



Department for
International Trade

Continuing the United Kingdom's Trade Relationship with Côte d'Ivoire

Stepping Stone Economic Partnership Agreement between Côte d'Ivoire, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part.

November 2020



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and the United Kingdom of Great Britain and Northern Ireland, of the other part**

Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

November 2020



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Introduction

1. This report explains HM Government's approach to delivering continuity in the United Kingdom's ("United Kingdom") trade relationship with Côte d'Ivoire now that the United Kingdom has left the European Union ("EU").
2. With our exit from the EU, HM Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the United Kingdom's existing trade relationships. It is in no-one's interests to disrupt existing trade flows.
3. To achieve this, HM Government has developed new bilateral agreements that replicate, as far as possible, the effects of the United Kingdom's existing trade agreements with existing partners. These agreements form the starting point for the United Kingdom's future trade agreements with partners. The United Kingdom-Côte d'Ivoire stepping stone Economic Partnership Agreement ("United Kingdom-Côte d'Ivoire EPA") is intended to take effect when the EU-Côte d'Ivoire stepping stone Economic Partnership Agreement ("the existing EPA") ceases to apply to the United Kingdom (or as soon as possible thereafter).
4. Wherever possible, HM Government has sought a technical replication of these agreements, but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect in a bilateral context.
5. This report gives details of, and explains the reasons for, any significant differences between the United Kingdom-Côte d'Ivoire EPA and the existing EPA.
6. The report sets out the general drafting changes which are consistent across all the United Kingdom's continuity trade agreements and which do not have a significant impact on the effect of the United Kingdom's current trade relationships. It also explains any significant differences between the trade related provisions in the United Kingdom-Côte d'Ivoire EPA and the existing EPA. The report also includes some discussion of the economic impacts and focuses solely on the changes made to the trading arrangements between the United Kingdom and Côte d'Ivoire (the "Parties") as a result of moving from the current to a new agreement. Any other impacts resulting from the United Kingdom's exit from the EU or the nature of the Future Economic Partnership have been excluded from this report.

Legal approach

7. The United Kingdom has chosen the form that the States involved agree is the most pragmatic and sensible in the circumstances, taking into account the wishes of partner countries. Accordingly, some agreements have been drafted in long form to reflect these wishes. The United Kingdom-Côte d'Ivoire EPA is a long form agreement.
8. To draft the United Kingdom-Côte d'Ivoire EPA, the negotiating States have reproduced all relevant sections of the existing EPA with necessary technical and administrative changes to make this operable in a bilateral context.

Resources

9. This report is intended to aid businesses, consumers, and parliamentarians in understanding any significant differences made to the United Kingdom's trade relationship with Côte d'Ivoire by the United Kingdom-Côte d'Ivoire EPA and the reasons for any changes, and their impact.
10. Should you wish to view the existing EPA as originally published, it can be found online on the [website](#) of the European External Action Service.
11. More detail, including decisions of the EPA Committee established under the existing EPA for the purpose of administering that agreement can be found on the [EUR-Lex website](#). A consolidated version of the existing EPA can also be found on the [EUR-Lex website](#). The consolidated text is not an authoritative version of the existing EPA but will assist readers to understand how the existing EPA has been amended since its entry into force.
12. Should you wish to view the full text of the United Kingdom-Côte d'Ivoire EPA, it will be laid in Parliament alongside an Explanatory Memorandum as part of the United Kingdom's treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010. The text will also be available on GOV.UK.

Economic Background

13. This section provides a country-specific background analysis of trade between the United Kingdom and Côte d'Ivoire.

Trade between the United Kingdom and Côte d'Ivoire

14. Côte d'Ivoire is the United Kingdom's 105th largest trading partner¹, accounting for less than 0.1% of total trade. Total trade in goods and services between the United Kingdom and Côte d'Ivoire was £401 million in 2019.²

15. HM Government expects the United Kingdom-Côte d'Ivoire EPA to support jobs and economic development in Côte d'Ivoire by providing continuity in trading arrangements with the United Kingdom including duty free and quota free United Kingdom market access. This could be of benefit to partner firms producing goods for which the United Kingdom is an important export market. In 2019, the United Kingdom market accounted for 23% of total exports of cocoa butter from Côte d'Ivoire, in addition to 6% of total Ivorian exports of bananas.³

16. In 2019, United Kingdom exports to Côte d'Ivoire were £152 million, making it the United Kingdom's 112th largest export market (accounting for less than 0.1% of all United Kingdom exports). United Kingdom imports from Côte d'Ivoire were £249 million, making it the United Kingdom's 93rd largest import source (accounting for less than 0.1% of all United Kingdom imports).⁴

Table 1: Trade between the United Kingdom and Côte d'Ivoire, 2019 (£ million)

	Trade in goods	Trade in services	Total trade
United Kingdom exports to Côte d'Ivoire	74	78	152
United Kingdom imports from Côte d'Ivoire	231	18	249
Total trade	305	96	401

Source: ONS, (2020). United Kingdom total trade: all countries, non-seasonally adjusted (accessed 9th September 2020).

