



“Building Consensus on Private Sector Position on EPA”

EAC-EC Market Access Offers on Trade in Goods : Presentation

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**“Improving EAC Private Sector Awareness on the EAC and
Involvement in Trade Policy”**



OUTLINE OF PRESENTATION

- Introduction of Market Access
- Objectives of Trade Regime in Goods (MA)
- The EC Market Access Offer
- The EAC Market Access Offer
- Key issues which were not concluded in the FEPA

Market Access

- The FEPA was initiated after two parties (EAC & EC) realised that would not be able to conclude EPA negotiations by end of 2007
- End of Dec was the deadline of WTO waiver which provided preference to ACP countries
- There were fears that expiry of the waiver would have disrupted trade relations between EAC and EU
- Hence initiated FEPA to avoid trade disruption

Market Access Cont'd

-The EAC Partner States & EU initialed the FEPA in Kampala, Uganda in 2007 under EAC-EC-EPA Configuration

- In principal the FEPA contains Market Access offer made by both parties plus chapter on fisheries which also contain both inland fisheries & aquaculture development
- The MA offer contains liberalisation commitments on trade in goods which comply with the WTO compatibility (GATT Article 24) SAT as well as reciprocity

Objectives of the Market Access under FEPA

- The objectives of the Market Access or Trade Regime for goods under FEPA were:
 - The eventual provision of full duty free and quota free market access (DF, QF MA) conditions for goods originating in the EAC PS into market of the EC Party on secure, long term and predictable basis
 - The progressive & gradually liberalisation of goods market in the EAC in accordance with modalities established in the FEPA

EC Market Access Offer

- The EC Market offer to EAC consist of duty free and quota free market access to all products except arms and ammunition, sugar and rice.
- EC customs duties shall be entirely eliminated on all products of Chapter 1 to 97 of the Harmonised System (HS) except those of Chapter 93.
- Chapter 93 of the HS (Arms and ammunition) originating from EAC should continue to attract MFN duties

EC Market Offer (cont'd)

- FEPA put the transitional arrangement for liberalisation of sugar and rice
- EC customs duties on the products of tariff heading 1006 (rice) originating in EAC PS shall be eliminated as from 1 Jan 2010, with exception of EC customs duties on the products of sub-heading 1006.10.10 (rice in the husk –paddy or rough rice?) which shall be eliminated as from the entry into force of the agreement
- On sugar the Parties agree that the Protocol 3 (Sugar Protocol) of the CA shall remain applicable.

EC MA Offer (cont'd)

EC Customs duties on sugar (HS 1701) originating in an EAC PS shall be eliminated as from 1 Oct. 2009. Until EC customs duties are entirely eliminated, and in addition to the allocation of tariff rate quotas at zero duty set out in the sugar protocol, tariff rate quota at zero duty of 15,000 tonnes shall be opened for market year 2008/2009 (1st Oct and 30 Sept) for products of sub heading 1701.11.10, white sugar equivalent, originating in the EAC PS. (Annex 1 of FEPA: Customs duties on products originating in the EAC Party)

EAC Market Offer

In principle the EAC Market Offer consist progressively liberalisation of import trade with EU by 82% over a transition period of 25 years ;

The elimination of customs duties applicable to products originating in the EAC Party imported into the territory of the EAC PS is divided mainly into 3 groups.

1st group is goods listed in Annex II(a) of which duties shall be eliminated 2 years after entry into force of the agreement.

EAC MA Offer (cont'd)

- This list consist of capital goods, machinery and raw material of which most of them are attracting 0% (Account about 64%)
- Another list of goods is listed in Annex II(b) which shall be progressively abolished accordance various schedules starting 7 year to 15 yrs of entry into force of the agreement (this contain intermediate goods which attract 10%) (Account 16%)
- Another list is goods listed in Annex II(c) which shall progressively abolished starting 12 -25 yrs (this contain finished products which attract 25% (Account 20%))

EAC MA Offer (cont'd)

-The remained over 18% of imports from EU is excluded from liberalisation:

This is sensitive product list which has 1323 items (agricultural products, wines and spirits, chemicals and plastics, wood base paper, textile and clothing, footwear, glassware etc.

Key Issues on MA not concluded

- Rules of Origin
- TBT
- SPS
- Customs & Trade Facilitation