

EXPLANATORY MEMORANDUM ON THE STEPPING STONE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN GHANA, OF THE ONE PART, AND THE EUROPEAN COMMUNITY AND ITS MEMBER STATES, OF THE OTHER PART

TITLE OF TREATY

Stepping Stone Economic Partnership Agreement between Ghana, of the one part, and the European Community and its Member States, of the other part.

Command Paper Number: 9666

SUBJECT MATTER

1. The concluded Agreement represents the outcome of the Stepping Stone Economic Partnership Agreement (EPA) negotiations undertaken by the European Commission (acting on behalf of the European Union and its Member States) with Ghana.
2. The Agreement was signed by all parties including the UK on 28 July 2016 and has been provisionally applied since 15 December 2016.
3. The Agreement was designated as a Multi Party Trade agreement between the EU and its Member States and Ghana.
4. The UK Government is proceeding to ratify the EPA in line with agreed policy that the UK should continue to ratify signed third country agreements with the EU, before the UK exits the EU. UK ratification of existing EU agreements is consistent with our support for the EU's trade agenda while we remain a Member State.

NATURE OF THE AGREEMENT

5. An EPA is a development focused trade agreement which aims to promote trade and development. It provides for a Preferential Trade Agreement between Ghana and the EU in line with World Trade Organization (WTO) rules, while supporting regional economic development and integration.
6. The key benefits of the Agreement are:
 - a) Supporting economic growth in Ghana
 - b) Supporting sustainable development in Ghana
 - c) Providing increased trade opportunities for the EU
7. The Agreement makes permanent the EU provisions for duty free, quota free access for all Ghanaian exports to the EU which have been in place since 1 January 2008 (currently under terms of the EPA Market Access Regulation

adopted by EU Council of Ministers on 20 December 2007). The Agreement will also allow for Ghana to offer duty-free, quota-free access to approximately 80% of EU exports by their current value, which will be achieved by a gradual reduction in tariffs over 15 years as specified in an annexe to the Agreement.

8. The Agreement allows for both parties to take measures to protect their markets in particular circumstances using safeguard provisions in the Agreement. For example, Ghana can raise duties or impose quotas on EU imports that cause or threaten to cause disturbances in an economic sector or serious injury to a domestic industry.
9. The Agreement contains provisions on customs administration and trade facilitation which re-affirm that customs legislation and procedures will comply with existing international standards such as the World Customs Organisation (WCO). These provisions also provide for cooperation and coordination on customs matters between customs agencies.
10. The Agreement contains provisions on technical barriers to trade, including sanitary and phytosanitary (food safety, animal and plant health) measures. The aim of these provisions is to avoid unnecessary obstacles to trade as a result of technical regulations. Via these provisions both the EU and Ghana affirm their commitment to existing international agreements.
11. The Agreement provides a dispute settlement mechanism and the establishment of an EPA Committee in which both the EU and Ghana are equally represented.
12. The EU has made a range of commitments in the Agreement on development support, so as to ensure that the Agreement is effectively implemented, and that the opportunities it offers can be fully realised.
13. In terms of bilateral trade between the UK and Ghana, UK imports and exports to Ghana averaged £410m and £856 respectively between 2014 and 2016. UK trade with Ghana is relatively small: between 2014 and 2016, trade with Ghana averaged 0.07% of total UK international imports and 0.16% of UK exports.

MINISTERIAL RESPONSIBILITY

14. The Secretary of State for International Trade has primary responsibility for trade policy. The Secretary of State for International Development has primary responsibility for development matters. Given the provisions of this EPA, other Secretaries of State with an interest in this policy area include the Secretaries of State for Foreign and Commonwealth Affairs and Environment Food & Rural Affairs as well as the Chancellor of the Exchequer.

POLICY CONSIDERATIONS

(i) General

15. The Agreement represents the outcome of the EPA negotiations undertaken by the European Commission (acting on behalf of the European Union and its Member States) with Ghana.
16. EPAs aim to promote increased trade and investment by putting our trading relationship on a more equitable, mature and business-like footing, supporting sustainable growth and poverty reduction. The UK is a long-standing supporter of EPAs, and continues to support the EU's agenda. The Agreement is consistent with the UK's objectives in trade policy for free, fair and open markets and also with wider policy goals, including in terms of development policy.
17. The UK Government is committed, in line with agreed government policy, to ratify and implement this Agreement which is designed to increase trade and act as a driver for economic and social development.
18. Until exit negotiations are concluded, the UK remains a full member of the EU and all the rights and responsibilities of EU membership remain in force. During this period, the Government will also continue to negotiate, implement and apply EU legislation, including implementation of EU third country agreements. The Government is fully committed to supporting EU FTAs (including EPAs) whilst we remain EU members. The Government therefore proposes to move ahead with ratification.
19. The UK and European Commission negotiating teams have agreed, and reflected in the draft Withdrawal Agreement, that the UK is to be treated as a Member State for the purposes of international agreements during the Implementation Period. The EU will formally notify other parties of this approach in due course. We will be engaging with third countries to ensure that trade with them will not be disrupted on the day of leaving the EU.
20. This policy is also consistent with the UK seeking continuity in its current trade and investment relationships post exit, including those covered by EPAs and other trade agreements.

(ii) Financial

21. There are no direct financial implications for the UK as a result of this EPA. UK Businesses may face some increased competition from Ghanaian firms. These impacts are expected to be negligible as Ghana's major goods exports are generally not the type of goods produced by British firms.
22. The UK Exchequer will receive less income from customs duties as a result of reduced tariffs on imported goods. Again, this impact is expected to be negligible.

(iii) Reservations and Declarations

23. None.

IMPLEMENTATION

24. The Agreement will need to be specified as a Community Treaty by Order in Council in accordance with section 1(3) of the European Communities Act 1972 in order to have legal effect in the UK. Further new implementing legislation is not currently envisaged.

CONSULTATION

25. The Parliamentary Scrutiny and Select Committees were consulted on the proposals relating to signature, provisional application and conclusion of this Agreement in 2008.
26. Throughout these EPA negotiations, DIT and its predecessor departments (including the Department for Business, Innovation and Skills (BIS)) along with the Department for International Development have actively engaged and consulted with business, Ghanaian officials, British Non-Governmental Organisations (NGOs), across Government, and have represented agreed policy to the European Commission.
27. This Explanatory Memorandum has also been cleared across Whitehall with the relevant Government departments. UK representatives in relevant UK posts overseas and in Brussels have also been consulted.

A handwritten signature in black ink, appearing to read 'George', written in a cursive style.

**GEORGE HOLLINGBERY, MINISTER FOR TRADE
DEPARTMENT FOR INTERNATIONAL TRADE**