reliable supplies of water and power.

**Poor transportation infrastructure hampers regional integration...**

Throughout the ACP, regional integration and development is hampered by the lack of transportation infrastructure. As regional country groupings in the ACP move toward free trade areas, the implementation of upgraded transportation systems will become essential to encourage intra-regional trade.

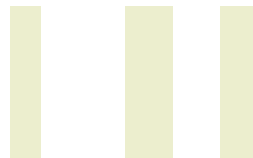
**...and competitiveness in several sectors.**

Poor transportation infrastructure also negatively affects competitiveness in specific sectors. For example, in the horticulture sector in Kenya, the cost of repairs and maintenance to trucks used to transport flowers from the farms to the airport for export is high because of the poor state of the roads. In the SADC Group improving the viability of sourcing fabric from within the SADC Group, which would allow garment manufacturers to comply with EU RoO, faces several challenges including the poor transportation infrastructure from cotton-producing countries within the region, and with other ACP regions (such as West Africa). In the fisheries sector improved transportation infrastructure would make it easier to transport fish and fish products to destinations further distances from the coast and have a positive impact on food security.

**New development should be subject to SIAs.**

Physical infrastructure such as improved facilities for processing and other factories could improve competitiveness in several sectors. However, experience in the SADC Group suggests that the development of infrastructure should be subject to sustainability impact assessments. The impacts in Lesotho of the one denim mill in the country that services the local and regional garment sector, highlights the need for SIA. In that case, the mill was built with no consideration of its environmental and social impacts. The environmental impacts of denim production have been severe and have resulted in high levels of water use and water pollution, with a lack of adequate infrastructure to deal with industrial effluents and no facilities to handle hazardous waste. It has also resulted in the development of settlements to house the workers, which have developed with no attention to planning, and are overwhelming the local infrastructure to supply basic services. Now, twenty years later, the company is in the process of building a water treatment plant for the wastewater from the mill (in response in part to the demands of buyers). However, significant environmental damage





has already been done. Continued development along these lines requires a clear understanding of the environmental and social infrastructure necessary to accompany industrial development in order to assure its sustainability.

**Recommendation #9:**  
Development cooperation should focus on priority needs for diversification of production and exports towards higher value-added products, with an emphasis on reinforcing economic and industrial sectors impacted by the EPAs, while ensuring the sustainability of new development.

The sector studies have identified the following priority areas to support the sustainable development of infrastructure that can support diversification and increased value added in production:

- infrastructure to handle hazardous waste, water treatment, to recycle effluents;
- transportation infrastructure with an emphasis on roads and rail to support development at the national level and encourage the linking of regional markets;
- urban infrastructure, particular around industrial zones, to provide adequate basic services to the workers who migrate to work in factories, tourism facilities or other production areas;
- cold storage facilities, including at airports;
- upgrading fish-processing plants and other agro-processing facilities to take advantage of best available technology which has been shown to reduce negative environmental impacts; and,
- developing communications and Information and Communication Technologies (ICT) infrastructure (and granting land-locked countries access to regional ICT networks).


## Improving data collection and analysis on trade and on sustainability at the national and regional levels

More reliable data are needed on both trade and sustainability.

The SIA sector studies identified a need for access to more reliable data on both trade and on sustainability. Where reliable trade and investment data are unavailable this poses a particular challenge for policy development and for the development of both offensive and defensive interests in trade negotiations. Where reliable data on sustainability do not exist it is a challenge to identify the linkages between economic activity and environmental and social well-being, to understand the implications of these impacts over time, and to set priorities for pursuing sustainable development.

Efforts to collect data at the national and regional levels are weak and information-gathering systems to support policy development are required.

In the ACP regions large deficiencies in the information gathering systems exist along with little capacity to implement any improvements. Through government and donor funding some positive activities have taken place, but far more needs to be done to develop systems that support policy development. This is consistent with efforts to support trade facilitation (discussed above) as the high levels of informal trade pose a challenge to gathering reliable economic and trade data in some ACP regions.



**Recommendation #10:  
Development cooperation  
should focus on technical  
assistance to collect  
information and data on  
trade and sustainability  
to support sound policy  
development.**

In some regional configurations efforts have been made to collect data at the regional level. However, even in areas where regional integration is relatively well advanced data collection is poor. This is the case in Central Africa, for example. The EPA negotiating configuration presents a further challenge as it includes Sao Tomé & Príncipe and the Democratic Republic of Congo, neither of which is a member of CEMAC nor subject to the same cooperative efforts to collect information. Much more needs to be done to collect data and to harmonise it within existing regional integration initiatives.

