

### Preface

During the final semester of my studies at The Hague University, it was compulsory for me to do an internship to help me put the theoretical knowledge I had acquired into practice, and help me prepare for life after my studies. Initially I wanted to remain in Europe, however when I was given the opportunity to come to Ghana for five months and work I could not say ‘no’. After having previously lived in Ethiopia and having travelled in Africa, I have a very personal attachment to the continent, and have always wanted to go back.

My internship took place at the non-governmental political think-tank in Ghana’s capital Accra, called the Ghana Center for Democratic Development (CDD). Here my duties involved researching current CDD projects, including the de-centralisation process and the strengthening of local governments in Ghana to enable independence from the central government through revenue generation. In connection with my research and work I was able to attend a number of (so-called) round table discussions on a wide range of topics that CDD were involved in.

It was during one of these discussions that I got my inspiration for my thesis. The round table discussion was taking place at the University of Ghana, Legon in Accra, on the topic of African integration. The discussion was led by a panel which included the Executive Director of the CDD, Prof. E. Gyimah-Boadi, the Dean of Social Studies Department; University of Ghana, the Director for Advanced Social Sciences of Port Harcourt; Nigeria, Human Rights Activist and President of the West African Bar Association, Mr. Femi Falana, and finally Prof. Aminata Diaw, of the Cheikh Anta Diop University of Dakar, Senegal.

The members of the panel were given the opportunity to share their views and opinions on this topic, however, for me the open forum discussion proved to be the most interesting part of the event. During the open forum discussion I heard how young Ghanaian students felt about their current political and economic situation. What astounded me was the level of distrust, and in some cases almost hatred that was being expressed towards the West, in particular the EU and the USA.

In particular, the prevalent belief was that the West<sup>1</sup> intends to keep Ghana and Africa undeveloped and ‘down’ in order to exploit the continent’s vulnerabilities with cheap imports of heavily subsidised goods, in particular agricultural goods, that many of the nations are in fact able to produce themselves.

As a student of European Studies, and a firm believer in the visions of the European Union, this was somewhat of an eye opener for me, and inspired me to take a deeper look into this subject in order to understand why people have these beliefs about the West. It was on this basis that I decided to write my thesis, and research on trade relations between Ghana and the EU.

<sup>1</sup> In this paper, “the West” includes the European Union and the United States of America.



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## 1. Abbreviations

ACP	African, Pacific and Caribbean
CAP	Common Agricultural Policy
CDD	Ghana Center for Democratic Development
EAMA	Associated African and Malgache Countries
ECOWAS	Economic Community of West African States
ECU	European Currency Unit
EDF	European Development Fund
EEC	European Economic Community
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EU	European Union
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GTLC	Ghana Trade and Livelihoods Coalition
ISODEC	Integrated Social Development Center
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
OCT	Overseas Countries and Territories
ODA	Official Development Aid
STABEX	European Commissions compensatory finance scheme to stabilise export earnings of the ACP countries. French: Système de Stabilisation des Recettes d'Exportation
SYSMIN	A special financing facility intended for ACP States whose mining sector plays a major role in their economy and is faced with known or foreseeable difficulties. Its objectives contributing to the setting-up of a more solid and wider base for the development of ACP States by supporting their efforts.
UN	United Nations
WTO	World Trade Organisation



### 2. Introduction

Ghana recently celebrated its 50 years of independence, a celebration that was closely followed by much of the world, and in particular by Ghana's neighbours in Africa. The celebrations marked the anniversary of the first Sub-Saharan nation to be given independence in colonial Africa. Furthermore, what made the celebrations especially important was that Ghana is often portrayed as being, to some extent, a 'model nation' for many of its African neighbours, with regards to development and governance.

In many ways Ghana supersedes its neighbours in West Africa when it comes to issues such as trade and governance. In their 2006 annual report, Freedom House, praised Ghana for its free and fair elections held in 2004, where President John Kofi Agyekum Kufuor was elected to run a second term. In addition to this, Ghana boasts a per capita income that is almost twice that of many of its poorer neighbouring countries. However, the Ghanaian economy is still heavily reliant on only few primary products, namely cocoa, gold, and timber, making its economy vulnerable to international price fluctuations.

In 2005, almost half of Ghana's global trade was exported to the European Union (EU). This, in terms of actual monetary value, amounts to almost €947 million (DG-Trade, 2006), reflecting a 6% decrease compared to figures from 2004. Furthermore, and of greater interest, Ghanaian imports from the EU amount to almost €1238 million (DG-Trade, 2006), resulting in a large trade deficit for Ghana, a trade deficit that has increased over the last few years.

However, even with its growing trade deficit, the Ghanaian economy has grown considerably since 1983, committing itself to various economic reform programmes resulting in an average of 4.2% per annum growth rate between 1991 and 2002 (EU-Ghana, 2007a), and a 6% growth in 2005 (World Bank, WDI 2006). Furthermore, the Economic Community of West African States (ECOWAS) is starting to play a more central role in Ghanaian trade relations, trying to encourage more trade between member states, where Ghana is seen as a key player in negotiations.

With the Ghanaian economy on the rise and foreign investment increasing, Ghanaians are starting to be more consumer-minded, and appealing to more foreign investors. This change has led to increased imports of foreign goods, especially from the EU. Unfortunately this trend has led to an increase in Ghana's trade deficit, as Ghana is importing more than it exports. The question is whether agreements such as the Cotonou Agreement, can actually help these numbers decrease and be profitable for Ghana, or whether such agreements strive only to benefit the instigators?

The first of these agreements between Ghana and the EU was known as the Lomé Convention (1975) and lay the foundations for the establishment of the recently signed Cotonou Agreement (2000), an agreement which was created due to pressure from the World Trade Organisation

(WTO) and the International Monetary Fund (IMF) as they believed that the original Lomé Convention was not fair to all nations. However, even the newly established Cotonou Agreement has been under much fire from civil-society organisations.

The main concern with the Cotonou Agreement is mostly due to the trade aspect of the agreement, known as the Economic Partnership Agreements (EPA). These agreements are currently still being negotiated between the EU and the African, Caribbean and Pacific (ACP) countries, and are set to enter into force on January 1st 2008. The EU believes that these new agreements will help move the ACP countries, including Ghana, in the right direction, promoting regional trade and offering support and aid to help sustain the countries economies on the global market. However, the agreements are heavily criticised by many civil-society organisations, as they believe that the agreements will only benefit the EU and not the ACP countries.

This thesis will examine trade relations between the EU and Ghana over the last couple of years, analysing whether the Cotonou Agreement has had a positive or negative impact on Ghanaian trade with the EU, and the expected impact of the EPA on trade and development. Furthermore, this thesis will examine the role of regional groups, such as ECOWAS, in Ghana-EU trade relations. With regards to the trade aspects, and the sheer number of traded goods between the EU and Ghana, only the most predominantly traded goods between these partners will be analysed, such as prepared foods, agricultural goods, wood and timber, textiles, machinery, minerals and precious stones and metals.

This thesis will give a historical overview of the previous agreements between the ACP countries and the EU, which have led to the recent establishment of the Cotonou Agreement, and the Economic Partnership Agreements. This historical analysis is necessary to better understand the relationship between the ACP countries and the EU. Statistical data will also be analysed, in order to provide information on recent Ghanaian economics developments. This thesis also includes a chapter on ECOWAS and the regional organisations role in negotiations with the EU. This is mainly due to ECOWAS's relatively new position as a negotiator of the region, and the EU's new policy on increased regional integration.

Furthermore some of the main arguments for and against these agreements will be presented, based on research and interviews, which have been conducted. Finally, this thesis will give some recommendations and future perspectives on the agreements, before reaching a conclusion.

Most of the information in this thesis is based on electronic desk research with articles from the Internet (from online databases and other such sources). This is mainly due to the contemporary nature of the topic, and the fact that most published literature on this topic is not up-to-date. Furthermore, access to such information has been sparse due to the prevailing conditions of academic study in Ghana. Field research in the form of personal interviews has also been conducted, to help create first hand information and assistance with this topic.

### *The Central Question*

Is Ghana benefiting from the Cotonou Agreement and the Economic Partnership Agreements, or is the agreement just a way for the EU to take advantage of Ghana's increasing consumer market?

With regards to the issues concerning trade under the Cotonou Agreement, how can Ghana benefit the most from the agreement, without becoming a victim of European companies who take advantage of the open trade agreements created by the Cotonou Agreement?





### 3. From Yaoundé to Cotonou

#### 3.1 *The historical development of the European Development Policy*

Like Ghana, the EU also recently celebrated a 50th anniversary, however, unlike Ghana this was not in celebration of independence, but rather the celebration of the signing of the Treaty of Rome, a treaty that not only had great importance for the EU, but also for countries like Ghana. The importance of the Treaty for developing nations like Ghana, is illustrated in articles 131 and 136, which provide for the association with non-European countries which member states of the European Economic Community (EEC) had ‘particular relations’ with. The term ‘particular relations’, essentially meant ex-colonies such as Senegal, Congo, Martinique and Ghana. Additionally, the Treaty provided for the creation of the European Development Funds (EDFs) that were aimed at providing technical and financial aid to those African countries that were historically linked to European countries.

Other interesting articles of the Treaty which linked the EEC states to their ex-colonies were articles 182-188. These articles were directed at non-European countries “...which had colonial relationships with Belgium, France, Italy and The Netherlands” (Schrijver, 2001, *Part four of the Treaty of Rome*, sec.33). This connection between the European Community and their former colonies was supposed to promote economic and social development in the territories in question “...in order to lead them to the economic, social and cultural development to which they aspire”(Schrijver, 2001, *Part four of the Treaty of Rome*, sec.33)), and is still very much present in the Draft Treaty of the Constitution for Europe today. However, controversy concerning these articles arose, as they were viewed as favouring certain nations over others, treatment which was considered unjust by the WTO. Changes have since needed to be made.

#### 3.1.1 The Yaoundé Convention

After the signing of the Treaty of Rome in 1957, the first EDFs were implemented between 1958 and 1963, conveying the EEC’s interest and commitment to the African continent. The Yaoundé Convention which was signed in 1964 between the EEC and the Associated African and Malgache Countries (EAMA), aimed to provide commercial advantages and financial aid to eighteen African ex-colonies. In 1969, the Yaoundé II Convention was signed, incorporating commercial advantages such as free access for specified African goods into the economic markets of the EEC member states. One of the most significant impacts of the Yaoundé Convention was that it demonstrated that the EEC recognized the national sovereignty of the participating states, also known as the Overseas Countries and Territories (OCTs).

### 3.1.2 The Lomé Convention

After the Yaoundé Convention came the four Lomé Conventions, starting with the signing of the first Lomé Convention on 28th February 1975, in Lomé, Togo, which came into force on 1st April 1976. Under the Lomé Conventions, the main objectives and principles of cooperation between the EEC and the ACP countries were established. This included a combination of aid, trade and political aspects together with certain long-term perspectives. Furthermore, the Lomé Convention was very different from previous conventions, as it not only included new principles but also “...reflected new trends in international development cooperation, such as the non-reciprocity principle...” (Schrijver, 2001, *The Lomé era*, sec.36).

In the reciprocity principle, a country would lower its import duties or trade restraints in return for comparable trade concessions. In other words, the practice of reciprocity is the exchanging of goods for mutual benefit. The WTO views reciprocity “...as a necessary trade liberalisation tool” (Munyuki, 2004, *Introduction*). Furthermore, the WTO expresses that if the principle of reciprocity is not applied indiscriminately, then fairness in trade cannot be achieved. Consequently, the WTO has included the concept of non-reciprocity in many of its rules and regulations in order to achieve fair multi-level trade environments.

Furthermore, the Lomé Conventions introduced the stabilisation of export receipts on agricultural products (STABEX), this system “...gave funds to offset losses on a wide number of agricultural products; cocoa, coffee, groundnuts, tea and others, as a result of crop failures and price falls” (ACPS, 2005, *Stabex & Sysmin*, para.2).

When the Lomé II Convention was signed on 31st October 1979, it only included one major change to its predecessor, namely the introduction of the SYSMIN loans system, aimed at helping to decrease many ACP countries dependency on the mining industry. This meant that countries that had experienced great economic losses due to a decrease in minerals exports, could access SYSMIN loans to help prevent dependency on mining.

The third Lomé Convention was signed on 8th December 1984, and entered into force on 1st May 1986. With Lomé III, the main area of focus was shifted from the promotion of industrial development to self-reliant development. This was mainly due to the fact that people in rural areas were still dying of hunger, shifting the focus to development projects promoting food security and the combating of desertification and drought (ACPS, 2005). Lomé III also saw the introduction of the sixth EDF comprising of 7.4 billion ECU's.

The last of the Lomé Conventions, Lomé IV, was signed on 15th December 1989, and came into force on 1st March 1990, where there was increasing emphasis on; trading and cooperation arrangements, industrial cooperation, agricultural cooperation, cultural and social cooperation and human rights. As a result, Lomé IV was signed for a duration of ten years, allowing the

amendment of the convention after five years. Lomé IV established talks between the European Community (EC), the International Monetary Fund (IMF), and the World Bank on how best to promote economic growth in developing countries.

Furthermore, Lomé IV saw the banning of toxic waste transportation between ACP and EC countries, and increased emphasis on the importance of human rights, so much so that the issue of human rights became a fundamental part of the cooperation, under article 5 (EC, 2007b). This made the Lomé IV Convention the first of its kind to include a human rights clause, a clause that if violated could lead to "...the partial or total suspension of development aid" (ACPS, 2005, *Human rights - an 'essential' element of cooperation*, para.2).

With the end of the Cold War, many changes took place in the ACP, Eastern European and Mediterranean countries. The democratisation process that was taking place in many of the ACP countries and Eastern Europe, the EU enlargement towards Eastern Europe and the Mediterranean, and the changes in the international environment (Uruguay Round Agreement), led to the revision of Lomé IV in 1994 to 1995.

With Lomé IV coming to an end, it was seen that it was time to develop a deeper cooperation between EU and ACP countries. The main issue for changes having to be made in the cooperation were that despite some positive success stories during Lomé, the ACP-EU cooperation could do better, and after the end of the Cold War a new approach was needed.

Furthermore a "green paper" published by the European Commission in 1997, showed that the trade preferences given to the ACP countries were not enough to make them take off economically. There were 3 main concerns; the first was that the ACP countries share of the EU market had declined from 6.7% in 1976, to 3% in 1998; furthermore 60% of all exports were solely concentrated on 10 products. Secondly; the annual GDP growth of sub-Sahara countries (including Ghana), only grew by an average of 0.4% from 1960 to 1992, which was a very low figure compared to the average annual growth rate of 2.3% for developing countries. And lastly, only 6% of African trade was with countries on the African continent (EC, 2007b).

It was also seen that "social disintegration, mounting conflicts and humanitarian disasters" (ACPS, 2005, *New millennium - new accord*, para.5) had been a large hindrance to development. Furthermore, it was viewed that in the areas of aid "...there had been insufficient account of the institutional and policy context of the partner country, undermining the viability and effectiveness of aid" (ACPS, 2005, *New millennium - new accord*, para.6). Not only was economic international donor support declining, but public support was also declining, with many European taxpayers viewing corruption as an epidemic in Africa and calling for European politicians to act better and more efficiently, concerning aid (EC, 2007b).

