



The ABC Of EAC-EU Economic Partnership Agreements (EPA)

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ACRONYMS

ACP	African Caribbean and Pacific
AU	African Union
DFQF	Duty Free Quota Free
EAC	East Africa Community
EALA	East African Legislation Assembly
EBA	Everything But Arms
ECOWAS	Economic Community of Western African
States	
EPAs	Economic Partnership Agreements
ESA	Eastern and Southern Africa
EU	European Union
FEPA	Framework on Economic Partnership
Agreement	
FTA	Free Trade Area
GATT	General Agreements on Trade Tariffs
GSP+	Generalized System of Preferences Plus
LDC	Least Developed Countries
MFN	Most Favoured Nation principle
RoO	Rules of Origin
SADC	Southern Africa Development Community
WTO	World Trade Organisation

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Atsango Chesoni
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1. INTRODUCTION

1.1. Economic Partnership Agreements

Global trade is worldwide business that involves making and collecting payments for transactions in goods and services, and transporting them to interested markets². International trade allows us to expand our markets for both goods and services that otherwise may not have been available to us. It is the reason you can pick between a Japanese, German or American car. Economic Partnership Agreements (EPAs) are a form of trade contract between the European Union (EU) and the African Caribbean and Pacific (ACP) countries that mainly comprises developing nations⁴. The main objective of the EPA is to support and facilitate trade between the two blocks and to eradicate poverty⁵.

1.2. The History of EPAs

During the colonial period, African countries provided raw materials for the industries of their colonial master. This arrangement was one-sided because Africa got nothing in return. Upon independence, African states took charge of their national and natural resources; however, the European appetite for raw materials did not die with independence. This time, African countries traded with European countries mainly on raw agricultural and mineral products to generate foreign exchange. In the 1970s,

the new waves of independence across the continent saw most African countries make efforts to rebuild their economies and redefine their trade relationship with their former colonial masters.

1.2.1. The Lome Agreements

The European Union (EU) offered to reorganise trade to help its former colonies by formulating a trade partnership through which the relationship between Europe and the newly independent ACP countries would continue. Thus, in 1975, in Lome, Togo, the EU and 71 ACP countries developed and signed the "Lome Convention." Under this arrangement, goods and services from the ACP countries—mainly agricultural goods and minerals which were exempted from tariffs and duties—enjoyed special access to the EU markets. This was a big boost to the producers in the ACP countries. However, the free access did not apply to products competing with EU agricultural products. For such products, access was based on a quota system, where products entering the EU market would be limited, mostly by quantity, e.g., the amount of maize entering the EU would be restricted to a specified number of tonnes. On the other hand, goods from the EU were not granted such access in the ACP countries' markets.

Besides the free access, the EU also agreed

to invest in the ACP countries and aid them with three billion Euros for development purposes. The Lome agreement would be re-negotiated every five years, resulting in Lome Agreements Two, Three and Four. With every re-negotiation came an increase in financial aid and investment from the EU through the European Development Fund (EDF).

Even with all this aid, the ACP countries did not fully benefit from the agreement as some of the provisions of the Lome Agreements were disadvantageous to the ACP countries. An example was the "Rules of Origin" which will be discussed below. The Lome Agreements lasted for 25 years and expired on February 29, 2000.

However, with the onset of globalization, trade liberalization and increasing opposition from WTO states, it was necessary to come up with a better way of trading. Some countries were not happy that the EU was allowing free access to ACP products as this amounted to favouritism. They, thus, challenged this arrangement and it was found that this preferential treatment was against the General Agreement on Trade Tariff (GATT) rules—a trade agreement that involved a majority of the countries in the world including the EU countries. The arrangement was mainly covered by waivers or derogations from WTO rules, thus the call for trade arrangements that comply with WTO rules. The trading parties were, thus, asked to abide by the doctrine of reciprocity as under the WTO Rules, which require each party to liberalize its trade with the other party so that the final agreement

is compatible with GATT rules. In the case of customs and duties, for example, ACP countries would be required to reduce their customs duties on almost all imports from the EU to zero, just like the EU had done.