This is an area where technical assistance and support is likely to lead to relatively rapid positive results for both trade and for prioritising vital sustainability issues. Collecting information related to trade could have a positive impact on trade facilitation. Coupled with assistance with equipment purchase and appropriate technical assistance, on an ongoing basis, improved systems could be developed that enhance the trade process, further the objective of economic development in the region and support regional integration.

**Improved data will assist future  
monitoring efforts.**

The EPAs will be implemented over a period of at least twelve years. Their implementation could be monitored during that time, with a focus on the contribution of the EPAs to sustainability. There may be opportunities to adjust priority areas for development cooperation and technical assistance as the implementation of the EPAs unfold. Improving the collection of data at the national and regional levels would enrich any efforts to monitor the impacts of the EPA to ensure that cooperation is directed towards areas most relevant from an economic, environmental and social perspective. Moreover, such an effort would assist experts who may conduct SIAs in the future, and would contribute to the efforts of organisations at the national, regional and international levels, which collect data related to indicators of sustainability. Ultimately, improved information will assist priority setting and policy development.

**Stakeholders would benefit from  
the improved dissemination of  
information.**

In addition to the importance of gathering information, the consultations for the SIA made it clear that a large number of the stakeholders lacked basic information on the EPAs and on the SIA. Therefore, all of the sector studies included a recommendation that methods for disseminating information should be improved.



## Capacity building to strengthen human and technical support for sustainability

**Recommendation #11: Development cooperation should focus on capacity building to promote sustainable development in both the private and public sectors, with an emphasis on training, research and development, and a sound regulatory framework.**

The dissemination of codes of conduct and best practices would support sustainability.

Marketing skills and business-to-business contacts are crucial.

Research and development should be accompanied by training.

The importance of capacity building to strengthen human and technical support for sustainability was raised in all the SIA's sector studies. In Western Africa, the sector study on agro-processing recommended a focus on improving training and extension services for farmers to increase levels of productivity. The study in the Caribbean region identified a vital need to develop training in the tourism sector, given the importance of human resources to that sector. The sector study in the Pacific region recommended capacity building with respect to developing an effective fishery management regime and laws to combat illegal fishing. In the horticulture sector in the ESA region, capacity could be improved with respect to certification and the application of codes of conduct.

In several sector studies training to improve capacity to pursue value-added niche markets in the EU for specific production (including improvements to certification) was considered important. The use of codes of conduct in sectors such as the floriculture sector in Kenya or in the Caribbean's tourism sector, have been important in raising awareness among producers of issues associated with sustainability. However, in many ACP countries there are lower levels of awareness with respect to sustainability and best practices. The sector study in Western Africa on agro-processing identified the need to improve the dissemination of best practices related to sustainable technologies and farming.

Several of the sector studies highlighted capacity building in the private sector, in terms of marketing and developing linkages with buyers or like-minded businesses in the EU. The sector study on RoO recommended that in the garment sector, support should be provided for local industries in the SADC Group seeking to develop long-term partnerships with foreign investors. Such prospective partnerships could help stabilise investment and build capacity through increased training of local managers. The need for increased business-to-business contact, which was noted in the sector studies, is being advanced in institutions such as the EU-SADC Business Forum, which was launched in 2006.

Research and development was identified as important in some sector studies. The horticulture study in the ESA region, for example, indicated that the development of environmental technologies and new varieties adapted to the African climate could lower costs associated with royalty payments and improved methods of integrated pest management and low-consumption or renewable energy sources could reduce the use of inputs. However, any research and development should be accompanied by training. In the ESA region there is only one institution, which is located in Zambia, specialised in technical aspects of horticulture production. Given the growing importance of the sector in the region there is a need for increased avenues for training.

**A domestic regulatory framework should be put in place that supports sustainability.**

All of the sector studies emphasised the importance of ensuring that adequate legislation exists at the national level to encourage sustainability. This includes, for example, legislation to ensure that FDI and other investment in infrastructure occur in a way that supports sustainability. It also includes developing domestic regulations to support sustainable fishery policies. In some cases, such as in the Pacific, this could require providing policy assistance to national and regional officials in charge of the development, implementation and enforcement of fisheries policy, providing technical assistance and capacity to combat illegal fishing, and for vessel monitoring. There may also be other areas where countries should put a priority on regulatory attention. For example, where reciprocity threatens to erode significant government revenues, countries may need to diversify their sources of revenue and establish realistic, effective and enforceable taxation systems to mitigate any negative fiscal impacts of declining tariffs.