17. Using data from HMRC for trade in goods only, Table 2 shows that in 2019 the top United Kingdom goods exported to Côte d'Ivoire were vehicles other than railway or tramway stock (HS87, £12 million), machinery and mechanical appliances (HS84, £10 million) and electrical

¹ EU member states are treated as individual trading partners with the United Kingdom.

² ONS (2020), [United Kingdom total trade: all countries, non-seasonally adjusted \(accessed 9th September 2020\)](#).

³ DIT's own calculations using data from [UN COMTRADE](#) (accessed September 2020). Figures are given for imports from Côte d'Ivoire of product categories HS1804 (Cocoa butter, fat and oil) and HS803 (Bananas, including plantains; fresh or dried), reported by the United Kingdom, as a proportion of the total imports of the same products from Côte d'Ivoire reported by all countries. These figures may differ from those implied by export data reported by Côte d'Ivoire.

⁴ ONS (2020), [United Kingdom total trade: all countries, non-seasonally adjusted \(accessed 9th September 2020\)](#).

machinery and equipment (HS85, £9 million), together representing nearly a half of the total value of United Kingdom goods exported to Côte d'Ivoire. The United Kingdom's top goods imported from Côte d'Ivoire were cocoa and cocoa preparations (mostly cocoa beans and cocoa butter) (HS18, £192 million), and edible fruit and nuts (mostly bananas) (HS08, £22 million), together representing over 90% of the total value of goods we imported from Côte d'Ivoire.

Table 2: Top 5 United Kingdom goods exports to and imports from Côte d'Ivoire, 2019 (HS2⁵, £ million)

Top 5 United Kingdom goods exports to Côte d'Ivoire	Value	Top 5 United Kingdom goods imports from Côte d'Ivoire	Value
Vehicles other than railway or tramway stock	12	Cocoa and cocoa preparations	192
Machinery and mechanical appliances	10	Edible fruit and nuts	22
Electrical machinery and equipment	9	Wood and articles of wood; wood charcoal	3
Dairy produce; birds' eggs	8	Rubber and articles thereof	3
Other made up textile articles; sets	5	Machinery and mechanical appliances	2

Source: HMRC trade statistics by commodity code (accessed 9th September 2020). Sectors classified according to Harmonised System chapters. Data presented is recorded on a physical movement basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

18. A detailed breakdown of types of services traded is not available for United Kingdom trade with Côte d'Ivoire.
19. ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.

United Kingdom businesses exporting to and importing from Côte d'Ivoire

20. In 2019, HMRC estimated that around 585 VAT registered United Kingdom businesses exported goods to Côte d'Ivoire and around 113 imported goods from Côte d'Ivoire.⁶ As these figures only include businesses trading in goods, they are likely to underestimate the total number of businesses trading with Côte d'Ivoire.

⁵ The Harmonized System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. HS2 refers to the high-level "chapters" of the HS system (i.e. the first two digits of the HS code).

⁶ HMRC (2020). [Regional trade statistics interactive analysis: first quarter 2020 \(accessed 9th September 2020\)](#). Proportional count method.

21. For context, provisional survey data from the ONS shows that around 340,500 (non-financial) registered businesses in Great Britain traded in either goods or services or both in 2018 with another country.⁷ This was around 14% of all VAT/PAYE registered businesses. There were around 211,100 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 188,400 (non-financial) registered businesses trading in services in 2018. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

Economic impact of the existing EPA

22. In 2007, the European Commission published a Sustainability Impact Assessment (SIA) covering all the EPAs that the EU had concluded with African, Caribbean and Pacific (ACP) States.⁸ The study used a mix of qualitative and quantitative techniques, including some computable general equilibrium (CGE) and partial equilibrium (PE) modelling. It found that EPAs have a positive effect on two-way trade flows for both Least Developed Countries (LDCs) and non-LDCs, and a positive impact on the economy through increased production for both LDCs and non-LDCs. The range of sizes of this positive effect was found to be “very wide (from modest to substantial)”. It also estimated that there would be a positive social impact through greater employment and incomes. However, there was uncertainty over the effects on the environment.

23. The European Commission has highlighted other general development benefits associated with EPAs for partner countries.⁹ These range from creating new business, trade and investment opportunities, to positive labour market impacts and support for farmers, to promoting economic integration into the local region.

