



European
Youth
Debate
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Road to **zero** poverty

Are the EPAs helping reducing poverty and promoting sustainable growth?

The Economic Partnership Agreements, EPA, are a scheme to create a free trade area between the European Union and the African Caribbean and Pacific Group of States (ACP), whose complicated process of negotiations started in 2002. These special trade agreements are supposed to aim mainly to ensure the development of ACP countries and their gradual integration into the global economy thereby promoting their sustainable development, but much criticism has gathered around these agreements.

The two positions under debate reflect two different perspectives on the theme:

Position A *supports the thesis that the EPAs are an effective policy, and that the EU should keep them as the main tool in its policies for the development of third world countries.*

Position B *supports instead the thesis that EPAs are unfair agreements, and that the EU should change its policies to ensure a real and more effective development of underdeveloped countries.*

Position A: EPAs are an effective policy

First, we analyze the one extreme in which stand the "EPA enthusiasts". It is by their sheer scope and deep ambition that EPAs can effectively contribute to address some of the systemic impediments to economic development in ACP countries. After its implementation in 2007, in 1/01/2008 the EU removed all remaining customs duties and quotas on CARIFORUM exports with the exception of rice, and sugar, for which special transitory provisions was applied. In that trade is included the Safeguard Clause, which is supposed to protect countries entering a multilateral trade agreement from unforeseen and sudden increases of foreign imports. Measures can be imposed when imports have caused "serious disturbances" to domestic industry. There will be no quotas, no duties on exports to the EU: free access to the EU market of half a billion people for all ACP products, providing plenty of scope for economies of scale. For instance, when considering the impact on trade, ACP exports to EU are expected to be 10% higher with the EPAs than under the GSP option, which were the unilateral trade

agreements ruled before between ACP and EU. In percentage terms, the largest increases in exports will occur in the livestock sector, which is expected to at least double in the EPA scenario. Exports of agricultural products (excluding meat and cotton) and textile products are expected to increase by 40%. Another benefit for ACP countries is the coverage of services and foreign investments: EPAs do not just deal with trade in goods but also with issues relating to development too, because trade is development. Furthermore, the final impact on the economy depends on the importance of tariffs in government revenue and on potential compensatory effects. Some positive impacts can be achieved through EPAs, whenever an enlargement of the fiscal basis upon which other public incomes are based is reached.

Position B: EPAs are an unfair policy

On the other hand, of the policy spectrum makes the EPA threatening. Some critics claim that EPAs, with their liberal agenda forced upon Africa will exacerbate, rather than alleviate the negative effects of the crisis and institute a new policy and regulatory framework that will ultimately undermine the ACP countries ability to grow up. Opening up African economies to highly competitive European producers and exporters will place enormous pressures on ACP producers and traders within their own national markets. In this way, EPA trade liberalisation will undermine one of the main aims of regional integration, which is to create combined and enlarged markets to encourage local, national and regional producers, and the expansion of intra-regional trade. Another negative side of EPA is the reciprocity of free access to markets: under the trade regimes that have linked ACP to Europe for three decades, they have not been required to treat imports from the EU differently from those sourced in other industrialised countries. Under EPAs, ACP will expected to remove tariffs on substantially all imports from the EU. Which means the real market, which will increasingly grow, will be the one of European exports. In addition to these negative aspects, EPAs also ratify agreements on investments, public expenditure and competition measures: all topics, which impose straight rules, which advantage only the foreign investor: due to that, they have never been part of an agreement. Catching investments is necessary to sustain the market growth, but is also necessary to have the conditions to receive such aids: appropriate infrastructures, vocational education and training. The lack of these requirements leads to an irregular distribution of the investments.

Partial sources:

http://www.europarl.europa.eu/pdf/oppd/Page_8/EPAsSpring2012final.pdf

http://trade.ec.europa.eu/doclib/docs/2003/december/tradoc_115007.pdf