**Consider a mix of command and control and economic incentives.**

In the Caribbean region the tourism services sector study indicated a need for regulations associated with planning, zoning and land use. In conjunction with planning, legislation could require SIAs for new investment and expansion of existing infrastructure and, where viable, offering economic incentives to improve logistics and up-grade equipment and transportation facilities in a way that encourages economic, environmental and socially responsible investment, including management practices and good governance. The Caribbean study also suggested that economic instruments (such as incentives to promote local provisioning) could be employed to maximise the economic benefits to local economies of cruise tourism.





*Multi-stakeholder institutional mechanisms are vital for ensuring an integrated approach to future trade negotiations and monitoring the implementation of the EPAs, to assess their contributions to economic, social and environmental sustainability.*

## Institutional mechanisms and oversight

Stakeholder participation is vital for policies related to trade and sustainability and institutions are necessary to ensure that all relevant issues can be integrated into trade negotiations.

Stakeholders called for meaningful participation in the EPA negotiations.

Develop advisory groups or another institutional avenue to channel input from ACP stakeholders into trade negotiations.

There are additional cross-cutting conclusions from the sector studies in the SIA that concern issues of institutional oversight, the role of stakeholders in trade negotiations in general, and in the implementation of the EPAs in particular. These can be addressed through the development of appropriate institutional arrangements or avenues for participation. The EPAs should recognise the importance of effective multistakeholder public participation in the successful development of policies related to both trade and sustainable development.

Building on the need to improve information gathering and dissemination, the SIA sector studies included general recommendations that could be applied in the short-term to improve the dissemination of information and the effective participation of civil society in the EPA negotiations. These recommendations addressed mechanisms to support a dialogue with non-state actors and their timely access to information.

Some stakeholders indicated the need for an ongoing, institutional mechanism through which they could have input into trade negotiations generally, and the EPA negotiations specifically. In the EU such a mechanism exists in the European Commission's Civil Society Dialogue. In the Caribbean region, there is also some experience in seeking the views of stakeholder in trade negotiations through bodies such as the non-state actor forum. In the ACP regions such mechanisms could usefully be developed and strengthened.



**Recommendation #12:  
A permanent institutional mechanism should be developed to monitor the implementation of the EPAs from the perspective of economic, environmental and social sustainability.**

**Establish a permanent EU-ACP Cooperative Dialogue for Public Participation and Capacity Building for Sustainability.**

**Involve a broad range of influential stakeholders and government representatives from the EU and the ACP.**

These could be based on technical or sectoral or regional advisory groups, with representation from experts and relevant stakeholders including business people and representatives from environmental and social NGOs that include women, farmers and labour.

Civil society actors equipped with the appropriate information, knowledge and skill can make effective contributions to ACP-EU cooperation under the EPAs to support sustainability. In the medium and longer terms, this could occur through an effective, multistakeholder monitoring mechanism to follow-up on the implementation of the EPAs once the negotiations are completed. Such follow-up and monitoring would be useful to inform future programmes to promote sustainability within the ACP regions and could provide valuable lessons for future trade negotiations and agreements.

To this end, the Parties should establish a permanent EU-ACP Cooperative Dialogue for Public Participation and Capacity Building for Sustainability. Such a mechanism would promote multi-stakeholder participation in development co-operation and capacity building on an on-going basis to support sustainability under the EPAs. It would encourage informed participation in the implementation of the EPAs through mechanisms for the ongoing collection, analysis and dissemination of relevant data and information to continue to increase awareness and to track progress towards sustainability. Such a body should have the ability to make recommendations to key decisions-makers in both the EU and the ACP regions. Such a mechanism could:

- Compile and disseminate information, and undertake research and assessments with regard to trade and sustainable development;
- Coordinate technical assistance in support of sustainability;
- Consult and collaborate with local, national, and regional environmental authorities and institutions;
- Interact and consult regularly with civil society;
- Develop indicators that can be employed to monitor the implementation of the EPAs and assess their ongoing contribution to sustainability;
- Create guidelines for public participation on matters related to EU-ACP cooperation under the EPAs.

To maximise its relevance, such a mechanism should include a broad range of influential stakeholders representing, inter alia, trade unions, woman's organisations, environmental and social NGOs, traditional communities, business organisations, farmers' organisations and government representatives, from both the EU and ACP countries. Such an institution and the guidelines it establishes could have spill-over effects into other areas such as intra-regional cooperative mechanisms or other multilateral efforts, including trade negotiations.

