



# **Harnessing access to EU market to leverage investments**

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# **Tools in the Economic Partnership Agreement (EPA) to promote export diversification & industrialisation**

## **1. EU market access for Ghana exports**

1. Duty free/quota free access to the EU market
2. Improved rules of origin

## **2. Access to high-quality inputs at lower price** Gradual dismantling of duties on import of machinery (pumps, turbines, etc.) and inputs (chemicals, spare parts, etc.) needed by the local industry

## **3. Protection of sensitive sector** (up to 20% of trade from the EU): i.e. Ghana will still apply import duties on certain goods from the EU potentially competing with local goods, (mainly consumer and finished goods) such as meat, tomatoes, sugar, beer, frozen fish, industrial plastics

## **4. Safeguard measures:** antidumping; bilateral safeguards (to protect local and infant industry)

# Improved rules of origin under the EPA - Example: transformation (textile)

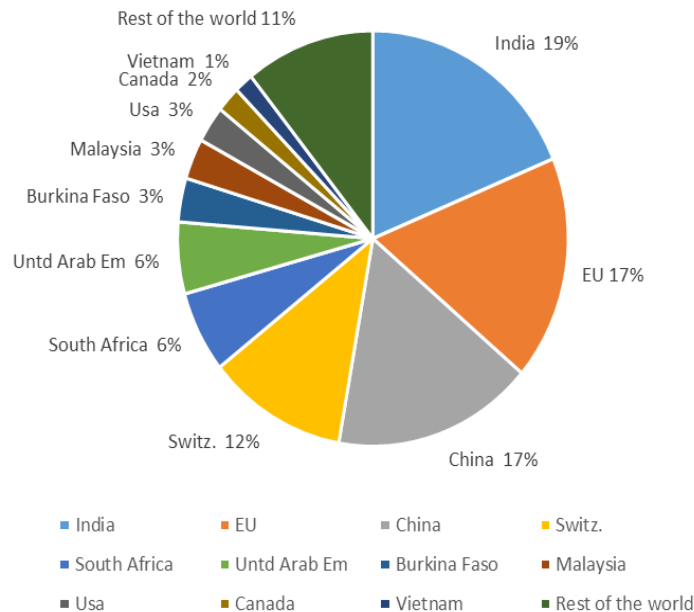
- *How to define that a textile product is "sufficiently worked/processed" in Ghana and can benefit from preferences\* in the EU?*
- Example: a cotton shirt (code 620520)
- Normal (GSP) rule without the EPA: "Weaving accompanied by making-up (including cutting)" => two transformations
- **EPA** rule: "Manufacture from fabric" => one transformation
- Plus: flexibility to source competitive inputs from the region or other EU FTA partners without losing access to the EU market



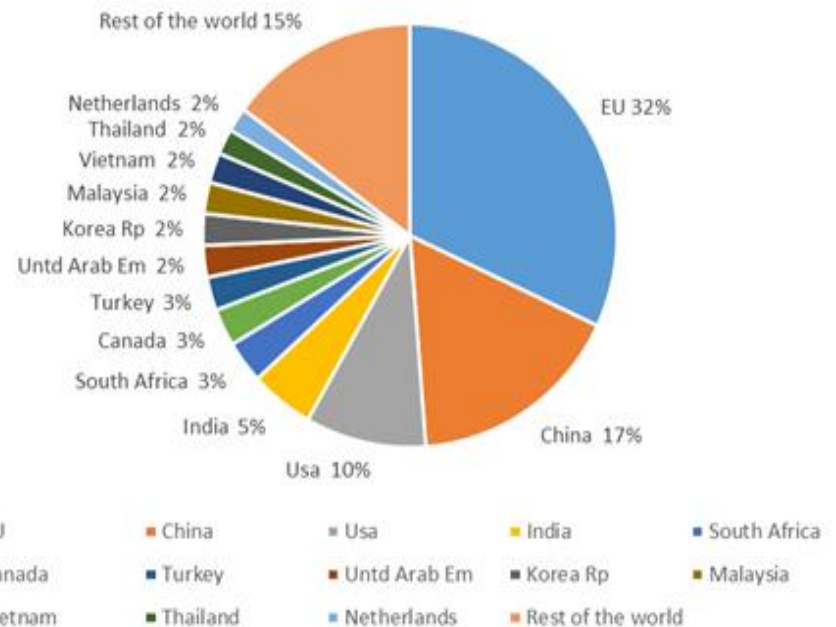
\*: MFN rate: 12% GSP rate: 9.6% EPA rate: 0%