1.2.2. The Cotonou Partnership Agreement

The EU was subsequently forced to re-evaluate its trade relationship with the ACP countries. The result was another partnership agreement named the "Cotonou Partnership Agreement." The defining features of this agreement were, among others:

- i. Reciprocity: meaning that market access would be provided by both parties. In this case, the ACP countries would have to open up their markets to EU exports;
- ii. Differentiation: introduced in recognition of the varying needs and levels of economic development of the different states. Each ACP country was allowed to offer market access when they were ready;
- iii. the agreement would be between the EC and a defined group of countries such as the East African Community (EAC), ECOWAS or SADC, among others; and
- iv. Conformity to the World Trade Organization System (WTO is the successor of the aforementioned GATT system. It is a multilateral agreement between nearly all countries of the world on trade issues)

²See: <http://www.businessdictionary.com/definition/global-trade.html#ixzz2cP6A38Pi>

³See: <http://www.investopedia.com/articles/03/112503.asp>

⁴The ACP countries include African, Caribbean (mainly South American countries) and Pacific countries (mainly Asian countries).

⁵Article 2 of FEPA

The Cotonou Partnership Agreement was signed in 2000, replacing the Lome Agreement. It allows for countries to enter into trade partnerships with consideration to the four principles mentioned above and three pillars⁶. The EAC is negotiating EPAs as a bloc⁷.

The Actors of cooperation are: States (authorities and/or organizations of states at local, national and regional level); Non-State Actors (private sector; economic and social partners, including trade union organizations, civil society in all its forms according to national characteristics).

2. NEGOTIATIONS ON THE EU - EAC EPA

When the African, Caribbean and Pacific (ACP) group of states and the European Union (EU) signed the Cotonou Partnership Agreement on 23rd June 2000, both parties affirmed their commitment to work together towards the achievement of the objectives of poverty reduction, sustainable development and the gradual integration of the ACP countries into the world economy. In their elaborate preamble, both parties further reaffirm their willingness to revitalise their special relationship and to implement a comprehensive and integrated approach for a strengthened partnership based on political dialogue, development cooperation and economic and trade relations.

⁶Development cooperation, economic and trade cooperation, and the political dimension

⁷The EAC states include Kenya Uganda Tanzania Rwanda and Burundi.

⁸The provisions in FEPA included; General Provisions (scope, objectives and principles), Trade in Goods, Fisheries, Economic and Development Cooperation, Provisions on areas for future negotiations, Institutional & Final Provisions, Annexes and Protocols (Customs duties on originating products, Rules of origin and Administrative matters)

Over the last decade or so, there has been pervasive condemnation by smallholder farmers, civil society organisations, parliamentarians, media and religious groups on the design and structure of the Economic Partnership Agreement (EPA) between the East African Community (EAC) and the EU. Smallholder farmers argue that negotiators and the private sector have focused extensively on commercial interests without considering other major aspects of labour, standards, human rights, environment and climate change as well as development as it was envisaged by the Cotonou Partnership Agreement.

2.1. The Framework Economic Partnership Agreement (FEPA)

On October 13, 2007, the EAC directed its members to harmonize their positions on the EPA and submit a harmonized market access offer to the EU. Due to the inability to conclude the full EPA negotiations by December 31, 2007, the EU and the EAC signed the interim/framework EPAs (FEPA) to counter the expiration of the Cotonou Partnership Agreement and to provide a bridge until the conclusion of the full EPAs. The FEPA contains a WTO-compatible market access offer as well as a commitment to negotiate outstanding issues in the EPA. FEPA is the draft document containing the provisions of the proposed EPA.