**Emphasize business-to-business contacts.**

An area of emphasis for this body could be, in the first instance, to help develop links among relevant businesses in the EU and the ACP countries. The lack of market knowledge and business contacts was cited in some SIA sector studies as one impediment to trade from the ACP to the EU. The development of trade links among countries is enacted first by the business community and so the development of links between business people in the ACP and EU could help to develop common strategies and enhanced trade flows between the EU and the ACP countries. Any mechanism for follow-up and monitoring of the EPAs should establish links with relevant existing business-to-business initiatives such as the EU-Africa Business Forum and the EU-SADC Business Forum.


**Establish trade-related working groups or committees to assist the EU and the ACP regions to implement a cooperative agenda on trade-related issues of common concern.**

Where additional cooperation is necessary to develop approaches to specific trade measures, the EU and ACP countries should consider establishing trade-related working groups. These groups could advance the regulatory dialogue and promote cooperative approaches to sharing information and improving technical capacity as necessary to help ensure that gains available through the EPAs are not hampered by obstacles that can be overcome through increasing cooperation, awareness and capacity building. In many cases, gains can best be achieved through cooperative regulatory dialogue that takes place in conjunction with improved institutional arrangements and development cooperation.

**An initial emphasis could be placed on capacity building, SPS and TBT, and trade facilitation.**

Such working groups should develop appropriate consultative mechanisms to ensure adequate stakeholders participation. The SIA pointed, in the first instance, to the utility of working groups in the following areas: cooperation and capacity building on SPS and TBT measures and cooperation and capacity building for trade facilitation.





*The SIA has yielded lessons emphasizing the importance of making meaningful connections in the ACP regions and undertaking a sustained dialogue with negotiators and civil society and it has contributed to the discussion surrounding the EPAs and helped define and/or reinforce the agenda for ACP-EU development cooperation.*

## Lessons learned

### For conducting SIAs

**Select sectors based on defined criteria.**

Sectors for study in a SIA should be chosen based on defined criteria. It is equally important that sector choices be considered in a participatory process, where feasible, to help assure the selection of sectors for study that are relevant and where the interest of stakeholders in the substance and the findings of the SIA are most likely to be assured. Where sectors are not considered relevant by negotiators and/or stakeholders the results of a SIA are unlikely to add value to the discussion.

**Allow sufficient time and resources to undertake field missions.**

Spending time in the ACP regions was vital for disseminating accurate information about the SIA and for collecting data. The field missions conducted while researching the sector studies were important in all cases as a means to gather information that is not readily available, and to discuss the SIA and the EPAs with stakeholders in the ACP regions. Field missions and specialised interviews are useful at many stages in the SIA process. At the beginning, they can be used to explore the most relevant economic, environmental and social issues related to the trade measure or sector under consideration, identify the





most relevant stakeholders, and gather preliminary data. They are also useful later in the process to test results of the early analysis and collect data focused on defined linkages between trade, economic activity and environmental and social impacts. In many cases, compelling arguments begin with anecdotal evidence, supported by data that is best obtained and interpreted through first-hand experience.

**Work in close cooperation with credible and relevant regional organisations.**

The benefits of working with organisations already established in the ACP regions were demonstrated clearly in the SIA. These benefits range from providing the team with initial contacts relevant for the sector study; identifying key issues and areas of concern; providing substantive input into the SIA based on first-hand experience; organising missions and gaining access to individuals and organisations where that access might otherwise be difficult to secure; providing an entry for the SIA team into regional fora and access to regional expertise; and providing an opportunity for partnership in organising regional meetings.

**Maintain flexibility with respect to the composition of the SIA team.**

Undertaking several and varied sector studies illustrated the importance of building flexibility into the team structures to allow for bringing local experts onto the team and/or commissioning work from experts in the ACP regions. This allowed the core SIA team to build local work into the project. Flexibility is also important in terms of allowing the team to add, amend, and/or revise issues as relevant in response to preliminary research and consultations and to take advantage of expertise in the ACP regions.