# EU is already Ghana's main trading partner

Ghana exports destinations in 2017 (1,000 euros)



Origins of imports into Ghana in 2017



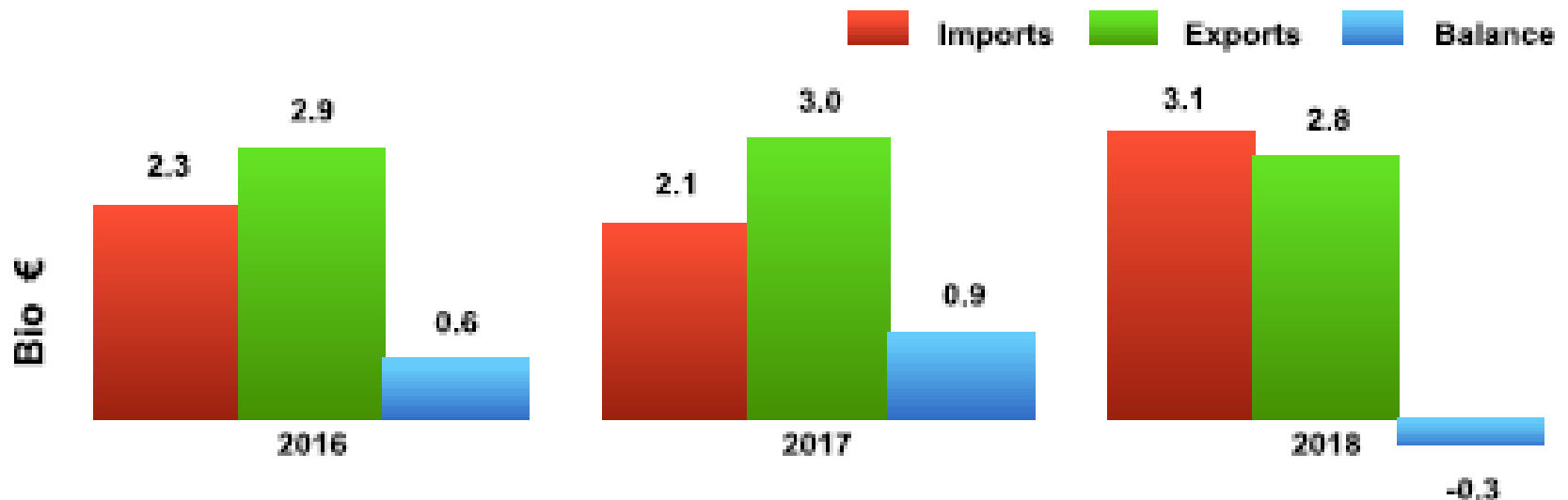
# Ghana exports to EU are increasing

*Total trade between the EU and Ghana increased by 15% in 2018:*

- 48% increase of Ghana's exports (in red below)*
- 7% decrease of EU exports to Ghana (in green)*