24. The tariff liberalisation schedule agreed by Côte d’Ivoire as part of the existing EPA is asymmetric, to be implemented gradually over ten years. This takes account of the different levels of development between the European Union and Côte d’Ivoire. In addition, if local industry is threatened by import surges from Europe, the existing EPA allows safeguard measures to be triggered to protect industrial sectors and infant industries.¹⁰

25. A report published by AETS (Application Européenne de Technologies et de Services) for the European Union in 2019 examined the extent to which tariff liberalisation by Côte d’Ivoire for European products was likely to have an impact on Côte d’Ivoire’s trade in products incorporating European inputs with other members of the ECOWAS (Economic Community of West African States) customs union.¹¹ The study found that these impacts would likely be relatively small, driven by the fact that regional goods imports from Côte d’Ivoire containing EU-origin inputs and benefitting from regional tariff preferences account for only a very small proportion of trade for ECOWAS partners.

26. In 2015, the Department for International Development commissioned a Rapid Evidence Assessment on the empirical impact of FTAs between developed and developing countries on

⁷ ONS (2019). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain 2018 \(accessed 9th September 2020\)](#).

⁸ European Commission (2007), [‘Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements – Summary of key findings, policy recommendations and lessons learned – Executive summary’](#)

⁹ European Commission (2016) [‘10 benefits of Economic Partnership Agreements \(EPAs\)’](#)

¹⁰ European Commission (2017), [‘Economic Partnership Agreements’](#)

¹¹ AETS Consortium (2019), [‘Implementation of the Interim EPA in Côte d’Ivoire and in Ghana: impact study on regional integration in West Africa’](#)

economic development in developing countries.¹² The assessment concluded that there is mixed evidence on the observed impacts of FTAs on trade between developed and developing countries, and while some studies find large positive impacts of FTAs on the value of trade flows, others find minor or no impacts. This could be explained by methodological differences between studies, by differences in the content of agreements, or by the political, economic and institutional context of FTA partners. The Rapid Evidence Assessment also found that the empirical literature did not provide conclusive guidance on the overall impact of FTAs on economic development, due to a few significant gaps in coverage, particularly regarding the revenue, distributional and social/environmental effects of FTAs.

Potential loss to the United Kingdom if the United Kingdom-Côte d'Ivoire EPA is not brought into effect

27. The United Kingdom-Côte d'Ivoire EPA not being applied would result in United Kingdom businesses losing the preferences negotiated in the existing EPA. This would include the re-imposition of many tariffs, returning to World Trade Organization Most-Favoured-Nation ("MFN") tariff treatment with Côte d'Ivoire. Any benefits derived from trading under preferences within the existing EPA, such as increases in trade flows, may then be reversed.
28. It is unlikely that the entire effect of the existing EPA would diminish. Tariffs would revert to MFN rates, but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long-term. For example, the United Kingdom might still benefit from any regulatory arrangements agreed because of the existing EPA. Business connections formed because of the existing EPA might also endure.
29. The size of the impact of not bringing the United Kingdom-Côte d'Ivoire EPA into force would depend on the responsiveness of trade flows to increased costs brought about by the loss of access to the preferences provided under the existing EPA.¹³

Immediate impact if not brought into effect

Impact of tariffs under current MFN and GSP rates¹⁴

30. Much international goods trade takes place in products for which MFN rates are already zero. However, trade and association agreements provide additional opportunities by reducing tariffs on products where this is not the case. If the United Kingdom-Côte d'Ivoire EPA is not brought into effect, tariffs between the two countries would revert to MFN rates, other than where Côte d'Ivoire benefitted from preferential access to the United Kingdom market under a unilateral preference scheme that the United Kingdom is implementing after EU exit the "United Kingdom GSP" ("Generalised Scheme of Preferences"), see paragraph 34). This would lead to an increase in duties on some United Kingdom exports to and imports from Côte d'Ivoire.
31. The annual increase in duties on United Kingdom imports from Côte d'Ivoire is estimated to be around £8.6 million, and this could lead to noticeable impacts on UK imports in specific product lines most affected by tariffs. Duties on United Kingdom exports are estimated to increase by

¹² DFID (2015), ['The Impact of Free Trade Agreements between Developed and Developing Countries on Economic Development in Developing Countries'](#)

¹³ Head K and Mayer T (2014), ['Gravity Equations - Workhorse, toolkit and cookbook'](#), *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018), ['Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?'](#) *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

¹⁴ Tariff schedules used in this impact assessment are the applied tariff rates, not bound tariff rates.

around £0.7 million. Therefore, the total increase duties on two-way trade is estimated to be around £9.3 million. These estimates assume that the current patterns of trade remain unchanged in future and that tariffs revert to Côte d'Ivoire's MFN rates and the United Kingdom's GSP rates. It should be noted that the analysis does not account for the effect of unilateral preferences other than the United Kingdom's GSP tariff rates.¹⁵ Given these assumptions, these estimates should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.

