

**EXPLANATORY MEMORANDUM ON AN INTERIM AGREEMENT  
ESTABLISHING A FRAMEWORK FOR AN ECONOMIC PARTNERSHIP  
AGREEMENT BETWEEN THE EASTERN AND SOUTHERN AFRICA STATES,  
ON THE ONE PART, AND THE EUROPEAN COMMUNITY AND ITS MEMBER  
STATES, ON THE OTHER PART.**

**TITLE OF TREATY**

Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part.

**Command Paper Number:** 9655

**SUBJECT MATTER**

1. The Agreement presented in this instrument represents the outcome of the Economic Partnership Agreement (EPA) negotiations undertaken by the European Commission (acting on behalf of the European Union and its Member States) with Eastern and Southern Africa States. The specific ESA countries who are signatories are Madagascar, Mauritius, the Seychelles and Zimbabwe.
2. The Agreement was signed by all parties on 29 August 2009 and has been provisionally applied since 14 May 2012.
3. The Agreement was designated as a Multi Party Trade agreement between the EU and its Member States and the signatory ESA countries.
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 the ESA EPA States 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 the ESA EPA States
  - b) Supporting sustainable development in the ESA EPA States

- c) Strengthening regional integration in the ESA EPA States
- d) Providing increased trade opportunities for the EU

7. In the Agreement, the EU commits to providing immediate duty-free quota-free access to goods from the ESA EPA States. In exchange, the ESA EPA States have committed to more gradual tariff liberalisation taking place over a period of 12-20 years. However, sensitive products are excluded from full liberalisation.
8. The Agreement allows for both parties to take measures to protect their markets in particular circumstances using the safeguard provisions in the Agreement. For example, the ESA EPA States 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 the ESA EPA States 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 the ESA EPA States are equally represented.
12. The Agreement commits all signatories to working towards sustainable development, including upholding social and environmental standards. It also establishes a consultation procedure of environmental or labour issues and defines a comprehensive list of areas of collaboration on sustainable development matters. The Agreement sets up a range of joint institutions to monitor and assess the impact of the implementation of EPAs on sustainable development.
13. 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.
14. In terms of bilateral trade between the UK and Eastern and Southern Africa countries, UK exports and imports to the ESA countries averaged £491m and £712m respectively between 2014 and 2016. UK trade with ESA EPA States is relatively very small: between 2014 and 2016, trade with ESA EPA States averaged 0.1% of total UK international exports and imports. The main trading partner for UK companies from the ESA EPA States is Mauritius, which accounted for 65% of UK exports to the bloc and 72% of imports.

## **MINISTERIAL RESPONSIBILITY**

15. 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**

16. 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 Eastern and Southern Africa countries.
17. 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.
18. The UK Government is committed, in line with agreed government policy to ratify and implement this Agreement which is designed to improve trade and investment and act as a driver for economic and social development.
19. Until 29 March 2019, 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 implement and apply EU legislation including implementation of EU third country agreements. The Government is fully committed to supporting FTAs (including EPAs) whilst we remain EU members. The Government therefore proposes to move ahead with ratification.
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 ESA firms. These impacts are expected to be negligible as the major goods exports of the ESA States are generally not 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 Trade and International Development Parliamentary Scrutiny and Select Committees were consulted on the proposals relating to signature, provisional application and conclusion of this Agreement in 2009.

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, overseas officials in ESA countries, British Non-Governmental Organisations (NGOs), across Government, and have represented agreed policy to the European Commission.

A handwritten signature in black ink, appearing to read 'George', with a stylized flourish at the end.

**GEORGE HOLLINGBERY, MINISTER FOR TRADE**

**DEPARTMENT FOR INTERNATIONAL TRADE**