**Maintain flexibility with respect to consultations.**

The team conducting the SIA should take every opportunity to consult with stakeholders during the SIA, whether formally or informally, throughout the process. Regional stakeholder meetings have been a vital component of this SIA. At the same time, smaller scale consultations, and in particular specialised interviews with key stakeholders, have been very useful where it would have been impractical to bring stakeholders representing different interests together, or where this might have negatively affected the quality of the discussion. Despite the difficulties and expense associated with large multi-stakeholder workshops, dialogue where representatives of various interests are in a single forum and exposed to a full discussion, is vital for building trust and increasing the awareness of all stakeholders to the range of issues surrounding sustainability. Therefore, to the greatest extent possible, multistakeholder workshops should be pursued in SIAs.

**Large multistakeholder consultations work best in regions with a history of public participation.**

However, experience has shown that large-scale consultations with a broad range of stakeholders together work best in regions where there is already trust built up among stakeholders. Typically this occurs in regions where there is a long-standing tradition of stakeholder involvement and is facilitated when there is some agreement around how to deal with the issues under consideration. This



was the case with respect to the tourism sector study in the Caribbean region, for example, where large multistakeholder meetings generated lively discussion and led to constructive conclusions.

**Smaller meetings with like-minded stakeholders or one-on-one interviews are effective in regions where there is less trust built up among stakeholders.**

In regions with little experience with multi-stakeholder dialogues and in sectors where transparency is low, where there is no history of stakeholders working together, or where there exists a lack of consensus on best practices on whether and how to promote sustainability, large stakeholder meetings pose a greater challenge. Where there is no trust built up among stakeholders they can be reluctant attend workshops and discuss controversial issues. In this case, consultation with relevant stakeholders in individual or small meetings of like-minded individuals and organisations is an effective way to obtain feedback and to disseminate information.

**Invest in consultations throughout the process.**

The dissemination of the SIA and the sector studies has contributed to raising awareness of the EPAs and the SIAs and has contributed to the involvement of stakeholders in the negotiating process. This speaks to the importance of the consultation process. All relevant stakeholders should be involved in the consultations and kept informed of the results of the SIA. Preliminary findings should be subject to comments from stakeholders. Team members should follow-up with individuals interviewed and those involved in electronic (and other) consultations to validate and/or modify the analysis based on the data and information collected during field missions.

**Exchanges with negotiators are useful.**

Exchanges with negotiators in the EU are important to ensure constructive communication. This includes opportunities for informal exchanges of information and ideas. The SIA sector studies also benefited from similar communications and discussions with ACP negotiators, which were vital to ensure that the studies reflected a comprehensive set of viewpoints and that policy recommendations were ultimately of the greatest relevance.

## For negotiators and other stakeholders

**It is difficult to draw causal links between the SIA and the EPA negotiations although there are signs that it has had an influence on some negotiators.**

It is difficult to demonstrate a causal link between recommendations made in the SIA and the ongoing ACP-EU EPA negotiations. In several areas there are parallels between recommendations in the SIA and policies being pursued in the negotiations. This is consistent with the fact that the SIA was conducted with significant public participation, including a dialogue with negotiators. However, it is also clear that the SIA has had an influence on the thinking of some negotiators.

**Negotiators in the EU have used the SIA for a variety of purposes.**

Negotiators in the EU have used the SIAs for a variety of purposes. The sector studies have been used as background information for individuals from the EU and from the ACP regions, in putting together presentations on the EPAs, writing



speeches, and addressing the sustainability elements associated with the EPAs. The SIAs have thus helped to raise awareness in areas that are relevant for the negotiations. All perspectives and inputs from outside experts are considered useful in considering the broad range of issues, including environmental, social and development issues, which will be included in the EPAs.

**The SIA has been used by negotiators and stakeholders in the ACP regions.**

The studies have also been used by relevant negotiators and stakeholders in the ACP regions. For example, the SADC Group study on RoO has been circulated to meetings of stakeholders and negotiators in the ACP regions and used as a background document for workshops that are unrelated to the SIA. In that case the SIA was ground-breaking as the link between rules of origin and sustainability in the context of the EPAs had not been studied and the sector study encouraged a new avenue of discussion. The Central African sector study on financial services has been used as the basis for a meeting with ACP negotiators in Brussels. The Caribbean sector study on tourism services is familiar to the ACP negotiators and to stakeholders in that ACP region and has been on the agenda at several fora since it was initially written.

