



Press Release

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New IDS research shows EPAs will harm regional integration, but won't liberalise ACP trade.

Economic Partnership Agreements (EPAs) are likely to harm regional integration between developing countries, without achieving significant liberalisation of trade between the EU and ACP countries, according to new research¹ by Christopher Stevens and Jane Kennan at the Institute of Development Studies.²

EPAs are new trade agreements being negotiated by the European Union to regulate trade between the EU and the ACP (Africa, Caribbean and Pacific) group of developing countries. Both supporters and critics of the controversial agreements argue that they are a tool for liberalising ACP trade. Supporters have also argued that they will foster regional integration between developing countries.

However, new IDS research casts doubt on these assertions. Instead, evidence suggests that most ACP states can avoid rapid or substantial liberalisation, thereby protecting fledgling domestic industries.

However, EPAs are likely to have a negative impact on regional trade between ACP countries. Despite the Commission for Africa's recommendations that the growth of intra-regional trade should be facilitated and nurtured, EPAs look set to create even more barriers to trade within Africa.

Each ACP country will be required to liberalise "substantially all" their trade barriers with the EU, but will be able to negotiate an individual liberalisation schedule to exclude some items and retain tariffs on certain goods. A failure to harmonise the exclusions at a regional level will damage trade between developing countries.

The research has examined scenarios for each ACP country and region. One example shows that it is likely that Tanzania will exclude flour and many dairy products from liberalisation, in order to protect its domestic milling and dairy industries, but its EPA partner Mozambique will not. Traders may circumvent Tanzania's restrictions by transporting EU food across the border from Mozambique. Rigorous border controls will be required to avoid this and maintain the terms of the EPA, but will also hurt legitimate intra-regional trade.

In order to ensure that EPAs are workable and do not damage the economies of developing countries, the EU must provide substantial resources for pre-EPA negotiations to help ACP countries make informed decisions on liberalisation schedules at a national and regional level.

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¹ These research findings are presented in an IDS briefing paper, "EU-ACP Economic Partnership Agreements: The Effects of Reciprocity". This research is part of an IDS project which aims to provide ACP countries with a handbook, dataset and other tools to facilitate EPA negotiations to ensure that developing countries find the best solutions to their individual circumstances.

² The Institute of Development Studies is one of the world's leading research and teaching centres on international development. Further information about IDS is available at www.ids.ac.uk