



**Sustainability Impact Assessment in
Support of Negotiations with Partner
Countries in Eastern and Southern
Africa in view of Deepening the
Existing Interim Economic Partnership
Agreement**
Final Report

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Abstract

In 2009, four countries of the Eastern and Southern Africa (ESA) region (Madagascar, Mauritius, Seychelles and Zimbabwe) concluded an interim Economic Partnership Agreement (EPA) with the EU. Comoros signed the agreement in July 2017. The interim EPA proved quite successful, although it has become obvious that the expectations and knowledge about the interim EPA differ significantly between stakeholders. The legal provisions of the interim EPA additionally include a 'Rendez-vous clause', which was used in 2019 to start the so-called "deepening" process following request of the ESA side.

The Sustainability Impact Assessment (SIA) of the deepened EU-ESA5 EPA has been prepared in four phases and been accompanied by a sophisticated consultation and dissemination process. The different reports of the SIA conclude with a set of policy recommendations on different levels respectively. Regarding implementation, the private sector and potential new investors should be involved more closely in the trade negotiations and social partners.

The report also concludes that capacity building is critical. ESA5 countries need better coordination of capacity building activities to improve the visibility and flow of information. It has also become clear that good legal institutions can be created only by the ESA countries themselves, with the help of the EU, but not initiated by the EU.

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Synthesis

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Abbreviations

AfCFTA	African Continental Free Trade Area
ASM	Artisanal and small-scale miners
ACP	African-Caribbean-Pacific
AGOA	African Growth Opportunity
ARIPO	the African Regional Intellectual Property Organization
COMESA	Common Market for Eastern and Southern Africa
CGE	Computable general equilibrium
CITES	Convention on International Trade in Endangered Species
CSO	Civil Society Organisations
CSR	Corporate Social Responsibility
CTF	Customer and Trade Facilitation
DG	Directorate-General for Trade
EAC	Eastern African Community
EDF	European Development Fund
ESA	Eastern and Southern Africa
EEZ	Exclusive Economic Zones
EPA	Economic Partnership Agreement
ESA4	Four ESA countries (ESA5 except for Comoros)
ESA5	Five ESA countries
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GDP	Gross Domestic Product
IUU	Illegal, unreported and unregulated fishing
ICT	Information and communication technology
IP	Intellectual Property
IPR	Intellectual Property Rights
ILO	International Labour Organisation
ITC	International Trade Centre

LDC	Least Developed Country
LSE	London School of Economics and Political Science
MEA	Multilateral environmental agreements
OAPI	Organisation Africaine de la Propriété Intellectuelle
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
ORs	EU's outermost regions
OSH	Occupational safety health
OCT	Overseas countries and territories
PE	Partial Equilibrium
PSRO	Product-Specific Rules of Origin
PSMA	Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing
PUR	Preference Utilisation Rate
RECs	Regional Economic Communities
RBC	Responsible business conduct
RoO	Rules of origin
RVC	Regional value chain
SPS	Sanitary and phytosanitary measures
SME	Small and Medium Size Enterprise
SADC	Southern African Development Community
SIA	Sustainability Impact Assessment
SDG	Sustainable Development Goals
TBT	Technical Barriers to Trade
TRIPS	Trade-Related Intellectual Property Rights
TSD	Trade and Sustainable Development
UNCLOS	United Nations Convention on the Law of the Sea
WIPO	World Intellectual Property Rights Organization
WTO	World Trade Organisation

1. Introduction

In 2007, six countries of the Eastern and Southern Africa (ESA) region (Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe) concluded an interim Economic Partnership Agreement (EPA) with the EU. In 2009, four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) (ESA4) signed the agreement, which has been provisionally applied for these countries since 14 May 2012. Mauritius and Seychelles started liberalising tariffs on the European Union (EU) imports in 2013, and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. The interim EPA foresees consecutive rounds of liberalisation over 10 years and the tariff liberalisation process should conclude in 2022. Comoros signed the agreement in July 2017 and ratified it in January 2019, with entry into force in February 2019.

The legal provisions of the interim EPA additionally include a 'Rendez-vous clause' (Article 53 of the EPA) to keep the possibility of further negotiating other trade-related areas such as rules and commitments on services and investment, technical barriers to trade and sanitary and phytosanitary measures, sustainable development, intellectual property rights and competition. In 2017, the four states that had signed the EU-ESA interim EPA requested the EU to start discussing the possible extension of the interim EPA beyond the currently covered market access for goods and development cooperation. The aim was to include new trade-related areas and rules as provided for in the rendezvous clause (the so-called "deepening" process).

The Sustainability Impact Assessment (SIA) of the deepened EU-ESA5 EPA has been prepared in four phases. Phase I consists of an Inception Report¹, in which the Team gave an overview about the ESA countries, the interim EPA, the challenges of deepening the EPA and the methodology. We also identified the five sectors for the case studies. Phase II was dedicated to a mini ex-post evaluation, three deliverables of the SIA itself and two case studies.² In Phase III we have prepared three more deliverables and the final three case studies.³ The SIA is concluded with Phase IV, which is dedicated to the Final Report including a summary of stakeholder consultations, a chapter on methodology, the key resources and this synthesis.

In this synthesis, we present the results of the ex-post evaluation in Chapter 2. Next, we briefly describe scope and state of the EPA negotiations in Chapter 3, before we discuss the results of the SIA deliverables and the case studies in Chapter 4. Chapter 5 is dedicated to policy recommendations.

2. The Interim EPA and its Consequence

The interim EPA between the EU and the five ESA partners (ESA5) has been in place for almost a decade now. It includes the following chapters: abolition of EU duties and quotas for imports from these countries; gradually opening EU exports to these countries; a protocol on rules of origin (RoOs); provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade, and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes.

The interim EPA has several distinct objectives as mentioned in the agreement (Article 2):

- Contributing to the reduction and eventual eradication of poverty;

¹ *Inception Report*. http://research-sia-esa.eu/wp-content/uploads/2020/10/SIA-in-support-of-negotiations-with-ESA5_Final-inception-report.pdf

² *Mini Ex Post Evaluation and case studies* - <http://research-sia-esa.eu/en/reports/>

³ *Phase III reports* - <http://research-sia-esa.eu/en/reports/>

- Promoting regional integration, economic cooperation and good governance in the ESA region;
- Promoting the gradual integration of the ESA region into the world economy, in conformity with its political choices and development priorities;
- Fostering the structural adjustment of the ESA economies and diversification including value addition;
- Improving the ESA region's capacity in trade policy and trade related issues;
- Establishing and implementing an effective, predictable and transparent regional regulatory framework for trade and investment in the ESA region, thus supporting the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth; and
- Strengthening the existing relations between the Parties based on solidarity and mutual interest.

The current interim EPA offers duty-free quota access for good imports from ESA States originating in those countries as of January 1st, 2008. In turn, subscribing ESA countries had to liberalize their markets to EU originating imports in line with individual schedules annexed to the interim EPA. However, each of the ESA countries decided to exclude some EU imports from liberalization. The impact of the interim EPA has been analyzed in Phase II within an Ex-Post Evaluation, that shows moderate successes, which will be briefly presented in this chapter.

2.1 Implementation and Awareness of the Interim EPA

Almost all exports of originating goods from Madagascar and Mauritius enter the EU market free of duty and about 97 per cent of originating goods from Seychelles and 96 per cent of Zimbabwe's originating exports enter the EU market free of duties. Utilisation rates for EU goods entering the markets of Madagascar, Mauritius, Seychelles and Zimbabwe are currently rather low.

The stakeholder consultation shows that civil society in Madagascar and Seychelles has low levels of awareness of the interim EPA whereas in Mauritius and Zimbabwe it has high levels of awareness. Civil Society Organisations (CSO) who have higher than average levels of awareness displayed the following characteristics: (1) they work on socio-economic development issues, (2) they were members of Civil Society networks who have played a critical role in raising awareness and building the capacity of their members in research and advocacy on trade and trade-related policies and negotiations, and (3) They are networked with relevant Government Ministries, Departments and Agencies.

2.2 Impact Analysis

2.2.1 Rules of Origin

The overall framework governing RoO is based on product-specific rules of origin (PSROs), these being wholly obtained rules, an *ad valorem* percentage rule, based on maximum amounts of non-originating materials, change of tariff classification rules and specific working or processing requirements. The ESA4 countries make significant use of the EPA preferences made available to them by the EU. The preference utilisation rates (PUR) are close to 100 per cent.

Several challenges remain to be addressed for rules of origin to further benefit the majority of ESA5 stakeholders: further simplification of RoOs, measures for capacity building in RoOs for the private sector, closer alignment of the development and trade components of the EPA; and involvement of the private sector and potential new investors in trade negotiations, to the extent possible.

2.2.2 Analysis of Trade Flows

The analysis of trade flows the authors of this study have conducted accounts for the fact that individual partner countries' tariff liberalisation processes started at different points in time. Mauritius and Seychelles started liberalising in 2013, and Madagascar and Zimbabwe in 2016 and 2017 respectively.

ESA4 countries' goods exports to the EU followed different trends in the period 2009 to 2019 including the period that followed 2012. Exports from Madagascar to the EU show an upward trend following the year 2012. Goods exports from Seychelles remained relatively stable, while exports from Mauritius and Zimbabwe slightly declined. ESA4 countries' goods imports from the EU follow different trends for the period 2009 to 2019. Diverging trends also emerge for the period that followed the elimination of import tariffs by ESA4 countries. Total EU goods exports to Madagascar and Mauritius significantly increased after the beginning of the tariff liberalisation process. Total EU goods exports to the Seychelles and Zimbabwe remained largely unchanged after 2013 and 2017 respectively. EU27-ESA4 investment stocks have increased significantly.

2.2.3 Economic Impacts

The European Commission's Directorate-General (DG) Trade undertook a set of modelling exercises based on a computable general equilibrium (CGE) model (for Madagascar, Mauritius and Zimbabwe) and a partial equilibrium (PE) model (for Seychelles; due to data limitations). Both models indicate that ESA4 countries benefit from the EPA with the EU in terms of higher trade volumes. Increased specialisation and improvements in the international division of labour cause a reallocation of domestic productive resources (labour and capital) to more productive uses, which causes domestic production to rise in ESA4 countries, reflected by increases in these countries' real gross domestic product (GDP) (with EU GDP remaining largely unchanged). With an EPA, EU total exports to Madagascar, Mauritius and Zimbabwe are estimated to be 30% higher, 32% higher and 8% higher respectively. The PE model results indicate that the EPA contributes to rising EU exports to Seychelles. Madagascar's exports to the EU would largely remain unchanged in absence of the EPA. Total EU imports from Madagascar are estimated to be 2% higher with the EPA. By contrast, EU imports from Mauritius are estimated to be 93% higher and imports from Zimbabwe are estimated to be 18% higher with an EPA in place.

In addition, the interim EPA has had limited impacts on the EU's outermost regions and overseas countries and territories, especially those in proximity to ESA4 countries, in different ways. As concerns trade diversion at the expense of least developed countries (LDCs), goods and services exports to the EU are hardly affected by the EPA; we looked specifically at Mayotte and La Réunion.

These numbers are generally mirrored by the estimates computed for the countries' overall economic activity (economic output, GDP). Importantly, no ESA4 country experiences a reduction in aggregate economic output, which indicates that the EPA with the EU contributes to growth in ESA countries overall economic activity. Due to its economic size, for the EU the impact of the EPA on overall economic output is overall negligible (but positive). The impacts of the interim EPA on wages are generally negligible, except for Mauritius.

Empirical EU-ESA4 trade data suggest that after the implementation of the interim EPA specialisation increased for commodities in which ESA4 countries have an international competitive advantage. This can also be observed for ESA4 goods exports to regional trade blocs such as notably Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA).

2.3 Social, Gender, Human Rights and Environmental Impacts of the Interim EPA

The review of the evidence indicates that the interim EPA overall has not had major impacts on environmental, social conditions, gender and human rights conditions in ESA5 countries. Concerning environmental impacts related to the interim EPA, these mainly appear linked to the scale of EU exports. Major structural effects linked to a potential diversification of exports have not been identified.

The review of major exporting sectors has identified important ongoing environmental, social, gender and human rights concerns. These include concerns over social conditions in agricultural sectors with major exports to the EU. Low salaries and instances of child labour are not specifically a result of trade with the EU but these issues are a concern for sectors exporting to the EU. Concerns over labour conditions have been raised in manufacturing, in which women appear to be more adversely affected. Increased production can also increase water consumption and water pollution. In Madagascar and Zimbabwe, there are strong social, human rights and environmental concerns linked to mining.

The ESA5 countries have made some policy and institutional reforms: while progress and actions have varied, there have been improvements in governance. The EU has provided support in several areas through its development cooperation, though strong links between national reforms, EU development cooperation, the Agreement itself and environmental, social and human rights conditions were unsurprisingly not found. In sum, social, gender and human rights concerns in these sectors have continued during the implementation of the interim EPA, indicating key areas where further policy action is needed.

2.4 Development Cooperation

To specify and operationalize the general objectives of the interim EPA, the EPA includes multiple references to cooperation and development assistance. The partners have also developed a toolkit labelled Development Matrix to define key areas, objectives and illustrative activities. The development assistance to ESA5 nations was designed to help implement the interim EPA takes place mainly within the framework of the European Development Fund (EDF). The two relevant EDFs to be considered for the evaluation within the EU-ESA interim EPA are the 10th programme (lasting from 2008-2013, and the 11th EDF (2014-2020). The EU is supporting the ESA5-countries in the framework of different bilateral and other programmes, mostly organized in regional clusters, mirroring the Regional Economic Communities (RECs). Finally, each of the ESA5 countries received a grant of 10 million EUR (Comoros: 6 million EUR) for the implementation of the EPA in 2020.

The European Commission introduced criteria for an assessment of the individual programmes' impact on ESA5 countries. Among them, relevance, effectiveness, efficiency and influence concerning governance are central. Although it is not trivial to exactly assess the effectiveness and, therefore, judge the overall impact of the EU's development assistance to ESA5 countries in the process of implementation of the EU-ESA5 interim EPA, it can generally be seen as positive. According to the existing evaluations, the different projects and programmes have increased the ability of ESA5 countries to make use of the interim EPA. Problems include the lack of ownership and governance issues on the side of the ESA5 governments and a deficit in the targeting of the measures on the EU's side. Mauritius seems to be an exception that made very good use of the support.

3. Rendez-vous Clause and Negotiations for the Extended EPA

The ex-post evaluation shows that – despite the difficulties to establish robust causal empirical relations – the interim EPA has helped to meet its objectives, albeit rather slowly and dependent on the EU partner countries' efforts. Poverty reduction still needs time; but before the Covid 19 pandemic, progress could be observed. The promotion of regional integration within the ESA region and with the EU has intensified. However, the gradual integration of the ESA region into the world economy cannot be directly traced back to interim EPA. Trade capacity and the regulatory framework for trade and investment in the ESA region could be partly enhanced. The awareness in the civil society and business communities could be raised. There are still open questions, which concern foremost sustainability issues and governance problems in ESA5 countries.

Nevertheless, as both parties had agreed on the scope and objectives of this deepening process before launching negotiations, the ESA countries took initiative. In May 2019, the partners agreed on a Joint Scoping

Paper about the Deepening of the EU-ESA Interim Economic Partnership Agreement. The list of topics to be included in the negotiations and the broader potential scope of the new agreement is large and signals the ambitious strategy of the EU in the region, and the role that such agreements can have in fostering bilateral trade between the EU and other countries. The Joint Scoping Paper contains the following chapters:

- 1) Free Movement of Goods
 - a. *Rules of origin*
 - b. *Customs and trade facilitation (CTF)*
 - c. *Sanitary and phytosanitary measures (SPS)*
 - d. *Technical Barriers to Trade (TBT)*
 - e. *Trade defence mechanisms*
 - f. *Export taxes*
- 2) Trade in Services and Investment (Note: investment liberalization and facilitation will be covered, but not investment protection)
- 3) Public Procurement
- 4) Intellectual Property Rights (IPRs)
- 5) Trade and Competition
- 6) Trade and Sustainable Development (TSD)
- 7) Agriculture
- 8) Dispute Avoidance and Settlement
- 9) Institutional Structure
- 10) Economic Development Cooperation
- 11) Fisheries

In October 2019, the EU and the ESA5 states that had signed the EU-ESA interim EPA started EPA negotiations on the deepening process. At the request of the five ESA countries, the European Union has agreed to provide financial assistance for the setting up of an EPA Coordination Mechanism. Its aim is to ensure appropriate coordination and technical support to the five ESA countries they can engage effectively in the negotiation process. The Coordination Mechanism has already contributed on the ESA side to the preparation of the scoping phase for the upcoming negotiations. Four rounds of negotiations took place from 15-17 January 2020, 6-8 July 2020, 24-27 November 2020 and 13-16 April 2021. Negotiations for the fifth round took place in July 2021.⁴ In addition, there are several proposals on the table.

4. The SIA Results

In Phase II and III, the Team undertook six individual SIAs, the core results of which will be discussed in this Chapter. In addition to the SIA deliverables, in-depth analyses of five sectors were conducted in five respective case studies. Policy recommendations based on these assessments follow in Chapter 5.

⁴ https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf

4.1 Negotiation Topics

4.1.1 Trade in Goods

Based on the screening of potential provisions for trade in goods, agriculture, fisheries and development cooperation as well as a detailed assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks, this report identified the following key potential economic, social, human rights and environmental impacts of the comprehensive EU-ESA5 EPA.

A major **economic impact** is considered to originate from potential rules of origin provisions. In fact, further simplified RoO determine the conditions under which the ESA5 products can benefit from the provided by the agreement, such as duty-free quota-free access to the EU market. Besides, provisions regarding technical trade barriers are expected to have major economic impacts in all economic sectors. SPS measures are another area where significant economic impacts are expected, particularly in sectors such as food products and livestock and pesticides. There are significant challenges for ESA5 companies in complying with EU Standards and SPS measures, particularly for small and medium sized enterprises (SMEs). ESA5 countries will likely upgrade their standards as ESA5 exporters would face more competition from other regions, potentially leading to increased export diversification, increased competitiveness, and higher standards for exporters. In addition, the harmonisation of SPS standards in the region could contribute to the development of regional integration, which could, in turn, lead to increased trade in the region, especially regarding the most affected products like food products.

Potential customs procedures (trade facilitation) provisions are likely to facilitate increased commercial activity and lead to cost savings for ESA5 countries. Compared to other likely impacts, these economic impacts are, however, expected to be relatively small. Depending on their level of restrictiveness, potential registration and import/export licensing regulations are expected to have a minor economic impact, mainly indirectly through better implementation of higher standards at the company level.

One possible **environmental impact** is the potential reduction of pests and diseases in agriculture due to the implementation of SPS measures, which could also help to improve animal welfare through the promotion of according standards. Under TBT measures, greater adherence to international standards could improve consumer safety also for goods produced for domestic ESA markets. Another substantial environmental impact of provisions on customs procedures and import and export licensing could be strengthened controls on the illegal trade in endangered species. This is particularly relevant given the ESA5 states' rich biodiversity. Provisions to promote trade for the repair and manufacture of goods could facilitate the development of circular economy practices between Parties.

A potential negative environmental effect of increased SPS provisions could be that it encourages the livestock sector in ESA5 countries to develop for export (particularly the larger ones such as Zimbabwe), which could cause land use change, increased emissions and potentially deforestation damaging to biodiversity.

As discussed below, development cooperation to aid the implementation of provisions along with firm commitments in the TSD Chapter on environmental and climate issues could have positive impacts on the environment.

A key **social impact** is that the potential growth of exports from ESA5 countries to the EU, combined with lower import costs, could enhance possibilities to move from lower to higher added-value products, which is expected to support economic growth and, in turn, have positive impacts on occupation, salaries and working conditions.

However, such positive impacts could reduce progressively over time, as other ACP and third countries sign EPAs with the EU and adhere to EU standards and procedures, increasing competition for EU markets. Furthermore, the positive impacts of increased exports are not likely to manifest in the same way for all ESA5

countries. Low-income countries may be less likely to increase their exports towards the EU in the short term, but domestic sectors would be exposed to increased EU imports.

Development cooperation and technical assistance on standards, customs procedures and licensing regulations are necessary for the positive impacts of increased exports towards the EU to occur.

4.1.2 Trade in Services, Investment and Digital Services

The five ESA countries vary greatly in terms of economic, environmental, social, and human rights conditions. Except for Mauritius and Seychelles, economic activities in services sectors in the ESA5 countries are still underdeveloped, accounting for 53% of domestic GDP in Comoros in 2019, 52% in Madagascar and 61% in Zimbabwe. Partly driven by relatively large travel and tourism sectors, services sector penetration of the economy is generally higher in Mauritius (68%) and Seychelles (72%). For Mauritius and Seychelles, services exports to the EU are significantly higher than goods exports, driven by these countries' strong tourism services exports. The EU as a regional bloc is one of the biggest exporters in many services sectors. In the EU, value added in services sectors accounted for 79% of overall EU GDP (incl. construction services) in 2020.

There are differences in the ESA5 countries including the overall state of economic development, the current degree of restrictiveness of sectoral regulations and the quality of domestic horizontal institutions, e.g. the quality of the legal system, will have an impact on the overall magnitude of the economic impacts of services liberalisation and the industries in which these impacts will materialise.

Clear and transparent rules are prerequisite to facilitate investment together with guidelines including cost and time for a decision by regulatory authorities. Overall, a deepened, modern, and comprehensive agreement on services, digital trade and investment would result in significant net economic benefits for ESA countries compared to the status quo. An updated agreement would lock-in legal constraints on the creation of arbitrary and disproportionate future barriers to trade by ESA5 governments, thus improving the state of the rule of law in these countries. A deepened agreement between the EU and ESA5 countries would improve domestic regulatory frameworks for services and foreign direct investment (FDI) and likely increase the quality of governmental institutions.

Mauritius and Seychelles are economically most developed and perform relatively well concerning the quality of their legal systems. For these countries, the effects from "importing" good legal institutions for the facilitations of international services trade, digital trade and investment will be lower than for Comoros, Madagascar, and Zimbabwe. At the same time, Mauritius and Seychelles have much to gain from intensified efforts to harmonise current and future regulations across sectors or, at least, approximate EU law. Mauritius would benefit from the liberalisation of its maritime services sectors. Mauritius and Seychelles would also benefit from provisions that guarantee the free flow of data in the future and commitments on rules that guarantee the smooth facilitation of services, investment, and trusted e-commerce.

For Comoros, Madagascar and Zimbabwe, the benefits from a deepened agreement would stem from the import and lock-in of good legal institutions for the facilitation of international services trade, digital and digitally enabled trade, and foreign investment. A deepened agreement with the EU would help to eliminate long-standing barriers to domestic commerce in these countries and international trade and investment and complement efforts in these countries to liberalise domestic commerce and international trade, e.g. recent reforms in Zimbabwe to further liberalise the domestic telecommunications sector.

Due to positive cross-sectoral spill overs, economic benefits and new commercial opportunities for ESA countries can be expected from the liberalisation of telecommunications and financial services trade restrictions, the elimination of anti-competitive regulations in postal and courier services, new commitments on legal aspects that are critical for the facilitation of digital and Information and communication technology (ICT) enabled trade, e.g. the prevention of data localisation measures and a ban on levies on digital transmissions,

and the elimination of remaining investment barriers e.g. unreasonable foreign investment requirements and discriminatory joint venture requirements.

4.1.3 TSD Chapter

The topics covered in the ongoing negotiations to deepen the EU-ESA5 EPA include a Chapter on TSD). The five ESA countries – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – have very different economic, social and environmental conditions. Consequently, both the implementation of the provisions of a TSD Chapter as well as the effects would be different among them. To varying degrees, the provisions will require the development of legal and policy frameworks as well as capacity building – consequently, many results in terms of better environmental, social, gender and human rights trends may be visible only in the longer term. Chapter 5 will offer details.

4.1.4 Public Procurement and Competition Policy

Based on the screening of potential provisions for public procurement and competition, as well as relevant legislative frameworks and stakeholder feedback, this report identified the following key potential economic, social, human rights and environmental impacts of the deepened to EU-ESA5 EPA.

Overall, the economic impacts of EPA provisions on public procurement are considered to be potentially major. Greater transparency may facilitate entry to public procurement markets for new ESA businesses and potentially greater value-added (price-performance ratio) for contracting authorities in the ESA5 countries.

Potential major economic impacts resulting from competition provisions include an improved rule of law, which could lead to an improved business environment helping in turn to increase future investment in ESA countries. In addition, that increased transparency and greater competition could open markets to EU companies and ESA companies.

The impacts of EPA provisions regarding the environment and social and human rights concerns are estimated to be relatively minor. The impacts will depend on the scope of the EPA and the extent to which certain sectors are excluded, such as, for example, health and education in public procurement. The provisions for public procurement could bring environmental and social benefits by improving transparency and access to government procurement markets while improving the quality of government goods and services. There could be job losses in ESA companies that are currently favoured in public procurement, though this will be at least partially offset by job creation in new entrants to these markets.

4.1.5 Intellectual Property Rights

The protection of intellectual property rights (IPR) is highly important to businesses across different sectors of the economy. Exchanges of knowledge and technologies are facilitated by guaranteeing that foreign intellectual property (IP) rightsholders will be treated fairly, and their IPRs will be respected. Except for Comoros, all ESA countries have legislation to protect common and internationally well-established IP rights. At the same time, IPR enforcement is reported weak for all ESA countries due to a lack of institutional and human resource capacities.

The “Rendez-vous clause” in the interim Economic Partnership Agreement (EPA) foresees the inclusion of IP protection in a more comprehensive EPA. Generally, going beyond generic provisions on Trade-Related Intellectual Property Rights (TRIPS) principles, deeper IPR disciplines would facilitate domestic and international business operations, including licensing, product launches and technology transfer. The EU should generally aim to achieve deeper integration in the region in the field of IPRs. EU negotiators should aim for further harmonisation of IP laws and regulations. Areas of cooperation should include the regional management and enforcement of existing national IP laws and creating and managing additional IPRs. A future EU-ESA EPA should also aim to accentuate cooperation in the fight against counterfeit products, ensuring appropriate controls at ESA borders to fight counterfeit goods and illicit trade.

4.1.6 *Dispute Avoidance and Settlement and Institutional Structure*

It would be beneficial for the EU and the ESA5 countries to agree on clear and effective rules for conflict avoidance and dispute settlement. Only the implementation and effective enforcement of provisions on goods trade, services trade, investment liberalisation, public procurement and the protection of intellectual property would be supportive to economic activity and structural economic change. This would positively impact the state of the rule of law in ESA5 countries, and the overall investment climate respectively.

Clear provisions on dispute avoidance and settlement would safeguard the positive economic impacts from sectoral and other horizontal regulations. Provisions on the domestication of international treaties (set out in the Agreement's chapter on Trade and Sustainable Development) would improve the enforcement of these treaties and increase public awareness of commitments related to the environment as well as human rights, social and gender issues. Private sector and civil society stakeholders should be consulted during the negotiations. Increased stakeholder participation would raise the awareness of these groups, which could also be invited to join domestic advisory groups on implementation and enforcement after the implementation of the Agreement. Private sector and civil society participation in advisory groups would have a disciplining effect on future governments to maintain or adjust governance structures in a way that makes the enforcement of other commitments more effective, e.g. effective access to legal remedies, if these groups can bring issues to the attention of dispute settlement mechanisms, for example via *amicus curiae* briefs.

4.2 Central Results of the Case Studies

4.2.1 *Tuna Fisheries*

The fishing industry in the South-West Indian Ocean in and around the territorial waters and the Exclusive Economic Zones (EEZs) of Comoros, Madagascar, Mauritius and Seychelles, can be categorised into three groups. Artisanal fisheries is carried out by local fishers, with small, motorised boats targeting mainly demersal and semi-pelagic species. Semi-industrial fisheries are consisting of small, locally-owned long-liners targeting pelagic species (mainly tuna and swordfish). Finally, industrial fisheries comprise mainly European-owned purse seiners operating mainly out of Seychelles and large, mainly foreign-owned long-liners.

There is a fish canning industry in Seychelles, Mauritius and Madagascar and the Eastern and Southern Africa (ESA) Indian Ocean countries, the ESA4, also export fresh fish, fresh frozen fish and by-products such as fish oil. Given the enormous importance of fisheries for ESA countries, the deepened EPA can be very beneficial for them.

4.2.2 *Mining Sector in Zimbabwe and Madagascar.*

The mining sectors in Zimbabwe and Madagascar make significant contributions to the economy and the countries' gross national product but both countries are struggling economically. Mineral exports account for about 60 per cent of Zimbabwe's export earnings and the mining sector contributes around 16 per cent of national GDP. As the Zimbabwe economy has become more informal, the industrial and artisanal and small-scale miners (ASM) sector has attracted people from all walks of life. Small scale and artisanal miners include teachers, students, who are engaged as part-time miners to earn money to pay for their education, and workers from the farming sector, working in the mines during the dry season when there are no farming activities. Some ASM syndicates operate illegally (meaning they do not have a license to operate, nor do they have a "tribute" agreement from the owners of the mine) in industrial mines that have been abandoned or put under care and maintenance. Corruption is a major problem.

In Madagascar, the mining industry contributed 4.6 per cent of the country's GDP, almost a quarter of total exports and a fifth of total employment. ASM is also important in Madagascar, where it can, and often does, harm the environment and a detrimental effect on the country's rich biodiversity and artisanal gold mining is one of the most important sources of mercury contamination. Poverty and a lack of alternative employment

push informal and illegal miners to exploit deposits in protected areas and one of the challenges with the activity result from the location of most of the mines which overlap with protected areas posing a major biodiversity challenge.

This situation begs for EU support for the two countries to implement the Africa Mining Vision, which both countries are struggling to implement, and its vision of creating transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development through the Eastern and Southern Africa comprehensive Economic Partnership Agreement. Both countries experience enormous problems in this sector, with a focus on the environment in Madagascar and social problems in Zimbabwe.

4.2.3 *Agriculture*

This case study provides an overview of the impact of the interim EPA on three ESA countries: Comoros, Madagascar and Zimbabwe. The agricultural sector is an important contributor to economic growth and job creation across all three countries and an important source of export revenue. While all three countries have experienced growth in agricultural exports to the EU, they face similar challenges in complying with stringent SPS and food safety standards requirements. Agricultural products tend to be exported in their unprocessed format, and there are concerns that a deepened EU-ESA EPA will consolidate these countries' positions as exporters of commodities.

A deepened EU-ESA5 EPA can provide an opportunity to grow the agricultural sectors across all three countries. However, making this a reality will require Comoros, Madagascar and Zimbabwe to address many domestic constraints that arguably, the EPA has little control over. All three countries would require an improvement in existing infrastructure, logistics, simplification of administrative requirements and increased levels of investment. Producers in the OR and OTCs are affected; their interests should be considered.

4.2.4 *Textiles and Garments*

This case study provides an overview of the textiles and garment sectors in Mauritius and Madagascar. It highlights the benefits that the interim Economic EPA has offered both countries in the growth and development of their respective industries. It also identifies key policy developments that intend to leverage the deepened EPA for future growth, improved competitiveness, and investment gains in their countries.

In doing so, the case study highlights Mauritius' plans to become a textile regional hub and to grow their textile industry through greater value-addition, higher use of new technologies and improved competitiveness in EU markets. For Madagascar, the challenges facing the growth of the textile industry is more systemic and rooted in the country's overall economic challenges, such as poor infrastructure, slow customs processes, and complicated administrative requirements. While a deepened EPA can help grow the Malagasy garments and apparel industries, its full impact will be limited if domestic constraints are not simultaneously addressed by the Madagascar government.

In terms of the deepened EPA's impact on EU stakeholders, there did not appear to be great levels of awareness of the interim agreement. For others, while there is a desire to explore new markets, it is important that Mauritian and Madagascan stakeholders implement a deepened export strategy, undertake trade promotion activities, and actively seek investors. Mauritian and Malagasy private sector representatives also indicated their desire for greater networking and peer learning opportunities from their European counterparts.

4.2.5 *Tourism*

While the tourism sector has been recognized as an important sector for growth and development by the governments in all the ESA5 countries, as could be expected from the underlying heterogeneity of the economies, the actual importance and development of the sector differs greatly. Among the group of countries, the economic development trajectory of Mauritius and Seychelles are proof that the tourism sector is a powerful

tool for economic development and that a strong focus on tourism holds the potential to create jobs and to assist in poverty alleviation. Given the right policy, international tourism can offer opportunities for growth in general and for the service sectors in particular, maximizing the contribution of trade in services to development, job creation, and the achievement of the 2030 Agenda for Sustainable Development Goals and Sustainable Development Goals (SDGs).

The deepening of the EU ESA5 EPA is strongly relevant to the tourism industry with regards to trade in services liberalization; attracting FDI through leveraging the Economic Partnership Agreement (EPA) to create investor confidence; promoting the use of international labour standards and labour rights; promoting equality in gender opportunities as well as in promoting internationally acceptable quality controls.

The COVID-19 pandemic, and the measures taken to control the spread of the virus have forced the world to a literal standstill, and the effects have been particularly serious for the tourism sector. According to the African Development Bank (2021) the pandemic induced a 98 per cent drop in number of international tourists arriving to Africa between April and June 2020, compared to the same period in 2019. The recovery of the tourism sector will depend on a number of variables including, but not limited to, how long COVID-19 measures and border restrictions remain in place, when air travel resumes, the tourist's appetite for international travel, and most crucially when COVID-19 vaccines are made widely available across the world in general and in Africa in particular.

5. Policy Recommendations

The different reports of the SIA conclude with a set of policy recommendations on different levels respectively. However, there is a pattern. Regarding implementation, the private sector and potential new investors should be involved more closely in the trade negotiations and social partners. The report concludes that capacity building is critical. ESA5 countries need better coordination of capacity building activities to improve the visibility and flow of information. It has also become obvious that the expectations and knowledge about the interim EPA as well as the current negotiations differ significantly between stakeholders.

The EU can support the capacity building process by identifying weakness and using its own experiences in trade facilitation and improving trade capacities, including governance structures, infrastructure, economic, social and environmental policy as well as private actor participation. In addition, it would be very helpful if the EU acknowledges that aspects taken for granted in the EU are not so clear in the ESA5 countries, as the example of RoO suggests. Throughout the consultation processes it became clear that ESA stakeholders perceive RoO as a major obstacle, regardless of their theoretical clarity and simplicity.

However, there is an important caveat. Any measures by the EU to improve institutions and support capacity building depend on the willingness of ESA governments to commit to reforms; these reforms can only be successful if they are initiated by the African governments; the keyword in this context is ownership. In other word, good legal institutions can be created only by the ESA countries themselves, with the help of the EU, but not initiated by the EU.

5.1 Trade in Goods and Services

Any liberalisation commitments should be pegged to clear development thresholds or benchmarks. Also, negotiations should ensure the mitigation of negative aspects of the EPA. A main negative potential impact of EPAs will possibly be loss of business for domestic producers.

Another key issue is poverty and pro-poor growth, i.e. the development dimension of the negotiations. As reciprocal trade with the EU affects poverty and food security issues, the negotiating partners should consider adaptation mechanisms under the EPA and that several sensitive products are excluded in the agreement, at

least in the medium run. There should also be a closer alignment of the development and trade components of the EPA. Regarding regional aspects of the EPA, negotiators should focus on a further simplification of RoOs as a priority in the negotiations.

Besides, negotiations should take into account the OR and Overseas countries and territories (OCT) economies' heavy dependence on a few sensitive products, and specific measures, such as safeguarding clauses or quotas, could be envisaged as appropriate to ensure that the ORs are not negatively affected in the context of the EPA.

In addition, and as a serious reminder, the EPA presents a litmus test for the African partner countries about the question whether its priority is to promote regional integration. Internal integration is of paramount importance for all African countries because it constitutes the largest market for the African countries and also offers better prospects for industrialization and development of regional value chains. And indeed, the promotion of regional integration is one of the major objectives of the EPA as articulated in the Cotonou Agreement and re-emphasized in the ESA5-EU deep EPA negotiations.

5.1.1 Tuna Fisheries, Mining, Agriculture, Textiles and Garments

In this section, special focus is laid upon the five sectors that have been discussed in case studies, as they are very important for ESA5 countries. From the findings of the case study on **Marine Fisheries**, the following could be concluded in terms of negotiating more robust, equitable, egalitarian and sustainable fisheries agreements between the EU and the ESA states of Comoros, Madagascar, Mauritius and Seychelles.

In the negotiations of the Marine Fisheries Title of the Comprehensive EPA, it is suggested that binding text that relates to a development component specifically for Marine Fisheries is included. The binding text could be in the format of the OECD's four main components of Aid for Trade of mainstreaming and prioritising trade (demand); trade-related projects and programmes (response); enhanced capacity to trade (outcome) and improved trade performance and reduced poverty (impact). The binding text, which would, as much as possible, replace the "best endeavour" text, would be linked to key performance indicators and there would be consequences for non-compliance. For example, modalities to increase the number of joint ventures could be introduced and targets set.

The text of the ESA EPA could be more closely aligned to international conventions such as the United Nations Convention on the Law of the Sea (UNCLOS) or the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (PSMA). Consistent international momentum over the past few years has boosted the number of parties to the agreement, making it increasingly difficult for illegitimate catch to make its way to national and international markets and reducing the incentive for fishing operators to practice illegal, unreported and unregulated fishing (IUU) activities. The seafood industry also plays an important role, because seafood buyers can show preference to ports in countries that have ratified the agreement.

There is a clear link to TSD. Human rights, labour rights, environmental sustainability, and economic sustainability are regarded as cross-cutting areas for marine fisheries so that they are covered, at least as part of recommendations for the negotiations that will affect marine fisheries. The institutional structure of the ESA EPA chapters should be designed to be inclusive, through platforms where civil society can play an advisory role. They would participate in the monitoring of the free trade agreement (FTA) implementation through direct exchanges amongst civil society actors and with governments.

As for **Mining**, it is even more connected to TSD aspects. The EU could support the reform of the legal framework governing the mining sector through providing technical assistance, thereby also supporting the implementation of the OECD Due Diligence on Responsible Mineral Supply Chains in the local legislative framework to ensure responsible and conflict-sensitive due diligence in the gold supply chain. Next, it is important to support civil society organisations engaging with artisanal miners. They should make a special effort to ensure that female miners are welcomed into artisanal miners' organisations. Civil society

organisations could also be enabled to monitor the activities taking place in the mining sector and to be able to quickly highlight and bring to attention such issues as violence and abuse taking place, both in cases where artisanal and small-scale miners are the victims or the perpetrators. Also, they could monitor corrupt practices; the use of child labour and the breaking of the law.

In addition, the EU could assist both Zimbabwe and Madagascar to complete the digital cadastre system that demarcates mining claims. This would go a long way to settle disputes and to make some mining operations legal. It would also be important to support an organisation such as the Chamber of Mines to support the creation of artisanal and small-scale mining cooperatives with the objective to set rules that the sector can be compliant with basic health, safety and labour standards, and offer opportunities for women and to support training and capacity building of the ASM sector.

One of the critical inputs to increasing the sectors' operational capacity lies in widening access to financial resources and services within the sector. There are significant impediments to achieving comprehensive financial inclusion and widening financial options in the ASM sector such as the informal nature of the sector, poor liquidity and difficulties in conducting due diligence and risk assessment on the entities and persons requiring the services. The ability to access a wide range of financial services in a simple and relatable format is a key catalyst for the sectors' formalisation and improved economic integration and ASM sector host governments need to improve their focus on policies that promote and empower partners that already exist within the ASM sector.

As for **Agriculture**, findings from stakeholder consultations reveal the following concerns and recommendations for a deepened EU-ESA EPA. Existing rules of origin could be further simplified to (i) benefit existing producers in the ESA5 countries and new investors in new industries while supporting production diversification, and (ii) contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU. There are requests to enable greater flexibility with regards to cumulation to take place with other African countries parties to other EPAs (i.e. the SADC and EAC EPAs). Stakeholders believe that this will assist less capacitated countries to improve their efforts at value-added production and boost their capacity to meet the quality and quantity requirements in the EU market.

In addition, technical training centres should be implemented to assist ESA5 countries with export promotion, digitalise customs procedures, train on non-tariff barriers and SPS issues, and support the implementation of the World Trade Organisation's (WTO) Trade Facilitation Agreement. If the EPA can assist ESA5 governments with establishing systems that support improved business climates and strengthen compliance with SPS standards, this will enhance producers' ability to grow into commercial farming enterprises. Another way to do this is through building business links between EU importers and ESA5 farmers, which can offer one-on-one support to improve their capacities to meet SPS standards.

There are challenges for some lower-income ESA5 countries (such as Comoros and Madagascar) to facilitate resource and capital mobilisation for private sector investment. It would be worth exploring the potential of establishing financing mechanisms (mixtures of grants and loans) that can promote investment in the agricultural sector in ESA5 countries.

In the field of **textiles and garments**, findings from a wide range of stakeholder consultations reveal the following concerns and recommendations for a deepened EU-ESA5 EPA. Under a deepened EPA, Mauritian and Madagascan stakeholders would like to utilise sourcing of inputs from across the African continent. According to Mauritian stakeholders, this will help support regional value chain (RVC) creation across Africa and support the efforts of the African Continental Free Trade Area (AfCFTA). Promoting RVC creation between Southern and Eastern African countries requires policy harmonisation and coordination and promoting strategy development with inputs from academia and private sector. It also requires ESA countries to address existing infrastructure, logistic and transportation challenges – the foundation for value chain creation. Lastly, value chain creation can be leveraged to increase consumer demand for sustainable and green production, thereby

building competitiveness and encouraging innovation amongst Mauritius and Madagascar's textiles and apparel industries.

It was requested that the development of technical training centres be explored under a deepened EPA that would act as a one stop shop to assist SMEs with information on exporting, meeting EU standards, and other related information. Stakeholders expressed a desire for greater private sector collaboration and networking between EU and ESA5 private sector stakeholders. Creating a matchmaking facility under the auspices of a deepened EU-ESA5 EPA can support Mauritian and Madagascan companies to partner with EU companies can support networking between the parties and further joint investments between the two regions. It was also suggested to support the ESA5 countries as underscored by the development cooperation commitments under the EPA, particularly in meeting the requirements of the TSD chapter. Services and Investment

Negotiators from the EU and individual ESA countries should aim for ambitious provisions on investment liberalisation for all sectors of the economy, except those that should remain closed because of a legitimate national or European public interest, e.g. and security and national defence. Each ESA5 country could develop a National EPA Committee which could develop the trade and development components of the National EPA Plan, based on the commitments made in the comprehensive EPA, and monitor implementation continuously.

To the extent that the investment agreement leads to greater economic growth, there could be increasing environmental pressures. On the other hand, investment, as well as increased trade in services, could lead to structural changes in ESA economies. While the overall impacts would depend on the sectors affected, there could be positive effects in terms of environmental pressures per unit of GDP. Investment could also bring technology and environmental governance that can reduce environmental pressures, also across value chains, though some investors may seek lower costs and lower environmental standards.

Investment could bring social benefits, including increased employment; nonetheless, some enterprises may suffer increased competition, with effects on their employees. Trade in services – including in specific sectors such as telecommunications and finance – could similarly bring employment growth, though domestic enterprises in these sectors could face greater competition.

Deepening the EPA and including trade in services will intensify the economic ties of ESA countries with the EU. This is an important tool towards not only recovery but also building back better. For the Seychelles and Mauritius, this means providing support to reimagining pre-COVID-19 offerings and meet the new demands of international travellers in the post-COVID era. For the tourism sector in Madagascar, Zimbabwe, and Comoros, the EPA can help develop the tourism sector in a way that is both sustainable and potentially instrumental in the economic development of these countries. However, interested countries will need to take clear incentives and insightful policies to make it happen.

ESA5 countries require improved coordination of capacity building activities. The EU can support the capacity building process in all ESA5 countries by identifying weaknesses and using its own institutional experiences in the liberalisation of trade in services and investment, as well as the enforcement of implementation measures. Part of the EU's development budget could be spent on accompanying measures related to the facilitation of investment and trade in services in all ESA5 countries.

5.2 TSD

The analysis of the text proposed by the EU suggests the following provisions could have the greatest impacts in the ESA countries. First, a better implementation of multilateral environmental agreements (MEAs) is necessary. While the five ESA countries have ratified a broad range of MEAs, their implementation varies. This provision – if supported by policy development and capacity building – could strengthen efforts to address illegal trade in endangered species, especially in Madagascar and Zimbabwe, which are particularly rich in

biodiversity. Implementation could also further protect forests, develop new forms of renewable energy to address climate change, and strengthen climate adaptation actions.

Second, multilateral labour standards and agreements require further efforts for their implementation although ESA countries have ratified many International Labour Organisation (ILO) treaties. This provision could – if accompanied by policy development and by capacity building for inspectorates, unions and civil society and enterprises – could help to address key concerns such as child labour (in particular in lower-income ESA countries), improve working conditions. The proposed Article on the promotion of gender equality could lead to strengthening the legal and policy frameworks in ESA countries and thus to improving wage equality, women's participation in the formal workforce and women's conditions of work.

Third, the promotion of responsible supply chain management could lead to legislation promoting corporate social responsibility (CSR) and responsible business conduct (RBC), which in turn could improve the practices of ESA businesses as well as foreign investors. Consequently, this provision could support the other provisions in the TSD Chapter. Greater transparency and greater civil society participation, together with strong monitoring requirements, would support awareness of the EPA and facilitate its implementation by strengthening information actions taken for the other sustainability provisions, as well as the results achieved.

The EU and ESA could consider opportunities to strengthen the provisions in the TSD chapter. These include developing national action plans for its implementation, ensuring links among the different articles, including with CSR/RBC provisions, and establishing strong monitoring requirements.

EU development cooperation will also be valuable to build capacity in ESA countries, support civil society and raise awareness in enterprises. As the countries vary greatly, these measures will need to be tailored to national conditions and kept in EAS5 countries' responsibility. Preparing national implementation plans and related needs assessments can help to pinpoint key areas for development cooperation.

5.3 IPR, Dispute Settlement Mechanism, Government Procurement and Competition

The report concludes with a set of policy recommendations on different levels. It will be important to ensure that social and environmental considerations are maintained and, if possible, promoted in public procurement, as the European experience suggests: the promotion of environmental considerations in procurement plays an important role in EU environmental policy, which for example supports green and circular public procurement in the member states.

The negotiations should also include capacity building/development cooperation focused on enhancing the participation of domestic suppliers as flanking measures. This will also allow ESA governments to achieve a greater value-added (price-performance ratio) for their procurement contracts. To enhance competition, an improved rule of law could lead to an improved business environment which could increase future investment in ESA countries. In addition, increased transparency and greater competition could open markets to EU companies and ESA companies. The EU should engage in development cooperation with governments in ESA countries but should include the business community and civil society from the start in the negotiations and – once the deepened EPA is in force – thereafter.

EU development cooperation funds should be devoted to capacity building in responsible IP authorities and national customs authorities. Development cooperation initiatives on IPRs should involve IP-centric international organisations such as the World Intellectual Property Rights Organization (WIPO), the African Regional Intellectual Property Organization (ARIPO) and the Organisation Africaine de la Propriété Intellectuelle (OAPI), which would contribute to the accumulation of specific knowledge and the creation of an IP level playing field across African countries. These capacity-building efforts could include environmental issues related to IPR, such as implementing the Nagoya Protocol under the Convention on Biological Diversity.

Development cooperation initiatives that focus on institution and capacity building in the field of dispute avoidance and settlement are crucial for the success of the Agreement. Areas for development cooperation should include the training of lawyers on trade and investment liberalisation as well as capacity building for government offices and civil society organisations. Specific trainings on the EPA should include the interaction of dispute settlement provision and other provisions enshrined in international law and other chapters of the EPA, including or provisions on environment, social and gender conditions and human rights, as referred to in its TSD Chapter.

Capacity building initiatives should generally focus on provisions which are expected to generate high economic impacts in ESA countries and at the same time known to be challenging because of vested economic interests and positive economy considerations. These include investments in network industries, investment and trade in financial services as well as unreasonable foreign investment requirements and discriminatory joint venture requirements across industries.

Provision should be made to protect the right of Parties to use selection criteria for public procurement contracts to support environmental, social and human rights policy goals and concerns. Consequently, parties must include assessment criteria relating to the environment, social issues and human rights. Development cooperation should be envisaged to assist ESA countries in developing the efficiency of enforcement practices to ensure that social, environmental and human rights standards are upheld. The deeper EPA should encourage Parties to open their public procurement in sensitive fields such as public health and environmental services while allowing national governments the right to determine the most appropriate national pathways.

5.4 Development Cooperation

It has become obvious that the success of the deepened EPA will be dependent on an interaction of trade policy activities, regulatory reforms in the ESA5 countries and successful development cooperation. Table 1 summarizes the recommendations for successful development cooperation.

Table 1: Overview of recommendations for development cooperation

Issue	Recommendations	Main countries
Biodiversity	<ul style="list-style-type: none"> Strengthen awareness and enforcement of CITES rules Strengthen implementation of the Convention on Biological Diversity, its Nagoya Protocol, and the International Treaty on Plant Genetic Resources 	MAD, ZIM especially
	<ul style="list-style-type: none"> Strengthen legislation and build government institutional capacity to implement MEAs and domestic environmental legislation 	COM, MAD, ZIM especially
Climate	<ul style="list-style-type: none"> Support investments for renewable energy and energy efficiency 	All
Multilateral labour standards	<ul style="list-style-type: none"> Capacity building to strengthen government labour inspectorates Capacity building on occupational safety health (OSH) for trade unions and workers' representatives and enterprise and industry bodies 	COM, MAD, ZIM especially
Gender equality	<ul style="list-style-type: none"> Support for women's groups Support for women in leadership positions, including entrepreneurs 	All

Issue	Recommendations	Main countries
Transparency and civil society participation	<ul style="list-style-type: none"> Strengthen civil society capacity to participate in monitoring of impacts of the EPA on environment and society, including identification of sectors of society that benefit from trade and investment and those that do not Support regular, structured monitoring of implementation of TSD chapter Train ESA lawyers on trade law, including trade and sustainable development Involve civil society and the business community in discussions to plan development cooperation 	All
Trade in goods	<ul style="list-style-type: none"> Capacity building for customs authorities, including on: inspections for CITES and Basel Convention enforcement, and for TBT and SPS requirements Capacity building for veterinary authorities, schools and associations to promote awareness of OIE (World Organisation for Animal Health) standards on animal welfare and of microbial resistance when using pharmaceuticals 	All
Trade in services; investment	<ul style="list-style-type: none"> Support blended finance for projects in key infrastructure areas where there are obstacles for trade and investment Support training and SME capacities for digital services Capacity building for ESA companies to work with EU importers and investors, including in the service sector 	COM, MAD, ZIM especially
	<ul style="list-style-type: none"> Support to identify legal and other barriers to investment and solutions, including in network industries such as telecommunications 	All
Public procurement and competition	<ul style="list-style-type: none"> Capacity building for governments to provide transparent public procurement procedures that support labour standards, environment and human rights Capacity building for public procurement on medical supplies and services, while allowing ESA governments to determine appropriate national pathways 	All
	<ul style="list-style-type: none"> Capacity building for domestic government suppliers facing competition from external suppliers 	COM, MAD, ZIM especially
	<ul style="list-style-type: none"> Capacity building for competition policy and its implementation 	All
Intellectual property rights	<ul style="list-style-type: none"> Support governments by building awareness of international intellectual property regimes Support the development of domestic IPR legislation in line with WTO principles and the capacity of IP authorities and customs authorities to implement and enforcement legislation 	All
Agriculture	<ul style="list-style-type: none"> Support land reform actions to strengthen local rights 	MAD, ZIM especially
	<ul style="list-style-type: none"> Support technical training centres to raise producer capacities on – export promotion and rules, EU sustainability rules and goals (e.g. organic farming and Farm to Fork Strategy), SPS standards 	All

Issue	Recommendations	Main countries
	<ul style="list-style-type: none"> Explore potentials to establish/strengthen agricultural financing mechanisms 	All
Fisheries	<ul style="list-style-type: none"> Support government capacity to sustainably manage ocean resources, enforce international labour standards for fisheries, and fight illegal harvesting Support local, small-scale fisheries and fair and ethical fish trade 	COM, MAD, MAU, SEY
Mining	<ul style="list-style-type: none"> Support governments in the reform of legal frameworks for mining, drawing on international standards such as the OECD Due Diligence on Responsible Mineral Supply Chains Support the creation of artisanal and small-scale mining cooperatives in the formal sector, capacity development for them, and their integration with large-scale mining operations Support civil society organisations, both industry associations and grass-roots bodies, in building technical capacity, including on OSH, and in developing initiatives for transparency of mining activities and traceability of minerals 	MAD, ZIM
Textiles	<ul style="list-style-type: none"> Support technical training centres to assist producers, including SMEs, on export promotion and rules, EU sustainability rules and goals, CSR/RBC 	MAD, MAU especially
Tourism	<ul style="list-style-type: none"> Capacity building for key skills for the sector, including accounting, internet marketing, sustainability and environmental management Promote the adoption of international sustainable tourism standards Support sustainable/eco-tourism and community-based tourism 	All

Source: Based on the SIA reports and the case study reports

As mentioned earlier, development cooperation depends on the African countries' ownership and their leading role in defining the objectives and measures to support their development. If this imperative will be followed, one can expect a positive impact of the deepened EU-ESA5 EPA. If so, the EU-ESA5 EPA will have a good chance to positively contribute to a successful cooperation between the EU and the Eastern and Southern African countries.

Ex-post Evaluation

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Abbreviations

AfCFTA	African Continental Free Trade Area
AFRODAD	African Forum and Network on Debt and Development
AITF	African Infrastructure Trust Fund
ACP	African-Caribbean-Pacific
ACA	Agreement on administrative cooperation
AGOA	African Growth Opportunity
CEACR	Committee of Experts on the Application of Conventions (ILO)
COMESA	Common Market for Eastern and Southern Africa
CGE	Computable general equilibrium
CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species
CSO	Civil Society Organisations
CSR	Corporate Social Responsibility
CPA	Cotonou Partnership Agreement
CTF	Customer and Trade Facilitation
CwA	Compact with Africa
DEVCO	Directorate-General for International Cooperation and Development
DG Trade	Directorate-General for Trade
EALA	East Africa legislative Assembly
EAC	Eastern African Community
EDF	European Development Fund
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
ECDD	Engagement Communautaire pour le Développement Durable
EC	European Commission
EEAS	European External Action Service
EEZ	Exclusive Economic Zones
EIB	European Investment Bank
EP/INTA	European Parliament Committee on International Trade
EBA	Everything-but-Arms
ESA4	Four ESA countries (ESA5 except for Comoros)
ESA5	Five ESA countries
EU	European Union
EUD	EU Delegation
FAO	Food and Agriculture Organisation
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GSP	Generalised System of Preference
GI	Geographical Indications

GTAP	Global Trade Analysis Project
GHG	Green House Gas
HDI	Human Development Index
HHI	Herfindahl-Hirschman Index
IUU	Illegal, unreported and unregulated fishing
IOC	Indian Ocean Commission
IOT	Indian Ocean Tuna Commission
IPR	Intellectual Property Rights
ILO	International Labour Organisation
INRAPE	National Institute of Research in Agriculture and Fisheries
ITC	International Trade Centre
IL	Intervention Logic
IMF	International Monetary Fund
JP	Joint Programming
LDC	Least Developed Country
LSE	London School of Economics and Political Science
MDA	Ministries, Departments and Agencies
MOSC	Maison des Organisations de la Société Civile
MSME	Micro, Small & Medium Enterprises
MFN	Most Favoured Nation
NAO	National Authorising Officer
NEPAC	National EPA Committee
NGO	Non-Governmental Organisation
NIP	National Indicative Plan
NTB	Non-tariff barriers
NTM	Non-tariff measures
OACPS	The Organisation of African, Caribbean and Pacific States
OECD	Organisation for Economic Co-operation and Development
ORs	EU's outermost regions
OCT	Overseas countries and territories
PACJA	Pan African Climate Justice Alliance
PE	Partial Equilibrium
PPPs	Public-private Partnerships
PPP	Purchasing Power Parity
PSR	Product-Specific Rules
PUR	Preference Utilisation Rate
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RECs	Regional Economic Communities
REX	Registered Exporter System
ROSA	Rules of Origin Self-Assessment
RBC	Responsible business conduct
RISM	Regional Integration Support Mechanism
RISP	Regional Integration Support Program
ROM	Result Oriented Monitoring
RoO	Rules of origin

SEATINI	The Southern and Eastern Africa Trade Information and Negotiations Institute
SIDS	Small Island Developing States
SPS	Sanitary and phytosanitary measures
SME	Small and Medium Size Enterprise
SAPSN	Southern Africa People's Solidarity Network
SADC	Southern African Development Community
SFPA	Sustainable Fisheries Partnership Agreement
SITC	Standard International Trade Classification
SOE	State-owned enterprises
SIA	Sustainability Impact Assessment
SDG	Sustainable Development Goals
SDT	Special and Differential Treatment
SFPA	Sustainable Fishery Partnership Agreement
SME	Small and Medium-sized Enterprises
TACB	Technical Assistance and Capacity Building Programmes
TARIC	Integrated Tariff of the European Union
TAXUD	Taxation and Customs
TBT	Technical Barriers to Trade
TCF	Technical Cooperation Facility
TSD	Trade and Sustainable Development
TFA	Trade Facilitation Agreement
TOR	Terms of Reference
UNFCCC	UN Framework Convention on Climate Change
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WEO	World Economic Outlook
WITS	World Integrated Trade Solution
WTO	World Trade Organisation

Executive Summary

In 2007, six countries of the Eastern and Southern Africa (ESA) region¹ (Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe) concluded an interim Economic Partnership Agreement (EPA) with the EU. In 2009, four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) (ESA4) signed the agreement, which has been provisionally applied for these countries since 14 May 2012. Mauritius and Seychelles started liberalising tariffs on the European Union (EU) imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. The EPA foresees consecutive rounds of liberalisation over 10 years and the tariff liberalisation process should conclude in 2022. Comoros signed the agreement in July 2017 and ratified it in January 2019, with entry into force in February 2019. Comoros is, therefore, part of the negotiations to deepen the Agreement.

The interim EPA between the EU and the five ESA partners (ESA5) includes the following chapters: Abolition of EU duties and quotas for imports from these countries; gradually opening EU exports to these countries; a protocol on rules of origin (RoO); provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade, and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes.

The interim EPA has several distinct objectives. First, it aims at the reduction and eventual eradication of poverty. It second shall promote regional integration within the ESA region and shall third promote the gradual integration of the ESA region into the world economy. Fourth, the agreement aims to support structural adjustment in the ESA region. Further objectives are to improve the trade capacity and the regulatory framework for trade and investment in the ESA region. Finally, the agreement aims at strengthening the relations between the partners.

Implementation and Awareness of the interim EPA

Almost all exports of originating goods from Madagascar and Mauritius enter the EU market free of duty and about 97 per cent of originating goods from Seychelles and 96 per cent of Zimbabwe's originating exports enter the EU market free of duties. The preference utilisation rates (PUR) for EU goods entering the markets of Madagascar, Mauritius, Seychelles and Zimbabwe are currently rather low, i.e. between 0 and 63 per cent, with a weighted average of below 10 per cent (See Annex VII: Appendix 1-6).

The stakeholder consultation shows that civil society in Madagascar and Seychelles has low levels of awareness of the interim EPA whereas in Mauritius and Zimbabwe it has high levels of awareness. Civil Society Organisations (CSO) who have higher than average levels of awareness displayed the following characteristics: (1) they work on socio-economic development issues, (2) they were members of Civil Society networks who have played a critical role in raising awareness and building the capacity of their members in research and advocacy on trade and trade-related policies and negotiations, and (3) They are networked with relevant Government Ministries, Departments and Agencies.

RoO

The overall framework governing RoO is based on product-specific rules of origin (PSR), these being wholly obtained rules, an *ad valorem* percentage rule, based on maximum amounts of non-originating materials,

¹ ESA is a diverse EPA group including Indian Ocean islands (Comoros, Madagascar, Mauritius and Seychelles), countries of the Horn of Africa (Djibouti, Ethiopia, Eritrea and Sudan) and some countries of Southern Africa (Malawi, Zambia and Zimbabwe).

change of tariff classification rules and specific working or processing requirements. The ESA4 countries make significant use of the EPA preferences made available to them by the EU. The PUR are close to 100 per cent.

Several challenges remain to be addressed for RoO to further benefit the majority of ESA5 stakeholders: further simplification of RoOs, measures for capacity building in RoOs for the private sector, closer alignment of the development and trade components of the EPA; and involvement of the private sector and potential new investors in trade negotiations, to the extent possible.

Analysis of Trade Flows

The analysis of trade flows the authors of this study have conducted accounts for the fact that individual partner countries' tariff liberalisation processes started at different points in time. Mauritius and Seychelles started liberalising in 2013, and Madagascar and Zimbabwe in 2016 and 2017 respectively.

ESA4 countries' goods exports to the EU followed different trends in the period 2009 to 2019 including the period that followed 2012. Exports from Madagascar to the EU show an upward trend following the year 2012. Goods exports from Seychelles remained relatively stable, while exports from Mauritius and Zimbabwe slightly declined. ESA4 countries' goods imports from the EU follow different trends for the period 2009 to 2019. Diverging trends also emerge for the period that followed the elimination of import tariffs by ESA4 countries. Total EU goods exports to Madagascar and Mauritius significantly increased after the beginning of the tariff liberalisation process. Total EU goods exports to the Seychelles and Zimbabwe remained largely unchanged after 2013 and 2017 respectively.

EU27-ESA4 investment stocks have increased significantly. In 2018, stocks of EU foreign direct investment (FDI) in ESA4 countries amounted to a total of 17.1 billion EUR (as compared to 13.1 billion EUR in 2014). Individually, Mauritius accounted for by far the largest part with 15.7 billion EUR alone. Seychelles' part amounted to 778 million EUR, while the respective figures were 366 million EUR for Zimbabwe and 268 million EUR for Madagascar. ESA4 FDI stocks in the EU amounted to 10.3 million EUR in 2018. This also constitutes a significant increase compared to 2014 when FDI stocks amounted to 6.3 million EUR only.

Economic Impacts

The European Commission's Directorate-General (DG) Trade undertook a set of modelling exercises based on a computable general equilibrium (CGE) model (for Madagascar, Mauritius and Zimbabwe) and a partial equilibrium (PE) model (for Seychelles; due to data limitations).

Both models indicate that ESA4 countries benefit from the EPA with the EU in terms of higher trade volumes. Increased specialisation and improvements in the international division of labour cause a reallocation of domestic productive resources (labour and capital) to more productive uses, which causes domestic production to rise in ESA4 countries, reflected by increases in these countries' real gross domestic product (GDP) (with EU GDP remaining largely unchanged). With an EPA, EU total exports to Madagascar, Mauritius and Zimbabwe are estimated to be 30% higher, 32% higher and 8% higher respectively. The PE model results indicate that the EPA contributes to rising EU exports to Seychelles. Madagascar's exports to the EU would largely remain unchanged in absence of the EPA. Total EU imports from Madagascar are estimated to be 2% higher with the EPA. By contrast, EU imports from Mauritius are estimated to be 93% higher and imports from Zimbabwe are estimated to be 18% higher with an EPA in place.

In addition, the interim EPA has had limited impacts on the EU's outermost regions and overseas countries and territories, especially those in proximity to ESA4 countries, in different ways. As concerns trade diversion at the expense of least developed countries (LDCs), goods and services exports to the EU are hardly affected by the EPA; we looked specifically at Mayotte and La Réunion.

These numbers are generally mirrored by the estimates computed for the countries' overall economic activity (economic output, GDP). Importantly, no ESA5 country experiences a reduction in aggregate economic output, which indicates that the EPA with the EU contributes to growth in ESA countries overall economic activity. Due to its economic size, for the EU the impact of the EPA on overall economic output is overall negligible (but positive). The impacts of the interim EPA on wages are generally negligible, except for Mauritius.

Empirical EU-ESA4 trade data suggest that after the implementation of the interim EPA specialisation increased for commodities in which ESA4 countries have an international competitive advantage. This can also be observed for ESA4 goods exports to regional trade blocs such as notably Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA).

Social, Gender, Human Rights and Environmental Impacts of the Interim EPA

The review of the evidence gathered so far indicates that the interim EPA overall has not had major impacts on environmental, social conditions, gender and human rights conditions in ESA5 countries. Concerning environmental impacts related to the interim EPA, these mainly appear linked to the scale of EU exports. Major structural effects linked to a potential diversification of exports have not been identified.

The review of major exporting sectors has identified important ongoing environmental, social, gender and human rights concerns. These include concerns over social conditions in agricultural sectors with major exports to the EU. Low salaries and instances of child labour are not specifically a result of trade with the EU but these issues are a concern for sectors exporting to the EU. Concerns over labour conditions have been raised in manufacturing, in which women appear to be more adversely affected. Increased production can also increase water consumption and water pollution. In Madagascar and Zimbabwe, there are strong social, human rights and environmental concerns linked to mining.

The ESA5 countries have made some policy and institutional reforms: while progress and actions have varied, there have been improvements in governance. The EU has provided support in several areas through its development cooperation, though strong links between national reforms, EU development cooperation, the Agreement itself and environmental, social and human rights conditions were unsurprisingly not found. In sum, social, gender and human rights concerns in these sectors have continued during the implementation of the interim EPA, indicating key areas where further policy action is needed.

Development cooperation

To specify and operationalize the general objectives of the interim EPA, the EPA includes multiple references to cooperation and development assistance. The partners have also developed a toolkit labelled Development Matrix to define key areas, objectives and illustrative activities. The development assistance to ESA5 nations was designed to help implement the interim EPA takes place mainly within the framework of the European Development Fund (EDF). The two relevant EDFs to be considered for the evaluation within the EU-ESA interim EPA are the 10th programme (lasting from 2008-2013, and the 11th EDF (2014-2020). The EU is supporting the ESA5-countries in the framework of different bilateral and other programmes, mostly organized in regional clusters, mirroring the Regional Economic Communities (RECs). Finally, each of the ESA5 countries received a grant of 10 million EUR (Comoros: 6 million EUR) for the implementation of the EPA in 2020.

The European Commission introduced criteria for an assessment of the individual programmes' impact on ESA5 countries. Among them, relevance, effectiveness, efficiency and influence concerning governance are central. Although it is not trivial to exactly assess the effectiveness and, therefore, judge the overall impact of the EU's development assistance to ESA5 countries in the process of implementation of the

EU-ESA5 interim EPA, it can generally be seen as positive. According to the existing evaluations, the different projects and programmes have increased the ability of ESA5 countries to make use of the interim EPA. Problems include the lack of ownership and governance issues on the side of the ESA5 governments and a deficit in the targeting of the measures on the EU's side. Mauritius seems to be an exception that made very good use of the support.

Conclusion

The ex-post evaluation shows that – despite the difficulties to establish robust causal empirical relations – the interim EPA has helped to meet its objectives, albeit rather slowly and dependent on the EU partner countries' efforts. Poverty reduction still needs time; before the Covid 19 pandemic, progress could be observed. The promotion of regional integration within the ESA region and with the EU has intensified. However, the gradual integration of the ESA region into the world economy cannot be directly traced back to interim EPA. Trade capacity and the regulatory framework for trade and investment in the ESA region could be partly enhanced. The awareness in the civil society and business communities could be raised. There are still open questions, which concern foremost sustainability issues and governance problems in ESA5 countries.

1. Introduction and Methodology

1.1 Objective of the study and ex-post report

The objective of the Sustainability Impact Assessment is to estimate possible impacts of a deepening of the EPA between the EU and the ESA5 countries. However, to be able to assess future impacts of further liberalisation, it is likewise necessary to understand the impacts thus far. Therefore, the scope of this study includes a mini ex-post evaluation of the EPA to review impacts across all areas of the Agreement (EU Member states as well as the ESA5 countries, including where possible data in Comoros), which are inter-related and crucial for understanding the economic, human rights, social aspects, environmental (including climate), and development cooperation impacts of the current agreement by way of secondary and primary data collection and analysis. The Ex-post Evaluation Report is structured as follows: after this brief introduction, we assess the implementation of the EPA (Task 6); RoO (Task 7); analysis of trade and investment flows (Task 8); economic, social, human rights and environmental impact of the EPA (Task 9, which we have split into two chapters); horizontal effects on governance and the business environment (Task 9); development cooperation (Task 10) and conclusions (Task 11). We also enclose several annexes, which provide more granular information for each subject.

1.2 Introduction to the existing EPA between the EU and ESA

In 2007, six countries of the ESA region² (Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe) concluded an interim EPA with the EU. In 2009, four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the agreement, which has been provisionally applied for these countries since 14 May 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. The EPA foresees consecutive rounds of liberalisation over 10 years. In principle, the tariff liberalisation process should conclude in 2022. Comoros signed the agreement in July 2017 and ratified it in January 2019, with entry into force in February 2019. Comoros now forms part of the negotiations to deepen the Agreement. The interim EPA between the EU



Figure 1: Map of ESA5 countries

Source: European Commission, 2020

and the ESA5 countries includes the following chapters: Abolition of EU duties and quotas for imports from these countries; gradually opening up EU exports to these countries; a protocol on RoOs; provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade, and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes.

1.3 Approach to ex-post evaluation

The ex-post evaluation provides answers to the following evaluation questions:

- a) *To what extent have the objectives of the existing interim EPA been achieved?*
- b) *Which sectors, activities, groups or countries in ESA4 have benefited most as a result of the EPA and which ones have incurred losses due to the EPA? (related to task 11)*

² ESA is a diverse EPA group including Indian Ocean islands (Comoros, Madagascar, Mauritius and Seychelles), countries of the Horn of Africa (Djibouti, Ethiopia, Eritrea and Sudan) and some countries of Southern Africa (Malawi, Zambia and Zimbabwe).

- c) *Has the EPA with ESA4 given rise to unintended consequences? (related to task 11)*
- d) *What are the shortcomings of the existing EPA that need to be addressed in the deepening negotiations?*
- e) *What good practices and lessons learned on EPA implementation on both the ESA4 and the EU side?*

In addition, the ex-post evaluation establishes the baseline for the following SIA, as it assesses the agreement to date, and analyses qualitatively and quantitatively the main impacts:

- **Economic impacts:** development of bilateral and overall trade between the EU and ESA4, impact on economic growth, economic diversification and poverty reduction, fostering of foreign investment, fiscal effects (budgetary effects, reduction of dependence on tariff revenues and revenue diversification);
- **Social impacts** (disaggregated by gender, when possible): job creation, level of employment, wages, inequality, winners and losers, poverty reduction, labour rights, labour standards, working conditions, impacts on women and vulnerable groups, effects on respect of basic human rights;
- **Gender impacts:** effects on women's economic empowerment, employment and welfare, gender equality;
- **Impacts on environment and climate:** impacts on greenhouse emissions, air quality, land use, energy efficiency, forestry, biodiversity, water protection, etc, as well as animal welfare;
- **Impacts on governance and business environment:** overall impacts on aspects of governance and business environment;
- **Impacts on consumers:** effects on consumer prices and safety in ESA4, effects on product variety and product quality;
- **Effects on regional integration and third parties:** effects on regional integration in the ESA region, under e.g. COMESA, SADC or African Continental Free Trade Area (AfCFTA), effects on EU's outermost regions and Least Developed Countries.

To assess the economic impact of the Agreement, the study will rely (partly) on economic modelling in the form of General and Partial Equilibrium Analysis:

In addition to the other tools outlined in Annex III, the analysis is based on a set of modelling exercises which the European Commission's DG Trade undertook – based on a CGE model (for Madagascar, Mauritius and Zimbabwe) and a PE model (for Seychelles; due to data limitations). The models applied account for the dismantling of tariffs for the EU's ESA partner countries. The CGE model output includes changes in trade flows and domestic output for various product groups and services sectors, changes in aggregate GDP as well as the relative impact on welfare, prices and wages at the macroeconomic level. The PE model output does not include macroeconomic effects, i.e. it does not provide estimates for GDP, wages and the aggregate price level. The modelling provides estimates for the impact of the EPA on trade flows and other economic variables against the counterfactual of not having an agreement in place. The baseline underlying the counterfactual includes most favoured nation (MFN) tariffs on the side of ESA countries and Generalised System of Preference (GSP), EBA or MFN tariffs on the EU side.³ The following descriptions of the models' calibration are based on DG Trade's internal analysis.

³ MFN tariffs depend on development level of each of the countries.

2. Implementation of the EPA

2.1 Interim EPA: principles of the Agreement

The principles of the Agreement, which constitute the basis for further negotiations between the Parties to reach a comprehensive EPA, are outlined in Article 4 of the interim Agreement legal text and include the following principles:

2.1.1 Building on the acquis of the Cotonou Agreement

The Cotonou Partnership Agreement (CPA) is a comprehensive agreement between the EU and the African, Caribbean and Pacific (ACP) countries, signed in Cotonou on 23 June 2000. EPAs build on the acquis of the development cooperation, economic and trade cooperation, and political dimension of the CPA.

Under the development cooperation pillar of the interim EPA, through the EDF, €10 million in project financing to each of the ESA5 countries, to assist with the implementation of the interim EPA. These resources have been used to improve and strengthen trade facilitation measures and instruments in general, such as the National Economic Licensing System in Mauritius and the project that aims to boost Seychelles' exports by encouraging economic diversification, production of higher value products and exploitation of niche markets.

The EU, through the EDF, has also financed aid-for-trade projects and programmes in the ESA5 countries that are not directly dedicated to taking advantage of the EPA.⁴

Negotiations of the EPA have strengthened the dialogue between the ESA5 and the EU and are viewed, in general, by the ESA5 countries as strengthening economic and trade cooperation between them and the EU. **There has been no political dialogue under the auspices of the interim EPA** although there has been political dialogue between the individual ESA5 countries and through SADC under the CPA.

Box 1: The Cotonou Agreement

The CPA was adopted in 2000, to be in place for 20 years, and replaced the 1975 Lomé Convention. It is based on three pillars:

- development cooperation
- economic and trade cooperation
- political dimension

The CPA was due to expire in February 2020 but has been extended, by mutual agreement, until 30 November 2021, unless the new partnership agreement between the EU and the ACP countries is provisionally applied or enters into force before that date.

The EU and the Organisation of African, Caribbean and Pacific States (OACPS) reached a political deal on a new agreement that succeeds the Cotonou Partnership Agreement on 3rd December 2020. The new "post-Cotonou" agreement, which was initialled on 15th April 2021, covers the following priority areas:

- democracy and human rights
- sustainable economic growth and development
- climate change
- human and social development
- peace and security
- migration and mobility

The agreement will include a common foundation at ACP level combined with three regional protocols for Africa, the Caribbean and the Pacific with a focus on the regions' specific needs.

⁴ See Chapter 8 in this Report.

2.1.2 Strengthening regional integration in the ESA region

EPAs have, as one of their pillars, economic and trade cooperation. In terms of trade cooperation, the CPA, with its non-reciprocal market access arrangements, are being replaced with regional EPAs, with reciprocal market access arrangements as stipulated under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994.

The underlying theory behind the economic and trade pillar is that implementing a rules-based, predictable, free trade agreement between the Parties of the EU-ESA EPA would be one of several factors to attract direct investment into the productive sectors of the EPA countries, with these investors keen to take advantage of the preferential market access being offered under the EPA. Although there has been direct investment into the productive economies of the ESA countries, and although trade between the ESA5 and the EU has increased, the levels of direct investment, and the levels of increased trade, has not been significant enough to have a marked impact on poverty reduction or job creation. It should be recognised that implementation of the tariff reduction schedule is still ongoing, so the full effects of the market access component of the EPA are yet to be realised. However, this notwithstanding, there have been challenges and shortfalls in the implementation of the interim EPA that have started to be addressed under the interim EPA or will be addressed in the implementation of the full EPA.

One specific challenge faced by the ESA countries is whether they can use EPAs to deepen regional integration or whether EPAs will further complicate the regional trading arrangements already in place. Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe are all members of the COMESA and SADC and are also signatories to the AfCFTA. **The ESA5 countries, therefore, already belong to two overlapping regional trade agreements and an overlapping continental free trade agreement, each with different modalities and procedures.** This complicates trading arrangements for ESA importers and exporters. For example, in any preferential trade agreement, RoO need to be in place to avoid, as much as possible, trade diversion and trade deflection. The challenge, therefore, is not that there are RoO in place, but that ESA5 traders will need to familiarise themselves with four different RoO (COMESA, SADC, AfCFTA and EU-ESA EPA) if they are to take advantages of preferences offered. RoO are not always easy to understand, and sometimes difficult to comply with (see the Chapter on RoO for a detailed discussion on the implementation of RoO). If the ESA5 traders do not understand how to comply with the RoO, or the cost of compliance is considered greater than the MFN tariff, then traders will opt to trade with other COMESA, SADC, African and EU countries under MFN conditions.

The interim EPA has assisted with regional integration in that it has:

- **provided the possibility for cumulation**⁵ both with other ESA states and, with other ESA states and with other ACP countries party to regional agreements, such as COMESA and SADC countries or other ACP countries.
- **allowed ESA States to maintain regional preferences** among themselves and with other African countries and regions without the obligation to extend them to the EU. This is an extremely important provision, especially in the context of the AfCFTA and the COMESA and SADC FTAs.

2.1.3 Asymmetry, Special and Differential Treatment and Variable Geometry

Article XXIV of GATT stipulates that restrictions should be lifted on 'substantially all trade' in a free trade agreement. **The EU has taken a very liberal interpretation on what constitutes "substantially all trade" and, by doing so, has maintained asymmetry in the EU-ESA EPA while still being in full compliance with Article XXIV of GATT.** The extent to which trade is liberalised between Parties entering into a free trade

⁵ Provided the administrative requirements are fulfilled, including the conclusion of adequate arrangements on administrative cooperation and its notification in the EU, in accordance with provisions of Protocol 1.

agreement can be determined by the number of tariff lines on which preferences are given or by the value of trade liberalised. The EU's interpretation of Article XXIV is that an FTA should entail liberalisation of 90 per cent of the total value of trade among the parties. The 90 per cent threshold is the average of total trade between the partners, allowing for an asymmetrical approach to liberalisation. In the EU-ESA EPA context, as the EU is liberalising 100 per cent of its trade, ESA countries could, if they so wished, liberalise a maximum of 80 per cent of their trade, so 90 per cent of total trade is liberalised between the Parties. *De facto*, by this liberal interpretation, the EU is allowing up to 20 per cent of the total value of trade between the two countries to be non-reciprocal trade and allowing ESA countries to protect products they consider to be sensitive, but to do this within the provisions of Article XXIV of GATT.

In addition, the EU has allowed a long adjustment period, allowing the ESA countries until 2022 to fully implement the agreed tariff adjustment schedule. As the EU has maintained duty-free quota-free market access from the CPA into the EPA, this has also introduced an element of asymmetry.

Special and Differential Treatment (SDT) for the ESA LDCs is to be provided to take account of the vulnerability of small landlocked and island countries, including the level and pace of trade liberalisation. The countries that make up the ESA5 have different phase-down schedules, although all need to complete the phase-down schedules by 2022, and different percentages of tariff lines that are liberalised, reflecting SDT being applied. The interim EPA allows variable geometry in that it allows an ESA State in a position to do so to undertake liberalisation within an earlier timeframe and schedule.

The interim EPA provides for inclusiveness of application of development cooperation provisions such that ESA LDCs not in a position to conclude a tariff offer should be able to benefit from all aspects of the EPA. Given that the provisions for economic and development cooperation are in the CPA and the associated EDF, ACP members can benefit from economic and development cooperation, whether or not they are implementing an EPA.

2.1.4 Late Entry

The interim EPA allows ESA LDCs that have not yet submitted tariff reduction offers to do so after the signature of the interim Agreement on the same or flexible conditions and to benefit fully from its provisions. Although these provisions existed in the interim EPA, Zambia, which was part of the original interim EPA negotiations, did not take advantage of the provision as it has not submitted a tariff liberalisation schedule under the EPA. It would seem appropriate to maintain the same provision in the comprehensive EPA so that a member of the ESA grouping could join the EPA but this would have to be done by the new member accepting all conditions of the comprehensive EPA and an immediate tariff phase-down if the country joined the EPA after 2022, meaning that the new entrant would not be able to renegotiate any of the terms of the comprehensive EPA.⁶

2.2 Market Access

2.2.1 Implementation of market access commitments by the EU

The EU has reduced all tariffs to zero on goods that are classified under the EU-ESA EPA as originating from the ESA EPA countries. In introducing the EPAs, the the RoO relating to fishing in that there is no longer a provision on the nationality of the crew were changed. The EU has carried over its market access provisions from the Cotonou Partnership Agreement but, especially under RoO.

As well as the changes introduced in the concept of originating products, other changes include:

⁶ This will be addressed further in the SIA report

- Allowing for ‘accounting segregation’ for materials. Accounting segregation determines how non-originating and originating fungible materials should be tracked (accounted for) when both types are stored together. It allows both types of materials to be tracked not through physical identification and separation but based on an accounting or inventory management system.
- Replacing the provision on ‘direct transport’ by a rule on ‘non-alteration’, which is advantageous to small island countries and land-locked countries as these countries will have difficulty in having direct transport routes to Europe, for example, as logistics will almost certainly involve transport to a hub in a third country and transport on from there. The inclusion of the non-alteration rule could contribute, in a significant way, to trade facilitation between ESA countries and the EU and could be considered best practice in implementing preferential RoO.
- An amendment that allows an ESA country or the EU, or both, to move to self-certification by registered exporters as proof of origin. This option must be activated through a notification to the Customs Cooperation Committee. The EU has activated this clause and has been implementing the Registered Exporter Scheme (REX) since the 1st of September 2020 and in accordance with the EU legislation. The ESA countries have the option of using the Registered Exporter Scheme (REX) as well.

The EU has also supported improved market access, not just in the ESA5 countries, but in all ACP countries through financing Aid-for-Trade programmes that specifically target customs reform and capacity building, removal of non-tariff barriers, and improvements in trade and transport logistics, especially along transport and transit corridors.

Other measures that have been introduced by the EU that have improved the trade environment with the ESA EPA countries include the cessation of export subsidies on all products exported to EPA countries (since 2014); measures with production and trade-distorting effects minimised and the introduction of measures that are designed to protect ESA5 industry from sudden import surges from Europe. The EPA has also included cooperation on technical barriers to trade and in trading and consumer standards in mainly food – animal and plant health.

The EU is considered to be in full compliance with its EPA market access commitments.

2.2.2 *Implementation of market access commitments by the ESA5 states*

In 2009 Mauritius, Seychelles, Zimbabwe and Madagascar signed the interim EPA and the Agreement has been provisionally applied since 14 May 2012. Comoros has provisionally applied the EPA since 7 February 2019.

The main market access commitments and obligations for the ESA EPA countries of the Agreement, in legal terms, are outlined in Chapter II (Trade Regime for Goods), Article 5 through to Article 24 of the Official Journal of the EU (L111 of 24 April 2012) and Annexes.

ESA countries have committed, by 2022, to phase out duties partially, in line with their individual schedules annexed to the interim EPA, as follows:

- **Madagascar** is to liberalise 81 per cent of EU imports
- **Mauritius** is to liberalise 96 per cent of EU imports
- **Seychelles** is to liberalise 98 per cent of EU imports
- **Zimbabwe** is to liberalise 80 per cent of EU imports. Following negotiations and agreement with the EU, Zimbabwe revised its tariff liberalisation schedule but maintained the end date of tariff liberalisation as 2022.

Sensitive products, which make up 19 per cent of Madagascar's imports from the EU, 4 per cent of Mauritius's imports from the EU, 2 per cent of Seychelles' imports from the EU and 20 per cent of Zimbabwe's imports from the EU, are completely excluded from liberalisation. Main exclusions from liberalisation include:

- **Madagascar:** meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture.
- **Mauritius:** live animals and meat, edible products of animal origin, fats, edible preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron & steel and consumer electronic goods
- **Seychelles:** meat, fisheries, beverages, tobacco, leather articles, glass and ceramics products and vehicles
- **Zimbabwe:** products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronics and vehicles.

The ESA EPA countries have, as yet not adopted self-certification by registered exporters as proof of origin so to qualify for preferential duty rates, products originating in ESA countries must be accompanied by a proof of origin, which remains valid for 10 months, and can be either:

- A Movement Certificate EUR.1 - issued by the customs authorities of the ESA exporting country and supported by documents proving the originating status of the products concerned on request and fulfil the other requirements of the RoO Protocol.
- An invoice declaration – issued by an ESA exporter for consignments valued at €6,000 or less, or by approved exporters, for consignments of any value.

ESA countries have, by and large, complied with selected commitments, meaning the ESA4 (Comoros has just started the process) have complied with commitments where there is a clear process that needs to be committed to, under Chapter II of the interim EPA Agreement.

2.3 Levels of Awareness

During the study, CSOs, Government Officials, national trade promotion agencies, national Revenue Authorities, national Chambers of Commerce, Trade and Industry and private sector companies were interviewed to get an understanding of the levels of awareness faced by ESA5 economic operators in implementing the interim EPA.

The level of awareness of the interim EPA varies by country and by government authority and within the private sector and industry. In all ESA5 countries the level of awareness of government officials in economic ministries, such as ministries dealing with trade, industry, finance and agriculture, are reported to be high. The government officials are aware of the EPA and are also familiar with the processes and procedures that need to be complied with to get preferential market access to the EU market under the interim EPA. It is reported that other government ministry officials usually do not have a high level of awareness of the ESA EPA, but this is not considered to be a challenge as these non-economic ministries are not mainstreamed into the trade agenda.⁷

⁷ There has been a discussion on whether other government departments should be involved to ensure compliance with labour and human rights components of the EPA but as the EPA provisions do not go beyond other international commitments made by the ESA5 countries on labour and human rights, there is no apparent reason for these ministries and government agencies to focus specifically on these provisions in the EPA.

Ministries and agencies addressing small and medium-sized enterprises issues were reported as not being specifically aware of the provisions of the EPA. In discussions with ESA5 government officials and trade promotion agencies, it was pointed out that enterprises that are classified as SMEs in the ESA5 countries are usually too small to compete in the EU market. Thus, a low level of awareness amongst SMEs and those in government working with SMEs is also not a major challenge to the implementation of the EPA. SMEs are not able to benefit from economies of scale to participate in global supply chains or have the resources to comply with EPA requirements.

There is an increasing interest in EPA negotiations by civil society in Zimbabwe, Madagascar, Mauritius and Seychelles. Whereas Zimbabwe still leads in the number of CSOs following the negotiations, there has been an impressive rise in the number of CSOs from Madagascar and Seychelles engaged in EPA negotiations. This was observed from the frequency of articles and blogs on the negotiations published by the CSOs,⁸ self-organised national consultative meetings on EPA negotiations,⁹ and the incorporation of a trade agenda by CSOs in their strategic plans and work plans. CSOs who have higher than average levels of awareness displayed the following characteristics.¹⁰

- They work on socio-economic development issues including trade; investment; intellectual property; human rights; environment; climate change, debt and agriculture as part of their mandates.
- They were members of Civil Society networks such as Africa Trade Network; AFRODAD; Economic Justice Network; Pan African Climate Justice Alliance (PACJA) and Third World Network-Africa, who have played a critical role in raising awareness and building the capacity of their members in research and advocacy on trade and trade-related policies and negotiations.
- They are networked with relevant Government Ministries, Departments and Agencies (MDAs) including Ministries of Trade, Agriculture, Foreign Affairs and the Revenue Authorities. Some of the CSOs, such as the Zimbabwe Council of Churches, are reported to be periodically consulted on EPA implementation.

⁸ See the following links to some knowledge products on EPA Negotiations that respondents quoted: Zimbabwe CSOs Statement on Europe's unfair trade deals: Link: <https://equinetafrica.org/newsletter/id/32225>, EPA update for the African, Caribbean And Pacific (ACP) group link: <http://ictsd.org/i/news/tni/110497/>, Updating on the EPA Negotiations EU ESA Group Link: <http://aefjn.org/en/updating-on-the-epa-negotiations-eu-esa-group/>, ESA CSO Statement on the EPA. Link: <https://www.equinetafrica.org/sites/default/files/uploads/documents/ESAtrade020607.pdf>, EU-Eastern and Southern Africa EPA faces collapse. Link: <https://www.bilaterals.org/?eu-eastern-and-southern-africa-epa>, Seychelles hosts meeting with EU, African states on economic partnership. Link: <https://www.bilaterals.org/?seychelles-hosts-meeting-with-eu>, Protecting public health and equitable health services in the services negotiations of the EU-ESA Economic Partnership Agreements. Link: <https://www.equinetafrica.org/sites/default/files/uploads/documents/DIST2EPAservices.pdf>, From Antagonism to Re-engagement: Zimbabwe's Trade Negotiations. Link: https://books.google.co.ug/books?id=C-kvDwAAQBAJ&pg=PA4&jpg=PA4&dq=ESA-EU+EPA+negotiations+AFRODAD&source=bl&ots=nq-DjSyCAf&sig=ACfU3U0VXIQL4t-v7w4fmYU4HgRYYLMLg&hl=en&sa=X&ved=2ahUKewi8tpS_uZvwAhXx7OAKHThMcr4Q6AEwChOECAUQA#wv=onepage&q=ESA-EU%20EPA%20negotiations%20AFRODAD&f=false.

⁹ Interviews conducted revealed that 16 Civil Society Organizations have and periodically organize meetings on EPA negotiations in order to understand the state of play, generate positions and support their Countries to engage in EPA Negotiations and implementation of the interim EPA. These include: : ZimTrade; Zimbabwe Council of Churches; National Women Entrepreneur Council-Mauritius; Citizens Engagement Platform Seychelles; Green Islands Foundation-Seychelles; Centre for Rights and Development-Seychelles; Seychelles Farmers Association; Plateforme Nationale de la Societe Civile Malgache; Malagasy Syndicate of Organic Agriculture (SYMABIO); Environmental Protection and Conservation Organisation (EPCO)-Mauritius; Civil Society Forum-Mauritius; African Forum and Network on Debt and Development; SADAC Council NGO; Zimbabwe Coalition of Debt and Development; Zimbabwe Smallholder Organic Farmers' Forum (ZIMSOFF); Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)-Zimbabwe; and EQUINET Africa. These also reveal that they have since revised their respective Organisational Strategic Plans to add aspects of Trade Justice and EPA negotiations.

¹⁰ The fact that no CSOs registered to participate in the recently concluded EPA Civil Society Dialogue on the negotiations to deepen the EU-ESA5 EPA, is probably best explained by the fact that the Civil Society Dialogues organised by DG Trade targets the European civil society, so it is not really surprising that there were no CSOs from ESA participating.

Access to information on EPAs comes from many sources but mainly from the internet and websites such as the EU's expansive website(s); ESA5 government websites, including national trade portals and the websites of trade promotion agencies, Bilaterals.org, SEATINI Zimbabwe, Economic Justice Network and Third World Network Africa. Many of the ESA5 government websites give access to the legal text of the EPA as published in the EU's official Journal. There is also a rich source of information and interpretation of EPA provisions in research and consultancy reports. Many of these reports have been prepared using EU resources.

Trade promotion agencies and the private export sector are very aware of EPA provisions and how to benefit from EU preferential market access. The trade promotion agencies actively promote the EPA and assistance is provided through the trade promotion agencies to the export sector to strengthen the export sector in ways that allow them to benefit from EU market access preferences. Numerous examples were given by the national trade promotion agencies of assistance provided through the EU (EDF), or EU member states through bilateral aid, to specific sectors and specific industries. This assistance is targeted to improve competitiveness, such as how to reduce costs of production or improve packaging, and to ensure compliance with EU market access regulations, such as TBT and SPS. This indicates a high level of awareness of the EPA by government officials (as they need to apply for this assistance), of trade promotion agencies (as they need to be involved in the project itself) and the productive sector or industry (the ultimate beneficiary).

2.4 Main Obstacles and Challenges to Implementation

The main obstacles and challenges to implementation of the ESA interim EPA include the following:

2.4.1 *Mitigating tariff loss*

One of the negative aspects of a free trade agreement, at least at the start of implementation, is the tariff loss that takes place because of the introduction of duty-free market access on products that, before the introduction of the free trade area, were dutiable. This is especially the case when countries are heavily dependent on trade taxes to finance the governments' budgets, which is the case for most of the ESA countries. Although it is recognised that the introduction of an FTA will cause tariff losses, there may not be an overall loss to the fiscus as tariff losses can be, and often are, compensated through higher compliance levels and other taxes (such as VAT) coming into play. However, the challenge for ESA5 countries is the immediate impact of tariff reductions on government revenue and the associated delay (lag) in other factors that will compensate for the tariff loss and how to manage the budget in the lag period with reduced revenue streams. The EPA process mitigates a sharp revenue fall because of tariff loss by allowing a long phase-down period – in the ESA EPA case the adjustment period is 10 years, but some countries, Zimbabwe being a case in point, have had difficulties in sequencing their tariff phase-down process.

2.4.2 *Compliance challenges*

The ESA5 private sector companies, including SMEs, find it difficult to take advantage of opportunities presented through the EPA because of quality constraints, costs of production and costs of logistics. The business sector in the ESA5 is not strategically positioned to meaningfully export to the European market and, with business capacity utilisation dropping to about 27 per cent because of the effects of COVID-19, this position can only get worse. Companies reported difficulties in complying with EU Standards and SPS measures, including the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation that has become extremely costly for SMEs in terms of compliance costs.¹¹ Private standards also constitute an additional barrier to the private sector and SMEs in ESA5 to access the EU Market.

¹¹ No specific figures were reported by stakeholders during the interviews.

2.4.3 *Low levels of investment*

One of the expected outcomes of the EPA process was to attract higher levels of investment into the productive sectors of the ESA EPA countries, with the investors taking advantage of improved market access conditions into the EU market. However, although there has been investment taking place, this is not at the level that has been expected. The main reason for this cannot be addressed through the EPA but would need improvements in governance, reduction in non-tariff barriers, full compliance with the WTO's Trade Facilitation Agreement, and, generally, a more stable investment climate in the ESA5 countries.

2.4.4 *Low levels of cumulation*

The EPA allows for cumulation with other ESA5 countries and the EU and, through the signing of an Administrative Cooperation Agreement, with countries within the same Trade Agreement region. Cumulation allows producers to comply with RoO, and so benefit from preferential market access provisions into the EU and other ESA EPA countries by switching from suppliers of intermediate goods in third countries to suppliers in countries with which the country the producer is located can cumulate with. The low levels of cumulation in the ESA EPA countries could be because other ESA EPA countries do not produce the required intermediate goods, or because it is too expensive to import intermediate goods from the EU, or because the required intermediate goods are not made in the EU. Whatever the reason, cumulation levels within the ESA5 are low and, although ESA5 countries have signed Administrative Cooperation Agreements with non-ESA5 countries, these Administrative Cooperation Agreements have not been utilised.

2.4.5 *Capacity building*

ESA5 countries need more capacity building activities. The National EPA Committees or another body could coordinate the capacity building activities required to allow CSOs, government departments and industry to actively participate not only in developing negotiating positions (which would also benefit the country in all other negotiations, including the AfCFTA negotiations) but also in benefiting from the EPAs themselves. For example, there has been a lot of generic capacity building in RoO, but this is not adequate for the industry. The industry needs to delve into the specific RoO for the products it makes and to understand whether it can comply with the RoO as they are now. If they cannot comply, they would need to understand what needed to change, either in the processes they follow or in the RoO themselves, to allow them to benefit from the EPA. They would then need to either make changes in the supply and value chains they use and so benefit from cumulation provisions to a greater extent or convince the ESA5 countries to negotiate a change in the RoO with the EU. This would require continuous capacity building, most probably provided through the national Chambers of Commerce or Ministry responsible for Industry, rather than from short term technical assistance programmes such as TradeCom II.

2.4.6 *Visibility and Flow of information*

ESA5 countries need to improve the visibility and flow of information. The NEPAC could also be responsible for improving the visibility and flow of information on EPAs, outlining the possible advantages as well as explaining what mitigation is being done to address the negative aspects of EPAs. This improvement in visibility and information flows could take advantage of social media platforms, websites, public meetings, radio programmes and television programmes. The communication strategy could be a part of the National EPA Plan, which could be developed in the same way that Diagnostic Trade Integration Studies are done under the Enhanced Integrated framework.

3. RoO

3.1 Introduction

The overall framework governing RoO is contained in Annex VII of Decision 1/2020.¹² It is based on PSR, these being wholly obtained rules, an *ad valorem* percentage rule, based on maximum amounts of non-originating materials, change of tariff classification rules and specific working or processing requirements. For some products alternative PSR are provided, often a choice between a change of tariff heading and an *ad valorem* percentage requirement, with a lower *ad valorem* percentage allowance for non-originating materials. This is the case, for instance, for the main PSR for Chapter 85 (generators, electric motors, apparatus for communication in a wireless network, microphones, video recording equipment, etc.) where the requirement is either “*Manufacture in which all the materials used are classified within a heading other than that of the product, and the value of all the materials used does not exceed 40% of the ex-works price of the product; or Manufacture in which the value of all the materials used does not exceed 30% of the ex-works price of the product*”.

3.2 RoO – Information Sources

The most comprehensive and authoritative source of information on RoO is the Official Journal of the EU, volume 63 (L93 of 27th March 2020). This is replicated on various national websites and portals in the ESA5 countries, both on government and private sector websites such as on the Mauritius Chamber of Commerce and the Mauritius Revenue Authority websites.

Concerning the dissemination of information on RoO, survey results suggest that the ESA5 stakeholders use the EU’s Official Journal or website; national Customs; and websites of respective government, chambers of commerce, and trading community associations. The survey results suggest that there is scope for increasing awareness on RoO through increasing the capacity of Chambers of Commerce and exporter associations. The EU (DG Trade) has recently launched a Rules of Origin Self-Assessment (ROSA) website¹³ which is an interactive website that covers imports into the EU and exports out of the EU with countries with the main EU FTAs partner countries. EPA agreements will be included in ROSA mid/end 2021. The EU-ESA EPA will be included once reviewed. This would be a valuable resource for exporters and importers in the ESA countries as well as Customs administrations in these countries. Another valuable source of information on preferential RoO is the ITC RoO facilitator website.¹⁴ This website does cover imports and exports under the EU-ESA EPA and provides what the MFN rate is and what the preferential rate is if RoO are complied with.

3.3 Preference Utilisation by ESA Countries into the EU¹⁵

In a paper from DG Trade entitled “*Creating opportunities for EU and African Businesses*”¹⁶ the point is made that the ESA EPA provides free access to the EU market for all products made in the ESA5. Other benefits

¹² The RoO for the ESA Interim EPA are contained in E2012/196/EC: Council Decision of 13 July 2009¹². On 14 January 2020, the EPA Committee adopted Decision No 1/2020 (OJ L 93, 27 March 2020)¹² which entered into force on 31 March 2020 and amended certain provisions of Protocol 1. The text of Protocol 1, defining the concept of ‘originating products’ and methods of administrative cooperation to the Interim Agreement, is replaced by the text set out in the Annex to Decision 1/2020 of the EPA Committee. In addition to amending the definition of the concept of ‘originating products’ and methods of administrative cooperation, Decision 1/2020 of the EPA Committee allows for ‘accounting segregation’ for materials, replaces the provision on ‘direct transport’ by a rule on ‘non-alteration’ and introduces the possibility of using the Registered Exporter Scheme (REX) for EU exports to the ESA countries. The inclusion of the non-alteration rule could contribute, in a significant way, to trade facilitation between ESA countries and the EU and could be considered best practice in implementing preferential RoO.

¹³ <https://trade.ec.europa.eu/access-to-markets/en/content/presenting-rosa>

¹⁴ <https://findrulesoforigin.org/>

¹⁵ See Annex VII: Appendix 1-5.

¹⁶ https://trade.ec.europa.eu/doclib/docs/2020/october/tradoc_158986.pdf

related to RoO for the ESA EPA countries are that flexible RoO and cumulation that gives firms more choice when organising their supply chains while still benefitting from duty-free access to the EU market. The main exports of the ESA EPA countries, by value, to the EU in 2019 were tuna, vanilla, textiles, cane sugar, tobacco, diamonds and crustaceans.¹⁷

To estimate the effectiveness of the EU-ESA EPA we have used the EuroStat database to calculate PUR for the EU into the ESA markets and for the ESA countries into the EU market and these derived PUR are given in the annexes to this paper. The PUR is the value of utilised preferences as a share of the value of eligible preferential trade.

What is evident from the data is that for EPA eligible exports from Madagascar, Mauritius, Seychelles and Zimbabwe (Comoros is excluded because it has only recently ratified the EU-ESA EPA) **the four EU-ESA EPA countries make significant use of the EPA preferences made available to them by the EU.** Almost all exports of originating goods from Madagascar and Mauritius enter the EU market free of duty and about 97 per cent of originating goods from Seychelles and 96 per cent of Zimbabwe's originating exports enter the EU market free of duties. There are various reasons why not all of ESA's originating goods are entering the EU market free of duties, including because exporters are not completing the required EUR1 forms or may not have fulfilled the direct consignment requirements rule before it was changed to a non-alteration rule. The direct consignment rule was a difficult rule for the ESA countries to comply with because, being islands or landlocked, they need to tranship their goods via third countries either for geographical or logistical reasons. The newly adopted non-alteration rule may obviate such difficulties. For some exporters, the cost of compliance with administrative formalities to obtain a certificate of origin, either in the time it takes or the financial cost, may be more than the MFN duties paid and, therefore, these exporters may opt to not use trade preferences at all.

Apart from base metals and nickel, which are not dutiable in the EU, **most exports from Madagascar have high PUR.** All fish and fish products that enter the EU market are classified as originating from Madagascar, which means that this fish has been caught by fishing vessels that are registered in an EC Member State or an ESA5 State and which sail under the flag of an EC Member State or of an ESA5 State and which are at least 50 per cent owned by nationals of an EC Member State or an ESA5 State; or are owned by EC Member State or in an ESA5 State as defined in Article 6.2 of Protocol 1.

Madagascar also has a garments and apparel industry that benefits from preferential market access into the EU. **Madagascar managed to benefit even from the double transformation RoO** that applied to garments and apparel when they existed by encouraging firms with vertical integration to import yarn, make fabric and then make garments. In a report entitled "*Where Trade and Industrial Policy Converge: How Developing Countries Can Utilize Trade Preferences to Generate Sustainable, Local Growth in the Garment Sector*" by Colette van der Ven in the International Lawyer publication,¹⁸ it is noted that "*In Madagascar's case, the vertical integration of its apparel industry with Mauritius-also an ACP country-enabled it to meet the double transformation requirement*".¹⁹

Mauritius takes maximum advantage of preference margins offered by the EU. This was the case under the Lomé and Cotonou agreements as well as under the ESA EPA. Mauritius's biggest export into the EU is Chapter 16 products, which, in this case, is tinned fish from Princess Tuna. All fish and fish products exported into the EU by Mauritius are deemed to be originating from the ESA EPA region which means, as is the case for Madagascar, that fish tinned and exported by Princes Tuna factory²⁰ to the EU is caught by fishing vessels

¹⁷ *Ibid.*

¹⁸ <https://core.ac.uk/download/pdf/216908861.pdf>

¹⁹ *Ibid.* Page 71.

²⁰ see <https://www.princesgroup.com/location/princes-tuna-mauritius-riche-terre/>

owned by EU or ESA companies or is within the derogation allowing non-originating fish to be classified as originating fish.

The second largest export from Mauritius into the EU are goods classified under Chapter 61, so articles of apparel and clothing accessories, not knitted or crocheted. Mauritius has a history of developing industries on the back of EU preferences and has incorporated preferences into its industrialisation and trade policies and strategies. For example, its tuna canning industry buys tuna from, usually, EU owned fishing vessels that are fishing in the ESA EPA countries' Exclusive Economic Zones (EEZs) and beyond, so that they benefit from preferences into the EU market.

The main exports from Seychelles to the EU are frozen fish (HS Chapter 03) and canned tuna (HS Chapter 16). The tuna is mainly caught by purse seiner fishing vessels owned by EU nationals and the fish is brought into Victoria fishing harbour on Mahé island. It is then either transferred frozen into reefers and transported, or transhipped, to the EU (this being the HS Chapter 3 fish) or landed in Victoria harbour and moved to the Thai Union Indian Ocean Tuna Limited (IOT) factory where the fish is canned, and the canned fish exported all over the world, including to EU countries.

From the data available, **the third largest export from Seychelles into the EU is mineral fuels**, mineral oils and products of their distillation; bituminous substances; mineral waxes of a limited value of around USD8 million. Although all of this is dutiable and EPA eligible, none of these exports benefit from EPA preferences probably because these products are not originating and/or are re-exports. Further analysis at the national level to identify the reasons for the non-utilisation of trade preferences could usefully be carried out.

The fourth largest export from Seychelles to the EU is products of HS Chapter 90. High tech companies have been encouraged to set up in Seychelles. One of these is Chelle Medical Limited, a subsidiary of Venner Capital SA. Chelle has operated as a medical device assembly contract manufacturer in the International Trade Zone Sector of Seychelles since 1996. These products are not dutiable so enter the EU free of duty without having to use EPA preferences. The fifth largest export from Seychelles to the EU is products of HS Chapter 15, which is most probably a by-product from the fish canning process and is fish oil. Again, this product is not dutiable so enters the EU free of duty without having to use EPA preferences.

3.4 Preference Utilisation by EU into ESA Countries²¹

The EU has been offering duty-free, quota-free market access on all goods originating from the ACP into the EU market for decades and not expecting reciprocity. However, this changed with the introduction of the EPAs and now the EU expects reciprocal treatment, meaning that the EU wants duty-free, quota-free market access into the EPA signatory countries on substantially all trade and in compliance with Article XXIV of GATT. The EPA countries are phasing in this preferential market access and will also maintain a list of sensitive products and are progressively reducing tariffs to zero for 80% or more of their EU imports, according to a schedule of tariff reductions. Once the tariff reduction schedules are complete:

- **Madagascar** should have reduced 81 per cent of its tariff lines to zero. However, after 2022, Madagascar will continue to protect what it determines to be sensitive products, or to protect tax revenues, on goods such as meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture.
- **Mauritius** should have reduced 96 per cent of its tariffs to zero by 2022. After 2022 Mauritius will not reduce tariffs on goods such as live animals and meat, edible products of animal origin, fats, edible

²¹ See Appendix 6.

preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron and steel and consumer electronic goods.

- **Seychelles** should have reduced 98 per cent of its tariffs to the EU to zero by 2022. After 2022 Seychelles will still maintain tariffs on goods from the EU including Meat, fisheries, beverages, tobacco, leather articles, glass and ceramics products and vehicles.
- **Zimbabwe** should have reduced 80 per cent of tariffs to the EU by 2022 but, after 2022 will continue to impose tariffs on products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles, from the EU.

Although the ESA EPA states have not completed their tariff reduction schedules, they have started the reduction process, and this has increased in goods coming from the EU into the ESA EPA countries. In 2019, exports of wheat and meslin from the EU to the ESA EPA countries increased by 20 per cent (an increase in value of €6.8 million).²²

From calculations done by the COMESA Secretariat²³ using COMSTAT data, PUR for EU goods entering the markets of Madagascar, Mauritius, Seychelles, and Zimbabwe are lower than those of EU from ESA countries. The highest PUR for the top ten EU imports into Madagascar is for Chapter 73 (Articles of iron or steel) with a PUR of 44 per cent. There are three Chapters where the PUR is between 21 per cent and 25 per cent (Articles classified under Chapters 85, 84 and 39) and one at 13 per cent (vehicles) but, for the rest of the top ten imports, by Chapter Head, there is no utilisation of preferences.

The highest reported PUR for the EU into Mauritius is 63 per cent for goods under Chapter 23 (animal fodder) and a 10 per cent PUR for products classified under Chapter 22 (beverages, spirits and vinegar). The rest of the PURs are 3 per cent or lower.

For Seychelles, six of the top ten imports from the EU have PURs of between 35 per cent and 49 per cent (vegetables; fruit and nuts; coffee, tea and spices; processed fish and meat; miscellaneous edible preparations; and cereals, flour, starch or milk) while PURs for the rest of the top ten imports are between 5 per cent and zero.

For Zimbabwe, the highest PUR of the top ten imports from the EU is 7.7 per cent which implies that Zimbabwe has not, yet, made as much progress in its tariff reduction schedule as other ESA EPA countries have.

The PURs available give an indication of the progress being made by the ESA EPA countries and it is expected that, as the ESA EPA countries complete implementation of their tariff reduction schedules and start to use the EPAs more to their advantage, the PUR will also increase.

3.5 Challenges

The main challenges in determining and applying RoO include the following:

- a) **Involving industry in determining ESA EPA negotiating positions on RoO.** The EPA RoO (and most preferential RoO governing African free trade agreements) have their origins in the Lomé Convention, signed in 1975 when manufacturing processes were different from those used 45 years

²² https://trade.ec.europa.eu/doclib/docs/2020/october/tradoc_158986.pdf

²³ This is an ongoing study COMESA is conducting in partnership with the Division for Africa, Least Developed Countries and Special Programmes of UNCTAD.

later.²⁴ There is no doubt that there have been significant changes made by the EU in the PSR which reflect modern manufacturing processes, including the reforms made to the GSP RoO in 2011, and other related reforms, especially for LDCs.²⁵ There is a case to be made that the requirements of some PSR under the current EU-ESA EPA Annex II are not reflecting the manufacturing realities of ESA countries. Compliance with such PSR may demand an investment that may not be commercially viable or because components are not available and cannot be sourced locally or at competitive prices from within the African continent. The alternative is to use cumulation with EU, if commercially viable,²⁶ or allow higher thresholds of non-originating materials and/or more lenient PSR requirements (more liberal change of tariff classification and /or specific working or processing) that are closer to business realities of the manufacturing (or assembly) process. This discussion needs to involve the private sector, and in particular potential investors in “new industries” and these stakeholders need to be consulted by the ESA EPA trade negotiators when preferential RoO are negotiated.

- b) **Understanding of the RoO.** Although access to the RoO themselves is not restricted in that the EU and ESA countries provide access, usually through websites, to the interim EPA Agreement and subsequent changes to the rules, understanding and interpreting the RoO is not easy for businesses, especially small or medium-sized enterprises. Take, for example, the following RoO for essential oils, perfumery, cosmetic or toilet preparations which is a product exported from the ESA into the EU:

HS Heading No (1)	Description of product (2)	Working or processing carried out on non-originating materials that confer originating status (3) or (4)	
ex Chapter 33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations; except for:	Manufacture in which all the materials used are classified within a heading other than that of the product. However, materials classified within the same heading may be used provided their value does not exceed 20 % of the ex-works price of the product	Manufacture in which the value of all the materials used does not exceed 40% of the ex-works price of the product
3301	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the determination of essential oils; aqueous distillates and aqueous solutions of essential oils	Manufacture from materials of any heading, including materials of a different “group” (13) in this heading. However, materials of the same group may be used, provided their value does not exceed 20 % of the ex-works price of the product	Manufacture in which the value of all the materials used does not exceed 40 % of the ex-works price of the product

²⁴ Take, for example, the manufacture of the Apple i-Phone, which has a “Made in China” sticker on the box. But the Apple i-Phone is not actually manufactured in China, in the traditional sense, but assembled in China (mainly by a Taiwanese company – Foxconn) from component parts obtained from all over the world. The value addition of the assembly process in China is about 4 per cent of the ex-factory gate price of the i-Phone. The manufacture of smart phones, being high-value, low weight commodities requiring skilled labour, could be an industry the ESA countries may wish to promote and use the EPA to secure investment in. But the ESA EPA RoO for a smart phone (HS 8517) are Manufacture in which the value of all the materials used does not exceed 40 per cent of the ex-works price of the product AND where the value of all the non-originating materials used does not exceed the value of the originating materials used OR Manufacture in which the value of all the materials used does not exceed 25 per cent of the ex-works price of the product.

²⁵ For a summary of preferential RoO reforms, see https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/new-developments_en

²⁶ The challenge will be that cif cost of items sourced from the EU will, most likely, be prohibitive, or that component parts used by the EU are sourced from Asia.

The understanding of such a rule or origin is time-consuming, and it may be necessary to involve more than one set of expertise, such as expertise in tax compliance, production and procurement. A firm may need to make a significant investment in first understanding how to comply with PSR requirements and related administrative procedures and then invest further in complying with the PSR. This must be done even before the firm can determine whether the costs of compliance will warrant the savings incurred through taking advantage of preferences. The duty savings are proportional to the preferential margin, which is the difference between MFN rates and preferential rates, which, in the case of the EU-ESA EPA, is a duty rate of zero.

- c) **Being able to Adapt.** Some countries, Mauritius being a good example, have based their trade and industry strategies on taking advantage of preferential RoO. The sugar, processed fish and textile and garment industries in Mauritius are examples of that country's companies taking full advantage of the preferential market access opportunities offered by the EU before the introduction of EPAs. Now that conditions in Mauritius, in the EU and in the rest of the ACP, which is competition for Mauritius, have changed, Mauritian industries need to adapt quickly to take account of these changes. Mauritius has taken steps to adapt so, for example, has moved into niche markets for sugar and into service industries. Mauritius has shown that it can adapt quicker and more substantially than other economies in the ESA group. The other countries could take advantage of the development component of EPAs to explore new sectors where there are opportunities to take advantage of and to put in place a programme that will attract foreign direct investment into these sectors and new opportunities.

The above-mentioned challenges do not stop producers in the EU-ESA EPA from taking advantage of the duty-free, quota-free market access offered by the EU under EPAs. The ESA countries (excluding Comoros) have between 96 per cent and 100 per cent PUR in the EU. But exports benefitting from preferential market access are in very few commodities and almost exclusively in wholly produced commodities, such as fish and fish products, sugar, spices and nuts, which are regarded as traditional exports for the ESA EPA countries and there is no available evidence to suggest that new investors are coming into the ESA countries to take advantage of market access into the EU in sectors other than the traditional commodity-based markets.

Specific challenges on RoO raised by survey respondents, and not addressed elsewhere, including the following:

- According to the surveys, the quota of the automatic derogation for fish is too low, while the specific tolerance rules of 15% in the PSR for the fisheries sector are difficult to apply.²⁷ Under the Cotonou Partnership Agreement, there was an annual automatic derogation to use a total of 8,000 metric tonnes of non-originating fish for canning and 2,000 metric tonnes of non-originating tuna loins for all 77 countries of the ACP group. A major gain for the EU-ESA EPA was to get the same volume of automatic derogation for non-originating tuna for canning (8000 metric tons) for Mauritius, Seychelles and Madagascar and non-originating tuna loins (2000 metric tons) for Mauritius and Seychelles.
- Thai Union IOT reported that there were times when it had difficulty securing enough tuna for its cannery to operate at full capacity from the EU fishing vessels off-loading catch in Victoria. This was a seasonal challenge as well as because of Yellowfin tuna catch limits. When the licensed EU vessels were nearing their Yellowfin tuna catch limit, the vessel stayed in port, meaning that fewer vessels were fishing so the overall catch available to Thai Union's canning factory was reduced. Thai Union's Indian Ocean Tuna (IOT) cannery suggested that, under these circumstances, the 8,000-tonne derogation should be re-assessed.

²⁷ This is also a finding from the Fisheries study done for Seychelles by TradeCom II "P045: Strengthening capacity to improve trade-related SPS conformity and capacity building for competitive fisheries export in Seychelles".

- Thai Union IOT also suggested that the rules governing the 15 per cent *de minimis* needed further clarification. It is, apparently, not allowed, or not a good practice at least, to put fish meat from more than one fish into a can of tuna. Therefore, practically, a can of tuna cannot contain 15 per cent non-originating fish and 85 per cent originating fish. The value tolerance (*de minimis*) therefore needs to be calculated by consignment or use of another metric and it is this clarification that is being sought.
- The administrative burden to firms of proving compliance has been quoted as being onerous and implies greater production costs to firms. It can involve maintaining batch-level production records, identifying all materials used and the sourcing, costs, and origin status of those materials. Customs are generally allowed to review and verify the origin of goods entered under preferences for around five years after the goods are released, depending on the agreement. Firms that seek to benefit from preference must be able to produce these records on demand at any point in that period.

3.6 Use of Cumulation

Customs and the Chambers of Commerce in Mauritius and Seychelles report that exporters are using bilateral cumulation in the production of prepared or preserved fish (HS1604), vanilla pods (HS08905) and reduced-sized models and similar recreational models (HS9503) but are unable to use the diagonal cumulation provisions. This is because diagonal cumulation may become operational only when the conditions laid out in paragraph 6 of article 4 of Protocol 1 on RoO of the EU-ESA EPA are fulfilled. These conditions are as follows:

“The cumulation provided in this Article may only be applied provided that:

- a) the countries involved in the acquisition of the originating status and the country of destination have concluded an agreement on administrative cooperation which ensures correct implementation of this Article;*
- b) materials and products have acquired originating status by the application of the same RoO as provided in this Protocol; “*

ESA countries maintain that the conclusion of an agreement on administrative cooperation is particularly burdensome. The Joint Undertaking on Administrative Cooperation for the implementation of cumulation provisions contained in the EPAs make provision, amongst other things, for evidence of the origin of products, materials, working and/or processing, conditions for the issuance and acceptance of proofs of origin, notification of Customs Authorities, verification of proof of origin, verification of suppliers' declarations and a dispute settlement mechanism. The ACP Secretariat has provided a model of an agreement of administrative cooperation and consultants under TradeCom II, and perhaps others, have explained the process of how to conclude an Administrative Cooperation Agreement, and some ESA EPA countries have visited countries with which they want to sign an Administrative Cooperation Agreements, and it is not clear why the ESA EPA countries have difficulty in concluding these agreements, which would allow a greater level of cumulation to take place.

3.7 Capacity of Customs

In general, Customs of ESA EPA countries can properly apply, implement and administer the preferential RoO used in the EU-ESA interim EPA and have no major challenges in applying RoO including the system of establishing the proofs of origin, subsequent verification of origin and administrative cooperation with the EU Member States' customs authorities.

There are some occasional challenges such as, for example, the classification of Omega 3 oil. There has been some interest in Seychelles in producing Omega 3 oil and exporting the oil. The tariff classification for Omega 3 oil will depend on what processes are used to manufacture the Omega 3 oil. If, for example, the Omega 3

oil is used as a medicament it could be classified under HS30.03 or HS30.04. If it is not chemically modified it could be classified under 15.16 but if it is chemically modified, it could be classified under HS15.17. However, these kinds of issues are not intractable and can be solved through a discussion between the relevant ESA country's Customs and DG TAXUD and/or the customs authority of the EU country the product is going to and an agreement (advance ruling even) can be reached. ESA Customs authorities have the capacity and capability to have these discussions and to make the necessary agreements. What is needed is to strengthen cooperation between the Customs Authorities of the exporting country and the importing country and this is an ongoing process. Administrative cooperation on customs matters is needed to implement operational issues such as cumulation.

3.8 Conclusions

The overall objective of EPAs, in terms of trade, is to increase the amount of trade between the EU and the countries that have signed EPAs. This is to be achieved by putting in place preferential market access arrangements between the two trading partners. An important component of a preferential market access arrangement is the RoO, which should encourage trade to take place, so be "liberal", but which should also promote production in the free trade area and restrict, to the extent possible, trade deflection from taking place, so be "restrictive". RoO need to strike a balance to allow the integration of industry into global value chains to facilitate trade while promoting the use of domestic production and avoiding trade circumvention. However, it is impossible to arrive at RoO that all stakeholders will be happy with as there will be some, even in ESA EPA countries, whose interests are best served by more restrictive RoO and some whose interests are best served by more liberal RoO.

There have been changes made to the EU-ESA EPA RoO that have made them simpler, including the possibility to fully move to self-certification, which simplifies the administrative burden to declare the origin compared to the issuance of movement certificates EUR.1, signed and stamped by customs authorities; and the introduction of non-alteration rules, which should substantially reduce the cost of compliances. For RoO to be improved further, for the benefit of most stakeholders, the EU and the ESA5 could consider the following:

- 1) **The ESA RoO could be further simplified and liberalised.** For example, in the Generalised Scheme of Preferences (GSP), there is a single PSR for all of HS Chapter 37, with the PRS being a change of tariff heading rule with a 20 per cent value tolerance, and, perhaps most importantly, the allowance of non-originating inputs is 50 per cent, a significant trade liberalisation step. The GSP PSR is given below:

HS Heading No (1)	Description of product (2)	Working or processing carried out on non-originating materials that confer originating status (3) or (4)	
Chapter 37	Photographic or cinematographic goods	Manufacture in which all the materials used are classified within a heading other than that of the product. However, materials classified within the same heading may be used provided their value does not exceed 20 % of the ex-works price of the product	Manufacture in which the value of all the materials used does not exceed 60% of the ex-works price of the product

Although Chapter 37 products (Photographic or cinematographic goods) are not important exports for the ESA5 countries, the principle of how the PSR has been liberalised and progressively simplified, is important. If this principle is applied to other Chapters, it would mean that, where possible and feasible, one PSR could be used per chapter and the PSR could be liberalised further with a higher value of non-originating materials allowed.

- 2) There have been many initiatives to **build capacity in RoO in the ESA countries**, such as through the TradeCom programmes and technical assistance programmes managed through COMESA. There is no doubt that these Technical Assistance and Capacity Building (TACB) programmes have had a positive impact and have built the capacity of stakeholders in ESA EPA countries on PSR. However, these TACB programmes have mainly targeted government officials and Customs staff rather than the primary beneficiaries of the EPA, these being producers and exporters in the private sector. This is not an intentional outcome, and most TACB programmes on RoO specify that the private sector producers need to be involved and are beneficiaries. But the private sector does not usually have the time or the resources to devote to learning about PSR in a generic sense, which is what the TACB programmes usually deliver, such as producing a training manual and face-to-face training on RoO.²⁸ Thus, a TACB programme that can give firms one-on-one advice on EU market access issues, including advice on how to comply with RoO, advice on where the firms can source parts to allow them to meet local materials requirements through the use of cumulation, advice on how to put in place administrative cooperation agreements and generally improve the levels of cumulation, would be really helpful. One way for countries to provide this detailed, product-specific one-on-one advice and assistance to individual firms would be for each EPA country to have a draw-down facility which would support a specific company to get PSR assistance and expertise to advise on compliance for the products of that specific company or investor. This activity would also be a precious source of information to make recommendations on what RoO would be appropriate for a particular company and industry.
- 3) **A closer linkage of the development and trade components of the EPA.** Although EPAs are often thought of, primarily, as being trade deals, they also have a developmental objective, including supporting sustainable development and poverty alleviation, promoting regional integration and linking trade policy with tools for development. To maximise their effect, EPAs should be integrated, or mainstreamed, into the ESA5 countries' trade policies. However, it is often, but not always, the case that EPA signatories are more concerned about possible negative impacts of a trade deal, such as revenue loss from tariff reductions, and the penetration of their markets by, in this case, European-based firms, than they are about taking advantage of improved market access. All tariff reduction schedules for the ESA5 countries should be completed by 2022 so all ESA5 countries should now be well on the way to making the adjustments necessary to counter any possible negative aspects of EPAs. This could be further supported through an even closer alignment of the development component of EPAs with the trade component.

For example, each country is preparing a national implementation plan for the EPA and these plans will focus on sustainable development aspects but may not focus on how a trade component can feed into sustainable development. A national implementation plan could start with identifying what products (or services) the ESA country has or can have, a competitive advantage in, especially in the EU market, with preferences. Once this has been established, ESA countries could look at what constraints they face to ensure the products to be traded are classified as originating. If PSR need to

²⁸ The exception to this is the TACB programmes financed by the EU on PSR related to fisheries that have been delivered primarily in Seychelles and Mauritius. Although these TACB programmes focus on fisheries, they are generic in that sector. For example, the requirements of Thai Union IOT and Princes Tuna would be to have a consultant to look at, for example, how a de minimis level could be increased, or how they could cumulate with countries outside of the region, or how they could improve market access into the EU for a specific product, such as Omega 3 oil, and the TACB programmes mentioned do not provide that level of detail or support.

be adjusted to ensure the goods are classified as originating then the ESA country needs to prepare its negotiating position to argue its case, which should also include estimates of impact on poverty alleviation and sustainable development.

- 4) **Involve the private sector and potential new investors in developing negotiating positions, to the extent possible.** The EU and its ESA partners in the EU-ESA EPA are continually improving PSR. The last improvement introduced accounting segregation for materials, relaxed the 'direct transport' rule by replacing it with a 'non-alteration' rule and introduced the possibility of using the Registered Exporter Scheme (REX) for EU exports to the ESA countries. These changes will benefit existing producers in the ESA5 countries but may not attract new investors in new industries or suppliers in new, or non-traditional, global value chains unless accompanying measures are undertaken at the national level. The ESA5 countries must define in their trade and industrialisation policies what the target industries and value chains are into the EU market and involve the potential investors and private sector stakeholders in preparing negotiating positions, including proposed changes to PSR, to ensure the agreed RoO can be complied with so that these "new" producers can benefit from the preferences offered by the EU.

4. Analysis of trade and investment flows

Madagascar, Mauritius, Seychelles and Zimbabwe have provisionally applied the interim EPA since May 2012. As a part of the interim EPA, the EU offers duty-free quota-free access for all imports from ESA4 countries. This access to the EU market is permanent, full and free to all products. There are sensitive products that are excluded from liberalisation. These vary according to the individual offer of each ESA country. However, they include mainly agricultural products as well as a set of industrial goods, including plastics, paper and textiles in Table 1.²⁹

Table 1: Main sensitive products excluded from liberalisation, per ESA country³⁰

Madagascar	Meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture
Mauritius	Live animals and meat, edible products of animal origin, fats, edible preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron & steel and consumer electronic goods
Seychelles	Meat, fisheries, beverages, tobacco, leather articles, glass and ceramics products and vehicles
Zimbabwe	Products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles

Source: European Commission

4.1 Patterns in ESA4 goods trade

4.1.1 Patterns in ESA4 countries' goods exports to the EU

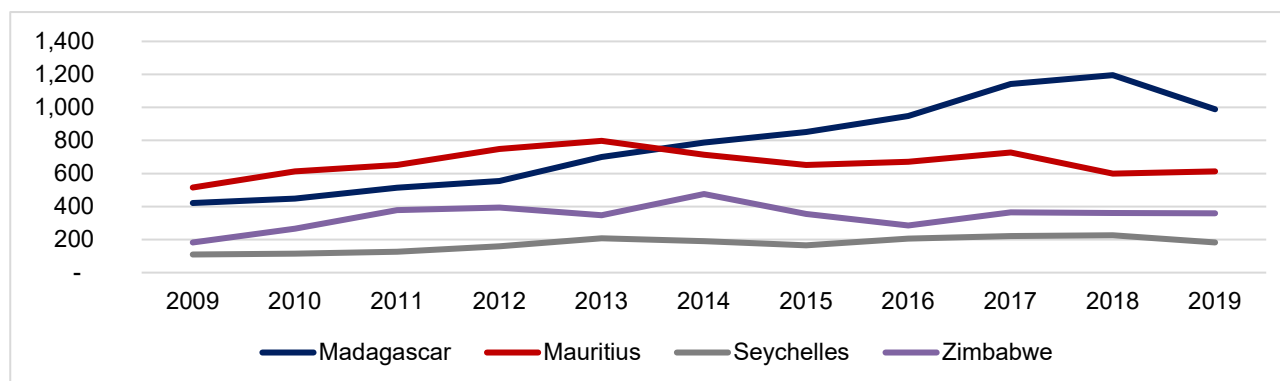
ESA4 countries' goods exports followed different trends in the period 2009 to 2019. Diverging trends also emerge for the period that followed the elimination of import tariffs by the EU in 2012. Exports from Madagascar (CAGR:³¹ +8.6%) to the EU show an upward trend following the year 2012. Exports from Seychelles remained relatively stable (CAGR: +2%), while exports from Mauritius (CAGR: -2.8%) and Zimbabwe (CAGR: -1.3%) slightly declined. Amounting to 989 million EUR in goods exports to the EU in 2019, Madagascar is the largest ESA4 exporter to the EU, followed by Mauritius (613 million EUR), Zimbabwe (359 million EUR) and Seychelles (182 million EUR). This is outlined in Figure 2 and Figure 3.

²⁹ The analysis of trade flows accounts for the fact that individual partner countries' tariff liberalisation processes started at different points in time. The EU eliminated import tariffs already in 2012. Mauritius and the Seychelles started liberalising tariffs on EU imports in 2013, and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. Accordingly, the analysis of ESA4 countries' exports to the EU and other jurisdictions focuses mainly on the period 2012-2019, i.e. the period following the tariff elimination on the side of the EU. The analysis of ESA4 countries' imports from the EU and other jurisdictions focuses mainly on the period that followed the beginning of the tariff liberalisation process in individual ESA4 countries, i.e. 2016-2019 for Madagascar, 2013-2019 for Mauritius, 2013-2019 for the Seychelles, and 2017-2019 for Zimbabwe.

³⁰ European Commission. Access2Markets Portal. Available at: <https://trade.ec.europa.eu/access-to-markets/en/content/epa-eastern-and-southern-africa>

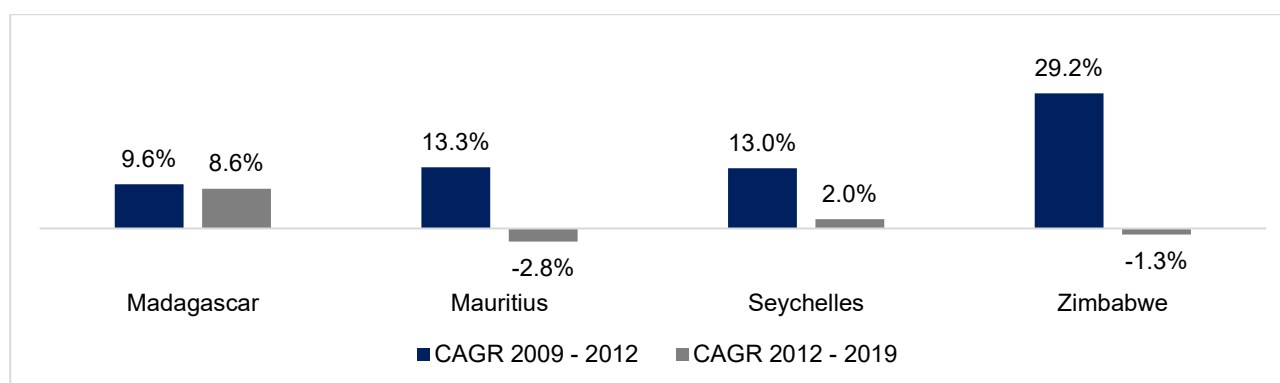
³¹ Compound annual growth rate.

Figure 2: Development of ESA4 countries' total goods exports to the EU27, in million EUR



Source: Eurostat.

Figure 3: Compound average annual growth rates of ESA4 countries' goods exports to the EU27



Source: Eurostat. Note: Numbers represent growth in trade value.

4.1.2 Diversification of goods exports from ESA4 countries to the EU

Goods trade statistics indicate that ESA4 countries' exports to the EU are generally highly concentrated among the top 20 export commodities (Table 2). The concentration of exports within the top 20 export commodities increased for Madagascar, Mauritius and Zimbabwe after 2012 while remaining unchanged for Seychelles. This trend indicates increased specialisation in commodities in which ESA4 countries have international competitive advantages (see individual country analyses below). The concentration ratio within the group of top 20 commodities only increased for Madagascar, reflecting a stronger concentration on fewer export commodities in 2019 compared to 2012.³²

Table 2: Development of concentration/diversification among ESA4 countries' top 20 exports to the EU27, HS 4 categories

Exports to EU27	2019		2012	
	Share of top 20 exports	HHI ³³ top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	85%	0.13	80%	0.10
Mauritius	82%	0.17	65%	0.17

³² Based on the calculation of the Herfindahl-Hirschman Index, which is a common measure of market concentration.

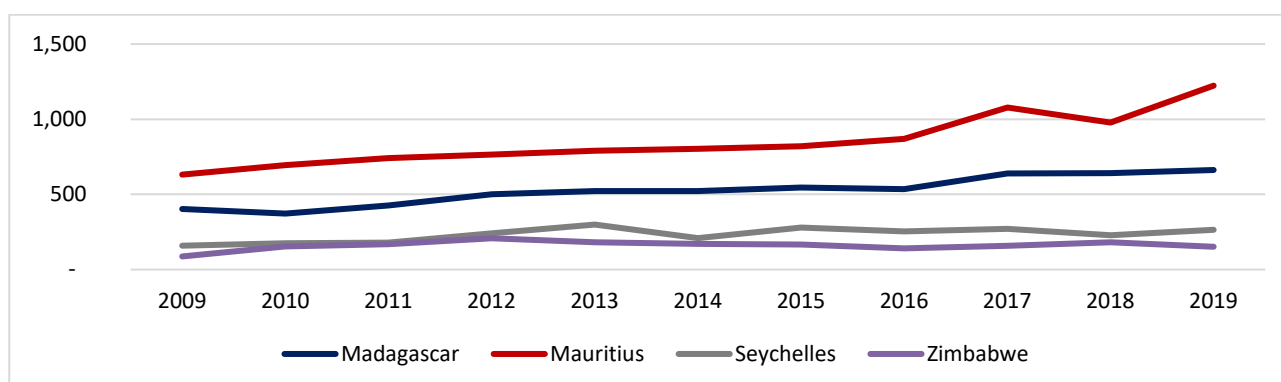
Seychelles	100%	0.61	100%	0.96
Zimbabwe	100%	0.76	88%	0.81

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

4.1.3 Patterns in ESA4 countries' goods imports from the EU

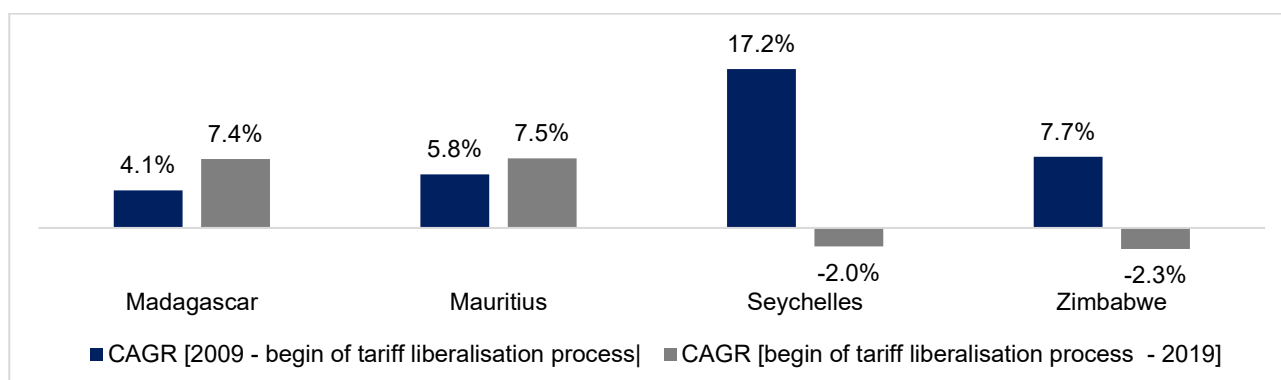
ESA4 countries' goods imports from the EU follow different trends for the period 2009 to 2019 (Figure 4 and Figure 5). Diverging trends also emerge for the period that followed the elimination of import tariffs by ESA4 countries. Total EU goods exports to Madagascar (2016-2019 CAGR: +7.4%) and Mauritius (2013-2019 CAGR: +7.5%) significantly increased after the beginning of the tariff liberalisation process. Total EU goods exports to Seychelles (2013-2019 CAGR: -2%) and Zimbabwe (2017-2019 CAGR: -2.3%) remained largely unchanged after 2013 and 2017 respectively. Amounting to 1.2 billion EUR in imports from the EU in 2019, Mauritius is the largest ESA4 importer of goods exported from the EU, followed by Madagascar (662 million EUR), Seychelles (265 million EUR) and Zimbabwe (151 million EUR).

Figure 4: Development of ESA4 countries' total goods imports from the EU27, in million EUR



Source: Eurostat. Note: The EU eliminated import tariffs in 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively.

Figure 5: Compound average annual growth rates of ESA4 countries' goods imports from the EU27



Source: Eurostat. Note: The EU eliminated import tariffs in 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively.

4.1.4 Diversification of ESA4 countries' goods imports from the EU

Goods trade statistics for 2019 indicate that EU goods exports to Mauritius and Seychelles are generally more diversified compared to the year marking the beginning of the tariff liberalisation process (Table 3). Lower shares of the top 20 commodities in total goods exports and lower concentration

ratios for the top 20 export commodities indicate improved market access conditions for EU goods exporters. A similar pattern emerges for Zimbabwe, although the numbers should be interpreted with caution, given the short time horizon following the year of the beginning of the tariff liberalisation process (two years) and Zimbabwe's recent political and economic crisis. EU goods exports to Madagascar are slightly more concentrated among the top 20 commodities, with a slightly higher concentration within the top 20 import commodities in 2019 compared to 2016.

Table 3: Development of concentration/diversification among ESA4 countries' top 20 imports from the EU27, HS 4 categories

Imports from EU27	2019		Year marking the start of the tariff liberalisation process	
	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	45%	0.08	37%	0.06
Mauritius	46%	0.09	47%	0.18
Seychelles	60%	0.26	72%	0.43
Zimbabwe	65%	0.10	70%	0.13

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

4.1.5 Patterns in ESA4 trade with non-EU jurisdictions and regional trade integration

ESA4 countries' total goods exports to non-EU jurisdictions increased significantly in the period 2012 to 2019, indicating that **ESA4 countries' businesses deepened their international trade relationships with the rest of the world and also contributed to the deepening of regional (intra-African) trade integration (Table 2)**. As concerns, the latter, growth in goods exports to (neighbouring) African countries (members of EAC, SADC and COMESA) was often higher than growth in goods exports to the rest of the world, with the exemption of Zimbabwe, whose economy suffered from a political and economic crisis in 2019. As outlined by Table 5, except for Zimbabwe, ESA4 countries' imports from non-EU jurisdictions also increased strongly in the period marking the beginning of the tariff liberalisation process in ESA4 countries and 2019. It should be noted though that growth in goods imports from non-EU jurisdictions to ESA4 countries were generally lower than growth in ESA4 countries overall goods exports to non-EU jurisdictions.

Trade statistics indicate that ESA4 countries' goods exports to non-EU jurisdictions are generally highly concentrated among the top 20 commodities exported to these jurisdictions (Table 6). This pattern is most pronounced for ESA countries' goods exports to EAC, SADC and COMESA trading blocs, indicating a trend toward increased specialisation in commodities in which ESA4 countries have international competitive advantages. The patterns in concentration ratios for ESA countries' top 20 export commodities are generally more diverse. As different patterns emerge for individual ESA4 countries and their export partners, the derivation of conclusions would require further export destination-specific analysis. A diverse picture also emerges for goods imports to ESA4 countries for which indicators of top 20 concentration in total trade and concentration within the groups of top 20 import commodities are provided by Table 7.

Table 4: Annual growth rates of ESA4 countries' exports to the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA, 2012 – 2019.

Total growth in ESA4 countries' goods exports	WORLD ex EU27	East African Community (EAC)	Southern African Development Community (SADC)	COMESA
Madagascar	17%	25%	12%	11%
Mauritius	3%	21%	3%	12%
Seychelles	16%	-1%	26%	21%
Zimbabwe	9%	64%	-2%	2%

Source: UN Comtrade.

Table 5: Annual growth rates of ESA4 countries' imports from the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA, beginning of tariff liberalisation process – 2019

Total growth in ESA4 countries' goods imports	WORLD ex EU27	East African Community (EAC)	Southern African Development Community (SADC)	COMESA
Madagascar	22%	26%	6%	7%
Mauritius	0%	-4%	4%	3%
Seychelles	9%	-1%	5%	2%
Zimbabwe	-1%	1%	-1%	-1%

Source: UN Comtrade.

Table 6: Development of concentration/diversification among ESA4 countries' top 20 exports to the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA

Exports to WORLD ex EU27	2019		2012	
	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	92%	0.15	97%	0.14
Mauritius	69%	0.08	90%	0.14
Seychelles	98%	0.21	91%	0.13
Zimbabwe	93%	0.17	74%	0.16
Exports to EAC	2019		2012	
	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	100%	0.24	100%	0.20
Mauritius	99%	0.47	95%	0.18
Seychelles	100%	0.61	100%	0.43
Zimbabwe	100%	0.98	98%	0.12

	2019		2012	
Exports to SADC	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	89%	0.09	84%	0.08
Mauritius	72%	0.08	86%	0.14
Seychelles	99%	0.49	96%	0.13
Zimbabwe	91%	0.20	92%	0.17
	2019		2012	
Exports to COMESA	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	89%	0.16	80%	0.11
Mauritius	73%	0.10	77%	0.08
Seychelles	100%	0.53	98%	0.16
Zimbabwe	79%	0.21	66%	0.13

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

Table 7: Development of concentration/diversification among ESA4 countries' top 20 imports from the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA

Imports from WORLD ex EU27	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	54%	0.17	51%	0.15
Mauritius	49%	0.19	53%	0.23
Seychelles	64%	0.32	59%	0.32
Zimbabwe	55%	0.29	57%	0.22
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from EAC	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	97%	0.21	88%	0.11
Mauritius	99%	0.64	99%	0.51
Seychelles	76%	0.14	80%	0.14
Zimbabwe	94%	0.15	90%	0.14
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from SADC	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	59%	0.07	71%	0.07
Mauritius	69%	0.13	59%	0.13

Seychelles	35%	0.07	43%	0.07
Zimbabwe	39%	0.06	41%	0.08
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from COMESA	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	69%	0.09	79%	0.08
Mauritius	89%	0.17	88%	0.19
Seychelles	43%	0.06	57%	0.09
Zimbabwe	68%	0.08	74%	0.07

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

Trade patterns Madagascar

In 2019, Madagascar's top 20 goods exports to the EU accounted for about 85% of the country's total goods exports to the EU. Madagascar's top 2019 goods exports to the EU were vanilla (24.6% of total goods exports to the EU), jerseys, pullovers and cardigans (9.7%), crustaceans (8.4%) and unwrought nickel (7.8%). Compared to 2012, exports of vanilla increased by an annual growth rate of 64% (absolute growth of 3518%). Exports of jerseys, pullovers and cardigans remained largely unchanged, while exports of crustaceans increased by 5.6% annually. Exports of cobalt mattes, essential oils, cocoa beans and vegetable spats also expanded at relatively high growth rates (see Table 38 and Table 39).

Madagascar's top 20 goods imports from the EU accounted for about 45% of the country's total goods imports from the EU in 2019. The EU's top 2019 export commodities in trade with Madagascar were pharmaceuticals (7.7% of total EU exports to Madagascar), shawls, scarves, mufflers (4.6%), unused postage (4.1%), and motor vehicles (a combined 7.3%). Compared to 2016, the year marking the beginning of tariff liberalisation in Madagascar, trade in these commodities grew significantly (see Table 41 and Table 42). Madagascar's imports of pharmaceuticals from the EU increased by 41.1% annually, imports of shawls, scarves and mufflers increased substantially by 3016% annually, whereas imports of motor vehicles increased by 28% annually. Generally, the highest import growth rates are registered for miscellaneous textiles products and electrical equipment such as telephones and data processing machines.

Madagascar's commodity exports to non-EU jurisdictions partly mirror the country's commodity exports to the EU. Raw materials such as gold titanium and cobalt products, as well as vanilla, vegetable products and textiles generally account for high shares in Madagascar's total goods exports to the rest of the world and neighbouring African countries. On the import side, Madagascar's goods imports are characterised by high shares of petroleum products imports and imports of various agricultural commodities, various manufactured commodities, such as electrical and machinery equipment, and imports of pharmaceuticals (see Table 43 to Table 50).

Trade patterns Mauritius

In 2019, Mauritius' top 20 goods exports to the EU accounted for about 82% of the country's total goods exports to the EU. Mauritius' top 2019 goods exports to the EU were prepared or preserved fish (28.1% of total goods exports to the EU), cane or beet sugar (14.8%), T-shirts, singlets and vests (8.2%) and

other textiles products. Compared to 2012, exports of fish and sugar products decreased by -4.4% annually and -8.5% annually respectively. The highest export growth rates are registered for men's or boys' shirts, which increased by an annual growth rate of 28%, and exports of other garments, which increased by 43.5% annually. Medicaments and fish fillets also experienced strong export growth (see Table 52 and Table 53).

In 2019, Mauritius' top 20 goods imports from the EU accounted for about 46% of the country's total goods imports from the EU. The EU's top 2019 export commodities in trade with Mauritius were frozen fish (excluding fish fillet; 7.2% of total EU exports to Mauritius), motor cars (6.2%), diamonds (6.2%), and pharmaceuticals (4.4%). Compared to 2013, the year marking the beginning of tariff liberalisation in Mauritius, diamonds experienced significant export growth (30.3% annually). The highest annual export growth is registered for petroleum gases (412%) and animal feeding products (30.5%; see Table 55 and Table 56).

Mauritius' commodity exports to non-EU jurisdictions partly mirror the country's commodity exports to the EU. Textiles, fishery products and products of light manufacturing generally account for high shares in Mauritius' total goods exports to the rest of the world and neighbouring African countries. On the import side, Mauritius' goods imports are characterised by high shares of petroleum products, motor cars, fishery products, various agricultural commodities, various manufactured commodities, such as textiles, electrical and machinery equipment and medicines (see Table 57 to Table 64).

Trade patterns Seychelles

In 2019, Seychelles' top 20 goods exports to the EU accounted for about 100% of the country's total goods exports to the EU. Seychelles' top 2019 goods exports to the EU were prepared or preserved fish (76.2% of total goods exports to the EU), yachts (16%) and frozen fish (6.3%) leaving Seychelles' commodity exports highly concentrated in these three product groups. Compared to 2012, exports of prepared or preserved fish decreased by -7.6% annually, while frozen fish products increase substantially by 76% annually (see Table 66 and Table 67).

In 2019, Seychelles' top 20 goods imports from the EU accounted for about 60% of the country's total goods imports from the EU. The EU's top 2019 export commodities in trade with Seychelles were frozen fish (excluding fish fillet; 29.5% of total EU exports to Seychelles), yachts and other vessels (5.2%) and other floating structures (4.4%). Compared to 2013, the year marking the beginning of tariff liberalisation in Seychelles, yachts and other vessels experienced significant export growth (20.2% annually). The highest annual export growth is registered for other floating structures (58.5%), tanks, casks, drums etc. (34.3%), electric accumulators (89.9%), refrigerators (26.2%), knotted netting of twine etc. (126.5%), and buttermilk (21.5%; Table 69 and Table 70).

Seychelles' commodity exports to non-EU jurisdictions partly mirror the country's commodity exports to the EU. Fishery products, yachts, cigars and miscellaneous agricultural products generally account for high shares in Seychelles' total goods exports to the rest of the world and neighbouring African countries. On the import side, Seychelles' goods imports are characterised by high shares of yachts, petroleum products, motor cars, various manufactured commodities, such as textiles, electrical and machinery equipment, and medicines (see Table 71 to Table 78).

Trade patterns Zimbabwe

In 2019, Zimbabwe's top 20 goods exports to the EU accounted for almost 100% of the country's total goods exports to the EU. Zimbabwe's top 2019 goods exports to the EU were diamonds (86.9% of total goods exports to the EU), cut flowers (3.6%) and other raw hides and skins (3.2%), leaving Zimbabwe's commodity exports to the EU highly concentrated. Compared to 2012, exports of diamonds increased by 3.8% annually. At the same time, available data suggest a strong decline in trade of cut flowers compared to 2009

(data is not available for the year 2012). While absolute trade volumes are generally low, the highest export growth rates are registered for various textiles products and tobacco products (see Table 80 and Table 81).

In 2019, Zimbabwe's top 20 goods imports from the EU accounted for about 65% of the country's total goods imports from the EU in 2019. The EU's top 2019 export commodities in trade with Zimbabwe were pharmaceuticals (13.4% of total EU exports to Zimbabwe), motor vehicles (9.4%), wheat (6.7%), and tractors (4%). Compared to 2017, the year marking the beginning of tariff liberalisation in Zimbabwe, pharmaceuticals experienced significant export growth (103% annually). High annual export growth rates are also registered for motor vehicles (53.2%), tractors (116%), insecticides (105.5%), mixtures of odoriferous substances (185.6%), milk and cream products (608.6%), trailers (152.3%), and machines for cleaning (333%), and other pharmaceutical goods (49.9%; see Table 83 and Table 84).

Zimbabwe's commodity exports to non-EU jurisdictions partly mirror the country's commodity exports to the EU. Raw materials, such as gold nickel, diamonds and platinum, as well as tobacco and other agricultural commodities generally account for high shares in Zimbabwe's total goods exports to the rest of the world and neighbouring African countries. On the import side, Zimbabwe's goods imports are characterised by high shares of petroleum products, pharmaceuticals, motor vehicles, chemical products, foodstuff products and various manufactured commodities, such as textiles, electrical and machinery equipment (see Table 85 to Table 92).

Other factors affecting trade

It is also key to consider the analysis of trade flows in the context of other factors affecting trade such as changes in commodity prices, natural disasters, and macroeconomic policies such as in particular exchange rate policies of ESA4 countries. **The exchange rate of Seychelles has stayed at a stable level over recent years, also due to its robust tourist presence.** Also, inflation remained at a low level of 2.6% in 2019. Also, the exchange rate of the Euro to the Mauritian Rupee has stayed relatively stable from 2012 to 2019 (with a EUR/MUR exchange rate of approximately 38 in early 2012 and a corresponding value of 40 in 2019). Also, the Seychelles Rupee has stayed relatively constant with a EUR/SCR exchange rate of 18 in early 2012 and approximately 15.5 in 2019.³⁴

In contrast, the Malagasy Ariary has experienced a constant depreciation since 2012 (EUR/MGA exchange rate of 2900 in January 2012 compared to above 4000 in 2019). Also, Zimbabwe has seen a local currency depreciation of the Zimbabwean Dollar especially in recent years (EUR/ZWD exchange rate in 2017 of 380 compared to 410 in 2019).³⁵ In Zimbabwe, this also contributed to rising inflation reaching 230% in July 2019. However, this rise in inflation is also due to rising food and agricultural commodity prices caused by a declining production of agriculture in Zimbabwe in recent years. Food security was also affected by natural disasters such as cyclone Idai in 2019 and drought conditions caused by El Nino.

4.2 Patterns in ESA4 services trade

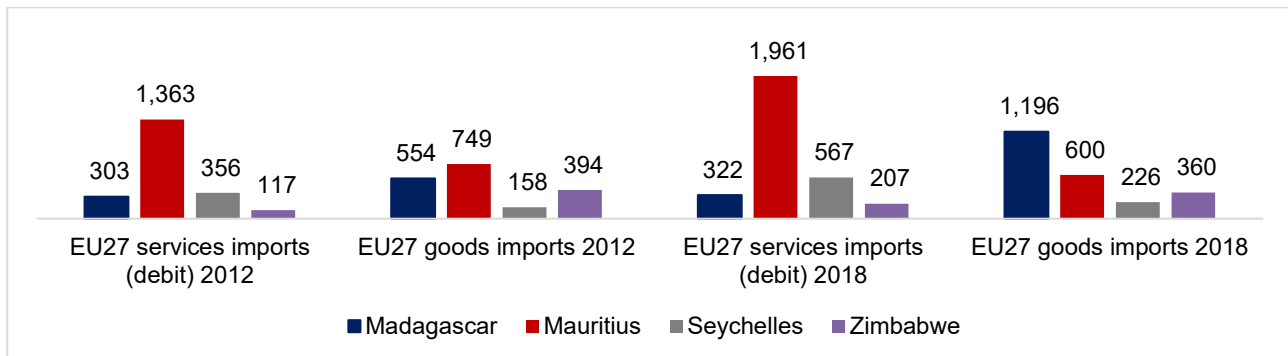
4.2.1 Patterns in ESA4 countries' services exports to the EU27

ESA4 countries' total services exports to the EU generally increased from 2012 to 2018, amounting to 322 million EUR for Madagascar in 2018, 2 billion EUR for Mauritius, 567 million EUR for Seychelles, and 207 million EUR for Zimbabwe. For Mauritius and Seychelles, services exports to the EU are significantly higher than goods exports, driven by these countries' strong tourism services exports (Figure 6).

³⁴ <https://www.xe.com/currencytables/>

³⁵ <https://www.xe.com/currencytables/>

Figure 6: Development of ESA4 countries' total services exports to the EU27, 2012 and 2018, in million EUR

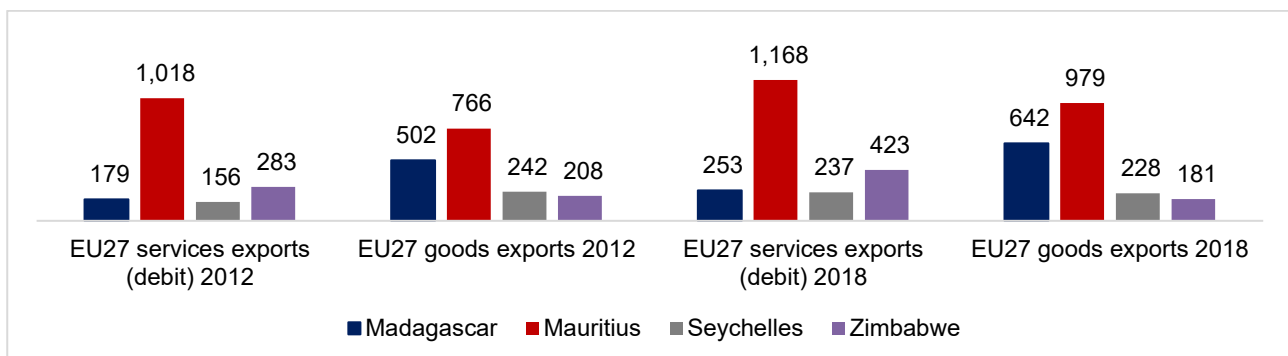


Source: Eurostat.

4.2.2 Patterns in ESA4 countries' services imports from the EU³⁶

ESA4 countries' total services imports from the EU generally increased from 2012 to 2018, amounting to 253 million EUR for Madagascar in 2018, 1.2 billion EUR for Mauritius, 237 million EUR for Seychelles, and 423 million EUR for Zimbabwe (Figure 7). For the EU, services exports to Mauritius and Seychelles are higher than goods exports.

Figure 7: Development of ESA4 countries' total services imports from to the EU27, 2012 and 2018, in million EUR



Source: Eurostat.

4.3 Foreign Direct Investment

EU27-ESA4 investment stocks have increased significantly in recent years. In addition, almost half of the current global gross direct investment flows in Mauritius originate in the EU. In 2018, stocks of EU FDI in ESA4 countries amounted to a total of 17.1 billion EUR. Individually, Mauritius accounted for by far the largest part with 15.7 billion EUR alone. Seychelles amounted to 778 million EUR, while the same figures were 366 million EUR for Zimbabwe and 268 million EUR for Madagascar.³⁷

In total, this is a significant increase from 2014 when EU FDI in ESA4 countries amounted to 13.1 billion EUR. ESA4 FDI stocks in the EU amounted to 10.3 billion EUR in 2018. This also constitutes a significant increase compared to 2014 when FDI stocks amounted to 6.3 billion EUR only (see Table 8).

³⁶ Balance of payments-based services trade statistics are only available at aggregate level for ESA4 countries' services imports from the EU. The latest year for which data is available is 2018.

³⁷ Note that investment activity in Zimbabwe is currently hampered by an uncertain economic situation, a lack of serious business climate reforms and missing foreign capital inflows. These factors currently limit the activities of foreign investors in the country.

Table 8: EU27-ESA4 FDI stocks (billion EUR)

	2014	2015	2016	2017	2018
Inward	6.347	5.128	10.143	8.078	10.310
Outward	13.137	14.364	1.448	17.785	17.119

Source: Eurostat

Due to data scarcity regarding detailed investment stock or flow data in the case of many ESA4 countries, the following analysis will lay a focus on Mauritius where more detailed data is available.

Mauritius can be regarded as a stable legal environment and has a reliable reputation when it comes to banking structures and its financial sector. These environmental factors also explain the relatively large level of EU FDI stock in Mauritius compared to other ESA4 countries. In 2019, global gross direct investment flows in Mauritius have been estimated at 536 million EUR. Real estate activities were the most important sector accounting for 405.3 million EUR, followed by financial and insurance activities (13.4 million EUR) and manufacturing (9.1 million EUR). Out of these total investment flows, close to half (240 million EUR) originated from the EU27, from France (accounting for 178 million EUR alone).

Mauritius' gross direct investment flows abroad accounted for 97 million EUR in 2019. The most important sectors were financial and insurance activities as well as accommodation and food service activities. Out of these total investment flows abroad, 32.4 Million EUR were directed to Africa and 5.6 million EUR were directed to the EU27.³⁸

4.4 EU's Outermost Regions and Overseas Countries and Territories

Out of the EU's nine outermost regions, La Réunion and Mayotte are near the ESA4 countries and are thus most impacted by the EPA. Stakeholders' views also indicate that La Reunion and Mayotte merit special attention regarding the EU-ESA interim EPA. It should be noted that, contrary to ESA countries, detailed UN Comtrade trade data are neither available for La Réunion nor Mayotte.

La Réunion's economy is largely focused on the services sector and some manufacturing activities. Also, agriculture plays an important role, in particular the sugar industry. Rum (alcoholic beverages) production is important. For the period 2013 to 2019, trade in goods data is provided by the Observatory for Economic Complexity (see Table 9 below). The data indicate that in 2019 La Réunion exported goods worth 127 million EUR, compared to 202 million EUR in 2013. In 2019, the top exports of La Réunion were Sugar (38.4 million EUR; 30.2% of total goods exports), waste not dangerous (17 million EUR; 13.4%), feeds for farm animals (10.5 million EUR; 8.3%), other manufacturing (9.39 million EUR; 7.3%), and alcoholic distilled beverages (5.21 million; 4%). In 2019, the top export destinations of La Réunion were Madagascar (18 million EUR), India (12.7 million EUR), Portugal (11.5 million EUR), Italy (11.4 million EUR), and Mauritius (11 million EUR). Sugar exports (mainly to the EU27 and the UK) declined from 66.7 million EUR in 2013 to 38.4 million EUR in 2019. Exports of feeds for farm animals slightly increased from 9.84 million EUR in 2013 to 10. Million EUR in 2019, with Madagascar being by far the most important export partner (92.8% in 2013; 97.4% in 2019).

Mayotte's economic activity is largely based on the agricultural sector, such as fishing and raising livestock. For the period 2014 to 2019, trade in goods data is provided by the Observatory for Economic Complexity. The data indicate that in 2019 Mayotte exported goods worth 4.8 million EUR, compared to 3.83 million EUR in 2013. In 2019, the top exports of Mayotte were tobacco products (1.83 million EUR; 32.2%), waste not dangerous (0.406 million EUR; 8.45%), other manufactured products (0.401 million EUR; 8.36%), and motor

³⁸ Bank of Mauritius. Preliminary Gross Direct Investment Flows: 2019. Available at: https://www.bom.mu/sites/default/files/di_2019q4_website.pdf. Calculated to EUR based on average exchange rate of 0.0251 EUR/MUR for 2019 (See: <https://www.exchangerates.org.uk/MUR-EUR-spot-exchange-rates-history-2019.html>).

vehicles (0.194 million; 4%). In 2019 the top export destinations of Mayotte were (Rest of the) World (2.51 million EUR; no country-by-country break-down available), Comoros (1.04 million EUR), India (407 million EUR), Madagascar (184 million EUR), and Mauritius (181 million EUR). The value of Mayotte's exports to ESA countries is generally relatively small. Madagascar and Comoros are major destinations for Mayotte's exports of manufactured goods, which remained relatively stable between 2014 and 2019.