The signing of the Maastricht and the Amsterdam treaties changed the areas of development cooperation compared to the original EEC Treaty of Rome. What is commonly seen as the most important addition to these treaties (with regards to development cooperation), is the

insertion of a new Title on Development Cooperation preceding the former Part Four on the Association of the Overseas Countries and Territories. This new Title includes the:

“...promotion of sustainable development, integration of the developing countries into the world economy, poverty eradication, democracy and the rule of law and respect for human rights” (Schrijver, 2001, *Filling the constitutional gap*, sec.43).

The seventh EDF fell in under the first half of Lomé IV (1990-1995), and consisted of 10.8 billion ECU's (European Currency Unit), including approximately 1.2 billion ECU's from the European Investment Bank (EIB). During the last half of the convention (1995-2000), the eighth EDF supplied 14.6 billion ECU's of funding. Lomé IV expired on 28th February 2000 (ACPS, 2005).

With a growing private sector in many ACP countries, and increasing regionalism, the new millennium seemed like the appropriate time to establish a new cooperation agreement between the EU and the ACP countries. Negotiations began in September 1998, and were concluded in Brussels in February 2000. On 23rd June 2000, the Cotonou Agreement was signed in Cotonou, Benin, and entered into force in 2002 after a two-year ratification period. In addition to these new developments, the WTO was putting pressure on the EU and ACP to establish new trade agreements, as the old Lomé conventions did not comply with WTO rules. Such rules include the promotion of free and fair trade with the abolition of trade barriers and systems of preference (BOG, 2006).

The agreement has a duration of twenty years, and will be implemented provisionally, without awaiting the end of the ratification period. This is with exception to the provisions relating to the Ninth EDF, to among other things, prevent overlap and confusion. Furthermore the Cotonou agreement is characterised by the term partnership (Economic Partnership Agreement or EPA) and emphasis on political dialogue and integration of civil society. This integration with civil society is outlined in Article 4 of the agreement stating “...parties recognise the complementary role of and potential for contributions by non-State actors to the development process” (ACP-EU, 2000, *Chapter 2: The Actors of the Partnership*, Art.4). Further adding, that where appropriate, they will be informed, funded, and involved under the conditions laid down in the agreement (ACP-EU, 2000). Lastly the agreement::

“...focuses on the sustainable economic development of ACP states and their smooth and gradual integration into the global economy through a strategy combining trade, investment, private-sector development, financial cooperation and regional integration” (EP, 2000, *The conclusion of the Cotonou Partnership Agreement*, Sec 3).



### *3.2 The Cotonou Agreement*

Despite having been in existence for 25 years, the Lomé convention was deemed unsuccessful and a new agreement between the ACP countries and the EU was needed. This agreement came in the form of the Cotonou agreement, which was signed in 2000 between seventy-nine ACP countries and the EU. The agreement is set to span over the next twenty years, and was ratified and taken into force in 2002.

Furthermore, the old Lomé agreements did not meet many of the criteria of the General Agreement on Tariffs and Trade (GATT), particularly with respect to article 24 on the rules of non-discrimination. The Lomé conventions were especially lacking when it came to trade. With this in mind, a substantial part of the Cotonou Agreement revolves around trade and the development of trade in the ACP countries. In this context, the Economic Partnership Agreements (EPA), which will enter into force in January 1st 2008, hopes to promote development through trade.

The Cotonou agreement establishes free trade agreements as well as measures to strengthen democracy and the rule of law and supports individual partner countries in their constitutional and judicial reforms. Furthermore the EU is increasing its EDF to 22.7 billion euros in the 10th EDF (2008-2013) (Deutschland, 2006, p.37). This increase will mean that by 2010, the EU will be paying 60% of all Official Development Aid (ODA) worldwide, making it the world's largest aid contributor, showing not only that the EU is the largest donor, but also its credibility (Deutschland, 2006, p.32).

In a recent interview with Deutschland Magazine about the focus on Africa and development during Germany's presidency of the EU, German federal minister of economic cooperation and development, Ms. Heidemarie Wieczorek-Zeul, stated that "...the European commission and the EU member states are providing significant financial and technical support so that ACP states can profit from international trade" (Deutschland, 2006, p.32).

### 3.2.1 The Five Pillars of Cotonou

The Cotonou Agreement is built up on five pillars. These pillars outline the main perspectives in the fight against poverty, combining politics, trade and development. These are commonly known as the Five Pillars of Cotonou (Europa, 2006).

#### *The Political Dimension*

The political dimension of the Cotonou agreement builds on more, and stronger, dialogue between ACP countries and the EU. This is to help increase the impact of development and cooperation. Furthermore, this increase in dialogue will help address peace building policies, security, arms trade, migration, and conflict prevention, aspects which previously were outside the aspect of the development scope (Europa, 2006).

In addition to this the fundamental element of good governance has also been added to the agreement, with the specific aims of combating serious corruption. This has been called an innovative programme both in EU-ACP, and International relations.

Furthermore it has been added that serious acts of corruption, where EU funding is involved, posing as an obstacle to further development, such as bribery, could lead to the suspension of aids. This clear message that corruption is not accepted, is an attempt to legitimise the Cotonou Agreement, and help ease the doubtful minds of EU taxpayers and investors.

#### *Participatory Approaches*

The participatory approach focuses on the involvement of, not only central governments, but also non-state actors and local governments. This is not to say that central governments no longer play a role, but more that local governments have been given a say in the discussion, with the aim to help ensure more effective and sustainable development. Another key development in the Cotonou Agreement is the involvement and development of the private sector, as this

is seen to be one of the core elements of being able to encourage sustainable economic development (Europa, 2006).

### *Strengthened focus on Poverty Reduction*

Poverty reduction is one of the central focuses of the Cotonou Agreement. It focuses on the conclusion from the United Nations (UN) conferences and international development targets. In connection to this a coherent support framework has been established ensuring cohesion between economic, social, gender, institutional and environmental dimensions of policies and strategies.

The three central areas of support are (Europa, 2006):

- Economic development
- Social and Human development
- Regional Cooperation and integration

In addition to this, the Cotonou Agreement offers a more global approach to cooperation, emphasising on objectives and priorities, unlike the former Lomé agreement that only had a detailed description of support areas.

### *Framework for economic and trade cooperation*

The framework for economic and trade cooperation is often mentioned as one of the most groundbreaking initiatives of the Cotonou Agreement. With the focus of establishing new trade agreements in the pursuit of trade liberalisation, the following main objectives have been laid out (Europa, 2006):

- Promote smooth and gradual integration of ACP economies into the world economy
- Enhance production, supply and trading capacities
- Create new trade dynamics and foster investment
- Ensure full conformity with WTO provisions

### *Financial Cooperation*

The financial cooperation is based on five guiding principles (Europa, 2006):

- Coherence, flexibility and efficiency  
*This will be accomplished by exercising one programme per country/region.  
Conducting regular reviews will help coherency and cooperation with EDF.*

- Evolution in the nature of aid towards budgetary assistance / sector programmes  
*Aid will be given directly to the budgets of ACP nations. The nations are accountable for own policies, but have to meet certain criteria from the EU, on areas such as Human Rights and Good Governance (Appendix II, Interview-II, 2007, Personal Interview, Mr. Dick Naezer, First Counsellor, 8 May 2007).*
- Indications, not entitlements  
*This principle is very connected to the above-mentioned principle, where the development of the ACP nations is subject to reviews by the EU. Furthermore, there can be no freezing of resources if aid is not well used; performance is rather rewarded with the hope that this will encourage good and sustainable allocation of aid.*
- Inclusive approach  
*Non-state actors are given direct access to resources during the implementation phase of the agreements. This is to help the EU formulate and develop the best possible strategies for development.*
- Dialogue at local level, time frames and upstream cooperation  
*The EU wants to carryout dialogues as far as possible, to make sure that nations are meeting set time frames.*



Picture 1 – The six regions of the ACP

### 3.2.2 The Cotonou Agreement and the Economic Partnership Agreement (EPA)

Since the initial negotiations of the Cotonou Agreement took place, the Economic Partnership Agreements (EPA) have been negotiated, and are set to enter into force on January 1st 2008, thereby replacing the current trade agreements under the Cotonou Agreement. This is not to say that the Cotonou Agreement will then cease to exist, as the agreement has a much wider scope than just trade. The EPA merely deals with the trade aspects (or fourth pillar) of the new agreement between the ACP countries and the European Union (EU).

The end of the negotiations also represent the end of the waiver granted to the ACP and the EU by the WTO during the Doha Round discussions, where the EU was given until the end of 2007 to have completed EPA negotiations with the ACP countries (Oxfam, 2005, *Africa and the Doha Round*, p.37).

The aim of the EPA is that the agreement between the EU and the ACP countries '... shall aim notably at establishing the timetable for the progressive removal of barriers to trade between

the Parties in accordance with the relevant WTO rules' (ACP-EU, 2000, art. 37.7). As discussed in the previous chapter, the old agreements between the EU and the ACP countries were seen as being discriminatory towards other countries that were not a part of the ACP but in the same economical situation. This type of preferential treatment is not possible under WTO rules.

These nonreciprocal trade preferences will be phased out by the EPA and replaced by sets of non-discriminatory trade policies coinciding with development aid. The EPA aims at creating Free Trade Agreements (FTA), not only to and from the EU but also within the regions of the APC areas. Therefore, the agreement emphasises on regional integration, and wants to support regional trade integration (ACP-EU, 2000, art.37.7). This is one of the areas that the EU believes is the way forward for many of the ACP countries, based on the fact that neither EU or the ACP countries have been benefiting greatly from so-called 'south-north'<sup>2</sup> trade, whilst 'south-south'<sup>3</sup> trade would be most beneficiary for all parties (Appendix II, Interview-II, 2007, Personal Interview, Mr. Dick Naezer, First Counsellor, 8 May 2007).

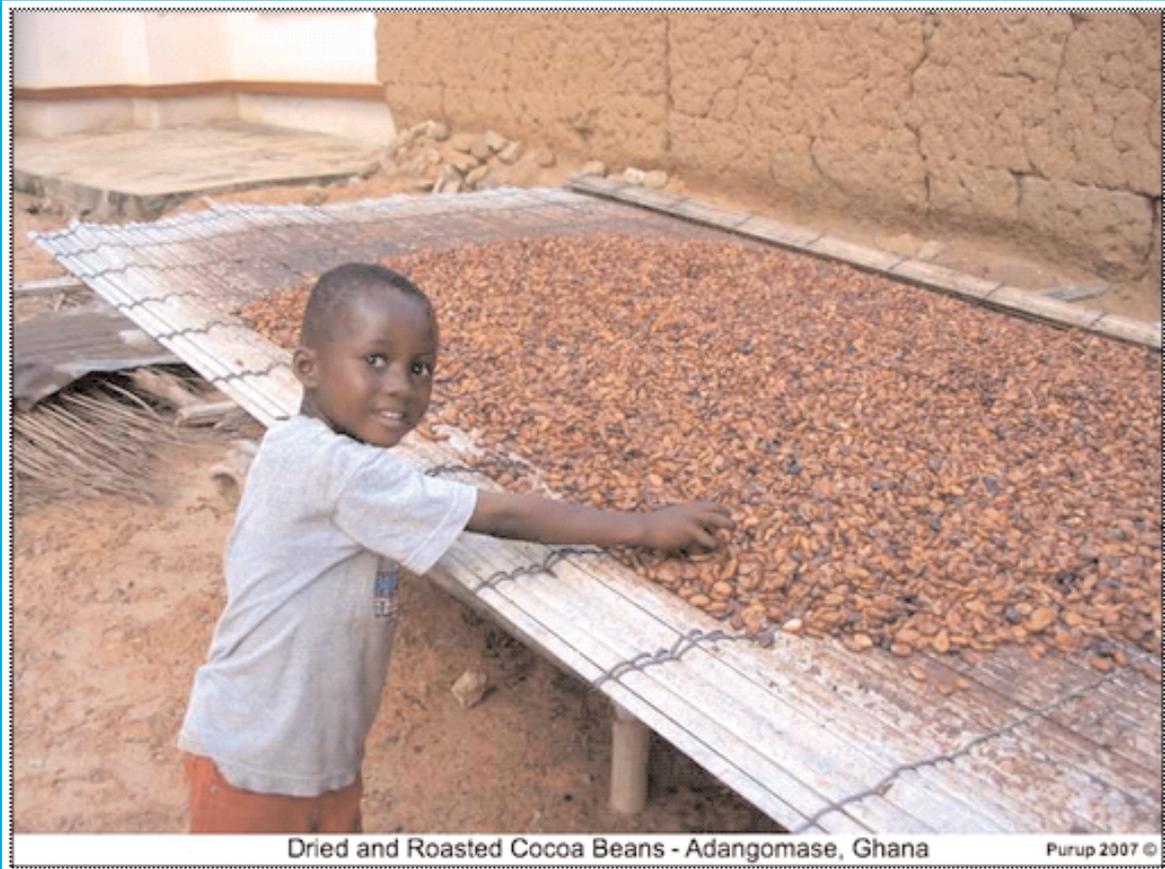
Along with the establishment of the EPA the tenth EDF will be launched, accounting for 22.7 billion euros including further funding being made available from the EIB. This increase in funding is meant to help facilitate the ACP countries transaction to the FTA under the EPA, and help to cover some of the lost revenue due to lack of tariff revenue. Furthermore, the funding will help develop ACP countries competitiveness on the global market, this is also known as the EU's aid for trade policy (ECDPM, 2007).

In connection to this, the EU believes that the regional integration of trade will be able to "...boost local trade and create larger markets to attract trade and investment" (EC, 2007b, Question 2). Furthermore, if the ACP regions create customs unions, much like ECOWAS is in the process of doing, then the EPA has a even greater chance of being successful, as customs unions will promote trade within the regions and in time create more attractive markets for foreign investments (Appendix IV, Interview-IV, 2007, Personal Interview, L.Y. Sae-Brawusi, Director, 14 May 2007).

With the liberalisation of tariffs being one of the main factors of the EPA, it is also one of the areas that have brought most attention and controversy to its name. In past agreements ACP countries enjoyed free access to many of the EU markets, however as this preferential treatment towards ACP countries was seen incompatible to WTO standards, changes needed to take place. These changes that have led to the establishment of the EPA, meaning that EU products exporting to ACP countries also will enjoy zero tariff duties. The EU has expressed that it is not in the interest of the obtaining such access, but that the EU only seeks to comply with the WTO rules, and in doing so, such free access is granted. The hope is not that these new agreement will demolish APC markets and industries, but that the liberalisation can help

<sup>2</sup> Trade between the ACP countries and the EU

<sup>3</sup> Trade amongst ACP countries, namely on a regional basis



development grow as was seen in Asia, when lower tariffs provided cheaper machinery and raw materials, encouraging development and competitiveness from local producers (EC, 2007a).