Negotiations in the following areas had been concluded before October 1, 2014: Customs and Trade Facilitation; Standards, and Sanitary and Phyto-sanitary measures, Fisheries, Economic and Development co-operation, Rules of Origin, Agriculture, Institutional arrangement and Final provisions are still ongoing. A number of issues⁹ will be negotiated after the signing of the Comprehensive EPA as outlined in the Framework EPA.

The negotiations were expected to be concluded before October 1, 2014, culminating into an EC-EAC EPA. Failure to conclude negotiations of the comprehensive EAC EU EPA Negotiations before the expiry of the EU regulation 1528/2007 on 1st October 2014 meant that Kenya was to be moved under a new trading regime dubbed Generalized System of Preferences (GSP), where its exports to the EU were to attract import duties of between 5% and 22% while the other EAC Partner States were to continue to trading under Everything But Arms (EBA) initiative thus making Kenya more disadvantaged than the rest of EAC Partner States. It is important to note that of all EAC countries,

Kenya stands to lose the most if the EPA is not ratified within the stipulated time because it is the only country in the region categorized as a "developing country" while the others are Least Developed Countries (LDCs). LDCs benefit from a more accommodative trade regime; called everything but Arms (EBA), through which goods from them are allowed access to the EU markets duty free, save for everything but arms. Kenya would, in the long term, be relegated to a trade regime called Generalized System of Preferences Plus (GSP+).

Thus, from January 2016, according to conditions unilaterally set by the EU, Kenya will be removed from duty-free, quota-free access to the EU markets and its products will cease to enjoy these tariffs¹⁰. In the already agreed text, each EAC country ought to have opened up 82.6% of its market over a period of 15 years. By 2010, Kenya had already liberalized (opened up its markets) 64% of imported products (raw materials and capital goods) from the EU. 18% of Kenyan produce including agricultural products, chemicals, textiles and clothing, dairy, fish, meat, wines and spirits, etc¹¹. would be designated, "sensitive products" and excluded from

⁹Some of these areas include Trade in Services, Trade Related Issues namely Competition Policy, Investment policy, Intellectual Property Rights, and Transparency in public procurement.

¹⁰Although this may not be very favorable to Kenya, the GSP+ may just be better than the EPA in its current state. There are also arguments that Kenya may be brought into the LDC bracket by virtue of the doctrine of LDC region and as such may still enjoy the benefits under EBAs. However it is important to note that classifying Kenya as an LDC would not be a solution to the issues raised here leave a lone the possibility of such a move and its effects on Kenya's Economy.

¹¹The list of exclusion under EPAs includes about one-fifth (17.4%) of EAC imports from the EU is excluded from liberalization commitments under the EPA. These products constitute the EAC Exclusion List/List of Sensitive Products. Criteria for including products on this list included contribution to rural development, employment, livelihood sustainability, promotion of food security, fostering infant industries, contribution to government revenues. Products which were deemed to contribute or to have a potential to contribute to increased production and trade competitiveness were excluded from the list. All products subsidized by EU are on this list. Some of the products on the EAC exclusion list include: live animals; meat and edible meat offal; fish and crustaceans, mollusks and other aquatic invertebrates; dairy produce; birds' eggs; natural honey; edible products of animal origin; live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage; edible vegetables and certain roots and tubers; edible fruit and nuts; peel of citrus fruits or melons; coffee, tea, maté and spices; cereals;

liberalization. From the EU side, market access on EAC products imported into the EU would face DFQF (Duty Free, Quota Free) market access for all products with the exception of arms and ammunition, sugar and rice.