#### **The views of an EC trade negotiator...**

*“The SIA study on rules of origin in the SADC Group has provided useful considerations with regard to trade and development that encourages economic, social and environmental sustainability. Some of these considerations will feed into the preparations for the negotiating rounds between the EC and SADC and are subject to fine-tuning on the basis of discussions between the parties. Rules of origin are a subject of highly practical relevance in the region, and the study has therefore contributed to increasing the understanding of this very important issue among the stakeholders involved in the negotiating process.”*

**The SIA has reinforced the importance of existing debates.**

In some cases the SIA reinforced the importance of existing debates. For example, the West African sector study recommended that specific products be classified as “sensitive”. There will be a schedule of sensitive products included in the EPAs, although there is no consensus on how they should be defined. What is clear, is that the mandate to liberalise “substantially all trade” will fall somewhere around the 80 per cent mark, which is consistent with the scenario employed in the SIA. It is also likely that there will be safeguards included in the EPAs. While this is standard practice in trade agreements, it is not clear whether the safeguard provision could be triggered by sustainability concerns (in addition to trade-related concerns), as recommended in the SIA.



**The SIA can help set priorities for trade-related infrastructure and development.**

**The SIA has highlighted issues related to regional integration.**

**The SIA has highlighted relevant institutional measures.**

**The SIA has inspired debate and has been part of the discussion.**

**The SIA is useful to help set and/or reinforce the agenda for development co-operation.**

The SIAs can help define priorities for development that may be included in the EPAs. For example, the focus on infrastructure in the SIAs and the cross-cutting issues developed throughout the sector studies suggested priority areas for trade-related infrastructure development, which can be pursued through development cooperation in conjunction with the implementation of the EPAs.

Several factors recommended in the SIA contributed to the discussion surrounding regional integration. This included clear priorities such as adopting a common external tariff CET in Western Africa, for example, but extended to recommendations such as developing economic and industrial policies at the regional level in areas including agriculture, textiles and tourism. Moreover, the SIA highlighted key points associated with the EPAs and regional integration in terms of ensuring the general compatibility of trade rules to promote regional integration and the effective operation of those rules. There was also a common recognition that the collection of statistical data should be enhanced at the regional level.

As with trade-related measures, institutional discussions may not flow straight from the SIA into the EPAs. However, the approach suggested in the SIA has been part of a discussion that could lead to a new institutional arrangement to monitor the implementation of the EPAs. The extent that such a body would include permanent links to vital interests in civil society is not yet clear. It is also likely that trade-related groups could be established to facilitate on-going cooperation among the parties in order to implement the EPAs. The further cooperation in areas such as trade facilitation or standards and accreditation that are recommended in the SIA could help provide initial agenda items for a comprehensive and far-reaching agenda for these groups.

The SIA has inspired debate and has been part of the discussion among negotiators and stakeholders from civil society. It has been useful in order to increase awareness, engage stakeholders, raise the level of dialogue and encourage discussion both in the EU and at regional workshops in the ACP regions. This has resulted in the fact that the SIA and its component sector studies have been used and quoted by NGOs in various statements and reports, which have helped raise awareness and added to the discussion about the EPAs and the SIAs and helped disseminate its findings and recommendations.