32. However, these estimates assume that all tariff preferences offered under the current existing EPA are fully utilised by exporters. Although this agreement has a relatively high rate of utilisation, full utilisation does not hold. DIT estimates suggest that 98% of the United Kingdom's eligible goods imports from Côte d'Ivoire in 2019 were imported utilising the preferences under the existing EPA.¹⁶ This means that the actual increase in duties could be lower than the estimates above.
33. The total duty which would in fact be charged on exports and imports would also depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If United Kingdom producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above.
34. The indicative estimates show that the largest implied increases in United Kingdom export duties would be for miscellaneous chemical products (HS38) of around £150,000, rubber and articles thereof (HS40) of around £100,000, and articles of iron or steel (HS73) of around £70,000.
35. The United Kingdom is implementing a unilateral preferences scheme, the United Kingdom GSP, as it leaves the EU. It is HM Government's intention that countries that currently benefit from preferential access to the EU through the EU Generalised Scheme of Preferences ("EU GSP") would continue to receive the same access through the United Kingdom GSP.¹⁷ When the United Kingdom leaves the EU, the United Kingdom will follow the EU GSP eligibility criteria. As Côte d'Ivoire is classified as a Lower-Middle Income Country by the World Bank, Côte d'Ivoire would be eligible for unilateral preferences under the United Kingdom GSP (see

¹⁵ DIT calculations using tariff data (accessed September 2020) from [ITC Market Access Map \(MacMap\)](#) and ITC TradeMaps trade statistics for exports calculations. DIT calculations using tariff data from the [European Commission](#) and [Eurostat](#) trade data (accessed August 2020) for imports. Implied additional duties are calculated using the difference in MFN and preferential tariff rates (simple average tariffs at CN8 level), the 2018 value of exports for each product at CN8 level and the 2019 value of imports for each product at CN8 level. Different approaches and data sources for this analysis are likely to yield different results. Calculations on export duties also assume trade is not eligible for duty relief under inward/outward processing rules, nor under specific plurilateral agreements such as those covering civil aviation and pharmaceuticals, nor WTO or preferential quotas. Calculations on import duties take into account inward/outward processing rules and trade which is eligible for relief under specific plurilateral agreements but not any WTO or preferential quotas.

¹⁶ DIT calculations using data from [Eurostat](#). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. The data doesn't cover services trade.

¹⁷ The Taxation (Cross-border Trade) Act 2018 enables the United Kingdom to put in place a United Kingdom trade preferences scheme for developing countries. HM Government intends to put in place a trade preference scheme which maintains the preferential market access we currently offer to around 70 developing countries under the EU GSP. This will grant duty-free, quota-free access to developing countries which is a target in the UN's Sustainable Development Goals and is in line with our commitments in the WTO.

also Schedule 3 of the Taxation (Cross-border Trade) Act 2018). This approach would provide tariff reductions, but not the same level of access as that offered by the United Kingdom-Côte d'Ivoire EPA. Higher-income partner countries will not benefit from the unilateral preferences provided by the United Kingdom GSP.

36. Accounting for unilateral preferences, the largest implied increases in import duties would be in edible fruits and nuts (HS08) of around £5.2 million, cocoa and cocoa preparations (HS18) of around £3.2 million, and preparations of meat and fish (HS16) of around £0.2 million.
37. Indicative estimates of implied additional tariff duties are provided above to give a sense of scale of possible additional costs of trade. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the United Kingdom Exchequer and Côte d'Ivoire Government. However, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare. Estimates of implied additional duties do not therefore constitute an estimate of the impact.

Businesses

38. Additional duties could be absorbed by either United Kingdom or Ivorian businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact on the competitiveness of United Kingdom businesses, leading to disruptions in supply chains and job losses in the short term.
39. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including United Kingdom exporters that rely on Côte d'Ivoire inputs to export goods to the rest of the world. In 2016 (latest data), around 15.4% of the value added in United Kingdom's gross exports reflected imports from abroad, though the data does not provide how much of this added value comprises imports from Côte d'Ivoire¹⁸. Companies which rely on imports from Côte d'Ivoire would also become less competitive. Given the small share of UK trade under the existing EPA, it is expected that any impacts would be small relative to the UK's total trade flows. By providing continuity in market access, however, this agreement will prevent disruption to the livelihoods of Ivorians participating in supply chains which would otherwise face tariffs.