### 3.3 Time-Line of EU-ACP Cooperation

The following time-line illustrates the main events that have taken place in Ghana and the EU in the last 50 years. It is important to understand what has historically taken place, to better understand the relationship between Ghana and the EU. Furthermore, the time-line shows the number of military coups that have taken place in Ghana since independence, undoubtedly hindering Ghanaian development.

3.3 Time-Line

YEAR	EVENT
1957	- Signing of the Rome Treaty - Ghana becomes an independent republic - EDF 1
1960	- Ghana becomes The Republic of Ghana - Nkrumah becomes the first President of the Republic of Ghana
1964	- Yaoundé Convention I - EDF 2
1966	- First military coup in Ghana – Nkrumah overthrown
1971	- Yaoundé Convention II - EDF 3
1972	- Second military coup in Ghana – Busia overthrown
1975	- Lomé Convention I - Establishment of the Economic Community of West African States (ECOWAS) - EDF 4
1979	- Lomé Convention II - EDF 5 - Third military coup in Ghana – Akuffo overthrown
1981	- Fourth military coup in Ghana – Limann overthrown
1984	- Lomé Convention III - EDF 6
1989	- Lomé Convention IV - EDF 7
1991	- Signing of the Treaty of Maastricht establishing the European Union (EU)
1992	- Rawlings elected President in Ghana
1993	- Revision of ECOWAS Treaty - Uruguay Round Agreement on the General Agreement on Tariffs and Trade (GATT) completed, establishing the WTO
1994-1995	- Revision of the Lomé Convention IV - EDF 8
1995	- The World Trade Organisation (WTO) is established in Geneva
1996	- Rawlings re-elected in Ghana
1998	- APC-EU Partnership Agreement negotiations begin

## GHANA AND THE ECONOMIC PARTNERSHIP AGREEMENT

2000	-	Cotonou Agreement - EDF 9 - John Kufuor is elected President of Ghana
2000-2002	-	Cotonou Agreement ratification period
2000-2007	-	EU and ACP EPA negotiations take place
2001	-	Doha Development Agenda (DDA) - Ghana accepts debt relief under a scheme designed by the World Bank and the IMF
2002	-	The Euro replaces national currencies in 12 EU states
2003	-	Cotonou Agreement enters into force
2004	-	Ten new member states join the EU - President Kufuor re-elected in Ghana
2005	-	Revision of the Cotonou Agreement
2007	-	The EU expands to 27 member states
2008	-	Economic Partnership Agreement (EPA) enters into force and replaces the trade agreements under the Cotonou Agreement. - Reciprocal free trade-zone between ECOWAS and the EU opens. - EDF 10

Sources: EU Delegation in Ghana (EU-Ghana, 2007b), BBC News Timeline, BBC Country Profile – Ghana (BBC-News, 2007)



Tamale Market - Tamale, Ghana

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## 4. Trade relations between Ghana and the European Union

### 4.1 *The Republic of Ghana – Historical Overview*

The Republic of Ghana is situated on the West coast of Africa, neighbouring The Ivory Coast (Cote D' Ivoire) and Togo to the west and east, and Burkina Faso to the north. Ghana has a total area of 240.000 sq km, and a 540 km long coastline. With a population of 22 million, Ghana has a relatively small population, however Ghana has a high annual population growth rate of 2%. The GDP per capita is currently at \$2.200, ranking Ghana approximately 63rd (ascending) out of 213 countries in the world (GeographyIQ, 2004).



Ghana is an ex-colony of a number of European countries (including The Netherlands, Great Britain, and Denmark) that gained its independence from Great Britain in March 1957, where it changed its name from The Gold Coast to The Republic of Ghana. Dr. Kwame Nkrumah, who led Ghana to its independence, was elected prime minister for the Gold Coast in 1952 and after independence was elected President in 1960.

Despite having kept the same name for over 50 years, Ghana has, like so many other African nations, had a somewhat turbulent history of military coups and dictatorships. However in 2004, John Kufuor was elected to run a second term as Ghanaian President, during free and fair elections, as recognised by Freedom House, stating that “Ghana's rating for political rights improved... due to fair and competitive presidential and parliamentary elections and a general maturing of the country's electoral institutions” (Freedom-House, p.279).

Compared to many of its neighbours, Ghana has a reasonably high GDP, however the economy is still heavily dependant on foreign aid and assistance. In addition to this the Ghanaian economy is still heavily reliant on only few primary products, namely cocoa, gold, and timber, making its economy vulnerable to international price fluctuation. Furthermore, the large agricultural industry employs 60% of the total work force and accounts for only 37% of the GDP (World-Factbook, 2007).

One of Ghana's main aid donators is the European Union and the United States of America. In 2006 Ghana received the Millennium Challenge Cooperation grant, which seeks to transform the Ghanaian agricultural sector (USDS, 2006). In addition to this, the 10th EDF and EPA are set to enter into force between Ghana and the EU in early 2008.

## 4.2 Economic Profile of Ghana

### Basic Trade Indicators

Population (thousands, 2005)	22.113	
GDP (million €) 2005	7.946	
GDP (million € PPP) 2005	39.471	
Account Balance (million €)	-175	
Trade per capita (€ 2003-2005)	298	
Trade to GDP ratio (2003-2005)	71	
<b>Rank in World</b>	<b>Exports</b>	<b>Imports</b>
Merchandise	107	93
Commercial services	95	106
Merchandise excluding intra-EU trade	85	70
Commercial serv. Excl. intra-EU trade	71	83

### *Annual percentage change in GDP and Import / Exports*

	2005	1995-2005	2004	2005
Real GDP (1995=100)	158	5	6	6
Export of goods & serv.	187	6	3	4
Imports of goods & serv.	207	8	5	7

Table 1 - Basic Trade Indicators

Source: World Trade Organisation, Trade Profiles April 2007

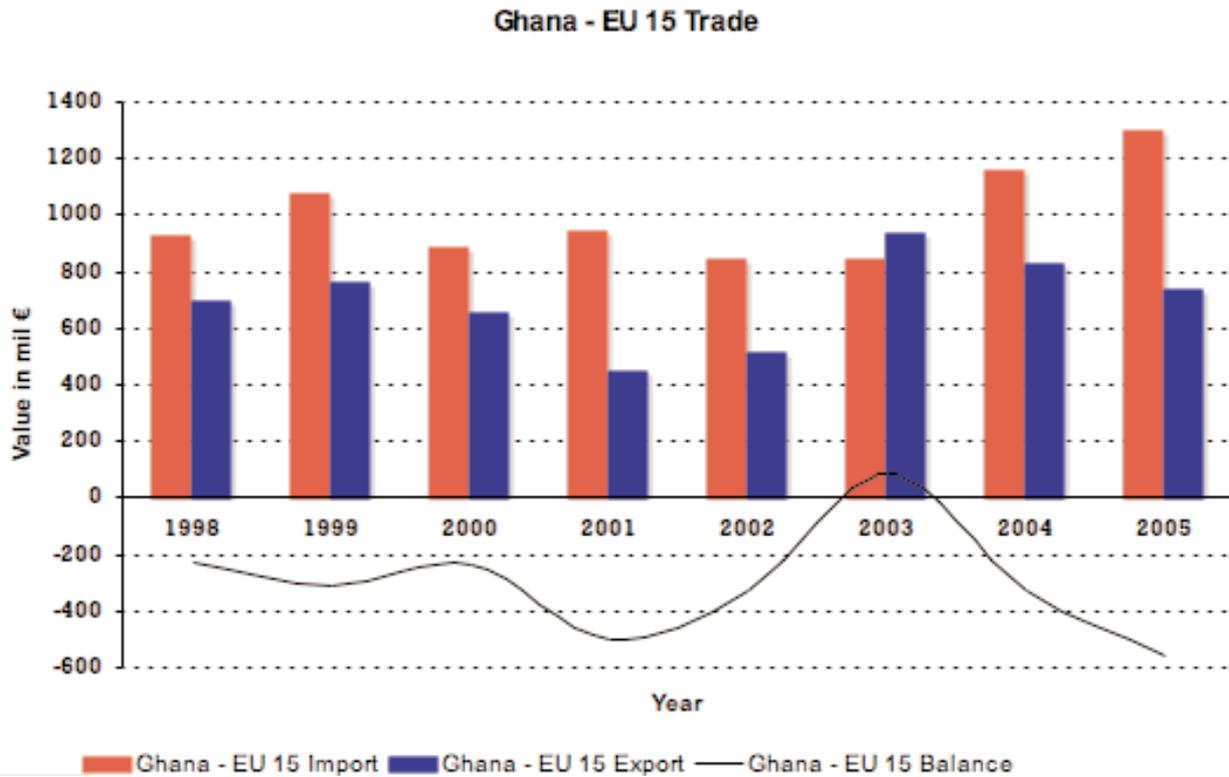
Source: WTO Statistical Database (WTO, 2007)

## 4.3 Ghana and the European Union

In 2005, 46.85% of Ghanaian exports went to the EU. In numerical terms that accounts for 871 million euros, and a mere 0.08% of total worldwide EU imports. In that same year, 0.12% of the total EU export went to Ghana, accounting for 1.238 million euro, and 29.21% of total worldwide Ghanaian imports (DG-Trade, 2006).

As these figures very clearly show, Ghana is far more dependent on trade from the EU, than the EU is of trade from Ghana. This makes Ghana very dependent on the EU, and in some civil society organisations eyes, Ghana is too dependent on the EU. In connection to this, the EU is often blamed for only putting "...commercial self-interest before development needs" (Oxfam, 2006a, p.2). In reply to this criticism, Peter Mandelson, EU Trade Commissioner, has stated that the EU is not looking out for its own commercial interests based on the fact that the EU trades very little with the ACP countries, and that the EU has no offensive commercial interests in the EPA negotiations (Mandelson, 2007, para.6).

It is important to remember that the EPAs are still being negotiated, and have therefore not entered into force yet, however it is still interesting to look at the recent years of trade between Ghana and the EU that show that Ghana import increasingly more than they export to the EU. The graphs below helps to illustrate this better.



Graph 1 - Ghana – EU 15 Trade  
Source: Ghanaian Ministry of Trade & Industry

The above graph (Graph 1) shows trade between Ghana and the EU 15<sup>4</sup>, with the Ghanaian Ministry of Trade and Industry providing the data. The Ministry did not have their own statistical data on trade between Ghana and the EU 25, however the numbers used above, show that the main Ghanaian trading partners in the EU are The United Kingdom, Germany, The Netherlands, and Belgium (see Appendix X).

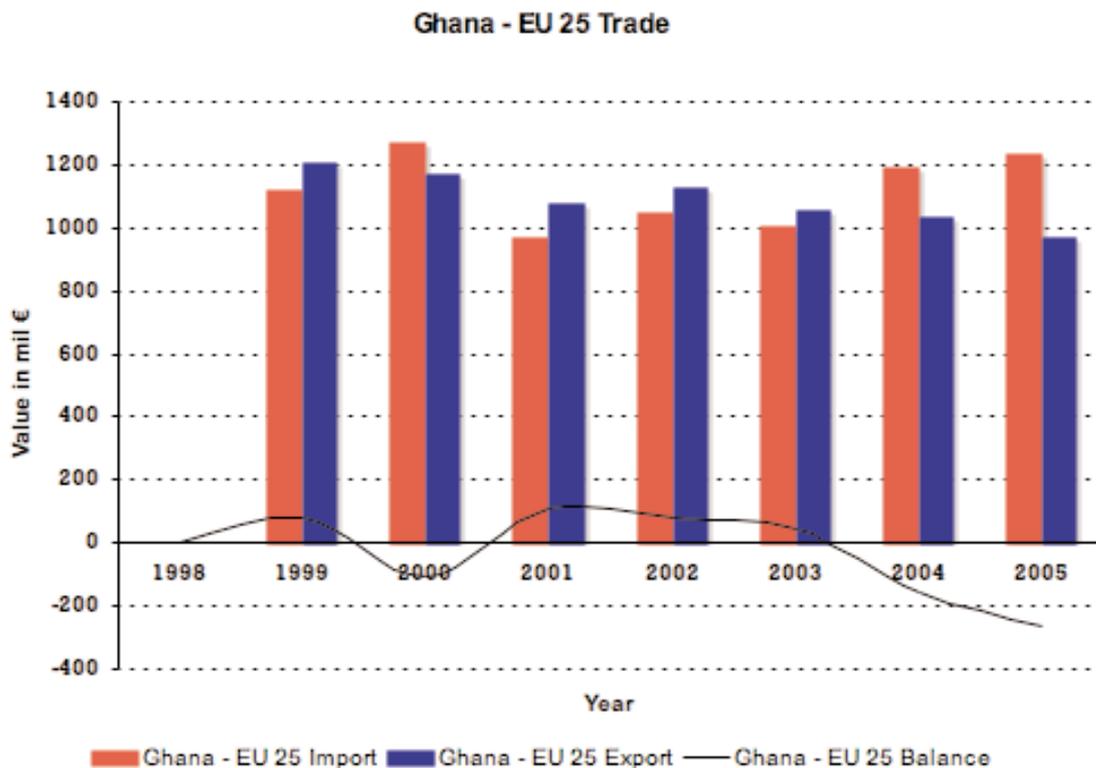
Among the most traded products with the EU, Ghana exports mostly vegetable products (9.3% of total export), precious stones and metals (2.9%), wood and timber (12.3%) and prepared foodstuffs, beverages and tobacco (63.2%). The most imported goods from the EU into Ghana are products of the chemical or allied industries (10.6% of total imports), base metals and articles of base metal (11.8%), vehicles, aircraft and other transport equipment (11.4%), and machinery and mechanical appliances (29.5%) (COMEXT, 2004/2005, Appendix VI & VII).

<sup>4</sup> United Kingdom, Germany, France, Italy, The Netherlands, Belgium, Ireland, Spain, Portugal, Denmark, Greece, Luxemburg, Finland, Sweden and Austria

	<i>% Off trade</i>	<i>Value (mil €)</i>
<b>Top four Imports from the EU</b>		
Machinery and mechanical appliances	29.5%	363.939
Base metals and articles of base metal	11.8%	145.748
Vehicles, aircraft and other transport equipment	11.4%	140.707
Chemical or allied industries	10.6%	130.472
Other	36.7%	451.602
Total	100%	1232.468
<b>Top four Exports to the EU</b>		
Prepared foodstuffs, beverages and tobacco	63.2%	614.782
Wood and timber	12.3%	119.489
Vegetable products	9.3%	90.602
Precious stones and metals	2.9%	28.348
Other	12.3%	119.204
Total	100%	972.425

Table 2 – Top Imports & Exports (2005)  
 Source: COMEXT (COMEXT, 2004/2005, Appendix VI &VII)

The graph below (Graph 2) illustrates trade between Ghana and the EU 25. The figures used in this graph are from the EU statistical database, Eurostat, the WTO, and the IMF. The graph once again shows the same pattern as in Graph 1, with an increase in imports from the EU and a decrease in exports to the EU, resulting in a negative balance line.