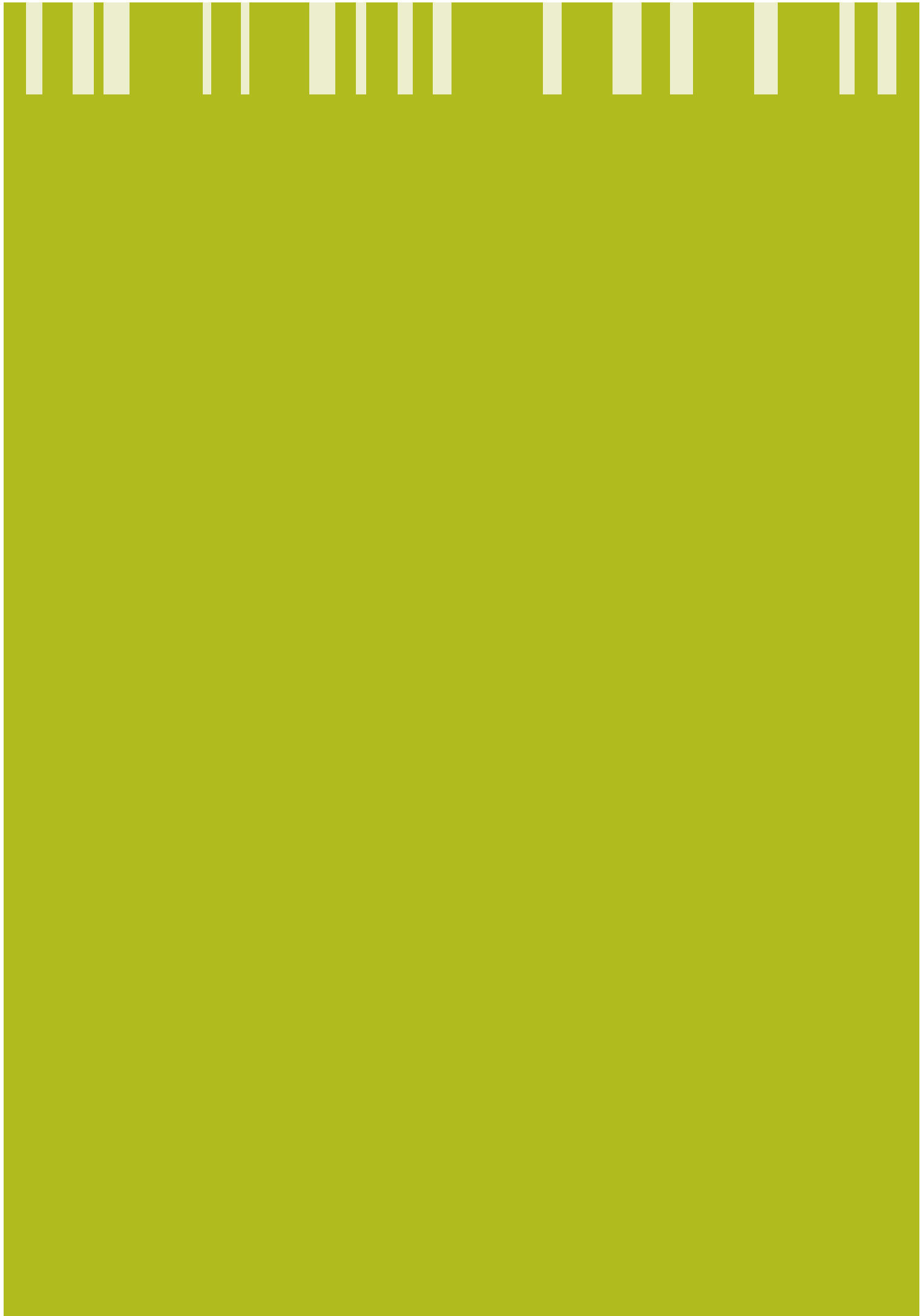
The results of the SIA have been used to help set and/or reinforce the agenda for development cooperation aimed at improving levels of competitiveness and infrastructure. The SIA has served as a vital starting point for identifying issues and mechanisms to encourage the sustainable development component of the EPAs. The sustainability aspects are linked to development and core environment and labour standards and the message that social and environmental standards should not be neglected is an important one. Environmental and social chapters negotiated in the context of the EPAs should correspond to regional sustainable development objectives, including those identified in the SIA and a call for the improved observance and enforcement of environmental and social standards.