Consumers

40. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, depending on the specific sectors affected. Consumers might also see a reduction in the choice of products and services available. Given the small share of United Kingdom-Côte d'Ivoire trade under the existing EPA, this impact may be relatively small overall but could be noticeable on specific product lines.

Longer term impact if not brought into effect

41. In the long run, the United Kingdom would forgo the longer-term benefits that the United Kingdom-Côte d'Ivoire EPA would have brought to the United Kingdom. This could result in United Kingdom Gross Domestic Product (GDP) marginally decreasing in the long term if the

¹⁸ OECD, 2018. [Trade in Value Added \(TIVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics.

agreement is not brought into effect. Given the small share of United Kingdom trade under the existing EPA, it is expected that any impact on United Kingdom GDP would be relatively small.

Explanation of this Agreement, including Significant Differences between the United Kingdom-Côte d'Ivoire EPA and the existing EPA

42. This section provides a discussion of changes in the United Kingdom-Côte d'Ivoire EPA. 'General Provisions' sets out the generic technical changes that have been made, consistent with the approach taken in all continuity agreements. 'Transitional Provisions' details specific changes that have been agreed in the main agreement, which take account of the development aims of the EPA, circumstances within Côte d'Ivoire, and existing discussions under the existing Côte d'Ivoire EPA institutions. 'Annexes and Protocols' sets out the technical changes agreed in the Annexes and Protocols.

General Provisions

Removal and replacement of references to the EU

43. Reference to the “European Union”, the “EU”, and all EU Treaties have been removed or replaced, as have references to the “European Community”, the “EC”, and the “EC Party”.
44. References to “Member States” have been deleted or replaced with references to the “United Kingdom” (as appropriate).
45. References to EU institutions have been replaced with appropriate United Kingdom-equivalent institutions or deleted (as appropriate).
46. Certain provisions relevant only to the EU, such as provisions which apply only to EU Outermost Regions, have been deleted, as have provisions relating to the accession of EU Member States and to EU languages (other than English and other languages which remain relevant to particular agreements).

Territorial Application

47. The Territorial Application article sets out to which territories the United Kingdom-Côte d'Ivoire EPA applies, and how it applies to them.
48. In the existing EPA, the Territorial Application article defined the territorial coverage of the agreement on the EU side by reference to the Treaty on the Functioning of the European Union (“TFEU”, formerly the Treaty establishing the European Community). In the United Kingdom-Côte d'Ivoire EPA, this has been replaced by an article which ensures that the agreement applies to the United Kingdom; and to the specified territories engaged in trade for whose international relations the United Kingdom is responsible in the same way as the existing EPA did. Those territories can be separated into categories based upon the application of the EU Treaties under EU law to date. These categories of territory are:
 - a. Gibraltar, to which, broadly, provisions not relating to goods or customs apply; and
 - b. the Crown Dependencies (Isle of Man, Bailiwick of Jersey, Bailiwick of Guernsey), to which, broadly, provisions relating to tariffs and trade in goods apply.
49. British Overseas Territories (Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; Cayman Islands; Falkland Islands; Montserrat; Pitcairn Islands; St Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Turks and Caicos Islands; and British Virgin Islands), benefit from some specific provisions on cumulation with respect to rules of origin.

Continuation of Time Periods

50. Certain provisions of the existing EPA provide for a transitional period, requiring a party to complete an action within a certain timeframe, which may not yet have been fulfilled under the conditions of the existing EPA. The United Kingdom-Côte d'Ivoire EPA has been drafted so that the agreement reflects the remaining time in which the obligation must be fulfilled as per the existing EPA. This approach ensures continuity of rights and obligations between the existing EPA and the United Kingdom-Côte d'Ivoire EPA.

Institutions and Committees

51. All of the joint institutions provided for in the existing EPA have been replicated in full. The United Kingdom-Côte d'Ivoire EPA establishes an EPA Committee which is responsible for the implementation and operation of the United Kingdom-Côte d'Ivoire EPA and has the power to take decisions in respect of matters assigned to it by the United Kingdom-Côte d'Ivoire EPA.
52. Article 73 of the United Kingdom-Côte d'Ivoire EPA stipulates that decisions adopted by the EPA Committee established under the existing EPA are deemed to have been adopted, *mutatis mutandis*, by the institutions of the United Kingdom-Côte d'Ivoire EPA to the extent those decisions relate to the United Kingdom and Côte d'Ivoire.