Table 9: Development of major commodity exports from La Reunion and Mayotte

La Reunion	Commodity	2019 share	2019 trade value in million EUR	Major export destinations
2019	Sugar	30.20%	38.4	EU27: >90%
	Waste, not dangerous	13.40%	13.4	India (73.8%), Pakistan (9.78%)
	Feeds for farm animals	8.28%	10.5	Madagascar (97.4%)
	Other manufactured products	7.37%	9.39	Mauritius (61.8%)
La Reunion	Commodity	2019 share	2019 trade value in million EUR	Major export destinations
2019	Processed and preserved fish	32.50%	66.7	Vietnam (47.8%), Hong Kong (11.6%)
	Sugar	25.40%	51.3	EU27: >90%
	Waste, not dangerous	10.30%	20.8	India (59.9%), Indonesia (6.51%)
	Feeds for farm animals	4.87%	9.84	Madagascar (92.8%)
Mayotte	Commodity	2019 share	2019 trade value in million EUR	Major export destinations
2019	Tobacco products	38.20%	1.83	World (100%), not additional data available
	Waste, not dangerous	8.45%	0.406	India (96.1%)
	Other manufactured products	8.36%	0.401	Comoros (47.4%), Madagascar (15.4%)
	Motor vehicles	4.00%	0.194	Comoros (70.8%), Madagascar (20.8%)
Mayotte	Commodity	2019 share	2019 trade value in million EUR	Major export destinations
2019	Engines and turbines	26.90%	1.03	EU27 (Germany 91.8%)
	Other manufactured products	12.70%	0.486	Madagascar (18.2%), Comoros (13.7%)
	Waste, not dangerous	11.90%	0.453	India (68.4%)
	Other tanks, reservoirs and containers	10.90%	0.416	Mauritius (88.6%), Comoros (11.4%)

Source: Observatory for Economic Complexity

Available trade data indicate that the interim EPA had a negligible economic impact on Mayotte and La Reunion. For La Reunion, the drop of sugar exports to the EU is unlikely to result from higher exports (competition) from ESA countries as individual ESA countries' sugar exports to the EU declined significantly since 2012. Trade data provided by the Observatory for Economic Complexity for other OR's and OCT's suggest that the impact of the EU-ESA interim EPA on these regions is also negligible.

4.5 Role of other trade agreements

ESA4 countries have each also concluded several trade agreements with third countries on a bilateral basis or are beneficiary of preferences for example under the GSP. Annex VIII provides a more detailed overview of the regional agreements, GSP preferences as well as bilateral trade agreements for each ESA4 country. As outlined in the previous section covering preference utilisation, the PUR of the interim EPA by ESA4 countries has been consistently at a very high level (see chapter on RoO). Overall, the role that these other trade agreements with third countries have played for the use of the EPA with the EU can be considered to be limited.

5. Economic impacts

The European Commission’s DG Trade undertook a set of modelling exercises based on a CGE model (for Madagascar, Mauritius and Zimbabwe) and a PE model (for Seychelles; due to data limitations). This chapter sets out the CGE modelling results for Madagascar, Mauritius and Zimbabwe and results for Seychelles, which are based on a PE model. The specifications are outlined in Annex III on research methods and analytical model. The modelling provides estimates for the impact of the EPA on trade flows and other economic variables against the counterfactual of not having an agreement in place. The baseline underlying the counterfactual includes MFN tariffs on the side of ESA countries and GSP, Everything but Arms (EBA) or MFN tariffs on the EU side. The models applied account for the dismantling of tariffs for the EU’s ESA partner countries. The CGE model output includes changes in trade flows and domestic output for various product groups and services sectors, changes in aggregate GDP as well as the relative impact on welfare, prices, and wages at the macroeconomic level. The PE model output does not include macroeconomic effects, i.e. it does not provide estimates for GDP, wages and the aggregate price level.

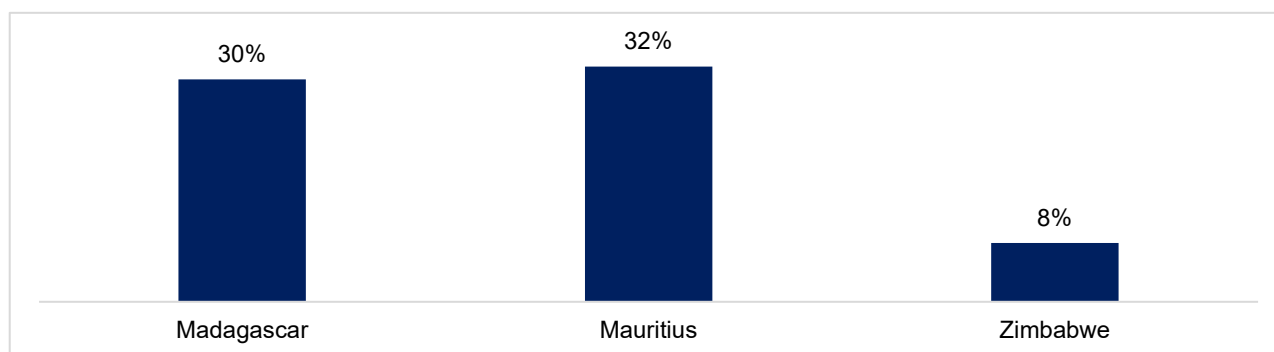
5.1 Modelling results for Madagascar, Mauritius, and Zimbabwe

EU exports to ESA states

As concerns total EU exports to ESA countries after the implementation of the EPA, **the largest percentage gains are estimated for Madagascar and Mauritius. Moderate percentage gains in imports from the EU are estimated for Zimbabwe.** With the EPA, EU total exports to Madagascar are estimated to be 30% higher, exports to Mauritius are estimated to be 32% higher and exports to Zimbabwe are estimated to be 8% higher (see Figure 8).

As concerns specific industries, **the EU’s manufacturing sectors are estimated to benefit most from tariff reductions on the side of ESA countries**, with “Manufactures n.e.c.” (which includes a wide array of high and less knowledge-intensive products), “Machinery and equipment” and “Other metal products” taking the lead (see Table 19). It should be noted that EU exports of “Wearing apparel” to Madagascar and Mauritius show high percentage increases too but compared to manufacture exports the absolute levels of apparel and other textiles’ exports from the EU to ESA countries are low.³⁹

Figure 8: Projected changes in total EU exports due to the EPA



Source: DG Trade estimations.

³⁹ It should be noted that there is no policy change on services introduced to the simulations. Therefore, any effect on the sector would be second round, and thus very sensitive to the model’s closure assumptions etc.

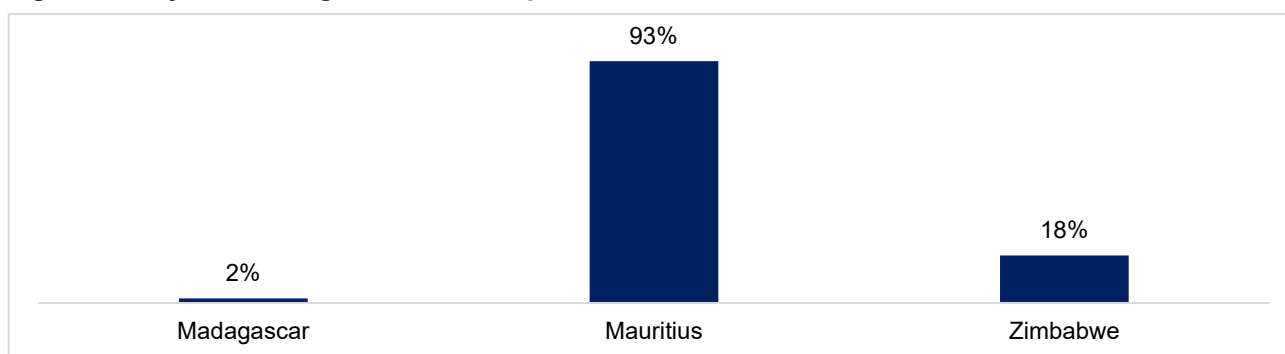
ESA4 exports to the EU

Mauritius and Zimbabwe are estimated to gain most relative export growth due to preferential market access in the EU. Madagascar’s exports to the EU would largely remain unchanged in absence of the EPA. Total EU imports from Madagascar are estimated to be 2% higher with the EPA in place. By contrast, EU imports from Mauritius are estimated to be 93% higher and imports from Zimbabwe are estimated to be 18% higher with the EPA (see Figure 9).

ESA countries’ agricultural and less knowledge-intensive (and less skill-intensive) manufacturing sectors are estimated to benefit most from tariff reductions (Madagascar, Zimbabwe) and MFN tariffs (Mauritius) respectively, with the highest relative changes estimated for exports of “Sugar and sugar crops” for Mauritius and Zimbabwe (see Table 20). It should be noted that the counterfactual export levels modelled for of sugar products’ exports are comparatively low for both countries. It should also be noted that the counterfactual to the EPAs are not Cotonou preferences, but EBA, MFN and GSP for, Madagascar, Mauritius, and Zimbabwe respectively. In the sugar sector, preferences do not go beyond what was offered under Cotonou. Yet, sugar products’ exports would be significantly lower without the EPA. Similar results are estimated for “Fisheries and processed fish”, for which exports are rather negligible for Zimbabwe (the only land-locked country), but relatively high for Mauritius, when compared to other ESA countries and other commodities exported from Mauritius to the EU. Exports of textiles products from Mauritius and Zimbabwe to the EU are also estimated to be significantly lower in absence of an EPA. While the textiles and apparel sectors are rather negligible for the economy of Zimbabwe, it is of higher importance to Mauritius. For Mauritius and Zimbabwe “Other crops” industries are also estimated to benefit most from the EPA. This sector is of particular importance for Zimbabwe, accounting for a relatively high share in the country’s overall exports to the EU.⁴⁰ By comparison, the “Other crops” sector is much less important to Mauritius’ economy.

As concerns trade diversion at the expense of LDCs, goods and services exports to the EU are hardly affected by the EPA. LDC countries already benefit from duty-free, quota-free market access in goods markets. Some rather minor market distortions can be expected for the “Sugar and sugar crops” sector for which non-ESA LDC exports are estimated to decline by 5%.

Figure 9: Projected change in total EU imports from ESA



Source: DG Trade estimations.

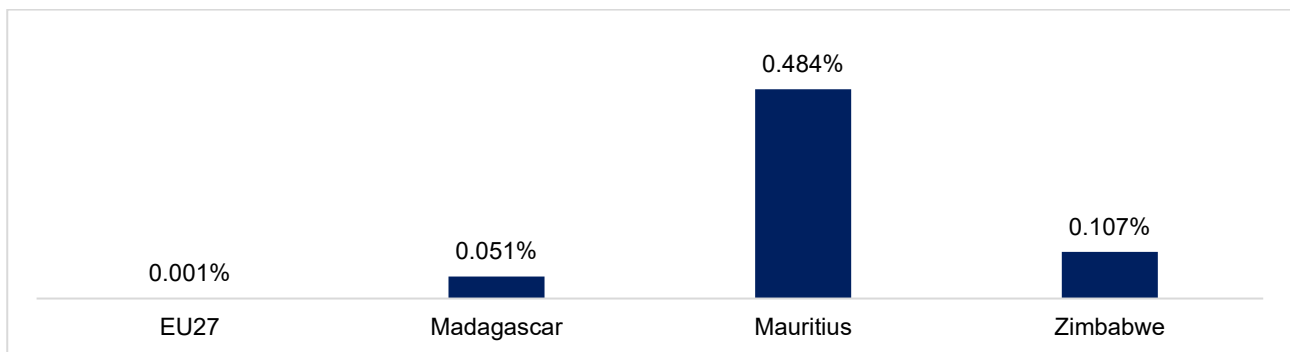
The impacts of the EPA are estimated to be relatively low, often negligible for most sectors of the economy when considering domestic sector output (overall production by domestic industries) in the EU and ESA countries (see Table 18). At the same time, Mauritius’ sugar products production is estimated to increase by 52.1% due to the EPA with the EU, Mauritius’ fishery and seafood sector is estimated to gain 10.2%, and Mauritius’ textiles sector is estimated to expand by 6.3% (“Textiles”) and 5.7% (“Wearing apparel”) due to the EPA. Madagascar’s “Non-ferrous metals” sector is estimated to export 5.2% more due to the EPA. For the EU and Zimbabwe, the EPA is estimated to result in relatively low changes in sectoral output. For

⁴⁰ Exports under this sector of Zimbabwe are mainly tobacco.

Zimbabwe, the highest percentage increases are estimated for the fruits and vegetables sectors (2.4%) and the sugar sector (1.4%).

These numbers are generally mirrored by the estimates computed for the countries' overall economic activity (economic output, GDP). **Importantly, no region experiences a reduction in aggregate economic output, which indicates that the EPA with the EU contributes to growth in ESA countries overall economic activity.** Due to its economic size relative to the trade at stake in the EPA, for the EU the impact of the EPA on overall economic output is overall negligible (but positive, see Figure 10). By contrast, Madagascar's overall GDP is estimated to be 0.05% higher due to the EPA. Mauritius' GDP is estimated to be 0.5% higher due to the EPA, and Zimbabwe's GDP is estimated to be 0.1% higher respectively.

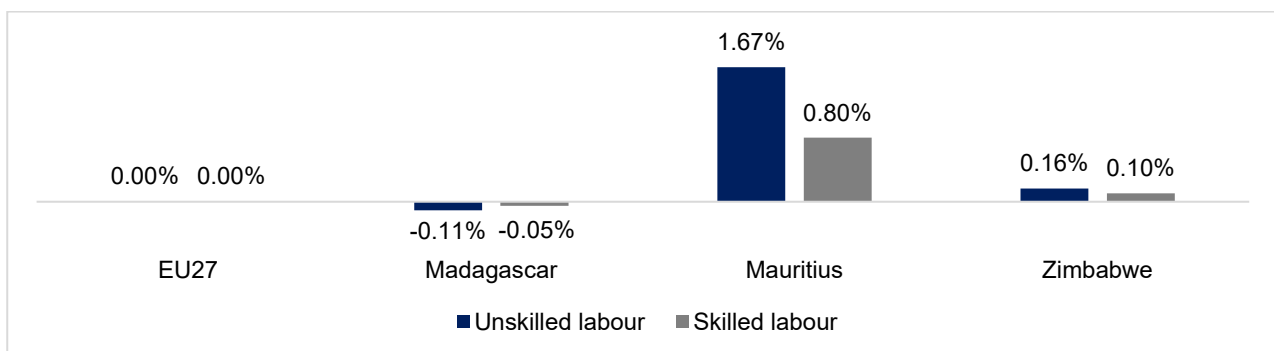
Figure 10: Projected change in aggregate GDP



Source: DG Trade estimations.

Similar to production and GDP effects, the impacts of the EPA on wages are generally negligible, with the exception of Mauritius (see Figure 11). For both skilled and unskilled labour wages in Mauritius' economy are estimated to rise by 1.7% and 0.8% respectively due to the EPA with the EU.

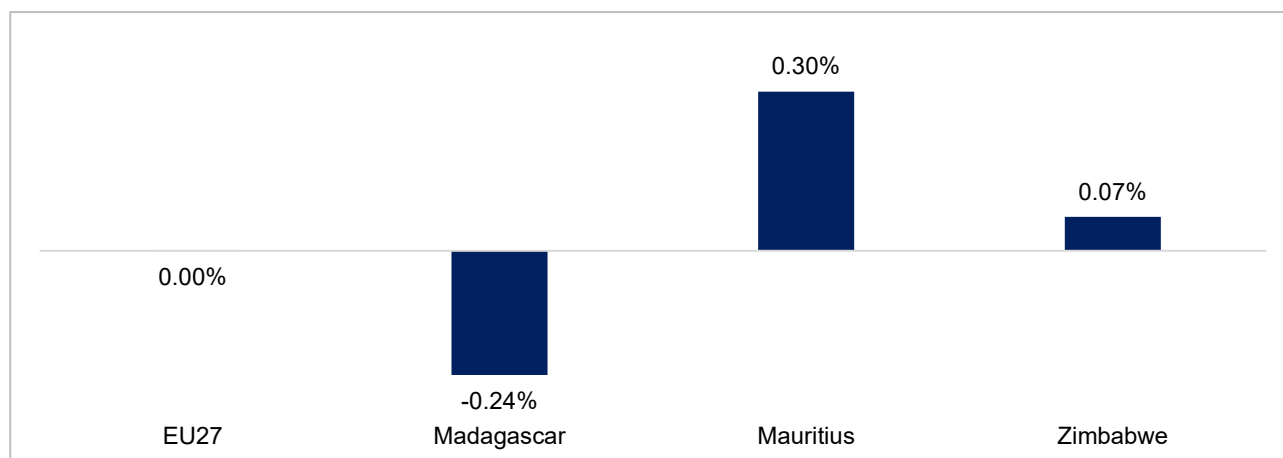
Figure 11: Projected changes in wages, skilled and unskilled labour



Source: DG Trade estimations.

As concerns effects on consumers, the estimates on the EPA's impact on consumer prices, can generally be considered as below the perception threshold, reaching from -0.24% for Madagascar to +0.3% for Mauritius (see Figure 12). Similarly, the effects on consumer prices for Zimbabwe are estimated at +0.07%, while no changes are estimated in the case of the EU27.

Figure 12: Changes in consumer prices, based on Fisher CPI



Source: DG Trade estimations.

5.2 Modelling results for Seychelles

The estimates from the PE model indicate that the EPA contributes to rising bilateral exports for both the EU and Seychelles. Table 21 and Table 22 outline the estimated changes in the top 20 post-EPA exports from the EU27 to Seychelles and from Seychelles to the EU27 respectively.

Total EU27 exports to Seychelles are estimated to be 26% higher compared to a no-EPA situation. Seychelles' total exports to the EU27 are estimated to be 573% higher compared to a no-EPA situation. While EU27 exports show relatively high increases in processed food and manufactured products, the significant increase in Seychelles' exports to the EU are driven by substantial increases in exports of "Prepared or preserved tunas, skipjack and Atlantic bonito". Accordingly, for Seychelles, the results show a very strong concentration of both current trade and preferential gains in one tariff line of processed fish, i.e. 160414 (tuna, skipjack and bonito). This line attracts tariffs of 24% or 25% ad valorem, which, for a weakly differentiated product such as fish, can be considered prohibitive. This trade would probably vanish in absence of the EPA. At the same time, it should be noted that economic activity, economic growth, and foreign exchange earnings in Seychelles reside very much in the tourism services sector, not in the commodity or low-tech manufacturing sectors, as is the case for other countries in the region.

5.3 Budgetary Impacts

Regarding budgetary impacts, the interim EPA has not had any significant negative impacts on overall tax revenue in ESA4 countries. Overall tax revenues have increased significantly for all ESA4 countries since 2019. Figure 22 in Annex IX shows overall tax revenues in current local currencies for Madagascar, Mauritius, Seychelles, and Zimbabwe. Tax revenues in Madagascar have increased consistently and at a strong rate since 2009 and a similar upwards trend can be observed in the case of Seychelles. In the case of Mauritius, tax revenues have consistently increased as well, except for a sharp decline in 2015. Available data for Zimbabwe also suggests an upwards trend since 2009.

When analysing annual tax revenue as a percentage of annual GDP, Figure 23 in Annex IX shows an overall constant level for all ESA4 countries from 2009 to 2019. Figure 24 illustrates annual revenues from customs and other import duties as a percentage of annual tax revenue. Here, we can observe a stable trend in the case of Mauritius where the revenue share remained at a constant low rate since 2009. For the other three ESA4 countries, an overall negative trend can be observed, in the case of Madagascar from 2009 to 2010. Also, annual revenues from taxes on income, profits and capital gains have remained relatively stable since 2009. In the case of Zimbabwe and Seychelles, an increase can be observed, while the shares of Madagascar

and Mauritius decreased slightly from 2009 to 2010 and then remained stable (see Figure 25). And the shares of annual revenues from taxes on goods and services even increased in the case of all ESA4 countries (see Figure 26).

Finally, annual labour taxes and contributions measured in percentage of commercial profits have remained constant as well in Madagascar, Mauritius and Zimbabwe from 2009 to 2019. In Seychelles, a strong decrease can be observed from 2010 to 2012, and the rate of taxes and contributions has remained at a constant low level since then (see Figure 27).

5.4 Key findings

Both the CGE modelling conducted for Madagascar, Mauritius and Zimbabwe and the PE model applied for Seychelles indicate that ESA4 countries benefit from the EPA through higher exports to the EU in commodities in which they tend to have international comparative advantages, mainly in agricultural commodities, processed food, textiles, and light manufacturing. Increased specialisation and improvements in the international division of labour cause a reallocation of domestic productive resources (labour and capital) to more productive uses, which causes domestic production to rise in Madagascar, Mauritius, and Zimbabwe, reflected by increases in these countries' real GDP (with EU GDP remaining largely unchanged). Similarly, for Seychelles, the PE estimates indicate that the EPA contributes to rising bilateral exports, which would also result in a reallocation of domestic resources and should translate to increases in real GDP.

6. Social, gender, human rights and environmental impacts

6.1 Overview

This section considers **the social, gender, human rights, and environmental impacts of the interim EPA** since the start of its provisional application in 2012 in Madagascar, Mauritius, Seychelles and Zimbabwe.⁴¹ Where available, quantitative data are presented from 2010 to 2019, using the years 2010 and 2011 as a baseline. This section provides an overview of the analysis; further details can be found in Annex X to this report.

The analysis considers the following channels through which the interim EPA could have had impacts on the environmental, social, gender and human rights development in the ESA 5 countries:

1. Provisions related to trade and sustainable development

The interim EPA does not have a dedicated chapter on trade and sustainable development, though it does have provisions in these areas, among which are the following:

- The Preamble of the interim EPA affirms that it 'shall be consistent with the objectives and principles of the Cotonou Agreement, which in turn calls for the respect of human rights and basic labour rights as well as the sustainable management of natural resources and the environment and moreover contains articles on gender issues, on trade and environment and trade and labour rights.⁴²
- The interim EPA also calls for coherence with the Millennium Development Goals (Art. 2), support for the implementation of international environmental agreements (Art. 49) and cooperation on natural resources, including water and biodiversity (Art. 38).
- The Agreement moreover identifies several social and environmental areas for development cooperation (Annex IV).

These provisions can have impacts in the ESA countries, though the screening suggests that as voluntary measures their effects may be limited (please see Annex X for further details). The analysis has looked at the role of support for the implementation of international environmental agreements, and of EU development cooperation more generally.

2. Trade provisions

The screening (see Annex X to this report) suggests that **trade provisions may have important indirect impacts on social, gender, human rights and environmental conditions** via the changes in trade and production they engender. For this reason, sub-section 6.4 looks at impacts in sectors which are marked by important trade flows with the EU.

3. Provisions on development cooperation

Several areas of environment and social and gender are mentioned in the Development Matrix of the interim EPA (Annex IV). EU development cooperation could thus have had a **direct impact** on these issues in ESA countries.

⁴¹ The analysis refers to but does not focus on Comoros, as this country fully joined the interim EPA in 2019. In addition, as indicated in the Terms of Reference for this study and agreed with the European Commission, the evaluation has not focused on possible impacts in the EU.

⁴² Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000, Section 2 (Art.25-27), Section 4 (Art.31-32).

While the interim EPA has had a most likely small impact (see section 6.5) on the issues in question, a range of other policy initiatives – including other trade agreements and international labour and human rights conventions – along with domestic policy developments and international economic trends will also have had an effect in these spheres.⁴³ Consequently, while the analysis has sought to identify impacts related to the interim EPA, trends in environmental, social and human rights development in the ESA countries are influenced by the interplay of a broad range of factors.

This section first reviews the environmental context and trends in ESA countries, including policy developments, and then considers the context and trends related to social, gender and human rights issues. The section then considers trends in key ESA economic sectors that export to the EU. It concludes by drawing key findings concerning the impacts of interim EPA. The results are based mainly on literature review and desk research. While the research found data and information on the environmental, social, gender and human rights context in ESA countries, **a key data gap concerned information on the impacts of the interim EPA.** For example, the consultation activities provided little information on potential impacts.⁴⁴ To address this gap, the analysis looked more closely at key sectors exporting to the EU and used CGE modelling results to indicate potentially important areas where impacts may have occurred.

6.2 Environmental context and trends

Environmental challenges for the ESA5 countries include protection of biodiversity, forests and improving resilience to climate change. Four of the five ESA5 states are island nations (Comoros, Madagascar, Mauritius and Seychelles). They have shared characteristics including high vulnerability to climate change and extreme weather events and high importance of fishing as a sector. Together the four countries are part of the Madagascar and Indian Ocean Islands biodiversity hotspot, with high numbers of endemic species. Madagascar in particular is recognised as being of major importance for its biodiversity, in terms of both terrestrial and marine ecosystems.⁴⁵ Deforestation and degradation of forests and the marine environment due to human activity are therefore major environmental concerns for these countries.

Changes in environmental indicators related to biodiversity since the EPA has been provisionally applied are relatively limited. Forest cover in Comoros, Madagascar and Zimbabwe appears to have decreased slightly during the period since 2010. It has slightly increased in Mauritius and remained stable in Seychelles. The share of important terrestrial biodiversity sites protected has increased by a few percentage points in Madagascar, Mauritius and Zimbabwe. Deforestation can be linked to a range of human activity, including sectors relevant to trade with the EU such as agriculture or mining. However, in Madagascar, for example, studies suggest crops for trade are not among the main drivers of deforestation.⁴⁶ The four countries have very different levels of carbon dioxide emissions per capita: these are linked to income levels per capita as well as main fuel sources. **From 2012 to 2019, estimated carbon emissions from fossil fuel combustion have increased in Madagascar and Mauritius but declined in Seychelles and Zimbabwe (see Table 10).** When considering other sources of carbon emissions, including land-use change, emissions per capita are however estimated to have grown in all four countries.⁴⁷

⁴³ Moreover, the COVID-19 pandemic has had extensive impacts in 2020; it is not covered in this evaluation, which focuses on the period to 2019.

⁴⁴ In the survey that was carried out for the project, most respondents were from EU Member States, and most did not answer the questions on the environmental, social or human rights impacts of the interim EPA; moreover, the few that did mostly replied that they did not know about this topic. Nonetheless, one respondent from Mauritius saw moderately positive results in terms of environmental, social and human rights impacts. In interviews with civil society organisations in ESA countries, most had a low level of awareness of the interim EPA and thus of its possible environmental, social or human rights impacts, while in interviews with government and the private sector, environmental, social or human rights impacts were not among the main topics raised.

⁴⁵ Secretariat for the Convention on Biological Diversity (2020), Madagascar - Main Details, <https://www.cbd.int/countries/profile/?country=mg>

⁴⁶ Bureau national de coordination REDD+ (2017), Analyse des moteurs de déforestation et de dégradation dans les écorégions des forêts humides de l'Est et des forêts sèches de l'Ouest de Madagascar, https://bnc-redd.mg/images/documents/rapports/Rapport_final_MoteursdelaDeforestationetDegradationdesforets.pdf

⁴⁷ Global Carbon Project, <http://www.globalcarbonatlas.org/en/CO2-emissions>

Table 10: CO2 emissions (metric tons per capita) from fossil fuel combustion, 2012 and 2018 levels

	Madagascar	Mauritius	Seychelles
2012	0.15	3	12
2019	0.16	3.41	10.98

Source: Knoema, based on JRC EDGAR⁴⁸

The CGE modelling undertaken by DG Trade suggests that changes in trade due to the interim EPA have had little impact on the carbon dioxide emissions of the signatories to the agreement. In fact, the modelling predicts that CO₂ emissions were slightly lower than they would have been in a scenario without the Agreement in Madagascar (-3.3%) and Mauritius (-2.6%). In Zimbabwe, emissions are predicted to have been essentially the same (a 0.03% increase is calculated) with the EPA than without.⁴⁹

Changes in flows of the volume of exports and imports and the type of transport used to move them can also affect the environmental impact of the interim EPA. **Data show an increase in the tonnes of exports arriving in the EU from Madagascar, Seychelles, and Zimbabwe by air over the period 2012-2019.** Considered as a percentage of the weight of all goods transported by sea, air, rail, or road, which are the four principal modes of transport, the share of goods arriving in the EU by air has increased from all four countries between 2012 and 2019.⁵⁰ Trends up to 2018 show a rising trend for all four countries, but 2019 saw a drop in the share of air transport for all except Seychelles.

For EU exports to these four ESA countries, there has been a 12% increase in the total weight of goods transported by air. However, as there has been an overall increase in exports by weight, and the proportion of goods transported by air in the total weight of all goods leaving the EU (by all means of transport) was slightly smaller in 2019 compared to 2012. Overall, it appears that, due to the rising quantities and shares traveling by air, **carbon dioxide emissions from goods transport between the EU and the ESA are likely to have risen.** The EPA may have influenced these trends; nonetheless, total emissions from goods transport are estimated to be far lower than national emissions in ESA countries.

Article 49 of the interim EPA notes that cooperation on natural resources and the environment will support the implementation of international environmental agreements, conventions, and treaties. The interim EPA moreover calls for development cooperation between the EU and the other signatories of the agreement covering areas important for environmental concerns, including management of natural resources and biodiversity and sectors such as mining, agriculture, fisheries, and energy.⁵¹ The development matrix in Annex IV of the Agreement includes addressing environmental impacts. **The five ESA countries have ratified a broad range of international environmental agreements**, including key agreements such as the Convention on Biological Diversity, the Paris Agreement on Climate Change, and the Basel Convention on Hazardous Waste. Nonetheless, a few agreements regarding fisheries and fish stocks have not been ratified by Comoros and Madagascar.⁵²

⁴⁸ Knoema, CO₂ emissions per capita: <https://knoema.com/atlas/Zimbabwe/CO2-emissions-per-capita>, based on JRC EDGAR emissions inventory and modelling: <https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2020&dst=CO2pc>

⁴⁹ Changes were not calculated for Comoros, which joined the agreement only in 2019, or for Seychelles. The CGE modelling found that the change in the EU's CO₂ emissions was essentially zero.

⁵⁰ See Annex X for a graph showing the evolution of the trend for each ESA4 country over the period.

⁵¹ See Chapter IV of Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part, 2012/196/EC

⁵² Those not ratified include, notably: the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (1995); the Southern Indian Ocean Fisheries Agreement (2006). Zimbabwe has not ratified a number of marine fisheries agreements, but as the country is land-locked this is less relevant.

Information on implementation of multilateral agreements is not always easy to find. Concerning the Convention on Biological Diversity, all ESA5 countries have fulfilled their reporting obligations. Moreover, all have established or updated their national biodiversity strategies since 2012. Nonetheless, whilst all five countries are signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), as biodiversity hotspots they are vulnerable to illegal trade in endangered species. For example, Madagascar is an important exporter of reptiles and amphibians as pets, and whilst there is legal trade for Malagasy species regulated under CITES, researchers have found that illegal trade in CITES Appendix I species has increased significantly and strongly impacted wild populations.⁵³ **Consequently, while all five ESA countries have taken steps to implement biodiversity conventions, important gaps remain.**

Moreover, all five ESA countries have ratified the UN Framework Convention on Climate Change as well as the 2015 Paris Agreement. **The ESA countries have taken a range of actions to address the greenhouse gas emissions and to adapt to climate change.** Madagascar's 2015 energy policy calls for the development of renewable energy and for reforestation to ensure fuelwood, which continues to be the country's main energy source. Mauritius set up a renewable energy agency in 2016. The countries have addressed climate adaptation: Zimbabwe, for example, launched a project on resilience in agriculture, co-financed by the Green Climate Fund.

A review of EU development cooperation projects in the five ESA countries has identified projects in key sectors that are cited in the interim EPA and that can have important environmental impacts. These include fisheries and agriculture projects, for example to develop more sustainable production techniques and to improve the climate resilience of these sectors. Several countries have also engaged in projects supporting the development of renewable energy; in the case of Mauritius, projects have supported the diversification of the sugar cane industry towards production of ethanol to be used as a renewable energy source. This is particularly relevant given the ceasing of the Sugar Protocol from 2009 that effectively reduced prices for Mauritian sugar, an important export.

A brief review of the support planned for the ESA interim EPA under the 11th European Development Fund Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean found little mention of support for environmental objectives mentioned in the EPA.⁵⁴ Review of specific action documents for ESA countries to support the interim EPA found that where there are references to environmental objectives, these tend to be limited in scope.⁵⁵ Nonetheless, EU financing for multilateral environmental agreements (such as the Green Climate Fund under the UNFCCC) can also support policy developments and investment projects for environment and climate in ESA countries.⁵⁶

Overall, the main environmental impacts arising from the interim EPA appear to be linked to the scale of production and exports from ESA countries (including increasing exports sent to the EU via air). Since the provisional application of the EPA, it appears that ESA exports have remained concentrated in a few sectors, mainly commodities. Consequently, there has not been a major *composition* effect, as could occur if exports move to higher-value goods with lower impacts for the volume of trade. The information available hasn't identified changes in *techniques* that could lead to more efficient production of export products, though it cannot exclude that shifts are underway. A fourth dimension where the interim EPA could influence environmental impacts – and social, gender and human rights impacts – is via improvements in *governance*: the ESA countries have made progress in the implementation of key multilateral environmental agreements

⁵³ Janine E. Robinson, Iain M. Fraser, Freya A.V. St. John, J. Christian Randrianantoandro, Raphali R. Andriantsimanarilafy, Julie H. Razafimanahaka, Richard A. Griffiths, David L. Roberts (2018), 'Wildlife supply chains in Madagascar from local collection to global export', *Biological Conservation*, Volume 226, Pages 144-152, <https://doi.org/10.1016/j.biocon.2018.07.027>

⁵⁴ European Commission (2015), *Regional Indicative Programme for Eastern Africa, Southern Africa and Indian Ocean 2014-2020*, https://ec.europa.eu/international-partnerships/system/files/rip-ea-sa-io-signed-20150604_en.pdf

⁵⁵ See, for example, European Commission (2016) *Action Document for Zimbabwe EPA Support Project* https://ec.europa.eu/international-partnerships/system/files/c_2016_8091_f1_annex_en_4_zimbabwe_epa_support.pdf

⁵⁶ See also Annex X (Tables for Task 10)

and in the development domestic environmental policies. The assessment has identified examples of EU support for policy and programme developments, but a clear link to the interim EPA was not found.

6.3 Social, gender and human rights trends

Key trends in employment (including women's employment) in the ESA countries include the following (see Annex X for sources and further details):

- The **overall formal employment rates**⁵⁷ (including formal and informal employment) for the ESA5 countries show wide differences, ranging in the 2010-2019 from about 40% in Comoros to about 80% in Madagascar.⁵⁸ Moreover, national levels did not change notably after the provisional application of the interim EPA in 2012.
- Available data show that **informal employment** plays an important role in ESA countries, ranging from about 93% in Comoros (2014) to 14% in Seychelles (2019). There appears to have been an increase in informal employment since 2010, more accentuated for female employment, in particular in countries where agriculture is the main employer (as in Madagascar and Zimbabwe).
- While **agriculture** remains the main employer in Madagascar and Zimbabwe, there has been a slow **shift towards services** from 2010-2019, and employment in services increased from 20.6% to 26.8% in Madagascar and from 62.6% to 68.6% in Mauritius, though the increase in Zimbabwe has been much more limited. Tourism was a growing area for service sector employment.
- **Female employment** ranged from about 35% of the adult female workforce in Comoros to about 82% in Madagascar. Tourism has been a growing source of jobs for women in some countries. Overall, female employment has increased more than male employment.
- **Unemployment** is below 10% for all ESA countries, but higher for women than for men. While data are not complete, there appears to be an overall decrease of unemployment in the ESA countries over the time.
- **Average earnings** range greatly across ESA countries, with agriculture having lower average earnings than other sectors and services having higher average earnings. **Women's wages** remain lower across all sectors in all countries, and particularly in agriculture. However, average earnings for female workers in Mauritius rose from about 46% of the male average in 2011 to 55% in 2019, and some increases were seen in other ESA countries.

These employment trends are linked to a broad range of factors: national policies (supported to some extent the EU development cooperation), demand for goods from the EU and from other commercial partners such as China and the US, and political stability in the countries and global economic trends. **The ESA countries have made several actions to develop their social, labour and gender policies since 2012.** For example, while it had already ratified all fundamental International Labour Organisation (ILO) Conventions before 2012, Madagascar has ratified two additional ILO instruments in 2019 which are, among others, relevant to

⁵⁷ Employment rates are calculated as employment-to-population ratios expressing the number of persons who are employed as a percent of the total working age population. Employed persons include those in formal and in informal employment: 'Persons in employment are defined as all those of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit. They comprise employed persons "at work", i.e. who worked in a job for at least one hour; and employed persons "not at work" due to temporary absence from a job, or to working-time arrangements (such as shift work, flexitime and compensatory leave for overtime).' Employment in this sense includes all work for pay or profit, but excludes own-use production of services or goods, unpaid trainee work, volunteer work or other work activities that are not for pay or profit (see: ILOSTAT concepts and definitions, <https://ilostat.ilo.org/resources/concepts-and-definitions/> and ILO, Resolution concerning statistics of work, employment and labour underutilization, diagram 1, available at: http://www.ilo.ch/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf)

⁵⁸ ILO data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

combating child labour and forced labour,⁵⁹ both key social issues in the country: C189 on domestic workers and the 2014 Protocol to the 1930 Convention on Forced Labour. The instruments entered into force in Madagascar in June 2020.⁶⁰ Furthermore, in 2018, Madagascar amended its legal framework on child labour to prohibit the worst forms of child labour and in 2015 adopted a Code of Conduct for combating child labour in the vanilla sector.⁶¹ Zimbabwe's 2013 Constitution recognises and protects labour rights. Nonetheless, a range of problems have been observed since the provisional application of the interim EPA in 2012, as seen in complaints to the ILO's Committee of Experts on the Application of Conventions and Recommendations: these including anti-union actions (sometimes by applying violence), discrimination against women and child labour, in particular in low-income ESA countries.

The results of the CGE modelling for Madagascar, Mauritius, and Zimbabwe (and the PE model for Seychelles), undertaken by DG Trade, suggests that the overall impacts of the interim EPA have been limited, though positive, for both the ESA countries and the EU in terms of outputs, exports and imports and salaries. The modelling exercise suggest sugar cane in Mauritius, agriculture in Zimbabwe, fish processing Madagascar and Seychelles, and the textiles in Madagascar and Mauritius all benefitted compared to a scenario without an agreement. It should be recognised that CGE modelling involves a set of assumptions and mechanisms and their use has been questioned in particular when applied to developing countries whose trade is concentrated in a few sectors with a limited number of trading partners (in these cases, CGE models may underestimate the impact of trade liberalisation).⁶² Modelling results indicating increased output and trade in a sector may not, however, necessarily translate into increased employment or salaries for workers, or improved working conditions for those employed. Other factors, such as implementation and enforcement of international conventions, competitive pressures from the international markets, shifts in demands, external shocks can influence the levels and conditions of employment.

Human rights vary significantly across the five ESA countries, with Mauritius ranked among the highest countries in the world, while human rights in Madagascar and Zimbabwe have been affected by political and economic instability. **The countries have further developed their human rights policies since 2012,** Seychelles established a Human Rights Commission in 2018, and Mauritius has improved its institutional and policy framework aimed at accelerating the elimination of discrimination against women and promoting gender equality, by establishing a Ministry of Justice, Human Rights and Institutional Reforms in September 2017 and a national mechanism for reporting and follow-up in December 2017.

EU development cooperation has supported social, gender and human rights issues in ESA countries: it included, for example, support for women entrepreneurs and promotion of activities of young people and women working in export sectors in Madagascar; funds to empower low-income women, persons with disability and other vulnerable groups in Mauritius, focusing on women's empowerment; and support for civil society organisations and for disenfranchised and vulnerable groups in Zimbabwe (see Annex X and Chapter VIII).

The interim EPA, as an economic and trade agreement, can influence the right to an adequate standard of living: this right, and in particular the right to food, has been problematic, especially in Madagascar and Zimbabwe, which have both seen rising undernourishment and are at risk of famine. While both countries export crops to the EU, the evidence does not indicate that the interim EPA has contributed to their food crises or made food less affordable: for the most part, neither exports nor imports of staple foods with the EU are an

⁵⁹ Madagascar had already ratified the following instruments related to child labour: ILO C. 138, Minimum Age; ILO C. 182, Worst Forms of Child Labour; UN CRC; UN CRC Optional Protocol on Armed Conflict; UN CRC Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography; Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children.

⁶⁰ <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/madagascar>

⁶¹ Decree No. 2018-009 of 11 January 2018 amending and supplementing certain provisions of Decree No. 2007-563 of 3 July 2007.

⁶² For a review of the main issues related with the use of CGE models in EU trade policy, see Nilsson, L. (2018). Reflections on the Economic Modelling of Free Trade Agreements. *Journal of Global Economic Analysis*, 3(1), 156-186. doi:<http://dx.doi.org/10.21642/JGEA.030104AF> INTO REFERENCES

important item of trade.⁶³ The interim EPA also seeks to strengthen governance and the business environment, and doing so may have social and human rights impacts; while both governance and the business environment have improved in ESA countries, and EU development cooperation has provided support, there is not sufficient information to identify a direct link to social and human rights improvements (see Chapter 7).

A concern, raised for example by the UN Special Rapporteur on the Right to Food,⁶⁴ is that the removal of tariffs under agreements such as the interim EPA could lead to a loss of revenues for developing country governments, jeopardising public expenditure in areas related to economic, social and cultural rights, such as the rights to education and to health. **Recent data does not, however, show broad declines in ESA government expenditure on health or education as a share of GDP since the introduction of the interim EPA** (see Annex X for further details).

6.4 Focus on impacts related to key economic sectors

The influence of the interim EPA on social, gender, human rights and environmental conditions can be explored further by looking at ESA economic sectors that are major exporters to the EU. Table 93 in Annex X provides an overview of key issues in such sectors – please see Annex X for further details. The table provides indications of the interim EPA's impacts, drawing on information in the annexes, the results from the CGE modelling of changes in exports under the interim EPA compared to a scenario without the Agreement (for further information, please see Chapter 5) and the overview of EU development cooperation.

Among the issues identified, there have been reports of child labour in agriculture, including for export crops such as vanilla, tobacco and sugar produced in Madagascar and Zimbabwe. This appears linked to several factors, including extreme rural poverty. While it is likely that some products involving child labour have been imported to the EU, a direct link to the interim EPA was not found.

Social and human rights conditions in mining – including mica mining in Madagascar and diamond mining in Zimbabwe – have been a concern, along with the environmental impacts.⁶⁵ In February 2020, the European Parliament adopted a resolution on child labour in mines in Madagascar in which it urged the Commission to clarify that no minerals produced by child labour were imported into the EU.⁶⁶

A range of environmental impacts have been identified for major ESA exporting sectors, potentially including indirect deforestation pressures in Madagascar from vanilla production, water abstraction for tobacco cultivation in Zimbabwe and textiles production in Madagascar and Mauritius, and pressures on coastal zones and on fish stocks from fish exports from the island ESA countries.

EU development cooperation has addressed environmental, social and human rights issues in some key ESA exporting sectors, for example supporting restructuring in Mauritian sugar production. Concerning mining, Annex IV of the interim EPA includes the “promotion of health and safety standards” among the potential areas for development cooperation; however, a review has not identified any projects in this area.

6.5 Key findings

The review of the evidence gathered so far indicates that **the interim EPA overall has as yet not had major impacts on environmental, social conditions, gender and human rights conditions in ESA countries**. For example, the CGE modelling estimates that CO₂ emissions have decreased slightly in Madagascar and Zimbabwe compared to a scenario without the Agreement; exports in several ESA sectors have increased

⁶³ Madagascar exports a small volume of high-value rice to the EU but imports much larger volumes of rice, a main staple in the country, from Asia. Zimbabwe exports small volumes of vegetables (and also of coffee and flowers) to the EU, and it imports a small volume of wheat and meslin. Zimbabwe imports larger volumes of wheat and meslin, as well as rice and maize, from non-EU countries.

⁶⁴ UN Special Rapporteur on the right to food, 'Report of the Special Rapporteur on the right to food, Jean Ziegler' (10 January 2008) UN Doc A/HRC/7/5.

⁶⁵ These are also issues for gold mining in Zimbabwe: for further details, please see the case study on mining.

⁶⁶ European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

according to the modelling, and these may have led to small improvements in employment and wages in these sectors as well as for the economy as a whole.

The countries have made some policy and institutional reforms: while progress and actions have varied, there thus have been improvements in governance. The EU has provided support in a number of areas through its development cooperation, though strong links between national reforms, EU development cooperation, the Agreement itself and environmental, social and human rights conditions were not found. Positive examples include EU support for restructuring and innovation in the sugar sector in Mauritius. On the other hand, in Madagascar and Zimbabwe, it appears that political and economic instability has been a major factor shaping social and human rights conditions.

Concerning environmental impacts related to the interim EPA, these mainly appear linked to the scale of EU exports. Major *structural* effects linked to a diversification of exports have not been identified (indeed, Chapter 5 indicates that there has been greater concentration of exports to the EU rather than a diversification). The analysis did not find information on improvements in *environmental management techniques* or *governance* leading to reduced environmental impacts, though actions under the interim EPA as well as the SFPAs to better regulate fishing may lead to such results (see the case study on fisheries).

The review of major exporting sectors has identified important ongoing environmental, social, gender and human rights concerns. These include concerns over social conditions in *agricultural sectors* with major exports to the EU, including vanilla produced in Madagascar and tobacco in Zimbabwe. While low salaries and instances of child labour and cases of disrespect of labour rights (see above) are not specifically a direct result of trade with the EU, these issues are a concern for sectors exporting to the EU. Concerns over labour conditions have been raised in manufacturing sectors, such as the production of *textiles* in Madagascar. In this sector as well as others including agriculture, *women* appear to be more adversely affected. Increased production in this sector can also increase water consumption and water pollution. There are strong social, human rights and environmental concerns linked to *mining* in Madagascar and Zimbabwe. In sum, social, gender and human rights concerns in these sectors have continued under the interim EPA. The information available hasn't identified a strong link between the introduction of the interim EPA and changes in these sectors, though EU development cooperation has sought to strengthen governance. These concerns nonetheless indicate key areas where further policy action is needed.

7. Horizontal effects on governance and business environment

The topics of governance and the business environment are closely linked; nonetheless, this section focuses on each separately. The first paragraphs review provisions of the interim EPA for these two topics. The section then looks at international measures of governance and of the business environment in the five ESA countries. As development cooperation is a key mechanism under the interim EPA to address both, the section then briefly reviews cooperation projects and programmes in these areas.

The interim EPA has few provisions on *governance*.⁶⁷ As a general objective, the Agreement calls for improving “good governance in the ESA region” (Art. 2(b)), along with regional integration and economic cooperation; however, this objective isn’t directly accompanied by implementing provisions. The Agreement identifies governance as an area for technical assistance in the Development Matrix (Annex IV), including in the following three areas: “Technical assistance for exchange programmes and capacity building on water governance...” (area 1(d)(iii)); “...institutional governance to facilitate faster implementation of customs administration and procedures to meet emerging security requirements.” (area 3(a)(vi)); and improved governance for trade facilitation (area 4(b)).

It is expected that the negotiations on deepening the EPA will devote further attention to governance, as the Rendezvous clause (Art. 53(i)) identifies “cooperation and dialogue on good governance in the tax and judicial area” as one of the areas for negotiation for a full and comprehensive EPA.

The interim EPA contains several provisions related to the *business environment*. Its general principles include:

- “establishing and implementing an effective, predictable and transparent regional regulatory framework for trade and investment in the ESA region...” (Art. 2(f))

The development of the regulatory framework is also a provision mentioned in articles concerning fisheries, ICT, natural resources and environment. Moreover, Annex IV identifies the regulatory framework as a potential area for development cooperation for these areas and also for energy, agriculture, mining and regional economic cooperation. The development framework also refers to “strengthening of judicial security and legality” for private investment, commercial laws, employment laws, foreign investments, consumer rights and intellectual property rights (area 4(d)). In addition, the Development Matrix includes the following areas for potential cooperation:

- “Support policy development (of business-friendly laws and regulations)” (area 5(a)), including reviews of business and commercial laws
- “Establish mechanisms to encourage Public Private Partnerships and Community Private Partnerships” (area 5(b))

Negotiations for the deepened EPA are expected to address the business environment: among the topics included in the Rendezvous clause are, for example, “cooperation and dialogue on good governance in the tax and judicial area” (Art. 53(i)). **Consequently, the interim EPA sets out development cooperation as a**

⁶⁷ While the interim Agreement does not define governance, several international organisations have done so. A report of the African Union, referring to UN work, sets out the following components of good governance: “...legitimacy, whereby the government has the consent of the governed; accountability that ensures transparency and answerability for actions; respect for law and protection of human rights; and competence, which consists of effective policy making, policy implementation and service delivery”. See: African Union, *The Africa Governance Report: Promoting African Union Shared Values (Prepared by the African Peer Review Mechanism in collaboration with the African Governance Architecture)*, January 2019, available at: https://au.int/sites/default/files/documents/36418-doc-eng- the africa governance report 2019 final_1.pdf

key mechanism to support ESA countries for the development of both governance and the business environment.

7.1 Overview of country developments on governance

The World Bank's most recent indicator scores⁶⁸ for the five ESA countries, presented in terms of the global percentiles, are shown in Table 11 below: these scores are *relative*, as they present a national ranking in comparison with other countries in the world. The scores vary widely across the countries and across the dimensions of governance. For the two higher-income ESA countries, Mauritius and Seychelles, almost all scores are in the top five percentiles globally, while in the three lower-income countries, the scores are in lower percentiles.

Table 11: Governance indicators for the five ESA countries (2019): global ranking (percentile)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Voice and Accountability	28.08	37.93	73.40	58.13	16.75
Political Stability / No Violence	41.90	37.62	74.29	69.05	14.76
Government effectiveness	3.85	12.02	77.88	71.15	10.58
Regulatory quality	10.58	22.60	79.33	49.04	6.25
Rule of law	12.50	15.87	76.92	59.13	8.17
Control of corruption	15.38	15.87	63.94	81.25	10.10

Source: World Bank, *Worldwide Governance Indicators*, available at: <https://info.worldbank.org/governance/wgi/>

Note: The scores present a ranking among countries across the world on a score of 0 to 100

Since 2010, while trends have varied, the five ESA countries have generally seen improvements in terms of their ranks: their scores for voice and accountability, political stability, government effectiveness and regulatory quality have risen in most of the countries. It should be noted that these scores represent global rankings, with large uncertainties.

The African Development Bank has made a Country Policy and Institutional Assessment (CPIA) for 37 countries, including three ESA countries (Comoros, Madagascar and Zimbabwe). These scores cover six areas: governance, economic management, structural policies, infrastructure and regional integration, and social inclusion and equity. The three ESA countries all score below the African average. While Comoros and Zimbabwe have seen small improvements in their overall CPIA scores between 2004 and 2018 (the years for which data are available), for Madagascar there has been a small decline.

Country policy developments have been reviewed in other parts of this report (including section 6 above). These show a range of policy developments: for example, their environmental policy actions have included the development of new national biodiversity strategies, climate adaptation projects and other actions.

⁶⁸ For over two decades, the World Bank has presented annual indicators across six governance dimensions, based on work carried out by research institutes, NGOs and other organisations. The World Bank notes that each national score is subject to a wide range of uncertainty. In addition, there is an open discussion on the accuracy of these indicators

7.2 Overview of developments in the business environment

One measure of the business environment is the Economic Freedom Index published by the Fraser Institute. This index is based on a range of measures, including government consumption, income tax rates, judicial independence, inflation rate, capital controls and regulatory burden. As for governance, the results provide scores that synthesise complex national situations and thus are open to discussion and interpretation. An overview of the scores for four ESA countries is presented in Table 12 (the index is not calculated for Comoros).

These four countries vary significantly in terms of their scores, with Mauritius ranked seventh in the world in terms of economic freedom, ahead of all EU Member States, while Madagascar and Zimbabwe were ranked in the fourth quartile globally. From 2012 to 2018, scores have improved in all of these countries except Madagascar, where the absolute score fell slightly, and the country's rank fell from the third to the fourth quartile globally.

Another global index provides broadly similar results. The World Bank's Doing Business index ranks Mauritius as the 13th highest country in the world, while Comoros, Madagascar and Zimbabwe all rank in the lower half of global economies in 2020. In this index, however, Seychelles ranks 100 out of 190 countries, so also in the lower half. For this index, comparative rankings across the decade are not available.

Table 12: Economic freedom index for four ESA countries (2018 and 2013)

	Madagascar	Mauritius	Seychelles	Zimbabwe
Index (2018)	6.20	8.21	7.49	5.21
Quartile (globally, 2018)	4	1	2	4
Index (2012)	6.37	7.97	7.29 *	5.08
Quartile (globally, 2012)	3	1	2 *	4

Source: Fraser Institute, *Economic Freedom (data from the Freedom of the World: 2020 Annual Report)*. Available at: <https://www.fraserinstitute.org/economic-freedom/map?geozone=world&page=map&year=2018>

Notes: The index is not calculated for Comoros. 2012 data not available for Seychelles, and 2013 data used

7.3 Evidence of the interim EPA's impact

While international measures of governance and the business environment have shown some improvements since 2012, the interim EPA was only one of several influences, as internal political and social developments and cooperation with other countries and with international organisations would have been among the influences. Nonetheless, the interim EPA calls for development cooperation in several areas related to governance and the business environment. A review of development cooperation programmes and projects (see Chapter 8 and Annex XI) has identified several relevant actions. These include the following:

Governance:

- Improving public financial management and transparency in Comoros
- Strengthening good governance, including public finance management, accountability and transparency in Zimbabwe
- Supporting government reforms and policy strategies in Madagascar

Trade facilitation:

- Regional Trade Facilitation Programme, to increase intra-regional trade in goods and services
- SADC Trade Facility Programme 2019-23, to strengthen capacities for simpler customs procedures and reduce non-tariff barriers

- Support to enhance Zimbabwe's integration into the regional and international trading system

Business environment:

- Support to improving the Investment and Business Environment in the SADC region 2019-2024, EUR 14 Million, to strengthen the investment policy framework, integrate financial markets and improve financial inclusion for local businesses and SMEs
- Assistance to put in place a comprehensive framework on intellectual property in Mauritius, and work to improve the business and investment climate in this country

Development projects have supported other aspects of governance, including civil society participation, for example in Madagascar and Zimbabwe.

7.4 Key findings

Both governance and the business environment vary greatly across the five ESA countries, and international indicators give higher scores to the higher income countries. For both areas, international indicators show some improvements in ESA countries since the negotiation of the interim EPA.

While the influence of the interim EPA is difficult to discern, the agreement calls for development cooperation to support governance and the business environment in the ESA countries. A review has shown that relevant development projects and programmes implemented since 2012, both at a regional scale and for individual countries, have sought to strengthen aspects of governance and improve key areas of the business environment in the five ESA countries. Thus, EU action is linked to *outputs* in the areas of governance and the business environment, and it is likely that it also has influenced in terms of *outcomes* within the countries.

8. Development cooperation

8.1 Development cooperation commitments of the EPA

EPAs provide preferential and reciprocal market access to the EU market for the African, Caribbean and Pacific group countries and to ACP markets for the EU. To support the African partners in their efforts to generate the full benefits of the EU-ESA5 EPA, the EU and ESA countries agreed on areas for development cooperation, which the EU grants generally through the EDF. The objectives of development cooperation within the EU-ESA5 interim EPAs are the enhanced competitiveness of ESA economies as well their structural adjustment.⁶⁹ These objectives are to be met by focusing on the following themes (1) infrastructure development, (2) productive sectors, (3) regional integration, (4) trade policy and -regulations, (5) trade development, (6) adjustment cost and (7) institutions. These are laid out in a toolkit labelled the Development Matrix (Annex IV of the interim EPA) that defines key areas, objectives and illustrative activities.⁷⁰

This Chapter is based on the analysis of internal country fiches of the European Commission (DG DEVCO) about EU Development Cooperation with ESA5 countries as well as about 45 country-specific (Annex XI) and more than 15 regional development programmes (Annex XII) within the EDF. We also refer to the stakeholder consultations, which only occasionally mention specific programmes, but give a good general impression about the development cooperation within the EPA.

To summarize this chapter, the development component of the interim EPA contributed to these objectives.

8.2 Development assistance to ESA5 partner countries

8.2.1 *The European Development Fund as the main instrument*

The development assistance to ESA5 nations designed to help implement the interim EPA takes place mainly within the framework of the EDF. They have been introduced as an instrument of development cooperation with the founding of the European Economic Community in 1957; the first EDF started in 1959. An EDF ensures grants for development actions in the framework of the Cotonou Agreement between the ACP countries and the EU Member States. They are designed to promote the economic, cultural and social development of the ACP States with a view to contributing to peace and security and promoting a stable and democratic political environment. In addition to the ACP countries, the EU Overseas Countries and Territories (OCTs) are included in the EDFs; they receive about 1.2 billion Euro of the 11th EDF.⁷¹ Needless to say that the ESA5 countries receive only parts of these funds.

An EDF programme is a multi-annual programme. The two relevant EDFs to be considered for the evaluation within the EU-ESA5 interim EPA are the 10th programme, lasting from 2008-2013, and the 11th EDF (2014-2020). The 10th EDF activated almost 24 billion EUR, whereas the 11th EDF offers total funds of 31.6 billion EUR (EPRS 2014). Although the 11th EDF coincided with the period of the multi-annual financial framework, it is managed as a separate fund not covered by the EU budget (Gavas 2012, p.4).

Herrero et al. (2015) as well as EPRS (2014) give a detailed account of the functioning of the 11th EDF. The programme is co-managed by the EU and the recipient country that appoints a National Authorizing Officer

⁶⁹ European Council (2012, Chapter IV) For the general objectives of the EPA, see Inception Report of the SIA in Support of Negotiations with ESA5 TRADE 2019/D2/D09: http://research-sia-esa.eu/wp-content/uploads/2020/10/SIA-in-support-of-negotiations-with-ESA5_Final-inception-report.pdf, p. 10-12.

⁷⁰ European Council, 2012, Annex IV. Unfortunately, this development matrix is not picked up in the development programmes set up to support the readiness of ESA5 countries for the interim EPA.

⁷¹ OCTs are 13 countries and territories with close connections to: Denmark, France and the Netherlands. They do not belong to the single market. Thus, obligations imposed on third countries in respect of trade, particularly RoO, health and plant health standards and safeguard measures, also apply to them. This distinguishes them from Outermost Regions (OM).

(NAO) to run the process. **On the EU's side, the network of EU Delegations (EUDs) in the respective partner countries plays a crucial role, closely cooperating with European External Action Service (EEAS) and DG DEVCO.** In order to make the programme within the EDF workable, the EU is allowing a 5% share of administration costs. Although it had been discussed, the EDF does not foresee graduation, meaning that countries who grow into the middle-income country will still participate in the EDF programmes. Nevertheless, in the period of 2010-2012, LDCs received 56% of the payments (EPRS 2014, p. 17).

About 84% of the budget is dedicated to supporting National Indicative Plans (NIPs). These contain emergency reserves as well as an incentive mechanism for reforming countries. An additional 12% are dedicated to intra-ACP and inter-regional cooperation, and 4% are reserved for investment facilities. A recipient country has to sign an NIP with the EU, which identifies three sectors to focus on. The disbursement of the funds can be either on a project basis, as budget support (following certain criteria) or as sector support, which also is directed at private actors. Internal and external auditing and monitoring processes are applied, which have a good reputation (EPRS 2014, p. 15 and 18ff.).

The EU is supporting the ESA5-countries in the framework of different other programmes, mostly organised in regional clusters, mirroring the Regional Economic Communities (RECs). For the ESA5 group, these include COMESA, SADC and the Indian Ocean Commission (IOC), which acts as a signatory for several African regional economic communities (RECs) with the EU.⁷² Flagship projects are Smartfish (37 million EUR), ISLANDS (17.5 million EUR) and the Regional Integration Support Programme (RISP, 6.15 million EUR). It is also foreseen to use joint programming (JP) of EU members engaged in ESA5 and the EU; which, however, is not used in all five countries. Finally, each of the ESA5 countries receives a grant of 10 million EUR (Comoros: 6 million EUR) for the implementation of the EPA in 2020.

8.2.2 *Development Assistance for Individual ESA5 Countries*⁷³

In this sub-section, we briefly introduce the development assistance programmes relevant to the effectiveness of the interim EPA that the EU has agreed upon with individual ESA5 countries.

In the 10th EDF, Comoros received 60.65 million EUR (10.5 million EUR in the B-envelope for unforeseen emergencies). In the A-envelope of the 10th EDF, Comoros received for Infrastructure and transports 27 million EUR, education 11.25 million EUR, non-focal sectors 6.75 million EUR and others (incl. MDG Initiative) 5.23 million EUR. Within the 11th EDF, Comoros' NIP concentrated on three areas, namely good governance, infrastructure, mainly roads, and technical vocational education training. Because of a low absorption capacity for funds, not all funds could be utilised in the foreseen time. Accordingly, the country is eligible to receive for the following payments: good governance 17 million EUR, education vocational training 10 million EUR, sustainable transport 36 million EUR and support measures 5 million EUR.

In addition, Comoros is supported through regional initiatives, in particular by the Regional Integration Support Mechanism (RISM) within COMESA, the Smartfish programme of the IOC as well as ISLANDS to support Small Islands Developing States (SIDS). It receives 6 million EUR for EPA implementation in 2020 as well as support for its accession to the World Trade Organization (WTO) and the interim EPA. Comoros benefits from the thematic budget line: Climate Change (3 million EUR), Energy Facility (2.3 million EUR) and civil society organization (2.3 million EUR). France as the only member state present in Comoros and the EU agreed on JP.

Madagascar was allocated 588.2 million EUR in the 10th EDF but only received 303.61 million EUR until end of 2013. The funds were allocated as such: infrastructure and transport 72 million EUR, rural development:

⁷² These programmes and the funds dispersed through the EDF are not always easy to disentangle; see also European Commission (2021, pp.39ff).

⁷³ This subsection is based on internal country fiches of the European Commission (DG DEVCO) about EU Development Cooperation with Comoros (31.01.2020), Madagascar (03.02.2020), Mauritius, Seychelles and Zimbabwe (21.0.2020 respectively). More details can be found there. We also consulted the 2019 and 2020 Annual Information Sheet in the Implementation of the Interim EPA between the EU and ESA States respectively as well as European Commission (2020).

63 million EUR, out of concentration 112 million EUR, TCF 8 million EUR and the B-envelope 48,61 million EUR. The country signed the NIP for the 11th EDF in 2015. It focuses on governance, infrastructures and rural development. In addition, there are funds available for the civil society and the NAO and the Technical Cooperation Facility (TCF), in detail: governance 145 million EUR, infrastructures 230 million EUR, rural development 132 million EUR, civil society support 5 and TCF and NAO support 7.4 million EUR.

The country received additional funds to repair the road network after a cyclone in 2017 within the B-envelope. **It benefitted from participating in regional programmes such as Smartfish, EcoFish (28 million EUR) and programmes for maritime security, different EU facilities for water and energy as well as intra-ACP programmes.** Within RISM, Madagascar was encouraged to reduce tariffs and non-tariff measures (NTMs). It has received funds within thematic budget lines, among them the Sugar Protocol (4.5 million EUR), environment (3 million EUR), climate change (8 million EUR), the European Instrument for Democracy and Human Rights (EIDHR). It receives 10 million EUR for EPA implementation in 2020 within PADEIR, and an additional 12 million EUR in support of its trade capacity: 7 million EUR for the Business Climate Programme and 5 million EUR for supporting young entrepreneurs. In addition, the European Investment Bank (EIB) is engaged in multiple projects. Although member states are active in Madagascar, no JP takes place.

Mauritius was assigned 76.6 million EUR within the 10th EDF in form of general budget support (51.6 million EUR), support to non-state actors (NSA, 10.6 million EUR) and TCF (2 million EUR). In addition, 12.4 million EUR were assigned to the B-envelope. In the 11th EDF, Mauritius has received 7.9 million EUR for health budget support (as a response to Covid 19) and 2 million EUR for TCF. It has met its commitment under the NIP in 2018. Mauritius receives 10 million EUR for EPA implementation in 2020. Moreover, Mauritius is eligible for support under regional programmes and receives support from the Africa Infrastructure Trust Fund (AITF), e.g. for the extension of the container terminal of the Mauritius Port Authority, for the restructuring of Cargo Handling Corporation Ltd. and for the extension of the airport of Rodrigues (loan plus grants of 20.2 million EUR in total). Thematic budget lines support among others migration policy, climate policy, restructuring of the sugar cane sector (278 million EUR between 2006 and 2013), funds for civil society organizations (CSO), with the aim of empowering women, and research in agriculture. The EIB is active in a number of infrastructure projects, no JP takes place.

The EU supported Seychelles with 20.6 million EUR within the 10th EDF, of which 7.5 million EUR were dedicated to general budget support, 3 million EUR to education, 0.9 million EUR to governance and 9 million to the B-envelope. In the 11th EDF, the EU assigned 2.2 million EUR to support measures. An NIP was signed for both programmes, JP is not planned. In addition to the EDFs, the EU supports Seychelles in regional programmes including Smartfish as well as programmes for maritime security and ISLANDS Thematic budget lines included climate change (3 million EUR) and social and human rights support of about 0.4 million EUR. The EIB is participating in several infrastructure projects, including submarine cables and the renovation of Port Victoria.

The support for Zimbabwe is barely trade-related but focused on health, agriculture, social aspects and the B-envelope. Within the 10th EDF, the EU committed to 158.3 million EUR for the B-envelope. The NIP for the 11th EDF was difficult to agree upon. The EU granted 126 million EUR for health, 103 million EUR for agriculture, 45 million EUR for governance, 6 million EUR for civil society as well as 7 million EUR for budget support. Additional ad-hoc payments in the B-envelope summed up to 30.5 million EUR. Zimbabwe receives 10 million EUR for EPA implementation in 2020, but no further regional funds, mainly directed at smoother customs clearance and improvement of SMEs' competitiveness and export capacities. Thematic budget lines concentrated on social and human rights aspects as well as wildlife conservation. Member countries are interested in JP; the EIB has not been present in Zimbabwe for 20 years.

8.3 Impact assessment of EU Development Assistance for ESA5: An overview

8.3.1 A general assessment of the 11th EDF

First, we offer an overview of the programmes' impact.⁷⁴ The European Commission (2017) judges that the EDF programming was **relevant**, as it responded to the recipient countries' needs. Poverty reduction, attaining the SDGs and aid effectiveness were key objectives. Herrero et al. (2015) see the concentration on low-income countries (LICs) and least developed countries (LDCs) as positive and add that the so-called policy-to-practice gap has been reduced under the changes governance of the 11th EDF. Concerning **effectiveness**, Herrero et al. (2015) assess the sector concentration policy as successful. The European Commission (2017) argues that effectiveness is principally high, and the goals are mostly achieved. However, this depends on the ACP countries' willingness and ability to pursue institutional reforms. In addition, Herrero et al. (2015) argue that effectiveness is potentially reduced by a long programming process, the top-down approach of the EDFs in principle, and a relative low connection between joint programming and EU bilateral programmes. This aspect is directly connected to a central theme of the EU-ESA5 partnership, namely **governance**. The European Commission (2017) sees potential for institutional reform. **Efficiency** of development assistance is very difficult to measure. Neither of the studies uses an econometric model to test for the efficiency. The European Commission sees improvements as compared to elder EDFs, but identifies a weakness related to the position of the NAOs as well as a potential problem related to what is labelled as a "one-size-fits-all"-approach of the EDFs.⁷⁵ It cannot be said clearly whether this problem is relevant for the EU-ESA5 partnership.⁷⁶

8.3.2 Impact assessment for the direct support of the EU for ESA5 countries

The European Commission (through DG DEVCO) selectively and regularly conducts so-called Result Oriented Monitoring (ROM) for individual projects with the EDFs for individual countries and additionally commissioned evaluation tasks for the programmes such as Smartfish; IOC (2016) assesses this programme in general as relevant and effective. The ROM are not systematically assessing the development efforts, in addition, they do not concentrate on trade-related issues. In Annexes XI and XII respectively, the available results of more concrete studies are presented in some detail.

In general, the fact that ESA5 countries requested to negotiate a deepened EPA is suggesting a positive impact of the EU efforts. As for **Comoros**, DG DEVCO concludes that the support is relevant and effective. There are, however, positive effects generated through Smartfish, namely the construction of two fish landing stations (IOC 2018, p.23). For **Madagascar**, two ROMs show a similar institutional shortcoming as well as reluctance to reform its trade regime. Smartfish was effective also in Madagascar, raising awareness for technical issues (IOC 2018, p.23). The European support for **Mauritius** was successful in that the country was able to reform its business licensing regulation including an e-licensing platform, which improved Mauritius' rank to 13th in the World Bank Doing Business Report. It benefitted from Smartfish. In addition, the Intellectual Property Law was modernised with EU help. **Seychelles** benefitted from infrastructure support under the bilateral Sustainable Fisheries Partnership Agreement (SFPA) as well as further support under Smartfish (IOC, 2018, p.23). However, efforts are hampered by governance shortcomings in Seychelles. For **Zimbabwe**, no results have been reported.

⁷⁴ Moreover, added value, complementarity and leverage are assessed. In addition, private sector development (e.g. fisheries and agriculture), infrastructure and investment are considered. In 2015, the European Center for Development Policy management carried out an independent analysis of the programming within the 11th EDF (Herrero et al. 2015). This evaluation concentrates on the process and less on outcomes; it would probably have been too early in 2015 for the latter. Two years later, the European Commission, represented by the Evaluation Unit of the Directorate-General for International Cooperation and Development, commissioned an external interim evaluation of the 11th EDF (European Commission 2017). Together with the ODI Background Note of November 2012 (Gavas 2012) and the Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States (European Commission 2021), these studies provide a reliable overview and a helpful framework for the task at hand. We will follow the criteria used by the European Commission (2017) for our assessment of the individual programmes' impact on ESA5 countries.

⁷⁵ This critique resonates also with the general discussion about aid effectiveness; see e.g. Easterly (2007).

⁷⁶ The European Parliament has long argued for an inclusion of the EDF's budget into the general EU-budget. Consequently, the EPRS (2014) argues that the double structure has high efficiency costs of 800million EUR per annum. This figure is not substantiated with a model. We will not pick up this discussion in the assessment.

8.3.3 Some general concerns

Despite the generally positive assessment, it is impossible to reject the counter-hypothesis, namely that development aid is crowding out domestic activities of the recipient countries; in other words: Would the port be renovated without EU funding or not? A second concern is about ownership. The latter concern has been emphasised in the stakeholder consultations. While they did not focus on single projects, the stakeholders made some general observations, which can be utilised to assess the EU's development assistance for ESA5 and to increase its impact.⁷⁷

The main concern of CSOs is that the agenda is driven too much by the EU. Governments emphasize the beneficial effects of EU assistance; e.g. Mauritius praised the e-licensing platform. However, they also argue that the technical and physical capacities of the ESA5 countries still are major obstacles to implement all elements of the agreement and that project-based assistance may be rather complex to implement. The three groups presenting the private sectors had three concerns: their limited readiness for the interim and comprehensive EPA, the problem that EU assistance is not well-targeted to increase the export potential of the enterprises and **their own governments' ability to implement the EPA.**

The latter concern leads to the governance structure (or institutional setting) as one fundamental problem of developing countries and consequently a major objective of development cooperation, namely the support of developing countries to strengthen governance. Governance includes among others the fight against corruption, the abidance to the rule of law, the definition and enforcement of private property rights and administrative capacity. The vast literature on aid effectiveness has shown that institutional capacity building (including trade policy, investment protection, regulation as well as human rights, social-environmental aspects) is relatively effective. That said, it has also become evident that development cooperation is only successful if the developing country in question takes the lead in tackling its governance problem. To keep in mind this caveat can help to both manage expectations and to frame development cooperation policies as well as the deepened EU-ESA5 EPA in the way that they are most effective.

8.4 Key findings

Although it is not trivial to exactly judge the overall impact of the EU's development assistance to ESA5 countries in the process of implementation of the EU-ESA5 interim EPA, it can generally be assessed as positive. The different projects and programmes have increased the ability of ESA5 countries to make sense of the interim EPA; at least they contribute to the two main objectives, namely enhanced competitiveness of ESA economies as well their structural adjustment. Problems are the lack of ownership in the ESA5 countries and deficits in the targeting of the measures on the EU's side and governance weaknesses on the side of the ESA5 governments, albeit to a different extent. Mauritius seems to be an exception that made very good use of the support. In sum, the EU assistance to ESA5 countries is coherent with the general objectives of the interim EPA between the EU and the ESA5 partners.

⁷⁷ The detailed results of the stakeholder consultations can be found in Annex V. The Team has interviewed 60 stakeholders in the ESA5-countries from five groups: CSOs, governments, busines associations or national chambers of commerce, private sector economic operators and SMEs. These interviews did not directly cover single projects of development cooperation such as introduced in this Chapter and its Annexes, but rather sought to find out the general perception of the interim EPA and the negotiations of the comprehensive EPA.

9. Conclusions

The objective of the conclusions is to synthesise the information collected in Phase I (Inception Phase) and Phase II (Ex-post Evaluation) of the project to form the ex-post in order to draw interim conclusions on a set of questions.

9.1 To what extent have the objectives of the existing interim EPA been achieved?

According to the Official Journal of the EU,⁷⁸ the interim EPA aims at general objectives (Chapter I, Article 2), more specific formal objectives (Chapter I, Article 3) and a number of specific trade related (Chapter II, Article 5), developmental (Chapter IV) as well as fishery related (Chapter III) objectives. These objectives overlap. The general objectives or the interim EPAs are the following, and we will answer the evaluation question set out above for each of them in turn:

Objective a: contributing to the reduction and eventual eradication of poverty through the establishment of a strengthened and strategic trade and development partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement;

- 1) In principle according to the economic modelling performed by DG Trade, ESA4 countries benefit from the EPA with the EU in terms higher trade volumes. Beside the static effects, increased specialisation and improvements in the international division of labour cause a reallocation of domestic productive resources (labour and capital) to more productive uses. Domestic production in ESA4 countries rises, reflected by increases in these countries' real GDP (with EU GDP remaining largely unchanged).
- 2) Although poverty appears to have fallen slightly in the ESA 5 countries, particularly in Madagascar and Zimbabwe between 2012 and 2019, a direct link to the interim EPA cannot be established.
- 3) Nevertheless, strong links between national reforms, EU development cooperation, the Agreement itself and environmental, social and human rights conditions were not found. Modelling results suggest that the interim EPA brought positive results, such a decrease in CO₂ emissions and small improvements in wages, compared to a scenario without the Agreement. This suggests a high positive impact of a TSD Chapter in the deepened EPA.
- 4) The review of major exporting sectors has identified important ongoing environmental, social, gender and human rights concerns. These include concerns over social conditions in agricultural sectors with major exports to the EU. While low salaries and instances of child labour are not specifically a direct result of trade with the EU, these issues are a concern for sectors exporting to the EU.
- 5) Concerns over labour conditions have been raised in manufacturing sectors (e.g. textiles and agriculture), in which women appear to be more adversely affected. Increased production in agriculture also may have the potential to increase water consumption and water pollution. There are social, human rights and environmental concerns linked to mining in Madagascar and Zimbabwe.

Objective b: promoting regional integration, economic cooperation and good governance in the ESA region;

- 1) The EU-ESA4 EPA has not prevented to a development of export concentration ratios and increased specialisation in commodities in which ESA4 countries have international competitive advantage and which can also be observed for goods exports to regional trade blocs such as notably SADC and COMESA. As such the interim EPA contributes to deepening regional and intra-African trade integration. Furthermore,

⁷⁸ COUNCIL DECISION of 13 July 2009 on the signing and provisional application of the Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part (2012/196/EC)

the agreement also contributes to overall continental integration in Africa as it increased the preparedness of ESA4 countries for implementing the AfCFTA.

- 2) In addition, the interim EPA has led to new trade opportunities for outermost regions and overseas countries and territories, especially those in proximity to ESA4 countries, in different ways. As concerns trade diversion at the expense of LDCs, those countries' goods and services exports to the EU are hardly affected by the EPA.
- 3) The ESA4 countries have also made a range of policy and institutional reforms: while progress and actions have varied, there thus have been improvements in governance. The EU has provided support in a number of areas through its development cooperation.
- 4) Moreover, there is no strong link between the introduction of the interim EPA and changes in the organisation of business in the ESA countries, although EU development cooperation has sought to strengthen the ESA countries' governance structures. This indicates key areas where further policy action is needed.

Objective c: promoting the gradual integration of the ESA region into the world economy, in conformity with its political choices and development priorities;

As all ESA5 EPA countries are expected to finalise their tariff reduction schedules in 2022, one can expect that the degree of competition will increase in ESA5 countries by then. This would – everything else equal – encourage direct investment and increase the integration of the ESA5 economies into the world economy. Since this process takes time, we have not witnessed deepened integration as of December 2020.

Objective d: fostering the structural adjustment of the ESA economies and diversification including value addition;

The interim EPA has mildly contributed to these objectives. However, the concentration ratio of ESA4 exports has rather increased due to specialisation of African businesses, which is theoretically one of the effects of the liberalisation process.

Objective e: improving the ESA region's capacity in trade policy and trade-related issues;

The EPA and the accompanying development assistance helped the ESA5 countries to build trade facilities; here it is exemplified using the example of Smartfish.⁷⁹

- 1) As for **Comoros**, DG DEVCO sees governance problems as well as positive effects generated through programmes such as Smartfish.
- 2) For **Madagascar**, two result-oriented monitorings (ROMs) show a similar institutional shortcoming as well as reluctance to reform its trade regime. Smartfish was effective also in Madagascar, raising awareness for technical issues.
- 3) The European support for **Mauritius'** e-licensing platform increased trade policy capacity. In addition, the Intellectual Property Law was modernised with EU help. Mauritius also benefitted from Smartfish.
- 4) **Seychelles** benefitted from infrastructure support under the bilateral Sustainable Fisheries Partnership Agreement as well as further support under Smartfish. However, efforts are hampered by governance shortcomings in Seychelles.
- 5) For **Zimbabwe**, no positive results have been officially reported for trade-related measures.

Objective f: establishing and implementing an effective, predictable and transparent regional regulatory framework for trade and investment in the ESA region, thus supporting the conditions for

⁷⁹ *Smartish supported fishers directly with teaching to reduce losses in the fishing process, to consider ecological aspects stronger and to improve management practices. See Annex XII.*

increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth; and

It is too early to judge to which extent an effective, predictable and transparent regional regulatory framework has been established; there have been a number of projects, of which the successful efforts to increase the institutional setting (e-licensing platform) in Mauritius stands out.

The interim EPA created an overall framework governing RoO. Despite concerns about the complexity, the ESA4 countries made significant use of the EPA preferences made available to them by the EU.

Objective g: strengthening the existing relations between the Parties based on solidarity and mutual interest. To this end, consistent with WTO obligations, the Agreement shall enhance commercial and economic relations, support a new trading dynamic between the Parties by means of the progressive, asymmetrical liberalisation of trade between them and reinforce, broaden and deepen cooperation in all areas relevant to trade and investment.

In sum, the relations between the EU and ESA5 countries have improved and shown some dynamism through the interim EPA. First, both trade and FDI flows have increased. Both the CGE modelling conducted for Madagascar, Mauritius and Zimbabwe and the PE model applied for Seychelles indicate that ESA4 countries benefit from the EPA through higher exports to the EU in commodities in which they tend to have international comparative advantages. Increased specialisation and improvements in the international division of labour cause a reallocation of domestic productive resources (labour and capital) to more productive uses, which causes domestic production to rise in ESA countries, reflected by increases in these countries' real GDP (with EU GDP remaining largely unchanged). This positive trend is further enhanced by reciprocal treatment, meaning that not only ESA countries, but also the EU gets duty-free, quota-free market access into the EPA signatory countries on substantially all trade and in line with Article XXIV of GATT. The fact that service trade between the ESA4 countries and the EU (not covered in the interim EPA) also increased since the signing of the interim EPA, can also be cautiously interpreted as a sign of increasing trade dynamics between the EU and ESA5 countries.

Second, the good relations also can be seen in the Minutes of the annual EPA Committee Meetings, which document a trustful and result oriented collaboration, in which both partners try to react to each other's requests and concerns. It can be expected that this good atmosphere will be (and obviously has already been) transferred to the negotiations of the deepened EPA.

9.2 Which sectors, activities, groups or countries in ESA4 have benefited most as a result of the EPA and which ones have incurred losses due to the EPA?

The review of the evidence gathered so far indicates that the interim EPA overall has not had major impacts on environmental, social conditions, gender and human rights conditions in ESA countries. **Concerning environmental impacts related to the interim EPA, these mainly appear linked to the scale of EU exports.**

As concerns domestic sector output (overall production by domestic industries) in the EU and ESA countries, the impacts of the EPA are estimated to be relatively low, often negligible for most sectors of the economy. Nevertheless, the CGE and PE model employed by DG Trade respectively show some significant effects.

- 1) Compared with a scenario without the interim EPA, Mauritius' sugar products production is estimated to increase by 52.1% , Mauritius' fishery and seafood sector is estimated to gain 10.2%, and Mauritius' textiles sector is estimated to expand by 6.3% ("Textiles") and 5.7% ("Wearing apparel) due to the EPA.
- 2) Madagascar's "Non-ferrous metals" sector is estimated to rise by 5.2% due to the EPA. Major structural effects linked to a diversification of exports have not been identified.

- 3) Despite not being covered in the interim EPA, ESA4 countries' total services exports to the EU generally increased from 2012 to 2018, amounting to 322 million EUR for Madagascar in 2018, 2 billion EUR for Mauritius, 567 million EUR for Seychelles, and 207 million EUR for Zimbabwe.
- 4) For Mauritius and Seychelles, services exports to the EU are significantly higher than goods exports, driven by these countries' strong tourism services exports.

In absence of the EPA, EU total exports to Madagascar are estimated to be 30% lower, the EU's manufacturing sectors are estimated to benefit most from tariff reductions on the side of ESA countries, with "Manufactures n.e.c." (which includes a wide array of high and less knowledge-intensive products), "Machinery and equipment" and "Other metal products" taking the lead. It should be noted that EU exports of "Wearing apparel" to Madagascar and Mauritius show high percentage increases.

9.3 Has the EPA with ESA4 given rise to unintended consequences?⁸⁰

The Team has interviewed 60 stakeholders in the ESA5-countries from five groups: CSOs, governments, business associations or national chambers of commerce, private sector economic operators and SMEs. These interviews generated some general observations, which can be utilised to improve the EU's development assistance for ESA5 and to increase its impact.

- 1) The main concern of CSOs is that the agenda is driven too much by the EU. This is a general problem of development cooperation and not easy to be solved.
- 2) Governments argue that the technical and physical capacities of the ESA5 countries still are major obstacles to implement all elements of the agreement and that project-based assistance may be rather complex to implement. While this observation may be in principle correct, a remedy would be to optimise domestic governance structures so that the country can make the best use of the available funds.
- 3) The three groups presenting the private sectors had three concerns: their limited readiness for the interim and comprehensive EPA, their own governments' ability to implement the EPA and the problem that EU assistance is not well targeted to increase the export potential of the enterprises. Indirectly, the interim EPA did not consider these bottlenecks.

9.4 What are the shortcomings of the existing EPA that need to be addressed in the deepening negotiations?

- 1) The first shortcoming is that the interim EPA lacks specific provisions to help achieve objective a (see above). Negotiation of a TSD chapter thus seems a necessity for an improvement of labour and environmental conditions and the achievement of this objective.
- 2) The focus of the interim EPA has been on the trade dimension and less emphasis has been placed on the development dimension of the EPAs. The EPA development agenda would better be more balanced. It could be based on a self-assessment of needs by the ESA5 countries themselves and take a demand-side approach (meaning that the ESA5 countries outline their needs) in addition to a supply-side approach (meaning that the EU specifies the funding available and how that funding can be utilised).
- 3) Concerns are raised about the complex nature of the interim EPA; it is argued to form a challenge for the ESA5 countries. In addition, some of the ESA5 private sector companies, including SMEs, find it difficult to take advantage of the EPA. This is an important lesson for the potentially even more complex negotiations about issues such as government procurement, competition or trade in services to come.

⁸⁰ We follow the order suggested in the ToR but would like to make the point that the unintended consequences and shortcomings are very closely related. In fact, all problems mentioned in 9.3 and 9.4 appear relevant for both.

- 4) A number of challenges remain to be addressed for RoO to benefit stakeholders: a further simplification of RoOs closer alignment of the development and trade components of the EPA; involve the private sector and potential new investors in trade negotiations, to the extent possible.

9.5 What are good practices and lessons learned on EPA implementation on both the ESA4 and the EU side?

- 1) The ex-post evaluation has shown that relevant development projects and programmes implemented since 2012, both at a regional scale and for individual countries, have sought to strengthen aspects of governance and improve key areas of the business environment in the five ESA countries, despite the small progress. Thus, EU action is linked to outputs in the areas of governance and the business environment, and it is likely that it also has had an influence in terms of outcomes within the countries.
- 2) That said, governance is important as the positive example of Mauritius teaches; think of the e-licensing system. This suggests that further development cooperation on governance is valuable.
- 3) Governments emphasize the beneficial effects of EU assistance; e.g. Mauritius praised the e-licensing platform.
- 4) For most stakeholder we interviewed, information from the print and digital media, academic writing, capacity building programmes, including meetings, have helped them learn more about EPAs and the processes involved. This implies that the ESA5 countries should raise efforts to rise the awareness of the deepened EPA in civil society.
- 5) Trade facilitation support, such as infrastructure projects, has had a positive impact. Although it cannot be quantified, this avenue promises further success.

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Annex II. Overview of ESA5 and Liberalisation Schedules

Table 13: Overview of EU-ESA trade liberalisation schedule and exclusions

Country	Liberalisation of EU imports	Timeframe	Main exclusions from liberalisation
Madagascar	89% of liberalisation in terms of tariff lines, 81% of liberalisation in terms of volume of trade	Start of effective liberalisation: 2015 End: 2022	Meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture
Mauritius	96% of liberalisation in terms of tariff lines, 96% of liberalisation in terms of volume of trade	Start of effective liberalisation: 2013 End: 2022	Live animals and meat, edible products of animal origin, fats, edible preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron & steel and consumer electronic goods
Seychelles	98% of liberalisation in terms of tariff lines, 97% of liberalisation in terms of volume of trade	Start of effective liberalisation: 2013 End: 2022	Meat, fisheries, beverages, tobacco, leather articles, glass and ceramic products and vehicles
Zimbabwe	86% of liberalisation in terms of tariff lines, 80% of liberalisation in terms of volume of trade	Start of effective liberalisation: 2017 End: 2022	Products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles
Comoros	95.7% of liberalisation in terms of tariff lines, 81% of liberalisation in terms of volume of trade	Start of effective liberalisation: 2022 ⁸¹ End: n/a	Products of animal origin, fish, beverages, chemicals and vehicles.

Source: Elaboration from DG TRADE publications⁸²

Table 14: ESA5: Cultural, Political, Economic, and Regulatory Indicators and Infrastructure

Country	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe	Source
Population, Culture, Social Aspects						
Population	846,000	26,955,000	1,379,000	96,000	14,546,000	CIA
Urbanisation (%)	29.4	38.5	40.8	57.5	32.2	CIA
Ethnic diversity	n/a	0.861	0.632	n/a	0.366	Fearon (2003)
Median age (years)	20.9	20.3	36.3	36.8	20.5	CIA
Literacy in % of population	58.8	74.8	91.3	95.9	86.5	CIA

⁸¹ Based on a personal conversation with DG Trade; official dates could not be found.

⁸² Terms of References, DG Trade publications, see https://trade.ec.europa.eu/doclib/docs/2012/march/tradoc_149213.pdf and https://ec.europa.eu/commission/presscorner/detail/en/MEMO_08_15

Population below poverty line (latest) %	13.5 (2004)	81.8 (2010)	0.5 (2012)	0.4 (2006)	n/a	AU 2019
Life expectancy at birth (years)	65.7	67.3	76.5	75.6	62.3	CIA
Gini (latest)	55.9 (2004)	40.6 (2010)	35.8 (2012)	46.8 (2013)	n/a	AU 2019
HDI (2018)	0.538	0.521	0.796	0.8	0.553	UN
Political Liberties, Institutions						
Civil liberties (2018)	4	3	2	3	5	FH
Political rights (2018)	4	3	1	3	5	FH
Press Freedom, score and rank (of 180 countries, 2018)	29.77 (75)	27.68 (54)	28 (56)	28.66 (63)	40.95 (126)	RSF
CPI score and rank (of 180 countries, 2018)	25 (153)	24 (158)	52 (56)	n/a	24 (158)	TI
Economic Aspects						
Unemployment (2019)	3.7	1.7	6.9	3.0	4.9	Trading Economics, WEO
Inflation (2019)	3.2	6.7	0.9	2.0	160	
Diversification of exports (2018)	0.734	0.761	0.708	0.808	0.826	UNCTAD
Doing Business: score and rank (out of 190 countries, 2019)	160 (47.9)	161 (47.7)	13 (81.5)	100 (61.7)	140 (54.5)	World Bank
• Getting Credit (rank)	132	132	67	65	67	World Bank
• Trading across borders (rank)	120	140	72	98	159	World Bank
Africa regional integration index score and rank (out of 54, 2019)	0.35 (20)	0.296 (37)	0.424 (5)	0.393 (11)	0.387 (12)	AU, ADB and UNECA (2020)
IPAs signed	n/a	7	11	n/a	4	UNECA
Economic freedom score	n/a.	6.14 (126)	8.07 (9)	7.16 (63)	5.69 (145)	Fraser Institute

and rank (of 161 countries), 2019						
Landmass (sq. km)	2,235	581,540	2,030	455	386,847	CIA
Territorial sea/ exclusive economic zone (nautical miles)	12/200	12/200	12/200	12/200	n/a	CIA
Potential agricultural land (%)	84.4	71.1.	43.8	6.5	42.5	CIA
Communication, Infrastructure						
Internet access/Capita	7.9	4.7	53.2	56.5	23.1	CIA
Mobile telephony contracts/Capita	61	41	141	189	92	CIA
Liner shipping connectivity, score and rank (of 104 countries), 2016	n/a	10.7 (74)	28.6 (53)	n/a	n/a	
Paved/unpaved roads (km)	673/207	31,640 (total)	2,379/49	514/12	18,481/78,786	CIA
Railways (km)	0	836	0	0	3,247	CIA
Airports (with paved runways)	4	26	3	2	17	CIA

Explanation: We have always used the latest available dates, which means in a single case that we have rather old information. It also implies that we do not always know the exact year. Most of the institutional indices presented in the Table are based on experts' assessments. Description of indices:

- 1) The World Bank Doing Business measure consists of 12 sub-indices covering the following areas: Starting a business, dealing with construction permits, getting electricity, registering properties, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, Employing workers, contracting with the government. It is a dimensionless index normed between 0 and 100 based on the simple average of the 12 sub-indices. A higher value signals easier business conditions.
- 2) The diversification of exports is calculated by UNCTAD (2020) as a concentration index, based on the Herfindahl-Hirschmann Index (here: Product HHI), with values between 0 and 1. An index value closer to 1 (to 0) is a sign that a country's exports or imports are highly (lowly) concentrated on a few products.
- 3) The Fraser Institute's index of Economic Freedom consists of 26 indicators within five groups (size of government, legal system and property rights, sound money, freedom to trade internationally, regulation) and is an unweighted average ranging from 0 to 10. A higher value signals higher economic freedom.
- 4) The Freedom House indices of civil liberties and political freedom range between 1 and 7; a higher value shows lower rights and liberties respectively.

- 5) The corruption perception index (CPI) is calculated based on between 10 and 16 questionnaires (depending on availability). If a country is included in three, it is covered. The measure is normed between 0 and 100. A lower score indicates higher corruption.
- 6) Ethnic diversity is calculated as a fractionalization index: $F = 1 - \sum_{i=1}^n p_i^2$, with n denoting the number of ethnic groups and p_i denoting the share of the i^{th} ethnic group. A lower value indicates lower fractionalization.
- 7) Press Freedom is calculated by *Reporters without Borders* based on a questionnaire with more than 80 questions. The outcome is transformed into an index between 0 and 100, with lower values indicating higher press freedom.
- 8) The Liner Shipping Connectivity Index assesses a country's connectivity to global shipping networks. The index uses an open scale, with a benchmark score of 100 corresponding to the highest value (<http://reports.weforum.org/global-enabling-trade-report-2016/>).

Annex III. Research Methods and Analytical Model

Approach to the ex-post evaluation

Scope of the evaluation

The scope of the evaluation identifies what is evaluated, over what period and for which geographical area. The thematic scope of the mini ex-post evaluation under this assignment includes all areas of the interim EPA, while the geographic scope covers both the EU and its Member States and the ESA5. The assessment begins at the start of the provisional applications with each partner country (2012 for ESA4 countries), with recognition of the limitations of Comoros having joined in 2019 only.

Baseline scenario

The evaluation questions were answered by comparing the changes observed with the situation before or without the policy intervention and by assessing whether the changes observed can be attributed to the policy intervention, at least to some extent (the causality link). The situation depicted with the ex-post evaluation will provide the baseline for the SIA.

The definition of the baseline scenario takes into account regulations and trade provisions with the EU that were implemented before the interim EPA's provisional application or that would have been applied in the absence of the EPA.

Intervention Logic (IL)

The intervention logic for the mini ex-post evaluation was presented above. It depicts the main objectives, components and expected results of the policy intervention, and the expected causality links and assumptions which will need to be verified during the evaluation.

Evaluation Matrix (EM)

The ToR for this evaluation defines the main evaluation questions to be answered (see above), which guide the evaluation component of the assignment. The evaluation questions have been grouped under four evaluation criteria (effectiveness, efficiency, coherence and relevance). In addition, the EM presents judgement criteria for each evaluation question, specific indicators and sources to support the assessment.

Approach to economic impacts

The economic analysis in the ex-post component of this SIA makes use of the CGE economic modelling (including a partial equilibrium analysis for Seychelles) undertaken by DG Trade. The analysis will also include a discussion of the robustness of the results and outline limitations of the modelling, e.g. different degrees of preference utilisation and the potential misrepresentation of dynamic impacts from innovation and FDI.

Based on this analysis, an assessment of the impact of dismantling barriers with a focus on the ESA5 countries will be conducted, for each country individually, and as a group. This economic impact assessment focuses in particular on investment flows (and also services). The analysis also takes into account possible effects on governance as well as the business and investment environment; also, effects on regional integration efforts and third parties will be analysed.

The table provides an overview of relevant data sources for evaluations that go beyond the results of the economic modelling undertaken by DG TRADE, e.g. progress in the elimination of import tariffs, the development of actual trade and investment volumes, the assessment of patterns in regional economic integration (trade and investment), the development of primary, secondary and tertiary sectors, the development of sector regulations, and progress concerning regulatory cooperation. The relevant data for the analysis will be primarily taken from international databases outlined in the table below. Our analysis has also

focused on identifying potential gaps in information availability. Gaps in international databases mentioned in Table 15 may affect the economic analysis for individual countries in particular on foreign direct investment, services trade and international public procurement. Gaps might occur when data availability differs between countries covered in international sources or when data for the latest years are not yet available for some countries. International sources often rely on information provided by individual countries and weak reporting of such information might result in data gaps. Where applicable due to limited data availability in the international sources outlined in Table 15, the team will consult and collect data from relevant national bodies and statistical agencies in these countries.

Table 15: Economic analysis– themes, methods and data sources

Theme	Methods/Indicators	Data sources
Customs and trade facilitation, technical barriers to trade	<ul style="list-style-type: none"> Literature review Analysis of relevant legal framework Data collection from industry players as well as relevant national institutions and international organisations 	<ul style="list-style-type: none"> Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) WTO WITS database (non-tariff measures (NTM) data). Stakeholder consultation
Economic performance	<ul style="list-style-type: none"> GDP; exports (as a contribution to GDP) Export performance, international demand, alternative markets and competitive markets, directory of importing and exporting companies 	<ul style="list-style-type: none"> Eurostat WTO WITS database (international merchandise trade) ITC Trade Map
Trade in goods and market access	<ul style="list-style-type: none"> Export; import; turnover (imports/exports) 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; COMEXT database) WTO WITS database (international merchandise trade) ITC Trade Map
Trade in services	<ul style="list-style-type: none"> Import/export trade flows for services 	<ul style="list-style-type: none"> Eurostat (trade in services statistics) World Bank UNCTAD Central Banks?
Regional economic integration	<ul style="list-style-type: none"> Value-added content in exports, participation in global value chains, the contribution of services and digital trade, where relevant, to the value-added content of exports. Trade in intermediate goods and services) Business process analyses on the value chains of the various sub-sectors of the industry to identify where the challenges are in the value chains and devise possible solutions. 	<ul style="list-style-type: none"> OECD-WTO Trade in Value Added (TiVA) database Resources provided by the African Union, relevant national institutions and WTO Stakeholder consultation
Export diversification	<ul style="list-style-type: none"> Import/export trade flows in goods and services 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; trade in services statistics)
Trade competitiveness	<ul style="list-style-type: none"> Revealed comparative advantage (RCA, Balassa index); 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; trade in services statistics)

Consumer welfare	<ul style="list-style-type: none"> ▪ Consumer prices (rents, imports), product quality, consumer choice (import as a proxy for increased product variety) 	<ul style="list-style-type: none"> ▪ FAO ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
Small and medium-sized businesses (SMEs)	<ul style="list-style-type: none"> ▪ Number of SMEs by sector ▪ Number of SMEs that engage in cross-border trade ▪ Regulatory burden for SMEs 	<ul style="list-style-type: none"> ▪ Trade by enterprise characteristics database (for EU) ▪ Resources provided by the national administration ▪ Stakeholder consultation
Competition policy	<ul style="list-style-type: none"> ▪ Intensive literature review ▪ Analysis of relevant legal framework ▪ Import or export-related (quasi) monopolies; ▪ Main subsidy schemes in place; existing transparency arrangements ▪ Biggest SOEs and sectors with SOE predominance ▪ Special conditions or privileges given to SOEs ▪ Other practices such as targeted subsidies 	<ul style="list-style-type: none"> ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
Investment and private sector development, market attractiveness	<ul style="list-style-type: none"> ▪ FDI stock; FDI flow; business environment; localised production ▪ Description of the legal framework and legislative requirements governing liberalisation ▪ Opportunities and challenges for EU SMEs 	<ul style="list-style-type: none"> ▪ UNCTAD bilateral FDI data ▪ OECD bilateral FDI data ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
Intellectual property rights	<ul style="list-style-type: none"> ▪ Border enforcement of intellectual property rights (IPR), including GIs ▪ Description of the legal framework 	<ul style="list-style-type: none"> ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
Public procurement	<ul style="list-style-type: none"> ▪ Data on public imports ▪ Description of the legal framework and legislative requirements governing liberalisation ▪ Opportunities and challenges for EU SMEs ▪ Contract award notices published in OJ (available on TED) 	<ul style="list-style-type: none"> ▪ World Input-Output Database (WIOD) ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
Agriculture	<ul style="list-style-type: none"> ▪ Food and agriculture statistics ▪ Global development data ▪ Trade and output data 	<ul style="list-style-type: none"> ▪ FAO ▪ World Bank ▪ Eurostat ▪ WTO WITS database

Development issues	<ul style="list-style-type: none"> ▪ Intensive literature review ▪ Internationally comparable sets of data for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development ▪ Data collection from industry players as well as relevant national institutions and international organisations 	<ul style="list-style-type: none"> ▪ UNCTAD ▪ Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) ▪ Stakeholder consultation
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Source: Own compilation

In stage II (assessment of potential impacts of the deepening process), depending on data availability, the team will refer to the modelling results to identify countries and sectors which gain from imports and exports. We will also refer to changes in domestic output (production) on a country and sector basis.⁸³ The team will also discuss the robustness of the results and explain the time horizon for the effects to materialise. CGE models are suitable to estimate medium- to long-term effects, i.e. changes in the economy after a period of several years that allow economic agents to adjust to new regulatory frameworks e.g. reduced tariffs or less discriminatory rules for trade. While economies generally benefit from trade liberalisation in the medium- to long-term (more output, more trade, higher standards of living), in the short term, increased competition causes some groups to lose from trade liberalisation. Our team will discuss the “vulnerable” groups, the implications for structural economic change, and point to measures that help to mitigate/ compensate for the negative effects on these groups' incomes.

CGE analysis with MIRAGE (for Madagascar, Mauritius and Zimbabwe)

The CGE analysis is based on the MIRAGE model, which was developed and is maintained at the Centre d'Études Prospectives et d'Informations Internationales (CEPII) in France. A detailed description is given in Decreux and Valin (2007)⁸⁴ and Bchir et al. (2002).⁸⁵ The analysis is based on the GTAP database version 9.2 with the base year 2011. To account for recent changes in economic developments, key variables, specifically GDP, population, labour force, the current account balance, the savings rate (for all regions) and sectoral bilateral trade flows (for the partners) were updated to reflect 2019 data.⁸⁶ Furthermore, the tariff preferences from the EPA, reflecting the state of implementation in 2019 have been incorporated as the database pre-dates the implementation of the EPA.⁸⁷

The counterfactual scenario is implemented by re-introducing tariffs and comparing the current situation to one where the EPA would not be in place, i.e. a situation in which tariffs would have been left unchanged. Implementation happens by removing applicable preferential margins. For the partner countries, the source of these is the tariff schedules for 2019. For the EU, the sources are TRAINS⁸⁸ data via the World Bank's WITS⁸⁹ facility complemented by the CDC⁹⁰ database managed by DG TAXUD.

⁸³ Relevant examples are given, for instance, in the impact assessment of the EU-Japan FTA. For an overview of outputs see, e.g., tables 4.5 and 4.6. Available at https://trade.ec.europa.eu/doclib/docs/2018/july/tradoc_157115.pdf.

⁸⁴ Decreux, Y. and Valin, H. (2007) "MIRAGE, Updated Version of the Model for Trade Policy Analysis with a Focus on Agriculture and Dynamics", CEPII Working Paper 2007-15.

⁸⁵ Bchir, M.-H., Y. Decreux, J.-L. Guérin and S. Jean (2002) "MIRAGE, A CGE Model for Trade Policy Analysis", CEPII Working Paper 2002-17.

⁸⁶ IMF World Economic Outlook (WEO) 10/2019 data for GDP and UN COMTRADE data for bilateral trade. The remainder from CEPII projections.

⁸⁷ This has happened only where preferences actually changed to those applied unilaterally before, i.e. essentially only for the ESA partner country tariffs upon imports from the EU-27 and the UK.

⁸⁸ UNCTAD Trade Analysis Information System.

⁸⁹ World Integrated Trade Solution

⁹⁰ Customs duty calculator

In addition, the following assumptions apply:

- The model is run under perfect competition and in a static setup.⁹¹
- Neoclassical closure, in which unemployment is assumed not to be affected by trade policy.
- The EU is modelled in a 27member state (MS) post-Brexit configuration.⁹²

As concerns tariff eliminations and reductions, the EU would not enjoy any preferential market access to the ESA partners in case of no EPA, as would Mauritius on the EU market is an upper-middle-income country. Zimbabwe would be eligible for preferences under the EU's GSP. Market access for Madagascar to the EU would essentially not change as in absence of the EPA, the country would still be eligible for duty-free, quota-free market access under EBA.

As concerns the modelling, the applicable preferential margin is added to tariffs in the database. This way, biases from erroneous protection data in the GTAP database were minimised.⁹³ It should be noted that reductions of non-tariff barriers (NTBs) were not simulated. The modelling results include estimates for changes in real GDP, bilateral trade by sector (for all goods), industry output by sector, consumer prices, wages by skill category and CO₂ emissions. For the interpretation of the results, the following aspects should be taken into consideration:

- GDP and trade volumes are expressed in real 2011 USD. These are converted into 2019 EUR in the excel file by using exchange rates for 2011 and the US GDP deflator as per the IMF WEO from October 2019.
- Output by sector is an indicator that can be used to capture which sectors turn out to have benefitted and which seem to have come under pressure. The absolute values should not be interpreted, as in the model they are expressed in base period real prices, which are no longer representative, not least due to the agreements themselves. The sum of the weighted average of output effects is not identical to the GDP effect. This is mainly because output contains intermediate products, which would be double (and triple..., etc.) counted if the output was simply added over sectors.
- Regarding the effects on consumers, the Fisher-CPI (consumer price index) has been calculated and the EPA's estimated impact on consumer prices both in the EU27 as well as in ESA4 countries is below the perception threshold.⁹⁴
- CO₂ emissions are given by the country. These are expressed in tons but based on input-output-coefficients from 2011, which might be quite outdated. Therefore, using absolute figures should be avoided and the relative changes should be communicated. The figures do not contain non-carbon greenhouse gases (GHG). This needs to be taken into consideration in the environmental impact assessment.

The model's underlying database, which comprises 57 sectors and 140 countries, was aggregated to 17 sectors and 11 regions. This aggregation was chosen such as to reflect sectors of key export interest to the ESA partner countries and countries which are assumed to be relatively strongly affected by the EPA, in particular, other regions benefitting from EPAs, as well as Turkey and the group of Least Developed Countries. The regional and sector aggregation chosen for this analysis are presented in Table 16 and Table 17.

⁹¹ A dynamic ex-post analysis, while theoretically feasible, would involve a number of methodological and data problems.

⁹² It should be noted that the UK, which is simulated as an individual country is copying EU-27 trade policies, which, as this is a simulation of the past, should be a rather uncontroversial modelling choice.

⁹³ Tariffs were not re-introduced by imposing final rates in the model. If this were done, the preferential margins could be severely over- or underestimated in case of errors in the GTAP database, which are known to occur.

⁹⁴ The Fisher Price Index, also called the Fisher's Ideal Price Index, is a consumer price index (CPI) used to measure the price level of goods and services over a given period. The Fisher Price Index is a geometric average of the Laspeyres Price Index and the Paasche Price Index.

Table 16: Regional disaggregation of the CGE model

Model region acronym	Description
EU27	
MDG	Madagascar
MUS	Mauritius
ZWE	Zimbabwe
SSA	Rest of Sub-Sahara Africa
LDC	Least Developed Countries
CAR	CARIFORUM
UK	
TUR	Turkey
HIC	Other High-Income countries
ROW	Rest of the world

Source: DG Trade, GTAP database.

Table 17: Sectoral disaggregation of the CGE model

Model sector acronym	Description
v_f	Fruit, vegetables, buts
SUGAR	Sugar and sugar crops
ocr ⁹⁵	Other crops
oap	Other animal products
SEAFOOD ⁹⁶	Fisheries and processed fish
AGRIFOOD	Agri-food sectors n.e.c. (cereals, dairy, meat, fibres, vegetables oil), forestry
PRIM	Fossil fuels
omn	Mining
tex	Textiles
wap	Wearing apparel
i_s	Iron and steel
nfm	Non-ferrous metals
ome	Other (than electric) machinery
omf	Other manufactures
MANUF	Manufactures n.e.c. (transport equipment, chemicals, electrical machinery, petrochemicals, leather products, lumber, paper)
TRNS	Transport services: air, water, other
SERV	Services other than transport and utilities

Source: Source: DG Trade, GTAP database. Sectors in the original GTAP database are written in lowercase letters. Sectors that have been aggregated are written in UPPERCASE letters.

⁹⁵ Includes vanilla and tobacco, which are important export commodities for MDG and, respectively, ZWE.

⁹⁶ Made up of the fisheries (fsh) and the "other food" (ofd) sectors in the GTAP database. The latter covers a large and diverse array of processed food products ranging from fruit juices to bakery products (no animal products, though). However, where ESA exports are concerned, the label seafood is a rather accurate description.

PE analysis (for Seychelles)

The PE model applied for the impacts assessment for Seychelles is based on Balistreri and Rutherford (2013). The model was run in a perfect-competition set-up and populated with data for the EU27, the UK, Seychelles, and the rest of the world. The model is specified with trade and tariff data only, i.e. domestic (feedback) effects can only be analysed implicitly.

It should be noted that PE models are generally limited as concerns the output and interaction of economic variables. Accordingly, the model applied for Seychelles does not account for macroeconomic effects, i.e. the impact of the EPA on GDP, factor markets, aggregate price level, etc. The potential effects of these variables and their interaction with individual product markets were not taken into consideration, respectively. Furthermore, no cross-price effects were considered. Despite being partial, the model closes the world market for each product under analysis by including a rest-of-the-world aggregate.

The model was run for goods only, using a General Algebraic Modeling System (GAMS) with UN COMTRADE data for 2018.⁹⁷ As in the CGE analysis, the impact of the EPA was analysed by re-introducing tariffs to the counterfactual levels. The counterfactual for both EU imports from and EU exports to the Seychelles are the respective MFN tariffs. The PE model is providing a snapshot of the situation in 2018 by comparing the observed trade flows under the EPA with a situation in which MFN tariffs would be levied by both sides.

Modelling results

Below we enclose some of the key modelling results we refer to in Chapter 5.

Table 18: Projected changes in industry output

Changes in industry output	EU27	Madagascar	Mauritius	Zimbabwe
Agri-food, forestry	0.0%	-0.1%	-1.3%	0.0%
Fruit, vegetables, nuts	0.0%	0.0%	2.1%	2.4%
Sugar and sugar crops	-0.4%	0.0%	52.1%	1.4%
Other crops (e.g. vanilla in MDG, tobacco in ZWE)	0.0%	0.1%	-1.0%	0.7%
Other animal products (mainly live pigs and poultry)	0.0%	-0.1%	-0.3%	0.1%
Fisheries and processed fish	0.0%	0.1%	10.2%	0.1%
Fossil fuels	0.0%	0.1%	n.a.	0.0%
Mining	0.0%	0.1%	-2.8%	-0.1%
Textiles	0.0%	1.1%	6.3%	-0.1%
Wearing apparel	0.0%	2.7%	5.7%	0.1%
Manufactures n.e.c.	0.0%	-0.9%	-3.0%	-0.1%
Iron and steel	0.0%	2.0%	-1.7%	-0.1%
Non-ferrous metals	0.0%	5.2%	-3.0%	-0.2%
Machinery and equipment	0.0%	1.8%	-5.6%	-0.4%
Other manufacturing	0.0%	-0.4%	-0.4%	0.0%
Services other than transport	0.0%	0.0%	-0.6%	0.0%
Transport services	0.0%	0.2%	-0.8%	0.0%

Source: DG Trade estimations.

⁹⁷ 2019 data are not yet available at a comprehensive level.

Table 19: Projected changes in bilateral EU exports due to the EPA

Bilateral EU exports to	Madagascar	Mauritius	Zimbabwe
Agri-food, forestry	9%	30%	4%
Fruit, vegetables, nuts	-1%	6%	6%
Sugar and sugar crops	5%	39%	1%
Other crops (e.g. vanilla in MDG, tobacco in ZWE)	0%	0%	2%
Other animal products (mainly live pigs and poultry)	0%	2%	0%
Fisheries and processed fish ⁹⁸	0%	18%	5%
Mining	0%	13%	0%
Textiles	31%	105%	33%
Wearing apparel	111%	141%	7%
Manufactures n.e.c.	47%	34%	15%
Iron and steel	26%	38%	44%
Non-ferrous metals	34%	98%	15%
Machinery and equipment	10%	29%	1%
Other manufacturing	44%	81%	19%
Services other than transport	-1%	2%	0%
Transport services	-1%	1%	0%

Source: DG Trade estimations.

Table 20: Bilateral EU imports from

Bilateral EU imports from	Madagascar	Mauritius	Zimbabwe	LDCs
Agri-food, forestry	1%	75%	49%	0%
Fruit, vegetables, nuts	0%	11%	21%	0%
Sugar and sugar crops	0%	1354%	845%	-5%
Other crops (e.g. vanilla in Madagascar, tobacco in Zimbabwe)	1%	29%	27%	0%
Other animal products (mainly live pigs and poultry)	0%	-1%	0%	0%
Fisheries and processed fish ⁹⁹	0%	109%	40%	0%
Fossil fuels	0%	n.a.	n.a.	0%
Mining	0%	0%	0%	0%
Textiles	3%	103%	38%	0%
Wearing apparel	3%	101%	85%	0%

⁹⁸ In the modelling, this sector contains also a lot of other processed food products, but where the ESA partner countries are concerned, there is little more than seafood in that sector.

⁹⁹ In the modelling, this sector contains also a lot of other processed food products, but where the ESA partner countries are concerned, there is little more than seafood in that sector.

Manufactures n.e.c.	2%	16%	1%	0%
Iron and steel	2%	7%	1%	0%
Non-ferrous metals	5%	17%	0%	0%
Machinery and equipment	3%	8%	-1%	0%
Other manufacturing	2%	15%	0%	0%
Services other than transport	1%	-2%	0%	0%
Transport services	1%	-1%	0%	0%

Source: DG Trade estimations.

Table 21: Top 20 EU27 exports to Seychelles, by post-EPA export value

Description	Tariff line	EU27 exports to Seychelles, in 1,000 EUR	Share in total exports	Estimated growth
Frozen tunas of the genus "Thunnus" (excl. Thunnus alalunga, Thunnus albacares, Thunnus obesus, Thunnus thynnus, Thunnus orientalis and Thunnus maccoyii)	30349*	119,826	47%	0%
Vessels for pleasure or sports; rowing boats (excl. motorboats and motor yachts powered other than by outboard motors, sailboats and yachts with or without auxiliary motor and inflatable boats)	890399	14,444	6%	197%
Sailboats and yachts, with or without auxiliary motor, for pleasure or sports	890391	8,817	3%	56%
Base metal stoppers, caps and lids (o/than crown corks), threaded bungs, bung covers, seals, other packing accessories and parts	830990	6,953	3%	27%
Cans of iron or steel, of a capacity of < 50 l, which are to be closed by soldering or crimping (excl. containers for compressed or liquefied gas)	731021	3,888	2%	0%
Iron/nonalloy steel products	721090	2,950	1%	51%
Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified (excl. crude)	151219	2,219	1%	55%
Iron/nonalloy steel products	721070	2,064	1%	34%
Tinplate, articles nesoi	732690	1,979	1%	367%
Boards, panels, consoles, desks, cabinets and other bases, equipped with apparatus for electric control	853720	1,963	1%	226%
Edam and gouda cheese	40690	1,862	1%	257%

Description	Tariff line	EU27 exports to Seychelles, in 1,000 EUR	Share in total exports	Estimated growth
Parts of airplanes and helicopters, nesoi	880330	1,375	1%	0%
Frozen meat of swine (excl. carcasses and half-carcasses, and hams, shoulders and cuts thereof, with bone in)	20329	1,340	1%	0%
Yogurt products	40310	1,331	1%	163%
Medical equipment	901890	1,269	0%	0%
Nursing equipment	392690	1,224	0%	329%
Dishwashing equipment	842290	1,123	0%	30%
Parts suitable for use solely or principally with compression-ignition internal combustion piston engine "diesel or semi-diesel engine", n.e.s.	840999	1,031	0%	0%
Medicaments	300490	986	0%	329%
Butter products	40510	982	0%	251%
Total EU exports to Seychelles, post-EPA		254,151	70%	26%

* Trade data published by Seychelles deviate substantially from Eurostat data.

Source: Eurostat.

Table 22: Top 20 Seychelles exports to EU27, by post-EPA export value

Description	Tariff line	Seychelles exports to EU27, post-EPA, in 1,000 EUR	Share in total exports	Estimated growth
Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excl. minced)	160414	165,541	71%	32710548%
Frozen yellowfin tunas "Thunnus albacares"	30342	23,010	10%	119%
Frozen skipjack or stripe-bellied bonito "Euthynnus -Katsuwonus- pelamis"	30343	14,843	6%	109%
Light oils and preparations, of petroleum or bituminous minerals which $\geq 90\%$ by volume "incl. losses" distil at 210°C "ASTM D 86 method" (excl. containing biodiesel)	271012	7,513	3%	38%
Frozen bigeye tunas "Thunnus obesus"	30344	6,726	3%	112%
Products containing meat of crustaceans, molluscs or other aquatic invertebrates, prepared meals	160420	3,100	1%	603403%

Description	Tariff line	Seychelles exports to EU27, post-EPA, in 1,000 EUR	Share in total exports	Estimated growth
Fresh or chilled yellowfin tunas "Thunnus albacares"	30232	2,824	1%	121%
Mirrors and reflectors used in medical, surgical, dental or veterinary sciences, and parts and accessories thereof	901890	2,363	1%	0%
Fresh or chilled fillets of fish, n.e.s.	30449	1,203	1%	3814023%
Printed circuits, without elements (other than connecting elements) fitted thereon	853400	948	0%	0%
Cod oil and its fractions, other than liver oil	150420	898	0%	74%
Copper spent anodes; copper waste & scrap containing less than 94% by weight of copper	740400	472	0%	0%
Air conditioning machines incorporating a refrigerating unit and a valve for reversal of the cooling-heat cycle "reversible heat pumps" (excl. of a kind used for persons in motor vehicles and self-contained or "split-system" window or wall air conditioning machines)	841581	430	0%	14%
NA	99SSS9	342	0%	0%
Fresh or chilled fillets of swordfish "Xiphias gladius"	30445	283	0%	9853853%
Fresh or chilled bigeye tunas "Thunnus obesus"	30234	247	0%	119%
Parts of seats nesoi, for seats of a kind used for motor vehicles	940190	213	0%	20%
Salt & pure sodium chloride, whether or not in aqueous solution or cont. added anticaking or free-flowing agents; seawater	250100	194	0%	20%
Frozen fillets of tuna "of the genus Thunnus", skipjack or stripe-bellied bonito "Euthynnus [Katsuwonus] pelamis"	30487	186	0%	274%
Fresh or chilled fish, n.e.s.	30289	164	0%	131%
Total Seychelles exports to EU27, post-EPA		233,760	99%	573%

Source: Eurostat.

Data gaps

For ESA4 trade with the EU27, we provide Eurostat trade statistics denominated in EUR. For the sake of comparability concerning trade with non-EU jurisdictions, we also provide to UN Comtrade data for trade in goods. This allows us to analyse the relative performance of goods trade between ESA4 countries and the EU and the performance of goods trade between ESA4 countries and other jurisdictions, i.e. the rest of the world (excluding the EU27), the East African Community (EAC), SADC and the COMESA. It should be noted that import and exports statistics for ESA4 countries are patchy. Both UN Comtrade and Eurostat data are fragmentary for HS 2 and HS 4 product codes and subject to inconsistencies between product-specific and overall goods trade volumes. Note also that investment data available, both for investment stocks as well as investment flows between the EU and ESA4 countries, is scarce.

Approach to social, human rights and environmental impacts

These three areas of assessment – social, human rights and the environment – are closely linked, and are also closely linked to the assessment of economic impacts. For all three, the assessment follows the Commission's SIA Guidelines, the guidelines for the human rights impacts in SIAs and the Better Regulation Toolbox. Indications for each of these three areas presented in the following sub-sections. The three areas of impacts are assessed in both the brief ex-post evaluation (Task 9) and the SIA (Tasks 13 to 15). The approach for all three follows a common sequence: A. Screening and scoping; B. Detailed assessment; C. Conclusions and recommendations.

Screening and scoping builds on the preliminary screening. The screening reviews initial results in that work concerning the trade measures that are likely to have the largest social, human rights and environmental impacts, drawing on further literature to build more detailed causal analysis. The scoping work in turn looks at the details of specific trade measures, building on the preliminary analysis. This work reviews the identification of key economic sectors for attention, as well as the most important social, human rights and environmental issues for analysis.

The *detailed assessment* draws on the study's information gathering work, including literature and data gathering, economic modelling, consultation results and case studies. The assessment identifies impacts compared to the baseline: for the SIA, this baseline is developed based on the results of the ex-post evaluation, which develop the understanding of existing social, human rights and environmental conditions.

The *conclusions and recommendations* for the SIA are presented in the report on Trade and Sustainable Development. Results will also be presented in the six different thematic reports. For a proportionate analysis, we expect to provide a more in-depth analysis for the thematic reports on 1) Trade in Goods, and 2) Trade in Services, Digital Trade and Investment (in addition to the report on Trade and Sustainable Development).

Social impacts

In line with the Commission's SIA guidelines, the social analysis is based on broadly two pillars: first, an analysis of impacts of trade and economic chapters on key areas related to the social SDGs; second, an analysis of the social provisions of the TSD chapter, in particular concerning the implementation of ILO Conventions and other international policy tools, such as internationally agreed principles and guidelines on corporate social responsibility (CSR) and responsible business conduct (RBC), such as the UN Guiding Principles on Business and Human Rights.

The detailed assessment draws on stakeholder views on the relevance of the different areas of social development as well as on the magnitude of potential impacts. To the extent possible, modelling results are used to identify potential impacts. Data is gathered and assessed for indicators related to employment (job creation or losses), working conditions (wages, working standards, OSH, social dialogue), equality and non-discrimination, vocational training/re-training/lifelong learning and distribution of income and social protection,

in line with the SIA guidelines. To the extent possible, the assessment sought to identify impacts by key groups (such as women and children) and to identify winners and losers. As far as possible, the indicators were chosen from the UN's SDG indicator framework,¹⁰⁰ especially for SDGs 1,2,5,8 and 10. If available, data is presented by sector, skill level and gender. Additionally, we look more closely at the implementation of labour policy (e.g. adoption/revision of labour laws, labour inspections, institutional aspects), in particular, the cases identified in the NORMLEX database (see section 5 and Annex X, which provides an example of this type of analysis).

Human rights impacts

The further screening and scoping builds on the preliminary results (see section 5) to help further understand: a) which rights are more directly trade-related and likely to be directly affected by the trade measures b) which are the major vs. minor impacts of the selected measures; c) which measures have a beneficial or negative impact on human rights; d) which segments of the population (women, indigenous people and ethnic groups, etc.) are more likely to be impacted. In doing so, both the Fundamental Rights Checklist in Tool No. 28 of the Better Regulation Box and the SIA human rights guidelines are used. The detailed assessment draws on a range of information. The stakeholder consultation together with the case study results are expected to be key sources.

Environmental impacts

The analysis of environmental impacts, as per the SIA Handbook,¹⁰¹ considers several key dimensions: *scale* and *structural* effects; and *technology* effects (alongside which we propose to add *environmental management* effects); plus *governance* effects, also added to the dimensions set out in the Handbook.

The assessment of *scale* and *structural* effects draws on the economic analysis, in particular the identification of key sectors that could be affected by the deepening of the EPA. The SIA handbook refers to *technology* effects as 'those affecting the processes or production methods. We understand these to include access to process equipment as well as *environmental management* techniques. New equipment and methods could be more efficient, economically, and new methods may be introduced to improve access to higher-value EU markets, such as those for organic agriculture and food products. EU investment can be a driver for technology and management effects, and EU development cooperation could also play a role. We sought information on possible technology effects via the literature review and in particular draw on the consultation results for information on the extent to which agreements with the EU, ongoing trade with the EU and FDI from EU-based enterprises are improving the environmental efficiency of production in ESA countries.

The analysis of *governance* effects considers two areas. First, for multilateral environmental agreements (MEAs), the preliminary screening (see section 5 and Annex X) shows that the ESA5 countries have ratified many of the main MEAs commonly set out in EU trade and partnership agreements.

¹⁰⁰ UN General Assembly (2017). Resolution adopted by the General Assembly on 6 July 2017. 71/313. Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development. A/RES/71/313.

¹⁰¹ European Commission, Handbook for trade sustainability impact assessment (second edition), April 2016

Annex IV. Intervention Logic and Evaluation Matrix

The European Commission has developed a preliminary intervention logic for the EPA in the Terms of Reference for this assignment, which we have revised based on the kick-off meeting and consultations with EU officials (such as the EU Delegations in the ESA5 countries). To represent this evolution visually, see figure below, the cells in grey represent elements in force already under the current agreement (and therefore subject to the ex-post evaluation), while cells in light blue represent new elements, part of the deepening process (and therefore subject to the SIA), while cells in green represent elements in place already under the current agreement, but to be reinforced under the deepening process.

Figure 13: Intervention logic

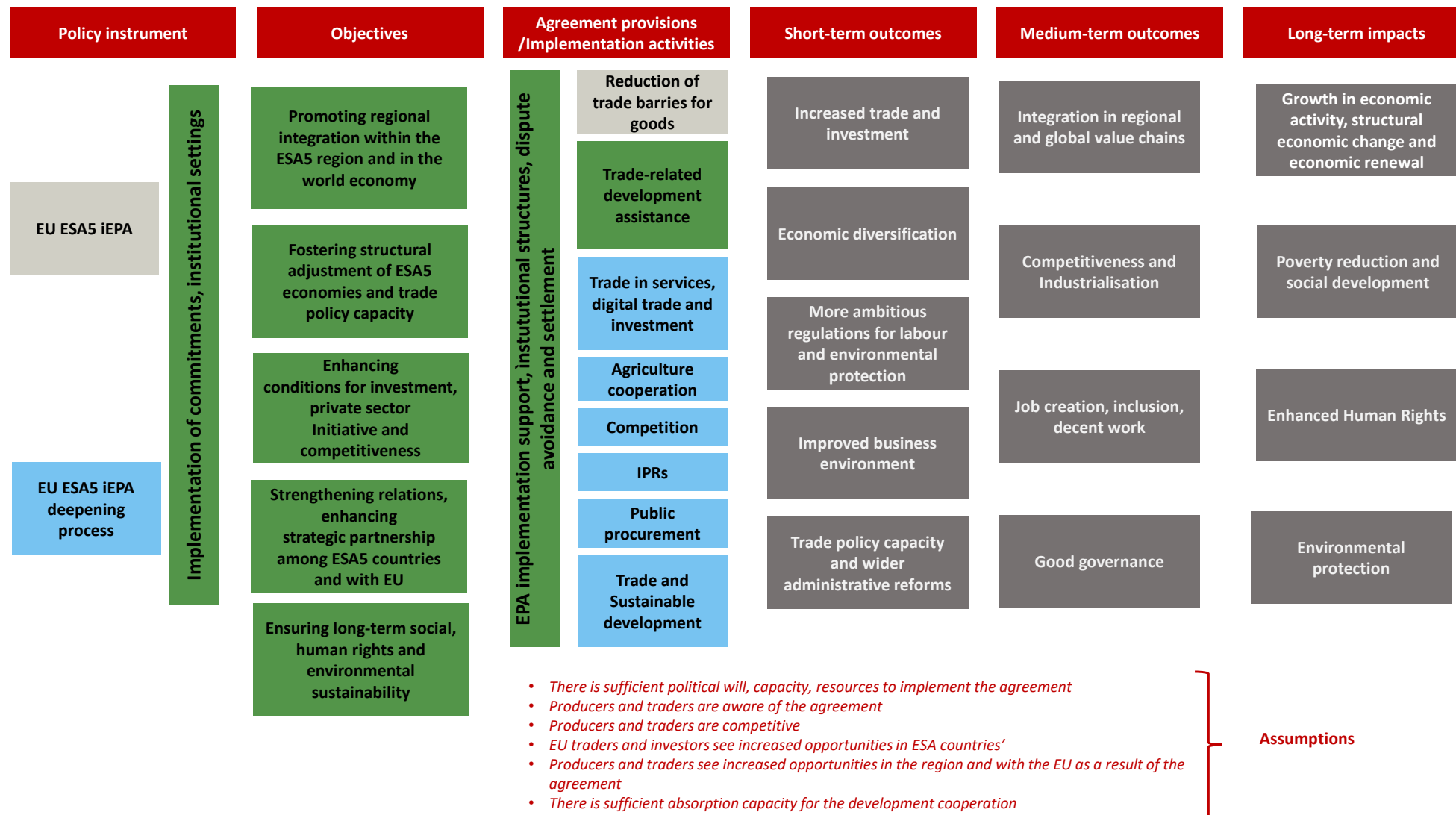


Table 23: Evaluation Matrix

Evaluation questions	Judgement criteria	Indicators	Sources
Effectiveness			
To what extent have the objectives of the existing interim EPA been achieved?	<p><u>Economic impacts</u></p> <ul style="list-style-type: none"> ▪ Extent to which bilateral trade has developed between the EU and ESA countries; ▪ Extent to which overall trade has developed between the EU and ESA countries ▪ Extent to which economic growth and diversification have developed as a result of the interim EPA; ▪ Extent to which poverty has reduced as a result of the interim EPA ▪ Extent to which foreign investments have increased as an effect of the interim EPA; ▪ Extent of fiscal improvements as an effect of the interim EPA; ▪ Extent to which <u>governance and business environment</u> have improved as an effect of the interim EPA (especially for SMEs) ▪ Extent to which <u>consumer</u> prices and safety have improved in ESA countries as an effect of the interim EPA; ▪ Extent to which product variety and quality have improved as an effect of the interim EPA; ▪ Effects on <u>regional integration</u> and third parties: effects on regional integration in the ESA region, under e.g. COMESA, SADC or AfCFTA, effects on EU's outermost regions and LDCs. <p><u>Social impacts</u></p>	<p><u>Economic impacts:</u> Results of the analysis for the following tasks:</p> <ul style="list-style-type: none"> ▪ Analysis of the level of tariff liberalisation, utilisation of market access tariffs, analysis of trade barriers (from task 6) ▪ Evolution of application of RoO (from task 7) ▪ Evolution of trade in goods overall and for the ESA5 countries individually (from task 8) ▪ Overall economic impacts: key macroeconomic and sectoral variables (from task 9) ▪ Evolution of FDI between EU and ESA5 countries (from task 9) ▪ Impact on diversification of bilateral trade (from task 8) ▪ Impact on Consumer (consumers' quality and protection, product variety and quality) (from task 10) ▪ Impact on budget and fiscal of the EU and partner countries: budgetary effects, reduction of dependence on tariff revenues and revenue diversification (from task 10); ▪ Impacts on regional integration (from tasks 8, 9 and 10) <p><u>Social impacts:</u> Results of the analysis of the following tasks</p>	<p><u>Sources:</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results from the CGE model

Evaluation questions	Judgement criteria	Indicators	Sources
	<ul style="list-style-type: none"> ▪ Extent to which employment, jobs and wages have improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which inequality and poverty have reduced as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which labour rights, labour standards and working conditions have improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which respect of human rights has improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which women's conditions have improved as an effect of the interim EPA. <p><u>Impacts on environment and climate</u></p> <ul style="list-style-type: none"> ▪ Extent to which respect of environmental standards has improved as an effect of the interim EPA 	<ul style="list-style-type: none"> ▪ Assessment of trade-related development assistance to ESA5 countries (from task 10) ▪ Institutional structure established by or resulting from the interim EPA (from task 10) ▪ Develop an analysis of the effects on poverty in ESA5 countries (from tasks 9 and 10) ▪ Impacts on Informal Economy and Informal Employment (from tasks 9 and 10) ▪ Impact on gender inequality (from task 9) ▪ Identify and assess measures that have enhanced or impaired enjoyment of specific human rights (from tasks 9 and 10) ▪ Identify individuals or specific groups most affected by the effects of the interim EPA implementation (from tasks 9 and 10) <p><u>Environmental impacts</u> on EU and ESA5 countries, Results of the analysis of the following tasks (from tasks 9 and 10), including:</p> <ul style="list-style-type: none"> ▪ exports and investments in sectors such as agriculture, mining and forestry ▪ natural resources and biodiversity ▪ key environmental parameters (soil, water, forestry, air, etc.) ▪ climate, in particular, GHG and air pollution changes (carbon footprint) ▪ better implementation and enforcement of environmental policy and legislation 	

Evaluation questions	Judgement criteria	Indicators	Sources
Has the EPA with ESA4 given rise to unintended consequences? (<i>related to task 11</i>)	<ul style="list-style-type: none"> ▪ What social, human rights, environmental and/or economic impacts have resulted from the interim EPA which were not intended by the agreement? ▪ Have there been any positive unintended effects? ▪ Have there been any negative unintended effects? 	<ul style="list-style-type: none"> ▪ resource efficiency, greening and decarbonisation ▪ Identification of effects of the interim EPA on the environment, labour or human rights; ▪ Identification of positive/negative side effects of the Agreement in the EU, ESA5 countries and third countries; ▪ Results from tasks 6-11, and in particular: <ul style="list-style-type: none"> ○ Assess whether and to what extent impacts identified in the preparatory phase of the interim EPA have taken place; ○ Evaluation of awareness of the interim EPA, and obstacles to the implementation of the interim EPA (from task 6) ○ Impact on gender inequality; ○ Identification of stakeholder groups that have been affected by the Agreement in an unintended manner 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results of tasks 6-10
Which sectors, activities, groups or countries in ESA4 have benefited most as a result of the EPA and which ones have incurred losses due to the EPA? (<i>related to task 11</i>)	<ul style="list-style-type: none"> ▪ Extent to which some sectors, activities or groups in ESA4 countries have benefited most from the interim EPA? ▪ Extent to which some sectors, activities or groups in ESA4 countries have benefited less from the interim EPA? 	<ul style="list-style-type: none"> ▪ Identification and comparison of transfers and net effects of the interim EPA on specific sectors, activities or groups (from tasks 9 and 10) 	<ul style="list-style-type: none"> ▪ Desk research' ▪ Interviews ▪ Stakeholders consultation ▪ Results of tasks 6-10
What good practices and lessons learned on EPA implementation on both the ESA and the EU side?	<ul style="list-style-type: none"> ▪ Provisions and/or implementation measures that have proved most effective/efficient/relevant in the EU and the ESA5 countries' 	<ul style="list-style-type: none"> ▪ Identification and analysis of provisions and/or implementation measures that have proved most effective/efficient/relevant in the EU and the ESA5 countries 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results of tasks 6-10 ▪ Results of evaluation questions for efficiency, relevance and coherence

Evaluation questions	Judgement criteria	Indicators	Sources
Efficiency			
<p>To what extent has the interim EPA been efficient with respect to achieving its objectives?</p>	<ul style="list-style-type: none"> ▪ What costs have been involved in the implementation of the interim EPA (e.g. forgone tariff revenue, costs of committees/working groups)? ▪ How do these costs compare to the benefits, e.g. in terms of GDP increases, increases in employment and salaries? ▪ Extent to which the costs and benefits associated with Agreement are shared proportionately among the different stakeholders' groups and interests 	<ul style="list-style-type: none"> ▪ Identification of input and cost types related to the implementation of the interim EPA ▪ Calculation of economic impact of the implementation of the interim EPA ▪ Analysis of the tariff PUR ▪ Estimation of overall budgetary consequences of the agreement by considering effects of GDP, forgone tariff revenues due to tariff reductions, and changes in trade volumes with other trade partners ▪ Results of the analysis of the following tasks: <ul style="list-style-type: none"> ○ Overall economic impacts: key macroeconomic and sectoral variables ○ Evolution of trade in goods and FDI between EU and ESA5 countries; ○ Impact on diversification of bilateral trade ○ Impact on budget of the EU and partner countries ▪ Identification of the costs associated with the Agreement; ▪ Identification of the costs and benefits related to the Agreement assumed by the different stakeholders' groups ▪ Results of the analysis of the following tasks (and sub-tasks): <ul style="list-style-type: none"> ○ Task 10 Impact on Consumers ○ Task 10 on social impacts 	<p><u>Sources:</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations

Evaluation questions	Judgement criteria	Indicators	Sources
Are there unnecessary regulatory costs (including administrative burden)?	Extent to which the interim EPA has not brought additional/unnecessary costs, including administrative burden, or reduced administrative and regulatory costs	<ul style="list-style-type: none"> ▪ Results of the analysis of the following task: <ul style="list-style-type: none"> ○ Evaluation of awareness of the interim EPA, and obstacles to the implementation of the interim EPA (from task 6) ○ impact of customs and trade facilitation-related provisions on simplification for producers, exporters, forwarders and customs administration (tasks 6 and 7) 	<p><u>Sources:</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations
Relevance			
To what extent do the provisions of the interim EPA are relevant to address the current trade needs and issues of the EU and ESA5 countries?	<ul style="list-style-type: none"> ▪ What are the current trade issues faced by the EU and ESA5 countries? ▪ Extent to which the Agreement can be used to address these issues ▪ Number and importance of issues that are unlikely to be addressed by the Agreement ▪ Extent to which development cooperation can be used to address current trade and development issues. 	<ul style="list-style-type: none"> ▪ Identification of key trade issues and barriers not arising from non-implementation currently faced by the EU, and ESA5 countries, by sector and type of barrier ▪ Stakeholders' opinions concerning the possibility of the interim EPA to address the current issues ▪ Stakeholders' opinions on issues that may not be resolved through the interim EPA, and their importance ▪ Evaluation of awareness of the interim EPA, and obstacles to the implementation of the interim EPA (from task 6) 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations
What are the shortcomings of the existing EPA that need to be addressed in the deepening negotiations?	<ul style="list-style-type: none"> ▪ Extent to which the current interim EPA leaves some needs of EU and/or ESA5 countries unmet ▪ Extent to which the current interim EPA does not cover relevant sectors or activities 	<ul style="list-style-type: none"> ▪ Identification of key trade issues and barriers not arising from non-implementation currently faced by the EU, and ESA5 countries, by sector and type of barrier 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results of tasks 6-10

Evaluation questions	Judgement criteria	Indicators	Sources
Coherence			
<p>To what extent has the interim EPA been coherent with other policy instruments of the EU affecting the ESA region and other partners</p>	<ul style="list-style-type: none"> • Extent to which objectives of the interim EPA align with the principles of current EU trade policy (e.g., concerning GSP countries) • Extent to which objectives of the interim EPA align with the principles of current EU trade policy in the ESA region; • Extent to which there are contradictions between the interim EPA and other EU policy instruments in the ESA region (e.g. development cooperation policies) ; 	<ul style="list-style-type: none"> • Reviewing provisions of the interim EPA; • Identification of areas of (lack of) coherence between the interim EPA and EU trade and development policies <ul style="list-style-type: none"> ○ Number and type (and possibly extent) of contradictions; ○ Number and type (and possibly extent) of synergies. • Identification of areas of (lack of) coherence between the interim EPA and EU trade and development policies in the ESA region <ul style="list-style-type: none"> ○ Number and type (and possibly extent) of contradictions; ○ Number and type (and possibly extent) of synergies 	<p><u>Sources</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations

Source: Own compilation

Annex V: Stakeholder Consultations

During Phase II of the contract, the team implemented the following components of the stakeholder consultation.

1. Setting up a website and a Twitter account
2. Interviews in ESA4 and Comoros
3. Online questionnaire
4. Update to strategy going forward

Website and Twitter account

A dedicated project website in English and French provides information on the progress of work and allows interaction with civil society and all other relevant stakeholders.

Figure 14: Consultation website



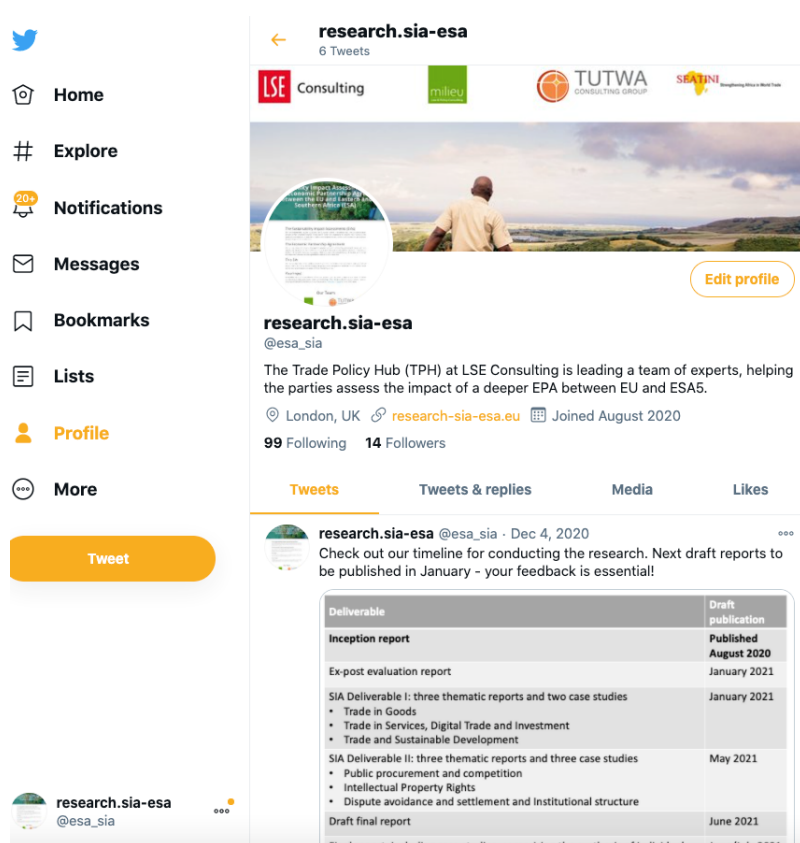
Source: <http://research-sia-esa.eu/en/>

The website can be accessed at the following web address: <http://research-sia-esa.eu/en/>. The website provides an easily accessible summary of the evaluation and SIA process, information on past and upcoming consultation events and a feedback mechanism. All final reports will be made public on the website. Other relevant outputs, including regular updates on the SIA process and findings and documentation sources, will

be published on the SIA website. Moreover, the website will contain a feed for the project Twitter account. All meetings with civil society (in the EU and ESA partner states) will be appropriately announced on the SIA website. Traffic on the website (including the country of origin of viewers) will be tracked using Google Analytics. This will be done in a manner that protects personal data and adheres to data protection rules.

The project also has its own Twitter page. We use Twitter to follow all of the following: Ministries of ESA5 countries, representations of international organisations, representations of NGOs and local NGOs, embassies and consulates of key trading partners, as well as experts on Africa and the region. We also provide updates on timelines, deliverables and possibilities for engagement with the team.

Figure 15: Twitter account



Source: Twitter

Interviews

The key consultation tool is one-on-one interviews, in person, via phone and online tools. To ensure that information and evidence is gathered from relevant stakeholders, the team prioritised interviews conducted by in-country partners with vast networks and familiar with local communities. Each team in the five partner countries set a target to conduct approximately 20 interviews per country. While these numbers have been almost achieved for ESA5, the interviews in the EU and largest trading partners are lagging. We outline before how we plan to proceed.

Interview responses have been integrated throughout the whole text and within each of the deliverables, so this chapter serves to report on the number of interviews conducted, the stakeholders consulted, as well as the key findings for easy reference. The interview questionnaire can be found in our Inception Report.

Respondents

As a means of undertaking an informed Sustainability Impact Assessment (SIA) of the EU-ESA EPA to inform the deep EPA negotiations, the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)-Uganda, Dahari Comoros in partnership with the LSE undertook interviews with representatives of Government (Ministries, Departments and Agencies-MDAs); Civil Society Organisations; National Chambers of Commerce, Business Associations; Private Sector Economic Operators and Small Medium Enterprises (SMEs) from Madagascar, Seychelles, Zimbabwe and Madagascar and Comoros. Due to the novel COVID-19, interviews have so far been conducted digitally, using Zoom, WhatsApp and emails, and where possible face-to-face with protective measures. Due to the different extent of implementation in ESA4 and Comoros, we report the key findings separately. As of 18 January 2021, 91 respondents have been interviewed. These key findings have been integrated with the rest of the report.

Table 24: Interviews conducted by Jan 2021

Country	Category	No. Respondents
Zimbabwe (SEATINI)	CSOs	10
	Government MDAs	3
	National Chambers of Commerce, Business Associations	1
	Private Sector Economic Operators	7
	Small Medium Enterprises	2
Mauritius (SEATINI)	CSOs	4
	Government MDAs	4
	National Chambers of Commerce, Business Associations	1
	Private Sector Economic Operators	8
	Small Medium Enterprises	6
Seychelles (SEATINI)	CSOs	3
	Government MDAs	6
	National Chambers of Commerce, Business Associations	1
	Private Sector Economic Operators	5
	Small Medium Enterprises	5
Madagascar (SEATINI)	CSOs	2
	Government MDAs	2
	National Chambers of Commerce, Business Associations	0
	Private Sector Economic Operators	2
	Small Medium Enterprises	3
Comoros (Dahari)	CSOs	4
	Government MDAs and International Organisations	7
	Private Sector Economic Operators	5
Total No. of Respondents		91

Source: Own compilation

Key findings: ESA4 responses

1. CSO ORGANISATIONS

a. Role of CSOs organisation in relation to trade policy and agreements

Civil Society Organisations interviewed indicated that they play a critical role in influencing trade policy and agreements. Key of the tenets of roe of CSOs include:

- Monitoring developments in the areas of trade, fiscal and related policies and processes to ensure that they generate a favourable environment that can be utilized to achieve equitable and sustainable development at national, regional and global levels.
- Provide a platform for stakeholders to deliberate on global, regional and national issues with a view of developing a consensus.
- Raise awareness, build long term capacity and bring into discourse the concerns of key stakeholders (i.e., Members of Parliament, private sector, the media, government agencies, Trade unions, Farmers' groups, women's groups, the youth, civil society movements) in trade, fiscal and related policies and processes at national, regional and global levels.
- Contribute to the fight for social justice, human rights (especially Economic, Social and Cultural Rights), democracy and good governance, without partisan, sectarian, gender, racist or sexist biases
- Network with academics, policymakers, NGOs and civil society movements concerned about the forces and effects of globalization on Africa and the Third World in general.
- Undertaking research and other knowledge products on trade policies and negotiations to inform the pro-development outcomes of the policies and negotiations.

b. Level of awareness of the existence of the existing interim EPA between the EU and the ESA5

The majority of the interviewed CSOs exhibited a low level of awareness of the interim EPA between the EU and ESA5. High levels of awareness were recorded from CSOs in Mauritius and Zimbabwe, whereas low levels of awareness were recorded from CSO respondents from Madagascar and Seychelles. According to respondents, high levels of awareness of the EU-ESA interim EPA is as a result of:

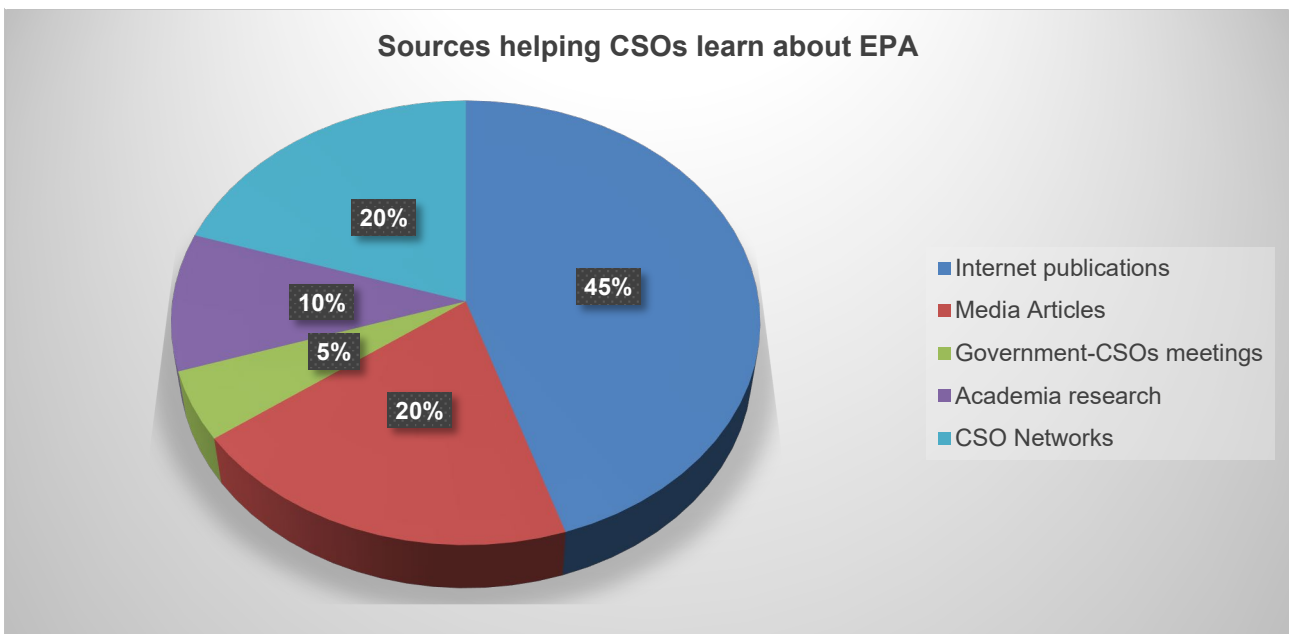
- Organisational strategic outlook, with the organisations working on Socio-Economic development issues including trade; investment; intellectual property; human rights; environment; climate change, debt and Agriculture.
- Membership in key Civil Society networks like Africa Trade Network; AFRODAD; Economic Justice Network; PACJA and Third World Network-Africa. These networks which work on trade and related issues have played a critical role in raising awareness and building the capacity of their members in research and advocacy on trade and trade-related policies and negotiations inclusive of the interim EPA.
- Networking with relevant Government Ministries Departments and Agencies (MDAs) like Ministries of Trade, Agriculture, Foreign Affairs, Revenue Authorities among others. Some of the CSOs like the Zimbabwe Council of Churches are often part of the Government Negotiating Team and are periodically consulted on issues like the interim EPA implementation.
- Media Articles and opinions on the interim EPA and Africa-EU relations and Post Cotonou Negotiations have also increased on CSOs awareness of the existence of the interim EPA.

On the other hand, documented reasons for low levels of CSO awareness of the existing interim EPA range from limited availability and publication of information on interim EPA; organisational focus on other core issues that do not prioritise trade; lack inclusion of CSOs in trade policies and processes like the interim EPA negotiations by their respective governments (limited appreciation by governments of the role of CSOs in Trade negotiations) and limited resources which from development partners (donors) who do not prioritise funding of trade advocacy. Regarding funding for CSOs Trade advocacy work, respondents indicated that there is a need for the EU Trade Advocacy Fund to focus on supporting CSOs in engaging in deep EPA negotiations and popularising the implementation of the interim EPA. Limited CSOs awareness of the negotiations was also visible from the fact that there was no single Civil Society Organisation from the ESA5 group that registered to participate in the recently concluded EPA Civil Society Dialogue on the negotiations to deepen the EU-ESA5 EPA.

c. Channels and sources helping CSOs to learn more about the EPA

From the respondent’s submission, a number of channels and sources both print and digital have helped them learn more about the EPA, both the interim EPA and deep EPA negotiations. The sources vary from internet publications; national meeting organised by the government and CSOs, email and information exchanges among CSOs, media and research from academia. The internet, especially information on websites like EU; Bilaterals.org; SEATINI Zimbabwe; Economic Justice Network and Third World Network Africa remains the biggest source of information on EPA. Key to note is the low level of transparency among governments in publishing information on EPA, as they rank the lowest source of information on the EPA. This has not only affected effective CSOs engagement but has also led to the limited mobilisation of trade sector players like farmers and MSMEs to mobilize their production and take advantage of the opportunities therein interim EPA and pro-actively influence the ongoing deep EPA negotiations. Respondents revealed that these are the same channels and sources that they are using to keep track of the ongoing comprehensive EPA negotiations.

Figure 16: Pie chart showing the different sources of EPA information to CSOs.



Source: Own compilation from field data

d. Organisation's interest in the EPA between the EU and the ESA5; Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe?

The respondents noted that their interest in EU-ESA deep EPA negotiations is due to the fact that they are charged with standing for the promotion of people's socio-economic rights, and thus it is critical to ensure that the negotiations promote, rather than erode these rights. The organisations also work on ensuring that trade and fiscal policies and negotiations promote access to jobs, viable markets and access to services like health, medicine, education. This is because unless properly crafted, trade and fiscal policies and agreements can contain provisions that make it challenging for citizens to access viable markets and social services, due to strong intellectual property rights on patents and low safeguard measures, coupled with the high levels of liberalisation of goods and services often enshrined therein. Thus, to ensure that EPA negotiations improve the dignity of life of people in the ESA5, CSOs have become interested in the negotiations.

From the respondent's submissions, it was observed that there is an increasing interest in EPA negotiations by CSOs in Zimbabwe, Madagascar, Mauritius and Seychelles. Whereas Zimbabwe still leads in the number of CSOs working and following the negotiations, an impressive rise in CSOs from Madagascar and Seychelles engagement in EPA negotiations is critical to note. This was observed from the frequency of articles and blogs on the negotiations published by the CSOs; self-organised national consultative meetings on EPA negotiations; and incorporation of trade agenda by CSOs in their strategic and work plans. This has led to their increased interest in following, taking track and monitoring trade and investment issues between the EU and the ESA5 including the Post Cotonou Negotiations, the Compact with Africa (CwA) and Marshall Plan for Africa.

Important to also note, as per respondents, it was observed that the key social, human rights and gender aspects of interest in the EPA include their likely implications to (viable) jobs/employment; food security (which is largely a gender issue); access to viable markets; environmental protection; mutual recognition agreements among others.

Unlocking relations between Zimbabwe and EU: According to the CSOs, the EPAs are not simply viewed as a trade tool, but also essential processes for unlocking relations with the EU. This position can be inferred from the statement by the Government of Zimbabwe following the recent EU decision to suspend restrictive measures on Zimbabwe. Thus, by negotiating comprehensive EPA, Zimbabwe demonstrates being a good partner to the EU.

e. Level of awareness of negotiations (that are currently taking place) between the EU and ESA5 (Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe) for the deepening of the currently implemented EPA? These will result in a comprehensive EPA.

A number of respondents who are aware of the EU-ESA deep EPA negotiations raised a number of issues to qualify their levels of awareness. These include:

- **New rules being pushed by the EU:** Respondents noted that the EU has adopted a negotiating mandate for a deep EPA which is in line with her push for a Millennium Round in the World Trade Organisation (WTO) i.e. issues including services, investments, government procurement, trade facilitation, competition policy, IPR and electronic commerce among others. It should be noted that E-Commerce is on the comprehensive EPA agenda yet it is not being negotiated under the WTO.
- **The quest for pro-poor trade provisions and offers:** According to discussions with the Faith-based Organizations in the ESA region, churches under the banner of the "All Africa Council of Churches" played an important role in advocating for economic policies that are pro-poor in nature. At the core of the Churches, submissions were that any kind of economic policy including international trade policies should be first and foremost geared towards sustainable development and equitable growth, which

benefit the people. In a statement produced by the All Africa Council of Churches in 2019, churches are encouraging the EU to consider positions in the comprehensive EPA that should not be oppressive, but instead, be fair and just and serve the people.

- Key challenges for public authorities, business, and other relevant stakeholders, in the implementation of the EPA.

From the respondents, some of the documented challenges in the implementation of the EPA include:

- Infrastructure challenges among ESA5: Except for Seychelles, Madagascar, Comoros and Mauritius which have access to a sea coastline, Zimbabwe is the only country that is landlocked and faces infrastructure challenges ranging from poor roads, railway and ICT. This implies that whereas the rest of the ESA5 countries are enjoying the economies of scale, Zimbabwe gets challenged to break even.
- Majority of the ESA5 Private Sector and SMEs are deeply constrained to take opportunities presented in EPA due to their product quality and quantity constraints. With the businesses capacity utilization projected to drop to 27% in 2020 due to COVID-19, the business sector in the ESA5 is not strategically positioned to meaningfully export to the European market.
- Primary commodity dependence is another challenge facing the business sector in the ESA5. ESA5 countries are exporting primary commodities to the EU e.g., Zimbabwe (peas, Macadamia nuts, Tanganda); Seychelles (Fish & fish products); Mauritius (fish, sugar and sugar confectionery, articles of apparel); Madagascar (Coffee, Vanilla, tea, spices, ores, clothing). It is the private sector and Civil Society belief that unless this is tackled, the comprehensive EPA will cement colonial relationships between the EU and ESA5, where the latter will be a producer of primary commodities, hence will not unlock transformation of the industries.
- For Civil Society and the private sector in the ESA5, information dissemination is also a major challenge. Whereas CSOs are often not privy to the EPA negotiations, the private sector is not aware of the provisions of the EPA. This is due to the fact that often, the governments negotiate with little information/inputs of the industry, and whenever it engages these actors, it is on an ad hoc basis which gives less time for meaningful input. The private sector and a number of civil society actors are also detached from negotiations because of their technical nature as well as deep mistrust and fatigue gave the tendency of their respective governments to ignore the positions of the private sector and civil society actors.
- Perceptions on the overall effect of the comprehensive EPA between the EU and the ESA5 countries?

Respondent's perceptions on the overall effect of the comprehensive EPA between the EU and the ESA5 countries revealed hope that the EPA will bring positive/favourable impacts to the ESA5 economies especially in trade in goods. Agricultural goods; forest products; marine resources are some of the ESA5 exports which are expected to define this market access, should the market access provisions of the deep EPA be fairly crafted.

Concerns were raised on the perceptions that in terms of trade in services and new issues like government procurement, intellectual property, digital trade and Investment, the EU stands to benefit more (very favourable/very positive) than the ESA5. Reasons for this stand include limited levels of competitiveness of ESA5 in these areas; a small and weak ESA5 private sector in these areas, and concentration of ESA5 exports in agricultural and marine resources.

Whereas pockets of respondents indicated adverse effects of the EPA on the economies of ESA5, they also stressed that these negative implications can be mitigated through inclusive negotiations, that should be tied on content rather timelines and taking a multi-stakeholder approach; and organising the production and

productivity aspects of the ESA5 private sector and MSMEs to take advantage of the expected market access opportunities therein the deep EPA.

Table 25: Perceptions of ESA4

	Very favourable/ very positive	Favourable/ positive	No effect	Adverse/ negative	Very adverse/ very negative	I don't know
For the ESA5						
For the EU						
Overall						

Source: Own compilation

Specifically, a number of likely effects of the EPA on ESA5 Countries were documented and include:

- **One Agreement to rule them all:** Respondents pointed out that the EU was the first rich country block to launch reciprocal FTA's (dubbed EPAs) with LDCs in 2002. It is now the first to launch a deep and comprehensive, new-generation free trade agreement i.e., EPA negotiations with the ESA5 whose 2 of its members (Comoros and Madagascar) are LDCs. This deep EPA will likely become the template for all African Caribbean and Pacific-ACP regions.
- **A new mandate that turns the EPAs into Comprehensive Economic and Trade Agreement (CETA):** Respondents pointed out that the deep EPA comes as a revision of the 2002 trade mandate and needs to be checked against the original version to see what is new. The new mandate is much more far-reaching than the 2002 version as it incorporates everything that the EU has been pushing in its FTAs since CETA including Investor-State Dispute Settlement (ISDS), digital trade, regulatory disciplines, investment and trade facilitation, far reaching Intellectual Property Rights (IPRs), comprehensive Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary Standards (SPS) chapters.
- **Likelihood in the erosion of EPA benefits to ESA5:** It was noted by respondents that the EU is of the view that the ESA5 will benefit from the current interim EPA and subsequently the deep EPA, as the ESA5 members are currently exporting more to the EU. While respondents do not dispute this, they noted the possibility of this change given the competition both from African countries and other regions as EPAs are implemented and standards enforced.
- **Low utilization of EPA opportunities by ESA5 Countries:** According to respondents, countries like Zimbabwe's potential to access opportunities presented by EPAs remains constrained by internal challenges, politics, bad environment, currency issues, etc. These factors have also derailed the flow of investments into Zimbabwe from the EU, thus undermining the potential positive contribution of any trade agreement. Many companies and individuals with money in Zimbabwe are currently taking it outside because of the poor environment. This deficit in new investments will affect industrial growth and product diversification essential for exploiting opportunities in trade agreements.
- **Negative implications on small-holder farmers in ESA5:** Respondents expressed concern that the experience of implementing Structural Adjustment Policies under the tutelage of the International Monetary Fund (IMF) and World Bank (WB) shows that premature extensive market opening, like sought in the comprehensive EPA not only leads to the displacement of uncompetitive domestic producers, but it also allows resources to leave the country. Liberalizing local food markets in key agricultural products like dairy and beef, poultry, vegetables in the face of such unequal competition is not a prescription for improving efficiency, but a recipe for the destruction of livelihoods on a massive scale. The imbalances in agriculture, for example, pity farmers (including peasants) in ESA5 against

those from the EU, who on average receive a hundred times more in agricultural support. ESA5 farmers' ability to sell on the local market can be undercut by rapid trade liberalization that opens the way to surges of cheap imports.