2.2. The Outstanding Issues in the Agreed EAC-EU EPA text.

A number of areas/issues remained contentious before the October 1, 2014 deadline. Prior to the initialling of the EPA, the outstanding issues include the following:

a) Market Access

By 2033, the EAC has committed to liberalise up to 82.6% of all its imports from the EU. In as much as this has been agreed, EAC feels that the level of liberalisation is high with a likelihood of having negative implications on livelihoods, employment, shrinking of the policy space, and on our efforts to industrialise and integrate meaningfully into the global economy. This extensive liberalisation is based on the argument that the region needs cheap intermediate goods to be used as inputs in the production processes thus enhancing competitiveness; and finished products whose availability at lower costs is deemed to have consumer welfare-enhancing effects. However, permanent removal of tariffs on these

products makes it extremely difficult for EAC to produce them in future thus curtailing the industrialisation process and relegating the region to the perpetual production of raw materials.

b) Duties and Taxes on Exports

Under this clause, the EU would disallow the EAC partner states to impose new export taxes or increase existing ones unless they can justify special needs with regard to revenue, food security, or environmental protection. Export taxes¹ are an essential development tool that can be used in promoting industrialisation and employment creation, and in creating incentives to add value to local products rather than exporting them in their raw form.

For the EAC, export taxes remain very critical after the discovery of oil, natural gas and other minerals. It is worth noting that the EU disciplines in EPAs on export taxes emanates from its Raw Material Initiative which states that "Access to primary and secondary raw materials should become a priority in EU trade and regulatory policy. The EU should promote new rules and agreements on sustainable access to raw materials where necessary, and ensure compliance with international commitments at multilateral and at

products of the milling industry; malt; starches; vegetable plaiting materials; vegetable products nes; animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes; preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates; sugars and sugar confectionery; cocoa and cocoa preparations; preparations of cereals, flour, starch or milk; pastry cooks' products; preparations of vegetables, fruit, nuts or other parts of plants; miscellaneous edible preparations; beverages, spirits and vinegar; residues and waste from the food industries; prepared animal fodder; tobacco and manufactured tobacco substitutes; plastics and articles thereof; wood and articles of wood; cotton; man-made filaments; man-made staple fibres; footwear, gaiters and the like; parts of such articles; iron and steel; and articles of iron or steel.

bilateral level, including WTO accession negotiations, Free Trade Agreements, regulatory dialogue and non-preferential agreements". However, raw materials security for the EU should not be at the cost of the EAC's development ambitions.

c) Economic and Development Cooperation

The main outstanding issue under this chapter was how to treat the EAC EPA Development Matrix. The Development Matrix indicates costed priority projects to address the supply side constraints in the region, the envisaged adjustment costs and other trade related infrastructure so as to enable the region to take full advantage of the market access granted by the EU. The EAC position was that the Development Matrix should be part and parcel of the EPA agreement. However, the EU has repeatedly stated that it will contribute to the EPA under the European Development Fund (EDF), Aid for Trade (Aft) and the EU budget. These funds are obviously insufficient.

The EDF is not only already committed with only relatively small funds earmarked to support capacity constraints, but it is also cumbersome to access. In addition, Aft and the EU budget are still a nebulous concept, lacking specificity on the exact amounts available. It is argued that the revenue losses and the adjustment costs will be

offset from the increase in trade arising from the increased market access under the EPA. However, the benefits accruing from the EPA are elusive yet the obligations are certain and legally binding.

d) Specific Rules of Origin on sensitive agricultural products

The EU would like EAC to extend flexible rules of origin on these products, despite the fact that these products are classified by the EAC as sensitive products to the EAC Partner States. The EAC maintained a common position that the outstanding specific rules of origin should be considered as part of the sensitive agricultural and agro-processing products and stringent rules should be applicable as a reflection of the spirit of the sensitivity of these products to EAC Partner States.

e) Most Favoured Nations (MFN)

Under this provision, the EAC is obliged to extend to the EU any more favourable treatment resulting from a preferential trade agreement with a major trading economy/country. This circumscribes EAC's external trade relations and will undermine the prospects of South-South trade which the EAC is aspiring to promote. In addition, the clause is contrary to the spirit of the World Trade Organization (WTO) Enabling clause that promotes special and differential treatment for developing countries and South-South cooperation.

f) **Agriculture**

The most contentious issues under this chapter were the agricultural subsidies provided in the EU, and the weak safeguards provided for in the EPAs. The EU has rejected for years the discussion of its subsidies in the EPAs on the grounds that this is a WTO issue. However, the EAC argued that the issue of subsidies has not been addressed in the WTO as developed countries, including the EU have failed to live up to what was agreed during the WTO Hong Kong Ministerial to eliminate export and trade distorting subsidies by 2013.