Amendment Clauses

53. Amendment clauses set out the process that must be followed if the parties agree to amend the provisions of the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment clauses serve to make the process clearer and more transparent.
54. While there is no general amendment clause in the existing EPA, a number of clauses provide for the amendment of parts of the agreement. In line with the continuity principle, we have not made any changes to those provisions. The language of these provisions has been fully replicated. For instance, as currently provided for, the EPA Committee, at the request of one of the parties, may amend the provisions of the Rules of Origin Protocol; and the Special Committee on Customs Co-operation and Rules of Origin may also take decisions regarding derogations from the Rules of Origin protocol.
55. Another instance is in Article 71, which stipulates that if further negotiations are completed (as per Article 44), the relevant draft amendments shall be submitted for approval to the relevant internal authorities. This provision been fully replicated from the existing EPA. Our interpretation is that such amendments would need to go through scrutiny and ratification by both parties before approval.

Entry into Force and Provisional Application

56. Entry into force provisions specify the date from which the terms of the agreement will bind the parties. Existing entry into force provisions have been replaced with new provisions to ensure that the United Kingdom-Côte d'Ivoire EPA can enter into force when the existing EPA ceases to apply to the United Kingdom or as swiftly as possible thereafter. For the United Kingdom-Côte d'Ivoire EPA to enter into force, it must first be ratified by both the United Kingdom and Côte d'Ivoire. In United Kingdom domestic law, before an agreement subject to ratification may be formally ratified, it must be laid before Parliament for scrutiny under the Constitutional Reform and Governance Act 2010 (CRaG Act).
57. Provisional application is a mechanism which enables the parties to apply a treaty 'provisionally' for a period of time prior to it entering into force, provided that this is in accordance with the relevant party's domestic legislation and that any necessary domestic implementing legislation is in place. Where the parties have agreed that a continuity agreement may be provisionally applied from the date the underlying EU agreement ceases to apply to the United Kingdom, the treaty may be operated provisionally from that date if this becomes necessary while, in the case of the United Kingdom, the treaty completes the procedures set out in the CRaG Act. A number of the existing EU agreements provide for provisional application and were provisionally applied by the United Kingdom as an EU Member State.
58. The United Kingdom and Côte d'Ivoire may agree that the United Kingdom-Côte d'Ivoire EPA should be provisionally applied (see Article 74). Given that HM Government is seeking to

maintain the effects of the existing EU agreements as the United Kingdom leaves the EU, this is a proportionate approach to manage the timing constraints during this unique period and reduces the risk of businesses and consumers experiencing disruption as the United Kingdom leaves the EU.

Dispute Settlement

59. The economic benefits of a free trade agreement can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in an agreement signals the parties' intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising.
60. One of the impacts of transitioning the dispute settlement chapters in the existing EU trade agreements is that, in the event that a dispute arises, the United Kingdom will be directly responsible for any relevant costs associated with the dispute settlement process.

Annexes and Protocols

Goods

61. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to the goods of each of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the United Kingdom and Côte d'Ivoire have been transitioned without changes. This means that tariff preferences set out in agreement for products being traded between Côte d'Ivoire and the United Kingdom will remain the same as those between Côte d'Ivoire and the EU.

Rules of origin

62. In free trade agreements, Rules of Origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good has to “originate” in one of the parties to the agreement. Trade agreements may also allow materials originating and/or processed in a country other than the exporting Party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.

63. There are two main categories relevant to determining whether goods “originate” in the exporting country for the purposes of a free trade agreement:

- a. **Wholly obtained** – These are goods that are wholly obtained or produced entirely in a single country. Examples include (i) mineral products extracted from the soil and (ii) live animals born and raised there.
- b. **Substantial transformation** – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
 - i. **Value added** – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
 - ii. **Change in Tariff Classification (“CTC”)** – This type of rule requires that the final product be sufficiently different from the imported materials such that it moves to a different tariff classification altogether.
 - iii. **Specific processing or manufacturing** – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.

64. During the transition period, all United Kingdom content is currently considered as “originating” in the EU and United Kingdom exports are designated as “EU origin”. This means that originating materials from, and processing in, the United Kingdom and the rest of the EU can be used interchangeably in bilateral trade with existing EU trade agreement partners. This will no longer be the case when existing EU trade agreements stop applying to the United Kingdom at the end of the transition period. At this point, the designation of United Kingdom exports will shift from “EU” originating to “United Kingdom” originating and EU content will (unless specific provision is made in new agreements) no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the United Kingdom, EU and Côte d'Ivoire.

65. To address these implications and to provide maximum continuity for business, it has been agreed in the United Kingdom-Côte d'Ivoire EPA that EU materials and processing can be recognised (i.e. cumulated) in the United Kingdom and Côte d'Ivoire exports to one another. The United Kingdom-Côte d'Ivoire EPA also enables cumulation to occur with other third countries where certain conditions are met (for example, where the United Kingdom agrees a preferential trade agreement with an ACP State), replicating the mechanism used in the existing EPA. The cumulation arrangements are set out in detail in Title II (Definition of the concept of 'originating products') of the Rules of Origin Protocol and are subject to satisfying certain conditions specified in the agreement.
66. The text of the Rules of Origin Protocol can be found in Protocol 2 of the United Kingdom-Côte d'Ivoire EPA, and is based on Protocol 1 concerning the definition of the concept of 'originating products' and methods of administrative cooperation to the earlier EPA, as adopted by the earlier EPA Committee on 2 December 2019.