- **Potential implications on TRIPS Flexibilities:** Respondents noted that the ongoing comprehensive EPA negotiations could have a profound impact on areas of health and health services in the ESA5 Economies. Respondents were concerned that the provisions for intellectual property rights, in which the Cotonou Partnership Agreement (CPA) intention and ESA commitment to protect trade-related intellectual property rights (TRIPS) flexibilities to ensure access to medicines and medical technologies is evident, but not yet articulated in the draft EPA. The experience of other EU free trade agreements (FTAs) suggest that ESA countries and their parliaments and civil societies need to vigilantly ensure that the draft text put forward by ESA5 in this area is affected in the comprehensive EPA, viz to provide for full TRIPS flexibilities and capacity support for their implementation. This is more important especially during COVID-19 and the already position by the EU at the WTO refusing to grant TRIPS flexibilities on the COVID-19 vaccine. ESA5 countries are urged to make no commitments in any health or health-related services beyond what is already committed at WTO.
- **Limited understanding of the technical issues being negotiated under comprehensive EPA:** In Zimbabwe, it was noted that ZimTrade, Confederation of Zimbabwe Industries (CZI) and Competition and Tariff Commission (CTC) are the current organisations attending negotiation meetings as called by the Government. There is however lack of understanding of the technical issues involved in the negotiations, not only by the industry but also the line ministries, As the industry is not participating in the negotiations, it becomes very difficult for them to appreciate, understand and benefit from the final agreements. Some of our companies will know of the benefits when they are exporting products right at the border, so there is no awareness on the agreements. Coordination of important stakeholders has been a big challenge, including coordination of the line ministries, industry and CSOs.
- CSOs greatest hope about the comprehensive EPA

Reminiscing about the interim EPA and its implications on ESA5 economies and highlighting the state of play and process of the ongoing negotiations for a comprehensive EPA, CSOs stressed a number of issues they hope will be addressed in the comprehensive EPA. These are highlighted below:

- **Primacy of appropriate EPA implementation strategies:** To fully benefit from the interim EPA, and subsequently the deep EPA there is a need for appropriate implementation strategies to improve access and diversify exports to EU individual member states. CSOs also hope for the development of a common methodology aimed at finalizing a monitoring and evaluation framework for the interim EPA and subsequently the deep EPA. This will act as a springboard to defining a joint understanding of the progress and remaining challenges to ESA5 implementation of the interim EPA to be able to adequately address them.
- **Comprehensive EPA as a tool for socio-economic development:** The desire for the CSOs is for EPA to be trade tools that generate socio-economic development through the reduction of poverty, reducing social and economic inequalities, enhancement of the standards of living and people's quality of life. CSOs envision trade and investment to promote justice and prosperity for holistic salvation. In this regard, the participation of Non-State Actors in trade agreements and monitoring the impact of trade initiatives are vital in ensuring socio-economic development and advocating for the delivery of benefits across all stakeholders, particularly the most vulnerable groups.
- **Increased involvement by Non-State Actors in the comprehensive EPA negotiations:** Respondents pointed out that currently, there is little involvement and participation of the industry and other non-state actors in monitoring the implementation of the current EPA and influencing the ongoing negotiations is very weak. CSOs are not engaged in the negotiations and no organisation has been evaluating the implementation of the National Indicative Programme. It is also no wonder that there

was no single Civil Society Organisation from the ESA5 group that registered to participate in the recently concluded EPA Civil Society Dialogue on the negotiations to deepen the EU-ESA5 EPA. It is therefore hoped by CSOs that there will be the establishment of an Independent Mechanism to Monitor the Trade and Investment Agreements between the EU and ESA5. Through such a mechanism, independent research, awareness-raising and multi-stakeholder policy dialogues should be convened to influence the trade relations with the EU and link advocacy at the national level with regional and continental initiatives.

2. PERCEPTIONS FROM GOVERNMENT

a. Role of Government in the EPA Negotiations

Respondents from the different government Ministries, Departments and Agencies indicate their primary mandate is to coordinate and formulate trade negotiating positions in the context of the deepening of the EPA as well as the implementation of the interim EPA. The government MDAs also are charged with undertaking consultations with all relevant stakeholders prior to devising a strategy/position on the EPA negotiations. The relevant ministries of ESA5 also conduct brainstorming and debriefing meetings to apprise relevant stakeholders on the status of implementation of the interim EPA and formulate negotiating positions on the deepening of the EPA. This strategy aims at ensuring inclusiveness and transparency in the EPA negotiations which subsequently is vital for ownership of the implementation process.

The relevant International Trade Divisions of the ESA5 formulate all positions in consultation with the Private Sector and Civil Society which is most of the time part of their respective delegations. Whereas the involvement of the private sector, is not accepted by the EU, ESA5 Countries continue to maintain that the Private sector institutions should be part of the delegation negotiating the EPA, as they are the key beneficiaries to the agreement.

b. Impacts (positive and negative) of the existing interim EPA in ESA5 Countries

The interview gathered the views of government respondents on the implications of the interim EPA on ESA5 economies. Regarding positive impacts, according to the Mauritius Government, the comprehensive EPA has been a game-changer for Mauritius by practically addressing challenges faced by the country in its economic development policies. For example, it has resulted into an expansion in the coverage of products, enjoying duty-free access on the EU as well as improved the RoO for products of export interest such as Tuna and Garment.

The grant of 10 million euros provided by the EU for the establishment of an E-Licensing platform has played a major role in improving Mauritius ranking in the Ease of Doing Business. Exports of tuna to the EU have also increased as a result of relaxation of RoO, in particular, the derogation had a positive impact on our tuna exports to the EU. According to Zimbabwe, exports from Zimbabwe to the EU have been increasing. For instance, Zimbabwe exports to the EU such as Tanganda tea, avocados and peas are have increased by 12% for the period 2012-2019. The country is also currently having a trade surplus with the EU, thus comprehensive EPA offers more opportunities for Zimbabwe.

Another positive impact registered by the government of Zimbabwe has been increased support by the EU to boost the country's export potential and capacities. The EU launched the Zimbabwe European Partnership Agreement Support programme (ZEPA) of 10 million EUR (over 11 million USD) with interventions to assist the country with the implementation. The support programme has facilitated improvements in policy, legislative and regulatory frameworks as well as developing the capacity of trade institutions to manage trade policy and trade agreements; improved trade facilitation by reducing the cost and time of trading across borders; and enhanced the competitiveness and export capacity of Micro, Small & Medium Enterprises (MSMEs) in selected value chains.

In general, it was observed that there has been a strong national uptake among the ESA5 in EU trade because of the EPA, as the EU remains the main exporter partner for the ESA5. Indeed, this primacy is seen from the increased commitment by EAS5 to implement their EPA market access schedules, with countries like Mauritius preparing to effect the last tariff phase down in December 2022.

While a number of remarkable achievements have been registered under the interim EPA, a number of challenges have also been documented. For example, the interim EPA has resulted into a continuous drop in Mauritius exports to the EU as from the implementation of the interim EPA to date, with Exports falling from USD 1.4 billion in 2008 to USD 865 million in 2019. This, according to the Mauritius government shows that the interim EPA is not enough to meet the growing challenges. Mauritius and Madagascar also explain concern over the constant decline in their exports of garments and sugar (for Mauritius) which are intrinsically related to either EU unilateral policies (such as the GSP schemes) or EU FTAs concluded with 3rd countries which have taken our share in the EU's market.

The ESA relevant ministries to trade have also noted lack of support to firms in meeting EU standards, inadequate framework in particular for agro based products, high concentration on few products and inability to diversify to new markets. It was also noted that project-based assistance, as is the current mode can be complex and difficult to implement.

All the four countries have noted that there as yet to be major diversification both in terms of products with the interim EPA, which is a matter of concern. Thus, the exploration of a comprehensive EPA is thought to be an opportunity on product diversification in other areas like services.

c. Main obstacles for ESA5 to trade under the EPA

In a bid to understand the positive implications of interim EPA to ESA5, the interviewer teased out the major obstacles for ESA5 to trade under the EPA. These include:

- High compliance difficulties in particular in meeting EU Standards and SPS measures. For instance, the REACH regulation has become extremely costly for SMEs. On the other hand, Private standards also constitute an additional barrier to the private sector and SMEs in ESA5 to access the EU market.
- Lack of promotion activities in EU non-traditional markets, with an increasing tendency, is to focus on traditional markets like France, Spain, Germany, Netherlands and Belgium. While there is potential in other markets like Poland, Croatia and Bulgaria, focus by ESA5 remains low.
- The EU Market is becoming more and more competitive and difficult to access for Small Island Developing Countries like Mauritius and Seychelles.
- High cost of production as compared to Asian countries due to economies of scale labour, and logistics etc.
- Stringent RoO preventing local stakeholders to source from the most efficient and accessible regions such as South Africa or low-cost suppliers.
- Limited trading under EPA has also been due to challenges to ESA5 in implementing all tariff commitments under the interim EPA. This is because there are provisions under the interim EPA, in particular, the development Chapter which the EU should implement in consultation with ESA5.

d. Difficulties in application of RoO

Whereas it was noted that the respective ESA5 have no major difficulties to apply the RoO at national level, sometimes rules are subject to different interpretation. Moreover, the RoO themselves are too stringent for key products of export interest to ESA5 in particular for fish and fish products. The quantum of the automatic derogation is too low, while the derogation rules are difficult to apply. For countries like Mauritius, cumulation with South Africa and other competitive sourcing destinations is too rigid under the EPA.

Some additional concerns raised by the Mauritius and Seychelles Customs are as follows:

- The verification of proof of origin at import can be burdensome due to lack of awareness of Exporters on the issuance of invoice declaration where there is no clear indication of originating products, incorrect origin declaration wording on the invoices.
- The application of value/weight tolerance, Annex VII are not indicated in invoice declaration as the same are not prescribed in the Agreement. Customs need to rely on MAA in cases of control required.
- Lack of transparency of registered products for REX registered Exporters. The EU website provides an indicative list of registered products. Customs need to rely on MAA to check for authenticity of proof of origin.

Concerning dissemination of information on RoO, it was observed that the ESA5 majorly use The EU's Official Journal or website; custom and websites of respective government/public, public-private, private) Trading community associations. Nevertheless, it was also pointed out that there is a lot of scope for improvement and increasing awareness of RoO through increased capacity building of Chambers of Commerce and exporters associations.

- i. Use of cumulation: ESA5 countries like Mauritius and Seychelles noted that they are using Bilateral Cumulation and are unable to use the Diagonal cumulation due to stringent requirements such as the conclusion of the Administrative Customs Cooperation Agreement. The box below shows a number of products (HS heading) for which cumulation is cumulation most commonly used.

Table 26: Use of cumulation

HS Heading (2 digit)	
Product Description	HS 1604 -Prepared or preserved fish HS 0905 -Vanilla pods; HS 9503 -Reduced-sized models and similar recreational models

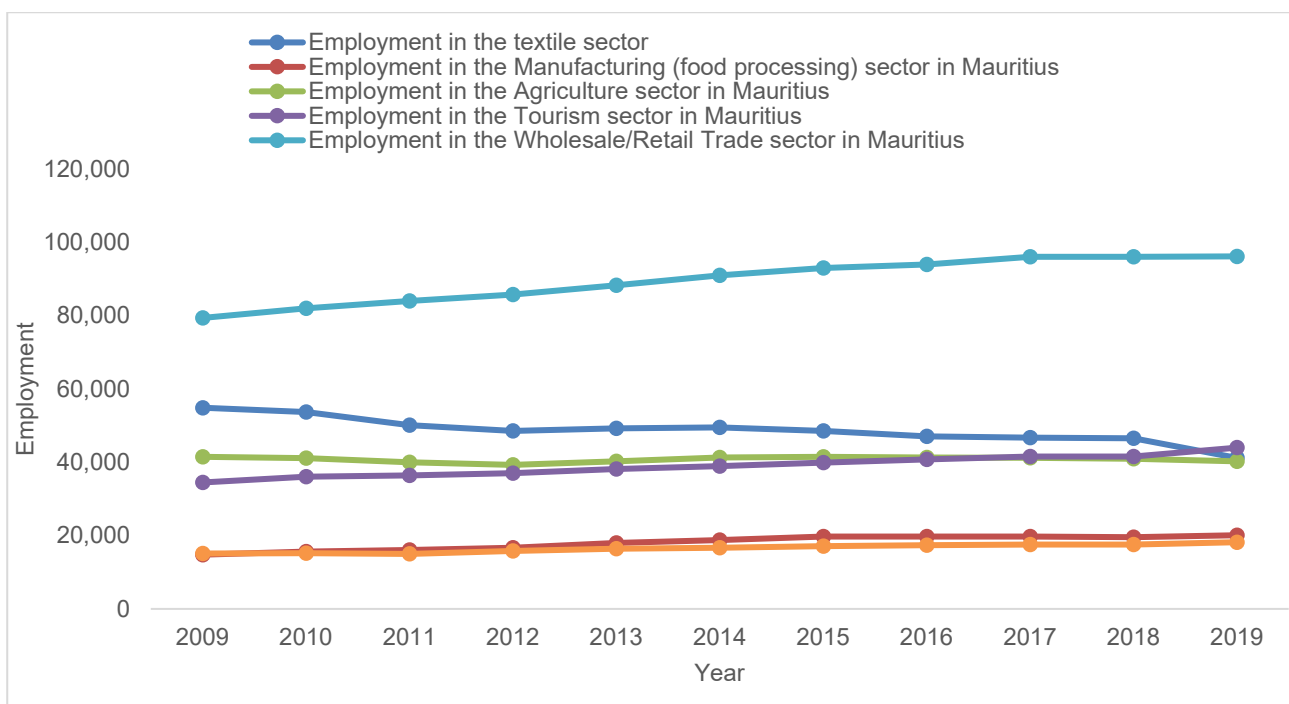
Mauritius, Seychelles and Madagascar also noted that the rules for cumulation are too stringent under the interim EPA. This is because the two of the main conditions are that: the RoO should be similar and there should be an Administrative Customs Cooperation Agreement in place. Such conditions are extremely challenging to operators. It is therefore a widely accepted proposal that the EPA should allow a flexible mechanism for cooperation on customs matters. It is also proposed that the RoO need to be improved to meet current challenges to ESA5 in trading with the EU. For instance, there are several products under Annex XII of the RoO Protocol (products excluded from cumulation with South Africa) which are now duty-free, but ESA cannot cumulate on such products. Furthermore, the RoO are so stringent that the local canneries depend heavily on EU operators (vessels) for the raw tuna. The new Agreement should also consider flexible RoO provided for instance under the EBA scheme or other FTAs on specific products of interest to ESA5.

e. Impact of interim EPA on trade and investment in ESA5.

Interviews with officials from the Ministries responsible for Trade in Mauritius, Madagascar, Zimbabwe and Seychelles revealed that the interim EPA has ensured that the preferences under past arrangements are maintained. Consequently, the interim EPA assisted in securing Jobs and preventing companies from closing down in 2008. It was reiterated that failure to implement the interim EPA by the ESA5 would have led to loss of preferences on the EU market.

However, it was also a widely shared view that compared to the previous Arrangements (i.e. LOME, COTONOU), the interim EPA has not delivered on its objective. This is attributed to diversification remaining low, with ESA5 exports still concentrated on few products such as Sugar, Tuna, tea, coffee and Garments. Thus, there hasn't been a major "economic leap" as forecasted in 2008 with the signing of the interim EPA. Exports are on a declining trend. In contrast, exports from the EU have increased substantially on the ESA5 Market. The impact of the interim EPA on employment in ESA5 has not been systematically investigated. Nevertheless, for Mauritius, the various sectoral employment trends have evolved since 2009. The figure below gives a general indication of the evolution in employment in six industrial sectors, namely: textile, food manufacturing, agriculture, retail and wholesale and ICT.

Figure 17: Change in employment per sector



Source: HRDC.

f. Non-EPA factors responsible for change on ESA5 trade flows

In a bid to increase trade flows apart from the EPA, the ESA5 has undertaken a number of initiatives including:

- Adoption of an Africa Strategy which had a positive impact on our trade flows;
- Implementation of the Business Facilitation (Miscellaneous Provisions) Act 2017 aimed at streamlining business procedures such as eliminating duplication of procedures, eliminating of several permits and licences.
- Implementation of an online system for export permits-All applications for import and export permit are made electronically through Trade links and portals.

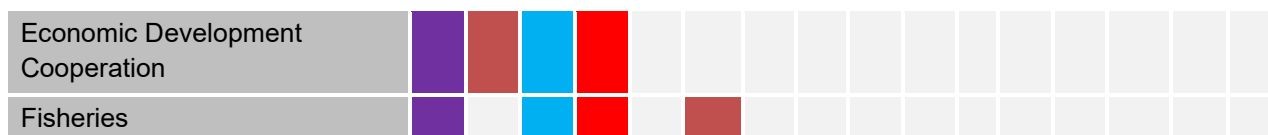
- Introduction of a statutory time frame for authorised officers of regulatory agencies to issue a permit;
- The setting up of a Coordinated Border Management Unit to improve efficiency in the delivery of services at ESA5 Customs points.
- Establishment of the National Single Windows by the respective Customs to expedite and simplify information flows between businesses and public sector agencies.

g. Key issues in the negotiations for the comprehensive EPA

According to the directorate of Trade in Mauritius, all the issues as agreed under the Scoping Paper in particular Trade in services, Investment and RoO should be atop the agenda of the comprehensive EPA. Whereas this same position is shared by the Ministry of Trade in Zimbabwe, more importantly, the Government of Zimbabwe is negotiating widening and deepening of interim EPA as they are of the view that addressing issues of trade facilitation, trade in services and SPS will help Zimbabwe to unlock value in the current interim EPA. It was also pointed out that comprehensive EPA negotiations with the EU are strategic in view of the continuing political dialogue between the EU and Zimbabwe. Other identified key issues for consideration include Trade and Sustainable Development (TSD) chapter, including agricultural safeguards. The table below shows the choices of the ESA5 in preferences of issues of focus in the comprehensive EPA negotiations.

Table 27: Key issues in the negotiations

	High priority				Low priority				No need to be negotiated				I don't know			
	M	ZM	S	MD	M	ZM	S	MD	M	ZM	S	MD	M	ZM	S	MD
RoO	■	■	■	■												
Customs and trade facilitation	■	■	■	■												
Sanitary and phytosanitary measures (SPS)	■	■	■	■												
Technical Barriers to Trade (TBT)	■	■	■	■												
Trade defence mechanisms					■	■	■	■								
Trade in Services	■	■	■	■												
Investment liberalisation and investment facilitation (and private sector development)	■	■	■	■												
Public procurement					■	■	■	■								
Intellectual Property Rights (IPR)	■	■	■	■												
Competition					■	■	■									
Trade and Sustainable Development (TSD)		■	■	■	■											
Agriculture		■		■	■	■										
Dispute avoidance and settlement;		■	■	■	■											
Institutional Structure	■	■	■	■												



Source: Own compilation

Note: M=Mauritius; Z= Zimbabwe; S= Seychelles & MD= Madagascar.

h. Need for development dimension in the comprehensive EPA

Majority of the respondents from both Civil Society, Government and Private Sector noted that in negotiations at the World Trade Organisation (WTO) as well as in regional and bilateral trade negotiations like the EPA, ESA5 countries have sought developmental agreements with non-reciprocal arrangements because of the asymmetries in world trade, their lack of economic power in relation to their developed counterparts and their serious poverty challenges. It is therefore vital that all the Comprehensive EPA negotiations prioritize the development dimension of trade. According to them, the success and failure of Comprehensive EPA negotiations has to be measured not mainly against market access of interest to ESA5, and removal of trade distortions in an asymmetrical manner, rather it has to be measured against the ability of the EU, a major trading partner, to commit herself on development.

Need for an explicit Development cooperation chapter: It was argued by respondents that the comprehensive EPA should consist of Negotiations on aid and development need to be linked to a costing of measures and to the costs of compensating people for the losses encountered as a result of implementing the provisions of the EPA. It is important that the comprehensive EPA includes predictable funding of an EPA adjustment facility.

i. ESA5 greatest hope about the comprehensive EPA

A number of government technocrats and politicians expressed a lot of hope in the comprehensive EPA. While a number of issues are cross-cutting e.g. increased assured market access for the private sector, a number of “nationalistic” tendencies were observed on key asks by the different countries of the comprehensive EPA.

Expectations from Mauritius Government:

According to the Mauritius Government, the comprehensive EPA can be a game-changer for Mauritius and practically address challenges faced by the country in its economic development policies. For instance, the Comprehensive EPA can play a crucial role in developing new sectors such as Robotics, Artificial Intelligence, Research, the Pharmaceutical sector etc. It can also enhance the value chain through flexible RoO.

The government of Mauritius also maintains the stand that comprehensive EPA negotiations will strengthen the interim EPA if issues related to Technical Barriers to Trade (TBTs), RoO and Sanitary and Phytosanitary Measures (SPS) are finalized. There are 13 issues currently being negotiated including transparency in government procurement, trade in services, TBT, agriculture, trade competition. Further improving on these issues will strengthen opportunities in the EPA, hence Mauritius is leading negotiations on trade-related issues. Thus, whereas the negotiations are not yet in full swing and given the negotiations that have taken place, Mauritius, like other ESA5 has no concerns. In the context of the full EPA, the government hopes that specific provisions should be incorporated to support Smaller Companies and SMEs to export to the EU.

Expectations from the Government of Zimbabwe

There is a general view from the government that Zimbabwe will not lose anything by participating in the ongoing negotiations. While the government acknowledges that Zimbabwe faced challenges in implementing the interim EPA during the early stages, the country has liberalised most of its trade and is now on course to liberalise 80% of its trade by 2022. Thus, Zimbabwe is participating in the negotiations to widen EPAs and is

leading negotiations on trade-related issues. Nevertheless, the major challenge and greatest fears are on the possible impacts of tariff liberalization on Zimbabwe's revenue envelope. However, the government maintains that since liberalization has already been done under the interim EPAs, the ongoing negotiations will not have a huge bearing on our industry. Moreover, the deep EPAs are now on course of negotiations, thus there is a need for the country to see how they will be implemented and evaluate impacts over time.

It is perceived that all ESA5 countries will benefit if RoO are improved e.g., cumulation with South Africa will benefit Zimbabwe, Seychelles and Madagascar to boost their capacity to meet the quality and quantity requirements in the EU market.

In implementing the interim EPA, Zimbabwe was very slow as it faced several 'internal' challenges, that it took her 3 years to produce the 1st liberalization schedule, and another 3 years to issue the 2nd schedule. However, Zimbabwe is now on course as the country has produced the full liberalization schedule and discussions are now focused on widening and deepening the current EPAs through the new negotiations.

Furthermore, from the government's perspective, exports from Zimbabwe to the EU have been increasing. For instance, Zimbabwe exports to the EU have increased by 12% for the period 2012-2018. The country is also currently having a trade surplus with the EU, thus comprehensive EPA offers more opportunities for Zimbabwe. However, with the implementation of EPAs, and due to the BREXIT effect, these trade dynamics are likely to change as Zimbabwe will face more competition from other African as well as non-African countries. Thus, while Zimbabwe's exports such as Tanganda tea, avocados and peas are currently benefiting from EPAs they will face more competition in the long run. It is therefore important that under the comprehensive EPA, efforts for the EPA to support the country in upgrading and diversifying its exports for strategic positioning are critical.

Given the dynamic needs of the weaker trading parties, the EU launched the Zimbabwe European Partnership Agreement Support programme (ZEPA) of 10 million EUR (over 11 million USD) with interventions to assist the country with the implementation. The support programme aims at Facilitating improvements in policy, legislative and regulatory frameworks as well as developing the capacity of trade institutions to manage trade policy and trade agreements; Improving trade facilitation by reducing the cost and time of trading across borders; and enhancing the competitiveness and export capacity of Micro, Small & Medium Enterprises (MSMEs) in selected value chains. It is hoped that under the comprehensive EPA, this special support will be maintained. Indeed, to date, support has been provided to upgrade laboratories in Zimbabwe to improve on health standards of exports, with other resources directed towards helping the National Economic Consultative Forum (NECF) to conduct dialogues on EPAs at different platforms. At the dawn of comprehensive EPA negotiations, bolstering support for an EPA awareness campaign in Zimbabwe but other ESA countries is paramount.

Competing interests among ESA5 Countries: The Zimbabwe government stressed that under the current comprehensive EPA negotiations, the five countries are expressing different interests. For example, Mauritius has a complete set of products and is moving fast as it is seeing opportunities in key areas like services and investment, whereas Zimbabwe has to focus on Agricultural products like horticulture but need to sort out standards and certification issues. It is therefore expected that comprehensive EPA negotiations are conducted on issues/content rather than deadlines while ensuring that all negotiating parties are on board.

Expectations from the Government of Seychelles

Lack of clarity on Development Finance aka EPA Fund: The Ministry of Trade raised concern about the Development finance not coming as anticipated, as it is mostly being provided in the form of technical assistance, thus, there being no meaningful development finance being provided by the EU under the interim EPA. This concern, unless negotiated under the comprehensive EPA is likely to persist. The government, therefore, hopes for a commitment of the EPA Fund, instead of the hypothesis that the funds will accrue from the increased ESA5 Trade with the EU under the comprehensive EPA.

Limited efforts to strengthening key EPA trade facilitating institutions: The division of Customs takes note of the fact that the work on strengthening of key trade institutions such as Competition and Tariff Commission is yet to commence, since this would be supported under the development support. Whereas there are some funds supporting EPA implementation, including micro, small and medium enterprises as well as laboratory development, there is need for targeted support to key divisions of public sector that will facilitate the expediting of trade under EPA. The respondents also note that at the request of the ESA5 countries, the EU has agreed to provide financial assistance for the setting up of an EPA Coordination Mechanism whose aim is to provide appropriate coordination and technical support to the five ESA countries so that they can engage effectively in the negotiation process.

Need to put regional (ESA5) integration at the core of EPA negotiations: The government of Seychelles makes an important observation that whereas the interim EPAs, to some extent, caused disintegration among ESA5 members, it is strategic for ESA5 countries to continue negotiating. This is because it is important to consolidate intra-ESA5 trade and integration which requires harmonized positions on negotiating Free Trade Agreements (comprehensive EPA) with third parties like the EU.

The Seychelles government is also of the belief that that the comprehensive EPA will provide duty-free quota-free access to ESA5 countries to the EU market based on favourable RoO. Accordingly, it is expected that the EPA will support export diversification, competitiveness, increased export standards and promote the creation of local and regional value chains among ESA5 economies. However, the Seychelles government is also aware of the fact that the comprehensive EPA will provide for reciprocal trade which will have varied impacts on industry, employment and poverty as well as food security issues among ESA5 Countries. Thus, it is hoped that adaptation mechanisms that are critical will provided under the EPAs as a number of (sensitive) products will likely be excluded from the agreement.

The comprehensive EPA opens competition for the European markets within the other ACP countries and from non-ACP member countries. To benefit in the long run, Seychelles and other ESA5 countries have to diversify their production and upgrade their standards as they will face intense competition from other regions. In the future, many aspects of trade including the standards and SPS issues will have to be adhered to, thus support under the EPA to upgrading these aspects is critical.

Revision of current policy on Dock dues: The Seychelles and Mauritius reiterated their concern on the application of dock dues levied by the French Overseas Territories having an impact on products from ESA5. The ESA5 hope that the EU won't extend the dock dues (Octroi de Mer) after December 2020.

3. GENERAL CONCERNS OF THE PRIVATE SECTOR AND SMEs

In general, documented concerns by respondents from the Private Sector and SMEs in Zimbabwe, Seychelles, Mauritius and Madagascar vary but are not limited to:

- **Limited preparedness of private sector in utilizing Market Access offer under comprehensive EPA:** Private sector and SMEs are concerned that, 1) capacity of the industry is very weak (27% capacity utilization in 2019) primary products and commodities are currently being exported to the EU, and 3) EU development support is not advancing value chain development, as it is currently concentrated towards micro and smallholder primary production, and 4) domestic service providers are generally weak and will

be decimated by foreign multi-nationals. However, the private sector and SME actors feel that there are limited options to trade with the EU outside the EPA as other preferences may be challenged within the WTO. In Zimbabwe, it was pointed out that the comprehensive EPA negotiations are occurring at a time when the industry in Zimbabwe is operating below capacity as highlighted in the manufacturing sector survey of 2019 that industry capacity utilization fell by 11.8% to 36.4% in 2019 from 48.2% in 2018.

- According to a number of private sector organisations, there is however lack of understanding of the technical issues involved in the negotiations, not only by the industry but also the line ministries. This is because majority of sector players are not participating in the negotiations, which makes it very difficult for them to appreciate, understand and benefit from the final agreements. One hope the private actors hold is that the companies only know of the EPA benefits when they are exporting products right at the border, so there is no awareness on the agreements.
- **Delay from ESA5 Governments making EPA lose meaning:** Respondents from the Private Sector and SMEs indicated that there has been no meaningful impact from the interim EPA as the government delayed implementing the agreement provisions due to a lot of structural challenges. Concerning the current negotiations, the industry is of the opinion that there is not much that is going to happen in terms of benefiting because Zimbabwean industries are still struggling to take off. In 2020, Confederation of Zimbabwe Industries (CZI) projected that capacity utilisation for the industries will fall to 27%. Thus, the industry in Zimbabwe is not strategically positioned to take any opportunities in the European market.
- **EU Assistance not well targeted:** Both Private sector respondents from Zimbabwe and Madagascar indicated that most development assistance coming from the EU is targeted especially towards micro and smallholder production level with no significant impact into the European market. Such development and trade finance has no capacity to transform the Zimbabwean and Madagascar industry; rather it will cement them as producers of primary commodities for export to the EU market, thus the relations do not promote national and regional value chain development. Indeed, despite countries like Zimbabwe currently having a trade surplus with the EU, exports from Zimbabwe to the EU markets are dominated by primary commodities at the expense of manufactured products. Nevertheless, it is important that the comprehensive EPA negotiations address issues of SPS since ESA5 exporters consider the EU Market Standards strict.
- **Less likelihood to benefit from trade in services:** Respondents also revealed that to a larger extent, the comprehensive EPA is likely to bolster opportunities in areas such as tourism, health, education and transport in ESA5 Countries. However, while trade in services is a major thrust in the comprehensive EPA, Private sector and SME respondents from Zimbabwe, Seychelles and Madagascar still raised concern over the limited capacity to benefit from trade in services. While the governments advance the notion that they have a growing service industry with potential to improve the efficiency of other sectors (agriculture, mining and manufacturing), the service sector is dominated by foreign supply and most of local service providers cannot compete with Europe. For instance, providers of private education, banking, insurance and health in these countries cannot compete with similar providers from Europe. It is therefore proposed that policy space is preserved by ESA5 in negotiations of services under the comprehensive EPA to enable them grow their competitiveness.
- **Continue with the EPA Negotiations on Goods and Development Linked to Benchmarks and based on African Union (AU) Position:** Respondents hold a general position on the importance of continuing the EPA negotiations with the EU. However, one key issue that stands out is that liberalization commitments should be pegged to clear development thresholds or benchmarks and must not be more onerous than the low levels of liberalization by other countries (e.g. Mexico and Syria) in EU FTAs. Only when these benchmarks have been attained should countries liberalize a certain percentage of their trade with the EU. The EPA negotiations should also take into account the common positions on the various contentious issues articulated in the AU template. For example, various clauses in the EPA which the EU has inserted should be eliminated: standstill clause; export taxes; MFN clause, non-execution clause and

abolition of community levies as these are clearly WTO-plus and would put Africa's development objectives in serious jeopardy. Also, other clauses must be brought into line with the WTO, such as the article on quantitative restrictions and the EU's commitment at the WTO to eliminate export subsidies by 2013 and to substantially reduce domestic supports in agriculture. Other clauses must be vastly improved upon: bilateral safeguards; infant industry clause; modification of tariffs; definition of the parties, to name only a few.

- **Proposed EPA negotiation between UK and ESA5 and its implications on the comprehensive EPA negotiations:** It was pointed out that in line with the Trade Bill 2017-19, the UK Government is in the process of delivering continuity in the UK's trade relationship with the ESA countries of Madagascar, Mauritius, Seychelles and Zimbabwe. In the proposed text, there are provisions like bilateral safeguards (especially the "trigger price mechanism" on sugar), RoO and dispute settlement which are likely to circumscribe the likely positions in the EU-ESA5 comprehensive EPA Negotiations. The EU-ESA5 comprehensive EPA should therefore consider provisions of negotiating FTAs with third parties by ESA5.

a. Specific concerns by the Chamber of Commerce-Zimbabwe

The respondents from the Confederation of Zimbabwe Industries (CZI) are of the view that negotiations for a widening EPAs are taking place at a time when the industry in Zimbabwe is operating below capacity as highlighted in the manufacturing sector survey of 2019 that industry capacity utilization fell by 11.8% to 36.4% in 2019 from 48.2% in 2018. The industry is of the view that there has been no meaningful impact from EPAs as the government delayed implementing the agreement provisions due to a lot of structural challenges. Concerning the current negotiations, the industry is of the opinion that there is not much that is going to happen in terms of benefiting because Zimbabwean industries are still struggling to take off. In 2020, Confederation of Zimbabwe Industries (CZI) projected that capacity utilisation for the industries will fall to 27%. Thus, the industry in Zimbabwe is not strategically positioned to take any opportunities in the European market.

The industry is further concerned that most development assistance coming from the EU is targeted especially towards micro and smallholder production level with no significant impact into the European market. Such development and trade finance has no capacity to transform the Zimbabwean industry; rather it will cement Zimbabwe as a producer of primary commodities for the EU market. More so, greater proportion of development finance is channeled towards consultancy work which is provided largely supplied from Europe.

Despite Zimbabwe currently having a trade surplus with the EU, exports from Zimbabwe to the EU markets are dominated by primary commodities at the expense of manufactured products. One of the reasons being that, for manufactured products, the EU is strict on standards which most of Zimbabwean industries find difficult to attain. More so, if Zimbabwe is competitive on manufactured products, it will close out products from the EU.

Exports to the EU have been dominated by horticultural products that include paprika, macadamia nuts, avocados and peas. There have been some efforts to resuscitate beef and meat production for purposes of supplying the European market. More so, the industry is concerned that pertaining to value chain development, the current Zimbabwe-EU trade relations cement Zimbabwe's position as a producer of primary commodities, thus the relations do not promote national and regional value chain development.

4. GENERAL RECOMMENDATIONS

- The comprehensive EPA negotiations need for appropriate implementation strategies by ESA5 respectively to improve access and diversify their exports to EU individual member states.
- There is a need to undertake further steps towards the development of a common methodology aimed at finalizing a monitoring and evaluation framework for the interim EPA, as this is an important step to define a joint understanding of the progress and remaining challenges as to be able to address those adequately.

- On negotiations process, it is critical to have non-state actors play a critical role in monitoring EPAs as they have a potential to negatively affect industrial growth, employment, poverty reduction and industrial transformation. Social partners, including the Church and CSOs, have to monitor implementation of EPAs through continuous engagements with other stakeholders. The monitoring exercise has to entail systematic collection of data and experiences and processing these experiences to inform policies and negotiations.

5. OTHER ISSUES OF CONCERN

IP Negotiations in the EU-ESA5 Negotiations: Chapter V on areas for future negotiation under the interim EPA references Article 3 for the scope and coverage of future negotiations. The provisions commit the signatories to continue negotiations on IPRs with a view to “concluding a full and comprehensive EPA” which covers a list of subject matters that include intellectual property. Interviews revealed that the interim EPA has provisions on future IPR negotiations. However, participants, especially CSOs and the Private sector noted that the inclusion of intellectual property in the EU-ESA5 EPAs was not necessary to comply with the WTO rules on preferential treatment for goods from ESA5 countries. The EU’s insistence on the inclusion of IPRs continues to place undue pressure on ESA5 countries to negotiate IPR provisions at a time when discussions on IP are ongoing at the WTO and AfCFTA. However, it was appreciated that it does not commit ESA5 to any kinds of obligations, leaving room for “cooperation-based” provisions or “best endeavour” clauses, rather than substantive obligations.

Nevertheless, it was documented that the inclusion of the so-called “TRIPS-plus” Intellectual Property (IP) provisions in bilateral agreements between the EU and developing countries have become an issue of increasing concern. The European Commission has explicitly included a “TRIPS-Plus” mandate in its trade goals, stating that, “The EU should seek to strengthen IPR (Intellectual Property Rights) provisions in future bilateral agreements....¹⁰²” This policy shift is intended to revisit EU’s approach to the IPR chapters of bilateral agreements, including the clarification and strengthening of the enforcement clauses. This new approach by the EU alters the entire landscape of international Intellectual Property by short-circuiting developing country attempts to ensure full consideration of development-appropriate standards in multilateral agreements at the World Trade Organization (WTO), the World Intellectual Property Organization (WIPO).

6. GLOBAL DEVELOPMENTS

Respondents noted that the EU-ESA5 deep EPA negotiations should examine the EPAs efficacy and relevancy in the context of global developments which are taking place. These include, inter alia, the backlash against globalisation, BREXIT (and its implications to EU Market Value), the increasing inequality between and within countries largely as a result of the unfair trade arrangements, a relapse to protectionism, the recognition of the need for industrialization/structural transformation and the redefinition of the role of the state in ensuring inclusive growth. These developments clearly indicate the urgent need to harness our resources through promoting cross sectoral synergies. This will require policy space to rethink and redesign our development strategy in light of these emerging challenges.

Liberalisation of Investment: Respondents, both CSOs, Private Sector and Chamber of Commerce from Madagascar, Seychelles and Zimbabwe stressed that under the EU-ESA EPA negotiations, the EU has proposed negotiations on investment liberalisation, as a means to increase FDI, form part of the comprehensive EPA. It was argued that this is a means to introduce the agenda of the Marshall Plan for Africa and Global Compact with Africa in the EPA negotiations. Respondents noted that the EU has been a *demandeur* of binding rules on investment at the multilateral level. It has pursued this position in a number of fora including the WTO; in bilateral negotiations on FTAs, in the EPAs, and the various Bilateral Investment Treaties. Over the past decades, EU member states have signed over 1200 Bilateral Investment Treaties

¹⁰² European Commission “Global Europe: competing in the world” EC Policy Review, October 4, 2006

(BITs). It was argued that ESA5 states should consider their position not only in terms of costs and benefits of their market access commitments in sectors covered by an EPA but also in terms of their post-establishment commitments under other investment treaties. They may find it useful to link EPA negotiations to the renegotiation or clarified interpretation of existing bilateral investment treaties with European states.

Need to develop and update national EPA implementation strategies: All the respondents from the public and private sector, including Civil Society noted the need for ESA5 Countries to develop and update their respective EPA implementation strategies and frameworks. This is especially given the context of the need to mobilize resources domestically for financing the implementation and mobilizing the private sector to utilize the existing market and broader markets to be negotiated under the deep EPA.

Key Findings: Comoros

1. PUBLIC SECTOR

Knowledge of the EPAs

- Strong knowledge, key departments are part of the negotiating team.
- Negotiating team from an APE group with sectoral input from eg INRAPE, customs. The private sector is represented by the Chamber of Commerce and the Economics Faculty at the University.
- EU pays for two participants, one based in Brussels and one coming from Comoros. The government can't afford to finance other places so the country is always under-represented in negotiations.
- EU still the biggest trading partner with over half of imports coming from the EU.
- The EPA negotiations are linked to others involving the EU notably post-Cotonou and the continental free trade area.
- In the beginning, the EU asked not to integrate fishing agreements but is happening within the new round.

Concerns

- Comoros is one of the least attractive countries for investment in Africa so how will the country benefit from these agreements?
- Need to introduce VAT to replace customs duties, but there is fear around this switch. A study financed by the IMF is underway and it could be done in three years – it's possible, but politicians are worried they don't have the capacity to collect taxes internally rather than at the frontier.
- The government was worried about COMESA but has worked out well, and more impact as more trade.
 - Complex for customs, can't manage between the different regimes for different trading blocs and agreements. There is only one customs agent who is properly trained and the right equipment and software is not in place. The two ports in Anjouan and Grande Comore also brings complexity. Customs needs support from the EU to manage the different tariffs.
- Problem of theory versus reality, with the heavy difference incapacity to adapt between EU and Comoros.
- Also, the negotiators will change role frequently within the civil service, so lose the expertise.
- Comoros can gain economic benefits but must have the capacity to profit, haven't benefited from preferential access so far.
- Risk of imported products being in competition with locally produced.

- Key that public procurement laws and rules are adopted as part of the agreements so that the correct procedures are followed, which is not happening in the main.

Priorities for negotiations

- Fisheries and agriculture including processing cash crops in-country for export are the two key sectors. Increasing exports in line with the plan d'emergence of the government will lead to increased employment. Another priority is tourism.
- Local production must be prioritised and safeguarded.
- Need support to be able to respect the norms of EU markets otherwise won't be able to benefit from the opportunities (e.g. testing laboratory); otherwise risk that custom receipts go down without benefits so negative impact.
- Progressive application is a positive and must be maintained.
- Need to improve capacity to apply preferential rates at customs and apply RoO.
- Support is needed to increase exports e.g. installation of laboratories for testing as per EU norms.
- Comoros could ask for more support from the EU to improve their negotiating expertise.

2. PRIVATE SECTOR

Knowledge of the EPAs

- Weak understanding in general – would like to have more information and be able to study the texts. Don't understand what opportunities there are because the information is not available.
- Public sector doesn't seem to know a lot either; civil society nothing at all – only once to their knowledge has civil society been involved in these discussions.
- Government doesn't fully understand agreements it has signed and then ignores clauses not related to the public sector when it comes to implementation so e.g. business can't profit from reduced import taxes.
- Since 2007, accords have become an affair of a few civil servants at the ministry; other actors have been gently moved aside.
- Notices that in other countries the private sector operators accompany the Ministry to meetings and negotiations, not the case in the Comoros.
- In meetings private sector is always in the minority, contradictory views aren't welcome.

Trade issues

- The three major bottlenecks for imports are taxes, logistical problems and transport costs.
- Three major bottlenecks for export: export taxes, technical barriers, transport costs plus admin formalities and financing for trade.
- Goods are imported from the EU for quality reasons, otherwise importers source from elsewhere.

Concerns

- Suggests that as soon as speak about EU only a few operators are targeted for invitations – should invite other sectors like export crops. People should be invited because they have an interest not just inviting people for inviting people.

- Concerned about the capacity of the Comoros to negotiate faced with the EU teams, don't position ourselves well so UE tends to come out the winner (e.g. fisheries).
- Negotiations must be equal – requires Comoros' negotiators and economic operators going up a level, EU could support in this.
- Need to better negotiate based on the needs of our companies, need to reinforce capacity through training and developing an institute capable of delivering this training (e.g. negotiations unit at the chamber).
- Negotiators should be fixed positions not changing with political regimes; needs a department in charge of negotiations with a fixed team.
- Doesn't feel that the private sector is properly represented at the moment, need a mechanism to better mobilise the inputs and views of the sector.
- Customs should be able to manage the complexities of the different import tax regimes.
- The potential for reduction in import taxes worries the government given the dependency of the state on import taxes, needs to be replaced with VAT.
- Problem of EU phytosanitary rules and the lab in the Comoros not being accredited so e.g. cash crops have to get tested in Réunion which is not possible for all exporters – a centre for testing and transformation at the airport would help.
- Fisheries accords discussed as part of APE (this confusion was generalised across several interviewees), they are seen as very unequal without monitoring.
- Comoros is a small and disorganized market with a lack of outlets – how will they profit from the agreement?
- Given the Comoros rating, no investors will come to the country.
- Will local businesses benefit through partnerships and easier export, or will there be more competition? What can local businesses benefit from these agreements?
- Will there be employment creation or will things reinforce the wealth of import-exporters.
- At the moment the EU is happy to import unprocessed materials but if Comoros looks to export processed goods it will become complicated.
- At import, people don't understand RoO to apply the appropriate rate, but customs should have the capacity to do this.
- No phytosanitary rules in Comoros but very high to export to EU so difficult for products to be competitive.

Priorities for negotiations

- Three priorities for negotiations: fisheries agreements (including a regional fishing monitoring centre); non-tax blockages to exportation; a mechanism for evaluating the impact of the agreement.
- EU should ensure access to information, ensure there are private sector representatives in the negotiations, that reports etc are published online.
- Want to focus on the agricultural sector and services to export. A focus on technological services could also be important.
- Needs to be equality in the negotiations; there is a pretence that the negotiations are inclusive when they aren't. Ideas against the mainstream are avoided and ignored. There should be one set of interactions with the government and one with the private sector. Make the negotiations clear, clean and inclusive. Only once this is achieved is it worth giving an opinion on priorities for the accords and for investment.

- Fisheries agreements completely unequal, this should be a priority within the current negotiations.
- A second priority should be to support producers to improve production capacity.
- VAT should replace import taxes and the agreement.

3. CIVIL SOCIETY

Knowledge of the EPAs

- None of the civil society actors had ever heard of the EPAs; the fishery agreements were mentioned by a couple as the only EU-Comoros agreements that they were aware of.
- Some actors felt that the government did not make the effort they should do to inform and involve civil society in negotiations and that more transparency was important.

Concerns

- Poorer people at the bottom of agricultural value chains would be unlikely to benefit from the agreements unless targeted measures were included within the agreements. Similarly, poorer people would not be using the EU products that would potentially benefit from reduced import taxes under the agreement.
- The Comorian market is disorganized and weak, and local producers and sellers would not be able to compete with imports.
- Environmentally, given the lack of waste management systems in Comoros, there was concern that increasing imports, particularly foodstuffs, could lead to increased rubbish.
- Questions were raised about the potential for reduced import taxes to have significant impacts on the country given the treasury's high level of dependency on these.

Priorities for negotiations

- The priority focal area proposed by several actors was the agriculture sector, including increasing production and developing industries to support processing and export.
- Questions were also raised about the fisheries agreements, which are seen as unbalanced, and whether these could be integrated into negotiations.
- The potential to involve opening market access to Mayotte was also raised.

4. GENERAL FINDINGS

- **Only civil servants directly involved in negotiations have a high understanding of the EPA:** other public sectors interviewees had limited knowledge, the private sector said, in general, they had very weak knowledge, and civil society respondents had none. Non-state actors suggested that there was not a lot of sharing of information.
- **The private sector would like to be more involved in negotiations:** several businesses representatives felt that the sector was largely excluded from the processes and negotiations to the detriment of Comoros negotiating power and potential to benefit from the agreements.
- **Interviewees from all sectors expressed concern about unequal negotiating capacity:** 'Comoros brings a general practitioner to the table whilst the EU has a full suite of medical specialists' best sums up the widely-held view that Comoros is unable to compete with the EU at the negotiating table. Non-state actors suggested that in addition, the Comorian authorities did not maximise their capabilities by failing to be inclusive regarding their negotiating teams.

- **Fisheries and agricultural export were the two sectors most frequently prioritised for negotiation:** the existing fisheries agreements were widely described as unequal with Comoros seen as gaining little benefit compared to the EU, hence a need for these to be renegotiated as a priority. Support to agricultural production, processing and export was also seen as key whilst ensuring that value went down the chain to the poorest people.
- **The reduction of revenues from customs taxes is seen as a key potential impact, with a possible upside:** A high percentage of Comoros' treasury receipts comes from taxes on imports, so a potential reduction in these was a concern to several interviewees. Others however suggested that the agreements could serve to progressively push taxation away from imports towards other forms such as Value Added Tax (VAT), which would be an important fiscal step for the country.
- **Several interviewees highlighted the potential for opening up trade with Mayotte:** some interviewees expressed frustration that whilst Mayotte is off the negotiating table, normalising trade with Mayotte, particularly agricultural export, could have more of an impact and help more of the poorest people than other elements of the EPA.

Online questionnaire

After mapping EU and MS stakeholders, due to their extensive number, the team distributed a short survey (less than 10 minutes to complete), where it invited stakeholders to self-identify their interest in the negotiations and a discussion with us. We circulated the survey twice with a deadline of 1 December and an extension to 10 December. The survey will remain open throughout the duration of the projects, but the specific deadlines allow us to consolidate findings for each report submission. The online questionnaire can be located here (in English and French): https://lse.eu.qualtrics.com/jfe/form/SV_db76MEAHQHNVYUd.

The survey was circulated to 295 stakeholders but response rates remained low despite the specific actions taken.

Respondents

We received 19 survey responses via Qualtrics and three responses by email via our dedicated mailbox. Out of these responses, the composition was the following:

- **The majority of respondents were business associations.** Ten business association, one company, four non-governmental organisations/civil society, one social partner and one self-defined as other responded to the survey.
- **The majority of respondents (seven responses) identifies as belonging to the Agricultural and Food and Drink Industry;** two – Aeronautics industries; two – Tourism; two – Electrical and electronic engineering industries; two – International development; one – chemical distribution; one – Maritime industries; one – Automotive industry and one in Textiles, fashion and creative industries.
- **The headquarters of respondents varied across the EU and ESA5,** across Belgium (2), Bulgaria (1), Denmark (1), France (4), Germany (2), Italy (2), Mauritius (2), Slovenia (1), and Sweden (1).
- Among the respondents, seven organisations chose to remain anonymous and ten opted for their organisations' comments to be made public. Based on that, we note a few of the responses below.

Key findings across the survey questions

1. **What advantages and positive developments have you seen under the interim EPA between the EU and the ESA5?**
 - An EU respondent noted that the main development is the improvement in trade patterns with some of the ESA5 countries

- An ESA5 respondent highlighted that they have continued benefiting from duty-free and quota-free access for sugars, hence assuring the sustainability of supplies.
- DAFC (Danish Agriculture & Food Council) noted a slight increase in exports from Denmark.
- BDI – Federation of German Industries included the following benefits:
 - The BDI considers the EPAs as facilitators for investment and trade of German companies with the ESA countries.
 - Most African nations are currently still too small to offer an attractive market for German companies. The EPAs promote free trade within African regions and with the EU they increase the attractiveness of African markets for European and German companies and thus create incentives to create urgently needed jobs on the African continent.
 - Thus, the BDI advocates a fast ratification of the EPAs. These create WTO-compatible and long-term access to markets for African exporters and European companies.
- FECC:
 - An even level playing field is paramount for improving the EU's resilience and for building the model of an open strategic autonomy. The EU expects high-quality products from its local manufacturers, regardless of whether this refers to the single market or for export to third countries.
 - FECC supports the EU proposal on identifying, preventing and eliminating technical barriers to facilitate trade in goods between the two regions. Article 10.5 ([link](#)) of the EU note states that although harmonizing standards between regions should be implemented whenever possible, taking into account the climatic, geographical and/or technological factors is also needed as this may pose as a challenge for some of the African stakeholders and regulators. By identifying the bureaucratic and technological barriers, trade between the EU and ESA5 through the proposed interim agreement could further be optimised.
 - Lastly, another positive impact of the EPA is the decrease in import prices due to the continued trade liberalisation. Consumers from both the EU and ESA5 would be subject to wider choices for both products and services under the agreement.

2. What problems and obstacles are you aware of under the interim EPA between the EU and ESA5?

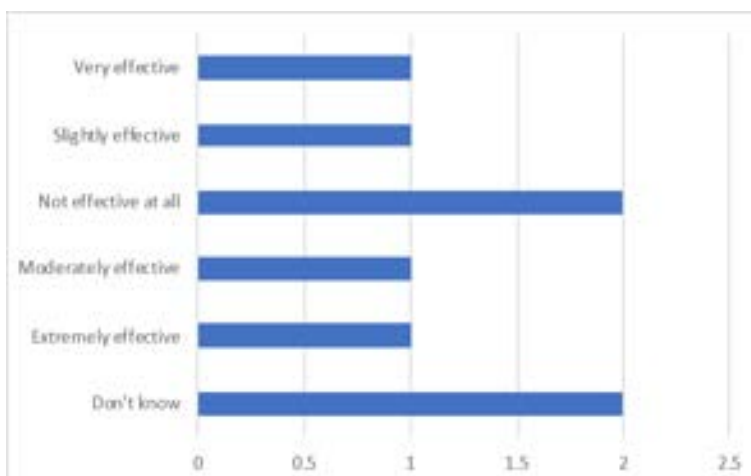
- An EU respondent noted that no substantial problems exist as far as their business in the Textiles industry is concerned.
- An ESA5 respondent highlighted that "preferential market access is being eroded by the free trade agreement finalised by the EU with non-ACP sugar producers, namely from Central and Latin America, and Asia. Insufficient flexibility under certain clauses such as the 'value tolerance rule' under RoO."
- DAFC (Danish Agriculture & Food Council) noted little awareness and attention about the existence of the EPA.
- Syndicat du Sucre de la Reunion:
- "Globally, the EU sugar sector does not consider that ESA country's market holds significant growth potential for exports of sugar from the EU. This situation concerns white sugar but also the ready-to-use brown sugars (called speciality sugars), which are produced in the EU outermost regions (La Reunion, Guadeloupe, and Martinique). The EU speciality sugars market is a very small niche market of only 250 000 to 300 000 tonnes, which only represents 1.5 % of the total EU sugar market. As some ESA countries already produce speciality sugars and due to

economies of scale, producers of speciality sugars originating in the EU outermost regions will never be able to compete on equal terms with ESA producers on their market. Whereas reciprocity in trade relations was one of the main objectives of the Cotonou Agreement, the Interim Agreement created access inequities by giving to ESA sugars full duty-free and quota-free access to the EU continental market, while keeping most of the ESA market closed to EU sugars.”

- BDI notes:
 - I) Negative effects on sensitive product groups of individual African countries: The BDI recommends that the EU shows flexibility regarding the time frame and product scope of EPAs. So-called sensitive product groups should be examined for the individual African countries. A case-by-case decision as to which product groups should be excluded from EPAs for the time being for individual African countries is needed.
 - II) Lost customs revenues for the five African countries: The BDI advocates that the EU provides adjustment assistance for lost customs revenues. This should include programmes to increase the competitiveness of the African private sector and infrastructure measures.

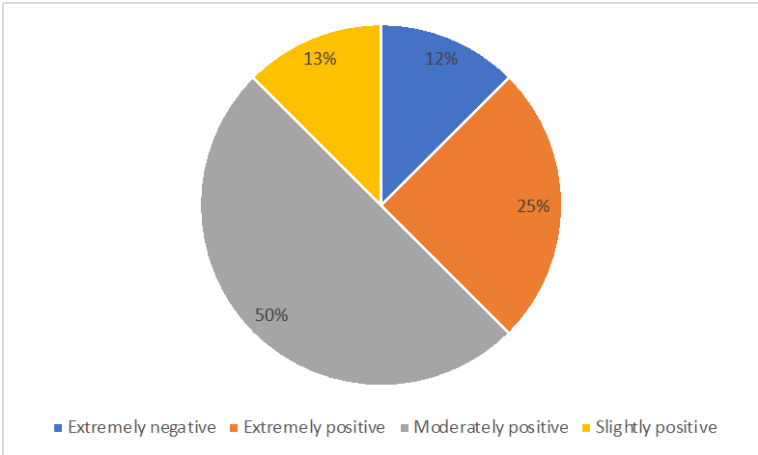
- FECC:
 - The planned impact assessments in 2021 should consider the short, medium and long-term effects of the EPA. An analysis of the socio-economical effects of its implementation should be considered not just between the ESA5 member state, but also within the region of a specific country. Through a region-specific assessment, the EPA evaluation would facilitate identifying whether economic activity could also be stimulated in underperforming regions of the ESA5.
 - Additionally, as with all other partnership agreements, confirming the EPA without the corresponding implementation would result in an uneven level playing field for both the EU and African stakeholders. Regulators should ensure that businesses taking part in the scheme comply with the proper requirements for importing and exporting.

Figure 18: How would you assess the effectiveness of the agreement for the issues that are relevant to you?



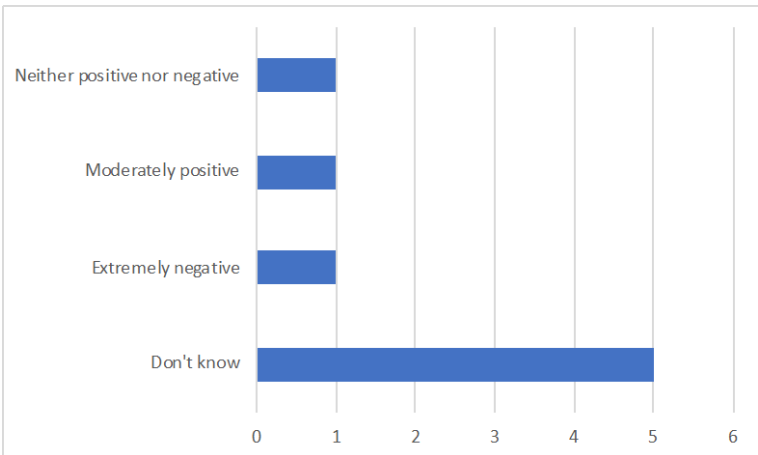
Source: Qualtrics survey data

Figure 19: How would you rate some of the economic impacts of the existing interim EPA in your sector/in the overall economy?



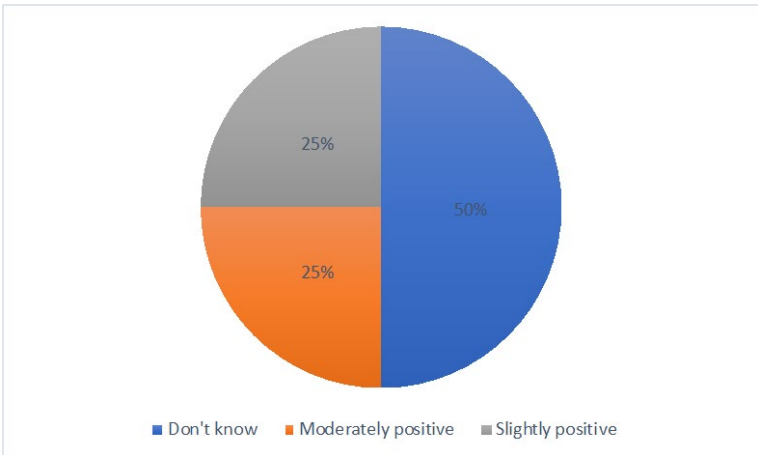
Source: Qualtrics survey data

Figure 20: How would you rate some of the environmental impacts of the existing interim EPA in your sector/in the overall economy?



Source: Qualtrics survey data

Figure 21: How would you assess some of the social and human rights effects of the existing interim EPA agreement between the EU and ESA5 in your sector/in the overall economy?



Source: Qualtrics survey data

3. Please elaborate briefly on your response on any type of impact above?

- DAFC (Danish Agriculture & Food Council): "Increase in trade flows would generate increased production, profits, commercial relationships, diversification of income sources, wider product range of high-quality products."
- Syndicat du Sucre de la Reunion:
 - "Since both the EU outermost regions and the EU trade partners are located in tropical regions, they produce the same types of agricultural products, unlike EU continental producers. The cane-sugar sector of La Réunion is the leader on the segment of speciality sugars, which only accounts for 1,5 % of the EU sugar market. But EU outermost regions products are in direct competition with ESA States products. As ESA States do not comply with the EU high social, environmental and regulatory standards, producers from the EU outermost regions will never be able to compete on an equal footing with the ESA producers. The reform of the CMO, combined with the total opening of the EU market to sugars originating in the ESA States, led the latter to redirect their production towards the manufacturing of speciality sugars. The objective is to conquer a segment of the EU market where competition is already intense, due to the entrance of new Latin American stakeholders in 2013. Mauritius has just closed in 2020 one of the last two refineries of the country, stating that it will now focus on speciality sugars production. Deprived from the outlets for their white and raw sugars, the ESA sugar industries are attacking the speciality sugars market. They are destabilising the market of speciality sugars, thus threatening the cane-sugar sector of the EU outermost regions, for whose the EU market is a vital outlet and where it is the leader.
 - The EU white sugar market is no more attractive for the ESA States. Thus, they are increasing their speciality sugars production and exports to the EU, which damages the EU outermost regions."
- A Mauritian stakeholder reported that, the fact that the EU sugar market remains protected from the world market through high tariffs of EUR 419 / ton, it is somewhat protected from the global price volatility. The social and environmental standards on the other hand safeguard the market from unfair competition.
- Olof Palme International Center "Since it calls for adherence to international labour laws and ILO conventions, it is a good incentive for partners. It also debunks the alternate narrative on punitive sanctions."

4. What are priority issues that need to be addressed in the deepening negotiations, from the perspective of your sector/field of expertise?

- DAFC (Danish Agriculture & Food Council): Trade facilitation, TBTs/NBTs, services, digital trade.
- ECSA:
 - From the perspective of ECSA (representing the European shipping industry), it is important that maritime transport services form part of any trade-related discussion the EU has with third parties, including in this case economic partnership arrangements. This is because shipping transports around 90% of the global trade in goods, making it the backbone of world trade. In Africa, the role of shipping is even more important due, in some cases, to less advanced land transport. Efficient maritime transport is therefore critical to the region's trade and economic growth, but shipping and ports in this region sometimes lag global trends and standards resulting in high trading costs.
 - Looking at the African continent more broadly, European shipping companies have traditionally held a strong position. They are important partners to African governments and business and ensure they are connected to the world and intra-African trade. They are heavily

investing in the continent and support local employment. Africa is also one of the main growth markets for EU businesses, with an anticipated doubling in size of the population by 2050.

- However, at the same time, EU shipowners are more and more confronted with market access barriers (in Africa but also around the world) targeting foreign logistics and maritime services. These include i.e. cargo reservations or preferences for national carriers, licensing requirements or rules on vessel flag, crew or construction to carry cargo or call at ports in their territory, all to the detriment of foreign operators.
- For ECSA, partnership agreements offer an excellent platform for the EU to draw the attention of its trading partners to the importance of free access to maritime services as well as safe and secure frameworks for operation. We, therefore, encourage the EU to seek to include maritime services in future EPAs or revisions of existing EPAs.
- Syndicat du Sucre de la Reunion:
 - "The first priority is to extend, under the current EPA, the period during which the local market of the French overseas departments is protected from ESA sugar exports, as provided by the provision currently in force, and under the EPA to come, replicating the provision currently in force which protects the local market of the French overseas departments from ESA sugar exports.
 - If applicable to the EU outermost regions, the general suppression of custom duties as provided by the EPAs would offer a disproportionate competitive advantage to products originating in countries where social, environmental and productive standards are way lower than the EU ones. It would deny the sugar industry of the EU outermost regions an access to their local market.
 - Under the Cotonou agreement, this safeguard has been replicated in every EPAs and interim agreements, which have been concluded. The interim Agreement between the EU and the ESA States thus acknowledged the necessity to protect the local market of the French overseas departments from sugar imports originating in the ESA States. The EU-ESA EPA thus provides that duties remain due on sugar originating in the ESA States and released for free circulation in the French overseas departments (on tariff lines of chapter 1701 of the combined nomenclature). This provision is applicable for a period of 10 years, which is extended for a further period of 10 years unless the EU and the ESA States agree otherwise.
 - Since the EU-ESA EPA came into force on May the 14th 2012, the first deadline will be on May the 14th 2022, with a potential extension until May the 14th 2032. Hence the necessity to extend, under the current EPA, the period during which the local market of the French overseas departments is protected from ESA sugar exports, as provided by the provision currently in force, and under the EPA to come, replicating the provision currently in force which protects the local market of the French overseas departments from ESA sugar exports.
 - The second priority is to define an annual duty-free quota on speciality sugars imports from ESA states to continental Europe, and maintain imports duties on volumes, which would enter the EU market in excess of the annual duty-free quota conceded to ESA states. The tariff lines of speciality sugars are lines 1701 1390, 1701 1490, 1701 9100 and 1701 9990 of the combined nomenclature.
 - Since the reform of the CMO, the market environment has changed: the EU must take notice of the metamorphosis of its own sugar market – a metamorphosis that the EU encouraged itself – and take all needed measures to protect its territories and industries. In the framework of the negotiations on the deepening of the EPA with the ESA States, the principles and terms, which previously led to the complete opening of the EU market, must not be maintained.
 - For the record, the EU speciality sugars market is saturated, as more than 60% of its shares are detained by non-EU competitors. It is now imperative and urgent to define a market

exposure volume, i.e. a maximum volume of concessions that can be granted to speciality sugars originating in foreign countries, by considering the quantities that are currently imported. This will minimize the windfall effect and secure the stability of the EU speciality sugars market.

- This rule is all the more needed and legitimate, as the French overseas departments still can increase their production of speciality sugars and to supply more than 45% of the EU market. This objective will not be met if the EU keeps maintaining duty-free and quota-free access to its speciality sugars market.
- A Mauritian stakeholder reported the need for more flexibility concerning RoO, namely cumulation with other ACP producers and the value tolerance rule.
- FECC:
 - FECC calls for an enhanced monitoring effort when it comes to EU requirements under the EU Africa strategy. Without comprehensive surveillance of products being exported to Africa, this may result in (1) the undermining of EU and African producers and service providers, (2) the decrease of the EU market share and (3) unnecessary regulatory roadblocks due to internal bureaucratic delays. Rue du Luxembourg 16b, 1000 Brussels, Belgium T: +32 2 679 02 60| F: +32 2 672 73 55 www.fecc.org
 - The EU and other national governments are currently offering various regulatory and financial incentives for green initiatives, particularly for public stakeholders and start-ups. These include so-called emissions allowances under the EU Emissions Trading System (EU ETS) scheme. With both the EU Green Deal and the EU African Strategy being game-changers, support from the community must include a wider part of the industry to ensure that this type of initiatives on integrating circular economy on trade also includes socio-economic benefits. We believe that such incentivization is a more pragmatic approach that encourages companies to innovate, rather than the overlapping regulations in the European chemical wholesale sector that result in an uneven level playing field, most especially for SMEs.

5. What obstacles and challenges to doing business, trading or investing in your sector/ the overall economy would you like to see addressed in the ongoing negotiations?

- DAFC (Danish Agriculture & Food Council): Administrative costs associated with cumbersome export procedures.
- An Italian stakeholder: "Stabilisation politique, sociale et economique. Amelioration des systemes bancaires"
- Syndicat du Sucre de la Reunion:
 - "Even if the ESA States accept to open their market to EU sugars, their social, environmental and productive standards are way lower than the EU ones. There is a clear absence of level playing field between the EU and the ESA States with regards to the cane sugar sector. The sugar industries of the ESA States are thus extremely competitive on their own market, which will therefore remain closed to EU outermost regions products in any case.
 - The EU speciality sugars market was already widely open to non-European countries (over 60%). Yet, in 2013, the EU concluded new trade agreements with Central America and the Andean Community and allowed their cane sugar producers to enter the EU speciality sugars market. Consequently, competition has considerably increased on this market, thus accentuating pressure on the EU outermost regions.
 - The EU must acknowledge that part of its agricultural production is in direct competition with agricultural products produced in neighbouring tropical countries. For this reason, it is

necessary to associate the main economic actors of the outermost regions in every step of the negotiation process.

- A Mauritian stakeholder reported the lack of visibility on the market as it is not sufficiently protected, namely through too many trade agreements covering sugar and even domestic support provided to EU producers (namely VCS).
- ECESA:
 - Trade in services with African countries will undoubtedly thrive in the forthcoming decades, but EU trade policy should step up to seize these opportunities and ensure European businesses, such as the shipping industry, can play their role in ensuring sustainable development, mobility and connectivity – and avoid the aforementioned market access barriers.
 - We highlight that non-discriminatory treatment of maritime transport services has been formally recognised by EU and ACP partners as of 1995 (Lomé IV, art. 126 and following) and reconfirmed in 2000 (Cotonou Agreement, art. 42). EU shipowners stress that also in the renewed Partnership Agreement, as well as any other legal and policy instruments with African partners, these principles must be anchored, even re-enforced. Fair and free competition, without local protectionist measures, are of key importance to secure continued growth. For maritime transport, free access to transport markets should go hand in hand with the right of establishment of local agents to provide the best possible service to our customers. Shipowners' rights to invest in local services and infrastructure should also be secured.
 - By anchoring clear commitments on maritime transport in legally binding instruments, the EU creates the certainty EU businesses need to invest and operate in a sustainable manner. Such trade agreements should at a minimum ensure that third countries provide reciprocal market access to EU operators as third country operators face in the EU and include provisions on maritime transport services to the fullest extent possible, including:
 - Commitments towards unrestricted access to the international maritime markets and trades on a commercial and non-discriminatory basis;
 - Commitments to abolish and abstain from cargo-sharing agreements or reservations;
 - The ability for EU operators to be granted reciprocal national market access, at minimum feeder services, and all forms of transshipment and movement of empty containers;
 - Ability to perform multimodal operations;
 - The ability for EU operators to establish local representations in third countries.
 - These are in addition to all other supporting measures to ensure smooth and fair trade.

Three of the remaining questions have each six valid responses and do not carry information relevant for the ex-post report.¹⁰³

Update to strategy going forward

Over Jan / Feb, the team will take the following steps to increase EU response rates:

¹⁰³ These forward looking questions were: What are the possible economic impacts of the chapters for negotiation in the deepening of the EPA in your sector/ in the overall economy? What are your expectations on the possible environmental impacts of the chapters for negotiation in the deepening of the EPA in your sector/in the overall economy? What are your expectations on the possible social and human rights impacts of the chapters for negotiation in the deepening of the EPA in your sector/in the overall economy?

- Targeted interviews – identify 20-30 key EU wide stakeholders and approach them directly for interviews. These will be mostly associations, NGOs and other social partners. We will also ask for their assistance to raise awareness of the questionnaire.
- Actively approach MS stakeholders from key trading partners for interviews.
- Discuss with EC potential virtual roundtables on the specific SIA reports and case study topics.

Our aim is still to conduct at least 20 interviews across the four largest trading partners—France, Germany, Italy, and Sweden, for which the stakeholders are still being mapped.

The rest of the annex lists the stakeholders contacted in the EU and MS.

Table 28: EU Stakeholders contacted

Name of stakeholder
ACT Alliance Advocacy to the European Union
Active Pharmaceutical Ingredients Committee
AeroSpace and Defence Industries Association of Europe
Agriculture and Horticulture Development Board (AHDB)
Airlines for Europe
Airports Council International Europe
Amnesty International
ASINCA
Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l'Union Europeenne asbl
Association de producteurs de cinéma et de television (EUROKINEMA)
Association des Constructeurs Européens d'Automobiles (ACEA)
Association Européenne Du Commerce De Fruits Et Légumes De L'UE - European Fruit and Vegetables Trade Association
Association of European Automotive and Industrial Battery -EUROBAT
Association of European Heating Industry
Association of European manufacturers of sporting ammunition
Bureau International des Producteurs d'Assurances & de Réassurances (BIPAR)
Business and Industry Advisory Committee (BIAC)(OECD)
BUSINESS EUROPE
Câmara de Comércio e Indústria da Madeira
Câmara de Comércio e Indústria da Horta
Câmara de Comércio e Indústria de Ponta Delgada
Câmara do Comércio de Angra do Heroísmo
Carbon Capture & Storage Association (CCSA)
CEFS - Comité Européen des Fabricants de Sucre
Central Europe Energy Partners (CEEP)
Centre de Documentation, de Recherche et d'Information des Peuples Autochtones
Chambers of Commerce of Ireland (Chambers Ireland)
Coalition for Fair Fisheries Agreements
Cobalt Development Institute (CDI)
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures de l'U.E.
Comité Européen des Entreprises Vins
Committee for European Construction Equipment
Committee of the European Sugar Users
Confederatia Sindicala Nationala MERIDIAN (CSN MERIDIAN)
Confederation of European Community Cigarette Manufacturers

Confederation of European Paper Industries
Confederation of National Associations of Tanners and Dressers of the European Community (COTANCE)Private sector
Confederation of National Hotel and Restaurant Associations(HOTREC)
Confederation of Netherlands Industry and Employers (VNO-NCW)
Confederation of the food and drink industries of the EU(FoodDrinkEurope)
Confederation of the German Textile and Fashion Industry
Conférence des Notariats de l'Union Européenne
Conseil des barreaux de la Communauté Européenne (CCBE)
Council of European Employers of the Metal, Engineering and Technology - Based Industries (CEEMET)
Danish Agriculture & Food Council
DIGITALEUROPE
Direct Selling Europe AISBL
Ecommerce Europe
EU Vegetable Oil and Protein meal Industry
EUROALLIAGES
Eurochambres
EuroCommerce
EURODOM
Eurogroup for Animals
European & International Federation of Natural Stone Industries -EUROROC
European Accounting Association
European Accreditation (EA)
European Aerosol Federation
European Aggregates Association (UEPG)
European Apparel and Textile Confederation (EURATEX)
European Association of Automotive Suppliers (CLEPA)
European Association of Chemical Distributors (Fecc)
European Association of Cooperative Banks (EACB)
European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)
European Association of Dairy Trade (Eucolait)
European Association of Fruit and Vegetable Processors (PROFEL)
European Association of Internet Services Providers (ISPA)
European Association of Metals Eurometaux
European Association of Mining Industries, Metal Ores & Industrial Minerals (Euromines)
European Association of Mutual Guarantee Societies
European Association of Sugar Traders (ASSUC)
European Association of the Machine Tool Industries (CECIMO)
European Association representing the agricultural machinery industry (CEMA)
European Aviation Clusters Partnership
European Banking Federation (EBF)
European Biodiesel Board
European Branded Clothing Alliance
European Brands Association
European Broadcasting Union (EBU)
European Business Services Round Table
European Cement Association (CEMBUREAU)
European Centre for International Political Economy
European Ceramic Industry Association (Cerame-Unie)
European Cocoa Association Private sector
European Committee for Electrotechnical Standardization

European Community Shipowner's Associations
European Competitive Telecommunications Association
European Confederation of Junior Enterprises
European Confederation of Woodworking Industries (CEI-Bois)
European Construction Industry Federation
European Consumer Organisation (BEUC)
European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry (COCIR)
European Coordination of Independent Producers (CEPI)
European Council for Automotive R&D (EUCAR)
European Council for Motor Trades and Repairs (CECRA)
European Crop Protection Association
European Dairy Association
European Diisocyanate and Polyol Producers Association
European Disposables & Nonwovens Association (EDANA)
European DIY Retail Association
European Ecommerce and Omni-Channel Trade Association
European Electronic Component Manufacturers Association
European Engineering Industries Association (EUnited)
European Environmental Bureau (EEB)
European Expanded Clay Association (EXCA)
European Express Association
European Family Businesses
European Farmers (COPA COGECA)
European Federation for Construction Chemicals
European Federation for Cosmetic Ingredients
European Federation of Engineering Consultancy Associations
European Federation of Food, Agriculture and Tourism Trade Unions- EFFAT
European Federation of Foundation Contractors
European Federation of National Associations of Water and Waste Water Services
European Federation of Pharmaceutical Industries and Associations(EFPIA)
European Federation of Public Service Unions (EPSU)
European Federation of the Footwear industry
European Fish Processors & Traders Association and European Federation of National Organizations of Importers and Exporters of Fish (AIPCE-CEP)
European Franchise Federation
European Furniture Industries Confederation
European Health Industry Business Communications Council(EHIBCC)
European Industrial Gases Association
European Lime Association (EULA)
European Livestock and Meat Trade Union
European Man-made Fibres Association (CIRFS)
European Medical Technology Industry Associations (MedTech Europe)
European Milk Board
European Newspaper Publishers' Association (ENPA)
European Organisation for Security
European Organisation of Tomato Industries (OEIT)
European Panel Federation
European Patent Office
European Plaster and Plasterboard Manufacturers Association (EUROGYPSUM)
European Policy Centre
European Potato Processors' Association

European Potato Trade Association
European Power Tool Association
European Property Federation
European Public and Real Estate Association (EPRA)
European Regions Airline Association (ERA)
European Renewable Ethanol Association – EPURE
European Satellite Operator's Association
European Services Forum
European Services Strategy Unit
European Shippers' Council
European Small Business Alliance
European Steel Technology Platform (ESTEP)
European Sugar Refineries Association
European Technology Platform on Sustainable Mineral Resources(ETP SMR)
European Telecommunications Standards Institute (ETSI)
European Textile Collectivities Association
European Trade Union Confederation – ETUC
European Travel Agents' and Tour Operators' Associations
European Tyre & Rubber Manufacturers' Association (ETRMA)
European Whey Processors Association
Europeche
Fair Trade Advocacy Office
Fédération des Experts Comptables Européens (FEE)
Fédération Internationale de l'Automobile (FIA)
Fédération Internationale du Recyclage
Federation of European Publishers
Federation of European Rice Millers
Federation of European Employers (FedEE)
Federation of the European Sporting Goods Industry
Female Europeans of Medium and Small Enterprises (FEM)
Fern
Fertilizers Europe
Foreign Trade Association – Amfori
Freshfel Europe - the forum for the European fresh fruits and vegetables chain
Friends of the Earth Europe (FoEE)
FRUCOM (European Federation of the trade in dried fruit, edible nuts, processed fruit & vegetables and processed fishery products)
Gelatine Manufacturers of Europe (GME)
Glass Alliance Europe
Global Industrial and Social Progress Research Institute(GISPRI)
Global Witness
Greenpeace
Health Action International (Europe)
Health First Europe
Human Rights Watch
Independent Retail Europe
Industrial Ethanol Association
Industrial Minerals Association – Europe (IMA-Europe)
industriAll European Trade Union (industriAll)
Instituto Cuestiones Agrarias y Medioambientales
Intelligent Transport Systems – Europe (ERTICO)

International Association of Users of Artificial and Synthetic Filament Yarns and of Natural Silk
International Confederation of European Beet Growers
International Confederation of Inspection and Certification Organizations
International Co-operative Alliance
International Federation of Reproduction Rights
International Labour Organisation (ILO)
International Land Coalition
International Network for Sustainable Energy – INFORSE-Europe
International Trade Union Confederation (ITUC)
Lighting Europe
Long-Distance Fisheries Advisory Council
Market Advisory Council
Medicines for Europe
Nanofutures
ORGALIM - European Association for Machinery
Organisation pour un réseau international d'indications Géographiques
Plastics Recyclers Europe
Primary Food Processors
European Flour Milling Association
Starch Europe
European Vegetable Protein Foundation
Société des auteurs et compositeurs dramatiques
Solar Power Europe
spiritsEUROPE Private sector
Trade Union Advisory Committee (of the OECD) (TUAC)
Transport and Environment (European Federation for Transport and Environment)
UNIFE
Wind Europe

Source: Own compilation

Table 29: Member States organisations contacted

French stakeholders
Embassy of France in Antananarivo, Madagascar
Embassy of France in Moroni, Comoros
Embassy of France in Harare, Zimbabwe
Embassy of France in Victoria, Seychelles
Ministry of Overseas France
Direction Générale du Trésor, Service des Affaires Multilatérales et du Développement
Caritas (International)
Man and the Environment France
Impact Madagascar
GRET
Collaboration on International ICT Policy for East and Southern Africa (“CIPESA”)
Association for Progressive Communications
French Facility for Global Environment
Italian stakeholders
Assocalzaturifici - Italian Footwear Manufacturers' Association
Association of Italian Textile Machinery Manufacturers
ASSOCIAZIONE CENTRO AIUTI VOLONTARI
Cia - Agricoltori italiani

Civil Society Organisations
 Cocis (coordination of non-governmental organizations for international development cooperation)
 Confederazione Cooperative Italiane
 CONFINDUSTRIA ASSAFRICA & MEDITERRANEO
 COOPI - Cooperazione Internazionale, Foundation
 COSPE
 COSV
 FederlegnoArredo - Federazione Italiana delle Industrie del Legno, del Sughero, del Mobile e dell'Arredamento
 Fondazione Giacomo Brodolini
 Italian committee for food sovereignty (CISA)
 Italian committee for the right to water (CICMA)
 Italian Development Cooperation Agenc
 Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA)
 Italian network for responsible tourism (AITR)
 Italian Trade Agency
 Italian Trade Union Confederation
 L'Africa Chiama ONLUS-ONG
 Ministry of Economic Development, General Directorate for Trade Policy – Division V
 Unioncamere

German stakeholders

Africa Business Network
 Afrika-Verein der deutschen Wirtschaft
 Association of German Chambers of Industry and Commerce (DIHK)
 AUMA – Association of the German Trade Fair Industry
 BDI - Federation of German Industries
 BGA - Federation of German Wholesale, Foreign Trade and Services
 Chambers of Industry and Commerce (IHK)
 Consulate of Germany in Port Luis, Maritius
 Consulate of Germany in Victoria, Seychelles
 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
 Embassy of Germany Harare, Zimbabwe
 Embassy of Germany in Madagascar
 EZ-Scout
 Federal Ministry for Economic Affairs and Energy
 Federation of the German Export Trade
 German Agribusiness Alliance (GAA)
 German Chamber of Commerce Abroad (AHK)
 German Federal Ministry for Economic Cooperation and Development
 German Foundation for World Population
 German Trade Union Confederation (DGB)
 OroVerde - Tropical Forest Foundation
 SPECTARIS - German Hightech Industry Association
 VENRO

Swedish stakeholders

Africa Trade and Invest (ATI)
 Diakonia
 LO-TCO Secretariat of International Trade Union Development Co-operation
 Afrikagrupperna (The Africa Groups)
 Brussels Office of the Swedish Trade Unions

Business Sweden
Forum Syd
Global Witness
International Development Cooperation
National Board of Trade, Department for WTO Affairs;
Olof Palme International Center
Sweden Africa Chamber
Swedish African Business Cluster Initiative
Swedish Cooperative Centre - We Effect
Swedish East Africa Chamber of Commerce.
Swedish Enterprise
Swedish International Development Agency (SIDA)
Swedish Foundation for Human Rights
Swedish Society for Nature Conservation, SNF

Source: Own compilation

Annex VI (Chapter 2): Implementation of the interim EPA

ESA EPA Market Access:

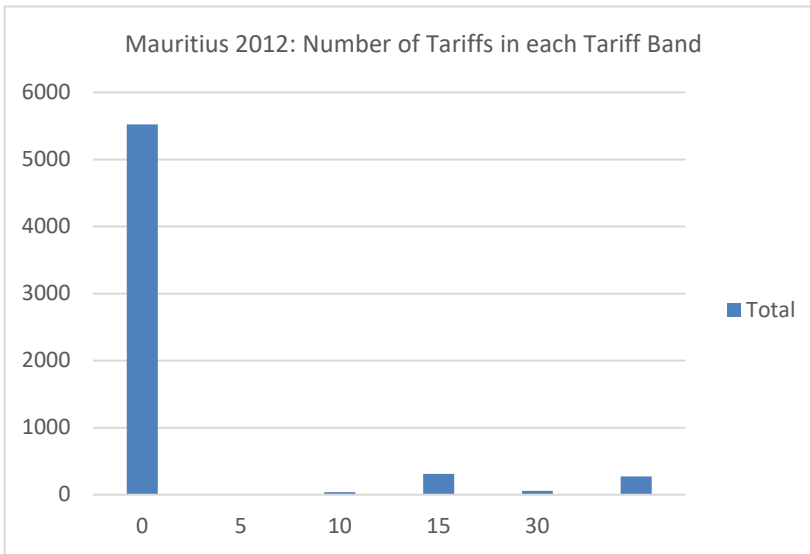
- **Madagascar has a 5-band tariff (0,5,10,20 per cent) and has increased the number of tariffs between 2012, which was the time that Madagascar ratified the interim EPA, and 2019, which is the latest information available.** Forty per cent of these tariff increases were in the highest band and the number of tariffs in all bands were increased, so the weighted average tariff rate increased from 2012 to 2019.
- **Mauritius committed to liberalising 96% of its tariff lines, broken down as raw materials and capital goods by 2014, intermediate goods by 2017 and final goods and sensitive products by 2022.** Raw materials, capital goods and intermediate goods have been liberalised. Even before Mauritius signed the interim EPA, it was virtually duty-free, with a weighted mean average tariff of 1.15 per cent. In 2012, there were 58 tariff lines with a 30 per cent tariff, which was the highest tariff. Commodities in the 30 per cent tariff band included tea (HS chapter 09); packaging (HS chapter 39), suitcases (HS chapter 42); paper (HS chapter 48); electric light bulbs (HS chapter 85); motor vehicle bodies (chapter 87); furniture and vehicle upholstered seats (HS chapter 94); video game consoles; and sanitary towels (chapter 96). In 2019 the number of tariff lines of 30 per cent had risen to 100 but this is mainly because alcohol (HS chapter 22) was added to the highest tariff band. Even with this increase in the number of tariff lines attracting a 30 per cent tariff, the weighted mean average in 2019 was 1.04 per cent.
- **Seychelles has given a tariff offer that involves liberalising all products with a minimal 2 per cent of exclusions.** Seychelles enacted the Customs Management Act 2014 to manage all imports and exports and under the Act, passed statutory instrument no 81 of 2016 entitled the Customs Management (Interim EPA) Regulations, 2016 in December 2016 that went into force in January 2017.
- **Zimbabwe has excluded 20 per cent of its tariff lines from liberalisation and scheduled the remaining 80 per cent as raw materials and capital goods that were to be liberalised by 2014,** after a 5-year preparatory period. Intermediate and final goods have been scheduled to be liberalised in 2022 over 9 years after a 6-year preparatory period. The total period of tariff reduction was, therefore, 15 years. However, implementation of reduced tariffs by Zimbabwe on EU imports started in 2016 after the enactment of Statutory Instrument No. 117 of 2016 entitled Customs and Excise (Economic Community) and ESA EPA) (Suspension) (Market Access Offer) Regulations, 2016 through Government Gazette No. 62 of 7 October 2016.

Table 30: Products Excluded from Tariff Liberalisation Schedules by ESA Country

Country	Main Exclusions from Liberalisation
Comoros	Meat, milk, vegetables, flour, tobacco, motor vehicles
Madagascar	Meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture
Mauritius	Live animals and meat, edible products of animal origin, fats, edible preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron & steel and consumer electronic goods
Seychelles	Meat, fisheries, beverages, tobacco, leather articles, glass and ceramics products and vehicles
Zimbabwe	Products of animal origin, cereals, beverages paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles

Source: http://www.eeas.europa.eu/archives/delegations/zimbabwe/documents/eu_zimbabwe/epas_esa_en.pdf

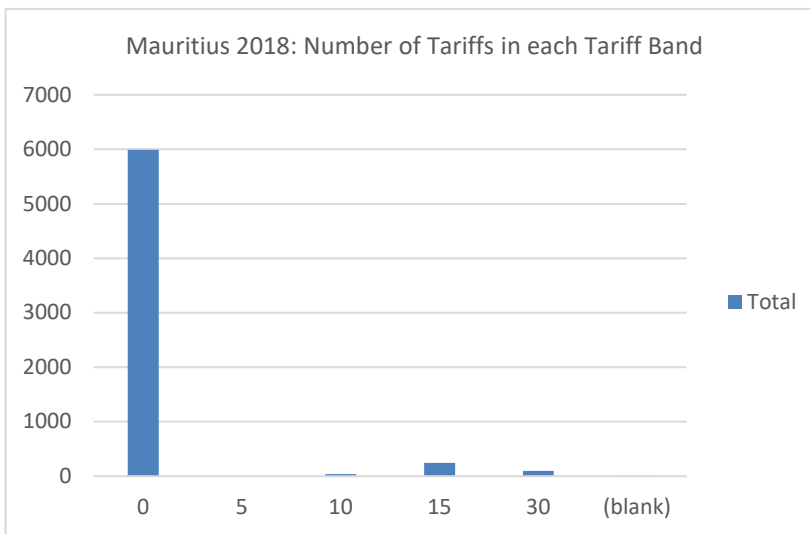
Table 31: Mauritius 2012: Number of Tariffs in each Tariff Band



Tariff Rate (Percentage)	Number of Tariffs
0	5,524
5	6
10	38
15	310
30	58
Blank records	272
Total	6,208
Weighted Average = 1.15%	
<i>Source: Comstat</i>	

Source: Comstat

Table 32: Mauritius 2019: Number of Tariffs in each Tariff Band



Tariff Rate (Percentage)	Number of Tariffs
0	5,991
5	6
10	38
15	245
30	100
Blank records	1
Total	6,381
<i>Source: Comstat</i>	

Source: Comstat

Annex VII (Chapter 3): RoO

Box 1: RoO - Information Sources

The most comprehensive and authoritative source of information on RoO is the Official Journal of the EU, volume 63 (L93 of 27th March 2020). This is replicated on various national websites and portals in the ESA5 countries, both on government and private sector websites such as on the Mauritius Chamber of Commerce and the Mauritius Revenue Authority websites. In relation to the dissemination of information on RoO, survey results suggest that the ESA5 stakeholders use the EU's Official Journal or website; national Customs; and websites of respective government, chambers of commerce, and trading community associations. The survey results suggest that there is scope for increasing awareness on RoO through increasing the capacity of Chambers of Commerce and exporter associations.

Preference Utilisation by ESA Countries into the EU

Appendix 1: Value of ESA EPA Preference Utilisation – Exports from ESA into the EU - 2018

Values	Madagascar	Mauritius	Seychelles	Zimbabwe
Value of utilised preferences	1,147,022,200	797,862,600	324,101,000	239,070,800
Value of non-utilised preferences	341,900	427,100	10,001,600	9,810,900
Total EPA Eligible Exports	1,147,364,100	798,289,700	334,102,600	248,881,700
Preference Utilisation Rates	99.97%	99.95%	97.01%	96.06%

Source: Authors calculations from EuroStat data

Appendix 2: Preference Utilisation of Madagascar's Exports into the EU

EPA Preference Utilization of Madagascar's Exports to the EU, 2018								
HS2	Product Description	Total Value	Imports (USD thousands)				Undefined	EPA UR (%)
			Dutiable	EPA Eligible	Entering under			
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
09	Coffee, tea, mate and spices	449,943.40	435,804.00	435,804.00	418,816.70	6,155.60	-	96%
62	Articles of apparel and clothing accessories, not knitted or crocheted	238,864.90	238,864.90	238,864.90	160,457.50	6,042.00	-	67%
61	Articles of apparel and clothing accessories, knitted or crocheted	188,112.20	188,112.20	188,112.20	171,805.10	10,609.70	-	91%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	116,381.90	116,243.00	116,243.00	115,937.80	213.50	-	100%
81	Other base metals; cermets; articles thereof	103,336.00	-	-	-	-	-	
75	Nickel and articles thereof	57,694.40	-	-	-	-	-	
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	29,046.80	2,269.20	2,269.20	1,719.60	493.80	-	76%
71	Natural or cultured pearls, precious or semi-	21,068.30	1,301.70	1,301.70	1,216.00	19.00	-	93%

EPA Preference Utilization of Madagascar's Exports to the EU, 2018								
HS2	Product Description	Total Value	Imports (USD thousands)				EPA UR (%)	
			Dutiable	EPA Eligible	Entering under			Undefined
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin							
08	Edible fruit and nuts; peel of citrus fruits or melons	40,580.80	1,617.20	1,617.20	1,612.50	-	-	100%
13	Lacs; gums, resins and other vegetable saps and extracts	39,021.00	38,793.40	38,793.40	38,728.70	-	-	100%

Source: Authors calculations from EuroStat data

Appendix 3: Preference Utilisation of Mauritius's Exports into the EU

EPA Preference Utilization of Mauritius' Exports to the EU, 2018								
HS2	Product Description	Total Value	Imports (USD thousands)				EPA UR (%)	
			Dutiable	EPA Eligible	Entering under			Undefined
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
16	Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates	293,325.50	293,325.50	293,325.50	293,321.60	0	0	100
61	Articles of apparel and clothing accessories, knitted or crocheted	155,163.10	155,163.10	155,163.10	153,304.00	0	0	99
17	Sugars and sugar confectionery	92,363.70	92,357.70	92,357.70	92,001.40	0	0	100
62	Articles of apparel and clothing accessories, not knitted or crocheted	89,953.10	89,953.10	89,953.10	81,785.00	0	0	91
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	44,833.10	23,761.40	23,761.40	22,945.90	0	0	97
03	Fish and crustaceans, molluscs and other aquatic invertebrates	30,328.10	30,128.40	30,128.40	30,034.20	0	0	100
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	23,845.20	3,144.50	3,144.50	1,639.60	0	0	52
91	Clocks and watches and parts thereof	18,536.70	18,536.70	18,536.70	17,184.70	0	0	93

EPA Preference Utilization of Mauritius' Exports to the EU, 2018								
HS2	Product Description	Total Value	Imports (USD thousands)				EPA UR (%)	
			Dutiable	EPA Eligible	Entering under			Undefined
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	16,628.70	13,759.40	13,461.50	27.70	0	0	0
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	12,778.90	12,778.90	12,778.90	12,277.80	0	0	96

Source: Authors calculations from EuroStat data

Appendix 4: Preference Utilisation of Seychelles' Exports into the EU

EPA Preference Utilisation of Seychelles' Exports to the EU, 2018								
HS2	Product Description	Total Value	Imports (USD thousands)				EPA UR (%)	
			Dutiable	EPA Eligible	Entering under			Undefined
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
16	Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates	279,758.20	279,758.20	279,758.20	279,756.50	0	0	100
03	Fish and crustaceans, molluscs and other aquatic invertebrates	58,134.30	43,504.60	43,504.60	42,522.50	0	0	98
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	8,869.70	8,869.70	8,869.70	-	0	0	0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	1,735.20	26.30	26.30	-	0	0	0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1,062.60	2.30	2.30	-	0	0	0

Source: Authors calculations from EuroStat data

Appendix 5: Preference Utilisation of Zimbabwe's Exports into the EU

EPA Preference Utilisation of Zimbabwe's Exports to the EU, 2018								
HS2	Product Description	Imports (USD thousands)						EPA UR (%)
		Total Value	Dutiable	EPA Eligible	Entering under		Undefined	
					EPA	GSP/LDC		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
72	Iron and steel	167,842.90	46,150.10	46,150.10	44,284.00	0	117,411.40	96
24	Tobacco and manufactured tobacco substitutes	104,438.40	104,438.40	104,438.40	93,230.40	0	0	89
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	87,142.30	466.40	466.40	465.30	0	0	100
08	Edible fruit and nuts; peel of citrus fruits or melons	48,800.40	47,304.60	47,304.60	46,943.20	0	0	99
41	Hides and skins (other than furskins) and leather	40,238.40	9,599.60	9,599.60	2.30	0	0	0
25	Salt; sulphur; earths and stone; plastering material, lime and cement	24,346.50	-	-	-	0	0	0.0
07	Edible vegetables and certain roots and tubers	22,240.10	22,222.00	22,222.00	22,142.00	0	0	100
09	Coffee, tea, mate and spices	11,546.80	688.00	688.00	666.60	0	0	97
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	7,723.20	7,723.20	7,723.20	7,416.50	0	0	96
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	4,512.00	605.90	605.90	566.00	0	0	93

Source: Authors calculations from EuroStat data

Appendix 6: Preference Utilisation for Top Ten EU Exports into ESA Countries, in USD million. 2018

	HS2	Chapter	Dutiable	EPA Eligible	Entering using EPA preferences	EPA UR %
Madagascar	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	103.73	103.73	22.16	21.4
	85	Electrical machinery and equipment and parts thereof.	38.04	38.04	7.98	21.0
	62	Articles of apparel and clothing accessories, not knitted or crocheted	34.92	34.92	0.83	0.0
	87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	26.05	26.05	3.43	13.2
	39	Plastics and plastic products	24.07	24.07	6.00	25.0
	73	Articles of iron or steel	23.48	23.48	10.36	44.1
	52	Cotton	19.62	19.62	-	0.0
	50	Silk	18.98	18.98	-	0.0
	49	Books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	16.42	16.42	0.13	0.1
	51	Wool, fine and coarse animal hair; yarn and fabrics of horsehair	15.80	15.80	-	0.0
Mauritius	22	Beverages, spirits and vinegar	36.44	36.44	3.69	10%
	72	Iron and steel	19.34	19.34	-	0%
	94	Furniture; medical and surgical furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified; illuminated signs, illuminated name-plates and the like; prefabricated	13.46	13.46	0.45	3%
	34	Soaps, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, shoe polish, scouring powder and the like, candles and similar products, modelling pastes, dental wax and plaster-based dental pre	10.32	10.32	0.03	0%
	39	Plastics and plastic products	9.24	9.24	0.14	2%
	73	Articles of iron or steel	3.99	3.99	0.07	2%
	32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	2.77	2.77	-	0%
	23	Residues and waste from the food industries; prepared animal fodder	2.49	2.49	1.58	63%
	33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	2.09	2.09	-	0%
	48	Paper and paperboard; articles of paper pulp, paper or paperboard	1.52	1.52	0.00	0%
Seychelles	03	Fish and crustaceans, molluscs and other aquatic invertebrates	141.77	141.77	0.16	0.1
	22	Beverages, spirits and vinegar	7.00	7,0	0.09	1.2
	02	Meat and edible meat offal	3.67	3.67	0.20	5.5
	07	Edible vegetables and certain roots and tubers	1.31	1.31	0.60	45.9
	08	Edible fruit and nuts; peel of citrus fruits or melons	0.95	0.95	0.37	39.2
	09	Coffee, tea, mate and spices	0.93	0.93	0.45	48.6
	16	Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates	0.73	0.73	0.32	44.1
	63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	0.70	0.70	0.01	0.1

	HS2	Chapter	Dutiable	EPA Eligible	Entering using EPA preferences	EPA UR %
	21	Miscellaneous edible preparations	0.65	0.65	0.23	34.9
	19	Preparations of cereals, flour, starch or milk; pastrycooks' products	0.48	0.48	0.18	36.5
Zimbabwe	87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	59.35	59.35	-	0.0
	64	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	32.68	32.68	1.98	6.0
	30	Pharmaceutical products	19.46	19.46	-	0.0
	04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	18.79	18.79	-	0.0
	38	Miscellaneous chemical products	16.75	16.75	0.20	0.1
	85	Electrical machinery and equipment and parts thereof	11.55	11.55	0.96	0.1
	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9.91	9.91	-	0.0
	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	8.11	8.11	0.14	1.8
	22	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	5.26	5.26	0.40	7.7
	39	Plastics and plastic products	4.02	4.02	0.25	6.3

Source: COMESA Secretariat - COMSTAT

Annex VIII (Chapter 4): Analysis of Trade and Investment Flows

Overview trade agreements that ESA4 countries concluded with third countries.

Mauritius

Year	Name	Overview
1971	GSP	- Beneficiary of the GSP offered by Japan, Norway, Switzerland, the United States, and the customs union of Belarus, Kazakhstan, and Russia.
1984	Indian Ocean Commission (IOC)	- Inter-governmental organisation created in 1984 by the Victoria Agreement grouping Comoros, Madagascar, Mauritius, Reunion and Seychelles. - Objectives to strengthen diplomatic, economic and commercial ties between these Indian Ocean islands. - Mauritius and Madagascar are granting trade preferences under the IOC regime. - No customs duties for products that are traded between Madagascar and Mauritius and meet the IOC RoO.
2000	COMESA	- Launched in October 2000 with nine Member States. - Consists of 16 Member States trading on a full duty-free and quota-free basis, with the remaining countries at various stages of joining the FTA. - FTA countries, also known as Group 1 Member States trade on a duty-free, quota-free basis. - Imports from COMESA Group I Member States with a valid Certificate of Origin are exempt from customs duties in Mauritius. - 90% tariff reduction to imports from non-FTA (Group II Member States) with valid Certificate of Origin.
2006	Trade and Investment Framework Agreement (TIFA)	- Signed in September 2006. - Formal mechanism to address bilateral trade issues and to strengthen trade and investment relations. - Serves as a forum to discuss issues of mutual interest.
2007	Preferential Trade Agreement between Mauritius and Pakistan	- Signed in July 2007. - Tariff concessions have been granted on a list of products of export interest to both parties. - Mauritian exporters benefit from preferential tariffs on a number of products such as tuna, fish and garments.

		<ul style="list-style-type: none"> - Pakistan's exporters can benefit from preferential tariffs on various products such as tobacco, textiles and fruit.
2008	SADC	<ul style="list-style-type: none"> - Officially launched in August 2008 by 12 of the 15 Member States. - Implementation started in 2000 with the gradual elimination of customs duties on 85% of tariff lines by 2008. - For Mauritius, tariffs on the remaining sensitive products eliminated since 2014.
2013	Free Trade Agreement between Mauritius and Turkey	<ul style="list-style-type: none"> - Entered into force in June 2013. - Mauritian exporter benefits from duty-free access on all industrial products except for a list of 70 clothing items where duties are phased down over a period of 4 years. - On agricultural products, Mauritius obtained concessions on a list of 46 products such as chilled fish, cut flowers, tropical fruits, sweet biscuits and preserved tuna. - Mauritian importers benefit from preferential tariffs on products other than those in the list of sensitive products.
2015	African Growth and Opportunity Act (AGOA)	<ul style="list-style-type: none"> - In 2015, the US renewed AGOA until September 2025. - Provides duty and quota-free access to the US market for over 6,000 products. - Duty-free export of apparel from Mauritius to the US made from fabric imported from any country.
2021	China	<ul style="list-style-type: none"> - Came into effect in January 2021. - Four main components: trade in goods, trade in services, investment and economic cooperation. - Mauritius benefits from immediate duty-free access on the Chinese market on some 7,504 tariff lines. Tariffs on an additional 723 tariff lines phased out over a 5 to 7-year period. Tariff Rate Quota for 50,000 tonnes of sugar implemented on a progressive basis over a period of 8 years with an initial quantity of 15,000 tonnes. - Trade in services, parties agreed to remove restrictions in more than 100 service sectors, including financial services, telecommunications, Information and Communications Technology, professional services, construction and health services.
2021	UK-ESA EPA	<ul style="list-style-type: none"> - Signed in January 2019 and entered into force in January 2021. - Aim to safeguard trade preferences under the interim EPA with the EU.

2021	AfCFTA	- Aims to create a single continental market for goods and services and to eventually lead to establishment of a Customs Union.
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Source: Own compilation from the different agreements.

Madagascar

Year	Name	Overview
1971	GSP	- Several countries have granted Madagascar GSP privileges including the United States and India.
1992	IOC – Indian Ocean Committee	- Inter-governmental organisation created in 1984 by the Victoria Agreement grouping Comoros, Madagascar, Mauritius, Reunion and Seychelles. - Objectives to strengthen diplomatic, economic and commercial ties between these Indian Ocean islands. - Mauritius and Madagascar are granting trade preferences under the IOC regime. - No customs duties for products that are traded between Madagascar and Mauritius and meet the IOC RoO.
2014	China	- Two commercial and technical cooperation agreements. - Provide Special Preferential Tariff (SPT) treatment for exports under these agreements.
2014	African Growth and Opportunity Act (AGOA)	- Madagascar's AGOA eligibility was restored by the US in December 2014 after a five-year gap. - Close to 7000 items eligible for exemption from import duties.
2021	AfCFTA	- Aims to create a single continental market for goods and services and to eventually lead to establishment of a Customs Union.

Source: Own compilation from the different agreements.

Zimbabwe

Year	Name	Overview
1971	GSP	- Beneficiary GSP offered by Australia, Canada, Japan, New Zealand, Norway, Switzerland, Turkey, the US, and the customs union of Belarus, Kazakhstan, and Russia.
1988	Zimbabwe – Botswana FTA	- Ratified in 1988. - Duty-free trade with a 25 per cent local content requirement.
1992	Zimbabwe – Namibia FTA	- In effect since 1992. - RoO require at least 25 per cent local content for manufactured products, and Zimbabwe and Namibia should be the last place of substantial manufacturing.
1995	Zimbabwe – Malawi FTA	- Implemented in 1995. - 25 per cent domestic value-added requirements.
1997	SADC	- Officially launched in August 2008 by 12 of the 15 Member States. - Implementation started in 2000 with the gradual elimination of customs duties on 85% of tariff lines by 2008.

		- Zimbabwe does not offer full duty access and still maintains duties on a few products.
2004	Zimbabwe – Mozambique FTA	- Signed in January 2004 and came into effect in March 2005. - Objective to eliminate tariff and non-tariff barriers and to cooperate in customs and trade promotion. - Duty-free trade with RoO specifying a 25 per cent domestic value-added. - Refined and unrefined sugar, soft drinks, firearms, ammunition, explosives, motor vehicles and cigarettes are excluded.
2020	AfCFTA	- Zimbabwe joined AfCFTA in February 2020. - Aims to create a single continental market for goods and services and to eventually lead to the establishment of a Customs Union.

Source: Own compilation from the different agreements.

Seychelles

Year	Name	Overview
1971	GSP	- Benefits from the GSP offered by Australia, Japan, New Zealand, Switzerland and Turkey, the customs union of Belarus, Kazakhstan, and Russia.
1984	Indian Ocean Commission (IOC)	- Inter-governmental organisation created in 1984 by the Victoria Agreement grouping Comoros, Madagascar, Mauritius, Reunion and Seychelles. - Objective to strengthen diplomatic, economic and commercial ties between these Indian Ocean islands. - Seychelles provides preferential rates to imports of goods originating from member states in the form of a 5% reduction on the trade tax rates on certain selected products.
1993	COMESA	- Became a member in June 1993 when it was still the Preferential Trade Area (PTA) for Eastern and Southern Africa. - Seychelles joined the FTA in November 2007, and COMESA FTA regulations were in effect from May 2009.
1997	SADC	- Became a member of the SADC in September 1997 but decided to withdraw its membership due to human and financial constraints in 2004. - Reinitiated process of joining SADC in 2006 and was readmitted by August 2008. - Ratified the SADC Protocol on Trade in April 2015 and formally acceded to FTA in May 2015. - Seychelles eliminated tariffs on 91.7% of its tariff lines for imports from other SADC members. - By 2026, 97.5% of Seychelles' tariffs will be liberalized. - Other SADC parties will liberalize between 93.8% and 100% of their tariffs for imports from Seychelles.
2021	AfCFTA	- Aims to create a single continental market for goods and services and to eventually lead to the establishment of a Customs Union.

Source: Own compilation from the different agreements.

Patterns in ESA4 trade with non-EU jurisdictions and regional trade integration

Table 33: Annual growth rates of ESA4 countries' exports to the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA, 2012 – 2019.

Total growth in ESA4 countries' goods exports	WORLD ex EU27	East African Community (EAC)	Southern African Development Community (SADC)	COMESA
Madagascar	17%	25%	12%	11%
Mauritius	3%	21%	3%	12%
Seychelles	16%	-1%	26%	21%
Zimbabwe	9%	64%	-2%	2%

Source: UN Comtrade.

Table 34: Annual growth rates of ESA4 countries' imports from the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA, beginning of tariff liberalisation process – 2019.

Total growth in ESA4 countries' goods imports	WORLD ex EU27	East African Community (EAC)	Southern African Development Community (SADC)	COMESA
Madagascar	22%	26%	6%	7%
Mauritius	0%	-4%	4%	3%
Seychelles	9%	-1%	5%	2%
Zimbabwe	-1%	1%	-1%	-1%

Source: UN Comtrade.

Table 35: Development of concentration/diversification among ESA4 countries' top 20 exports to the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA.

Exports to WORLD ex EU27	2019		2012	
	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	92%	0.15	97%	0.14
Mauritius	69%	0.08	90%	0.14
Seychelles	98%	0.21	91%	0.13
Zimbabwe	93%	0.17	74%	0.16
Exports to EAC	2019		2012	
	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	100%	0.24	100%	0.20
Mauritius	99%	0.47	95%	0.18
Seychelles	100%	0.61	100%	0.43

	100%	0.98	98%	0.12
	2019		2012	
Exports to SADC	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	89%	0.09	84%	0.08
Mauritius	72%	0.08	86%	0.14
Seychelles	99%	0.49	96%	0.13
Zimbabwe	91%	0.20	92%	0.17
	2019		2012	
Exports to COMESA	Share of top 20 exports	HHI top 20 exports	Share of top 20 exports	HHI top 20 exports
Madagascar	89%	0.16	80%	0.11
Mauritius	73%	0.10	77%	0.08
Seychelles	100%	0.53	98%	0.16
Zimbabwe	79%	0.21	66%	0.13

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

Table 36: Development of concentration/diversification among ESA4 countries' top 20 imports from the rest of the world and countries comprising the regional trade areas of EAC, SADC and COMESA.

	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from WORLD ex EU27	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	54%	0.17	51%	0.15
Mauritius	49%	0.19	53%	0.23
Seychelles	64%	0.32	59%	0.32
Zimbabwe	55%	0.29	57%	0.22
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from EAC	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	97%	0.21	88%	0.11
Mauritius	99%	0.64	99%	0.51
Seychelles	76%	0.14	80%	0.14
Zimbabwe	94%	0.15	90%	0.14
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from SADC	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports

Madagascar	59%	0.07	71%	0.07
Mauritius	69%	0.13	59%	0.13
Seychelles	35%	0.07	43%	0.07
Zimbabwe	39%	0.06	41%	0.08
	2019		Year marking the begin of the begin of tariff liberalisation process	
Imports from COMESA	Share of top 20 imports	HHI top 20 imports	Share of top 20 imports	HHI top 20 imports
Madagascar	69%	0.09	79%	0.08
Mauritius	89%	0.17	88%	0.19
Seychelles	43%	0.06	57%	0.09
Zimbabwe	68%	0.08	74%	0.07

Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. Mauritius and Seychelles started liberalising tariffs on EU imports in 2013 and Madagascar and Zimbabwe started liberalising in 2016 and 2017 respectively. Source: UN Comtrade. Note: The EU eliminated import tariffs in 2012. The Herfindahl-Hirschman Index (HHI) is a common measure of commodity concentration of exports and imports. Higher values indicate that exports are concentrated on fewer commodities.

Madagascar

Madagascar's goods exports to the EU

Table 37: Top 20 exports, Madagascar to EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value

	2009	2012	2019	CAGR 2009-12	CAGR 2012-19
Total	421.4	554.1	988.7	9.6%	8.6%
COFFEE, TEA, MATE AND SPICES (1988-2500)	25.6	42.4	257.1	18.3%	29.4%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED (1988-2500)	83.3	115.9	192.7	11.6%	7.5%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED (1988-2500)	90.4	109.9	134.7	6.7%	3.0%
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES (1988-2500)	80.5	90.6	81.4	4.0%	-1.5%
NICKEL AND ARTICLES THEREOF (1988-2500)	N/A	0.0	57.9	N/A	1185.1 %
EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS (1988-2500)	17.8	25.2	34.3	12.4%	4.5%
PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS (1988-2500)	8.4	11.9	28.4	12.3%	13.2%
PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES (1988-2500)	24.0	35.3	26.3	13.7%	-4.1%
OTHER BASE METALS; CERMETS; ARTICLES THEREOF (1988-2500)	N/A	N/A	24.6	N/A	N/A
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	7.1	9.0	22.0	8.5%	13.6%
COCOA AND COCOA PREPARATIONS (1988-2500)	17.4	11.1	16.3	-13.9%	5.6%
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN (1988-2500)	1.9	4.1	11.4	29.0%	15.7%
EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS (1988-2500)	4.5	9.3	9.7	26.9%	0.6%
CLOCKS AND WATCHES AND PARTS THEREOF (1988-2500)	5.3	7.9	8.8	14.1%	1.5%
MANUFACTURES OF STRAW, OF ESPARTO OR OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK (1988-2500)	4.0	4.6	8.3	4.6%	8.8%
SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT (1988-2500)	3.2	3.9	7.8	6.7%	10.2%
ARTICLES OF LEATHER; SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF ANIMAL GUT (OTHER THAN SILKWORM GUT) (1988-2500)	2.4	12.6	6.9	73.6%	-8.2%
WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF (1988-2500)	5.2	7.4	5.6	12.7%	-4.0%
OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS, SEEDS AND FRUIT; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER (1988-2500)	1.0	1.9	4.5	23.7%	12.9%

	2009	2012	2019	CAGR 2009-12	CAGR 2012-19
OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS (1988-2500)	1.8	2.6	3.9	13.7%	5.7%
Share top 5 imports	66%	65%	73%		
Share top 10 imports	80%	79%	87%		
Share top 20 imports	91%	91%	95%		

Source: Eurostat

Table 38: Top 20 exports, Madagascar to EU27, 2009, 2012, 2019, (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value

	2019				2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	905	Vanilla.	243.4	24.6%	6110	Jerseys, pullovers, cardigans, wais	98.0	17.1%	6110	Jerseys, pullovers, cardigans, wais	108.3	19.4%
2	6110	Jerseys, pullovers, cardigans, wais	96.0	9.7%	306	Crustaceans, whether in shell or no	57.1	9.9%	306	Crustaceans, whether in shell or no	76.2	13.6%
3	306	Crustaceans, whether in shell or no	83.4	8.4%	2710	Petroleum oils and oils obtained	44.6	7.8%	2710	Petroleum oils and oils obtained	27.8	5.0%
4	7502	Unwrought nickel.	77.3	7.8%	6214	Shawls, scarves, mufflers, mantilla	38.1	6.6%	6214	Shawls, scarves, mufflers, mantilla	26.4	4.7%
5	8105	Cobalt mattes and other intermediates	39.0	3.9%	1604	Prepared or preserved fish; caviar	37.7	6.6%	6203	Men's or boys' suits, ensembles	25.2	4.5%
6	6203	Men's or boys' suits, ensembles	38.8	3.9%	6203	Men's or boys' suits, ensembles	27.5	4.8%	1604	Prepared or preserved fish; caviar	22.7	4.1%
7	2710	Petroleum oils and oils obtained	37.8	3.8%	6204	Women's or girls' suits, ensembles,	20.7	3.6%	905	Vanilla.	21.2	3.8%
8	2005	Other vegetables prepared	32.8	3.3%	7502	Unwrought nickel.	18.1	3.1%	1701	Cane or beet sugar and chemically p	19.0	3.4%
9	1604	Prepared or preserved fish; caviar	29.7	3.0%	4205	Other articles of leather or com	14.2	2.5%	6204	Women's or girls' suits, ensembles,	16.2	2.9%

	2019				2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
10	3301	Essential oils (terpeneless or not)	26.0	2.6%	2005	Other vegetables prepared	13.3	2.3%	1801	Cocoa beans, whole or broken, raw o	13.2	2.4%
11	1801	Cocoa beans, whole or broken, raw o	24.4	2.5%	1701	Cane or beet sugar and chemically p	13.1	2.3%	812	Fruit and nuts, provisionally present	12.0	2.2%
12	6204	Women's or girls' suits, ensembles,	20.3	2.0%	6206	Women's or girls' blouses, shirts a	10.4	1.8%	6205	Men's or boys' shirts.	11.9	2.1%
13	6205	Men's or boys' shirts.	15.7	1.6%	812	Fruit and nuts, provisionally present	9.9	1.7%	3301	Essential oils (terpeneless or not)	10.5	1.9%
14	6209	Babies' garments and clothing acces	13.5	1.4%	907	Cloves (whole fruit, cloves and ste	9.4	1.6%	2005	Other vegetables prepared or preser	10.0	1.8%
15	6206	Women's or girls' blouses, shirts a	13.3	1.3%	6209	Babies' garments and clothing acces	8.4	1.5%	6206	Women's or girls' blouses, shirts a	9.2	1.6%
16	1302	Vegetable saps and extracts; pectic	13.3	1.3%	5607	Twine, cordage, ropes and cables, w	8.1	1.4%	6209	Babies' garments and clothing access	7.9	1.4%
17	6201	Men's or boys' overcoats, car-coats	9.6	1.0%	6205	Men's or boys' shirts.	7.6	1.3%	6109	T-shirts, singlets and other vests,	6.5	1.2%
18	9113	Watch straps, watch bands and watch	9.3	0.9%	3301	Essential oils (terpeneless or not)	7.5	1.3%	8523	Discs, tapes, solid-state non-volat	5.6	1.0%
19	812	Fruit and nuts, provisionally prese	9.0	0.9%	905	Vanilla.	6.7	1.2%	1302	Vegetable saps and extracts; pectic	5.6	1.0%
20	6109	T-shirts, singlets and other vests,	7.5	0.8%	6211	Tracksuits, ski suits and swimwear	6.5	1.1%	4205	Other articles of leather or com	5.6	1.0%
		Total goods exports	990.7	100.0%		Total goods exports	574.2	100.0%		Total goods exports	559.6	100.0%

	2019				2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
		Total of top 5 exports	539.1	54%			275.4	48%			263.9	47%
		HHI top 5	0.3				0.2				0.3	
		Total of top 10 exports	704.2	71%			369.1	64%			356.2	64%
		HHI top 10	0.18				0.14				0.17	
		Total of top 20 exports	840.0	84.8%			456.7	79.5%			441.1	78.8%
		HHI top 20	0.13				0.10				0.11	

Source: UN Comtrade data

Table 39: Top 20 exports, Madagascar to EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012, sorted by 2019 trade value.

	2019	2019	2019	2012	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2009 - 2012
1	905	Vanilla.	243.4	6.7	21.2	67.0%	-31.8%
2	6110	Jerseys, pullovers, cardigans, wais	96.0	98.0	108.3	-0.3%	-3.3%
3	306	Crustaceans, whether in shell or no	83.4	57.1	76.2	5.6%	-9.2%
4	7502	Unwrought nickel.	77.3	18.1	n/a	23.1%	n/a
5	8105	Cobalt mattes and other intermediat	39.0	6.1	n/a	30.3%	n/a
6	6203	Men's or boys' suits, ensembles, ja	38.8	27.5	25.2	5.0%	2.9%
7	2710	Petroleum oils and oils obtained fr	37.8	44.6	27.8	-2.3%	17.1%
8	2005	Other vegetables prepared or preser	32.8	13.3	10.0	13.7%	9.9%
9	1604	Prepared or preserved fish; caviar	29.7	37.7	22.7	-3.4%	18.3%
10	3301	Essential oils (terpeneless or not)	26.0	7.5	10.5	19.5%	-10.8%
11	1801	Cocoa beans, whole or broken, raw o	24.4	5.2	13.2	24.8%	-26.8%
12	6204	Women's or girls' suits, ensembles,	20.3	20.7	16.2	-0.3%	8.5%
13	6205	Men's or boys' shirts.	15.7	7.6	11.9	10.9%	-13.8%
14	6209	Babies' garments and clothing acces	13.5	8.4	7.9	7.0%	2.0%
15	6206	Women's or girls' blouses, shirts a	13.3	10.4	9.2	3.6%	4.2%
16	1302	Vegetable saps and extracts; pectic	13.3	2.7	5.6	25.6%	-21.7%
17	6201	Men's or boys' overcoats, car-coats	9.6	3.2	1.9	17.1%	19.2%
18	9113	Watch straps, watch bands and watch	9.3	3.2	2.2	16.4%	13.4%
19	812	Fruit and nuts, provisionally prese	9.0	9.9	12.0	-1.4%	-6.3%
20	6109	T-shirts, singlets and other vests,	7.5	3.1	6.5	13.5%	-22.0%
		Total goods exports	990.7	574.2	559.6	8.1%	0.9%

Source: UN Comtrade data

Madagascar's goods imports from the EU

Table 40: Top 20 imports, Madagascar from EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value.

	2009	2016	2019	CAGR 2009 - 2016	CAGR 2016 - 2019
Total	403.9	534.1	662.3	4.1%	7.4%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	99.3	86.7	100.7	-1.9%	5.1%
PHARMACEUTICAL PRODUCTS (1988-2500)	28.6	48.2	66.2	7.7%	11.2%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (1988-2500)	54.3	40.2	54.4	-4.2%	10.6%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF (1988-2500)	26.8	34.8	44.9	3.8%	8.8%
SILK (1988-2500)	15.2	34.3	37.7	12.3%	3.2%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED (1988-2500)	0.9	9.7	23.4	40.0%	33.8%
PLASTICS AND ARTICLES THEREOF (1988-2500)	7.9	16.9	19.7	11.5%	5.3%
RESIDUES AND WASTE FROM THE FOOD INDUSTRIES; PREPARED ANIMAL FODDER (1988-2500)	9.8	14.2	17.8	5.4%	7.8%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF (1988-2500)	6.4	9.8	15.2	6.3%	15.9%
WOOL, FINE OR COARSE ANIMAL HAIR; HORSEHAIR YARN AND WOVEN FABRIC (1988-2500)	12.0	15.4	14.4	3.7%	-2.2%
ARTICLES OF IRON OR STEEL (1988-2500)	13.8	12.1	13.9	-1.8%	4.7%
COTTON (1988-2500)	6.2	9.4	13.1	6.2%	11.7%
PRINTED BOOKS, NEWSPAPERS, PICTURES AND OTHER PRODUCTS OF THE PRINTING INDUSTRY; MANUSCRIPTS, TYPESCRIPTS AND PLANS (1988-2500)	7.2	5.9	11.9	-2.8%	26.2%
MISCELLANEOUS EDIBLE PREPARATIONS (1988-2500)	3.1	7.0	11.4	12.5%	17.6%
FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAMEPLATES AND THE LIKE; PREFABRICATED BUILDINGS (1988-2500)	3.7	6.0	10.9	7.1%	21.9%
PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR PAPERBOARD (1988-2500)	4.1	6.3	10.6	6.3%	18.9%
SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAPESTRIES; TRIMMINGS; EMBROIDERY (1988-2500)	2.9	7.1	10.6	13.6%	14.1%
PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS (1988-2500)	3.8	6.6	9.7	8.0%	13.7%
CLOCKS AND WATCHES AND PARTS THEREOF (1988-2500)	2.4	5.8	9.1	13.7%	16.0%
MISCELLANEOUS CHEMICAL PRODUCTS (1988-2500)	4.2	9.2	8.7	11.7%	-1.8%

	2009	2016	2019	CAGR 2009 - 2016	CAGR 2016 - 2019
Share top 5 exports	56%	46%	46%		
Share top 10 exports	65%	58%	60%		
Share top 20 exports	77%	72%	76%		

Source: Eurostat

Table 41: Top 20 imports, Madagascar from EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value

	2019				2016				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	3004	Medicaments (excluding goods of health)	63.9	7.7%	3004	Medicaments (excluding goods of health)	22.7	4.7%	8474	Machinery for sorting, screening, s	37.4	5.2%
2	6214	Shawls, scarves, mufflers, mantilla	38.3	4.6%	8704	Motor vehicles for transport	15.6	3.2%	3004	Medicaments (excluding goods of health)	24.4	3.4%
3	4907	Unused postage, revenue or similar	34.0	4.1%	2309	Preparations of a kind used in animals	15.3	3.2%	8703	Motor cars and other motor vehicles	24.0	3.4%
4	8704	Motor vehicles for the transport	32.7	3.9%	8703	Motor cars and other motor vehicles	13.5	2.8%	8419	Machinery, plant or laboratory equipment	21.8	3.0%
5	8703	Motor cars and other motor vehicles	28.5	3.4%	6309	Worn clothing and other worn articles	13.0	2.7%	5007	Woven fabrics of silk	20.8	2.9%
6	5007	Woven fabrics of silk	26.7	3.2%	1107	Malt, whether or not roasted.	10.9	2.2%	8413	Pumps for liquids, whether	18.0	2.5%
7	8802	Other aircraft (for example, helicopter)	21.4	2.6%	7010	Carboys, bottles, flasks, jars, pot	10.2	2.1%	8479	Machines and mechanical appliances	17.1	2.4%
8	2309	Preparations of a kind used in animals	19.9	2.4%	8413	Pumps for liquids, whether	7.7	1.6%	8704	Motor vehicles for the transport	15.9	2.2%

	2019				2016				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
9	5112	Woven fabrics of combed wool	13.3	1.6%	303	Fish, frozen, excluding fish fillet	7.5	1.5%	7308	Structures (excluding prefabricated)	15.0	2.1%
10	8413	Pumps for liquids, whether	11.4	1.4%	8701	Tractors (other than tractors of he	7.2	1.5%	8517	Telephone sets, including telephone	15.0	2.1%
11	1107	Malt, whether or not roasted.	10.5	1.3%	8438	Machinery, not specified or included	6.6	1.4%	2309	Preparations of a kind used in animals	12.9	1.8%
12	8517	Telephone sets, including telephone	10.4	1.2%	8481	Taps, cocks, valves and similar app	5.9	1.2%	8537	Boards, panels, consoles, desks,	12.8	1.8%
13	8471	Automatic data processing machines	10.0	1.2%	5211	Woven fabrics of cotton, containing	5.7	1.2%	5112	Woven fabrics of combed wool	12.8	1.8%
14	3002	Human blood; animal blood prepared	10.0	1.2%	8421	Centrifuges, including centrifugal	5.5	1.1%	7214	Other bars and rods of iron or non-iron	11.9	1.7%
15	6309	Worn clothing and other worn articles	8.9	1.1%	4907	Unused postage, revenue or similar	5.5	1.1%	1107	Malt, whether or not roasted.	11.5	1.6%
16	303	Fish, frozen, excluding fish fillet	8.0	1.0%	8703	Motor cars and other motor vehicles	5.4	1.1%	4907	Unused postage, revenue or similar	11.1	1.5%
17	5211	Woven fabrics of cotton, containing	7.6	0.9%	8544	Insulated (including enamelled	5.1	1.1%	8504	Electrical transformers, static	10.5	1.5%
18	8544	Insulated (including enamelled	7.1	0.9%	3004	Medicaments (excluding goods of health	5.1	1.0%	3002	Human blood; animal blood prepared	9.9	1.4%
19	402	Milk and cream, concentrated	6.9	0.8%	7308	Structures (excluding prefabricated	4.7	1.0%	8502	Electric generating sets and rotary	9.7	1.4%
20	3006	Pharmaceutical goods specified	6.8	0.8%	3006	Pharmaceutical goods specified	4.7	1.0%	8421	Centrifuges, including centrifugal	9.2	1.3%
		Total goods imports from EU27	834.6	100.0%		Total goods imports from EU27	486.7	100.0%		Total goods imports from EU27	715.5	100.0%

		2019			2016				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
		Total of top 5 exports	197.4	24%			80.1	16%			128.4	18%
		HHI top 5	0.2				0.2				0.2	
		Total of top 10 exports	290.2	35%			123.6	25%			209.5	29%
		HHI top 10	0.12				0.11				0.11	
		Total of top 20 exports	376.3	45.1%			177.9	36.5%			321.7	45.0%
		HHI top 20	0.08				0.06				0.06	

Source: UN Comtrade data

Table 42: Top 20 imports, Madagascar from EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012, sorted by 2019 trade value

	2019	2019	2019	2016	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2016 - 2019	CAGR 2009 - 2016
1	3004	Medicaments (excluding goods of health)	63.9	22.7	24.4	41.1%	-1.0%
2	6214	Shawls, scarves, mufflers, mantilla	38.3	0.0	0.2	3015.8%	-52.3%
3	4907	Unused postage, revenue or similar	34.0	5.5	11.1	83.5%	-9.5%
4	8704	Motor vehicles for the transport	32.7	15.6	15.9	28.1%	-0.3%
5	8703	Motor cars and other motor vehicles	28.5	13.5	24.0	28.2%	-7.9%
6	5007	Woven fabrics of silk	26.7	1.8	20.8	146.4%	-29.6%
7	8802	Other aircraft (for example, helicopter)	21.4	0.1	0.2	482.5%	-6.2%
8	2309	Preparations of a kind used in animals	19.9	15.3	12.9	9.2%	2.5%
9	5112	Woven fabrics of combed wool	13.3	0.6	12.8	178.5%	-35.1%

	2019	2019	2019	2016	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2016 - 2019	CAGR 2009 - 2016
10	8413	Pumps for liquids, whether or not fuel	11.4	7.7	18.0	13.9%	-11.3%
11	1107	Malt, whether or not roasted.	10.5	10.9	11.5	-1.1%	-0.8%
12	8517	Telephone sets, including telephone	10.4	2.4	15.0	63.6%	-23.1%
13	8471	Automatic data processing machines	10.0	2.6	7.9	57.8%	-14.9%
14	3002	Human blood; animal blood prepared	10.0	1.0	9.9	112.7%	-27.6%
15	6309	Worn clothing and other worn articles	8.9	13.0	7.7	-12.0%	7.8%
16	303	Fish, frozen, excluding fish fillet	8.0	7.5	0.3	1.9%	59.2%
17	5211	Woven fabrics of cotton, containing	7.6	5.7	2.4	9.9%	13.4%
18	8544	Insulated (including enamelled	7.1	5.1	7.1	11.6%	-4.6%
19	402	Milk and cream, concentrated	6.9	4.5	2.2	14.7%	10.6%
20	3006	Pharmaceutical goods specified	6.8	4.7	4.3	12.6%	1.5%
		Total goods imports from EU27	834.6	486.7	715.5	8.0%	-12.1%

Source: UN Comtrade data

Madagascar's goods exports to non-EU jurisdictions

Table 43: Top 20 exports Madagascar to WORLD ex EU27

Top 20 exports Madagascar to WORLD ex EU27 in 2019					Top 20 exports Madagascar to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	6110	Unwrought nickel.	375.0	24.2%	1		Cloves (whole fruit, cloves and ste	157.8	30.2%
2	907	Vanilla.	340.9	22.0%	2		Titanium ores and concentrates.	72.2	13.8%
3	7502	Titanium ores and concentrates.	95.1	6.1%	3		Niobium, tantalum, vanadium or zirc	44.0	8.4%
4	2615	Gold (including gold plated with pl	87.0	5.6%	4		Unwrought nickel.	41.3	7.9%
5	6203	Cloves (whole fruit, cloves	73.5	4.7%	5		Petroleum oils and oils obtained fr	36.3	6.9%
6	2614	Cobalt mattes and other intermediate	62.3	4.0%	6		Precious stones (other than diamond	22.8	4.4%
7	6214	Men's or boys' suits, ensembles,	44.5	2.9%	7		Chromium ores and concentrates.	18.8	3.6%
8	713	Men's or boys' shirts.	44.1	2.8%	8		Jerseys, pullovers, cardigans,	18.4	3.5%
9	1604	Petroleum oils and oils obtained fr	40.3	2.6%	9		Dried leguminous vegetables, shelled	16.2	3.1%
10	7103	Essential oils (terpeneless or not)	35.3	2.3%	10		Woven fabrics of cotton, containing	14.3	2.7%
11	6204	Women's or girls' suits, ensembles,	34.5	2.2%	11		Ferrous waste and scrap; remelting	11.2	2.1%
12	2610	T-shirts, singlets and other vests,	33.4	2.2%	12		T-shirts, singlets and other vests,	8.8	1.7%
13	2005	Precious stones (other than diamond	27.9	1.8%	13		Crustaceans, whether in a shell or no shell	8.3	1.6%
14	6205	Dried leguminous vegetables, shelled	22.5	1.5%	14		Essential oils (terpeneless or not)	6.8	1.3%
15	6109	Niobium, tantalum, vanadium or zirc	22.0	1.4%	15		Coconut, abaca (Manila hemp or Musa	5.3	1.0%

Top 20 exports Madagascar to WORLD ex EU27 in 2019					Top 20 exports Madagascar to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
16	2710	Jerseys, pullovers, cardigans,	21.6	1.4%	16		Men's or boys' suits, ensembles,	5.1	1.0%
17	5208	Vegetable saps and extracts; pectic	21.6	1.4%	17		Ground-nuts, not roasted or otherwi	5.1	1.0%
18	7204	Natural graphite.	16.9	1.1%	18		Raw hides and skins of bovine (incl	5.0	1.0%
19	812	Men's or boys' shirts, knitted	13.9	0.9%	19		Cartons, boxes, cases, bags and other	4.7	0.9%
20	6209	Woven fabrics of cotton, containing	13.6	0.9%	20		Men's or boys' shirts.	4.4	0.8%
		Total goods exports	1551.3	100.0%			Total goods exports	522.8	100.0%
		Total of top 5 exports	971.4	63%			Total of top 5 exports	351.5	67.2%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	1197.9	77.2%			Total of top 10 exports	442.1	84.6%
		HHI top 10	0.20				HHI top 10	0.19	
		Total of top 20 exports	1425.9	91.9%			Total of top 20 exports	507.0	97.0%
		HHI top 20	0.15				HHI top 20	0.14	

Source: UN Comtrade data

Table 44: Top 20 exports Madagascar to EAC

Top 20 exports Madagascar to EAC in 2019					Top 20 exports Madagascar to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1701	Cane or beet sugar and chemically p	7.1	35.1%	1	2710	Petroleum oils and oils obtained fr	1.3	29.8%
2	3301	Essential oils (terpeneless or not)	4.2	20.7%	2	8474	Machinery for sorting, screening, s	1.0	22.8%
3	3102	Mineral or chemical fertilisers, ni	3.9	19.5%	3	2106	Food preparations not elsewhere spe	0.9	21.8%

Top 20 exports Madagascar to EAC in 2019					Top 20 exports Madagascar to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
4	2710	Petroleum oils and oils	3.8	19.0%	4	907	Cloves (whole fruit, cloves	0.3	7.0%
5	2106	Food preparations not elsewhere spe	0.9	4.4%	5	902	Tea, whether or not flavoured.	0.2	5.4%
6	8517	Telephone sets, including telephone	0.1	0.4%	6	9999	Commodities not specified according	0.1	3.5%
7	9999	Commodities not specified according	0.1	0.3%	7	8705	Special purpose motor vehicles, oth	0.1	3.0%
8	5208	Woven fabrics of cotton, containing	0.0	0.2%	8	7204	Ferrous waste and scrap; remelting	0.1	1.3%
9	8513	Portable electric lamps	0.0	0.2%	9	8429	Self-propelled bulldozers, angledoz	0.1	1.3%
10	8541	Diodes, transistors and similar sem	0.0	0.1%	10	8701	Tractors (other than tractors of he	0.0	1.2%
11	1515	Other fixed vegetable fats and oils	0.0	0.1%	11	5208	Woven fabrics of cotton, containing	0.0	1.1%
12	8527	Reception apparatus for radio-broad	0.0	0.0%	12	6109	T-shirts, singlets and other vests,	0.0	0.4%
13	812	Fruit and nuts, provisionally prese	0.0	0.0%	13	8502	Electric generating sets and rotary	0.0	0.3%
14	8502	Electric generating sets and rotary	0.0	0.0%	14	5209	Woven fabrics of cotton, containing	0.0	0.3%
15	905	Vanilla.	0.0	0.0%	15	8708	Parts and accessories of the motor	0.0	0.2%
16	4602	Basketwork, wickerwork and other ar	0.0	0.0%	16	8443	Printing machinery used for printin	0.0	0.1%
17	301	Live fish.	0.0	0.0%	17	6301	Blankets and travelling rugs.	0.0	0.1%
18	9403	Other furniture and parts thereof.	0.0	0.0%	18	8479	Machines and mechanical appliances	0.0	0.1%
19	6211	Track suits, ski suits and swimwear	0.0	0.0%	19	9031	Measuring or checking instruments,	0.0	0.1%

Top 20 exports Madagascar to EAC in 2019					Top 20 exports Madagascar to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
20	9030	Oscilloscopes, spectrum analysers a	0.0	0.0%	20	8609	Containers (including containers fo	0.0	0.0%
		Total goods exports	20.2	100.0%			Total goods exports	4.2	100.0%
		Total of top 5 exports	20.0	99%			Total of top 5 exports	3.7	87%
		HHI top 5	0.2				HHI top 5	0.3	
		Total of top 10 exports	20.2	99.7%			Total of top 10 exports	4.1	97.0%
		HHI top 10	0.24				HHI top 10	0.21	
		Total of top 20 exports	20.2	100.0%			Total of top 20 exports	4.2	99.7%
		HHI top 20	0.24				HHI top 20	0.20	

Source: UN Comtrade data

Table 45: Top 20 exports Madagascar to SADC

Top 20 exports Madagascar to SADC in 2019					Top 20 exports Madagascar to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	905	Vanilla.	22.9	16.8%	1	2710	Petroleum oils and oils	7.5	12.0%
2	6109	T-shirts, singlets and other vests,	14.1	10.3%	2	6110	Jerseys, pullovers, cardigans, wais	7.3	11.7%
3	6205	Men's or boys' shirts.	13.4	9.8%	3	2614	Titanium ores and concentrates.	7.2	11.7%
4	6110	Jerseys, pullovers, cardigans, wais	11.7	8.6%	4	6205	Men's or boys' shirts.	4.2	6.7%
5	8105	Cobalt mattes and others	11.4	8.3%	5	6109	T-shirts, singlets and other vests,	3.9	6.4%
6	3102	Mineral or chemical fertilisers,	8.5	6.2%	6	713	Dried leguminous vegetables, shelled	2.5	4.1%
7	2710	Petroleum oils and oils	5.5	4.0%	7	907	Cloves (whole fruit, cloves	2.4	3.9%

Top 20 exports Madagascar to SADC in 2019					Top 20 exports Madagascar to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
8	6203	Men's or boys' suits, ensembles,	5.2	3.8%	8	6206	Women's or girls' blouses, shirts a	2.3	3.8%
9	6206	Women's or girls' blouses, shirts	4.9	3.6%	9	4819	Cartons, boxes, cases, bags and others	2.1	3.5%
10	6105	Men's or boys' shirts, knitted	4.1	3.0%	10	4407	Wood sawn or chipped lengthwise	2.0	3.2%
11	6204	Women's or girls' suits, ensembles,	3.8	2.8%	11	6114	Other garments, knitted or crochete	1.7	2.7%
12	4407	Wood sawed or chipped lengthwise,	3.3	2.4%	12	6203	Men's or boys' suits, ensembles,	1.5	2.5%
13	5201	Cotton, not carded or combed.	2.5	1.8%	13	6105	Men's or boys' shirts, knitted	1.4	2.3%
14	4819	Cartons, boxes, cases, bags and others	1.9	1.4%	14	2501	Salt (including table salt	1.1	1.7%
15	6103	Men's or boys' suits, ensembles,	1.8	1.3%	15	6204	Women's or girls' suits, ensembles,	1.0	1.6%
16	6104	Women's or girls' suits, ensembles,	1.8	1.3%	16	8474	Machinery for sorting, screening, s	1.0	1.6%
17	6108	Women's or girls' slips, petticoats	1.7	1.3%	17	306	Crustaceans, whether in shell	0.9	1.4%
18	1605	Crustaceans, molluscs and others	1.2	0.9%	18	307	Molluscs, whether in shell or not,	0.9	1.4%
19	8802	Other aircraft (for example, helico	0.9	0.7%	19	2106	Food preparations not elsewhere	0.8	1.3%
20	2106	Food preparations not elsewhere spe	0.9	0.6%	20	4818	Toilet paper and similar paper,	0.7	1.1%
		Total goods exports	136.9	100.0%			Total goods exports	62.0	100.0%
		Total of top 5 exports	73.5	54%			Total of top 5 exports	30.1	48%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	101.7	74.3%			Total of top 10 exports	41.5	66.9%

Top 20 exports Madagascar to SADC in 2019					Top 20 exports Madagascar to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		HHI top 10	0.13				HHI top 10	0.13	
		Total of top 20 exports	121.6	88.9%			Total of top 20 exports	52.4	84.4%
		HHI top 20	0.09				HHI top 20	0.08	

Source: UN Comtrade data

Table 46: Top 20 exports Madagascar to COMESA

Top 20 exports Madagascar to COMESA in 2019					Top 20 exports Madagascar to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	905	Vanilla.	21.9	28.3%	1	2710	Petroleum oils and oils obtained fr	7.8	20.7%
2	2710	Petroleum oils and oils obtained fr	13.2	17.1%	2	907	Cloves (whole fruit, cloves and ste	4.0	10.7%
3	1701	Cane or beet sugar and chemically p	7.1	9.2%	3	4407	Wood sawn or chipped lengthwise, sl	2.5	6.5%
4	3301	Essential oils (terpeneless or not)	4.2	5.4%	4	4819	Cartons, boxes, cases, bags and oth	2.2	5.7%
5	4407	Wood sawed or chipped lengthwise	4.2	5.4%	5	713	Dried leguminous vegetables, shelle	2.0	5.3%
6	5201	Cotton, not carded or combed.	2.5	3.3%	6	901	Coffee, whether or not roasted or d	1.5	4.1%
7	2106	Food preparations not elsewhere spe	2.3	3.0%	7	2501	Salt (including table salt and dena	1.3	3.5%
8	4819	Cartons, boxes, cases, bags and oth	1.9	2.5%	8	2713	Petroleum coke, petroleum bitumen a	1.1	3.0%
9	3102	Mineral or chemical fertilisers, ni	1.6	2.0%	9	306	Crustaceans, whether in shell or no	0.9	2.4%
10	1605	Crustaceans, molluscs and other	1.2	1.6%	10	307	Molluscs, whether in shell or not,	0.9	2.3%

Top 20 exports Madagascar to COMESA in 2019					Top 20 exports Madagascar to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1 1	904	Pepper of the genus Piper; dried or	1.0	1.3%	1 1	904	Pepper of the genus Piper; dried or	0.8	2.2%
1 2	703	Onions, shallots, garlic, leeks and	1.0	1.3%	1 2	8429	Self-propelled bulldozers, angledoz	0.8	2.2%
1 3	713	Dried leguminous vegetables, shelled	1.0	1.2%	1 3	8704	Motor vehicles for transport	0.8	2.1%
1 4	8802	Other aircraft (for example, helicopter	0.9	1.2%	1 4	6110	Jerseys, pullovers, cardigans, wais	0.7	1.9%
1 5	2501	Salt (including table salt	0.9	1.2%	1 5	4818	Toilet paper and similar paper,	0.7	1.8%
1 6	307	Molluscs, whether in shell or not,	0.9	1.1%	1 6	9999	Commodities not specified according	0.5	1.2%
1 7	306	Crustaceans, whether in shell	0.8	1.1%	1 7	3923	Articles for the conveyance or pack	0.5	1.2%
1 8	2711	Petroleum gases and other gaseous h	0.7	0.9%	1 8	5201	Cotton, not carded or combed.	0.4	1.2%
1 9	7308	Structures (excluding prefabricated	0.6	0.8%	1 9	2711	Petroleum gases and other gases	0.4	1.2%
2 0	304	Fish fillets and other fish meat	0.6	0.8%	2 0	2106	Food preparations not elsewhere	0.4	1.0%
		Total goods exports	77.3	100.0%			Total goods exports	37.8	100.0%
		Total of top 5 exports	50.5	65%			Total of top 5 exports	18.5	49%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	60.2	77.8%			Total of top 10 exports	24.3	64.2%
		HHI top 10	0.21				HHI top 10	0.17	
		Total of top 20 exports	68.6	88.7%			Total of top 20 exports	30.3	80.1%
		HHI top 20	0.16				HHI top 20	0.11	

Source: UN Comtrade data

Madagascar's goods imports from non-EU jurisdictions

Table 47: Top 20 imports Madagascar from WORLD ex EU27

Top 20 imports Madagascar from WORLD ex EU27 in 2019					Top 20 imports Madagascar from WORLD ex EU27 in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2710	Petroleum oils and oils obtained fr	560.1	20.4%	1		Petroleum oils and oils	438.0	17.6%
2	1006	Rice.	128.5	4.7%	2		Rice.	90.2	3.6%
3	2503	Wheat or meslin flour.	72.7	2.6%	3		Sulphur of all kinds,	61.5	2.5%
4	1511	Palm oil and its fractions, whether	61.7	2.2%	4		Palm oil and its fractions, whether	58.9	2.4%
5	5208	Wool and fine or coarse animal hair	58.8	2.1%	5		Wool and fine or coarse animal hair	53.8	2.2%
6	5105	Other knitted or crocheted fabrics.	56.0	2.0%	6		Medicaments (excluding goods of health	51.6	2.1%
7	1701	Cane or beet sugar and chemically p	53.4	1.9%	7		Motor vehicles for the transport of	50.6	2.0%
8	3004	Medicaments (excluding goods of health	52.0	1.9%	8		Wheat or meslin flour.	50.2	2.0%
9	8704	Motor vehicles for the transport of	49.2	1.8%	9		Motor cars and other motor vehicles	49.6	2.0%
10	1101	Worn clothing and other worn articles	48.4	1.8%	10		Woven fabrics of cotton, containing	49.1	2.0%
11	2523	Sulphur of all kinds,	47.4	1.7%	11		Cane or beet sugar and chemically	46.0	1.9%
12	8703	Motor cars and other motor vehicles	44.7	1.6%	12		Portland cement, aluminous cement,	45.0	1.8%
13	6309	Portland cement, aluminous cement,	43.3	1.6%	13		Other knitted or crocheted fabrics.	33.0	1.3%
14	3002	Coal; briquettes, ovoids and simila	38.5	1.4%	14		Flat-rolled products of iron or non iron	29.5	1.2%
15	6006	Woven fabrics of cotton, containing	34.4	1.3%	15		Human blood; animal blood prepared	29.4	1.2%
16	5007	Flat-rolled products of iron or non	34.1	1.2%	16		Woven fabrics of silk	28.4	1.1%

Top 20 imports Madagascar from WORLD ex EU27 in 2019					Top 20 imports Madagascar from WORLD ex EU27 in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
17	1507	Soya-bean oil and its fractions, wh	29.2	1.1%	17		Worn clothing and other worn articles	27.4	1.1%
18	2701	Woven fabrics of cotton, containing	24.3	0.9%	18		Coal; briquettes, ovoids and simila	24.4	1.0%
19	2207	Other bars and rods of iron or non-iron	23.6	0.9%	19		Soya-bean oil and its fractions,	23.8	1.0%
20	8413	Woven fabrics of synthetic filament	22.7	0.8%	20		Telephone sets, including telephone	23.7	1.0%
		Total goods exports	2749.0	100.0%			Total goods exports	2485.0	100.0%
		Total of top 5 exports	881.9	32%			Total of top 5 exports	702.4	28.3%
		HHI top 5	0.4				HHI top 5	0.4	
		Total of top 10 exports	1140.9	41.5%			Total of top 10 exports	953.5	38.4%
		HHI top 10	0.27				HHI top 10	0.24	
		Total of top 20 exports	1483.1	54.0%			Total of top 20 exports	1264.0	50.9%
		HHI top 20	0.17				HHI top 20	0.15	

Source: UN Comtrade data

Table 48: Top 20 imports Madagascar from EAC

Top 20 imports Madagascar from EAC in 2019					Top 20 imports Madagascar from EAC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	7010	Carboys, bottles, flasks, jars, pot	5.6	32.3%	1	7010	Carboys, bottles, flasks, jars, pot	0.7	21.2%
2	2711	Petroleum gases and other gases	4.3	24.7%	2	3923	Articles for the conveyance or pack	0.4	12.6%
3	2710	Petroleum oils and oils obtained	2.8	16.1%	3	3924	Tableware, kitchenware, other house	0.2	7.0%
4	901	Coffee, whether or not roasted or d	1.3	7.4%	4	3401	Soap; organic surface-active products	0.2	5.6%

Top 20 imports Madagascar from EAC in 2019					Top 20 imports Madagascar from EAC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
5	2401	Unmanufactured tobacco; tobacco refined	0.6	3.7%	5	2401	Unmanufactured tobacco; tobacco refined	0.2	4.9%
6	3923	Articles for the conveyance or pack	0.6	3.4%	6	9999	Commodities not specified according	0.2	4.9%
7	2106	Food preparations	0.3	1.9%	7	4911	Other printed matter, including pri	0.1	3.6%
8	8517	Telephone sets, including telephone	0.2	1.2%	8	1517	Margarine; edible mixtures or prepared	0.1	3.5%
9	3401	Soap; organic surface-active produc	0.1	0.8%	9	7607	Aluminium foil (whether or not prin	0.1	3.3%
10	9405	Lamps and lighting fittings includi	0.1	0.6%	10	3402	Organic surface-active agents (othe	0.1	3.2%
11	8474	Machinery for sorting, screening, s	0.1	0.6%	11	9401	Seats (other than those of heading	0.1	3.1%
12	3402	Organic surface-active agents (othe	0.1	0.6%	12	5511	Yarn (other than sewing thread) of	0.1	2.5%
13	9603	Brooms, brushes (including brushes	0.1	0.5%	13	5407	Woven fabrics of synthetic filament	0.1	1.9%
14	3924	Tableware, kitchenware, other house	0.1	0.5%	14	1302	Vegetable saps and extracts; pectic	0.1	1.9%
15	8480	Moulding boxes for metal foundry; m	0.1	0.4%	15	9606	Buttons, press-fasteners, snap-fast	0.1	1.8%
16	9406	Prefabricated buildings.	0.1	0.4%	16	9018	Instruments and appliances	0.1	1.8%
17	713	Dried leguminous vegetables, shelled	0.1	0.4%	17	2710	Petroleum oils and oils obtained fr	0.1	1.5%
18	4911	Other printed matter,	0.1	0.4%	18	3305	Preparations for use on the hair.	0.1	1.5%
19	3004	Medicaments (excluding goods of health	0.1	0.3%	19	4106	Tanned or crust hides and skins	0.0	1.3%
20	9018	Instruments and appliances	0.1	0.3%	20	1704	Sugar confectionery	0.0	1.1%

Top 20 imports Madagascar from EAC in 2019					Top 20 imports Madagascar from EAC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total goods exports	17.5	100.0%			Total goods exports	3.4	100.0%
		Total of top 5 exports	14.7	84%			Total of top 5 exports	1.7	51%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	16.1	92.1%			Total of top 10 exports	2.4	69.8%
		HHI top 10	0.24				HHI top 10	0.16	
		Total of top 20 exports	16.8	96.5%			Total of top 20 exports	3.0	88.1%
		HHI top 20	0.21				HHI top 20	0.11	

Source: UN Comtrade data

Table 49: Top 20 imports Madagascar from SADC

Top 20 imports Madagascar from SADC in 2019					Top 20 imports Madagascar from SADC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2701	Coal; briquettes, ovoids and simila	38.5	9.5%	1	2701	Coal; briquettes, ovoids and simila	24.3	8.9%
2	2207	Undenatured ethyl alcohol of an alc	22.1	5.5%	2	2207	Undenatured ethyl alcohol of an alc	19.8	7.3%
3	6006	Other knitted or crocheted fabrics.	18.8	4.6%	3	2710	Petroleum oils and oils	17.2	6.3%
4	5208	Woven fabrics of cotton, containing	18.2	4.5%	4	8704	Motor vehicles for the transport	15.0	5.5%
5	1701	Cane or beet sugar	17.5	4.3%	5	5208	Woven fabrics of cotton, containing	14.6	5.4%
6	303	Fish, frozen, excluding fish fillet	16.1	4.0%	6	3923	Articles for the conveyance or pack	11.5	4.2%
7	2710	Petroleum oils and oils obtained fr	14.1	3.5%	7	303	Fish, frozen, excluding fish fillet	10.8	4.0%

Top 20 imports Madagascar from SADC in 2019					Top 20 imports Madagascar from SADC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
8	3923	Articles for the conveyance or pack	13.1	3.2%	8	6006	Other knitted or crocheted fabrics.	9.6	3.5%
9	8704	Motor vehicles the transport	12.3	3.0%	9	6002	Knitted or crocheted fabrics of a w	7.7	2.8%
10	3004	Medicaments (excluding goods of health)	11.3	2.8%	10	1902	Pasta, whether or not cooke	7.5	2.7%
11	5106	Yarn of carded wool, not put up for	8.4	2.1%	11	3902	Polymers of propylene	7.0	2.6%
12	3302	Mixtures of odoriferous substances	7.9	1.9%	12	1701	Cane or beet sugar and chemically	6.9	2.5%
13	6001	Pile fabrics, including long pile	6.9	1.7%	13	3302	Mixtures of odoriferous substances	6.9	2.5%
14	3902	Polymers of propylene	5.9	1.5%	14	5106	Yarn of carded wool,	6.6	2.4%
15	7010	Carboys, bottles, flasks, jars, pot	5.4	1.3%	15	6001	Pile fabrics,	6.3	2.3%
16	8413	Pumps for liquids,	5.0	1.2%	16	2309	Preparations of a kind used in anim	5.2	1.9%
17	2711	Petroleum gases and other gaseous h	4.9	1.2%	17	3906	Acrylic polymers in primary forms.	4.8	1.8%
18	4805	Other uncoated paper and paperboard	4.4	1.1%	18	1005	Maize (corn).	4.1	1.5%
19	1902	Pasta,	3.8	0.9%	19	4805	Other uncoated paper and paperboard	3.8	1.4%
20	8481	Taps, cocks, valves and similar app	3.8	0.9%	20	4819	Cartons, boxes, cases, bags and others	2.9	1.0%
		Total goods exports	405.2	100.0%			Total goods exports	272.7	100.0%
		Total of top 5 exports	115.1	28%			Total of top 5 exports	91.0	33%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	182.0	44.9%			Total of top 10 exports	138.1	50.7%

Top 20 imports Madagascar from SADC in 2019					Top 20 imports Madagascar from SADC in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		HHI top 10	0.12				HHI top 10	0.11	
		Total of top 20 exports	238.4	58.8%			Total of top 20 exports	192.6	70.6%
		HHI top 20	0.07				HHI top 20	0.07	

Source: UN Comtrade data

Table 50: Top 20 imports Madagascar from COMESA

Top 20 imports Madagascar from COMESA in 2019					Top 20 imports Madagascar from COMESA in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1101	Wheat or meslin flour.	42.2	14.7%	1	1101	Wheat or meslin flour.	20.4	11.5%
2	6006	Other knitted or crocheted fabrics.	18.8	6.5%	2	1902	Pasta, whether or not cooked or stu	17.3	9.7%
3	5208	Woven fabrics of cotton, containing	18.2	6.3%	3	5208	Woven fabrics of cotton, containing	14.6	8.2%
4	303	Fish, frozen, excluding fish fillet	16.1	5.6%	4	303	Fish, frozen, excluding fish fillet	10.8	6.1%
5	1902	Pasta, whether or not cooked	14.5	5.1%	5	6006	Other knitted or crocheted fabrics.	9.7	5.4%
6	3923	Articles for the conveyance or pack	12.3	4.3%	6	3923	Articles for the conveyance or pack	9.5	5.4%
7	3004	Medicaments (excluding goods of health	10.2	3.5%	7	6002	Knitted or crocheted fabrics of wool	7.7	4.3%
8	1507	Soya-bean oil and its fractions	8.7	3.0%	8	5106	Yarn of carded wool, not put up for	6.6	3.7%
9	2710	Petroleum oils and oils obtained	8.6	3.0%	9	3302	Mixtures of odoriferous substances	6.5	3.6%
10	5106	Yarn of carded wool, not put up for	8.4	2.9%	10	6001	Pile fabrics, including long pile	6.3	3.6%
11	2207	Undenatured ethyl alcohol of an alc	7.8	2.7%	11	1507	Soya-bean oil and its fractions,	5.2	2.9%

Top 20 imports Madagascar from COMESA in 2019					Top 20 imports Madagascar from COMESA in 2016				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1 2	6001	Pile fabrics, including long pile f	6.9	2.4%	1 2	2207	Undenatured ethyl alcohol of an alc	4.8	2.7%
1 3	4818	Toilet paper and similar paper, cel	4.5	1.6%	1 3	2309	Preparations of a kind used in anim	4.8	2.7%
1 4	7317	Nails, tacks, drawing pins,	3.7	1.3%	1 4	1701	Cane or beet sugar and chemically	4.4	2.5%
1 5	2523	Portland cement, aluminous cement,	3.1	1.1%	1 5	406	Cheese and curd.	2.9	1.6%
1 6	8452	Sewing machines, other than book-se	3.0	1.1%	1 6	5205	Cotton yarn (other than sewing thre	2.4	1.4%
1 7	1701	Cane or beet sugar and chemically	3.0	1.0%	1 7	3824	Prepared binders for foundry moulds	2.0	1.1%
1 8	8517	Telephone sets, including telephone	2.9	1.0%	1 8	3209	Paints and varnishes (including ena	1.9	1.1%
1 9	5401	Sewing thread of man-made filaments	2.9	1.0%	1 9	4818	Toilet paper and similar paper, cel	1.5	0.9%
2 0	2304	Oil-cake and other solid residues,	2.8	1.0%	2 0	9607	Slide fasteners and parts thereof.	1.5	0.8%
		Total goods exports	287.5	100.0%			Total goods exports	177.6	100.0%
		Total of top 5 exports	109.7	38%			Total of top 5 exports	72.8	41%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	157.9	54.9%			Total of top 10 exports	109.3	61.6%
		HHI top 10	0.14				HHI top 10	0.12	
		Total of top 20 exports	198.4	69.0%			Total of top 20 exports	140.7	79.2%
		HHI top 20	0.09				HHI top 20	0.08	

Source: UN Comtrade data

Mauritius

Mauritius' goods exports to the EU

Table 51: Top 20 exports, Mauritius to EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
Total	515.2	748.6	612.8	13.3%	-2.8%
PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES (1988-2500)	82.8	172.1	165.8	27.6%	-0.5%
SUGARS AND SUGAR CONFECTIONERY (1988-2500)	72.2	204.7	99.3	41.5%	-9.8%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED (1988-2500)	145.6	97.8	74.9	- 12.4%	-3.7%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED (1988-2500)	68.8	47.4	60.3	- 11.7%	3.5%
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN (1988-2500)	23.4	69.2	31.3	43.6%	- 10.7%
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES (1988-2500)	4.1	14.2	28.3	51.7%	10.3%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF (1988-2500)	12.5	21.4	21.7	19.6%	0.2%
CLOCKS AND WATCHES AND PARTS THEREOF (1988-2500)	4.8	12.9	16.8	38.7%	3.9%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF (1988-2500)	0.6	0.3	9.7	- 18.3%	63.2%
LIVE ANIMALS (1988-2500)	10.6	7.3	9.4	- 11.8%	3.7%
ARTICLES OF LEATHER; SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF ANIMAL GUT (OTHER THAN SILKWORM GUT) (1988-2500)	6.8	13.5	9.0	25.4%	-5.6%
EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS (1988-2500)	2.0	4.6	8.9	31.6%	9.7%
MISCELLANEOUS MANUFACTURED ARTICLES (1988-2500)	2.1	5.1	6.0	34.3%	2.6%
PLASTICS AND ARTICLES THEREOF (1988-2500)	3.2	5.1	5.4	16.2%	0.9%
BEVERAGES, SPIRITS AND VINEGAR (1988-2500)	3.5	5.9	5.1	18.9%	-2.2%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (1988-2500)	4.7	5.0	4.5	1.9%	-1.5%

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	2.6	6.9	4.0	39.1%	-7.4%
ALUMINIUM AND ARTICLES THEREOF (1988-2500)	5.1	3.3	3.5	- 13.1%	0.8%
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	6.2	7.2	3.5	5.3%	-9.8%
COFFEE, TEA, MATE AND SPICES (1988-2500)	0.8	1.0	3.1	7.4%	17.1%
Share top 5 imports	76%	79%	70%		
Share top 10 imports	83%	86%	84%		
Share top 20 imports	90%	94%	93%		

Source: Eurostat

Table 52: Top 20 exports, Mauritius to EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value.

