

## EPA Article

### In response to 'EPA: Reasons why Nigeria is a sitting Elephant'

My friend Ken Ukaoha is as vivacious and lucid as ever in his article on the EPA. We have talked many times about these issues, both here and in Brussels – usually without resolution, always with pleasure.

However, it is disappointing that he is still presenting a rather lopsided version of the EPA discussions, particularly as NANTS, the organisation of which he is President, now hosts the Secretariat of the Nigeria Technical Committee on EPA. Consequently, I want to set a few things straight.

Ken accuses the EU of 'bullying', alluding to a 'hidden agenda' in forcing the EPA on Nigeria.

Let's be clear about this – no one will try and force Nigeria to sign anything. In fact it would be both morally wrong and short-sighted to do so. Nigeria dominates the West African region (our most important ACP trade partner) both economically and politically. It plays a critical role in regional stability, and is one of our key partners globally. As Ken correctly argues, regional development without Nigeria is unthinkable.

Why then the pressure?

This deadline of December is not set by the EU, but by the fact that legal protection for our existing trade arrangements is running out. The existing transitory arrangements of the Cotonou Agreement break WTO rules, but have been covered by a WTO exception or 'waiver'. The existing arrangement will no longer exist at the end of 2007: this had been jointly agreed when we signed the Cotonou agreement in June 2000.

So the end of the present Cotonou transitory regime also automatically means the end of the waiver. There is no other option than to apply the standard rules, the same offered to all developing countries like Nigeria, which is the Generalised System of Preferences (GSP). Under GSP, Nigeria would have to pay higher customs duties on an estimated 15% of its non-oil exports to the EU, including shrimps, cocoa and textiles. This may lead to Nigeria losing these export markets altogether, to lower cost competitors.

The EPA is the preferred solution, as identified in the Cotonou agreement, and no country has requested an alternative. It is first and foremost about building regional markets, to boost economic growth. It aims to enhance economic governance by sharing a set of rules to facilitate trade and to attract investment in non-oil production, thereby creating jobs. Its content and overall intention is the polar opposite of the de-industrialisation, mass-impoverishment and all round apocalypse depicted by Ken.

What are the facts?

The EPA does not require 100% free trade between Nigeria and the EU – not now or ever. The EU will completely and immediately open itself to Nigerian imports, but Nigeria does not have to do the same. In fact Nigeria will have many years (at least 12-15) to gradually open its economy, allowing for the nurturing of sensitive and growing industries.

Even after this period, Nigeria will be able to continue protecting a very large proportion of its non-oil production, including most of its agricultural, fishery and industrial products. In addition, a new 'safeguard clause' allows Nigeria to temporarily reintroduce duties on EU imports, if they are negatively affecting an emerging industry.

The EU will also remove export subsidies on any goods where Nigeria has removed tariffs, ensuring that they will not be competing against subsidised goods. Incidentally, trade between Nigeria and the EU is also almost entirely complementary – that is to say we are not producing the same products, and thus are not in competition.

As the region's giant, Nigeria is well placed to benefit from the increased regional trade and other opportunities that the EPA provides. And increased regional trade will mean more choice, better quality and lower prices. Not just for consumers, but for industry too, who rely on markets for their production inputs as much as markets for their exports.

The EU, as Commissioner Michel has often underlined, will be providing substantial funding to support this process, including financing to offset any losses caused by reducing tariffs, and support to improve the competitiveness of Nigerian industry. Our West Africa programme amounts to over 85 billion Naira, with a large proportion of this devoted to the EPA. Moreover, the EU supports the Euro-African Partnership for

Infrastructure, working to interconnect regional markets. In addition, EU countries have pledged to increase global aid for trade to €2bn euros a year by 2010, with a focus on Africa and the EPAs.

We believe that the EPA is the best possible response to the pressures of globalisation and development - protecting developing countries' trade preferences whilst gradually integrating them into the world economy. It will have its short-term costs as well as benefits, but there are no other alternatives.

Nigeria has long been the benevolent big brother in the region. It must decide with an eye for regional as well as national interest. For example, a Nigeria-backed EPA agreement could safeguard trade preferences for countries such as Ivory Coast and Ghana, which stand to suffer greatly if these preferences are lost.

Fundamentally however, it is of course Nigeria's decision if and when it signs. If Nigeria and other West African states feel that different arrangements suit the region better, then so be it. Our doors will remain open.

Tom Millar – 20/11/07

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Delegation of the European Commission to Nigeria