Impact

67. If cumulation of EU content for the United Kingdom and Côte d'Ivoire were not permitted under the United Kingdom-Côte d'Ivoire EPA, some United Kingdom and Côte d'Ivoire based exporters might find themselves unable to access preferences as they are currently able to under the existing EPA. United Kingdom exporters to Côte d'Ivoire who rely on EU content might have to revert to paying Most Favoured Nation (MFN) tariff rates, if they continued using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change to existing terms. The impact would, of course, vary across sectors.
68. The United Kingdom-Côte d'Ivoire EPA provides only for trade between the United Kingdom and Côte d'Ivoire and does not provide for either party's direct trade with the EU, including, for example, where United Kingdom and Côte d'Ivoire based exporters use content from each other in exports to the EU. The agreement includes a Joint Declaration committing the parties to update Protocol 2 to reflect a trilateral approach with the EU, should the United Kingdom and EU reach an agreement which includes suitable rules of origin.

Origin Quotas

Justification for policy change

69. Origin Quotas, also known as derogations, allow a volume of specific product lines to be exported under a more lenient rule of origin. They allow exporters who may have struggled to meet the origin requirements in the list of product-specific rules to secure preferential access up to a specified volume threshold.
70. The only automatic derogation quota in the existing EPA is an inbound quota for tuna and was agreed upon in relation to the size of the EU market. In order for products to be able to continue to benefit from the use of Origin Quotas in trade between the United Kingdom and Côte d'Ivoire, this quota needs to be present in the new United Kingdom-Côte d'Ivoire EPA.
71. To maintain the market access for importers and exporters offered under the original quota for tuna, the United Kingdom and the Côte d'Ivoire have re-sized the Origin Quota to reflect the bilateral trade flows observed in recent years and the fact that the United Kingdom is a smaller market than the EU28.
72. Table A sets out the new United Kingdom - Côte d'Ivoire Origin Quota for tuna applicable under the United Kingdom - Côte d'Ivoire EPA. The Origin Quota has been re-sized based on three years of usage data. In order to preserve future market access opportunities for United

Kingdom and Côte d'Ivoire businesses, it was also agreed to use a proxy based on trade flow data where usage data showed historic trade was very low.

73. The origin quota is provided for a two-year period from the entry into force of Protocol 1 to the Existing EPA. Based on that clock, the quota will expire on 2 December 2021, as it will in the existing EPA.

Table 3: United Kingdom - Côte d'Ivoire Origin Quota for tuna applicable under the United Kingdom - Côte d'Ivoire EPA

	<i>Existing EPA</i>	United Kingdom-Côte d'Ivoire EPA
	<i>Tuna origin derogation quota under the existing EPA, tonnes</i>	<i>Resized tuna origin derogation quota – under the United Kingdom-Côte d'Ivoire EPA, tonnes</i>
Tuna loins	200	27.24
Tuna but not loins	2,000 (yr 1) 1,000 (yr 2)	272.4 (yr 1) 136.2 (yr 2)

Impacts

74. Without transitioning the Origin Quotas, goods traded between the United Kingdom and Côte d'Ivoire that are currently covered by these quotas in the existing EPA could face more restrictive rules of origin under the new United Kingdom-Côte d'Ivoire EPA, and potentially even MFN tariffs. The nature of the impact of this will depend on a number of factors, including existing trading patterns and the response of domestic consumers and businesses to the change in tariff.

75. We expect that the overall, immediate, impact on United Kingdom producers and consumers resulting from this approach to resizing Origin Quotas will be limited. However, there may be unanticipated impacts due to the imperfect nature of using historic usage and trade flow data to measure quota usage.

Trade Remedies

76. Trade remedies provide a safety net for domestic industry against unfair or injurious trading practices caused by dumped, subsidised or unexpected surges of imports of goods. Most WTO members have a trade remedies regime. The United Kingdom will operate its own regime once outside the EU.

Bilateral Safeguards – Sugar

77. The existing EPA includes a provision that allows one Party to apply a bilateral safeguard duty on imports from the other Party if certain conditions are satisfied, including for example if a "disruption" in a product market arises (the 'bilateral safeguard'). By way of special provision, a disturbance in the EU sugar market for this purpose may be determined to have arisen if the price of sugar falls below a certain level (the 'trigger price mechanism'). In line with the principle of technical replication we are transitioning these provisions and establishing a trigger price mechanism for the United Kingdom sugar market.