	2019				2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	1604	Prepared or preserved fish; caviar	243.9	28.1%	1604	Prepared or preserved fish; caviar	334.6	28.2%	6109	T-shirts, singlets and other vests,	278.5	22.8%
2	1701	Cane or beet sugar and chemically p	128.2	14.8%	1701	Cane or beet sugar and chemically p	239.5	20.2%	1604	Prepared or preserved fish; caviar	212.8	17.4%
3	6109	T-shirts, singlets and other vests,	70.7	8.2%	6109	T-shirts, singlets and other vests,	173.8	14.6%	1701	Cane or beet sugar and chemically	210.6	17.2%
4	6203	Men's or boys' suits, ensembles, ja	36.2	4.2%	6110	Jerseys, pullovers, cardigans	66.8	5.6%	6110	Jerseys, pullovers, cardigans,	50.5	4.1%
5	6104	Women's or girls' suits, ensembles,	26.0	3.0%	7113	Articles of jewellery and parts the	47.5	4.0%	6203	Men's or boys' suits, ensembles,	50.1	4.1%
6	6110	Jerseys, pullovers, cardigans, wais	25.2	2.9%	6104	Women's or girls' suits, ensembles,	42.8	3.6%	6105	Men's or boys' shirts, knitted or c	35.1	2.9%
7	6205	Men's or boys' shirts.	23.7	2.7%	6203	Men's or boys' suits, ensembles,	41.2	3.5%	6205	Men's or boys' shirts.	31.1	2.5%

2019					2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
8	6204	Women's or girls' suits, ensembles,	22.3	2.6%	6105	Men's or boys' shirts, knitted or c	26.9	2.3%	6104	Women's or girls' suits, ensembles,	28.7	2.4%
9	9018	Instruments and appliances used in	19.5	2.2%	7102	Diamonds, whether or not worked, bu	21.7	1.8%	7113	Articles of jewellery and parts the	26.8	2.2%
10	303	Fish, frozen, excluding fish fillet	13.1	1.5%	6106	Women's or girls' blouses, shirts a	17.6	1.5%	303	Fish, frozen, excluding fish fillet	23.4	1.9%
11	6105	Men's or boys' shirts, knitted or c	13.1	1.5%	6204	Women's or girls' suits, ensembles,	12.2	1.0%	106	Other live animals.	14.4	1.2%
12	7102	Diamonds, whether or not worked, bu	12.9	1.5%	4202	Trunks, suit-cases, vanity-cases, e	11.4	1.0%	7102	Diamonds, whether or not worked,	13.0	1.1%
13	6114	Other garments, knitted or crochet	11.6	1.3%	9018	Instruments and appliances used in	10.6	0.9%	6206	Women's or girls' blouses, shirts a	12.5	1.0%
14	3004	Medicaments (excluding goods of hea	11.4	1.3%	9021	Orthopaedic appliances, including c	10.3	0.9%	6204	Women's or girls' suits, ensembles,	12.5	1.0%
15	9113	Watch straps, watch bands and watch	10.3	1.2%	1703	Molasses resulting from the extract	9.3	0.8%	6106	Women's or girls' blouses, shirts a	10.3	0.8%
16	106	Other live animals.	10.0	1.2%	106	Other live animals.	9.1	0.8%	9018	Instruments and appliances used in	10.1	0.8%
17	304	Fish fillets and other fish meat (w	9.1	1.1%	7117	Imitation jewellery.	6.9	0.6%	4202	Trunks, suit-cases, vanity-cases,	9.4	0.8%
18	2711	Petroleum gases and other gaseous h	9.1	1.1%	5106	Yarn of carded wool,	6.9	0.6%	1703	Molasses resulting from the extract	9.1	0.7%
19	5106	Yarn of carded wool, not put up for	8.4	1.0%	4203	Articles of apparel and clothing	5.9	0.5%	3105	Mineral or chemical fertilisers	9.0	0.7%
20	4202	Trunks, suit-cases, vanity-cases, e	7.5	0.9%	6108	Women's or girls' slips, petticoats	5.9	0.5%	3304	Beauty or make-up preparation	9.0	0.7%
		Total goods exports	866.6	100.0%		Total goods exports	1187.1	100.0%		Total goods exports	1220.9	100.0%
		Total of top 5 exports	505.1	58%			862.2	73%			802.5	66%
		HHI top 5	0.3				0.3				0.3	

2019				2012				2009			
Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
	Total of top 10 exports	608.9	70%			1012.4	85%			947.5	78%
	HHI top 10	0.23				0.21				0.20	
	Total of top 20 exports	712.5	82.2%			1100.8	92.7%			1056.8	86.6%
	HHI top 20	0.17				0.18				0.16	

Source: UN Comtrade data

Table 53: Top 20 exports, Mauritius to EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012

	2019	2019	2019	2012	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2009 - 2012
1	1604	Prepared or preserved fish; caviar	243.9	334.6	212.8	-4.4%	16.3%
2	1701	Cane or beet sugar and chemically p	128.2	239.5	210.6	-8.5%	4.4%
3	6109	T-shirts, singlets and other vests,	70.7	173.8	278.5	-12.0%	-14.6%
4	6203	Men's or boys' suits, ensembles, ja	36.2	41.2	50.1	-1.8%	-6.3%
5	6104	Women's or girls' suits, ensembles,	26.0	42.8	28.7	-6.9%	14.2%
6	6110	Jerseys, pullovers, cardigans, wais	25.2	66.8	50.5	-13.0%	9.8%
7	6205	Men's or boys' shirts.	23.7	4.1	31.1	28.3%	-48.9%
8	6204	Women's or girls' suits, ensembles,	22.3	42.8	28.7	-8.9%	14.2%
9	9018	Instruments and appliances used in	19.5	10.6	10.1	9.1%	1.6%
10	303	Fish, frozen, excluding fish fillet	13.1	n/a	23.4	n/a	n/a
11	6105	Men's or boys' shirts, knitted or c	13.1	26.9	35.1	-9.8%	-8.5%
12	7102	Diamonds, whether or not worked, bu	12.9	21.7	13.0	-7.2%	18.5%

	2019	2019	2019	2012	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2009 - 2012
13	6114	Other garments, knitted or crochete	11.6	0.9	0.3	43.5%	38.6%
14	3004	Medicaments (excluding goods of hea	11.4	3.3	6.9	19.3%	-21.8%
15	9113	Watch straps, watch bands and watch	10.3	1.6	2.2	31.0%	-10.8%
16	106	Other live animals.	10.0	9.1	14.4	1.5%	-14.3%
17	304	Fish fillets and other fish meat (w	9.1	0.2	2.4	71.5%	-55.6%
18	2711	Petroleum gases and other gaseous h	9.1	n/a	n/a	n/a	n/a
19	5106	Yarn of carded wool, not put up for	8.4	6.9	2.5	3.0%	40.9%
20	4202	Trunks, suit-cases, vanity-cases, e	7.5	11.4	9.4	-5.8%	6.9%
		Total goods exports	866.6	1187.1	1220.9	-4.4%	-0.9%

Source: UN Comtrade data

Mauritius' goods imports from the EU

Table 54: Top 20 imports, Mauritius from EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value

	2009	2013	2019	CAGR 2009 - 2013	CAGR 2013 - 2019
Total	631.6	791.3	1223.4	5.8%	7.5%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF(1988-2500)	80.8	6.8	180.8	-46.2%	73.0%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF(1988-2500)	97.6	110.5	132.6	3.2%	3.1%
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN(1988-2500)	61.3	96.1	98.0	11.9%	0.3%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF(1988-2500)	23.7	39.7	69.0	13.8%	9.6%
RAILWAY OR TRAMWAY LOCOMOTIVES, ROLLING STOCK AND PARTS THEREOF; RAILWAY OR TRAMWAY TRACK FIXTURES AND FITTINGS AND PARTS THEREOF; MECHANICAL (INCLUDING ELECTROMECHANICAL) TRAFFIC SIGNALLING EQUIPMENT OF ALL KINDS(1988-2500)	0.1	0.0	64.1	-28.1%	268.6 %
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES(1988-2500)	50.7	55.5	62.6	2.3%	2.0%
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES(1988-2500)	45.4	99.8	50.5	21.8%	-10.7%
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS(1988-2500)	22.9	26.9	44.2	4.1%	8.6%
PHARMACEUTICAL PRODUCTS(1988-2500)	18.5	23.2	39.1	5.7%	9.1%
CEREALS(1988-2500)	16.0	19.2	35.2	4.6%	10.7%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF(1988-2500)	16.2	25.0	35.0	11.5%	5.7%
PLASTICS AND ARTICLES THEREOF(1988-2500)	11.2	14.6	31.4	6.8%	13.6%
BEVERAGES, SPIRITS AND VINEGAR(1988-2500)	11.9	13.1	28.4	2.5%	13.7%
PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS(1988-2500)	8.2	14.8	23.0	16.0%	7.6%
FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAMEPLATES AND THE LIKE; PREFABRICATED BUILDINGS(1988-2500)	5.2	13.8	19.5	27.8%	5.9%
DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED(1988-2500)	6.3	11.2	19.4	15.2%	9.6%
MISCELLANEOUS EDIBLE PREPARATIONS(1988-2500)	4.9	11.2	18.0	23.1%	8.2%
PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS(1988-2500)	4.8	7.8	14.8	12.8%	11.3%

	2009	2013	2019	CAGR 2009 - 2013	CAGR 2013 - 2019
ARTICLES OF IRON OR STEEL(1988-2500)	8.4	19.2	12.6	23.1%	-6.8%
CLOCKS AND WATCHES AND PARTS THEREOF(1988-2500)	3.1	10.6	12.5	36.1%	2.8%
Share top 5 exports	42%	32%	45%		
Share top 10 exports	66%	60%	63%		
Share top 20 exports	79%	78%	81%		

Source: Eurostat

Table 55: Top 20 imports, Mauritius from EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value

	2019				2013				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	303	Fish, frozen, excluding fish fillet	95.1	7.2%	303	Fish, frozen, excluding fish fillet	221.0	18.4%	303	Fish, frozen, excluding fish fillet	123.2	12.5%
2	8703	Motor cars and other motor vehicles	81.7	6.2%	8703	Motor cars and other motor vehicles	59.4	4.9%	8802	Other aircraft (for example, helicopter)	90.2	9.2%
3	7102	Diamonds, whether or not worked,	81.7	6.2%	3004	Medicaments (excluding goods of health)	39.2	3.3%	3004	Medicaments (excluding goods of health)	33.1	3.4%
4	3004	Medicaments (excluding goods of hea	58.6	4.4%	7113	Articles of jewellery and parts the	33.1	2.8%	8703	Motor cars and other motor vehicles	29.3	3.0%
5	1001	Wheat and meslin.	45.1	3.4%	1001	Wheat and meslin.	28.8	2.4%	1001	Wheat and meslin.	26.6	2.7%
6	8603	Self-propelled railway or tramway c	40.8	3.1%	3304	Beauty or make-up preparations and	22.9	1.9%	7102	Diamonds, whether or not worked,	25.1	2.5%
7	2711	Petroleum gases and other gaseous h	27.5	2.1%	7102	Diamonds, whether or not worked,	16.7	1.4%	8471	Automatic data processing machines	22.2	2.3%
8	3304	Beauty or make-up preparations and	17.7	1.3%	3303	Perfumes and toilet waters.	14.5	1.2%	7113	Articles of jewellery and parts the	21.4	2.2%
9	3303	Perfumes and toilet waters.	16.7	1.3%	7108	Gold (including gold plated with pl	13.8	1.1%	3304	Beauty or make-up preparations and	16.7	1.7%

		2019			2013				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
10	2309	Preparations of a kind used in anim	15.3	1.2%	2204	Wine of fresh grapes, including for	12.7	1.1%	8422	Dishwashing machines; machinery fo	10.2	1.0%
11	2106	Food preparations not elsewhere spe	14.6	1.1%	8471	Automatic data processing machines	12.5	1.0%	2204	Wine of fresh grapes, including for	9.1	0.9%
12	1905	Bread, pastry, cakes, biscuits and	13.9	1.0%	402	Milk and cream concentrated or con	12.0	1.0%	7108	Gold (including gold plated with pl	9.0	0.9%
13	8471	Automatic data processing machines	13.7	1.0%	7311	Containers for compressed or liquefy	11.3	0.9%	2106	Food preparations, not elsewhere	8.1	0.8%
14	1806	Chocolate and other food preparatio	13.6	1.0%	8451	Machinery (other than machines of h	10.9	0.9%	8536	Electrical apparatus for switching	8.0	0.8%
15	2208	Undenatured ethyl alcohol of an alc	13.4	1.0%	2106	Food preparations not elsewhere	10.5	0.9%	1901	Malt extract; food preparations of	7.5	0.8%
16	2204	Wine of fresh grapes, including for	12.0	0.9%	9114	Other clock or watch parts.	10.1	0.8%	8517	Electrical apparatus for line tele	7.4	0.8%
17	8536	Electrical apparatus for switching	10.9	0.8%	1806	Chocolate and other food preparation	10.0	0.8%	3303	Perfumes and toilet waters.	7.3	0.7%
18	6104	Women's or girls' suits, ensembles,	10.9	0.8%	8536	Electrical apparatus for switching	9.8	0.8%	8429	Self-propelled bulldozers, angledoz	7.3	0.7%
19	2202	Waters, including mineral waters an	10.8	0.8%	9403	Other furniture and parts thereof.	9.4	0.8%	8481	Taps, cocks, valves and similar app	6.9	0.7%
20	406	Cheese and curd.	10.8	0.8%	1901	Malt extract; food preparations of	9.2	0.8%	1806	Chocolate and other food preparation	6.9	0.7%
		Total goods imports from EU27	1327.5	100.0%		Total goods imports from EU27	1202.3	100.0%		Total goods imports from EU27	983.8	100.0%
		Total of top 5 exports	362.1	27%			381.6	32%			302.4	31%
		HHI top 5	0.2				0.4				0.3	
		Total of top 10 exports	480.2	36%			462.2	38%			398.0	40%
		HHI top 10	0.13				0.27				0.18	
		Total of top 20 exports	604.8	45.6%			568.0	47.2%			475.5	48.3%

2019				2013				2009			
Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
	HHI top 20	0.09				0.18				0.13	

Source: UN Comtrade data

Table 56: Top 20 imports, Mauritius from EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012

	2019	2019	2019	2013	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2013 - 2019	CAGR 2009 - 2013
1	303	Fish, frozen, excluding fish fillet	95.1	221.0	123.2	-13.1%	15.7%
2	8703	Motor cars and other motor vehicles	81.7	59.4	29.3	5.4%	19.3%
3	7102	Diamonds, whether or not worked, bu	81.7	16.7	25.1	30.3%	-9.7%
4	3004	Medicaments (excluding goods of hea	58.6	39.2	33.1	6.9%	4.4%
5	1001	Wheat and meslin.	45.1	28.8	26.6	7.7%	2.0%
6	8603	Self-propelled railway or tramway c	40.8	n/a	n/a	n/a	n/a
7	2711	Petroleum gases and other gaseous h	27.5	0.0	0.0	411.6%	-50.2%
8	3304	Beauty or make-up preparations and	17.7	22.9	16.7	-4.2%	8.3%
9	3303	Perfumes and toilet waters.	16.7	14.5	7.3	2.5%	18.5%
10	2309	Preparations of a kind used in anim	15.3	3.1	2.1	30.5%	9.9%
11	2106	Food preparations not elsewhere spe	14.6	10.5	8.1	5.7%	6.8%
12	1905	Bread, pastry, cakes, biscuits and	13.9	6.5	3.4	13.6%	17.5%
13	8471	Automatic data processing machines	13.7	12.5	22.2	1.5%	-13.4%
14	1806	Chocolate and other food preparatio	13.6	10.0	6.9	5.3%	9.9%
15	2208	Undenatured ethyl alcohol of an alc	13.4	9.0	6.4	6.8%	8.9%

	2019	2019	2019	2013	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2013 - 2019	CAGR 2009 - 2013
16	2204	Wine of fresh grapes, including for	12.0	12.7	9.1	-0.9%	8.6%
17	8536	Electrical apparatus for switching	10.9	9.8	8.0	1.7%	5.4%
18	6104	Women's or girls' suits, ensembles,	10.9	1.0	0.6	48.4%	13.3%
19	2202	Waters, including mineral waters an	10.8	6.2	3.2	9.7%	17.6%
20	406	Cheese and curd.	10.8	7.0	4.4	7.6%	12.1%
		Total goods imports from EU27	1327.5	1202.3	983.8	1.4%	6.9%

Source: UN Comtrade data

Mauritius goods exports to non-EU jurisdictions

Table 57: Top 20 exports Mauritius to WORLD ex EU27

Top 20 exports Mauritius to WORLD ex EU27 in 2019					Top 20 exports Mauritius to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	6109	Men's or boys' shirts.	106.6	10.6%	1		Cane or beet sugar and chemically	183.9	27.6%
2	6110	Fish, frozen, excluding fish fillet	81.2	8.0%	2		T-shirts, singlets and other vests,	146.0	21.9%
3	7102	Diamonds, whether or not worked,	78.6	7.8%	3		Prepared or preserved fish; caviar	87.7	13.1%
4	6203	Men's or boys' suits, ensembles,	63.8	6.3%	4		Men's or boys' shirts.	86.6	13.0%
5	1701	Cane or beet sugar and chemically p	63.6	6.3%	5		Jerseys, pullovers, cardigans, wais	43.4	6.5%
6	6205	T-shirts, singlets and other vests,	46.0	4.6%	6		Men's or boys' suits, ensembles,	34.6	5.2%

Top 20 exports Mauritius to WORLD ex EU27 in 2019					Top 20 exports Mauritius to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
7	106	Cotton yarn (other than sewing thread)	33.0	3.3%	7		Articles of jewellery and parts the	20.5	3.1%
8	5106	Articles for the conveyance or pack	26.2	2.6%	8		Yarn of carded wool, not put up for	14.0	2.1%
9	2309	Other knitted or crocheted fabrics.	26.2	2.6%	9		Diamonds, whether or not worked,	13.5	2.0%
10	6105	Men's or boys' shirts, knitted	21.9	2.2%	10		Women's or girls' slips, petticoats	12.3	1.8%
11	6104	Women's or girls' suits, ensembles,	20.7	2.0%	11		Women's or girls' blouses, shirts	11.6	1.7%
12	9018	Medicaments (excluding goods of health)	19.8	2.0%	12		Trunks, suit-cases, vanity-cases,	11.1	1.7%
13	2301	Woven fabrics of cotton, containing	17.4	1.7%	13		Molasses resulting from the extract	10.0	1.5%
14	6001	Animal products not elsewhere	17.0	1.7%	14		Pile fabrics, including long pile	9.5	1.4%
15	6106	Instruments and appliances used in	14.7	1.5%	15		Ferrous waste and scrap; remelting	9.1	1.4%
16	7113	Jerseys, pullovers, cardigans, wais	13.6	1.3%	16		Wheat or meslin flour.	8.7	1.3%
17	1703	Flours, meals and pellets, of meat	13.3	1.3%	17		Orthopaedic appliances, including	8.6	1.3%
18	6108	Other live animals.	12.5	1.2%	18		Women's or girls' suits, ensembles,	8.4	1.3%
19	9114	Vanilla.	11.9	1.2%	19		Instruments and appliances used in	8.3	1.2%
20	6212	Pile fabrics, including long pile f	11.3	1.1%	20		Other knitted or crocheted fabrics.	8.0	1.2%

Top 20 exports Mauritius to WORLD ex EU27 in 2019					Top 20 exports Mauritius to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total goods exports	1009.7	100.0%			Total goods exports	667.4	100.0%
		Total of top 5 exports	393.8	39%			Total of top 5 exports	547.6	82.1%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	547.1	54.2%			Total of top 10 exports	818.8	100.0%
		HHI top 10	0.12				HHI top 10	547.6	66.9%
		Total of top 20 exports	699.4	69.3%			Total of top 20 exports	0.2	
		HHI top 20	0.08				HHI top 20	642.5	78.5%

Source: UN Comtrade data

Table 58: Top 20 exports Mauritius to EAC

Top 20 exports Mauritius to EAC in 2019					Top 20 exports Mauritius to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1701	Cane or beet sugar and chemically	39.0	65.8%	1	7306	Other tubes, pipes and hollow profi	5.3	33.5%
2	8528	Reception apparatus for television,	6.3	10.6%	2	2401	Unmanufactured tobacco; tobacco refined	2.3	14.4%
3	2207	Undenatured ethyl alcohol of an alc	5.1	8.5%	3	4818	Toilet paper and similar paper,	1.9	12.1%
4	2711	Petroleum gases and other gases	4.0	6.8%	4	2202	Waters, including mineral waters an	0.9	6.0%
5	4911	Other printed matter,	1.0	1.7%	5	1701	Cane or beet sugar and chemically	0.9	5.4%
6	3923	Articles for the conveyance or pack	0.7	1.2%	6	2207	Undenatured ethyl alcohol of an alc	0.9	5.4%

Top 20 exports Mauritius to EAC in 2019					Top 20 exports Mauritius to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
7	2309	Preparations of a kind used in anim	0.5	0.9%	7	4911	Other printed matter,	0.6	3.6%
8	8479	Machines and mechanical appliances	0.4	0.6%	8	3926	Other articles of plastics and articles	0.4	2.8%
9	6001	Pile fabrics, including long pile	0.4	0.6%	9	4819	Cartons, boxes, cases, bags and others	0.3	1.7%
10	3921	Other plates, sheets, film, foil an	0.2	0.3%	10	105	Live poultry, that is to say, fowls	0.3	1.6%
11	4821	Paper or paperboard labels	0.2	0.3%	11	4901	Printed books, brochures, leaflets	0.2	1.2%
12	6203	Men's or boys' suits, ensembles,	0.1	0.2%	12	7314	Cloth (including endless bands)	0.2	1.2%
13	8429	Self-propelled bulldozers, angledoz	0.1	0.2%	13	7317	Nails, tacks, drawing pins, corruga	0.2	1.1%
14	8703	Motor cars and other motor vehicles	0.1	0.2%	14	2309	Preparations of a kind used in anim	0.2	1.0%
15	1902	Pasta, whether or not cooked or stu	0.1	0.2%	15	5209	Woven fabrics of cotton, containing	0.1	0.8%
16	8421	Centrifuges, including centrifugal	0.1	0.2%	16	6109	T-shirts, singlets and other vests,	0.1	0.7%
17	6109	T-shirts, singlets and other vests,	0.1	0.1%	17	2301	Flours, meals and pellets, of meat	0.1	0.6%
18	8451	Machinery (other than machines	0.1	0.1%	18	6209	Babies' garments and clothing acces	0.1	0.5%
19	8448	Auxiliary machinery for use	0.1	0.1%	19	1516	Animal or vegetable fats and oils	0.1	0.5%
20	8473	Parts and accessories	0.1	0.1%	20	1902	Pasta, whether or not cooked or	0.1	0.5%
		Total goods exports	59.3	100.0%			Total goods exports	15.8	100.0%
		Total of top 5 exports	55.4	93%			Total of top 5 exports	11.3	71%
		HHI top 5	0.5				HHI top 5	0.3	

Top 20 exports Mauritius to EAC in 2019					Top 20 exports Mauritius to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total of top 10 exports	57.6	97.0%			Total of top 10 exports	13.6	86.5%
		HHI top 10	0.48				HHI top 10	0.21	
		Total of top 20 exports	58.6	98.7%			Total of top 20 exports	14.9	94.6%
		HHI top 20	0.47				HHI top 20	0.18	

Source: UN Comtrade data

Table 59: Top 20 exports Mauritius to SADC

Top 20 exports Mauritius to SADC in 2019					Top 20 exports Mauritius to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	6203	Men's or boys' suits, ensembles,	46.3	12.3%	1	6109	T-shirts, singlets and other vests,	70.2	23.7%
2	6109	T-shirts, singlets and other vests,	33.0	8.8%	2	6203	Men's or boys' suits, ensembles	56.6	19.1%
3	6006	Other knitted or crocheted fabrics.	26.0	6.9%	3	2309	Preparations of a kind used in anim	13.4	4.5%
4	3923	Articles for the conveyance or pack	23.0	6.1%	4	6105	Men's or boys' shirts, knitted	11.9	4.0%
5	6105	Men's or boys' shirts, knitted or c	17.7	4.7%	5	6204	Women's or girls' suits, ensembles,	10.9	3.7%
6	5208	Woven fabrics of cotton, containing	16.9	4.5%	6	6104	Women's or girls' suits, ensembles,	10.5	3.5%
7	5205	Cotton yarn (other than sewing thread	16.6	4.4%	7	6001	Pile fabrics, including long pile	8.9	3.0%
8	6204	Women's or girls' suits, ensembles,	14.4	3.8%	8	6006	Other knitted or crocheted fabrics.	8.6	2.9%
9	6205	Men's or boys' shirts.	10.7	2.9%	9	6110	Jerseys, pullovers, cardigans, wais	8.3	2.8%

Top 20 exports Mauritius to SADC in 2019					Top 20 exports Mauritius to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
10	6001	Pile fabrics, including long pile	8.9	2.4%	10	6205	Men's or boys' shirts.	8.2	2.8%
11	6110	Jerseys, pullovers, cardigans, wais	8.8	2.3%	11	5106	Yarn of carded wool, not put up for	7.2	2.4%
12	5106	Yarn of carded wool, not put up for	8.0	2.1%	12	1101	Wheat or meslin flour.	6.9	2.3%
13	2207	Undenatured ethyl alcohol of an alc	6.9	1.8%	13	6108	Women's or girls' slips, petticoats	5.9	2.0%
14	6104	Women's or girls' suits, ensembles,	6.0	1.6%	14	5205	Cotton yarn (other than sewing thread	5.5	1.9%
15	1701	Cane or beet sugar and chemically p	5.7	1.5%	15	5209	Woven fabrics of cotton, containing	4.9	1.6%
16	3921	Other plates, sheets, film, foil an	5.4	1.4%	16	1902	Pasta, whether or not cooked or stu	4.2	1.4%
17	1902	Pasta, whether or not cooked	5.3	1.4%	17	5208	Woven fabrics of cotton, containing	4.0	1.3%
18	2309	Preparations of a kind used in anim	4.8	1.3%	18	6004	Knitted or crocheted fabric	3.6	1.2%
19	8525	Transmission apparatus for radio-te	3.5	0.9%	19	4819	Cartons, boxes, cases, bags and others	3.5	1.2%
20	8528	Reception apparatus for television,	3.3	0.9%	20	2207	Undenatured ethyl alcohol of an alc	3.0	1.0%
		Total goods exports	376.3	100.0%			Total goods exports	296.6	100.0%
		Total of top 5 exports	146.0	39%			Total of top 5 exports	162.9	55%
		HHI top 5	0.2				HHI top 5	0.3	
		Total of top 10 exports	213.6	56.8%			Total of top 10 exports	207.4	69.9%
		HHI top 10	0.13				HHI top 10	0.21	
		Total of top 20 exports	271.2	72.1%			Total of top 20 exports	256.0	86.3%
		HHI top 20	0.08				HHI top 20	0.14	

Source: UN Comtrade data

Table 60: Top 20 exports Mauritius to COMESA

Top 20 exports Mauritius to COMESA in 2019					Top 20 exports Mauritius to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1701	Cane or beet sugar and chemically p	40.8	17.4%	1	2309	Preparations of a kind used in animals	13.3	12.8%
2	6006	Other knitted or crocheted fabrics.	18.9	8.1%	2	1101	Wheat or meslin flour.	8.2	7.9%
3	5208	Woven fabrics of cotton, containing	15.5	6.6%	3	6001	Pile fabrics, including long pile	7.8	7.5%
4	3923	Articles for the conveyance or pack	15.2	6.5%	4	5106	Yarn of carded wool, not put up for	7.2	6.9%
5	2207	Undenatured ethyl alcohol of an alc	11.4	4.9%	5	7306	Other tubes, pipes and hollow profi	7.0	6.7%
6	6001	Pile fabrics, including long pile	9.1	3.9%	6	1902	Pasta, whether or not cooked or stu	4.2	4.1%
7	5106	Yarn of carded wool, not put up for	8.0	3.4%	7	4819	Cartons, boxes, cases, bags and oth	3.8	3.6%
8	8528	Reception apparatus for television,	7.7	3.3%	8	5208	Woven fabrics of cotton, containing	3.2	3.1%
9	5205	Cotton yarn (other than sewing thread	6.7	2.9%	9	2207	Undenatured ethyl alcohol of an alc	3.2	3.0%
10	2711	Petroleum gases and other gaseous h	6.3	2.7%	10	5205	Cotton yarn (other than sewing thread	3.0	2.8%
11	2309	Preparations of a kind used in anim	6.1	2.6%	11	6003	Knitted or crocheted fabrics	2.4	2.3%
12	1902	Pasta, whether or not cooked	3.7	1.6%	12	4818	Toilet paper and similar paper, cel	2.3	2.2%
13	8525	Transmission apparatus for radio-te	3.4	1.5%	13	2401	Unmanufactured tobacco; tobacco refined	2.3	2.2%
14	8517	Electrical apparatus for line telep	3.1	1.3%	14	2301	Flours, meals and pellets, of meat	2.0	1.9%
15	2304	Oil-cake and other solid residues,	3.0	1.3%	15	5509	Yarn (other than sewing thread) of	2.0	1.9%
16	1604	Prepared or preserved fish; caviar	2.9	1.2%	16	5808	Braids in the piece; ornamental tri	2.0	1.9%
17	3401	Soap; organic surface-active produc	2.9	1.2%	17	5209	Woven fabrics of cotton, containing	1.9	1.8%
18	4819	Cartons, boxes, cases, bags and oth	2.4	1.0%	18	105	Live poultry, that is to say, fowls	1.5	1.5%
19	1101	Wheat or meslin flour.	2.3	1.0%	19	5107	Yarn of combed wool, not put up for	1.3	1.3%
20	3004	Medicaments (excluding goods of hea	2.3	1.0%	20	1701	Cane or beet sugar and chemically p	1.2	1.1%
		Total goods exports	234.8	100.0%			Total goods exports	104.1	100.0%
		Total of top 5 exports	101.9	43%			Total of top 5 exports	43.4	42%
		HHI top 5	0.3				HHI top 5	0.2	

Top 20 exports Mauritius to COMESA in 2019					Top 20 exports Mauritius to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total of top 10 exports	139.7	59.5%			Total of top 10 exports	60.8	58.4%
		HHI top 10	0.15				HHI top 10	0.13	
		Total of top 20 exports	172.0	73.3%			Total of top 20 exports	79.8	76.6%
		HHI top 20	0.10				HHI top 20	0.08	

Source: UN Comtrade data

Mauritius goods imports from non-EU jurisdictions

Table 61: Top 20 imports Mauritius from WORLD ex EU27

Top 20 imports Mauritius from WORLD ex EU27 in 2019					Top 20 imports Mauritius from WORLD ex EU27 in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2710	Petroleum oils and oils obtained fr	869.9	20.4%	1		Petroleum oils and oils obtained fr	1016.8	24.2%
2	303	Motor cars and other motor vehicles	162.3	3.8%	2		Fish, frozen, excluding fish fillet	116.4	2.8%
3	8703	Fish, frozen, excluding fish fillet	136.0	3.2%	3		Motor cars and other motor vehicles	106.6	2.5%
4	3004	Transmission apparatus for radio-te	124.4	2.9%	4		Transmission apparatus for radio-te	92.9	2.2%
5	8525	Medicaments (excluding goods of health)	80.1	1.9%	5		Woven fabrics of cotton, containing	76.8	1.8%
6	2711	Coal; briquettes, ovoids and simila	66.0	1.5%	6		Diamonds, whether or not worked,	74.3	1.8%
7	8471	Motor vehicles for the transport of	65.7	1.5%	7		Coal; briquettes, ovoids and simila	69.1	1.6%

Top 20 imports Mauritius from WORLD ex EU27 in 2019					Top 20 imports Mauritius from WORLD ex EU27 in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
8	2701	Automatic data processing machines	60.0	1.4%	8		Petroleum gases and other gaseous h	68.1	1.6%
9	7102	Petroleum gases and other gaseous h	59.7	1.4%	9		Automatic data processing machines	65.4	1.6%
10	2402	Cigars, cheroots, cigarillos and ci	58.4	1.4%	10		Cigars, cheroots, cigarillos and ci	60.8	1.4%
11	1001	Cotton, not carded or combed.	51.6	1.2%	11		Rice.	57.9	1.4%
12	1006	Portland cement, aluminous cement,	49.0	1.1%	12		Portland cement, aluminous cement,	57.2	1.4%
13	2523	Rice.	48.9	1.1%	13		Fishing vessels; factory ships and	56.4	1.3%
14	402	Milk and cream, concentrated or con	48.1	1.1%	14		Medicaments (excluding goods of hea	54.0	1.3%
15	5201	Cotton yarn (other than sewing thread	42.6	1.0%	15		Milk and cream, concentrated or con	52.5	1.3%
16	8902	Woven fabrics of cotton, containing	42.0	1.0%	16		Cotton yarn (other than sewing thre	46.4	1.1%
17	8517	Reception apparatus for television,	40.6	1.0%	17		Cotton, not carded or combed.	44.2	1.1%
18	8528	Structures (excluding prefabricated	35.8	0.8%	18		Wheat and meslin.	35.7	0.9%
19	406	Cane or beet sugar and chemically p	34.8	0.8%	19		Motor vehicles for the transport of	33.7	0.8%
20	3304	Insulated (including enamelled or a	28.7	0.7%	20		Electrical apparatus for line telep	32.2	0.8%
		Total goods exports	4273.7	100.0%			Total goods exports	4193.1	100.0%

Top 20 imports Mauritius from WORLD ex EU27 in 2019					Top 20 imports Mauritius from WORLD ex EU27 in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total of top 5 exports	1372.8	32%			Total of top 5 exports	1409.5	33.6%
		HHI top 5	0.4				HHI top 5	0.5	
		Total of top 10 exports	1682.6	39.4%			Total of top 10 exports	1747.0	41.7%
		HHI top 10	0.30				HHI top 10	0.36	
		Total of top 20 exports	2104.7	49.2%			Total of top 20 exports	2217.3	52.9%
		HHI top 20	0.19				HHI top 20	0.23	

Source: UN Comtrade data

Table 62: Top 20 imports Mauritius from EAC

Top 20 imports Mauritius from EAC ex EU27 in 2019					Top 20 imports Mauritius from EAC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2402	Cigars, cheroots, cigarillos and	34.0	79.2%	1	2402	Cigars, cheroots, cigarillos	39.8	68.8%
2	5201	Cotton, not carded or combed.	1.7	4.0%	2	7102	Diamonds, whether or not worked,	6.7	11.6%
3	102	Live bovine animals.	1.4	3.4%	3	5201	Cotton, not carded or combed.	5.5	9.4%
4	603	Cut flowers and flower buds	0.9	2.2%	4	102	Live bovine animals.	1.7	2.9%
5	902	Tea, whether or not flavoured.	0.9	2.1%	5	2202	Waters, including mineral waters	0.8	1.3%
6	3004	Medicaments (excluding goods of health)	0.9	2.0%	6	3004	Medicaments (excluding goods of health)	0.6	1.1%
7	3402	Organic surface-active agents (others)	0.8	1.9%	7	3402	Organic surface-active agents (others)	0.5	0.8%
8	2202	Waters, including mineral waters	0.4	0.9%	8	713	Dried leguminous vegetables, shelle	0.3	0.5%

Top 20 imports Mauritius from EAC ex EU27 in 2019					Top 20 imports Mauritius from EAC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
9	8431	Parts suitable for use solely	0.2	0.5%	9	7103	Precious stones (other than diamond)	0.3	0.5%
10	2710	Petroleum oils and oils obtained fr	0.2	0.4%	10	304	Fish fillets and other fish meat	0.2	0.3%
11	303	Fish, frozen, excluding fish fillet	0.1	0.3%	11	6204	Women's or girls' suits, ensembles,	0.2	0.3%
12	2106	Food preparations not elsewhere	0.1	0.3%	12	4811	Paper, paperboard, cellulose waddin	0.1	0.2%
13	304	Fish fillets and other fish meat	0.1	0.3%	13	3306	Preparations for oral or dental hygienic	0.1	0.2%
14	7010	Carboys, bottles, flasks, jars, pot	0.1	0.3%	14	2306	Oil-cake and other solid residues,	0.1	0.2%
15	1302	Vegetable saps and extracts; pectic	0.1	0.3%	15	1702	Other sugars, including chemically	0.1	0.2%
16	3306	Preparations for oral or dental hyg	0.1	0.2%	16	603	Cut flowers and flower buds of a ki	0.1	0.2%
17	713	Dried leguminous vegetables, shelle	0.1	0.2%	17	902	Tea, whether or not flavoured.	0.1	0.1%
18	905	Vanilla.	0.1	0.1%	18	3405	Polishes and creams, for footwear,	0.1	0.1%
19	402	Milk and cream, concentrated or con	0.1	0.1%	19	9030	Oscilloscopes, spectrum analysers a	0.1	0.1%
20	8507	Electric accumulators, including se	0.1	0.1%	20	3808	Insecticides, rodenticides, fungici	0.1	0.1%
		Total goods exports	42.8	100.0%			Total goods exports	57.8	100.0%
		Total of top 5 exports	39.0	91%			Total of top 5 exports	54.4	94%
		HHI top 5	0.8				HHI top 5	0.6	
		Total of top 10 exports	41.4	96.7%			Total of top 10 exports	56.2	97.3%
		HHI top 10	0.68				HHI top 10	0.52	
		Total of top 20 exports	42.5	99.1%			Total of top 20 exports	57.3	99.1%

Top 20 imports Mauritius from EAC ex EU27 in 2019					Top 20 imports Mauritius from EAC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		HHI top 20	0.64				HHI top 20	0.51	

Source: UN Comtrade data

Table 63: Top 20 imports Mauritius from SADC

Top 20 imports Mauritius from SADC in 2019					Top 20 imports Mauritius from SADC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2710	Petroleum oils and oils obtained fr	102.8	16.9%	1	2701	Coal; briquettes, ovoids and simila	69.1	14.9%
2	303	Fish, frozen, excluding fish fillet	64.2	10.5%	2	303	Fish, frozen, excluding fish fillet	50.2	10.8%
3	2701	Coal; briquettes, ovoids and simila	61.6	10.1%	3	5201	Cotton, not carded or combed.	41.8	9.0%
4	5201	Cotton, not carded or combed.	44.0	7.2%	4	8704	Motor vehicles for the transport	17.0	3.7%
5	905	Vanilla.	21.7	3.6%	5	2402	Cigars, cheroots, cigarillos	12.1	2.6%
6	2402	Cigars, cheroots, cigarillos and ci	19.4	3.2%	6	2106	Food preparations not elsewhere spe	10.3	2.2%
7	8704	Motor vehicles for the transport of	17.3	2.8%	7	2713	Petroleum coke, petroleum bitumen a	9.1	2.0%
8	102	Live bovine animals.	15.1	2.5%	8	7102	Diamonds, whether or not worked, bu	8.0	1.7%
9	2106	Food preparations not elsewhere spe	14.7	2.4%	9	808	Apples, pears and quinces, fresh.	7.1	1.5%
10	8528	Reception apparatus for television,	10.8	1.8%	10	3004	Medicaments (excluding goods of health	6.5	1.4%
11	3004	Medicaments (excluding goods of health	7.9	1.3%	11	2009	Fruit juices (including grape must)	6.0	1.3%
12	7213	Bars and rods, hot-rolled, in irreg	7.6	1.2%	12	1604	Prepared or preserved fish; caviar	5.1	1.1%

Top 20 imports Mauritius from SADC in 2019					Top 20 imports Mauritius from SADC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
13	808	Apples, pears and quinces, fresh.	6.8	1.1%	13	7214	Other bars and rods of iron or non-	4.4	0.9%
14	805	Citrus fruit, fresh or dried.	5.8	0.9%	14	2710	Petroleum oils and oils obtained fr	4.1	0.9%
15	4407	Wood sawed or chipped lengthwise,	5.0	0.8%	15	805	Citrus fruit, fresh or dried.	4.1	0.9%
16	2009	Fruit juices (including grape must)	4.1	0.7%	16	102	Live bovine animals.	4.0	0.9%
17	1905	Bread, pastry, cakes, biscuits and	3.7	0.6%	17	8528	Reception apparatus for television,	3.7	0.8%
18	1604	Prepared or preserved fish; caviar	3.6	0.6%	18	4407	Wood sawed or chipped lengthwise,	3.6	0.8%
19	2204	Wine of fresh grapes, including for	3.4	0.6%	19	1507	Soya-bean oil and its fractions,	3.6	0.8%
20	8471	Automatic data processing machines	3.3	0.5%	20	7108	Gold (including gold plated with pl	3.5	0.7%
		Total goods exports	609.0	100.0%			Total goods exports	463.9	100.0%
		Total of top 5 exports	294.3	48%			Total of top 5 exports	190.2	41%
		HHI top 5	0.2				HHI top 5	0.3	
		Total of top 10 exports	371.6	61.0%			Total of top 10 exports	231.1	49.8%
		HHI top 10	0.16				HHI top 10	0.18	
		Total of top 20 exports	422.7	69.4%			Total of top 20 exports	272.9	58.8%
		HHI top 20	0.13				HHI top 20	0.13	

Source: UN Comtrade data

Table 64: Top 20 imports Mauritius from COMESA

Top 20 imports Mauritius from COMESA in 2019					Top 20 imports Mauritius from COMESA in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	303	Fish, frozen, excluding fish fillet	62.5	27.9%	1	303	Fish, frozen, excluding fish fillet	49.3	27.7%
2	2402	Cigars, cheroots, cigarillos and ci	34.0	15.2%	2	2402	Cigars, cheroots, cigarillos and ci	39.8	22.4%
3	5201	Cotton, not carded or combed.	27.3	12.2%	3	5201	Cotton, not carded or combed.	17.3	9.7%
4	905	Vanilla.	21.6	9.7%	4	7214	Other bars and rods of iron or non-	12.5	7.0%
5	2106	Food preparations not elsewhere spe	13.5	6.0%	5	2106	Food preparations not elsewhere spe	8.2	4.6%
6	1507	Soya-bean oil and its fractions, wh	9.8	4.4%	6	7213	Bars and rods, hot-rolled, in irreg	6.2	3.5%
7	1701	Cane or beet sugar and chemically p	6.0	2.7%	7	713	Dried leguminous vegetables, shelle	3.1	1.8%
8	4407	Wood sawed or chipped lengthwise,	4.0	1.8%	8	4407	Wood sawed or chipped lengthwise,	2.9	1.6%
9	4818	Toilet paper and similar paper, cel	2.5	1.1%	9	406	Cheese and curd.	2.2	1.2%
10	3402	Organic surface-active agents (othe	2.3	1.0%	10	102	Live bovine animals.	1.7	0.9%
11	805	Citrus fruit, fresh or dried.	2.2	1.0%	11	3402	Organic surface-active agents (othe	1.7	0.9%
12	713	Dried leguminous vegetables, shelle	1.8	0.8%	12	307	Molluscs, whether in shell or not,	1.6	0.9%
13	1605	Crustaceans, molluscs and other aqu	1.7	0.8%	13	905	Vanilla.	1.5	0.8%
14	1517	Margarine; edible mixtures or prepa	1.6	0.7%	14	4819	Cartons, boxes, cases, bags and oth	1.4	0.8%
15	703	Onions, shallots, garlic, leeks and	1.5	0.7%	15	2202	Waters, including mineral waters an	1.4	0.8%

Top 20 imports Mauritius from COMESA in 2019					Top 20 imports Mauritius from COMESA in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
16	102	Live bovine animals.	1.4	0.6%	16	805	Citrus fruit, fresh or dried.	1.3	0.7%
17	5209	Woven fabrics of cotton, containing	1.2	0.5%	17	6212	Brassières, girdles, corsets, brace	1.2	0.7%
18	1512	Sunflower-seed, safflower or cotton	1.2	0.5%	18	1202	Ground-nuts, not roasted or otherwi	1.2	0.7%
19	2004	Other vegetables prepared or preser	1.2	0.5%	19	306	Crustaceans, whether in shell or no shell	1.2	0.7%
20	806	Grapes, fresh or dried.	1.1	0.5%	20	6110	Jerseys, pullovers, cardigans,	1.0	0.5%
		Total goods exports	223.9	100.0%			Total goods exports	177.7	100.0%
		Total of top 5 exports	159.0	71%			Total of top 5 exports	127.0	71%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	183.6	82.0%			Total of top 10 exports	143.1	80.5%
		HHI top 10	0.20				HHI top 10	0.22	
		Total of top 20 exports	198.6	88.7%			Total of top 20 exports	156.5	88.1%
		HHI top 20	0.17				HHI top 20	0.19	

Source: UN Comtrade data

Seychelles

Seychelles' goods exports to the EU

Table 65: Top 20 exports, Seychelles to EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value.

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
Total	109.6	158.4	182.4	13.0%	2.0%
PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES (1988-2500)	89.8	138.9	129.3	15.6%	-1.0%
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES (1988-2500)	16.1	11.5	36.0	-10.6%	17.7%
MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES (1988-2500)	0.0	0.0	9.8	-2.3%	216.4%
SHIPS, BOATS AND FLOATING STRUCTURES (1988-2500)	1.3	2.3	2.0	19.4%	-1.9%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF (1988-2500)	1.2	1.4	1.6	4.2%	2.5%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	0.1	0.2	0.4	13.6%	10.3%
OTHER PRODUCTS (1988-2500)	0.1	2.4	0.4	164.8%	-23.1%
BEVERAGES, SPIRITS AND VINEGAR (1988-2500)	0.0	0.0	0.3	23.3%	41.7%
ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES (1988-2500)	0.2	0.2	0.3	-8.9%	8.7%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (1988-2500)	0.1	0.2	0.2	45.6%	-4.4%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF (1988-2500)	0.0	0.2	0.2	60.6%	-2.3%
WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF (1988-2500)	N/A	0.0	0.1	N/A	116.4%
COFFEE, TEA, MATE AND SPICES (1988-2500)	0.0	0.0	0.1	-3.5%	27.8%
COPPER AND ARTICLES THEREOF (1988-2500)	0.0	0.3	0.1	218.8%	-13.6%
WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES (1988-2500)	0.1	0.0	0.1	-46.8%	38.3%
UMBRELLAS, SUN UMBRELLAS, WALKING STICKS, SEAT-STICKS, WHIPS, RIDING-CROPS AND PARTS THEREOF (1988-2500)	N/A		0.1	N/A	N/A
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	0.0	0.0	0.1	-63.8%	124.7%
OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS (1988-2500)	0.0	0.1	0.1	155.1%	-5.7%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF (1988-2500)	0.0	0.1	0.1	144.3%	-11.0%
LIVE ANIMALS (1988-2500)	0.0	0.0	0.1	-48.9%	38.9%

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
Share top 5 imports	99%	97%	98%		
Share top 10 imports	100%	99%	99%		
Share top 20 imports	100%	100%	99%		

Source: Eurostat

Table 66: Top 20 exports, Seychelles to EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value.

2019					2012				2010			
	Produ ct code	Description	Trade value in million USD	Share in total trade	Produ ct code	Description	Trade value in million USD	Share in total trade	Produ ct code	Description	Trade value in million USD	Share in total trade
1	1604	Prepared or preserved fish; caviar	226.7	76.2%	1604	Prepared or preserved fish; caviar	394.9	97.7%	1604	Prepared or preserved fish; caviar	183.0	82.7%
2	8903	Yachts and other vessels for pleasu	47.6	16.0%	9020	Other breathing appliances and gas	1.6	0.4%	302	Fish, fresh or chilled, excluding f	17.8	8.0%
3	303	Fish, frozen, excluding fish fillet	18.6	6.3%	2301	Flours, meals and pellets, of meat	1.5	0.4%	8903	Yachts and other vessels for pleasure	7.9	3.6%
4	9018	Instruments and appliances used in	0.9	0.3%	8803	Parts of goods of heading 88.01 or	1.4	0.3%	8803	Parts of goods of heading 88.01 or	6.2	2.8%
5	304	Fish fillets and other fish meat (w	0.7	0.2%	302	Fish, fresh or chilled, excluding f	0.9	0.2%	9018	Instruments and appliances used in	1.8	0.8%
6	8803	Parts of goods of heading 88.01 or	0.5	0.2%	8407	Spark-ignition reciprocating or rot	0.8	0.2%	305	Fish, dried, salted or in brine; sm	1.4	0.6%
7	1504	Fats and oils and their fractions,	0.3	0.1%	8544	Insulated (including enamelled or a	0.6	0.1%	1504	Fats and oils and their fractions,	1.3	0.6%
8	8703	Motor cars and other motor vehicles	0.3	0.1%	9018	Instruments and appliances used in	0.5	0.1%	304	Fish fillets and other fish meat (w	0.4	0.2%
9	9018	Instruments and appliances used in	0.3	0.1%	9015	Surveying (including photogrammetrical	0.5	0.1%	303	Fish, frozen, excluding fish fillet	0.4	0.2%
10	2208	Undenatured ethyl alcohol of an alc	0.2	0.1%	303	Fish, frozen, excluding fish fillet	0.3	0.1%	9701	Paintings, drawings and pastels, ex	0.3	0.1%

2019					2012				2010			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
11	8409	Parts suitable for use solely or tpr	0.1	0.0%	8517	Electrical apparatus for line telep	0.3	0.1%	7311	Containers for compressed or liquefy	0.2	0.1%
12	9031	Measuring or checking instruments,	0.1	0.0%	9006	Photographic (other than cinematogr	0.1	0.0%	8409	Parts suitable for use solely or tpr	0.1	0.0%
13	5608	Knotted netting of twine, cordage o	0.1	0.0%	8903	Yachts and other vessels for pleasure	0.1	0.0%	9005	Binoculars, monoculars, other optics	0.1	0.0%
14	302	Fish, fresh or chilled, excluding f	0.1	0.0%	9004	Spectacles, goggles and the like, c	0.1	0.0%	106	Other live animals.	0.1	0.0%
15	8907	Other floating structures (for exam	0.1	0.0%	8511	Electrical ignition or starting equ	0.1	0.0%	8528	Reception apparatus for television,	0.1	0.0%
16	2301	Flours, meals and pellets, of meat	0.1	0.0%	8703	Motor cars and other motor vehicles	0.1	0.0%	906	Cinnamon and cinnamon-tree flowers.	0.1	0.0%
17	7326	Other articles of iron or steel.	0.1	0.0%	9207	Musical instruments, the sound of w	0.1	0.0%	8485	Machinery parts, not containing	0.0	0.0%
18	4011	New pneumatic tyres, of rubber.	0.1	0.0%	2208	Udenatured ethyl alcohol of an alc	0.1	0.0%	9014	Direction finding compasses; other	0.0	0.0%
19	906	Cinnamon and cinnamon-tree flowers.	0.1	0.0%	9033	Parts and accessories (not specifie	0.1	0.0%	9202	Other string musical instruments (f	0.0	0.0%
20	3926	Other articles of plastics and arti	0.1	0.0%	1504	Fats and oils and their fractions,	0.0	0.0%	9030	Oscilloscopes, spectrum analysers a	0.0	0.0%
		Total goods exports	297.6	100.0%		Total goods exports	404.3	100.0%		Total goods exports	221.3	100.0%
		Total of top 5 exports	294.5	99%			400.3	99%			216.6	98%
		HHI top 5	0.6				1.0				0.7	

2019				2012				2010			
Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
	Total of top 10 exports	296.1	100%			402.9	100%			220.3	100%
	HHI top 10	0.62				0.96				0.70	
	Total of top 20 exports	297.2	99.9%			404.0	99.9%			221.0	99.8%
	HHI top 20	0.61				0.96				0.69	

Source: UN Comtrade data

Table 67: Top 20 exports, Seychelles to EU27, compound annual growth rate (CAGR), 2012-2019, 2010-2012

	2019	2019	2019	2012	2010	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2010 - 2012
1	1604	Prepared or preserved fish; caviar	226.7	394.9	183.0	-7.6%	29.2%
2	8903	Yachts and other vessels for pleasure	47.6	n/a	7.9	n/a	n/a
3	303	Fish, frozen, excluding fish fillet	18.6	0.3	0.4	76.4%	-4.4%
4	9018	Instruments and appliances used in	0.9	0.5	1.8	8.5%	-33.5%
5	304	Fish fillets and other fish meat (w	0.7	n/a	0.4	n/a	n/a
6	8803	Parts of goods of heading 88.01 or	0.5	1.4	6.2	-13.2%	-39.3%
7	1504	Fats and oils and their fractions,	0.3	0.0	1.3	31.4%	-66.9%
8	8703	Motor cars and other motor vehicles	0.3	0.1	n/a	22.0%	n/a
9	9018	Instruments and appliances used in	0.3	0.5	1.8	-9.2%	-33.5%
10	2208	Undenatured ethyl alcohol of an alc	0.2	0.1	0.0	16.1%	420.4%
11	8409	Parts suitable for use solely or†pr	0.1	0.0	0.1	32.9%	-42.9%
12	9031	Measuring or checking instruments,	0.1	n/a	n/a	n/a	n/a

13	5608	Knotted netting of twine, cordage o	0.1	n/a	n/a	n/a	n/a
14	302	Fish, fresh or chilled, excluding f	0.1	0.9	17.8	-24.4%	-63.3%
15	8907	Other floating structures (for exam	0.1	0.0	0.0	72.1%	93.8%
16	2301	Flours, meals and pellets, of meat	0.1	1.5	n/a	-31.9%	n/a
17	7326	Other articles of iron or steel.	0.1	n/a	n/a	n/a	n/a
18	4011	New pneumatic tyres, of rubber.	0.1	n/a	n/a	n/a	n/a
19	906	Cinnamon and cinnamon-tree flowers.	0.1	0.0	0.1	12.8%	-15.2%
20	3926	Other articles of plastics and arti	0.1	n/a	n/a	n/a	n/a
		Total goods exports	297.6	404.3	221.3	-4.3%	22.2%

Source: UN Comtrade data

Seychelles' goods imports from the EU

Table 68: Top 20 imports, Seychelles from EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value.

	2009	2013	2019	CAGR 2009 - 2013	CAGR 2012 - 2019
Total	158.8	299.4	265.2	17.2%	-2.0%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF (1988-2500)	0.7	1.6	67.0	20.9%	87.0%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	21.7	38.8	33.1	15.7%	-2.6%
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES (1988-2500)	53.9	102.6	31.7	17.4%	-17.8%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (1988-2500)	7.1	11.4	27.6	12.6%	15.9%
BEVERAGES, SPIRITS AND VINEGAR (1988-2500)	2.7	5.8	9.9	21.3%	9.3%
ARTICLES OF IRON OR STEEL (1988-2500)	6.0	7.2	8.1	4.6%	1.8%
SHIPS, BOATS AND FLOATING STRUCTURES (1988-2500)	15.9	46.0	7.9	30.5%	-25.4%
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF (1988-2500)	1.7	2.8	6.5	13.4%	15.0%
DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED (1988-2500)	1.9	2.8	6.2	9.7%	14.3%

	2009	2013	2019	CAGR 2009 - 2013	CAGR 2012 - 2019
OTHER PRODUCTS (1988-2500)	4.2	14.4	5.3	36.1%	-15.3%
MISCELLANEOUS ARTICLES OF BASE METAL (1988-2500)	8.9	10.8	4.8	5.0%	-12.7%
WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF (1988-2500)	1.9	2.9	4.7	11.3%	8.6%
IRON AND STEEL (1988-2500)	1.7	3.8	4.0	22.0%	1.0%
MEAT AND EDIBLE MEAT OFFAL (1988-2500)	1.4	2.5	3.4	16.0%	5.3%
PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS (1988-2500)	0.6	1.3	2.9	20.8%	13.4%
PLASTICS AND ARTICLES THEREOF (1988-2500)	2.2	2.0	2.8	-2.0%	6.0%
MISCELLANEOUS EDIBLE PREPARATIONS (1988-2500)	1.1	3.4	2.8	32.0%	-3.4%
ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES (1988-2500)	2.6	5.1	2.7	18.2%	-9.9%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF (1988-2500)	2.1	2.4	2.7	3.4%	2.1%
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	0.9	3.8	2.5	44.7%	-6.8%
Share top 5 exports	54%	53%	64%		
Share top 10 exports	73%	78%	77%		
Share top 20 exports	88%	91%	89%		

Source: Eurostat

Table 69: Top 20 imports, Seychelles from EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value.

2019					2013				2010			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	303	Fish, frozen, excluding fish fillet	97.3	29.5%	303	Fish, frozen, excluding fish fillet	126.8	46.7%	303	Fish, frozen, excluding fish fillet	88.2	33.5%
2	8903	Yachts and other vessels for pleasure	17.2	5.2%	8309	Stoppers, caps and lids (including	16.2	6.0%	8309	Stoppers, caps and lids (including	19.2	7.3%
3	8907	Other floating structures (for example	14.5	4.4%	1509	Olive oil and its fractions,	8.4	3.1%	1509	Olive oil and its fractions,	9.1	3.4%
4	8418	Refrigerators, freezers and other	6.8	2.1%	2208	Undenatured ethyl alcohol of an alc	5.9	2.2%	7210	Flat-rolled products of iron or non	6.9	2.6%

2019					2013				2010			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
5	7310	Tanks, casks, drums, cans, boxes and	6.4	1.9%	8903	Yachts and other vessels for pleasure	5.7	2.1%	8803	Parts of goods of heading 88.01 or	6.7	2.5%
6	7210	Flat-rolled products of iron or non	5.5	1.7%	7210	Flat-rolled products of iron or non	4.4	1.6%	8903	Yachts and other vessels for pleasure	4.5	1.7%
7	8309	Stoppers, caps and lids (including	5.2	1.6%	2204	Wine of fresh grapes, including for	4.2	1.5%	9405	Lamps and lighting fittings	3.6	1.4%
8	2204	Wine of fresh grapes, including for	5.1	1.5%	8409	Parts suitable for use solely or pr	3.5	1.3%	2204	Wine of fresh grapes, including for	3.2	1.2%
9	5608	Knotted netting of twine, cordage o	4.8	1.5%	8422	Dish washing machines; machinery fo	2.9	1.1%	9403	Other furniture and parts thereof.	3.1	1.2%
10	2208	Undenatured ethyl alcohol of an alc	4.8	1.5%	8413	Pumps for liquids, whether or not f	2.1	0.8%	8517	Electrical apparatus for line telep	3.0	1.1%
11	8803	Parts of goods of heading 88.01 or	4.5	1.4%	9403	Other furniture and parts thereof.	1.9	0.7%	6908	Glazed ceramic flags and paving, he	2.7	1.0%
12	1512	Sunflower-seed, safflower or cotton	4.4	1.3%	8517	Electrical apparatus for line telep	1.9	0.7%	1512	Sunflower-seed, safflower or cotton	2.5	1.0%
13	406	Cheese and curd.	3.3	1.0%	203	Meat of swine, fresh, chilled or fr	1.8	0.7%	7013	Glassware of a kind used for table,	2.4	0.9%
14	8507	Electric accumulators, including se	2.8	0.8%	1512	Sunflower-seed, safflower or cotton	1.7	0.6%	7310	Tanks, casks, drums, cans, boxes and	2.3	0.9%
15	403	Buttermilk, curdled milk and cream,	2.7	0.8%	8418	Refrigerators, freezers and other r	1.7	0.6%	8418	Refrigerators, freezers and other r	2.1	0.8%
16	3004	Medicaments (excluding goods of hea	2.6	0.8%	8703	Motor cars and other motor vehicles	1.6	0.6%	7610	Aluminium structures (excluding pre	1.7	0.6%
17	8422	Dish washing machines; machinery fo	2.5	0.8%	8421	Centrifuges, including centrifugal	1.6	0.6%	8421	Centrifuges, including centrifugal	1.7	0.6%

2019					2013				2010			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
18	2203	Beer made from malt.	2.4	0.7%	406	Cheese and curd.	1.5	0.5%	8422	Dish washing machines; machinery fo	1.7	0.6%
19	8703	Motor cars and other motor vehicles	2.3	0.7%	8536	Electrical apparatus for switching	1.3	0.5%	2208	Undenatured ethyl alcohol of an alc	1.5	0.6%
20	8705	Special purpose motor vehicles, oth	2.3	0.7%	7326	Other articles of iron or steel.	1.3	0.5%	8708	Parts and accessories of the motor	1.5	0.6%
		Total goods imports from EU27	330.0	100.0%		Total goods imports from EU27	271.4	100.0%		Total goods imports from EU27	263.3	100.0%
		Total of top 5 exports	142.1	43%			163.0	60%			130.1	49%
		HHI top 5	0.5				0.6				0.5	
		Total of top 10 exports	167.5	51%			180.1	66%			147.5	56%
		HHI top 10	0.36				0.51				0.39	
		Total of top 20 exports	197.4	59.8%			196.4	72.4%			167.6	63.6%
		HHI top 20	0.26				0.43				0.30	

Source: UN Comtrade data

Table 70: Top 20 imports, Seychelles from EU27, compound annual growth rate (CAGR), 2012-2019, 2010-2012

	2019	2019	2019	2013	2010	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2013 - 2019	CAGR 2010 - 2013
1	303	Fish, frozen, excluding fish fillet	97.3	126.8	88.2	-4.3%	12.9%
2	8903	Yachts and other vessels for pleasure	17.2	5.7	4.5	20.2%	8.4%
3	8907	Other floating structures (for exam	14.5	0.9	0.1	58.5%	132.9%

	2019	2019	2019	2013	2010	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2013 - 2019	CAGR 2010 - 2013
4	8418	Refrigerators, freezers and other r	6.8	1.7	2.1	26.2%	-7.0%
5	7310	Tanks, casks, drums, cans, boxes an	6.4	1.1	2.3	34.3%	-21.8%
6	7210	Flat-rolled products of iron or non	5.5	4.4	6.9	3.7%	-13.5%
7	8309	Stoppers, caps and lids (including	5.2	16.2	19.2	-17.2%	-5.6%
8	2204	Wine of fresh grapes, including for	5.1	4.2	3.2	3.3%	9.6%
9	5608	Knotted netting of twine, cordage o	4.8	0.0	0.0	126.5%	119.5%
10	2208	Undenatured ethyl alcohol of an alc	4.8	5.9	1.5	-3.3%	56.2%
11	8803	Parts of goods of heading 88.01 or	4.5	0.7	6.7	37.2%	-53.3%
12	1512	Sunflower-seed, safflower or cotton	4.4	1.7	2.5	16.9%	-11.8%
13	406	Cheese and curd.	3.3	1.5	1.4	14.4%	2.8%
14	8507	Electric accumulators, including se	2.8	0.1	0.1	89.9%	-12.8%
15	403	Buttermilk, curdled milk and cream,	2.7	0.8	0.7	21.5%	7.9%
16	3004	Medicaments (excluding goods of hea	2.6	1.3	1.1	12.4%	6.0%
17	8422	Dish washing machines; machinery fo	2.5	2.9	1.7	-2.2%	19.7%
18	2203	Beer made from malt.	2.4	1.0	0.2	16.0%	81.2%
19	8703	Motor cars and other motor vehicles	2.3	1.6	0.4	6.1%	57.6%
20	8705	Special purpose motor vehicles, oth	2.3	1.2	0.5	11.7%	37.1%
		Total goods imports from EU27	330.0	271.4	263.3	2.8%	1.0%

Source: UN Comtrade data

Seychelles goods exports to non-EU jurisdictions

Table 71: Top 20 exports Seychelles to WORLD ex EU27

Top 20 exports Seychelles to WORLD ex EU27 in 2019					Top 20 exports Seychelles to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	8803	Fish, frozen, excluding fish fillet	40.3	32.1%	1		Prepared or preserved fish; caviar	10.3	23.0%
2	2301	Yachts and other vessels for pleasure	30.7	24.5%	2		Flours, meals and pellets, of meat	7.6	17.0%
3	8526	Cigars, cheroots, cigarillos and ci	18.6	14.8%	3		Parts of goods of heading 88.01 or	4.4	9.7%
4	305	Flours, meals and pellets, of meat	14.3	11.4%	4		Radar apparatus, radio navigational	3.5	7.8%
5	8409	Fats and oils and their fractions,	4.8	3.8%	5		Fish, dried, salted or in brine;	3.3	7.3%
6	1504	Crustaceans, molluscs and other aqua	4.3	3.4%	6		Parts suitable for use solely or†pr	3.1	7.0%
7	302	Motor cars and other motor vehicles	1.8	1.4%	7		Fats and oils and their fractions,	1.6	3.5%
8	9020	Other nuts, fresh or dried, whether	1.4	1.1%	8		Other breathing appliances and gas	1.2	2.8%
9	8407	Fish, fresh or chilled, excluding f	1.0	0.8%	9		Yachts and other vessels for pleasure	1.0	2.2%
10	8429	Other aircraft (for example, helico	0.8	0.6%	10		Fish, frozen, excluding fish fillet	0.6	1.4%
11	9018	Containers for compressed or liquef	0.7	0.6%	11		Self-propelled bulldozers, angledoz	0.6	1.4%
12	8903	Parts of goods of heading 88.01 or	0.7	0.6%	12		Instruments and appliances used in	0.6	1.3%
13	8465	Ferrous waste and scrap; remelting	0.7	0.6%	13		Surveying (including photogrammetri	0.5	1.2%
14	8544	Other live animals.	0.7	0.5%	14		Spark-ignition reciprocating or rot	0.5	1.1%

Top 20 exports Seychelles to WORLD ex EU27 in 2019					Top 20 exports Seychelles to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
15	9015	Reservoirs, tanks, vats and similar	0.5	0.4%	15		Ferrous waste and scrap; remelting	0.4	0.9%
16	7204	Electrical machines and apparatus,	0.3	0.3%	16		Coconuts, Brazil nuts and cashew nuts	0.4	0.9%
17	801	Instruments and appliances used in	0.3	0.2%	17		Fish, fresh or chilled,	0.4	0.9%
18	307	Parts and accessories suitable for	0.3	0.2%	18		Molluscs, whether in shell or not,	0.4	0.9%
19	4418	Molluscs, whether in shell or not,	0.3	0.2%	19		Knotted netting of twine, cordage	0.3	0.7%
20	8703	Articles of goldsmiths' or silversm	0.3	0.2%	20		Motor cars and other motor vehicles	0.3	0.6%
		Total goods exports to EU27	125.3	100.0%			Total goods exports to EU27	44.9	100.0%
		Total of top 5 exports to EU27	108.6	87%			Total of top 5 exports to EU27	29.0	64.7%
		HHI top 5	0.3				HHI top 5	0.2	
		Total of top 10 exports to EU27	117.9	94.0%			Total of top 10 exports to EU27	36.5	81.4%
		HHI top 10	0.23				HHI top 10	0.17	
		Total of top 20 exports to EU27	122.6	97.8%			Total of top 20 exports to EU27	40.9	91.2%
		HHI top 20	0.21				HHI top 20	0.13	

Source: UN Comtrade data

Table 72: Top 20 exports Seychelles to EAC

Top 20 exports Seychelles to EAC in 2019					Top 20 exports Seychelles to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	8903	Yachts and other vessels for pleasure	0.4	77.1%	1	4418	Builders' joinery and carpentry of	0.3	57.7%
2	8525	Transmission apparatus for radio-tele	0.0	9.0%	2	4420	Wood marquetry and inlaid wood; case	0.2	31.4%
3	303	Fish, frozen, excluding fish fillet	0.0	4.5%	3	801	Coconuts, Brazil nuts and cashew nuts	0.0	3.7%
4	2208	Undenatured ethyl alcohol of an alcoholic	0.0	3.9%	4	9028	Gas, liquid or electricity supply of	0.0	3.0%
5	9018	Instruments and appliances used in	0.0	2.9%	5	1513	Coconut (copra), palm kernel or bab	0.0	1.4%
6	9033	Parts and accessories (not specified)	0.0	0.9%	6	1203	Copra.	0.0	1.3%
7	8507	Electric accumulators, including secondary	0.0	0.8%	7	8803	Parts of goods of heading 88.01 or	0.0	1.1%
8	2710	Petroleum oils and oils obtained from	0.0	0.5%	8	9014	Direction finding compasses; other	0.0	0.2%
9	8467	Tools for working in the hand, pneu	0.0	0.2%	9	3208	Paints and varnishes (including enamels)	0.0	0.1%
10	8479	Machines and mechanical appliances	0.0	0.1%	10	8516	Electric instantaneous or storage water	0.0	0.1%
11	3926	Other articles of plastics and articles	0.0	0.1%	11	7323	Table, kitchen or other household articles	0.0	0.0%
12	8202	Hand saws; blades for saws of all kinds	0.0	0.0%	12	9403	Other furniture and parts thereof.	0.0	0.0%
13	3101	Animal or vegetable fertilisers, whether	0.0	0.0%	13				
14	8204	Hand-operated spanners and wrenches	0.0	0.0%	14				
15	8536	Electrical apparatus for switching	0.0	0.0%	15				

Top 20 exports Seychelles to EAC in 2019					Top 20 exports Seychelles to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
16	9026	Instruments and apparatus for measu	0.0	0.0%	16				
17	9017	Drawing, marking-out or mathematica	0.0	0.0%	17				
18					18				
19					19				
20					20				
		Total goods exports	0.5	100.0%			Total goods exports	0.6	100.0%
		Total of top 5 exports	0.5	97%			Total of top 5 exports	0.6	97%
		HHI top 5	0.6				HHI top 5	0.5	
		Total of top 10 exports	0.5	99.8%			Total of top 10 exports	0.6	100.0%
		HHI top 10	0.61				HHI top 10	0.43	
		Total of top 20 exports	0.5	100.0%			Total of top 20 exports	0.6	100.0%
		HHI top 20	0.61				HHI top 20	0.43	

Source: UN Comtrade data

Table 73: Top 20 exports Seychelles to SADC

Top 20 exports Seychelles to SADC in 2019					Top 20 exports Seychelles to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	303	Fish, frozen, excluding fish fillet	12.6	66.5%	1	8903	Yachts and other vessels for pleasu	0.8	21.0%
2	8903	Yachts and other vessels for pleasure	3.6	18.9%	2	2301	Flours, meals and pellets, of meat	0.7	19.5%
3	2301	Flours, meals and pellets, of meat	0.8	4.0%	3	8465	Machine-tools (including machines f	0.6	15.0%

Top 20 exports Seychelles to SADC in 2019					Top 20 exports Seychelles to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
4	7311	Containers for compressed or liquef	0.7	3.5%	4	8803	Parts of goods of heading 88.01 or	0.3	7.2%
5	7309	Reservoirs, tanks, vats and similar	0.4	2.1%	5	9701	Paintings, drawings and pastels, ex	0.3	6.7%
6	8543	Electrical machines and apparatus,	0.3	1.7%	6	9505	Festive, carnival or other entertain	0.2	6.5%
7	8803	Parts of goods of heading 88.01 or	0.1	0.5%	7	303	Fish, frozen, excluding fish fillet	0.1	3.4%
8	7611	Aluminium reservoirs, tanks, vats a	0.1	0.4%	8	8518	Microphones and stands therefor; lo	0.1	3.3%
9	8485	Machinery parts, not containing ele	0.1	0.3%	9	302	Fish, fresh or chilled, excluding	0.1	2.6%
10	8422	Dish washing machines; machinery fo	0.0	0.3%	10	8516	Electric instantaneous or storage	0.1	2.0%
11	2309	Preparations of a kind used in anim	0.0	0.3%	11	8426	Ships' derricks; cranes, including	0.1	1.9%
12	302	Fish, fresh or chilled, excluding f	0.0	0.2%	12	9405	Lamps and lighting fittings includi	0.1	1.8%
13	7113	Articles of jewellery and parts the	0.0	0.2%	13	8205	Hand tools (including glaziers'	0.0	1.1%
14	2208	Undenatured ethyl alcohol of an alc	0.0	0.2%	14	8470	Calculating machines and pocket-siz	0.0	0.9%
15	9007	Cinematographic cameras and project	0.0	0.1%	15	8413	Pumps for liquids, whether	0.0	0.8%
16	8506	Primary cells and primary batteries	0.0	0.1%	16	8206	Tools of two or more of the heading	0.0	0.8%
17	8516	Electric instantaneous or storage w	0.0	0.1%	17	4202	Trunks, suit-cases, vanity-cases, e	0.0	0.5%
18	9703	Original sculptures and statuary, i	0.0	0.1%	18	8703	Motor cars and other motor vehicles	0.0	0.5%
19	8414	Air or vacuum pumps, air or other g	0.0	0.0%	19	8473	Parts and accessories (other than c	0.0	0.4%

Top 20 exports Seychelles to SADC in 2019					Top 20 exports Seychelles to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
20	8526	Radar apparatus, radio navigational	0.0	0.0%	20	7326	Other articles of iron or steel.	0.0	0.4%
		Total goods exports	19.0	100.0%			Total goods exports	3.8	100.0%
		Total of top 5 exports	18.0	95%			Total of top 5 exports	2.6	69%
		HHI top 5	0.5				HHI top 5	0.2	
		Total of top 10 exports	18.6	98.2%			Total of top 10 exports	3.3	87.3%
		HHI top 10	0.50				HHI top 10	0.16	
		Total of top 20 exports	18.9	99.4%			Total of top 20 exports	3.6	96.4%
		HHI top 20	0.49				HHI top 20	0.13	

Source: UN Comtrade data

Table 74: Top 20 exports Seychelles to COMESA

Top 20 exports Seychelles to COMESA in 2019					Top 20 exports Seychelles to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	303	Fish, frozen, excluding fish fillet	12.6	71.1%	1	1604	Prepared or preserved fish; caviar	1.4	31.2%
2	8903	Yachts and other vessels for pleasure	2.5	13.9%	2	2301	Flours, meals and pellets, of meat	0.7	15.8%
3	2301	Flours, meals and pellets, of meat	0.9	4.9%	3	8465	Machine-tools (including machines f	0.5	11.7%
4	7311	Containers for compressed or liquefy	0.7	3.8%	4	4418	Builders' joinery and carpentry of	0.3	7.1%
5	7309	Reservoirs, tanks, vats and similar	0.4	2.3%	5	9701	Paintings, drawings and pastels, ex	0.2	5.2%
6	8543	Electrical machines and apparatus,	0.3	1.8%	6	8705	Special purpose motor vehicles, oth	0.2	4.4%

Top 20 exports Seychelles to COMESA in 2019					Top 20 exports Seychelles to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
7	7611	Aluminium reservoirs, tanks, vats	0.1	0.5%	7	9505	Festive, carnival or other entertain	0.2	4.1%
8	2309	Preparations of a kind used in anim	0.0	0.3%	8	4420	Wood marquetry and inlaid wood; cas	0.2	3.9%
9	8525	Transmission apparatus for radio-te	0.0	0.3%	9	303	Fish, frozen, excluding fish fillet	0.1	2.7%
10	8422	Dish washing machines; machinery fo	0.0	0.2%	10	8518	Microphones and stands therefor; lo	0.1	2.7%
11	9301	Military weapons, other than revolv	0.0	0.2%	11	302	Fish, fresh or chilled, excluding	0.1	2.1%
12	302	Fish, fresh or chilled, excluding f	0.0	0.2%	12	8516	Electric instantaneous or storage w	0.1	1.7%
13	2208	Undenatured ethyl alcohol of an alc	0.0	0.1%	13	8426	Ships' derricks; cranes, including	0.1	1.6%
14	9018	Instruments and appliances used in	0.0	0.1%	14	8205	Hand tools (including glaziers'	0.0	0.8%
15	9101	Wrist-watches, pocket-watches	0.0	0.0%	15	8470	Calculating machines and pocket-size	0.0	0.8%
16	2710	Petroleum oils and oils obtained fr	0.0	0.0%	16	8413	Pumps for liquids, whether or not f	0.0	0.5%
17	306	Crustaceans, whether in shell or no	0.0	0.0%	17	801	Coconuts, Brazil nuts and cashew nuts	0.0	0.5%
18	9033	Parts and accessories (not specified)	0.0	0.0%	18	4202	Trunks, suit-cases, vanity-cases, e	0.0	0.4%
19	3926	Other articles of plastics and arti	0.0	0.0%	19	9028	Gas, liquid or electricity supply	0.0	0.4%
20	8473	Parts and accessories (other than c	0.0	0.0%	20	7326	Other articles of iron or steel.	0.0	0.3%
		Total goods exports	17.8	100.0%			Total goods exports	4.6	100.0%
		Total of top 5 exports	17.0	96%			Total of top 5 exports	3.3	71%
		HHI top 5	0.6				HHI top 5	0.3	

Top 20 exports Seychelles to COMESA in 2019					Top 20 exports Seychelles to COMESA in 2012				
Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports	
	Total of top 10 exports	17.6	99.0%			Total of top 10 exports	4.1	88.8%	
	HHI top 10	0.54				HHI top 10	0.19		
	Total of top 20 exports	17.7	99.8%			Total of top 20 exports	4.5	97.8%	
	HHI top 20	0.53				HHI top 20	0.16		

Source: UN Comtrade data

Seychelles goods imports from non-EU jurisdictions

Table 75: Top 20 imports Seychelles from WORLD ex EU27

Top 20 imports Seychelles from WORLD ex EU27 in 2019					Top 20 imports Seychelles from WORLD ex EU27 in 2013				
Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports	
1	2710	Yachts and other vessels for pleasure	330.5	29.9%	1	Petroleum oils and oils obtained fr	197.4	33.0%	
2	303	Petroleum oils and oils obtained fr	227.8	20.6%	2	Other aircraft (for example, helico	23.8	4.0%	
3	8802	Motor cars and other motor vehicles	23.3	2.1%	3	Motor cars and other motor vehicles	22.8	3.8%	
4	8309	Parts of goods of heading 88.01 or	13.6	1.2%	4	Fish, frozen, excluding fish fillet	12.8	2.1%	
5	9403	Wood sawed or chipped lengthwise,	10.5	1.0%	5	Salt (including table salt and dena	12.6	2.1%	
6	2501	Other furniture and parts thereof.	10.1	0.9%	6	Flat-rolled products of iron or non	9.0	1.5%	
7	2204	Portland cement, aluminous cement,	8.9	0.8%	7	Cruise ships, excursion boats, ferr	8.3	1.4%	
8	8901	Motor vehicles for the transport of	8.7	0.8%	8	Yachts and other vessels for pleasu	8.2	1.4%	

Top 20 imports Seychelles from WORLD ex EU27 in 2019					Top 20 imports Seychelles from WORLD ex EU27 in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
9	1006	Unmanufactured tobacco; tobacco ref	8.1	0.7%	9		Other furniture and parts thereof.	6.9	1.2%
10	7210	Flat-rolled products of iron or non	7.9	0.7%	10		Rice.	6.2	1.0%
11	4407	Cartons, boxes, cases, bags and oth	7.2	0.6%	11		Portland cement, aluminous cement,	5.7	1.0%
12	2208	Automatic data processing machines	7.0	0.6%	12		Motor vehicles for the transport of	5.4	0.9%
13	8422	Parts and accessories of the motor	6.4	0.6%	13		Cartons, boxes, cases, bags and oth	5.0	0.8%
14	402	Tubes, pipes and hoses, and fitting	6.2	0.6%	14		Wood sawn or chipped lengthwise, sl	5.0	0.8%
15	8708	Air conditioning machines, compri	6.1	0.6%	15		Petroleum gases and other gaseous h	4.7	0.8%
16	2711	Insulated (including enamelled or a	5.8	0.5%	16		Milk and cream, concentrated or con	4.6	0.8%
17	8418	Articles for the conveyance or pack	5.8	0.5%	17		Parts of goods of heading 88.01 or	4.6	0.8%
18	8409	Transmission apparatus for radio-te	5.7	0.5%	18		Meat and edible offal, of the pout	4.4	0.7%
19	2523	Medicaments (excluding goods of hea	5.5	0.5%	19		Wine of fresh grapes, including for	4.0	0.7%
20	8703	Fish, frozen, excluding fish fillet	5.4	0.5%	20		Automatic data processing machines	3.7	0.6%
		Total goods exports	1103.6	100.0%			Total goods exports	598.2	100.0%
		Total of top 5 exports	605.7	55%			Total of top 5 exports	269.4	45.0%
		HHI top 5	0.4				HHI top 5	0.6	
		Total of top 10 exports	649.4	58.8%			Total of top 10 exports	308.0	51.5%
		HHI top 10	0.38				HHI top 10	0.43	
		Total of top 20 exports	710.5	64.4%			Total of top 20 exports	355.2	59.4%

Top 20 imports Seychelles from WORLD ex EU27 in 2019					Top 20 imports Seychelles from WORLD ex EU27 in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		HHI top 20	0.32				HHI top 20	0.32	

Source: UN Comtrade data

Table 76: Top 20 imports Seychelles from EAC

Top 20 imports Seychelles from EAC in 2019					Top 20 imports Seychelles from EAC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	7010	Carboys, bottles, flasks, jars, pot	0.8	24.3%	1	7010	Carboys, bottles, flasks, jars, pot	0.9	23.3%
2	2202	Waters, including mineral waters an	0.2	7.1%	2	2710	Petroleum oils and oils obtained fr	0.5	14.1%
3	8544	Insulated (including enamelled or a	0.2	6.2%	3	704	Cabbages, cauliflowers, kohlrabi, k	0.2	5.7%
4	603	Cut flowers and flower buds of a ki	0.2	4.7%	4	8471	Automatic data processing machines	0.2	5.2%
5	9031	Measuring or checking instruments,	0.2	4.5%	5	9403	Other furniture and parts thereof.	0.2	5.2%
6	2106	Food preparations not elsewhere spe	0.1	3.6%	6	8544	Insulated (including enamelled or a	0.2	4.9%
7	1601	Sausages and similar products, of m	0.1	3.5%	7	2009	Fruit juices (including grape must)	0.1	4.0%
8	210	Meat and edible meat offal, salted,	0.1	3.0%	8	210	Meat and edible meat offal, salted,	0.1	2.2%
9	9026	Instruments and apparatus for measu	0.1	2.6%	9	2202	Waters, including mineral waters an	0.1	2.0%
10	708	Leguminous vegetables, shelled or u	0.1	2.6%	10	708	Leguminous vegetables, shelled or u	0.1	1.7%
11	804	Dates, figs, pineapples, avocados,	0.1	2.5%	11	306	Crustaceans, whether in shell or no	0.1	1.6%

Top 20 imports Seychelles from EAC in 2019					Top 20 imports Seychelles from EAC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1 2	3004	Medicaments (excluding goods of hea	0.1	1.6%	1 2	8301	Padlocks and locks (key, combinatio	0.0	1.3%
1 3	8537	Boards, panels, consoles, desks, ca	0.1	1.6%	1 3	3811	Anti-knock preparations, oxidation	0.0	1.2%
1 4	2710	Petroleum oils and oils obtained fr	0.0	1.4%	1 4	3917	Tubes, pipes and hoses, and fitting	0.0	1.2%
1 5	9405	Lamps and lighting fittings includi	0.0	1.2%	1 5	1601	Sausages and similar products, of m	0.0	1.2%
1 6	810	Other fruit, fresh.	0.0	1.1%	1 6	8413	Pumps for liquids, whether or not f	0.0	1.1%
1 7	9025	Hydrometers and similar floating in	0.0	1.1%	1 7	9018	Instruments and appliances used in	0.0	1.0%
1 8	3006	Pharmaceutical goods specified in N	0.0	1.1%	1 8	706	Carrots, turnips, salad beetroot, s	0.0	1.0%
1 9	8531	Electric sound or visual signalling	0.0	1.1%	1 9	8302	Base metal mountings, fittings and	0.0	1.0%
2 0	1001	Wheat and meslin.	0.0	1.1%	2 0	701	Potatoes, fresh or chilled.	0.0	0.9%
		Total goods exports	3.4	100.0%			Total goods exports	3.8	100.0%
		Total of top 5 exports	1.6	47%			Total of top 5 exports	2.0	54%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	2.1	62.1%			Total of top 10 exports	2.6	68.3%
		HHI top 10	0.20				HHI top 10	0.19	
		Total of top 20 exports	2.6	76.0%			Total of top 20 exports	3.0	79.7%
		HHI top 20	0.14				HHI top 20	0.14	

Source: UN Comtrade data

Table 77: Top 20 imports Seychelles from SADC

Top 20 imports Seychelles from SADC in 2019					Top 20 imports Seychelles from SADC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	4407	Wood sawn or chipped lengthwise, sl	6.2	5.5%	1	4819	Cartons, boxes, cases, bags and oth	4.1	5.0%
2	8903	Yachts and other vessels for pleasure	5.3	4.7%	2	303	Fish, frozen, excluding fish fillet	3.5	4.3%
3	2309	Preparations of a kind used in anim	2.7	2.4%	3	2309	Preparations of a kind used in anim	3.2	4.0%
4	4819	Cartons, boxes, cases, bags and oth	2.7	2.3%	4	2204	Wine of fresh grapes, including for	2.9	3.6%
5	303	Fish, frozen, excluding fish fillet	2.6	2.3%	5	8903	Yachts and other vessels for pleasu	2.6	3.1%
6	3402	Organic surface-active agents (othe	2.0	1.7%	6	8539	Electric filament or discharge lamp	2.2	2.7%
7	8901	Cruise ships, excursion boats, ferr	1.5	1.4%	7	1101	Wheat or meslin flour.	2.1	2.5%
8	3923	Articles for the conveyance or pack	1.5	1.3%	8	4407	Wood sawn or chipped lengthwise, sl	1.8	2.3%
9	2204	Wine of fresh grapes, including for	1.5	1.3%	9	3402	Organic surface-active agents (othe	1.6	2.0%
10	8704	Motor vehicles for the transport of	1.5	1.3%	10	8704	Motor vehicles for the transport of	1.4	1.8%

Top 20 imports Seychelles from SADC in 2019					Top 20 imports Seychelles from SADC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1 1	3917	Tubes, pipes and hoses, and fitting	1.4	1.3%	1 1	9403	Other furniture and parts thereof.	1.3	1.6%
1 2	1905	Bread, pastry, cakes, biscuits and	1.3	1.1%	1 2	3917	Tubes, pipes and hoses, and fitting	1.2	1.5%
1 3	3208	Paints and varnishes (including ena	1.3	1.1%	1 3	7214	Other bars and rods of iron or non-	1.2	1.5%
1 4	8544	Insulated (including enamelled or a	1.3	1.1%	1 4	3923	Articles for the conveyance or pack	1.2	1.4%
1 5	9403	Other furniture and parts thereof.	1.2	1.1%	1 5	8703	Motor cars and other motor vehicles	1.0	1.3%
1 6	3919	Self-adhesive plates, sheets, film,	1.2	1.0%	1 6	3208	Paints and varnishes (including ena	0.9	1.1%
1 7	8413	Pumps for liquids, whether or not f	1.1	1.0%	1 7	4821	Paper or paperboard labels of all k	0.8	1.0%
1 8	4821	Paper or paperboard labels of all k	1.1	1.0%	1 8	3926	Other articles of plastics and arti	0.7	0.9%
1 9	8517	Electrical apparatus for line telep	1.1	1.0%	1 9	8901	Cruise ships, excursion boats, ferr	0.7	0.9%
2 0	8536	Electrical apparatus for switching	1.1	0.9%	2 0	8536	Electrical apparatus for switching	0.7	0.8%
		Total goods exports	113.2	100.0%			Total goods exports	81.5	100.0%

Top 20 imports Seychelles from SADC in 2019					Top 20 imports Seychelles from SADC in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
		Total of top 5 exports	19.5	17%			Total of top 5 exports	16.4	20%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	27.5	24.3%			Total of top 10 exports	25.5	31.3%
		HHI top 10	0.13				HHI top 10	0.11	
		Total of top 20 exports	39.5	34.9%			Total of top 20 exports	35.3	43.3%
		HHI top 20	0.07				HHI top 20	0.07	

Source: UN Comtrade data

Table 78: Top 20 imports Seychelles from COMESA

Top 20 imports Seychelles from COMESA in 2019					Top 20 imports Seychelles from COMESA in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	4819	Cartons, boxes, cases, bags and oth	2.5	5.0%	1	4819	Cartons, boxes, cases, bags and oth	4.0	9.2%
2	2309	Preparations of a kind used in anim	2.4	4.9%	2	303	Fish, frozen, excluding fish fillet	3.5	8.1%
3	709	Other vegetables, fresh or chilled.	1.7	3.3%	3	2309	Preparations of a kind used in anim	3.2	7.4%
4	805	Citrus fruit, fresh or dried.	1.5	3.1%	4	1101	Wheat or meslin flour.	2.1	4.7%
5	3917	Tubes, pipes and hoses, and fitting	1.0	2.0%	5	8903	Yachts and other vessels for pleasu	1.6	3.8%
6	4823	Other paper, paperboard, cellulose	1.0	2.0%	6	2009	Fruit juices (including grape must)	1.3	2.9%

Top 20 imports Seychelles from COMESA in 2019					Top 20 imports Seychelles from COMESA in 2013				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
7	1101	Wheat or meslin flour.	1.0	2.0%	7	3923	Articles for the conveyance or pack	1.0	2.3%
8	8544	Insulated (including enamelled or a	1.0	1.9%	8	7010	Carboys, bottles, flasks, jars, pot	0.9	2.0%
9	4821	Paper or paperboard labels of all k	0.9	1.9%	9	9403	Other furniture and parts thereof.	0.8	1.8%
10	8903	Yachts and other vessels for pleasu	0.9	1.9%	10	3917	Tubes, pipes and hoses, and fitting	0.8	1.7%
11	3923	Articles for the conveyance or pack	0.9	1.8%	11	8703	Motor cars and other motor vehicles	0.7	1.6%
12	9018	Instruments and appliances used in	0.9	1.7%	12	1512	Sunflower-seed, safflower or cotton	0.7	1.6%
13	7010	Carboys, bottles, flasks, jars, pot	0.9	1.7%	13	4821	Paper or paperboard labels of all k	0.7	1.6%
14	3402	Organic surface-active agents (othe	0.7	1.4%	14	2710	Petroleum oils and oils obtained fr	0.6	1.4%
15	8471	Automatic data processing machines	0.7	1.4%	15	4407	Wood sawn or chipped lengthwise, sl	0.6	1.4%
16	4911	Other printed matter, including pri	0.7	1.4%	16	3402	Organic surface-active agents (othe	0.6	1.4%
17	8517	Electrical apparatus for line telep	0.7	1.4%	17	4911	Other printed matter, including pri	0.5	1.1%
18	2202	Waters, including mineral waters an	0.7	1.3%	18	8471	Automatic data processing machines	0.4	1.0%
19	8536	Electrical apparatus for switching	0.6	1.2%	19	4412	Plywood, veneered panels and simila	0.4	0.9%
20	807	Melons (including watermelons) and	0.6	1.2%	20	3506	Prepared glues and other prepared	0.4	0.9%
		Total goods exports	49.5	100.0%			Total goods exports	43.7	100.0%
		Total of top 5 exports	9.1	18%			Total of top 5 exports	14.5	33%
		HHI top 5	0.2				HHI top 5	0.2	

Top 20 imports Seychelles from COMESA in 2019					Top 20 imports Seychelles from COMESA in 2013				
Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports	
	Total of top 10 exports	13.9	28.1%			Total of top 10 exports	19.2	43.9%	
	HHI top 10	0.12				HHI top 10	0.14		
	Total of top 20 exports	21.2	42.8%			Total of top 20 exports	24.8	56.8%	
	HHI top 20	0.06				HHI top 20	0.09		

Source: UN Comtrade data

Zimbabwe

Zimbabwe's goods exports to the EU

Table 79: Top 20 exports, Zimbabwe to EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
Total	182.5	393.9	359.3	29.2%	-1.3%
TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES (1988-2500)	31.5	55.6	104.9	20.8%	9.5%
IRON AND STEEL (1988-2500)	34.9	113.2	99.7	48.1%	-1.8%
EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS (1988-2500)	9.9	15.2	41.8	15.1%	15.6%
RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER (1988-2500)	7.9	14.4	33.4	22.0%	12.8%
SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT(1988-2500)	16.6	16.6	30.0	0.1%	8.8%
EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS (1988-2500)	3.1	5.6	10.2	21.0%	9.1%
SUGARS AND SUGAR CONFECTIONERY (1988-2500)	20.7	93.9	6.2	65.4%	- 32.2%
LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE (1988-2500)	15.5	9.2	5.8	-15.9%	-6.4%
ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS (1988-2500)	0.1	0.9	3.6	120.8%	21.1%
COFFEE, TEA, MATE AND SPICES (1988-2500)	2.7	3.1	2.9	5.0%	-1.0%
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED (1988-2500)	1.3	1.2	2.5	-3.0%	10.8%
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN (1988-2500)	6.7	26.0	1.8	57.1%	- 31.9%
PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS (1988-2500)	0.0	1.9	1.1	316.5%	-7.2%
ORES, SLAG AND ASH (1988-2500)	2.0	N/A	0.9	N/A	N/A
MEAT AND EDIBLE MEAT OFFAL (1988-2500)	1.1	1.0	0.8	-5.6%	-1.8%
WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES (1988-2500)	0.6	0.6	0.6	-1.6%	1.9%
COTTON (1988-2500)	9.9	7.6	0.6	-8.5%	- 30.7%
OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS, SEEDS AND FRUIT; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER (1988-2500)	0.1	0.2	0.5	14.9%	15.1%
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	N/A	0.0	0.5	N/A	80.2%

	2009	2012	2019	CAGR 2009 - 2012	CAGR 2012 - 2019
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	0.5	0.7	0.3	10.0%	- 11.8%
Share top 5 imports	55%	55%	86%		
Share top 10 imports	78%	83%	94%		
Share top 20 imports	91%	93%	97%		

Source: Eurostat data

Table 80: Top 20 exports, Zimbabwe to EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value

2019					2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	7102	Diamonds, whether or not worked, bu	61.7	86.9%	7202	Ferro-alloys.	59.9	52.8%	603	Cut flowers and flower buds of a ki	181.2	45.6%
2	603	Cut flowers and flower buds of a ki	2.6	3.6%	7102	Diamonds, whether or not worked, bu	47.5	41.9%	2401	Unmanufactured tobacco; tobacco ref	113.9	28.7%
3	4103	Other raw hides and skins (fresh, o	2.3	3.2%	5201	Cotton, not carded or combed.	1.0	0.9%	7202	Ferro-alloys.	24.3	6.1%
4	2615	Niobium, tantalum, vanadium or zirc	0.9	1.2%	9703	Original sculptures and statuary, i	0.7	0.7%	7102	Diamonds, whether or not worked, bu	20.9	5.3%
5	9705	Collections and collectors' pieces	0.8	1.1%	708	Leguminous vegetables shelled or u	0.7	0.6%	5201	Cotton, not carded or combed.	16.5	4.2%
6	9703	Original sculptures and statuary,	0.7	1.0%	4103	Other raw hides and skins (fresh, o	0.6	0.5%	2516	Granite, porphyry, basalt, sandston	11.3	2.8%
7	6203	Men's or boys' suits, ensembles,	0.4	0.6%	9705	Collections and collectors' pieces	0.5	0.4%	4103	Other raw hides and skins (fresh, o	6.0	1.5%

2019					2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
8	708	Leguminous vegetables, shelled or u	0.3	0.4%	8207	Interchangeable tools for hand tool	0.3	0.3%	9705	Collections and collectors' pieces	6.0	1.5%
9	901	Coffee, whether or not roasted	0.2	0.3%	304	Fish fillets and other fish meat (w	0.3	0.3%	902	Tea, whether or not flavoured.	3.7	0.9%
10	7113	Articles of jewellery and parts the	0.2	0.2%	7113	Articles of jewellery and parts the	0.3	0.3%	7404	Copper waste and scrap.	1.9	0.5%
11	9027	Instruments and apparatus for physi	0.1	0.2%	8473	Parts and accessories (other than	0.2	0.1%	8413	Pumps for liquids, whether or not f	1.4	0.4%
12	2401	Unmanufactured tobacco; tobacco ref	0.1	0.1%	902	Tea, whether or not flavoured.	0.1	0.1%	7314	Cloth (including endless bands), gr	1.2	0.3%
13	6211	Track suits, ski suits and swimwear	0.1	0.1%	8431	Parts suitable for use solely or pr	0.1	0.1%	8431	Parts suitable for use solely or pr	0.8	0.2%
14	2843	Colloidal precious metals; inorgani	0.1	0.1%	8471	Automatic data processing machines	0.1	0.1%	9403	Other furniture and parts thereof.	0.8	0.2%
15	511	Animal products not elsewhere speci	0.1	0.1%	9022	Apparatus based on the use of X-ray	0.1	0.1%	901	Coffee, whether or not roasted or d	0.7	0.2%
16	9023	Instruments, apparatus and models,	0.1	0.1%	511	Animal products not elsewhere speci	0.1	0.1%	9703	Original sculptures and statuary, i	0.7	0.2%
17	8511	Electrical ignition or starting equ	0.0	0.1%	8503	Parts suitable for use solely or pr	0.1	0.1%	2603	Copper ores and concentrates.	0.7	0.2%
18	6201	Men's or boys' overcoats, car-coats	0.0	0.1%	9403	Other furniture and parts thereof.	0.1	0.1%	2504	Natural graphite.	0.6	0.2%
19	7114	Articles of goldsmiths' or silversm	0.0	0.1%	8413	Pumps for liquids, whether or not f	0.1	0.1%	4104	Tanned or crust hides and skins of	0.4	0.1%

2019					2012				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
20	904	Pepper of the genus Piper; dried or	0.0	0.1%	8202	Hand saws; blades for saws of all k	0.1	0.0%	810	Other fruit, fresh.	0.3	0.1%
		Total goods exports	71.0	100.0%		Total goods exports	113.3	100.0%		Total goods exports	397.1	100.0%
		Total of top 5 exports	68.2	96%			109.8	97%			356.8	90%
		HHI top 5	0.8				0.5				0.4	
		Total of top 10 exports	70.0	99%			111.8	99%			385.6	97%
		HHI top 10	0.78				0.47				0.32	
		Total of top 20 exports	70.7	99.6%			112.7	99.5%			393.2	99.0%
		HHI top 20	0.76				0.46				0.31	

Source: UN Comtrade data

Table 81: Top 20 exports, Zimbabwe from EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012

	2019	2019	2019	2012	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2009 - 2012
1	7102	Diamonds, whether or not worked, bu	61.7	47.5	20.9	3.8%	31.4%
2	603	Cut flowers and flower buds of a ki	2.6	n/a	181.2	n/a	n/a
3	4103	Other raw hides and skins (fresh, o	2.3	0.6	6.0	20.7%	-53.4%
4	2615	Niobium, tantalum, vanadium or zirc	0.9	0.0	0.0	261.5%	29.3%
5	9705	Collections and collectors' pieces	0.8	0.5	6.0	7.4%	-56.7%
6	9703	Original sculptures and statuary, i	0.7	0.7	0.7	-0.3%	2.5%
7	6203	Men's or boys' suits, ensembles, ja	0.4	0.0	0.2	39.2%	-41.1%

	2019	2019	2019	2012	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2012 - 2019	CAGR 2009 - 2012
8	708	Leguminous vegetables, shelled or u	0.3	0.7	0.1	-11.7%	84.7%
9	901	Coffee, whether or not roasted or d	0.2	n/a	0.7	n/a	n/a
10	7113	Articles of jewellery and parts the	0.2	0.3	n/a	-9.1%	n/a
11	9027	Instruments and apparatus for physi	0.1	n/a	0.0	n/a	n/a
12	2401	Unmanufactured tobacco; tobacco ref	0.1	0.0	113.9	48.0%	-96.1%
13	6211	Track suits, ski suits and swimwear	0.1	n/a	0.0	n/a	n/a
14	2843	Colloidal precious metals; inorgani	0.1	n/a	n/a	n/a	n/a
15	511	Animal products not elsewhere speci	0.1	0.1	n/a	-3.2%	n/a
16	9023	Instruments, apparatus and models,	0.1	n/a	n/a	n/a	n/a
17	8511	Electrical ignition or starting equ	0.0	n/a	0.0	n/a	n/a
18	6201	Men's or boys' overcoats, car-coats	0.0	0.0	0.0	85.4%	-30.7%
19	7114	Articles of goldsmiths' or silversm	0.0	0.0	n/a	11.1%	n/a
20	904	Pepper of the genus Piper; dried or	0.0	n/a	0.1	n/a	n/a
		Total goods exports	71.0	113.3	397.1	-6.5%	-34.2%

Source: UN Comtrade data

Zimbabwe's goods imports from the EU

Table 82: Top 20 imports, Zimbabwe from EU27, 2009, 2012, 2019 (Eurostat data), trade value in million EUR, HS 2, sorted by 2019 trade value

	2009	2017	2019	CAGR 2009 - 2017	CAGR 2017 - 2019
Total	87.3	157.9	150.8	7.7%	-2.3%
NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF (1988-2500)	31.3	45.9	51.9	4.9%	6.3%
PHARMACEUTICAL PRODUCTS (1988-2500)	3.8	22.3	15.2	24.7%	-17.5%
MISCELLANEOUS CHEMICAL PRODUCTS (1988-2500)	1.5	14.9	13.7	33.2%	-4.1%
VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING STOCK, AND PARTS AND ACCESSORIES THEREOF (1988-2500)	3.8	8.9	8.1	11.1%	-4.7%
ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES (1988-2500)	22.5	13.9	6.7	-5.9%	-30.7%
PRINTED BOOKS, NEWSPAPERS, PICTURES AND OTHER PRODUCTS OF THE PRINTING INDUSTRY; MANUSCRIPTS, TYPESCRIPTS AND PLANS (1988-2500)	0.1	0.2	4.6	5.3%	387.8 %
OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF (1988-2500)	4.3	8.5	4.5	8.7%	-27.4%
CEREALS (1988-2500)	0.0	1.9	4.4	234.7 %	50.8%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF (1988-2500)	0.1	0.1	4.3	6.1%	589.2 %
ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS (1988-2500)	0.6	1.0	4.2	7.8%	103.2 %
PLASTICS AND ARTICLES THEREOF (1988-2500)	0.8	5.1	3.0	26.2%	-22.5%
ARTICLES OF IRON OR STEEL (1988-2500)	0.3	2.8	2.9	33.7%	1.6%
FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAMEPLATES AND THE LIKE; PREFABRICATED BUILDINGS (1988-2500)	0.3	0.9	2.6	15.8%	69.5%
Other products (1988-2500)	2.5	1.1	2.5	-10.3%	51.4%
PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS (1988-2500)	1.0	2.0	2.1	9.1%	0.3%
MISCELLANEOUS EDIBLE PREPARATIONS (1988-2500)	2.1	1.8	1.9	-2.1%	4.3%
INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES (1988-2500)	1.4	1.0	1.5	-3.5%	23.0%

	2009	2017	2019	CAGR 2009 - 2017	CAGR 2017 - 2019
LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE (1988-2500)	0.1	0.1	1.5	7.4%	309.4 %
PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD (1988-2500)	1.1	3.6	1.3	15.7%	-38.9%
DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED (1988-2500)	0.7	5.0	1.0	27.2%	-54.7%
Share top 5 exports	72%	67%	63%		
Share top 10 exports	78%	75%	78%		
Share top 20 exports	90%	89%	91%		

Source: Eurostat

Table 83: Top 20 imports, Zimbabwe from EU27, 2009, 2012, 2019 (UN Comtrade data), trade value in million USD, HS 4, sorted by 2019 trade value

2019					2017				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
1	3004	Medicaments (excluding goods of hea	38.1	13.4%	1001	Wheat and meslin.	29.1	9.7%	1001	Wheat and meslin.	14.3	7.5%
2	8704	Motor vehicles for the transport of	26.6	9.4%	3822	Diagnostic or laboratory reagents o	14.5	4.8%	3004	Medicaments (excluding goods of hea	14.1	7.4%
3	1001	Wheat and meslin.	19.0	6.7%	8471	Automatic data processing machines	13.0	4.3%	8517	Electrical apparatus for line telep	13.1	6.9%
4	8701	Tractors (other than tractors of he	11.4	4.0%	8704	Motor vehicles for the transport of	11.3	3.8%	2710	Petroleum oils and oils obtained fr	10.3	5.4%
5	8431	Parts suitable for use solely or pr	10.8	3.8%	3004	Medicaments (excluding goods of hea	9.2	3.1%	1006	Rice.	9.0	4.7%
6	3002	Human blood; animal blood prepared	10.2	3.6%	8703	Motor cars and other motor vehicles	8.3	2.8%	8703	Motor cars and other motor vehicles	8.3	4.3%

2019					2017				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
7	2710	Petroleum oils and oils obtained fr	9.4	3.3%	8431	Parts suitable for use solely or pr	7.6	2.5%	8704	Motor vehicles for the transport of	4.8	2.5%
8	3808	Insecticides, rodenticides, fungici	7.2	2.5%	3002	Human blood; animal blood prepared	7.4	2.5%	8431	Parts suitable for use solely or pr	4.2	2.2%
9	8471	Automatic data processing machines	6.8	2.4%	9018	Instruments and appliances used in	7.1	2.4%	3002	Human blood; animal blood prepared	4.0	2.1%
10	3822	Diagnostic or laboratory reagents	6.8	2.4%	8524	Records, tapes and other recorded m	7.0	2.3%	8471	Automatic data processing machines	4.0	2.1%
11	3302	Mixtures of odoriferous substances	5.8	2.0%	3003	Medicaments (excluding goods of hea	6.1	2.0%	8421	Centrifuges, including centrifugal	3.9	2.0%
12	9018	Instruments and appliances used in	5.5	1.9%	8429	Self-propelled bulldozers, angledoz	5.2	1.7%	3003	Medicaments (excluding goods of hea	3.9	2.0%
13	8708	Parts and accessories of the motor	4.4	1.6%	2711	Petroleum gases and other gaseous h	4.7	1.6%	8478	Machinery for preparing or making u	3.8	2.0%
14	402	Milk and cream, concentrated or con	3.5	1.3%	8708	Parts and accessories of the motor	4.1	1.4%	8708	Parts and accessories of the motor	3.6	1.9%
15	8716	Trailers and semi-trailers; other v	3.4	1.2%	3105	Mineral or chemical fertilisers con	4.0	1.3%	8429	Self-propelled bulldozers, angledoz	3.1	1.6%
16	8437	Machines for cleaning, sorting or g	3.2	1.1%	8517	Electrical apparatus for line telep	3.2	1.1%	713	Dried leguminous vegetables, shelle	3.0	1.6%
17	3006	Pharmaceutical goods specified in N	3.2	1.1%	8413	Pumps for liquids, whether or not f	2.7	0.9%	9018	Instruments and appliances used in	3.0	1.6%

2019					2017				2009			
	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade	Product code	Description	Trade value in million USD	Share in total trade
18	8429	Self-propelled bulldozers, angledoz	3.0	1.1%	3907	Polyacetals, other polyethers and e	2.5	0.8%	8430	Other moving, grading, levelling, s	3.0	1.6%
19	8703	Motor cars and other motor vehicles	2.8	1.0%	8701	Tractors (other than tractors of he	2.4	0.8%	1515	Other fixed vegetable fats and oils	2.6	1.4%
20	8477	Machinery for working rubber or pla	2.6	0.9%	8541	Diodes, transistors and similar sem	2.2	0.7%	8443	Printing machinery used for printin	2.4	1.3%
		Total goods imports from EU27	283.3	100.0%		Total goods imports from EU27	300.1	100.0%		Total goods imports from EU27	191.0	100.0%
		Total of top 5 exports	105.9	37%			77.2	26%			60.9	32%
		HHI top 5	0.2				0.2				0.2	
		Total of top 10 exports	146.3	52%			114.6	38%			86.3	45%
		HHI top 10	0.14				0.13				0.12	
		Total of top 20 exports	183.7	64.8%			151.9	50.6%			118.6	62.1%
		HHI top 20	0.10				0.08				0.07	

Source: UN Comtrade data

Table 84: Top 20 imports, Zimbabwe from EU27, compound annual growth rate (CAGR), 2012-2019, 2009-2012

	2019	2019	2019	2017	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2017 - 2019	CAGR 2009 - 2017
1	3004	Medicaments (excluding goods of hea	38.1	9.2	14.1	103.0%	-5.2%
2	8704	Motor vehicles for the transport of	26.6	11.3	4.8	53.2%	11.3%

	2019	2019	2019	2017	2009	Post tariff elimination	Pre tariff elimination
	Product code	Description	Trade value in million USD	Trade value in million USD	Trade value in million USD	CAGR 2017 - 2019	CAGR 2009 - 2017
3	1001	Wheat and meslin.	19.0	29.1	14.3	-19.2%	9.3%
4	8701	Tractors (other than tractors of he	11.4	2.4	1.5	116.0%	6.2%
5	8431	Parts suitable for use solely or pr	10.8	7.6	4.2	19.3%	7.6%
6	3002	Human blood; animal blood prepared	10.2	7.4	4.0	16.8%	8.0%
7	2710	Petroleum oils and oils obtained fr	9.4	60.4	10.3	-60.6%	24.7%
8	3808	Insecticides, rodenticides, fungici	7.2	1.7	0.2	105.5%	28.8%
9	8471	Automatic data processing machines	6.8	13.0	4.0	-27.4%	15.8%
10	3822	Diagnostic or laboratory reagents o	6.8	14.5	1.5	-31.6%	33.4%
11	3302	Mixtures of odoriferous substances	5.8	0.7	0.2	185.6%	18.7%
12	9018	Instruments and appliances used in	5.5	7.1	3.0	-12.2%	11.4%
13	8708	Parts and accessories of the motor	4.4	4.1	3.6	4.3%	1.7%
14	402	Milk and cream, concentrated or con	3.5	0.1	0.2	608.6%	-10.0%
15	8716	Trailers and semi-trailers; other v	3.4	0.5	0.3	152.3%	6.4%
16	8437	Machines for cleaning, sorting or g	3.2	0.2	0.1	333.0%	8.8%
17	3006	Pharmaceutical goods specified in N	3.2	1.4	1.5	49.9%	-0.5%
18	8429	Self-propelled bulldozers, angledoz	3.0	5.2	3.1	-24.6%	6.7%
19	8703	Motor cars and other motor vehicles	2.8	8.3	8.3	-41.5%	0.0%
20	8477	Machinery for working rubber or pla	2.6	0.2	0.3	316.1%	-8.5%
		Total goods imports from EU27	283.3	300.1	191.0	-0.8%	16.3%

Source: UN Comtrade data

Zimbabwe's goods exports to non-EU jurisdictions

Table 85: Top 20 exports Zimbabwe to WORLD ex EU27

Top 20 exports Zimbabwe to WORLD ex EU27 in 2019					Top 20 exports Zimbabwe to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2401	Gold (including gold plated with pl	1063.9	25.3%	1		Unmanufactured tobacco; tobacco ref	741.8	19.4%
2	7102	Unmanufactured tobacco; tobacco ref	782.9	18.6%	2		Diamonds, whether or not worked, bu	624.9	16.3%
3	7108	Nickel ores and concentrates.	737.1	17.5%	3		Gold (including gold plated with pl	362.4	9.5%
4	2604	Nickel mattes, nickel oxide sinters	488.5	11.6%	4		Nickel ores and concentrates.	352.5	9.2%
5	7501	Ferro-alloys.	228.0	5.4%	5		Nickel mattes, nickel oxide sinters	218.0	5.7%
6	5201	Articles of jewellery and parts the	160.5	3.8%	6		Cotton, not carded or combed.	144.8	3.8%
7	7202	Cane or beet sugar and chemically p	60.8	1.4%	7		Ferro-alloys.	102.7	2.7%
8	1701	Platinum, unwrought or in semi-manu	60.1	1.4%	8		Platinum, unwrought or in semi-manu	80.2	2.1%
9	7110	Diamonds, whether or not worked, bu	54.8	1.3%	9		Cane or beet sugar and chemically p	38.4	1.0%
10	2402	Chromium ores and concentrates.	45.1	1.1%	10		Cigars, cheroots, cigarillos and ci	34.4	0.9%
11	2704	Cotton, not carded or combed.	36.9	0.9%	11		Coke and semi-coke of coal, of lign	22.6	0.6%
12	902	Other manufactured tobacco and manu	30.1	0.7%	12		Other raw hides and skins (fresh, o	17.6	0.5%
13	4103	Other raw hides and skins (fresh, o	28.5	0.7%	13		Tea, whether or not flavoured.	17.3	0.5%
14	2306	Coke and semi-coke of coal, of lign	26.7	0.6%	14		Oil-cake and other solid residues,	16.2	0.4%

Top 20 exports Zimbabwe to WORLD ex EU27 in 2019					Top 20 exports Zimbabwe to WORLD ex EU27 in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
15	2516	Tea, whether or not flavoured.	21.1	0.5%	15		Granite, porphyry, basalt, sandston	14.9	0.4%
16	8802	Other nuts, fresh or dried, whether	20.9	0.5%	16		Other aircraft (for example, helico	13.0	0.3%
17	2523	Mineral substances not elsewhere sp	20.3	0.5%	17		Portland cement, aluminous cement,	11.4	0.3%
18	5205	Granite, porphyry, basalt, sandston	19.5	0.5%	18		Cotton yarn (other than sewing thre	10.9	0.3%
19	2403	Electrical energy. (optional headin	17.0	0.4%	19		Other manufactured tobacco and manu	10.5	0.3%
20	9705	Cigars, cheroots, cigarillos and ci	15.4	0.4%	20		Collections and collectors' pieces	9.4	0.2%
		Total goods exports	4206.9	100.0%			Total goods exports	3831.4	100.0%
		Total of top 5 exports	3300.4	78%			Total of top 5 exports	2299.5	60.0%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	3681.8	87.5%			Total of top 10 exports	2700.0	70.5%
		HHI top 10	0.19				HHI top 10	0.18	
		Total of top 20 exports	3918.1	93.1%			Total of top 20 exports	2843.8	74.2%
		HHI top 20	0.17				HHI top 20	0.16	

Source: UN Comtrade data

Table 86: Top 20 exports Zimbabwe to EAC

Top 20 exports Zimbabwe to EAC in 2019					Top 20 exports Zimbabwe to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1701	Cane or beet sugar and chemically p	35.1	98.8%	1	407	Birds' eggs, in shell, fresh, prese	0.3	23.5%

Top 20 exports Zimbabwe to EAC in 2019					Top 20 exports Zimbabwe to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
2	8414	Air or vacuum pumps, air or other g	0.1	0.2%	2	105	Live poultry, that is to say, fowls	0.1	11.6%
3	8206	Tools of two or more of the heading	0.1	0.2%	3	7203	Ferrous products obtained by direct	0.1	11.2%
4	7113	Articles of jewellery and parts the	0.0	0.1%	4	3302	Mixtures of odoriferous substances	0.1	10.2%
5	1107	Malt, whether or not roasted.	0.0	0.1%	5	4403	Wood in the rough, whether or not s	0.1	9.0%
6	6309	Worn clothing and other worn articl	0.0	0.1%	6	4203	Articles of apparel and clothing ac	0.1	8.8%
7	8301	Padlocks and locks (key, combinatio	0.0	0.1%	7	4803	Toilet or facial tissue stock, towe	0.1	5.0%
8	2712	Petroleum jelly; paraffin wax, micr	0.0	0.0%	8	3923	Articles for the conveyance or pack	0.0	3.2%
9	4011	New pneumatic tyres, of rubber.	0.0	0.0%	9	3602	Prepared explosives, other than pro	0.0	3.1%
10	3304	Beauty or make-up preparations and	0.0	0.0%	10	8430	Other moving, grading, levelling, s	0.0	2.7%
11	1005	Maize (corn).	0.0	0.0%	11	713	Dried leguminous vegetables, shelle	0.0	1.8%
12	1209	Seeds, fruit and spores, of a kind	0.0	0.0%	12	4902	Newspapers, journals and periodical	0.0	1.3%
13	8413	Pumps for liquids, whether or not f	0.0	0.0%	13	5609	Articles of yarn, strip or the like	0.0	1.1%
14	3303	Perfumes and toilet waters.	0.0	0.0%	14	6203	Men's or boys' suits, ensembles, ja	0.0	1.0%
15	8474	Machinery for sorting, screening, s	0.0	0.0%	15	3503	Gelatin (including gelatin in recta	0.0	1.0%
16	1201	Soya beans, whether or not broken.	0.0	0.0%	16	6309	Worn clothing and other worn articl	0.0	0.9%

Top 20 exports Zimbabwe to EAC in 2019					Top 20 exports Zimbabwe to EAC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
17	9703	Original sculptures and statuary, i	0.0	0.0%	17	5208	Woven fabrics of cotton, containing	0.0	0.9%
18	2009	Fruit juices (including grape must)	0.0	0.0%	18	6205	Men's or boys' shirts.	0.0	0.8%
19	7309	Reservoirs, tanks, vats and similar	0.0	0.0%	19	1209	Seeds, fruit and spores, of a kind	0.0	0.5%
20	8609	Containers (including containers fo	0.0	0.0%	20	7419	Other articles of copper.	0.0	0.4%
		Total goods exports	35.5	100.0%			Total goods exports	1.1	100.0%
		Total of top 5 exports	35.3	99%			Total of top 5 exports	0.7	66%
		HHI top 5	1.0				HHI top 5	0.2	
		Total of top 10 exports	35.4	99.7%			Total of top 10 exports	1.0	88.3%
		HHI top 10	0.98				HHI top 10	0.14	
		Total of top 20 exports	35.5	99.9%			Total of top 20 exports	1.1	98.1%
		HHI top 20	0.98				HHI top 20	0.12	

Source: UN Comtrade data

Table 87: Top 20 exports Zimbabwe to SADC

Top 20 exports Zimbabwe to SADC in 2019					Top 20 exports Zimbabwe to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2401	Unmanufactured tobacco; tobacco ref	780.1	29.9%	1	2401	Unmanufactured tobacco; tobacco ref	777.5	25.1%
2	2604	Nickel ores and concentrates.	536.2	20.6%	2	7108	Gold (including gold plated with pl	624.9	20.2%
3	7108	Gold (including gold plated with pl	411.7	15.8%	3	2604	Nickel ores and concentrates.	356.8	11.5%

Top 20 exports Zimbabwe to SADC in 2019					Top 20 exports Zimbabwe to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
4	7202	Ferro-alloys.	226.8	8.7%	4	7501	Nickel mattes, nickel oxide sinters	352.5	11.4%
5	7501	Nickel mattes, nickel oxide sinters	61.5	2.4%	5	5201	Cotton, not carded or combed.	211.9	6.8%
6	7110	Platinum, unwrought or in semi-manu	60.1	2.3%	6	7110	Platinum, unwrought or in semi-manu	144.8	4.7%
7	5201	Cotton, not carded or combed.	36.9	1.4%	7	1701	Cane or beet sugar and chemically p	102.7	3.3%
8	2610	Chromium ores and concentrates.	31.9	1.2%	8	2402	Cigars, cheroots, cigarillos and ci	38.0	1.2%
9	2403	Other manufactured tobacco and manu	30.0	1.2%	9	7202	Ferro-alloys.	37.8	1.2%
10	7113	Articles of jewellery and parts the	27.3	1.0%	10	2704	Coke and semi-coke of coal, of lign	34.4	1.1%
11	1701	Cane or beet sugar and chemically p	25.6	1.0%	11	4103	Other raw hides and skins (fresh, o	22.1	0.7%
12	4103	Other raw hides and skins (fresh, o	25.3	1.0%	12	7102	Diamonds, whether or not worked, bu	18.2	0.6%
13	902	Tea, whether or not flavoured.	21.1	0.8%	13	902	Tea, whether or not flavoured.	17.6	0.6%
14	802	Other nuts, fresh or dried, whether	20.3	0.8%	14	2516	Granite, porphyry, basalt, sandston	16.2	0.5%
15	2530	Mineral substances not elsewhere sp	20.3	0.8%	15	2306	Oil-cake and other solid residues,	16.1	0.5%
16	2516	Granite, porphyry, basalt, sandston	19.5	0.7%	16	8802	Other aircraft (for example, helico	14.9	0.5%

Top 20 exports Zimbabwe to SADC in 2019					Top 20 exports Zimbabwe to SADC in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
17	2402	Cigars, cheroots, cigarillos and ci	15.3	0.6%	17	2523	Portland cement, aluminous cement,	13.0	0.4%
18	8406	Steam turbines and other vapour tur	14.2	0.5%	18	5205	Cotton yarn (other than sewing thre	11.4	0.4%
19	2716	Electrical energy. (optional headin	10.0	0.4%	19	2403	Other manufactured tobacco and manu	10.3	0.3%
20	8802	Other aircraft (for example, helico	9.6	0.4%	20	4011	New pneumatic tyres, of rubber.	9.3	0.3%
		Total goods exports	2607.4	100.0%			Total goods exports	3093.0	100.0%
		Total of top 5 exports	2016.2	77%			Total of top 5 exports	2323.5	75%
		HHI top 5	0.3				HHI top 5	0.2	
		Total of top 10 exports	2202.4	84.5%			Total of top 10 exports	2681.3	86.7%
		HHI top 10	0.23				HHI top 10	0.18	
		Total of top 20 exports	2383.5	91.4%			Total of top 20 exports	2830.2	91.5%
		HHI top 20	0.20				HHI top 20	0.17	

Source: UN Comtrade data

Table 88: Top 20 exports Zimbabwe to COMESA

Top 20 exports Zimbabwe to COMESA in 2019					Top 20 exports Zimbabwe to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1701	Cane or beet sugar and chemically p	35.6	27.7%	1	2704	Coke and semi-coke of coal, of lign	22.4	20.1%
2	7113	Articles of jewellery and parts the	27.3	21.3%	2	2402	Cigars, cheroots, cigarillos and ci	7.3	6.6%

Top 20 exports Zimbabwe to COMESA in 2019					Top 20 exports Zimbabwe to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
3	303	Fish, frozen, excluding fish fillet	5.4	4.2%	3	303	Fish, frozen, excluding fish fillet	6.1	5.4%
4	4403	Wood in the rough, whether or not s	3.6	2.8%	4	4403	Wood in the rough, whether or not s	4.1	3.7%
5	3923	Articles for the conveyance or pack	3.4	2.7%	5	4819	Cartons, boxes, cases, bags and oth	3.4	3.0%
6	8507	Electric accumulators, including se	2.9	2.2%	6	8507	Electric accumulators, including se	3.2	2.9%
7	3105	Mineral or chemical fertilisers con	2.7	2.1%	7	9403	Other furniture and parts thereof.	2.8	2.5%
8	2520	Gypsum; anhydrite; plasters (consis	2.6	2.0%	8	1517	Margarine; edible mixtures or prepa	2.8	2.5%
9	4411	Fibreboard of wood or other ligneou	2.0	1.6%	9	3923	Articles for the conveyance or pack	2.7	2.4%
10	2202	Waters, including mineral waters an	1.8	1.4%	10	8432	Agricultural, horticultural or fore	2.5	2.2%
11	8516	Electric instantaneous or storage w	1.8	1.4%	11	2701	Coal; briquettes, ovoids and simila	1.9	1.7%
12	1005	Maize (corn).	1.7	1.3%	12	9401	Seats (other than those of heading	1.8	1.6%
13	4819	Cartons, boxes, cases, bags and oth	1.7	1.3%	13	8704	Motor vehicles for the transport of	1.8	1.6%
14	2403	Other manufactured tobacco and manu	1.5	1.2%	14	1512	Sunflower-seed, safflower or cotton	1.8	1.6%
15	2401	Unmanufactured tobacco; tobacco ref	1.5	1.1%	15	2523	Portland cement, aluminous cement,	1.7	1.5%
16	2009	Fruit juices (including grape must)	1.4	1.1%	16	2207	Undenatured ethyl alcohol of an alc	1.7	1.5%
17	3402	Organic surface-active agents (othe	1.3	1.0%	17	2208	Undenatured ethyl alcohol of an alc	1.6	1.4%

Top 20 exports Zimbabwe to COMESA in 2019					Top 20 exports Zimbabwe to COMESA in 2012				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
18	7202	Ferro-alloys.	1.2	0.9%	18	7308	Structures (excluding prefabricated)	1.5	1.4%
19	1905	Bread, pastry, cakes, biscuits and	1.2	0.9%	19	8544	Insulated (including enamelled or a	1.4	1.3%
20	8418	Refrigerators, freezers and other r	1.1	0.8%	20	902	Tea, whether or not flavoured.	1.4	1.2%
		Total goods exports	128.4	100.0%			Total goods exports	111.6	100.0%
		Total of top 5 exports	75.3	59%			Total of top 5 exports	43.3	39%
		HHI top 5	0.4				HHI top 5	0.3	
		Total of top 10 exports	87.3	68.0%			Total of top 10 exports	57.2	51.3%
		HHI top 10	0.28				HHI top 10	0.20	
		Total of top 20 exports	101.5	79.1%			Total of top 20 exports	74.0	66.3%
		HHI top 20	0.21				HHI top 20	0.13	

Source: UN Comtrade data

Zimbabwe's goods imports from non-EU jurisdictions

Table 89: Top 20 imports Zimbabwe from WORLD ex EU27

Top 20 imports Zimbabwe from WORLD ex EU27 in 2019					Top 20 imports Zimbabwe from WORLD ex EU27 in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2710	Petroleum oils and oils obtained fr	1303.1	29.2%	1		Petroleum oils and oils obtained fr	1205.7	26.0%
2	2716	Medicaments (excluding goods of hea	125.1	2.8%	2		Electrical energy. (optional headin	178.1	3.8%
3	3004	Motor vehicles for the transport of	114.5	2.6%	3		Motor cars and other motor vehicles	117.0	2.5%
4	8703	Mineral or chemical fertilisers, ni	111.4	2.5%	4		Medicaments (excluding goods of health	117.0	2.5%
5	1005	Electrical energy. (optional headin	94.2	2.1%	5		Maize (corn).	116.7	2.5%
6	8517	Insecticides, rodenticides, fungici	78.2	1.8%	6		Electrical apparatus for line telep	111.6	2.4%
7	8704	Tractors (other than tractors of he	72.7	1.6%	7		Soya-bean oil and its fractions, wh	102.3	2.2%
8	1507	Soya-bean oil and its fractions, wh	72.2	1.6%	8		Rice.	98.8	2.1%
9	1006	Self-propelled bulldozers, angledoz	58.2	1.3%	9		Mineral or chemical fertilisers, ni	97.0	2.1%
10	3102	Machinery for sorting, screening, s	54.2	1.2%	10		Motor vehicles for the transport of	96.5	2.1%
11	3105	Rice.	50.3	1.1%	11		Mineral or chemical fertilisers con	59.6	1.3%
12	3808	Mineral or chemical fertilisers con	47.7	1.1%	12		Insecticides, rodenticides, fungici	59.4	1.3%
13	8471	Motor cars and other motor vehicles	44.1	1.0%	13		Wheat and meslin.	47.3	1.0%
14	8429	New pneumatic tyres, of rubber.	40.3	0.9%	14		Automatic data processing machines	45.6	1.0%

Top 20 imports Zimbabwe from WORLD ex EU27 in 2019					Top 20 imports Zimbabwe from WORLD ex EU27 in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
15	4011	Automatic data processing machines	37.6	0.8%	15		New pneumatic tyres, of rubber.	41.6	0.9%
16	8701	Mineral or chemical fertilisers,	35.3	0.8%	16		Hydraulic turbines, water wheels, a	37.7	0.8%
17	8431	Flat-rolled products of iron or non	34.8	0.8%	17		Mineral or chemical fertilisers, po	35.9	0.8%
18	3104	Petroleum gases and other gaseous h	34.4	0.8%	18		Tractors (other than tractors of he	33.3	0.7%
19	3901	Polymers of ethylene, in primary fo	33.5	0.8%	19		Flat-rolled products of iron or non	33.0	0.7%
20	8410	Parts suitable for use solely or pr	33.1	0.7%	20		Self-propelled bulldozers, angledoz	32.1	0.7%
		Total goods exports	4460.7	100.0%			Total goods exports	4637.2	100.0%
		Total of top 5 exports	1748.3	39%			Total of top 5 exports	1734.5	37.4%
		HHI top 5	0.6				HHI top 5	0.5	
		Total of top 10 exports	2083.8	46.7%			Total of top 10 exports	2240.7	48.3%
		HHI top 10	0.41				HHI top 10	0.31	
		Total of top 20 exports	2474.8	55.5%			Total of top 20 exports	2666.1	57.5%
		HHI top 20	0.29				HHI top 20	0.22	

Source: UN Comtrade data

Table 90: Top 20 imports Zimbabwe from EAC

Top 20 imports Zimbabwe from EAC in 2019					Top 20 imports Zimbabwe from EAC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	1005	Maize (corn).	7.0	31.0%	1	3401	Soap; organic surface-active produc	5.1	24.3%

Top 20 imports Zimbabwe from EAC in 2019					Top 20 imports Zimbabwe from EAC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
2	2401	Unmanufactured tobacco; tobacco ref	1.9	8.6%	2	2401	Unmanufactured tobacco; tobacco ref	3.7	17.8%
3	6305	Sacks and bags, of a kind used for	1.6	7.2%	3	6305	Sacks and bags, of a kind used for	2.1	10.0%
4	3004	Medicaments (excluding goods of hea	1.4	6.4%	4	2103	Sauces and preparations therefor; m	1.5	7.1%
5	7010	Carboys, bottles, flasks, jars, pot	1.4	6.2%	5	3808	Insecticides, rodenticides, fungici	1.2	5.8%
6	8701	Tractors (other than tractors of he	1.1	4.9%	6	1006	Rice.	1.1	5.3%
7	3920	Other plates, sheets, film, foil an	1.1	4.9%	7	1517	Margarine; edible mixtures or prepa	0.6	3.1%
8	2103	Sauces and preparations therefor; m	1.1	4.8%	8	8704	Motor vehicles for the transport of	0.6	2.8%
9	2009	Fruit juices (including grape must)	0.8	3.5%	9	6704	Wigs, false beards, eyebrows and ey	0.4	2.1%
10	6704	Wigs, false beards, eyebrows and ey	0.7	3.3%	10	8471	Automatic data processing machines	0.3	1.5%
11	3808	Insecticides, rodenticides, fungici	0.6	2.5%	11	7010	Carboys, bottles, flasks, jars, pot	0.3	1.4%
12	3304	Beauty or make-up preparations and	0.5	2.2%	12	8703	Motor cars and other motor vehicles	0.3	1.2%
13	8704	Motor vehicles for the transport of	0.5	2.1%	13	3921	Other plates, sheets, film, foil an	0.2	1.2%
14	3923	Articles for the conveyance or pack	0.4	2.0%	14	3304	Beauty or make-up preparations and	0.2	1.0%
15	1517	Margarine; edible mixtures or prepa	0.2	1.0%	15	5208	Woven fabrics of cotton, containing	0.2	0.9%
16	8523	Prepared unrecorded media for sound	0.2	0.8%	16	8309	Stoppers, caps and lids (including	0.2	0.9%

Top 20 imports Zimbabwe from EAC in 2019					Top 20 imports Zimbabwe from EAC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
17	8802	Other aircraft (for example, helico	0.2	0.7%	17	8507	Electric accumulators, including se	0.2	0.8%
18	3002	Human blood; animal blood prepared	0.2	0.7%	18	5209	Woven fabrics of cotton, containing	0.2	0.8%
19	8432	Agricultural, horticultural or fore	0.2	0.7%	19	3002	Human blood; animal blood prepared	0.2	0.7%
20	3405	Polishes and creams, for footwear,	0.1	0.6%	20	3924	Tableware, kitchenware, other houseware	0.1	0.7%
		Total goods exports	22.5	100.0%			Total goods exports	20.9	100.0%
		Total of top 5 exports	13.4	59%			Total of top 5 exports	13.6	65%
		HHI top 5	0.3				HHI top 5	0.3	
		Total of top 10 exports	18.2	80.7%			Total of top 10 exports	16.7	79.8%
		HHI top 10	0.19				HHI top 10	0.18	
		Total of top 20 exports	21.2	94.0%			Total of top 20 exports	18.7	89.6%
		HHI top 20	0.15				HHI top 20	0.14	

Source: UN Comtrade data

Table 91: Top 20 imports Zimbabwe from SADC

Top 20 imports Zimbabwe from SADC in 2019					Top 20 imports Zimbabwe from SADC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	2710	Petroleum oils and oils obtained fr	100.4	4.5%	1	2716	Electrical energy. (optional headin	176.8	7.2%
2	2716	Electrical energy. (optional headin	88.0	3.9%	2	2710	Petroleum oils and oils obtained fr	114.3	4.6%
3	3102	Mineral or chemical fertilisers, ni	72.0	3.2%	3	1507	Soya-bean oil and its fractions, wh	92.0	3.7%

Top 20 imports Zimbabwe from SADC in 2019					Top 20 imports Zimbabwe from SADC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
4	1507	Soya-bean oil and its fractions, wh	58.4	2.6%	4	1005	Maize (corn).	84.1	3.4%
5	8704	Motor vehicles for the transport of	54.7	2.4%	5	3102	Mineral or chemical fertilisers, ni	67.8	2.8%
6	3808	Insecticides, rodenticides, fungici	52.2	2.3%	6	8704	Motor vehicles for the transport of	51.0	2.1%
7	3004	Medicaments (excluding goods of hea	50.9	2.3%	7	3004	Medicaments (excluding goods of hea	51.0	2.1%
8	8429	Self-propelled bulldozers, angledoz	42.9	1.9%	8	3105	Mineral or chemical fertilisers con	47.3	1.9%
9	8701	Tractors (other than tractors of he	41.3	1.8%	9	8703	Motor cars and other motor vehicles	34.2	1.4%
10	2711	Petroleum gases and other gaseous h	34.4	1.5%	10	3808	Insecticides, rodenticides, fungici	34.1	1.4%
11	3105	Mineral or chemical fertilisers con	33.8	1.5%	11	7210	Flat-rolled products of iron or non	30.8	1.3%
12	3901	Polymers of ethylene, in primary fo	29.9	1.3%	12	3901	Polymers of ethylene, in primary fo	29.6	1.2%
13	8431	Parts suitable for use solely or pr	29.9	1.3%	13	1201	Soya beans, whether or not broken.	29.5	1.2%
14	7210	Flat-rolled products of iron or non	29.6	1.3%	14	8701	Tractors (other than tractors of he	27.5	1.1%
15	3104	Mineral or chemical fertilisers, po	29.2	1.3%	15	8471	Automatic data processing machines	26.3	1.1%
16	8471	Automatic data processing machines	26.2	1.2%	16	1006	Rice.	25.6	1.0%
17	8474	Machinery for sorting, screening, s	25.7	1.1%	17	8429	Self-propelled bulldozers, angledoz	25.1	1.0%
18	1005	Maize (corn).	25.7	1.1%	18	3402	Organic surface-active agents (othe	24.8	1.0%

Top 20 imports Zimbabwe from SADC in 2019					Top 20 imports Zimbabwe from SADC in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
19	8424	Mechanical appliances (whether or n	25.1	1.1%	19	3104	Mineral or chemical fertilisers, po	24.7	1.0%
20	2309	Preparations of a kind used in anim	22.7	1.0%	20	4011	New pneumatic tyres, of rubber.	23.8	1.0%
		Total goods exports	2250.3	100.0%			Total goods exports	2460.0	100.0%
		Total of top 5 exports	373.5	17%			Total of top 5 exports	534.9	22%
		HHI top 5	0.2				HHI top 5	0.2	
		Total of top 10 exports	595.3	26.5%			Total of top 10 exports	752.5	30.6%
		HHI top 10	0.11				HHI top 10	0.13	
		Total of top 20 exports	873.1	38.8%			Total of top 20 exports	1020.2	41.5%
		HHI top 20	0.06				HHI top 20	0.08	

Source: UN Comtrade data

Table 92: Top 20 imports Zimbabwe from COMESA

Top 20 imports Zimbabwe from COMESA in 2019					Top 20 imports Zimbabwe from COMESA in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
1	3102	Mineral or chemical fertilisers, ni	37.8	13.4%	1	1201	Soya beans, whether or not broken.	29.5	9.7%
2	3105	Mineral or chemical fertilisers con	18.6	6.6%	2	3102	Mineral or chemical fertilisers, ni	24.3	8.0%
3	2523	Portland cement, aluminous cement,	13.1	4.6%	3	3302	Mixtures of odoriferous substances	18.5	6.1%
4	3302	Mixtures of odoriferous substances	12.1	4.3%	4	3105	Mineral or chemical fertilisers con	17.1	5.6%
5	2304	Oil-cake and other solid residues,	11.9	4.2%	5	2202	Waters, including mineral waters an	15.2	5.0%

Top 20 imports Zimbabwe from COMESA in 2019					Top 20 imports Zimbabwe from COMESA in 2017				
	Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports
6	3104	Mineral or chemical fertilisers, po	11.9	4.2%	6	1005	Maize (corn).	15.0	4.9%
7	1208	Flours and meals of oil seeds or ol	10.0	3.5%	7	2304	Oil-cake and other solid residues,	13.9	4.6%
8	3808	Insecticides, rodenticides, fungici	9.3	3.3%	8	1006	Rice.	11.1	3.6%
9	1005	Maize (corn).	8.9	3.1%	9	2401	Unmanufactured tobacco; tobacco ref	10.7	3.5%
10	2710	Petroleum oils and oils obtained fr	8.7	3.1%	10	1507	Soya-bean oil and its fractions, wh	9.8	3.2%
11	1006	Rice.	6.8	2.4%	11	3402	Organic surface-active agents (othe	9.3	3.1%
12	1507	Soya-bean oil and its fractions, wh	5.9	2.1%	12	1208	Flours and meals of oil seeds or ol	8.5	2.8%
13	2202	Waters, including mineral waters an	5.6	2.0%	13	3004	Medicaments (excluding goods of hea	6.5	2.1%
14	2837	Cyanides, cyanide oxides and comple	5.2	1.8%	14	3401	Soap; organic surface-active produc	6.5	2.1%
15	1201	Soya beans, whether or not broken.	4.6	1.6%	15	1202	Ground-nuts, not roasted or otherwi	6.0	2.0%
16	2401	Unmanufactured tobacco; tobacco ref	4.2	1.5%	16	8429	Self-propelled bulldozers, angledoz	5.8	1.9%
17	3004	Medicaments (excluding goods of hea	4.1	1.5%	17	1902	Pasta, whether or not cooked or stu	5.7	1.9%
18	8701	Tractors (other than tractors of he	4.1	1.4%	18	3104	Mineral or chemical fertilisers, po	5.1	1.7%
19	3824	Prepared binders for foundry moulds	4.0	1.4%	19	713	Dried leguminous vegetables, shelle	3.7	1.2%
20	2309	Preparations of a kind used in anim	3.9	1.4%	20	8704	Motor vehicles for the transport of	3.7	1.2%
		Total goods exports	282.4	100.0%			Total goods exports	305.5	100.0%

Top 20 imports Zimbabwe from COMESA in 2019					Top 20 imports Zimbabwe from COMESA in 2017				
Product code	Description	Trade value in million USD	Share in total exports		Product code	Description	Trade value in million USD	Share in total exports	
	Total of top 5 exports	93.5	33%			Total of top 5 exports	104.6	34%	
	HHI top 5	0.3				HHI top 5	0.2		
	Total of top 10 exports	142.4	50.4%			Total of top 10 exports	165.0	54.0%	
	HHI top 10	0.13				HHI top 10	0.11		
	Total of top 20 exports	190.7	67.5%			Total of top 20 exports	225.9	73.9%	
	HHI top 20	0.08				HHI top 20	0.07		

Source: UN Comtrade data

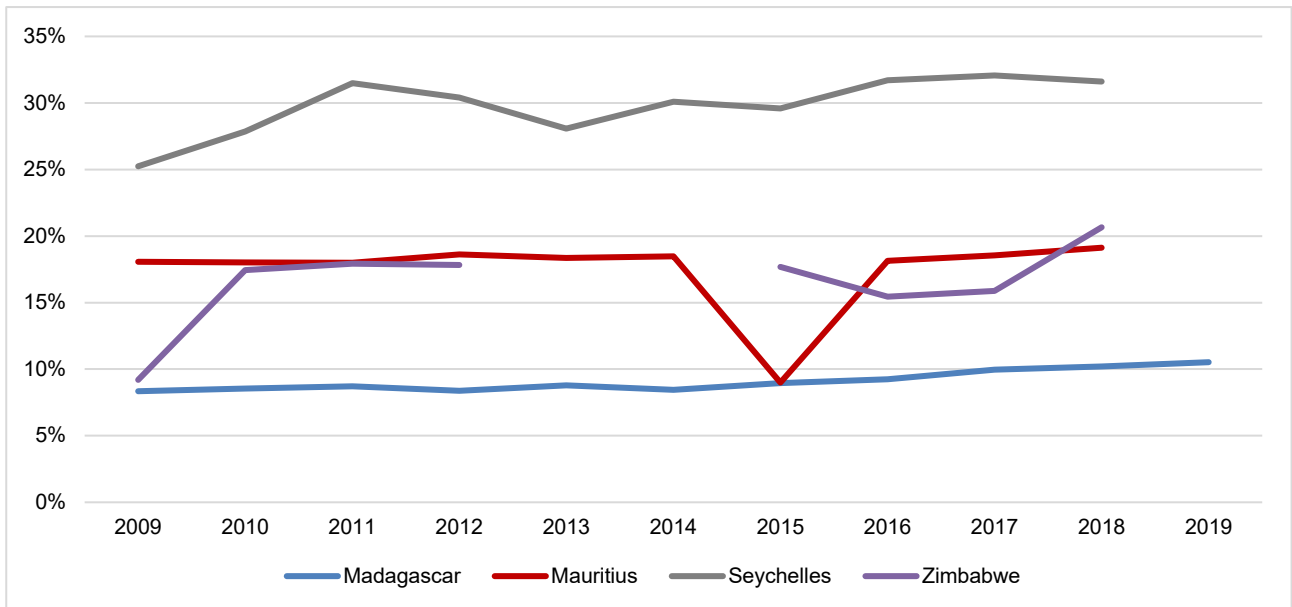
Annex IX (Chapter 5): Budgetary impacts

Figure 22: Overall tax revenue, in current local currency



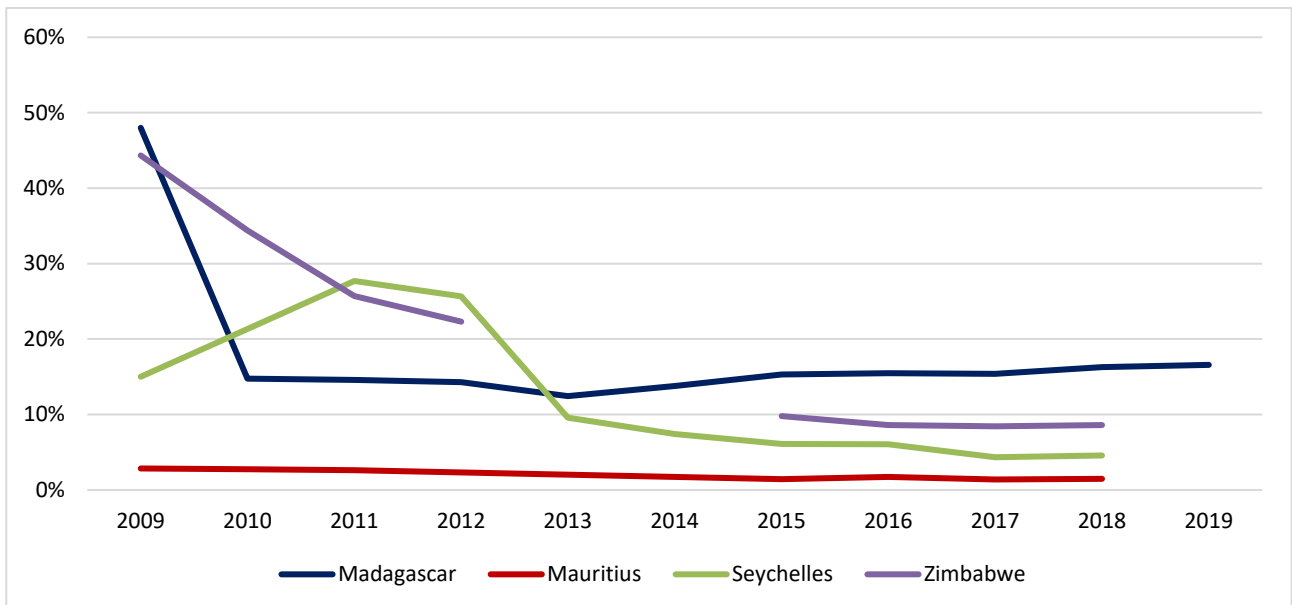
Source: World Bank.

Figure 23: Annual tax revenue, % of annual GDP



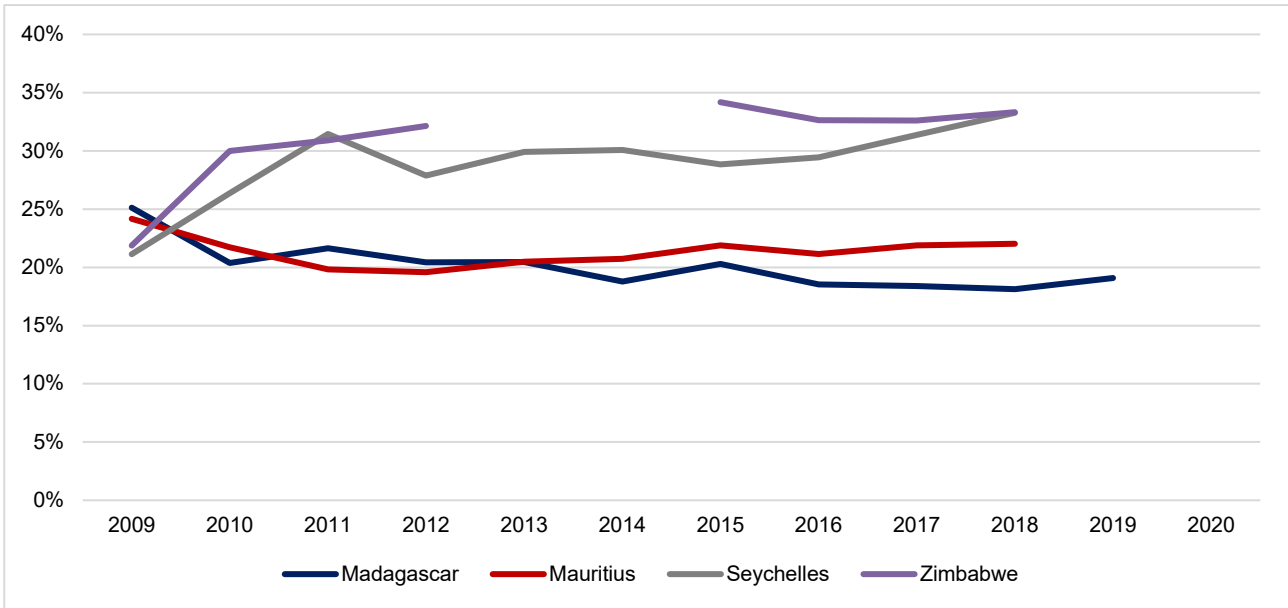
Source: World Bank.

Figure 24: Annual revenues from customs and other import duties, % of annual tax revenue



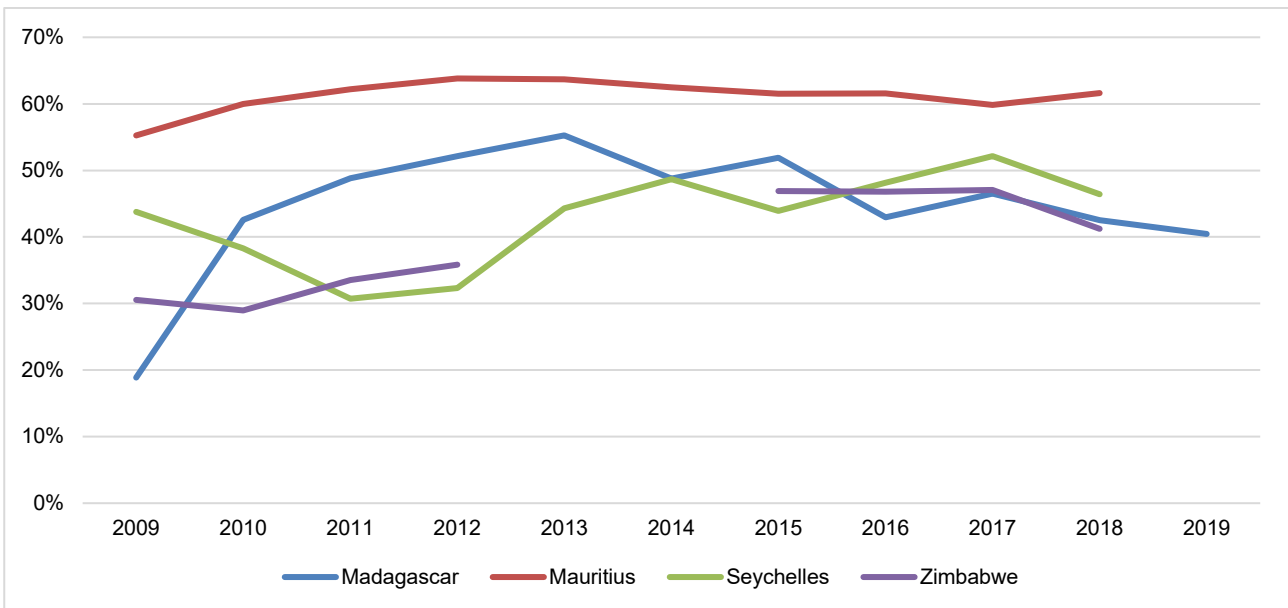
Source: World Bank.

Figure 25: Annual revenues from taxes on income, profits and capital gains, % of annual tax revenue



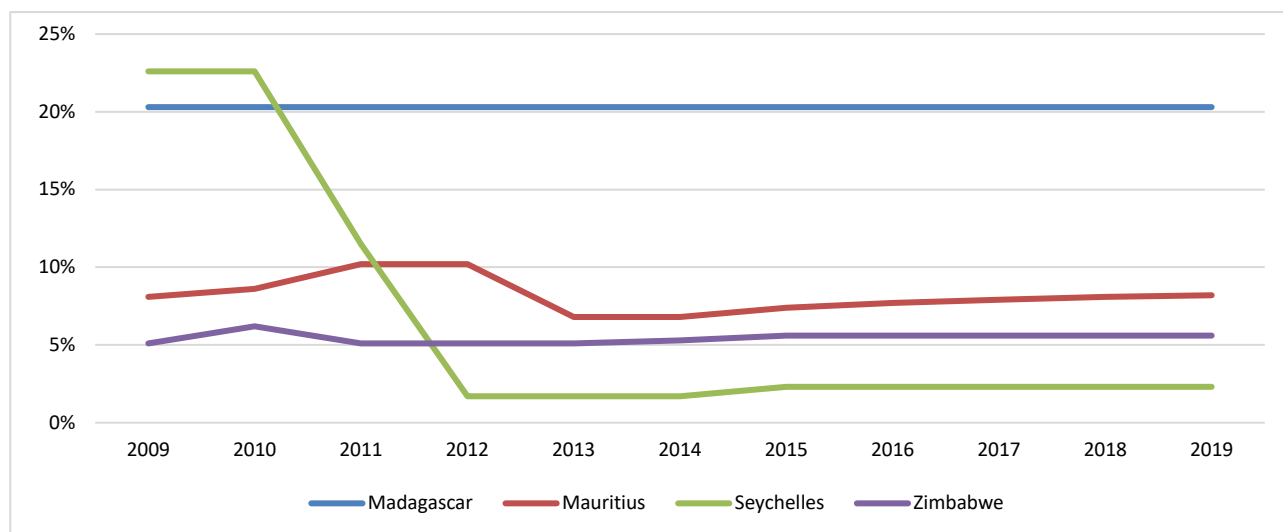
Source: World Bank.

Figure 26: Annual revenues from taxes on goods and services, % of annual tax revenue



Source: World Bank.

Figure 27: Annual labour taxes and contributions, in % of commercial profits



Source: World Bank.

Annex X (Chapter 6): Background information and analysis for the evaluation of the interim EPA's social, gender, human rights and environmental impacts in the five ESA countries

After the initial overview of findings, this Annex provides background information for the evaluation of the interim EPA with ESA countries. Section 1 presents the initial screening of the interim EPA's provisions for the evaluation. This screening highlights the importance of the indirect impacts arising from trade and economic provisions in the interim EPA, such as the reduction in trade barriers. Section 2 provides detailed information for the evaluation of social, gender and human rights impacts. Section 3 provides detailed information for the evaluation of environmental impacts. (Sections 2 and 3 in turn draw on more detailed country assessments that will be submitted with the SIA report on the TSD Chapter.)

Table 93: Overview of social, gender, human rights and environmental issues in key ESA economic sectors

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
Agriculture			
Vanilla cultivation in Madagascar	<ul style="list-style-type: none"> Prices have increased but influence on wages not clear Child labour reported 	<ul style="list-style-type: none"> Vanilla cultivation can indirectly increase deforestation pressures (similar impacts are seen for other permanent crops, including cloves and coffee) 	<ul style="list-style-type: none"> EU a major importer (vanilla is one of Madagascar's top exports) EU companies accused of neglecting child labour issues, though some have joined sustainability initiatives Direct causal links between interim EPA and environmental, social, human rights impacts not identified; overall, while export values have increased, export volumes have remained largely stable
Sugar cultivation and processing in Mauritius	<ul style="list-style-type: none"> Fall in employment following change in EU/ACP sugar regime While policy actions provided some support, many workers saw incomes decline. Women have been more adversely affected CGE modelling suggests that negative impacts would have been greater without the interim EPA 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals Mauritius has promoted biomass energy from sugar crop waste 	<ul style="list-style-type: none"> Main change in EU sugar import regime occurred outside the interim EPA CGE modelling suggests that exports were greater with the interim EPA than a scenario without it EU development cooperation has supported restructuring, renewable energy and other projects
Tobacco cultivation and processing in Zimbabwe	<ul style="list-style-type: none"> Reports of child labour Wages have declined compared to poverty line Evidence that workers on farms and factories are exposed to health and 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals When expanding, tobacco farms created 	<ul style="list-style-type: none"> Tobacco exports to the EU continue but have declined since 2010, but CGE modelling suggests it was greater with the interim

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
	safety risks, including exposure to nicotine and pesticides	pressures on biodiversity and forests	EPA than a scenario without it <ul style="list-style-type: none"> No evidence that labour or environmental issues are linked to the interim EPA; nor that they have improved with it
Sugar cultivation and processing in Zimbabwe	<ul style="list-style-type: none"> Reports of child labour 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals 	<ul style="list-style-type: none"> Sugar exports to the EU declined (2015 to 2019), but CGE modelling suggests exports were greater with the interim EPA Sugar produced with child labour may have continued to be exported to the EU
Fisheries			
Shrimp and prawn aquaculture in Madagascar	<ul style="list-style-type: none"> Concerns over impacts on local, small-scale fishing 	<ul style="list-style-type: none"> Pressures on coastal ecosystems 	<ul style="list-style-type: none"> Fish, including crustaceans, are a major export to the EU; clear link to the interim EPA not identified
Tuna fishing and processing (Comoros, Madagascar, Mauritius, Seychelles)	<ul style="list-style-type: none"> Concerns over impacts on local, small-scale fishing, including overfishing (e.g., Madagascar) 	<ul style="list-style-type: none"> Concerns over pressures on fish stocks 	<ul style="list-style-type: none"> Fish have been a major export to the EU Interim EPA sets out requirements for VMS and IUU; actions linked to SFPAs (see the case study on fisheries)
Manufacturing			
Textile production (Madagascar)	<ul style="list-style-type: none"> Reports of instance of piece-rate payments, forced and underpaid overtime and poor safety conditions These issues affect women, who represent a high share in workforce 	<ul style="list-style-type: none"> Water consumption and discharge of chemicals 	<ul style="list-style-type: none"> Textiles are Madagascar's leading export to the EU and have grown under the interim EPA; moreover, CGE modelling suggests that exports were greater with the interim EPA
Textile production (Mauritius)	<ul style="list-style-type: none"> Production and employment have fallen An increasing share of migrant workers from Asia as wages are low 	<ul style="list-style-type: none"> Water consumption and discharge of chemicals 	<ul style="list-style-type: none"> Textiles are a leading export to the EU but have declined under the interim EPA, though CGE modelling suggests exports would have been lower still without it
Mining			
Diamond mining in Zimbabwe	<ul style="list-style-type: none"> Sector includes formal companies and small-scale, often illegal, miners Allegations of human rights violations 	<ul style="list-style-type: none"> Hazardous materials and waste Waste water Land degradation, loss of agricultural land and deforestation 	<ul style="list-style-type: none"> A direct link to the interim EPA has not been identified, but diamonds appear Zimbabwe's largest export to the EU

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
	<ul style="list-style-type: none"> Miners often live and work in poor conditions Lack of consultation with local communities 		<ul style="list-style-type: none"> Both EU and Zimbabwe subscribe to the Kimberly process, but diamonds exported to the EU may be linked to human rights and environmental impacts
Mica mining (Madagascar)	<ul style="list-style-type: none"> Reports of extensive child labour in mica and gemstone mining in unsafe conditions Many mines reported to be illegal and unregulated 	<ul style="list-style-type: none"> Hazardous materials and waste Waste water Land degradation, loss of agricultural land and deforestation 	<ul style="list-style-type: none"> EU imports a small share of Madagascar's mica exports

Source: Own compilation

Initial screening of the interim EPA's provisions

A preliminary screening of the social, human rights and environmental measures in the interim EPA is presented in the following three tables. This screening scored the measures on a three-point scale, from + for minor impacts to ++ for major impacts. The results show that most of the measures directly addressing social issues, human rights and the environment are expected to have had minor impacts.

Table 94: Initial screening of social measures in the interim EPA and their possible impacts

Interim EPA measure	Possible social impacts	Potential importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art.2, Art.4, Art. 36, Art.53)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (Article 9 of the Cotonou agreement), social rights (Articles 9 and 50) and environment (Article 49). ¹⁰⁴ While these articles do not foresee any specific measures to improve social rights, it should ensure at least that other measures do not have adverse effects on social rights.	+
Reaffirmation of coherence with the Millennium Development Goals (Art.2)	The interim EPA reinforces the implementation of measures that promote the achievement of the MDGs; particularly relevant MDGs in the field of social sustainability are MDG 1 (eradicate poverty and hunger) and MDG 3 (promote gender equality). Again, specific measures directly targeted at these goals are only under the chapter on development cooperation; these articles merely reinforce their importance and should ensure avoidance of adverse effects and deterioration of the situation.	+
Promotion of good governance (Art. 2 (b))	Improved commitment of national authorities to respect the principles of good governance in the ESA region – possible impact on good governance.	+

Source: Own analysis from EPA provisions

¹⁰⁴ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf).
L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)

Table 95: Initial screening of human rights measures of the interim EPA and their possible impacts

Interim EPA measure	Possible human rights impacts	Potential Importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art. 2, Art. 4)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (article 9 of the Cotonou agreement) ¹⁰⁵ . This provision provides a general framework for rights but not specific actions.	+
Application of non-exclusion clause under the Cotonou agreement (Art. 65)	Improved respect of human rights democratic principles, or the rule of law in the ESA countries in order to avoid the application of the non-execution clause under articles 11(b), 96 and 97 of the Cotonou Agreement (as referred to under article 65 of the interim EPA) and the suspension of the EPA trade preference for a country sanctioned under the Cotonou provisions for breaching human rights, democratic principles, or the rule of law. ¹⁰⁶ This provision links the EPA to the Cotonou Agreement; however, its application would depend on actions taken outside the EPA itself.	+
Gender-mainstreaming in development co-operation (Art. 38(2)(h))	Increased mainstreaming of a gender perspective in the development co-operation programmes (e.g. budget, activities, etc) implemented in the ESA countries – possible impact on gender equality to be assessed through consultation with funding and implementing entities and, in particular with DG DEVCO. Increased financing of development projects aimed at tackling gender-related issues – this provision can have an indirect impact on gender equality (see also the table below that addresses development cooperation).	+
Involvement of indigenous development organisations in investment (Art. 40)	Increased presence and enhanced capacity of indigenous development organisations to engage in sustainable and equitable economic development of ESA through investment – possible impact on rights of indigenous people to be assessed through consultation with indigenous development organisations.	+
Human resource development and skills training (Annex IV)	Increased access to inclusive (for all), equitable (equal treatment and opportunities for students) and quality education – possible impact on right to education.	+
Trade-related Adjustment costs (Annex IV)	Mitigation against fiscal revenue losses and economic costs of adjustment to protect basic service sectors e.g. health and education – possible impact on right to education and health.	+

Source: Own analysis from EPA provisions

¹⁰⁵ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf); L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)

¹⁰⁶ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI\(2018\)620218_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI(2018)620218_EN.pdf)

Table 96: Initial screening of environmental measures in the interim EPA and their possible impacts

Interim EPA measure	Possible environmental impacts	Potential importance
Support for the implementation of international environmental agreements, conventions and treaties (Art. 49)	Improvements in environmental conditions and governance due to improvements in implementation of multilateral environmental agreements (MEAs)	++
Cooperation on water resources (Art. 50)	Improved water infrastructure, technology transfer, development of legal frameworks including integrated water management, via cooperation activities, leading to pollution reduction and improved water resources management.	+
Cooperation on biodiversity (under Art. 51)	Improved biodiversity management, including forests, wildlife, biological resources and marine resources, via actions and cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Promotion of ESA industries related to environment (under Art. 51)	Development of ESA environmental industries and environmentally friendly products, via actions including promotion of EU-ESA partnerships, linkages, joint ventures and exchange of information (among which the stronger implementation of MEAs)	+
Cooperation on environmental degradation (under Art. 51)	Improved air and water quality and waste management, possibly also actions against soil erosion and desertification, via cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Cooperation on natural resources, including water and biodiversity (Art. 38)	Improvements in environmental conditions due to increased EU development cooperation	+

Source: Own analysis from EPA provisions

A preliminary screening of trade and economic measures was also carried out: it indicates that measures in these areas are expected to have greater, though indirect impacts, in terms of social issues, gender, human rights and environment, than the measures directly addressing these aspects of sustainability.