## The EU and ACP region at a glance

	European Union (EU)	Africa, Caribbean and Pacific region (ACP)																										
Member countries and configuration of negotiations (see also Table 1)	27 members 12 member states joined since the ACP-EU negotiations started in 2002 (10 in 2004 and two in 2007)	77 countries 6 sub-regions are negotiating EPAs with the EU																										
Population (2005)	462 million (EU-25) (a)	706 million(b)																										
Surface area	4 million km <sup>2</sup> (c)	25 million km <sup>2</sup>																										
GDP (2005)	€ 10 817 billion (c) € 23 413 per capita (c)	€ 300 billion (current)(b) € 426 per capita(b)																										
Debt (2005)		€ 145 billion(b) € 206 per capita(b)																										
Foreign direct investment (FDI)	Net outflow € 71.6 billion in 2004 (e)	Net inflows € 9 billion in 2005 (b) € 13 per capita in 2005(b)																										
Total Official Development Aid (ODA) and official aid	10 <sup>th</sup> EDF will provide € 22.7 billion (2008-2013)(f) 9 <sup>th</sup> EDF provided € 13.5 over 2002-2007(f) € 2 billion per year "Aid for Trade" support pledged by EC and EU member states (g)	€ 11 billion received in 2005(b) € 16 per capita in 2005(b)																										
UNDP Human Development Index (2005)	High(h)	Majority medium or low(h) Eight countries high(h)																										
Least Developed Country (LDC)	None	38 LDC countries. 32 LDC in Africa, five in Pacific and one in Caribbean region																										
Total trade (2005)	EU exports to ACP: € 25 billion(d)	ACP exports to EU: € 29 billion(d)																										
Major products imported / exported	<p>Main EU products exported to ACP(d)</p> <table border="1"> <caption>Main EU products exported to ACP(d)</caption> <thead> <tr> <th>Product</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>51%</td> </tr> <tr> <td>Machinery</td> <td>21%</td> </tr> <tr> <td>Fuels</td> <td>7%</td> </tr> <tr> <td>Chemicals</td> <td>5%</td> </tr> <tr> <td>Vehicles</td> <td>7%</td> </tr> <tr> <td>Ship boat</td> <td>9%</td> </tr> </tbody> </table>	Product	Percentage	Other	51%	Machinery	21%	Fuels	7%	Chemicals	5%	Vehicles	7%	Ship boat	9%	<p>Main ACP products exported to EU(d)</p> <table border="1"> <caption>Main ACP products exported to EU(d)</caption> <thead> <tr> <th>Product</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>40%</td> </tr> <tr> <td>Fuels</td> <td>36%</td> </tr> <tr> <td>Pearls precious stones metals</td> <td>11%</td> </tr> <tr> <td>Ship boats</td> <td>7%</td> </tr> <tr> <td>Cocoa</td> <td>6%</td> </tr> </tbody> </table>	Product	Percentage	Other	40%	Fuels	36%	Pearls precious stones metals	11%	Ship boats	7%	Cocoa	6%
Product	Percentage																											
Other	51%																											
Machinery	21%																											
Fuels	7%																											
Chemicals	5%																											
Vehicles	7%																											
Ship boat	9%																											
Product	Percentage																											
Other	40%																											
Fuels	36%																											
Pearls precious stones metals	11%																											
Ship boats	7%																											
Cocoa	6%																											

- Sources: (a) *Europe in figures, Eurostat yearbook 2006-07, 20 February 2007.*  
 (b) *World Bank, as quoted in DG-TRADE, Fiche Pays ACP, 22 March 2006.*  
 (c) *Key facts about Europe and the Europeans, European Commission.*  
 (d) *DG-TRADE, Fiche Pays ACP, 22 mars 2006, based on Comext 2005 EU declarations.*  
 (e) *Eurostat, statistics in focus, EU foreign direct investment in 2004, 13/2006.*  
 (f) *DG-Development.*  
 (g) *"EU to set out new commitments on Aid for Trade", Luxembourg, 16 October 2006.*  
 (h) *United Nations Development Programme (UNDP), Human Development report 2006*

"PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.





PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 142,000 people in 149 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

PricewaterhouseCoopers' Public Sector practice in Europe is committed to assisting the EU Institutions in fulfilling their mission of policy making, governance and organisational delivery. Our service offerings include audit, advice in financial management, regulatory compliance checks, programme and project management and implementation, training, monitoring and evaluation, human resource management, and policy studies.

For a more detailed overview of our service offerings and of how PwC can assist please visit our dedicated website: [www.euservices.pwc.com](http://www.euservices.pwc.com)

This report is a one of a series of Sustainability Impact Assessment (SIA) projects coordinated by PricewaterhouseCoopers' Sustainable Business Solutions practice, a network of more than 400 professionals dedicated to sustainable development and Corporate Social Responsibility ([www.pwc.com/sustainability](http://www.pwc.com/sustainability)).

Publications in this series cover the following regions and sectors:

- Horticulture in Eastern and Southern Africa (ESA)
- Rules of Origin in the Southern African Development Community (SADC) Group
- Financial Services in Central Africa
- Agro-industry in Western Africa
- Tourism Services in the Caribbean
- Fisheries in the Pacific

Publications on stakeholder consultation:

- Summary of dissemination and stakeholder engagement – key issues surrounding the SIA (forthcoming – summer 2007)
- Central Africa - Building sustainable development issues into Economic Partnership Agreements (forthcoming, summer 2007)
- Caribbean - Building sustainable development issues into Economic Partnership
- Agreements – A report on a Caribbean regional workshop in Montego Bay, Jamaica on 24-25 July 2006
- Caribbean Consultation workshop on Sustainability Impact Assessment, Port of Spain, Trinidad and Tobago, on 11-13 November 2003
- West-African Consultation workshop on Sustainability Impact Assessment in Dakar, Senegal, on 10-11 November 2003

For more information about these publications and the SIA project, please visit our website: [www.sia-ACP.org](http://www.sia-ACP.org)

[www.pwc.com/sustainability](http://www.pwc.com/sustainability)