AGI
Association of Ghana Industries

Press Release

AGI'S POSITION ON THE ECONOMIC PARTNERSHIP AGREEMENT

The Association of Ghana Industries (AGI) considers it critical to add its voice to the current debate on the Economic Partnership Agreement (EPA) following the decision by ECOWAS Heads of State at the recent summit in Yamoussoukro, Côte D'Ivoire, to resolve some outstanding technical aspects of the EPA within the next two months.

The (EPA) is a free trade and development agreement negotiated between the European Union (EU) and the African Caribbean Pacific (ACP) group of states engaged in regional economic integration. While this agreement may allow Ghana's exports to the EU 100% exempt from customs and other duties, Ghana will in turn have to eliminate tariffs on 75% of its imports from the EU amounting to over USD 300 million losses in Government revenue. Tariffs constitute an important development tool. But Ghana stands to lose its right to leverage such tariffs as soon as it ratifies the EPA.

Unfortunately, the EPA is being pursued by the EU at a time that most ACP states including Ghana are beginning to transform from mere suppliers of raw materials to emerging multi-sector manufacturing economies. Indeed, the EPA is more than just a trade agreement. As a legally binding international treaty with elaborate implementation and enforceable provisions, it impacts significantly on our economic fortunes and developmental agenda.

After a thorough examination of the EPA including the ensuing debates and an assessment of its pros and cons, the Association of Ghana Industries has resolved that the conditions and prescriptions of the EPA as they stand will not be beneficial to Ghana for the following reasons:

1. It totally derails our national agenda of Ghana becoming a truly industrialized country with the potential to create employment, equitable wealth and sustainable growth of the Ghanaian economy. Signing the EPA contradicts H.E. the President's commitment to change the structure of our economy through primary, secondary and tertiary processing and to make the economy export-driven, as indicated in the recent state of the nation address. The EPA will have negative effects on industry, tax revenues, the potential for economies of scale, employment and income generation. With imports coming from the EU, manufacturing companies will be compelled to fold up, resulting in job losses. It would have been better for Ghana to have fully implemented some of its basic policy regimes such as the Ghana Industrial Policy, Private Sector Development Strategy II (PSDS II), Ghana Export Strategy; which would have provided it with a stronger position from which to negotiate.

2. EPA obligations are legally binding and are into perpetuity. Clearly this is not the time to lock Ghana and ECOWAS' long-term trade and development prospects into an irreversible agreement that gives the EU trade preferences over every other trade partner as evident in its Most Favoured Nation Treatment (MFN) and Standstill clauses.

3. The EPA will further fragment and eventually derail harmonization of West Africa's regional position and the process of regional integration. The EU has also negotiated separate accords with different regions, and this approach weakens the ACP states, thereby denying us a collective bargaining power.

4. Investment and development assistance are not guaranteed under the EPA and even if they are not forthcoming, there are no provisions within the EPA for the beneficiary country to be released from its obligations.

5. We are faced with the challenge of tracking goods from outside EU, coming into Ghana, which would have attracted import duty, but rerouted through the EU corridor. This is quite complex to ascertain under the Rules of Origin clause and our capacity as a country to verify these is limited.

AGI is aware that a section of Ghanaian exporters depend almost exclusively on the EU market and their products will be affected by additional tariffs upon expiration of the preference regime for the ACP exports. Tuna products will attract about 12% to 24% increment in tariff while manufactured cocoa products will attract about 6%, all amounting to an estimated USD 50million additional cost to exporters. Such exporters must be subsidized in the interim, to the estimated tune of USD 50 million to cushion them against the impact of such tariffs until they develop new markets for their exports outside the EU in the long run. It is an opportunity for Ghana to diversify trade away from over-reliance on EU markets.

There has been little opportunity for the public to get well-informed about EPA provisions and to deliberate on its implications. To date the full EPA document has not been made available and AGI believes it is incumbent upon Government to make available its own estimates of revenue and job losses emanating from signing of the EPA. The concerns being raised by civil society buttress the arguments for full public disclosure and discussion of the EPA. AGI is therefore, calling for broader and national consultations to examine the effect of signing the EPA and to explore available options.

While we continue to acknowledge the EU as a strategic partner to Ghana, we wish to restate our position on the EPA negotiations, that the EPA as presented by the EU would not serve the best interest of Ghana nor West Africa. AGI maintains that whatever the region accepts in the EPA must be beneficial to the long-term development aspirations of the member states and their citizenry. To this end, AGI will continue to maintain that the EPA should not just be a trade agreement but a development-oriented agreement in the spirit and letter of the Cotonou Agreement.

Finally, we urge Government to take a resolute stance not to be cowed to ratify the EPA but urgently put a machinery in place as counter strategies against the impact of not signing. Today, the spotlight is on Ghana and with the ECOWAS chair now in Ghana, it gives us an opportunity to build consensus from member states to negotiate for better options in the interest of the entire ECOWAS.

SIGNED: **JAMES ASARE-ADJEI**
AGI PRESIDENT

The Association of Ghana Industries is a non-profit organization and recognized as the leading voice of the private sector in Ghana. AGI is committed to the development of the private sector and to the improvement of the business climate in Ghana through advocacy and business services to make Ghanaian companies internationally competitive. If you need further information, please contact the Chief Executive Officer on 0302-779023/4
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