Table 97: Initial screening of selected trade, investment and development cooperation provisions of the interim EPA and their possible social, human rights and environmental impacts

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
Trade in goods: reducing tariffs and non-tariff measures (Chapter I, Titles I, II and III)	The provisions may have increased trade in goods, potentially leading to:	++
	Social: new employment opportunities from exports but risks for existing employment from EU imports regarding labour demand, wages, working conditions; increase in public revenues from VAT – increase in social protection expenditure; depending on the type of labour demand created, increased productivity may have led to an increase or decrease in unskilled work, low wages, labour migration and related exploitation/trafficking	
	Human rights: reduction in the price and increased availability (in terms of quantity, choice, and price) of food and pharmaceutical products/medical devices – women may be affected in a different manner (affecting right to adequate living conditions and gender equality)	
	Environment: scale and structure effects	++

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
		++
Trade defence measures (Chapter I, Title IV)	<p>The provisions may have protected domestic sectors from dumping, possibly leading to:</p> <p>Social: protection of employment (jobs, wages), but higher prices for certain goods for consumers</p> <p>Human rights: major effects not identified</p> <p>Environment: major effects not identified</p>	+
<p>Development cooperation (Chapter IV and Annex IV) on:</p> <ul style="list-style-type: none"> Trade-related adjustment costs Gender mainstreaming Public Private Partnership mechanisms, entrepreneurship Local communities¹⁰⁷ HR development and skills training Mainstreaming environment Agriculture Fisheries 	<p>The provisions may have increased EU development cooperation in the ESA countries across a broad range of areas, leading to:</p> <p>Social: Positive impact on employment (SDG 8), and, consequently on poverty (SDG 1), if wage standards are respected; cooperation in 'risk' sectors, such as mining, could be conducive to various SDGs, namely the 'promotion of health and safety standards' (SDG 8), the protection of small-scale miners and community rights (indirect impacts related to various SDGs, e.g. SDG 1, 2 and 8); 'developing policy and mechanisms to manage vulnerability of mineral export dependency countries' (Annex IV, key area c (vi)) could be conducive to SDG 10; increased gender equality; impacts that are in line with SDG 4 on inclusive and equitable quality education - as a consequence, impact on employability and income (SDGs 1 and 8)</p> <p>Human rights: EU development cooperation expected to support human rights across projects; for example, via mainstreaming of a gender perspective in the development co-operation programmes and development projects directly addressing gender-related issues – possible impact on gender equality.</p> <p>Environment: better environmental management in agriculture and manufacturing, better fisheries management (see also separate environment and fisheries tables)</p>	<p>++</p> <p>+</p> <p>++</p>
<p>Private sector development (Chapter IV, Title II), for:</p> <ul style="list-style-type: none"> Support for investment Industrial development and competitiveness Micro, small and medium-sized enterprises Mining and minerals Tourism development 	<p>The provisions may have increased EU FDI in ESA5 countries, possibly leading to:</p> <p>Social: potential increase in employment in sectors receiving EU investment; potential spill-over effects (skills improvement, job creation); better working conditions, in particular in the mining sector if labour standards are respected; potential increase in wage gaps (foreign-owned vs. local firms); potential impact on gender equality; tourism may have created important and well-paid jobs, but may have also increased consumer prices</p> <p>Human rights: higher living conditions potentially linked to better working conditions/better salary, higher levels of social welfare (e.g. health, education, housing) potentially linked to higher public revenues from taxation– women may be affected in a different manner (affecting the right to adequate living conditions, gender equality, and potentially, rights of indigenous people);</p>	<p>+</p> <p>+</p>

¹⁰⁷ Several points in Annex V envisage participation and empowerment of local communities, especially in the context of the development of the tourism and mining sectors.

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
	Environment: scale, structure, technology and management effects. These may be particularly important for mining and minerals and tourism development. Implementation mechanisms for these provisions are not clearly set out, however.	+
Infrastructure development (Chapter IV, Title III): transport, energy, ICT	The provisions may have increased EU support for infrastructure in ESA5 countries, possibly leading to:	
	Social: improvement of infrastructure (e.g. transport) is likely to have a positive effect on productivity and possibly job creation; potential improvement of access to education/lifelong learning through expansion of ICT	+
	Human rights: higher levels of protection of right to adequate living conditions thanks to better services for citizens	+
	Environment: scale, structure, technology and management effects (e.g. improvement in roads, ports and airports leading to greater traffic, growth of renewable energy, waste water treatment) The provisions, however, are vague and may not have a strong impact.	+

Source: Own analysis and compilation from EPA provisions

Based on this screening, two areas were identified as priorities for the evaluation: reduction of trade barriers and the resulting changes in trade; and EU development cooperation.

Context and overview for the assessment of social, gender and human rights impacts

Overview

ESA5 countries are highly diverse in terms of geographical size, the size of the total population and economic characteristics. Aggregate GDP and GDP per capita generally improved in all ESA5 countries since 2010. At the same time, the state of economic development, as measured by GDP per capita, still differs significantly between individual ESA5 countries. With a GDP per capita of 16,434 USD in 2018, Seychelles is a high-income country. Mauritius is an upper-middle-income country, with a GDP of 11,239 USD in 2019. Comoros and Zimbabwe are lower-middle-income countries, Madagascar still is a low-income country. Due to its political crisis, Zimbabwe's total economic output is estimated to have declined considerably in 2019.

Such heterogeneity is reflected in the social gender and human rights conditions of the countries, which present wide differences in terms of employment (overall employment, female, youth and child labour, employment by sectors of economic activity), poverty and inequality rates and access to resources, gender issues. Such wide differences are represented in the Human Development Index (HDI), which ranges from 0.521 for Madagascar to 0.801 for Seychelles (2018 data). The table below provides a comparative view of the ESA5 countries using a set of common sources and indicators for the key social, gender and human rights issues, on which the interim EPA could have an impact. Data are provided for the most recent year available. A more detailed view of the evolution of these key indicators is each country is provided in each country profile.

Table 98: Overview of the key social, gender and human rights indicators in the ESA5 countries in the 2010-2019 period

Indicators		Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Employment (total population) 15+ ¹⁰⁸	Value	41.4	84.6	54.4	64.6	79
	Last available year	2019	2019	2019	2019	2019
Employment (female population) 15+ ¹⁰⁹	Value	34.9	81.8	40.6	61.6	73.8
	Last available year	2019	2019	2019	2019	2019
Child labour (children ages 5-17)	Value	28.5% ¹¹⁰	22.11% ¹¹¹			27.9% ¹¹²
	Last available year	2010-17	2016			2019
Employment in Agriculture (% of employed population) ¹¹³	Value	50.38	64.22	6.07	3.30	66.54
	Last available year	2019	2019	2019	2019	2019
Employment in Industry (% of employed population) ¹¹⁴	Value	13.03	8.99	4.99	12.80	6.58
	Last available year	2019	2019	2019	2019	2019
Employment in Services (% of employed population) ¹¹⁵	Value	36.59	26.79	25.29	82.80	26.87
	Last available year	2019	2019	2019	2019	2019
Female employment in Agriculture (% of female employed population) ¹¹⁶	Value	55.70	60.42	15.77	0.70	69.95
	Last available year	2019	2019	2019	2019	2019
Female employment in Industry (% of female employed population) ¹¹⁷	Value	9.80	8.58	68.64	6.10	1.92
	Last available year	2019	2019	2019	2019	2019

¹⁰⁸ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹⁰⁹ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹¹⁰ UNDP Data: <http://www.hdr.undp.org/en/indicators/181306>

¹¹¹ US Department of State, 2019 Country Reports on Human Rights Practices: Madagascar, available at <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/madagascar>

¹¹² UNICEF, UNICEF Data Warehouse, Zimbabwe, available at: https://data.unicef.org/resources/data_explorer/unicef_f/?aq=UNICEF&df=GLOBAL_DATAFLOW&ver=1.0&dq=ZWE.PT_CHLD_5-17_LBR_ECON-HC.&startPeriod=1970&endPeriod=2020

¹¹³ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

¹¹⁴ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

¹¹⁵ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

¹¹⁶ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

¹¹⁷ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

Indicators		Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Female employment in Services (% of female employed population) ¹¹⁸	Value	34.50	31.00	79.24	92.40	28.13
	Last available year	2019	2019	2019	2019	2019
Unemployment rate (total population) ¹¹⁹	Value	8.1	83.9	6.3	3	16.9
	Last available year	2014	2015	2019	2019	2019
Unemployment (female population) ¹²⁰	Value	10.4	88.6	9.7	2.7	17.9
	Last available year	2014	2015	2019	2019	2019
Unemployment youth (15-24) ¹²¹	Value	19.5	3.4	21.8	9.7	27.5
	Last available year	2014	2015	2019	2019	2019
Share of population below the international poverty line ¹²²	Value	18.1	77.6	0.1		34
	Last available year	2013	2012	2019		2019
Human Development Index ¹²³	Value	0.538	0.521	0.796	0.801	0.563
	Last available year	2018	2018	2018	2018	2018

Source: ILO data, UNDP data and World Bank

¹¹⁸ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

¹¹⁹ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer1/?lang=en&segment=indicator&id=IFL_4IEM_SEX_ECO_IFL_NB_A

¹²⁰ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer1/?lang=en&segment=indicator&id=IFL_4IEM_SEX_ECO_IFL_NB_A

¹²¹ World Bank data from <https://sdg-tracker.org/no-poverty#targets>

¹²² World Bank data from <https://sdg-tracker.org/no-poverty#targets>

¹²³ UNDP data: <http://hdr.undp.org/en/data>

Employment rates vary from 41.4% in Comoros to 84.6% in Madagascar in 2019 and have shown a limited change in the 2010-2019 period across the ESA5 countries. Similarly, female employment varies across the countries, while everywhere lower than male employment. More than 20% of children aged 5 to 17 years old work in Comoros (28.5% in the 2010-2017 period), Madagascar (22.11% in 2016) and Zimbabwe (27.9% in 2019).

While registering a decline in all ESA5 countries in the 2010-2019 period, except Seychelles, agriculture is the sector with the higher share of the workforce for Comoros, Madagascar, Mauritius and Zimbabwe. Female employment rates in the agriculture sector remain lower than the corresponding male employment rates in all countries. Services represent the largest employment sector in Seychelles (82.8% in 2019), which employs more than 90% of the female workforce in the country.

Unemployment across the ESA5 countries also varies, registering the higher rates in Comoros and Zimbabwe (8.1% in 2014 and 16.9% in 2019, respectively). Zimbabwe in particular registered an increase in recent years, most likely as a consequence of the country's political and economic crises of the recent past. A large variation is registered also on working poverty, from virtually 0% in Mauritius to 67.7% in Madagascar, but in presence of a generalised descending trend across the 2010-2019 period. All ESA5 countries register very high levels of informal employment (ranging from 93.4% in 2014 in Comoros to 14.1% in 2019 in Seychelles), both for the male and female workforce, but overall higher among women.

The situation of all the ESA5 countries as measured by the Human Development Index has somewhat improved in the 2010-2019 period, albeit from very different starting points. Mauritius and Seychelles are ranked 66 and 62 out of 189 countries respectively, making them high and very high human development countries. The other ESA5 countries are at the other hand of the spectrum, as Comoros is ranked 156 out of 189 countries, Madagascar 162 and Zimbabwe 150 out of 189 countries.¹²⁴

A similar diverse situation also concerns the prevalence of poverty and inequality, with Mauritius and Seychelles registering low shares of the population living below the international poverty line (lower than 1% in both countries), while Comoros, Madagascar and Zimbabwe have much higher proportions (up to 37.3% in Madagascar).

Ratification of international conventions on social, gender and human rights policy

The table below provides an overview of the ratification of key international labour rights conventions and human rights conventions.

¹²⁴ UNDP, *Human Development Report 2019*, available at <http://report.hdr.undp.org/>.

Table 99: Main multi-lateral agreements and international conventions on social, gender and human rights policy in ESA5 countries

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Labour Rights Conventions	ILO member since 23/10/1978	ILO member since 01/11/1960	ILO member since 05/05/1969	ILO member since 25/04/1977	ILO member since 06/06/1980
Fundamental Conventions					
Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)	23/10/1978	01/11/1960	01/04/2005	06/02/1978	09/04/2003
Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)	23/10/1978	03/06/1998	02/12/1969	04/10/1999	27/08/1998
Convention concerning Forced or Compulsory Labour, No 29 (1930)	23/10/1978	01/11/1960	02/12/1969	06/02/1978	27/08/1998
Protocol to the Forced Labour Convention, No 29 (2014)	/	11/06/2019	/	/	22/05/2019
Convention concerning the Abolition of Forced Labour, No 105 (1957)	23/10/1978	06/06/2007	02/12/1969	06/02/1978	27/08/1998
Convention concerning Minimum Age for Admission to Employment, No 138 (1973)	14/03/2004	31/05/2000	30/07/1990	07/03/2000	06/06/2000
Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)	14/03/2004	04/10/2001	08/06/2000	28/09/1999	11/12/2000
Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)	23/10/1978	10/08/1962	18/12/2002	23/11/1999	14/12/1989
Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)	14/03/2004	11/08/1961	18/12/2002	23/11/1999	23/06/1999
Governance Conventions					
Convention concerning Labour Inspection Convention, No 81 (1947)	23/10/1978	21/12/1971	02/12/1969	28/10/2005	16/09/1993
Protocol of 1995 to Convention No 81	/	/	/	/	/
Convention concerning Employment Policy Convention, No 122 (1964)	23/10/1978	21/11/1966	/	/	/
Convention concerning Labour Inspection (Agriculture), No 129 (1969)	/	21/12/1971	/	/	16/09/1993

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Convention concerning Tripartite Consultation (International Labour Standards), No 144 (1976)	06/06/2014	22/04/1997	14/06/1994	28/10/2005	14/12/1989
UN Human Rights Conventions	UN Member since 12/11/1975	UN Member since 20/09/1960	UN Member since 24/04/1968	UN Member since 21/09/1976	UN Member since 25/08/1980
Convention on the Prevention and Punishment of the Crime of Genocide (1948)	27/09/2004	/	08/07/2019	05/05/1992	13/05/1991
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	27/09/2004	07/02/1969	30/05/1972	07/03/1978	13/05/1991
International Covenant on Civil and Political Rights (1966)	Signed only (25/09/2008)	21/06/1971	12/12/1973	05/05/1992	13/05/1991
International Covenant on Economic Social and Cultural Rights (1966)	Signed only (25/09/2008)	22/09/1971	12/12/1973	05/05/1992	13/05/1991
Convention on the Elimination of All Forms of Discrimination Against Women (1979)	31/10/1994	17/03/1989	9/07/1984	05/05/1992	13/05/1991
Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	25/05/2017	13/12/2005	09/12/1992	05/05/1992	/
Convention on the Rights of the Child (1989)	22/06/1993	19/03/1991	26/07/1990	07/09/1990	08/03/1990
ICRMW International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990)	Signed only (22/09/2000)	13/05/2015	/	15/12/1994	/
Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (2002)	/	21/09/2017	21/06/2005	/	/
Convention on the Rights of Persons with Disabilities (2006)	16/06/2016	12/06/2015	08/01/2010	02/10/2009	23/09/2013
International Convention for the Protection of All Persons from Enforced Disappearance (2006)	Signed only (06/02/2007)	Signed only (06/02/2007)	/	18/01/2017	/

Source: United Nations, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>; International Labour Organisation, 2020, Normlex database: <https://www.ilo.org/dyn/normlex/en/f?p=1000:12001::NO>

Note: / neither ratified nor signed

Identifying social, gender and human rights impacts of the interim EPA

Introduction and overview

For the ex-post evaluation, the analysis of the social gender and human rights impacts of the interim EPA between the EU and the ESA5 countries considers the following interrelated elements:

- **Social impacts** (disaggregated by gender, when possible) on level of employment, wages, inequality, winners and losers, poverty reduction, labour rights, labour standards, working conditions, with special attention to child labour;
- **Gender impacts** on women's economic empowerment, employment and welfare, gender equality;
- **Human rights impact** the right to an adequate standard of living, in particular the right to food.

The analysis focuses on the impacts of the interim EPA since the start of its provisional application with each partner country in 2012. The analysis considers the period from 2010 to 2019, using the years 2010 and 2011 as a baseline. The analysis only occasionally considers Comoros, as this country fully joined the interim EPA in 2019. Given the short timeframe between the entry into force of the interim EPA and the conduct of this evaluation, there was little information available to assess the social, gender and human rights impacts of the agreement on Comoros. Moreover, the ex-post evaluation does not take into account the impacts of the COVID-19 pandemic on the ESA countries.

Structure of the section

This section of the annex provides first an overview of the broad context and other elements to be considered for the analysis and then describes the general trends and issues relevant for the assessment of social, gender and human rights issues in the ESA countries. In particular, it describes the key results from the CGE and PE models carried out by DG trade, the general trends on employment encountered in the countries and some cross-sectors and cross-countries human rights issues. Afterwards, the section provides a more detailed analysis of the interim EPA impacts on specific industries and countries, which have been identified as the most relevant for the assignment. This analysis includes both the social impacts (in particular those on employment, salaries, working conditions, child labour and violation of working rights), gender issues (when relevant) and human rights issues (in particular on the right to food and the right to an adequate standard of living).

Changes in social, gender and human rights issues

Trade provisions are expected to bring positive impacts in terms of employment (as increased trade is expected to create more and new jobs) and working rights and conditions (as the economic partnership also requires adhering to the same international standards), which should also translate in the reduction of unemployment and informal employment, as well as in an increase in wages and improvement of living conditions. The interim EPA might also lead to adverse consequences. Trade in goods between the EU and the ESA countries might exacerbate labour rights, labour standards or working conditions issues already existing in some countries and/or sectors, such as agriculture or mining, that produce those goods. Furthermore, some of the interim EPA's provisions require the Parties, especially the EU, to cooperate and/or contribute to the realisation of certain objectives, such as poverty reduction, likely to have an indirect impact on human rights.

The following pages consider the evidence for these impacts.

The interim EPA is not the only policy initiative relevant to the analysis of trade and social impacts in the region. Africa is characterized by a substantial number of overlapping regional economic agreements (RECs.). The ESA countries are all members of two RECs in Africa, namely COMESA and the Southern African Development Community (SADC), They also have agreed to the Tripartite Agreement of 2015, a planned free

trade area with 27 potential members that would integrate SADC, COMESA and EAC regions, and they also signed the 2018 agreement for an AfCFTA that would have over 50 members¹²⁵. ESA countries also have trade agreements with other third countries, such as China and the US, which are important trade partners.

Other international developments affect trade dynamics for ESA countries and, thus, social, gender and human rights impacts. These include:

- the change in the EU/ACP countries sugar regime that impacted the sector before and independently from the interim EPA;
- the EU's Sustainable Fisheries Partnership Agreements (SFPAs), that affect fisheries in the four ESA island countries, including social aspects, as do international fisheries agreements;
- the evolution of international investment and production in global industries that have affected ESA countries: for example, the changes in the global textiles industry have interplayed with the provisions of the trade agreement and influenced the development of the sector in countries such as Mauritius and Madagascar.

In light of all the above, it needs to be underlined that most of the impacts identified by the analysis do not depend directly and exclusively on the trade agreement, but rather are the effect of a number of interplaying factors, one of which is the interim EPA. Whenever possible, the analysis tries to disentangle the impacts of the interim EPA, explaining to they interact with other elements of the policy and economic context. However, the availability of quantitative data and qualitative analysis is often not specific enough for the type of granular analysis required to provide such a level of detail.

General trends and issues

CGE Results

The results of the CGE modelling and PE model (for Seychelles) undertaken by DG Trade suggests that the overall impacts of the interim EPA have been limited, but overall positive for the ESA countries and the EU, in terms of outputs, exports and imports and of salaries.

While these results are important to assess the dimension of the trade agreement, they need to be put in the overall political, economic and social context of the EU and, especially, of the ESA countries. Therefore, the next sections of this annex will provide such elements to the analysis.

Furthermore, while a widely established practice in the evaluation of EU FTAs, CGE models bring some criticisms and issues that need to be taken into account when interpreting their results. Some of the critics concern the mechanics of the model, which tend to neglect the adjustment process and frictions related to the expansion of more competitive sectors as an effect of trade liberalisation, and the shift in employment related to it, as well as the financial implications that this adjustment entails in the presence of labour market frictions (re-training, temporary wage replacement payments, etc.). Furthermore, some critics concerned about the use of CGE models in the evaluation of the impact of trade reforms, especially in cases where initial levels of trade are low, for instance, if trade barriers are prohibitive. This problem may make trade models inappropriate especially for some developing countries and least developed countries which may have their bulk of trade concentrated in a few sectors only with a limited number of trading partners. It is argued that in these cases, CGE models underestimate the impact of trade liberalisation¹²⁶.

¹²⁵ Since then, Zimbabwe (May 2019) and Mauritius (October 2019) have ratified the AfCFTA.

¹²⁶ For a review of the main issues related with the use of CGE models in EU trade policy, see Nilsson, L. (2018). *Reflections on the Economic Modelling of Free Trade Agreements*. *Journal of Global Economic Analysis*, 3(1), 156-186.
doi:<http://dx.doi.org/10.21642/JGEA.030104AF>

All countries are estimated to have gained from the agreement, with Mauritius and Zimbabwe to have benefitted most. In detail, total exports from Madagascar to the EU are estimated to be 2% lower in absence of the EPA. By contrast, EU imports from Mauritius are estimated to be 93% lower and exports to Zimbabwe are estimated to be 18% lower in the case of no interim EPA. As for Seychelles, results from the PE model show that the interim EPA contributes to rising bilateral exports for both the EU and Seychelles. Total EU27 exports to Seychelles are estimated to be 26% higher compared to a no-interim EPA situation. Seychelles' total exports to the EU27 are estimated to be 573% higher compared to a no-interim EPA situation.

These numbers are generally mirrored by the estimates computed for the countries' overall economic activity (economic output, GDP). Importantly, no region experiences a reduction in aggregate economic output, which indicates that the EPA with the EU contributes to growth in ESA countries overall economic activity. Due to its economic size, for the EU the impact of the EPA on overall economic output is overall negligible but positive. As for the ESA countries, their GDP is estimated to be higher thanks to the agreement of 0.1% for Madagascar, 0.05% for Mauritius and 0.1% for Zimbabwe.

With regard to specific industries, ESA countries' agricultural and less knowledge-intensive (and less skill-intensive) manufacturing sectors are estimated to benefit most from tariff reductions that go beyond preceding preferential tariffs (Madagascar, Zimbabwe) and MFN tariffs (Mauritius) respectively, with the highest relative changes estimated for exports of "Sugar and sugar crops" for Mauritius and Zimbabwe. This result is even more relevant in consideration of the deep change in the sugar industry brought by the change in the EU sugar regime, and the consequent competitive pressures faced by ACP countries, including Mauritius. Similar results are estimated for "Fisheries and processed fish", a major export towards the EU for Mauritius.

Results from modelling also show a benefit from the interim EPA for "Other crops" industries, in both Mauritius and Zimbabwe. This sector is of particular importance for Zimbabwe, accounting for a relatively high share in the country's overall exports to the EU.

Similar results are estimated for "Fisheries and processed fish", a major export towards the EU for Mauritius. Similarly, the large increase of Seychelles exports to the EU is estimated to be driven by current trade and preferential gains in one tariff line of processed fish, i.e. 160414 (tuna, skipjack and bonito).

Exports of textiles are estimated to be significantly lower in the absence of the interim EPA, a result very significant for Mauritius, where the textile industry is of major importance. While the textile industry is very important for Madagascar as well, this country is estimated to benefit from the agreement only to a limited extent. As an LDC, it would benefit from preferential market access in goods markets to the EU

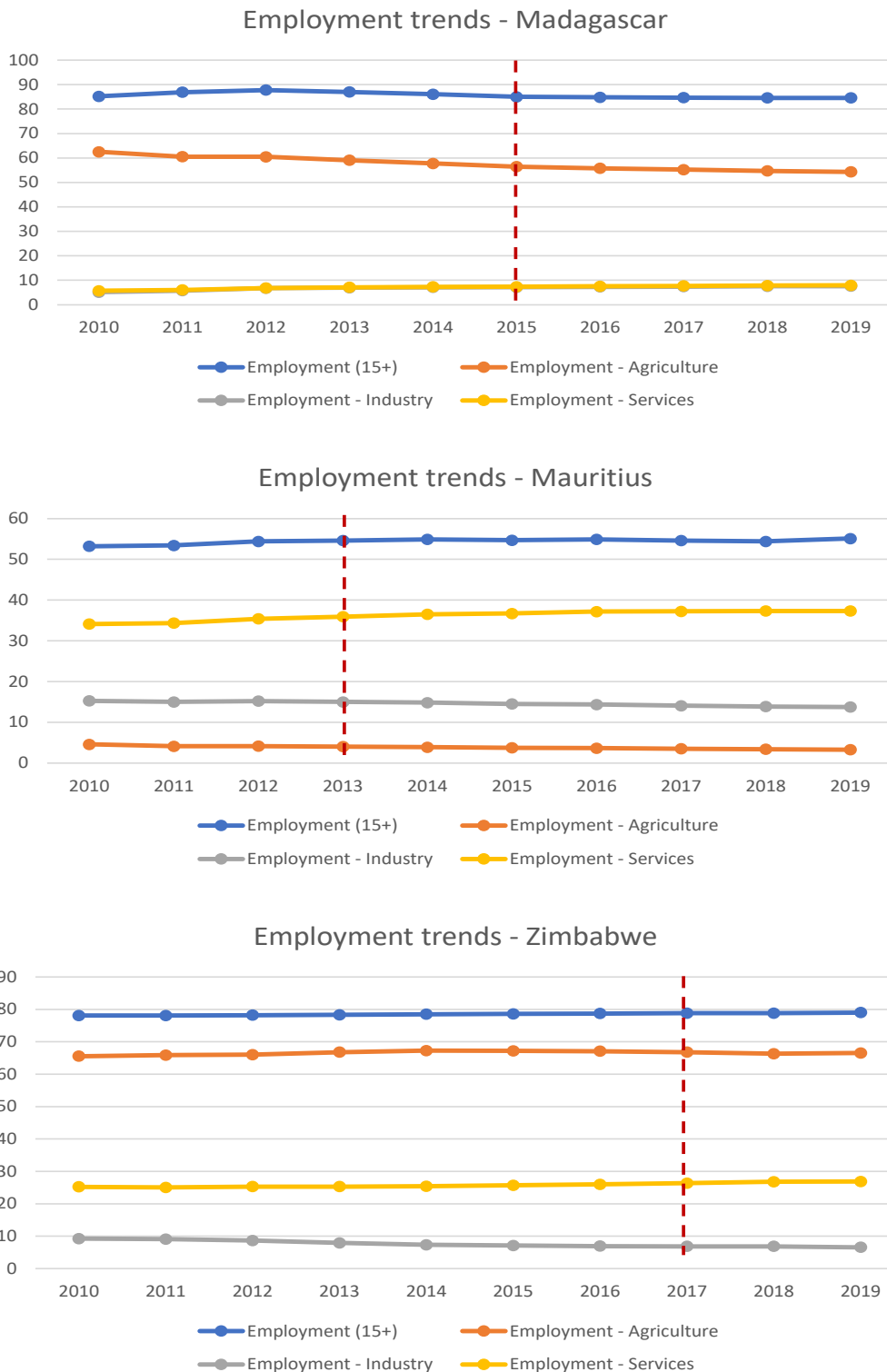
As concerns domestic sector output (overall production by domestic industries) in the EU and ESA countries, the impacts of the EPA are estimated to be relatively low, often negligible for most sectors of the economy, with exceptions in some industries. For instance, Mauritius' sugar products production is estimated to increase by 52.1% due to the EPA with the EU, Mauritius' fishery and seafood sector is estimated to gain 10.2%, and Mauritius' textiles sector is estimated to expand by 6.3% ("Textiles") and 5.7% ("Wearing apparel") due to the EPA. Madagascar's "Non-ferrous metals" sector is estimated to rise by 5.2% due to the EPA.

The impacts of the interim EPA are estimated to be negligible as well, except for Mauritius, where wages both skilled and unskilled labour wages in Mauritius' economy are estimated to rise by 1.7% and 0.8% respectively due to the EPA with the EU. As concerns the agreement's impact on prices, the estimates point to negligible impacts, ranging from -0.24% for Madagascar to +0.3% for Mauritius.

The modelling exercises do not provide estimates on the effects of the agreement of employment in the EU and the ESA countries. An approach could be that of using the results on output together with available statistics on employment in the countries to derive the likely effects of the employment agreement. However, we decided to discard these results. Such analysis is based on the key assumption that the changes in employment remain proportional to the changes in output, i.e. not allowing for changes in productivity and/or

technology, or other external factors. This assumption seemed too strong to be maintained, and could not be supported by data available from international sources used for validation.

Figure 28: Broad employment trends in ESA countries in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Employment data for Seychelles are only available for 2019.

Note: Values for employment in Industry and Services in Madagascar are very similar, so that only one series (services) is visible. The complete data series is reported in section 2.2.1. The vertical line identifies the year in which the interim EPA entered into force in the country.

Employment trends in ESA countries

Overall employment data for the ESA5 countries show wide differences in employment rates (ranging in 2010-2019 from about 40% in Comoros to about 80% in Madagascar),¹²⁷ which have not changed notably in the period under consideration, either before or after the entering into force of the interim EPA in the countries.

Figure 28 above shows the evolution of employment in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Seychelles are only available for 2019, so they are not included in the visuals.

While **agriculture** remains the main employer in Madagascar and Zimbabwe, there seems to be a progressive, even if slow, **shift towards the services sector**. For instance, in the 2010-2019 period, employment in services increased from 20.6% to 26.8% in Madagascar and from 62.6% to 68.6% in Mauritius, while the increase in Zimbabwe has been much more limited.

This limited shift can be attributed to a number of factors, including the increasing importance of tourism in many of the ESA5 countries, national governments' strategies aiming at diversifying economic development and reducing dependency on agriculture and mining products. For instance, the government of Seychelles decided to support the development of the financial sector,¹²⁸ while Zimbabwe announced policies aiming at focusing on the tourism¹²⁹ and ICT sectors¹³⁰ for differentiating their economy and reducing the dependency on agriculture.

When looking at the composition of the employed population, **female employment** is quite low in Madagascar and Zimbabwe (between 23% and 30% for the period), while it is far higher in Mauritius (ranging from about 73% to 80% in 2010-2019 period). However, when looking at the female presence within the different sectors of the economy, data show that in Madagascar and Seychelles the female presence is similar to the male one across all the broad economic sectors (with the tendency to be slightly higher in the services sector), while it is much lower (ranging from 25% to 35% of the male one) in Mauritius and Zimbabwe. The higher female presence in the services sector can be attributed to the importance of tourism in the economy of the ESA countries. Trend data show that while overall lower than male employment, female employment has increased more than male one over time.

Figure 29 below shows the evolution of employment by sector and per gender in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Seychelles are only available for 2019, so they are not included in the visuals.

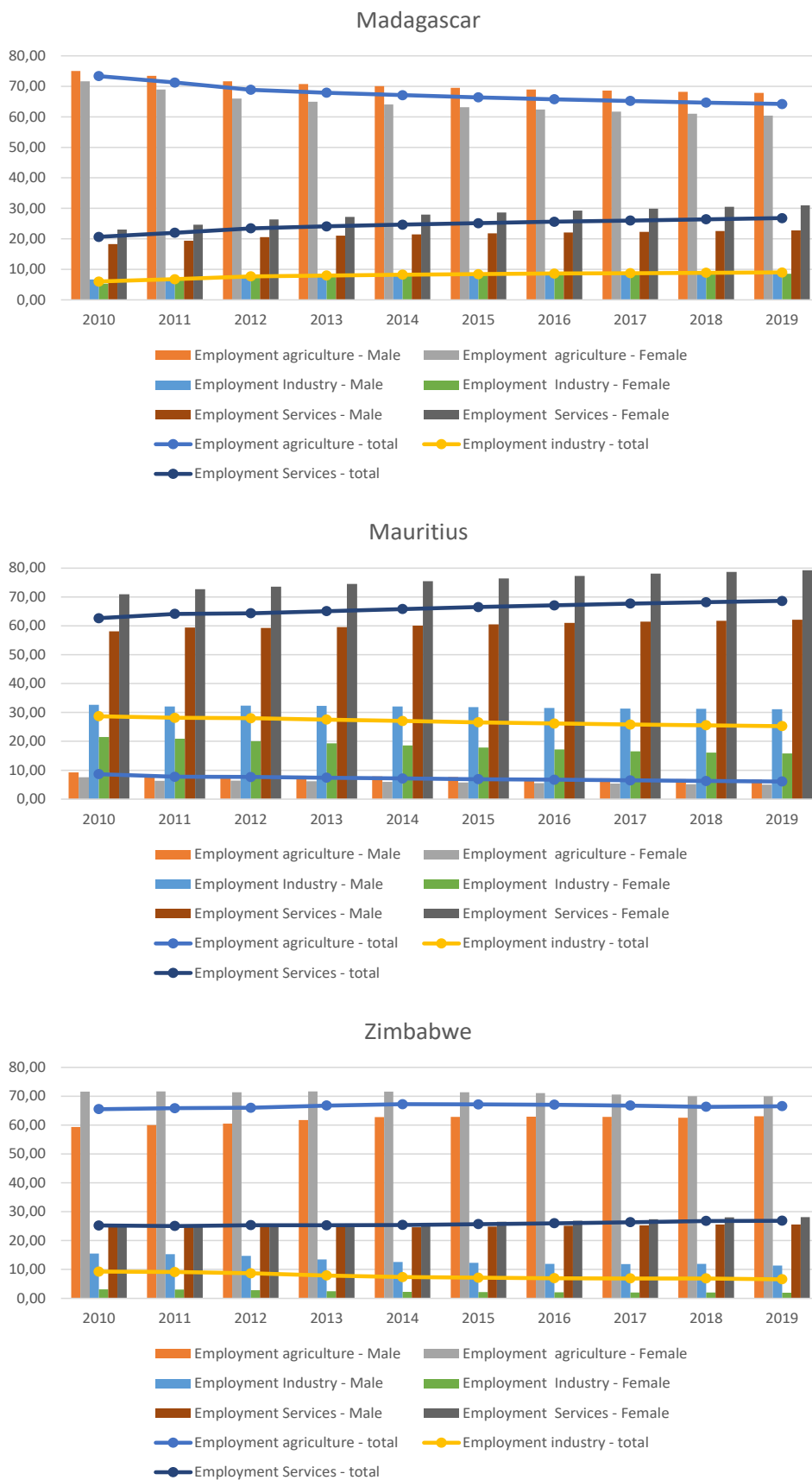
¹²⁷ ILO data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹²⁸ A Financial Sector Development Implementation Plan (FSDIP) was launched in 2014, see: <http://documents1.worldbank.org/curated/en/983161468188662648/text/105775-AR-PUBLIC-FIRST-AR15-Final-low.txt>

¹²⁹ Zimbabwe Policy Analysis and Research Unit (2013), *Positioning the Zimbabwe Tourism Sector for Growth*, available at: <http://www.zeparu.co.zw/sites/default/files/2018-03/Policy%20Brief%20Positioning%20the%20Zimbabwe%20Tourism%20Sector.pdf>

¹³⁰ Zimbabwe National Policy for Information and Communications Technology (ICT), (2016), available at: https://en.unesco.org/creativity/sites/creativity/files/qpr/zimbabwe_national_policy_for_ict_2016_-_final_1.pdf

Figure 29: Employment trends per services and gender in ESA countries in the 2010-2019 period

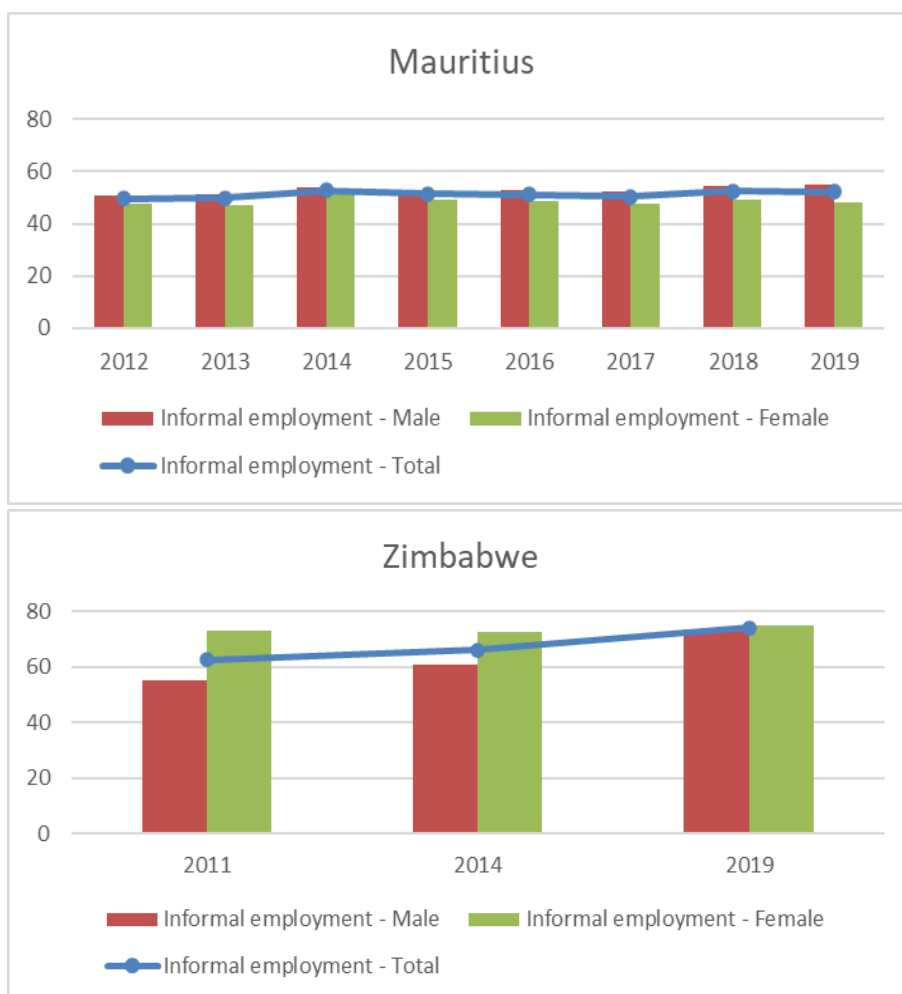


Source: elaboration from ILO and World Bank data. Employment data for Seychelles are only available for 2019.

The share of **informal employment** in the economy is a particularly important parameter for developing countries, such as the ESA ones, for its links to the local economic context and the (expected) improvement brought by international trade and economic growth.¹³¹ Available data show that informal employment continues to play an important role in the economies of the ESA countries, where it exceeds 50% of the overall employment in all countries, with peaks of more than 80% in Madagascar and Zimbabwe. Furthermore, data show an increase of informal employment over time, more accentuated for female employment, in particular in countries where agriculture is the main employer (as in Madagascar and Zimbabwe).

Figure 30 below shows the evolution of informal employment in two of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Madagascar are only available for 2015, so they are not included in the visuals, and data for Seychelles are not available.

Figure 30: Informal employment trends in Mauritius and Zimbabwe in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Data for Madagascar are only available for 2015 and data for Seychelles are not available.

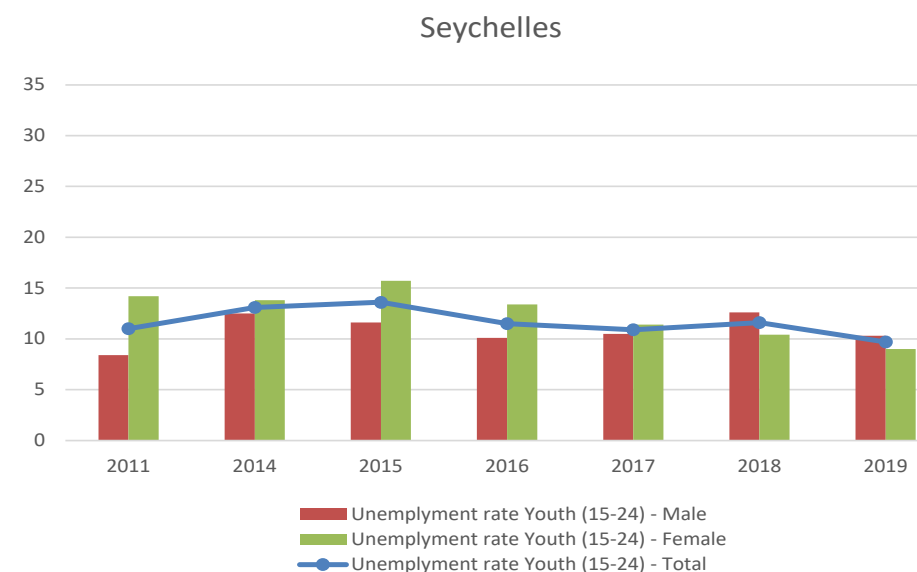
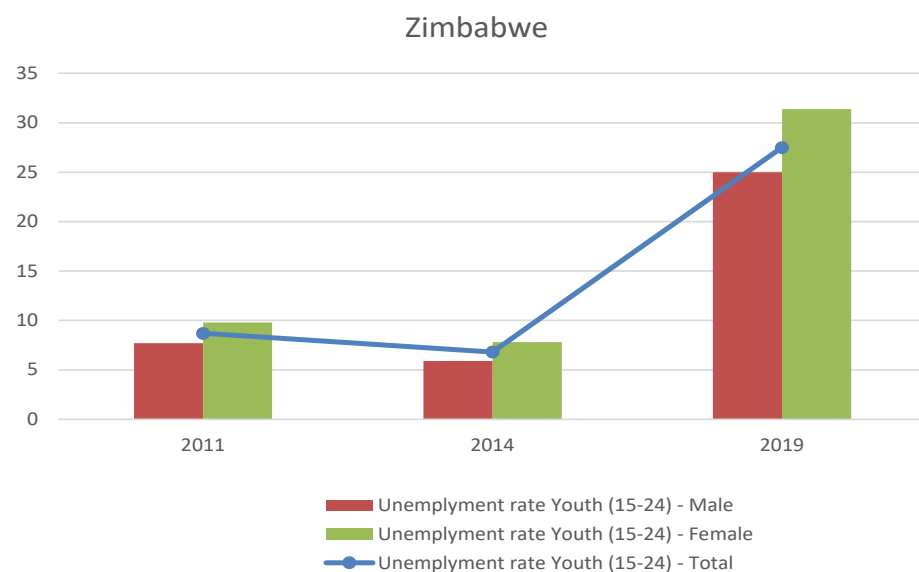
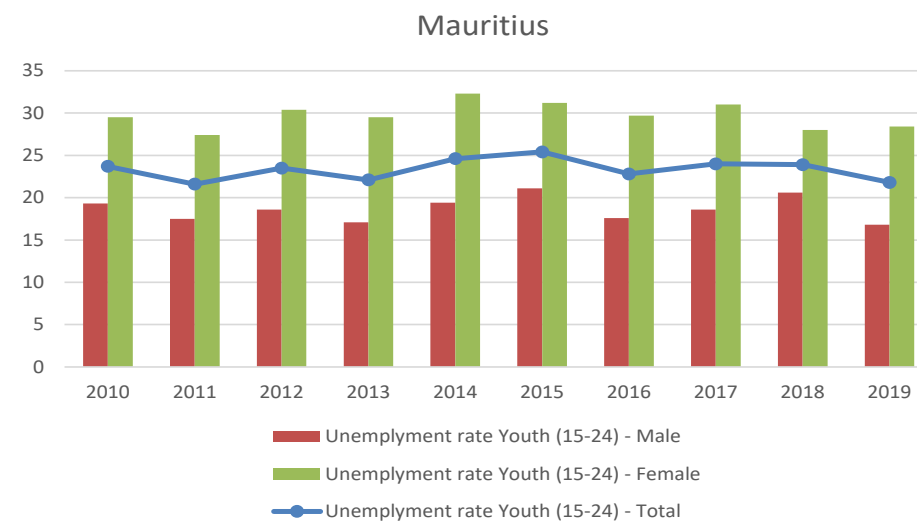
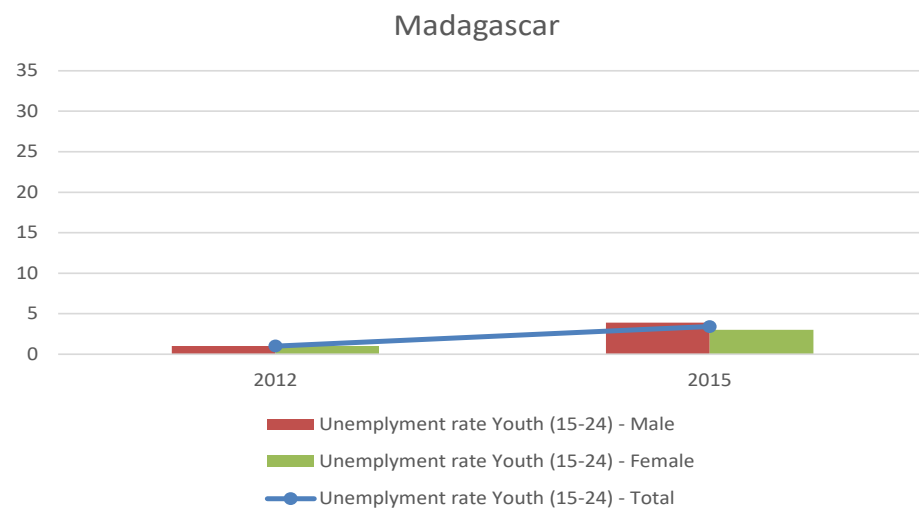
¹³¹ Bacchetta M., Ekkehard E., Bustamante J.P., (2009), *Globalisation and Informal Jobs in Developing Countries*, Economic Research and Statistics Division World Trade Organization and International Institute for Labour Studies International Labour Office, available at: https://www.wto.org/english/res_e/booksp_e/jobs_devel_countries_e.pdf

While data on **unemployment** trends are less complete, the available evidence points towards an overall decrease of unemployment in the ESA countries over the period considered for the ex-post evaluation. Overall, unemployment is below 10% for all ESA countries, but higher for women than for men. For instance, while decreasing over time, female unemployment has been higher than male unemployment in Mauritius in the 2010-2019 period (it declined from 4.5% to 4.1% for men, and from 12.9 to 9.7% for women).

Statistics on **youth unemployment** (15-24 years old) are not complete for all the ESA5 countries and the whole timeframe for this evaluation. Nevertheless, available data for Madagascar, Mauritius, Seychelles and Zimbabwe show once again some heterogeneity across countries, with levels of youth unemployment much lower for Madagascar and Seychelles compared to the other two countries (lower than 5% in Madagascar and slightly above 10% for Seychelles compared to values higher than 20% in Mauritius and higher than 25% in Zimbabwe). Female youth unemployment is higher than male youth unemployment in all countries, similar to the unemployment rate for the adult female working-age population. Data are too scarce to identify clear trends in Madagascar and Zimbabwe. The latter registered a striking increase in 2019 compared to earlier years (27.5% total youth unemployment compared to 8.7% in 2011 and 6.8% in 2015), which can be attributed to the political instability and adverse climate events that affected the country. Data for Mauritius are more complete and show that youth unemployment rates remained essentially stable over the years (around 21.5% and 25.4% for the total youth unemployment, between 17% and 21% for male youth unemployment and between 28% and 32% for female youth unemployment). Similar, data for Seychelles show stable levels of youth unemployment over time, with a slight decrease in 2019 compared to the previous years.

Figure 31 below shows the evolution of youth unemployment in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation.

Figure 31: Youth unemployment trends in ESA countries in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Data for Comoros are not available.

Data on **average earnings** show large differences across sectors in all ESA countries, with agriculture having lower average earnings than the other sectors of the economy in the whole 2010-2019 period, and services having higher average earnings. Data also show the persistence of a differential in average earnings between men and women across all sectors in all countries, which is particularly wide in agriculture, with female salaries more than three-time lower than male ones. However, there is some evidence of a progressive reduction of such differentials, especially in some ESA countries. For instance, the average earnings for female workers in Mauritius raised from about 46% in 2011 to 55% of the male workers' salaries in 2019.

Such trends in employment are linked to several elements: national strategies, supported to some extent by the interim EPA implementation, demands for goods from the EU and other commercial partners (such as China and the US), political instability in the countries (such as Madagascar and Zimbabwe), and the consequences of the 2008-2009 financial crisis and the 2011-2012 EU debt crisis.

While the interim EPA aims at helping the ESA countries differentiating their economies and developing industry and (formal) employment, it can be argued that it is not possible to identify a direct causal link.

Focus on interim EPA's social and human rights impacts on specific sectors in ESA countries

The influence of the interim EPA becomes more evident when looking more closely at the main goods traded between the EU and the ESA countries, and in particular at the exports towards the EU. Data from trade flow analysis and the CGE modelling, combined with data for employment from international sources, allows identifying a set of issues pertaining to individual countries and/or traded goods, in which the implications of the interim EPA interact with other external factors, such as changes in world prices and demand for specific goods.

The analysis will thus focus on the trade of some industries, which are particularly important for individual ESA countries, and their social impacts, namely:

- Vanilla trade with Madagascar;
- Sugar trade with Mauritius and Zimbabwe;
- Tobacco trade with Zimbabwe;
- Textiles trade with Madagascar and Mauritius;
- Diamonds trade with Zimbabwe; and
- Fisheries and processed fish products trade with Seychelles and Madagascar.

It should be pointed out that many of the industries and ESA countries listed above are the same identified as those having most benefitted from the interim EPA by the CGE modelling and PE model exercises.

Agriculture

Agriculture remains a crucial sector for all ESA5 countries, and some critical issues concern indeed agriculture products. A significant part of agri-food goods is exported from Madagascar, Mauritius, and Zimbabwe to the EU. Between 2010 and 2019, coffee, tea, cocoa and spices, and vegetables and fruits were amongst the top four goods exports to the EU from Madagascar (after apparel and clothing accessories).¹³² Vanilla has been a significant export to the EU from Madagascar, representing 74% of the vanilla imported by the EU in 2017¹³³. Between 2015 and 2019, Zimbabwe's top exports to the EU were tobacco, vegetables and fruits, and sugar. In 2019, tobacco accounted for 52.7% of all agri-food exports to the EU, while vegetables and fruits

¹³² EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

¹³³ See: <https://www.cbi.eu/market-information/spices-herbs/vanilla>

represented 25.5% of all agri-food exports to the EU.¹³⁴ Mauritius is a major exporter of sugar to the EU. Sugar has been Mauritius' main agri-food commodity export in the last decade, accounting for 72.8% of all agri-food exports to the EU in 2019.¹³⁵ The EU also exports agri-food products to ESA countries. Since 2015, meat has been the EU's top good export to Comoros. In 2019, the export of poultry meat represented 50% of all EU exports of agri-food products to Comoros.¹³⁶

Vanilla trade with Madagascar

Trade flows data clearly show that production and **export of agricultural products, and vanilla, in particular, are a key element of the economy in Madagascar**, and especially of exports towards the EU¹³⁷. The large increase in value of vanilla trade in the 2009-2016 period, not corresponding to a similar increase in the volume of trade, is related to a steep increase in price. The price of vanilla is very volatile but, in the past years, has been rising constantly, rarely failing below US\$ 400/kilo, and with a peak close to US\$ 600 in 2018¹³⁸. The increase in vanilla prices are due to external factors, and it is not clear the extent to which the interim EPA itself has affected these exports to the EU. While overall employment in the agriculture sector has declined over time, employment in growing crops (including vanilla) shows a (limited) increase over time, and higher earnings, which have been on the rise since 2015.¹³⁹

Despite such positive elements, the production of vanilla has been linked to **child labour**. In 2012, the ILO estimated that around 20,000 children, aged 12 to 17 years old, worked in vanilla fields.¹⁴⁰ More recent reports indicated that child labour in the sector remains an issue.¹⁴¹ Children often work in difficult labour conditions, for long hours, perform dangerous tasks and receive extremely low salaries, if any. Some children are also kept out of school, drop out or downplay their studies to work in the vanilla sector.¹⁴² In 2017, the ILO found that when the price of vanilla rose, the school enrolment rate decreased in the SAVA region, which is the main region where vanilla is produced in Madagascar.¹⁴³

There is no strong evidence that child labour in the vanilla sector is the direct result of the interim EPA. Other factors, such as the price of the commodity, poverty and lower costs associated with child labour, play a crucial role. High vanilla beans prices seem to increase the incentive for child labour. Furthermore, many poor families are unable to afford school-related expenses and prefer to send their children to work in vanilla fields. However, given the share of EU imports for each of these agri-food products, it is likely that vanilla produced by children is imported into the EU. In addition, EU demand for vanilla and rising prices may create an incentive for more production at a lower cost. Moreover, according to some NGOs, there were reports of major European food

¹³⁴ Under vegetable and fruits, we include 1) vegetables, fresh, chilled and dried; 2) fruit, fresh or dried, excl. citrus and tropical fruits; 3) citrus fruit; and 4) tropical fruits, fresh or dried, nuts and spices. See EU, 'Agri-food Trade Statistical Factsheet. European Union – Zimbabwe' (17 March 2020).

¹³⁵ EU, 'Agri-food Trade Statistical Factsheet. European Union – Mauritius' (17 March 2020).

¹³⁶ EU, 'Agri-food Trade Statistical Factsheet. European Union – Comoros' (17 March 2020).

¹³⁷ EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

¹³⁸ See: <https://www.bloomberg.com/features/2019-economics-of-vanilla-markets-madagascar/>

¹³⁹ ILO data on sectoral employment (ISIS 4 2-digit), available at:

https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹⁴⁰ ILO-IPEC, 'Etat des lieux du travail des enfants dans la filière vanille dans la région SAVA 2011' (2012).

¹⁴¹ US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

¹⁴² ACAT Madagascar, 'Rapport de la société civile sur la mise en œuvre du Pacte international relatif aux droits civils et politiques (PIDCP) (Réponses à la liste de points à traiter CCPR/C/MDG/Q/4) A soumettre pour l'examen du quatrième rapport périodique de Madagascar (CCPR/C/MDG/4) à la 120ème session du Comité des droits de l'homme (juillet 2017)' (June 2017), available at https://tbinternet.ohchr.org/Treaties/CCPR/Shared%20Documents/MDG/INT_CCPR_CSS_MDG_27612_F.pdf

¹⁴³ ILO, 'US Department of Labor supports the development of a sustainable vanilla sector in Madagascar, available at: https://www.ilo.org/ipecc/news/WCMS_554937/lang-en/index.htm

companies witnessing child labour without reporting it or neglecting to complete appropriate risk assessments with their suppliers.¹⁴⁴

At the same time, there have been initiatives to prevent child labour in the vanilla sector. Several EU development cooperation projects aimed at supporting SMEs in the whole IOC area, including Madagascar.¹⁴⁵ While these projects are not directly related to the trade agreement, they are expected to create synergies that will help increase the productivity of the sector while promoting better working conditions. The Malagasy government has also taken measures to limit the fluctuation of the price of vanilla,¹⁴⁶ which is very volatile and has maintained very high values in the last years. Furthermore, private sector initiatives involving European companies exist as well to foster the sustainability of the supply chain in the vanilla sector and reduce poverty.¹⁴⁷

Sugar trade with Mauritius

The interim EPA includes provisions on sugar (Annex I), which impose Most Favoured Nation duties on the defined quantity of sugar from ESA countries for the 2009-2015 period. However, the main changes affecting the trade of this commodity happened outside of the agreement. While **sugar has had crucial importance for the economic growth of Mauritius in the previous decades**, the recent change in the EU/ACP countries sugar regime has led to a large reduction in the volumes and values of exports towards the EU¹⁴⁸. Up until 2009, Mauritius' exports of sugar benefited from guaranteed access for fixed quantities at above-market prices to the EU market under the ACP/EU Sugar Protocol. Mauritius was the biggest quota holder among the ACP countries, with a 37% share. While the phasing out of this regime, market prices have been gradually introduced, with the abolition of reserved quotas for Mauritian sugar in 2017. Furthermore, all LDCs (under the Everything but Arms scheme) and ACP countries (who have negotiated European Partnership Agreements with the EU) now have duty-free market access to the EU market. In addition, in 2017, the EU ended the sugar quota system, which means that EU sugar producers are now able to supply a greater share of internal market demand at the expense of imports.¹⁴⁹ This has exposed the Mauritian sugar sector to competition from other developing countries, including Least Developed Countries (LDCs) and ACP countries that have duty-free market access to the EU market via other European Partnership Agreements and low-tariff access via the GSP, and to major, lower-cost producers such as Brazil. The end of the EU sugar regime caused a drastic sugar price reduction of 36% for Mauritius, which led to major consequences for the sector.¹⁵⁰

The decline in the economic weight of the sugar sector is reflected in a **fall in employment in the agriculture sector and of corresponding salaries**, which declined strongly after 2011. Before and outside of the interim EPA, Mauritius (also supported by the EU) implemented several **policy measures to counteract** the implications of the reform of the EU sugar regime, starting in 2001 with the Sugar Industry Strategic Plan

¹⁴⁴ Verité, 'Summary of Key Trafficking in Persons Issues in Vanilla Production', available at <https://www.verite.org/africa/explore-by-commodity/vanilla/>

¹⁴⁵ See for instance projects on *Enhancing Entrepreneurship and Business Cooperation Project in the IOC region* (<https://ec.europa.eu/transparency/regdoc/rep/3/2019/EN/C-2019-7496-F1-EN-ANNEX-5-PART-1.PDF> and <https://ec.europa.eu/transparency/regdoc/rep/3/2019/EN/C-2019-7496-F1-EN-ANNEX-5-PART-1.PDF>)

¹⁴⁶ <https://www.rfi.fr/fr/afrique/20200225-fin-campagne-vanille-%C3%A0-madagascar-prix-questionnent>

¹⁴⁷ <https://livelihoods.eu/portfolio/madagascar-a-resilient-vanilla-supply-chain-with-farmers/>

¹⁴⁸ Sakwut R., Tandrayen V., Boopen S. Vinesh S., (2009), *Trade and Poverty in Mauritius: Impact of EU Sugar Reform on the Livelihood of Sugar Case Workers, Trade and Industrial Policy Strategies*, available at:

https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

¹⁴⁹ WTO, 'Trade Policy Review. Report by the Secretariat. Mauritius' (17 September 2014) WT/TPR/S/304; LMC, 'The Economic, Social and Environmental Impact on Mauritius of Abolition of Internal Quotas of Sugar in EU Market, Report for Ministry of Agro Industry and Food Security Mauritius' (May 2015).

¹⁵⁰ Sakwut R., Tandrayen V., Boopen S. Vinesh S., (2009), *Trade and Poverty in Mauritius: Impact of EU Sugar Reform on the Livelihood of Sugar Case Workers, Trade and Industrial Policy Strategies*, available at:

https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

(2001-2005) and continued 2005 with the Multi-Annual Action Plan (MAAS), for the 2005-2015 period.¹⁵¹ Among the different measures, a restructuring of costs for the sector, which lead to the reduction of the number of sugar factories and of workers, improvement in the energy efficiency to lower production costs and increase competitiveness, optimising the use of by-products of the cane sugar processing to produce ethanol and a Voluntary Retirement Scheme (VRS) to support low-income groups of the sugar industry. These measures have led to lower production of cane sugar, closing of mills and processing factories, restructuring of production to more added-value types of sugar,¹⁵² and research for increasing productivity and business support.¹⁵³ Evidence shows that the effectiveness of these measures, and the VRS in particular, has been limited, and women have been more adversely affected.¹⁵⁴ Most of the beneficiaries have seen their income decreasing, while the re-training (which is part of the programme) was delayed. However, data from the Commission's CGE modelling seem to suggest that the decline of the sector and the negative repercussions on employment would have been even higher in the absence of the agreement.

Tobacco trade with Zimbabwe

In a somewhat similar dynamics, **exports of unmanufactured tobacco from Zimbabwe towards the EU have seen a decline in the last decade, despite a sustained world demand and price for the item.**¹⁵⁵ EU countries such as Germany and Belgium are still major importers of unmanufactured tobacco from Zimbabwe.¹⁵⁶ The production of tobacco in Zimbabwe has increased over time, and exports have shifted towards other commercial partners, such as China and Indonesia.¹⁵⁷ In addition, the country has suffered the consequences of high political instability and adverse climate events, which have further negatively impacted production, exports, employment, and salaries. The lower economic weight of tobacco (the most important agricultural product exported) is reflected in employment data for the crops sector, which has seen a strong decline from 2010 to 2019 (halved value). The impact has been particularly strong on wages. Wages and working conditions are negotiated at the central level, through the National Employment Council (NEC) for the Agriculture sector, which includes employers' organisations and trade unions in the agriculture sector. Data for the 2011-2016 period show that agriculture wages have failed to maintain their level with respect to the Food-Poverty-Line (FPL) and the Poverty Datum Line (PDL - the equivalent of a living wage, the minimum amount required per month for a family of five to sustain their livelihood).¹⁵⁸ Most of the production (about 87%) is carried out by few companies, which employ a local workforce (also including a large share of children).¹⁵⁹

There have been reports of child labour in the tobacco sector in Zimbabwe.¹⁶⁰ Many children under 18 work in hazardous conditions on tobacco farms in Zimbabwe, often performing tasks that threaten their health and safety, such as mixing, handling, and spraying pesticides, or interfere with their education, as children drop out of school to work on tobacco farms. Children also experience adverse health effects related to exposure

¹⁵¹ Tandraren-Ragoobur, V. (2012). *Bitter EU sugar reforms for Mauritius: A gender perspective*. 171-183. Available at: https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

¹⁵² See: <https://chamber-of-agriculture.mu/agriculture-in-mauritius/sugar-sector/>

¹⁵³ Kwong, R.N.G.K. *Status of sugar industry in Mauritius: Constraints and future research strategies*. *Sugar Tech* 7, 5–10 (2005), available at: <https://doi.org/10.1007/BF02942411>

¹⁵⁴ Tandraren-Ragoobur, V., *ibid*,

¹⁵⁵ See: <http://www.fao.org/3/y4997e/y4997e0k.htm>

¹⁵⁶ See: <https://www.herald.co.zw/china-drives-zim-tobacco-exports/>

¹⁵⁷ Tandraren-Ragoobur, V. (2012). *Bitter EU sugar reforms for Mauritius: A gender perspective*. 171-183. Available at: https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

¹⁵⁸ Chakanya N. (2016), *Working and living conditions of Workers in the Agricultural sector in Zimbabwe*, available at: <https://globalizationandhealth.biomedcentral.com/track/pdf/10.1186/s12992-015-0139-3.pdf>

¹⁵⁹ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

¹⁶⁰ The UN Committee on the Right of the Child and the ILO have expressed concerns about the general persistence in Zimbabwe of child labour, including hazardous labour, in various sectors, including the agricultural sector. See UN Committee on the Rights of the Child, 'Concluding observations on the second periodic report of Zimbabwe' (7 March 2016) UN Doc CRC/C/ZWE/CO/2; ILO CEACR, 'Observations. Minimum Age Convention, 1973 (No. 138) – Zimbabwe (Ratification: 2000)', adopted 2016, published 106th ILC session (2017).

to nicotine.¹⁶¹ Overall, child labour has a negative impact on the well-being and human rights of children. In particular, it interferes with their right to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education, or to be harmful to their health or physical, mental, spiritual, moral or social development, as recognised by Article 32 of the UN Convention on the Rights of the Child.

In addition to the employment and child labour implications, there is evidence showing how tobacco workers face low protection from nicotine poisoning and pesticides. Large farms and processing factories fail to implement correct OSH protocols and training, and there are reports of workers not being provided with adequate protective equipment.¹⁶² Even in this case, the interim EPA seems to be only one of the explaining factors, rather than the direct cause of such impacts. EU development cooperation projects aimed at supporting the agricultural sector in Zimbabwe, in a manner that promotes inclusive green economic growth.¹⁶³ While not directly related to the trade agreement, these projects are expected to create synergies that will help increase the productivity of the sector while promoting better working conditions.

There is no strong evidence that child labour and labour rights violations are the direct result of trade in tobacco with the EU. However, given the share of EU imports for this agri-food product, it is likely that tobacco produced by children or in violation of labour rights is imported into the EU.

Sugar trade with Zimbabwe

There have also been reports of child labour in the sugarcane sector in Zimbabwe.¹⁶⁴ It is estimated that around 10,000 children work on sugarcane farms. Children perform tasks related to irrigation, the cutting of sugarcane, and guarding crops. They perform work at night and engage in hazardous activities, such as using machetes and chasing away wild animals. Many child labourers working in sugarcane production do not attend school because of their work.¹⁶⁵ Child labour in the sugarcane sector in Zimbabwe also infringes on the realisation of Article 32 of the UN Convention on the Rights of the Child.

There is no strong evidence that child labour is the direct result of trade in sugar with the EU. However, given the share of EU imports for this agri-food product, it is likely that sugar produced by children is imported into the EU.

Right to food in ESA countries and trade of agri-food products

We explored the **potential interference of the interim EPA with the right to food in all ESA countries**. The realisation of the right to food is a source of concern in all five ESA countries. However, it is **particularly problematic in Madagascar and Zimbabwe**.

In **Madagascar**, the prevalence of undernourishment went from 30.7% in 2012 to 41.7% in 2018. According to the 2018 Multiple Indicator Cluster Survey, the rate of acute malnutrition was 6% and the rate of chronic malnutrition was 42%, making Madagascar the 10th worst country affected by stunting in the world. In 2019,

¹⁶¹ Human Rights Watch, 'A Bitter Harvest. Child Labor and Human Rights Abuses on Tobacco Farms in Zimbabwe' (2018); US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

¹⁶² Human Rights Watch (2018): <https://www.hrw.org/news/2018/04/05/zimbabwe-tobacco-work-harming-children>

¹⁶³ For instance, projects implemented under the Zimbabwe Agricultural Growth Programme (ZAGP)

¹⁶⁴ The UN Committee on the Right of the Child and the ILO have expressed concerns about the general persistence in Zimbabwe of child labour, including hazardous labour, in various sectors, including the agricultural sector. See UN Committee on the Rights of the Child, 'Concluding observations on the second periodic report of Zimbabwe' (7 March 2016) UN Doc CRC/C/ZWE/CO/2; ILO CEACR, 'Observations. Minimum Age Convention, 1973 (No. 138) – Zimbabwe (Ratification: 2000)', adopted 2016, published 106th ILC session (2017).

¹⁶⁵ US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

the Economist's Global Food Security Index ranked Madagascar 108th out of 113 countries.¹⁶⁶ In Zimbabwe, the prevalence of food insecurity has increased in the last decade. In 2015, 64.7% of the population was classified as moderately or severely food insecure (i.e., living in a household that is unable to obtain enough food to meet basic needs). Ever since then, the situation has worsened. In 2018, 66.7% of the population suffered from moderate to severe food insecurity¹⁶⁷ and 34,2% of the population suffered from severe food insecurity.¹⁶⁸ In its 2020 report, the UN Special Rapporteur on the right to food estimated that 8 million people needed urgent action to save their livelihoods.¹⁶⁹ The current food crisis in Madagascar and Zimbabwe results from a number of factors, including extreme poverty, poor agricultural productivity, natural disasters and recurrent droughts, and corruption.¹⁷⁰ Political instability, economic crisis, currency devaluation, and spiralling inflation have also contributed to the current food crisis in Zimbabwe.¹⁷¹ The effects of the ongoing COVID-19 pandemic have also exacerbated the food crisis in both countries, most notably by disrupting food systems and restricting migration in search of new income opportunities.¹⁷² As a result, Madagascar and Zimbabwe are currently on the verge of famine.

An analysis of agri-food products trade between the EU, and Madagascar and Zimbabwe did not indicate that the implementation of the interim EPA had contributed to the food crisis or reduced affordability of certain food in either country.

Agriculture is the backbone of Madagascar and Zimbabwe's economy. It is the main source of subsistence for most of the population. However, agricultural productivity is low in both countries. They do not produce enough of their main staple food (rice in Madagascar; maize in Zimbabwe) and must therefore import it to ensure food security.¹⁷³ Food imports can nonetheless create tensions with the realisation of the right to food. For example, high tariffs on food imports can have a negative impact on food security by rising consumer prices and restricting access to basic food commodity for the poorest segments of the population. In this context, we assessed whether the EU played a role in food imports to these countries.

Madagascar does not import its main staple food from the EU. It imports rice mainly from Asian countries. However, at the same time, it exports some of the rice it produces. In 2019, 56% of Madagascar's rice was exported to Comoros and 43% to France.¹⁷⁴ Such rice exports do not however seem to have a significant negative effect on access to rice. They remain relatively small compared to rice imports, and rice produced in Madagascar is generally more expensive than imported rice. Another factor to consider is that rice exports are likely to be a source of revenue for the country.¹⁷⁵ In the past, Madagascar suspended rice exports. However, such suspension measures were not adequately enforced by customs authorities.¹⁷⁶

¹⁶⁶ The Economist, 'Madagascar', *Global Food Security Index*, available at <https://foodsecurityindex.eiu.com/Country/Details#Madagascar>

¹⁶⁷ World Bank, 'Prevalence of moderate or severe food insecurity in the population (%) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS?locations=KM-MG-MU-SC-ZW>

¹⁶⁸ World Bank, 'Prevalence of moderate or severe food insecurity in the population (%) - Comoros, Madagascar, Mauritius, Zimbabwe', available at <https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS?locations=KM-MG-MU-SC-ZW>

¹⁶⁹ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

¹⁷⁰ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

¹⁷¹ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

¹⁷² WFP, 'How COVID-19 is threatening food security and nutrition in Madagascar' (July 2020); WFP, 'WFP urgently seeks international support to prevent millions of Zimbabweans plunging deeper into hunger' (30 July 2020), available at <https://www.wfp.org/news/wfp-urgently-seeks-international-support-prevent-millions-zimbabweans-plunging-deeper-hunger>

¹⁷³ WTO, 'Trade Policy Review. Report by the Secretariat. Zimbabwe' (19 February 2020) WT/TPR/S/398.

¹⁷⁴ TrendEconomy, 'Madagascar | Imports and Exports | World | Rice | Netweight (kg); Quantity and Value (US\$) | 2008 – 2019', available at <https://trendeconomy.com/data/h2/Madagascar/1006>

¹⁷⁵ J. Nimarkoh, S. Koroma and M. Sablah, 'Linking trade and food and nutrition security in Indian Ocean Commission member states' (FAO Regional Office for Africa, 2017).

¹⁷⁶ WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.

Zimbabwe imports maize from South Africa.¹⁷⁷ However, wheat, which is the second most important cereal for national food security in Zimbabwe,¹⁷⁸ has been imported from the EU over the years and accounted for 30.8% of Zimbabwe's agri-food imports from the EU in 2019.¹⁷⁹ Zimbabwe's import tariffs for agricultural commodities, such as wheat, are very high. As mentioned above, high import tariffs on wheat are likely to lead to higher prices for consumers and limit affordability and accessibility to basic food commodity. An analysis of the retail price of wheat flour on markets in Zimbabwe showed that the price of wheat remained low and stable (under Z\$1 per kilogram) from 2012 until September 2018.¹⁸⁰ However, prices of wheat flour began to soar in October 2018, with sharper increases between April and August 2019. The price of wheat flour is currently at one of its highest points. However, such a price increase does not seem to be linked to wheat imports from the EU. According to the FAO, the extreme price increases have been mostly driven by the depreciation of the national currency as well as the reduced domestic supplies of grain, due to the below-average harvest and shortages of foreign currency reserves that have curbed the country's capacity to import.¹⁸¹ Nonetheless, it should be pointed out that, to ease pressure on import prices, the government temporarily suspended import tariffs on wheat and maize products from May 2020.¹⁸²

Mining

Mining is relevant here in terms of trade of minerals between the EU and ESA countries, mainly Madagascar and Zimbabwe, as well as in terms of development cooperation.

Diamonds trade with Zimbabwe

The mining sector accounts for about 12% of the country's gross domestic product (GDP) and top minerals include gold, platinum, chrome, coal, diamonds, and lithium.¹⁸³ Diamonds are an important sector of the Zimbabwean mining industry (2.2% of the country's GDP in 2012),¹⁸⁴ and the EU represents important trade partners (however, recent data on the volume and value of the diamond trade with the EU are not available). The international trade of diamonds provides important revenues for the government. However, the 2013 national budget for Zimbabwe shows that Treasury only received US\$41 million from diamond mining in 2012.¹⁸⁵

The diamonds sector is also a very opaque industry, where human rights violations have been reported since the 1990s and persist to this day.¹⁸⁶ A World Bank survey reported that the Marange and Chimanimani diamonds are identified by stakeholders as the major source of opaqueness in mining revenue transfers in the country. Diamonds extracted from these mines are under EU and the United States sanctions which make it difficult to attract reputable companies to participate in their development, and for those companies that are currently active to participate in improved transparency initiatives such as the ZMRTI¹⁸⁷

¹⁷⁷ TrendEconomy, 'Madagascar | Imports and Exports | World | Rice | Netweight (kg); Quantity and Value (US\$) | 2008 – 2019', available at <https://trendeconomy.com/data/h2/Madagascar/1006>; Eric Oteng, 'Zimbabwe corn imports reaches 11-year high', Africanews (08 February 2020), available at <https://www.africanews.com/2020/02/08/zimbabwe-corn-imports-reaches-11-year-high/>

¹⁷⁸ WTO, 'Trade Policy Review. Report by the Secretariat. Zimbabwe' (19 February 2020) WT/TPR/S/398.

¹⁷⁹ EU, 'Agri-food Trade Statistical Factsheet. European Union – Zimbabwe' (17 March 2020).

¹⁸⁰ Data from FAO's GIEWS FPMA Tool, available at <https://fpma.apps.fao.org/giews/food-prices/tool/public/#/dataset/domestic>

¹⁸¹ FAO, 'GIEWS Country Brief. Zimbabwe' (16 October 2019).

¹⁸² FAO, 'GIEWS Country Brief. Zimbabwe' (25 June 2020).

¹⁸³ See: <https://www.trade.gov/country-commercial-guides/zimbabwe-mining-and-minerals>

¹⁸⁴ IMF (2014) 'Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue', available at: <https://www.imf.org/external/pubs/ft/tnm/2014/tnm1401a.pdf>

¹⁸⁵ IMF (2014) 'Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue', available at: <https://www.imf.org/external/pubs/ft/tnm/2014/tnm1401a.pdf>

¹⁸⁶ Kimberley Process Civil Society Coalition, 'Real Care is Rare' (2019).

¹⁸⁷ Piffaretti, N.F. (2014) 'Zimbabwe - Economic policy dialogue : policy notes for the new government', Washington, DC: World Bank Group

The diamond mining in Marange, a region estimated to hold between 25 and 30% of the world's diamond deposits, is the latest example of the human rights issues related to this industry. Since the mid-2000s, it is estimated that 15,000-20,000 illegal artisanal miners started working on small plots in the area by mid-December 2006, and shortly after water, sanitation and housing crisis developed. This developed a black market and a Kimberley Process review mission voiced concerns over perceived government involvement in HR abuse when visiting the site in 2009.¹⁸⁸

The development of these operations has also been characterised by turmoil and legal controversies between private mining companies and the government of Zimbabwe. As of February 2014, the diamond fields are operated by seven private entities all of which are partnered with the Zimbabwe government under the affiliate Zimbabwe Mining Development Corporation (ZMDC). The seven companies currently operating are Marange Resources, Anjin Investments Ltd., Diamond Mining Company, Gyn Nyame Resources, Jinan Mining Ltd., Kusena Diamonds, and Mbada Diamonds.¹⁸⁹

There have been many allegations of human rights violations in the Marange diamond mine, many of which committed to civilians and illegal miners since diamonds were discovered in the region. Such abuses often saw the intervention of the army and the police, as well so mining companies and private security companies. There are reports of police and army interventions to drive out illegal miners using killings, torture, beatings, and harassment, and the national government has been accused of forcibly displacing villagers to make way for diamond mining.¹⁹⁰

The exploitation of the Marange diamond mine has also been linked to the political instability that invested the country in the last years. There have been allegations about the use of the army to secure revenues from the Marange mines to fund the Zimbabwe African National Union-Patriotic Front (ZANU-PF) party of President Mugabe and some of its senior members (including the President) and of the army high-ranking officials in the 2008-2014 period, which was also connected to violations of fundamental rights.¹⁹¹

The interim EPA does not include provisions on diamonds per se, and both the EU and Zimbabwe participate in the Kimberly Process, which through its Certification Scheme aims at preventing conflict diamonds from entering the legitimate trade.¹⁹² Nevertheless, there have been instances, even recently, of 'blood diamonds' imported and seized in the EU, from countries such as Ivory Coast and Sierra Leone (a "landmark" case, because it was the first time an individual resulted detained on international charges related to the exploitation of the war in Sierra Leone to market blood diamonds), and possibly Zimbabwe.¹⁹³

While it is not possible to link the diamond trade, and its human rights violations, to the interim EPA, it is not possible to exclude that some of the diamonds imported by the EU have been extracted by companies responsible for complicit in such violations.

¹⁸⁸ UNODC (2011) 'Organized Crime and Instability in Central Africa: A Threat Assessment', available at: http://www.unodc.org/documents/data-and-analysis/Studies/Central_Africa_Report_2011_web.pdf

¹⁸⁹ See: <http://www.mining.com/web/marange-may-not-be-the-worlds-largest-diamond-producer-for-much-longer/>

¹⁹⁰ HRW, 'Diamonds in the Rough Human Rights Abuses in the Marange Diamond Fields of Zimbabwe' (26 June 2009), available at <https://www.hrw.org/report/2009/06/26/diamonds-rough/human-rights-abuses-marange-diamond-fields-zimbabwe>; Global Witness, 'Return of the Blood Diamond. The deadly race to control Zimbabwe's new-found diamond wealth' (2015); HRW, 'Sparkling Jewels, Opaque Supply Chains

Jewelry Companies, Changing Sourcing Practices, and Covid-19' (24 November 2020), available at https://www.hrw.org/report/2020/11/24/sparkling-jewels-opaque-supply-chains/jewelry-companies-changing-sourcing#_ftn23

¹⁹¹ HRW, 'The Hidden Cost of Jewelry. Human Rights in Supply Chains and the Responsibility of Jewelry Companies' (8 February 2018), available at https://www.hrw.org/report/2018/02/08/hidden-cost-jewelry/human-rights-supply-chains-and-responsibility-jewelry#_ftn34

¹⁹² See : <https://www.kimberleyprocess.com/en/about>

¹⁹³ See: <https://www.unav.edu/web/global-affairs/detalle/-/blogs/blood-diamonds-keep-going-through-antwerp>

Mica trade in Madagascar

Child labour in the mining sector has been a concern in Madagascar. There have been reports that various minerals, including mica, sapphires, and stones, were produced by child labour in Madagascar.¹⁹⁴ An estimated 11,000 children work in the mica sector, including in constructing mines, extracting and sorting mica, and hoisting loads of mica out of mines.¹⁹⁵ The majority of this child labour is concentrated in the southern region of Madagascar where children underperform in terms of health, nutrition, and educational development.¹⁹⁶ Children are also involved in the mining of gold and sapphires. Children under the age of 10 are involved in mining. Children are exposed to harsh and unsafe working conditions which put their health at risk. They suffer from respiratory problems and diseases, such as diarrhoea and malaria, and are at risk of injury from collapsing mines. Children involved in stone quarrying use dangerous tools with no protection and work in the outdoor heat. Young girls are also vulnerable to commercial sexual exploitation around mining sites.¹⁹⁷ Child labour in mining interferes with the right of children to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education, or to be harmful to their health or physical, mental, spiritual, moral or social development, as recognised by Article 32 of the UN Convention on the Rights of the Child.

There is no clear evidence that child labour in mica mines results from the trade of mica with the EU. According to NGOs, China is by far the largest trading partner for the mica sector in Madagascar. In 2017, the trade with China accounted for 87% of all exports of mica in volume and 81% in value. However, EU countries were also destinations for mica from Madagascar. Estonia was the second-largest importer of mica from Madagascar, while France and Belgium were amongst the importers of Malagasy mica.¹⁹⁸ Given that half of the mica miners in Madagascar are children, there is a risk that EU countries import mica produced by child labour. In February 2020, the European Parliament adopted a resolution on child labour in mines in Madagascar in which it urged the Commission to clarify that no minerals produced by child labour were imported into the EU.¹⁹⁹ The European Parliament noted that the mica sector in Madagascar is taxed by means of a series of complex arrangements, with tax levels on exports being relatively low and not always providing direct benefit to mining communities. Furthermore, approximately only 40 export permits have been issued, thereby suggesting that the vast majority of mica mining is carried out illegally and in unregulated, precarious artisanal sites. In addition, the rise in exports combined with the significant decrease of the price per ton has aggravated the risk of labour exploitation.

Development cooperation in the mining sector

In the interim EPA, the Parties recognise the importance of cooperation in the development and management of the mining and minerals sectors.²⁰⁰ They agree to cooperate, including by facilitating support, in order to

¹⁹⁴ UN Special Rapporteur on Slavery, 'Mission to Madagascar (10 to 19 December 2012)' (24 July 2013) UN Doc A/HRC/24/43/Add.2; SOMO and Terre des Hommes, 'Child Labour in Madagascar's Mica Sector. Impact of the mica supply chain on children's rights from the Malagasy mines to the international product line' (2019); European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)); US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

¹⁹⁵ SOMO and Terre des Hommes, 'Child Labour in Madagascar's Mica Sector. Impact of the mica supply chain on children's rights from the Malagasy mines to the international product line' (2019); US Department of Labor, '2019 Findings on the Worst Forms of Child Labor: Madagascar' (2020); European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹⁹⁶ European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹⁹⁷ US Department of Labor, 'Child Labor and Forced Labor Reports', available at <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/madagascar>. See also European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹⁹⁸ SOMO and Terre des Hommes, 'Child Labour in Madagascar's Mica Sector. Impact of the mica supply chain on children's rights from the Malagasy mines to the international product line' (2019).

¹⁹⁹ European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

²⁰⁰ interim EPA, Article 43(1).

improve health and safety standards in the mining industry.²⁰¹ A preliminary review of EU development cooperation programmes did not identify work in this field.

Textiles

Textiles trade with Madagascar and Mauritius

The **production and export of textiles is a very important trade item for both Madagascar and Mauritius**; they account for approximately 1/5 of Madagascar exports to the EU,²⁰² and they were the second top export goods of Mauritius to the EU in 2015 and 2019.²⁰³ The trade dynamics of textiles have been quite unstable in the last decade.

Trade data show a decrease in trade value for Madagascar for the 2009-2016 period, followed by an increase in the following years, accompanied by a less than proportional increase in quantities trade. Data for Mauritius report a reduction in both value and quantity of textiles over time, including since the entering into force of the interim EPA in 2017. Employment data in both countries show a decline over time, with employment in the manufacturing of textiles and wearing apparels falling from about 3% of total employment in 2012 to 1.5% in 2015 (last available year) in Madagascar, and from 11.1% in 2011 to 8.9% in 2019 in Mauritius.²⁰⁴ The agreement introduced the Single Transformation Rule of Origin,²⁰⁵ which provides more favourable conditions than the earlier Double Transformation Rule, which restricted the sourcing of raw materials to other ACP countries and the EU (please see the separate section on RoO).

The introduction of the Single Transformation RoO is expected to support the textiles industry in the ESA countries, and indeed the analysis from the CGE models indicates a stronger output with the agreement compared to the counterfactual situation. Such expected effect, however, is counter-balanced by a series of transformations in the textile sector that influence heavily the final outcome.

In the case of Mauritius, data show a constant decline in employment in the textile sector since 1999, and a strong decline of the economic weight of the sector, with a stable value of exports. The combination of such elements points to technological developments and thus higher market value. In addition, there has been an increasing share of migrants (mostly from Bangladesh, China and India) in the workforce in the sector. While the implications of such a heavy presence of migrant workforce on the local labour market are still debated²⁰⁶, they reply to the demand for low-skilled jobs in which the local population does not seem interested (literacy ratios for the population in Mauritius are quite high).²⁰⁷ The labour market in Mauritius is quite rigid, wages are agreed with collective bargaining among trade unions, business representatives and government, and wages in the more traditional sector (such as textile) and in emerging sectors (mostly in services) are relatively similar so that there is little incentive for workers to accept low-paid, low-skilled jobs.²⁰⁸

²⁰¹ interim EPA, Article 43(2)(d).

²⁰² See: https://wits.worldbank.org/CountryProfile/en/Country/MDG/Year/2015/TradeFlow/Export/Partner/by-country/Product/50-63_TextCloth

²⁰³ See: https://wits.worldbank.org/CountryProfile/en/Country/MUS/Year/2015/TradeFlow/Export/Partner/all/Product/50-63_TextCloth

²⁰⁴ ILO data: ILO data: https://www.ilo.org/shinyapps/bulkeexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

²⁰⁵ This means that clothing companies in the ESA signatory countries can source fabrics from all over the world, undertake any operations and export to the EU market free of duty and quota restrictions, and same for imports

²⁰⁶ Chan Sun C.A., Dr. Chitto H. & Dr. Sukon KS. (2016), *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*, available at: <https://globaljournals.org/item/6252-the-labour-market-a-mismatch-in-the-clothing-and-textile-industry-in-mauritius>

²⁰⁷ According to UN data, the literacy ration of the overall population has been about 92% since 2012. In addition, in the 2000s, the Mauritian government aided and supported the youth who wanted a college education

²⁰⁸ Chan Sun C.A., Dr. Chitto H. & Dr. Sukon KS. (2016), *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*, available at: <https://globaljournals.org/item/6252-the-labour-market-a-mismatch-in-the-clothing-and-textile-industry-in-mauritius>

The textile sector in Madagascar is subject to some of the same pressures, even if the clothing industry is expanding in the last few years.²⁰⁹ A producer of cotton, Madagascar exports about 90% of its cotton fibre production, mostly because of a lack of processing infrastructures (it has only one spinning and three industrial weaving factories). Exports of cotton have been declining since 2014, mostly to Mauritius, India and Pakistan, where many clothing companies have moved their production, probably also as a consequence of the political instability of the years 2009-2014.²¹⁰ The low wages (lower than other African countries competing in the same sector) reduce the competition within the workforce (even if there has been a small but growing presence of Chinese temporary migrant workers)²¹¹.

Producers of **cotton** have started taking part in the Better Cotton Initiative (BCI), 'a private initiative which promotes better standards in cotton farming'. This allows them to receive financial support from the World Bank. Within this initiative, producers and workers have been trained in OSH standards and in developing protection schemes. In 2017, the outreach of these training activities was 30% of producers. 'However, some producers report difficulties in complying with the standards for applying hazardous (crop protection) chemicals owing to increasing insect attacks and the cost of purchasing PPE'. The BCI is a label that is in increased demand and the production of BCI cotton has increased strongly between 2011 and 2017.²¹²

In addition, in the last decade, there have been concerns about labour rights abuses in the textile sector in Madagascar and Mauritius, mostly in reference to textile companies that are located in export processing zones (EPZs).^{213, 214} In general, EPZs are areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production.²¹⁵

In Madagascar, EPZ companies generally respected labour laws, as many foreign partners require good working conditions in compliance with local law before signing contracts with EPZ companies. However, trade unions reported a shift in recent years from paying hourly wages to a piece-rate payment system that worsened conditions for labourers in the textile sector, who are primarily women. The practice, designed to increase productivity, has reportedly led to an increase in work-related accidents and injured women's health. Observers declared many women unfit to occupy these positions by age 40. There were also reports that EPZ companies prioritized setting a production target that was generally difficult to attain and penalized workers with various sanctions, such as unpaid overtime, disciplinary action, or even dismissal.²¹⁶ The ILO CEACR has also raised allegations of labour rights violations in EPZs, such as waiver of the application of provisions of the labour code concerning night work and the precarious nature of working conditions (including lack of employment contracts, holiday entitlements, social protection or collective agreements, and failures to pay the minimum wage).²¹⁷

²⁰⁹ ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar*, 2020

²¹⁰ ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar*, 2020

²¹¹ Tremann C. (2013), *Temporary Chinese Migration to Madagascar: Local Perceptions, Economic Impacts, and Human Capital Flows*, *African Review of Economics and Finance*, 5 (1), December 2013

²¹² ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar*, 2020.

²¹³ Cling, J. P., Razafindrakoto, M., & Roubaud, F. (2005). *Export processing zones in Madagascar: a success story under threat?*. *World development*, 33(5), 785-803.

²¹⁴ In general, EPZs are areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production. See: Papadopoulos, N., & Malhotra, S. (2007). *Export Processing Zones in Development and International Marketing: An Integrative Review and Research Agenda*. *Journal of Macromarketing*, 27(2), 148–161.

²¹⁵ Papadopoulos, N., & Malhotra, S. (2007). *Export Processing Zones in Development and International Marketing: An Integrative Review and Research Agenda*. *Journal of Macromarketing*, 27(2), 148–161.

²¹⁶ US Department of State, 'Madagascar 2018 Human Rights Report' (2019).

²¹⁷ CEACR, 'Direct Request. Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - Madagascar (Ratification: 1961)', adopted 2019, published 109th ILC session (2021).

In Mauritius, despite efforts from the government to ensure respect for labour rights, trade unions have reported cases of forced overtime and underpayment for overtime in the textile and apparel industries due to differences in existing legislation and remuneration orders for the calculation of overtime hours. There have also been allegations that employers do not always comply with safety regulations, resulting in occupational accidents. There have been reports of foreign workers living in dormitories with unsanitary conditions, which gave rise to spontaneous protests during the year.²¹⁸ The ILO CEACR has also raised allegations of labour rights abuses in the textile sector and EPZs, including anti-union discrimination and obstacles for workers, especially migrant workers, to join trade unions, and low use of collective bargaining.²¹⁹

There has been one instance where labour rights abuses could be linked to European apparel companies following an analysis of business partners involved in the supply chain. In 2019, the Business and Human Rights Resource Centre (BHRRC) reported that the closure of a garment factory in Mauritius had left workers, including migrant workers, without jobs and the payment of two months' wages. Migrant workers were particularly affected as they did not have access to food and adequate shelter. The BHRRC identified two European companies as brands sourcing from the Mauritius factory.²²⁰ However, it is unclear whether more European companies are linked to labour rights abuses in the textile sector in Madagascar and Mauritius, and whether textile imported to the EU from those countries generally involves labour rights abuses.

While these seem to be episodic rather than systemic issues, and not directly related to the interim EPA, closer monitoring and possibly enforcement of labour rights could be taken into account in future negotiations.

Fisheries

Processing of fisheries products are major export items towards the EU for both Mauritius and even more, for Seychelles, which exports about 98% of processed fisheries (mostly canned tuna) to the EU.

Trade of processed fisheries products in Seychelles

The trade of processed food (mostly canned tuna) in Seychelles has seen a decline in both value and volume over the last years. Data on the level of employment and salaries in the sector are scarce and do not allow for an in-depth analysis. Available literature links such decline to depletion of fish stocks, due both to fishing from local boats (for local consumption, semi-industrial and industrial fishing) as well as ships from the EU and other countries, such as Japan and China.²²¹ While the decreasing economic trend (which lasted for the period 2013-2015) seems to be re-absorbed also in terms of employment (back to the 2014 levels), this 'crisis' has produced a deep impact on Seychelles. The government has thus launched an ambitious marine conservation strategy, supported by the World Bank as the SWIOfish3 project.²²² The strategy balances the preservation of national marine protected areas and resources with greater and stronger management of fisheries at the national level and the support to the development of the blue economy, founded on marine resources.

²¹⁸ US Department of State, 'Mauritius 2018 Human Rights Report' (2019); US Department of State, 'Mauritius 2019 Human Rights Report' (2020).

²¹⁹ CEACR, 'Observation. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) - Mauritius (Ratification: 2005)', adopted 2017, published 107th ILC session (2018); CEACR, 'Observation. Right to Organise and Collective Bargaining Convention, 1949 (No. 98) - Mauritius (Ratification: 1969)', adopted 2017, published 107th ILC session (2018).

²²⁰ BHRRC, 'Mauritius: Closure of garment factory supplying to ASOS & John Lewis leaves migrant Bangladeshi workers unpaid & stranded; ASOS outlines remediation efforts' (14 August 2019, available at <https://www.business-humanrights.org/en/latest-news/mauritius-closure-of-garment-factory-supplying-to-asos-john-lewis-leaves-migrant-bangladeshi-workers-unpaid-stranded-asos-outlines-remediation-efforts/>)

²²¹ Breuil, C.; Grima, D. (2014), *Fisheries in the ESA-IO Region: Profile and Trends – Country Review: Seychelles*, FAO, available at: <http://www.fao.org/publications/card/en/c/45008da5-a394-4544-af94-e9ae4b04860f/>

²²² See: https://ewdata.rightsindevelopment.org/files/documents/42/WB-P155642_vUnwDBU.pdf

While the interim EPA addresses fisheries, the EU's cooperation in this sector is also carried out via the Sustainable Fisheries Partnership Agreements (SFPAs).

Trade of marine aquaculture production in Madagascar

Madagascar exports the majority of its marine aquaculture production to Europe: this includes 70% of its shrimp and prawn exports (France, Spain and Italy are the main importing countries). Most of the remaining exports go to Japan.²²³ The processing of fisheries products has seen a decline in Madagascar compared to the 2011-2012 period, and so have salaries of those employed in the sector. While the data available show an improvement in the situation in the following years, it is not possible to ascertain whether the industry has recovered entirely and reached the earlier levels (the last data available was for 2015). There are reports of depletion of marine resources due to overfishing and the presence of boats from the EU and other countries, which seem to have impacted mostly local fishers.²²⁴

It is possible that the duty- and quota-free access to the EU market have increased the demand for fisheries and processed fisheries products from Madagascar and Seychelles, even if there is no evidence of such a direct link. Nevertheless, easier access to the EU market and increased pressure from EU and third countries boat using the same waters might have stressed excessively the marine resources of the countries, leading to depletion. Corrective measures have been taken, but it might be considered to pay more attention to such problems in the next negotiations.

Right to food and trade of processed fisheries products in Comoros and Madagascar

A number of the interim EPA's provisions on fisheries can have an indirect impact on several human rights, including the right to an adequate standard of living, and the right to food, in particular, fundamental labour rights, freedom of association, freedom from discrimination, and equality between women and men.

In the interim EPA, the Parties recognise **that fisheries constitute a key economic resource of the ESA region** and are an **important source of food and foreign exchange**.²²⁵ They agree to **cooperate for the sustainable development of the fisheries sector** in their mutual interests taking into account the economic environmental and social impacts.²²⁶ In particular, cooperation in fisheries must respect the principle of preservation and priority of particular needs of artisanal/subsistence fishery.²²⁷ Furthermore, cooperation in fisheries must ensure a more equitable share of the benefit derived from the fisheries sector²²⁸ and must apply a precautionary approach to fisheries management and conservation issues to avoid undesirable impacts on ecosystems and artisanal fisheries.²²⁹ Where the EU has negotiated bilateral fisheries agreements, the employment of ESA nationals must be encouraged. The ILO Declaration on fundamental principles and rights at work must apply as of right to seamen signed on EU vessels.²³⁰ In the sector of inland fisheries and aquaculture, the EU must contribute to the capacity building and export market development through increasing capacity in the region through improving competent authorities, traders' associations and fishermen's associations to participate in fisheries trade with the EU and training programs in product development.²³¹ It shall also contribute to socio-economic and poverty alleviation measures encouraging participation of marginal groups in the fishing industry, through the promotion of gender equality in fisheries by

²²³ See: http://www.fao.org/fishery/countrysector/naso_madagascar/en

²²⁴ See : <https://news.mongabay.com/2019/10/madagascar-opaque-foreign-fisheries-deals-leave-empty-nets-at-home/>

²²⁵ interim EPA, Article 25(1).

²²⁶ interim EPA, Article 25(2).

²²⁷ interim EPA, Article 28(1)(g).

²²⁸ interim EPA, Article 31(b).

²²⁹ interim EPA, Article 32(2)(a)(1).

²³⁰ interim EPA, Article 32(2)(b)(2).

²³¹ interim EPA, Article 35(1)(a)(iii).

developing the capacity of women engaged in fisheries and other disadvantaged groups with the potential to engage in fisheries for sustainable social-economic development.²³²

Subsistence fisheries are important in Comoros, Madagascar, Mauritius, and Seychelles. In those countries, fisheries contribute to food security and the livelihood of local fishing communities. In Madagascar, in 2011, fishing accounted for almost 20% of animal protein consumption and employed more than 100,000 fishermen (the number of women and children contributing to fishing must be added to this number). Traditional subsistence fishing is a survival strategy for an increasing number of Malagasy people.²³³

A number of **social and human rights issues exist in the context of fisheries.**

In **Madagascar**, subsistence fishing coexists with an industrial fishery dominated by foreign fleets of modern boats, except for the shrimp fishing sector. Madagascar has signed fisheries agreements with the EU and a number of Asian countries. In 2011, the UN Special Rapporteur on the right to food reported concerns that fishing by industrial fishing fleets, mainly foreign ones, would have a negative impact on the coastal families and communities that depend on small-scale fishing for their livelihoods. In particular, Madagascar's fisheries agreements did not provide sufficient guarantees for the sustainable exploitation of marine resources and fair financial compensation to Madagascar.²³⁴ Those concerns have persisted in recent years. There have been reports that the depletion of fishing stocks has an impact on small fishermen who find it hard to have access to fish. A number of stakeholders, including Malagasy fishermen, NGOs and international organisations such as the WTO, have been critical of the social and human rights impacts of Madagascar's fisheries agreements.²³⁵ In its 2015 Trade Policy Review of Madagascar, the WTO stated that deep-sea fishing in Madagascar's waters took place under trading conditions favourable to foreign companies (given that there were no maximum catch limits) and that there was a need for reforms in order to achieve sustainable management of resources while maximizing income from fisheries.²³⁶

The interim EPA provides that one objective of cooperation in marine fisheries is to ensure a more equitable share of the benefits derived from the fisheries sector. However, compensation for fish quotas is usually negotiated in the context of bilateral fisheries agreements, which are independent of the interim EPA. Furthermore, a review of development cooperation programmes showed that no specific initiative had sought to realise the objective of a more equitable share of benefits derived from the marine fisheries sector. Therefore, no potential positive impacts on human rights could be established based on this provision of the interim EPA.

Interim EPA's impact on government spending in relevant sectors

A number of stakeholders have generally been concerned about the potential human rights impacts of EPAs between ACP countries and the EU.²³⁷ In 2008, the UN Special Rapporteur on the Right to Food stated that further trade liberalisation could have a potential negative impact on farmers in ACP countries, most notably by creating unfair competition with highly subsidised EU production and leaving farmers in ACP countries out of work in the agricultural sector. Furthermore, he suggested that the elimination of tariffs on EU imports could result in a substantial loss of revenue for ACP governments. There was a risk that lower tax revenue could

²³² *interim EPA, Article 35(1)(f)(ii).*

²³³ *UN Special Rapporteur on the Right to Food, 'Mission to Madagascar' (26 December 2011) UN Doc A/HRC/19/59/Add.4.*

²³⁴ *UN Special Rapporteur on the Right to Food, 'Mission to Madagascar' (26 December 2011) UN Doc A/HRC/19/59/Add.4.*

²³⁵ *Coalition for Fair Fisheries Arrangements, 'Briefing: Financial compensation, support for development and transparency, the key issues at stake in the negotiation of the EU-Madagascar SFPA' (21 April 2020); Cécile Fattebert, 'La pêche traditionnelle ou petite pêche maritime à Madagascar: un état des lieux' (CAPE, April 2020); WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.*

²³⁶ *WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.*

²³⁷ *Oxfam, 'Unequal Partners: How EU-ACP Economic Partnership Agreements could harm the development prospects of many of the world's poorest countries', (September 2006).*

force ACP countries to cut fiscal expenditure, therefore jeopardising the social programmes necessary to the realisation of economic, social and cultural rights, including the right to food.²³⁸

We assessed whether the elimination of tariffs on imports from the EU could result in substantial loss of revenue for ESA governments and jeopardise public expenditure in areas relevant to the achievement of economic, social, and cultural rights, such as the right to education and the right to health. However, there was no evidence pointing to this conclusion.

Except for Zimbabwe, there has been no decrease in government spending on education amongst the ESA countries since the entry into force of the interim EPA. Madagascar spent 2.3% of its GDP on education in 2012 and 2.8% of its GDP in 2018. In Mauritius, government expenditure on education accounted for 3.4% of GDP in 2012 and 4.7 of GDP in 2019. Seychelles spent 2.6% of its GDP on education in 2012 and 4.4% in 2016. In Zimbabwe, however, while government education spending accounted for 6.07% of GDP in 2012, it decreased to 5.8% in 2018. There was no data available for Comoros for 2019.²³⁹

Similarly, there has been no decline in current health expenditure amongst most ESA countries since the entry into force of the interim EPA. Madagascar spent 4.41% of GDP on current health in 2012 and 5.5% of GDP in 2017. In Mauritius, current health expenditure represented 4.2% of GDP and 5.7% of GDP in 2017. In Zimbabwe, current health expenditure went from 6.48% of GDP in 2012 to 6.6% of GDP in 2017. However, Seychelles saw a 0.7% decline in health spending. Although current health expenditure accounted for 5.7% of GDP in 2012, it decreased to 5% in 2017. There was no data available for Comoros for 2019.²⁴⁰

Pursuant to Article 11 of the interim EPA, customs duties on imports of products originating in the EU must be reduced or eliminated in accordance with specific schedules of tariff liberalisation. However, an overview of import tariffs on EU goods reveals that there are still high import tariffs in place in most ESA countries. Comoros has high import tariffs on goods from the EU, except for agri-food products. However, there is a need for low import tariffs on agri-food products, as Comoros relies on imported food to ensure food security. In general, Madagascar's import tariffs are relatively high for agricultural commodities, food and beverages, but they are relatively low for manufactured products. Mauritius has also high import tariffs on goods imported from the EU, especially beverages and tobacco products. However, those tariffs are low compared to other ESA countries (except Seychelles). Seychelles has relatively low import tariffs, which have remained relatively stable since 2015. Zimbabwe's import tariffs on goods from the EU are very high, in particular for agricultural commodities, beverages, tobacco products, and manufactured products. They decreased only marginally from 2010 to 2016.

In the absence of detailed data on customs duties on imports of products originating in the EU imported by ESA5 countries and their evolution over time, the analysis used the Fraser Institute Economic Freedom of the World Index measures as a proxy for trade liberalisation.²⁴¹ In particular, the analysis used data on the component n. 4 of the index, namely: Freedom to trade internationally, and more, in detail on the revenues from trade taxes (component 4.1 - tariffs), and assessed them in relation to the trends on GDP growth in the ESA countries, to understand whether trade liberalisation (as measured by the Index component) was related to economic growth in the period, and whether or not it supported the realisation of the access to food among the population.

²³⁸ UN Special Rapporteur on the right to food, 'Report of the Special Rapporteur on the right to food, Jean Ziegler' (10 January 2008) UN Doc A/HRC/7/5.

²³⁹ World Bank, 'Government expenditure on education, total (% of GDP) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?end=2019&locations=KM-MG-MU-SC-ZW&start=2010&view=chart>

²⁴⁰ World Bank, 'Current health expenditure (% of GDP) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?end=2017&locations=KM-MG-MU-SC-ZW&start=2010>

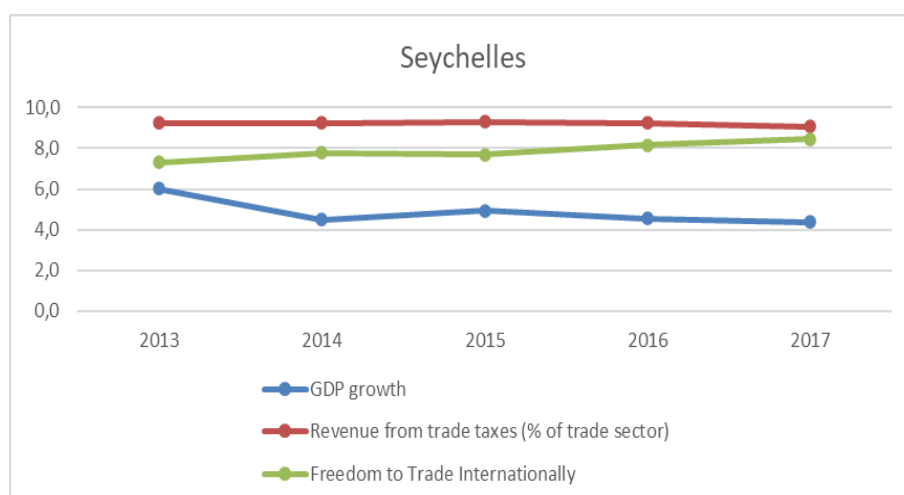
²⁴¹ The Index measures degree to which the institutions and policies of countries are consistent with economic freedom. The latest report is available at: <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2020-annual-report>

The analysis was possible for the whole 2010-2019 period for Madagascar and Mauritius, for which it exists a time series of Economic Freedom Index (Comoros is only included provisionally in the last report, and data for Seychelles start in 2013). The analysis did not include Zimbabwe, as the coup d'état and the related high political instability influenced economic growth much more than any other policy measure and/or trade agreement.

The analysis showed that the two countries that have lower tariffs and non-trade barriers, i.e. Madagascar and Mauritius, have experienced a more stable and continuous economic growth, even if the growth rate has not been particularly high (see Figure 32 below). Data for Seychelles showed a similar trend (albeit the time series is shorter), and a slight decline of growth in recent years, even if revenues from tariffs have been essentially stable and non-tariff barriers have decreased. This likely depends on other factors (for instance, a decrease in tourism and/or fisheries activities – which are the main industries of the country).

Figure 32: GDP growth, revenue from trade and freedom to trade in selected ESA countries





Source: elaboration for Fraser Institute Economic Freedom of the World Index and World Bank data

Furthermore, inflation in these countries remained below 10% over the entire period, which means no hyperinflation or large loss of consumers' purchasing power, which is also expected to contribute to support access to food. Other data on government consumption and transfers and subsidies also show that governments have slightly increased their consumption to implement support and social security programmes for the population. For instance, Mauritius has started a more inclusive pension scheme, which supports citizens (and consumers). Overall, it seems that liberalisation of trade (and consequent reduction of revenues from trade tariffs) has been compensated by other government revenues, as showed by World Bank data.²⁴²

While it is not possible to affirm that trade liberalisation did not negatively impact the right to food in the ESA countries, it is not possible to relate such effects to the interim EPA.

Context and overview for the assessment of environmental impacts

This Annex describes the environmental issues in the ESA5 countries. It provides an overview of the environmental context in the last 10 years (i.e., from 2010 to 2019), and thus provides indications of the evolution during the period of the interim EPA's implementation. It is based on UN and international sources where possible to provide the basis for a common baseline; these are complemented by national sources from the ESA5 countries.

Context: environmental issues in the ESA countries

Overview and key indicators

The Table below provides an overview of key environmental indicators for the five ESA countries. Data are provided for 2019 or the latest available year.

²⁴² See: <https://data.worldbank.org/indicator/GC.TAX.GSRV.CN?locations=MU>

Table 100: Key environmental indicators for the ESA countries

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Surface area (km ²) 2019 ²⁴³	2,235	587,295	1,969	457	390,757
Population density (per km ²) 2019 ²⁴⁴	457.2	46.4	625.5	212.5	37.9
Environmental Performance: Yale EPI score 2020 ²⁴⁵	32.1	26.5	45.1	58.2	37
Yale EPI rank ²⁴⁶	148	174	82	38	123
CO2 emissions (tons per capita) 2019 ²⁴⁷	0.2	0.1	3.3	5.2	0.8
Adaptation to climate change: ND-GAIN score 2017 ²⁴⁸	39.2	32.9	55.6	48.4	33.1
ND-GAIN rank ²⁴⁹	137	169	50	91	168
Forested area (% of land area) 2019 ²⁵⁰	19.7	21.4	19	88.4	35.5
Terrestrial protected areas (% of total land area) 2018 ²⁵¹	10.2	5.6	4.7	42.1	27.2
Number of threatened species (2019) ²⁵²	121	1929	263	443	103

Notes: see footnotes for sources. Please note that UN data on marine protected areas do not match information found in UN and other documents used in the descriptions below. This data will be reviewed in the course of the study.

Emissions of carbon dioxide from fossil fuel combustion have increased in Madagascar and Mauritius since 2012 but have fallen in Seychelles and Zimbabwe (in Seychelles, emissions have risen since 2013 following a drastic fall from 2012 to 2013): see Figure 33, 34 and Table 101 below.

²⁴³ UN data: <http://data.un.org/>

²⁴⁴ UN data: <http://data.un.org/>

²⁴⁵ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

²⁴⁶ 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

²⁴⁷ UN data: <http://data.un.org/>

²⁴⁸ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100 to rank more than 180 countries. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

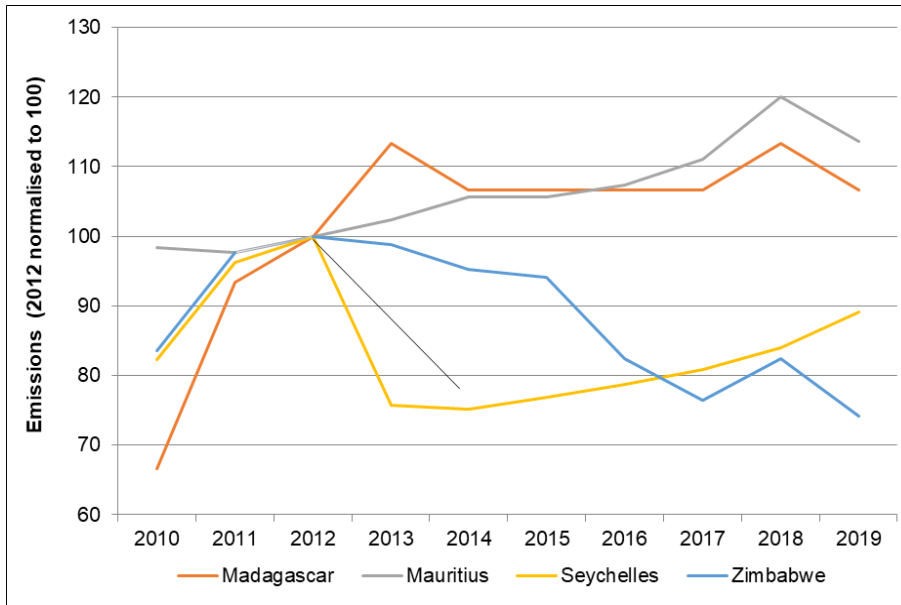
²⁴⁹ Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

²⁵⁰ UN data: <http://data.un.org/>

²⁵¹ UNSD Environmental Indicators, Land and Agriculture, Terrestrial protected areas: <https://unstats.un.org/unsd/envstats/qindicators>
Terrestrial protected areas are defined as totally or partially protected areas of at least 1,000 hectares that are designated by national authorities as scientific reserves with limited public access, national parks, natural monuments, nature reserves or wildlife sanctuaries, protected landscapes, and areas managed mainly for sustainable use.

²⁵² UN data: <http://data.un.org/>

Figure 33: Trends in CO₂ emissions per capita from fossil fuel combustion (2010 to 2019)



Source: Knoema, based on JRC EDGAR²⁵³

Table 101: CO₂ emissions (metric tons per capita) from fossil fuel combustion, 2012 and 2018 levels

	Madagascar	Mauritius	Seychelles	Zimbabwe
2012	0.15	3	12	0.85
2019	0.16	3.41	10.98	0.63

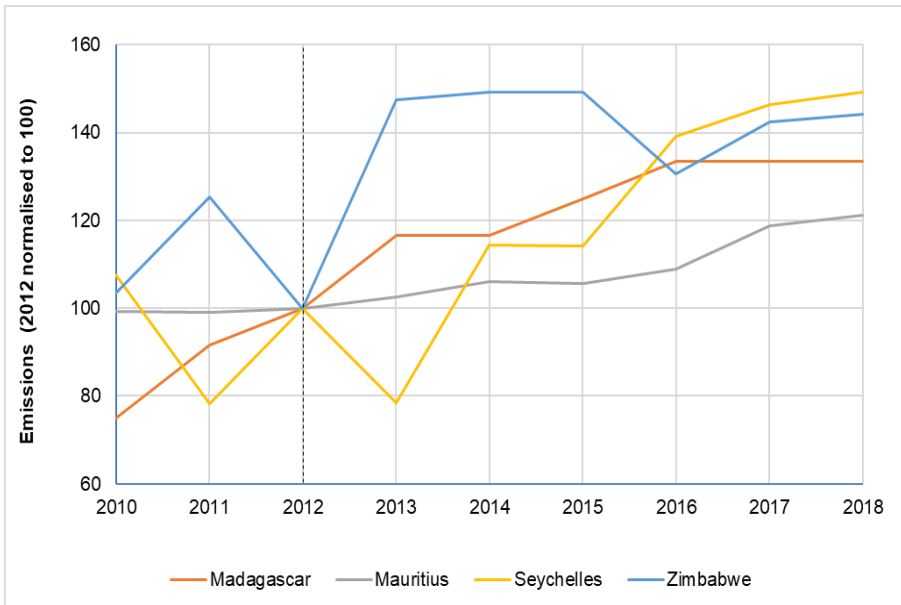
Source: Knoema, based on JRC EDGAR²⁵⁴

When factoring in other sources of carbon emissions, such as land use change, it appears that emissions have risen in all four countries. Please note that the figures are based on different data sources and are not directly comparable.

²⁵³ Knoema, CO₂ emissions per capita: <https://knoema.com/atlas/Zimbabwe/CO2-emissions-per-capita>, based on JRC EDGAR emissions inventory and modelling: <https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2020&dst=CO2pc>

²⁵⁴ Knoema, CO₂ emissions per capita: <https://knoema.com/atlas/Zimbabwe/CO2-emissions-per-capita>, based on JRC EDGAR emissions inventory and modelling: <https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2020&dst=CO2pc>

Figure 34: Trends in CO₂ emissions per capita from fossil fuel combustion (2010 to 2019)



Source: Global Carbon Project²⁵⁵

Ratification of multilateral environmental agreements (MEAs)

The table below provides an overview of the ratification of key MEAs by the five ESA countries.

²⁵⁵ Global Carbon Project, <http://www.globalcarbonatlas.org/en/CO2-emissions>

Table 102: Ratification (or accession) of key international conventions on environment, including oceans and climate change

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Biodiversity					
Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)	21/02/1995	18/11/1975	27/07/1975	09/05/1977	17/08/1981
Lusaka Agreement on Co-operative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora (1994)	/	/	/	/	/
Convention on Biological Diversity (1992)	29/09/1994	04/03/1996	04/09/1992	22/09/1992	11/11/1994
Cartagena Protocol on Biosafety (2000)	25/03/2009	24/11/2003	11/04/2002	13/05/2004	25/02/2005
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity (2010)	28/05/2013	03/07/2014	17/12/2012	20/04/2012	01/09/2017
Desertification					
UN Convention on Desertification (1994)	03/03/1998	25/06/1997	23/01/1996	26/06/1997	23/09/1997
Oceans and Fisheries					
International Convention for the Prevention of Pollution from Ships (MARPOL) (1973)	22/02/2001	30/11/2005	06/07/1995	28/02/1991	/
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (1972)	/	/	/	28/11/1984	/
International Convention on Oil Pollution Preparedness, Response and Co-operation (1990)	05/04/2000	20/08/2002	02/03/1999	13/05/1995	/
United Nations Convention on the Law of the Sea (1982)	21/06/1994	22/08/2001	04/11/1994	16/09/1991	24/02/1993
Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (1995)	/	/	25/03/1997	20/03/1998	/
FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas (1993)	/	26/10/1994 (acceptance)	27/03/2003 (acceptance)	07/04/2000 (acceptance)	/

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Agreement for the Establishment of the Indian Ocean Tuna Commission (1993)	14/08/2001	10/01/1996	27/12/1994	26/07/1995	/
Southern Indian Ocean Fisheries Agreement (2006)	Sign. only 07/07/2006	Sign. only 04/10/2006	10/12/2010	05/11/2007	/
FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) fishing (2009)	/	27/03/2017 (accession)	31/08/2015 (accession)	19/06/2013 (accession)	/
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009)	/	/	/	/	/
Waste and chemicals					
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)	31/10/1994	02/06/1999	24/11/1992	11/05/1993	01/03/2012
Amendment to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal [Ban amendments] (1995)	/	/	09/11/2004	15/07/2015	/
Basel Protocol on Liability and Compensation for Damage resulting from Transboundary Movements of Hazardous Wastes and their Disposal (1999)	/	/	/	/	/
Amendments to Annexes II, VIII and IX to the Basel Convention [Plastic waste amendments] (2019)	24/03/2020	24/03/2020	24/03/2020	24/03/2020	24/03/2020
Bamako Convention on the Ban on the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa (1991)	18/03/2004	Sign. only (17/03/2004)	29/10/1992	/	10/07/1992
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998)	/	22/09/2004	05/08/2005	Sign. only (11/09/1998)	01/03/2012
Stockholm Convention on Persistent Organic Pollutants (2001)	23/02/2007	18/11/2005	13/07/2004	03/06/2008	01/03/2012
Minamata Convention on Mercury (2013)	23/07/2019	13/05/2015	21/09/2017	13/01/2015	29/12/2020
Water					

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Convention on the Law of the Non-navigational Uses of International Watercourses (1997)	n.a.	n.a.	n.a.	n.a.	/
Climate change and ozone layer					
Vienna Convention for the Protection of the Ozone Layer (1985)	31/10/1994	07/11/1996	18/08/1992	06/01/1993	03/11/1992
Montreal Protocol on Substances that Deplete the Ozone Layer (1987)	31/10/1994	07/09/1996	18/08/1992	06/01/1993	03/11/1992
The United Nations Framework Convention on Climate Change (1992)	31/10/1994	02/06/1999	04/09/1992	22/09/1992	03/11/1992
Kyoto Protocol to the United Nations	10/04/2008	24/09/2003	09/05/2001	22/07/2002	30/06/2009
Paris Agreement on Climate Change (2015)	23/11/2016	21/09/2016	22/04/2016	29/04/2016	07/08/2017

Sources:

- International Maritime Organisation, 2020, GISIS database: <https://gisis.imo.org>
- United Nations, 2020, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>

Notes:

/ neither ratified nor signed
n.a. not applicable
Sign. only signature only (not ratified)

Comoros, Madagascar, Mauritius and Seychelles are also members of the Southwest Indian Ocean Fisheries Commission (SWIOFC), which “promotes the application of the provisions of the FAO Code of Conduct on Responsible Fisheries, including the precautionary approach and the ecosystem approach to fisheries management”²⁵⁶. This Commission was established by Resolution 1/127 of the FAO Council, following a request in June 1999 by the former members of the Committee for the Development and Management of Fisheries Resources in the South-West Indian Ocean. Comoros, Madagascar, Mauritius and Seychelles were all part of that Committee.

FAO’s initiative on the Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels is a tool to address illegal, unreported and unregulated fishing (IUU) initiative²⁵⁷. The first Record was released in April 2017 following a pilot project involving 11 countries including Comoros, Mauritius and Seychelles (launched in December 2016). Seychelles is the only ESA country to have provided data regarding vessel details and ports²⁵⁸

²⁵⁶ FAO (2019) ‘Regional Fishery Bodies Summary Descriptions: Southwest Indian Ocean Fisheries Commission (SWIOFC)’, available at: <http://www.fao.org/fishery/rfb/swiofc/en>

²⁵⁷ Committee on Fisheries (2018) ‘Combating illegal, unreported and unregulated (IUU) fishing’, available at: <http://www.fao.org/3/MX190EN/mx190en.pdf>

²⁵⁸ FAO, ‘Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels’: <http://www.fao.org/global-record/tool/extended-search/en/>

Evidence of the environmental impacts of the interim EPA

Changes in trade flows

This section looks at the changes in trade flows that have occurred since the entry into force of the interim EPA. It then looks at the environmental impacts associated with the production of the most important commodities for each country, to provide some context for potential environmental impacts of the interim EPA.

In **Madagascar**, the importance of **vanilla** in exports to the EU has increased considerably since the introduction of the interim EPA. While there has been a strong increase in the value of exports to the EU, the volumes in tons have not changed as strongly. Nonetheless, the increased vanilla prices can create pressures for increased cultivation. This is a perennial crop and therefore can be associated with change of land use as space is needed for the crops. Change in land use can be a driver of deforestation, which has a concomitant effect on biodiversity loss.

Exports of **cobalt** and **nickel** appear to have grown significantly since the interim EPA was introduced. Mining of these materials is associated with the production of hazardous waste and difficulties in wastewater management. **Textiles** are also a major export for Madagascar, although this appears to remain unchanged by the interim EPA. Equally, fishing of **crustaceans** has continued to be an important export activity in Madagascar towards the EU. Export of **essential oils** appears to have increased over the period of the interim EPA; this may in part be because the processing of plants to extract the essential oils now occurs more frequently in Madagascar, whereas previously plants were exported as raw materials to a greater extent²⁵⁹.

The most important export from **Mauritius** to the EU in 2019 was **processed fish**, which has consistently been amongst the most valuable export sectors for Mauritius over the last ten years nearly all of Mauritius' export of processed fish goes to the EU. **Sugar** has traditionally been the principal export of Mauritius; despite the price drop incurred following the end of the fixed sugar prices and quota of the sugar protocol, sugar remains a major export to the EU. **Textiles** have also continued to be an important sector.

By far the biggest export commodity in terms of value for **Seychelles** continues to be **processed fish**, which has remained unchanged over the previous decade. Whilst the value has decreased since 2012, the tonnage has remained stable since 2013. Other important commodities exported from Seychelles to the EU are **yachts** and **frozen fish**.

Zimbabwe's largest value export to the EU in 2019 was **diamonds**. It appears that the importance of diamonds as an export commodity has risen over the period of the interim EPA. Mining can be associated with the production of hazardous waste materials and potential pollution of water and land, as well as change in land use. **Cut flowers** have long had a significant share of Zimbabwe's export to the EU and are produced as both annual and perennial crops.

Country-by-country information on the impacts of these economic activities has not been found. The table below, however, provides an overview of the main environmental impacts associated with each of the main export industries.

²⁵⁹ *Consulate General of Madagascar South Africa, 'Essential oils',*
<http://www.madagascarconsulate.org.za/madagascar/economy/essential-oils/>

Table 103: Environmental impacts associated with important export industries in ESA5 countries (source: International Finance Corporation Environmental, Health and Safety Guidelines)²⁶⁰

Industry	Environmental impact	Countries affected
Mining	<ul style="list-style-type: none"> ▪ Hazardous materials and waste ▪ Waste water ▪ Emissions to air ▪ Energy consumption ▪ Solid and liquid waste 	<ul style="list-style-type: none"> ▪ Madagascar (cobalt, nickel) ▪ Zimbabwe (diamonds)
Textiles	<ul style="list-style-type: none"> ▪ Hazardous materials and waste ▪ Waste water ▪ Emissions to air ▪ Energy consumption ▪ Solid and liquid waste 	<ul style="list-style-type: none"> ▪ Madagascar ▪ Mauritius
Sugar	<ul style="list-style-type: none"> ▪ Solid waste and by-products ▪ Waste water ▪ Emissions to air 	<ul style="list-style-type: none"> ▪ Mauritius
Fish processing	<ul style="list-style-type: none"> ▪ Solid waste and by-products ▪ Wastewater ▪ Water consumption and management ▪ Emissions to air and energy consumption 	<ul style="list-style-type: none"> ▪ Madagascar ▪ Mauritius ▪ Seychelles
Aquaculture	<ul style="list-style-type: none"> ▪ Threats to biodiversity ▪ Contamination of aquatic systems ▪ Hazardous Materials 	<ul style="list-style-type: none"> ▪ Madagascar (crustaceans) ▪ Mauritius ▪ Seychelles
Annual crop production	<ul style="list-style-type: none"> ▪ Soil Conservation and Management ▪ Nutrient Management ▪ Crop Residue and Solid Waste Management ▪ Water Management ▪ Pest Management ▪ Use and Management of Pesticides ▪ Fertilizers ▪ Biodiversity and Ecosystems ▪ Genetically Modified Crops (GM Crops) ▪ Energy Use ▪ Air Quality ▪ Greenhouse Gas (GHG) Emissions 	<ul style="list-style-type: none"> ▪ Zimbabwe (cut flowers)
Perennial crop production	<ul style="list-style-type: none"> ▪ Soil Conservation and Management ▪ Nutrient Management ▪ Crop Residue and Solid Waste Management ▪ Water Management ▪ Pest Management ▪ Use and Management of Pesticides ▪ Fertilizers ▪ Biodiversity and Ecosystems ▪ Genetically Modified Crops (GM Crops) ▪ Energy Use ▪ Air Quality ▪ Greenhouse Gas (GHG) Emissions 	<ul style="list-style-type: none"> ▪ Madagascar (vanilla, crops for essential oils production) ▪ Zimbabwe (cut flowers)

²⁶⁰ International Finance Corporation, *Industry sector guidelines: Mining (2007); Textiles Manufacturing (2007); Sugar Manufacturing (2007); Fish processing (2007); Aquaculture (2007); Annual Crop Production (2016); Perennial Crop Production (2016)*, World Bank group, https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines/ehsguidelines

Changes in transportation of imports and exports

Another facet of the environmental impact of changes in trade flows following the introduction of the EPA is to look at changes in modes of transport used for shipping commodities and whether this has changed. An initial observation is that the quantity of goods (in weight) transported by plane has increased in Madagascar, Seychelles and Zimbabwe, but it is only in Zimbabwe where the increase between 2012 and 2019 is significant (+63%). The table below gives full details of the exports by mode of transport in both value of the goods and weight in kilogrammes. The data appear to refer to the final mode of transport into the EU, as they include transport by road and rail from all five ESA countries.

Considered as a percentage of the weight of all goods transported by sea, air, rail or road, which are the four principal modes of transport, the share of goods transported by air has increased in all four countries between 2012 and 2019 (see Figure 35 below).

Figure 35: Air transport of goods (in kg) as a percentage of all exports by sea, air, rail and road, 2012-2019: Source Eurostat

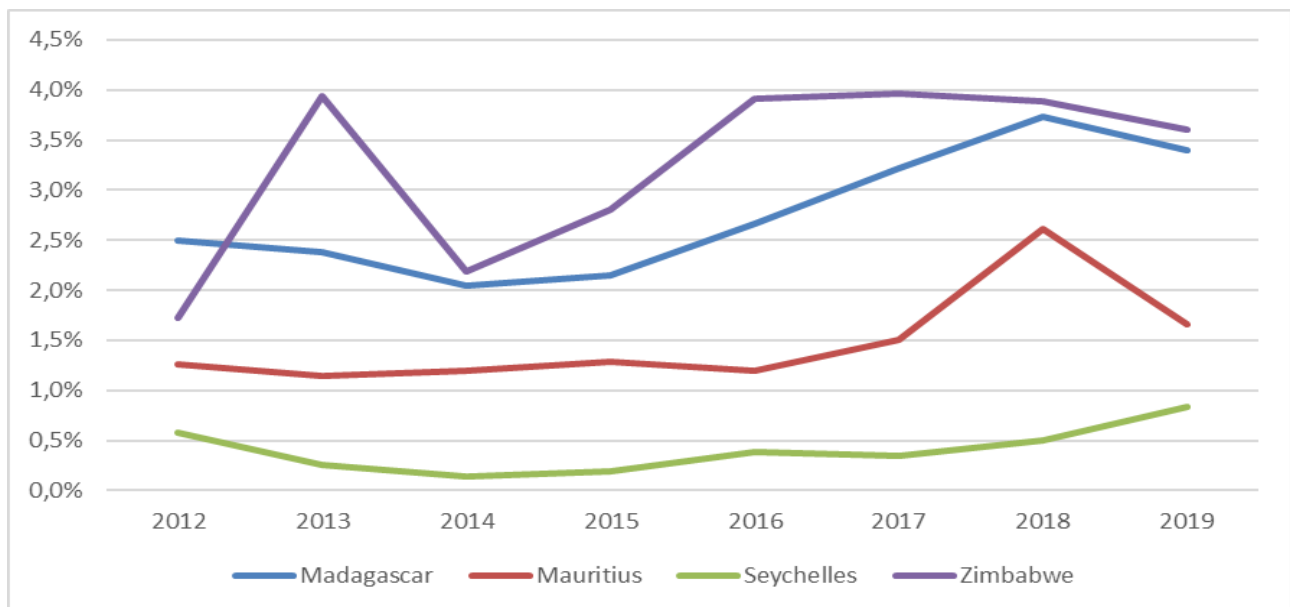


Table 104: Amount of goods shipped by different modes of transport (mode of transport when good arrives in the EU), by value in Euros and quantity in KG.²⁶¹

Madagascar								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	350,851,716	906,779	116,068,080	26,925	311,810	3,290	39,375,121	140,868
2013	471,584,122	1,155,886	146,459,289	31,597	13,849	37	36,650,081	137,554
2014	587,025,800	1,369,496	122,976,696	31,125	223,327	531	40,083,691	119,237
2015	639,274,492	1,297,587	153,576,322	30,999	136,868	340	60,501,668	113,220
2016	610,323,914	1,105,168	258,474,812	31,540	154,516	320	50,701,604	48,490
2017	647,309,306	1,096,956	448,491,932	37,506	1,023	9	49,186,632	29,875
2018	641,526,119	1,042,630	520,757,256	41,311	88,079	256	45,533,517	21,990
2019	545,201,509	1,029,831	422,517,431	37,094	206,782	752	31,767,944	24,048
Mauritius								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	679,506,735	5,303,623	274,006,173	68,736	4,941,222	9,746	37,255,795	98,321
2013	745,747,359	5,916,752	251,604,442	69,302	11,228,689	14,814	27,795,098	62,941
2014	618,074,100	5,651,974	241,128,620	69,173	12,495,338	12,772	30,429,278	63,211
2015	562,587,096	5,176,132	239,093,698	67,929	10,626,397	11,449	32,659,993	52,376
2016	556,913,796	4,995,515	214,905,999	60,862	9,309,602	11,229	29,963,122	31,444
2017	593,037,738	4,369,209	243,233,364	67,491	4,836,297	8,319	29,769,318	25,177
2018	466,142,756	2,606,684	231,339,434	71,008	4,461,779	11,725	23,507,081	31,697

²⁶¹ Eurostat (2020), EXTRA EU trade since 2000 by mode of transport (HS2-HS4)

2019	490,534,613	3,625,573	200,977,833	61,470	589,430	8,393	21,147,739	21,383
Seychelles								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	211,294,193	515,431	6,253,382	3,018	:		1,107,614	2,835
2013	287,707,113	610,027	5,062,526	1,600	:		362,239	919
2014	264,488,981	597,949	2,961,846	830	:		197,344	90
2015	241,322,055	604,822	4,765,516	1,196	:		2,040,300	760
2016	264,218,287	883,099	7,264,560	3,491	:		9,843,161	21,239
2017	273,753,789	874,527	5,999,385	3,052	:		8,583,973	15,351
2018	291,898,698	860,702	5,561,023	4,329	14,580	16	3,143,299	6,961
2019	242,993,220	695,020	7,006,912	5,886	:		94,487	115
Zimbabwe								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	330,286,818	3,715,490	57,765,791	66,981	2,111	20	13,888,765	94,616
2013	244,581,165	2,651,140	105,040,276	112,840	:	:	17,026,431	103,758
2014	315,400,032	4,909,186	142,091,341	113,283	:	:	21,058,981	158,386
2015	287,574,967	3,453,353	80,024,137	106,989	1,801,677	49,864	22,946,486	199,953
2016	232,689,818	2,635,000	81,145,548	113,982	26,671	1	20,979,723	159,660
2017	306,134,829	2,582,325	117,395,348	114,439	:	:	27,367,596	192,545
2018	278,818,537	2,719,174	135,215,084	119,479	:	:	34,528,318	233,464
2019	274,071,827	2,711,139	111,751,369	109,285	:	:	32,148,093	216,079

Source: Eurostat

CGE modelling of climate emissions

The CGE modelling undertaken by DG Trade suggests that the interim EPA has had little impact on the carbon dioxide emissions of the signatories to the agreement. The modelling predicted that CO₂ emissions were slightly lower than they would have been with no EPA in Madagascar (-3.34%) and Mauritius (-2.57%). In Zimbabwe, emissions are predicted to have been 0.03% higher with the EPA than if there had not been one. (The changes were not calculated for Comoros, which joined the agreement only in 2019, or for Seychelles.) The CGE modelling found that the change in CO₂ emissions for the EU was essentially zero.

The table presents the change in CO₂ emissions with the EPA, compared to a scenario if there had been no EPA.

Table 105: CGE modelling of CO₂ emissions with the interim EPA

Country	Estimated change in emissions
Madagascar	-3.34%
Mauritius	-2.57%
Zimbabwe	0.03%

Source: Results from Commission CGE model

Evidence from stakeholder inputs

The stakeholder inputs as yet have not commented on the environmental impacts of the interim EPA. This appears to be due, in part, to the low awareness of the agreement, for example on behalf of many stakeholders interviewed in the ESA countries. *[Further details to be included in the next draft if available.]*

Evidence from the review of EU development cooperation

Development cooperation is mentioned within the text of the EPA under Chapter IV on economic and development cooperation. The scope of development cooperation between the signatories to the agreement includes mainstreaming of environmental issues (Chapter IV, Article 38.2(j)).²⁶² Within this, cooperation should cover natural resources and the environment, including water resources and biodiversity, as well as taking into account environmental protection in industrial development, with a particular focus on the following sectors where environmental impacts are likely: mining, energy, agriculture, fisheries. Title IV of Chapter IV deals specifically with development cooperation in the field of natural resources and the environment. The parties agree to cooperate on developing and managing water resources sustainably, as well as the implementation of trade-related environmental policies so as to protect biodiversity and preventing degradation of the environment.

The Development Matrix in Annex IV of the Agreement sets out objectives for key areas for development grouped into six categories. The first three of these, infrastructure development, productive sectors and regional integration, are particularly relevant for the environmental impact of the economic partnership. For each key area, illustrative activities for development cooperation projects are suggested.

Review of development cooperation projects carried out in ESA5 countries with EU financial support has found evidence of potential environmental impacts related to the interim EPA. Most commonly this has been found in the **fisheries** and **agriculture** sectors, with projects helping to develop more sustainable production techniques that are respectful of the environment. Several countries have also engaged in projects supporting

²⁶² *Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part, 2012/196/EC*

the development of renewable energy in the countries; in the case of Mauritius, this combines with the agricultural sector in the diversification of the sugar cane industry towards the production of ethanol to be used as a renewable energy source.

Specific EPA support projects are run under the 11th European Development Fund Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean. However, a review of most of these finds little mention of support for environmental objectives mentioned in the EPA. Where there is a reference to environmental objectives it tends to be limited in scope.²⁶³

The following is a brief survey of development cooperation between the EU and each of the ESA5 countries during the period 2012-2020 that has targeted environmental impacts.

One of the EU priorities in its intervention logic for **Comoros** is promoting sustainable use of natural resources, particularly in the fishing sector.

Projects are also being run in the energy sector: a 2017 project set up the first use of solar energy on-grid in Comoros, funded by the ACP-EU energy facility, helping to relieve reliance on diesel²⁶⁴. Other projects help to improve the climate resilience of the country. A program under AMCC+ (*Alliance Mondiale Contre le Changement climatique*) worked to put in place tools for data management and use of information regarding climate change and help mainstream climate resilience into policy decisions.²⁶⁵

The EU contributes to the sustainable development of fisheries in **Madagascar** through the EcoFish project, which builds on the Smartfish project under the previous development framework. Other projects support the development of sustainable development of agriculture. A support project called SANTARA is directly aimed at aiding the implementation of the interim EPA in Madagascar. Amongst other things, the project works with the fishing industry to improve knowledge of phytosanitary precautions.

There has also been a project to support the development of public water facilities and access to clean water.

Significant evidence has been found of projects working towards improving environmental sustainability in **Mauritius**. Several projects were found that focus on the country's important sugar industry. All worked to support the reform of the sugar industry in Mauritius following the changes to their access to the EU market following the end of the sugar protocol. Two were orientated towards improving Mauritius' competitiveness in the sale of sugar, another towards general diversification of the sugar industry and a third towards development facilities to process cane to produce ethanol, to be used as a source of renewable energy.²⁶⁶

The wider agricultural sector has also been the subject of projects aiming to promote Smart Agriculture to improve climate resilience of food systems. Certain projects have directly targeted the protection and promotion of forests: one project aims to increase forest cover in Mauritius to encourage carbon sequestration and climate resilience.²⁶⁷

²⁶³ See, for example, European Commission (2016) Action Document for Zimbabwe EPA Support Project https://ec.europa.eu/international-partnerships/system/files/c_2016_8091_f1_annex_en_4_zimbabwe_epa_support.pdf

²⁶⁴ Alliance for Rural Electrification (2017), SOLAR23 o install first on-grid solar power plants on Mohéli Island, <https://www.ruralelec.org/news-from-are/solar23-install-first-grid-solar-power-plants-moheli-island>

²⁶⁵ AMCC+, Programme d'appui à l'Union des Comores pour le renforcement de la résilience au changement climatique, <https://www.gcca.eu/fr/programmes/programme-dappui-lunion-des-comores-pour-le-renforcement-de-la-resilience-au-changement>

²⁶⁶ EIB projects investing in the sugar industry in Mauritius, <https://www.eib.org/en/infocentre/stories/all/2015-december-03/a-sweet-story-about-sugar.htm>

²⁶⁷ Ridge to Reef (see Table)

Evidence was found of development projects promoting the development of Mauritius' low-carbon economy. The project helped finance renewable energy and energy efficiency projects by supporting local banks in offering favourable conditions on green credit.²⁶⁸

Implementation of the EPA in **Seychelles** has been supported by development cooperation projects. This includes support for upgrading the agriculture and fisheries sectors to use more environmentally friendly production techniques. (In addition to development cooperation projects, EUR 2.8 million of the EUR 5.3 million that Seychelles receives each year under the Sustainable Fisheries Partnership Agreement is reserved for promotion of sustainable management of fisheries and support for small-scale fisheries).²⁶⁹

Infrastructure development in Seychelles with potential environmental impact has been supported by EU development cooperation. A major project to renovate and expand the commercial port in Port Victoria has been undertaken, which it is claimed will make handling of goods more environmentally sound. The project has involved extending the port yard area and dredging.²⁷⁰ A series of projects has supported the installation of a submarine fibre optic cable to improve the international connectivity of Seychelles.

The development cooperation projects with environmental impact found for **Zimbabwe** focussed primarily on aiding the development of the agricultural sector to introduce practices that are more environmentally friendly.²⁷¹ This included a project supporting the implementation of the EPA by strengthening the agricultural sector for international trade, particularly regarding phytosanitary standards.

A project was also found supporting natural resource management and wildlife protection through empowering communities to build livelihoods from their natural resources.

Table 106: Examples of EU development cooperation projects in the ESA countries

Programme	Description and comments
Comoros	
Support programme for the Union of Comoros to strengthen its resilience to climate change (AMCC) 3 Million EUR 10 th EDF	Contribute to building resilience to climate change.
ACP-EU Energy Facility 2,3 Million EUR 10 th EDF	Contribute to the installation of 6 photovoltaic electrical grids in rural areas of the island of Moheli.
Madagascar	
<i>Co-production de services publics de l'eau et de l'assainissement par les organisations d'usagers et les autorités communales</i> 400,000 EUR 10 th EDF	Contribute to the development of public water utility and cleaning water in rural areas (Analamanga region).
Ecofish 28 million EUR 11 th EDF	Project promoting sustainable fisheries and fishing, including monitoring and prevention of illegal fishing activity (building on Smartfish) ²⁷² .

²⁶⁸ <https://www.sunref.org/en/projet/recuperer-des-residus-sucriers-pour-les-valoriser-en-produits-industriels-a-forte-valeur-ajoutee/>

²⁶⁹ https://knowledge4policy.ec.europa.eu/publication/eu-sustainable-fisheries-partnership-agreements_en

²⁷⁰ <https://www.eib.org/en/projects/pipelines/all/20080432>

²⁷¹ https://ec.europa.eu/international-partnerships/system/files/c-2017-4418-annexe_en.pdf

²⁷² <https://www.commissionoceanindien.org/portfolio-items/ecofish/?portfolioCats=27>

Programme	Description and comments
RINDRA 40 Million EUR 11 th EDF	Rural development programme encouraging climate resilient and sustainable agriculture ²⁷³
AFAFI 80 Million EUR 11 th EDF	Rural development programme encouraging climate resilient and sustainable agriculture ²⁷⁴
Implementation of the interim EPA support project (SANTATRA)	Directly targeted at aiding the implementation of the EPA, one of the tasks involves improving knowledge of fishing workers of phytosanitary practices.
Mauritius	
Mauritius from Ridge to Reef 4 Million EUR GCCA+	Increase the native forest cover (including mangroves) to enhance the climate resilience of natural ecosystem and carbon sequestration
Renewable Energy and small island states 8 million EUR EIB	Aid in processing of molasses into ethanol to be used as a form of renewable energy, along with CO2 capture to be used by the food industry
Carbon burn-out facility 8 million EUR EIB	Conversion of coal fly and bottom ashes into additives for Portland cement, aiding the problem of waste management for ash disposal in Mauritius
Climate smart agriculture for small holders in Mauritius 6 million EUR GCCA+	Support for the capacity for the ministry of agro-industry and food security to offer advice on climate smart agriculture to producers, and support for adoption by producers of climate smart agriculture measures ²⁷⁵
Seychelles	
Supporting implementation of the Seychelles National Climate Change Strategy 3 million EUR GCCA+	Aims to strengthen the climate change sector policy framework and support adaptation to climate change in coastal areas ²⁷⁶
Port Victoria Rehabilitation 18 million EIB	Rehabilitation and expansion of the commercial port at Port Victoria including extension of the port yard and dredging. Dredging is associated with negative environmental impacts. ²⁷⁷
Zimbabwe	
Zimbabwe Agricultural Growth Programme (ZAGP) 42 Million EUR	Aims to help develop the diversification and efficiency of agriculture while promoting inclusive green economic growth ²⁷⁸

Source: Own compilation from EC and governmental sources

²⁷³ <http://www.midi-madagasikara.mg/economie/2020/03/21/programme-rindra-40-millions-deuros-pour-un-appui-institutionnel/>

²⁷⁴ <https://madagascar.cirad.fr/actualites/lancement-du-programme-afafi-sud-appui-au-financement-de-l-agriculture-et-aux-filieres-inclusives>

²⁷⁵ <https://www.gcca.eu/programmes/climate-smart-agriculture-small-holders-mauritius>

²⁷⁶ <https://www.gcca.eu/programmes/continuing-supporting-implementation-seychelles-national-climate-change-strategy>

²⁷⁷ <https://www.eib.org/en/projects/pipelines/all/20080432>

²⁷⁸ https://ec.europa.eu/international-partnerships/system/files/c-2017-4418-annexe_en.pdf

Annex XI (Chapter 11): Development cooperation – Country Specific Programmes

Box 1: A general assessment of the 11th EDF

To start with **relevance**, the European Commission (2017) judges that the EDF programming was relevant, as it responded to the recipient countries' needs. Poverty reduction, the SDGs and aid effectiveness were aimed at. Herrero et al. (2015) see the concentration on low-income countries (LICs) and least developed countries (LDCs) positive and add that the so-called policy-to-practice gap has been reduced under the changes governance of the 11th EDF. With respect to **effectiveness**, Herrero et al. (2015) assess the sector concentration policy as successful. The European Commission (2017) argues that it is principally high, the goals are mostly achieved. However, this depends on the ACP countries willingness and ability to pursue institutional reforms. In addition, Herrero et al. (2015) argue that effectiveness is potentially reduced by a long programming process, the top-down approach of the EDFs in principle, and a relative low connection between joint programming and EU bilateral programmes. This aspect is directly connected to a central theme of the EU-ESA5 partnership, namely **governance**. The European Commission (2017) sees potential for institutional reform. **Efficiency** of development assistance is very difficult to measure. Neither of the studies uses an econometric model to test for the efficiency. The European Commission sees improvements as compared to elder EDFs but identifies a weakness related to the position of the NAOs as well as a potential problem related to what is labelled as a "one-size-fits-all"-approach of the EDFs.²⁷⁹ It cannot be said clearly whether this problem is relevant for the EU-ESA5 partnership.²⁸⁰

Table 107 is based on a careful study of all available material provided by DG Trade. It proves impossible for the Team to assess every individual programme without a doubt. This holds with respect to both its overall impact and the other individual criteria respectively. Nevertheless, the analysis provides a general assessment of the trade-related development assistance to ESA5, which can be found in the main text.

²⁷⁹ This critique resonates also with the general discussion about aid effectiveness; see e.g. Easterly (2007).

²⁸⁰ The European Parliament has long argued for an inclusion of the EDF's budget into the general EU-budget. Consequently, the EPRS (2014) argues that the double structure has high efficiency costs of 800million EUR per annum. This figure is not substantiated with a model. We will not pick up this discussion in the assessment.

Table 107: Country Specific Programmes within and outside the EDFs*

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
Comoros								
Programme ACP-EU TradeCom II, 6 Million EUR, see p037 Rapport de Demarrage Fin Bkp doc	The objective of the project was twofold: (i) bring Comoros' law and practice in line with trade commitments resulting from WTO accession and (ii) develop measures to incorporate the provisions of the regional EPA into the law and practice of Comoros.	This programme contributes to the development of trade between Comoros and the EU, which fits with the main objective of the interim EPA.		Efficiency is limited due to the country's human, financial and institutional resources	<p>* Legal reforms have been drafted, and legislative action plans to be in conformity with WTA agreements have been elaborated.</p> <p>* A system of exemption from customs duties and taxes is put in place.</p> <p>* A domestic taxation system is elaborated.</p> <p>* Adjustment measures (e.g., tariff and regulatory adjustment measures) are evaluated.</p> <p>*A programme for adapting to asymmetrical trade opening with the EU is drawn up.</p>	This complemented other ongoing negotiation processes such as WTO, EPA and AfCFTA		Positive.

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
MDG Initiative programme, 4,5 Million EUR, see DEVCO Country Fiche Comoros doc	Contribute to the drinking water supply of the Domoni agglomeration.	High – it addresses SDG 6 regarding availability and sustainable management of water				It forms part of the 10th EDF	Delegation agreement with Agence Française de Développement (AFD)	Potentially positive
Support programme for the Union of Comoros to strengthen its resilience to climate change (AMCC), 3 Million EUR, see DEVCO Country Fiche Comoros doc	Contribute to building resilience to climate change.	High – it addresses SDG 13 in terms of strengthening resilience and adaptive capacity to climate	The fragile economic environment represents a risk as regards the achievement of this objective			It forms part of the 10th EDF		Positive
ACP-EU Energy Facility, 2,3 Million EUR, see DEVCO Country Fiche Comoros doc (part of 10th EDF)	Contribute to the installation of 6 photovoltaic electrical grids in rural areas of the island of Mohéli.	High – it addresses SDG 7 by enhancing share of and access to renewable energy				This project is innovative and unique as the solar power systems on Mohéli Island are the first to be established in the country.		Positive.
Cooperation Support Programme (PAC), 4,25 Million EUR, see DEVCO Country Fiche Comoros doc	Support capacities of the National Authorising Officer and other stakeholders of the development cooperation between Comoros and the EU.	Very high, as it effectively addresses the interim EPA's ultimate objective of developing cooperation between Comoros and EU	Potential for higher effectiveness, as it takes stock of past experience for the formulation of the new programmes	Political difficulties have halted implementation / formulation progress	Measure to strengthen governance	It forms part of the 11th EDF	It complements stakeholders' ongoing cooperation developments between the Comoros and the EU	Positive, but dependent on governance reforms

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
Financial governance support programme, 3 Million EUR, see DEVCO Country Fiche Comoros doc	Contribute to improved public finance management and more efficient and transparent management.	High – trade liberalisation implies tariff revenue losses. A modern tax regime is necessary to compensate this loss.	High expectations in terms of revenue, financial training and budget programming		Measure to strengthen governance	It forms part of the 11th EDF		Potentially positive
Technical and Vocation Education and Training (TVET), 9 Million EUR, see DEVCO Country Fiche Comoros doc	Strengthen human capital to address the needs of the Comorian labour market in key sectors with high sustainable growth and job creation potentials	High – in line with SDG 8 by trying to decreasing unemployment and triggering economic growth and job creation	High expectations, since selected TVET institutions are strengthened to better respond to the labour market demands			It forms part of the 11th EDF	Participation of private sector in TVET is strengthened	Potentially positive, but weak governance endangers success
Madagascar								
10th EDF, 303,61 Million EUR, see DEVCO Country Fiche Madagascar doc	Contribute to various reforms and national strategies in different areas. Under the 10th EDF (2007-2013) Madagascar benefits from regional projects aiming at the implementation of the regional fisheries strategy (Smartfish), maritime security (MASE II) and regional integration (RISP III).		Tangible results and impact of the projects/ programmes under 10 th EDF: * <u>Social sectors</u> : For example, the EU has financed the salaries of contract teachers and has financed school canteens benefitting 219,000 pupils and teachers in food-insecure areas, as well as school kits for 3,800,000 primary pupils		The EU is aiming to contribute to a more stable political environment with better governance, less corruption and stronger institutions, especially after the inclusive and transparent elections held in 2018/2019. EU engagement is focusing on improving government accountability, public policies and the capacity of civil			Positive.

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	<p>The country also benefited from different ACP funds including: the EU Water Facility (ended in 2012) and the EU Energy Facility (17 Million EUR, projects still being implemented). 6 water projects are being implemented under the MDG line (10 Million EUR). Madagascar has also benefitted from Intra-ACP programmes with a continental scope (EDES and PIP for agricultural products) that could be continued under the "Fit for Market" programme.</p>		<p>during the 2013/2014 school year.</p> <p><u>*Agriculture/food security</u>: EU's support aims at reducing food insecurity by enhancing food self-sufficiency and by increasing rural income. It is benefitting more than 100,000 households (representing +/- 600,000 people). The EU contributes also to the international response to the locust invasion.</p> <p><u>Infrastructure rehabilitation</u>: the EU's support targets the South East region and funds rehabilitation works of key national roads and connected feeder roads. The use of labour intensive methods allows injecting direct revenues to the populations (estimated 18,000</p>		society to perform their role			

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
			<p>households). Given the vulnerability of the country to climate-related events, the EU's support is also addressing post-cyclonic reconstruction.</p> <p><u>Millennium Development Goals (MDGs)</u>: the EU is acting in the area of nutrition and in the field of water supply and sanitation: in 50 rural communities' access rates to safe drinking water is expected to increase from 25% to 65%, and to sanitation by 10%.</p> <p><u>*Governance</u>: The EU also contributed to the 2013 presidential and legislative elections (both EDF and IfS funding).</p>					
Development of employment and regional integration support programme (PROCOM), 8 Million EUR, see D-	Contribute to the development of a panel of services to businesses and defend the interest	High – relates to SDG 8 regarding job creation	Efforts have been made to adjust and address operational problems	The conclusion was that this project has been valuable and pertinent although some important weaknesses in the		With regard to the activity of professional training foreseen in the project, PROCOM had no added value	Support from Agence Française de Développement (AFD)	Positive.

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
24441 Consolidated ROM report 20200115 doc (part of 10 th EDF)	of the private sector in public-private dialogue.			conception were detected, notably as concerns the appreciation of the financial and human resource capacities of the implementing institutions and beneficiaries which lead to serious implementation problems (see DEVCO Country Fiche Madagascar doc).		compared to other partners.		
<i>“Co-production de services publics de l'eau et de l'assainissement par les organisations d'usagers et les autorités communales”</i> , 400.000 EUR, see DEVCO Country Fiche Madagascar doc (part of 10 th EDF)	Contribute to the development of public water utility and access to clean water in rural areas (Analamanga region).	High – in line with SDG 6 in terms of development of water access and cleanliness		The conclusion was that the implementation was efficient and it had reached the results (see DEVCO Country Fiche Madagascar doc).		It also focused on the essential questions of sustainability and appropriation of end-users and the financial commitment of municipalities		Positive.
Regional integration export development support programme (PADEIR), 10 Million EUR, see GJC MADA doc (part of 10 th EDF)	Contribute to economic development, economic exchanges with the EU, and the development of the private sector. The aim of the	Very high - This project is directly linked to the interim EPA.		High - Technical assistance ensured overall coordination of all these activities, along with the management of the related	It aims to improve national control infrastructure and the export process	Complements the interim EPA's objectives by aiming to enhance Madagascar's export capacity and improve access to EU markets		Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	programme is to help Madagascar benefit from the EPA.			programme estimates				
11th EDF, 563,5 Million EUR, see DEVCO Country Fiche Madagascar doc	<p>Contribute to various reforms and national strategies in different areas.</p> <p>Under 11th EDF (2014-2020), Madagascar benefits from RIP funds for an infrastructure project (EIB Road infrastructure, blending 31 Million EUR, SADC RIP) and a support programme for EPA implementation (PADEIR, 10 Million EUR, SADC RIP).</p> <p>The 11th EDF also continues support to the implementation of a sustainable regional fisheries economy « EcoFish » 28 Million EUR, RIP IOC (building on Smartfish).</p>	High	Economic developments have remained favourable, however political instability might restrict effectiveness		The president has stated his ambition to put Madagascar on a sustainable development path and after the first year in government	The EU will help support the country in drawing the benefits from the EPA. Joint governance has also been initiated for the next programming period	The EU coordinates with all partners, including the World Bank, African Development Bank, IMF, JICA, USAID, the UN (UNDP, WFP, FAO, UNICEF, ONUDI, FIDA, UNFPA), as well as NGOs, and interacts with the private sector and with the civil society.	Positive
Regional Integration Support Mechanism	Encourage Madagascar to lift its tariff and non-					It complements interim EPA efforts by encouraging	Madagascar could benefit from other sub-envelops still to	Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
(RISM), see GJC_MADA doc (part of 11 th EDF)	tariff barriers to trade in order to facilitate exports and regional integration in favour of the private sector.					Madagascar to lift its tariff and non-tariff barriers to trade in order to facilitate exports and regional integration	be defined such as Wildlife conservation, Food Security and Trade-related components through SADC and COMESA, in which the EU participates	
RINDRA, 40 Million EUR, see DEVCO Country Fiche Madagascar doc (part of 11 th EDF)	Rural development programme. Contribute to improving the producers' environment to allow investments in terms of safety.	High – attempts to develop rural areas in terms of production					With Agence Française de Développement (AFD)	?
AFAFI, 50M EUR (north), 30M EUR (south), 12M EUR (centre), see DEVCO Country Fiche Madagascar doc (part of 11 th EDF)	Rural development programme. Contribute to improving the agricultural sector (access to training, access to credit, internal organisation) to increase the competitiveness of the sector.	High – it aims to reduce poverty parallel to developing sustainable agricultural development		Limited efficiency potential due to poor governance				?
Implementation of the interim EPA support project (SANTARA), see 388955 - Rapport narratif - DP1 Santara doc	Contribute to sustainable and inclusive development and the fight against poverty, including by reinforcing Madagascar's	The project is directly linked to the interim EPA. The main targets of the project are private operators in the textile and fisheries sectors, and	Competitiveness of free zones and the fishing industry is improved. The capacity of the relevant ministries is strengthened.			Contributes to the greater objectives of the interim EPA by increasing regional and international trade parallel to creating a		Positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	regional and international position.	ministry staff (e.g., ministries of industry, private sector development and, customs).				favourable business environment		
Mauritius								
Mauritius EPA support project for improving the business and investment climate, 12 Million EUR, see X-REG REI EPA implementation Mauritius	To review the licensing framework, to eliminate inefficiencies and put in place a comprehensive framework encompassing all aspects of Intellectual Property	High – it is an EPA support project and contributes primarily to the progressive achievement of SDGs 8 and 9			Approach advocated under this project for ambitious and broad reforms in regulatory framework had the potential to provide early results and generate political support for broader and systematic reforms.	It is expected to trigger innovation	It complements the initiatives undertaken at the levels of COMESA and the Southern Africa Development Community (SADC). COMESA RISM and the World Bank also provided assistance	Positive
Vision 2030, see DEVCO Country Fiche Mauritius	<u>To join</u> the league of high-income countries before 2030 by fully exploiting its resources, political stability, and strategic location between Africa and Asia	High – it is the successor of the 11th EDF programme and aids Mauritius in meeting its developmental priorities	High - the EPA Implementation Plan was aligned with this policy documents and extensively consulted with the stakeholders					Positive
AAP 2018 Support Mauritius, 7.9 Million EUR, see DEVCO Country Fiche Mauritius	Increasing employability and support growth and the transition of Mauritius to a high-income country	High (long-term) – it covers development and youth employability through post-secondary education,	It has the potential to be effective in the long-term	Low – the budget will now be spent on recovery from Covid-19		It aims to trigger innovation as a development measure	It complements interim EPA aims with its development initiatives	Positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	through innovation and increased competitiveness. (CANCELLED AND REPLACED BY HEALTH (COVID-19 RESPONSE) BUDGET SUPPORT PROGRAM)	training and innovation initiatives						
Mauritius from Ridge to Reef, 4 Million EUR, see DEVCO Country Fiche Mauritius	Increase the native forest cover (including mangroves) to enhance the climate resilience of natural ecosystem and carbon sequestration	High – It aims to increase the native forest cover (including mangroves) to enhance the climate resilience of natural eco- system and carbon sequestration.	High - it will enhance resilience to climate change			Ridge to Reef had already been mentioned in the UN report, however this project extends the analysis	It complements Mauritius' UN report regarding coastal development of ecosystems	Positive
Sugar Industry Reform Project, 28 Million EUR, see DEVCO Country Fiche Mauritius	Construction of sugar refineries as well as improvements to the sugar storage and handling facilities.	High (long-term) - supports the reform of the EU sugar market policy by assisting to improve Mauritius' international competitiveness. It also supports private industrial investment	High – the projects were implemented successfully and were fully aligned with the Multi-annual adaptation strategy			It was the first EIB funded project linked to one of the national adaptation strategies for the Sugar Protocol countries	Fund was provided by EIB to two private sector operators in the sugar sector (Omnicanne and Alteo)	Potentially positive
Sugar Diversification Project, 8 Million EUR, see DEVCO Country Fiche Mauritius	Fostering the country's economic and social development and contributing to	High – it aims to foster the country's economic and social development and contributing to				It involved the construction of an airport hotel in Mauritius and associated infrastructure to	EIB approved and signed the financing with Omnicane	Positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	sustainable long-term development.	sustainable long-term development				diversity sugar production		
Renewable Energy and small island states, 8 Million EUR, see DEVCO Country Fiche Mauritius	To further develop their integrated estate in order to increase the value addition of the cane industry	High – it aimed to increase the value addition of the cane industry by processing the molasses into ethanol (renewable energy)	High – project was successfully implemented and followed by the installation and operation of a carbon burn-out facility			The follow-up project is an innovative waste management project addressing the problem of ash disposal	EIB signed an EUR 8M facility with Omnicane	Positive
Youth Employment Programme, additional 5.7 Million EUR in 2014, see Mauritius GJC 2nd Submission	<u>To</u> enable unemployed youth to obtain training/placement for an initial period of one year, with the possibility of permanent employment thereafter; To ensure appropriate training is provided to youth to promote the development of necessary skills in the labour force; To assist employers in obtaining appropriate skilled manpower.	High (long-term) - It addresses youth unemployment for those below 30 by building capacity and Promoting employable skills among the youth, whereby the youth are placed in organisations to enable them to acquire on the job training	High – the sectors involved have benefitted from the YEP Programme and around 60 % of those trained under the YEP have resulted into job creation as permanent employment	High	The Government in collaboration with the private sector set up a Dual Training Programme (DTP), which aims at providing academic as well as on the job training to students	The issue of skills mismatch from academia is addressed through the programme focusing on the development of an industry-based curriculum by the industry	It is a joint Public-Private initiative, run by the Skills Working Group (SWG), operates under the aegis of the Ministry of Finance and Economic Development (MOFED)	Positive
Promoting sustainable and Equitable development, 78 Million EUR, see Mauritius GJC 2nd Submission	To promote sustainable and equitable development	High	High - Strong government intervention		A pragmatic set of liberalisation and diversification policies from the government			Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
Improving competitiveness and Equitable development, 278/42 Million EUR, see Mauritius GJC 2nd Submission	To ensure the commercial viability and sustainability of the sugar sector so it can continue fulfilling its role in the Mauritian economy	High	High - Strong government intervention		A pragmatic set of liberalisation and diversification policies from the government			Potentially positive
Support to Tertiary Education, Research and Innovation, 7.9 Million EUR, see Mauritius GJC 2nd Submission	Contribute to further growth, promote trade and investment between Mauritius and EU. Link whenever possible to investment opportunities within a broader Africa region.	High				Only the title is provided, however it suggests a high level of innovation		Potentially positive
Technical Cooperation Facility, 2.2 Million EUR, see Mauritius GJC 2nd Submission	To support the process for Vision 2030 which aims at transforming Mauritius into a High Income Country	High – covers SDGs 5 and 10; gender equality and reduced inequality						Positive
Smart Innovation through research in Agriculture (DeSIRA), 3 Million EUR, see Mauritius GJC 2nd Submission	To promote a well-reasoned mode of production which will allow the general agriculture in Mauritius, to move towards more sustainable and resilient systems in the face of climate change	Very high – agriculture is one of the top aspects of the interim EPA	Improved effectiveness of public policies			Intends to use technology development to tackle climate change		Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
SunRef III – Green loan line of credit to private sector for development of renewable energy, 7 Million EUR, see Mauritius GJC 2nd Submission	To develop green energies and sustainable resource management	High – it promotes the development of a low carbon economy in the region by financing the development of renewable energy and energy efficiency solutions					EU supports the EU-Africa ITF and Agence Française de Développement (AFD) supports local banks in allocating green credit in favourable conditions (low interest rates, long tenor, grace period) for tailored made debt	Potentially positive
Fisheries Partnership Agreement, 2.3 Million EUR, see Mauritius GJC 2nd Submission	The development of the fisheries sector and the maritime policy and ocean economy	Note: not sure whether to include, however there was a country-specific article						Potentially positive
Improvement of the Business and Investment climate, 10 Million EUR, see Mauritius GJC 2nd Submission	Improving the business and investment climate	High – the implementation of regulatory reforms would enable to create a more enabling business environment with greater transparency that would attract private sector investment				It aims to establish an effective partnership between the public and the private sector is key to unleash the potential for economic diversification		Potentially positive
Trade Facilitation and Trade Promotion and Development, 1.4 Million EUR, see Mauritius GJC 2nd Submission	To unlock the trade potential of SMEs along the value chain, assisting them to climb the value chain through value addition and ensuring quality	High – the EU provided support to facilitate international trade and help to enhance the capacity of the Mauritius Customs				It involves implementing a risk management framework, setting up non-intrusive inspection technologies,		Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	throughout production and manufacturing processes	in the delivery of its services				capacity building on investigative and surveillance techniques to strengthen risk management system		
Seychelles								
11th EDF Programme in support of Seychelles implementation of the current EPA, 10 Million EUR, see GJC Seychelles	To improve the efficiency, ownership and capacity of actors to manage the current EPA agreements; Support value chains upgrading in the agriculture and fisheries sectors and job creation, including through using environmentally friendly production techniques; Improve trade facilitation and trade and investment promotion	High – it aims to implement risk management framework, setting up non-intrusive inspection technologies, capacity building on investigative and surveillance techniques to strengthen risk management system	Expected results are positive		The government became very interested in deepening of the current EPA in the areas of trade in services, RoO, technical barriers to trade, sanitary and phytosanitary measures and dispute settlement, and move to a 'full' EPA within the current EPA group	One of the priority activities under the programme was to identify high value products with export potential, thereby identifying new export categories		Potentially positive
SME scheme, 116,125 EUR, see GJC Seychelles	Medium (long-term) – it will support the Seychelles with loans, with the Development Bank of Seychelles managing funds for fisheries and agriculture	Medium	In addition to difficulties in accessing credit, other pressing shortcomings are an inadequately skilled labour force and government bureaucracy			Improving access to finance will help unleashing the productive and innovative capacity of the private sector	Initiated by the Ministry of Trade, Finance and Investment, in partnership with several commercial banks such as the Development Bank of Seychelles, supplemented by	Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
							co-funding from the European Investment Bank	
11th EDF COMESA sub-envelope Objective 2, 10 Million EUR, see GJC Seychelles	Increasing private sector participation in regional / global value chains through improved business climate, enhanced competitiveness and productive and innovation capacity	High – it aims to improve business environment						Potentially positive
Technical Cooperation Facility (TCF), 2.2 Million EUR, see DEVCO country fiches Seychelles	Respond to institutional capacity constraints	Medium – it aims to support institutional capacity development		Low – following the implementation of the National Sustainable development strategy might not be optimal when considering the limited human capacity in the country			Budget allocation provided by the 11th EDF programming	?
Seychelles Submarine Cable Project, 27 Million EUR, see DEVCO country fiches Seychelles	Installation and operation of the first submarine fibre optic cable for the international connections of the Seychelles		The project was satisfactorily completed in 2015 by SCS			It entailed the installation and operation of the first submarine fibre optic cable for the international connections of the Seychelles	The total cost of the project was EUR 27M financed by an EIB loan of EUR 8M and an ADB loan of EUR 8M. The remaining gap was covered by equity from the private telecom operations and the	Positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
							Government of Seychelles	
Seychelles Submarine Cable Project II, 20 Million EUR, see DEVCO country fiches Seychelles	To strengthen diversity and resilience within the country's telecommunications infrastructure through the installation and operation of a second submarine fibre optic cable for the international connection of Seychelles	Low – to deliver more international bandwidth and capacity for Seychelles and to strengthen diversity and resilience within the country's telecommunications infrastructure				It is a follow-up of the first submarine fibre optic cable	The project cost is EUR 20m and the EIB would give a loan of EUR 8M, to the promoter Seychelles Cable System Company Ltd (SCS) with SCS covering the gap using its own funds	?
DBS Private Sector Facility, 10 Million EUR, see DEVCO country fiches Seychelles	To finance loans to small-and medium-sized enterprises in Seychelles, through the intermediary Development Bank of Seychelles (DBS)	Medium (long-term)				This new line of credit is a follow-up to previous lines of credit to DBS, successfully utilised for the financing of SMEs in Seychelles	The finance contract is currently being negotiated with Development Bank of Seychelles	Potentially positive
Port Victoria Rehabilitation, 35 Million EUR, see DEVCO country fiches Seychelles	The rehabilitation and expansion of the Commercial Port within Port Victoria	Very high - project will allow for secure, safe and environmentally sound handling of goods, improve efficiency of port operations and nautical access and increase the overall port capacity by providing more berth length and yard area	In progress, however seems effective – involves a detailed design and construction of a new quay offset from the existing quay, demolition as necessary of the existing quay, extension of the port yard area and dredging				The promoter of the project - and borrower - is Seychelles Port Authority (SPA) a 100% public entity. It is being co-financed by the EIB (EUR 12,5m loan), the EU (EUR 5m grant) and the AFD (EUR 16,5m loan)	Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
Seychelles Water & Sanitation, 54 Million EUR, see DEVCO country fiches Seychelles	The renewal and expansion of water supply systems in the 3 main islands of Seychelles to cover the current and projected water deficits and resilience to climate change.	High – involves the upgrading of the existing sewerage system in Mahé island and creation of new sanitation facilities in La Digue to reduce risk of contamination of the groundwater sources used for the production of potable water	High - The project was said to be fully and satisfactorily implemented - although with some delays - by end 2019				Promoter is the Public Utilities Corporation (PUC). The project cost amounts to EUR 54m and has been financed by the EIB (EUR 27m loan), the AFD (10m EUR), an EU grant (EUR 2,4m) and contributions from the Government of Seychelles	Potentially positive
DBS Global Loan, 5 Million EUR, see DEVCO country fiches Seychelles	Financing of small and medium-scale projects carried out by SMEs	Medium (long-term)					EIB allocated EUR 5 million-loan project, co-financed and intermediated by the Development Bank of the Seychelles	Potentially positive
Zimbabwe								
Support to trade and private sector development project (TPSDP), 3 Million EUR, see Zimbabwe TPSDP oc	Contribute to the economic recovery, the economic diversification and poverty reduction in Zimbabwe.	Average; consistent with the national strategies for trade and private sector development, poorly designed projects interventions	Average; consistent with the national strategies for trade and private sector development, but institutional capacity building is poor	Satisfactory; funding in line with beneficiaries' capacity and ability, project management appreciated, expenses often well optimised	So far, Zimbabwe has benefitted of regional projects including several countries but no specific projects for the country		DANIDA Partnership Programme was introduced, DFID and the World Bank have launched business environment programmes	Negative - The overall impact of the project is poor; average implementation rate of 39%, with the project yet to delivery real impact
Zimbabwe Agricultural Growth Programme (ZAGP), 42 Million	Contribute to the development of a diversified and efficient agriculture sector that promotes inclusive	High – it addresses climate change adaptation, aid to environment and gender equality	High – Improved agricultural education systems, better access to market and increased	Environment for doing business and support the agro-processors was improved along with	The World Bank multi-donor fund, ZIMREF, will initiate a reform	FAO is starting an EDF-funded programme focused on policy and coordination		Positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
EUR, see ZAGP Action doc	green economic growth.		production & investment	improved infrastructure and policies	programme. The project will work to establish baseline information and performance management systems for parastatals	technical support, which will address various aspects of the ZAGP		
Strengthening the national Sanitary and Phytosanitary institutional framework in Zimbabwe (SPS), 855,000 EUR, see Final Narrative Report SPS	Contribute to the increase of Zimbabwe international trade of agricultural goods, based on i-EPA implementation	High - essential equipment was upgraded and the knowledge of beneficiaries regarding Sanitary and Phyto- sanitary standards and their monitoring improved	High - SPS institutional capacities and knowledge among beneficiaries has substantially improved and the project entirely fulfilled its objectives	High - the project steering committee ensured a smooth implementation of the project to meet priority needs	Government provided budget allocation for extension services for farmer training regarding knowledge and improved agricultural practices			Positive - The project benefitted from the support of the Standards Association of Zimbabwe (SAZ), which helped in the elaboration of the Standard on Good Agricultural Practices for horticulture
Regional integration implementation project, 1,764,345 EUR, see 20130212 ZIMBABWE RIIP PROJECT doc	Contribute towards regional integration to improve the incomes from trading with other nations and ultimately contribute towards the improvement of the welfare of the citizens of Zimbabwe	High – it tackles the inadequate understanding of the regional integration agenda and EPA issues by stakeholders					The overall objective of this project is consistent with the COMESA Programmes	Potentially positive
Zimbabwe EPA Support Project, 7,222,222 EUR, see X-REG REI EPA implementation	Enhance Zimbabwe's integration into the regional	Very high – the overall objective of the project is in line with the EPA and its objectives,			Government of Zimbabwe was engaged with the IMF to implement an economic		Although there is no formal donor coordination, the Delegation organises regular	Potentially positive

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
Zimbabwe C 2016 –	and international trading system (2016)	including trade development. The project's successful implementation should also help Zimbabwe reap the benefits offered by the EPA			reform, support was to be focused on policy and regulatory reforms and capacity building		ad-hoc meetings to discuss and coordinate interventions with EU Member States and other donors on private sector development issues	
Zimbabwe Natural Resource Management Project, 12 Million EUR, see ZW- Jobs and Growth Compact – 22022018 doc	EU supports natural resource management and helps protecting wildlife, mitigate human -wildlife conflict, empowers communities and women to make a livelihood out of their natural resources and research to protect wildlife, flora and fauna	Only the name is presented in the document, however the title suggests a high relevance						?
Governance and Institution Building, 45 Million EUR, see ZW- Jobs and Growth Compact – 22022018	To strengthen the rule of law through institutional capacity building. This support is designed to foster good governance including public finance management, accountability and transparency in order to contribute to Zimbabwe's economic recovery,	Only the name is presented in the document						?