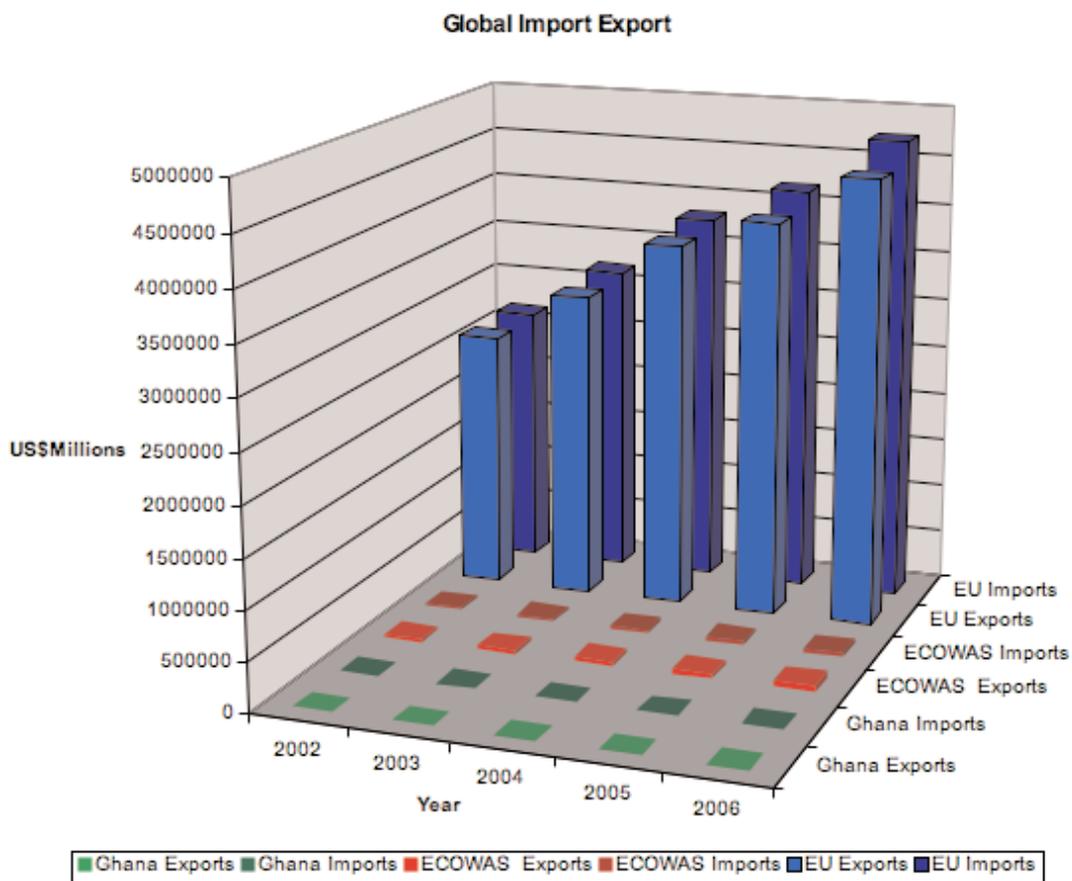


Graph 2 – Ghana – EU 25 Trade  
 Source: Eurostat & IMF

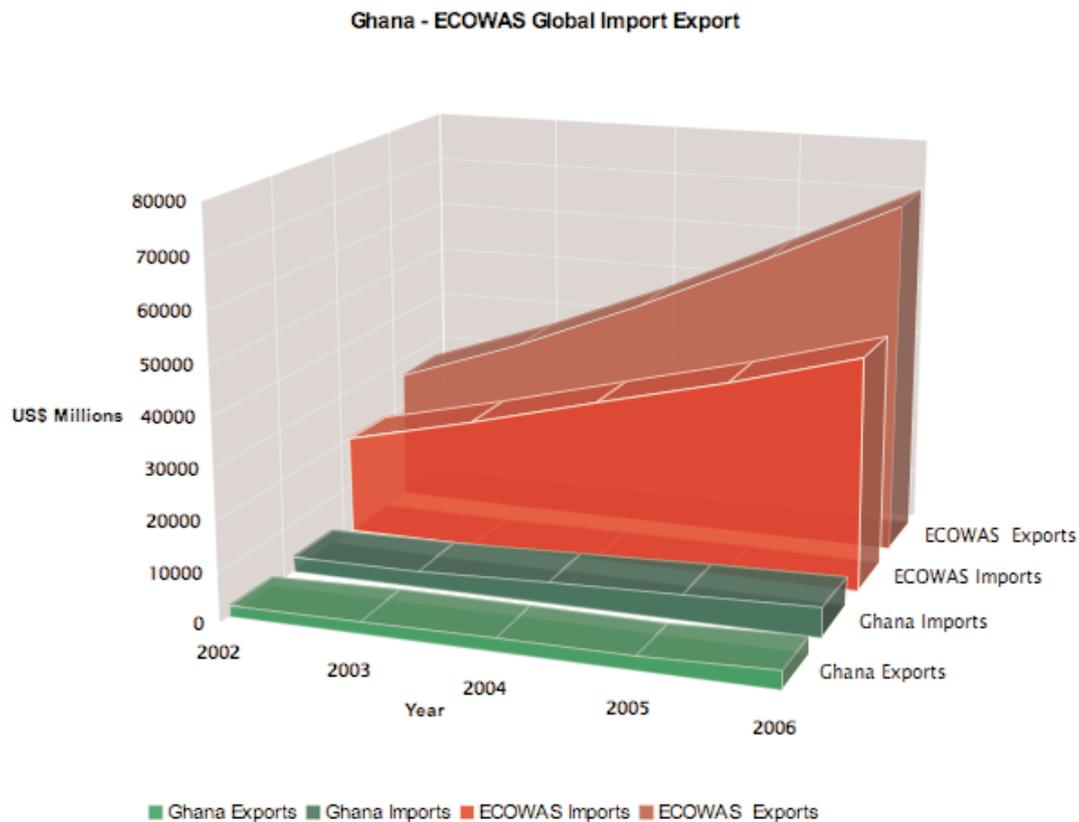
## GHANA AND THE ECONOMIC PARTNERSHIP AGREEMENT

When it comes to trade on the global market, the EU and Ghana are simply incomparable. According to the WTO, Ghana accounts for 0.02% of the total share of world merchandise exports (1.850 mil €) whilst the EU 25 account for 17.12% (986.976 mil €). When it comes to imports, the numbers are of the same colossal difference. Ghana accounts for 0.05% (3.718 mil €) of world merchandise imports, whilst the EU 25 account for 18% (1.089.000 mil €). What is however important to remember in this context, is that the EU consists of 27 nations, while Ghana is merely one nation.

As it is virtually impossible to visually compare Ghana and EU trade on a global perspective, the following graph compares ECOWAS, Ghana and the EU's global trade. Even when including the trade figures from ECOWAS, this graph clearly demonstrates the EU as being in a league of its own, especially when comparing it to ECOWAS or Ghana. However, if one is to look past the great diversity of these trading partners, it becomes clear that imports and exports have increased both too and from ECOWAS and Ghana in recent years (see graph 4).



Graph 3 – Global Import Exports  
Source: IMF & WTO Online Statistical Database



Graph 4 – ECOWAS – Ghana Import Export  
Source: IMF & WTO Online Statistical Database

This huge difference of market share on a global context is exactly why Oxfam International recently noted in a paper that the EPA would result in favouring the EU, and that the negotiations could be compared with that “...of putting a schoolboy in a boxing ring with a heavyweight pro” (Oxfam, 2006b, para.5), further stating that their research indicates that trade between such unequal partners often proves to be unsustainable leading to a deficit for the weaker partners (Oxfam, 2006a).

The EU has reacted to this type of criticism, stating (as above) that it is not in their interest to explore new markets, and that the EU does not have an aggressive liberalisation agenda for ACP markets. The EU have clearly stated that they have no “... mercantilist agenda in these markets” (EC, 2007b, *Question 6*), a point of view that is interestingly enough also shared by the Ghanaian Ministry of Trade and Industry (Appendix IV, Interview-IV, 2007, Personal Interview, L.Y. Sae-Brawusi, Director, 14 May 2007).

#### ***4.4 The Main Arguments***

As illustrated in the above graphs and tables, there are huge differences between the EU, Ghana and ECOWAS when it comes to trade on a global level. Oxfam International, who are one of the NGO’s that are following the developments of the EPA very closely have stated that given

the inequalities between the parties involved in the EPA, it is clear to see where all the power lies (Oxfam, 2006b). In addition to this Oxfam stated that “partnership” must imply that both parties involved are to gain, however, the EPAs clearly show the gains for the EU “...but it is hard to see where the gains will be for ACP countries”(Oxfam, 2006b, *A true 'partnership'?* p.4). With this in mind, this section of the thesis will elaborate on some of the main arguments for and against the EPAs.

Whether or not the civil society organisations, like Oxfam International or Ghana Trade and Livelihoods Coalition (GTLC), agree with the EU on how the EPA are being negotiated and their outcomes, they do however agree that the old agreements were not fruitful and changes needed to be made to help the ACP countries move forward and become more competitive on the global market.

Research has proven that many ACP countries are highly dependant on tariff and tax income, so much so that sub-Sahara countries accumulate an average of 7-10% of their government revenue, from such income (Hinkle Hoppe Newfarm, 2005, p.271). In particular Ghana falls into this category of countries, generating 10-11% of government revenue through tariff and tax incomes (Busse Großmann, 2004, *Table 6*, p.13). Other studies, conducted by the UN, show that the abolition of tariffs would mean that Ghana would miss out on \$71.5 mil from tariffs on EU imports (Economist, 2005).

With the removal of tariffs there will be lower tariff incomes, resulting in less money for ACP countries to spend on social development. Even though the EU says it will cover these loses with the help of the EDF, this aid was also given during the previous agreements yet to no greater avail. When asked about the tariff issue, Mr. Baba of Oxfam International, Ghana replied, “...we are now going to trade under new tariffs, and so the social services that our government provides under this revenue, will suffer” (Appendix I, Interview-I, 2007, Personal Interview, Mr. Baba, 24 April 2007).

Furthermore, Oxfam International believes that local producers, especially those of agricultural goods will be swept away from the market, as they will be unable to compete against cheap EU imports. Many articles and papers have been written on the affect of cheap poultry imports from the EU, fearing that they will wipe away local producers from the market with their lower prices (Atarah, 2005, *Playing Chicken*).

Many also view regional integration as being impossible with cheap imports coming from the EU. Stating that consumers would rather have cheaper products than locally produced products. The argument is that the EU is forcing integration on the ECOWAS region so that the EU will be able to sell more products on a bigger market, further claiming that it is only the consumer who will be integrated into the global market, as global products (imports) become easily available, whilst the producers will be put out of business by the competition from the global market (imports) (Appendix I, Interview-I, 2007, Personal Interview, Mr. Baba, 24 April 2007).

In connection to the liberalisation of ACP markets, the EU itself has stated that the liberalisation process "...might accelerate the collapse of the modern West African manufacturing sector" (PricewaterhouseCoopers, 2007). Despite these statements from the EU, civil society organisation still believe that current impact assessment reports are "...superficial and of variable quality" (Oxfam, 2006a p.5). In a interview with the director of the Ghanaian Ministry of Trade and Industry, Mr. L. Y Sae-Brawusi, stated that the ministry is aware of the fact that some people may loose their jobs in the process of liberalisation, however, he was enthusiastic about the new agreement, and said that if the EU are able to fulfil their part of the agreement, it could solve many of the problems in Ghana, adding "...If we say no to the EPA, what do we then have?" (Appendix IV, Interview-IV, 2007, Personal Interview, L.Y. Sae-Brawusi, Director, 14 May 2007).

As the EU is aware of the problem with the decrease in government income from tariffs, it says that the loss of revenue from import tariffs will be covered by the increased EDF given to the ACP countries, which in turn will help develop their industries to become more competitive on the global market. The problem then connected to this is that such aid is not sustainable and difficult to budget on a long-term basis, say many civil society organisations (Appendix IV, Interview-IV, 2007, Personal Interview, L.Y. Sae-Brawusi, Director, 14 May 2007).

Going back to this issue of poultry imports from the EU to Ghana, or even the 'dumping' of poultry as some have put it, the main argument from GTLC is that cheap imports from the EU that are almost being dumped into the Ghanaian market, (mostly because European producers are unable to sell their goods in the EU) are putting the local farmers out of work as they are unable to compete with these cheaper, usually subsidised, imports. The pressure from foreign poultry imports is so great that in 2003, the Ghanaian government introduced a 40% import tariff on rice and poultry imports. However this new tariff was withdrawn in a somewhat controversial manner, where the Ghanaian Customs, Excise and Preventive Services (CEPS) called for the withdrawal of the tariff, only four days after its introduction, without recourse to the Ghanaian Parliament (as stated must be done in the Constitution). The case was taken before the Ghanaian High Court, where it was ruled that the actions of the CEPS where indeed against the constitution. Ironically enough, parliament went to vote on the withdrawal of the new tariff soon after the ruling (GTLC, 2006). Passing the act and thereby legitimising the actions of the CEPS.

This situation with trade tariffs is believed to have been under influence by the WTO and the IMF, as they may have found the Ghanaian governments decision to be against their rules of trade. In any circumstance, it is indisputable that the way the Ghanaian government dealt with this situation was somewhat controversial, and if it had been dealt with as stated in the constitution, right from first instance, then it would have caused much less controversy and misjudgement. This case has led to many civil society organisations, like ISODEC and the GTLC, to ask the Ghanaian Government to reconsider the act to increase tariffs (Act 641), and that the WTO and the World Bank respect the national sovereignty and the right of the Ghanaian Government to pursue their national development agenda (ISODEC, 2003).

In connection to the question of imported poultry from the EU to Ghana, the EU are well aware of the controversy connected to this issue (Appendix II, Interview-II, 2007, Personal Interview, Mr. Dick Naezer, First Counsellor, 8 May 2007). Furthermore, the EU sees it as being very unfortunate that the imported chicken from the EU is exported mainly due to the fact that European poultry farmers are unable to sell the particular poultry in Europe because of its low quality (Appendix II, Interview-II, 2007, Personal Interview, Mr. Dick Naezer, First Counsellor, 8 May 2007). The problem however, is that the EU believes that without import of poultry from the EU there would be a food shortage in countries like Ghana. The question is then whether growing imports from the EU have eroded the local producers and increased dependency on EU imports?

As already mentioned above, the EU has moved to negotiating with ACP countries on a regional basis. Dividing the 79 ACP countries into six regions, and negotiating with each region in the attempt to encourage regional trade. One of the problems with this is that national interest, of countries like Ghana, may be overlooked during negotiations. Furthermore, since regional integration has not reached the same lengths as in the EU, many nations and civil society organisations feel left out, and that the regional bodies are not doing enough to negotiate on their behalf (Appendix I, Interview-I, 2007, Personal Interview, Mr. Baba, 24 April 2007). In an interview with Mr. Baba from Oxfam International in Accra, Ghana, he went as far as to say that "...What is even more a concern of West Africa, is that ECOWAS is in bed with the EU negotiators, that is our view" (Appendix I, Interview-I, 2007, Personal Interview, Mr. Baba, 24 April 2007).