There is ample evidence to show that agricultural subsidies in the EU have led to dumping of agricultural products with far-reaching implications on Africa's agricultural production and agro-processing. It is a "conventional" example of a destruction of the extraterritorial obligation of governments to respect the right to food.

The decision at last by the EU to remove agricultural export subsidies in the context of the EPAs, announced earlier this year, is good news but may not cater for all distorting agricultural subsidies in Europe, to the detriment of EPA countries.

2.3 New Issues submitted by the European Union (EU):

a) **Good Governance in the Tax Area:** the EU proposed to include this subject in the Rendezvous clause. While the EAC did not agree to negotiate this issue as it is dealt with in Partner States' domestic laws and in other international instruments, it still found its way in the agreed text as an area for future negotiations.

b) **Consequences from Customs Union Agreement** concluded with EU. The EU proposed to include a joint declaration on the subject. The EAC did not agree on this issue as it implied EAC is committing to negotiating FTA Agreements with countries that EU has a Custom Union with.

3. IMPACT OF THESE PROVISIONS ON KENYAN FARMERS

It is important to note that both the Kenyan National Assembly and the East African Legislative Assembly (EALA) have raised their concerns on signing EPAs in its current form. Similarly, the AU, in November of the same year, (2010) stated its reservations about the EPAs. Even more recently in 2013, the Kenyan Parliament raised concerns over the issue and urged the government not to sign EPAs in its current form¹².

i. **The Dairy Sector**

Initially, milk and milk products were not classified as sensitive products (i.e goods that are exempted from liberalization) in the FEPA. The realization that the livelihoods of up to 600,000 local dairy farmers would be negatively affected by the importation of milk powder and dairy products from the EU prompted the Kenyan government to increase to have dairy products listed as a sensitive product, hence protected from liberalization.

ii. **The Industrial Sector**

The EPAs requires EAC to open up its market to the EU through the "all liberalization requirement." If this is done, EAC's industrial sector will lose its ability to compete favourably in both the domestic and the regional market. EAC sells its finished or manufactured products mainly to the COMESA regions and only exports raw materials to the EU. If cheap and subsidized products are allowed into EAC through uncontrolled imports, the region's industrial sector will collapse. The

Industrial Sector includes industries dealing in industrial chemicals, textiles, leather products, meat and dairy products and publications among others.



The elimination of tariffs on EU imports will force EAC producers to compete with more technologically advanced EU firms, especially in the manufacturing sector. This collapse of local production will lead to increased unemployment and decline in national revenue. This situation counteracts the Kenya Vision 2030 initiative, which seeks to spur Kenya into industrialized nation status. This Vision cannot be achieved by putting local infant industries out of business.

iii. **The Fisheries Sector**

Small scale fisher-folk of Kenya have raised concerns that there are no benefits to be enjoyed off the EPA. They cite the illegal fish trawling in the coastal area as an example of the exploitative relationship brought about by the Cotonou Agreement. This method of fishing for the purposes of exporting to the EU is destructive as

¹²The national Assembly Hansard, Wednesday 3rd July 2013. Available at <http://www.parliament.go.ke/plone/national-assembly/business/hansard>

it leads to overfishing which leads to a decline in fish stock, thereby adversely affecting their livelihoods. In addition, the local market is flooded with tinned fish from EU factories which creates a big competition for the local products.



iv. Flower Sector

Over 40% of the Kenya's flower exports go to EU countries. This industry is likely to suffer most if Kenya did not sign and ratify EPAs by the October 1, 2014 deadline, thus the need for the government to move with speed to either compensate producers experiencing higher tariffs. It is worthwhile to note that both horticultural, fisheries and other related industries provide in excess of about 1.5 million jobs as well safeguarding over US \$ one billion investment due to preferential market access to European Market. There are fears that some of these investments may relocate to neighbouring Least Developed Countries will continue to access the EU market under Everything But Arms (EBA) trade arrangement.