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Added value	Complementarity and Leverage	Impact
	and to the consolidation of the constitutional and democratic processes, as well as to peace and stability							

** Note: The information in the tables below has partially been copied from its respective sources.*

Annex XII (Chapter 11): Development Assistance Programmes

An assessment of a policy's impact would in general be methodologically solid, if it was based on a combination of econometric analysis and case studies. Econometric analyses are only possible on a somewhat higher aggregation level, as one needs a sufficiently large sample to achieve significant results. Nevertheless, it may be interesting for the reader to get acquainted with the vast body of literature on aid effectiveness, which can be found on Martin Paldam's website: <http://www.martin.paldam.dk/Meta-AEL.php>. Since we want to understand the effects of individual programmes, we would rather focus on the second method.

This is of course beyond our means, except for the fact that much of the assessment presented in the Tables below are based on studies by the European Commission or consultants, which may be interpreted as case studies. If the studies are done by the European Commission, they follow a certain script. This is appreciated, as studies conducted by the same agency that is conducting the policy face the risk to be slightly biased towards a positive judgement. The less discretion in the way to report the assessment the authors have, the less this risk is, although it never can be completely excluded.

Table 108 entitled "**Regional Programmes within and outside the EDFs**" is an attempt to give a comprehensive overview of the regional programs set up by the EU to support the ESA5 countries in a broad way on their path to implement and harness the interim EPA.

Table 108: Regional Programmes within and outside the EDFs*

Programme	Objective	Relevance	Effectiveness	Efficiency	Governance	Complementarity and Leverage	Added value	Impact
Regional Programmes COMESA								
Regional Enterprise Competitiveness and Access to markets Programme (RECAMP), 10 million EUR, 11 th EDF; see Action Document 2018	Contribute to increased private sector participation in regional and global value chains	High: SDG 8 and 9, in addition SDG 5; SMEs	Potentially high	Aims at the private sector, leads to efficiency gains	Depending on political commitment in COMESA countries	Synergies sought with other donors' programs as well as with other EU programs	Depending on regional coordination efforts	Potentially positive
Small-Scale cross Border Trade Programme, 15 million EUR, see Action Document 2017	Formalisation of informal cross-border trade; reduction of corruption	High, social and gender aspects covered	high	Small-scale trades normally pay more than large trades, cost reduction achieved	Consistent with COMESA policies on trade regimes, customs clearance, gender; nevertheless weak governance as risk	Consistent with 2007 EU Aid for Trade strategy; synergies with World Bank Charter for Cross-Border-Traders and TFP		Potentially highly positive
Trade facilitation programme (TFP), EDF, 53 million EUR; see Action Document 2017	Increasing intra-regional trade of goods and services	High; supply-side constraints are fundamental in intra-regional trade	Depending on capacities in the COMESA Secretariat and members	Reduced trade distortion targeted	Depending on political commitment and capacity in COMESA countries, especially wrt services trade	Synergies sought with other donors' programs as well as with other EU programs. Moreover: 5 complementary	Donor coordination is a high priority	Potentially highly positive

						areas: NTBs; WTO compatible; border management; SPS; goods, services and persons.		
Regional Integration Support Programme (RISP 3), EDF, 7.4 Million EUR, see Imani 2016, COMESA Secretariat 2017	Contribute to deepened integration and competitiveness of the COMESA region	Support of regional integration is highly relevant.	High: COMESA internal market fastly implemented; business linkages increased		COMESA (Secretariat and members) has become more effective and efficient	Stakeholders' interests considered		Positive
Regional Integration Support Mechanism (RISM), EDF, 78 Million EUR over 12 years, see 12 th Annual Report 2019	Consolidation; support the economic integration process of the Eastern, Southern Africa and the Indian Ocean region through the consolidation of the COMESA FTA and implementation of the COMESA and EAC Customs Unions and Common Markets;	Very high, 18 ambitious performance indicators	Potentially high	Potentially high	Setting-up of institutional and administrative structures			Positive, but moderate due to financial limitations

	12 work plans with multiple objectives							
Indian Ocean Commission								
Enhancing Entrepreneurship and Business Project, 8 million EUR, 11 th EDF	SDGs 4, 8, 9, 12, 17, concentrating on SMEs and enhancing their intra-regional trade	High	Potentially high due to involvement of local chambers of commerce	Potentially high due to involvement of local chambers of commerce	Improvement of IOC members' business regulatory environment	Consistent with new EU Gender Plan 2; involvement of African financial institutions in the dissemination of funds		Potentially positive, but moderate due to financial limitations
ECOFish, 29.4 million EUR (28 million EUR 11 th EDF), see Action Document 2018	Support sustainable management and development of fisheries in order to contribute to poverty alleviation, food and nutrition security, while addressing climate change resilience and enhancing marine biodiversity	High, focus on small scale fisheries	high		Improvement of governance, statistics and data, combatting IUU fishing	Compatible with Common fisheries Policy, EU Global Security Policy Strategy and other EU projects in the region; risk of overlapping efforts from several donors		Potentially positive
Smartfish, 37 million EUR, 10 th EDF, see FAO Fiche 2014 and Report 2018, IOC 2018 and	Regional fisheries Program, management, reduction of losses and recovery pathways for	High, direct access to fishers	high		Business management, hundreds of workshops with fishers	Fishers receive direct teaching		Positive, but problem of ownership according to IOC Secretariat

	overfished species							
Regional Integration Support Mechanism (RISM), 33.41 Million EUR over 12 years, see 12 th Annual Report 2019	Consolidation support the economic integration process of the Eastern, Southern Africa and the Indian Ocean region through the consolidation of the COMESA FTA and implementation of the COMESA and EAC Customs Unions and Common Markets; 12 work plans with multiple objectives	Very high, 18 ambitious performance indicators	Potentially high	Potentially high	Setting-up of institutional and administrative structures			Positive, but moderate due to financial limitations
Regional Integration Support Programme (RISP 3), 6.15 Million EUR, see RISP 3 Action Fiche 2013	Contribute to deepened integration and competitiveness of the IOC region	Support of regional integration is highly relevant.	Effective application of international standards sought		IOC (Secretariat and members) has become more effective and efficient	Stakeholders' interests considered		Positive
SADC								

Dialogue Facility, 3 Million EUR, 2019-2022, see Action Document 2018 and EU-SADC Regional Cooperation Update, January-June 2020	Facilitate multi-stakeholder dialogue	Network building is relevant	Peer-to-peer is likely to be effective, but only if dialogues are not stand-alone events		Learning exchange and studies	Indirect benefits for CSO through consultative processes on key topics	Yes, through knowledge creation	Positive, but limited funds, delay due to Covid 19
Trade Facility Programme (TFP), 2019-2023, 15 Million EUR see Action Document 2018 and EU-SADC Regional Cooperation Update, January-June 2020	Strengthening capacities for simpler customs procedures and reduce NTBs/TBTs	Highly relevant	Improving understanding of NTBs and TBTs	Limited, depending on countries' ability to comply	Strengthening knowledge and governance	Coherent with many other initiatives, helps SMEs and informal traders	Yes, through knowledge creation and institution building	Positive
Regional Agriculture Policy (RAP), 201-2022, 9 Million EUR, see Action Document 2016 and EU-SADC Regional Cooperation Update, January-June 2020	Support of SADC RAP with knowledge creation	Highly relevant	Aims at stakeholders, e.g. farmers, CSO, women.		Strengthening knowledge and governance	Coherent with other support programs (EU, USAID, DFID), regional and national level; FAO is involved. However, program independent from EU-trade and agricultural policies	Yes, through knowledge creation	Positive
Support towards Industrialisation and the	Address key concern hindering	Relevant sectors	Probably effective, as focusing on two	Doubtful, as RVCs are partly set up according	Improved regulatory environment	Complementary to REIS, TRF and the Project	Focus on two sectors: regional anti-retroviral and	Positive

Productive Sectors (SIPS) in the SADC region, 2019-2024, 18 Million EUR, see Action Document 2018	industrialisation, focus on regional value Chains (RVCs)		industries, not trade-related.	to regional proportional representation.		Preparation and Development Facility (PPDF), GIZ as partner	leather value chains	
Eastern and Southern Africa Transport and Transit Facilitation Programme (TTFP), 2017-2023, 21.6 Million EUR, see EU-SADC Regional Cooperation Update, January-June 2020	Develop and implement harmonised road transport regulation and standards, directed at Tripartite member states, among them Mauritius and Zimbabwe	Infrastructure is a major bottleneck	Agreement concluded in the Tripartite in November 2018		Improved regulatory environment			Positive
Regional Economic Integration Support Programme (REIS), 2013-2016, 19.6 Mill. EUR, see Final Evaluation of REIS through Pinto and Pohl Consulting & Associates and Midterm Evaluation by Business and	Promote economic growth and reduce poverty in the SADC Region	High, except for the financial market	Medium effectiveness	Low efficiency	Institutional obstacles prove to be detrimental to success, SADC Secretariat is meant to become more visible and important for member states	Not fully complementary with TRF and PPDF.		Limited, both positive and negative

Strategies Europe.								
Support to improving the Investment and Business Environment in the SADC region (SIBE), 2019-2024 14 Million EUR, see Action Document 2018	3 key objectives: investment policy framework; integration of financial markets; financial inclusion for local businesses and SMEs	High, but presumably over-ambitious	Aims at SMEs and addresses gender issues		Strengthening knowledge and governance	Complementary to EU External investment Plan and to REIS, TRF and the Project Preparation and Development Facility (PPDF), World Bank and OECD are partners	Yes, through knowledge creation and institution building	Positive

* The sums indicated are available for all respective COMESA, SADC and IOC countries. In the framework of RISM, about 10 million EUR were reserved for ESA5 countries in sum.

Trade in Goods
Thematic Report

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Abbreviations

AfCFTA	African Continental Free Trade Area
ACP	African-Caribbean-Pacific
COMESA	Common Market for Eastern and Southern Africa
CITES	Convention on International Trade in Endangered Species
DG Trade	Directorate-General for Trade
EAC	Eastern African Community
ESA	Eastern and Southern Africa
EC	European Commission
EPA	Economic Partnership Agreement
EU	European Union
ESA5	Five ESA Countries
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
ILO	International Labour Organisation
ITC	International Trade Centre
LDC	Least Development Country
LSE	London School of Economics and Political Science
MSME	Micro, Small & Medium Enterprises
MFN	Most Favoured Nation
NGO	Non-Governmental Organisation
NTM	Non-tariff Measures
OECD	Organisation for Economic Co-operation and Development
ORs	EU's Outermost Regions
OIE	World Organisation for Animal Health
PSR	Product-specific Rules
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RECs	Regional Economic Communities
REX	Registered Exporter Scheme
RoO	Rules of Origin
SPS	Sanitary and Phytosanitary Measures
SME	Small and Medium Size Enterprise
SADC	Southern African Development Community
SIA	Sustainability Impact Assessment
SDGs	Sustainable Development Goals
TBT	Technical Barriers to Trade
TSD	Trade and Sustainable Development
UK	United Kingdom
UNCLOS	United Nations Convention on the Law of the Sea
WTO	World Trade Organisation

Executive Summary

Based on the screening of potential provisions for trade in goods, agriculture, fisheries and development cooperation as well as a detailed assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks, this report identified the following key potential economic, social, human rights and environmental impacts of the comprehensive EU-ESA5 EPA.

Economic impacts:

- **A major economic impact is considered to originate from potential rules of origin (RoO) provisions.** In fact, further simplified RoO determine the conditions under which the ESA5 products can benefit from the provided by the agreement, such as duty-free quota-free access to the EU market.
- Besides, **provisions regarding technical trade barriers are expected to have major economic impacts in all economic sectors.**
- **SPS measures are another area where significant economic impacts are expected, particularly in sectors such as food products and livestock and pesticides.** There are significant challenges for ESA5 companies in complying with EU Standards and SPS measures, particularly for SMEs. ESA5 countries will likely upgrade their standards as ESA5 exporters would face more competition from other regions, potentially leading to increased export diversification, increased competitiveness, and higher standards for exporters. In addition, the **harmonisation of SPS standards in the region could contribute to the development of regional integration**, which could, in turn, lead to increased trade in the region, especially regarding the most affected products like food products.
- Potential customs procedures (trade facilitation) provisions are likely to facilitate increased commercial activity and lead to cost savings for ESA5 countries. Compared to other likely impacts, these economic impacts are, however, expected to be relatively small.
- Depending on their level of restrictiveness, potential registration and **import/export licensing regulations are expected to have a minor economic impact, mainly indirectly through better implementation of higher standards at the company level.**

Environmental impacts:

- One possible environmental impact is the potential reduction of pests and diseases in agriculture due to the **implementation of SPS measures, which could also help to improve animal welfare through the promotion of OIE standards.**
- A potential negative environmental effect of increased SPS provisions could be that it encourages the livestock sector in ESA5 countries to develop for export (particularly the larger ones such as Zimbabwe), which could cause land use change, increased emissions and potentially deforestation damaging to biodiversity.
- Under TBT measures, greater adherence to international standards could improve consumer safety also for goods produced for domestic ESA markets.
- Another substantial **environmental impact of provisions on customs procedures and import and export licensing could be strengthened controls on the illegal trade in endangered species.** This is particularly relevant given the ESA5 states' rich biodiversity.

- Provisions to promote trade for the repair and manufacture of goods could facilitate the development of circular economy practices between Parties.
- As discussed below, development cooperation to aid the implementation of provisions could have positive impacts on the environment.

Social impacts:

- A key social impact is that the potential growth of exports from ESA5 countries to the EU, combined with lower import costs, could enhance possibilities to **move from lower to higher added-value products, which is expected to support economic growth and, in turn, have positive impacts on occupation, salaries and working conditions.**
- However, such positive impacts could reduce progressively over time and even disappear, as other ACP and third countries sign EPAs with the EU and adhere to EU standards and procedures, increasing competition for EU markets.
- Furthermore, the positive impacts of increased exports are not likely to manifest in the same way for all ESA5 countries. Low-income countries may be less likely to increase their exports towards the EU in the short term, but domestic sectors would be exposed to increased EU imports.
- Development cooperation and technical assistance on standards, customs procedures and licensing regulations are necessary for the positive impacts of increased exports towards the EU to occur.

The report concludes with a **set of policy recommendations** on different levels. Regarding **implementation**, the private sector and potential new investors should be involved more closely in the trade negotiations and social partners. The report concludes that capacity building is critical. ESA5 countries need **better coordination of capacity building activities** to improve the visibility and flow of information. The EU can support the capacity building process by identifying weakness and using its own experiences in trade facilitation and improving trade capacities, including infrastructure. Any **liberalization commitments should be pegged to clear development thresholds or benchmarks**. Also, negotiations should ensure the **mitigation of negative aspects of the EPA**. The main negative potential impact of EPAs will possibly be loss of business for domestic producers.

Another key issue is poverty and pro-poor growth, i.e. the development dimension of the negotiations. As reciprocal trade with the EU affects poverty and food security issues, the negotiating partners should consider **adaptation mechanisms under the EPA and that several sensitive products are excluded in the agreement, at least in the medium run**. There should also be a **closer alignment of the development and trade components of the EPA**. Regarding **regional aspects of the EPA**, negotiators should focus on a further simplification of RoOs as a priority in the negotiations. Besides, negotiations should take into account the OR economies' heavy dependence on a few sensitive products, should be taken into account in the negotiations, and specific measures, such as safeguarding clauses or quotas, could be envisaged as appropriate to ensure that the ORs are not negatively affected in the context of the EPA.

1. Introduction

1.1 The study

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in Eastern and Southern Africa (ESA) in view of deepening the existing interim Economic Partnership Agreement (EPA)*. Under this project, a brief evaluation of the existing interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for the Chapter on Trade in Goods**. This report builds on the analysis in the (draft) ex-post evaluation, which included an assessment of economic and environmental, social, gender and human rights impacts of the interim EPA¹.

This thematic report analyses potential economic, social, human rights and environmental impacts of the EU-Eastern and Southern Africa (ESA5) EPA deepening negotiations on trade in industrial goods, agriculture and fisheries, and development cooperation regarding these issues. The assessment of the impacts specifically of trade in goods lays a focus on the following topics:

- Technical barriers to trade (TBT)
- Sanitary and phytosanitary measures (SPS)
- Customs procedures
- Trade facilitation
- RoO
- Internal regulations concerning registration and import/export licensing
- Trade defence
- Export restrictions/taxes

The Sustainability Impact Assessment for the deepening of the EPA includes this report on trade in goods, agriculture and fisheries as well as five other thematic reports, covering the following topics:

- Trade and Sustainable Development (TSD)
- Trade in Services, Digital Trade and Investment
- Public procurement and competition
- Intellectual Property Rights
- Dispute avoidance and settlement and Institutional structure

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

1.2 Context

In 2007, six countries of the Eastern and Southern Africa (ESA) region – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – concluded an interim EPA with the EU. In 2009, four of these countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the agreement, and it has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019. The interim EPA includes a 'Rendez-vous clause' (Article 53), by which the Parties 'agree to continue negotiations... with a view to concluding a full and comprehensive EPA'. The Article includes trade, environment and sustainable development among the areas for further negotiation.

¹ See https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159467.pdf

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019.² The parties clarified horizontal issues regarding the negotiations and exchanged views on TBT and agriculture. After that, three rounds of negotiations took place in January 2020, July 2020 and the third one in November 2020. During these negotiation rounds, the European Commission has presented a number of text proposals related to the topics analysed in this report.

For a brief overview of the five ESA countries, please see Appendix I and the Ex-Post Evaluation within this SIA of January 18, 2021.

1.3 Methodology

The analytical work for this report involved, as a first step, a screening of potential provisions set out in the EU textual proposals presented by the European Commission based on an assessment of publicly available reports on the progress of the negotiations. The results of this screening are provided in Section 2 below. This screening includes identifying those provisions likely to have significant impacts (and those where impacts will be comparatively minor).

As a second step, **horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks were compiled and analysed for all five countries.** The analysis of these issues aims to identify existing barriers to trade and development in ESA5 countries and identify applicable specific sectors most affected by them. The findings of this analysis are presented in Section 3.

Based on this detailed assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks, a scoping and deeper analysis of the issue areas with potential economic impacts was undertaken. This analysis of the specific issue areas aims to identify areas where the economic impact is likely to be significant and areas where the economic impact can be considered minor. The assessment also includes, to the extent possible, a screening of the sector-specific economic impacts.

For each topic covered in this economic analysis, the relevant baseline is briefly presented, and also actions needed for implementation are considered. Potential impacts of each provision are then described. For each topic, a brief analysis presents the key strengths and weaknesses of the proposed provisions together with indications of external opportunities and threats that might affect implementation and the achievement of results. Finally, the analysis also provides an assessment of relevant horizontal issues (e.g. LDCs, outermost regions, consumer impacts) where relevant. The findings of this analysis are provided in Section 4.

The analysis in Section 4 is then used as a basis for an impact assessment of environmental, social, gender and human rights impacts that are likely to emanate from the economic impacts. This social analysis follows the same methodological steps as the economic analysis described above, including an analysis of horizontal issues (e.g. gender) where relevant and outlined in Section 5.

The findings of the economic and social impact assessments in Sections 4 and 5 are then used to develop a set of proposals for policy recommendations and flanking measures presented in Section 6.

Desk research and analysis has provided the main source of information for this report. Although interviews have been carried out in the ESA countries, many interviewees did not have a strong awareness of the interim EPA. They did not have specific comments on the potential impacts of individual negotiating provisions regarding the different topics negotiated under the deepening process.

² See: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5951

2. Screening of the potential provisions for trade in goods, agriculture, fisheries and development cooperation related to these topics

2.1 Introduction

The existing interim EPA does not contain extensive provisions on non-tariff measures or behind-the-border issues related to trade in goods. The comprehensive EPA is expected to contain further provisions on such measures related to trade in goods, such customs and trade facilitation, SPS, TBT, and agriculture, as well as reviewed provisions on RoO, export taxes and fisheries with specific provisions related to each topic area. As noted in section 1, the European Commission has presented draft negotiating text proposals for the following topics that are relevant for this report:

- Agriculture
- Customs and trade facilitation
- RoO
- Sanitary and phytosanitary
- Technical barriers to trade

An initial screening of the provisions proposed in these drafts is provided below. The results of this initial screening have been used for identifying the most important provisions regarding possible economic and social impacts, which are then outlined in Sections 4 and 5 in a detailed impact analysis.

2.2 Overview of the screening results

The three negotiations rounds took place based on negotiating texts. They included negotiations on RoO, technical barriers to trade, customs and trade facilitation, SPS, and agriculture. The three rounds allowed progress on all topics.³ The first round opened with all five topics of TBT, SPS, customs and trade facilitation, RoO and agriculture.⁴ The second round then achieved further progress on the four issues of TBT, SPS and customs and trade facilitation, and a better understanding of the different proposals regarding RoO from both sides.⁵ The third round made further progress on customs and trade facilitation, TBT, SPS, RoO and agriculture.⁶ In February 2021, an EU-ESA5 intersession meeting is scheduled to take place on RoO to discuss origin procedures. The fourth round of negotiations on deepening the agreement will take place in April 2021.⁷

Table 1: Screening of progress and main topics of analysis during negotiations

	1 st round of negotiations	2 nd round of negotiations	3 rd round of negotiations
Customs and Trade Facilitation	- started working on a common text - round paved the way to an ambitious custom	- parties aim at providing a high degree of trade facilitation to their traders and to enhance	- further progress on outstanding issues. Five articles remain outstanding. These include institutional

³ See: https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf

⁴ See: https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158612.pdf

⁵ See: https://trade.ec.europa.eu/doclib/docs/2020/july/tradoc_158893.pdf

⁶ See: https://trade.ec.europa.eu/doclib/docs/2020/december/tradoc_159151.pdf

⁷ See: https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf

	and trade facilitation chapter	cooperation in customs matters	provisions and capacity building. - progress and discussion on the protocol on customs mutual administrative assistance
Technical Barriers to Trade	<ul style="list-style-type: none"> - substantial progress on the definition of international standards, standards, transparency, and marking and labelling and texts were overall agreed. - exchanged views on respective policies on conformity assessment - EU proposed inclusion of an article on Market surveillance, and ESA-5 recognised the importance of market surveillance as such 	<ul style="list-style-type: none"> - exchanged views on conformity assessment and market surveillance - good progress on technical regulations, conformity assessment and market surveillance, where large parts or all of the text was agreed - cooperation and technical assistance to be discussed later in the context of development cooperation 	<ul style="list-style-type: none"> - exchanged of views notably on conformity assessment procedures - progress and large parts agreed on technical regulations and conformity assessment. - discussion of remaining parts of transparency, marking and labelling, equivalence and private schemes. - cooperation and technical assistance to be discussed later in the context of development cooperation
Sanitary and Phytosanitary issues	<p>Agreed on the general objectives of the SPS chapter, cooperation on animal welfare, anti-microbiological resistance, sustainable food and food fraud, and other articles where two texts coincided.</p> <ul style="list-style-type: none"> - tried to clarify respective objectives and concerns, where they noted differences in their positions. 	<ul style="list-style-type: none"> - agreement in principle on pre-listing and an agreement on the recognition of regionalisation (zoning) - parties considered a provision for a framework on equivalence and committed to clarifying some other issues. - parties agreed on the highest importance of cooperation and technical assistance for implementation of ambitious SPS chapter 	<ul style="list-style-type: none"> - agreement or near agreement on several articles, especially regarding regionalisation, technical consultation, animal welfare and emergency measures - issue of equivalence remains - parties confirmed the highest importance of cooperation and technical assistance for implementation of ambitious SPS chapter again

Agriculture	<ul style="list-style-type: none"> - common understanding that text should cover all the substantive issues - agreed to use concrete parts of respective proposals for the first draft of the joint working document 	<ul style="list-style-type: none"> - not discussed 	<ul style="list-style-type: none"> - discussion of each Party's own text proposal - endorsement of a joint working document - agreement on some articles of the endorsed joint working text
RoO	<ul style="list-style-type: none"> - EU proposed text on general provisions and origin procedures - ESA presented proposals for amendments of the current text. - agreed process of identifying areas of convergence 	<ul style="list-style-type: none"> - EU presented proposal for origin procedures, comprising self-certification, verification and administrative cooperation, and denial of preferential tariff treatment - parties clarified their respective positions and identified several convergent and divergent positions. 	<ul style="list-style-type: none"> - endorsement of the joint negotiating text, covering the concept of originating products and origin procedures. - further progress on a number of provisions and further clarifications on origin procedures and identified divergent positions.

Source: European Commission.

RoO, including origin procedures, are one priority issue in the negotiations, and it is a key objective to clarify each Party's proposal to facilitate fast progress on this issue. Another important issue in the negotiations is the financial support for ESA5 countries linked to the implementation of the rules/commitments agreed on in different chapters. TBT, SPS and customs and trade facilitation advance very well, including financial support, which is also a key issue. This issue is scheduled to be discussed horizontally at the level of the economic and development cooperation chapter planned to be discussed for the first time in the fourth round.

During the stakeholder consultations conducted for our analysis, respondents from the governments of Madagascar, Mauritius, Seychelles and Zimbabwe gave their views on what should be key issues for the negotiations for the comprehensive EPA. All respondents agreed that RoO, customs and trade facilitation, SPS, TBT, institutional structure, and economic development cooperation should be high priority issues for the negotiations. Also, in the case of fisheries, all respondents stated that it is a topic of key priority, except for Zimbabwe. Regarding agriculture, Zimbabwe and Madagascar stated that this is a high priority issue. Trade defence mechanisms and competition were considered mainly as low priority issues. Private stakeholders pointed out that the comprehensive EPA negotiations must address SPS issues since ESA5 exporters consider EU Market standards are strict. In Comoros, fisheries and agricultural export were the two sectors most frequently prioritised for negotiation. Also, European stakeholders pointed out that trade facilitation, TBT, and non-tariff barriers are priority issues for the negotiations.

The screening has identified a range of potential provisions regarding the relevant topics of the negotiations that could have significant impacts on economic, environmental, social, gender or human rights conditions. These provisions will be analysed more closely in the detailed assessment (Sections 4 and 5, below).

- **Customs and trade facilitation:** high degree of trade facilitation to their traders and to enhance cooperation in customs matters, institutional provisions and capacity building, protocol on customs mutual administrative assistance.
- **Technical barriers to trade:** conformity assessment procedures, technical regulations, transparency, marking and labelling, equivalence and private schemes, cooperation and technical assistance.
- **Sanitary and Phytosanitary issues:** cooperation on animal welfare, emergency measures, anti-microbiological resistance, sustainable food and food fraud, framework on equivalence, the importance of cooperation and technical assistance for implementation of ambitious SPS chapter.
- **Agriculture and fisheries:** further cooperation on marine fisheries as well as inland fisheries and aquaculture development, poverty and food security issues
- **RoO:** origin procedures, comprising self-certification, verification and administrative cooperation, and denial of preferential tariff treatment.

3. Assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks

3.1 Introduction to the legislative framework

To give an overview of behind-the-border issues and the overall legislative framework in ESA countries, we use the Economic Freedom Index published by the Fraser Institute.⁸ It is based on a range of relevant measures on legal systems and property rights and the freedom to trade internationally. Note that the results include scores that often synthesise complex national situations and are thus open to discussion and interpretation. Annex X provides an overview of the latest scores from 2013 to 2018 for four ESA5 countries, as the index is not calculated for Comoros. All scores shown are out of 10, with a higher score indicating a higher degree of freedom and openness. On the overall legal framework, the index includes measures of judicial independence, impartial courts, protection of property rights, the integrity of the legal system and legal enforcement of contracts as sub-measures.

Regarding the overall legal system and property rights score, all countries increased their scores from 2013 to 2018, except for Madagascar. Overall, Mauritius scored highest, followed by Seychelles, Zimbabwe and then Madagascar. The economic freedom index also includes a measure of government size. Here, Mauritius has been increasing its score, while the score of the other countries has been decreasing since 2013. Mauritius also had the highest score in absolute terms in 2018 (8.15), followed by Madagascar (7.51), Seychelles (6.71) and Zimbabwe (4.51).

3.2 Horizontal and sectoral measures as well as behind-the-border issues

When it comes to behind-the-border measures, the index provides measures of regulatory trade barriers, including non-tariff trade barriers and compliance costs of importing and exporting.

Mauritius has been increasing its score regarding regulatory trade barriers slightly, leading to 7.52 in 2018. Note that the scores of all other three countries have decreased significantly since 2013. In terms of absolute score in 2018, Mauritius was followed by Seychelles (5.60), Madagascar (4.96) and Zimbabwe with a low score of 3.26. The overall sub-index of freedom to trade internationally also includes measures of

⁸ See: <https://www.fraserinstitute.org/economic-freedom/dataset?geozone=world&page=dataset&min-year=2&max-year=0&filter=0>

controls of the movement of capital and people. **Mauritius had the highest overall score in the overall sub-index in 2018, followed closely by Seychelles, then Madagascar and Zimbabwe.**

For specific non-tariff measures (NTMs), the Integrated Trade Intelligence Portal for Goods (I-TIP Goods) provides a comprehensive overview of NTMs notified by WTO members, including, for example, trade defence measures. Table 2 below includes an overview of 111 non-tariff measures in force or initiated in Madagascar, Mauritius, Seychelles and Zimbabwe. Note that I-TIP does not measure NTMs in Comoros, which is currently not a WTO member. Appendix III provides a detailed overview of the specific measures listed per different type of requirement.

Table 2: Overview of relevant NTMs imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database

Member imposing	Partner affected	Requirements	Phase	HS	Measures
Madagascar	All Members	Import licencing	In force	5	5
Madagascar	All Members	Safeguards	In force	0	6
Madagascar	All Members	Safeguards	Initiation	0	2
Madagascar	All Members	Sanitary and Phytosanitary	In force	5	8
Madagascar	All Members	Sanitary and Phytosanitary	Initiation	23	25
Madagascar	European Union	Sanitary and Phytosanitary	In force	2	2
Mauritius	All Members	Import licencing	In force	3	3
Mauritius	All Members	Quantitative Restrictions	In force	9	9
Mauritius	All Members	Sanitary and Phytosanitary	Initiation	14	15
Mauritius	All Members	State Trading Enterprises	In force	3	3
Mauritius	All Members	Technical Barriers to Trade	In force	2	3
Mauritius	All Members	Technical Barriers to Trade	Initiation	2	10
Mauritius	European Union	Sanitary and Phytosanitary	Initiation	1	1
Seychelles	All Members	Quantitative Restrictions	In force	0	6
Seychelles	All Members	Sanitary and Phytosanitary	Initiation	0	1
Seychelles	All Members	Technical Barriers to Trade	In force	4	4
Zimbabwe	All Members	Import licencing	In force	1	1
Zimbabwe	All Members	Sanitary and Phytosanitary	In force	3	6
Zimbabwe	All Members	Technical Barriers to Trade	In force	0	1
Zimbabwe	All Members	Technical Barriers to Trade	Initiation	1	1

Source: WTO.

Out of the 111 overall initiated measures, 19 are related to technical barriers to trade. The vast majority of these (13) are imposed by Mauritius and concern a variety of products such as plastic bags, household appliances, and tobacco products. Seychelles initiated four measures, primarily on plastic and tobacco products, while Zimbabwe initiated two measures related to various products, including household appliances. Out of these overall measures, only a fraction is currently in force: three for Mauritius, one for Zimbabwe.⁹

Mauritius initiated three measures related to **state trading enterprises** which have all been implemented for a long time. These measures concern food and agriculture products as well as petroleum.

With a total of 58, SPS measures account for the majority of overall measures initiated by ESA4 countries. Out of these 58, 35 measures are initiated by Madagascar (10 of them being in force, and 2 of these measures in force being directed against the EU alone). Mauritius accounts for 16 initiated measures, out of which none are in force and one is directed against the EU alone. Seychelles initiated only one measure, while Zimbabwe initiated six measures (which are all in force). **The sectors affected by these measures are food products and livestock and live animals, and pesticides.**

Note that only Madagascar initiated **safeguard measures** with a total of 8 measures, out of which six are currently in force. The measures affect various products such as pasta, blankets and travelling rugs, oils, detergent and soap.

Mauritius and Seychelles also initiated quantitative restrictions, of which all are currently in force. In the case of Mauritius, a total of 9 measures are in force, which covers a variety of different products. Seychelles has a total of 6 measures in force, covering mainly food and wood products. Madagascar, Mauritius and Zimbabwe also have import licencing measures in force. Madagascar has five measures currently in force. Mauritius has three measures in force covering a variety of products. Zimbabwe has one measure in force covering certain agricultural products and fuel (see Appendix 3 for more detail).

Regarding NTMs in Comoros, the International Trade Centre (ITC) conducted an NTM business survey on company perspectives.¹⁰ According to the survey results from importing businesses, customs valuation and goods exemption procedures account for 52% of cases reported. These are the main restrictive measures reported by importing companies, followed by import fees and taxes with 19% of cases. These measures affect a wide range of agricultural and manufactured imported products and create difficulties for businesses due to payment problems and the transparency of regulations in force.

Furthermore, 11% of cases were related to the compulsory passage through a customs port to import goods into Comoros, while 4% were related to import price control measures. Also, technical requirements (2% of cases) and binding assessment procedures on imported products (8% of cases) are essential. Finally, the certification of imported products affected mostly companies importing agricultural products and were reported for 6% of cases.

Regarding the origin of the NTMs, the survey also found that 100% of the non-tariff measures have a domestic origin. Comoros' regulatory obstacles account for 72% of these NTMs, while procedural obstacles in Comoros account for 28%.

⁹ Note that the WTO I-TIP Goods database includes a classification of different phases for each measure. In WTO, some measures have the particular feature of being known before they are put into force. This prior date is, in trade defence measures, the initiation of the investigation. In technical measures, members must notify measures they are preparing a semester before they are put into force. The term initiation therefore means that the measure is known by other members, while it is still not in force; in force means that the interval when the measure is in force has started. For more information, see: <http://i-tip.wto.org/goods/forms/Methodology.aspx>

¹⁰ ITC, 2018. The Comoros: Company Perspectives – An ITC Series on Non-Tariff Measures. See: <https://www.intracen.org/publication/ntm-comores/>

Table 3: Share of NTMs affecting imports in Comoros by category

Category	Specific NTMs	Share (%)
Technical requirements	Packaging requirements	2
Conformity assessments	Product certification	6
	Technical inspection	2
Import fees and taxes	Inspection fees	1
	Handling and storage fees	14
	Other taxes and charges	4
Customs valuation and goods exemption procedures	Customs valuation	43
	Goods exemption	9
Import price control measures	Administrative price determination	4
Other import measures	Mandatory passage through a customs port	11
	Licenses for non-economic reasons	2
	RoO and certificate	2

Source: ITC.

Regarding the sectors most affected by these measures, import taxes, fees and customs valuation procedures affect all categories of products, while customs valuation and product exemption mainly affect chemicals and metals and machinery and equipment. Technical requirements and conformity assessment procedures only affect agricultural products.

3.3 Feedback from government respondents and stakeholders on additional market access obstacles

3.3.1 Civil society organisations

According to civil society stakeholders in Comoros, poorer people at the bottom of agricultural value chains would be unlikely to benefit from the agreements unless targeted measures were included within the agreement. Similarly, poorer people would not be purchasing EU products that would potentially benefit from reduced import taxes under the agreement. Also, local producers and sellers in the Comorian market would be unable to compete with imports.

3.3.2 Feedback from government

The potential decline of import taxes is considered to significantly impact Comoros given the government's dependency on import taxes and the potential need to be replaced by value-added tax (VAT).

3.3.3 Feedback from the private sector and SMEs

During the stakeholder consultation process, companies and SMEs in ESA5 pointed to significant compliance challenges, reporting difficulties in complying with EU standards and SPS measures. These include the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation that has become especially costly for SMEs regarding compliance costs.

Regarding Comoros, private sector stakeholders pointed out that the three significant bottlenecks for imports are taxes, logistical problems and transport costs. In comparison, the three major bottlenecks for exports are export taxes, technical barriers, transport costs, administration formalities, and financing for trade. Private

sector stakeholders also stated that goods are imported from the EU for quality reasons. Otherwise, importers source from elsewhere. Also, there are no phytosanitary rules in Comoros but stringent rules to export to the EU, making it difficult for products to be competitive. Another problem of EU phytosanitary rules is that the laboratory in Comoros is not being accredited, and cash crops, for example, have to get tested in Réunion, which is not feasible for all exporters.

4. The economic impact in terms of trade

The five ESA countries vary significantly in terms of their economic development, domestic economic freedoms, and barriers to international trade. The ex-post evaluation report provided an overview of key indicators across several dimensions, which should be taken into account to assess the comprehensive agreement's potential impacts on individual countries' trade in goods (and services).

4.1 Introduction

This section provides a scoping and analysis of the issue areas with potential economic impacts. For each issue area, we provide an assessment of the main economic sector that could be affected, if applicable, and the possible economic impacts. The analysis also identifies issue areas where the economic impact is likely to be significant and those areas where the economic impact can be comparatively minor.

Based on the screening of potential provisions for trade in goods, agriculture, fisheries and development cooperation as well as the detailed assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks, this section focuses on assessing the economic impact of the following issue areas in more detail:

- SPS provisions
- TBT provisions
- RoO provisions
- Customs procedures provisions
- Trade defence provisions
- Registration and import/export licensing regulations provisions
- Agriculture and fisheries provisions

The analysis also covers other potential provisions like promoting trade for the repair and remanufacture of goods. Finally, the analysis also provides an assessment of relevant horizontal issues (e.g. LDCs, outermost regions, consumer impacts) where relevant and concludes with an overall assessment of strengths and weaknesses of the provisions, including an overview of relevant stakeholder feedback.

4.2 The economic impact of potential SPS provisions

4.2.1 *Baseline*

The interim agreement does not include specific provisions covering sanitary and phytosanitary measures.

4.2.2 Screening of SPS provisions

Table 4: Detailed screening table of potential SPS provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible sanitary and phytosanitary measures			
Strengthening ESA policy and legislation on sanitary conditions for livestock	The sectors most affected are food producers as well as livestock producers and farmers.	Harmonisation of SPS standards could lead to significant regional integration, which could, in turn, lead to increased trade, especially regarding most affected products like food products.	Major
Communication on outbreaks of animal diseases		Promotion of trade in sustainable products could support economic growth in ESA countries, as the market for fair trade products is expanding in the EU, and potentially support ESA5-based SMEs.	Major
Promotion of OIE norms on animal welfare		Sustainable agriculture practices, the industry could support more stable economic growth.	Major
Encouragement to address microbiological resistance in the use of veterinary pharmaceuticals		More sustainable agricultural practices and possible diversification of production. In turn, this can reduce the dependency on a few agricultural products and support economic diversification.	Major
Development cooperation to support training and capacity in ESA countries			Major
Transparency and dialogue on SPS issues			Major

Source: Own analysis.

4.3 The economic impact of potential TBT provisions

4.3.1 Baseline

The interim agreement includes a title on non-tariff measures, covering specific provisions on national treatment on internal taxation and regulation.

4.3.2 Screening of TBT provisions

Table 5: Detailed screening table of potential TBT provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible measures concerning Technical Barriers to Trade (TBT)			
Promotion of ESA participation on standard-setting bodies and committees	All economic sectors, but especially plastic and household products as well as tobacco products.	Indirectly, transparency can lead to better knowledge, implementation, and monitoring and, thus, a better	Major

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Development cooperation/technical assistance for ESA countries to implement international product standards		implementation of sustainable practices, supporting sustainable patterns for economic growth.	Major
Promotion of international accreditation		Gradual expansion of ESA5 companies' portfolio of manufactured export products that comply with EU standards.	Major
Conformity assessment procedures		Gradual integration of ESA5 companies in international value chains.	Major
Equivalence and private schemes		Safer industrial and consumer products.	Major
Transparency			Major
Technical regulations, marking and labelling			Major

Source: Own analysis.

4.4 The economic impact of potential RoO provisions

4.4.1 Baseline

Regarding the Protocol on RoO, the EPA Committee adopted Decision No 1/2020 in January 2020, amending specific provisions. The amended protocol¹¹ entered into force in March 2020, aiming to simplify and facilitate trade between the ESA region and the EU. The amendment allows accounting segregation for materials, the possibility for ESA countries to ship originating and non-originating sugar without keeping it in separate stores, replaces the provision on direct transport with a provision on non-alteration and includes the possibility for the Parties to exclusively use self-certification as proof of origin and ceasing the issuance of movement certificates EUR. REX for EU exports to ESA countries.¹²

4.4.2 Screening of RoO provisions

Table 6: Detailed screening table of potential RoO provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Rules of origin			
Rules on providing originating status	All economic sectors	The ESA-EU Rules of Origin could be further simplified.	Major

¹¹ See: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A22020D0425>

¹² See: https://ec.europa.eu/taxation_customs/news/amended-rules-origin-eu-esa-interim-epa_en. For further details, please also see the analysis in the ex-post evaluation, which includes an assessment of economic impacts of the interim EPA, including a dedicated section on RoO.

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Origin procedures		<p>Where possible and feasible alternative PSRs could be introduced to facilitate compliance by the exporters and per chapter (elimination of outdated exemptions) and the PSR could be less stringent with a higher value of non-originating materials allowed. Where possible and feasible, one PSR could be used per chapter. The PSR could be made less stringent with a higher value of non-originating materials allowed and higher levels of value tolerance introduced.¹³ Further simplified RoO could also contribute significantly to trade facilitation between ESA5 countries and the EU.</p> <p>The agreement could generally provide duty-free quota-free access for ESA5 countries to the EU market based on further simplified RoO.</p> <p>Support export diversification and increase of export standards in ESA5 countries.</p> <p>High participation of ESA5-based SMEs in trade with EU customers due to prevention of deterrent effect of RoO.</p> <p>Promote creation and development of local and regional value chains among ESA5 economies.</p>	Major

Source: Own analysis.

¹³ For further details, please also see the analysis in the ex-post evaluation, which includes an assessment of economic impacts of the interim EPA, including a dedicated section on RoO.

4.5 The economic impact of potential customs procedures provisions

4.5.1 Baseline

The interim agreement includes a title on administrative provisions, covering a special provision on administrative cooperation, and includes a protocol for mutual administrative assistance in customs matters.

4.5.2 Screening of customs procedures provisions

Table 7: Detailed screening table of potential customs procedures provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Customs procedures			
Enhanced cooperation in customs matters	All economic sectors	Enhanced cooperation in customs matters and targeted technical assistance and capacity building programmes could result in cost and time saving, especially in ESA5 countries.	Minor
Institutional provisions and capacity building			Minor
Enhanced protocol on customs mutual administrative assistance			Minor

Source: Own analysis.

4.6 The economic impact of potential trade defence provisions

4.6.1 Baseline

The interim agreement includes a title covering trade defence measures, including provisions on anti-dumping and countervailing measures as well as multilateral and bilateral safeguards.

4.6.2 Screening of trade defence provisions

Table 8: Detailed screening table of potential trade defence provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Trade Defence			
Safeguards	Only Madagascar initiated safeguard measures. The measures affect various products such as pasta, blankets and travelling rugs, oils, detergent and soap.	Distortion of competition. Depending on the level of restrictiveness of the measure, elimination of competition, higher prices, lower qualities.	Minor

Source: Own analysis.

4.7 The economic impact of potential registration and import/export licensing regulations

4.7.1 Baseline

The interim agreement includes a title on non-tariff measures, covering specific provisions on national treatment on internal taxation and regulation.

4.7.2 Screening of registration and import/export licensing provisions

Table 9: Detailed screening table of potential registration and import/export licensing provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Registration and import/export licensing regulations			
Transparent import and export licensing	All economic sectors	Indirectly, transparency can lead to better knowledge, implementation and monitoring of the better implementation of sustainable practices, supporting sustainable patterns for economic growth. Higher participation of ESA5-based SMEs in trade with EU customers due to reduction of deterrent effect licensing regimes.	Minor

Source: Own analysis.

4.8 The economic impact of potential agriculture and fisheries provisions

4.8.1 Baseline

The interim agreement includes a chapter on fisheries covering marine fisheries as well as inland fisheries and aquaculture development, laying out areas of cooperation in these fields.

4.8.2 Screening of agriculture and fisheries provisions

Table 10: Detailed screening table of potential agriculture and fisheries provisions¹⁴

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Agriculture and fisheries			
	Agriculture and fishery sectors (especially fisheries sectors in Mayotte and La Réunion). Mauritius initiated three measures related to state trading enterprises that concern food and agriculture products and petroleum.	Likely to affect short-term poverty and food security issues and require adaptation mechanisms under the EPA. Several sensitive products are excluded from the agreement. In Comoros, the existing fisheries agreements were widely described as unequal, with Comoros gaining little benefit compared to the EU, hence a need for these to be renegotiated as a priority.	Major

¹⁴ For more detail on the impact of fisheries provisions, including on the EU's outermost regions, consult the dedicated fisheries case study which forms part of the SIA analysis.

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
		Support to agricultural production, processing and export was also seen as key whilst ensuring that value went down the chain to the poorest people.	

Source: Own analysis.

4.9 The economic impact of other possible measures

4.9.1 Baseline

The interim agreement does not include specific provisions covering the promotion of trade for the repair and remanufacture of goods.

4.9.2 Screening of other possible measures

Table 11: Detailed screening table of potential other possible measures

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Other possible measures			
Promotion of trade for the repair and remanufacture of goods	All economic sectors, particularly manufacturing.	Increased manufacturing and export activities in ESA5 countries. Increased diversification in manufacturing and export industries in the medium- to long term.	Minor

Source: Own analysis.

4.10 Feedback from government respondents and stakeholders on economic impacts

4.10.1 Civil society organisations

Civil society stakeholders first focused on the importance of the comprehensive EPA as a tool for socio-economic development by reducing poverty, reducing social and economic inequalities, and enhancing living standards and people's quality of life. **Respondents from civil society organisations also pointed out that the EU is the first developed country trade partner to launch a deep and comprehensive, new-generation free trade agreement, including two LDCs (Comoros and Madagascar).** A deep EPA is considered to become the template for all ACP regions potentially.

However, civil society organisations in ESA countries also indicated a likely erosion of the EPA's benefits for ESA5 countries over time due to increased competition from other African countries and other regions when other EPAs are implemented and standards enforced accordingly. Finally, civil society stakeholders saw the danger that premature extensive market opening could lead to the displacement of uncompetitive domestic producers and allow resources to leave less developed countries. For example, the liberalization of local food

markets in key agricultural products like dairy and beef, poultry, vegetables is one area of potential danger for local farmers in ESA5, whose ability to sell on the local market could be threatened by competition from cheaper imports.

4.10.2 Feedback from government

Government respondents from Seychelles pointed out that the agreement is expected to provide duty-free quota-free access for ESA5 countries to the EU market based on RoO. Respondents from the government of Seychelles also stated that reciprocal trade with the EU is likely to affect issues such as poverty as well as food security and will require adaptation mechanisms under the EPA and that a number of sensitive products are excluded in the agreement. During the stakeholder consultations, respondents from the government of Seychelles noted that additional efforts are needed for targeted support to key divisions of the public sector that will facilitate the expediting of trade under EPA, such as the Competition and Tariff Commission. The respondents also note that at the request of the ESA5 countries, the EU has agreed to provide financial assistance for the setting up of an EPA Coordination Mechanism whose aim is to provide appropriate coordination and technical support to the five ESA countries so that they can engage effectively in the negotiation process.

Respondents from the government of Seychelles also pointed to the importance of regional (ESA5) integration and harmonisation of positions among ESA5 countries to deepen the EPA's deepening negotiations. They stated that it is of strategic importance for ESA5 countries to continue negotiating as it is essential to consolidate intra-ESA5 trade and integration.

The reduction of revenues from customs taxes is seen as a key potential impact on Comoros by public stakeholders. A high percentage of Comoros' government revenues comes from taxes on imports, so a potential reduction in these was a concern to several interviewees. Others, however, suggested that the agreements could serve to progressively push taxation away from imports towards other sources of government revenue such as VAT, which would mark a critical fiscal change for the country.

Several interviewees from the public sector in Comoros highlighted the potential for opening up trade with Mayotte. Some interviewees expressed frustration that whilst Mayotte is off the negotiating table, normalising trade with Mayotte, mainly agricultural exports, could have more of an impact and help more of the poorest people than other elements of the EPA.

4.10.3 Feedback from the private sector and SMEs

Zimbabwe's overall potential to access opportunities presented by EPAs remains constrained by internal challenges, politics, bad environment, currency issues, and others.

Private sector respondents from Zimbabwe stated that despite Zimbabwe currently has a trade surplus with the EU, primary commodities dominate exports from Zimbabwe to EU markets at the expense of manufactured products. Exports to the EU have been dominated by horticultural products that include paprika, macadamia nuts, avocados and peas. There have been some efforts to resuscitate beef and meat production for purposes of supplying the European market. According to these stakeholders, the negotiations must address SPS issues since the EU market standards are perceived as strict, and most of the Zimbabwean industries find it challenging to attain. More so, the industry in Zimbabwe is concerned that pertaining to value chain development, the current Zimbabwe-EU trade relations cement Zimbabwe's position as a producer of primary commodities lacking any promotion of national and regional value chain development.

Also, overall private sector respondents stated that UK Government is in the process of delivering continuity in the UK's trade relationship with the ESA countries of Madagascar, Mauritius, Seychelles and Zimbabwe. The EU-ESA5 comprehensive EPA should therefore consider provisions of negotiating FTAs with third parties by ESA5.

A private sector stakeholder from la Reunion pointed out that even if ESA5 countries accept to open their market to EU sugars, their social, environmental and productive standards are lower than the EU ones. This stakeholder identifies an absence of a level playing field between the EU and the ESA countries regarding the cane sugar sector. The sugar industries of ESA countries are competitive in their own market. Accordingly, they will remain effectively closed to EU outermost regions products according to the stakeholder. Following the conclusion of trade agreements with Central America and the Andean Community by the EU, competition has considerably increased in this market, already accentuating pressure on the EU outermost regions. According to the stakeholder, the EU must acknowledge that part of its agricultural production is in direct competition with agricultural products produced in neighbouring tropical countries.

4.11 Feedback from government respondents and stakeholders on development cooperation

Stakeholders from government, private sector and civil society organisations all also noted the need for ESA5 Countries to develop further and update their respective EPA implementation strategies and frameworks. They especially stressed the need to mobilise resources domestically to finance the implementation and mobilise the private sector to utilise the market opportunities to be negotiated under the deep EPA. Especially private stakeholders noted a limited preparedness of the private sector in utilising market access offers under the comprehensive EPA.

4.11.1 Civil society organisations

Civil society organisations in ESA countries also pointed to infrastructure challenges among ESA5: Except for Seychelles, Madagascar, Comoros and Mauritius, which have access to a sea coastline, Zimbabwe is the only country that is land locked and faces infrastructure challenges ranging from poor roads, railway and ICT. The development dimension has been limited to mainly technical assistance, whereas the needs of ESA5 countries also need support regarding infrastructure.

4.11.2 Feedback from government

Government respondents pointed to a clear need for a development dimension in the comprehensive EPA. According to their views, the success and failure of comprehensive EPA negotiations do not have to be measured mainly against market access of interest to ESA5. It also has to be measured against a commitment to development. Accordingly, they stressed that there is a need for an explicit development cooperation chapter and that the negotiations should also focus on aid and development needs. The cost of measures and compensating people for the losses encountered due to implementing the provisions of the EPA should be analysed. It is considered important that the comprehensive EPA includes predictable funding of an EPA adjustment facility.

4.11.3 Feedback from the private sector and SMEs

Private sector stakeholders in Zimbabwe pointed to a lack of understanding of the technical issues involved in the negotiations, not only by the industry but also in the relevant ministries. This is because most sector players are not participating in the negotiations, which makes it very difficult for them to appreciate, understand and benefit from the final agreements. Stakeholders from Zimbabwe's private sector noted that there had been no meaningful impact from EPAs as the government delayed implementing the agreement provisions due to structural challenges. About the current negotiations, the industry believes that there is not much that is going to happen in terms of economic benefits as Zimbabwean industries are still struggling to take off. The industry in Zimbabwe is said not to be strategically positioned to take any opportunities in the European market.

In Comoros, the private sector stated that they had feeble knowledge about the EPA, while civil society respondents stated to have none. Non-state actors suggested that the dissemination of information was insufficient. Also, the private sector would like to be more deeply involved in negotiations. Several businesses representatives felt that the sector was largely excluded from the processes and negotiations to the detriment

of Comoros negotiating power and potential to benefit from the agreements. Interviewees from all sectors expressed concerns about unequal negotiating capacity. There is a widely-held view that Comoros is unable to compete with the EU at the negotiating table. Moreover, non-state actors suggested that the Comorian authorities did not maximise their capabilities by failing to be inclusive regarding their negotiating teams.

Besides problems related to ownership and governance in ESA5 countries, there is also a perceived deficit in the targeting of development measures on the side of the EU. Simultaneously, private sector respondents from Zimbabwe and Madagascar indicated that most development assistance coming from the EU is targeted mainly towards micro and smallholder production level, which has little capacity to transform the Zimbabwean and Madagascar industry. It is rather perceived as cementing them as producers of primary commodities for export to the EU market. Accordingly, these efforts do not promote national and regional value chain development.

European private sector stakeholders stated that the EU should provide adjustment assistance for lost customs revenues and that this should include programmes to increase the competitiveness of the African private sector and infrastructure measures.

4.12 Key economic impacts

In 2019, **total trade between the EU and ESA5** was the highest with Mauritius (€1.8 billion), followed by Madagascar (€1.7 billion). The corresponding figures for Zimbabwe (€514 million), Seychelles (€445 million) and Comoros (€82 million) were much lower. In 2019, there has been a slight increase in trade with ESA5 countries (€43 million). However, EU imports from ESA5 decreased by €234 million, and EU exports to ESA5 increased by €277 million. The resulting reverse of trade balance towards a positive balance for the EU is primarily due to Mauritius and Madagascar.¹⁵

Overall, the economic impacts of a comprehensive agreement for exports from ESA5 economies are likely to increase trade in goods, with particular benefits in forest products and marine resources.

- A major economic impact is considered **to originate from potentially further simplified RoO provisions**. In fact, further simplified RoO could determine the conditions under which the ESA5 products can benefit even more from duty-free quota-free access to the EU market. This could also promote the creation and development of local and regional value chains among ESA5 economies.
- Provisions regarding **technical trade barriers are expected to have major economic impacts in all economic sectors**. Barriers can currently be observed, especially in plastic, household products and tobacco in ESA5 countries.
- SPS measures are another area where **significant economic impacts are expected, particularly in sectors such as food products and livestock and pesticides**. There are significant challenges in complying with EU Standards and SPS measures, in particular for SMEs. Private standards also constitute an additional barrier to ESA5-based companies, particularly SMEs, to access the EU Market, but these are not addressed in the negotiations. The comprehensive agreement could improve standards in ESA countries, enhancing food safety and at the same time level the playing field between private and legally imposed standards. ESA5 countries will likely upgrade their standards as they will face more competition from other regions.
- The **harmonisation of SPS standards in the region could contribute to the development of regional integration**. This could lead to increased trade in the region, especially regarding the most

¹⁵ For a more detailed overview of the evolution of bilateral trade flows see:
https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159048.pdf

affected products like food products. This **could support economic growth in ESA countries, including SMEs**. However, as various aspects of trade, including the standards and SPS issues, will have to be adhered to, support under the EPA to upgrading these aspects for ESA5 countries will remain critical.

- **Potential customs procedures provisions are likely to facilitate increased trade activity and lead to cost savings for ESA5 countries.** Compared to other likely impacts, these economic impacts can be regarded as relatively small.
- Potential registration and import/export licensing regulations are expected to have a minor economic impact, mainly indirectly through better implementation of standards by ESA5 companies.

Regarding benefits for consumers, the increase in exports to the EU would generate increased production and export revenues, which should contribute to higher income and diversification of income sources, with overall positive effects on ESA5 citizens purchasing power. The increase in imports from EU suppliers would, overall, lead to a broader product range of high-quality products that ESA5 consumers could benefit from. Generally, SPS provisions and technical standards would lead to safer industrial and consumer products.

The comprehensive EPA would increase competition for EU markets within other ACP countries and from non-ACP member countries. To benefit in the medium- to long run, ESA5 exporters will have to diversify their production and upgrade their standards.

As concerns the comprehensive agreement, regulatory competition might evolve from the United Kingdom (UK) - Eastern and Southern Africa (ESA) EPA, which has come into force on 1st January 2021. Provisions of the UK-ESA Agreement are similar to those of the Interim EPA signed between the EU and ESA countries, and the Agreement also contains a “Rendez-Vous” clause regarding future negotiation between ESA and the UK on areas not currently covered, which include trade in services, investment, trade facilitation, competition policy, trade facilitation and others.

Regarding effects on governance and the business environment, we look at a sub-index of the economic freedom index, namely the measure for the restrictiveness of regulations, with even deeper disaggregated sub-indexes on the credit market business regulations.¹⁶ The recent development of this sub-index in ESA4 countries suggests that the comprehensive EPA may improve the business environment.¹⁷

The reduction of revenues from customs taxes can be considered a high potential economic cost for ESA5 countries. This could be offset by other sources of government revenue such as VAT and sales taxes and higher revenues from taxes on labour and capital income in the longer term.

As concerns regional integration, the comprehensive EU-ESA EPA may facilitate the consolidation of intra-ESA5 trade and commercial integration if countries harmonise their positions during the negotiations and agree on common standards. The agreement could also serve regional integration by becoming a template for negotiations involving other ACP regions.

¹⁶ The sub-index of business regulations is further broken down into measures of administrative requirements, regulatory burden, starting a business, impartial public administration, licencing restrictions and tax compliance.

¹⁷ For business regulations, Mauritius shows the highest (best among ESA countries) score of 8.25 in 2018, followed by Seychelles (7.63), Madagascar (5.80) and Zimbabwe (5.15). Note that the score of all four countries has been increasing since 2013. For the overall regulation sub-index, Mauritius had the highest score in 2018 of 8.36, followed by Seychelles (7.69), Zimbabwe (6.28) and Madagascar (6.19) (see Annex I).

ESA5 countries are competing with the EU's outermost regions on agricultural products, e.g. in the cane sugar sector. Liberalisation in this field could increase commercial risks for producers in the EU's outermost regions, particularly in agricultural sectors.

5. Environmental, social, gender and human rights impacts

5.1 Screening of possible impacts

The following tables present a screening of the possible environmental, social, gender and human rights impacts arising from the possible measures related to goods, including those for SPS, TBT and RoO. This screening is linked to the screening of economic impacts in section 4, as the changes in ESA production will play a key role in determining impacts in the other dimensions of sustainable development.

Section 5.2 then reviews the key impacts that are identified in these tables. EU development cooperation can play a key role in addressing possible negative impacts and ensuring that positive impacts occur. Key areas for development cooperation are summarised in section 5.3.

Table 12: Detailed screening table of potential SPS provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible sanitary and phytosanitary measures			
Strengthening ESA policy and legislation on sanitary conditions for livestock	Alignment of SPS requirements could result in greater trade exports of livestock from ESA countries, potentially leading to adverse environmental impacts associated with raising additional livestock, including emissions from feed production, negative effects on biodiversity from land clearance for livestock, and transportation. Stronger application of SPS for ESA exports should reduce risks of pests (including some alien species) and diseases, which could have a preventative effect on the possibility of imports having negative impacts on biodiversity in the EU. Reinforced SPS measures could also impact the reduced spread of diseases	All the ESA5 countries consider SPS measures as 'high priority' in the negotiation process.	Minor
Communication on outbreaks of animal diseases and plant and food safety issues		Stronger adherence to EU SPS standards can increase export opportunities to the EU and enhance the possibility to move from lower to higher added-value products. This can lead to increased trade among ESA5 countries.	Minor
Promotion of OIE norms on animal welfare		The advantage of stricter adherence to EU SPS standards can disappear in the long term as the EU signs more EPAs and agreements.	Minor
Encouragement to address microbiological resistance in the use of veterinary pharmaceuticals		Overcoming challenges and practical difficulties in complying with EU standards and SPS measures could imply higher compliance costs for	Minor
Development cooperation to support training and capacity in ESA countries			Major
Transparency and dialogue on SPS issues			Major

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
	<p>and pests within those countries, which could have a positive effect on their biodiversity.</p> <p>Development cooperation to support training in this area could enable SPS techniques to reach SMEs that may currently have limited capacity to implement them, therefore multiplying any positive environmental impact of adopting SPS measures.</p> <p>Promotion of OIE animal welfare standards could improve conditions for farm animals but would depend on capacity building for farmers and veterinarians.</p>	<p>businesses in ESA5 countries, especially SMEs. Stakeholders from the private sector have expressed concern at the cost of meeting EU SPS standards, and additional requirements could restrict exports unless the capacity building is in place.</p> <p>More sustainable agricultural practices and possible diversification of production could reduce the dependency on a few agricultural products and support economic diversification.</p> <p>Regulatory approximation and stricter adherence to EU SPS standards and, in general, sustainable practices in agriculture and industry could support more stable economic growth, help reducing dependency on a few agricultural products, and support economic diversification.</p> <p>Sustainable practices in agriculture and industry (including food safety) will affect health conditions and limit the risks of contaminated or unhealthy food. However, these effects are expected to be limited. Working conditions are likely to improve somewhat, but this effect is not expected to be significant.</p> <p>Encouragement to address microbial resistance when using veterinary pharmaceuticals could reduce risks to animal and human health but would depend on capacity building for farmers.</p>	

Source: Own analysis.

Table 13: Detailed screening table of potential TBT provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible measures concerning Technical Barriers to Trade (TBT)			
Promotion of ESA participation on standard-setting bodies and committees	Textiles can contain substances of serious concern under EU legislation (including the REACH regulation). Given the importance of textiles as an export commodity in several ESA countries, stricter rules on using certain chemicals banned based on REACH could reduce waste water pollution.	All the ESA5 countries consider TBT measures as 'high priority' in the negotiation process.	Minor
Development cooperation/technical assistance for ESA countries to implement international product standards		The possible effects are somewhat similar to those of SPS measures. Reduction of TBT, lower import costs, and enhance the possibility to move from lower to higher added-value products. This could improve employment in exporting industries.	Major
Promotion of international accreditation		On the other hand, domestic reductions of TBT can expose ESA5 countries to increased competition. This would create risks for employment and wages in sectors exposed to greater competition.	Minor
Conformity assessment procedures		The overall expected positive impact on economic growth can have (positive) repercussions on average disposable incomes. However, higher-income ESA countries may see positive results more quickly than lower-income countries.	Minor
Equivalence and private schemes		Working conditions are likely to improve overall somewhat, but this effect is not expected to be significant.	Minor
Transparency		Adherence to international standards for products could improve consumer safety, but this is not expected to be a major impact.	Minor
Technical regulations, marking and labelling			

Source: Own analysis.

Table 14: Detailed screening table of potential RoO provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
RoO			
Rules providing originating status	Greater export production in some sectors could result in higher pollution levels (scale effect). This effect could be partially counterbalanced by export diversification, which might change and possibly even reduce pollution from ESA export sectors (structural effect)	To the extent that changes in RoO increase ESA5 countries' exports, there could be greater employment	Minor
Origin procedures			Minor

Source: Own analysis.

Table 15: Detailed screening table of potential customs procedures provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Customs procedures			
Enhance cooperation in customs matters	Greater cooperation in customs procedures could contribute to reducing the illegal trade in endangered species. Current statistics published by CITES show disparities in the reporting of trade in CITES-listed species between exporting ESA countries and importing EU countries. Better enforcement vis-à-vis illegal waste imports might also result.	All the ESA5 countries consider customs procedures as 'high priority' in the negotiation process. Simpler, more efficient customs procedure can facilitate imports and exports, with positive impacts on economic growth. In turn, this can have positive impacts on occupation and salaries.	Minor
Institutional provisions and capacity building			Minor
Protocol on customs mutual administrative assistance			Minor

Source: Own analysis.

Table 16: Detailed screening table of potential trade defence provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Trade Defence			
Safeguards	If the EU implements a safeguard procedure on a crucial agricultural export from an ESA5 country, it would likely cause the waste or destruction of the	All the ESA5 countries consider safeguards as 'low priority' in the negotiation process. Nonetheless, increased EU imports could impact	Minor

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
	product, assuming no alternative market was found.	employment and wages along with rights to work (minimum wage, hours of work, holidays, etc.) as well as the right to adequate working conditions in some ESA sectors. This may be the case in particular for lower-income ESA countries; consequently, maintaining safeguards, particularly for lower-income countries, could be valuable to protect social conditions and human rights (especially for vulnerable groups) as the trade agreement over a short or medium term.	

Source: Own analysis.

Table 17: Detailed screening table of potential registration and import/export licensing regulations provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Registration and import/export licensing regulations			
Transparent import and export licensing	Effective enforcement of transparent import and export licensing is an essential tool in the fight against the illegal trade of wildlife and plants. Whilst records are currently kept, stronger regulations could help to reduce illegal trade in endangered species further.	Simple registration and import/export licensing regulations can facilitate imports and exports, positively impacting economic growth. In turn, this can have positive impacts on occupation and salaries.	Minor

Source: Own analysis.

Table 18: Detailed screening table of potential agriculture and fisheries provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Agriculture and fisheries			
	Likely to have a large impact.	Cooperation in the area of agriculture and fisheries could have an impact on food security issues.	Major

Source: Own analysis.

Table 19: Detailed screening table of potential other possible measures

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Other possible measures			
Promotion of trade for the repair and remanufacture of goods	Repair and remanufacture are elements of the circular economy. Promotion of repair and remanufacture of goods should help to reduce waste and encourage repurposing of end-of-life products.	Could encourage manufacturing in the region, and thus impact occupation and salaries positively	Minor

Source: Own analysis.

5.2 Overview of key impacts and issues

One possible key environmental impact is the potential reduction of pests and diseases in agriculture due to the implementation of SPS measures, which could also help to improve animal welfare through the promotion of OIE standards. This would, however, likely be a long-term result as it will depend on capacity building in government and in the sector. Improved SPS measures could boost regional exchanges, leading to better animal and plant health in the region, including beyond the five ESA countries. **A potential negative environmental effect** of increased SPS provisions could be that it encourages the livestock sector in ESA5 countries to develop for export (particularly the larger ones, such as Zimbabwe), which could cause land use change, including deforestation damaging to biodiversity and increased emissions, mainly if cattle ranching is developed.

Under TBT measures, greater adherence to international standards could improve consumer safety also for goods produced for domestic ESA markets. Greater awareness of these standards and EU requirements, along with capacity building, could enhance results.¹⁸

Another substantial environmental impact of provisions on customs procedures and import and export licensing could be strengthened controls on the illegal trade in endangered species. This is particularly relevant given the ESA5 states' rich biodiversity. Provisions to promote trade for the repair and manufacture of goods could facilitate the development of circular economy practices between Parties. As discussed below, development cooperation to aid the implementation of provisions could have positive impacts on the environment.

A key social impact is that the potential growth of exports from ESA5 countries to the EU, combined with lower import costs, could enhance possibilities to move from lower to higher added-value products, which is expected to support economic growth and, in turn, have positive impacts on occupation, salaries and working conditions. However, such positive impacts could reduce progressively over time and even disappear, as other ACP and third countries sign EPAs with the EU and adhere to EU standards and procedures, increasing competition for EU markets.

¹⁸ A review of the EU RAPEX database found only one case for ESA countries, in 2014, where an alert had been issued by France regarding necklaces and bracelets manufactured in Madagascar. These products were a chemical risk due to lead levels exceeding the legal allowance and thereby not complying with the REACH Regulation. European Commission, 'Safety Gate: Rapid Alert System for dangerous non-food products':

https://ec.europa.eu/consumers/consumers_safety/safety_products/rapex/alerts/?event=main.search&lng=en#searchResults

Furthermore, the positive impacts of increased exports are not likely to manifest in the same way for all ESA5 countries. Low-income countries may be less likely to increase their exports towards the EU in the short term, but domestic sectors would be exposed to increased EU imports. The higher competition could impact employment and wages along with rights to work (minimum wage, hours of work, etc.) as well as the right to adequate working conditions in some ESA sectors.

Development cooperation and technical assistance on standards, customs procedures and licensing regulations are necessary for the positive impacts of increased exports towards the EU to occur.

5.3 Development cooperation

The screening of possible measures shows that EU development cooperation can be valuable in mitigating potential adverse effects and ensuring that positive effects are seen, particularly in terms of the environment. Key areas for cooperation include the following:

- **Capacity building and technical assistance for customs authorities should complement development cooperation and awareness raising activities that target and actively involve business representative organisations in the ESA5 countries.** These can, in turn, support economic operators in making better use of trade facilitation measures and develop exports.
- **Capacity building for customs authorities should include methods and tools to address illegal trade in protected species and waste.** This could be carried out in cooperation with international organisations, such as the CITES and Basel Secretariats, and possibly other interested donors.
- **The promotion of OIE standards on animal welfare will require capacity building for national authorities and veterinarians in ESA countries (possibly via veterinary programmes in universities and veterinary associations).** Awareness-raising and capacity building for farmers can also be valuable.
- **The promotion of attention to issues of microbial resistance when using veterinary pharmaceuticals would also require capacity building, potentially again for veterinary as well as medical schools.** Cooperation with international organisations such as WHO may be valuable.
- **Capacity building for compliance with TBT and SPS requirements** could help resolve any potential issues using substances not permitted in products sold in the EU, with advice on alternative substances.

6. Policy recommendations

6.1 Background

As a starting point, the ex-post analysis of the interim EPA has identified several shortcomings in the existing EPA that need to be addressed by the negotiations of a deeper agreement. The first shortcoming is that the interim EPA lacks specific provisions on how to achieve the objective of contributing to the reduction and eventual eradication of poverty through the establishment of a strengthened and strategic trade and development partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement.

The focus of the interim EPA has been on the trade dimension. The development dimension of the EPAs is rather indirect, rightly trusting that the trade dimension in principle is development-friendly. To mitigate negative

consequences and strengthen the trade dimension, the EU has supported the ESA5 countries with a number of specific and general development programmes.¹⁹ The EPA development agenda may benefit if it focuses stronger on the self-assessment of needs by the ESA5 countries. **Thereby, it may take a demand-side approach (meaning that the ESA5 countries outline their needs and overall objectives of economic and social development) rather than a supply-side approach (meaning that the EU specifies the amount of funding and conditions for how such funding can be utilised).**

Concerns are generally raised about the comprehensive nature of the EPA. It is argued to form a challenge for the ESA5 countries. ESA5 private sector companies, including SMEs, generally find it challenging to take advantage of the EPA. This is a critical insight that should be considered, particularly the complex negotiations of standards and non-tariff measures, including RoO, to be simplified further.

Stakeholder consultations have partly revealed that information from the print and digital media, academic writing and capacity building programmes have helped local stakeholders to learn more about EPAs and the processes involved. These efforts could be further intensified to raise awareness about the deepening negotiations. Also, trade facilitation support has had a positive impact. Although it cannot be quantified, this avenue promises further success.

6.2 Implementation

6.2.1 *Involve the private sector and potential new investors in trade negotiations*

In the negotiations process, it is critical to have non-state actors involved in the negotiations and play a critical role in monitoring EPAs. Social partners, including the Church and CSOs, and the business sector should be directly taking part in the negotiations and be involved in monitoring the implementation of the EPA. The monitoring exercise has to systematically collect data and experiences and process these experiences to inform policies and negotiations. They also should be partners in implementing and evaluating the National Indicative Programme.

Each ESA5 country could further develop a National EPA Committee that could develop the national EPA Plan's trade and development components, based on the commitments made in the comprehensive EPA, and monitor implementation continuously, with a regional coordinating mechanism in place. The National EPA Committee (NEPAC) could increasingly comprise the government (Ministries of Finance, Trade, Infrastructure, Economic Development and Industry), the Chambers of Commerce, Manufacturers Association, a representative of MSMEs and a representative of civil society organisations and a representative from academia. It would meet every month, or more often if necessary. It would be responsible for drawing up a National EPA Plan that would finalise the country's inputs into the EPA negotiating agenda, to be coordinated at the regional level so that the ESA5 had a common negotiating position. The NEPAC would also be responsible for monitoring the implementation of the EPA – both the trade and development agendas.

6.2.2 *Capacity Building*

ESA5 countries need better coordination of capacity building activities. The NEPACs or another body could coordinate the capacity building activities required to allow CSOs, government departments and industry to actively participate not only in the negotiations (which would also benefit the country in all other negotiations, including the AfCFTA negotiations) but also benefit from the EPAs themselves.

ESA5 countries need to improve the visibility and flow of information. The NEPAC could also be responsible for improving the visibility and flow of information on EPAs, outlining the possible advantages as well as explaining what mitigation is being done to address the negative aspects of EPAs. This improvement

¹⁹ See the Chapter on Development in the Ex-Post-Evaluation within this SIA.

in visibility and information flows could take advantage of social media platforms, websites, public meetings, radio programmes and television programmes. The communication strategy would be a part of the National EPA Plan.

The EU can support the capacity building process by identifying weakness and using its own experiences in trade facilitation. Also, part of the development budget could be spent on improving trade capacities, including infrastructure. Stakeholders in Zimbabwe identified the domestic infrastructure and its connection to the neighbouring countries, including the relevant ports, as serious obstacles.

There is no doubt that Technical Assistance and Capacity Building (TACB) programmes have had a positive impact and have built the capacity of stakeholders in ESA EPA countries on PSRs. However, these TACB programmes have mainly targeted government officials and Customs staff rather than the primary beneficiaries of the EPA, these being producers and exporters in the private sector. What is urgently required is a TACB programme that can give firms one-to-one advice on EU market access issues, including advice on how to comply with RoO, advice on where the firms can source component parts to allow them to meet local materials requirements through the use of cumulation, advice on how to put in place administrative cooperation agreements and generally improve the levels of cumulation.

6.2.3 Barriers to Trade

Private sector and SME stakeholder respondents hold a general position on the importance of continuing the EPA negotiations with the EU. Concerning market opening in ESA5 countries, they indicated some open questions. One key issue that stands out is that liberalization commitments should be pegged to clear development thresholds or benchmarks and must not be more onerous than the low levels of liberalization by other countries (e.g. Mexico and Syria) in EU FTAs.

- For example, various clauses in the EPA which the EU has inserted should be eliminated: standstill clause; export taxes; MFN clause, non-execution clause and abolition of community levies as these are clearly WTO-plus and would put Africa's development objectives in serious jeopardy.
- Other clauses must be vastly improved upon bilateral safeguards, infant industry clause, the definition of the parties, to name only a few.

The European Union and its ESA partners in the EU-ESA EPA are continually improving the RoO. These changes should benefit existing producers in the ESA5 countries and new investors in new industries or suppliers in new, or non-traditional, global value chains. The ESA5 countries must be able to define in their trade and industrialisation policies what the target industries and value chains are into the EU market. This process should involve the potential investors and private sector stakeholders to the extent possible, including on further simplified RoO, to ensure the agreed RoO can be complied with so that these "new" producers can benefit from the preferences offered by the EU.

Thereby, further simplified RoOs could contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU. Modern manufacturing processes used in the developed world comprise global value chains that involve different companies in different countries adding value along the value chain and often adding tiny percentages of value to the final product.

The ESA-EU Rules of Origin could be further simplified. Where possible and feasible alternative PSRs could be introduced to facilitate compliance by the exporters and per chapter (elimination of outdated exemptions) and the PSR could be less stringent with a higher value of non-originating materials allowed. Further simplified RoO could also contribute significantly to trade facilitation between ESA5 countries and the EU. Moreover, there needs to be a cumulation agreement for the product to benefit from preferences in the EU. For countries like Mauritius, cumulation with South Africa and other competitive sourcing destinations should be rigid under

the Comprehensive EPA. This will also be relevant once the African Continental Free Trade Area (AfCFTA) is fully functioning.

In the negotiations of the Marine Fisheries Title of the Comprehensive EPA, the case study within this SIA has suggested several amendments, which are briefly summarized here:

- That the binding text that relates to a development component specifically for Marine Fisheries is included, the binding text could be in the format of the OECD's four main components of Aid for Trade of mainstreaming and prioritising trade (demand); trade-related projects and programmes (response); enhanced capacity to trade (outcome) and improved trade performance and reduced poverty (impact). The binding text, which would, as much as possible, replace the "best endeavour" text, would be linked to key performance indicators, and there would be consequences for non-compliance.
- The text of the ESA EPA could be more closely aligned to that of the United Nations Convention on the Law of the Sea (UNCLOS). For example, it could have more specific rules on licensing and monitoring entries and exits of fishing vessels.
- The text on Fisheries Management and Conservation Issues and VMS and Post Harvest Arrangements could also be changed from the best endeavour and become rules-based and binding, with modalities and key performance indicators introduced.
- A more explicit language on denial of port services should be introduced into the Comprehensive EPA.

6.2.4 *Ensure mitigation of negative aspects of the EPAs*

A main negative potential impact of EPAs will possibly be loss of business for domestic producers. There may be a potential loss of business that has only been addressed by excluding sensitive products from tariff liberalisation, including essential food items, chemicals, plastic and paper articles, textiles, consumer electronic goods, vehicles, etc. Another tool is to support European foreign direct investments (FDI) in ESA5 countries. One avenue for such support is the extent to which member countries grant investment support and protection via guaranties and investment protection agreements. The European Commission could support this measure by coordinating the members' policies.

This is also important against the background of the Covid 19-crisis. In 2020, FDI was low due to lockdown measures, and in 2021 it will take time to rebuild the connections that existed before the crisis. In order to accelerate private investment activities, it is necessary to increase the financial support for guarantees. It may be beneficial to redirect development aid funding which (as shown in the Ex-Post Evaluation within this SIA) often suffers from ineffectiveness into investment support, at least temporarily. Such efforts should not be restricted to ESA5 countries, as regional value chains will cover more countries.²⁰

6.3 Poverty and pro-poor growth: the development dimension

6.3.1 *Poverty and food security*

Since respondents from the government of Seychelles saw some risk that reciprocal trade with the EU affects issues such as poverty as well as food security, the negotiating partners should consider adaptation mechanisms under the EPA and that a number of sensitive products are excluded in the agreement, at least in the medium run.

²⁰ In addition, the EU should take bold efforts to support a comprehensive vaccination programme in Africa, not only ESA5.

In the same vein, the existing fisheries agreements were widely described as unequal, particularly in Comoros. Fishers argue they gain little benefit compared to the EU. This perception should be taken into account in the negotiations. Similarly, to allow the agricultural producers to move up the value chain over time (and thereby escape poverty), support for this sector in ESA5 countries and a reconsideration of EU agriculture and trade policies is key.

6.3.2 Closer alignment of the development and trade components of the EPA

Although EPAs are often thought of as being trade deals, they also have a developmental objective, including supporting sustainable development and poverty alleviation, promoting regional integration and linking trade policy with tools for development. However, it is often, but not always, the case that EPA signatories are more concerned about possible negative impacts of a trade deal, such as revenue loss from tariff reductions and the penetration of their markets by, in this case, European-based firms, than they are about taking advantage of improved market access.

This perception requires more information about the actual policies as well as the effects of the EPA. EU imports into the ESA countries free of duties generally should be considered a negative aspect of EPAs. If, for example, a country is short of a commodity, such as wheat flour, it could import wheat flour free of duty and use it to produce food products that could be exported and support food security in the country. The same principle could apply to high-tech industries where component parts of, for example, information and telecommunications technology (ICT) equipment could be imported free of duty and assembled in the ESA country and then, using cumulation provisions, could be sold back into the EU market, and other ESA countries free of duty.

To maximise their effect, EPAs should be integrated or mainstreamed into the ESA5 countries' trade policies. For example, each country is preparing a national implementation plan for the EPA, and these plans will focus on sustainable development aspects but may not focus on how a trade component can feed into sustainable development. A national implementation plan could identify what products (or services) the ESA country has or can have a competitive advantage in, especially in the EU market, with preferences. Once this has been established, ESA countries could look at what constraints they face to ensure the products to be traded are classified as originating.

6.4 Regional aspects of the EPA: outermost regions

One relevant aspect is regional integration beyond the EPA. It has two facets, namely first, the relations between different regional integration areas. As discussed in the Inception Report within this SIA, the ESA5 countries are members of several Regional Economic Communities (RECs) and the AfCFTA. There are overlapping memberships with the need to align different RoOs. The negotiators should include clauses in the EPA that simplify matters in case of conflict (favouring the ESA5 countries).

The second facet concerns the situation of the EU's outermost regions (OR) in the context of the EPA. For instance, a private sector stakeholder from la Reunion pointed to problems in the market for sugar caused by trade agreements with Central America and the Andean Community, which allowed their cane sugar producers to enter the EU speciality sugars market. Consequently, competition has considerably increased in this market, thus accentuating pressure on the EU outermost regions. The EU must acknowledge that part of its agricultural production is in direct competition with agricultural products produced in neighbouring tropical countries. The negotiators should strike a balance between the various interests in agricultural markets. For example, ESA sugar exports can pose a threat to the small fragile economies of the OR which are dependent on such sugar production. The EU should take measures referred to in particular areas such as customs and trade policies, fiscal policy, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, taking into account the special characteristics and constraints of the OR, in line with art 349 TFEU.

Also, several interviewees from the public sector in Comoros highlighted the potential for opening up trade with Mayotte. Some interviewees expressed frustration that whilst Mayotte is off the negotiating table, normalising trade with Mayotte, mainly agricultural exports, could have more of an impact and help more of the poorest people than other elements of the EPA. Such concerns should be taken seriously.

A priority could be to extend, under the current EPA, the period during which the local market of the French overseas departments is protected from ESA sugar exports. This extension could be done as provided by the provision currently in force, and under the EPA to come, replicating the provision currently in force which protects the local market of the French overseas departments from ESA sugar exports in line with article 349 of the Treaty on the Functioning of the European Union and the Commission strategy for the Outermost regions.

Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 20: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ²¹	1,370	523	11,099	17,448	1,464
Surface area (km ²) ²²	1,861	587,295	2,040	460	390,760
Total Population (2019) ²³	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ²⁴	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ²⁵	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ²⁶	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ²⁷	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ²⁸	39.2	32.9	55.6	48.4	33.1

Source: World Bank, UNDP, ILO, Yale University, University of Notre Dame.

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in terms of economic, environmental, social and human rights conditions.

Comoros is a small lower-middle-income island economy with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded, and its islands are prone to natural disasters and vulnerable to climate change impacts. Comoros faces challenges in providing adequate drinking water and sanitation.

²¹ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

²² Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

²³ Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

²⁴ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: <http://hdr.undp.org/en/data>

²⁵ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comors, 2013 for Madagascar. World Bank data from <https://sdg-tracker.org/no-poverty#targets>

²⁶ Employment of female population, 15+. ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

²⁷ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

²⁸ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, with limited rights to health, food, education, and housing. Biodiversity is severely degraded, and deforestation is a significant challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with comparatively high-level human development,²⁹ including a high literacy level³⁰ and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle-income, landlocked country whose economy, social conditions and environment have suffered from political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

²⁹ Central Bank of Seychelles, *Annual Report 2018*, available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

³⁰ World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World', available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Appendix II. Indicators on legal system, trade barriers and regulations in ESA countries

1. Madagascar

Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	6,64	6,43	6,40	6,25	6,14	6,20
Rank	100	111	111	118	126	125
Quartile	3	3	3	3	4	4

Source: Fraser Institute.

Size of Government, Legal System and Property Rights

Year	2013	2014	2015	2016	2017	2018
Size of Government	8,74	8,14	8,31	7,90	7,63	7,51
Judicial independence	3,35	3,47	3,68	3,59	3,52	3,48
Impartial courts	3,33	3,32	3,36	3,31	3,69	3,49
Protection of property rights	4,28	4,28	4,35	4,33	4,48	4,70
Integrity of the legal system	4,50	4,63	4,65	4,65	4,67	4,57
Legal enforcement of contracts	2,42	2,96	2,96	2,96	2,96	2,96
Legal System & Property Rights	2,99	3,05	3,09	3,06	3,21	2,92

Source: Fraser Institute.

Sound Money and Freedom to Trade Internationally

Year	2013	2014	2015	2016	2017	2018
Sound Money	8,06	8,04	8,05	7,90	7,63	7,65
Non-tariff trade barriers	5,02	5,42	3,52	4,12	1,95	4,83
Compliance costs of importing and exporting	7,01	4,62	5,07	5,07	5,07	5,09
Regulatory trade barriers	6,02	5,02	4,29	4,59	3,51	4,96
Financial Openness	4,16	4,16	4,16	1,66	1,66	1,66
Capital controls	0,00	0,77	0,77	0,77	0,77	0,77
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00

Controls of the movement of capital and people	4,72	4,98	4,98	4,14	4,14	4,14
Freedom to Trade Internationally	7,16	6,97	6,76	6,62	6,36	6,71

Source: Fraser Institute.

Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,07	7,71	7,51	7,39	7,39	8,14
Labor market regulations	4,94	4,74	4,49	4,50	4,36	4,64
Administrative requirements	4,16	3,74	3,60	3,57	3,41	3,13
Regulatory Burden	2,44	2,44	2,44	2,44	3,33	3,56
Starting a business	9,60	9,12	9,22	9,37	9,40	9,43
Impartial Public Administration	1,11	1,11	1,35	1,35	3,07	3,07
Licensing restrictions	8,88	7,85	7,85	7,80	7,84	7,69
Tax compliance	7,95	7,95	7,95	7,95	7,95	7,95
Business regulations	5,69	5,37	5,40	5,41	5,83	5,80
Regulation	6,23	5,94	5,80	5,77	5,86	6,19

Source: Fraser Institute.

2. Mauritius

Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,88	7,82	7,99	7,98	7,99	8,21
Rank	16	24	14	16	13	7
Quartile	1	1	1	1	1	1

Source: Fraser Institute.

Size of Government, Legal System and Property Rights

Year	2013	2014	2015	2016	2017	2018
Size of Government	7,81	7,68	7,98	7,88	8,15	8,15
Judicial independence	5,70	5,67	5,69	5,67	6,04	5,95
Impartial courts	5,67	5,70	5,56	5,43	5,54	5,47
Protection of property rights	6,34	6,33	6,26	6,18	6,22	6,74

Integrity of the legal system	4,69	4,69	6,95	6,96	6,79	6,77
Legal enforcement of contracts	4,64	4,64	5,03	5,03	5,25	5,25
Legal System & Property Rights	5,45	5,45	5,92	6,31	6,40	6,46

Source: Fraser Institute.

Sound Money and Freedom to Trade Internationally

Year	2013	2014	2015	2016	2017	2018
Sound Money	9,67	9,58	9,59	9,59	9,30	9,52
Non-tariff trade barriers	6,08	6,83	6,14	6,26	6,20	6,50
Compliance costs of importing and exporting	8,76	7,91	7,86	8,23	8,54	8,54
Regulatory trade barriers	7,42	7,37	7,00	7,25	7,37	7,52
Financial Openness	6,99	6,99	6,99	6,99	6,99	6,99
Capital controls	4,62	4,62	4,62	4,62	4,62	4,62
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	7,20	7,20	7,20	7,20	7,20	7,20
Freedom to Trade Internationally	8,50	8,50	8,42	8,47	8,52	8,53

Source: Fraser Institute.

Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,50	8,55	8,78	8,63	8,51	8,95
Labor market regulations	7,60	7,16	7,38	6,36	6,41	7,90
Administrative requirements	4,83	4,90	4,67	4,38	4,42	5,02
Regulatory Burden	9,78	9,78	9,78	8,89	8,89	8,44
Starting a business	9,79	9,79	9,77	9,81	9,83	9,85
Impartial Public Administration	7,00	6,94	7,10	7,10	6,89	8,36
Licensing restrictions	6,92	8,37	8,37	9,32	9,32	9,36
Tax compliance	8,30	8,30	8,30	8,30	8,30	8,43

Business regulations	7,77	8,01	8,00	7,97	7,94	8,25
Regulation	7,96	7,91	8,05	7,65	7,62	8,36

Source: Fraser Institute.

3. Seychelles

Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,29	7,48	7,43	7,44	7,37	7,49
Rank	57	49	52	52	57	52
Quartile	2	2	2	2	2	2

Source: Fraser Institute.

Size of Government, Legal System and Property Rights

Year	2013	2014	2015	2016	2017	2018
Size of Government	6,86	7,16	6,87	7,00	7,01	6,71
Judicial independence	5,03	5,04	4,98	4,93	5,09	5,27
Impartial courts	5,03	5,06	5,11	5,06	5,15	5,46
Protection of property rights	4,86	4,86	5,12	5,35	5,35	5,53
Integrity of the legal system	6,33	6,33	6,86	6,97	6,93	6,98
Legal enforcement of contracts	4,06	4,06	4,06	4,06	4,06	4,06
Legal System & Property Rights	5,16	5,16	5,42	5,54	5,59	5,54

Source: Fraser Institute.

Sound Money and Freedom to Trade Internationally

Year	2013	2014	2015	2016	2017	2018
Sound Money	8,26	9,10	9,33	9,00	9,07	9,26
Non-tariff trade barriers	5,70	5,70	5,70	6,05	6,04	5,87
Compliance costs of importing and exporting	7,76	5,24	5,32	5,32	5,32	5,33
Regulatory trade barriers	6,73	5,47	5,51	5,68	5,68	5,60
Financial Openness	10,00	10,00	10,00	10,00	10,00	10,00
Capital controls	8,46	8,46	8,46	8,46	8,46	8,46

Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	9,49	9,49	9,49	9,49	9,49	9,49
Freedom to Trade Internationally	8,82	8,55	8,06	8,10	7,65	8,27

Source: Fraser Institute.

Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	7,67	8,00	8,00	8,00	7,88	7,88
Labor market regulations	6,99	6,99	7,17	7,36	7,40	7,56
Administrative requirements	5,33	5,33	5,33	5,04	5,03	5,17
Regulatory Burden	6,00	6,00	6,00	6,00	6,00	5,78
Starting a business	8,67	8,83	8,83	8,84	8,83	8,84
Impartial Public Administration	6,22	6,22	6,22	6,64	6,64	7,89
Licensing restrictions	8,98	8,46	8,46	8,46	8,67	9,08
Tax compliance	9,01	9,05	9,05	9,05	9,05	9,05
Business regulations	7,37	7,31	7,31	7,34	7,37	7,63
Regulation	7,34	7,43	7,50	7,56	7,55	7,69

Source: Fraser Institute.

4. Zimbabwe

Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	5,46	5,80	6,24	5,72	5,16	5,12
Rank	144	138	118	144	152	155
Quartile	4	4	3	4	4	4

Source: Fraser Institute.

Size of Government, Legal System and Property Rights

Year	2013	2014	2015	2016	2017	2018
Size of Government	6,51	6,58	6,78	5,14	4,29	4,51
Judicial independence	3,42	3,60	3,85	3,91	3,94	3,79
Impartial courts	3,40	3,50	3,61	3,49	3,48	3,36

Protection of property rights	3,08	3,30	3,41	3,37	3,67	3,86
Integrity of the legal system	5,15	5,16	5,16	5,05	5,23	4,94
Legal enforcement of contracts	2,37	2,37	2,37	2,37	2,37	2,37
Legal System & Property Rights	3,54	3,60	3,78	3,74	4,11	4,07

Source: Fraser Institute.

Sound Money and Freedom to Trade Internationally

Year	2013	2014	2015	2016	2017	2018
Sound Money	6,90	7,97	8,18	7,38	6,72	5,03
Non-tariff trade barriers	6,48	4,74	5,63	4,99	4,85	5,20
Compliance costs of importing and exporting	1,29	4,17	1,69	1,64	1,33	1,33
Regulatory trade barriers	3,89	4,45	3,66	3,32	3,09	3,26
Financial Openness	1,66	1,66	4,16	4,16	4,16	4,16
Capital controls	0,00	0,00	0,00	0,00	0,00	0,00
Freedom of foreigners to visit	8,85	8,85	8,85	8,85	8,85	8,85
Controls of the movement of capital and people	3,50	3,50	4,34	4,34	4,34	4,34
Freedom to Trade Internationally	5,46	5,78	5,88	5,79	3,97	5,73

Source: Fraser Institute.

Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	6,00	6,00	9,33	9,10	9,10	7,44
Labor market regulations	4,55	5,09	6,05	6,12	6,12	6,24
Administrative requirements	3,07	2,63	2,26	1,82	1,92	2,41
Regulatory Burden	0,67	0,67	0,67	0,89	2,67	2,67
Starting a business	5,91	5,94	5,83	6,89	7,81	8,33
Impartial Public Administration	2,61	2,78	2,78	2,17	1,97	2,21
Licensing restrictions	4,99	4,95	6,99	7,00	7,49	7,99

Tax compliance	7,29	7,29	7,29	7,29	7,29	7,29
Business regulations	4,09	4,04	4,30	4,34	4,86	5,15
Regulation	4,88	5,04	6,56	6,52	6,69	6,28

Source: Fraser Institute.

Appendix III. Measures on key trade barriers imposed in ESA countries

Measures on technical barriers to trade (TBT) imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Mauritius	World	03. Mai 05		Plastic Carry Bags	
Mauritius	World	03. Mai 05		Hazardous wastes	
Mauritius	World	23. Jul 12		Basmati Rice	Food standards, Protection of Human health or safety
Mauritius	World	20. Nov 14		Household electrical appliances	Protection of the environment
Mauritius	World	21. Jan 16	01. Jan 16	Non-woven polypropylene bags)	Protection of the environment
Mauritius	World	21. Jan 16	01. Jan 16	National tariff heading: 3923	Protection of the environment
Mauritius	World	05. Jul 16	01. Nov 16	Domestic and household appliances and similar equipment	Prevention of deceptive practices and consumer protection, Protection of Human health or safety
Mauritius	World	23. Nov 18		Steel Bars, Steel Wires and Steel Fabrics	Protection of Human health or safety
Mauritius	World	17. Dec 19		Control of Import and Export of Radiation Sources and Other Controlled Items	Protection of Human health or safety
Mauritius	World	19. Dec 19			Food standards, Protection of Human health or safety
Mauritius	World	05. Nov 20		Non-Biodegradable Single-Use Plastic products,	Protection of the environment

				Biodegradable Single-Use Products	
Mauritius	World	05. Nov 20		Non- biodegradable plastic bag and Biodegradable and compostable plastic bag	Protection of the environment
Mauritius	World	16. Dec 20		All tobacco and manufactured tobacco substitutes, including but not limited to HS codes starting with 2402 and 2403 and nicotine delivery systems, including components of such systems, including but not limited to HS codes starting with 2403, 3824 and 8543.	Protection of Human health or safety
Seychelles	World	17. Feb 16	06. Oct 15	Vest type plastic bags (3923.2120); Vest type plastic bags (3923.2920)	Protection of the environment
Seychelles	World	21. Apr 16	01. Dec 16	Tabacs bruts ou non fabriqués; déchets de tabac (SH 2401), Cigares (y compris ceux à bouts coupés), cigarillos et cigarettes, en tabac ou en succédanés de tabac (SH 2402), Autres tabacs et succédanés de tabac, fabriqués; tabac "homogénéisé" ou "reconstitué"; extraits et sauces de tabac (SH 2403)	Labelling, Protection of Human health or safety
Seychelles	World	07. Feb 17	02. Feb 17	392321:- Of polymers of ethylene ; 392329:- Of other plastics ; - Plastic carrier bags ; 392410:- Tableware	Protection of the environment

				and kitchenware ; - Plastic cups ; - Plastic plates ; - Plastic spoons ; - Plastic forks ; - Plastic knives ; - Plastic bowls ; - Plastic trays ; 392310:- Boxes, cases, crates and similar articles ; - Polystyrene take- away boxes	
Seychelles	World	25. Oct 18	01. Jan 19		Protection of the environment
Zimbabwe	World	04. Apr 16	01. Mar 16	The following categories of products are inspected under the CBCA Programme: Food and agriculture; Building and civil Engineering; Packaging material; Electrical/electronic appliances; Body care; Automotive and transportation; Clothing and textile; Toys	Prevention of deceptive practices and consumer protection, Protection of Human health or safety, Protection of the environment, Quality requirements
Zimbabwe	World	02. Apr 20		Household Refrigerator; Television (Plasma, LCD or CRT); Air conditioner; Induction cook stove; Domestic Fan (Wall, desk, pedestal or ceiling); Performance and construction of electric circulating fans and regulators.	Protection of the environment

Source: WTO.

State trading enterprises measures imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Mauritius	World	01. Jan 74	01. Jan 74	Cattle, Goats	
Mauritius	World	08. Oct 92	08. Oct 92	Long Grain White Rice, Wheat Flour, Petroleum Products [White Oil], [Black Oil], Liquefied Petroleum Gas, Basmati rice	
Mauritius	World	01. Jan 63	01. Jan 63	Dry whole onions, Fresh whole garlic, Fresh whole potatoes, Garlic seeds, Onion seeds, Potato seeds, Bycatch fish (frozen fish)	

Source: WTO.

SPS measures imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Madagascar	European Union, France	18. Apr 16	03. Feb 16	Live poultry, poultry meat and eggs	Animal diseases, Animal health, Avian Influenza, Food safety, Human health, Protect humans from animal/plant pest or disease, Regionalization, Zoonoses
Madagascar	European Union, South Africa, United States of America	14. Mar 17	20. Dec 16	Fresh lychees	Food safety, Human health, Plant protection
Madagascar	World	09. Apr 10	01. Mar 10	Bees and bee products	Animal diseases, Animal health, Food safety, Human health,

					Protect humans from animal/plant pest or disease, Protect territory from other damage from pests, Territory protection
Madagascar	World	31. Oct 11	30. Sep 11	Food products of plant origin for export	Animal feed, Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	31. Oct 11	12. Oct 11	Food products of plant origin for export.	Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	10. Jul 18		Day-old chicks and hatching eggs; Products intended for animal feed; Birds for commercial or family breeding and live Suidae, domestic or wild; Bird or pig seed; Fresh and frozen meat of domestic or wild birds and Suidae, etc.	Animal diseases, Animal health, Avian Influenza, Food safety, Human health, Zoonoses
Madagascar	World	11. Apr 08		All foodstuffs intended for human consumption	Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	11. Apr 08		All livestock and live wild animals, foods of animal origin and veterinary products.	Animal health, Food safety, Human health, Protect humans from animal/plant pest or disease,

					Protect territory from other damage from pests, Territory protection, Veterinary drugs
Madagascar	World	09. Apr 10		Crustaceans and products thereof	Animal diseases, Animal health, Food safety, Human health
Madagascar	World	13. Apr 10		Guano (bat guano and seabird guano)	Human health, Plant health, Plant protection, Protect humans from animal/plant pest or disease
Madagascar	World	23. Apr 10	01. Jan 11	Honey	Food safety, Human health, Veterinary drugs
Madagascar	World	23. Apr 10	01. Jan 11	All food of animal origin	Food safety, Human health, Labelling
Madagascar	World	23. Apr 10	01. Jan 11	All food of animal origin	Certification, control and inspection, Food Safety, HACCP Plan requirements, Human health
Madagascar	World	23. Apr 10	01. Jan 11	All food of animal origin	Certification, control and inspection, Food Safety, Human health
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides,

					Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Labelling, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	27. Jul 15		Public health pesticides and agricultural pesticides	Animal health, Food safety, Human health, Pesticides, Plant health, Plant protection
Madagascar	World	15. Feb 16	28. Feb 17	All food and feed of animal or plant origin	Animal feed, Food safety, Human health
Madagascar	World	09. Mar 16		Fishery and aquaculture products (HS Chapter 3) and Preparations of fishery and aquaculture	Animal health, Food safety, Human health

				products (HS Chapter 16)	
Madagascar	World	29. Jun 17		Treated and processed plants, plant products and foodstuffs of plant origin	Food safety, Human health, Plant health, Plant protection
Madagascar	World	09. Oct 17		Foods of plant origin	Food safety, Human health
Madagascar	World	09. Oct 17		Animals, food of animal origin and products of animal origin	Animal health, Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	09. Oct 17		Animals, food of animal origin and products of animal origin	Animal feed, Animal health, Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	09. Oct 17		Denrées alimentaires d'origine animale brutes, traitées et transformées et aliments pour animaux	Animal feed, Food safety, HACCP Plan requirements, Human health
Madagascar	World	09. Oct 17		Denrées alimentaires d'origine végétale brutes, traitées et transformées	Food safety, Human health
Madagascar	World	09. Oct 17		Raw, processed and processed foods of plant origin	Food safety, HACCP Plan requirements, Human health
Madagascar	World	09. Oct 17		Raw, processed and processed foods of plant origin	Food safety, Human health, Protect humans from animal/plant pest or disease
Madagascar	World	16. Nov 17		food products of plant origin	Food safety, Human health

Madagascar	World	16. Nov 17		Plants and plant products	Plant health, Plant protection
Madagascar	World	16. Nov 17		Plants and plant products	Plant health, Plant protection
Mauritius	China, European Union, Iran, Italy, Korea, Republic of, Switzerland, World	23. Mar 20		Live animals, including fish, only	Animal diseases, Animal health, Food safety, Protect humans from animal/plant pest or disease, Regionalization
Mauritius	World	25. Jan 01		Temporary ban on importing fish and fish products from the Republic of South Africa from incoming travellers and mandatory analytical test for commercial purposes.	Bacteria, Food safety, Human health
Mauritius	World	10. Apr 01		Ban on importing all meat products, except poultry and canned pork meat, from the European Communities with immediate effect.	Animal diseases, Animal health, Foot and mouth disease
Mauritius	World	10. Apr 01		Ban on import of all livestock and livestock products from the United Kingdom with immediate effect.	Animal diseases, Animal health, Foot and mouth disease
Mauritius	World	23. Apr 01		Temporary suspension of importation of live cattle, sheep and goats with immediate effect	Animal diseases, Animal health, Foot and mouth disease
Mauritius	World	21. Mai 01		Temporary ban on importation of horses and other Equidae into Mauritius with immediate effect	Animal diseases, Animal health, Foot and mouth disease

Mauritius	World	03. Dec 03		Fruits and vegetables	Fruit fly, Pests, Plant health
Mauritius	World	15. Sep 04		All importation of live poultry and pigs, including their frozen and chilled products intended for consumption, animal feed, agricultural use and industrial use	Animal diseases, Animal health, Avian Influenza, Food safety, Human health, Zoonoses
Mauritius	World	18. Jul 17		Plant, plant products and other regulated products under the Plant Protection Act of 2006	Plant health, Plant protection, Protect territory from other damage from pests, Territory protection
Mauritius	World	01. Sep 99		Food and Food commodities from Europe (European Communities), including Belgium, will be allowed in Mauritius subject to documentary evidence emanating from relevant Government Health Authorities in that country certifying that such products are not contaminated with Dioxin.	Contaminants, Dioxins, Food safety, Human health
Mauritius	World	08. Nov 01		Lifting of ban on import of chilled processed pork products from France and importing live cattle from South Africa with immediate effect.	Animal diseases, Animal health, Foot and mouth disease
Mauritius	World	08. Apr 02		Chilled processed pork products and live cattle	Animal diseases, Animal health, Foot and mouth disease

Mauritius	World	08. Apr 02		Pork and pork products, live cattle, live sheep and live goat	Animal diseases, Animal health, Foot and mouth disease
Mauritius	World	04. Apr 03		Livestock feed	Animal diseases, Animal feed, Animal health, Food safety, Human health, Transmissible Spongiform Encephalopathy (TSE), Zoonoses
Mauritius	World	31. Jul 18		Agricultural Produce and Pesticides	Animal health, Food safety, Human health, Maximum residue limits (MRLs), Pesticides, Plant health, Plant protection, Protect territory from other damage from pests, Seeds
Seychelles	World	27. Apr 18		All food products	Bacteria, Contaminants, Food safety, Human health, Toxins
Zimbabwe	World	20. Dec 11	15. Aug 12	Bottled drinking water other than mineral water (HS Code: 22)	Beverages, Food safety, Human health
Zimbabwe	World	17. Apr 13	10. Sep 13	This notification refers to food intended for human consumption, whether locally produced, imported or exported in Zimbabwe.	Food safety, Human health
Zimbabwe	World	17. Apr 13	10. Sep 13	The notification refers to food	Certification, control and

				products intended for human consumption, whether locally produced or imported in Zimbabwe	inspection, Food Safety, HACCP Plan requirements, Human health
Zimbabwe	World	18. Apr 13	20. Oct 13	This notification refers to packaged drinking natural mineral water sold or distributed for human consumption in Zimbabwe.	Beverages, Food safety, Human health
Zimbabwe	World	30. Aug 16	02. Jan 17	All pre-packaged foods for human consumption	Biotechnology, Food safety, Genetically modified organisms, Human health, Labelling, Protect humans from animal/plant pest or disease
Zimbabwe	World	30. Aug 16	02. Jan 17	Edible vegetable oils, maize meal, edible common salt, sugar and wheat flour	Food safety, Human health

Source: WTO.

Safeguard measures imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Madagascar	World	20. Sep 18		Pasta	
Madagascar	World	31. Dec 18			
Madagascar	World	20. Sep 18	25. Jun 19	Blankets and Travelling Rugs	Animal health, Food safety
Madagascar	World	14. Aug 19	01. Jan 21	Edible vegetable oils and margarine.	Human health
Madagascar	World	14. Aug 19	01. Jan 21	Lubricating oils	Labelling, Nutrition information
Madagascar	World	31. Dec 18	25. Jun 19	Detergent powder	
Madagascar	World	18. Jul 19	20. Feb 20	Pasta	

Madagascar	World	14. Aug 19	01. Jan 21	Soap	Certification, control and inspection, Conformity assessment, Labelling
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Source: WTO.

Quantitative restrictions measures imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Mauritius	World		30. Sep 16	Dry Whole Onions	
Mauritius	World		30. Sep 16	Fresh whole potato	
Mauritius	World		30. Sep 16	HCFCs refrigerants are administratively controlled through a quota system. Importers are required to seek clearance from the Ministry of Environment, SD&, DBM (Focal Point for Montreal Protocol). An import permit, under the Dangerous Chemicals Control Act, is granted once clearance is secured.	
Mauritius	World		30. Sep 16	Orchids under CITES	
Mauritius	World		30. Sep 16	Endemic plant varieties and endangered species	
Mauritius	World		30. Sep 16	The following items containing Chlorofluorocarbons (CFCs) and Hydrochlorofluorocarbons (HCFCs) as refrigerant or blowing agent Refrigerators, freezers, refrigerating cabinets, showcases, counters and other refrigerating or freezing furniture, chilling units, coolers, air conditioners (including motor vehicle air conditioners), automatic beverage-vending machines, incorporating	

				refrigerating devices, cold-room equipment, refrigerated transport vehicles, refrigerator insulation, freezer insulation, foam packings, dehumidifiers, fishing boat refrigeration equipment, and styrofoam	
Mauritius	World		30. Sep 16	The import, manufacture, sale or supply of a plastic bag, with or without handles or gussets, and irrespective of their size or type, is banned and includes a non-woven polypropylene bag. The regulations specifically target plastic bags designed to carry goods purchased at a point of sale such as a wholesale or retail outlet, a market, a fair and a hawker. However, the import or manufacture of biodegradable and compostable plastic bags has to conform with standards prescribed in the Third Schedule of the Regulations	
Mauritius	World		30. Sep 16	Dioxins, Furans and PCBs for the Industrial Chemicals; Aldrin, Chlordane, DDT, Dieldrin, Endrin, Heptachlor, HCB, Mirex and Toxaphene for the Agricultural Chemicals; Dioxins, Furans and PCBs for the Industrial Chemicals; Aldrin, Chlordane, DDT, Dieldrin, Endrin, Heptachlor, HCB, Mirex and Toxaphene for the Agricultural Chemicals	

Mauritius	World		30. Sep 16	There is an administrative ban on halons, carbon tetrachloride, methyl chloroform. Methyl bromide is also banned, except for specific critical uses during pre-shipment and quarantine.	
Seychelles	World		30. Sep 16	Live trees and other plants; bulbs, roots and the like; cut flower and ornamental foliage.	
Seychelles	World		30. Sep 16	Brooms and brushes of other vegetable materials (Except Coconut Fibres)	
Seychelles	World		30. Sep 16	Fuelwood. Other tropical wood specified in subheading note 1 of chapter 44. Wood chips or particles. Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared. Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6mm.	
Seychelles	World		30. Sep 16	Edible vegetables and certain roots and tubers (Excluding Heading 07.10 to 07.13). Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content.	

Seychelles	World		30. Sep 16	Banana, including plantains (excluding dried). Citrus fruit (excluding dried). Coconut, brazil nuts, cashew nuts, whether or not shelled or peeled (excluding dried). Dates, figs, pineapples, avocados, Dates, figs, pineapples, avocados, Fresh grapes, Fresh melons and papayas, apples, pears and quinces, apricots, cherries, peaches (including nectarines), plums and soles, other fresh fruit, Mangoes, Other, Other nuts, whether or not shelled or peeled (excluding dried). Others (guavas and mangosteens (excluding dried))	
Seychelles	World		30. Sep 16	Fresh mixtures of spices, Ginger, Other fresh spices	

Source: WTO.

Import licencing measures imposed by Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database:

Member imposing	Partner affected	Initiation	In force	Product description	Keywords
Madagascar	World			Goods in Annex I of Decree No. 92 424 of 4 April 1992	Not specified
Madagascar	World			Goods in Annex II of Decree No. 92 424 of 4 April 1992	Not specified
Madagascar	World			Goods in Annex III of Decree No. 92 424 of 4 April 1992	Not specified
Madagascar	World			Prohibited goods in Annex I of Decree No. 92 424 of 4 April 1992	Not specified
Madagascar	World			Prohibited goods in Annex III of Decree No. 92 424 of 4 April 1992	Not specified
Mauritius	World			Controlled goods	Environment, Human health/life
Mauritius	World			Refined table salt	Quantitative Restrictions
Mauritius	World			Aerosol spray containing benzene; round logs and timber products; jelly confectionery; Asbestos fibres; Ball valve bottles; Batteries containing mercury; Containers; Cosmetic products; Crocidolite; water heater; Explosive and guns; Fishing hook; etc.	Not specified
Zimbabwe	World			Certain agricultural products and fuel	Animal health/life, Human health/life, Other, Plant health/life, Statistics

Source: WTO.

**Trade in Services, Investment,
and Digital Services**

Thematic Report

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Abbreviations

AfCFTA	African Continental Free Trade Area
ACP	African-Caribbean-Pacific
ANRTIC	National Authority for Regulation of Information Technologies and Communications
BEA	US Bureau of Economic Analysis
BIC	Banque d'Investissement des Comores
BDC	Banque de Développement des Comores
CBS	Central Bank of Seychelles
CHCL	Cargo Handling Corporation Ltd
COMESA	Common Market for Eastern and Southern Africa
CITES	Convention on International Trade in Endangered Species
CSR	Corporate Social Responsibility
DG Trade	Directorate-General for Trade
EALA	East Africa Legislative Assembly
EAC	Eastern African Community
ESA	Eastern and Southern Africa
EC	European Commission
ECIPE	European Centre for International Political Economy
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone
EU	European Union
ESA5	Five ESA Countries
FDI	Foreign Direct Investment
FSC	Financial Services Committee
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GHG	Greenhouse Gas
GDP	Gross Domestic Product
HDI	Human Development Index
IUU	Illegal, Unreported and Unregulated Fishing
ICT	Information and communication technology
IOC	Indian Ocean Commission
IOTC	Indian Ocean Tuna Commission
ILO	International Labour Organisation
IPR	Intellectual Property Rights
ITC	International Trade Centre
I-TIP	Integrated Trade Intelligence Portal for services
IL	Intervention Logic

LCA	Logistics Capacity Assessment
LDC	Least Development Country
LSE	London School of Economics and Political Science
MFI	Microfinance institutions
MOSC	Maison des Organisations de la Société Civile
MSME	Micro, Small & Medium Enterprises
MFN	Most Favoured Nation
NGO	Non-Governmental Organisation
NTM	Non-tariff Measures
OECD	Organisation for Economic Co-operation and Development
ORs	EU's Outermost Regions
OCT	Overseas countries and territories
OIE	World Organisation for Animal Health
POTRAZ	Postal and Telecommunications Regulatory Authority of Zimbabwe
PPPs	Public-private Partnerships
PPP	Purchasing Power Parity
RBC	Responsible Business Conduct
RBZ	Reserve Bank of Zimbabwe
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RECs	Regional Economic Communities
REX	Registered Exporter Scheme
ROO	Rules of Origin
SEATINI	The Southern and Eastern Africa Trade Information and Negotiations Institute
SEZ	Special Economic Zones
SPS	Seychelles Postal Services
STRI	Services Trade Restrictiveness Index
SME	Small and Medium Size Enterprise
SAPSN	Southern Africa People's Solidarity Network
SADC	Southern African Development Community
SFPA	Sustainable Fisheries Partnership Agreement
SITC	Standard International Trade Classification
SOE	State-owned Enterprises
SIA	Sustainability Impact Assessment
SDGs	Sustainable Development Goals
SFPA	Sustainable Fishery Partnership Agreement
SNPSF	Société National des Postes et Services Financiers
TBT	Technical Barriers to Trade
TSD	Trade and Sustainable Development
TFA	Trade Facilitation Agreement
TOR	Terms of Reference

UNFCC	UN Framework Convention on Climate Change
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WTO	World Trade Organisation
ZIMPOST	Zimbabwe Post
ZSE	Zimbabwe Stock Exchange

Executive Summary

The five ESA countries vary greatly in terms of economic, environmental, social, and human rights conditions. **Except for Mauritius and Seychelles, economic activities in services sectors in the ESA5 countries** are still underdeveloped, accounting for 53% of domestic GDP in Comoros in 2019, 52% in Madagascar and 61% in Zimbabwe. Partly driven by relatively large travel and tourism sectors, services sector penetration of the economy is generally higher in Mauritius (68%) and Seychelles (72%). For Mauritius and Seychelles, services exports to the EU are significantly higher than goods exports, driven by these countries' strong tourism services exports. The EU as a regional bloc is one of the biggest exporters in many services sectors. In the EU, value added in services sectors accounted for 79% of overall EU GDP (incl. construction services) in 2020.¹

There are differences in the ESA5 countries including the overall state of economic development, **the current degree of restrictiveness of sectoral regulations and the quality of domestic horizontal institutions, e.g. the quality of the legal system, will have an impact on the overall magnitude of the economic impacts and the industries in which these impacts will materialise.**

Clear and transparent rules are prerequisite to facilitate investment together with guidelines including cost and time for a decision by regulatory authorities. Overall, a deepened, modern, and comprehensive agreement on services, digital trade and investment would result in significant net economic benefits for ESA countries compared to the status quo. An updated agreement would lock-in legal constraints on the creation of arbitrary and disproportionate future barriers to trade by ESA5 governments, thus improving the state of the rule of law in these countries. A deepened agreement between the EU and ESA5 countries would improve domestic regulatory frameworks for services and investment and likely increase the quality of governmental institutions.

Mauritius and Seychelles are economically most developed and perform relatively well concerning the quality of their legal systems. For these countries, the effects from "importing" good legal institutions for the facilitations of international services trade, digital trade and investment will be lower than for Comoros, Madagascar, and Zimbabwe. At the same time, Mauritius and Seychelles have much to gain from intensified efforts to harmonise current and future regulations across sectors or, at least, approximate EU law. Mauritius would benefit from the liberalisation of its maritime services sectors. Mauritius and Seychelles would also benefit from provisions that guarantee the free flow of data in the future and commitments on rules that guarantee the smooth facilitation of services, investment, and trusted e-commerce.

For Comoros, Madagascar and Zimbabwe, the benefits from a deepened agreement would stem from the import and lock-in of good legal institutions for the facilitation of international services trade, digital and digitally enabled trade, and foreign investment. A deepened agreement with the EU would help to eliminate long-standing barriers to domestic commerce in these countries and international trade and investment. A modern and more comprehensive agreement with the EU would complement efforts in these countries to liberalise domestic commerce and international trade, e.g. recent reforms in Zimbabwe to further liberalise the domestic telecommunications sector.

Due to positive cross-sectoral spill overs, economic benefits and new commercial opportunities can be expected from the following:

- the liberalisation of telecommunications and financial services trade restrictions,

¹ See Eurostat 2020 data for EU27 gross value added by industry. Note: Agriculture, forestry and fishing and manufacturing sectors accounted for 21.2% of EU gross value added in 2020.

- the elimination of anti-competitive regulations in postal and courier services,
- new commitments on legal aspects that are critical for the facilitation of digital and Information and communication technology (ICT) enabled trade, e.g. the prevention of data localisation measures and a ban on levies on digital transmissions, and
- the elimination of remaining investment barriers e.g. unreasonable foreign investment requirements and discriminatory joint venture requirements.

Negotiators from the EU and individual ESA countries should aim for ambitious provisions on investment liberalisation for all sectors of the economy, except those that should remain closed because of a legitimate national or European public interest, e.g. public health and security and national defence. Each ESA5 country could develop a National EPA Committee which could develop the trade and development components of the National EPA Plan, based on the commitments made in the comprehensive EPA, and monitor implementation continuously.

To the extent that the investment agreement leads to greater economic growth, there could be increasing environmental pressures. On the other hand, investment, as well as increased trade in services, could lead to structural changes in ESA economies. While the overall impacts would depend on the sectors affected, there could be positive effects in terms of environmental pressures per unit of GDP. Investment could also bring technology and environmental governance that can reduce environmental pressures, also across value chains, though some investors may seek lower costs and lower environmental standards.

Investment could bring social benefits, including increased employment; nonetheless, some enterprises may suffer increased competition, with effects on their employees. Trade in services – including in specific sectors such as telecommunications and finance – could similarly bring employment growth, though domestic enterprises in these sectors could face greater competition.

ESA5 countries require improved coordination of capacity building activities. The EU can support the capacity building process in all ESA5 countries by identifying weaknesses and using its own institutional experiences in the liberalisation of trade in services and investment, as well as the enforcement of implementation measures. Part of the EU's development budget could be spent on accompanying measures related to the facilitation of investment and trade in services in all ESA5 countries.

1. Introduction

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in Eastern and Southern Africa (ESA) in view of deepening the existing interim Economic Partnership Agreement (EPA)*. Under this project, a brief evaluation of the existing, interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for the Chapter on Investment Liberalisation and Trade in Services**. This report builds on the analysis in the evaluation, which included an assessment of economic as well as environmental, social, gender and human rights impacts of the interim EPA.

The following sections provide an economic impact assessment of the provisions on services trade, digital trade, and investment in the five Eastern and Southern countries (ESA5). The existing interim agreement does not include provisions on commitments for services trade and digital trade, nor does it stipulate provisions on investment liberalisation or facilitation. As such, the existing agreement does not account for the vast spectrum of economic opportunities that could arise from new and updated provisions on the liberalisation of various services trade, digital and digitally enabled trade and the cross-sectoral importance of low investment barriers and regulatory improvements.² The European Commission (EC) has published³ draft negotiating text proposals for these three issues, for which an initial screening is provided below.

It should be noted that the economic impact assessment is constrained by the limited availability of publicly available trade and investment data and regulatory information. European Union (EU)-ESA EPA services trade data is only available at the aggregate services level (total services exports/imports). Some (rudimentary) investment data is only available for Mauritius. For benchmarking horizontal regulations, the Fraser Institute's well-recognised Index of Economic Freedom is consulted for horizontal barriers that affect domestic services supply and trade in services. A systematic sector-specific benchmarking of regulatory data is provided by the World Bank's Services Trade Restrictiveness Index (STRI), whereas the latest data available is based on surveys undertaken in 2008 (published in the release of 2012), excluding Comoros and Seychelles. The STRI also covers restrictions on investment in services sectors (i.e. mode 3 trade). Additional regulatory information on market access and domestic regulations that impact international trade are taken from the World Trade Organizations' (WTO) latest Trade Policy Reviews (Zimbabwe: 2020; Madagascar: 2015; Mauritius: 2015), excluding Comoros and Seychelles.⁴ Information on national treatment for all modes of services supply is extracted from the latest WTO schedules for specific commitments under General Agreement on Trade in Services (GATS), excluding Comoros and Seychelles.

The Sustainability Impact Assessment for the deepening of the EPA includes this report along with five other thematic reports, covering the following topics:

- Trade and Sustainable Development (TSD)
- Trade in goods, agriculture, and fisheries
- Public procurement and competition
- Intellectual Property Rights
- Dispute avoidance and settlement and Institutional structure

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

² For a discussion, literature and relevant data about the impact of services trade, digital trade and investment see, e.g., UNCTAD's 2019 Digital economy report, available at <https://unctad.org/webflyer/digital-economy-report-2019>; UNCTAD's 2020 World Investment Report, available at <https://unctad.org/topic/investment/world-investment-report>; and the WTO's World Trade Report 2019 - The future of services trade, available at https://www.wto.org/english/res_e/publications_e/wtr19_e.htm.

³ See https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159393.pdf

⁴ See WTO Trade Policy Reviews, available at https://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm

1.1 Context

In 2007, six countries from the ESA region – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – concluded an interim EPA with the EU. In 2009, **four of these countries (Madagascar, Mauritius, Seychelles, and Zimbabwe) signed the agreement, which has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019.** The interim EPA includes a ‘Rendez-vous clause’ (Article 53), by which the parties ‘agree to continue negotiations... with a view to concluding a full and comprehensive EPA’. The Article includes trade, environment, and sustainable development among the areas for further negotiation.

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019. The parties clarified horizontal issues regarding the negotiations and exchanged views on technical barriers to trade (TBT) and agriculture. After that, three rounds of negotiations took place in January 2020, July 2020 and the third one in November 2020.

For a brief overview of the five ESA countries, please see Appendix I and, the Ex-Post Evaluation within this SIA of January 18, 2021.

1.2 Methodology

The analytical work for this report involved, as a first step, a screening of potential provisions set out in the EU’s textual proposals on services trade liberalisation, digital trade and investment liberalisation. The results of this screening are provided in Section 2 and 3 below. As a second step, horizontal and sectoral measures and behind-the-border issues were compiled and analysed for ESA countries, particularly Madagascar, Mauritius, Seychelles, and Zimbabwe. Limited information on regulatory frameworks that impact international trade is available for Comoros. The analysis of these issues aims at identifying existing barriers to trade and economic development in ESA5 countries. The findings of this analysis are presented in Section 2.4.

Based on the assessment of horizontal and sectoral measures and behind-the-border issues, a scoping and deeper analysis of the issue areas with potential economic impacts was undertaken. **This analysis aims at identifying those issue areas where the economic impact is likely to be relatively significant (major), and those areas where the economic impact can be considered to be rather minor.** For sectoral policies, major impacts are expected from liberalisation measures that facilitate trade and investment in industries and subs-sectors whose output (goods and services) is intensively used by other sectors of the economy as an input for production, the creation of value-added or sales activities, e.g. telecommunications or transport services. Similarly, for horizontal policy areas, e.g. data (privacy) regulations, major impacts are expected from policies that govern business activities of companies that operate in a broad range of industries. By contrast, if certain policies only affect a low number of companies in a particular sector or a low number of companies across different sectors, the impacts from liberalisation measures are considered minor. The assessment also includes, to the extent possible, a screening of the sector-specific economic impacts. For each topic covered in this economic analysis, the relevant baseline is briefly presented and also the actions needed for implementation are considered. Potential impacts of each provision are then described.

The analysis of economic impacts is accounted for in the impact assessment of environmental, social, gender and human rights impacts that are likely to emanate from the economic impacts. These impacts are also assessed in the context of commitments made in the TSD Chapter. This social analysis follows the same methodological steps as the economic analysis described above, also including an analysis of horizontal issues (e.g. gender) where relevant, and is outlined in Section 4. Where relevant, the SIA analyses the impact that the horizontal and sectoral issues may have on the neighbouring Outermost regions (OR) ie Reunion Island and Mayotte. The analysis also looks at the opportunities that may arise for the OR from this new agreement and that could contribute to their sustainable growth, job creation and regional integration. The findings of the economic and social impact assessments are then used to develop a set of proposals for policy recommendations and flanking measures, which are presented in Section 9.

Desk research and analysis has provided the main source of information for this report. **It should be noted that although interviews have been carried out in ESA countries, many of the interviewees did not have a strong awareness of the interim EPA and did not have specific comments on the potential impacts of individual negotiating provisions regarding the different topics negotiated under the deepening process.**

2. State and coverage of negotiations in relevant policy areas

This thematic chapter analyses potential economic, social, human rights and environmental impacts of the EU-ESA5 EPA deepening negotiations on trade in services, digital trade, and investment, as well as development cooperation in these areas. Where relevant, this chapter also analyses the potential impact that the deepening negotiations on the mentioned sectors may have on the OR and look at the opportunities that may arise for these regions from this new agreement.

The assessment of the impacts specifically of trade in services and investment lays a focus on market access, national treatment, regulatory frameworks for services and investment establishment, services trade and investment barriers, local content requirements, and digital trade.

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019.⁵ The parties clarified horizontal issues regarding the negotiations. After that, three rounds of negotiations took place in January 2020, July 2020 and the third one in November 2020.

The first two negotiation rounds did not include the liberalisation of trade in services, investment liberalisation and digital trade.⁶ Trade in services, investment liberalisation and digital trade were discussed for the first time in the third round of negotiations. Accordingly, the EU and ESA5 countries had a productive exchange on liberalisation in all areas. While ESA countries raised issues of clarifications and comments, all sides agreed on the importance of services trade, investment liberalisation and digital trade and agreed on the need for ambitious results, while considering the differing levels of development among the ESA states.

Text-based discussions will start in the fourth round after the EU submitted its text proposal to the ESA5 countries. The EU text proposal contains a placeholder for a chapter on the facilitation of investment and of trade in services, which should be discussed at a later stage of the negotiations.

The EU's preliminary **negotiation proposal for trade in services and investment emphasises that all parties retain the right to regulate within their jurisdictions to achieve legitimate policy objectives, including the protection of public health, social services, public education, safety, the environment including climate change, public morals, social or consumer protection, privacy and data protection, or the promotion and protection of cultural diversity.**

Generally, trade and investment liberalisation measures should not apply to:

- a) air services or related services in support of air services, other than the following:
 - i. aircraft repair and maintenance services;
 - ii. computer reservation system (CRS) services;
 - iii. ground handling services;

⁵ See: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5951

⁶ See: https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf

- iv. the following services provided using a manned aircraft, subject to the Parties' respective laws and regulations governing the admission of aircraft to, departure from and operation within, their territory: aerial fire-fighting, flight training, spraying, surveying, mapping, photography, and other airborne agricultural, industrial, and inspection services; and
 - v. the selling and marketing of air transport services;
- b) audio-visual services;
 - c) national maritime cabotage; and
 - d) internal waterways transport services.

The proposed provisions would still allow the Parties to regulate the cross-border movement of persons.

2.1 Trade in services

The EU's proposal for a Title on services trade **aims to ensure non-discriminatory market access for the Parties' services providers**. The deepened agreement shall include regulatory provisions for the following service sectors:

- **Delivery Services:** postal, courier, express delivery or express mail services, which include the following activities: the collection, sorting, transport, and delivery of postal items;
- **Telecommunications Services:** covering the supply of telecommunication transport network or other related services, e.g. essential facilities, interconnection services, internet services;
- **Financial Services:** insurance and insurance-related services (e.g. direct insurance, reinsurance, intermediation services) as well as banking and other financial services (excluding insurance, e.g. deposit banking, leasing services, payment and clearing services, foreign exchange services, asset management services);
- **International Maritime Transport Services:** transport of passengers or cargo by sea-going vessels between a port of one Party and a port of another Party or a third country, or between ports of different Member States of the European Union.

According to the said text proposal, services trade liberalisation commitments would not apply to government procurement of services. Subsidies and grants provided by the negotiation parties would not be affected by liberalisation efforts either.

Market access conditions aim to prohibit or contain limitations on the number of foreign suppliers and the number of transactions and operations of foreign suppliers in the partner countries' territories. In addition, the proposal seeks to eliminate and prevent domestic measures that restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service. Finally, national treatment and most favoured nation treatment provisions shall ensure that the service suppliers of another party, in respect of all measures affecting the cross-border supply of services, shall not be treated less favourably than domestic service suppliers.

Specific conditions are laid down for the temporary movement of natural persons for business purposes, including intra-corporate transferees and business visitors. The provisions aim to commit Parties to allow the entry and temporary stay of intra-corporate transferees and business visitors for establishment purposes as well as the employment of intra-corporate transferees of another Party. The proposal aims to prohibit and aims for national treatment of intra-corporate transferees and business visitors from another Party. The Parties are also asked to ensure entry and temporary stay of business sellers and contractual services suppliers and

independent professionals. Also, the Parties shall make publicly available information on relevant measures that pertain to the entry and temporary stay of natural persons for business purposes of another Party.

2.2 Digital trade

The overall objective of the provisions on digital trade is the facilitation of trade that is enabled by digital means. According to the current negotiation proposal, **the deepened agreement aims to address unjustified barriers to digital trade. It also aims at ensuring an open, secure, and trustworthy online environment for businesses and consumers.** The agreement also aims to safeguard the Parties' right to regulate to ensure legitimate public policy objectives. Regarding the facilitation of digital trade between the EU and ESA5 countries, the agreement builds on four pillars:

- **Free Cross-border Data Flows:** cross-border data flows shall not be restricted between the parties by another party e.g., through data localisation, local storage and processing requirements, or by conditional data flow regimes (Comoros, Madagascar and Zimbabwe are exempt from these provisions);
- **The Protection of Personal Data and Privacy:** the agreement aims that the parties recognise that the protection of personal data and privacy is a fundamental right and that high standards in this regard contribute to trust in the digital economy and to the development of trade; Parties may adopt appropriate safeguard measures and should inform each other about any safeguard measures and updates thereof (Comoros, Madagascar, Zimbabwe are exempt from these provisions).
- **Customs Duties on Electronic Transmissions:** Electronic transmissions shall be considered as a supply of services; the Parties shall not impose customs duties on electronic transmissions;
- **Conclusion of Contracts by Electronic Means:** Each party shall ensure that contracts may be concluded by electronic means (exemptions apply for sensitive services, such as gaming services and services of notaries);
- **Electronic Authentication and Electronic Trust Services:** A party shall not deny the legal effect and admissibility as evidence in legal proceedings of an electronic document, e.g. an electronic signature or an electronic seal;
- **Transfer of or Access to Source Code:** A party shall not require the transfer of, or access to, the source code of software owned by a natural or juridical person of another party.
- **Online Consumer Trust:** Party shall adopt or maintain measures to ensure the effective protection of consumers engaging in electronic commerce transactions;
- **Unsolicited Direct Marketing Communications:** Each party shall ensure that users are effectively protected against unsolicited direct marketing communications.
- **Cooperation on Regulatory Issues concerning Digital Trade:** The parties shall exchange information on regulatory matters in the context of digital trade, e.g. in consumer protection policies and the development of digital trade.

2.3 Investment liberalisation

The overall objective of the chapter on investment liberalisation is to improve market access for foreign businesses seeking to create an establishment or operation to perform economic activities in the partner country. The investment chapter excludes public procurement and subsidies provided by the parties. Each party shall not adopt or maintain limitations on the number of enterprises, the total value and assets, the

number of operations, the participation in shareholding (e.g. maximum percentage limits), or the total number of natural persons that may be employed. Moreover, the agreement seeks to prevent restrictions regarding specific types of legal entity or joint ventures through which an investor of another party may perform an economic activity. The agreement generally seeks to guarantee national treatment and most favoured nation treatment, whereby parties shall be prevented from imposing economic needs test and performance requirements, such as export quotas and local content requirements. It should be noted that there will be no investor to state dispute settlement provisions in the EU-ESA EPA.

2.4 Inventory and assessment of major horizontal and sector-specific non-tariff measures

2.4.1 Trade in services

Except for Mauritius and Seychelles, economic activities in services sectors in ESA5 countries are still underdeveloped, accounting for 53% of gross domestic product (GDP) in Comoros in 2019, 52% in Madagascar and 61% in Zimbabwe.⁷ Partly driven by relatively large travel and tourism sectors, services sector penetration of the economy is generally higher in Mauritius (68%) and Seychelles (72%). In the EU, value added in services sectors accounted for 66% in 2019. For Mauritius and Seychelles, services exports to the EU are significantly higher than goods exports, most likely driven by these countries' strong tourism services exports.⁸

EU services trade patterns

The EU is one of the world's major services exporters and importers. EU trade data demonstrate that EU businesses are particularly strong exporters of business services (which include research and development services, legal, accounting, business and management consulting services, advertising, architectural, engineering, scientific and other technical services) and construction services. Other sectors in which EU businesses are strong exporters are transport services, telecommunication, computer and information services, insurance and pension services, manufacturing services, personal, and cultural and recreational services.

Data for EU services trade with individual ESA countries is scarce. Organisation for Economic Co-operation and Development (OECD) trade in services data is only available at the aggregate services level. As outlined in Table 1, **EU services trade with African countries is generally underdeveloped, accounting for only 1.9% of the EU's total services exports and 2.1% of the EU's total services imports to and from African countries respectively.** This pattern is also reflected by the volume of services trade between individual ESA countries and the EU. EU services exports to the group of ESA countries account for only 0.07% of total EU services exports. EU services imports from the group of ESA countries account for only 0.13% of the EU's total services imports.

⁷ See World Bank data on the value added of services in % of national GDP.

⁸ As reported by Koema (2021), in 2019 the contribution of travel and tourism to GDP (% of GDP) for Mauritius was 23.9 %. Though Mauritius contribution of travel and tourism to GDP (% of GDP) fluctuated substantially in recent years, it tended to decrease through 2000 2019 period ending at 23.9 % in 2019. In 2019, contribution of travel and tourism to GDP (% of GDP) for Seychelles was 65.8 %. Though Seychelles contribution of travel and tourism to GDP (% of GDP) fluctuated substantially in recent years, it tended to increase through 2000 - 2019 period ending at 65.8 % in 2019. See <https://knoema.com/atlas/Seychelles/topics/Tourism#Travel-and-Tourism-Total-Contribution-to-GDP>.

Table 1: EU services trade with the world, Africa and individual ESA5 countries, exports and imports, 2018, in bn USD

	Total EU services exports to ESA countries		Total EU services imports from ESA countries	
	2018	in percent of total	2018	in percent of total
World	2,223	100%	1,995	100%
<i>Africa</i>	42	1.90%	42	2.11%
<i>Comoros</i>	0	0.00%	0	0.00%
<i>Madagascar</i>	0	0.01%	0	0.02%
<i>Mauritius</i>	1	0.04%	2	0.08%
<i>Seychelles</i>	0	0.01%	1	0.03%
<i>Zimbabwe</i>	0	0.00%	0	0.00%

Source: OECD. Note: numbers represent EU28 trade values corrected by UK services export and imports respectively.

As concerns EU trade in services sectors that are affected by the liberalisation measures of the deepened EPA, sector-by-sector data is only available for trade between the EU28 (as of 2018) and the African continent (see Table 2).⁹ EU services exports to African countries account for 2% of total EU services exports. EU services imports from African countries account for 2.2% of total EU services imports. EU services export data indicate that sea transport services (8bn USD in 2018), financial services (3.9bn USD) and telecommunications services are important export sectors for EU businesses. By contrast, EU services import data indicate that sea transport services (9.8bn USD) and telecommunication services are important export sectors for African businesses.

Table 2: EU services trade in sectors affected by liberalisation measures, exports and imports, 2018, in bn USD

EU exports	Total EU services exports	Total EU services exports to Africa	Share services exports to Africa in total services exports
All services	2,620	53.3	2.0%
Telecommunications services	46	2.4	5.3%
Financial services	251	3.9	1.5%
Insurance services	75	1.1	1.5%
Postal and courier services	12	0.1	0.6%
Sea transport services	149	8.0	5.3%

⁹ Africa includes: Algeria; Angola; Benin; Botswana; British Indian Ocean Territory; Burkina Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Congo; Congo, The Democratic Republic of the; Côte d'Ivoire; Djibouti; Egypt; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Libya; Madagascar; Malawi; Mali; Mauritania; Mauritius; Morocco; Mozambique; Namibia; Niger; Nigeria; Rwanda; Saint Helena; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; South Sudan; Sudan; Swaziland; Tanzania, United Republic of; Togo; Tunisia; Uganda; Zambia; Zimbabwe. The British Indian Ocean Territory is included in Asia. Reunion and Mayotte are included in Africa.

EU imports	Total EU services imports	Total EU services imports from Africa	Share services imports from Africa in total services imports
All services	2,253	49.0	2.2%
Telecommunications services	41	2.5	5.9%
Financial services	149	0.5	0.3%
Insurance services	47	0.4	0.9%
Postal and courier services	9	0.1	0.6%
Sea transport services	119	9.8	8.2%

Source: OECD. Note: numbers represent EU28 trade values. Due to lacking data, EU28 trade values are not corrected by UK services exports and imports respectively. Africa includes Algeria; Angola; Benin; Botswana; British Indian Ocean Territory; Burkina Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Congo; Congo, The Democratic Republic of the; Côte d'Ivoire; Djibouti; Egypt; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Libya; Madagascar; Malawi; Mali; Mauritania; Mauritius; Morocco; Mozambique; Namibia; Niger; Nigeria; Rwanda; Saint Helena; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; South Sudan; Sudan; Swaziland; Tanzania, United Republic of; Togo; Tunisia; Uganda; Zambia; Zimbabwe. The British Indian Ocean Territory is included in Asia. Reunion and Mayotte are included in Africa, but it should be noted that Reunion and Mayotte are fully-fledged EU regions, i.e. and integral part of the EU as per art 349 TFEU.

Horizontal measures

As concerns, horizontal restrictions to services trade, the Fraser Institute's Economic Freedom Index provides an overview of the restrictiveness of ESA countries domestic legislative frameworks, which includes various behind-the-border measures that affect domestic and foreign services providers, including the regulations and enforcement of property rights and, generally, the freedom to trade internationally. Table 13 to Table 28 in Appendix II provide an overview of index measures for the period 2013 to 2018 (2018 is the latest year for which index values are available) for four ESA countries (Madagascar, Mauritius, Seychelles and Zimbabwe, an index is not constructed for Comoros). A higher score indicates a higher degree of economic freedom and international openness, respectively.¹⁰

For the overall legal framework, the index includes measures for the quality of judicial independence, impartial courts, protection of property rights, the integrity of the legal system and legal enforcement of contracts as sub-measures. Overall, Mauritius scores highest, followed by Seychelles, Zimbabwe, and Madagascar.

These findings are generally confirmed by the World Bank's recent Global Governance Indicators, which also include Comoros. Comoros, Zimbabwe, and Madagascar perform weakest regarding the state of the rule of law and regulatory quality, while Mauritius scores highest, followed by Seychelles. The numbers also indicate

¹⁰ The Economic Freedom Index provide scores that often synthesise complex national situations and are thus are open to discussion and interpretation.

that both the state of the rule of law and regulatory quality deteriorated in Zimbabwe since 2006 and 2009 respectively.¹¹

Madagascar performs relatively poorly in many horizontal areas that are important for international investment and international services trade, including judicial independence and impartial courts. The country also lacks proper mechanisms to legally enforce contracts and property rights. **Several restrictive regulations are in place for financial services, which are reflected by very low levels of financial openness, induced, for example, by capital controls.** At the same time, Madagascar shows high scores for the freedom of foreigners to visit the country, but relatively low scores for the freedom of movement of business people.

Mauritius performs relatively well in many horizontal areas that are important for international investment and international services trade. However, the country performs poorly in various categories that are critical for foreign investors and services exporters, such as the legal enforcement of contracts and impartial courts. Mauritius shows high scores for the freedom of foreigners to visit the country and, in addition, relatively high scores for the freedom of movement of people.

Seychelles performs relatively well in many horizontal areas that are important for services trade. At the same time, the country performs relatively poorly in many aspects related to the country's judicial system, such as the protection of property rights and the enforcement of contracts, and regulatory barriers. Seychelles ranks high regarding financial openness and the absence of capital controls. The country also scores high with regard to the freedom of movement of people.

Zimbabwe performs very poorly in many horizontal areas that are important for international investors and international services trade, including judicial independence and impartial courts. The country also lacks solid mechanisms to legally enforce contracts and property rights. Several restrictive regulations are in place for financial services, which are reflected by very low levels of financial openness, induced, for example, by capital controls. At the same time, Zimbabwe shows high scores for the freedom of foreigners to visit the country, but relatively low scores for the freedom of movement of people.

Regarding the business environment, the economic freedom index also includes a measure of regulations, with sub-indexes on credit market regulations, labour market regulations and business regulations.¹² For business regulations, Mauritius had the highest score of 8.25 in 2018, followed by Seychelles (7.63), Madagascar (5.80) and Zimbabwe (5.15).

Regarding the business environment in Comoros, which is not covered by the Economic Freedom Index, the International Trade Centre (ITC) conducted a non-tariff measures (NTM) business survey on company perspectives which also covers various types of barriers related to the overall business environment.¹³ It provides a comprehensive assessment of the challenges that operators face in their business operations in Comoros. These obstacles concern all companies regardless of their activity and they are also of key relevance for foreign companies considering becoming a potential services trader or investor in Comoros. It turns out that Comoros performs very poorly with regard to judicial independence and impartial courts.

The surveyed companies surveyed pointed out that administrative services are characterised by the ineffective application of the law (64%), corruption (62%), delays in procedures (58%) and even arbitrary or inconsistent

¹¹ See World Bank Global Governance Indicators (WGI). Note: regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development, including investment freedom and financial freedom. Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts.

¹² The sub-index of business regulations is further broken down into measures of administrative requirements, regulatory burden, starting a business, impartial public administration, licencing restrictions and tax compliance.

¹³ ITC (2018). *The Comoros: Company Perspectives – An ITC Series on Non-Tariff Measures*. See: <https://www.intracen.org/publication/ntm-comores/>

behaviour of officials (53%). According to the survey results from businesses, the primary difficulty relating to the business environment in Comoros is that companies face concerns regarding the supply of electricity.¹⁴

Accordingly, companies in Comoros also face significant problems relating to the business environment, in addition to obstacles relating to non-tariff regulations. These problems join the obstacles related to NTMs, namely payment problems, lack of information and transparency, and discriminatory behaviour in the application of regulations (see TSIA report on Trade in Goods).¹⁵ All these situations are considered unchanged in recent years according to the companies' responses.

Sectoral measures

The World Bank STRI provides detailed information on services trade policy measures on five major services sectors (telecommunications, finance, transportation, retail and professional services) and key modes of delivery.¹⁶ For three ESA countries, Madagascar, Mauritius and Zimbabwe, the STRI indicates how ESA governments regulated market access in multiple services sectors back in 2008, including financial services, professional services, retail services, telecommunications, and transportation services.¹⁷ The data show that in the past many services sectors were still regulated in ways that severely hampered foreign businesses to provide services freely in these countries (see Table 30, Table 31 and Table 32).¹⁸

2008 data indicate that Zimbabwe was the most restrictive country compared to Madagascar and Mauritius, applying various restrictions on the supply of professional services (legal and accounting services), financial and insurance services, air passenger services, rail freight services and telecommunications services. Zimbabwe's most restricted sectors include retail banking, automobile insurance services, life insurance services, reinsurance services, retail services, fixed and mobile telecommunication services, road and retail freight services. However, **Zimbabwe saw many attempts to liberalise trade and investment in the country over the past 10 years.** The 2020 WTO Trade Policy Review for Zimbabwe (see Table 35) indicates that Zimbabwe began to liberalise trade and investment in many services sectors. Nevertheless, **many restrictions on foreign participation and investment are still in place in insurance and banking services**, incl. a ban on foreign branches and foreign representative offices. Even though some restrictions for telecommunications services were lifted in 2017, competition in various telecommunications services is still relatively low. **Zimbabwe applies a complex licensing regime for various telecommunications services.**¹⁹ In delivery services, Zimbabwe Posts (ZIMPOST), a state-owned company, still is the designated postal operator, with the mandate of providing universal postal and courier (as well as real estate and financial) services within Zimbabwe. The Logistics Capacity Assessment (LCA) database²⁰ provides valuable

¹⁴ 92% of companies suffer from this problem in their day-to-day business activities. And note that 59% consider that the situation has deteriorated in recent years. This problem is a particularity of Comoros among the countries surveyed by ITC and according to ITC it demonstrates the urgency of resolving the infrastructure challenges so that business operations are facilitated.

¹⁵ See also the SIA of trade in goods.

¹⁶ See: <https://www.worldbank.org/en/research/brief/services-trade-restrictions-database>

¹⁷ The STRI is a measure of the restrictiveness of an economy's regulatory and policy framework with respect to trade in services. It quantifies the information from the Services Trade Restrictions Database (STRD) and provides a comparison base on services trade policies for three out of the four modes of supply in the GATS, namely cross-border supply (mode 1), commercial presence (mode 3) and presence of natural persons for business purposes (mode 4), comprising 103 economies (plus the EU-20 aggregate) and 19 subsectors. It ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers. The data was collected in 2008, except if indicated differently. In addition to the three modes of supply, an overall STRI was computed that combines the three modes of supply in a sector-level index.

¹⁸ Note that the STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

¹⁹ See Techzim (2020). Telecoms regulation and licencing, what's what. Available at <https://www.techzim.co.zw/2020/07/telecoms-regulation-and-licencing-whats-what/>. Also see Statutory Instrument 159 of 2020. Postal and Telecommunications (Licensing Registration and Certification) (Amendment) Regulations, 2020 (No. 12). Available at https://www.veritaszim.net/sites/veritas_d/files/SI%202020-159%20Postal%20and%20Telecommunications%20%28Licensing%20Registration%20and%20Certification%29%20%28Amendment%29%20Regulations%2C%202020%20%28No.%2012%29.pdf.

²⁰ The LCA database, which is hosted by the World Food Programme, covers logistics infrastructure, processes and regulations and markets in a given country. There are currently LCAs for over 100 countries. Assessments are conducted in a given country every two years, mainly by WFP logistics staff and also by staff from other humanitarian organisations or private sector partners. This information is published by the Global Logistics Cluster.

complementary information for the regulation of various services sectors in Zimbabwe. According to information from November 2017, Zimbabwe has an overnight courier system. The normal post office document movement system is reported to work well. In addition, international companies DHL and FEDEX provide efficient document movement within and outside the country. The services are widely available and fairly reliable. The postal and courier services fall under the postal and telecommunications ministry, which controls the postal and courier services of the country, and their overall capabilities.

In Madagascar, relatively high services trade restrictions were applied to the supply of professional services (legal and accounting services), and telecommunications services. Madagascar's most restricted sectors included retail banking, life insurance services, international air passenger services, and auditing services. **The latest 2015 WTO Trade Policy Review (see Table 33) outlines that Madagascar's telecommunications and financial services markets are relatively open for foreign participation and investment.** In general, no limit is set for foreign ownership or control. The Investment Law (Law 2007-036) stipulates that investors, foreign or Malagasy, are free to hold up to 100% of shares or stock in the company in which they carry out their activities. The one exception is the telecommunications industry, where there is a cap on foreign shareholding of 66%. **Investment in certain sectors is subject to specific regulations, including licensing requirements in banking, insurance, and telecommunications. However, national treatment is not denied to any foreign investor even in these sectors.**²¹

As concerns telecommunications services, a 2017 LCA mapping indicates that the telecommunications sector in Madagascar has about 12 operators providing various telecommunications services, suggesting functioning competition.²² By contrast, **Madagascar's postal and courier services sector is closed:** the public postal operator, Paositra Malagasy (PAOMA), which is responsible for managing postal services, has the monopoly of several reserved postal services (letters and packages weighing less than 2 kg and postal accounts). LCA data from 2017 indicate that the Malagasy post is still operational and offers short and long-distance courier services throughout the whole country and internationally. Other companies are available to provide services in sending freight, air or postal or door to door, such as DHL or Colis Express.

National cabotage, "bornage", are generally reserved for Malagasy flag vessels, and port services require concessions from governmental institutions. To facilitate foreign investors' work arrangements, the Law on Investment in Madagascar allows their entry and short-stay visa to be extended and converted into a "professional category resident visa", whether they have a contract of employment with a Malagasy enterprise or are occupying a senior management or executive position in that enterprise.

According to the STRI, **Mauritius generally was least restrictive for banking services, transport services and telecommunications services compared to other ESA countries.** At the same time, several restrictions are still applied for certain sectors and business models. The most restricted sectors were automobile insurance services, life insurance services, international air passenger services, maritime auxiliary services, accounting services, and legal services. **According to the 2015 WTO Trade Policy Review of Mauritius, the country is generally relatively open to foreign participation and investment in domestic services activities.** With respect to financial services, Mauritius participated in the WTO financial services negotiations and undertook commitments under the Fifth Protocol. Foreign banks are generally allowed to

²¹ See USTR (2021). *Madagascar - Openness to and Restriction on Foreign Investment*. Available at <https://www.privacyshield.gov/article?id=Madagascar-openness-to-foreign-investment>.

²² Fixed telephony service provided by the incumbent TELEcom MALagasy (TELMA); GSM and Internet standard mobile telephony service offered by the four operators: Orange Madagascar, Airtel Madagascar, Telma mobile, Gulfsat/Blueline; Telecommunications service offered by Iridium Africa Services Corporation; Data transmission service offered by Telma Global Net and Gulfast Madagascar; Internet service provided by the two Internet service providers Blueline and Telma Global Net; Other telecommunication services, such as the electronic payment processing service by the Monetics Treatment Center of Madagascar (CTMM), the provision of the IRIDIUM satellite mobile telephone service by GLOBAL Plus, the resale of mobile telephone, SMS and data provided by BLUELINE, the provision of INMARSAT and IRIDIUM-type mobile telecommunications services by VIA SPACE MADAGASCAR. See *Logistics Capacity Assessment (LCA) database*.

establish either as wholly owned subsidiaries or branches or to form joint ventures with local banks. Also, any person may carry on insurance business in Mauritius provided they hold a license from the Financial Services Committee (FSC). There are no limitations on commercial presence for foreign insurers. As concerns postal and courier services, licenses by the Postal Authority are required to carry out postal and courier services. Mauritius Post Ltd. is the major company currently responsible for postal and courier services in Mauritius. As concerns international maritime transport services, certain restrictions still apply. The state-owned Cargo Handling Corporation Ltd (CHCL) is the sole provider of general cargo. The Merchant Shipping Act from 2007, promulgated in 2009, contains registration requirements for the owners of Mauritian ships. Since 2007 Mauritius improved incentives for ship registration. Mauritius ship registration is regulated by the Merchant Shipping Act 2007 and the Merchant Shipping Regulations 2009. To be eligible for registration in Mauritius, a ship must be aged less than 15 years, it should carry liability insurance and comply with all the international protocols/conventions related to safety, protection of the environment and security. If the ship's weight is over 500 tons, it must present a certification from a recognised international classification society. Ship's ownership shall be restricted to Mauritius citizens, corporate entities, partnerships and societies incorporated in Mauritius.