The EU has however taken great distance from such mercantilist accusations that it is forcing an aggressive liberalisation agenda. The following is an extract from a questions and answers paper from the EU on the EPA written in March 2007. This is a clear statement from the EU, taking distance from such accusations:

"Although the EU is often accused of having an aggressive liberalisation agenda in ACP markets it is important to bear in mind that the EU exports to ACP markets represent a tiny fraction of its external trade, and most agricultural goods from the EU already enter at low or zero tariff rates. It has no mercantilist agenda in these markets. We have made clear that we will remove export subsidies on any product where the ACP removes tariffs" (EC, 2007a, *Question 6*).

The United Kingdom Government, Department for International Development have also released a statement concerning the EPA and the negotiations between the EU and the ACP countries. Stating that the regions should be given all the flexibility they need to develop, adding that "...we will not force trade liberalisation on developing countries either through trade negotiations or aid conditions" (DTI, 2005, p.1, point.3).



## 5. The role of ECOWAS

ECOWAS, or The Economic Community of West African States, was established in 1975 under the treaty of Lagos, which was signed in Lagos, Nigeria on May 28th 1975. ECOWAS is best described as a regional organisation of 15 West African countries that aims to achieve “economic integration and shared development so as to form a unified economic zone in West Africa” (ECOWAS, 2006, para.1). In 1993 the ECOWAS Treaty was revised as to help accelerate and further develop the process of integration. Furthermore, ECOWAS is set to establish an economic monetary union to help encourage economic growth and development in the region. The main objectives of the monetary union are as follows (WorldBank, 2007):



- The removal of customs duties for intra-ECOWAS trade and taxes having equivalent effect
- The establishment of a common external tariff
- The harmonization of economic and financial policies
- The creation of a single monetary zone

In 1976, Cape Verde joined ECOWAS bringing the number of member countries to 16, however in 2000 Mauritania left the organisation, bringing the number of members back down to 15 countries. Currently Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo are all ECOWAS member countries (ECOWAS, 2006).



Picture 2: Map of The ECOWAS Region

West Africa as a region in the EPA negotiations has 16 member countries, making it the biggest of the six regions of the ACP. The member countries are the 15 ECOWAS countries with Mauritania being the 16th country of the region. When interviewed about the negotiations between the EU and ECOWAS, the Director for the Ghanaian Ministry for Trade and Industry made it very clear that it was not ECOWAS but the West African Region that was negotiating with the EU (Appendix IV, Interview-IV, 2007, Personal Interview, L.Y. Sae-Brawusi, Director, 14 May 2007).

European Union (EU-27)	West Africa	Central Africa	Eastern and Southern Africa (ESA)	Southern Africa SADC Group	Caribbean	Pacific
Austria	Benin	Cameroon	Burundi	Angola	Antigua & Barbuda	Cook Islands
Belgium	Burkina Faso	Central African Republic	Comoros	Botswana	Bahamas	Fiji
Bulgaria	Cap Verde	Chad	Djibouti	Lesotho	Barbados	Kiribati
Cyprus	Gambia	Congo	Eritrea	Mozambique	Belize	Marshall Islands
Czech Republic	Ghana	Democratic Republic of Congo	Ethiopia	Namibia	Dominica	Micronesia
Denmark	Guinea	Republic of Congo	Kenya	South Africa	Dominican Republic	Nauru
Estonia	Guinea Bissau	Equatorial Guinea	Madagascar	Swaziland	Grenada	Niue
Finland	Ivory Coast	Gabon	Malawi	Tanzania	Guyana	Palau
France	Liberia	Sao Tomé & Príncipe	Mauritius		Haiti	Papua N. G.
Germany	Mali		Rwanda		Jamaica	Samoa
Greece	Mauritania*		Seychelles		St. Kitts & Nevis	Solomon Islands
Hungary	Niger		Sudan		St. Lucia	Tonga
Ireland	Nigeria		Uganda		St. Vincent	Tuvalu
Italy	Senegal		Zambia		Suriname	Vanuatu
Latvia	Sierra Leone		Zimbabwe		Trinidad & Tobago	
Lithuania	Togo					
Luxembourg						
Malta						
Netherlands						
Poland						
Portugal						
Romania						
Slovakia						
Slovenia						
Spain						
Sweden						
United Kingdom						

Table 3 – Division of Countries by Regions

Having started in October 2003, negotiations between the EU and West Africa are well underway. Currently the main areas of focus are trade in goods, services, investments and intellectual property. Unfortunately, the negotiation process has been falling behind schedule, and in December 2006, ECOWAS Trade Ministers proposed an extension of the EPA

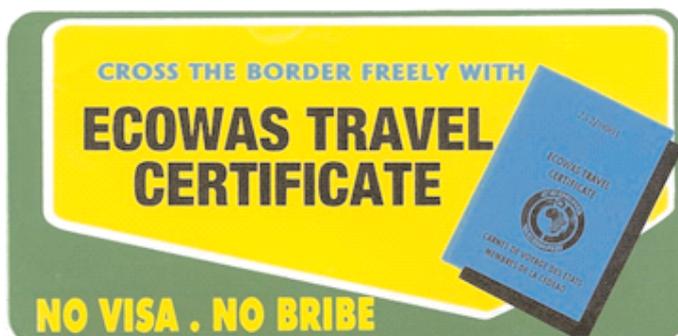
negotiations (BOG, 2007), however, the EU is not willing to extend this deadline (Appendix II, Interview-II, 2007, Personal Interview, Mr. Dick Naezer, First Counsellor, 8 May 2007).

As mentioned above, West Africa is the regional body that the EU is negotiating the EPAs with, however there are many concerns and doubts as to whether or not this will be profitable for the individual countries in the region. It is especially with regards to sensitive goods that some civil society organisations feel that some nations demands may be overlooked, as no two nations will have the exact same list of demands during the negotiations (FoE-Ghana, 2005). This means that if the Ghanaian government (in theory) where to ask that poultry be added to the list of sensitive goods, poultry imports from the EU would stop. However, if they where the only government in West Africa to ask such a request, then the chances of their demand being brought into realisation are very slim (FoE-Ghana, 2005). Furthermore, such problems and differences of opinion during negotiations are feared might cause problems, even conflicts, within the regions (Gerrick, 2004, *Introduction*, para.4).

From the EUs point of view, then negotiating on a regional level helps promote regional integration, and will help develop regional trade, which is the way forward towards sustainable development in the ACP countries. At a press conference in Accra, in August 2006, Mr. Guy Samzum, deputy head of the European Commission in Ghana, said that the EU and ECOWAS were committed to the development of the region, and the liberalisation of its internal trade. Mr. Guy Samzum further added that:

“...Regional integration is seen as the prerequisite for the success of the EPA in the sense that a sizeable, attractive and well regulated regional market is the only way to build development through successful trade relations among ECOWAS countries and with the EU” (bilaterals.org, 2006, para.5).

In connection to this, it is clear to see that ECOWAS as part of the West African region plays an extremely important role in the negotiations with the EU. It is however heavily debatable whether or not this regional division will be profitable for the individual country involved. What is certain is that negotiations will compel the countries of the region to meet and



negotiate their unified standpoints, the question is then whether this will bring them closer as a union or drag them further apart as individual nations? The answer to that will surely come as EPA negotiations with the EU draw to an end in December 2007. What is however interesting, and especially encouraging for the ECOWAS

region, is that there is strong support for the introduction of the single currency in the region, to launch in December 2009 (Buisnessdayonline, 2007). This move shows great promising steps towards regional integration, and could hopefully bring the region closer together as one.

Furthermore, and increasingly promising, is the establishment of the protocol on free movement of persons within the ECOWAS region. The protocol includes the abolition of the visa and entry permit, right of residence and right of establishment (ECOWAS, 2007).



Ada Foah Harbour - Ada, Ghana

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## 6. Conclusion

As mentioned in chapter three, The Cotonou Agreement came into being as the previous agreements between the ACP and EU countries were found to be against WTO and IMF regulations. This was particularly the case with regards to preferential treatment over some nations, namely the ex-colonies of EU member states. The fact that the new agreements are considered to be unfair to the ACP countries, and at times, in particular concerning trade, benefiting the EU, is not to say that the old agreements were better than new agreements. On the contrary, the previous agreements that had stretched over a period of 30 years had proven to be inapt, and had not accomplished what they set out to do. Further supporting the establishment of the new ACP and EU agreements.

What is perhaps the most controversial area of the Cotonou Agreement is the area on trade, in particular the EPA. Throughout this thesis, the main arguments for and against the establishment of the EPAs have been presented. On the background of this information, it can be concluded that the EPAs have many questionable areas. However if negotiated appropriately and correctly by the ACP countries, regions and the EU, then there is huge potential for the countries and regions in question to benefit and prosper from the agreements.

With greater regional integration as one of the main factors of the EPAs, there is greater possibility to reduce the cost of doing business in the ACP countries and thereby increase opportunities for business to grow in the regions. Furthermore the increased flexibility in the Cotonou Agreements and the EPA will help further development. With negotiations taking place between smaller, more integrated and similar countries and regions (compared to previous agreements where negotiations were done with all 79 ACP countries) there is increased communication between the regions and the EU. Allowing for the agreements to be better adapted to the individual regions and countries in question.

Many civil society organisations believe that if the Ghanaian Government were able to support farmers and subsidise them, they would be better off. But the question is how much the Ghanaian Government actually fiscally is able to support farmers? There are huge costs involved in doing so, and also decreases in income areas such as taxation. Without a strong and stable economy with a solid backbone, it should not be in the interest of the Ghanaian Government to subsidise their farmers. This is not to say that the government should abandon the farmers to cheaper EU imports. No, they should support them with all the realistic remedies available to them, remedies and means that are compatible and in collaboration with WTO and IMF regulations. This support could be in greater investment in infrastructure, education and sanitation.

With evident foreseeable losses in tariff revenues for Ghana, the opportunity is there for the Ghanaian Government to look into more sustainable and long term fiscal revenues. Currently there is a very complicated and inadequate taxation system in place that if restructured could

benefit the nation vastly. Furthermore, most of the major cities in Ghana do not have a street naming or house numbering system. The putting in place of such a system would be more cost efficient for business and allow for better and faster social services. Thereby saving money and time and creating more revenue generating methods.

Whether or not Ghana has been benefiting under the current trade agreements of the Cotonou Agreement is difficult to say. As the graphs in chapter four show, exports from Ghana to the EU have increased, however imports to Ghana from the EU have also increased. Thereby increasing the already high difference in trade between the two regions. With the introduction of the EPA in 2008, there are many positive areas that if negotiated properly and openly can benefit Ghana and the West African Region. However, the risk is still there that if countries like Ghana are not given the assistance to develop the economic capacity needed to become globally competitive, the liberalisation clauses that the EPA includes could become harmful.

The issue that many civil society organisations have been raising about the extension of the current waiver for the negotiations of the EPA, is not a viable option, nor is it a sustainable option. No new waiver can be given to the ACP by the WTO; the EU does not see this as an option and does not believe that the WTO will either. Furthermore, further postponing the EPAs implementation could result in only slowing the process of negotiation, as some regions may then be under the impression that even further extensions of the waiver could also be possible. Entering the EPA into force from 2008 moves the regions closer together, and even if negotiations are not fully in place, provisional dead-lines for the opening of certain markets can be set under the current agreements.

On the basis of the research conducted for the thesis, the following list of recommendations has been constructed.

### *6.1 Recommendations*

- The EU has to make a clear unified commitment to the ACP countries that they are acting on a non-mercantilist agenda. In addition to this, a system of review should be established for the ACP countries to impose should they feel threatened by EU market imports or industries.
- Capacity Building is a key factor where ACP Countries have to be supported in the development of key areas such as infrastructure and industry.
- Regions should have maximum flexibility to negotiate the fate of their own markets, if the West African Region is willing to open its markets for poultry imports but the Pacific Region is not, then the Pacific Regions should be given the flexibility to negotiate a reasonable time frame for integration with the EU.

- There should be easily accessible safeguard mechanisms for products and sensitive products in the ACP countries if they feel that local produce and producers are being too negatively affected by EU imports, or trade in general.
- Financial assistance from the EU to cover losses of revenue from incomes such as tariff and taxation is necessary. In turn this financial support should be effectively used to sustain development of industrial, social and infrastructural systems, to increase the ACP countries global competitiveness.
- The EU should integrate a sustainable and solid system of review that will allow the EU to review whether or not the ACP countries are making progress towards their development goals and those of the UN Millennium Development Goals.
- To further show the EU's commitment to the development of the ACP countries, it is above all vital that the EU shows signs of significant developments in its Common Agricultural Policy (CAP). The EU is often heavily criticised for its CAP, and must therefore show commitment to want to change this policy.
- All information on the agreements should be made readily available to the general public.
- If all else fails the EU should have an alternative ready for any nation or region that wish's to leave or cut-short the EPAs. These alternatives should not give any worse access to EU markets than the access enjoyed under the current Cotonou Agreement.

On the basis of the information given above, and the list of recommendations, one can safely say that the Cotonou Agreement and the Economic Partnership Agreements offer many benefits to Ghana and the ACP countries. However, nothing comes without a price, and there needs to be broad awareness in the ACP countries and the EU, that these agreements are long-term, and are being implemented to help develop the ACP countries on a long term sustainable basis.

Ghana as a nation has a great deal of potential. The country has a vast number of natural resources that if produced and maintained properly could move the nation towards their goals of being a medium income nation by 2015. However, there needs to be willingness from all parties involved to want to move Ghana forward. After 50 years of independence, Ghana has not gained much more than a 50th birthday. The nation has not moved as far as its early leaders had aspired, not through unwillingness from the people but from poor leadership. Today Ghana has a strong leadership, and plays a strong role in its sub-region and Africa. The pieces for success are there, the puzzle only remains to be put together.



Independence Arch - Accra, Ghana

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## 8. Interviews

Under Interviews, all the transcripts and summaries for the interviews that I conducted in Ghana will be found. The blue italic writing (*TP 000-452*) indicates where on the tape timer, proceedings during the interview took place. Interviews III and IV were not transcribed but summarised.

<i>Interview</i>	<i>Appendix</i>
I. Oxfam International, Project Manager, Mr. Baba.	Please see Appendix I
II. Delegation of the European Union Commission in Ghana - First Counsellor, Head of Marco- Economic/Trade Section, Mr. Dick Naezer.	Please see Appendix II
III. Ghana Trade and Livelihoods Coalition ISODEC. Project Manager, Mr. Ibrahim Akalvila.	Please see Appendix III
IV. Ministry of Trade & Industry Director, Mr. L. Y Sae-Brawusi	Please see Appendix VI

## 9. Appendices



### *Appendix I*

#### **Oxfam International, Accra, Ghana Mr. Baba – Project Manager**

On Tuesday 23rd April 2007, I met Mr. Baba of Oxfam Ghana, at his office in Airport Residential in Accra. This was my first interview for my research, and I wanted this to be more of a talk than an interview, where Baba would tell me about the trade relations between the EU and Ghana. For this reason, you did a great deal of talking, and I only asked a few question when I felt it appropriate.