EU with Ghana

Source Eurostat



# What non-oil exports from Ghana to EU increased in 2018

*Raw cocoa beans exports increased by €86 million (+14%)*

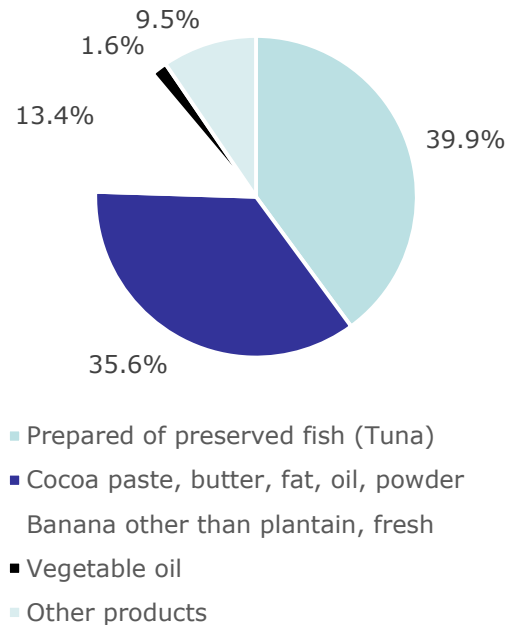
*Cocoa paste and butter increased by €25 million (+5.6%):*

*Other export increases:*

- fresh coconuts (+230%)*
- perfumes and toilet waters (+100%)*
- aluminium (+€38 million; 78%),*
- vegetable fats and oils (+ €10 million; 31%),*
- copper (+€5 million; 20%),*
- prepared or preserved tuna (+€8.6 million; 6.7%),*
- edible fruits and nuts, mostly coconut and bananas (+4 million; 3%;*

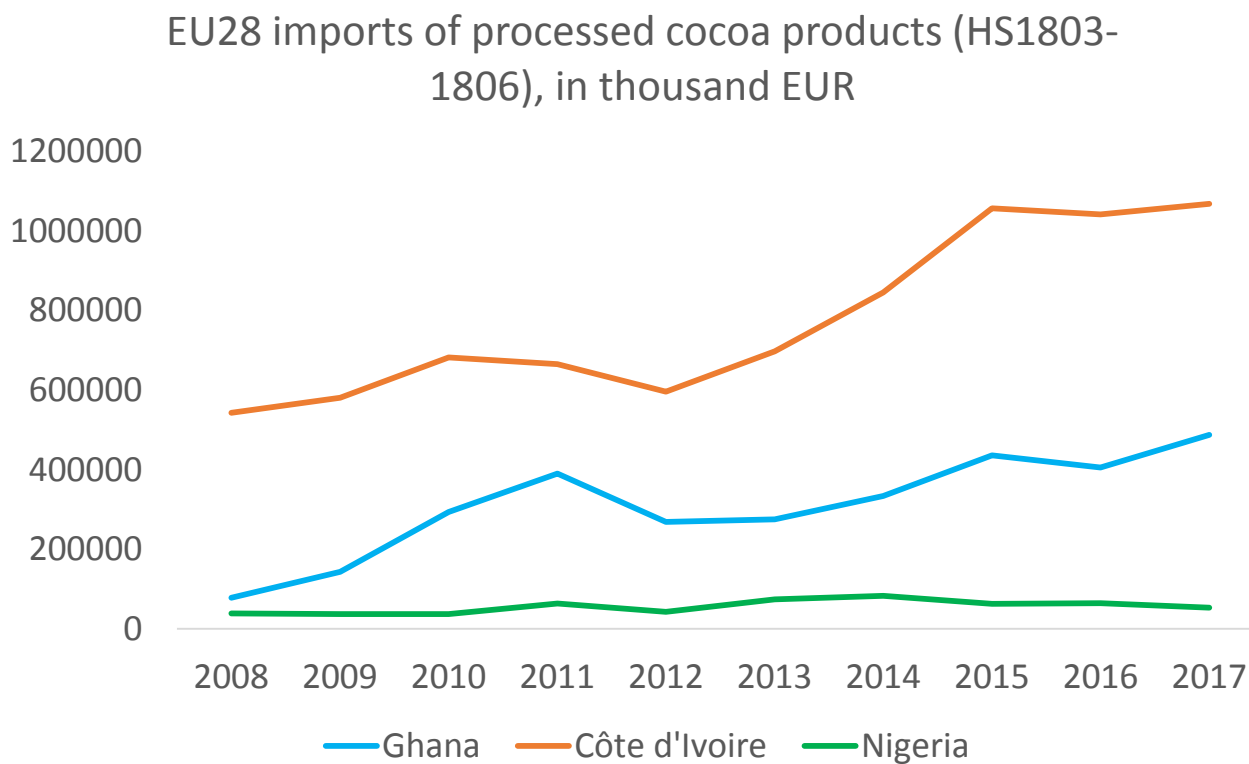
# Case I: EPA fiscal gains for Ghanaian industries already started