In Mauritius, licenses before company registration are required for businesses engaged in regulated activities, such as banking, non-banking financial services, freeport services, internet service providers and tourism activities. In the tourism sector, there are certain conditions for investment by non-citizens in the following activities: (i) guesthouse/tourist accommodation, (ii) pleasure crafts, (iii) scuba diving, and (iv) tour operator business. Generally, the limitations refer to a minimum investment amount, number of rooms, or maximum equity participation depending on the business activity.²³

Comoros' markets for telecommunications and financial services are characterized by market concentration. For Comoros, LCA data from 2019 suggest that **only two companies** (Hury, in which the government is still the majority shareholder, and Telecom Madagascar) share the telecommunications market. Telma has a slightly wider network coverage and offers a better quality of internet connection, while Hury is significantly cheaper and more widespread in terms of subscription. The National Authority for Regulation of Information Technologies and Communications (ANRTIC) regulates telecoms, under the Ministry of Transport, Posts and Telecommunications. **Comoros' financial sector is small and concentrated with a significant state presence.** The financial sector comprises only four banks, four microfinance institutions (MFIs), three financial intermediaries, including Société National des Postes et Services Financiers (SNPSF), and a recently licensed electronic money issuer. The Comorian government continues to hold a significant stake in the capital of two private banks (34 percent in Banque d'Investissement des Comores - BIC and 35 percent in Banque de Développement des Comores - BDC). The Comorian state also remains the sole shareholder in the, SNPSF. BIC, BDC and SNPSF are the three largest financial institutions, and they account for 63% of the total deposits, just over 56% of the total loans and 58% of financial sector assets.²⁴ A World Bank report from 2019 states that Comoros financial sector faces stability challenges are centered around persistently high non-performing loans and low sector profitability. Comoros banks' negative profitability is a major constraint for the sector.

In Seychelles, the banking sector is still highly concentrated. Licensing requirements apply for financial and telecommunication services. A 2018 analysis of the Central Bank of Seychelles (CBS) concludes that the market structure of the local banking sector is highly concentrated. The three largest banks accounted for more than 80% of the total assets of the banking industry. Similar patterns were estimated for deposits and loans.²⁵

²³ See Mauritius chamber of Commerce and Industry (2021). Available at <https://www.mcci.org/en/inside-mauritius/doing-business/start-a-business/regulated-activities/>. Also see US Bureau of Economic Analysis (2016). 2016 Investment Climate Statements , Mauritius. Available at <https://2009-2017.state.gov/e/eb/rls/othr/ics/2016/af/254223.htm>.

²⁴ World Bank (2019). Report on Comoros Financial Sector Development Project (P166193). 22 January 2019. A Wolters Kluwer (2021) reports that there are seven licensed commercial banks in Seychelles, together with a credit union and eight money changers. Of the commercial banks, two are state owned, three are branches of foreign banks and two are locally incorporated subsidiaries. Whilst all the banks hold licences to conduct domestic banking, only two have been granted licenses to carry out offshore banking activities. See: <https://www.lowtax.net/information/seychelles/seychelles-banking.html>.

Non-domestic banking in Seychelles is regulated by the Central Bank of Seychelles and is administered under the Financial Institutions Act 2004 (amended in 2008, 2009 and 2011) to cater for offshore as well as domestic banking. The Act regulates licensing of offshore banks. The CBS is responsible for licensing banking activities (onshore and offshore) and payment system providers, while the Financial Services Authority (FSA) licences the further activities of the financial sector. In the insurance market, licensing of domestic and non-domestic (offshore) insurance companies is in the hands of the Insurance Authority under the Minister of Finance and Communications. Licenses are granted to foreign companies which have registered under the Companies Act. The minimum paid-up capital for general or life insurance companies is USD 125,000, for reinsurance companies USD 1m, and captive insurance companies, USD 70,000. In telecoms, 2017 information from the International Telecommunications Union (ITU) indicates that there are two mobile operators providing services in Seychelles: Cable and Wireless, a subsidiary of Cable and Wireless Communications (CWC), and Airtel, a subsidiary of the Indian mobile group. In fixed-line services, incumbent Cable and Wireless offers prepaid and postpaid copper landline telephone service. In addition, Intellivision offers fixed telephony over its fibre-optic network and Kokonet offers voice-over-Internet Protocol (VoIP). Fixed-broadband penetration is considered high by regional standards. ITU concludes that the government of Seychelles has created a predictable regulatory framework and generated a realistic degree of competition in the ICT sector given the country's relatively small population.²⁶ As concerns delivery services, Seychelles Postal Services (SPS) operates as the designated Universal Postal Service Provider to provide universal postal services and services of clearing, sorting, transporting and delivery of postal articles of domestic and cross border correspondence and direct mail, whether by accelerated delivery or not, weighing five times more than 500 grams. Companies are generally not allowed to offer postal or courier services without a license issued by the Seychelles Licensing Authority on the advice of the Postal Regulator.

The lack of legal clarity regarding Foreign Direct Investment (FDI) entry in Seychelles creates difficulties for foreign investors. UNCTAD (2020) outlines that restrictions to FDI in Seychelles entry stem from a complex web of legal texts. Some activities are only open to Seychelles citizens, while in other sectors FDI entry is conditional on partnerships with Seychellois (within specified participation thresholds), as well as activities in which FDI entry is subject to an economic-needs test. Moreover, all foreign investments are screened, based on the Investment Code of Seychelles Act of 2005 (Act 13 of 2005). UNCTAD reports that the criteria against which Seychelles Investment Board (SIB) approval is examined are often unclear and subject to interpretation.²⁷

ESA countries' WTO GATS commitments (Madagascar, Mauritius, Seychelles, Zimbabwe)

As concerns ESA countries' current services trade commitments, the Integrated Trade Intelligence Portal for services (I-TIP Services) provides a comprehensive overview of WTO member's commitments under the WTO's GATS.²⁸ It should be noted that ESA countries GATS commitments do not necessarily reflect the state of autonomous liberalisation in domestic services sector regulations. Additional information is provided below.

The WTO's GATS schedules reveal that ESA countries commitments vary substantially across all services sectors, including sectors for which liberalisation measures are currently envisaged under the deepened EPA, i.e. telecommunications services, financial services, insurance services, delivery (postal and courier) services, and sea transport services. It should be noted that Comoros is not a member of the WTO, which is why its GATS schedules are not available.

²⁶ Regarding the sector's performance, UNCTAD's *Investment Policy Review for the Seychelles from 2020* outlines that the internet penetration rate (58.4%) was in 2017 higher than the world's average (49%) and comparator countries (Cabo Verde – 57.16% and Mauritius – 55.4%), except Barbados (81.76%), according to the International Telecommunications Union statistics database (itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx).

²⁷ UNCTAD (2020). *Investment Policy Review for the Seychelles*.

²⁸ The Integrated Trade Intelligence Portal for services (I-TIP Services) is a joint initiative of the WTO and the World Bank. See: https://www.wto.org/english/res_e/statis_e/itip_e.htm

Compared to Madagascar, Mauritius and Zimbabwe, the GATS schedule of Seychelles is most comprehensive and advanced regarding sector coverage and liberalisation commitments. Seychelles made specific commitments in all tradable services sectors. By contrast, Madagascar made only commitments for a very limited group of business services. Mauritius made commitments for a limited number of telecommunication services, financial services, and tourism-related services. Similarly, Zimbabwe's commitments only extend to certain telecommunication services, financial services, and tourism-related services (see Table 36 and Table 37). At the same time, **ESA countries apply only a few exemptions on the most favoured nation treatment: Mauritius in financial services, Seychelles in telecommunication services (see Table 38).**

As outlined in Table 39, Madagascar's current GATS commitments do not extend beyond technical testing and maintenance and repair services. No commitments were so far made for telecommunications services, financial services, insurance services, delivery (postal and courier) services, and sea transport services.

As shown in Table 40, Mauritius' services trade commitments under GATS already include commitments for services affected by the deepened EPA. In telecommunications services full market access is granted for mode 2, partial market access is granted for mode 1 and 3, while no commitments were made for mode 4. For financial and insurance services, Madagascar's government is still free to maintain or introduce measures inconsistent with market access or national treatment. No commitments were made for delivery and sea transport services.

As outlined by Table 41, **Seychelles committed to extensive market access in telecommunications services, postal and courier services, and financial and insurance services, and transport services.** However, for services supplied as mode 4, the government of Seychelles is still free to maintain or introduce measures inconsistent with market access or national treatment.

As outlined in Table 42, Zimbabwe's current GATS commitments do not go beyond a limited number of (public) telecommunications services, financial and insurance service and tourism services. **For telecommunications and financial and insurance services, Zimbabwe's government is still free to maintain or introduce measures inconsistent with market access or national treatment.**

2.4.2 Digital trade

E-commerce and digital trade have been growing rapidly globally. The Covid-19 pandemic has accelerated the digital transformation that is essential for mitigating the economic slowdown and speeding up economic recovery. **Digital and digitally enabled trade holds many economic opportunities not only for developed economies but also for emerging markets and developing countries.**

The identification and measurement of digital trade is challenging in many respects. The US Bureau of Economic Analysis (BEA), for example, recognises that there are various methodological challenges regarding the measurement of business activities related to or comprising the digital economy.²⁹ There is generally a lack of data on the scale, nature, and trends of cross-border digital trade. For example, as reported by the OECD, intra-firm transactions in cross-border data flows are unlikely to be recorded at all in official trade statistics.³⁰ Similarly, the IMF reports several methodological challenges regarding the statistical accounting of digital business models, particularly the recording of domestic and international transactions of Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS) activities.³¹

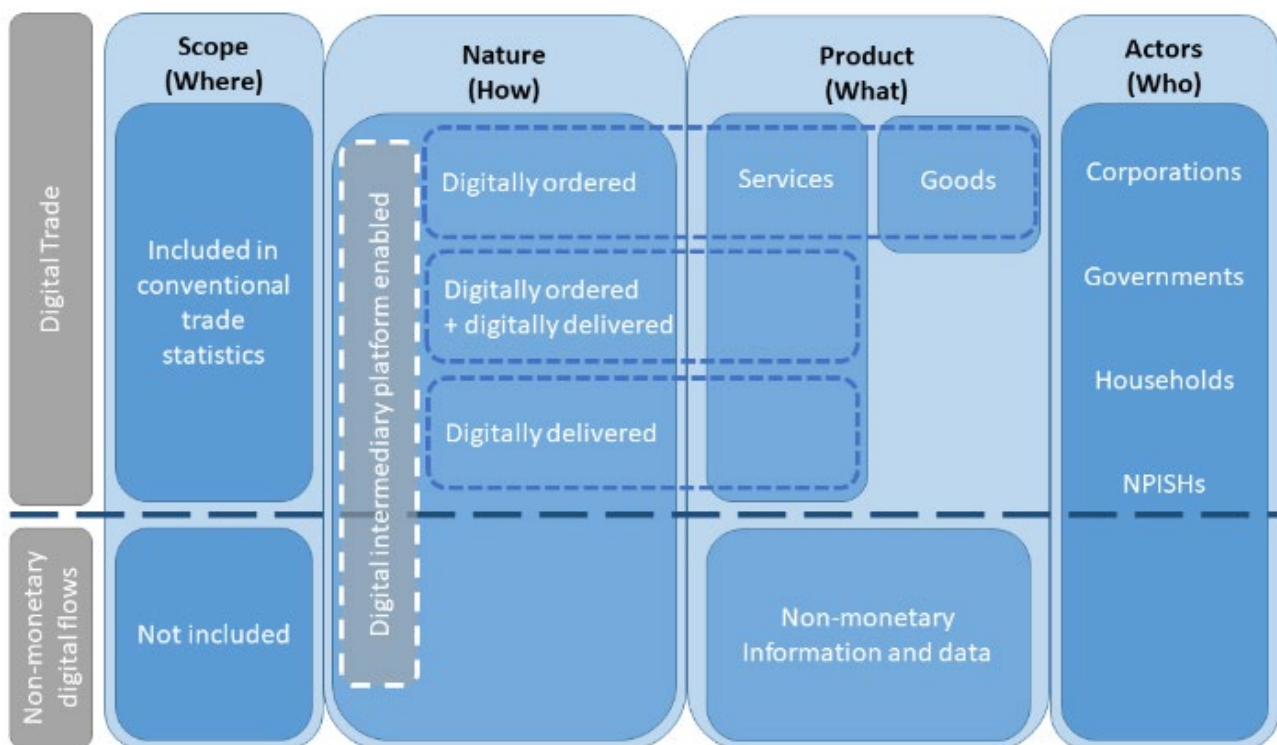
²⁹ See, e.g. BEA (2019). *Research Spotlight: Measuring the Digital Economy*. Available at <https://apps.bea.gov/scb/2019/05-may/0519-digital-economy.htm>; BEA (2018). *Defining and Measuring the Digital Economy*. Available at <https://www.bea.gov/system/files/papers/WP2018-4.pdf>; BEA (2020). *New Digital Economy Estimates*. Available at <https://www.bea.gov/system/files/2020-08/New-Digital-Economy-Estimates-August-2020.pdf>.

³⁰ Cambridge Econometrics. (2020). *Understanding and measuring cross border digital trade*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885174/Understanding-and-measuring-cross-border-digital-trade.pdf

³¹ IMF (2020). *Accounting for Cloud Computing in the National Accounts*. IMF Working Paper WP/20/127.

The OECD's conceptual framework for digital trade (see Figure 1), which was developed in cooperation with the IMF and the WTO, reflects the broadest expert consensus on measuring digital trade. It focuses on the nature of the transaction, defining digital trade as encompassing both digitally ordered and digitally delivered products and services.³² These are the services for which digital technologies are thought to play an important role in facilitating trade. At the same time, it should be noted that there is no way to determine the portion of trade in these services that were delivered digitally. In addition, other types of services could be traded digitally, such as education, but these are not included because digital delivery is not generally the primary mode of supply (delivery) for these services. Finally, UNCTAD defines ICT-enabled services as composed of the following categories: communications services, insurance services, financial services, computer and information services, royalties and license fees, business services and personal, cultural, and recreational services.³³ Following the classification of the OECD-IMF-WTO consensus, the sectors considered in this analysis are outlined in **Table 3**.

Figure 1: Taxonomy and data gaps in the conceptual framework for digital trade



Source: OECD-IMF-WTO handbook on measuring digital trade.

³² Similarly, "ICT-enabled" services correspond to the following categories of services in the BEA's published statistics on international trade in services: royalties and license fees, insurance, financial services, telecommunications, and business, professional, and technical services (except construction).

³³ See, e.g., UNCTAD (2019). *Digital Economy Report 2019*, available at <https://unctad.org/webflyer/digital-economy-report-2019>.

Table 3. Digital trade / potentially ICT-enabled services sub-groupings, following OECD-IMF-WTO classifications

Sector	Coverage in OECD Services trade statistics
1.1 ICT services - Telecommunications	Yes. Covered by telecommunications services.
1.2 ICT services - Computer services (including computer software)	Yes. Covered by computer services. Disaggregation: computer software and other computer services.
1.3 Sales and marketing services, not including trade and leasing services	Yes. Covered by advertising services, which also includes market research and public opinion polling services.
1.4 Information services	Yes. Covered by information services, which includes news agency services and other information services.
1.5 Insurance and financial services	Yes. Covered by financial and financial intermediation services and insurance services.
1.6 Management, administration, and back office services	Yes. Covered by professional services, which include a broad range of business and legal services.
1.7 Licensing services	Yes. Covered by charges for the use of intellectual property, which includes individual sections for specific licenses including licenses to reproduce or distribute computer software.
1.8 Engineering, related technical services and R&D	Yes, covered by engineering services and scientific and other technical services.
1.9 Education and training services	Yes. Covered by other services, which includes a separate section for education services.

Source: OECD-IMF-WTO handbook on measuring digital trade.

Digital trade data indicate that there is a large gap between developed and developing countries when it comes to both digital endowments as well as the use of digital technologies. At the same time, significant barriers to digital and digitally-enabled trade still exist in economies across the globe, including developing countries.³⁴ The European Centre for International Political Economy (ECIPE) has produced the Digital Trade Restrictiveness Index (DTRI), which ranks 64 countries using variables like restrictions on data flows and establishment restrictions. ECIPE analysis predicts that if countries lifted their restrictions on cross-border data flows, the imports of services would rise on average by 5% across all countries, and there would be productivity gains of approximately 4.5% on average.³⁵

Data on digital trade flows are not available for trade between the EU and individual ESA countries. For EU trade with the African continent as a whole (see Table 4), available data indicate that EU imports and exports of digital and digitally-enabled services account for only very low shares in total EU trade in these sectors. Telecommunications, computer, and information services account for the highest shares in EU digital exports to African countries, followed by financial and professional services. With respect to EU imports from African countries, telecommunications, computer, and information services are the most important export sector in terms of trade value, followed by professional services, advertising, market research and public opinion polling services, and financial and insurance services.

³⁴ See, e.g., ECIPE's Digital Trade Restrictiveness index, Ferracane, M., Lee-Makiyama, H. & Van der Marel, E. (2015). Digital Trade Restrictiveness Index. European Centre for International Political Economy. Retrieved from https://ecipe.org/wp-content/uploads/2018/05/DTRI_FINAL.pdf; OECD's Digital Services Trade Restrictiveness Index.

³⁵ See Ferracane, M., Lee-Makiyama, H. & Van der Marel, E. (2015). Digital Trade Restrictiveness Index. European Centre for International Political Economy. Retrieved from https://ecipe.org/wp-content/uploads/2018/05/DTRI_FINAL.pdf; Ferracane, M., Kren, J. & Van der Marel, E. (2018). The cost of data protectionism. VoxEU. Retrieved from <https://voxeu.org/article/cost-data-protectionism>

Table 4: EU-Africa trade in potentially ICT-enabled services, exports and imports, 2018, in bn USD

Potentially ICT-enabled services	Total EU services exports	Total EU services exports to Africa	Share services exports to Africa in total EU services exports
Telecommunications, computer, and information services	333	7.7	2.3%
Information services	22	0.3	1.5%
Advertising, market research, and public opinion polling services	60	0.6	1.0%
Financial services	251	3.9	1.5%
Insurance services	75	1.1	1.5%
Professional and management consulting services	239	3.4	1.4%
Charges for the use of intellectual property	168	2.0	1.2%
Potentially ICT-enabled services	Total EU services imports	Total EU services imports from Africa	Share services imports from Africa in total EU services imports
Telecommunications, computer, and information services	183	3.5	1.9%
Information services	13	0.0	0.4%
Advertising, market research, and public opinion polling services	79	0.7	0.8%
Financial services	149	0.5	0.3%
Insurance services	47	0.4	0.9%
Professional and management consulting services	233	2.3	1.0%
Charges for the use of intellectual property	237	0.2	0.1%

Source: OECD. An overview of digitally enabled services is provided by OECD (2020).³⁶ Note: numbers represent EU28 trade values. Due to lacking data, EU28 trade values are not corrected by UK services exports and imports respectively. Africa includes Algeria; Angola; Benin; Botswana; British Indian Ocean Territory; Burkina Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Congo; Congo, The Democratic Republic of the; Côte d'Ivoire; Djibouti; Egypt; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Libya; Madagascar; Malawi; Mali; Mauritania; Mauritius; Morocco; Mozambique; Namibia; Niger; Nigeria; Rwanda; Saint Helena; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; South Sudan; Sudan; Swaziland; Tanzania, United Republic of; Togo; Tunisia; Uganda; Zambia; Zimbabwe. The British Indian Ocean Territory is included in Asia. Reunion and Mayotte are included in Africa, but it should be noted that Reunion and Mayotte are fully-fledged EU regions, i.e. and integral part of the EU as per art 349 TFEU. Note: sector coverage based on OECD-IMF-WTO Handbook on measuring digital trade.

³⁶ See Handbook on Measuring Digital Trade. Version 1. Joint release by the OECD, WTO and IMF.

2.4.3 Investments

Data on EU investment in individual ESA countries is not available. Data from the Bank of Mauritius indicate that Mauritius' total FDI inflows amounted to 21,337 million Rs in 2019 (approx. 436 million EUR, as of February 2021 exchange rate).³⁷ FDI inflows from the EU27 amounted to 9,550 million Rs, of which FDI was registered from Belgium (320 million Rs), Luxembourg (67 million Rs), France (7,092 million Rs), and Germany (376 million Rs). By contrast, Mauritius FDI outflows to the EU27 amounted to only 224 million RS in 2019 (approx. 4.6 million EUR as of February 2021 exchange rate), of which 101 million Rs is registered for FDI flows to France.

Concerning restrictions on investment, except for Seychelles, ESA countries' GATS schedules indicate that for many services sectors ESA countries' governments are still free to impose laws and regulations that are inconsistent with market access and national treatment provisions ('unbound'). Among these sectors are typically telecommunications and financial services, i.e. sectors that are also affected by the envisaged liberalisation measures of the deepened agreement.

Mode 3 restrictions recorded by the World Bank's STRI indicate the degree of restrictiveness for several additional services sectors (for Madagascar, Mauritius, and Zimbabwe). **The recorded data indicate that various types of investment restrictions are in place in a wide range of services industries and sub-sectors.** In addition to telecommunication and financial services, market access restrictions are commonly applied in retail services, transportation services and professional services, with varying degrees of restrictiveness (see Table 43, Table 45 and Table 47).

Investment restrictions typically applied by ESA countries include foreign ownership limitations including joint venture obligations, maximum ownership thresholds, local registration and certification (licensing) requirements, government approval (e.g. in financial services), and entire bans on the entry of foreign market participants (see Table 44, Table 46 and Table 48).

3. Impact Assessment

In this section, we outline the extent to which services, trade, digital trade and investment is covered by the existing interim EPA. Potential economic impacts are summarised by detailed screening tables. Generally, for sectoral policies, major impacts are expected from liberalisation measures that facilitate trade and investment in industries and subs-sectors whose output (goods and services) is intensively used by other sectors of the economy as an input for production, the creation of value-added or sales activities, e.g. telecommunications or transport services. Similarly, for horizontal policy areas, e.g. data (privacy) regulations, major impacts are expected from policies that govern business activities of companies that operate in a broad range of industries. By contrast, if certain policies only affect a low number of companies in a particular sector or a low number of companies across different sectors, the impacts from liberalisation measures are considered minor.

3.1 Cross-border services trade

3.1.1 Baseline

In the interim EPA, the parties agreed to cooperate in the development of various services sectors to support trade in services in the region, including tourism services, financial services and ICT services. **The interim EPA does not cover trade in services otherwise.**

³⁷ Bank of Mauritius (2019). *Preliminary Gross Direct Investment Flows: 2019 (Excluding Global Business Sector)*. Foreign exchange rates provided by Morningstar.

3.1.2 Screening: Potential economic impacts

Table 5: Detailed screening table of potential services trade provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Telecommunications services	All economic sectors	Greater supply and greater competition through investment and foreign participation in the telecommunication sector has a positive impact on the overall economy. It reduces the cost of production and may eventually increase the employment rate of ESA5 countries.	Major
Financial services	All economic sectors	Greater supply and greater competition through investment and foreign participation in financial intermediation, banking and insurance services sectors sector have a positive impact on the overall economy. It reduces the cost of production and may eventually increase the employment rate of ESA5 countries.	Major
Delivery services	Logistics, agriculture and manufacturing sectors	Greater supply and greater competition through investment and foreign participation in postal and courier services can improve logistics value chains in ESA5 countries commodity sectors. The expansion of delivery services can have a positive impact on the employment of low-skilled workers.	Minor
International maritime transport services	International freight and logistics services and domestic agriculture and manufacturing sectors; related services such as port and agency services as well as multimodal transport services; passenger transport services and certain tourism and travel services	Greater participation of foreign suppliers can have a positive impact on market competition and international competitiveness. Lower shipping (cargo) rates may have a positive impact on ESA5 countries commodity exports and imports.	Minor

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Movement of natural persons for business purposes	All economic sectors	Improved legal certainty, transparency and legal clarity would reduce the deterrent effect on EU companies with respect to managerial decisions to enter ESA countries' markets.	Minor ³⁸

Source: own compilation.

3.2 Digital trade

3.2.1 Baseline

In the interim EPA, the parties recognised the importance of ICT frameworks and ICT for economic development. The interim EPA generally aimed at improving cooperation in the development of ICT sectors and the promotion of ICT-enabling services. However, the Interim Agreement does not address issues that are critical for the facilitation of modern digital trade, such as rules and regulations on cross-border data flows, standards, and privacy legislation.

3.2.2 Screening: Potential economic impacts

Table 6: Detailed screening table of potential provisions on digital trade

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Free cross-border data flows	All economic sectors	<p>The free cross-border transfer of data (i.e. the ability to exchange data cross-border without unjustified barriers) enables producers to sell and consumers to shop easily abroad.</p> <p>Free cross-border data flows fuel the process of globalisation of production and commerce with significant economic benefits for individual companies, households and the economy at large.</p> <p>The free flow of data is especially important for SMEs. SMEs are enabled to compete with larger businesses and reach customers around the globe in ways that are not possible with bans or restrictions on data flows, such as</p>	Major

³⁸ It should be noted that visa policy is explicitly carved out from the negotiations. Visa policies are generally not covered by trade agreements negotiated by the EU to date. Because of these carve-outs, the impact of mode 4 commitments in any trade agreement has always been minor. The only material value is in binding current openness of the EU and hence in legal certainty.

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
		local storage and processing obligations≤.	
Customs duties on electronic transmissions	All economic sectors	Like import tariffs, customs duties on electronic transmissions would raise prices and reduce available quantities of goods and services for businesses and consumers, which results in a lower income, reduced employment, and lower economic output across all sectors of the economy, particularly those with high ICT / data intensities. A ban on customs duties on electronic transmissions would maintain/allow for easy access to the foreign market and reduce the deterrent effects to trade internationally, particularly for SMEs.	Major
Conclusion of contracts by electronic means	All economic sectors	Legal certainty and trust is an important facilitator of commerce and international trade and as such contributes to economic activity and employment across all sectors of the economy, particularly sectors with high ICT / data intensities, e.g. e-commerce.	Major
The protection of personal data and privacy	All economic sectors	Significantly divergent data protection laws can impede or entirely prevent digital and non-digital trade across all sectors of the economy. Aligned data protection policies, incl. an EU adequacy decision for individual ESA5 countries has the potential to be a contributing factor to digital and non-digital trade across all sectors of the economy.	Major
Electronic authentication and electronic trust services	All economic sectors	Electronic identification and trust services are key enablers for secure cross-border electronic transactions and central for cross-border e-commerce. Reliable and well-recognised services can be an important facilitator of e-commerce and international trade and as such	Major

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
		contribute to economic activity and employment across all sectors of the economy, particularly sectors with high ICT / data intensities, e.g. e-commerce.	
Online consumer trust	All economic sectors	Adopting or maintaining measures to ensure the effective protection of consumers engaging in e-commerce transactions can contribute to economic activity and employment across all sectors of the economy, particularly sectors with high ICT / data intensities, e.g. e-commerce.	Major
Transfer of or access to source code	ICT and software sectors	Open access to source code undermines economic inventiveness to produce and innovate on the side of the private sector market participants. Legal obligations to transfer or grant access to source code of software owned by a natural or juridical person abroad have a deterrent effect on foreign businesses market entry and therefore undermine the country's access to modern software, technology and technology-enabled business models. Lower access to modern technologies undermine medium- to long term economic growth and structural economic change (economic renewal).	Major
Unsolicited direct marketing communications	All economic sectors	A prohibition of unsolicited direct marketing communications can improve privacy and serve consumer protection. The effect on the overall economy, including production and employment in digital and less digital sectors, is considered limited.	Minor

Source: own compilation.

3.3 Investments

3.3.1 Baseline

The interim EPA generally aimed at increasing ESA countries' attractiveness for foreign investors and, more generally, private sector initiative in ESA countries. However, in the Interim EPA, the parties only agreed on the aim to create an environment for the sustainable and equitable economic development of ESA through investment, including foreign direct investment (greenfield or portfolio), including capacity building, institutional support, and invest promotion initiatives. The interim EPA did not address legal discrimination of foreign investors in ESA countries, such as national treatment and most favoured nation treatment etc. It should be noted that individual ESA5 countries have entered into several bilateral investment agreements with individual EU and non-EU countries.³⁹

3.3.2 Screening: Potential economic impacts

Table 7: Detailed screening table of potential investment liberalisation provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Ban on limitations on the number of enterprises, the total value and assets, the number of operations, the participation in shareholding, or the total number of natural persons that may be employed	All economic sectors	<p><i>Competition and consumer surplus:</i> EU investment-driven competition would increase competition in ESA countries, leading to lower prices and better-quality goods and services. Improved competition would induce displacement effects in the short and medium-term, particularly in industries that currently enjoy protection by domestic regulation, e.g. in telecommunication and transportation services.</p> <p><i>Economic growth, structural economic change and renewal:</i> increased investment from the EU would improve ESA countries' access to modern technologies and innovative (often technology-enabled) business models. Additional investment would improve the economic growth potential of ESA countries in the medium to long term, creating additional economic opportunities and employment respectively.</p>	Major

³⁹ A full overview of Bilateral Investment Treaties (BITs) and other treaties with investment provisions is available at UNCTAD's investment policy hub. The following BITs are in place between individual ESA countries and EU27 Member States: Comoros: Belgium Luxembourg Economic Union; Madagascar: Germany, Belgium Luxembourg Economic Union, France, Sweden; Mauritius: France, Finland, Belgium Luxembourg Economic Union, Sweden, Romania, Czech Republic, Portugal, Germany; Seychelles: France, Cyprus; Zimbabwe: France, Austria, Croatia, Czech Republic, Italy, Sweden, Netherlands, Denmark, Germany, Portugal.

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
		<i>Integration in global value chains of goods and services:</i> increased investment from the EU would contribute to an expansion of ESA countries' production capacities for multiple goods and services in the medium to long term, helping domestic industries and industrial clusters to climb the ladder of value-added.	

Source: own compilation.

4. Environmental, social, gender and human rights impacts

4.1 Screening of possible impacts

The following tables present a screening of the possible environmental, social, gender and human rights impacts arising from the possible measures for investment and trade in services. The tables cover the chapters in the EU's proposed text on these topics.⁴⁰

Section 4.2 then reviews the key impacts that are identified in these tables. EU development cooperation can play a key role in addressing possible negative impacts and in ensuring that positive impacts take form.

Table 8: Detailed screening table of potential general provisions under Chapter I

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
<p>Right to regulate in public interest matters:</p> <p>Parties retain the right to regulate to achieve legitimate policy objectives (e.g., protection of public health, social services, public education, safety, the environment including climate change, public morals, social or consumer protection, privacy and data protection, or the</p>	<p>This provision could act as a safeguard to protect the Parties when taking new measures to achieve the legitimate policy objectives, including the environment in a manner consistent with internationally recognised standards.</p>	<p>The provision would also act as a safeguard however, it does not explicitly include the protection of labour and human rights.</p>	<p>Minor</p>

⁴⁰ Please note that the Chapter on potential provisions on entry and temporary stay of natural persons for business purposes is not addressed here as its environmental, social, gender and human rights impacts are expected to be very limited.

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
promotion and protection of cultural diversity)			
<p>Review of measures and appropriate remedies:</p> <p>Establishment of tribunals or procedures providing review and potential remedies at the request of investor or service supplier for administrative decisions affecting cross-border trade and establishment, operation or the supply of a service</p>	No specific environmental impacts identified for provision on review of measures and appropriate remedies, as long as the tribunals do not endanger the right to regulate the environment.	No specific social or human rights impacts identified for provision on review of measures and appropriate remedies, as long as the tribunals do not endanger the right to regulate on social or human rights issues.	None
<p>Denial of benefits:</p> <p>Exclusion from the protection afforded by the EPA's investment liberalisation and trade in services provisions of foreign investors, enterprises or services suppliers in certain circumstances to ensure the maintenance of international peace and security, including human rights</p>		The provision on denial of benefits could act as a safeguard to ensure that the Parties can take the necessary measures to protect human rights amongst others.	Minor

Source: EU ESA EPA and own analysis

Table 9: Detailed screening table of potential investment liberalisation provisions under Chapter II

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
<p>Market access:</p> <p>No limitations on the establishment or operation of a foreign investor or enterprise (e.g., number of enterprises in specific economic activity; value of transactions or assets; number of operations, participation of foreign capital, number of employees)</p> <p>No requirement regarding the legal form through which a foreign investor can perform an economic activity</p>	<p>These provisions put EU investors on the same footing as domestic investors.</p> <p>In doing so, the provisions should increase investment from EU sources.</p> <p>Many EU investors are likely to bring their environmental standards to their operations and their value chain, thus bringing high environmental management and possibly new environmental technologies.</p> <p>Nonetheless, some EU firms may wish to carry out business in ESA countries at lower environmental standards than would be possible in the EU and thus would not bring improvements.</p>	<p>The provisions should increase EU investment. EU investors may bring high social, labour and gender to their operations and their value chain.</p> <p>Some EU investors, however, wish to carry out business in ESA countries at lower social and gender standards than would be possible in the EU, and thus would not bring improvements.</p> <p>To the extent that EU investment brings greater economic activity, overall employment might grow. Nonetheless, there could be some losers where domestic firms face greater competition.</p>	Minor
<p>National treatment:</p> <p>Treatment of foreign investors and enterprises no less favourable than that of domestic investors and enterprises in like situations</p>	<p>EU investors may lead to an overall increase in economic activity, with resulting scale impacts on the environment, though investments could also change the structure of the economy, with positive or negative results depending on the sectors (with positive effects in terms of environmental pressures per unit of GDP could be</p>	<p>EU investment is likely to vary significantly across sectors and ESA countries, along with resulting social, gender and human rights impacts.</p> <p>There could be an increase in EU investor interest in acquiring land in ESA countries (though this aspect is not regulated in the proposed text). If greater acquisitions include cases where local people's land rights are not recognised, there could be social and human rights impacts.</p>	Minor
<p>Most-favoured nation treatment (MFN):</p> <p>Treatment of foreign investors and enterprises no less favourable than that of investors and enterprises of third countries</p>			Minor

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
<p>Performance requirements:</p> <p>No requirements for enterprises to perform certain operations (e.g., export of a given percentage of goods or services; achieving a percentage of domestic content; restricting sales in the host State's territory; etc.)</p> <p>Receipt of an advantage should not be subject to specific requirements</p>	<p>expected with diversification).</p> <p>The provisions could encourage EU investors to finance environmental infrastructure improvements (e.g., water and waste treatment), though their entry in this sector is likely to depend on national government regulation and agreement (and in low-income countries, blended financing from donor entities.)</p> <p>EU investment is likely to vary significantly across sectors and across ESA countries, along with resulting environmental impacts.</p>		Minor

Source: EU ESA EPA and own analysis

Table 10: Detailed screening table of potential provisions for cross-border trade in services

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
<p>No limits on the number of service suppliers permitted to carry out an economic activity, the total value of service transactions, the total number of service operations or quantity of output, types of legal entity</p> <p>Market liberalisation for trade in services will not apply to government procurement or government grants</p>	<p>No direct impacts from the provisions; the impacts of increased trade in services are likely to vary greatly across sectors and ESA countries.</p> <p>If greater trade in services leads to growth with more diversified economic structures, positive effects in terms of environmental pressures per unit of GDP.</p>	<p>These provisions should increase EU-ESA trade in services. Impacts are likely to vary greatly across sectors and ESA countries.</p> <p>While an overall increase in economic activity and thus employment can be expected, the effects will vary across sectors. Moreover, existing ESA service providers facing increased competition may cut jobs and wages.</p>	Minor

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Service suppliers of another party should be treated no less favourably than national service suppliers			

Source: EU ESA EPA and own analysis

Table 11: Detailed screening table of potential sectoral provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Ensure non-discriminatory market access for the Parties' services providers in delivery services	Increased commercial traffic and the presence of delivery services could have negative environmental impacts, for example on air pollution.	Trade facilitation measures in delivery services could lead to the entry of new operators in national markets (both from the EU and possibly from other ESA5 countries). This could lead to repercussions on employment and labour conditions – for example, increases in employment in private delivery services but potentially greater competition for existing postal services and delivery services and risks for their employment. Investments in delivery services could improve supply chains, increasing overall economic growth and related employment.	Minor
Ensure non-discriminatory market access for the parties' services providers in telecommunication services	Possible environmental impacts when EU investors construct new telecommunications infrastructure.	Increased EU investments in telecommunications could lead to better services offered to local consumers, potentially more affordable services, and higher take-up rates (better consumer choice). These investments could lead to positive employment impacts, generating jobs in the building and maintenance of infrastructure and more highly skilled jobs in areas such as sales and customer services. Some existing ESA providers	Minor

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
		<p>may, however, suffer from competition, leading to job losses.</p> <p>To the extent that EU entry leads to better service and greater competition, there could be positive impacts on economic activity that would increase employment.</p> <p>Potentially, the presence of better telecommunication service could increase media pluralism and thus access to information for citizens.</p>	
<p>Ensure non-discriminatory market access for the parties' services providers in financial services</p>	<p>No impacts expected</p>	<p>Liberalisation measures in financial services could generate better provision of financial services to consumers and have positive implications for ESA entrepreneurs, leading to overall economic growth and increases in employment.</p> <p>The entry of EU players could create employment, including more high-skilled, high-paid jobs. However, there could be job losses in existing financial services facing new competition.</p>	<p>Minor</p>
<p>Ensure non-discriminatory market access for the parties' services providers in international maritime transport services</p>	<p>Allowing EU and ESA ships open access could lead to greater efficiency, as ships travel with fuller cargo, thus reducing the pollution levels per tonne transported.</p> <p>There could be scale effects with increased traffic leading to greater pollution levels. Increased demand could drive further port expansion, with associated environmental impacts on marine and coastal areas.</p>	<p>Trade facilitation measures in maritime transport services could lead to the entry of new operators in national markets (from the EU and other ESA5 countries), which could have positive impacts on employment levels. Some existing operators may face increased competition, however.</p> <p>EU operators may use higher labour standards.</p> <p>The provision could lead to lower cargo rates, an overall increase in trade and shipping,</p>	<p>Minor</p>

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
		with associated growth in ESA employment.	
<p>Address unjustified barriers to digital trade, and guarantee an open, secure and trustworthy online environment for businesses and consumers.</p> <p>No restrictions of cross-border data flow via e.g., data localisation and local storage and processing requirements, conditional data flow regimes</p>	<p>The growth of digital infrastructure and services (such as data centres) in ESA countries could increase demand for electricity and related environmental pressures.</p>	<p>The development of an open, secure online environment could improve the business environment in ESA countries and thus support economic growth and jobs creation.</p> <p>ESA enterprises, including some micro-businesses and SMEs, may find better access to EU markets for both their goods and services, in particular online services, also leading to job creation.</p> <p>The safeguards/measures to mitigate risks related to the protection of buyers and sellers and e-payment are likely to support the proper development and adoption of digital trade in ESA5 countries.</p> <p>ESA citizens with digital skills would have better access to EU markets. And if data centres are created in ESA countries, this would lead to job creation.</p>	<p>Minor</p>

Source: EU ESA EPA and own analysis

4.2 Overview of key impacts and issues

In the stakeholder consultation, concerns were raised that for trade in services, investment and digital trade, among other issues, the EU stands to benefit more than the five ESA countries: ESA stakeholders were concerned about the competitiveness of their countries in these areas, linked to a small and weak private sector and the concentration of ESA exports in agricultural and marine resources. Nonetheless, some stakeholders, including some civil society organisations, saw the EPA and greater trade and investment with the EU as a potential mechanism for socio-economic development, including the reduction of poverty and social and economic inequalities as well as the improvement of the standards of living and quality of life.

The screening suggests that increased EU investment in ESA countries and greater trade in services could have both positive and negative indirect consequences.

On the positive side, EU investment flows to the ESA countries, along with greater trade in services, could lead to economic growth overall – and thus to increases in employment. EU investors may bring high environmental, social, labour and human rights standards for their operations and those of their value chains (though this is not necessarily the case for all investors).

EU investment could contribute to the improvement of existing infrastructure if ESA governments provide such opportunities. For example, Comoros, Madagascar, and Zimbabwe have poor transportation infrastructure and suffer from unreliable supplies of electricity and water. This situation not only discourages private investment and business development but also hinders the realisation of people's economic and social rights, such as the right to an adequate standard of living and the right to water and sanitation. Poor public infrastructure also exacerbates poverty, particularly in rural areas.⁴¹ Increased EU investment in those ESA countries could stimulate or be directed towards the improvement and development of transportation, electricity, and water infrastructure.

At the same time, EU investments flow to the ESA countries could have negative environmental, social, or human rights impacts. Potential negative impacts could arise if there is greater EU investor interest in land acquisitions (as noted in section 4.1, the draft text does not address this and would not increase EU investor rights in this area). In Madagascar, the issue of "land grabbing" for the benefit of foreign investors has been a source of concern over the last 15 years.⁴² One concern is whether the leasing of land to investors, particularly in the context of large-scale projects, is compatible with traditional land ownership and with the land reform that has taken place in Madagascar in recent years with the aim of improving local land rights. A further risk is that of expropriation to facilitate the creation of Special Economic Zones (SEZs) and Agricultural Investment Zones (ZIAs) to encourage investment. In general, the transfer of land in favour of foreign investors may erase the slow progress made towards securing land rights and negatively impact human rights, such as the right to food, especially in rural areas.⁴³ According to the Land Matrix, between 2000 and 2017, half of the foreign investors that acquired land on a large scale in Madagascar came from EU countries.⁴⁴ These issues are addressed, first and foremost, by national policies. Nonetheless, there could be concerns of social and human rights impacts if these policies are not further strengthened.

Another potentially negative impact is the lowering of labour and environmental standards to attract EU investment. While provisions of the Chapter on Trade and Sustainable Development would prohibit this, concerns have been raised that ESA countries have done so, in particular in special investments zones where derogations are allowed for tax and labour regulation (such as SEZs) and Export Processing Zones (EPZs) in Madagascar).

Ultimately, safeguards must be in place to ensure that investment liberalisation does not lead to a deterioration of labour rights standards and instead contribute to environmental, social, and human rights improvements. The safeguard included in Chapter I regarding the right of Parties to regulate in public interest matters is needed to allow the Parties to take measures to protect the environment.

Chapter II on investment liberalisation, as proposed by the EU, contains provisions that cover market access, national treatment, most favoured nation treatment (MFN), senior management and boards of directors, and performance requirements. While these provisions are expected to have only a limited direct impact on social conditions, human rights or the environment, they may nonetheless have indirect impacts. In particular, Articles 2.1 (market access), 2.3 (national treatment) and 2.4 (MFN) may have positive effects by attracting EU capital and know-how necessary for ESA economies, leading to higher employment. Investment can improve

⁴¹ For a discussion of the link between poverty and transport, see Paul Starkey and John Hine, 'Poverty and sustainable transport: How transport affects poor people with policy implications for poverty reduction' (2014).

⁴² This problem became particularly visible in 2009 when it was revealed that Daewoo, a South Korean company, was planning to lease 1.3 million hectares of land. The project created a lot of controversy and was eventually abandoned. See GTZ, 'Foreign Direct Investment (FDI) in Land in Madagascar' (2009).

⁴³ Burnod, P. & Andriamanalina, B. (2017). Land reform and investors' land access in Madagascar: The ambivalence of the land policy. *Géographie, économie, société*, 3(3), 357-376. <https://doi.org/10.3166/ges.19.2017.0017>; CETRI et Entraide et Fraternité, 'Land policy in Madagascar. Overview, stakes, challenges and outlooks' (2018).

⁴⁴ Land Matrix, 'Profil pays: le Madagascar' (2018) available at <https://landmatrix.org/resources/?category=country-profile>

infrastructure, including in telecommunications, which also can boost ESA economic and employment growth. EU investors can also bring good governance standards.

At the same time, investment liberalisation may have a negative impact by limiting ESA countries' policy space to adopt new legislation and regulation in matters of public interest, such as tax matters. Foreign investors may perceive those changes as violations of non-discriminatory principles when the legislation applies *de facto* or *de jure* differently to all businesses, foreign and domestic.⁴⁵ In such cases, the burden of proof that the law is not discriminatory and counters a hazardous impact of the industry falls on the legislating government.⁴⁶ The existence of legal safeguards is, therefore, necessary to guarantee the right of ESA countries to regulate environmental, social, and human rights matters.

It should be noted that Chapter II does not contain provisions formerly found in international investment agreements, such as protection against expropriation; fair and equitable treatment; stabilisation clauses).⁴⁷ These limited national actions on environmental, social and labour rights and human rights.

Furthermore, the current **Title on investment liberalisation and trade in services**, as proposed by the EU, generally contains potential safeguards to ensure that the Parties are not prevented from adopting laws and regulations to improve domestic social and environmental standards. The first one is Article 1.1(2), which provides that the '*Parties retain the right to regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, social services, public education, safety, the environment including climate change, public morals, social or consumer protection, privacy and data protection, or the promotion and protection of cultural diversity*'. While Article 1.1(2) does not explicitly include the protection of labour and human rights as a legitimate policy objective, these important objectives are included in the general right to regulate provisions in the Chapter on TSD (Article X.2 on the right to regulate and levels of protection). The second potential safeguard is Article 56 on general exceptions which also applies to the title on investment liberalisation and trade in services. Finally, in specific circumstances, Article 1.4 (denial of benefits) allows a Party to deny the protection of the EPA to certain investors, enterprises, or service suppliers where that Party adopts or maintains measures related to the maintenance of international peace and security, including the protection of human rights.

Concerning trade in maritime services, access to this sector by EU companies is likely to have the effect of increasing passages within the waters of the ESA parties concerned. There may be an effect of rationalising space and routes of vessels so that they are travelling at high capacity; moreover, there could be direct economic benefits and results increases in employment, for example in ESA ports. In terms of environment, however, a greater presence of EU companies could require greater port space, resulting in port expansion, with possible impacts on coastal and marine areas, as well as on land-use change near to ports. The 2020 oil spill off the coast of Mauritius has demonstrated the potential for the presence of large vessels close to the shore to cause disastrous harm to marine environments.

The uncertainty in the likelihood and the magnitude of the impacts on the EPA provisions on ESA5 countries applies to the sectoral measures. While their direct impacts on social, gender, fundamental rights and environmental aspects are expected to be limited, these could grow over time depending on contextual factors (such as world and ESA economic recovery and the ESA political context) and the related investment decisions taken by individual companies. The more favourable conditions under the proposed Chapters for individual sectors could support economic development, which will have positive repercussions on employment and

⁴⁵ For a general discussion of non-discriminatory treatment and human rights, see Federico Ortino, 'Non-Discriminatory Treatment in Investment Disputes' in Pierre-Marie Dupuy, Ernst-Ulrich Petersmann, and Francesco Francioni (eds.), *Human Rights in International Investment Law and Arbitration* (OUP, 2009).

⁴⁶ See V. Kube, 'EU Human Rights, International Investment Law and Participation: Operationalizing the EU Foreign Policy Objective to Global Human Rights Protection' (2019) Springer, pp. 152-182.

⁴⁷ See V. Kube, 'EU Human Rights, International Investment Law and Participation: Operationalizing the EU Foreign Policy Objective to Global Human Rights Protection' (2019) Springer, pp. 152-182.

labour conditions, in at least some ESA5 countries: it is likely that greater impacts will be seen in more developed economies and those countries and sectors with strong economic and commercial ties with the EU at present. For example, EU shipping companies already have a presence in Mauritius and Madagascar.⁴⁸ More favourable economic conditions – and national economic developments, such as the large mining development project in Ambatovy, Madagascar – could lead to a stronger EU presence in this sector.⁴⁹

5. Stakeholder feedback on key issues in the negotiations for the comprehensive EPA

According to the Directorate of Trade in Mauritius, all the issues in the Scoping Paper particularly, trade in services and investment should be atop the agenda of the comprehensive EPA. A similar position is shared by the Ministry of Trade in Zimbabwe, which also noted that comprehensive EPA negotiations with the EU are strategic given the continuing political dialogue between the EU and Zimbabwe.

Civil society organisations noted that their interest in EU-ESA deep EPA negotiations is due to the fact that they are charged with standing for the promotion of people's socio-economic rights, and thus it is critical to ensure that the negotiations promote, rather than erode these rights. Respondents also noted that the EU has adopted a negotiating mandate for a deep EPA which is in line with the push for a Millennium Round in the WTO, i.e. issues including services, investments, government procurement, trade facilitation, competition policy, IPR and e-commerce among others. Concerns were raised on the perceptions that in terms of trade in services, digital trade and Investment, the EU stands to benefit more than the ESA5 countries. Reasons for this include limited levels of competitiveness of ESA5 in these areas, a small and weak ESA5 private sector in these areas, and concentration of ESA5 exports in agricultural and marine resources sectors.

Private sector respondents revealed that the comprehensive EPA is likely to bolster opportunities in areas such as tourism, health, education, and transport services in ESA5 Countries. However, while trade in services is a major thrust in the comprehensive EPA, private sector respondents, including SMEs, from Zimbabwe, Seychelles and Madagascar raised concerns over the limited capacity to benefit from trade in services. While ESA governments advance the notion that they have a growing service industry with the potential to improve the efficiency of other sectors (agriculture, mining, and manufacturing), many services sectors are already dominated by foreign supply and most local service providers cannot compete with EU competitors. For instance, it was argued by private sector respondents that providers of private education, banking, insurance, and health in these countries cannot compete with similar providers from the EU. It was thus proposed that policy space should be preserved by ESA5 countries in the negotiations of services liberalisation under the comprehensive EPA, which would, according to their views, enable ESA5 companies to improve their competitiveness.

Regarding priority issues for a deepened agreement, the European Community Shipowners Associations (ECSA) argued that *'it is important that maritime transport services form part of any trade-related discussion the EU has with third parties, including in this case economic partnership arrangements.'* It was stated that *'efficient maritime transport is therefore critical to the region's trade and economic growth, but shipping and ports in this region sometimes lag behind global trends and standards resulting in high trading costs. Looking at the African continent more broadly, European shipping companies have traditionally held a strong position.'*

⁴⁸ Currently, the Swiss-Italian Mediterranean Shipping Company (MSC) has a 'Mediterranean Shipping Company Madagascar S.A.' acting as the country's agent for the MSC in both Madagascar and Mauritius, while the French container transportation and shipping company CMA CGM is the only company to offer its services to all seven Malagasy ports and Mauritius (<https://www.cma-cgm.fr/local/madagascar-agencies#:~:text=Le%20Groupe%20CMA%20CGM%2C%20un.depuis%20plus%20de%2030%20ans>)

⁴⁹ It is estimated that the mining project in Ambatovy could increase the maritime traffic in Madagascar to 3 million tonnes per annum, compared to an estimated 1.7 million tonnes of global traffic per annum

With regard to policy barrier, ECSA stated that *'EU shipowners are more and more confronted with market access barriers (in Africa but also around the world) targeting foreign logistics and maritime services. These include i.e. cargo reservations or preferences for national carriers, licensing requirements or rules on vessel flag, crew or construction to carry cargo or call at ports in their territory, all to the detriment of foreign operators. For ECSA, partnership agreements offer an excellent platform for the EU to draw the attention of its trading partners to the importance of free access to maritime services as well as safe and secure frameworks for operation.'* Regarding sustainable development, ECSA argued that *'by anchoring clear commitments on maritime transport in legally binding instruments, the EU creates the certainty EU businesses need to invest and operate in a sustainable manner. Such trade agreements should at a minimum ensure that third countries provide reciprocal market access to EU operators as third country operators face in the EU and include provisions on maritime transport services to the fullest extent possible, including: commitments towards unrestricted access to the international maritime markets and trades on a commercial and non-discriminatory basis; commitments to abolish and abstain from cargo-sharing agreements or reservations; the ability for EU operators to be granted reciprocal national market access, at minimum feeder services, and all forms of transshipment and movement of empty containers; the ability to perform multimodal operations; the ability for EU operators to establish local representations in third countries.'*

6. Key economic impacts

Overall, a deepened, modern and comprehensive agreement on services, digital trade and investment would result in significant net economic benefits for ESA countries compared to the status quo. A deepened agreement would eliminate existing barriers to trade and investment, which in their extent vary between ESA5 countries and economic sectors. An updated agreement would also lock-in legal constraints on the creation of arbitrary and disproportionate future barriers to trade by ESA5 governments, thus improving the state of the rule of law in these countries.

A deepened agreement between the EU and ESA5 countries would improve domestic regulatory frameworks for services and investment and likely increase the quality of governmental institutions. As a result of lower barriers to trade and investment, including the liberalisation of domestic (intra-country) restrictions on the provision of certain economic activities (e.g. postal, telecommunications and sea transport services), consumers, households and businesses would benefit from the improved competition (more and better quality product and services; lower prices) and, in the medium to long term, increased international competitiveness of many domestic businesses.

There are differences in ESA5 countries overall state of economic development, including the current degree of restrictiveness of sectoral regulations and the quality of domestic horizontal institutions, e.g. the quality of the legal system, will certainly have an impact on the overall magnitude of the economic benefits and the industries in which these benefits will materialise.

Mauritius and Seychelles are economically most developed and perform relatively well regarding the quality of their legal systems. For these countries, the effects from "importing" good legal institutions for the facilitation of international services trade, digital trade and investment will be lower than for Comoros, Madagascar, and Zimbabwe. At the same time, Mauritius and Seychelles have much to gain from intensified efforts to harmonise current and future regulations across sectors or, at least, approximate EU law. Mauritius would benefit from the liberalisation of its maritime services sectors. **Mauritius and Seychelles would also benefit from provisions that guarantee the free flow of data in the future and commitments on rules that guarantee the smooth facilitation of trusted e-commerce.**

For Comoros, Madagascar and Zimbabwe, the benefits from a deepened agreement would stem from the import and lock-in of good legal institutions for the facilitation of international services trade, digital and digitally enabled trade, and foreign investment. **A deepened agreement with the EU would help to eliminate long-**

standing barriers to domestic commerce in these countries and international trade and investment. A modern and more comprehensive agreement with the EU would complement efforts in these countries to liberalise domestic commerce and international trade, e.g. recent reforms in Zimbabwe to further liberalise the domestic telecommunications sector.

IT infrastructure and connectivity are key drivers of economic development and structural economic renewal. Due to positive cross-sectoral spill overs, economic benefits and new commercial opportunities can be expected from the liberalisation of telecommunications services, e.g. the elimination of complex licensing requirement in Zimbabwe, the elimination of foreign capital participation caps in Madagascar and, generally, the increase of private sector penetration in the telecommunications market in Comoros and Seychelles. New commitments on legal aspects that are critical for the facilitation of digital and ICT enabled trade, e.g. the prevention of data localisation measures and a ban on levies on all digital transmissions, and the elimination of remaining investment barriers, e.g. unreasonable capital requirements, joint venture requirements and economic needs tests, would allow ESA5 countries to tap into new commercial value chains and benefit from business model and technology spill overs and new economic opportunities respectively. Significant benefits are also expected from the elimination and reduction of trade and investment restrictions in financial services, e.g. the elimination of bans branched set up by foreign banks in Zimbabwe and, generally, increased private sector participation in Comoros and Seychelles. Positive impacts on competition, prices and reliability would arise from the elimination of anti-competitive regulations in postal and courier services.

A deepened agreement would have positive effects on governance and the business and investment environment. The comprehensive agreement would have a disciplining effect on ESA governments, future lawmakers and domestic public institutions, e.g. agencies, surveillance bodies and enforcement bodies, with respect to the imposition and enforcement of disproportionate and discriminatory laws and decrees. The agreement would enshrine the principle of national and most favoured treatment, thus improving the rule of law and with it the domestic business environment and investment climate, which would have a positive impact on investment from abroad. The business and investment environment would be improved if the EPA includes provisions relating to greater legal clarification, transparency, public sector accountability and streamlining of procedures market access for services and inbound investment.

7. Effects on regional integration and third parties

The comprehensive EU-ESA EPA could pave the way for a consolidation of ESA countries rules for international trade and investment. In addition, ESA5 countries have much to gain from greater levels of harmonisation of laws and regulations that govern domestic commerce and/or international trade and investment. EU law could become a template for many horizontal regulatory measures (e.g. consumer protection and environmental regulations) and approaches to sector-specific regulation (e.g. telecoms, postal services, digital services). In the medium to long-term, improved international competitiveness of ESA businesses, on the supply side, and increased income and purchasing power, on the demand side, would contribute to greater integration in the wider Eastern and Southern African region. From a legal perspective, a modern and more comprehensive EU-ESA agreement could, in the medium-term become a promising template for negotiations involving other ACP regions.

The comprehensive agreement between the EU and ESA countries may face 'institutional competition' from third-party trade deals, such as the United Kingdom (UK) – ESA EPA, which has come into force on 1 January 2021. The UK-ESA Agreement is not yet a comprehensive agreement, but it contains a 'Rendez-vous clause regarding future negotiations between ESA countries and the UK on areas not currently covered, which include trade in services trade and the liberalisation of investment.

As concerns the African Continental Free Trade Agreement (AfCFTA), a comprehensive EU-ESA EPA could inform future AfCFTA negotiations and sector working groups and shape the outcomes of ongoing work on

cooperation between AfCFTA countries, respectively. Services sector and investment liberalisation in AfCFTA aim to improve cooperation over time, while State Parties will retain control over essential aspects of policymaking and implementation in the future. Clear and enforceable EU-ESA EPA commitments and lessons from successful implementation at individual ESA5 country level could have a positive impact on AfCFTA partners, incentivise AfCFTA partners to commit to non-discriminatory rules for intra-African and international services trade and investment, and strengthen economic relationships with the EU.

8. Development cooperation

Concerns were raised by some stakeholders about the comprehensive nature of the EPA. It is generally argued to form a challenge for the ESA5 countries' economic development. ESA5 private sector companies, including SMEs, argued that for them it would be difficult to take advantage of the EPA. While these concerns should be taken into consideration by all parties, negotiators should also consider potential medium to long-term effects, particularly spill-over effects and leap-frogging due to improved access to modern technologies and innovative business models, including digital trade and (disruptive) technology-enabled business models, and their positive impacts with regard to the creation of new economic opportunities and consumer welfare.

The screening of possible measures shows that EU development cooperation can be valuable both in mitigating potential negative effects as well as ensuring that positive effects are seen, in particular in terms of the environment. The focus should generally be on quality foreign investment in productive sectors that bring spill over effect to the local economies of both source and destination countries. Key areas for cooperation include the following:

- Lower-income ESA countries suffer from poor infrastructure, which is a barrier to investment as well as to social development and economic and social rights. This is a key area for development cooperation. In lower-income ESA countries where public funds may be limited for such projects, blended finance could play a significant role to improve and develop public infrastructure, especially in the context of the COVID-19 recovery: consequently, there could be a role for private investors. However, the advantages of blended finance should be carefully balanced with potential negative environmental, social, and human rights consequences, and blended finance should not interfere with the right of ESA countries to regulate for the public interest.
- Foreign direct investment may threaten land ownership. EU development cooperation could support the current land reform in countries such as Madagascar, to help improve local land rights.
- Civil society organisations (CSOs) in ESA countries see opportunities from greater trade and investment under a revised EPA. Their participation will be valuable in terms of monitoring the impacts of greater investment as well as trade in services, including the benefits across all stakeholders including the most vulnerable groups. Therefore, improving the capacity of CSOs to fully undertake this monitoring could be a valuable facet of EU development cooperation.

9. Policy recommendations

Services trade

EU and individual ESA countries should aim for ambitious provisions on the elimination of existing barriers to services trade. Generally, the liberalisation of services trade between the EU and ESA5 countries would result in higher levels of trade and investment in all services categories.

The EU and individual ESA countries should generally aim to eliminate all remaining barriers to telecommunications trade including market entry barriers for investors. **Liberalisation efforts should generally aim to tackle or prevent market concentration in ESA countries telecommunications markets.** Modern telecommunications services provide cross-sectoral technologies that help to facilitate trade and, increasingly, digital trade. Improved competition in ESA countries telecommunications market would contribute to network stability and resilience, the number of available services in fixed-line and mobile offers and make telecommunications services more affordable for businesses and households in ESA countries.

Policymakers in the EU and individual ESA countries should also aim to further liberalise financial services trade in all modes of supply. An EU-ESA agreement that further liberalises trade and investment in financial services can lead to increased competition, improved access to innovative products (e.g. FinTech services) and improved efficiency in deposit banking, payments services, (insured) risk allocation and the management of capital, with broader benefits for the economy as a whole.

The EU and individual ESA countries should generally aim to eliminate all existing barriers to postal and courier services in ESA countries. Liberalisation efforts should generally aim to tackle or prevent market concentration, i.e. remaining government-protected monopolies and oligopolies in delivery services markets. Affordable and reliable cargo/freight transport services would likely reduce transport costs and have a positive effect on supply reliability.

The EU and individual ESA countries should generally aim for the elimination of disproportionate and discriminatory restrictions on international sea transport services for freight (cargo handling) and passengers. Due to their trade-distorting effect, the provisions should also effectively address trade facilitation issues, such as clearance, agency services and storage and depot services, to allow for trade facilitation and low costs.

Although EU FTAs generally allow public measures on entry into territory, the EU and ESA countries should effectively reduce visa restrictions that affect exporters and investors in the EU and individual ESA countries. Visa restrictions prevent foreign companies to supply goods and services, particularly in modes 3 and 4, and the realisation and leverage of the positive economic gains from the agreement, respectively.

Digital trade

The EU and ESA countries should aim for a regulatory landscape that allows for the free cross-border trade of data as well as the free cross-border trade of digital and digitally enabled services. **Digital services often play an enabling and facilitating role for domestic commerce and international trade.** Barriers to data and customs-like levies on digital transmissions would significantly distort access to digital and non-digital goods and services. Like other services sectors such as financial services and telecommunications services, data and digital services provide direct inputs that are crucial for all sectors of the economy, generating productivity growth and improving competitiveness in primary, secondary and tertiary sectors.

Investment

The EU and individual ESA countries should aim for ambitious provisions on investment liberalisation for all sectors of the economy, except those that should remain closed because of a legitimate national or European public interest, e.g. public health and security and national defence. ESA countries would derive significant medium- to long-term economic benefits from improved investment conditions due to greater legal certainty and improvements in the rule of law. **Increased investment from the EU will likely trigger intensified domestic competition and allow ESA businesses and consumers to benefit from greater and more affordable access to goods and services.** Business in ESA countries could benefit from and the adoption of innovative goods and services by domestic up and downstream sectors. Investment liberalisation would over the medium to long term also result in increases in the productivity of companies operating in primary, secondary and tertiary sectors.

Private sector involvement in trade agreements

Comoros, Mauritius and Seychelles have a relatively small domestic market. Some private sector companies in these countries will likely push for maintaining protection by national laws, including large incumbent firms in telecoms, financial services, and delivery (postal) services. Negotiators should therefore point to existing underperformances on an industry-by-industry basis, positive economic spillovers to up- and downstream sectors after liberalisation and the positive impacts for final consumers in ESA countries in terms of lower prices and quality improvements.

In the negotiations process, it is critical to have non-state actors play a critical role in monitoring EPAs. Social partners as well as the business sector should be involved in monitoring the implementation of the EPA. The monitoring exercise has to entail a systematic collection of data and experiences and processing these experiences to inform policies and negotiations. They also should be partners in implementing and evaluating the National Indicative Programme.

Moreover, each ESA5 country could develop a National EPA Committee which could develop the trade and development components of the National EPA Plan, based on the commitments made in the comprehensive EPA, and monitor implementation continuously, with a regional coordinating mechanism in place. The National EPA Committee (NEPAC) could increasingly comprise government (Ministries of Finance, Trade, Infrastructure, Economic Development and Industry), the Chambers of Commerce, Manufacturers Associations, a representative of MSMEs and a representative of civil society organisations and a representative from academia and would meet monthly, or more often if necessary. It would be responsible for drawing up a National EPA Plan that would finalise the country's inputs into the EPA negotiating agenda, to be coordinated at the regional level so that the ESA5 had a common negotiating position. The NEPAC would also be responsible for monitoring the implementation of the EPA – both the trade and development agendas.

Capacity building

ESA5 countries need improved coordination of capacity building activities. The NEPACs, already outlined in the trade in goods report, or another body could coordinate the capacity building activities required to allow CSOs, government departments and industry to actively participate not only in the negotiations (which would also benefit the country in all other trade and investment negotiations, including the African Continental Free Trade Area (AfCFTA) negotiations) but also in benefiting from the EPAs themselves.

ESA5 countries need to improve the visibility and flow of information. The NEPAC could also be responsible for improving the visibility and flow of information on EPAs, outlining potential benefits as well as explaining what mitigation is being done to address the negative aspects of EPAs. This improvement in visibility and information flows could take advantage of social media platforms, websites, public meetings, radio programmes and television programmes. The communication strategy could be a part of the National EPA Plan.

The EU can support the capacity building process by identifying weakness and using its own experiences in the liberalisation of investment and trade in services, and the enforcement of implementation measures. In addition, part of the development budget could be spent on the facilitation of investment and of trade in services in all ESA5 countries, as well as improving general transport network infrastructure. For example, stakeholders in Zimbabwe identified the domestic infrastructure as a serious obstacle to trade, and also the business environment in Comoros is impeded by infrastructure issues.

Ensure mitigation of negative aspects of the EPAs

The following amendments are proposed to address potential concerns related to environmental, social and human rights issues.

- Article 1.1(2) could balance investor's rights by noting also their obligations towards individuals and communities, including the provisions set out in the Chapter on Trade and Sustainable Development.
- The Chapter on Trade and Sustainable Development, moreover, contains provisions related to responsible supply chain management. It would be valuable to provide a reference to those provisions in the Chapters on investment liberalisation, to reinforce the objective that investors should operate following standards for corporate social responsibility and responsible business conduct.

Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 12: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ⁵⁰	1,370	523	11,099	17,448	1,464
Surface area (km ²) ⁵¹	1,861	587,295	2,040	460	390,760
Total Population (2019) ⁵²	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ⁵³	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ⁵⁴	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ⁵⁵	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ⁵⁶	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ⁵⁷	39.2	32.9	55.6	48.4	33.1

Source: World Bank

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in terms of economic, environmental, social and human rights conditions.

Comoros is a small lower-middle income island economy, with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded and its islands are prone to natural disasters and vulnerable to climate change impacts. Comoros faces challenges in providing adequate drinking water and sanitation.

⁵⁰ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

⁵¹ Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

⁵² Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

⁵³ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: <http://hdr.undp.org/en/data>

⁵⁴ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comoros, 2013 for Madagascar. World Bank data from <https://sdq-tracker.org/no-poverty#targets>

⁵⁵ Employment of female population, 15+. ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

⁵⁶ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

⁵⁷ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative : <https://gain.nd.edu/our-work/country-index/rankings/>

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, with rights to health, food, education and housing is limited. Biodiversity is severely degraded, and deforestation is a major challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with a comparatively high level of human development,⁵⁸ including a high literacy level,⁵⁹ and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle income, landlocked country whose economy, social conditions and environment have suffered from the political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

⁵⁸ Central Bank of Seychelles, *Annual Report 2018*, available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

⁵⁹ World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World', available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Appendix II. Barriers to trade and investment

Table 13: Overall state of Economic Freedom, Madagascar

	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	6,64	6,43	6,40	6,25	6,14	6,20
Rank	100	111	111	118	126	125
Quartile	3	3	3	3	4	4

Source: Fraser Institute Index of Economic Freedom

Table 14: Size of Government, Legal System and Property Rights, Madagascar

	2013	2014	2015	2016	2017	2018
Size of Government	8,74	8,14	8,31	7,90	7,63	7,51
Judicial independence	3,35	3,47	3,68	3,59	3,52	3,48
Impartial courts	3,33	3,32	3,36	3,31	3,69	3,49
Protection of property rights	4,28	4,28	4,35	4,33	4,48	4,70
Integrity of the legal system	4,50	4,63	4,65	4,65	4,67	4,57
Legal enforcement of contracts	2,42	2,96	2,96	2,96	2,96	2,96
Legal System & Property Rights	2,99	3,05	3,09	3,06	3,21	2,92

Source: Fraser Institute Index of Economic Freedom

Table 15: Sound Money and Freedom to Trade Internationally, Madagascar

	2013	2014	2015	2016	2017	2018
Sound Money	8,06	8,04	8,05	7,90	7,63	7,65
Non-tariff trade barriers	5,02	5,42	3,52	4,12	1,95	4,83
Compliance costs of importing and exporting	7,01	4,62	5,07	5,07	5,07	5,09
Regulatory trade barriers	6,02	5,02	4,29	4,59	3,51	4,96
Financial Openness	4,16	4,16	4,16	1,66	1,66	1,66
Capital controls	0,00	0,77	0,77	0,77	0,77	0,77
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	4,72	4,98	4,98	4,14	4,14	4,14
Freedom to Trade Internationally	7,16	6,97	6,76	6,62	6,36	6,71

Source: Fraser Institute Index of Economic Freedom

Table 16: Regulation, Madagascar

	2013	2014	2015	2016	2017	2018
Credit market regulations	8,07	7,71	7,51	7,39	7,39	8,14
Labour market regulations	4,94	4,74	4,49	4,50	4,36	4,64
Administrative requirements	4,16	3,74	3,60	3,57	3,41	3,13
Regulatory Burden	2,44	2,44	2,44	2,44	3,33	3,56
Starting a business	9,60	9,12	9,22	9,37	9,40	9,43
Impartial Public Administration	1,11	1,11	1,35	1,35	3,07	3,07
Licensing restrictions	8,88	7,85	7,85	7,80	7,84	7,69
Tax compliance	7,95	7,95	7,95	7,95	7,95	7,95
Business regulations	5,69	5,37	5,40	5,41	5,83	5,80
Regulation	6,23	5,94	5,80	5,77	5,86	6,19

Source: Fraser Institute Index of Economic Freedom

Table 17: Overall state of Economic Freedom, Mauritius

	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,88	7,82	7,99	7,98	7,99	8,21
Rank	16	24	14	16	13	7
Quartile	1	1	1	1	1	1

Source: Fraser Institute Index of Economic Freedom

Table 18: Size of Government, Legal System and Property Rights, Mauritius

	2013	2014	2015	2016	2017	2018
Size of Government	7,81	7,68	7,98	7,88	8,15	8,15
Judicial independence	5,70	5,67	5,69	5,67	6,04	5,95
Impartial courts	5,67	5,70	5,56	5,43	5,54	5,47
Protection of property rights	6,34	6,33	6,26	6,18	6,22	6,74
Integrity of the legal system	4,69	4,69	6,95	6,96	6,79	6,77
Legal enforcement of contracts	4,64	4,64	5,03	5,03	5,25	5,25
Legal System & Property Rights	5,45	5,45	5,92	6,31	6,40	6,46

Source: Fraser Institute Index of Economic Freedom

Table 19: Sound Money and Freedom to Trade Internationally, Mauritius

	2013	2014	2015	2016	2017	2018
Sound Money	9,67	9,58	9,59	9,59	9,30	9,52
Non-tariff trade barriers	6,08	6,83	6,14	6,26	6,20	6,50
Compliance costs of importing and exporting	8,76	7,91	7,86	8,23	8,54	8,54
Regulatory trade barriers	7,42	7,37	7,00	7,25	7,37	7,52
Financial Openness	6,99	6,99	6,99	6,99	6,99	6,99
Capital controls	4,62	4,62	4,62	4,62	4,62	4,62
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	7,20	7,20	7,20	7,20	7,20	7,20
Freedom to Trade Internationally	8,50	8,50	8,42	8,47	8,52	8,53

Source: Fraser Institute Index of Economic Freedom

Table 20: Regulation, Mauritius

	2013	2014	2015	2016	2017	2018
Credit market regulations	8,50	8,55	8,78	8,63	8,51	8,95
Labour market regulations	7,60	7,16	7,38	6,36	6,41	7,90
Administrative requirements	4,83	4,90	4,67	4,38	4,42	5,02
Regulatory Burden	9,78	9,78	9,78	8,89	8,89	8,44
Starting a business	9,79	9,79	9,77	9,81	9,83	9,85
Impartial Public Administration	7,00	6,94	7,10	7,10	6,89	8,36
Licensing restrictions	6,92	8,37	8,37	9,32	9,32	9,36
Tax compliance	8,30	8,30	8,30	8,30	8,30	8,43
Business regulations	7,77	8,01	8,00	7,97	7,94	8,25
Regulation	7,96	7,91	8,05	7,65	7,62	8,36

Source: Fraser Institute Index of Economic Freedom

Table 21: Overall state of Economic Freedom, Seychelles

	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,29	7,48	7,43	7,44	7,37	7,49
Rank	57	49	52	52	57	52
Quartile	2	2	2	2	2	2

Source: Fraser Institute Index of Economic Freedom

Table 22: Size of Government, Legal System and Property Rights, Seychelles

	2013	2014	2015	2016	2017	2018
Size of Government	6,86	7,16	6,87	7,00	7,01	6,71
Judicial independence	5,03	5,04	4,98	4,93	5,09	5,27
Impartial courts	5,03	5,06	5,11	5,06	5,15	5,46
Protection of property rights	4,86	4,86	5,12	5,35	5,35	5,53
Integrity of the legal system	6,33	6,33	6,86	6,97	6,93	6,98
Legal enforcement of contracts	4,06	4,06	4,06	4,06	4,06	4,06
Legal System & Property Rights	5,16	5,16	5,42	5,54	5,59	5,54

Source: Fraser Institute Index of Economic Freedom

Table 23: Sound Money and Freedom to Trade Internationally, Seychelles

	2013	2014	2015	2016	2017	2018
Sound Money	8,26	9,10	9,33	9,00	9,07	9,26
Non-tariff trade barriers	5,70	5,70	5,70	6,05	6,04	5,87
Compliance costs of importing and exporting	7,76	5,24	5,32	5,32	5,32	5,33
Regulatory trade barriers	6,73	5,47	5,51	5,68	5,68	5,60
Financial Openness	10,00	10,00	10,00	10,00	10,00	10,00
Capital controls	8,46	8,46	8,46	8,46	8,46	8,46
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00

Controls of the movement of capital and people	9,49	9,49	9,49	9,49	9,49	9,49
Freedom to Trade Internationally	8,82	8,55	8,06	8,10	7,65	8,27

Source: Fraser Institute Index of Economic Freedom

Table 24: Regulation, Seychelles

	2013	2014	2015	2016	2017	2018
Credit market regulations	7,67	8,00	8,00	8,00	7,88	7,88
Labour market regulations	6,99	6,99	7,17	7,36	7,40	7,56
Administrative requirements	5,33	5,33	5,33	5,04	5,03	5,17
Regulatory Burden	6,00	6,00	6,00	6,00	6,00	5,78
Starting a business	8,67	8,83	8,83	8,84	8,83	8,84
Impartial Public Administration	6,22	6,22	6,22	6,64	6,64	7,89
Licensing restrictions	8,98	8,46	8,46	8,46	8,67	9,08
Tax compliance	9,01	9,05	9,05	9,05	9,05	9,05
Business regulations	7,37	7,31	7,31	7,34	7,37	7,63
Regulation	7,34	7,43	7,50	7,56	7,55	7,69

Source: Fraser Institute Index of Economic Freedom

Table 25: Overall state of Economic Freedom, Zimbabwe

	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	5,46	5,80	6,24	5,72	5,16	5,12
Rank	144	138	118	144	152	155
Quartile	4	4	3	4	4	4

Source: Fraser Institute Index of Economic Freedom

Table 26: Size of Government, Legal System and Property Rights, Zimbabwe

	2013	2014	2015	2016	2017	2018
Size of Government	6,51	6,58	6,78	5,14	4,29	4,51
Judicial independence	3,42	3,60	3,85	3,91	3,94	3,79
Impartial courts	3,40	3,50	3,61	3,49	3,48	3,36
Protection of property rights	3,08	3,30	3,41	3,37	3,67	3,86
Integrity of the legal system	5,15	5,16	5,16	5,05	5,23	4,94
Legal enforcement of contracts	2,37	2,37	2,37	2,37	2,37	2,37
Legal System & Property Rights	3,54	3,60	3,78	3,74	4,11	4,07

Source: Fraser Institute Index of Economic Freedom

Table 27: Sound Money and Freedom to Trade Internationally, Zimbabwe

	2013	2014	2015	2016	2017	2018
Sound Money	6,90	7,97	8,18	7,38	6,72	5,03
Non-tariff trade barriers	6,48	4,74	5,63	4,99	4,85	5,20
Compliance costs of importing and exporting	1,29	4,17	1,69	1,64	1,33	1,33
Regulatory trade barriers	3,89	4,45	3,66	3,32	3,09	3,26
Financial Openness	1,66	1,66	4,16	4,16	4,16	4,16
Capital controls	0,00	0,00	0,00	0,00	0,00	0,00
Freedom of foreigners to visit	8,85	8,85	8,85	8,85	8,85	8,85
Controls of the movement of capital and people	3,50	3,50	4,34	4,34	4,34	4,34
Freedom to Trade Internationally	5,46	5,78	5,88	5,79	3,97	5,73

Source: Fraser Institute Index of Economic Freedom

Table 28: Regulation, Zimbabwe

	2013	2014	2015	2016	2017	2018
Credit market regulations	6,00	6,00	9,33	9,10	9,10	7,44
Labour market regulations	4,55	5,09	6,05	6,12	6,12	6,24
Administrative requirements	3,07	2,63	2,26	1,82	1,92	2,41
Regulatory Burden	0,67	0,67	0,67	0,89	2,67	2,67
Starting a business	5,91	5,94	5,83	6,89	7,81	8,33
Impartial Public Administration	2,61	2,78	2,78	2,17	1,97	2,21
Licensing restrictions	4,99	4,95	6,99	7,00	7,49	7,99
Tax compliance	7,29	7,29	7,29	7,29	7,29	7,29
Business regulations	4,09	4,04	4,30	4,34	4,86	5,15
Regulation	4,88	5,04	6,56	6,52	6,69	6,28

Source: Fraser Institute Index of Economic Freedom

Table 29: Obstacles relating to the business environment in Comoros⁶⁰

Specific type of obstacle	Share (%) of businesses affected by obstacle
Problems with the electricity supply	92
Ineffective law enforcement	64
Corruption, for example, bribes	62
Delays	58
Poor condition of road infrastructure	58
Air transport limited	57
Arbitrary or inconsistent behaviour of agents	53
Lack of access to information	45
Lack of (qualified) HR in the agencies	43
Lack of accredited testing laboratories	42
Lack of legal support	40
Limited or lack of access to relevant services	40
Lack of storage facilities	36
Productive elements (inputs) not available	32
Limited access to information and communication technologies (ICT)	25
Other issues	8

Source: ITC

⁶⁰ ITC, 2018. *The Comoros: Company Perspectives – An ITC Series on Non-Tariff Measures*. See: <https://www.intracen.org/publication/ntm-comoros/>

Table 30: Madagascar's Services Trade Restrictiveness in selected sub-sectors, World Bank STRI

Economy Name	Industry	Sector	Mode	Score
Madagascar	Professional Services	Accountancy	1	50
Madagascar	Professional Services	Accountancy	3	37.5
Madagascar	Professional Services	Accountancy	4	37.5
Madagascar	Professional Services	Accountancy	All	40
Madagascar	Transportation	Air Passenger International	All	35
Madagascar	Financial Services	Banking	1	100
Madagascar	Financial Services	Banking	3	25
Madagascar	Financial Services	Banking	All	36.25
Madagascar	Financial Services	Insurance	1	66.66666
Madagascar	Financial Services	Insurance	3	25
Madagascar	Financial Services	Insurance	All	23.33333
Madagascar	Professional Services	Legal	1	0
Madagascar	Professional Services	Legal	3	33.33333
Madagascar	Professional Services	Legal	4	41.66667
Madagascar	Professional Services	Legal	All	35.83333
Madagascar	Transportation	Maritime Auxiliary Services	All	0
Madagascar	Transportation	Maritime Shipping International	All	0
Madagascar	Transportation	Rail Freight Domestic	All	0
Madagascar	Transportation	Road Freight Domestic	All	0
Madagascar	Telecommunications	Telecom Fixed	All	25
Madagascar	Telecommunications	Telecom Mobile	All	25

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 31: Mauritius' Services Trade Restrictiveness in selected sub-sectors, World Bank STRI

Economy Name	Industry	Sector	Mode	Score
Mauritius	Professional Services	Accountancy	1	50
Mauritius	Professional Services	Accountancy	3	37.5
Mauritius	Professional Services	Accountancy	4	0
Mauritius	Professional Services	Accountancy	All	25
Mauritius	Transportation	Air Passenger International	All	52.5
Mauritius	Financial Services	Banking	1	0
Mauritius	Financial Services	Banking	3	0
Mauritius	Financial Services	Banking	All	0
Mauritius	Financial Services	Insurance	1	66.66666
Mauritius	Financial Services	Insurance	3	25
Mauritius	Financial Services	Insurance	All	23.33333

Mauritius	Professional Services	Legal	1	0
Mauritius	Professional Services	Legal	3	41.66667
Mauritius	Professional Services	Legal	4	66.66666
Mauritius	Professional Services	Legal	All	53.33333
Mauritius	Transportation	Maritime Auxiliary Services	All	75
Mauritius	Transportation	Maritime Shipping International	All	0
Mauritius	Transportation	Road Freight Domestic	All	0
Mauritius	Telecommunications	Telecom Fixed	All	0
Mauritius	Telecommunications	Telecom Mobile	All	0

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 32: Zimbabwe's Services Trade Restrictiveness in selected sub-sectors, World Bank STRI

Economy Name	Industry	Sector	Mode	Score
Zimbabwe	Professional Services	Accountancy	1	75
Zimbabwe	Professional Services	Accountancy	3	50
Zimbabwe	Professional Services	Accountancy	4	50
Zimbabwe	Professional Services	Accountancy	All	55
Zimbabwe	Transportation	Air Passenger International	All	50
Zimbabwe	Financial Services	Banking	1	75
Zimbabwe	Financial Services	Banking	3	50
Zimbabwe	Financial Services	Banking	All	53.75
Zimbabwe	Financial Services	Insurance	1	75
Zimbabwe	Financial Services	Insurance	3	50
Zimbabwe	Financial Services	Insurance	All	58.33333
Zimbabwe	Professional Services	Legal	1	75
Zimbabwe	Professional Services	Legal	3	50
Zimbabwe	Professional Services	Legal	4	75
Zimbabwe	Professional Services	Legal	All	63.33333
Zimbabwe	Transportation	Rail Freight Domestic	All	75
Zimbabwe	Transportation	Road Freight Domestic	All	75
Zimbabwe	Telecommunications	Telecom Fixed	All	75
Zimbabwe	Telecommunications	Telecom Mobile	All	50

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 33: Key restrictions identifies in WTO’s Trade Policy Reviews, Madagascar

Policy areas	Key identified restrictions
<p>Regulations/ restrictions on services addressed by the deepened EPA</p>	<p>Telecommunications services:</p> <ul style="list-style-type: none"> ▪ Telma SA, the historical operator, is the only one with a licence for fixed telephony. ▪ The mobile telephony market is shared by several companies. Licences are granted by means of competitive bidding, which may be organized by OMERT, by the Ministry responsible for telecommunications or at the request of an applicant. Decree No. 1650 specifies the cost of obtaining the various licences. <p>Financial services:</p> <p><u>Insurance services:</u></p> <ul style="list-style-type: none"> ▪ There is a strong foreign and government presence in the insurance subsector. ▪ The requirements for establishing a company are the same for foreign and Malagasy insurers. Persons wishing to offer insurance services must be set up as public limited companies and comply with corporate law. They must obtain approval for each branch of activity – property-casualty, life, and capitalization – but the same company may offer services in all branches. ▪ A company established in Madagascar may not cover risks outside the country. Likewise, risks in Madagascar may not be covered by non-resident companies; residents may not take out direct insurance abroad to cover a risk situated in Madagascar. In practice, however, most insurance is reinsured abroad. <p><u>Banking services:</u></p> <ul style="list-style-type: none"> ▪ Banking is the backbone of financial activities in Madagascar. Although the country did not undertake any commitments on financial services under the GATS in 1994, the latter is open to foreign presence and foreign companies entirely dominate Madagascar's highly concentrated banking subsector, with three foreign banks sharing two-thirds of the market. <p>Delivery services:</p> <ul style="list-style-type: none"> ▪ The public postal operator, Paositra Malagasy (PAOMA), is responsible for managing postal services. ▪ PAOMA has the monopoly of reserved postal services (letters and packages weighing less than 2 kg and postal accounts) and proposes various financial services including postal savings accounts to around 500,000 savers. It has a network comprising 250 post offices and rural postal agencies. <p>International maritime transport services:</p> <ul style="list-style-type: none"> ▪ There is no national fleet providing international transport, for either cargo or passengers. National cabotage, "bornage" (i.e. domestic transport limited geographically to around the ship's home port) and internal

Policy areas	Key identified restrictions
	<p>waterway transport are reserved for Malagasy flag vessels, except in the event of exemptions granted by the maritime administrative authority.</p> <ul style="list-style-type: none"> ▪ Exemptions are almost systematically granted to three shipping companies (CMA-CGM, Mediterranean Shipping Company and SAFMARINE (Maersk)) for container traffic. Bulk transport (cotton, raffia) is reserved for national carriers. ▪ Port services may be operated by foreign companies but require concessions from local authorities. <p>Movement of natural and businesspersons:</p> <ul style="list-style-type: none"> ▪ In order to facilitate foreign investors' work arrangements, the Law on Investment in Madagascar allows their entry and short-stay visa to be extended and converted into a "professional category resident visa", whether they have a contract of employment with a Malagasy enterprise or are occupying a senior management or executive position in that enterprise. This professional visa authorizes holders and their families to reside in Madagascar. The provisions of the Malagasy Labour Code apply. ▪ Expatriate staff can receive a professional resident visa, valid for the duration of their employment contract.
Regulations/ restrictions to digital trade	<ul style="list-style-type: none"> ▪ No consideration in 2015 TPR.
Regulations/ restrictions on investment	<ul style="list-style-type: none"> ▪ Relevant legislation applies identically to Malagasy citizens and foreigners and domestic and foreign (direct or portfolio) investment. ▪ Both Malagasy and foreign legal and natural persons may establish businesses in all areas of activity and hold 100% of an enterprise's capital, subject to the provisions applicable to certain sectors which are specifically regulated, including banking, insurance, mining, petroleum, telecommunications, and medical, paramedical and pharmaceutical activities. ▪ There are several agreements that include measures for the protection of foreign investment in Madagascar. The 11 bilateral agreements on investment promotion and protection signed by Madagascar.

Source: WTO Trade Policy Body. Report by the secretariat. November 2015.

Table 34: Key restrictions identifies in WTO’s Trade Policy Reviews, Mauritius

Policy areas	Key identified restrictions
<p>Regulations/ restrictions on services addressed by the deepened EPA</p>	<p>Telecommunications services:</p> <ul style="list-style-type: none"> ▪ Telecommunications policy in Mauritius may be understood in the broader context of Mauritius' objective to make the information and communications technology (ICT) sector a main pillar of the economy and to transform Mauritius into a regional ICT hub. ▪ The telecommunications sector was liberalized in 2001 because of the ICT Act. ▪ In the first quarter of 2014, there were two licensed providers of fixed telephone services: the former incumbent, Mauritius Telecom, which has a 97.24% market share. In the same year, there were only three providers of mobile telephone services. ▪ In 2015, the government and its related agencies maintained a 59% equity stake in Mauritius Telecom. <p>Financial services:</p> <ul style="list-style-type: none"> ▪ Mauritius participated in the WTO financial services negotiations and undertook commitments under the Fifth Protocol. <p><u>Insurance services:</u></p> <ul style="list-style-type: none"> ▪ Any person may carry on insurance business in Mauritius provided they hold a licence from the FSC. There are no limitations on commercial presence for foreign insurers. ▪ Insurance companies may be licensed to provide long-term or general insurance, but not both, unless they are a reinsurance company, or if one class of insurance is incidental, in terms of premium income, to the principal insurance business. ▪ The Insurance Regulations 2007 prohibit the insurance of local assets with insurance companies based in a foreign country. However, since 2013, this restriction does not apply to insurance contracts providing for export credit insurance. <p><u>Banking services:</u></p> <ul style="list-style-type: none"> ▪ Foreign banks are allowed to establish either as wholly owned subsidiaries or branches or to form joint ventures with local banks. <p>International maritime transport services:</p> <ul style="list-style-type: none"> ▪ The state-owned CHCL is the sole provider of general cargo, certain dry bulk, and container handling services. However, cement, wheat, petroleum products, molasses, and bitumen are handled by private operators. ▪ The Mauritius Ports Authority (MPA), a parastatal body, is the sole national port authority. It is responsible for the regulation, control, administration, development, and operation of seaports and port services (including marine services, such as pilotage). ▪ The MPA levies port fees for services rendered as per the port tariffs, which are revised by international consultants and benchmarked on other

Policy areas	Key identified restrictions
	<p>ports, with the main objective of ensuring that the tariffs for both MPA and the CHCL remain regionally competitive.</p> <ul style="list-style-type: none"> ▪ The Merchant Shipping Act (2007), promulgated in 2009, contains registration requirements for the owners of Mauritian ships. To own a Mauritian ship, persons must be a citizen of Mauritius; a body corporate incorporated in Mauritius (with its directors' meetings held regularly in Mauritius), or a maritime entity. Where the holders of a majority interest in a ship are not resident in Mauritius, a representative who is resident in Mauritius must be appointed as the managing owner of the vessel. Mauritius does not operate an international ship registry. ▪ Most shipping services, including liner trade, are under the control of foreign shipping companies. A state-owned shipping company caters for freight and passenger traffic to and from Rodrigues and is also engaged in regional feeder services. Vessels registered locally are granted a 50% discount on pilotage, tug services, and dockage. Locally registered vessels may benefit from a 20% discount on other chargeable items.
Regulations/ restrictions to digital trade	<ul style="list-style-type: none"> ▪ Telecommunications policy in Mauritius may be understood in the broader context of Mauritius' objective to make the ICT sector a main pillar of the economy and to transform Mauritius into a regional ICT hub. ▪ A well-developed ICT sector is seen as key to generating wealth and employment both in itself and in terms of its beneficial spill-over effects on other sectors of the economy, particularly the services sector.
Regulations/ restrictions on investment	<ul style="list-style-type: none"> ▪ Mauritius has several investment-related laws: The Investment Promotion Act (2000) established the Board of Investment (BOI) as Mauritius' national investment promotion agency. The BOI is the first point of contact for businesses wishing to establish operations in Mauritius and coordinates with other public agencies to facilitate the implementation of investment projects. ▪ Mauritius maintains a transparent and open investment regime; restrictions to foreign investment are maintained in only a few sectors: television broadcasting real estate property, Banks holding immovable property in Mauritius, diving centres, legal services, fisheries. ▪ There is no general government approval requirement for investment projects. However, BOI approval is required for investment projects submitted under the Real Estate Development Scheme and Freeport. Permits may be required from different government agencies.

Source: WTO Trade Policy Body. Report by the secretariat. January 2015.

Table 35: Key restrictions identifies in WTO’s Trade Policy Reviews, Zimbabwe

Policy areas	Key identified restrictions
<p>Regulations/ restrictions on services addressed by the deepened EPA</p>	<p>Telecommunications services:</p> <ul style="list-style-type: none"> ▪ Zimbabwe made specific commitments on telecommunications under the GATS. ▪ Restrictions on foreign investment applied to data transmission, including packet-switched data transmission and circuit-switched data transmission were lifted in 2019, according to the authorities ▪ One national backbone company (operated by Liquid) controlled nearly 70% of the country's bandwidth capacity (in 2019) and nearly 53% of Internet revenues (2017); TelOne controls another 24% of that capacity, and 23% of revenues (2017);68 Powertel, 4.3%, and Dandemutande (a new Internet services provider), 2.4%. ▪ International roaming is very expensive, about USD 100 for 10 megabytes (Swisscom). International calls were priced at USD 4 per minute for Switzerland, USD 0.5 for the United States, and USD 0.3 for regional destinations, from a fixed line. <p>Financial services:</p> <p><u>Insurance services:</u></p> <ul style="list-style-type: none"> ▪ Zimbabwe made commitments on some banking services but is not a party to either the Second or Fifth Protocols to the GATS ▪ Zimbabwe has a long insurance tradition and is host to some of the world's oldest multinational insurance companies. ▪ Conditions of establishment are spelt out in the Insurance Act and the respective principal regulations. ▪ Reinsurers are required to register in Zimbabwe to conduct business. ▪ Insurers and reinsurers are required to register for a specific class or classes of business. ▪ In 2017, new regulations substantially increased the minimum capital requirements for insurers and insurance brokers. ▪ The Insurance Act states that no registered insurer or insurance broker shall place Zimbabwean insurance business with an insurer who carries on business outside Zimbabwe and who is not registered in Zimbabwe. ▪ The Insurance act limits the composition of foreign directors sitting on the board of an insurer. <p><u>Banking services:</u></p> <ul style="list-style-type: none"> ▪ Concerning securities legislation, foreigners cannot collectively own more than 49% of a publicly listed company, according to the Monetary Policy Statement of 2016. 30% of shares must be sold to the public when a company goes public on the Stock Exchange. ▪ Foreign participation in key banking services generally allowed, but minimum capital requirements apply.

Policy areas	Key identified restrictions
	<ul style="list-style-type: none"> ▪ Foreign-owned banks may operate in Zimbabwe as locally incorporated subsidiaries of their foreign parent institutions and are subject to the same supervisory requirements as domestic banks. ▪ Foreign branches and foreign representative offices are not allowed. <p>Delivery services:</p> <ul style="list-style-type: none"> ▪ The Postal and Telecommunications Regulatory Authority of Zimbabwe is the regulator of postal and courier services. ▪ ZIMPOST, a state-owned company, is the designated postal operator, with the mandate of providing universal postal, courier, real estate, and financial services within Zimbabwe. ▪ The provision of the following services is reserved exclusively for ZIMPOST: the conveyance of letters of less than 500 g, other than such letters are conveyed by a commercial courier service, "provided that the operator of a commercial courier service shall not charge less than the prescribed rate for the conveyance of such letters by ZIMPOST. ZIMPOST wholly owns Courier Connect, one of seven courier companies.
<p>Regulations/ restrictions to digital trade</p>	<ul style="list-style-type: none"> ▪ Telecommunications equipment and computers are currently subject to relatively high MFN customs duties plus 15% VAT, which does not facilitate access to information technologies and the Internet. All telecommunications equipment is type-approved before use in the country by the POTRAZ, the Postal and Telecommunications Regulatory Authority of Zimbabwe.
<p>Regulations/ restrictions on investment</p>	<ul style="list-style-type: none"> ▪ Until 2018, the "indigenization" provisions, put in place in 2012 under the Indigenisation and Economic Empowerment Act of 2010, required companies operating in Zimbabwe to provide an indigenization implementation plan for foreign-owned companies. This involved reducing foreign ownership to a maximum of 49% of shares or interests, in every business with a net assets value of USD 500,000 or more. ▪ In 2019, the 51%/49% indigenization rule was removed. ▪ Foreign investment restrictions on diamonds and platinum group metals remain in place. ▪ Frequent policy changes have not provided for a stable and predictable investment climate. ▪ Concerning portfolio investment, in 2016 the Reserve Bank of Zimbabwe (RBZ) authorized foreign investors to own up to 49% of most companies listed on the Zimbabwe Stock Exchange (ZSE), up from 40% previously. ▪ Greenfield investment is difficult. A One-Stop Investment Centre has been established. The process involves several steps, which could be simplified.

Source: WTO Trade Policy Body. Report by the secretariat. November 2020.

Table 36: Overview of GATS commitments by sector of Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database ⁶¹

Signatory	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
Madagascar	X												1
Mauritius		X					X		X				3
Seychelles	X	X	X	X	X	X	X	X	X	X	X		11
Zimbabwe		X					X		X				3

Source: WTO. Note: sectors potentially affected by the liberalisation measures envisaged for the deepened EPA are (2) communications services, (4) distribution services, (7) financial services incl. insurance services, and (11) (sea) transport services.

Table 37: Overview of GATS most favoured nations exceptions by sector of Madagascar, Mauritius, Seychelles and Zimbabwe, WTO I-TIP Goods database ⁶²

Signatory	Horizontal	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL Sectors	TOTAL Exemptions
Madagascar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mauritius	0	0	0	0	0	0	0	1	0	0	0	0	0	1	1
Seychelles	1	0	3	0	0	0	0	0	0	0	0	0	0	2	4
Zimbabwe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: WTO. Note: sectors potentially affected by the liberalisation measures envisaged for the deepened EPA are (2) communications services, (4) distribution services, (7) financial services incl. insurance services, and (11) (sea) transport services.

Table 38: Services (sub-)sectors in which ESA countries made specific GATS commitments (Madagascar, Mauritius, Seychelles and Zimbabwe)

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
1.A.a	Legal Services			X		1
1.A.b	Accounting, auditing and bookkeeping services			X		1
1.A.c	Taxation Services			X		1
1.A.d	Architectural services			X		1
1.A.e	Engineering services			X		1
1.A.f	Integrated engineering services			X		1

⁶¹ List of specific sectors: 1 business services; 2 communication services; 3 construction and related engineering services; 4 distribution services; 5 educational services; 6 environmental services; 7 financial services; 8 health related and social services (other than those listed under 1.A.h-j.); 9 tourism and travel related services; 10 recreational, cultural and sporting services (other than audio-visual services); 11 transport services; 12 other services not included elsewhere.

⁶² List of specific sectors: 1 business services; 2 communication services; 3 construction and related engineering services; 4 distribution services; 5 educational services; 6 environmental services; 7 financial services; 8 health related and social services (other than those listed under 1.A.h-j.); 9 tourism and travel related services; 10 recreational, cultural and sporting services (other than audio-visual services); 11 transport services; 12 other services not included elsewhere.

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
1.A.g	Urban planning and landscape architectural services			X		1
1.A.h	Medical and dental services			X		1
1.A.i	Veterinary services			X		1
1.A.j	Services provided by midwives, nurses, physiotherapists and paramedical personnel			X		1
1.B.a	Consultancy services related to the installation of computer hardware			X		1
1.B.b	Software implementation services			X		1
1.B.c	Data processing services			X		1
1.B.d	Database services			X		1
1.B.e	Other			X		1
1.C.a	R&D services on natural sciences			X		1
1.C.b	R&D services on social sciences and humanities			X		1
1.E.a	Relating to ships			X		1
1.E.b	Relating to aircraft			X		1
1.E.e	Other			X		1
1.F.a	Advertising services			X		1
1.F.c	Management consulting service			X		1
1.F.d	Services related to man. consulting			X		1
1.F.e	Technical testing and analysis serv.	X		X		2
1.F.h	Services incidental to mining			X		1
1.F.m	Related scientific and technical consulting services			X		1
1.F.n	Maintenance and repair of equipment (not including maritime vessels, aircraft)	X		X		2
1.F.q	Packaging services			X		1
2.A	Postal services			X		1

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
2.B	Courier services			X		1
2.C.a	Voice telephone services		X	X		2
2.C.b	Packet-switched data transmission services		X	X	X	3
2.C.c	Circuit-switched data transmission services		X	X	X	3
2.C.d	Telex services		X	X		2
2.C.e	Telegraph services		X	X		2
2.C.f	Facsimile services		X	X	X	3
2.C.g	Private leased circuit services		X	X		2
2.C.h	Electronic mail			X	X	2
2.C.i	Voice mail			X	X	2
2.C.j	On-line information and database retrieval			X	X	2
2.C.k	electronic data interchange (EDI)			X	X	2
2.C.l	enhanced/value-added facsimile services, incl. store and forward, store and retrieve			X	X	2
2.C.m	code and protocol conversion			X	X	2
2.C.n	on-line information and/or data processing (Inc. Transaction processing)			X	X	2
2.C.o	other		X	X	X	3
2.D.a	Motion picture and videotape production and distribution services			X		1
2.D.b	Motion picture projection service			X		1
3.A	General construction work for buildings			X		1
3.B	General construction work for civil engineering			X		1
3.E	Other			X		1
4.A	Commission agents' services			X		1
4.B	Wholesale trade services			X		1

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
4.C	Retailing services			X		1
4.D	Franchising			X		1
5.A	Primary education services			X		1
5.B	Secondary education services			X		1
5.C	Higher education services			X		1
5.D	Adult education			X		1
5.E	Other education services			X		1
6.A	Sewage services			X		1
6.B	Refuse disposal services			X		1
6.D	Other			X		1
7.A.a.01	Life insurance		X	X		2
7.A.a.02	Non-life insurance		X	X		2
7.A.b	Reinsurance and retrocession		X	X		2
7.A.c	Insurance intermediation, such as brokerage and agency		X	X		2
7.A.d	Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services		X	X		2
7.B.a	Acceptance of deposits and other repayable funds from the public		X	X	X	3
7.B.b	Lending of all types, incl., inter alia, consumer credit, mortgage credit, factoring and financing of		X	X	X	3
7.B.c	Financial leasing			X	X	2
7.B.d	All payment and money transmission services		X	X	X	3
7.B.e	Guarantees and commitments		X	X	X	3
7.B.f.01	Money Market Instruments		X	X		2
7.B.f.02	Foreign Exchange		X	X		2
7.B.f.03	Derivative Products			X		1
7.B.f.04	Exchange Rate and			X		1

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
	Interest Rate Instruments					
7.B.f.05	Transferable Securities		X	X		2
7.B.f.06	Other negotiable instruments and financial assets			X		1
7.B.g	Participation in issues of all kinds of securities, incl. under-writing and placement		X	X	X	3
7.B.h	Money broking			X		1
7.B.i	Asset management, such as cash or portfolio management, all forms of collective			X	X	2
7.B.j	Settlement and clearing services for financial assets, incl. securities, derivative products,		X	X		2
7.B.k	Advisory and other auxiliary financial services on all the activities listed in			X	X	2
7.B.l	Provision and transfer of financial information, and financial data processing and related		X	X		2
8.A	Hospital services			X		1
8.B	Other Human Health Services			X		1
8.C	Social Services			X		1
9.A	Hotels and restaurants (incl. catering)		X	X	X	3
9.B	Travel agencies and tour operators services		X	X	X	3
9.C	Tourist guides services		X		X	2
9.D	Other		X			1
10.A	Entertainment services (including theatre, live bands and circus services)			X		1
10.B	News agency services			X		1
10.C	Libraries, archives, museums and other cultural			X		1

Code	Sector	Madagascar	Mauritius	Seychelle	Zimbabwe	TOTAL of ESA4 countries
	services					
11.A.a	Maritime: Passenger transportation			X		1
11.A.b	Maritime: Freight transportation			X		1
11.A.d	Maritime: Maintenance and repair of vessels			X		1
11.A.f	Supporting services for maritime transport			X		1
11.H.a	Cargo-handling services			X		1
11.H.b	Storage and warehouse services			X		1
11.H.c	Freight transport agency services			X		1

Source: WTO. Note: sectors potentially affected by the liberalisation measures envisaged for the deepened EPA are (2) communications services, (4) distribution services, (7) financial services incl. insurance services, and (11) transport services.

Table 39: Madagascar's current commitments under the WTO GATS agreement in business services⁶³

Madagascar	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
1.Business services								
F Other business services								
Technical testing and analysis services	U	F	P	U	U	F	F	U
Maintenance and repair of equipment	U	F	P	U	U	F	F	U

Source: WTO.

Table 40: Mauritius' current commitments under the WTO GATS agreement in business services⁶⁴

Mauritius	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Horizontal commitments	-	-	P	P	-	-	P	P
Telecommunications								
Voice telephone services	P	F	P	U	F	F	P	U
Packet switched data transmission services								

⁶³ M1-M4 illustrate different modes of services supply (M1: cross-border supply, M2: consumption abroad, M3: commercial presence, M4: presence of natural persons for business purposes). F, P, and U illustrate the type of commitments (F: full commitment, P: partial commitment, U: unbound), – illustrates that the sub-sector is not included in the schedule. See: WTO, 1994. GATS/SC/51. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/SCHED/GATS-SC/SC51.pdf&Open=True>

⁶⁴ M1-M4 illustrate different modes of services supply (M1: cross-border supply, M2: consumption abroad, M3: commercial presence, M4: presence of natural persons). F, P, and U illustrate the type of commitments (F: full commitment, P: partial commitment, U: unbound), – illustrates that the sub-sector is not included in the schedule. See: WTO, 1994. GATS/SC/51. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/SCHED/GATS-SC/SC51.pdf&Open=True>

Mauritius	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Circuit switched data transmission services								
Telex services								
Telegraph services								
Private leased circuit services								
Facsimile services	F	F	F	U	F	F	P	U
Tourism services								
Hotel Operators	P	F	P	U	P	F	P	U
Restaurant Operators	P	F	P	U	P	F	P	U
Travel Agencies	P	F	P	U	F	F	F	U
Tour Operators	P	F	P	U	P	F	P	U
Tourist guides	P	F	P	U	P	F	P	U
Tourist Transport Operation	P	F	P	U	P	F	P	U
Yacht Chartering & Cruising Services	P	F	P	U	P	F	P	U
Tourist Duty-Free Shops	P	F	P	U	P	F	P	U
Insurance and Insurance-Related Services								
Direct Insurance Life and non-life	U	P	F	U	F	F	F	U
Re-insurance and retrocession	P	P	P	U	F	F	F	U
Insurance Intermediation comprising Agents and Brokers	P	P	P	U	F	F	F	U
Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services	F	F	F	U	F	F	F	U
Banking and other financial services (excluding insurance)								
Acceptance of deposits	U	F	P	U	F	F	F	U
Lending of all types (excluding factoring and specialized and structured products)	F	F	P	U	F	F	F	U
All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts	F	F	F	U	F	F	F	U
Guarantees and commitments	F	F	F	U	F	F	F	U
Trading for own account or for account of customers (multiple types of transactions)	F	F	P	U	F	F	F	U
Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues	F	F	P	U	F	F	F	U
Settlement and clearing services	P	F	P	U	F	F	F	U
Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services	P	F	P	U	F	F	F	U

Source: WTO.

Table 41: Seychelles' current commitments under the WTO GATS agreement in business services⁶⁵

Seychelles	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Horizontal				P	P	P	P	U
Business services								
Legal services	F	F	F	U	F	F	F	U
Accounting and bookkeeping services	F	F	F	U	F	F	F	U
Architectural services	F	F	F	U	F	F	F	U
Engineering services	F	F	F	U	F	F	F	U
Integrated Engineering services	F	F	F	U	F	F	F	U
Urban planning services	F	F	F	U	F	F	F	U
Medical and dental services	F	F	F	U	F	F	F	U
Veterinary services	F	F	F	U	F	F	F	U
Services provided by midwives, nurses, physiotherapists and Para-medical personnel	F	F	F	U	F	F	F	U
Computer and computer-related services								
Computer and computer-related services	F	F	P	U	F	F	F	U
Research and development services								
Research and experimental development services on agriculture sciences	F	F	F	U	F	F	F	U
Research and development for crude oil, natural gas and condensate (analysis of petroleum)	F	F	F	U	F	F	F	U
Research and experimental development services on cultural sciences, sociology and psychology	F	F	P	U	F	F	F	U
Research and experimental development services on medical sciences and pharmacy	F	F	F	U	F	F	F	U
Rental and leasing services								
Relating to ships	F	F	P	U	U	F	F	U
Leasing or rental services concerning aircraft without operator	F	F	F	U	F	F	F	U
Leasing and rental of household goods	F	F	F	U	F	F	F	U
Other business services								
Advertising services	F	F	F	U	F	F	F	U
Management consulting services	F	F	F	U	F	F	F	U
Management consulting services related to energy sector	F	F	F	U	F	F	F	U
Technical testing and analysis services only for gas, mining and oil industry	F	F	F	U	F	F	F	U
Services incidental to mining	F	F	F	U	F	F	F	U

⁶⁵ M1-M4 illustrate different modes of services supply (M1: cross-border supply, M2: consumption abroad, M3: commercial presence, M4: presence of natural persons for business purposes). F, P, and U illustrate the type of commitments (F: full commitment, P: partial commitment, U: unbound), – illustrates that the sub-sector is not included in the schedule. See: WTO, 1994. GATS/SC/51. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/SCHED/GATS-SC/SC51.pdf&Open=True>

Seychelles	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Related scientific and technical consulting services only for gas, mining and oil industry	F	F	F	U	F	F	F	U
Maintenance and repair of equipment	F	F	F	U	F	F	F	U
Packaging services	F	F	F	U	F	F	F	U
Communication services								
Postal and Courier Services (including express delivery services)	F	F	F	U	F	F	F	U
Basic Telecommunication Services	F	F	F	U	F	F	F	U
Value Added Services such as electronic email, voice mail, electronic data exchange etc.	F	F	F	U	F	F	F	U
Audio-visual services such as motion picture and broadcasting services	F	F	F	U	F	F	F	U
Construction and related engineering services								
Construction and related engineering services (multiple types of related services)	F	F	F	U	F	F	F	U
Distribution services								
Commission agents	U	U	F	U	U	U	F	U
Wholesale trade services	F	F	F	U	F	F	F	U
Retailing services	F	F	P	U	F	F	F	U
Wholesale trade of motor vehicles	F	F	F	U	F	F	F	U
Educational services								
Educational services (multiple types of services)	F	F	F	U	F	F	F	U
Environmental services								
Environmental services (multiple types of services)	U	F	P	U	U	P	F	U
Financial and insurance services								
Insurance services								
Life insurance	F	F	F	U	F	F	F	U
Non-life (multiple types of services)	F	F	F	U	F	F	F	U
Reinsurance and retrocession	F	F	F	U	F	F	F	U
Services auxiliary to insurance (including broking and agency services)	F	F	F	U	F	F	F	U
Banking services (multiple services, such as acceptance of deposits and other repayable funds from the public, lending of all types, payment services etc.)	P	F	F	U	U	F	F	U
Health-related and social services								
Health-related and social services (multiple types of services)	F	F	F	U	F	F	F	U
Social services	F	F	F	U	F	F	F	U
Tourism and travel-related services								
Hotels and other lodging services	F	F	P	U	F	F	F	U
Letting services of furnished accommodation (excluding rooming and boarding houses and cabins)	F	F	P	U	F	F	F	U

Seychelles	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Restaurants	F	F	P	U	F	F	F	U
Motel lodging services	F	F	F	U	F	F	F	U
Travel agencies and tour operators	F	F	P	U	F	F	F	U
Recreational, cultural and sporting services								
Recreational, cultural and sporting services (multiple types of services)	U	F	F	U	U	F	F	U
News agency services (multiple types of services)	F	F	F	U	F	F	F	U
Libraries, archives, museums etc.	F	F	F	U	F	F	F	U
Transport services								
Transport (freight and passengers)	F	F	F	U	F	F	F	U
Maintenance and repair of vessel	F	F	P	U	F	F	F	U
Vessel salvage and refloating	F	F	P	U	F	F	F	U
Cargo-handling services	F	F	F	U	F	F	F	U
Storage and warehouse services	F	F	F	U	F	F	F	U
Freight transport agency services	F	F	F	U	F	F	F	U

Source: WTO.

Table 42: Zimbabwe's current commitments under the WTO GATS agreement in business services⁶⁶

Zimbabwe	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Horizontal commitments	-	-	P	P	-	-	-	P
Communication services								
Telecommunication services								
Public telecommunications transport networks and services	F	F	P	U	F	F	F	U
Value-added/Enhanced services	F	F	F	U	F	F	F	U
Financial services								
Banking services								
Acceptance of deposits and other repayable funds from the public	F	F	P	U	F	F	F	U
Lending of all types	F	F	P	U	F	F	F	U
Financial leasing	F	F	P	U	F	F	F	U
All payment and money transmission services	F	F	P	U	F	F	F	U
Guarantees and commitments	F	F	P	U	F	F	F	U
Tourism and traffic-related services								
Hotels and restaurants	F	F	F	U	F	F	F	U

⁶⁶ M1-M4 illustrate different modes of services supply (M1: cross-border supply, M2: consumption abroad, M3: commercial presence, M4: presence of natural persons for business purposes). F, P, and U illustrate the type of commitments (F: full commitment, P: partial commitment, U: unbound), - illustrates that the sub-sector is not included in the schedule. See: WTO, 1994. GATS/SC/51. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/SCHD/GATS-SC/SC51.pdf&Open=True>

Zimbabwe	Market Access				National Treatment			
	M1	M2	M3	M4	M1	M2	M3	M4
Travel agencies and tour operators	F	F	P	U	F	F	P	U
Tourist guide services	F	F	P	U	F	F	P	U

Source: WTO.

Table 43: Investment restrictiveness in services sectors, Madagascar

Industry	Sector	Subsector	Mode	Score
Financial Services	Banking	Retail Banking Loans	3	25
Financial Services	Banking	Retail Banking Loans	All	36.25
Financial Services	Banking	Retail Banking Deposits	3	25
Financial Services	Banking	Retail Banking Deposits	All	36.25
Financial Services	Insurance	Insurance Automobile	3	25
Financial Services	Insurance	Insurance Automobile	All	32.5
Financial Services	Insurance	Insurance Life	3	25
Financial Services	Insurance	Insurance Life	All	32.5
Financial Services	Insurance	Reinsurance	3	25
Financial Services	Insurance	Reinsurance	All	5
Telecommunications	Telecom Fixed	Telecom Fixed	3	25
Telecommunications	Telecom Mobile	Telecom Mobile	3	25
Retailing	Retailing	Retailing	3	0
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	0
Transportation	Air Passenger International	Air Passenger International	3	0
Transportation	Maritime Shipping International	Maritime Shipping International	3	0
Transportation	Maritime Auxiliary Services	Maritime Auxiliary Services	3	0
Transportation	Road Freight Domestic	Road Freight Domestic	3	0
Transportation	Rail Freight Domestic	Rail Freight Domestic	3	0
Professional Services	Accountancy	Accounting	3	25
Professional Services	Accountancy	Accounting	All	20
Professional Services	Accountancy	Auditing	3	50
Professional Services	Accountancy	Auditing	All	60
Professional Services	Legal	Legal Advice Foreign Law	3	25
Professional Services	Legal	Legal Advice Foreign Law	All	20
Professional Services	Legal	Legal Advice Domestic Law	3	25
Professional Services	Legal	Legal Advice Domestic Law	All	25
Professional Services	Legal	Legal Representation in Court	3	50
Professional Services	Legal	Legal Representation in Court	All	62.5

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 44: Investment policy summaries in services sectors, Madagascar

Industry	Sector	Subsector	Mode	Policy Summary
Financial Services	Banking	Retail Banking Loans	3	Entry through a branch is not allowed.
Financial Services	Banking	Retail Banking Deposits	3	Entry through a branch not allowed.
Financial Services	Insurance	Insurance Automobile	3	Entry through a branch is not allowed for automobile insurance. Maximum ownership of a state-owned insurer is 70 percent.
Financial Services	Insurance	Insurance Life	3	Entry through a branch is not allowed for automobile insurance. Maximum ownership of a state-owned insurer is 70 percent.
Financial Services	Insurance	Reinsurance	3	Entry through a branch is not allowed for automobile insurance. Maximum ownership of a state-owned insurer is 70 percent.
Telecommunications	Telecom Fixed	Telecom Fixed	3	The limit on foreign ownership is 66 percent. The IG license fee is determined by the Ministry of Telecommunications.
Telecommunications	Telecom Mobile	Telecom Mobile	3	The limit on foreign ownership is 66 percent. The IG license fee is determined by the Ministry of Telecommunications.
Retailing	Retailing	Retailing	3	There are no restrictions.
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	There are no restrictions, except for certain requirements to hire nationals.
Transportation	Air Passenger International	Air Passenger International	3	There are no restrictions, except for certain requirements to hire nationals.
Transportation	Maritime Shipping International	Maritime Shipping International	3	There are no restrictions, except that they must be staffed with Malagasy crew.
Transportation	Maritime Auxiliary Services	Maritime Auxiliary Services	3	There are no restrictions.
Transportation	Road Freight Domestic	Road Freight Domestic	3	There are no restrictions.
Transportation	Rail Freight Domestic	Rail Freight Domestic	3	There are no restrictions.
Professional Services	Accountancy	Accounting	3	Allowed, but a local member of an international network or association can

				use the international brand name only with a name or word added that enables identification of the firm as being in Madagascar.
Professional Services	Accountancy	Auditing	3	A branch is not allowed. Ownership by non-locally-licensed professionals is limited to 25 percent. A local member of an international network or association can use the international brand name, but only with a name or word added that enables identification of the firm as being in Madagascar.
Professional Services	Legal	Legal Advice Foreign Law	3	Allowed, but a local member of an international network or association can use the international brand name only with a name or word added that enables identification of the firm as being in Madagascar.
Professional Services	Legal	Legal Advice Domestic Law	3	Allowed, but a local member of an international network or association can use the international brand name only with a name or word added that enables identification of the firm as being in Madagascar.
Professional Services	Legal	Legal Representation in Court	3	A branch is not allowed. Ownership or control by foreign nationals is limited to 49 percent.

Source: World Bank.

Table 45: Investment restrictiveness in services sectors, Mauritius

Industry	Sector	Subsector	Mode	Score
Financial Services	Banking	Retail Banking Loans	3	0
Financial Services	Banking	Retail Banking Loans	All	0
Financial Services	Banking	Retail Banking Deposits	3	0
Financial Services	Banking	Retail Banking Deposits	All	0
Financial Services	Insurance	Insurance Automobile	3	25
Financial Services	Insurance	Insurance Automobile	All	32.5
Financial Services	Insurance	Insurance Life	3	25
Financial Services	Insurance	Insurance Life	All	32.5
Financial Services	Insurance	Reinsurance	3	25
Financial Services	Insurance	Reinsurance	All	5
Telecommunications	Telecom Fixed	Telecom Fixed	3	0
Telecommunications	Telecom Mobile	Telecom Mobile	3	0
Retailing	Retailing	Retailing	3	0
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	0
Transportation	Air Passenger International	Air Passenger International	3	0
Transportation	Maritime Shipping International	Maritime Shipping International	3	0
Transportation	Maritime Auxiliary Services	Maritime Auxiliary Services	3	75
Transportation	Road Freight Domestic	Road Freight Domestic	3	0
Professional Services	Accountancy	Accounting	3	50
Professional Services	Accountancy	Accounting	All	30
Professional Services	Accountancy	Auditing	3	25
Professional Services	Accountancy	Auditing	All	20
Professional Services	Legal	Legal Advice Foreign Law	3	25
Professional Services	Legal	Legal Advice Foreign Law	All	10
Professional Services	Legal	Legal Advice Domestic Law	3	50
Professional Services	Legal	Legal Advice Domestic Law	All	75
Professional Services	Legal	Legal Representation in Court	3	50
Professional Services	Legal	Legal Representation in Court	All	75

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 46: Investment policy summaries in services sectors, Mauritius

Industry	Sector	Subsector	Mode	Policy Summary
Financial Services	Banking	Retail Banking Loans	3	Approval of the Bank of Mauritius is required in order to hold a significant share.
Financial Services	Banking	Retail Banking Deposits	3	Approval of the Bank of Mauritius is required in order to hold a significant share.
Financial Services	Insurance	Insurance Automobile	3	Approval is required in order to acquire or hold a significant number of shares. Applicable licenses must be renewed annually. Five percent of insurance has to be ceded to a domestic re-insurer.
Financial Services	Insurance	Insurance Life	3	Approval is required in order to acquire or hold a significant number of shares. Applicable licenses must be renewed annually. Five percent of insurance has to be ceded to a domestic re-insurer.
Financial Services	Insurance	Reinsurance	3	Approval is required in order to acquire or hold a significant number of shares. Applicable licenses must be renewed annually. Five percent of insurance has to be ceded to a domestic re-insurer.
Telecommunications	Telecom Fixed	Telecom Fixed	3	Acquisition of a state-owned provider is subject to government approval.
Telecommunications	Telecom Mobile	Telecom Mobile	3	Acquisition of a state-owned provider is subject to government approval.
Retailing	Retailing	Retailing	3	There are no restrictions, but applicable licenses must be renewed annually upon payment of fees.
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	There are no restrictions on the entry of foreign suppliers. Currently, Air Mauritius is the only state-owned provider.
Transportation	Air Passenger International	Air Passenger International	3	There are no restrictions on the entry of foreign suppliers. Currently, Air Mauritius is the only state-owned provider.
Transportation	Maritime Shipping International	Maritime Shipping International	3	There are no restrictions.
Transportation	Maritime Auxiliary Services	Maritime Auxiliary Services	3	This is closed at the main port, but foreign investment may be allowed at the Freeport.
Transportation	Road Freight Domestic	Road Freight Domestic	3	Open to foreign investment.

Transportation	Rail Freight Domestic	Rail Freight Domestic	3	N/A. No railway system.
Professional Services	Accountancy	Accounting	3	Ownership by non-locally-licensed professionals is limited to 50 percent. Approval for licenses is not automatic. Foreign firms cannot provide services to state-owned firms, where public money is concerned.
Professional Services	Accountancy	Auditing	3	Approval for licenses is not automatic. There are no restrictions on a firm's name, but it must first be approved by the Financial Reporting Council. Such firms cannot provide services to state-owned firms, where public money is concerned.
Professional Services	Legal	Legal Advice Foreign Law	3	Interested parties must be qualified, licensed, or regulated in the home jurisdiction. They cannot provide advice or legal services on, or in relation to, Mauritian law. They must also have a physical establishment in Mauritius. They must register as a foreign firm, for which approval is not automatic, and there is a difference in the criteria for foreign and domestic applicants. They must have at least two lawyers licensed in the home jurisdiction.
Professional Services	Legal	Legal Advice Domestic Law	3	Allowed only if the foreign firm sets up a joint law venture with a local firm; this joint venture cannot provide legal services in foreign and international law. A branch is not allowed. There are limits on ownership by foreign nationals and non-locally-licensed professionals, but no specific cap. Registration is required.
Professional Services	Legal	Legal Representation in Court	3	Allowed only if the foreign firm sets up a joint law venture with a local firm; this joint venture cannot provide legal services in foreign and international law. A branch is not allowed. There are limits on ownership by foreign nationals and non-locally-licensed professionals, but no specific cap. Registration is required.

Source: World Bank.

Table 47: Investment restrictiveness in services sectors, Zimbabwe

Industry	Sector	Subsector	Mode	Score
Financial Services	Banking	Retail Banking Loans	3	50
Financial Services	Banking	Retail Banking Loans	All	53.75
Financial Services	Banking	Retail Banking Deposits	3	50
Financial Services	Banking	Retail Banking Deposits	All	53.75
Financial Services	Insurance	Insurance Automobile	3	50
Financial Services	Insurance	Insurance Automobile	All	52.5
Financial Services	Insurance	Insurance Life	3	50
Financial Services	Insurance	Insurance Life	All	52.5
Financial Services	Insurance	Reinsurance	3	50
Financial Services	Insurance	Reinsurance	All	70
Telecommunications	Telecom Fixed	Telecom Fixed	3	75
Telecommunications	Telecom Mobile	Telecom Mobile	3	50
Retailing	Retailing	Retailing	3	75
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	50
Transportation	Air Passenger International	Air Passenger International	3	50
Transportation	Road Freight Domestic	Road Freight Domestic	3	75
Transportation	Rail Freight Domestic	Rail Freight Domestic	3	75
Professional Services	Accountancy	Accounting	3	50
Professional Services	Accountancy	Accounting	All	55
Professional Services	Accountancy	Auditing	3	50
Professional Services	Accountancy	Auditing	All	55
Professional Services	Legal	Legal Advice Foreign Law	3	50
Professional Services	Legal	Legal Advice Foreign Law	All	65
Professional Services	Legal	Legal Advice Domestic Law	3	50
Professional Services	Legal	Legal Advice Domestic Law	All	62.5
Professional Services	Legal	Legal Representation in Court	3	50
Professional Services	Legal	Legal Representation in Court	All	62.5

Source: World Bank. Note: The STRI ranges from 0 to 100, where 0 indicates that none of the restrictions underlying the index is applied, and 100 means that the sector/mode is completely closed to foreign services and service suppliers.

Table 48: Investment policy summaries in services sectors, Zimbabwe

Industry	Sector	Subsector	Mode	Policy Summary
Financial Services	Banking	Retail Banking Loans	3	Entry through a branch is not allowed. Licenses must be renewed annually. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. Employment of foreign workers is subject to LMT. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Financial Services	Banking	Retail Banking Deposits	3	Entry through a branch is not allowed. Licenses must be renewed annually. Employment of foreign workers is subject to LMT. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Financial Services	Insurance	Insurance Automobile	3	Entry through a branch is not allowed. The foreign ownership limit is 49 percent for aggregate foreign investment, 40 percent for a single foreign investor. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. Employment of foreign workers is subject to LMT. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Financial Services	Insurance	Insurance Life	3	Entry through a branch is not allowed. The foreign ownership limit is 49 percent for aggregate foreign investment, 40 percent for a single foreign investor. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. Employment of foreign workers is subject to LMT. For repatriation of earnings, approval of the Reserve Bank is required and

				repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Financial Services	Insurance	Reinsurance	3	Entry through a branch is not allowed. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. The foreign ownership limit is 49 percent; however, exceptions are made by the authority. Employment of foreign workers is subject to LMT. Local insurers are obliged to cede 100 percent of insurance to a domestic reinsurer. Reinsurance with non-domestic companies may be allowed if the capacity of the domestic reinsurance market is not sufficient to meet the needs of the domestic insurance companies. At least 51 percent of the Board of Directors must be nationals. Repatriation of earnings is subject to approval and availability of foreign currency.
Telecommunications	Telecom Fixed	Telecom Fixed	3	The limit on foreign ownership is 49 percent. The number of fixed-line licenses is limited to two. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. Restrictions on foreign staff apply. The majority of the Board of Directors must be nationals. There is no sector-specific regulator. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Telecommunications	Telecom Mobile	Telecom Mobile	3	The limit on foreign ownership is 49 percent. All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans. Restrictions on foreign staff apply. The majority of the Board of Directors must be nationals. There is no sector-specific regulator. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).

Retailing	Retailing	Retailing	3	Generally, retailing is reserved for nationals. As a matter of policy, the Zimbabwe Investment Authority limits foreign ownership to 35% in reserved sectors. Moreover, investment is possible only through a joint venture with local individuals or firms. However, the Minister of Industry and International Trade may grant exceptions. Licenses must be renewed annually. The hiring of foreign nationals is subject to LMT. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Transportation	Air Passenger Domestic	Air Passenger Domestic	3	The limit on foreign ownership is 49 percent. The Minister of State for Indigenisation and Empowerment can grant higher foreign equity participation; 51 percent of the Board of Directors must be nationals. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Transportation	Air Passenger International	Air Passenger International	3	The limit on foreign ownership is 49 percent. The Minister of State for Indigenization and Empowerment can grant higher foreign equity participation. 51 percent of the Board of Directors must be nationals. For repatriation of earnings, approval of the Reserve Bank is required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency).
Transportation	Maritime Shipping International	Maritime Shipping International	3	N/A. Landlocked.
Transportation	Maritime Auxiliary Services	Maritime Auxiliary Services	3	N/A. Landlocked.
Transportation	Road Freight Domestic	Road Freight Domestic	3	Road trucking services is one of the sectors expressly reserved for investment by domestic investors, as per Investment Regulations 1993. As a matter of policy, the Zimbabwe

				Investment Authority limits foreign ownership to 35% in reserved sectors. Moreover, investment is possible only through a joint venture with local individuals or firms. However, the Minister of Industry and International Trade may grant exceptions.
Transportation	Rail Freight Domestic	Rail Freight Domestic	3	The national state-owned railway operator is a de facto monopoly. Entry is allowed only through a JV, with a foreign ownership limit of 35 percent. For repatriation of earnings, approval of the Reserve Bank required and repatriation is subject to availability of foreign currency (which may be difficult due to the severe shortage of foreign currency). All companies in Zimbabwe must be fifty-one percent owned or controlled by indigenous Zimbabweans.
Professional Services	Accountancy	Accounting	3	Members, partners or shareholders of a foreign firm that seeks to provide accounting services in Zimbabwe must be registered locally and hold a valid practising certificate. The conditions differ, depending on whether the accountant is a member of an approved professional Board of Directors of accountants or not. There is an education requirement; a foreign degree will be recognized if deemed equivalent to a local degree. Training or work experience is also required; foreign training/experience is recognized. Applicants must also pass examinations. Foreign-licensed professionals are subject to LMT & ENT. There is no automatic recognition for foreign licenses, but a license is not necessary to act purely in an advisory capacity.
Professional Services	Accountancy	Auditing	3	Members, partners or shareholders of a foreign firm that seeks to provide accounting services in Zimbabwe must be registered locally and hold a valid practising certificate. The conditions differ, depending on whether the auditor is a member of an approved professional Board of Directors of accountants or not. There is an education requirement; a foreign degree will be recognized if deemed equivalent to a local degree.

				Training or work experience is also required. Training must be conducted by a person approved by the Council. Applicants must also pass examinations. Foreign-licensed professionals are subject to LMT & ENT. There is a minimum wage requirement, which is applied generally in Zimbabwe regardless of nationality.
Professional Services	Legal	Legal Advice Foreign Law	3	A branch is not allowed. Ownership by foreign nationals is limited to 49 percent, but the Minister of State for Indigenisation and Empowerment may temporarily approve a higher percentage conditional on the sector, size of the firm, transferability of the shareholding, etc. Ownership by non-locally-licensed professionals is not permitted, since sharing of fees of registered professionals with persons not registered to practice in Zimbabwe is prohibited. There are no restrictions on clientele, but the Indigenisation and Economic Empowerment Act requires procuring at least 50 percent of goods and services from businesses with a controlling interest held by indigenous Zimbabweans.
Professional Services	Legal	Legal Advice Domestic Law	3	A branch is not allowed. Ownership by foreign nationals is limited to 49 percent, but exceptions may be granted by the Minister of State for Indigenisation and Empowerment. Ownership by non-locally-licensed professionals is not permitted. At least 50 percent of goods and services are required to be procured from businesses with a controlling interest held by indigenous Zimbabweans.
Professional Services	Legal	Legal Representation in Court	3	A branch is not allowed. Ownership by foreign nationals is limited to 49 percent, but the Minister of State for Indigenisation and Empowerment may temporarily approve a higher percentage conditional on the sector, size of the firm, transferability of the shareholding, etc. Ownership by non-locally-licensed professionals is not permitted, since sharing of fees of registered professionals with persons not registered to practice in Zimbabwe is

				prohibited. There are no restrictions on clientele, but the Indigenisation and Economic Empowerment Act requires procuring at least 50 percent of goods and services from businesses with a controlling interest held by indigenous Zimbabweans.
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Source: World Bank.

Public Procurement and Competition Policy

Thematic Report

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Abbreviations

AGOA	African Growth and Opportunity Act
ACP	African-Caribbean-Pacific
CNM	Commission Nationale des Marchés
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
ESA5	Five ESA Countries
EU	European Union
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GPA	Agreement o Government Procurement
ICT	Information and Communication
ILO	International Labour Organisation
ITC	International Trade Centre
LDC	Least Development Country
LSE	London School of Economics and Political Science
MUR	Mauritian Rupee
NTM	Non-tariff Measures
ORs	EU's Outermost Regions
PPP	Public-Private Partnership
PRAZ	Procurement Regulatory Authority of Zimbabwe
SIA	Sustainability Impact Assessment
SME	Small and Medium Size Enterprise
SOE	State-Owned Enterprise
SPOC	Special Procurement Oversight Committee
TSD	Trade and Sustainable Development
UK	United Kingdom
US	United States
WTO	World Trade Organisation
ZEF	Free Zones and Enterprises

Executive summary

Based on the screening of potential provisions for public procurement and competition, as well as relevant legislative frameworks and stakeholder feedback, this report identified the following key potential economic, social, human rights and environmental impacts of the deepened to European Union (EU) and the five Eastern and Southern Africa (ESA5) Economic Partnership Agreement (EPA).

Overall, the economic impacts of EPA provisions on public procurement are considered to be potentially major:

- Greater transparency may facilitate entry to public procurement markets for new ESA businesses.
- Greater value-added (price-performance ratio) for contracting authorities in the ESA5 countries.

Potential major **economic impacts resulting from competition provisions** include the following:

- Improved rule of law could lead to an improved business environment which could increase future investment in ESA countries.
- Increased transparency and greater competition could open markets to EU companies and ESA companies.

The **impacts of EPA provisions regarding the environment and social and human rights concerns are estimated to be relatively minor**. The impacts will depend on the scope of the EPA and the extent to which certain sectors are excluded, such as, for example, health and education in public procurement.

- The provisions for public procurement could bring environmental and social benefits by improving transparency while improving the quality of government goods and services. There could be job losses in ESA companies that are currently favoured in public procurement, though this will be offset by job creation in new entrants to these markets.
- Social provisions in public procurement – such as those supporting women and small local businesses and cooperatives, could play a role in the transition from informal to formal economies, albeit these issues are relevant mostly at a local procurement level. Public procurement can also play an important role in supporting corporate social responsibility and responsible business conduct: these standards can be especially important for larger contracts.

The report concludes with a **set of policy recommendations** on different levels.

The negotiations should include **capacity building/development cooperation focused on the implementation of transparent public procurement systems**. This will also allow ESA governments to achieve a greater value-added (price-performance ratio) for their procurement contracts. Capacity building and development cooperation could also support ESA governments in the development of public procurement assessment criteria that support environmental, social and human rights objectives.

To enhance competition, an improved rule of law could lead to an improved business environment which could increase future investment in ESA countries. In addition, increased transparency and greater competition could open markets to EU companies and ESA companies. The EU should engage in development cooperation with governments in ESA countries but should include the business community and **civil society from the start in the negotiations** and – once the deepened EPA is in force – thereafter.

1. Introduction

1.1 The study

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in the ESA in view of deepening the existing interim EPA*. Under this project, a brief evaluation of the existing interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for the Chapters on Public Procurement and Competition**. The report builds on the analysis in the (draft) ex-post evaluation, which included an assessment of economic and environmental, social, gender and human rights impacts of the interim EPA.¹

This thematic report analyses potential economic, social, human rights and environmental impacts of the EU ESA5 EPA deepening negotiations. The assessment of this report lays a focus on the following topics:

- Public procurement
- Competition
- Development cooperation related to these topics

The Sustainability Impact Assessment for the deepening of the EPA includes this report on public procurement and competition policy as well as five other thematic reports, covering the following topics:

- TSD
- Trade in Services, Digital Trade and Investment
- Trade in Goods, Agriculture and Fisheries
- Intellectual Property Rights
- Dispute Avoidance and Settlement and Institutional Structure

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

1.2 Context

In 2007, six countries of the ESA region – Comoros, Madagascar, Mauritius, Seychelles, Zambia, and Zimbabwe – concluded an interim EPA with the EU. In 2009, four of these countries (Madagascar, Mauritius, Seychelles, and Zimbabwe) signed the agreement, and it has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019. The interim EPA includes a ‘Rendez-vous clause’ (Article 53), by which the Parties ‘agree to continue negotiations... with a view to concluding a full and deepened EPA’. The Article includes trade, environment, and sustainable development among the areas for further negotiation.

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019.² After that, four rounds of negotiations took place in January 2020, July 2020, November 2020 and the fourth one in April 2021.

¹ See https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159467.pdf

² See: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5951

For a brief overview of the five ESA countries, please see Appendix I and the Ex-Post Evaluation within the SIA of 18 January 2021.

1.3 Methodology

The analytical work for this report involves, as a first step, a screening of potential provisions set out in the EU textual proposals presented by the European Commission based on an assessment of publicly available reports on the progress of the negotiations. The results of this screening are provided in Section 2 below.

As a second step, **horizontal and sectoral measures, behind-the-border issues, and relevant legislative frameworks were compiled and analysed for all five countries.** The analysis of these issues aims to identify existing barriers to trade and development in ESA5 countries and identify applicable specific sectors most affected. The findings of this analysis are presented in Section 3.

Based on this detailed assessment, a scoping and deeper analysis of the issue areas with potential economic impacts is undertaken. This analysis of the specific issue areas aims to identify areas where the economic impact is likely to be significant and areas where the economic impact can be considered minor. The assessment also includes, to the extent possible, a screening of the sector-specific economic impacts.

For each topic covered in this economic analysis, the relevant baseline is briefly presented, and actions needed for implementation are considered. Potential impacts of each provision are then described. For each topic, a brief analysis presents the key strengths and weaknesses of the proposed provisions together with indications of external opportunities and threats that might affect implementation and the achievement of results. Finally, the analysis also provides an assessment of relevant horizontal issues (e.g. least developed countries (LDCs), outermost regions (OR), consumer impacts) where relevant. The findings of this analysis are provided in Section 4.

The analysis in Section 4 is then used as a basis for an impact assessment of environmental, social, gender and human rights impacts that are likely to emanate from the economic impacts. This social analysis follows the same methodological steps as the economic analysis described above, including an analysis of horizontal issues (e.g. gender) that were relevant and outlined in Section 5.

The findings of the economic and social impact assessments in Sections 4 and 5 are then used to develop a set of proposals for policy recommendations and flanking measures presented in Section 6.

Desk research and analysis has provided the main source of information for this report. Although interviews have been carried out in the ESA countries, many interviewees did not have a strong awareness of public procurement and competition policies regarding deepening the EPA. They did not have specific comments on the potential impacts of individual negotiating provisions regarding the different topics negotiated under the deepening process.

2. Screening of the potential provisions for public procurement, competition policy and development cooperation related to these topics

2.1 Introduction

The existing interim EPA does not contain extensive provisions on non-tariff measures or behind-the-border issues related to public procurement and competition policy. The deepened EPA is expected to contain further provisions on such measures, including provisions on development cooperation related to them. As noted in section 1, the European Commission has not yet presented draft negotiating text proposals for these topics that are relevant for this report.

2.2 Overview of ongoing negotiations

So far, four negotiations rounds took place based on negotiating texts. They have not yet included concrete negotiations on the topics of public procurement or competition. The fourth round of negotiations on deepening the agreement took place in April 2021.³ The initial EU proposal text on public procurement will become available once the ongoing internal consultation on this topic is completed. Public procurement is scheduled for discussion in the next negotiation round, which will take place in July 2021.

During the stakeholder consultations conducted for our analysis, respondents from the governments of Madagascar, Mauritius, Seychelles and Zimbabwe gave their views on what should be key issues for the negotiations for the deepened EPA. All respondents agreed that public procurement should be considered a low priority for the negotiations. Regarding competition, respondents from the governments of Mauritius, Seychelles and Zimbabwe pointed out that it should be a low priority. The table below outlines the choices of the ESA countries in preferences of selected issues in the deepened EPA negotiations.

Table 1: Selected key issues in the negotiations

	High priority				Low priority				No need to be negotiated				I don't know			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Customs and trade facilitation	■	■	■	■												
Investment liberalisation and investment facilitation (and private sector development)	■	■	■	■												
Public procurement					■	■	■	■								
Competition					■	■	■									

Source: Own compilation; Note: M = Mauritius; ZW = Zimbabwe; S = Seychelles & MD = Madagascar.

The provisions of public procurement and competition will be analysed more closely in the detailed assessment (Sections 4 and 5, below) while considering potential ramifications that could relate to investment and trade facilitation issues.

³ See: https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159537.pdf

3. Assessment of horizontal and sectoral measures, behind-the-border issues and relevant legislative frameworks

3.1 Introduction to the legislative framework

To give an overview of behind-the-border issues and the overall legislative framework in ESA countries, we use the Economic Freedom Index published by the Fraser Institute.⁴ It is based on a range of relevant measures on legal systems and property rights, and the freedom to trade internationally. Note that the results include scores that often synthesise complex national situations and are thus open to discussion and interpretation. Appendix II provides an overview of the latest scores from 2013 to 2018 for four ESA5 countries, as the index is not calculated for Comoros. All scores shown are out of 10, with a higher score indicating a higher degree of freedom and openness. On the overall legal framework, the index includes measures of judicial independence, impartial courts, protection of property rights, the integrity of the legal system and legal enforcement of contracts, respectively, as sub-measures.

Regarding the overall legal system and property rights score, all countries increased their scores from 2013 to 2018, except for Madagascar. Overall, Mauritius scored highest, followed by Seychelles, Zimbabwe and then Madagascar. The economic freedom index also includes a measure of government size. Here, Mauritius has been increasing its score, while the score of the other countries has been decreasing since 2013. Mauritius also had the highest score in absolute terms in 2018 (8.15), followed by Madagascar (7.51), Seychelles (6.71) and Zimbabwe (4.51).

3.2 Horizontal and sectoral measures as well as behind-the-border issues

For our purpose, it is important to analyse behind-the-border measures. Concerning these, the index provides measures of regulatory trade barriers, including non-tariff trade barriers and compliance costs of importing and exporting. **Mauritius has been increasing its score regarding regulatory trade barriers slightly, leading to 7.52 in 2018. Note that the scores of all other three countries have decreased significantly since 2013.** In terms of absolute score in 2018, Mauritius was followed by Seychelles (5.60), Madagascar (4.96) and Zimbabwe with a low score of 3.26. The overall sub-index of freedom to trade internationally also includes measures of controls of the movement of capital and people. **Mauritius had the highest overall score in the overall sub-index in 2018, followed closely by Seychelles, then Madagascar and Zimbabwe.** The following section lists public procurement barriers in individual ESA countries in which detailed information could be obtained.

⁴ See: <https://www.fraserinstitute.org/economic-freedom/dataset?geozone=world&page=dataset&min-year=2&max-year=0&filter=0>

3.2.1 Public procurement barriers in ESA countries

Mauritius

Mauritius is not a member of the Agreement on Government Procurement (GPA) or an observer to the GPA Committee. A new government procurement act entered into force in 2008. Procurement is carried out by various government ministries, departments and public authorities. A Central Procurement Board is responsible for approving the award of all major contracts over certain thresholds and public/private partnership awards. Tenders may be limited to citizens of Mauritius or entities incorporated in Mauritius only, or a price preference may be granted to domestic or regional goods, services or contractors.⁵

Table 2: Key restrictions identified in public procurement, Mauritius

Areas	Key identified restrictions
Regulatory barriers/restrictions on public procurement	<ul style="list-style-type: none"> • Policy and regulatory barriers – the Public Procurement Act is the main legislation, but it lacks supporting mechanisms classified through lack of linkages with other policies and legislations. • Tenders may be limited to citizens of Mauritius or entities incorporated in Mauritius only, or a price preference may be granted to domestic or regional goods, services or contractors. National firms accounted for the lion's share of procurement contracts. Mauritius does not participate in the GPA. • Public entities may limit tenders offered through open advertised bidding to citizens of Mauritius or entities incorporated in Mauritius (such limitations must be specified in the bidding documents) or give a margin of preference to domestic or regional goods, services or contractors • Open international bidding is to be used where: (a) the estimated value of the procurement exceeds the threshold of Mauritian rupee (MUR) 200 million;⁶ (b) the goods, works or other services are not available under competitive price and other conditions from more than one supplier in Mauritius; or (c) there is no response to open national bidding and the goods, services or works must be obtained from international bidders. • Certain types of procurement are restricted depending on instances, e.g. restricted bidding and community or end-user participation. • Threshold restrictions based on amounts.

Source: WTO

⁵ A margin of preference is given to SMEs: 40% on their locally manufactured goods bearing the "Made in Moris" certification issued by the Association of Mauritian Manufacturers or 30% for those not having the "Made in Moris" certification. Local manufacturers (non-SMEs) benefit from a margin of preference of 20% on their locally manufactured goods. For more information see: <https://ppo.govmu.org/SitePages/Index.aspx>.

⁶ 200 million MUR are worth roughly EUR 4 million (checked on May 30, 2021).

Madagascar

The main piece of legislation is the Government Procurement Code dating back to 2004. It was drawn up with the technical assistance of the World Bank. Government procurement volumes fell sharply in 2009, probably owing to the socio-political crisis. Foreign sources of supply accounted for a mere 0.6 per cent of total government procurement in 2013. Madagascar is neither a member nor an observer of the Agreement on GPA concluded under the auspices of the World Trade Organization (WTO). Nevertheless, the country has made significant efforts to be transparent by publishing its automated government procurement management system on the internet.

Table 3: Key restrictions identified in public procurement, Madagascar

Areas	Key identified restrictions
Regulatory barriers/restrictions on public procurement	<ul style="list-style-type: none"> • Many state-owned enterprises still have their own contract award procedures. • Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their procurement or sales the level or direction of imports or exports. • Tendering is said to be restricted when bids may be submitted only by the candidates (at least three) that the person responsible for government procurement has decided to consult. • Tenders may be open nationally or internationally, or a private agreement may award a contract. Recourse to private agreement requires the prior approval of the Commission Nationale des Marchés (CNM); 13 per cent of contracts were awarded in this way in 2013. • Thresholds restrictions for tenders in construction or similar contracts above a certain minimum amount must be subject to consultation either by public posting or after restricted consultation on pricing; this latter procedure in principle also requires at least three suppliers or companies • Restricted advertising - tender notices are published in advance in a specialised government journal and at least one daily newspaper with a wide circulation.
Governance/legal protection	<ul style="list-style-type: none"> • Socio-political crisis – need to strengthen political and constitutional stability and ensure the rule of law, enhancing the legal protection of persons, strengthening real-estate ownership rights and improving governance, including within the many state-owned enterprises.

Source: WTO

Zimbabwe

Zimbabwe has recently modernised its government procurement regime: The Public Procurement and Disposal of Public Assets Act came into force in January 2018; it contains domestic preference provisions. The new Procurement Regulatory Authority of Zimbabwe (PRAZ) oversees public procurement and has started for the first time to compile procurement data. Zimbabwe is neither a party nor an observer to the WTO Plurilateral Agreement on Government Procurement. In 2018, there were 293 procuring entities at a central and sub-central level.

Table 4: Key restrictions identified in public procurement, Zimbabwe

Areas	Key identified restrictions
Regulatory barriers/restrictions on public procurement	<ul style="list-style-type: none"> • A worsening fiscal and currency crisis has contributed to macroeconomic instability and structural issues. • Restricted bidding - Concerning domestic preference, procuring entities may invite only Zimbabwean (domestic) suppliers to bid where the price of the procurement requirement does not exceed USD 5 million in the case of construction works; USD 300,000 in the case of goods; or USD 200,000 in the case of consultancy and non-consultancy services. Above these thresholds, foreign (international) bidders must be invited. • The restricted bidding method involves only bidders who are selected or invited by the procuring entity. This method may be used in cases of urgency, or when the cost of considering many bids is disproportionate to the estimated value of the procurement requirement, or for procurement contracts with an estimated value that does not exceed the prescribed threshold. The direct procurement method involves only one bidder or supplier; it may be used only in prescribed circumstances (Section 33 of the Act). • Financial thresholds for procurement contracts are subject to scrutiny in certain sectors. • A domestic price preference envisages a margin of 15 per cent for the procurement of goods and 7.5 per cent for the procurement of contractors' services. Within these prescribed limits, preference may be given to bidders that are domestic suppliers or manufacturers, and an extra preference, within the prescribed limits, may be given to women or entities controlled predominantly by women or to Zimbabwean universities or polytechnics. • Strict controls for grain procurement
Transparency	<ul style="list-style-type: none"> • Lack of transparency: increase transparency in government procurement processes, including those funded through foreign aid, reduce opportunities for corruption, and lay the foundations for genuine competition among suppliers, national or foreign.

Source: WTO

Contracts that the Government considers sensitive or valuable are reviewed by a newly established Special Procurement Oversight Committee (SPOC). SPOC reviews contracts before they are awarded above a certain threshold, and procuring entities are categorised according to three classes (A, B, and C, determined on a case-by-case basis according to published guidelines).

Table 5: Financial thresholds for procurement contracts liable to scrutiny

Procuring Entity	Financial threshold (USD)
Class A	
(a) for construction works	500,000
(b) for goods	250,000
(c) for non-consultancy and consultancy services	100,000
Class B	
(a) for construction works	250,000
(b) for goods	150,000
(c) for non-consultancy and consultancy services	75,000
Class C	
(a) for construction works	200,000
(b) for goods	100,000
(c) for non-consultancy and consultancy services	50,000

Source: *Public Procurement and Disposal of Public Assets (General) Regulations, 2018*

Comoros

Table 6: Key restrictions identified in public procurement, Comoros

Areas	Key identified restrictions
Regulatory barriers/restrictions on public procurement	<ul style="list-style-type: none"> Lengthy procedures in getting permits.
Economic environment	<ul style="list-style-type: none"> Possible deterioration of the financial health of state-owned enterprises (SOEs) such as Comoros Telecom could aggravate the fiscal stance.

Source: *World Bank*

Seychelles

Table 7: Key restrictions identified in public procurement, Seychelles

Areas	Key identified restrictions
Regulatory barriers/restrictions on public procurement	<ul style="list-style-type: none"> Limited protection of minority investors.
Economic environment	<ul style="list-style-type: none"> Inefficiencies in public sector management, such as limited statistical capacity Scope for a more strategic and sustainable approach to social protection and the need to broaden access to quality education and skills development.

Source: World Bank

3.2.2 Competition barriers in ESA countries

All ESA5 countries are member states of the Common Market for Eastern and Southern Africa (COMESA). As such, they are also subject to the COMESA competition regime and the COMESA competition commission which became operational in 2013. The Commission promotes competition and prevents restrictive business practices and other restrictions that affect the efficient operation of markets. As a result, two separate legal regimes govern the enforcement of competition law and policy in COMESA member states: national competition laws within each of the COMESA member states and the regional legal framework including COMESA competition regulations and rules.

Since 2016, the COMESA competition commission has made decisions on 5 investigations into anti-competitive business practices. The table below illustrates the parties involved as well as the nature of the decisions.⁷

Table 8: COMESA investigations into anti-competitive business practices

Year	Parties involved	Decisions made by COMESA competition commission
2020	<ul style="list-style-type: none"> Allegations of anti-competitive conduct by Shoprite Holdings Limited and GS1 Kenya Limited 	<ul style="list-style-type: none"> The commission closed the matter.
2018	<ul style="list-style-type: none"> Distribution Agreements between The Coca-Cola Company and its Distributors in Ethiopia and Comoros 	<ul style="list-style-type: none"> Stipulation of prices may have anti-competitive effects in the market and agreements are amended by removing clauses that stipulate prices and profit margins. Also, a compliance program is implemented.
2017	<ul style="list-style-type: none"> African Football Confederation 	<ul style="list-style-type: none"> COMESA Competition Commission Commences Investigation into agreements for the Commercialisation

⁷ See: https://www.comesacompetition.org/?page_id=335

Year	Parties involved	Decisions made by COMESA competition commission
		of Marketing and Media Rights of Football Tournaments.
2016	<ul style="list-style-type: none"> Eveready/Clorox 	<ul style="list-style-type: none"> The commission closed the matter concerning the manufacture and distribution of bleaching agents.
2016	<ul style="list-style-type: none"> Parmalat 	<ul style="list-style-type: none"> The commission closed the matter concerning the production and distribution of milk and dairy products

Source: COMESA competition commission

In addition to investigations into anti-competitive business practices, the COMESA competition commission has also been focused on numerous cases regarding mergers since it became operational.⁸ The following sections analyse in more detail the activities of national competition laws in ESA5 countries and the activities of national competition authorities in them.

Mauritius

In Mauritius, key legislation regarding competition policy is the Competition Act 2007, which was updated in 2012, the Small and Medium Enterprises Development Authority Act of 2009, the Fair Trading Act of 1979, which was updated in 2009 and the Public-Private Partnership (PPP) Act of 2004 – updated in 2008.

Table 9: Key restrictions identified in competition, Mauritius

Areas	Key identified restrictions										
Analysis of relevant cases that the competition authority in Mauritius has pursued	<ul style="list-style-type: none"> The Competition Commission in Mauritius lists a total of 37 completed investigations. The table below illustrates that the main issues addressed by these cases in Mauritius were collusive agreements and abuses of monopoly.⁹ 										
	<table border="1"> <thead> <tr> <th>Nature of the completed investigations and the issues covered.</th> <th>Number of completed investigations</th> </tr> </thead> <tbody> <tr> <td>Collusive agreement</td> <td>14</td> </tr> <tr> <td>Abuse of monopoly</td> <td>13</td> </tr> <tr> <td>Merger</td> <td>9</td> </tr> <tr> <td>Undefined</td> <td>1</td> </tr> </tbody> </table>	Nature of the completed investigations and the issues covered.	Number of completed investigations	Collusive agreement	14	Abuse of monopoly	13	Merger	9	Undefined	1
	Nature of the completed investigations and the issues covered.	Number of completed investigations									
	Collusive agreement	14									
	Abuse of monopoly	13									
	Merger	9									
Undefined	1										
<ul style="list-style-type: none"> The Competition Commission also lists 2 ongoing investigations (both regarding mobile data) that focus on the abuse of monopoly.¹⁰ 											

⁸ See: https://www.comesacompetition.org/?page_id=639

⁹ See: <https://competitioncommission.mu/investigation/?status=completed>

¹⁰ See: <https://competitioncommission.mu/investigation/?status=on-going>

Areas	Key identified restrictions
	One additional investigation on abuse of monopoly (pricing of mobile telephony services) has been submitted to the Commission. ¹¹
Regulatory barriers/restrictions on competition	<ul style="list-style-type: none"> • According to the World Bank Doing Business Index, Mauritius was ranked 13th among the best places to do business.¹² • Vertically integrated conglomerates can result in barriers to entry due to disadvantages in terms of access to finance, export markets, and value chains for non-affiliated firms. • Activities of SOEs are affecting competition in key upstream industries, such as information and communication technology (ICT), energy, and transport.¹³ • Regulatory rigidities may contribute to imports in capital and intermediate goods being highly concentrated.¹⁴

Source: WTO, World Bank, Competition Commission Mauritius

Madagascar

In Madagascar, the key legislation on competition policy is Law No. 2005-020 of 17 October 2005.

Table 10: Key restrictions identified in competition, Madagascar

Areas	Key identified restrictions
Analysis of relevant cases that the competition authority in Madagascar has pursued	<ul style="list-style-type: none"> • In 2017, the Competition Council in Madagascar has pursued 6 cases to detect any collective anti-competitive practices in the following sectors: coffee, rice, essential products, vanilla, beverages, and soap/detergents.¹⁵
Regulatory barriers/restrictions on competition	<ul style="list-style-type: none"> • Restrictions in the electricity sector – electricity selling prices are fixed by the government, which discourages the entry of new operators. • Market distortions – the free zones and enterprises (ZEF) regime offers significant tax benefits that seriously distort competition conditions between local enterprises and ZEFs. • Restrictions in specific sectors – The sectors most protected from the external competition include beverages, fisheries products and textiles; such a level of tariff protection does not encourage efforts to make these products competitive for export. Agricultural raw materials are more protected from outside competition than Madagascar's semi-finished exports.

¹¹ See: <https://competitioncommission.mu/investigation/?status=Submitted-to-Commission>

¹² See: <https://www.doingbusiness.org/en/rankings>

¹³ For more information, see overview of completed, ongoing and submitted cases at Competition Commission Mauritius at: <https://competitioncommission.mu/about-us/>

¹⁴ See: https://www.worldbank.org/en/news/press-release/2021/05/26/new-reforms-could-help-mauritius-bounce-back-stronger-from-covid-19-crisis?cid=WBW_AL_whatsnew_EN_EXT

¹⁵ See: <https://conseildelaconcurrence.mg/les-pratiques-anticoncurrentielles/decisions-anticoncurrentielles/>

Areas	Key identified restrictions
	<ul style="list-style-type: none"> The sectors in which abuses are most often reported include petroleum products, beverages, telecommunications services and construction materials.
Transparency	<ul style="list-style-type: none"> Excessive, complicated and less than transparent taxation – Large informal sector, tax loopholes, tax fraud.
Governance/legal protection	<ul style="list-style-type: none"> Lack of governance – Corruption, abuse of the legal system. Political conflicts, constitutional crises – resulted in the loss of external partners such as the United States’ (US) support through the African Growth and Opportunity Act (AGOA).
Economic environment	<ul style="list-style-type: none"> Lack of competition – Excessive prices, restrictive practices (petroleum products, telecommunications, beverages, building materials). Failure to respect quality standards – Poor product development. Expensive and unreliable energy – which result in high costs and insufficient production. Inadequate transport services – this results in high costs, delays, products lost or damaged. High cost and lack of access to credit – investment financing inaccessible to small and medium-sized enterprises (SME). Little competition in the telecommunications sector.

Source: WTO, World Bank

Zimbabwe

In Zimbabwe, the key legislation on competition policy is the Competition Act of 2001, the Joint Ventures Act, the Competition (Safeguards) (Investigations) Regulations (S.I. 217/06), the Consumer Protection Bill of 2018 and the Consumer Contracts Act as well as the National Compulsory Specifications Bill.

Table 11: Key restrictions identified in competition, Zimbabwe

Areas	Key identified restrictions				
Analysis of relevant cases that the competition authority in Zimbabwe has pursued	<ul style="list-style-type: none"> Up to now, in 2021 the decisions of the Competition and Tariff Commission in Zimbabwe include 8 merger cases. The table below illustrates that most of these mergers were approved without conditions.¹⁶ 				
	<table border="1"> <thead> <tr> <th>Outcome</th> <th>Number of completed merger investigations</th> </tr> </thead> <tbody> <tr> <td>Approved without conditions</td> <td>7</td> </tr> </tbody> </table>	Outcome	Number of completed merger investigations	Approved without conditions	7
	Outcome	Number of completed merger investigations			
Approved without conditions	7				

¹⁶See: <file:///C:/Users/phili/AppData/Local/Temp/Decisions%20Made%20by%20the%2086TH%20Board%20Meeting%20Held%20on%20the%204TH%20of%20March%202021-1.pdf>; file:///C:/Users/phili/AppData/Local/Temp/87th%20Board%20Meeting_2021-3.pdf

Areas	Key identified restrictions	
	Approved with conditions	1 (conglomerate merger in the distribution of agriculture, mining and infrastructure equipment, trucks, buses, vehicles tyres and related after sales services in Zimbabwe)
	<ul style="list-style-type: none"> According to the latest annual report available, in 2017 the Competition and Tariff Commission in Zimbabwe focused on mergers and restrictive practices cases in sectors including manufacturing, retailing, pharmaceutical, and agricultural as well as financial services. In total, 23 mergers were considered by the Commission in 2017. The table below illustrates that most of these mergers were approved.¹⁷ 	
	Outcome	Number of completed merger investigations
	Approved	20
	Approved with conditions	2 (horizontal mergers in foods and crop seeds industries)
	Prohibited	1 (horizontal merger in sector of stockfeed manufacturing businesses)
	<ul style="list-style-type: none"> In addition, in 2017 the Commission made decisions on 3 restrictive practices cases, 2 of which were focusing on unfair/restrictive practices in distribution, and 1 on unfair/restrictive practices in the sector of security companies.¹⁸ 	
Regulatory barriers/restrictions on competition	<ul style="list-style-type: none"> Restrictions in consumer goods to protect the local market from foreign competition. While competition policy advocated for non-discriminatory treatment of business enterprises, the industrial policy tended to recognise certain 'sacred cows' for preferential treatment. For example, State enterprises in strategic industries receive financial and administrative 	

¹⁷ See: file:///C:/Users/phili/AppData/Local/Temp/2017%20Annual%20Report.pdf

¹⁸ See: file:///C:/Users/phili/AppData/Local/Temp/2017%20Annual%20Report.pdf

Areas	Key identified restrictions
	<p>support from the government that disrupt fair competition in the relevant markets in which private firms operate.</p> <ul style="list-style-type: none"> • Incoherence between the Competition policy and other policies such as the law on indigenisation – the Indigenisation and Economic Empowerment Act. • Foreign currency shortages and diverging black-market exchange rates have resulted in the Reserve Bank of Zimbabwe exerting a great deal of control in determining which companies receive foreign currency at the official (and beneficial) exchange rate for priority imports. Foreign currency retention requirements have challenged exporters, particularly when this gap has grown to extremes, and international firms have faced challenges repatriating profits. • The regulatory environment is complex, and businesses face hurdles registering and operating. The government frequently changes policies and applies them inconsistently, often based on political or personal grounds, challenging business planning. • The uncertainty of land tenure on resettled farms increases the risk to agricultural investments. • Restricted competition in air transport. • SOEs are uncompetitive and suffer losses due to irregular transactions and misappropriation of funds.

Source: WTO, UNCTAD, ITA, World Bank, Competition and Tariff Commission Zimbabwe

Comoros

Comoros has not yet established a competition authority.¹⁹ However, as Comoros is a member state of COMESA it is subject to COMESA's competition regime under the COMESA competition commission. In 2018, the commission launched an investigation into anti-competitive business practices regarding the distribution agreements between the Coca-Cola Company and its distributors in Ethiopia and Comoros. See table 8 above for more information.