The quality of the recording is very bad, and at times I was not able to transcribe certain pieces. The following has indicates such pieces: ...*(NA 100-103)*

#### Interview Start

*(TP 000-452)*

In 1975 there was this Lomé convention between the ACP countries and the EU, and the intention of the EU was actually to help the ACP countries to have access to the EU market for their goods. And it was because of the political ties that the EU had with the ACP countries....*(NA 100-103)*

#### **Former colonies?**

Some of the EU countries had colonised some of the ACP countries. So there was a sort of political tie, and if they fund there former colonies stagnate, or having slow progress in development, they found it a moral duty to help them out. In fact one of the ways to help them was to give them free access to the EU market.

So the Lomé convention came to be, and the ACP countries where given a trade arrangement could nonreciprocal trade arrangements, so they could access the EU market. Their products, or most of their products could (but there is a question mark by “most of their products”, maybe I will come to that), so at the same time they could sort of restrict the EU market (the ACP countries), by imposing tariffs and quotas so you could see that the arrangement, they could protect their own market from the invasion of EU imports, but they could have free access with zero tariffs to the EU market. So that was the nonreciprocal trade arrangement, and for every 5 years they used to renew it, and that is why we have;

Lomé 1 convention, Lomé 2, Lomé 3 and Lomé 4, so if you look at the time from 1975 to 2000, you have about 4 conventions, of course there are some years where the renewal made it after the 5 years. So under the Lomé convention the ACP countries had free access, and it was to build them up out of poverty in terms of development, then it was finally realized that it was not benefit the ACP countries because all the years they had free access you could see that there was no progress in their development. So in the view of the EU they wanted to do something about it. For instance, if you look at imports, the share from ACP countries have fallen, from about 6% to less than 3%.

From 1975 until 2000?

I think the year it began falling was from the 1980's or so, not from 1975, but the agreement started in 1975. But this data showed that from around the mid 1980's the share of ACP countries in the EU market had fallen from about 6.9% to something around 3%. In any case, it has reduced. I have forgotten the exact figures but I can find them for you later.

Ok.

So with all these things and products, and all the free markets opened, they were rather losing-out. Do you understand?

Yes, that they were losing out.

So there was also called for the trade arrangement and ACP countries to be WTO compatible. You know article 24 of GATT, says that "if you give any products to any group of countries it would be the same for all other countries that are in the same developing stage". You are not supposed to favour any over others.

That is also what they WTO have said.

Yes, the GAT was the WTO before it was established, do you understand?

Yes.

So if the EU has given any ACP country preferential treatment. There were other important countries who were not benefiting from this preferential treatment from the EU. So once again, that is typical of GATT, GATT is there and to want other to trade. That is what became the WTO in 1995. So in 1947 or so, GAT came into co-operation, and the WTO in 1995. When it was... (NA 100-103).

The article 24 does not actually allow you to favour some poor countries and not do the same for others. So the Lomé convention arrangement was WTO incompatible. So among agreements that ACP countries got due to advantages, there was also this factor of incompatibility, and that arrangement should be killed. So in 2000 they started talking of this Cotonou Agreement, and the Cotonou Agreement was now to serve as competition peer, from nonreciprocal trade arrangements to that of reciprocal trade arrangements, where ACP countries are now supposed to open their markets to EU goods and the EU will open their

markets further, then before, now to 100%. Under the first arrangement they didn't open their markets on sensitive goods. Goods that they thought were sensitive to their economies, or to the interests of their producers. The EU did not open those sectors under the Lomé convention.

What type of sensitive products were they?

If you say sensitive products, they are products that are strategic to your economy, they are products that so many people are engaged in that when there is an open market the competition will effect...

Their own producers?

Yes.

So products like sugar and so on?

No apart from sugar, sugar is under what we call commerce-protocol agreement. So that is it. They kept it to areas on non-sensitive goods under the Lomé convention. So even though I told you that they opened their markets, there were exceptions, but under the Cotonou agreement, they want to open their markets 100%. No more covering sensitive sectors under EPA. But, you see we need to ask ourselves, under Lomé one of the reasons why they ACP countries were not able to prosper was that they were non-tariff barriers that had to do with health and sanitation or sanitary factors, to protect consumers. You see it was common sense that if your exports did not meet the standards, you have some barriers. So even though I said there was access to EU markets, there were non-trade barriers that still affected us. There were also what we called tariff-escalations, where ACP countries like Ghana are restricted to their exports. It attracted high tariffs, so if the EU said they wanted to help ACP countries, why are they to be punished to adding value to their exports, so they will attract more revenue. But under the Lomé convention, if they attracted value to their exports, it rather attracted higher tariffs, and that is what we call tariff escalation.

So there were so many reasons why the ACP countries were not able to take advantage of the preferential market given to them, and that is just what I have just said. So that is one of the reasons why the Lomé convention was incompatible. So the Cotonou agreement came, and the aim was; one, to reduce poverty; two, to ensure sustainable development; three, support rural development, so and so on. And there was a transitional period. And it extends because Cotonou agreement didn't go up to the time that the EPA. So there was a transitional period from 2000 to 2008. You know the waiver that the EU got from the WTO expirers on 1st January 2008.

So they are overlapping with the Lomé.

So the Cotonou agreement covers areas of sustainable development, rural development, so and so forth, they are helping the negotiations going on, to agree on the Economic Partnership Agreement. And the intention is to have reciprocal trade arrangements, between the EU and ACP countries, because the original plan of the Lomé convention. So the EU

recognises that there will be costs to the ACP countries under these arrangements, and so they are agreeing that they will establish some fund to take care of it, adjustments costs to the ACP countries, in vies of the EDF. You know what they EDF is?

**Yes, the European Development Fund.**

So if you have a region like ECOWAS, you know ACP is divided up into regions, and ECOWAS are going to negotiate with the EU on behalf of member countries. So ECOWAS is representing its member countries, and if you go to east Africa it is another regional board representing them. So that...[\(NA 209-213\)](#). In al there about 6 regional boards, but I am talking about ECOWAS. So ECOWAS leads West Africa with its negotiations. There are so many fears expressed by political leaders and civil society organisations...

**Because of ECOWAS doing the negotiating?**

Yeah, ECOWAS is the regional board, so ECOWAS is leading the negotiating on behalf of all the ECOWAS countries.

**And there is a fear from Ghanaian politicians because of that?**

No, Ghana politicians are part of ECOWAS.

**And they are happy that it is ECOWAS doing the negotiations?**

Well, that is the arrangement, you know even the president of ECOWAS he is a Ghanaian. But all is not good, as far as we are concerned, ECOWAS is not leading well. What is even more a concern of West Africa, is that ECOWAS is in bed with the EU negotiators, that is our view. Because many views have been raised that dealers are aware, but just looking at the aid package, which is fare less then the cost. The aid package is part of that. Because in the first place, we are just a group of developing countries. Far far lower then the EU, the GDP of ECOWAS as a regional is about \$8000, and the EU is more then 30.000. I will give you something with the exact figures later. Because the EU if far far bigger, and you want to treat the two on a equal bases it is not going to work.

**I read in one of your articles that you compare this type of trade to a schoolboy having to fight with a heavyweight boxer.**

That's right! So if we open our markets to EU, there are so many import coming in and it will destroy our local producers. You know, we want to also grow, but if we continue like this we will be swept out of the market. And our bid to industrialise will die, or bid to grow will die, there will be unemployment and so many things threaten, and even our security will be threatened. If you are talking of cheap imports, consumers get cheap imports to buy, it is not good for long-term security, because you are getting cheap imports from EU, because they subsidise their local producers, so what happens if... I know that Europeans will not allow their governments to give such heavy subsidies to their producers... what will then happen? So if finally the subsidies are withdrawn can we get cheap imports? And will consumers be able to buy cheap imported goods?

No, and then you will have a huge inflation again.

And by then we would have killed our industry, we would have killed our agriculture, so one of the reasons why we are opposing this is that it is not good for long term goods and income security. That is one.

Two; The government gets revenue from imports, and that money is used to help social development for things such as education, health, water, and so on. So if now there is going to be zero tariffs, on imported goods, what this means is that the revenue we will be getting will be gone. And they say that they are going to give us aid, in place of that. Under the Lomé convention, the same aid packet was there, but if you look at all the facts, they have never been to depict even 30% of each cycle. So what is the guarantee that this time around with the aid they are promising will actually be easy to access? There are no guarantees.

And it's not sustainable in the long run either.

So when our local producer cannot compete under the reciprocal trade arrangements and it means that we will be swept out of the market, so the revenue that we are getting will not work, and will no longer be there, because we are now going to trade under new tariffs, and so the social services that our government provides under this revenue, will suffer.

Three; we are all yearning to industrialise our industries will close, and the employment will increase with that. People incomes will suffer, and it will give way to all sorts of bad things. Crime will rise, as people have no other options.

We have been trying to protect it, ECOWAS has a common market, what is important is that it will be a motivation for local producers, because they know that it is a big market, do you understand? But under this EPA arrangement that integration process will be affected, why? Because there will be imports from the EU, and consumers will not buy the local products within ECOWAS, they prefer the cheap products. And so the integration we are talking about will be destroyed. The EU is saying that it will rather promote integration, that's because they are forcing us to have common extended tariffs of 20%. So when you have a common tariff you have integration, but whose integration? Is it consumers or producers? It is consumers who will be integrated to the global economy, because we will be integrated into the global economy under EPA. But it is only the consumers who will be integrated because they will be able to buy goods from all over. But that is not all of it, producers should be integrated into the global economy. So all these are issues that we are opposed to, but there is even what you call the Singapore issues, that are competition policy, Government procurement, trade obligations, at WTO level. During this meeting it was proposed that all trade should be liberalised, there should be competition policy where there will not be reparation, and that there should be government procurement policies where indigenous and foreign producers compete for procurements or products equally. We should exclude discrimination between local and foreign producers what want a contract for instance. That is what the government procurement means. There should be a level playing field for all of them. If the government want to build something will the local contractor get the deal?

Probably not.

No! Not probably, it is clear. Because the demand of the Singapore process is in favour of the big time contractor, because every country in the ACP protocol it waits few years, and then the EU never comes. They all favour their indigenous producers, and now that we have grown they feel that they have to control us so that consume more and remain where we are. So they don't even want us to favour our local producers, not even create policies that will favour our local producers. So that's what the government procurement policy means.

**They say that that is not Free Trade**

He, in the name of Free Trade, then there is trade facilitation is how to actually insure that there are no bottle necks at the harbours, when goods are entering, that one is good. As soon as what you are bringing in is aloud by law, when it gets to the port, things should be sped up. But the other three, investment, competition policies, and government procurement they are all bad. Malaysia, they where going to enter into trade relations with the USA, but the issue of government procurement was what them stop negotiations. Because the moment they give in, you local producers can never get anything to do. And most times government procurement takes a lot of money. You see there is a lot of money in it, and it all goes to foreign investments. The added laws of a foreign company even allows it to accept offers to buy imports from anywhere and not local products, to use capital investment more and not production. Under investment policies companies are aloud that, which no countries can benefit from. If we take our mining companies, reports say that 95% of all profit goes abroad, that is because we are running policies that are hopeless, and are not regulated. So we are not getting any benefits, apart from pollution. This is the reason why civil society is opposed to these partnership agreements.

So maybe you need to ask questions so that I can explain better.

**You mention Malaysia cutting of trade negation talks with the USA because of government procurement issues; do you think that ECOWAS should do the same with the EU?**

Yes, it is one of the things we are looking at, because at a WTO level, the Singapore Issues where rejected, and at a WTO level nobody is aloud to use them, but in the EDA the EU is trying to rub the Singapore issues in to these agreements, meanwhile it is not allowed at WTO level. And if we are saying that nonreciprocal trade arrangements is not WTO compatible...*(End side A TP 366)*

**...*(Start side B TP 371)* So one of the main products is exporting is, Coco correct? And I heard that it is only the raw Coco that they can export.**

Yeah the raw, that is what I was telling you about tariff escalation. When Ghana is processing Coco for export it will attract tariffs, and for...I have some documents for you I will find later...

The more they process it, the more it attracts tariffs.

And they could also make more money on it, had it not attracted these tariffs.

Exactly, so the tariff attracting is benefiting the EU, because the more you add value the

more it attracts tariffs. This means they don't want you to come and compete.

The EU wants the raw products because they can produce it themselves.

We also export a lot of Tuna, Timber, and Minerals.

I noticed that Ghana imports more and more precious stones and minerals from the EU, even though you produce this yourselves, and you decreased in exporting minerals. The trade deficit has also increase a lot in recent years, so it is benefiting the EU, but do you see this carrying on?

Even our shares of exports to the EU has declined.

Ghana has just celebrated 50 years of independence, and this was a great celebration for Ghana, but do you think that they should also celebrate as much?

No! It is fine to celebrate that we are 50, that is fine, but poverty is increasing instead of decreasing and our impence to be a sovereign nation in very low, because the policies that we sign are all imposed on us, and we have no option but to accept them. So our sovereignty is actually weakening, we should be free to fight on the kind of policies that we chose are good for us. So there is nothing to celebrate about, do you understand? I mean so many issues come into play and you realize that there is nothing to celebrate.

*TP 452 Interview Finished*



## *Appendix II*

### **Delegation of the European Union Commission in Ghana**

**Mr. Dick Naezer – First Counsellor, Head of Marco-Economic/Trade Section**

..Its not always well perceived, I don't know if it is a certain kind of hesitation to, perhaps that the younger generation, that they have some hesitations by acceptance of aid. But it would surprise me.

*But it made me very interested in the subject, because studying the European Union I am quite a believer in what we are doing is for the good...*

I hope you still believe it, I mean there is a lot of taxpayers money to it.

*Then I thought I would like to base my thesis on trade between Ghana and the EU.*

The perception of aid on both sides, we think that we are doing good things and that on the other side... But I think that you should not exaggerate it. There are a certain segment of people, and especially young people that are still making up their minds, and they want to do that in all objectivity. What I could see there perhaps is that if you are a receiver of aid, instead of a donor of aid, then perhaps you have some hesitation there. Perhaps, it is not what we are asking or expecting, but perhaps it is from their side say that they should be more grateful and more thankful, that they think that. And that gives them some hesitations because that they are at the receiving side, whilst we do not see that in that way.

*My first interview was with Oxfam, and that was very one-sided to say the least, but that was also what I expected, and why I wanted to come and speak with you.*

You know that we giving them funds, that we in fact are paying the NGO's to...(moment of disturbance as someone walks into the office).