78. Data is not, however, available to determine what the appropriate level for the trigger price mechanism should be in the United Kingdom at this time. This is particularly the case given recent volatility in sugar prices following the reform of the EU domestic sugar regime. To

ensure that the United Kingdom-Côte d'Ivoire EPA is operable upon entry into force, we have agreed with our partners to suspend the trigger price mechanism temporarily. We have agreed that the Parties will review the price trigger after entry into force of the United Kingdom-Côte d'Ivoire EPA. The price trigger set in the existing EPA will reapply after a period of five years, unless the Parties reach agreement on a replacement trigger price.

79. We do not envisage that suspending the safeguard mechanism will have an impact on the United Kingdom. Given the substantial convergence of United Kingdom and EU sugar prices with those prevailing on world markets, it is unlikely that it will be appropriate to deploy safeguards in the foreseeable future. Indeed, the EU has not previously needed to utilise this mechanism to implement safeguard duties for sugar. The temporary suspension of the trigger price mechanism does not prevent the United Kingdom applying a bilateral safeguard duty to sugar imports based on the standard procedures applicable in the United Kingdom-Côte d'Ivoire EPA.

Customs and Trade Facilitation

80. In FTAs, Customs and Trade Facilitation is used to allow for the efficient transport of goods across national borders whilst seeking to minimise the administrative and operational burden on traders as well as associated costs through measures such as Customs Cooperation and Transparency. The United Kingdom-Côte d'Ivoire EPA has transitioned Protocol 1 on Mutual Administrative Assistance in Customs Matters from the existing EPA, with only minor modifications.

Sanitary and Phytosanitary (SPS)

81. SPS provisions in trade agreements concern the application of food safety and animal and plant health regulations. These provisions allow countries to set standards and regulations that allow for the protection of human, animal or plant life and health. FTAs may contain SPS provisions which, for example, increase transparency in the application of SPS measures, or allow the recognition of equivalent measures in relation to animal health, and import requirements, including health certifications.
82. Only minor non-substantive changes have been made to the SPS provisions contained in the existing EPA. These changes remove the reference to EU competent authorities as referred to in the existing EPA and include a provision which requires the United Kingdom to notify Côte d'Ivoire of its competent authorities on the date of entry into force of the agreement.

Technical Barriers to Trade

83. Technical Barriers to Trade (TBT) articles in trade agreements cover aspects relating to regulations, standards, and conformity assessment for goods. TBT provisions in trade agreements play an important role in reducing non-tariff barriers for businesses, for example through increasing the transparency of a trading partner's regulatory requirements. Changes to these provisions have been limited to non-substantive technical changes to the existing EPA.

Cotonou Agreement

84. The existing EPA contains a range of references to the Partnership Agreement between the EU and the ACP Group of States ("the Cotonou Agreement"). The Cotonou Agreement provides a framework for the EU's political, development and trade relations with these 79 developing countries. Now that the United Kingdom has left the EU, the Cotonou Agreement will cease to apply to the United Kingdom at the end of the transition period.

85. Some references to the Cotonou Agreement contained in the existing EPA can be deleted without any change to the effect of the United Kingdom-Côte d'Ivoire EPA. For others, we have sought to ensure continuity of the effect of the references in the existing EPA to the Cotonou Agreement which are relevant to the United Kingdom's trade relationship with Côte d'Ivoire. Those references include the objectives and essential and fundamental elements set out in the Cotonou Agreement and the ability to take appropriate measures in the event of a violation of those elements. For these references we have replicated the relevant provisions of the Cotonou Agreement in the United Kingdom-Côte d'Ivoire EPA as Annex 3.
86. Annex 3 of the UK-Côte d'Ivoire EPA replicates the language of the Cotonou Agreement and the existing EPA to ensure that respect for human rights, democratic principles and the rule of law, and good governance remain as essential and fundamental elements of the UK-Côte d'Ivoire EPA; and that if needed, appropriate measures can be taken in the event of a violation of these elements. Annex 3 also outlines the principles that will apply to any development cooperation provided by the UK to Côte d'Ivoire to support implementation of the UK-Côte d'Ivoire EPA. The overall result is a replication of the effects of the Cotonou references in the existing EPA.

Future Comprehensive Agreement

87. The United Kingdom-Côte d'Ivoire EPA replicates the commitment in Article 44 under the existing EPA for the Parties to the Agreement to cooperate in order to encourage the negotiation and earliest possible conclusion of a future EPA between the United Kingdom and West Africa that will also include areas such as services and investment.
88. The fulfilment of this commitment is not time-bound.

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