EPA fiscal gains for Ghanaian industries (% of total)



*By adopting the EPA, Ghana saved 61 Millions euros of duties exemption in 2017 and 443 millions euros between 2008-2017*

## Case II: processed cocoa exports of Côte d'Ivoire and Ghana (interim EPAs) are increasing; those of Nigeria (GSP) stagnating



Source: Eurostat

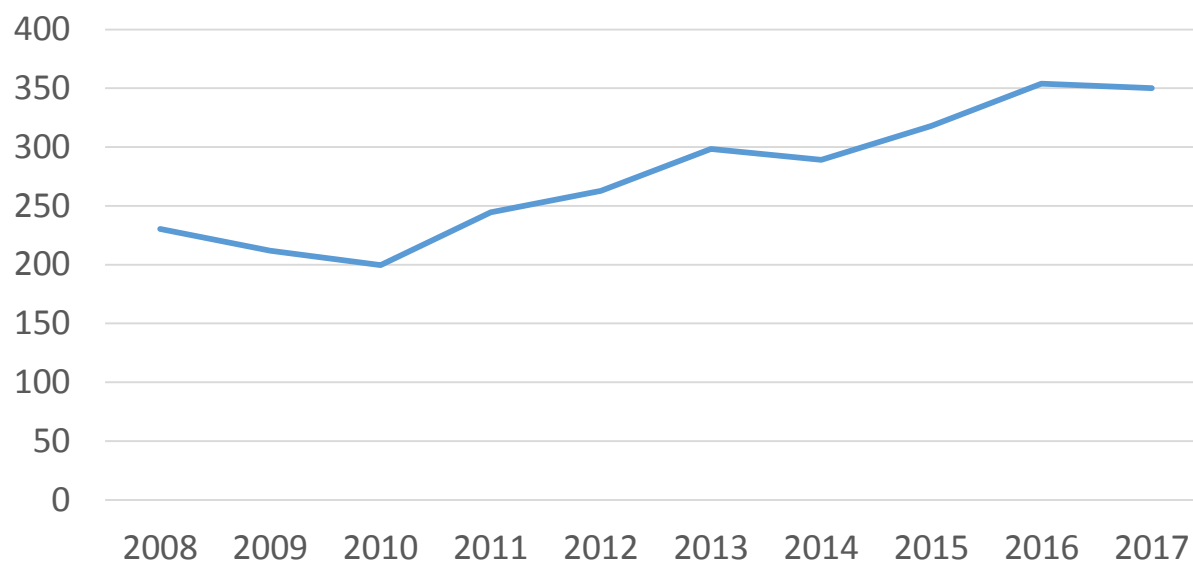


## Case III: Companies in Cameroun are already enjoying EU inputs at a cheaper price

RAN G	IMPORTATEURS	NOMBRE D'OPERATIONS	VALEURS IMPOSABLES (en millions de fcfa)	GAIN FISCAL		PRINCIPAUX PRODUITS IMPORTES
				en millions de fcfa	Part (%)	
1	BRASSERIES DU CAMEROUN	925	25 925	623	12,4%	Arômes, Machines et appareils, etc
2	LOUIS DREYFUS COMMOD. CAM SA	165	15 843	536	10,6%	Soude, Engrais , Pesticides
3	DANGOTE CEMENT CAM.SA	32	32 030	480	9,5%	Clinker
4	GLOBAL LEARNING AND TECH.	61	3 546	369	7,3%	Papier,
5	CIMENTERIES DU CAMEROUN	120	16 311	284	5,6%	Clinker
6	CAMRAIL SA	149	5 724	211	4,2%	Matériels pour voies ferrées
7	GUINNESS CAMEROUN	74	9 926	184	3,7%	Arômes, Machines et appareils, etc
8	STE SUCRIERE DU CAMEROUN	141	4 379	148	2,9%	Produits chimiques, engrais pesticides
9	SOLEVO CAMEROUN SA	22	2 496	136	2,7%	Soude, Engrais , etc.
10	AGENCE DE REGULATION DES TELECOMS	4	2 178	107	2,1%	Instruments et appareils de mesure
11	STE MOUSSE ET DERIVES DU CAMEROUN	24	1 984	105	2,1%	Produits chimiques organiques.
12	ENEO CAMEROON SA	22	2 329	96	1,9%	Outils électriques
13	CAMEROUN MOTORS INDUSTRIE	87	2 743	89	1,8%	Pièces détachées de véhicules
14	STE YARA CAMEROUN	17	4 222	88	1,8%	Engrais
15	HORIZON PHYTO PLUS SARL	25	1 032	73	1,4%	Pesticides et Engrais
16	STE SOGEA SATOM SAS	177	1 895	71	1,4%	Bitume de pétrole
17	MULTIPRINT SERIGRAPHIE	62	3 121	61	1,2%	Papiers
18	GRAPHICS SYSTEM	31	912	60	1,2%	Papiers
19	SPEEDY WORLDWIDE SERVICES	23	700	55	1,1%	Papiers
20	STE BRAINTREE SARL	24	915	54	1,1%	Papiers
<b>Total général</b>		4623	176 285	5 039	100,0%	