Yes the European Commission is subsidising the functioning and the existence of the NGO's, because sometimes people say "you are crazy why are you subsidising NGO's, because the only thing they are doing is throwing rocks and filth at you head, and they are always negative with what you are doing?", but we see NGO's much more as the contacts points with the population, because NGO's are very much rooted within the population, so what we hope is that by dialoguing with them and by showing that what we are doing is good, by showing them that when we bring water, when we do bore holes, when we give sanitation, when we constructing roads, when we are forsaking depths, then that has a positive impact. When we give, direct budget support, so that the Ghanaian authorities themselves, it's not us we do not say you have

to do this and that. That was how it was, that was to predicate, we always did projects and you won't get the nice projects. So if we were going to build a school, we would come with a big flag, the European Union Flag, and then you start building. You don't listen to the people. Now we do it differently, most of our aid goes straight to the government, and we say that's ownership, it's your money, you put it in your budget and we will see what your allocations will be, but you have to decide on that yourself. If of course what we do is that we build in performance targets, we say that child mortality shall 12/100 should go in three years to 7/100, and all kinds of elements and situations we want to have created, we have put in milestones to see that there is progress, because you cannot just through the money, without keeping any monitoring on it. But they do it themselves, and they choose themselves, and now they organise their own programmes. And NGO's, I would say that their first reaction is always a bit negative, it's also a bit 'raison d'être', if an NGO may really say that everything is fine and nice, then why would you need them? They should be critical, but we see them as the direct contact point, because this is a very small delegation, we don't have the people to be networking all over Ghana, we do not know the direct needs, the real problems, poverty, they do know, and I think that they are so much on top of it they sometimes forget that they say that because the money is going so much in a global way, they say that this is also global, and it's the big authorities versus Europe, and now the big authorities of Ghana who from their office towers decide where it should go, whilst we can indicate exactly what the direct needs are, and we are in the poverty from day to day, that I can understand that there is some kind of bitterness, but we hope that we can influence their mind, and their thinking so that we can change them from opposing us, that they will be active also in helping us to design our policies also in the implementation.

So kind of like a watchdog role?

Yeah not only watchdog, but also to give guidance of what should happen. Very often we use NGO's, to give direction in projects, and also the government listens very carefully to NGO's, and I must say that when you see the personal effort that people in NGO's, when they go to sick people or poverty stricken areas, you need to have guts to do that. An office job is very easy, it's very comfortable, but what they do, they live in those areas, they sleep in those areas, they go with the people, and that also gives trust in the hand that is being reached to them. And we know a little bit because we push money in the system, but you can never be sure that the money does not go as quick out of the country as it comes in of the country, because it is very very hard to monitor everything, there you could say that they are watchdogs, they can say that it is indicated that this activity would take place, but nothing has happened, and then we hear that. There are policies that sometimes we have, where they are totally against, and sometimes that can be a difficult situation. It's not always nice to hear when you are doing something, that they think that, because sometimes they are a little sharp in how they frays it and sometimes you are not happy with that, but that is part of life.

I am looking into the Cotonou agreement...

Yes, the Cotonou agreement that is the basis, you mean the 2000 agreement?

Yes, and in particular the trade, because there are many areas. When I was speaking to the Oxfam people about when looking into a lot of number, and the only numbers I could find where from 2005, but it was interesting to see the trade deficit from Ghana, so they are importing more than they export, and there is a lot....

With what countries is this deficit, its not with Europe?

Yes, the EU25.

The EU 25 also. Well if you see how much is exported to Africa, I think that it is not spectacular.

No, it is a very small number, of the total EU export.

Yeah.

But it is a very high number of Ghana export that goes to the EU.

But that is our big problem, what we say is that when you look at the export from EU to Africa, I could say that it is not spectacular, it is not a lot, but when you compare it to what Africa is exporting to the EU, you see that it is a very bad situation. But it's not so much, that it has created the effect that the EU relatively is exporting such a lot of goods to Africa. It's rather the fact that the export performance of Africa is dramatically bad. Africa is, they have for 30 years now a tariff preference with the EU, meaning that they can import goods free of taxes and import duties free into the European Community, and I think that 30 years ago, Ghana was exporting a bit of Cocoa a bit of timber, and Gold of course, and when you look at it nowadays, its still the same goods. It is still commodities. It is not processed goods, so they are not really gaining on it, it is low value goods. And the problem there is that there is no direct purification, there is no value added before they export it to the European Community, and if you look, just to give more value to my words, if you compare their export performance, say over the last ten years. If you compare that with Asian countries, Indonesia, Thailand, which do not have trade preferences like Ghana, those countries have the general preferential systems, which gives a limited set of preferences into the community, while the ACP system gives a total preference into the community, nearly totally free. And now we are changing it to total free import.

Our experience now is what we say, the EU that all those years of preferential possibilities, of free possibilities, free export to the European Union, never got Africa a little bit further. Never could do anything of poverty reduction, never could build processing industry, so they would not be exporting timber or wood, like they now do to Europe, but mostly now also to China, America and many countries, and import themselves processed goods, it did not happen. That is why we want to change the system. We come now to the new setup, which was announced under the Cotonou agreement that there will no longer be aloud to give extra preference to a limited number of developing countries. From the moment we would not be aloud to do that, because of the WTO, then we would change the system, and we would go into the normal

market system, the free market system with Europe and the African countries, but it would be asymmetrical. Meaning that Europe would be totally free immediately, whilst the African markets, Ghana or ECOWAS, except for those products where there would still be a need for protection in the African market. So that is the change that we are doing now, but there are many NGO's that are, I was in a Radio programme last week, where I had to debate with people in a panel, and the only two points I heard from the NGO's was that the WTO a fake argument, because the EU is so powerful that we can steer the WTO in any direction we want, which is wrong we cannot. And the second argument was that to gain time it would be better now to not work towards a free market system, but to go to a GSP+ situation. You know you have the General Preferential System, which gives a certain amount of tariffs lines of the common costumes tariff, free of duties. And then GSP+ means that the system is even more liberal, adding some more tariff lines, some more goods, because you are leaving up to certain good governance requirements, and so on. What I said to the persons I spoke to in the panel was that, if our believe is that after 30 years that preferential system does not work in the international conferential situation, then going from the preferential system GSP to GSP+, which is a bit more preferential, but still not as preferential as excising ACP system is, or as the EBAS system is (Anything But Arms System), it is exactly the same thing. Our conclusion is that the preferential system does not work, so going from a preferential system to which is a little bit more preferential would lead to the same problem. Then we can wait for another 10, 20, or 30 years, it sounds pessimistic of course, but that is not our belief. Another point is now that you have the globalisation. In Europe we are struggling ourselves to keep pace with the globalisation. If you still have a national look, as the EU, if you have a protectionist look, so only your own home market. Then you would never profit, and you would stay out of globalisation, the global market. That is not something the EU has intended. It is not something that we are saying to Africa that you have to change your system, because we are now intending the process of globalisation. Globalisation is there and you have to cope with it, and you have to become part of it. We will become part of it, and we are already part of it, and it is true that Europe is also shaping it together with the other WTO countries. But Africa should be as big as possible, and be part of that, and we think that first, because that is the most important point of the EPA, we believe that the most important part is getting investment into Africa. Nobody is interested to invest in Africa in this moment because you only have, well Nigeria is a bad example, but most African countries are too small. It is not interesting for third country investors to invest in Africa, and what you see also is that African investors, for example Ghanaian investors, they invest their money in third countries, not in Africa. So you have to see why are Africans, why ourselves, why would you not invest in Africa? Then you say you have to look in the books, you have to see, look to Asia, and look how it went well there, and look how investment in China also is booming. Those are negatives sides I know, but I have to simplify it. And you say having a home market where your investments, and the companies you invest in can have sufficient space and clients that they can sell to that is important, that is what an investor finds important. So then you come to integration, an African integration, a whole Africa would be best, but it is too difficult. Also Europe started with only six countries, and those six countries where old trade partners, so it was very facilitated, and still it is difficult. So we do it in regions, Western Africa region, and now you come to your ECOWAS.

Now ECOWAS is the region which is big enough in the EPA, with a home market you can get investments to Africa, and direct type of investments, if you compare that to aid money, and then we come back to the young Ghanaians that perhaps revolt a bit of the idea that they have to keep up their hand. And I understand that, you wouldn't feel happy with that. But when you compare possibilities of development via aid, or via trade and direct investment, those are figures that are thousand times more powerful than all the aid money you can get together.

*Also more sustainable.*

Also more sustainable, because aid posts, they are... you cannot say for sure that in your budget you are going to have will have it for many years. Also in the aid programmes for Ghana, this is a success story, because when you compare it to other African countries you can say it is very good. You can say that aid is picking up, and aid is well invested. And then you can see further 10 or 15 years with the same aid pros. But somewhere down the track, we have to change, and the national politicians have to think a bit on their focus, because they will say if you are helping Ghana with such an amount, you look at Chad, Eritrea, we look to land lock countries like Niger, there the need for aid is much bigger. So we will re-channel much of the aid that we are giving to a certain country, we will say it is much better now, and that there is a certain level of sustainability, because giving aid and aid and aid you have to be very careful, you should not have a country with is totally aid dependant, that is also why Mandelson, the Commissioner, will change more and more away from aid to trade related systems.

I stop here; otherwise I don't want to snow you under. Those are personal impressions.

*No don't worry, you answered many of my questions already, but I also got the impression that the EU is concentrating more on ECOWAS and trading with each other, because trading with Europe, will be too small. And with the last 30 years of Lomé, and other agreements trade even decreased.*

That's another thing, we are only talking about north-south, south-north trade. When you compare south-north trade, Europe with African countries, all the trade that you have now between Ghana and Cote d'Ivoire, which are African countries, both in West Africa, they are neighbours. Then you see that the trade within western Africa, is nearly nil, they are not trading with each other. Their trading in comparison hah? When you compare the trade with Europe are other third countries, when you compare that to south-south trade, it is nearly nil. But that is where the big possibilities are. And that is why you say that when you get the regional integration, so you get the high tariffs, because that is how most countries can get money for their budgets, they totally depend on tariffs, so they close their frontiers totally in west Africa, and other regions, with high tariff walls, and then via corruption, most of the most highly taxed goods they still can come in, but that kills totally the trade possibility south-south. So we think now on the basis of the EPA, Europe in Africa is not the most important point, the most important point is create a home market, and then we can create a home market in ECOWAS, so those countries start trading, with each other, and start talking with each other,

and that the ECOWAS secretaries are serious. Like they also had in Europe with the European commission in the beginning, nobody knew about it and nobody wanted to accept it as a concept, but now it exists, it's positively rated, it's negatively rated, but people know it exists and they know what kind of role it plays. The ECOWAS has for very long time been the place where they send the people, in fact also in politics, that they wanted to get rid of. In Europe we also do it very often with old politicians where we put them in the European Parliament, in the beginning. Now the European Parliament is a very serious institution, but in the beginning yes, it was always with a golden handshake, you can go there on a nice income. So now also the ECOWAS secretariat which should steer the developments at the level of the region, is becoming more serious, get more personal, get also more people from Universities, think-tanks, and people that really matter in an integration process. So now all of a sudden it is picking up speed, it is progressing very well. What would have been good, would if we had a few more years to let it develop, and if it would develop with the same rhythm and with the same positive impacts, before we really have to bring the full economic partnership agreement. That is in fact, something we are also hearing from Oxfam. But we have to do it at the end of this year, we have to be ready. We have to be ready negotiating at the end of the year. And then we will have the text...

(shows we the text they have so far)

... Many of the things you see, are "to be elaborated". You can see the subjects, that is being discussed, by the European union, on a regional level in Africa. And this of course, and that is interesting for you (if I may decide what is interesting for you...), this is not the preferential system, this is not the EU people in Africa saying, "look we are opening up, you can do it the way you always did, small fragmented, in markets, and then we build you a school, or we give you something else"...

"We want to create trade, and we want to give you a certain, trade autonomy, that you really can develop, and for that matter we open up our market".

This goes much further, this is really creating a free market between two partners, that at this moment are not equal partners, but should become equal partners. When you have one equal free trade area, which it is, then you need to go much further, you need investment policy, you need competition rules, and you need capacity building. It has huge impact, on the one sending investment in to it, in human work and in finance, it is huge it is tremendous, but that at the moment is being studied by consultancies from the African side, from the ECOWAS side, and also from Europe. Most of the studies are now, "which productive sectors in Africa would be threatened by opening up the market?", because for those sectors we need to proceed a transitional period. Do not open those sectors the first 5 years, not good? The first 10 years, not good? The first 15 years! You want 20 years? We give you 20 years, no problem. So that's what we want to do.

Well about that, a lot of the stuff I have been reading has the negative stories of frozen chicken from The Netherlands and Belgium coming into Ghana and...

Even worse, it is not so much frozen chicken coming in, it is also chicken waist coming in. That is very problematic because that means that the chicken waist that we cannot sell in

Europe, here there is a market, and people want it.

*But it is taking the local market away from the local producers that is what the argument is from many NGO's.*

Yes, I know, I discussed that before, and there are two options, to discuss with the people that are responsible for Ghana and western Africa, and I discussed that with the radio panel earlier, in the whole big scenario we are building, and the concrete example of the chicken import came up that the local market will go away with cheap imports. The first answer is that there is still a food security problem, that there is a need to have sufficient food security, especially the lower-rank cheaper products. The second counter argument is then that, if there really is a problem with chicken imports then Ghana via the ECOWAS secretariat, where there are also Ghanaian representative, which are now negotiation with Europe about the liberation of the markets, then they should say “ok, we are generally positive, but for the following products, we want transitional arrangement, that there is no free access to chickens.” And then no chickens will come in to Ghana.

*But that's not it the... (End side A TP 370)*

... We have moved away in the agricultural policy, from production support, so the more you produce the more aid you get, and everybody in Europe was not producing to solve a problem, to consumption needs, but no to a maximum. Because even when there was not a market for it, they would get for all the extra production that they would do, they would get extra money.

So it is a misconception that we have lakes of milk or...

Yeah, we have had it, we have had it, but we don't have those systems anymore. Now we say that you don't get any more support for what you produce, but you get income support. Of course also you can say that income support makes it easier for a farmer to produce and to sell at lower prices, that is true. But the horror scenario of people producing, producing and producing, that is over, and also for Europe that was much too costly. The biggest part of the EU budget always went to the agricultural policy, because of the fact that Brussels had to buy all those goods that could not be sold, and it should then be subvention in order to be sold very cheap to third world markets. But I will say that the chickens can be a problem, but one that I think can be solved if it is formulated as a specific problem for Ghana, in the market liberation negotiations, then there would be an exemption on that. I think then there would be a problem in food security. I am not sure about the last one, but I think my arguments would be stronger, and if they see that there is a problem they have to bring it into the negotiations. It is not a full pledged system that is being imposed it is negotiated and it is fought under equal negotiating partners.

But I know the chicken problem.

There is also the question of tariff of escalation, on products like Cocoa, so it has gone through production.

Well, we have an answer there, and there are no duties, so there is no escalation. That is the answer that I have gotten, and I remember from discussions that we have had in Europe. I must say that I say it only of the top, to be able to give you the exact situation I could do in a written way, but I have understood that the escalation... We want to not exploit the commodities, the raw materials, we want to create their industries, so they process their goods, and can export higher value goods, so that they can create more money. Because of you do tariff escalation, the more you process the goods, the higher the tariff. It would go totally against our philosophy of creating industrial and commercial activity here.

The prospects of Ghana here from 2008, do you see that as being good for Ghana? If they negotiate correctly?