Such a scenario is highly unlikely given Kenya's position as a regional hub for skilled labour, advanced technology, industrial competitiveness and infrastructural development.

4. BENEFITS OF EPA

In spite of the above negative implications, there are several benefits of an EPA to the region. The most fundamental one is that there will be no quotas or duties on exports into the EU, thus allowing local producers access to a significantly wider market of half a billion people. The EPA will also enhance and boost trade between Kenya and other regions in the world. One of the sectors that stand to gain the most is the textile industry which will now have access to nearly 500 million consumers in Europe. The horticultural industry will also benefit significantly from enlarged market access.

However, this benefit will only be enjoyed by big industries such as flower farms most of which are owned by foreign multinationals at the expense of the small scale farmers who make up the majority of producers in the country.

5. HOW BAD IS LOSING THE EU PREFERENCE VERSUS HOW BAD IS THE AGREEMENT RATIFIED?

A study¹³ by the South Centre shows that the EAC is more competitive than the EU on only 10% of tariff lines. As a consequence, this would mean that the majority of products

that are currently produced will be put at risk due to tariff elimination in the EPA, and the EU being more competitive, producers will lose market share to EU imports as well in home markets and other EAC markets.

The study further shows that 51.3% of tariff lines/products where there is current local production will be put at risk, perhaps even damaged (1,100 tariff lines out of 2,144) as these are lines where liberalisation will take place and the EU is more competitive on these lines than the EAC. Taking into account potential future production (tariff lines where there is no current production), 2,366 tariff lines will be liberalised making the possibility of having future production in these products questionable. In total, 68.8% of all tariff lines or products could be put at risk (current and future production).

Further, a short list of sectors where there is current production which could be jeopardised and tariff lines where there is at present regional trade which could be compromised by the EPA as the EU is more competitive includes: processed oil products; chemical products for agriculture; commodity chemicals; medicines, vaccines and antibiotics; intermediate industrial products; final industrial products; vehicle industry; agricultural products; and books, brochures and other printed material.

6. THE ROLE OF STAKEHOLDERS

6.1. The Government

Due to the nature and sensitivity exhibited during the negotiations, and the huge impact

of EPA on the Kenyan economy and on the livelihoods of Kenyans, the government needs to continue engage all stakeholders both large and small scale players from different sectors. This will ensure compliance, transparency and accountability of the initialled agreement. It will also be in conformity with the constitutional principles of citizen participation and right to information.

The Kenyan government should ensure that it does ratify an agreement that will negatively affect the country's development agenda and leave the country worse off. The blueprint of the development agenda of Kenya is the Vision 2030, which has industrialization as one of the main pillars. If EPAs are signed in their current form, the industrialization pillar will not be achieved.

6.2. The Civil Society Organizations (CSOs)

The CSOs have a great role to play in the negotiation process of any agreement that is likely to affect the livelihood of Kenyans. Civil Society Organizations in the EAC have a greater role to play in evidence based researches, publications, holding forums/meetings to sensitize the public EPAs and other trade and investment agreements. CSOs will continue to work with parliamentarians, governments and the European Commission to contribute to mutual and fairer trading relationship and bring about genuine benefits and economic opportunities for poor and the marginalised communities.

¹³http://www.southcentre.int/wp-content/uploads/2013/09/AN_EPA32_CARIFORUM-Changes_EN.pdf

6.3. The Private Sector

The EPAs initialled will certainly expose local production which is mainly driven by the private sector—to stiff competition from European traders. This would stunt private sector development in the country. There is, therefore, need for the sector to come together and engage the government to ensure that they have a say in the final product of the negotiation process. The private sector, especially the small-scale producers, should fight for space on the negotiation table. It is these producers who will bear the greatest brunt of an exploitative EPA. This sector is completely left out of the negotiations despite that the largest majority in the private sector is the small scale industries.