## Case IV : Textile exports from Madagascar to the EU have increased by 75% since 2012

EU28 imports of textile and textile articles (HS 50-63)  
from Madagascar, in mio. EUR



### Success factors

- ✓ Flexible rules of origin
- ✓ Cheaper imports of raw materials
- ✓ Duty-free, quota-free access to the EU market

Source: Eurostat

## And one more case: The Moroccan automotive sector & the EU-Morocco FTA

- Morocco has emerged as the **continental automotive leader**, surpassing with 345,000 passenger vehicles produced in 2017 South Africa's (331,000)
- Automotive sector: 20% of GDP, major export product
- Factories by Renault, Peugeot, Chinese BYD, as well as large industry suppliers (inputs to factories across EU)
- A key to its success: marketing itself as an **export base for Europe**, thanks to **proximity** and **free trade agreement**.
- ... + low inflation and low-cost labor, tax incentives, an improved transportation infrastructure as well as economic and political stability...

# EPAs as a tool to improve the investment climate

- EPAs render trade policy more **predictable**, commitment to openness
- EPAs as an **incentive** for investors as they guarantee long-term access to the EU market
- EPAs are an **impetus for reform**, i.e. fiscal reform, business climate reforms and a modern industrial policy
- Accompanying **development cooperation**
  - ✓ Support to EPA implementation
  - ✓ Trade-related assistance, including for example trade facilitation, customs reform, value chain promotion...

# The long term perspective

- *Building on AfCFTA implementation, long-term perspective is to create a **Continent to Continent Free Trade Agreement**.*
- *To prepare this, EPAs, FTAs (DCFTAs), and other trade regimes with the EU should be **exploited** to the greatest extent, as **building blocks** for AfCFTA...*
  - *...to increase African exports and to attract investment, including into manufacturing and processing sectors*
  - *...and to encourage the creation of regional value chains through flexible ROO*