Of course I believe in it, otherwise it would be very hard to try to sell it, and talk and tell about it everyday, if I did not believe in it they I would also not go the those meetings where you have to open-up. When you totally don't believe in some thing, then you would not go to these meetings. Then that would be too hard. Only when you believe in it are you willing to go nowhere or everywhere, rather everywhere, to go into discussion with people. Of course sometimes you get arguments where you have no answer, but there are a variety of conceptions. But yes I do believe in it, and especially in the fact that there is a totally new system, which will be built up in an asymmetric way, so on the one hand bringing in aid possibilities, aid for trade possibilities, protection of productive sectors, capacity building, the building up of sensitive sectors, where that is not possible create the protection that we are able to give via tariff mechanisms. Also the fact that we are in equal level negotiations, in this case ECOWAS, gives me confidence that this is the right thing that we are doing. I cannot say to you I guarantee 100% that this is it, nobody can. We have seen the other process was a failure, and this is a process that has already been collaborated, by the two parties, by the ACP countries and Europe already in 2000. At these negotiations it was decided that this is the way that we should go, on the one hand because we think it is better, on the other hand it is something that we cannot avoid, because even if we wanted to, and I am being very honest here, we cannot because the WTO is really pushing here. And the WTO is an organisation that the EU cannot unilaterally steer in a certain direction. The WTO have many developing countries are members, and most of those are non ACP countries, that trade from them and Europe (the biggest trading block in the world) is distorted by preferential systems, that is only valid for ACP countries, and not for Indonesia, and not for Thailand, and all those countries. India, China, Brazil, they all say that. We have had the war on the Banana, the Chiquita's or the Dollar Banana's, or the ACP Banana's. The Chiquita banana's they say "why should ACP bananas have preferential treatment, when the EU and WTO is built on non-discrimination?" This is outright discrimination. So if we had to go at the end of 2007, and say that we are going back to the old system, can we go back to the old preferential system some more years? Then we would be asking for a waiver from the requirement from the WTO that you have to give every country the same treatment. The other

non ACP developing countries would say well we are against that, but if you really want it, and if the EU is really pushing so much [reassure against that, ok then we negotiate it, and have had that already in 2000. If we take Ghana for example, if you take a product like Tuna, Thailand and Indonesia negotiated that they have the same preference, as the ACP countries. So in fact what you get then is that all the other developing countries they say, ok you can get your preferential treatment, but we for our products, we also want preferential treatment. So you are then in a dream, a misconception as an ACP country, that you are in a perfected system because you have the preferences with the EU, on the other hand the tariff preferences that you have, we role it all the time, because there are more and more countries that will get several comparable treatment. Firstly how does the WTO negotiate to know that they have your wavier, and secondly because of the fact that more and more bilateral agreements are also negotiated, which also give free trade areas or preferential treatment, that would be my answer.

*Then there is a last thing I would like to ask, Ghana just celebrated their 50th anniversary, and a lot of people, saw that as a great celebration, however a lot of people also did not see it as a great celebration, because they did not feel that Ghana has come as far as it could have done.*

They are right, they are right, if you compare Ghana, and other African countries with other developing countries, especially what these people would mention, I know the discussions, is the comparison with Asian countries, and if we then see after the last 20-25 years, where Ghana is now, at the point of departure, I think they went like this and then they fell back, and now they are here... (mimics a graph going up, then down, and slowly up again, to show Ghana's development whilst the other have done steep like that... (mimics a graph going steeply up, to illustrate the Asian nations development). And the ACP countries they have had good opportunities, they have had the preferential system, aid pro's, and... You cannot just say that Ghana is only responsible for that it did not work out, also in Europe the conceptions that we had where not catapulting them in a dynamic that is comparable to Asian countries. I think that it is picking up, and it is going in the right direction. They have put in their agenda where they want to be, over 2-3-4 years and so on. That they want to be a middle income country in 2015, perhaps they could even have that in 2012, there is the millennium development goals that they are making good progress, and that is very satisfying, but Ghana has still a lot of poverty. It is going much better, I would say, the situation on several polices it is improving. But I can imagine for many people they say fine we are 50, but in the 50 years we should have come much further. And that is what we hope we can make happen with the EPA's, but the way the country has been developing, and the statistics I can imagine that they are not happy with it, a missed change. And there are whole generations that tell the story that when you tell me now we can make it in 10-15 years, they will say well that is not during my time I would have liked to see it now. Very often in the papers it is mention that it is going well for Ghana and we are making more money, and many Ghanaians say that "I do not feel it in my pockets, if it is going so much better why don't we see it why don't we feel it?" Because they are process that take time, and the government cannot do miracles, but on the other hand you can understand the people that have been in poverty for a long time that cannot realize their goals in life, that they get impatcient, then you have this kinds of reactions.

Interesting questions the last one!

Thank you, well that was it, thank you very much!

*TP 569 Interview Finished*



### *Appendix III*

#### **Interview III**

#### **Ghana Trade and Livelihoods Coalition – ISODEC, Accra**

#### **Mr. Ibrahim Akalvila – Project Manager**

On 9th May, I conducted my third interview for my research with Mr. Ibrahim Akalvila from the Ghana Trade and Livelihoods Coalition. The GTLC are part of the Integrated Social Development Center (ISODEC), and they share the same office in Accra. The GTLC assist Ghanaian farmers in understanding government policies that will affect them, and also help in the creation and research of impact assessment studies of agreements such as the EPA. The following is a summary of the main points of the interview.

- I. The work of the GTLC is to help farmers understand the government policies that concern them. They are there in the bigger picture, to help support farmers in their discussions.
- II. EU imports are drowning out local producers. An interesting issue is the issue of Poultry for two reasons. Firstly, that the agricultural policy of the EU is now not to give subsidies to farmers directly, but to subsidise the poultry feed producers, thereby making chicken feed cheaper, and indirectly subsidising the EU poultry farmer. And feed is 75% of poultry production. To be more specific, it is parts of chickens that are imported, mostly wings and legs that are of too low value or quality for the EU markets. Secondly, studies show that the sale of chicken breasts in the EU actually offset the production costs, meaning that the exports to Ghana are just being dumped; it is not meant to profit the EU farmer in his costs.
- III. Ghanaian poultry farmers are then directly affected by the imports as they are cheap and come into the country in large quantities.
- IV. There are 1800 poultry farmers in Ghana, and 80% of them are small scale, and many of them are out of business. These farms have people hired to work on them, and when they close, many people are left without work. Resulting in an increase in poverty.
- V. The imports from the EU have a run-down effect as they influence a number of people, not only the farmers but also their workers and employees, and the people they buy their feed and production materials from.
- VI. The EPA has to aid the development process of countries like Ghana, and not make it worse.
- VII. By 2013 the tariffs on export support will be removed, but it is lack of domestic support to the farmers that is causing the problem.
- VIII. The EPA are called ‘partnership agreements’ but they are in fact a ‘free-trade agreement’.
- IX. Ghana wants to be able to develop its own industries and companies and be able to trade on an equal basis with the EU. We want to be able to industrialise and move forward,
- X. To go into an agreement with the EU, Ghana should be given the opportunity to build

- up their own capacity to be in a competitive position.
- XI. There are many of challenges that prevent developing countries like Ghana from actually having trade agreements with the EU.
  - XII. The profit that the EU is making from trade with Ghana may be minimal, however the impact that it has on the livelihoods of Ghanaians is huge.
  - XIII. Research is supposed to be going on in all the ACP countries as to what the sensitive products in these countries are.
  - XIV. ECOWAS Agricultural Policy – if there are imports that are going to cause livelihoods of West African farmers then they should be stopped.
  - XV. A common external tariff is needed
  - XVI. The ECOWAS secretariat that is negotiating with the EU does not bring feedback to their local national governments. So the process is not working.
  - XVII. In connection to this, civil society organisations have ask national governments if they are aware of what the secretariat is going, and many times they answer no, and that they had not given the mandate for this to be done. This is not regional integration.
  - XVIII. The EU is using the paid staff of the secretariat to do its work for it. Just negotiation with the secretariat because it is there, and then calling is regional integration is not regional integration.
  - XIX. Ghanaian parliamentarians are generally not aware of what is happening at the ECOWAS level, and in the ECOWAS parliament.
  - XX. The EU being 50, and ECOWAS only 30 was compared, saying that the EU wants ECOWAS to achieve what they did in 50 years, within the ECOWAS' already 30 tears of existence.
  - XXI. The basis of GTLC argument is that the negotiations between ECOWAS, Ghana, and the EU should be negotiated properly, as to be able to benefit Ghana and the ECOWAS region.
  - XXII. The GTLC want Ghana to achieve a viable private sector.
  - XXIII. Support the large number of small scale farmers in Ghana
  - XXIV. Whatever products the Ghana can currently export to the EU are basically primary products. This needs to change and Ghana needs to be able to produce higher end products and then export them to the EU.
  - XXV. There is hope that the new agreements will be a step forward. However, the EU push's to hard for these types of negotiations, and makes on think that they are not really interested in the best outcomes of the other nations involved.
  - XXVI. Not a great deal of impact studies, or like studies, have been created, which is why ministers of certain regions in Ghana have been asking for a 3 year extension of the negotiations.
  - XXVII. GPS+ would be an opportunity that would benefit Ghana more during the negotiations of the EPA. So an ideal situation for the GTLC would be to extend the negotiation period of the EPA, and during this period enter into a GSP+ system. The GPS+ is WTO compatible. Ghana should not rush into an agreement that not all people understand.
  - XXVIII. The GTLC are of the impression that if the EPA are not negotiated well, then there will be disastrous consequences.
  - XXIX. A few will benefit, but the feeling is that a large majority of Ghanaians will loose out.
  - XXX. On the Question of whether or not Ghana has much to celebrate during its year of celebrating its 50th year or independence, Mr. Ibrahim Akalvila noted that Ghana should have come further then it has, and should have developed more. Its leadership has failed

the people. Furthermore, he added that the World Bank has failed them, and has been an international failure. He added that the institutions like the World Bank have “prepared Ghana for slaughter”. He further added that, “We are at a position now where we should not be... I strongly feel that we should have developed more”. To some extent, Mr. Ibrahim Akalvila also believes that Ghanaians have not been good enough to take their own destinies into their own hands. People are not educated enough, and are not willing to educate. “We could have been far more advanced than where we are”.

XXXI. Ghana’s independence was a module of self-reliance, where they would be able to govern themselves. But the correct investments and commitments have not been taken. “Somewhere along the way we failed to make these implementations”.

XXXII. There have been too many ‘un-sustained’ development projects. Lack of industry and infrastructure has not helped Ghana develop.

XXXIII. Mr. Ibrahim Akalvila added that Ghana is still at the early states of politics where people are very very picky, adding that politicians can’t distinguish national interests from personal interests, and that is a challenge.

XXXIV. Mr. Ibrahim Akalvila was however hopeful that the EPA and agreements with the EU can benefit Ghana, if negotiated wisely. “We should be able to define what is good for us... we have to define our national priorities”.



## *Appendix IV*

### **Interview IV**

#### **Ministry of Trade & Industry**

#### **Mr. L. Y Sae-Brawusi - Director**

On Monday 14th May 2007, I meet with the director of the Ghanaian Ministry Trade & Industry, Mr. L. Y Sae-Brawusi. This was the last interview that I was conducting for my research, and it helped me to conclude some of my research and idea of my topic. The following is a summary of the main points of the interview.

- I. When the EU is negotiating with the ACP countries, negotiations take place on regional bases. In West-Africa the negotiations take place through ECOWAS, however Mr. L. Y Sae-Brawusi was inclined to say that the negotiation took place through the West-African Region and not ECOWAS, as Mauritania is no longer a member of ECOWAS, but does negotiate with the EU with the other West-African states.
- II. Negotiations for the EPA must finish at the end of this year, as there will be no new waiver given to the ACP countries by the WTO. The current waiver expires at the end of December 2007.
- III. Talking about an extension of the negotiation period, it was mentioned that many NGO's are mentioning returning to a General System of Preferences (GSP) or GSP+ system until the negotiation talks are completed and satisfactory for all parties. However this is much like the agreements that already existed under the Lomé Conventions, and these did not help a great deal of the ACP countries to develop. Furthermore, under such an agreement the benefits of the EPA would not exist meaning that the ACP countries would be missing out on much needed aid benefits.
- IV. Rules of Origin (RoO), where mentioned as another issue of not accepting a temporary GSP+ agreement, as under the current, and new agreement, it is possible to import goods from neighbouring countries (and non-ACP countries), produce or fabricate these goods, and then export them on to the EU. This option (of imports not having extra tariffs added to them as they are seen from coming from the same region) would not be present in a GSP+ agreement.
- V. One of Ghana's main issues is that they do not have enough 'high value exports'. This is mainly due to the fact that Ghanaian products, such as poultry, do not meet many of the EU Sanitary and Phytosanitary (SPS) requirements. It is therefore curtail that Ghana receives support to be able to develop its industry to become more competitive.
- VI. In connection to the above, there are many so-called 'supply side constraints' (SSC) that

are in the way of development in many ACP countries.

- VII. An issue that was mentioned many times by Mr. L. Y. Sae-Brawusi, was that he was personally enthusiastic about the new agreement, and said that if the EU are able to fulfil their part of the agreement, it could solve many of the problems in Ghana.
- VIII. “If we say no to the EPA, what do we then have?”
- IX. It was a little difficult for the director to talk about the negotiations and the final agreement, as it was still on the negotiation table.
- X. Mr. L. Y. Sae-Brawusi mentioned that a GSP+ agreement would not be able to solve the problems that the Lomé conventions were not able to solve.
- XI. With regards to the question of poultry imports coming from the EU, the director said that such negotiations would take place on a regional level, and that Ghana as an individual country could not have a clause in this area. He also mentioned that NGOs often fail to see the bigger picture of things, and that there are many other parts of the agreements.
- XII. The so-called ‘Sensitive Products’ are an important part of the EPA’s. Here Ghana can negotiate, on the regional level, to have certain goods excluded from the trade agreements as to protect their own markets.
- XIII. There are also a number of ‘safe guard mechanisms’, which can be implemented to prevent import surges from entering the country.
- XIV. Mr. L. Y. Sae-Brawusi, made it very clear that the EPA would not liberalise the West African markets 100% at current time, as negotiations were still going on and certain ‘safe guard clauses’ and ‘sensitive products’ still needed to be negotiated.
- XV. Mr. L. Y. Sae-Brawusi, made a very interesting point that he personally did not feel that the imports from the EU were of as great a threat to Ghana as the imports from Asian countries.
- XVI. Before the EPA can be successful, and ECOWAS as a region can be successful certain goals need to be accomplished. ECOWAS needs to be an established customs union, and in order for that to happen there must be a functioning free-trade area by the end of 2007.
- XVII. Mr. L. Y. Sae-Brawusi further added that the EU are not ‘mercantilists’, the EU is not looking for new markets through the EPA. The EPA is rather to be seen as a tool for development.
- XVIII. Finally Mr. L. Y. Sae-Brawusi stressed that for the agreement to be successful the EU should fulfil its obligations, more resources would be needed from the EU, including compensation for loss of customs revenues. Currently €2 billion will be given as ‘aid for trade’ under the 10th EDF, however the director feels that this needs to be a greater amount to cover the adjustment costs connected to the EPA.