6.4. The community

All Kenyans are stakeholders in the process of negotiating not only EPAs but all other international trade and investment agreements that Kenya seeks to enter into. This is important because it is through participation in such processes that the people can directly exercise their sovereignty and that the effect of EPAs if signed in its current form will be mainly felt by the common Kenyan through increased taxes and high prices of commodities in the market. The community should therefore join hands to lobby, monitor and put the government to task on some of the issues and terms that are not favourable to them in the initialled agreement. It is only through the voices of the people that the government can fully appreciate the likely impact of this agreement on the country's economy.

7. CONCLUSION

What next for EU-EAC EPA Negotiations.

The 1st October 2014 date had a strong message. It was either the EAC signs and begins the ratification process of its interim EPA concluded in 2007 (no longer an option for the EAC) or EAC countries must conclude a new regional EPA if they wish to continue enjoying market access to the EU. Otherwise, Burundi, Rwanda, Uganda and Tanzania have to rely on the Everything But Arms trade regime where they have duty free quota free market access to the EU, while Kenya has to trade under the less preferential EU generalised system of preferences (GSP). The EAC has been flexible in its market access offer to the EU given the asymmetrical nature of the negotiating parties. But EPAs are only a free trade area, with no additional financial package attached to it to address fiscal challenges EPAs could bring, and a limited focus on development.

The deadline issued was not the EAC's but the EU's and the talks should have been based on mutual 'how to conclude the talks'. In order to have a 'win-win' outcome of negotiations, then the EU should have been willing to support the development pillar that addresses supply side constraints. In addition, special and differential treatment should have been part and parcel of the developmental EPA. The EAC negotiators were right to keep pushing for an extension of the EU deadline under the EU Market Access Regulation 1528/2007 to such a period where the negotiations can be concluded or an alternative trade arrangement could be initiated. The EU should have shown

flexibility and not penalise EAC countries and Kenya in particular, which fell back to GSP from 1st October 2014, though it can now be reinstated with the EAC-EU EPA deal, reached on 14th October 2014.

To save on the back and forth, the focus of the talks should have been on development. This development should be sustainable, defined by EAC and agreed with the EU. In the current trade diplomacy, trade is not only about tariffs, it is about regulation, standards and norms, licensing practices, domestic taxes and investment. More importantly, trade is not only about market access, it is about human rights, corporate accountability, and environment and labour rights. So, it is crucial that we look at the future trade relationship between Africa and Europe in a broader yet detailed context.

Definitions

1. **Trade Liberalization** -The removal or reduction of restrictions or barriers on the free exchange of goods between nations. This includes the removal or reduction of both tariff (duties and surcharges) and non-tariff obstacles (like licensing rules, quotas and other requirements).
2. **Free Trade** -The unrestricted purchase and sale of goods and services between countries without the imposition of constraints such as tariffs, duties and quotas.
3. **Rules of Origin** - The rules of origin indicate the origin of the product whether it is wholly obtained or substantial

transformation has taken place under Change in Tariff heading.

4. **Trade Facilitation** -involves the improvement of procedures and controls governing movement of goods across national borders to reduce costs and inconveniences.
5. **Sensitive Products** - Sensitive products are those products that are susceptible to competition from other countries' supplies and will usually be excluded from the tariff reduction formula and, consequently, for which market access will not be as great as that for other products. In general, they are highly protected or financially supported in a country.
6. **Quotas** -are government-imposed limits on the numbers, or value, of imported and exported goods and services that from a specific region during a particular period.
7. **Tariffs** -are taxes charged on imports or exports. They are used by states to generate revenue and to protect local production and food security.



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