In Comoros, the key legislation on competition policy is the Competition Act (Law 13-014). **Regarding non-tariff measures (NTMs) in Comoros, the International Trade Centre (ITC) conducted an NTM business survey on company perspectives.**²⁰ According to the survey results, 4 per cent of the cases reported were related to import price control measures.

¹⁹ See: <https://www.ftc.gov/policy/international/competition-consumer-protection-authorities-worldwide>

²⁰ ITC, 2018. *The Comoros: Company Perspectives – An ITC Series on Non-Tariff Measures*. See <https://www.intracen.org/publication/ntm-comores/>

Table 12: Key restrictions identified in competition, Comoros

Areas	Key identified restrictions
Analysis of relevant cases that the COMESA competition commission has pursued	<ul style="list-style-type: none"> Prices and profit margin stipulations in distribution agreements can have anti-competitive effects.
Regulatory barriers/restrictions on competition	<ul style="list-style-type: none"> Lengthy procedures in getting permits.
Economic environment	<ul style="list-style-type: none"> Accessing electricity is quite lengthy.

Source: World Bank

Seychelles

Table 13: Key restrictions identified in competition, Seychelles

Areas	Key identified restrictions														
Analysis of relevant cases that the competition authority in Seychelles has pursued	<ul style="list-style-type: none"> The Fair Trading Commission in Seychelles lists a total of 52 completed investigations. The table below illustrates that the main issues addressed by these cases in Seychelles were unfair or restrictive practices/unfair conduct as well as abuse of monopoly or dominance.²¹ <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Nature of the completed investigations and the issues covered.</th> <th>Number of completed investigations</th> </tr> </thead> <tbody> <tr> <td>Unfair or restrictive practices/unfair conduct</td> <td>16</td> </tr> <tr> <td>Abuse of monopoly/dominance</td> <td>8</td> </tr> <tr> <td>Merger</td> <td>7</td> </tr> <tr> <td>Pricing</td> <td>5</td> </tr> <tr> <td>Conditional supply/withholding of supply</td> <td>5</td> </tr> <tr> <td>Other</td> <td>9</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Fair Trading Commission in Seychelles also lists 18 ongoing investigations. The table below illustrates that the main issues addressed by these cases in Seychelles were unfair or restrictive practices/unfair conduct.²² 	Nature of the completed investigations and the issues covered.	Number of completed investigations	Unfair or restrictive practices/unfair conduct	16	Abuse of monopoly/dominance	8	Merger	7	Pricing	5	Conditional supply/withholding of supply	5	Other	9
Nature of the completed investigations and the issues covered.	Number of completed investigations														
Unfair or restrictive practices/unfair conduct	16														
Abuse of monopoly/dominance	8														
Merger	7														
Pricing	5														
Conditional supply/withholding of supply	5														
Other	9														

²¹ See: <https://www.ftc.sc/fair-competition/competition-investigations/>

²² See: <https://www.ftc.sc/fair-competition/competition-investigations/>

Areas	Key identified restrictions	
	Nature of the completed investigations and the issues covered.	Number of completed investigations
	Unfair or restrictive practices/unfair conduct	11
	Merger	4
	Abuse of monopoly/dominance	2
	Other	1

Source: Fair Trading Commission Seychelles

3.3 Feedback from government respondents and stakeholders on additional barriers and opportunities related to public procurement and competition

3.3.1 Civil society organisations

Concerns were raised on the perceptions that in terms of new issues like government procurement, the EU stands to benefit more (very favourable/very positive) than the ESA5. Reasons for this stand include limited levels of competitiveness of ESA5 in these areas, a small and weak ESA5 private sector in these areas, and concentration of ESA5 exports in agricultural and marine resources.

3.3.2 Feedback from government

According to respondents from the Government of Mauritius, the deepened EPA can be a game-changer for Mauritius and practically address challenges faced by the country in its economic development policies. For instance, the deepened EPA can play a crucial role in developing new sectors. Respondents pointed out that further improving on government procurement and trade competition will strengthen opportunities in the EPA. Accordingly, Mauritius is leading negotiations on trade-related issues. Thus, whereas the negotiations are not yet in full swing and given the negotiations that have taken place, Mauritius, like other ESA5, has no concerns. In the deepened EPA, the government hopes that specific provisions should be incorporated to support SMEs to export to the EU.

The division of Customs of the government of Seychelles highlights the need for development support on strengthening key trade institutions such as the Competition and Tariff Commission. The respondents highlighted a need for targeted support to key divisions of the public sector that will facilitate the expediting of trade under EPA. They also note that ESA5 countries appropriate coordination and technical support to the five ESA countries to engage effectively in the negotiation process.

In Comoros, stakeholders from the public sector pointed out that Comoros is one of the least attractive countries for investment in Africa and raised general concerns about how Comoros can benefit from the negotiations. They stated that it is key that public procurement laws and rules are adopted as part of the agreements to follow the correct procedures.

3.3.3 Feedback from the private sector and SMEs

An EU private stakeholder mentioned that having better access to public procurement markets in ESA5 countries would be attractive for EU businesses. He pointed out that this would be mutually beneficial as European companies are market leaders in many areas. EU companies can provide governments with sustainable long-term solutions at fair prices, contributing to the development of African countries. Ensuring that there is better access to public procurement would be very attractive for European investors.

The EU business respondent also stated that competition is important for the investment climate as it ensured legal certainty over the long term. The stakeholder emphasised deepening the ESA agreement to cover issues other than trade in goods. This is also important for the protection of investments. Competition concerning investments was critical – if the competition environment is favourable, it is attractive for investors. Foreign investments in staff training, physical plants, and long-term business relationships are facilitated by fair competition. Therefore, the issue should get due attention in the negotiations on broadening the EPA. These domains are essential for ensuring that the private sector can play its central role in the development of the African continent.

Finally, the stakeholder also stated that financing instruments to support the implementation of the EPA are important. This should complement development cooperation, but the EU must ensure proper implementation of the agreement to improve the investment climate.

Another EU private sector stakeholder stressed the principle that the free trade agreements (FTAs) and EPAs should never expose EU agriculture practice to unfair competition in terms of working conditions, wages, etc., in the partner countries. This is important not only from the EU perspective but also from the ESA side, and the respondent highlighted that these conditions need to be respected.

ESA 5 stakeholders raised concerns about the complex nature of negotiations in areas such as public procurement and competition, which can form a challenge for the ESA5 countries. In addition, some of the ESA5 private sector companies, including SMEs, find it difficult to take advantage of the existing EPA. This is an important lesson for the potentially even more complex negotiations about government procurement and competition issues.

4. The economic impact analysis

The five ESA countries vary significantly in their economic development, domestic economic freedoms, and barriers to international trade. The ex-post evaluation report provided an overview of key indicators across several dimensions, which should be considered to assess the deepened agreement's potential impacts on individual countries' trade in goods (and services).

4.1 Introduction

This section provides a scoping and analysis of the issue areas with potential economic impacts. For each issue area, we assess the main economic sector affected, if applicable and the possible economic impacts. The analysis also identifies issue areas where the economic impact is likely to be significant and those areas where the economic impact can be comparatively minor.

Based on the screening of potential provisions and stakeholder feedback, this section focuses on assessing the economic impact of potential public procurement and competition provisions in more detail. Finally, the analysis also assesses relevant horizontal issues (e.g. LDCs, OR, consumer impacts) were relevant and concludes with an overall assessment of the strengths and weaknesses of the provisions, including an overview of relevant stakeholder feedback.

4.2 The economic impact of potential public procurement provisions

4.2.1 Baseline

The interim agreement does not include specific provisions covering public procurement measures.

4.2.2 Screening of public procurement provisions

Table 14: Detailed screening table of potential public procurement provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible measures concerning public procurement			
Clearer and more transparent legal framework and legislative requirements governing public procurement	All economic sectors are involved in supplying procurement domestically and involved in international procurement trade.	Improvement in the rule of law may positively impact business and investment climate in ESA countries. Greater value-added (price-performance ratio) for contracting authorities in ESA5 countries. Greater transparency may facilitate entry to public procurement markets for new ESA businesses.	Major
Positive impact on rule of law and economic opportunity in ESA5 countries (e.g. less corruption)			Major
Impacts on exports from ESA5 countries			Minor
Development cooperation to support training and capacity in ESA countries			Major
			Major

Source: Own analysis

4.3 The economic impact of potential competition policy provisions

4.3.1 Baseline

The interim agreement does not include specific provisions covering competition policy measures.

4.3.2 Screening of competition policy provisions

Table 15: Detailed screening table of potential competition policy provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible measures concerning competition policy			
Improvement of the relevant legal framework regarding state aid regimes and preferential tax policies	All economic sectors.	Generally positive impact on investment climate and quality of supply of goods and services. Improved rule of law could lead to an improved business	Major
Higher transparency regarding special			Major

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
conditions or privileges given to SOEs such as targeted subsidies or government contracts		environment which could increase future investment in ESA countries.	
Development cooperation to support training and capacity in ESA countries		Impacts higher in large ESA5 countries, i.e. Zimbabwe and Madagascar.	Major

Source: Own analysis

4.4 Feedback from government respondents and stakeholders on development cooperation

Stakeholders from government, private sector and civil society organisations all also noted the need for ESA5 Countries to develop further and update their respective EPA implementation strategies and frameworks. They especially stressed the need to mobilise resources domestically to finance the implementation and mobilise the private sector to utilise the market opportunities to be negotiated under the deep EPA.

4.4.1 Civil society organisations

Civil society organisations in ESA countries also pointed to infrastructure challenges among ESA5: Except for Seychelles, Madagascar, Comoros and Mauritius, which have access to a sea coastline, Zimbabwe is the only country that is landlocked and faces infrastructure challenges ranging from poor roads, railway and ICT. The development dimension has been limited to mainly technical assistance, whereas the needs of ESA5 countries also need support regarding infrastructure.

4.4.2 Feedback from government

Government respondents pointed to a clear need for a development dimension in the deepened EPA. According to their views, the success and failure of deepened EPA negotiations has to be measured against a commitment to development. Accordingly, they stressed that there is a need for an explicit development cooperation chapter and that the negotiations should also focus on aid and development needs. The cost of measures and compensating people for the losses encountered due to implementing the provisions of the EPA should be analysed. It is considered important that the deepened EPA includes predictable funding of an EPA adjustment facility.

4.4.3 Feedback from the private sector and SMEs

Private sector stakeholders in Zimbabwe pointed to a lack of understanding of the technical issues involved in the negotiations, not only by the industry but also in the relevant ministries. This is because most sector players are not participating in the negotiations, making it very difficult for them to appreciate, understand and benefit from the final agreements. Zimbabwe's private sector stakeholders noted that there had been no meaningful impact from EPAs as the government delayed implementing the agreement provisions due to structural challenges. About the current negotiations, the industry believes that there is not much that will happen in terms of economic benefits as Zimbabwean industries are still struggling to take off. The industry in Zimbabwe is said not to be strategically positioned to take any opportunities in the European market.

In Comoros, the private sector stated that they had feeble knowledge about the EPA, while civil society respondents stated to have none. Non-state actors suggested that the dissemination of information was insufficient. Also, the private sector would like to be more deeply involved in negotiations. Several businesses representatives felt that the sector was largely excluded from the processes and negotiations to the detriment

of Comoros negotiating power and potential to benefit from the agreements. Interviewees from all sectors expressed concerns about unequal negotiating capacity. There is a widely-held view that Comoros is unable to compete with the EU at the negotiating table. Moreover, non-state actors suggested that the Comorian authorities did not maximise their capabilities by failing to be inclusive regarding their negotiating teams.

Besides problems related to ownership and governance in ESA5 countries, there is also a perceived deficit in targeting development measures on the side of the EU. Simultaneously, private sector respondents from Zimbabwe and Madagascar indicated that most development assistance from the EU is targeted mainly towards micro and smallholder production levels, which has little capacity to transform the Zimbabwean and Madagascar industry.

4.5 Key economic impacts

According to data provided by the World Bank global public procurement database, the procurement markets of Madagascar and Mauritius both accounted for 4 per cent of gross domestic product (GDP) of these countries, respectively (see table 15).²³ Based on disaggregated data by procurement method and type of purchase available for the first time, total procurement amounted to EUR 1.27 billion, or 10 per cent of GDP, in Zimbabwe in 2018.²⁴

The total value of annual contracts in Madagascar and Mauritius amounted to 502.3 million Euros and 406.9 million Euros respectively, which was much larger than in the case of Seychelles (50.1 million Euros). In Mauritius, domestic contract awards amounted to 249.9 million Euros, compared to 157.1 million Euros of international contract awards.

Table 16: Overview of public procurement markets in ESA5 countries (million Euros)

Indicator	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP	1,019.6	12,602.3	12,018.5	1,344.1	20,603
Percentage (%) of Gross Domestic Product as Public Procurement Expenditure	n/a	4.0	4.0	n/a	10.0
Value of annual contracts	n/a	502.3	406.9	50.1	n/a
Value of contracts awards of goods	n/a	167.5	145.2	n/a	n/a
Value of contracts awards of works	n/a	269.7	211.1	n/a	n/a
Value of contracts awards of services	n/a	30.1	50.8	n/a	n/a

²³ World Bank Global Public Procurement Database. Latest data available for all countries (2018 for Comoros, Mauritius, Seychelles and Zimbabwe; 2019 for Madagascar). Exchange rate adjusted from USD to EUR based on historical annual data, see: <https://www.macrotrends.net/2548/euro-dollar-exchange-rate-historical-chart>

²⁴ See: WTO Trade Policy Report for Zimbabwe. Available at: https://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm. Exchange rate adjusted from USD to EUR based on historical annual data, see: <https://www.macrotrends.net/2548/euro-dollar-exchange-rate-historical-chart>

Indicator	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Value of domestic contract awards	n/a	n/a	249.9	n/a	n/a
Value of international contract awards	n/a	n/a	157.1	n/a	n/a
Value of awards to SMEs	n/a	n/a	61.9	n/a	n/a

Source: World Bank, WTO

- **Overall, the impacts of EPA provisions on public procurement and those on competition in terms of economic impacts are considered to be potentially major.** Potential major impacts resulting from public procurement provisions include: Greater transparency may facilitate entry to public procurement markets for new ESA businesses.
- Greater value-added (price-performance ratio) for contracting authorities in ESA5 countries.

Potential major economic impacts resulting from public competition provisions include the following:

- Improved rule of law could lead to an improved business environment which could increase future investment in ESA countries.

Increased transparency and greater competition could open markets to EU companies and ESA companies. **The deepened EPA would increase competition for EU markets within other African-Caribbean-Pacific (ACP) countries and from non-ACP member countries.** To benefit in the medium to long run, ESA5 exporters will have to diversify their production and upgrade their standards.

As concerns the deepened agreement, regulatory competition might evolve from the United Kingdom (UK) ESA EPA, which has come into force on 1 January 2021. Provisions of the UK-ESA Agreement are similar to those of the Interim EPA signed between the EU and ESA countries, and the Agreement also contains a “Rendez-Vous” clause regarding future negotiation between ESA and the UK on areas not currently covered, which include trade in services, investment, trade facilitation, competition policy, trade facilitation and others.

Regarding effects on governance and the business environment, we look at a sub-index of the economic freedom index, namely the measure for the restrictiveness of regulations, with even deeper disaggregated sub-indexes on the credit market business regulations.²⁵ The recent development of this sub-index in ESA4 countries suggests that the deepened EPA may improve the business environment.²⁶

As concerns regional integration, the deepened EU-ESA5 EPA may facilitate the consolidation of intra-ESA5 trade and commercial integration if countries harmonise their positions during the negotiations and agree on common standards, which could also benefit consumers in these countries due to a broader product range. The agreement could also serve regional integration by becoming a template for negotiations involving other ACP regions.

Overall, the economic impact regarding the EU’s outermost regions can be considered marginal.

²⁵ The sub-index of business regulations is further broken down into measures of administrative requirements, regulatory burden, starting a business, impartial public administration, licencing restrictions and tax compliance.

²⁶ For business regulations, Mauritius shows the highest (best among ESA countries) score of 8.25 in 2018, followed by Seychelles (7.63), Madagascar (5.80) and Zimbabwe (5.15). Note that the score of all four countries has been increasing since 2013. For the overall regulation sub-index, Mauritius had the highest score in 2018 of 8.36, followed by Seychelles (7.69), Zimbabwe (6.28) and Madagascar (6.19) (see Appendix I).

5. Environmental, social, gender and human rights impacts

5.1 Screening of possible impacts

The following tables present a screening of the possible environmental, social, gender and human rights impacts arising from the possible measures related to procurement and competition. This screening is linked to the screening of economic impacts in section 4, as the changes in economic impact will play a key role in determining impacts in the other dimensions of sustainable development.

Section 5.2 then reviews the key impacts that are identified in these tables. EU development cooperation can play a key role in addressing possible negative impacts and ensuring positive impacts occur. Key areas for development cooperation are summarised in section 5.3.

Table 17: Detailed screening table of potential public procurement provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible public procurement measures			
Clearer and more transparent legal framework and legislative requirements governing public procurement	Greater transparency could increase competition and lower prices for environmental services such as municipal waste collection and treatment.	Greater transparency in public procurement processes could contribute to better governance where corrupt practices exist.	Minor
Development cooperation to support training and capacity in ESA countries		Greater transparency is expected to facilitate entry to public procurement markets for new ESA businesses. Greater transparency could lead to improvements in governments services for inhabitants.	

Source: Own analysis

Table 18: Detailed screening table of potential competition provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible competition measures			
Increased transparency	Increased transparency and greater competition could open markets to EU companies and ESA companies with higher environmental standards. This could have positive environmental impacts if these higher standards are	Improved rule of law could lead to an improved business environment which could increase future investment in ESA countries, creating employment. Increased transparency and greater competition could open markets to EU companies and	Minor
Reinforced competition practices			
Higher transparency regarding special conditions or privileges given to SOEs such as targeted subsidies or government contracts			

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Development cooperation/technical assistance for ESA countries	<p>maintained for activity in ESA countries.</p> <p>Increased competition could induce some companies to cut corners regarding environmental standards, with negative effects on the environment (possibly for forestry in certain ESA countries), unless strong enforcement of environmental standards is in place.</p>	<p>ESA companies with higher social and human rights standards. This could positively impact social issues and human rights if these higher standards are maintained for activity in ESA countries.</p>	

Source: Own analysis

5.2 Overview of key impacts and issues

The impacts of EPA provisions on public procurement and those on competition, in terms of the environment and social and human rights concerns, are estimated to be relatively minor. As noted in Table 17, the provisions for public procurement could bring environmental and social benefits by improving transparency while improving the quality of government goods and services. There could be job losses in ESA companies that are currently favoured in public procurement, though this will be offset by job creation in competitors.

Several ESA countries have environmental and social provisions in their public procurement legislation. For example, the aforementioned 2017 Public Procurement and Disposal of Public Assets Act in Zimbabwe²⁷ allows preference to entities led by women. Mauritius developed an action plan for sustainable public procurement in 2011.²⁸

The TSD chapter calls for the implementation of environmental, social and human rights standards, and it would be valuable for public procurement provisions under the EPA to be linked to the TSD chapter. For example, the inclusion of a provision on environmental and social considerations in the public procurement chapter would encourage parties to pursue environmental or social goals in procurement. Moreover, linking it to the provisions in the trade and sustainable development chapter could help ensure the enforcement of these provisions. Social provisions in public procurement – such as those support women and small local businesses and cooperatives – could also play a role in the transition from informal to formal economies, albeit these issues are relevant mostly at the local procurement level.²⁹ Public procurement can also play an important role in supporting corporate social responsibility and responsible business conduct: these standards can be especially important for larger contracts. While these are cited in the TSD Chapter, it would be valuable to include them in the chapter on public procurement.

²⁷ Government of Zimbabwe, *Public Procurement and Disposal of Public Assets Act [Chapter 22:23]*, 29 (b), available at <https://zimlil.org/zw/legislation/num-act/2017/5/Act%205%202017-Public%20Procurement%20and%20Disposal%20of%20Public%20Assets%20Act.pdf>

²⁸ Mauritius Procurement Policy Office 2011, *National Action Plan on Sustainable Public Procurement (SPP) for Mauritius (2011-2015)*, https://www.oneplanetnetwork.org/sites/default/files/national_action_plan_mauritius.pdf

²⁹ Labour and Economic Development Research Institute of Zimbabwe and Friedrich-Ebert-Stiftung (2015), 'Strategies for Transitioning the Informal Economy to Formalisation in Zimbabwe'.

EU development cooperation may assist in sharing good practices for the development of sustainable public procurement practices.

5.3 Suggestions for development cooperation

The screening of possible measures shows that EU development cooperation could be valuable in mitigating potential adverse effects and ensuring that positive effects are seen. Key areas for cooperation include the following:

- Capacity building and technical assistance to support transparent public procurement practices in countries where transparency is an issue.
- Capacity building and technical assistance for sustainable public procurement practices, such as the inclusion of environmental and social criteria in technical specifications (as well as further development and implementation of existing provisions).
- Capacity building and technical assistance for assessing adherence to environmental, social and human rights standards, through increased inspections, amongst other activities. This can contribute to ensuring an upholding of these standards.

6. Policy recommendations

The analysis suggests that ESA 5 countries can benefit from an open and transparent public procurement system from modernised competition policies. The two major bottlenecks seem to be administrative and infrastructure (professional services, etc.) capacities and governance failures (except for Mauritius). Whereas the former can be overcome with the help of the EU through targeted development cooperation, the latter requires reforms on the side of ESA countries.

One way would be to agree on a mutual commitment to open the public procurement markets, safeguard competition as planned in the negotiations, and combine these commitments through an appropriate dispute settlement mechanism (see Report on Dispute Settlement). Thereby, ESA governments force themselves to adhere to regulations, which benefit the countries in the medium and long run. In addition, the following is important for economic as well as environmental, social, gender and human rights impacts.

Economic impacts from public procurement provisions

- Transparency should be of utmost importance as greater transparency may facilitate entry to public procurement markets for new ESA businesses.

Economic impacts from competition provisions:

- To enhance competition, an improved rule of law could lead to an improved business environment which could increase future investment in ESA countries.
- In addition, increased transparency and greater competition could open markets to EU companies and ESA companies.

The EU should engage in development cooperation with governments in ESA countries but should include the business community and civil society from the start in the negotiations and, once the deepened EPA is in force, thereafter. This enhances transparency and efficient procurement as it puts pressure on ESA governments to adhere to the agreement. It also contributes to awareness raising of the opportunities of the agreement among

the business community and civil society and helps to build the capacity to take advantage of those opportunities to benefit from the agreement.

Environmental, social, gender and human rights impacts

- It could be helpful to include a provision in the agreement that public procurement contracts should be carried out following the conditions set out in the TSD chapter of the ESA.
- Development cooperation should be envisaged to assist ESA countries in developing the efficiency of enforcement practices to ensure that social, environmental and human rights standards are upheld. Cooperation can also contribute by sharing best practices on the development of sustainable public procurement practices.

Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 19: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ³⁰	1,370	523	11,099	17,448	1,464
Surface area (km ²) ³¹	1,861	587,295	2,040	460	390,760
Total Population (2019) ³²	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ³³	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ³⁴	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ³⁵	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ³⁶	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ³⁷	39.2	32.9	55.6	48.4	33.1

Source: World Bank, UNDP, International Labour Organisation (ILO), Yale University, University of Notre Dame

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in terms of economic, environmental, social and human rights conditions.

Comoros is a small lower-middle-income island economy with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded, and its islands are prone to natural

³⁰ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

³¹ Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

³² Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

³³ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: <http://hdr.undp.org/en/data>

³⁴ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comors, 2013 for Madagascar. World Bank data from <https://sdg-tracker.org/no-poverty#targets>

³⁵ Employment of female population, 15+. ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

³⁶ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

³⁷ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

disasters and vulnerable to climate change impacts. Comoros faces challenges in providing adequate drinking water and sanitation.

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, limiting health, food, education, and housing. Biodiversity is severely degraded, and deforestation is a significant challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with comparatively high-level human development,³⁸ including a high literacy level³⁹ and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle-income, landlocked country whose economy, social conditions and environment have suffered from political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

³⁸ Central Bank of Seychelles, *Annual Report 2018*, available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

³⁹ World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World', available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Appendix II. Indicators on legal system, trade barriers and regulations in ESA countries

1. Madagascar

Table 20: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	6,64	6,43	6,40	6,25	6,14	6,20
Rank	100	111	111	118	126	125
Quartile	3	3	3	3	4	4

Source: Fraser Institute

Table 21: Size of government, legal system, and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	8,74	8,14	8,31	7,90	7,63	7,51
Judicial independence	3,35	3,47	3,68	3,59	3,52	3,48
Impartial courts	3,33	3,32	3,36	3,31	3,69	3,49
Protection of property rights	4,28	4,28	4,35	4,33	4,48	4,70
Integrity of the legal system	4,50	4,63	4,65	4,65	4,67	4,57
Legal enforcement of contracts	2,42	2,96	2,96	2,96	2,96	2,96
Legal system & property rights	2,99	3,05	3,09	3,06	3,21	2,92

Source: Fraser Institute

Table 22: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	8,06	8,04	8,05	7,90	7,63	7,65
Non-tariff trade barriers	5,02	5,42	3,52	4,12	1,95	4,83
Compliance costs of importing and exporting	7,01	4,62	5,07	5,07	5,07	5,09
Regulatory trade barriers	6,02	5,02	4,29	4,59	3,51	4,96
Financial Openness	4,16	4,16	4,16	1,66	1,66	1,66
Capital controls	0,00	0,77	0,77	0,77	0,77	0,77

Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	4,72	4,98	4,98	4,14	4,14	4,14
Freedom to trade internationally	7,16	6,97	6,76	6,62	6,36	6,71

Source: Fraser Institute

Table 23: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,07	7,71	7,51	7,39	7,39	8,14
Labour market regulations	4,94	4,74	4,49	4,50	4,36	4,64
Administrative requirements	4,16	3,74	3,60	3,57	3,41	3,13
Regulatory Burden	2,44	2,44	2,44	2,44	3,33	3,56
Starting a business	9,60	9,12	9,22	9,37	9,40	9,43
Impartial Public Administration	1,11	1,11	1,35	1,35	3,07	3,07
Licensing restrictions	8,88	7,85	7,85	7,80	7,84	7,69
Tax compliance	7,95	7,95	7,95	7,95	7,95	7,95
Business regulations	5,69	5,37	5,40	5,41	5,83	5,80
Regulation	6,23	5,94	5,80	5,77	5,86	6,19

Source: Fraser Institute

2. Mauritius

Table 24: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	7,88	7,82	7,99	7,98	7,99	8,21
Rank	16	24	14	16	13	7
Quartile	1	1	1	1	1	1

Source: Fraser Institute.

Table 25: Size of government, legal system, and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	7,81	7,68	7,98	7,88	8,15	8,15
Judicial independence	5,70	5,67	5,69	5,67	6,04	5,95
Impartial courts	5,67	5,70	5,56	5,43	5,54	5,47
Protection of property rights	6,34	6,33	6,26	6,18	6,22	6,74
Integrity of the legal system	4,69	4,69	6,95	6,96	6,79	6,77
Legal enforcement of contracts	4,64	4,64	5,03	5,03	5,25	5,25
Legal system & property rights	5,45	5,45	5,92	6,31	6,40	6,46

Source: Fraser Institute

Table 26: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	9,67	9,58	9,59	9,59	9,30	9,52
Non-tariff trade barriers	6,08	6,83	6,14	6,26	6,20	6,50
Compliance costs of importing and exporting	8,76	7,91	7,86	8,23	8,54	8,54
Regulatory trade barriers	7,42	7,37	7,00	7,25	7,37	7,52
Financial Openness	6,99	6,99	6,99	6,99	6,99	6,99
Capital controls	4,62	4,62	4,62	4,62	4,62	4,62
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	7,20	7,20	7,20	7,20	7,20	7,20
Freedom to trade internationally	8,50	8,50	8,42	8,47	8,52	8,53

Source: Fraser Institute

Table 27: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,50	8,55	8,78	8,63	8,51	8,95
Labour market regulations	7,60	7,16	7,38	6,36	6,41	7,90
Administrative requirements	4,83	4,90	4,67	4,38	4,42	5,02
Regulatory Burden	9,78	9,78	9,78	8,89	8,89	8,44
Starting a business	9,79	9,79	9,77	9,81	9,83	9,85
Impartial Public Administration	7,00	6,94	7,10	7,10	6,89	8,36
Licensing restrictions	6,92	8,37	8,37	9,32	9,32	9,36
Tax compliance	8,30	8,30	8,30	8,30	8,30	8,43
Business regulations	7,77	8,01	8,00	7,97	7,94	8,25
Regulation	7,96	7,91	8,05	7,65	7,62	8,36

Source: Fraser Institute

3. Seychelles

Table 28: Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,29	7,48	7,43	7,44	7,37	7,49
Rank	57	49	52	52	57	52
Quartile	2	2	2	2	2	2

Source: Fraser Institute

Table 29: Size of government, legal system, and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	6,86	7,16	6,87	7,00	7,01	6,71
Judicial independence	5,03	5,04	4,98	4,93	5,09	5,27
Impartial courts	5,03	5,06	5,11	5,06	5,15	5,46
Protection of property rights	4,86	4,86	5,12	5,35	5,35	5,53
Integrity of the legal system	6,33	6,33	6,86	6,97	6,93	6,98
Legal enforcement of contracts	4,06	4,06	4,06	4,06	4,06	4,06

Legal system & property rights	5,16	5,16	5,42	5,54	5,59	5,54
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Source: Fraser Institute

Table 30: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound Money	8,26	9,10	9,33	9,00	9,07	9,26
Non-tariff trade barriers	5,70	5,70	5,70	6,05	6,04	5,87
Compliance costs of importing and exporting	7,76	5,24	5,32	5,32	5,32	5,33
Regulatory trade barriers	6,73	5,47	5,51	5,68	5,68	5,60
Financial Openness	10,00	10,00	10,00	10,00	10,00	10,00
Capital controls	8,46	8,46	8,46	8,46	8,46	8,46
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	9,49	9,49	9,49	9,49	9,49	9,49
Freedom to trade internationally	8,82	8,55	8,06	8,10	7,65	8,27

Source: Fraser Institute

Table 31: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	7,67	8,00	8,00	8,00	7,88	7,88
Labour market regulations	6,99	6,99	7,17	7,36	7,40	7,56
Administrative requirements	5,33	5,33	5,33	5,04	5,03	5,17
Regulatory Burden	6,00	6,00	6,00	6,00	6,00	5,78
Starting a business	8,67	8,83	8,83	8,84	8,83	8,84
Impartial Public Administration	6,22	6,22	6,22	6,64	6,64	7,89
Licensing restrictions	8,98	8,46	8,46	8,46	8,67	9,08
Tax compliance	9,01	9,05	9,05	9,05	9,05	9,05
Business regulations	7,37	7,31	7,31	7,34	7,37	7,63
Regulation	7,34	7,43	7,50	7,56	7,55	7,69

Source: Fraser Institute

4. Zimbabwe

Table 32: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	5,46	5,80	6,24	5,72	5,16	5,12
Rank	144	138	118	144	152	155
Quartile	4	4	3	4	4	4

Source: Fraser Institute

Table 33: Size of government, legal system, and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	6,51	6,58	6,78	5,14	4,29	4,51
Judicial independence	3,42	3,60	3,85	3,91	3,94	3,79
Impartial courts	3,40	3,50	3,61	3,49	3,48	3,36
Protection of property rights	3,08	3,30	3,41	3,37	3,67	3,86
Integrity of the legal system	5,15	5,16	5,16	5,05	5,23	4,94
Legal enforcement of contracts	2,37	2,37	2,37	2,37	2,37	2,37
Legal System & Property Rights	3,54	3,60	3,78	3,74	4,11	4,07

Source: Fraser Institute

Table 34: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	6,90	7,97	8,18	7,38	6,72	5,03
Non-tariff trade barriers	6,48	4,74	5,63	4,99	4,85	5,20
Compliance costs of importing and exporting	1,29	4,17	1,69	1,64	1,33	1,33
Regulatory trade barriers	3,89	4,45	3,66	3,32	3,09	3,26
Financial Openness	1,66	1,66	4,16	4,16	4,16	4,16
Capital controls	0,00	0,00	0,00	0,00	0,00	0,00
Freedom of foreigners to visit	8,85	8,85	8,85	8,85	8,85	8,85

Controls of the movement of capital and people	3,50	3,50	4,34	4,34	4,34	4,34
Freedom to trade internationally	5,46	5,78	5,88	5,79	3,97	5,73

Source: Fraser Institute

Table 35: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	6,00	6,00	9,33	9,10	9,10	7,44
Labour market regulations	4,55	5,09	6,05	6,12	6,12	6,24
Administrative requirements	3,07	2,63	2,26	1,82	1,92	2,41
Regulatory Burden	0,67	0,67	0,67	0,89	2,67	2,67
Starting a business	5,91	5,94	5,83	6,89	7,81	8,33
Impartial Public Administration	2,61	2,78	2,78	2,17	1,97	2,21
Licensing restrictions	4,99	4,95	6,99	7,00	7,49	7,99
Tax compliance	7,29	7,29	7,29	7,29	7,29	7,29
Business regulations	4,09	4,04	4,30	4,34	4,86	5,15
Regulation	4,88	5,04	6,56	6,52	6,69	6,28

Source: Fraser Institute

Intellectual Property Rights
Thematic Report

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Abbreviations

ARIPO	African Regional Intellectual Property Organization
CARIFORUM	Caribbean Forum of African, Caribbean and Pacific States
CBD	Convention on Biological Diversity
CETA	Comprehensive Economic and Trade Agreement
DESTA	Design of Trade Agreements database
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FTA	Free trade agreement
GI	Geographical indication
IP	Intellectual property
IT	Information technology
IPR	Intellectual property rights
IPRI	International Property Rights Index
OMAPI	Organisation of the Malagasy Industrial Property Office
OAPI	Organisation Africaine de la Propriété Intellectuelle
OMDA	Office Malgache des Droits d'Auteurs
PCT	Patent Cooperation Treaty
PTAs	Preferential trade agreement
PVR	Plant variety rights
R&D	Research and development
SADC	Southern African Development Community
SIA	Sustainability Impact Assessment
SPC	Supplementary protection certificate
TRIPS	Trade-Related Intellectual Property Rights
TSD	Trade and sustainable development
UPOV	International Convention for the Protection of New Varieties of Plants
WIPO	World Intellectual Property Rights Organization
WTO	World Trade Organization

Executive summary

The protection of intellectual property rights (IPR) is highly important to businesses across different sectors of the economy. Exchanges of knowledge and technologies are facilitated by guaranteeing that foreign intellectual property (IP) rightsholders will be treated fairly, and their IPRs will be respected. Except for Comoros, all Eastern and Southern African (ESA) countries have legislation to protect common and internationally well-established IP rights. At the same time, IPR enforcement is reported weak for all ESA countries due to a lack of institutional and human resource capacities.

The “Rendez-vous clause” in the interim Economic Partnership Agreement (EPA) foresees the inclusion of IP protection in a more comprehensive EPA. Generally, going beyond generic provisions on Trade-Related Intellectual Property Rights (TRIPS) principles, deeper IPR disciplines would facilitate domestic and international business operations, including licensing, product launches and technology transfer. The European Union (EU) should generally aim to achieve deeper integration in the region in the field of IPRs. EU negotiators should aim for further harmonisation of IP laws and regulations. Areas of cooperation should include the regional management and enforcement of existing national IP laws and creating and managing additional IPRs.

The EU should include key IP provisions in the agreement, i.e. commitment to TRIPS principles, and aim to promote regional legal harmonisation. A future EU-ESA EPA should also aim to accentuate cooperation in the fight against counterfeit products, ensuring appropriate controls at ESA borders to fight counterfeit goods and illicit trade.

EU development cooperation funds should be devoted to capacity building in responsible IP authorities and national customs authorities. Development cooperation initiatives on IPRs should involve IP-centric international organisations such as the World Intellectual Property Rights Organization (WIPO), the African Regional Intellectual Property Organization (ARIPO) and the Organisation Africaine de la Propriété Intellectuelle (OAPI), which would contribute to the accumulation of specific knowledge and the creation of an IP level playing field across African countries. These capacity-building efforts could include environmental issues related to IPR, such as implementing the Nagoya Protocol under the Convention on Biological Diversity.

1. Introduction

1.1 The study

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in ESA in view of deepening the existing interim EPA*. Under this project, a brief evaluation of the existing interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for Intellectual Property Rights**. The report builds on the analysis in the (draft) ex-post evaluation, which included an assessment of economic and environmental, social, gender and human rights impacts of the interim EPA.¹

The Sustainability Impact Assessment for the deepening of the EPA includes this report on Intellectual Property Rights as well as five other thematic reports, covering the following topics:

- Trade in Goods, Agriculture and Fisheries
- Trade and Sustainable Development (TSD)
- Trade in Services, Digital Trade and Investment
- Public procurement and competition
- Dispute avoidance and settlement and Institutional structure

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

This thematic report analyses potential economic, social, human rights and environmental impacts of the EU-Eastern and Southern Africa (ESA5) EPA deepening negotiations. The assessment of this report focuses on impacts from provisions protecting various types of IPRs.

1.2 Context

In 2007, six countries of the ESA region – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – concluded an interim EPA with the EU. In 2009, four of these countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the agreement, and it has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019. The interim EPA includes a “Rendez-vous clause” (Article 53), by which the Parties ‘agree to continue negotiations... with a view to concluding a full and comprehensive EPA’. The Article includes trade, environment and sustainable development and other policy areas for further negotiation. The interim EPA also includes a Rendez-vous clause for negotiating IPRs, with a view to concluding a full and comprehensive EPA.

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019.² After that, four rounds of negotiations took place in January 2020, July 2020, November 2020 and the fourth one in April 2021. IPRs have been left unaddressed in recent negotiations, including round four, which constitutes the latest rounds of EU-EAS EPA negotiations. For a brief overview of the five ESA countries, please see Appendix I and the Ex-Post Evaluation within this SIA of 18 January 2021.

¹ See https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159467.pdf

² See: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5951

1.3 Methodology

The report begins with an outline of the rationale of IPRs followed by a discussion of the state of IPR protection in the EU and ESA countries (Section 2 and Section 3), including the coverage of IPRs in EU and ESA preferential trade agreements (PTAs). Contrary to other policy areas, the analytical work for this report is not based on a screening of potential IPR provisions as at the time of preparing this study such provisions have not been set out in the latest textual proposals. Accordingly, in the impact assessment, we focus on the extent to which different types of major types of IPRs could be covered in a future EU-ESA EPA.

The economic impact analysis of specific types of common IPRs aims to identify areas where economic impacts are likely to be significant for ESA countries and areas where the economic impacts can be considered minor (Section 4).

The economic impact analysis is used as a basis for an impact assessment of environmental, social, gender and human rights impacts (Section 5) that are likely to emanate from the economic impacts. This social analysis follows the same methodological steps as the economic analysis described above, including an analysis of horizontal issues (e.g. gender) where relevant.

The findings of the economic and social impact assessments are used to develop a set of proposals for policy recommendations and flanking measures, which are outlined in Section 6.

Desk research and analysis has provided the main source of information for this report. Although interviews have been carried out in the ESA countries, interviewees did not have a strong awareness of IPR policies regarding the negotiations on deepening the EPA. Also, stakeholders did not have specific comments on the potential impacts of IPR provisions that may be negotiated under the deepening process.

2. Intellectual property rights: rationale and legislation

2.1 Overall rationale of intellectual property rights

IPRs are widely recognised for stimulating innovation and economic activity, particularly in knowledge-intensive industries. IPRs motivate individuals and businesses to invest time, human and financial resources in new scientific or creative discoveries (e.g. new drugs or vaccines to fight COVID-19, new digital technologies), innovations (e.g. electric cars, more fuel-efficient aeroplanes, stronger composite building materials) and other immaterial creations (e.g. songs, designs). IPRs give individuals and businesses the right to recoup the investments made, increasing the potential financial return and reducing investor risk. Without IPRs, fewer innovation risks would be taken, undermining the overall innovative capacity of economies.

Accordingly, IPRs are a regulatory tool used by governments and the EU to create incentives for individuals and businesses to take commercial risks and focus investments and research and development (R&D) on issues that could contribute to societal needs (e.g. the invention of new paediatric medicines or orphan drugs). IPRs are internationally recognised for driving up levels of private sector investment and developing innovative capacities across economies, e.g. investments in education and technological skills. In doing so, IPRs contribute to structural economic change and the modernisation of economies while facilitating international trade. The economic impacts of IPRs are generally amplified by specialisation, global production fragmentation and scale economies.

It should be noted that IP protection is inherently the result of a trade-off between incentives for innovation and creative endeavour, on the one hand, and both economic efficiency and distribution of income, on the other. Intellectual property favours the former at the latter's expense, and an enlightened policy would strike a balance between these opposing objectives.

2.2 IP standards in the EU

IPRs give creators, e.g. artists or businesses conducting R&D, a temporary exclusive right over the commercial use of intellectual creation. An intellectual creation can be a text, a brand, a movie, a design, a medicine, a new plant variety, a new drug, a new technology, but also traditional food or an innovative new production process. IPRs allow rightsholders to decide how, when and where their creations are commercially used and/or exploited.

In EU legislation IPR refers to intangible property resulting from creations of the mind, which falls into two general categories:

- 1) industrial property, such as patents on new inventions, trademarks, designs and models, as well as service brands and protected designations of origin, and
- 2) copyright and related rights, such as music, literature, paintings and sculptures.

2.3 TRIPS and additional international commitments

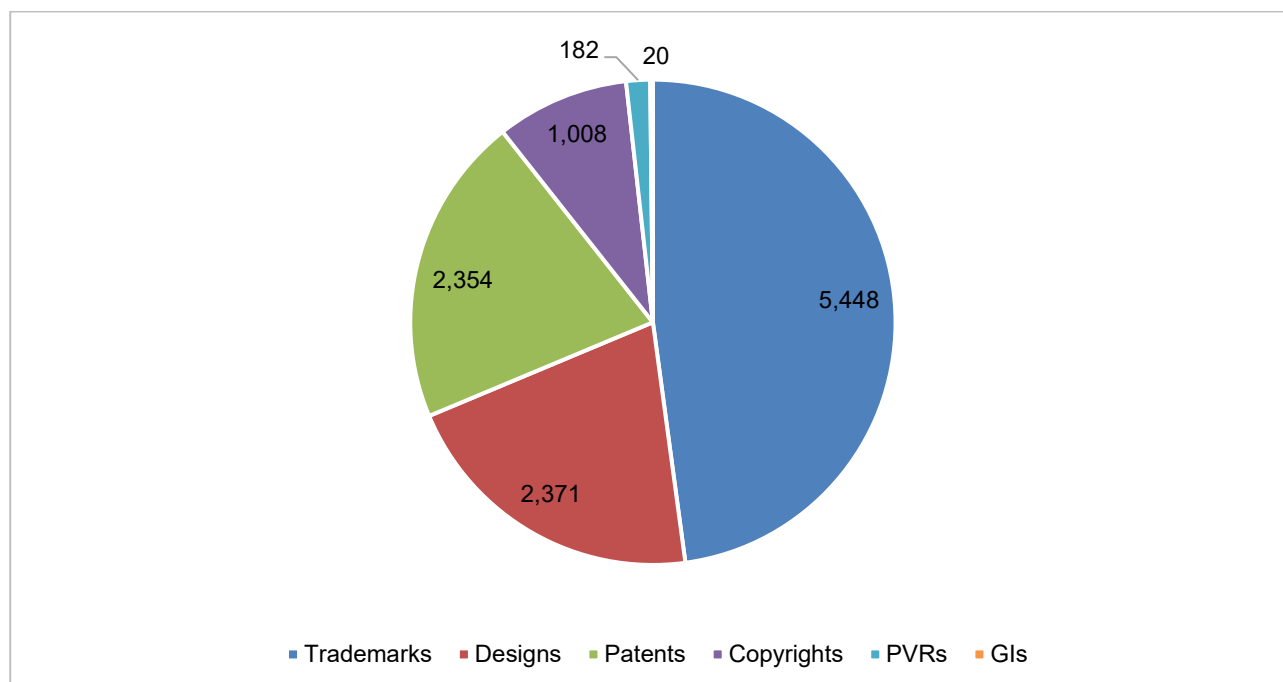
Certain minimum standards for IPRs are agreed upon by the World Trade Organization (WTO) members and stipulated in the TRIPS Agreement. The standards of IPR covered by TRIPS are copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations); trademarks including service marks; geographical indications including appellations of origin; industrial designs; patents including the protection of new varieties of plants; the layout-designs of integrated circuits; and undisclosed information including trade secrets and test data.³

On top of these commitments, many governments added additional protections for various types of intellectual property (so-called TRIPS+ provisions) to protect inventors in their countries. These include trademarks, industrial designs, patents and patent term extensions, supplementary protection certificates (SPCs), copyrights, geographical indications, plant variety rights (PVRs), regulatory data protection, domain names, traditional knowledge and genetic resource rights, encrypted program-carrying satellite signals, semiconductor rights, and undisclosed information rights.

Figure 1 outlines the main types of IP ranked in order of economic relevance for the EU (in terms of contribution to gross domestic product (GDP) of IPR-intensive industries). The numbers demonstrate that industries that use trademarks, designs, patents and copyrights contribute most to economic activity in the EU, while PVRs and geographical indications (GIs) play a lesser role.

³ See WTO overview of the TRIPS agreement, https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm [accessed 19 May 2020]

Figure 1: Major categories of IPR in the EU, ranked in order of economic relevance measured by contribution to EU GDP, 2014-2016 average



Source: Eurostat. GIs: geographical indications. PVRs: plant variety rights. The following sectors are classified as IPR-intensive: pharmaceuticals, scientific R&D, IT, electronics, electrical equipment, motor vehicles, machinery, architecture & engineering, transport, chemicals and telecommunications.

While ESA countries do not commit to TRIPS+ provisions, Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe are contracting parties of the Paris Convention for the Protection of Industrial Property (the Paris Convention), which applies to industrial property in the broadest sense, including patents, trademarks, industrial designs, utility models, service marks, trade names, geographical indications. In addition, Comoros, Madagascar, Seychelles and Zimbabwe joined the Patent Cooperation Treaty (PCT), which provides a unified procedure for filing patent applications in each of its contracting parties. Mauritius and Zimbabwe are members of the ARIPO, while Comoros is a member of the OAPI. Seychelles is in the process of joining ARIPO by the end of 2021.

2.4 IPR provisions in EU trade agreements

EU's bilateral trade policy network covers 77 partner countries via 45 (regional) free trade agreements (FTAs) that have been applied.⁴ In these agreements, the EU IPR commitments generally go beyond TRIPS provisions, providing a higher degree of protection across different types of IP. The EU, like the US, Switzerland and Japan, include TRIPS+ provisions in the FTAs. Some of the main TRIPS+ provisions are copyrights, domain names, encrypted program-carrying satellite signals, GIs, industrial designs, new plant varieties, patents (and patent term extensions), semiconductors, trademarks, traditional knowledge, regulatory data protection, genetic resources, and undisclosed information.⁵

⁴ See DG Trade website "EU trade agreements: delivering for Europe's business", November (2020).

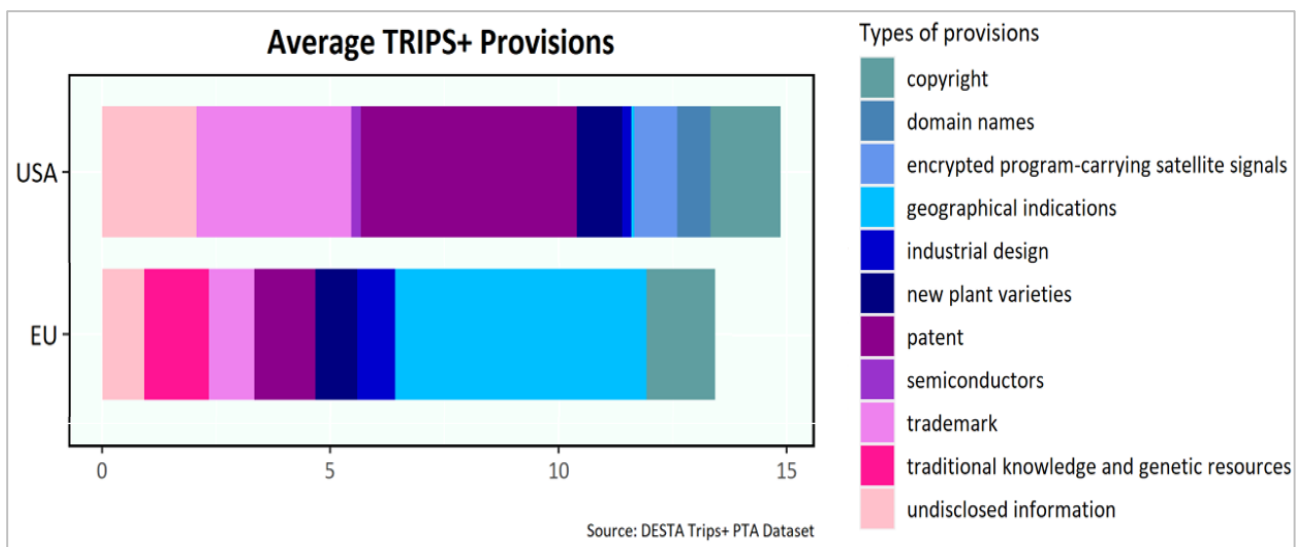
<https://trade.ec.europa.eu/doclib/press/index.cfm?id=2211> [accessed 12 November 2020].

⁵ Copyrights and trademarks matter for sectors like information technology (IT) (mainly software and database), publishing, music, and the music, radio and television industry. Geographical indications and new plant varieties are important for the agricultural sector. Domain names and encrypted program-carrying satellite signals are important for the IT industry. Industrial design is relevant for the motor vehicles sector, the machinery industry, electronics, and electrical equipment. Patents (and patent-term extension) are important for the pharmaceutical industry, machinery and agri-chemical sectors (e.g. plant protection), as well as for motor vehicles. Regulatory Data Protection and Supplementary Protection Certificates matter for agri-chemicals, pharmaceuticals, and the plant breeding industry.

According to the Design of Trade Agreements (DESTA) database (comparing all former and active FTAs globally), EU FTAs are particularly strong on GIs. As shown in Figure 2, the EU has created a strong network of countries that recognise and uphold provisions for GIs (for different lists of products, though), despite strong political resistance to GI provisions in the US.

EU FTAs also include significant provisions on traditional knowledge and genetic resources in agreements with developing countries and emerging market economies (e.g. Colombia/Peru, Vietnam, Ukraine, Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) countries). EU FTAs demonstrate flexibility in the use of TRIPS+ provisions, depending on the trading partner, unlike the more homogeneous US FTA TRIPS+ provisions. By contrast, for trademarks and patents, the EU did not copy the equivalents of EU law into its FTAs, even for developed country trade partners. Compared to US trade agreements, there is much less focus on patents and trademarks in EU FTAs.

Figure 2: Types of TRIPS+ provisions in EU and US FTAs

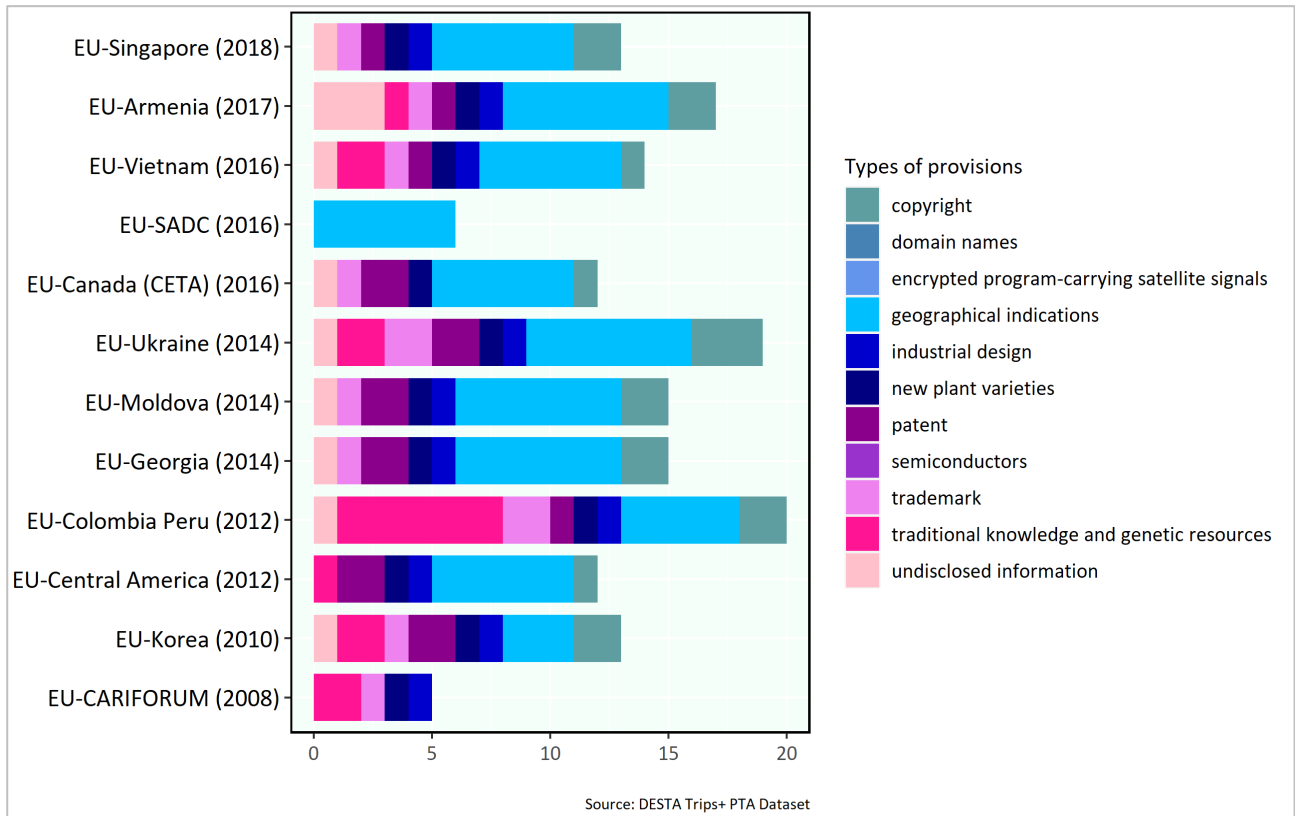


Source: DESTA (2020)

According to the DESTA dataset, most EU FTAs include one or more provisions on either copyright, trademarks, patents or geographical indications. Figure 3 shows the number of provisions in EU FTAs (since 2008) going beyond the minimum standards of the TRIPS Agreement, differentiated by the type of provision. The EU emphasises geographical indications (there are about six GI-related TRIPS+ provisions per EU FTA). For some FTAs with developing economies (e.g. Colombia, Peru, CARIFORUM, Vietnam), traditional knowledge and genetic resources – IP is also incorporated. Across the board, only a limited number of copyright and patent provisions are included, and the number of patent provisions has decreased in the later FTAs.⁶

⁶ Compared to the EU, DESTA data indicate that US FTAs are to be more concentrated on specific IP rights, especially since 2004. Except for NAFTA, US FTAs have no focus on GIs, but cover a wider range of additional types of IPRs, especially in the area of domain names and encrypted programs. Also, US FTAs are much more comprehensive particularly in the area of trademarks and patents.

Figure 3: TRIPS+ provisions in EU FTAs



Source: DESTA (2020)

Covering several developing countries, the CARIFORUM-EU EPA might provide initial guidance for EU-ESA negotiations, recognising the current state of economic and institutional development of Comoros, Madagascar and Zimbabwe.⁷ The EU-CARIFORUM EPA contains an extensive chapter on IPRs, aiming to promote innovation and technological development. It obliges the parties to abide by existing international IP conventions and provides extended cooperation among the parties to facilitate technology transfer and technical innovations. IP provisions tend to go beyond what is provided by the TRIPs agreement, and the provisions are more specific. There is an extensive chapter on protecting GIs and preserving genetic resources, traditional knowledge, and folklore. The Convention on biological diversity is also mentioned in this regard. At the same time, there is no recognised protection for genetic and traditional resources (see also Section 5). The parties merely agreed to “working towards the development of internationally agreed sui generis models for the legal protection of traditional knowledge”. Furthermore, there is no provision for sharing profits arising from the exploitation of genetic resources, traditional knowledge, and folklore by patent holders. Like most other subjects, the EPA encourages regional harmonisation of IP rules and “further progress towards regional management and enforcement of national intellectual property rights”.⁸

⁷ The EU-Colombia/Peru Agreement also covers IPRs.

⁸ Ecorys (2014). *Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States*. Available at https://trade.ec.europa.eu/doclib/docs/2019/july/tradoc_158300.pdf.

The EU-CARIFORUM EPA includes the following provisions:⁹

- Commitment to the TRIPS Agreement (art. 139),
- Exceptions for least developed countries (art. 140),
- Project of regional integration and harmonisation (art. 141),
- Prevention of control licensing practices or conditions on intellectual property rights which may adversely affect the international transfer of technology and that constitute an abuse of intellectual property rights (art. 142),
- Copyright: Cooperative compliance with WIPO (art. 143),
- Trademarks: common registration system (art. 144),
- Geographical indication: protection system in each territory (art. 145),
- Industrial designs: Compliance with the 1999 Hague Agreement on Industrial designs (art. 146);
- Patents: compliance with 1970 Washington Patent cooperation Treaty, 2000 Geneva Patent Law Treaty and 1977 Budapest Treaty on patent recognition (art. 147),
- Utility models, plant varieties and genetic resources (art. 148, 149 and 150);
Effective, proportioned and dissuasive enforcement (art. 151 to 163).

2.5 IPR provisions in ESA countries' trade agreements

Madagascar, Mauritius, Seychelles, and Zimbabwe are members of the WTO and therefore TRIPS signatories. According to the DESTA database, only two of seven (recorded) ESA preferential trade agreements vaguely cover IPRs. The 2009 EU-ESA interim EPA only refers to very general IPR provisions without specifying rights and obligations for different types of IP. The 2013 agreement between Mauritius and Turkey includes several general provisions, provisions on assistance through development cooperation and general conditions on IPR enforcement and implementation. The Mauritius-Turkey agreement also includes a clause on reaffirmation and compliance with TRIPS provisions.

⁹ EPA between the CARIFORUM States, of the one part, and the European Community and its Member States, of the other part. Available at <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:289:0003:1955:EN:PDF>.

3. State of IP protection in ESA countries

3.1 Comoros

According to WIPO's database of IPR-related laws and regulations, Comoros, for a long time, applied relatively old legislation for the protection of trademarks, copyrights, industrial designs, and patents. These laws are outlined in Table 1. At the same time, Comoros is a member of the Paris Convention. In 2013, the Union of Comoros deposited its instrument of accession to the Bangui Agreement and became the 17th Member Country of OAPI on 25 May 2013. Comoros agreed to renounce any of its enacted intellectual property legislation in place before accession to the Agreement. Essentially trademark, patent and copyright protection in Comoros is now governed by the Agreement.¹⁰ At the same time, patent and design protection is still not available in Comoros. Major characteristics of the legal treatment of IPR in Comoros are outlined in Table 2.

Table 1: Main IP laws, Comoros

Year	Title	Subject Matter
1844	Law of 5 July 1844, on Patents for Inventions	Patents (Inventions), Enforcement of IP and Related Laws, IP Regulatory Body
1913	Law of 14 July 1909, on Designs and Models (as amended by the Decree of 12 February 1913)	Industrial Designs, Enforcement of IP and Related Laws, IP Regulatory Body
1957	Law of 11 March 1957, on Literary and Artistic Property	Copyright and Related Rights (Neighbouring Rights), Enforcement of IP and Related Laws
1964	Law No. 64-1360 of 31 December 1964, on Trademarks and Service Marks	Trademarks

Source: WIPO

Table 2: Major characteristics of domestic IPR legislation, Comoros

Category	Provisions
Trademarks	Any trademark registration falling due for renewal after this date will automatically be extended to Comoros with effect from the date of renewal. Proprietors who do not wish to wait until their registrations fall due for renewal but wish to apply for the extension of existing OAPI rights to Comoros have to make a formal application to OAPI. The exception to this arrangement is the Island of Mayotte, an overseas territory of France, and a French registration automatically extends to it.
Patents	Comoros is a member of the Paris Convention and PCT. Even though Comoros is a member of the PCT, having deposited its instrument of accession in 2005, the filing of a patent application is not possible at this time as Comoros has no patent legislation. Accordingly, in the absence of any legislation, no patent protection is currently available in this country.
Designs	Comoros is a member of the Paris Convention. No design protection is currently available in Comoros.
Copyrights	Comoros is a member of the Berne Convention. Although the copyright law was put into effect by government order, as indicated above, it is unclear whether the law is being applied.

¹⁰ Adams and Adams (2021). *Comoros IP guide*. Available at <https://www.adams.africa/works/comoros/>.

Plant breeders' rights	No Provisions.
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Source: Adams and Adams¹¹

3.2 Madagascar

Madagascar applies the legislation to protect copyrights and related rights, trademarks, patents, industrial designs, and traditional cultural expressions. Madagascar's main IPR laws are outlined in Table 3. Major characteristics of domestic IPR legislation in Madagascar are outlined in Table 4.

Table 3: Main IP laws, Madagascar

Year	Title	Subject Matter
1984	Decree No. 84-389 of 13 November 1984, creating the Malagasy Copyright Office	Copyright and Related Rights (Neighbouring Rights), IP Regulatory Body
1990	Decree No. 90-260 of 21 June 1990, modifying and completing the provisions of Decree No. 84-389 of 13 November 1984, establishing the Malagasy Copyright Office	Copyright and Related Rights (Neighbouring Rights), IP Regulatory Body
1992	Ordinance No. 89-019 of 31 July 1989, establishing Arrangements for the Protection of Industrial Property	Patents (Inventions), Industrial Designs, Trademarks, Trade Names, Competition, Enforcement of IP and Related Laws
1993	Decree No. 92-994 of 2 December 1992, on the Creation and Organization of the Malagasy Industrial Property Office (OMAPI)	IP Regulatory Body
1994	Law No. 94-036 of 18 September 1995, on Literary and Artistic Property	Copyright and Related Rights (Neighboring Rights), Enforcement of IP and Related Laws, Traditional Cultural Expressions, IP Regulatory Body
1998	Decree No. 98-434 of 16 June 1998, on the Status and Functioning of the Malagasy Copyright Office	Copyright and Related Rights (Neighboring Rights), IP Regulatory Body
1998	Decree No. 98-435 of 16 June 1998, on General Rules for the Collection of Copyright and Neighboring Rights	Copyright and Related Rights (Neighboring Rights), IP Regulatory Body

Source: WIPO

¹¹ Adams and Adams (2021). Comoros IP guide. Available at <https://www.adams.africa/works/comoros/>.

Table 4: Major characteristics of domestic IPR legislation, Madagascar

Category	Provisions
Trademarks	Madagascar is a member of the Paris Convention, the Madrid Protocol and the WTO/TRIPS. Trademark applications may be filed as national applications, in appropriate circumstances claiming convention priority in terms of the Paris Convention, or the country may be designated in international applications filed in terms of the Madrid Protocol. Provision is made for the registration of trademarks for goods and services and collective marks.
Patents	Madagascar is a member of the Paris Convention, the PCT and the WTO/TRIPS. Patent protection is available via a national filing. Patent protection may also be obtained through a national phase application based on an international application under the PCT designating Madagascar.
Designs	Madagascar is a member of the Paris Convention and the WTO/TRIPS. Design protection is available by way of a national filing.
Copyrights	<p>Madagascar is a member of the Berne Convention and the WTO/TRIPS. The law provides for copyright in respect of all intellectual works, whatever their genre, a form of expression or merit, including:</p> <ul style="list-style-type: none"> • books, brochures and other literary, artistic and scientific writings • lectures, speeches, addresses, sermons • dramatic and dramatic-musical works • choreographic works, pantomimes • musical works • cinematographic and audiovisual works • works of art, architecture, painting, drawing, sculpture, etc. • graphic and typographic works • photographic works • works of applied art or craft • illustrations and geographical maps • plans, sketches and plastic works relating to geography, topography, architecture • software programs • works of folklore • translations, adaptations, arrangements of works • databases or compilations of data.
Plant breeders' rights	Currently, no legislative provision for plant breeders' rights or other sui generis protection for plants is available in Madagascar.

Source: Adams and Adams¹²

IPR enforcement in Madagascar is relatively weak. According to the 2020 International Property Rights Index (IPRI).¹³ Madagascar's 2020 score is lower compared to its (latest) 2018 score. Between 2018 and 2020, Madagascar's IPRI score decreased by -0.085 index points to 4.041, placing the country 25th in the Africa

¹² Adams and Adams (2021). *Madagascar IP guide*. Available at <https://www.adams.africa/works/madagascar/>.

¹³ The IPRI is published by the Property Rights Alliance. The IPRI scores the underlining institutions of a strong property rights regime: the legal and political environment, physical property rights, and intellectual property rights. It is the world's only index entirely dedicated to the measurement of intellectual and physical property rights. Covering 129 countries, the 2020 IPRI reports on the property rights systems affecting 98 percent of world Gross Domestic Product and 94 percent of world population.

region and 122nd of 129 countries globally. Madagascar’s legal and political sub-index decreased by 0.82 to 3.300, with scores of 2.316 in judicial independence, 3.372 in rule of law, and 2.999 in Control of Corruption. Madagascar’s physical property rights sub-index increased by 0.059 to 4.633 with scores of 3.67 in the perception of property rights protection, 6.841 in registering property, and 3.39 in ease of access to loans. Madagascar’s IPR sub-index decreased by 0.231 to 3.936 with scores of 3.506 in the perception of IP protection, 4.367 in patent protection. Data were not available to measure Copyright Protection.

As outlined by the International Trade Commission of the US, the “Office Malgache des Droits d’Auteurs (OMDA)” protects authors’ rights and copyrights. OMDA’s mission is to ensure the exclusive protection, defence and management of the economic interests of Malagasy and foreign authors, performers, and their successors concerning the use of scientific, literary, and artistic works. While, officially, OMDA aims to protect against IP infringement, its enforcement capacity is rather limited. Poor IPR enforcement is driven by resource constraints, including poor digitalisation, weakness of the judicial system, and lack of awareness of intellectual property rights among businesses and consumers. It is reported that, due to these constraints, international investors have faced difficulties defending their interests. It is further reported that the government of Madagascar neither tracks nor reports seizures of counterfeit goods, which are generally easily available in local markets, as are unauthorised copies of popular brands, songs, and videos.¹⁴

The International Trade Commission of the US also reports that new IPR laws have stalled for years due to inaction by parliament and the Office of the Prime Minister. The proposed legislation incorporates The Hague (international registration of industrial designs), Lisbon (protection of origin appellation and international registration) agreements, and other international treaty classifications. The adoption of these bills would substantially improve the IP rights in Madagascar, provided OMAPI has sufficient funding for enforcement.

Madagascar has accepted the Protocol amending the TRIPS Agreement, which serves to permanently incorporate into the TRIPS Agreement additional flexibilities to grant special compulsory licences for the export of medicines, commonly referred to as the “Paragraph 6 System”.¹⁵

3.3 Mauritius

Mauritius applies legislation to protect patents, industrial designs, trademarks and related rights, plant varieties, traditional cultural expressions, and geographical indications. Mauritius’ main IPR laws are outlined in Table 5. Major characteristics of domestic IPR legislation in Mauritius are outlined in Table 6.

Table 5: Main IP laws, Mauritius

Year	Title	Subject Matter
2002	Patents, Industrial Designs and Trademarks Act 2002	Patents (Inventions), Industrial Designs, Trademarks, Enforcement of IP and Related Laws, IP Regulatory Body
2014	The Copyright Act 2014 (Act No. 2 of 2014)	Copyright and Related Rights (Neighbouring Rights), Enforcement of IP and Related Laws, Traditional Cultural Expressions, IP Regulatory Body

¹⁴ International Trade Commission of the US (2020). *Madagascar - Country Commercial Guide, Intellectual Property Protection*. Available at <https://www.trade.gov/country-commercial-guides/madagascar-intellectual-property-protection>.

¹⁵ WTO (2021). *Amendment of the TRIPS Agreement*. Available at https://www.wto.org/english/tratop_e/trips_e/amendment_e.htm.

2015	Industrial Property Act 2014 (Act No. 7 of 2014)	Patents (Inventions), Utility Models, Industrial Designs, Trademarks, Geographical Indications, Trade Names, Layout Designs of Integrated Circuits, Competition, Undisclosed Information (Trade Secrets), Enforcement of IP and Related Laws, Transfer of Technology, IP Regulatory Body, Industrial Property
2018	The Copyright (Amendment) Act 2017 (Act No. 13 of 2017)	Copyright and Related Rights (Neighbouring Rights), Enforcement of IP and Related Laws, IP Regulatory Body
2019	The Industrial Property Act 2019 (Act No. 15 of 2019)	Patents (Inventions), Utility Models, Trademarks, Geographical Indications, Trade Names, Layout Designs of Integrated Circuits, Competition, Plant Variety Protection, Enforcement of IP and Related Laws, IP Regulatory Body, Industrial Property

Source: WIPO

Table 6: Major characteristics of domestic IPR legislation, Mauritius

Category	Provisions
Trademarks	Mauritius is a member of the Paris Convention and the WTO/TRIPS.
Patents	Mauritius is a member of the Paris Convention and the WTO/TRIPS. Patent protection is available by way of a national filing. Although Mauritius has not yet acceded to the PCT, the Act has specific provisions referring to the PCT and providing for international applications under PCT to designate Mauritius. However, until Mauritius accedes to the PCT, it will not be possible to designate Mauritius in an international application under PCT.
Designs	Mauritius is a member of the Paris Convention and the WTO/TRIPS. Design protection is available by way of a national filing.
Copyrights	<p>Mauritius is a member of the Berne Convention, the Universal Copyright Convention and the WTO/TRIPS.</p> <p>The law provides for copyright in respect of artistic, literary, and scientific works, including:</p> <ul style="list-style-type: none"> • books, pamphlets, or other writings • illustrations, maps, plans or sketches • lectures, addresses, sermons • dramatic and dramatic-musical works • musical works • choreographic works, pantomimes • audio-visual works • sound recordings • works of art, architecture, painting, drawing, sculpture, engravings, lithography • photographic works • works of applied art or craft • computer programs • works of folklore • derivative works. <p>Derivative works include</p> <ul style="list-style-type: none"> • translations, adaptations, arrangements of works

	<ul style="list-style-type: none"> collections and compilations of works. <p>Excluded from protection are:</p> <ul style="list-style-type: none"> ideas, procedures, systems, methods of operation, concepts, principles official texts of laws, decisions by courts, or administrative bodies.
Plant breeders' rights	Conditions for protection outlined in the Industrial Property Act from 2019.

Source: Adams and Adams¹⁶

Mauritius's 2020 IPRI score increased by 0.062 to 6.359, placing it 1st in the Africa region and 40th of 129 countries globally. Mauritius's legal and political sub-index increased by 0.072 to 6.516 with scores of 6.922 in judicial independence, 6.559 in rule of law, 7.043 in political stability, and 5.539 in control of corruption. Mauritius's physical property rights sub-index increased by 0.106 to 7.328 with scores of 7.193 in the perception of property rights protection, 9.447 in registering property, and 5.343 in ease of access to loans. Mauritius's intellectual property rights sub-index increased by 0.006 to 5.235 with scores of 5.771 in the perception of intellectual property protection, 5.133 in patent protection, and 4.8 in copyright protection.

The government of Mauritius generally recognises the importance of IPRs for economic development. In 2017, it announced an IPR development plan to promote innovation and creativity in the country. The plan recommended the following be implemented: establishment of a single IP office based on international best experiences, strengthen the legal framework to cover protection of new plant varieties and design and implement intellectual property awareness programmes tailored to meet the needs of enforcement officers and create and strengthen awareness of consumers on the adverse impact of IPRs infringement. Additional types of protection were implemented in 2019 include protection of plant varieties. Technical assistance was provided by EU for the development of an IP plan.

While IPR laws in Mauritius are generally consistent with international norms, enforcement is still relatively weak. As outlined by the International Trade Administration of the US, Mauritius' authorities will normally only take action when the IPR owner has an official representative in Mauritius because the courts require a representative to testify that the products seized are counterfeit or otherwise legally problematic. As announced by the Mauritius Revenue Authority, the Customs Department requires owners or authorised users of patents, industrial designs, collective marks, marks or copyrights to apply in writing to the Director-General to suspend clearance of any suspicious goods. Once an application is approved, it remains valid for two years.¹⁷

Mauritius has accepted the Protocol amending the TRIPS Agreement, which serves to permanently incorporate into the TRIPS Agreement additional flexibilities to grant special compulsory licences for the export of medicines, commonly referred to as the "Paragraph 6 System".¹⁸

3.4 Seychelles

The government of Seychelles has enacted a new Industrial Property in 2014, repealing previous legislation governing industrial property and has been in force since 1 March 2015. Seychelles now applies the legislation to protect patents, utility models, industrial designs, layout designs of integrated circuits, trademarks, including collective marks, certification marks and geographical indications, unfair competition and undisclosed

¹⁶ Adams and Adams (2021). *Mauritius IP guide*. Available at <https://www.adams.africa/works/mauritius/>.

¹⁷ Mauritius Revenue Authority (2021). Available at <https://www.mra.mu/download/BrochureIPR.pdf>. Pre-requirements for application are as follows: certified copy of registration card from Industrial Property Office; any evidence of being the owner or the authorized user of a patent, industrial design or a copyright; a Power of attorney in case not being the right owner; and a security in the form of a bank guarantee.

¹⁸ WTO (2021). *Amendment of the TRIPS Agreement*. Available at https://www.wto.org/english/tratop_e/trips_e/amendment_e.htm.

information, and enforcement of industrial property rights (both civil and criminal provisions). Seychelles' main IPR laws are outlined in Table 7. Major characteristics of domestic IPR legislation in Seychelles are outlined in Table 8.

Table 7: Main IP laws, Seychelles

Year	Title	Subject Matter
2014	Copyright Act, 2014 (Act No. 5 of 2014)	Copyright and Related Rights (Neighbouring Rights), Enforcement of IP and Related Laws, Traditional Cultural Expressions, IP Regulatory Body
2015	Industrial Property Act 2014 (Act No. 7 of 2014)	Patents (Inventions), Utility Models, Industrial Designs, Trademarks, Geographical Indications, Trade Names, Layout Designs of Integrated Circuits, Competition, Undisclosed Information (Trade Secrets), Enforcement of IP and Related Laws, Transfer of Technology, IP Regulatory Body, Industrial Property

Source: WIPO

Table 8: Major characteristics of domestic IPR legislation, Seychelles

Category	Provisions
Trademarks	Seychelles is a member of the Paris Convention and the World Trade Organisation. The Industrial Property Act 7 of 2014 only came into effect on 1 March 2015, and the commentary given below is based on the information available at the time of writing. Provision is made to register trademarks for goods and services and certification marks, and collective marks. Three-dimensional marks and well-known marks are also expressly protected.
Patents	Patent protection is available via a national filing or registration of a UK-granted patent in Seychelles. Although it is possible in a PCT international application to designate Seychelles, the laws in Seychelles have not been amended to cater for the PCT. Accordingly, it is unclear whether enforceable rights will be obtained via PCT national phase filings in Seychelles.
Designs	A United Kingdom design extends automatically to Seychelles.
Copyrights	<p>Seychelles is not a member of the Berne Convention.</p> <p>The Act provides for the following works to be eligible for copyright protection:</p> <ul style="list-style-type: none"> • literary works • musical works • artistic works • performances of literary or musical works • films • sound recordings <p>Copyright is also provided for works of Seychelles folklore. Special provisions apply to the copyright in Seychelles folklore.</p> <p>Literary works are further defined to include:</p> <ul style="list-style-type: none"> • books, novels, stories, poetic works • plays, mime, stage directions, film scenarios, broadcasting scripts • textbooks, treatises, histories, biographies, essays, articles • scientific works, tables and compilations of data • encyclopaedias, dictionaries • letters, reports, memoranda

	<ul style="list-style-type: none"> • lectures, addresses and sermons • computer programs. <p>Artistic works are further defined to include:</p> <ul style="list-style-type: none"> • paintings, drawings, etchings, lithographs, woodcuts, collage, prints, engravings • maps, plans, diagrams, sketches or illustrations • works of sculpture • three-dimensional works relating to geography, topography, or science • photographs • works of architecture • works of artistic craftsmanship or applied art. <p>For literary, musical or artistic works to be eligible for copyright, sufficient effort must be expended to make the work original, and the work must have been written down, recorded or otherwise reduced to material form.</p>
Plant breeders' rights	Currently, no legislative provision for plant breeders' rights or other sui generis protection for plants is available in Seychelles.

Source: Adams and Adams¹⁹

Until April 2014, Intellectual property rights in Seychelles were governed by three pieces of legislation, the Patents Act (1901), the Trademark Decree (1977) and the Copyright Act (1984). It was generally accepted that IP rights enforcement capacity was weak because, although some individuals have been trained to do so, this task has been continuously neglected because of the lack of human resources. It has also been very difficult for the ministries and departments to attract suitably qualified people to work in the area, leading to limited reform.²⁰

The Industrial Property Act 2014 (Act No. 7 of 2014) was designed to provide for the adequate protection and enforcement of industrial property rights, to encourage local inventive and innovative activities, stimulate the transfer of foreign technology, promote foreign direct investment, create a competitive business environment, discourage unfair practices, enhance free and fair practices and to foster socio-economic development in the region.²¹ The Ministry of Finance of Seychelles is now actively calling on companies, particularly SMEs, to register IP in Seychelles to stimulate the economic diversification of the economy.²²

Seychelles has accepted the Protocol amending the TRIPS Agreement, which serves to permanently incorporate into the TRIPS Agreement additional flexibilities to grant special compulsory licences for the export of medicines, commonly referred to as the "Paragraph 6 System".²³

¹⁹ Adams and Adams (2021). *Seychelles IP guide*. Available at <https://www.adams.africa/works/seychelles/>.

²⁰ Seychelles Trade Portal (2021). *Brief on IPR in the Seychelles*. Available at <http://www.seychellestradeportal.gov.sc/content/article/trips>.

²¹ von Seidels (2021). *Seychelles IP Update*. Available at <https://www.vonseidels.com/ip-update-seychelles/>.

²² Eurasia Review (2021). *Seychelles: Ministry Of Finance Wants Intellectual Property To Be Registered*. Available at <https://www.eurasiareview.com/17052021-seychelles-ministry-of-finance-wants-intellectual-property-to-be-registered/>.

²³ WTO (2021). *Amendment of the TRIPS Agreement*. Available at https://www.wto.org/english/tratop_e/trips_e/amendment_e.htm.

3.5 Zimbabwe

Zimbabwe applies international patent and trademark conventions, and it is a member of WIPO. Zimbabwe applies legislation to protect copyrights and related rights, patents, industrial designs, trademarks, traditional cultural expressions, and geographical indications. Zimbabwe's main IPR laws are outlined in Table 9. Major characteristics of domestic IPR legislation in Zimbabwe are outlined in Table 10.

Table 9: Main IP laws, Zimbabwe

Year	Title	Subject Matter
2001	Geographical Indications Act (Chapter 26:06)	Trademarks, Geographical Indications, Enforcement of IP and Related Laws, IP Regulatory Body
2001	Plant Breeders Rights Act (Chapter 18:16)	Trademarks, Trade Names, Plant Variety Protection, Enforcement of IP and Related Laws, IP Regulatory Body
2001	Industrial Designs Act (Chapter 26:02, as amended up to Act No. 25 of 2001)	Industrial Designs, Copyright and Related Rights (Neighbouring Rights), Enforcement of IP and Related Laws, IP Regulatory Body
2001	Integrated Circuit Layout Designs Act (Chapter 26:07)	Patents (Inventions), Industrial Designs, Trademarks, Layout Designs of Integrated Circuits, Enforcement of IP and Related Laws, IP Regulatory Body, Industrial Property
2001	Merchandise Marks Act (Chapter 14:13)	Trademarks, Trade Names, Competition, Enforcement of IP and Related Laws
2002	Patents Act (Chapter 26:03, as amended up to Act No. 14/2002)	Patents (Inventions), Competition, Enforcement of IP and Related Laws, IP Regulatory Body
2004	Copyright and Neighbouring Rights Act (Chapter 26:05, as amended up to Act No. 32 of 2004)	Copyright and Related Rights (Neighboring Rights), Enforcement of IP and Related Laws, Traditional Cultural Expressions, IP Regulatory Body
2010	Intellectual Property Tribunal Act (Chapter 26:08)	Enforcement of IP and Related Laws, IP Regulatory Body
2010	Trade Marks Amendment Act, 2001 (Act No. 10 of 2001)	Trademarks, Enforcement of IP and Related Laws, IP Regulatory Body
2016	Trade Marks Act (Chapter 26:04, as amended up to Act No. 3 of 2016)	Trademarks, Enforcement of IP and Related Laws, IP Regulatory Body

Source: WIPO

Table 10: Major characteristics of domestic IPR legislation, Zimbabwe

Category	Provisions
Trademarks	Zimbabwe is a member of the Paris Convention, the ARIPO (Banjul Protocol), and the WTO/TRIPS. The Act provides for the registration of trademarks in respect of goods and services. The protection afforded by registration extends to the use of an identical mark or a mark so nearly resembling the registered mark to be likely to deceive or cause confusion regarding the goods or services in respect of which the mark is registered. The Act provides for registrations of trademarks in Part A or Part B of the register; certification marks are registered in Part C of the register; defensive marks are registered in Part D of the register.

Patents	Zimbabwe is a member of the Paris Convention, ARIPO (Harare Protocol), the PCT and the WTO/TRIPS. Patent protection is available through a national filing or via an ARIPO or PCT application designating Zimbabwe. Zimbabwe has implemented the Harare Protocol (which regulates patent and design filings in ARIPO) in its national law, giving valid patent protection to applicants seeking a patent via an ARIPO application. Since Zimbabwe is a member of the Paris Convention, a national application may claim priority based on an earlier application in a convention country. Zimbabwe has also implemented the provisions of the PCT in its national law, thereby recognising and affording valid patent protection in the case of international PCT applications designating Zimbabwe.
Designs	Zimbabwe is a member of the Paris Convention, ARIPO (Harare Protocol), and the WTO/TRIPS. Design protection is available by a national filing or via an ARIPO application designating Zimbabwe. Zimbabwe has implemented the Harare Protocol (which regulates patent and design filings in ARIPO) in its national laws, giving valid design protection to applicants seeking a design registration via an ARIPO application.
Copyright	<p>Zimbabwe is a member of the Berne Convention and the WTO/TRIPS.</p> <p>The Act provides for the following works to be eligible for copyright protection:</p> <ul style="list-style-type: none">• literary works• musical works• artistic works• audio-visual works• sound recordings• broadcasts• programme-carrying signals• published editions. <p>Literary works are further defined to include:</p> <ul style="list-style-type: none">• dramatic works, stage directions, film scenarios, broadcasting scripts• letters, reports, memoranda• lectures, addresses and sermons• computer programs• tables and compilations of data. <p>Artistic works are further defined to include:</p> <ul style="list-style-type: none">• graphic works, photographs, sculptures or collages (irrespective of artistic quality)• works of architecture• works of artistic craftsmanship. <p>Graphic works are further defined to include:</p> <ul style="list-style-type: none">• paintings, drawings, diagrams, maps, charts or plans• engravings, etchings, printed circuits, lithographs, woodcuts. <p>The following items and documents are not eligible for copyright:</p> <ul style="list-style-type: none">• ideas, procedures, systems, methods of operation, concepts, principles, discoveries, facts or figures• news of the day, items of press information• speeches of a political nature, or delivered in the course of legal proceedings• official texts of enactments or Bills

	<ul style="list-style-type: none"> • official records of judicial proceedings • notices, advertisements published in the Gazette • applications, specifications published in the Patent and Trade Marks Journal • entries in any register kept in terms of an enactment.
Plant breeder's rights	<p>Zimbabwe is, as yet, not a member of the International Convention for the Protection of New Varieties of Plants (UPOV) Convention for the Protection of New Varieties of Plants. Plant breeders' rights can be obtained under the Zimbabwean Plant Breeders' Rights Act. The effect of protection by way of a plant breeder's right is that the holder of the right is entitled to prevent anyone from selling, reproducing or multiplying reproductive material of the protected plant or a plant essentially derived from there. Convention priority: Priority can be claimed from an earlier application in a UPOV member country. Duration: A plant breeder's right endures for 20 years from the date of grant. A five-year extension can be obtained in exceptional circumstances.</p>

Source: Adams and Adams.²⁴

Despite having legislation in place, IPR enforcement in Zimbabwe is relatively weak. According to 2020 data, Zimbabwe's IPRI score increased by 0.221 to 3.96, placing it 24th in the Africa region and 121st out of 129 countries globally. Zimbabwe's legal and political sub-index increased by 0.069 to 3.048 with scores of 3.039 in judicial independence, 2.453 in rule of law, 4.171 in political stability, and 2.529 in control of corruption. Zimbabwe's physical property rights sub-index increased by 0.225 to 5.058 with scores of 3.064 in the perception of property rights protection, 9.072 in registering property, and 3.038 in ease of access to loans. Zimbabwe's intellectual property rights sub-index increased by 0.37 to 3.773 with scores of 4.218 in the perception of intellectual property protection, 6 in patent protection, and 1.1 in copyright Protection.

In 2018, the Zimbabwean government instituted and operationalised an Intellectual Property Tribunal, with the mandate to speedily preside over all IP matters, disputes, infringements, passing off and other related issues. The Intellectual Property Tribunal Act, 2001 had been brought into operation by statutory instruments in September 2010. That was after a period of nine years when that legislation lacked the regulations to operationalise it.²⁵ As reported by the International Trade Commission of the US, Zimbabwe's government officially seeks to uphold IP ownership and rights, but authorities still suffer from a lack of expertise and workforce. In addition, rampant corruption limit authorities' ability to enforce IP obligations. Pirating of videos, music, and computer software is still common.²⁶

Zimbabwe has not accepted the Protocol amending the TRIPS Agreement, which serves to permanently incorporate into the TRIPS Agreement additional flexibilities to grant special compulsory licences for the export of medicines, commonly referred to as the "Paragraph 6 System".²⁷

²⁴ Adams and Adams (2021). Zimbabwe IP guide. Available at <https://www.adams.africa/works/zimbabwe/>.

²⁵ IP Watch (2018). Zimbabwe Establishes An Intellectual Property Tribunal, As A Special Division Of High Court. Available at <https://www.ip-watch.org/2018/03/13/zimbabwe-establishes-intellectual-property-tribunal-special-division-high-court/>.

²⁶ International Trade Commission of the US (2020). Protecting Intellectual Property. Available at <https://www.trade.gov/country-commercial-guides/zimbabwe-protecting-intellectual-property>.

²⁷ WTO (2021). Amendment of the TRIPS Agreement. Available at https://www.wto.org/english/tratop_e/trips_e/amendment_e.htm.

4. Economic Impact Assessment

4.1 Baseline

In the interim EPA, the parties agreed to a “Rendez-vous clause” for negotiating other trade-related areas, including IPRs, with a view to concluding a full and comprehensive EPA. By the time of the 4th round of negotiations, IPRs were so far not addressed by the negotiators.

4.2 Screening of economic impacts

This section outlines the extent to which major types of IPRs could be covered in a future EU-ESA EPA. Potential economic impacts are summarised by a detailed screening table below. Generally, major impacts can be expected in domestic industries and sub-sectors whose output (goods and services) is characterised by a greater commercial use or legal dependency on IPRs, e.g. trademarks, patents and copyrights. In addition, major impacts can be expected for sectors that use IP-intensive goods or services as an input for production as the market penetration of foreign (EU) IP-intensive goods and services will potentially increase with stronger IP laws and more effective IPR enforcement capacities in ESA countries. By contrast, minor economic impacts can be expected from IPRs less relevant for ESA countries’ domestic production and imports from abroad.

Table 11: Detailed screening table of IPR provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
General provisions	All IP-intensive sectors	<p>Commitment to principles set out in Article 8 of the TRIPS Agreement. The overall spirit of the IP chapter of the EPA should facilitate innovation and promotion of sharing knowledge, technology, culture and arts; thus, improving IPR awareness in ESA countries and trading relations between the Parties. Parties agree that adequate and effective enforcement of intellectual property rights promotes the economic development of ESA countries.</p> <p>Provisions should contribute to an improved climate for investment in research and innovation (technological, commercial, e.g. brands.) and promote imports of IP-protected goods and services.</p>	Major
Trademarks	All economic activities and business models, including licensing that rely on registered brands and trademarks to signal quality and product and service recognition	Registered trademarks protect rightsholders’ investments from infringements and contribute to business growth in the domestic economy and internationally. Due to their role as effective marketing tools, registered trademarks can improve the international competitiveness of goods and services originating in ESA countries and incentivise importers to launch goods and services in ESA countries. ESA businesses	Major

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
		could enter into licensing arrangements with EU partners, both for imports and exports.	
Geographical indications	(Typically) agricultural products, foodstuffs, wine and spirit drinks, handicrafts, and industrial products with GI-status in the country of origin (Parties commit to protecting in their territories geographical indications that are not protected in their country of origin)	Economic impacts generally similar to the impacts of registered trademarks but less relevant for ESA countries in the near- to medium-term. ²⁸ In the longer term, a positive impact can be expected if ESA businesses increasingly register for GI protection and market GI-protected products internationally. Longer-term impacts would be higher for larger, more diversified ESA countries, i.e. Madagascar and Zimbabwe.	Minor
Patents	All IP-intensive manufacturing sectors	Stronger patent protection and enforcement would stimulate domestic and foreign investments in innovation and contribute to business growth in the domestic economy and international expansion. The economic impacts on domestic technological innovations in ESA countries will likely be moderate in the near- to medium-term due to ESA countries relatively weak manufacturing sectors. Overall, the economic impacts will likely be more pronounced in larger ESA countries, i.e. Madagascar and Zimbabwe. Generally, EU businesses could also enter more reliable licensing arrangements with ESA businesses, both for imports and exports. Increased market penetration of IP-protected goods (e.g. medicines, machinery equipment, environmental goods) and technologies (e.g. digital and environmental technologies) from the EU would have a positive impact on commercial activities, competition, technology transfer and, in the medium- to long-term, economic development and structural economic change.	Major

²⁸ According to the EU's international registry of geographical indications, producers in ESA5 countries do not yet use geographical indications. The database is available at <https://www.tmdn.org/qiview/>.

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Design-related IP	Business models that intensively use registered designs	Generally, designs are a means for differentiating products and services. Registered designs protect ornamental properties, shapes, configurations, appearance, or pattern of an article of manufacture. As such stronger design, IP protection could positively impact the appearance and recognition of products originating in ESA countries. The impact would be most pronounced in manufacturing sectors that aim to attract final customers. The economic impacts are generally similar to the impacts of registered trademarks but considered significantly lower on aggregate due to limited relevance for ESA countries' manufacturing sectors.	Minor
Copyright	Core copyright-intensive industries and interdependent industries, i.e. industries using copyright-intensive products and services. ²⁹	<p>Copyright industries are involved in creating, producing, and disseminating materials covered by copyright laws and play increasingly important economic roles in contemporary economies. As content industries and new information and communication technologies keep increasing, the overall importance of copyright protection will likely increase over time.</p> <p>The economic impacts are similar to the impacts of patents. Stronger copyright protection and enforcement capacities would stimulate domestic and foreign investments in copyright-intensive production and contribute to business growth in the domestic economy and international expansion. Foreign businesses could enter more reliable licensing arrangements with ESA businesses, both for imports and exports. Increased market penetration of copyright-protected goods, technologies and services (e.g. software and software-enabled services from the EU) would positively impact commercial activities, competition, technology transfer and, in the medium- to long-term, economic development and structural economic change.</p>	Major

Source: own compilation

²⁹ Core copyright-intensive industries are press and literature; music, theatrical productions and opera; motion pictures and video; radio and televisions, photography, software and databases; visual and graphic arts; and advertisement services. For an overview of core interdependent and partial interdependent copyright industries, see WIPO (2005). *Copyright-Based Industries: Assessing their Weight*. Available at https://www.wipo.int/wipo_magazine/en/2005/03/article_0012.html.

5. Environmental, social, gender and human rights impacts

5.1 Screening of possible impacts

The following table presents a screening of the possible environmental, social, gender and human rights impacts arising from the possible measures related to intellectual property rights. This screening is linked to the screening of economic impacts in section 4, as the changes in economic impact will play a key role in determining impacts in the other dimensions of sustainable development. Section 5.2 then reviews the key impacts that are identified in the following table.

Table 12: Detailed screening table of potential intellectual property rights provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Trademarks	Trademark provisions could protect consumers from counterfeiting, which may pose environmental risks by using more dangerous chemicals, for instance.	Trademark provisions could protect consumers by helping them identify products and services that meet their expectations. They may shield them from counterfeiting, which may pose health risks.	Minor
Geographical indications	Geographical indications could if linked to environmental standards, help local communities protect their environment.	Provisions on geographical indications may help indigenous peoples and local communities benefit from their creations' protection. Geographical indications could indirectly contribute to the protection of traditional knowledge.	Minor
Patents	Patent protection could increase access to innovative environmental protection technologies.	Patent provisions could increase the introduction of new medicines in ESA countries. However, these provisions could also lead to increases in prices and limit competition. (It is assumed that stringent provisions, which could have even greater impacts, will not be introduced in the Agreement; nor will stringent provisions related to the protection of seed varieties).	Potentially Major
Design-related IP	Design-related IP provisions could increase access to innovative environmental protection technologies.	Provisions on design-related IP could help indigenous peoples and local communities benefit from their creations' protection.	Minor
Copyright	No major environmental impacts were identified.	Copyright provisions can protect ESA authors' right to benefit from protecting their interests resulting from their creations. This could include protection for indigenous and local communities for original works based on traditional cultural expressions.	Minor

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Traditional knowledge	Provisions protecting traditional knowledge and cultural expressions could encourage indigenous and local communities to conserve biodiversity.	Provisions protecting traditional knowledge and cultural expressions could protect traditional and local communities' economic and cultural heritage.	Major
Other provisions	Technology transfer provisions could help ESA countries access technological solutions to address climate, energy, and biodiversity issues.	Provisions allowing for adopting measures to prevent the abuse of IP rights or practices, such as patent misuse, may act as safeguards to prevent conflicts between IPRs and human rights. Technology transfer provisions could improve ESA capacities in key fields such as health and could contribute to the realisation of the right to the benefits of scientific progress.	Major

Source: Own analysis

5.2 Overview of key impacts and issues

Several EPA provisions on IPRs could significantly impact the environment, human rights, and social aspects in ESA countries. However, this impact will be determined by the scope and obligations of those provisions. Except for Comoros, all ESA countries apply the TRIPS Agreement, which means that, in theory, they adhere to the minimum standards of protection in the main areas of IP covered by the TRIPS Agreement. Therefore, EPA provisions on IPRs aligned with the TRIPS Agreement's minimum standards of protection should have minor, if any, impacts on social, environmental, and human rights aspects in ESA countries. EPA provisions and EU development cooperation could support the implementation of these standards.

It is expected that EPA provisions will not establish more stringent IPR provisions, such as patents for medicines or patents and protection for plant varieties, as they could harm human rights, including the right to health and the right to food, in lower-income countries. More stringent provisions could undermine the safeguards and flexibilities³⁰ under TRIPS. While more stringent provisions could increase the introduction of new medicines in ESA countries, they might override existing provisions for developing countries and raise the prices of pharmaceuticals and other medical goods, restricting access.^{31,32} Madagascar, Mauritius and Seychelles have accepted the Protocol amending the TRIPS Agreement: this provides flexibility to grant special compulsory licences for the export of medicines, and thus allows developing countries the possibility to import, for example, generic versions of a patented medicine from a third country if needed to address health needs.

Similarly, if more stringent provisions were included in areas related to agriculture – such as provisions calling for the ratification and implementation of the UPOV Convention. These could have a potentially negative

³⁰ TRIPS flexibilities that have been used to address public health concerns include: Objectives and principles; Transitional periods for implementation of TRIPS; Exhaustion of rights; Exceptions to patent rights; Compulsory licences.

³¹ UN General Assembly, 'Report of the Special Rapporteur on the right of everyone to the enjoyment of the highest attainable standard of physical and mental health, Anand Grover' (31 March 2009) UN Doc. A/HRC/11/12, para 70. See also:

³² Vadi, V. S. (2009). Trade mark protection, public health and international investment law: strains and paradoxes. *European Journal of International Law*, 20(3), 773-803.

impact on the right to food.³³ None of the ESA countries is a Contracting Party to the UPOV Convention (see Table 13). In these areas, moreover, the European Parliament called in 2007³⁴ for avoiding more stringent IPR provisions related to medicines in agreements with the African, Caribbean and Pacific countries, and in 2013³⁵ for refraining from provisions that may create obstacles to the reliance of farmers on harvested seeds, as this would violate the right to food in developing countries.

ESA countries (except Comoros) and the EU are Contracting Parties to the International Treaty on Plant Genetic Resources for Food and Agriculture, which establishes a global system to provide farmers, plant breeders and scientists with access to plant genetic materials and ensures that recipients share the benefits derived from the use of these genetic materials with the countries from which they have been originated. The IPR chapter could support ESA and EU implementation of this Treaty.

The IP regime under the EPA could impact biodiversity conservation and rights related to genetic resources. The TSD chapter of the EPA calls for the implementation of the Convention on Biological Diversity (CBD) and the Nagoya Protocol on Access and Benefit-Sharing (Nagoya Protocol), both of which have been ratified by ESA countries. In particular, the Nagoya Protocol aims at the fair and equitable sharing of the benefits arising from utilising genetic resources, including by appropriate access to genetic resources and appropriate transfer of relevant technologies. To strengthen links between IPR and the CBD and the Nagoya Protocol, given negative past experiences in ESA countries,³⁶ these international instruments could be cited in the IPR Chapter; alternatively, the IPR Chapter could provide a cross-reference to the TSD Chapter.

Table 13: Party to relevant international instruments on intellectual property and genetic resources

Parties	TRIPS	UPOV Convention	CBD	Nagoya Protocol	International Treaty on Plant Genetic Resources for Food and Agriculture
Comoros	No	No	Yes	Yes	No
Madagascar	Yes	No	Yes	Yes	Yes
Mauritius	Yes	No	Yes	Yes	Yes
Seychelles	Yes	No	Yes	Yes	Yes
Zimbabwe	Yes	No	Yes	Yes	Yes
EU	Yes	Yes	Yes	Yes	Yes

Source: Multiple multilateral agreements

IPR provisions may impact traditional knowledge held by indigenous peoples and local communities, including knowledge related to genetic resources.³⁷ Provisions on geographical indications could help indigenous

³³ See UN General Assembly, 'The right to food. Seed policies and the right to food: enhancing agrobiodiversity and encouraging innovation', Report of the Special Rapporteur on the right to food (23 July 2009) UN Doc A/64/170 ; Chiarolla, C. (2015). Right to food and intellectual property protection for plant genetic resources. In Research handbook on human rights and intellectual property. Edward Elgar Publishing; Oke, E. K. (2020). Do agricultural companies that own intellectual property rights on seeds and plant varieties have a right-to-food responsibility?. Science, Technology and Society, 25(1), 142-158.

³⁴ European Parliament resolution of 12 July 2007 on the TRIPS Agreement and access to medicines, para 11.

³⁵ European Parliament resolution of 15 January 2013 on development aspects of intellectual property rights on genetic resources: the impact on poverty reduction in developing countries (2012/2135(INI)).

³⁶ The commercialization of the Madagascar periwinkle as drug to treat cancer (before the CBD and the Nagoya Protocol) reportedly did not benefit people in Madagascar. See: Puri, M., Masum, H., Heys, J., & Singer, P. A. (2010). Harnessing biodiversity: the Malagasy Institute of Applied Research (IMRA). BMC international health and human rights, 10(1), 1-8.

³⁷ UNHRC, 'Report of the Special Rapporteur on the rights of indigenous peoples' (11 August 2016) UN Doc A/HRC/33/42, para 74.

peoples and traditional communities protect the moral and material interests in their creations and protect traditional knowledge for future generations.³⁸ Furthermore, if the IPR Chapter contains provisions on protecting traditional knowledge and cultural expressions (as do EU Agreements with some Andean countries),³⁹ these would further protect communities in ESA countries.⁴⁰ While the Nagoya Protocol addresses traditional knowledge associated with genetic resources, provisions on traditional knowledge in the IPR chapter could support broader protections for indigenous and local communities.

The IPR chapter could moreover cite provisions that protect and/or promote human rights. To promote competition, the EPA could include abuse-of-rights provisions, which complement other EPA provisions related to competition law and technology transfer provisions, which could promote the protection of human rights, particularly the right to the benefits of scientific progress.

6. Policy recommendations

IPR protection is highly important to businesses across different sectors of the economy. Exchanges of knowledge and technologies are facilitated by guaranteeing that foreign IP rightsholders will be treated fairly, and their IPRs will be respected. Except for Comoros, all ESA countries have legislation in place to protect common and internationally well-established IP rights, namely trademarks, patents, designs, and copyrights. At the same time, IPR enforcement is perceived as weak for all ESA countries due to a lack of institutional and human resource capacities. Also, counterfeit products are common in ESA countries. Pirating of videos, music, and computer software is common in at least some ESA countries.

The “Rendez-vous clause” in the interim EPA foresees the inclusion of IP protection in a more comprehensive EPA. Generally, going beyond generic provisions on TRIPS principles. Deeper IPR disciplines would facilitate domestic and international business operations, including licensing, product launches and technology transfer. Stronger IPRs and more effective enforcement capacities would give more reliable assurances to investors and thereby contribute to an improved investment climate conducive to attracting foreign direct investment in individual ESA countries.

The EU should generally aim to achieve deeper integration in the region in the field of IPRs. EU negotiators should aim for further harmonisation of IP laws and regulations. Areas of cooperation should include the regional management and enforcement of existing national IP laws, e.g. by strengthening regional IP offices, and the creation and management of additional IPRs, e.g. through the provision of education and training related to software copyrights and IP on plant varieties, where appropriate.

The EU should include key IP provisions in the agreement, i.e. commitment to TRIPS principles, and aim to promote regional legal harmonisation. Future provisions should also aim to prevent licensing practices or conditions on intellectual property rights which could adversely affect the international transfer of technology and practices that constitute an abuse of IPRs. EU negotiators should strive for a common registration system for copyrights, trademarks, GIs, industrial designs, patents, and utility models. The EU could consider IP on plant varieties and genetic resources, where appropriate.

For GIs, the EU should seek to increase the number of GIs recognised by ESA countries. Future provisions should aim to replicate commitments in the Comprehensive Economic and Trade Agreement (CETA) or, at least, commitments stipulated in the EPA with the Southern African Development Community (SADC), which

³⁸ Peter, K. Y. (2014). *EU economic partnership agreements and international human rights*. In *EU Bilateral Trade Agreements and Intellectual Property: For Better or Worse?* (pp. 109-131). Springer, Berlin, Heidelberg. WIPO, ‘Frequently Asked Questions: Geographical Indications’. Available at https://www.wipo.int/geo_indications/en/faq_geographicalindications.html.

³⁹ Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2012:354:FULL&from=EN>

⁴⁰ Peter, K. Y. (2014). *EU economic partnership agreements and international human rights*. In *EU Bilateral Trade Agreements and Intellectual Property: For Better or Worse?* (pp. 109-131). Springer, Berlin, Heidelberg.

was signed in 2016. It should be noted that South Africa agreed to protect more than 250 EU names spread over the categories of foodstuff products, wines and spirits.

A future EU-ESA EPA should also aim to accentuate cooperation in the fight against counterfeit products, ensuring appropriate controls at ESA borders to fight counterfeit goods and illicit trade. Accordingly, EU development cooperation funds should be devoted to capacity building in responsible IP authorities and national customs authorities.

Development cooperation activities should focus on assisting ESA governments in developing global IP infrastructure and building awareness and respect for IP. Development cooperation initiatives on IPRs should involve IP-centric international organisations such as WIPO, ARIPO and OAPI, which would contribute to accumulating specific knowledge and creating an IP level playing field across African countries.

IPR provisions should recognise the diverse levels of socio-economic and technological development amongst the ESA countries. In particular, the IPR regime should meet ESA countries' development needs, particularly Comoros, Madagascar, and Zimbabwe, while also strengthening environmental protection, social conditions, and respect for human rights in those countries. In this regard, it is expected that the EPA will not include TRIPS-plus standards that could infringe upon the right to health and the right to food and that IPR provisions will allow ESA countries, especially low-income ones, to implement TRIPS flexibilities when needed to ensure the realisation of human rights, also reflecting resolutions of the European Parliament.

To ensure compatibility between IPR provisions and biodiversity, social and human rights issues, it would be valuable to make a cross-reference to the TSD Chapter and state that these provisions will be implemented in light of environmental, social, gender and human rights commitments. The CBD, the Nagoya Protocol, and the International Treaty on Plant Genetic Resources for Food and Agriculture could be directly cited in the IPR Chapter, for example, patents.

In line with Articles 66.2 and 67 of TRIPS, the future EPA should encourage and/or require the EU to facilitate technology transfer, technical cooperation, and legal assistance in the ESA countries. These could be key areas for development cooperation, including technical and legal assistance to support ESA countries developing their IPR regimes and capacities. As noted in the report on the TSD Chapter, development cooperation could support the implementation of the CBD and its Nagoya Protocol: support for implementing the International Treaty on Plant Genetic Resources for Food and Agriculture would also be valuable.

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Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 14: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available).

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ⁴¹	1,370	523	11,099	17,448	1,464
Surface area (km ²) ⁴²	1,861	587,295	2,040	460	390,760
Total Population (2019) ⁴³	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ⁴⁴	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ⁴⁵	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ⁴⁶	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ⁴⁷	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ⁴⁸	39.2	32.9	55.6	48.4	33.1

Source: World Bank, UNDP, International Labour Organisation (ILO), Yale University, University of Notre Dame

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in economic, environmental, social and human rights conditions.

Comoros is a small lower-middle-income island economy with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded, and its islands are prone to natural

⁴¹ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: Available at <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

⁴² Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: Available at <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

⁴³ Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: Available at <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

⁴⁴ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: Available at <http://hdr.undp.org/en/data>

⁴⁵ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comoros, 2013 for Madagascar. World Bank data. Available at <https://sdg-tracker.org/no-poverty#targets>

⁴⁶ Employment of female population, 15+. ILO Data: Available at https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

⁴⁷ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: Available at <https://epi.envirocenter.yale.edu/epi-topline>

⁴⁸ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative: Available at <https://gain.nd.edu/our-work/country-index/rankings/>

disasters and vulnerable to climate change impacts. Comoros faces challenges in providing adequate drinking water and sanitation.

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, limiting health, food, education, and housing. Biodiversity is severely degraded, and deforestation is a significant challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with comparatively high-level human development,⁴⁹ including a high literacy level⁵⁰ and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle-income, landlocked country whose economy, social conditions and environment have suffered from political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

⁴⁹ Central Bank of Seychelles, *Annual Report 2018*. Available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

⁵⁰ World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World'. Available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Trade and Sustainable Development
Thematic Report

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Abbreviations

ACP	African-Caribbean-Pacific
CBD	Convention on Biological Diversity
CEARC	Committee of Experts on the Application of Conventions and Recommendations
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CITES	Convention on International Trade in Endangered Species
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
DG Trade	Directorate-General for Trade
EALA	East Africa Legislative Assembly
EAC	Eastern African Community
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
EC	European Commission
EITI	Extractive Industry Transparency Initiatives
EPZ	Export Processing Zones
EU	European Union
ESA5	Five ESA Countries
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GHG	Greenhouse Gas
GDP	Gross Domestic Product
HDI	Human Development Index
IUU	Illegal, Unreported and Unregulated Fishing
IOC	Indian Ocean Commission
IOTC	Indian Ocean Tuna Commission
ILO	International Labour Organisation
ITC	International Trade Centre
IL	Intervention Logic
LDC	Least Development Country
LSE	London School of Economics and Political Science
MEA	Multilateral Environmental Agreement
MFN	Most Favoured Nation
MNE	Multinational Enterprises
MOSC	Maison des Organisations de la Société Civile
MSEs	Micro and Small Enterprise
MSME	Micro, Small & Medium Enterprises
MPAs	Marine Protected Areas
NGO	Non-Governmental Organisation
NTM	Non-tariff Measures
OECD	Organisation for Economic Co-operation and Development
ORs	EU's Outermost Regions
OCT	Overseas Countries and Territories

OSH	Occupational Safety and Health
PPPs	Public-private Partnerships
PPP	Purchasing Power Parity
RECs	Regional Economic Communities
RBC	Responsible Business Conduct
ROO	Rules of Origin
SEATINI	The Southern and Eastern Africa Trade Information and Negotiations Institute
SPS	Sanitary and Phytosanitary Measures
SME	Small and Medium Size Enterprise
SAPSN	Southern Africa People's Solidarity Network
SADC	Southern African Development Community
SFPA	Sustainable Fisheries Partnership Agreement
SITC	Standard International Trade Classification
SOE	State-owned Enterprises
SIA	Sustainability Impact Assessment
SDGs	Sustainable Development Goals
SFPA	Sustainable Fishery Partnership Agreement
TBT	Technical Barriers to Trade
TSD	Trade and Sustainable Development
TFA	Trade Facilitation Agreement
TOR	Terms of Reference
UNFCCC	UN Framework Convention on Climate Change
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organisation

Executive Summary

The topics covered in the ongoing negotiations to deepen the Economic Partnership Agreement (EPA) with five countries in Eastern and Southern Africa (ESA) include a Chapter on Trade and Sustainable Development (TSD). The analysis of the text proposed by the European Union (EU)¹ suggests the following provisions could have the greatest impacts in the ESA countries:

- **Better implementation of multilateral environmental agreements (MEAs).** While the five ESA countries have ratified a broad range of MEAs, their implementation varies. This provision – if supported by policy development and capacity building – **could strengthen efforts to address illegal trade in endangered species**, especially in Madagascar and Zimbabwe, which are particularly rich in biodiversity. **Implementation could also further protect forests, develop new forms of renewable energy to address climate change, and strengthen climate adaptation actions.**
- **Multilateral labour standards and agreements.** Here too, while ESA countries have ratified many International Labour Organisation (ILO) treaties, further efforts are needed for their implementation. This provision could – if accompanied by policy development and by capacity building for inspectorates, unions and civil society and enterprises – **could help to address key concerns such as child labour** (in particular in lower-income ESA countries), improve working conditions.
- The proposed Article on **the promotion of gender equality** could lead to strengthening the legal and policy frameworks in ESA countries and thus to improving wage equality, women's participation in the formal workforce and women's conditions of work.
- **Promotion of responsible supply chain management could lead to legislation** promoting corporate social responsibility (CSR) and responsible business conduct (RBC), **which in turn could improve the practices of ESA businesses as well as foreign investors.** Consequently, this provision could support the other provisions in the TSD Chapter.
- **Greater transparency and greater civil society participation**, together with strong monitoring requirements, would support awareness of the EPA and facilitate its implementation by strengthening information actions taken for the other sustainability provisions, as well as the results achieved.

The five ESA countries – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – have very different economic, social and environmental conditions. Consequently, both the implementation of the provisions of a TSD Chapter as well as the effects would be different among them. To varying degrees, the provisions will require the development of legal and policy frameworks as well as capacity building – consequently, many results in terms of better environmental, social, gender and human rights trends may be visible only in the longer term.

The EU and ESA could consider opportunities to strengthen the provisions in the TSD chapter. These include developing national action plans for its implementation, ensuring links among the different articles, including with CSR/RBC provisions, and establishing strong monitoring requirements.

EU development cooperation will also be valuable to build capacity in ESA countries, support civil society and raise awareness in enterprises. As the countries vary greatly, these measures will need to be tailored to national conditions and kept in EAS5 countries' responsibility. Preparing national implementation plans and related needs assessments can help to pinpoint key areas for development cooperation.

¹ Available at: https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159083.pdf

1. Introduction

1.1 The study

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in ESA in view of deepening the existing interim EPA*. Under this project, a brief evaluation of the existing, interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for the Chapter on TSD**, which covers environmental, social, gender and human rights issues. This report builds on the analysis in the evaluation, which included an assessment of environmental, social, gender and human rights impacts of the interim EPA.

The Sustainability Impact Assessment for the deepening of the EPA includes this report on the TSD Chapter as well as five other thematic reports, covering the following topics:

- Trade in Goods
- Trade in Services, Digital Trade and Investment
- Public procurement and competition
- Intellectual Property Rights
- Dispute avoidance and settlement and Institutional structure

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

1.2 Context

In 2007, six countries of the ESA region – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – concluded an interim EPA with the EU. In 2009, four of these countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the agreement, and it has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019. The interim EPA includes a ‘Rendez-vous clause’ (Article 53), by which the Parties ‘agree to continue negotiations... with a view to concluding a full and comprehensive EPA’. The Article includes trade, environment and sustainable development among the areas for further negotiation.

In October 2019, the EU and the five countries that had signed the EU-ESA interim EPA started EPA negotiations on the deepening process. In 2020, the European Commission (EC) proposed a text for the negotiations on the Chapter on Trade and Sustainability Development:² this provides the basis for the analysis in this report. The analysis also builds on the preliminary work for the project Inception Report,³ which reviewed the provisions of recently negotiated EU Agreements, notably those with Australia and with Vietnam.

For a brief overview of the five ESA countries, please see Appendix I and, the Ex-Post Evaluation within this SIA of January 18, 2021.

1.3 Methodology

The analytical work for this report involved, as a first step, a screening of potential provisions set out in the draft text for the TSD Chapter presented by the EC: the results of this screening are provided in Section 2

² Available at: https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159083.pdf

³ Available at: <http://research-sia-esa.eu/en/reports/>

below. This screening includes an identification of those provisions likely to have major impacts (and those where impacts will be comparatively minor).

Based on the screening, scoping and deeper analysis of the provisions with potentially major impacts was undertaken. This is presented in Section 3. For each provision covered in this deeper analysis, the relevant baseline is presented, and then actions needed for implementation are considered. Potential impacts of each provision are then described. Finally, for each topic, a brief analysis presents the key strengths and weaknesses of the proposed provisions together with indications of external opportunities and threats that might affect implementation and the achievement of results.

The analysis in Section 3 is then used to develop a set of recommendations, which are presented in Section 4. Finally, the conclusions (Section 5) highlight key potential results of the provisions in terms of the themes of the Sustainable Development Goals.

Desk research and analysis has provided the main source of information for this report. Although interviews have been carried out in the ESA countries, many of the interviewees did not have a strong awareness of the interim EPA and did not have specific comments on the potential impacts of a TSD Chapter. The online consultation similarly did not bring results that could be used for this Chapter.

2. Screening of the potential provisions for environment, social issues, employment, gender and human rights

2.1 Introduction

While the existing, interim EPA contains certain social, human rights and environmental provisions, for the most part, these are not extensive, nor are they gathered in a dedicated section of the Agreement. The comprehensive EPA is expected to contain further provisions presented in a chapter on TSD. As noted in section 1, the EC has presented a draft negotiating text for the TSD Chapter. A detailed screening was carried out of the provisions proposed in this draft: the detailed results are provided in Appendix II, and these have been used to identify the most important provisions, which are outlined in section 2.2 and addressed in the detailed analysis (section 3).

2.2 Overview of the screening results

The screening has identified a range of potential provisions in the TSD Chapter that could have major impacts on environmental, social, gender or human rights conditions. These provisions will be analysed more closely in the detailed assessment (Section 3, below).

- Better implementation of multilateral environmental agreements
- Multilateral labour standards and agreements (and in particular their better implementation)
- Promotion of gender equality
- Promotion of responsible supply chain management
- Transparency and civil society participation: these provisions are assessed together, as the screening has shown that they are closely linked

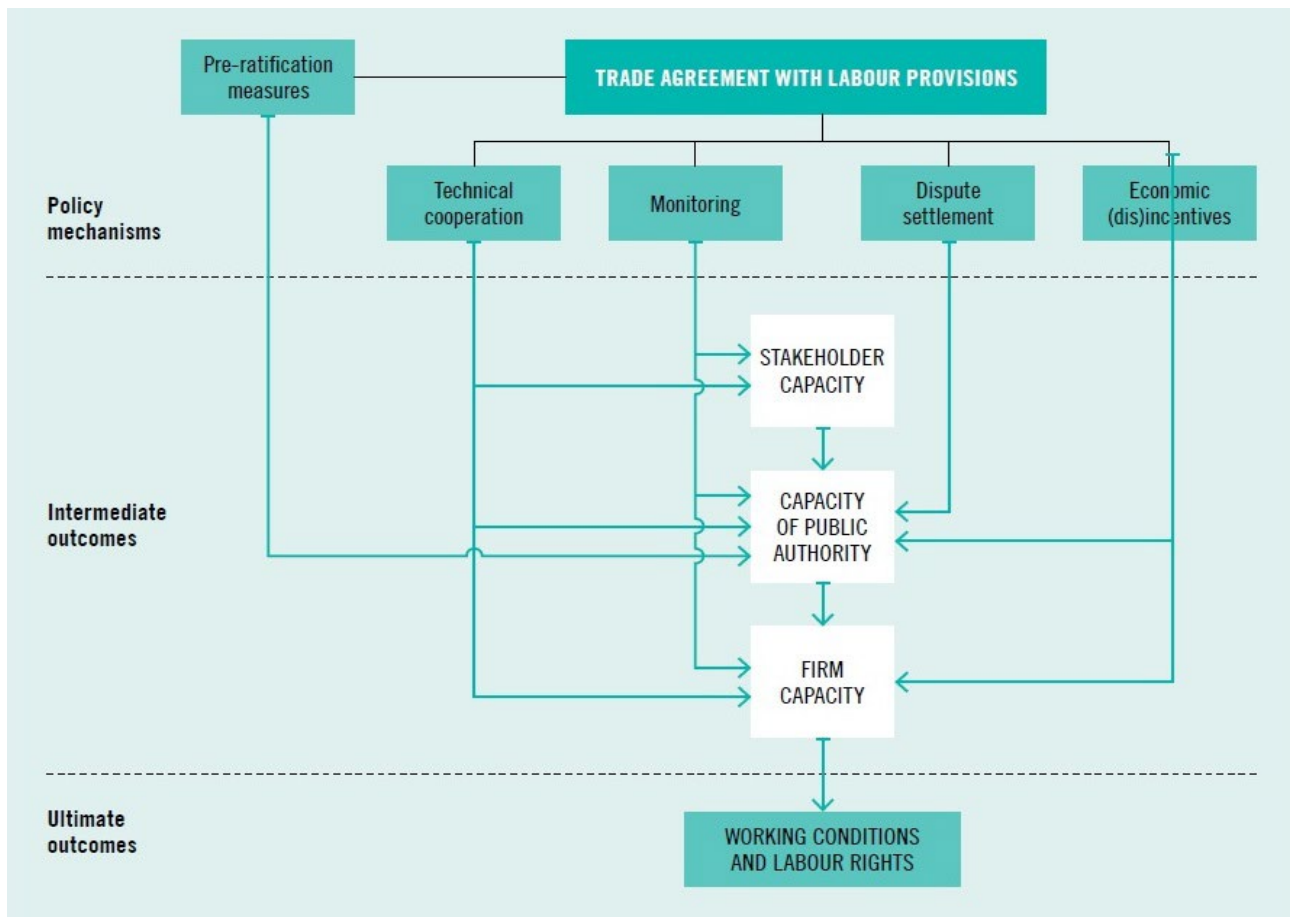
3. Detailed assessment

3.1 Introduction

This section provides an in-depth analysis of the provisions identified in the screening (Section 2 and Appendix II) as having major impacts on environmental, social, gender or human rights conditions in ESA countries.

Each sub-section addresses one topic, either a single article in the proposed text or a group of related articles. For each topic, a *summary of the proposed text* is presented. These summaries are intended to provide key background information for the analysis and are not intended to be full or definitive descriptions (for the articles themselves, please see the proposed negotiating text itself).⁴ Each section then summarises the *baseline* in the five ESA countries.⁵ These summaries draw on the detailed information found in the separate Annex to this report: please refer to the Annex for further information as well as references.

Figure 1: Causal pathways for trade agreement provisions related to labour provisions



Source: ILO, 2017, *Handbook on assessment of labour provisions in trade and investment arrangements*, p. 38.

⁴ Available at: https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159083.pdf

⁵ This study focuses on the conditions and possible impacts in ESA countries, as per the terms of reference and agreed with the EC. Moreover, as the EU has a much larger economy, the agreement will have comparatively low impacts on Europe compared to those on ESA countries. This is not intended to imply that the EU has fully addressed the issues dealt with in the TSD Chapter. The European Environment Agency, for example, has highlighted biodiversity loss, climate impacts and overconsumption of natural resources among key areas for attention in the coming decades, all of which have global implications. See: EEA, *The European environment — state and outlook 2020: knowledge for transition to a sustainable Europe*, available at: <https://www.eea.europa.eu/soer/2020>. The European Foundation for the Improvement of Living and Working Conditions carries out similar overviews of labour and social issues in the EU: <https://www.eurofound.europa.eu/>.

The proposed text for the TSD Chapter sets out areas for national actions and cooperation between the EU and the ESA countries. To achieve results in terms of improvements in environmental, social, gender and human rights conditions, a set of intermediate actions will need to be put into place. In many cases, the pathways to achieving final results will need to be implemented via a set of legal and policy measures, which in turn will include actions to strengthen institutional capacities. The ILO has set out a schematic view of potential pathways for labour provisions (see Figure 1 above), identifying areas for policy mechanisms, intermediate outputs (strengthening capacities) and final outcomes in terms of working conditions and labour rights (the final outcomes are referred to as results and impacts in this report).

Each section below follows this approach and identifies *key elements needed for the implementation* of the draft provisions of the TSD Chapter, including elements set out in the draft text as well as other elements that appear necessary to implement the text. Given the range of the provisions as well as the broad differences across the five ESA countries, it has been possible only to provide broad indications of the elements for implementation (after formal agreement on the TSD Chapter, a more detailed analysis, possibly carried out jointly by the Parties, could be valuable to support good implementation and positive results).

Following the review of key elements for implementation, each sub-section then addresses the *potential impacts* of the provisions.

The implementation of the provisions of the TSD Chapter will interact with a range of other policy developments as well as ongoing economic and social changes at national, regional and global scales. For each topic, a brief analysis of *strengths, weaknesses, opportunities and threats* has been prepared: these can be found in Appendix V.

On the basis of the in-depth analysis, a set of recommendations have been proposed: these are presented in Section 4. Finally, Section 5 of this report concludes by identifying how the provisions of the proposed TSD Chapter may affect the achievement of the sustainable development goals (SDGs) in the ESA countries.

The analysis in this section does not address the Covid-19 pandemic that started in 2020. The pandemic has had and will have wide-ranging effects on EU and the ESA economies, including on social, gender and human rights conditions. Although the analysis has not focused on how the pandemic may influence the impacts of the TSD Chapter, it may increase attention to social conditions and equity – as well as key environmental issues such as the illegal wildlife trade. The pandemic is also bringing out the strengths and weaknesses of governance in countries around the world, including both EU Member States and the ESA countries. An analysis of these strengths and weaknesses will help to identify key steps and needs for the proper implementation of the TSD Chapter's provisions.

3.2 Better implementation of multilateral environmental agreements

3.2.1 Overview of the potential provisions

The EU proposes several articles relevant to the environment and the better implementation of MEAs in its proposed chapter on trade and sustainable development. Article X.4 on Multilateral Environmental Governance and Agreements highlights the important role of such agreements in facing environmental challenges. Under this Article, the Parties engage to effectively implement the MEAs they have ratified. Parties may take policy measures that further the objectives of the MEAs. Parties also engage to cooperate more closely on a range of relevant environmental topics in bilateral relations but also regionally and in international contexts, with examples given of potential areas. These areas include sustainable production and consumption, promotion of the circular economy, green growth and reduction of pollution; reducing trade barriers for environmental goods and services; and the relationship between environmental law and trade and investment standards.

Two other articles address the high climate vulnerability and rich biodiversity respectively of the ESA5 states.

Article X.5 covers trade and climate change. Pursuant to this article, 'Parties recognise the importance of taking urgent action to combat climate change and its impacts, and the role of trade in pursuing this objective', citing the goals of the 2015 Paris agreement, the UNFCCC and other MEAs tackling climate change. Parties engage to effectively implement the UNFCCC and Paris Agreement and to ratify the Kigali Amendment to the Montreal Protocol. They will promote the mutual supportiveness of trade and climate measures to reduce emissions and improve resource efficiency and climate resilience. Parties will tackle obstacles to trade and investment relevant to climate mitigation and adaptation, including facilitating the deployment of the best available technologies. In addition to these things, Parties will strengthen cooperation aspects of trade and climate change in bilateral relations but also regionally and in international contexts. The Article identifies potential areas for cooperation in the context of the Paris Agreement, including the promotion of climate resilience, renewable energy, low-carbon technologies, sustainable transport, sustainable and climate resilient infrastructure development and emissions monitoring. Also mentioned are 'ambitious' reductions of ozone-depleting substances and hydrofluorocarbons under the Montreal Protocol.

Article X.6 regards trade and biological diversity and primarily concerns the implementation of the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Parties engage to tackle illegal wildlife trade, including with third countries. They engage to conserve biodiversity affected by trade, particularly concerning the prevention of the spread of invasive alien species. Parties will conduct regular reviews of the conservation status of species; where species are considered at risk because of international trade, they Parties will support their inclusion in the appendices of the CITES. They will promote conservation and sustainable use of CITES-listed species and products from sustainable biodiversity resources. Parties engage to cooperate on trade and biodiversity in bilateral relations but also regionally and in international contexts. Potential areas for cooperation include sharing of good practices in trading products from natural resources while conserving biodiversity; valuation of ecosystem services; policies to reduce demand for illegal wildlife products; and access to genetic resources along with fair and equitable sharing of the benefits, as set out in the Nagoya Protocol of the CBD.

3.2.2 Baseline

The five ESA countries have produced strategic documents to guide their response to environmental pressures and climate change. The ambition of the documents varies between countries.

Table 1: National policies on climate and the environment in ESA5

Country	Policy
Comoros	<ul style="list-style-type: none"> ▪ National Environmental Policy (1993) ▪ Accelerated Growth and Sustainable Development Strategy (2018-2021)
Madagascar	<ul style="list-style-type: none"> ▪ National Climate Change Policy (2011) ▪ National Strategy to Face Climate Change in Agriculture-Livestock-Fishery 2012-2025 ▪ 2015-2030 energy policy ▪ National Biodiversity Strategy and Action Plans 2015-2025 ▪ National Disaster Risk Management Strategy 2016-2030
Mauritius	<ul style="list-style-type: none"> ▪ National Environment Policy (2007) ▪ Renewable Energy Roadmap 2030 for the Electricity sector ▪ Protected Area Network Expansion Strategy (2017 – 2026) ▪ <i>Maurice Ile Durable</i> Policy, strategy and action plan (2013) ▪ Strategic plan on food crops, livestock and forestry sectors 2016-2020 ▪ National Biodiversity Strategy and Action Plan 2017-2025
Seychelles	<ul style="list-style-type: none"> ▪ Sustainable Development Strategy 2012-2020

Country	Policy
	<ul style="list-style-type: none"> ▪ National Climate Change Strategy (2009) ▪ National Biodiversity Strategy and Action Plan 2015-2020 ▪ Marine Spatial Plan (2020)
Zimbabwe	<ul style="list-style-type: none"> ▪ National Climate Change Response Strategy (2019) ▪ National Climate Policy (2017) ▪ National Renewable Energy Policy (2020) ▪ National Biodiversity Strategy and Action Plan (2014) ▪ Climate Smart Agriculture Framework (2018-2028)

Source: Own compilation

All five ESA counties have ratified important multilateral environmental agreements on biodiversity and climate, including the Conventional on Biological Diversity (CBD), CITES and the Paris Climate Agreement.

All five ESA states have ratified the **Convention on Biological Diversity** and its Nagoya and Cartagena protocols. **Nevertheless, gaps remain in the implementation of the Convention.** Comoros, Madagascar, Mauritius and Seychelles are all part of the Madagascar and Indian Ocean Islands biodiversity hotspot, with high levels of endemic species.

Three of the five countries have seen significant deforestation over the previous decades, which has had a negative effect on biodiversity. Forest cover loss has been caused by a range of factors; two of the principal factors in Comoros, Madagascar and Zimbabwe are repurposing of land for agriculture and use of wood as fuel. Implementation of the Convention varies between the different countries, but common themes amongst the countries with relatively less economic resources, i.e., Comoros, Madagascar and Zimbabwe, are precisely lack of funds to **implement measures and lack of political impetus when the country has severe needs in many areas. Greater implementation could be achieved by better mainstreaming biodiversity into all policy-making areas. Improved monitoring could also assist implementation.**⁶ Where protected areas have been significantly increased in recent years in response to the Convention, as in Madagascar, greater enforcement is needed to ensure that the protected areas are respected.⁷ In Mauritius and Seychelles, biodiversity has been mainstreamed into more areas but issues remain, such as improving the appreciation of the importance of biodiversity by the population, further designation of protected areas and stricter enforcement of them from pressures of activity such as agriculture and fisheries.^{8 9}

CITES has been ratified by all ESA5 countries. Due to the high levels of biodiversity and endemism in ESA5 countries, they are vulnerable to illegal trade in wildlife. Legislative implementation of the Convention in Madagascar, Mauritius and Zimbabwe is considered by CITES Secretariat to meet the requirements for implementation of CITES. Legislation in Comoros and Seychelles is considered to not meet the requirements for the implementation of CITES.¹⁰ Comoros is considered as a country requiring attention of the standing committee as a priority.¹¹ The CITES Secretariat reports that draft legislation has been

⁶ CBD (2020), 'Comoros: Measures to Enhance Implementation of the Convention', <https://www.cbd.int/countries/profile/?country=km>

⁷ Charlie J. Gardner, Martin E. Nicoll, Christopher Birkinshaw, Alasdair Harris, Richard E. Lewis, Domoina Rakotomalala, Anitry N. Ratsifandrihamanana (2018), 'The rapid expansion of Madagascar's protected area system' *Biological Conservation*, Volume 220, Pages 29-36, <https://doi.org/10.1016/j.biocon.2018.02.011>.

⁸ Republic of Mauritius (2017), *National Biodiversity Strategy and Action Plan*, <https://www.cbd.int/doc/world/mu/mu-nbsap-v2-en.pdf>

⁹ Government of Mauritius (2017), *Protected area network expansion strategy 2016-2026*, <https://npsc.govmu.org/Documents/Useful%20Documents/Protected%20Area%20Network%20Expansion%20Strategy%20%202017%20-2026.pdf#search=Protected%20Area%20Network%20Expansion%20Strategy%20%282016%20%E2%80%93202026%29>

¹⁰ CITES (2020), 'Status of legislative progress for implementing CITES (updated October 2020)', https://cites.org/sites/default/files/LAC/Legislative_status_table_October_2020.pdf

¹¹ CITES (2020), 'National Legislation Project', website, https://cites.org/eng/legislation/National_Legislation_Project

prepared in Seychelles but is waiting to be submitted for adoption, and in Comoros, draft legislation has been reviewed by the CITES secretariat and is waiting for finalisation and submission for adoption.¹²

Researchers have found that incidence of illegal trade in wildlife listed under CITES Appendix I from Madagascar has increased in recent years and that this has strongly impacted wild populations.¹³ In particular, poaching of the ploughshare tortoise, an endemic species in the north-west of the island, has increased dramatically since 2010 to feed the international pet trade. The species is considered to be at serious risk of extinction.¹⁴ Rosewood and ebony timber from Madagascar is particularly prized, and a report by the non-governmental organization (NGO) Traffic has found that significant quantities are being felled in protected areas and illegally exported.¹⁵ The report notes that there is a disconnect between political declarations and international commitments and their implementation, citing poor governance and corruption.

In Zimbabwe, there is evidence that authorities are taking a tough stance against the trade of some animals, for example, the endangered pangolins, which researchers say have resulted in increased confiscations in recent years.¹⁶ **In 2020 Zimbabwe adopted an amendment to strengthen its legislation to curb illegal trade in animals and animal products.** The amendment extends the range of animals protected and includes pangolins.¹⁷ Nevertheless, the Organisation for Economic Co-operation and Development (OECD) has identified Zimbabwe as a major transit point for ivory.¹⁸ Illegal exploitation of endangered wood species, in particular rosewood, had proliferated during the political instability around 2009 and following years, driven by demand in foreign markets. The government put in place a policy in 2019 to halt all exploitation, transport and export of legal wood on the island, in an attempt to reduce illicit practices in the logging trade and the pressure on forests and take an inventory of existing timber stocks. The effect of this on illegal logging is still to be seen.

Figure 2 shows the evolution of the quantity in kilograms of products from Appendix II-listed species from ESA5 states to the EU over the period 2010-2018. The figure shows separately quantities as recorded by exporting country and by importing country. Appendix II includes “species not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilization incompatible with their survival”. The figure shows a considerable increase in recorded quantities of products from Appendix II-listed species moving from ESA5 countries to the EU over the period 2010-2018.

¹² CITES (2020), ‘Status of legislative progress for implementing CITES (updated October 2020)’, https://cites.org/sites/default/files/LAC/Legislative_status_table_October_2020.pdf

¹³ Janine E. Robinson, Iain M. Fraser, Freya A.V. St. John, J. Christian Randrianantoandro, Raphali R. Andriantsimanarilafy, Julie H. Razafimanahaka, Richard A. Griffiths, David L. Roberts (2018), ‘Wildlife supply chains in Madagascar from local collection to global export’, *Biological Conservation*, Volume 226, Pages 144-152, <https://doi.org/10.1016/j.biocon.2018.07.027>

¹⁴ Mandimbahasina, A., Woolaver, L., Concannon, L., Milner-Gulland, E., Lewis, R., Terry, A., Young, R. et. al. (2020), ‘The illegal pet trade is driving Madagascar’s ploughshare tortoise to extinction’ *Oryx*, 54(2), 188-196. <https://doi.org/10.1017/S0030605317001880>

¹⁵ Ratsimbazafy, Newton, Ringuet (2017), ‘Timber Island: The Rosewood and Ebony Trade of Madagascar’, *Traffic*, <https://www.traffic.org/publications/reports/timber-island-the-rosewood-and-ebony-trade-of-madagascar/>

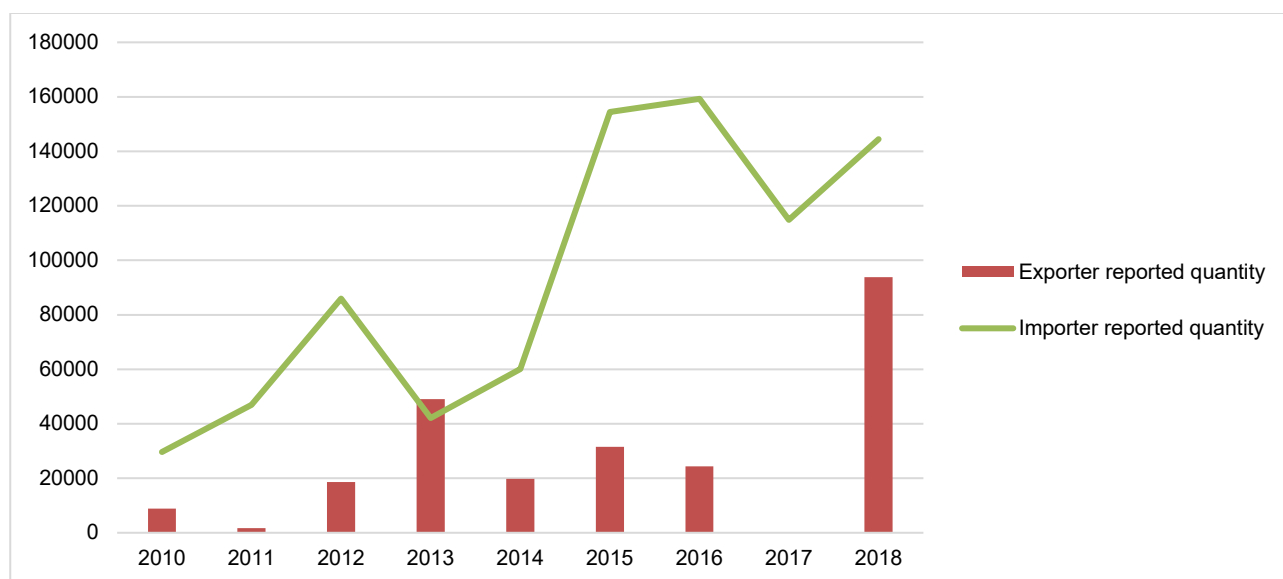
¹⁶ Shepherd, Chris & Connelly, Ellen & Hywood, Lisa & Cassey, Phillip. (2016). Taking a stand against illegal wildlife trade: the Zimbabwean approach to pangolin conservation. *Oryx*. -1. 1-6.

<https://www.researchgate.net/deref/http%3A%2F%2Fdx.doi.org%2F10.1017%2FS0030605316000119>

¹⁷ Government of Zimbabwe, Statutory Instrument 71 and 72 of 2020, Parks and Wild Life (Specially Protected Animals) Regulations, 2020

¹⁸ OECD (2016), *Illicit Trade: Converging Criminal Networks*, <http://www.oecd.org/corruption-integrity/reports/charting-illicit-trade-9789264251847-en.html>

Figure 2: Quantity in kilograms of products from CITES Appendix II listed species traded from ESA5 states to the EU, with importer and exporter reported quantities¹⁹



Source: CITES Trade Database

Climate change

All five ESA countries have ratified the Paris Agreement. All five ESA countries are at risk of the effects of climate change. As island states, Comoros, Madagascar, Mauritius and Seychelles share similar risks of raised sea levels and changing weather patterns, often made worse by deforestation on land and human marine activity. In Zimbabwe, effects of human activity such as deforestation, soil degradation and water pollution are likely to exacerbate more unpredictable and uneven distribution of rainfall and reduced groundwater recharge, resulting in an increased risk of famine and drought.²⁰ Programs exist in these countries to improve resilience to climate change, particularly targeting food security. In Madagascar and Zimbabwe, specific national policies have been adopted to improve the resilience of agriculture in the face of climate change. Strategic plans on increasing the use of renewable energy have been developed in Mauritius and Zimbabwe and are included in the Madagascar energy policy. Madagascar is participating in the United Nations (UN) Reducing Emissions from Deforestation and Forest Degradation (REDD+) programme, for which it has developed a national strategy and action plan to reduce emissions and enhance removals of greenhouse gas (GHG) through sound management of its forests, including monitoring. Three of the five countries (Comoros, Mauritius and Seychelles) have ratified the Kigali Amendment of the Montreal Protocol limiting the use of hydrofluorocarbons.

3.2.3 Key elements for implementation

The proposed Chapter on Trade and Sustainable Development sets out in Articles 4, 5 and 6 areas for action by Parties concerning MEAs, climate change and biodiversity. The following key elements for the implementation of the Chapter highlight steps that would likely be needed in order to address gaps identified in the baseline.

¹⁹ CITES trade statistics derived from the CITES Trade Database, UNEP World Conservation Monitoring Centre, Cambridge, UK.

²⁰ Brazier, A. (2015), 'Climate Change in Zimbabwe: Facts for planners and decision makers', Konrad Adenauer Stiftung, https://www.kas.de/c/document_library/get_file?uuid=6dfce726-fdd1-4f7b-72e7-e6c1ca9c9a95&groupId=252038

1. Ensure effective monitoring systems are in place in order to be able to assess the implementation of key MEAs that have been ratified and include discussion of the impact of trade on the environment in all talks related to the EPA

The proposed article X.4 calls for the effective implementation of MEAs that Parties have ratified. As noted in the baseline section, most of the most relevant MEAs have been ratified by all Parties to the EPA. The issue is often in achieving a high level of implementation of the MEAs. Firstly, it should be ensured that ESA national legislation incorporates commitments made in MEAs. Following this, putting in place more effective monitoring systems will give Parties access to more accurate data, which should enable Parties to better track progress in implementation of MEAs, and therefore identify where gaps in implementation are and address them. The CBD reporting exercise includes the biodiversity targets framework, featuring key indicators for monitoring biodiversity, a central environmental concern for ESA5 Parties given the richness of biodiversity in these countries. Review of progress towards Aichi targets could be integrated into monitoring systems, which could help to improve implementation of the CBD. For Madagascar, the extent of deforestation and drivers are monitored as part of the REDD+ programme, which could also be used to inform monitoring. Various projects use satellite imagery to monitor deforestation; this could also be integrated into monitoring processes. Data from the Indian Ocean Tuna Commission could contribute to the monitoring of fishing stocks.

The article also calls for monitoring of the impacts of trade on the environment. For this to be achieved effectively, it would be important for Parties to have a regular forum in which to report impacts. This could take the form of a working group or committee. The group would act as a monitoring mechanism, able to gather together data on the impacts of trade on the environment, make comparisons between the different Parties and provide analysis of the data. This would help to inform Parties in their work to strengthen cooperation on trade-related aspects of environmental policies, as set out in point 5 of Article X.4.

2. Strengthen institutions so that they are able to enforce MEAs

One major gap found in the baseline is the ability of countries to enforce MEAs. While the draft text for the TSD Chapter does not explicitly refer to capacity building for the environment, the following areas have been identified as being important steps for improving implementation. Any strengthening of enforcement through the strengthening of institutions will require strong political will at the highest level, particularly in those countries where environmental degradation has been associated with corruption.

Across the three areas, essential to improving enforcement will be achieving buy-in from citizens and important stakeholders through clear, adapted communication and making educational opportunities available. Where relevant, strategic tools for strengthening institutions so that they are better able to enforce MEAs should be shared between the EU and ESA countries.

- a) *Review protected areas in line with commitments under the CBD and ensure that protected areas are enforced.*

Whilst countries have made progress increasing the area of land and sea territory given protected status, the 17% Aichi target has not been reached by three of the ESA5 countries for terrestrial protected areas.²¹ One of the countries has met the 10% target for protected marine areas. Questions have been raised as to the level of enforcement of protected areas. For example, there have been reports of continued illegal logging activity in protected forest area.²² This has a negative effect not only on the trees but the ecosystem that they are part of. Countries should ensure that a framework is in place for good management practices of protected areas,

²¹ Aichi Target 11. See annex Section 2 Overview of the environmental context, sub-section Policy developments for more information for each country.

²² See annex Section 2 Overview of the environmental context, sub-section Environmental trends for more information on the situation in each country.

with sufficient tools for monitoring the areas, evaluating protection and raising awareness of the value brought by preserved ecosystems, including through the provision of essential services.

The baseline also identified gaps in enforcement of fishing rights in countries' marine territory. Strengthening of patrols of these areas can help to reduce incidences of illegal fishing by discouraging vessels from attempting to fish without a license and thereby contribute to maintaining stocks of marine life at sustainable levels.

- b) Review endangered species in line with conservation status and bolster enforcement of protection of endangered species.*

The baseline suggests that the richness of ESA5 countries' biodiversity makes them vulnerable to illegal trade in endangered species. Protecting endangered species from illegal trade can be aided by limiting demand for these species and thereby reducing the economic incentive for illegal trade. Bolstering of capacity to tackle supply chains, going beyond seizures, is necessary. This may require financial assistance to improve capacity and offer essential training.

- c) Strengthening of inspection of import and export, in particular for invasive species and substances regulated by the Montreal Protocol.*

Pursuant to Article X.5 point 3c, cooperation on trade-related aspects of climate and environment policy could include the establishment of licensing systems for import and export of ozone-depleting substances and hydrofluorocarbons. This links to the Kigali Amendment of the Montreal Protocol, ratified by three of the ESA5 countries. Greater cooperation between Parties could include sharing licensing strategies and technical assistance in putting in place licensing systems. Article X.6 point 2d states that Parties will pay particular attention to developing measures to prevent the spread of invasive alien species. This links to Aichi Target 9 on managing pathways for alien species. Parties may wish to introduce strategies for dealing with invasive alien species, including plans for early detection and rapid response and development of capacity to implement these plans.

3. Monitor and take into consideration environmental and carbon impact of maritime and air transport of goods, in line with the goals of the Paris Agreement

Article X.5 point 3b notes that cooperation between Parties could include support for the development of emissions reduction measures by the International Maritime Organization. The International Maritime Organization appeals to ports and shipping to take voluntary measures to reduce emissions. **These include: provision of onshore power supply from renewable sources; incentives for the development of zero- and low-carbon shipping; bunkering of low- and zero-carbon fuels; support efforts to improve quality and availability of data exchanged between ship and shore, optimising journeys and port calls.**²³

4. Continue to mainstream environmental and climate concerns in all development cooperation and assistance

Under X.5 point 3, Parties shall work together to strengthen cooperation on trade and climate change. An important aspect of this will be through development cooperation between the EU and the ESA5 parties. Sharing of technology between parties would be an effective means of supporting the implementation of the Paris agreement and could be an important aspect of cooperation. In particular, this could include support for renewable energy and low-carbon technologies, as well as sustainable and climate-resistant infrastructure and transport. These aspects are mentioned as possible areas of cooperation in Article X.5 point 3a. This must be

²³ Marine Environment Protection Committee 74, Resolution MEPC.323(74), adopted on 17 May 2019, available at [https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Resolution323\(74\).pdf](https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Resolution323(74).pdf)

backed up with financial and technical support as part of a comprehensive plan to ensure that ESA5 countries can develop climate resilient transport and energy infrastructure.

3.2.4 *Potential impacts*

The initial impacts of the proposed article are likely to be seen in the development of the legal and policy frameworks in ESA countries. If domestic resources and EU cooperation are provided for the implementation of these conventions, along with the necessary high-level political commitment, further steps will include institutional strengthening in areas such as biodiversity protection, adaptation to climate change and energy management.

Impacts of the proposed articles on MEAs, trade and climate and trade and biodiversity should be seen in the environmental and climate performance of the Parties. In the short term, impacts could include strengthening of policy and legal frameworks to deal with a range of environmental issues as well as ratification of MEAs where gaps remain. Equally, effective monitoring of the impacts of trade on the environment and climate should provide Parties with better, more precise data that can be used for evidence-based policymaking on the environment and climate in the future. An important short – to medium-term impact would be a reduction in the illegal trade of endangered species, particularly in Zimbabwe and Madagascar, with reinforced implementation of CITES. The concerns of links between wildlife trade and the current pandemic (as well as past ones) highlight the need for greater attention to better enforcement and biodiversity protection globally as well as in ESA countries. Better implementation of the CBD should in the short term bring a reduction in the rate of deforestation and forest degradation; in the medium - to long term, the rate of deforestation and forest degradation should reach zero and begin to be reversed.

Better implementation and cooperation in multilateral agreements on waste and chemicals should also bring improved management of waste and hazardous chemicals. The Basel Convention on movement and disposal of hazardous waste has been ratified by all ESA5 countries but the Rotterdam Convention on shared responsibility and information exchange on hazardous chemicals is only ratified by Madagascar, Mauritius and Zimbabwe.

The MEAs considered as part of this analysis do not deal directly with water and air pollution. However, actions taken as part of environmental MEAs will affect both water and air quality. Implementation of MEAs concerning the climate will accelerate the shift towards renewable energy, reducing the use of fossil fuels. This will reduce emissions from fossil fuels and so reduce harmful emissions causing air pollution such as particulate matter and nitrogen sulphur oxides. Actions towards climate adaptation involve changes in land and water management practices that will improve water security, reducing the risk of drought and flood and therefore increasing long-term climate resilience. Better implementation of MEAs should ultimately have the long-term impact of better preserving ecosystems for future generations.

Social

Better protection of ecosystems through improved implementation of EMAs has a social impact in that ecosystems provide essential services for humans, including water, and contribute to the right to an adequate standard of living and poverty reduction. Steps taken towards climate adaptation will have an impact on agricultural practices and improve food security, helping to reduce the negative social and human effects of climate change, including by reducing the influence of climate change on exacerbating poverty. Climate mitigation measures, such as the adoption of renewable energy, could help to reduce air pollution in large cities and therefore improve the health of citizens. It can also be a source of job creation.

Better protection of forests will affect agricultural practices of smallholder farmers practising slash and burn agriculture in the short term, which could have short-term impacts on food supply. In the medium, to long term, this can be countered by making training available on climate resilient agriculture. Stricter forest management could also affect fuel supply in rural areas that rely heavily on wood for household

energy. Improved forest management will need to be accompanied by providing access to sustainable forms of energy.

More generally, the current pandemic (as well as past ones) have highlighted the health risks related to illegal wildlife trade as well as hunting. While better enforcement can address this issue in part, addressing the needs of rural communities must also play a role.

Stronger enforcement of MEAs could force industrial practices to use less hazardous substances, which would reduce risk of exposure and health risks for workers.

Economic

Improved implementation of MEAs could have an impact on the industry by forcing industrial practices to be more respectful of the environment. This could, for example, reduce the ability of certain industries, such as mining or logging, to exploit protected areas. It could also inhibit practices involving hazardous substances that had previously been tolerated. Increased use of sustainable industry practices could lead to more stable economic development because negative externalities and their impact on essential ecosystems are reduced.

Any changes in industrial practices must be accompanied by inclusiveness measures to ensure that communities are involved in the process and fully informed about reasons for transferring to sustainable practices. This could be accompanied by the offer of access to technical knowledge through education programs.

Changes in economic practices could also lead to diversification of production, as with the sugar industry in Mauritius. In agriculture, the implementation of MEAs targeting biodiversity could force countries to reduce dependency on the cultivation of a small number of products and by diversifying the economy improve its stability and resilience. The promotion of trade in sustainable products could benefit from the increasing market demand for such products in the EU.

The development of renewable energy production would require changes to infrastructure and therefore investment support, knowledge transfer and a period of adaptation. It could increase the demand for skilled workers. It will mean that there is less of a reliance on fossil fuel imports. Better protection of forests would require diversification of energy forms for those in rural areas that rely on wood as their principal source of energy. Potential impacts are dependent on the timeframe for implementation and adoption of renewable energy, particularly in large countries such as Madagascar and Zimbabwe where there remain significant challenges to widespread adoption. Zimbabwe has set a target of 26.5% of energy mix coming from renewable sources by 2030.²⁴ In its 2015 energy policy, Madagascar aims to increase electricity production from hydroelectric sources and extend electricity to 70% of the population.²⁵

Better protected ecosystems will improve climate resilience and food security, and thus have long-term economic gains for ESA countries.

²⁴ Ministry of energy and power development (2019) *National Renewable Energy Policy, Republic of Zimbabwe*, <https://t3n9sm.c2.acecdn.net/wp-content/uploads/2019/08/Zimbabwe-RE-Policy-2019.pdf>

²⁵ Madagascar Ministry of energy and hydrocarbons (2015), *Lettre de politique de l'énergie de Madagascar 2015-2030*, <http://www.ore.mg/Publication/Rapports/LettreDePolitique.pdf>

3.3 Multilateral labour standards and agreements

3.3.1 Overview of the potential provisions.

Article X.3 of the draft TSD chapter focuses on effective implementation of the fundamental ILO Conventions and ensuring decent work. While the Article does not explicitly request the Parties to ratify other ILO Conventions or protocols, it contains a provision on exchanging information on ratifications, implying that the Parties at least discuss and consider these additional ILO treaties. Another aspect contained in the article is that the Parties cannot use low labour standards or violation of fundamental rights as a comparative trade advantage.

More in detail, the Article contains provisions that call on the parties to promote the development of international trade in a way that is conducive to decent work for all (corresponding to the ILO Declaration on Social Justice for a Fair Globalization of 2008); and to respect, promote and effectively implement the four core labour standards as defined in the fundamental ILO Conventions:

- Freedom of association and the effective recognition of the right to collective bargaining;
- Elimination of all forms of forced or compulsory labour;
- Effective abolition of child labour;
- Elimination of discrimination in respect of employment and occupation.

The Article also calls on Parties to implement the ILO Decent Work Agenda, in particular regarding decent working conditions for all and social dialogue, and to adopt and implement measures and policies regarding occupational health and safety, including compensation in case of occupational injury or illness. It calls for Parties to maintain an effective labour inspection system and to work together to **strengthen their cooperation** on trade-related aspects of labour policies and measures. (Multilateral labour standards and agreements also affirm gender equality: this is addressed in a separate Article of the proposed TSD Chapter which is assessed in section 3.4 below).

3.3.2 Baseline.

The ESA countries have ratified a broad range of ILO Conventions, though with some gaps (see Appendix III for further details). The implementation of the Conventions and, in relation to this, **working conditions and labour rights vary across the five ESA countries, although some common challenges also emerge.** Since the variation is mostly along the line of the different economic development (as noted in section 1.3), this section provides an overview of key labour issues for low-income and high-income ESA-5 countries. References to individual countries are made where it is most relevant or where a comparison is necessary. However, the separate Annex to this report, chapter 1, provides detailed country information regarding the issues mentioned below.

A cross-cutting issue is the extent of informal work. Informal work in the non-agricultural sectors ranges from 93% in Comoros, over 84% in Madagascar, 74% in Zimbabwe, and 54% in Mauritius to 14% in Seychelles. Informal employment is consistently higher in the agricultural sector – in Comoros, Madagascar and Zimbabwe it is at 90% or higher, and Mauritius at 73% and Seychelles also much higher 44% than in the non-agricultural sectors. Developments over the past years indicate very different trends: in Zimbabwe, informal employment in the non-agricultural sector increased compared to 2014 by almost 10 percentage points. whereas it decreased in the agricultural sector; in Mauritius, informal employment in the non-agricultural sectors remained at a similar scale since 2012; in agriculture, it increased between 2012 and 2014, then decreased slightly. Data for the other three countries is only available for one year.

In relation to labour rights and social development, the main problem with informality is the coverage of labour laws and enforcement. A further cross-cutting issue is an insufficient capacity for labour inspections, a problem in particular in lower-income ESA countries.

High levels of child labour are a concern, in particular in low-income ESA countries. While all ESA countries have ratified the ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999), the detailed analysis has pointed to legislative gaps in some countries.²⁶ Furthermore, implementation is in some countries not effective as child labour is reported to be widespread in agriculture in Madagascar and Zimbabwe and is an issue also in mining. Child labour is also reported for agricultural products for EU export, for example, tobacco²⁷ (in Zimbabwe) and Vanilla (in Madagascar). Around 20,000 children between 12 and 17 years old are estimated by the ILO to work in vanilla fields in only one of Madagascar's regions (Sava) and children make up around one-third of the vanilla workforce.²⁸ Child labour is reported to be widespread in mining in Madagascar, with up to 86,000 children working in this sector;²⁹ harsh conditions that pose serious risks to their health have been reported in mica mining, for example.³⁰ Whereas most mica from Madagascar is exported to China, some European companies make use of the processed mineral further down the supply chain.³¹ Child labour in mines also still occurs in Zimbabwe³² although advances have been made and child labour has become less common.

Policy developments to improve the situation could be observed in several countries over the past years.³³ For example, Madagascar has developed a national action plan to combat child labour, however, the results are not yet clear.³⁴ Furthermore, in 2018, Madagascar amended its legal framework on child labour to prohibit the worse forms of child labour.³⁵ The government has also established institutional mechanisms for the enforcement of laws and regulations on child labour, for example, the Adoption of a Code of Conduct for combating child labour in the vanilla sector in 2015. In Comoros, the government has carried out more and more labour inspections, including child labour, but the number of those is still very low.

Gaps in implementation reported by the Committee of Experts on the Application of Conventions and Recommendations (CEARC) often relate to institutional gaps (e.g., lack of number of inspectors) and enforcement gaps (e.g. lack of sanctions or fines).

Forced labour is also a concern, in particular concerning human trafficking, especially in low-income countries. In Zimbabwe's mining sector, for example, there is evidence of forced labour by armed forces and violent reactions to workers' protests by soldiers and the police.³⁶ Some policy actions have been taken, for example, the set-up of a National Monitoring Committee in relation to forced labour and human trafficking.³⁷

In higher-income ESA countries, the risk of forced labour, in general, is fairly low. Cases of forced labour are purportedly mainly among migrant workers, such as domestic workers in fishing, farming and construction. Mauritius has reportedly the lowest prevalence of modern slavery in the African region – mainly as a result of

²⁶ Such gaps were reported in Comoros, Madagascar and Zimbabwe, but also in the Seychelles – see Annex to this report, chapter 1. country-specific sections on 'policy developments'.

²⁷ Human Rights Watch, *Zimbabwe: Tobacco Work Harming Children*, <https://www.hrw.org/news/2018/04/05/zimbabwe-tobacco-work-harming-children>.

²⁸ Danwatch, 2016, *The Hidden Cost of Vanilla : Child Labour and Debt Spirals*, available at: <https://old.danwatch.dk/en/undersogelse/thehiddencostofvanilla/>

²⁹ *Ibid.*

³⁰ Van der Waal, S., 2019, *Child labour in Madagascar's Mica Sector*, Centre for Research on Multinational Corporations (Stichting Onderzoek Multinationale Ondernemingen, SOMO), commissioned by Terre des Hommes Netherlands.

³¹ *Ibid.*

³² *Child Labor and Forced Labor Reports: Zimbabwe*, <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/zimbabwe>.

³³ See Annex to this report, country-specific sections on 'policy developments'.

³⁴ European Parliament resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

³⁵ Decree No. 2018-009 of 11 January 2018 amending and supplementing certain provisions of Decree No. 2007-563 of 3 July 2007.

³⁶ Felt, A., Soares, B., Bolding, J.T., Itzkowitz, X., 2020, *A comparative case study of diamond mining in Guinea, Sierra Leone and Zimbabwe*.

³⁷ Walk Free Foundation, 'The Global Slavery Index 2018' (2018).

measures taken, such as labour inspections in the informal sector to identify cases of forced labour or the establishment of an Equal Opportunity Commission to empower disenfranchised groups.³⁸ Labour inspections to discover forced labour, as well as awareness-raising measures, have also been carried out in Seychelles. However, criminal justice responses to identified cases are still weakened by the lack of a specialised law enforcement unit and the lack of training of the judiciary or prosecutors.³⁹

Issues about decent working conditions are seen in particular in lower-income countries, in mining and among groups at risk such as workers in remote rural areas, temporary and seasonal workers, workers in subcontracting enterprises and fishermen. Workplace violence, bribery and sexual harassment have been reported. Despite the ratification of ILO Conventions and the development of domestic legal and policy frameworks, there have been gaps in legal guarantees and labour inspections and enforcement, in particular in lower-income ESA countries. For example, in Madagascar, the Labour Code does not define penalties for non-compliance with occupational safety and health (OSH) standards. Lack of compliance with OSH standards has also been reported for high-income countries, in particular in relation to migrant workers who fill labour shortages, often positions requiring low skill levels (for example, in the textile sector in Mauritius which employs around 90% of migrant workers in the country).^{40, 41}

Both in low-income and high-income countries problems with the respect of OSH standards in export processing zones (EPZs) have been reported since those are subject to exemptions from labour legislation⁴² In Madagascar, for example, gaps were reported in effective protection related to night work and precarious working conditions. This issue raised by the ILO CEARC was still pending in 2019.⁴³ For example, it has become a common practice among EPZ companies in Madagascar to avoid paying overtime by continuously raising production targets.⁴⁴ In Mauritius, the clothing and textile industry is very important in the EPZs, where many migrant workers are employed.⁴⁵ Within this group of workers, bad working and housing conditions (housing provided by the employer) were observed (deplorable sanitation systems, lack of living space) have led to unrest among workers in the past which in return led to the deportations. While legal provisions may be in place to ensure adequate working conditions, in practice, there seems to be discrimination against migrant workers who constitute an important part of the labour force.⁴⁶ In 2015, the 22 576 migrant workers accounted for around 40% of all 56 601 workers employed in Export Oriented Enterprises in Mauritius, and their share was even higher in the Clothing and Textile Industry. The high share of migrant workers is not reflecting an actual labour shortage among Mauritian workers, but rather the reluctance among local workers to take on such jobs which are considered low paid and highly insecure.⁴⁷ For Zimbabwe, it has been reported that labour inspectors are not allowed to enter EPZs.⁴⁸

Policy developments in this regard have been, for example, the implementation of a Decent Work Country Programme (2015-2019) in Madagascar; in Mauritius, a national minimum wage was established in 2018 – however, there are exceptions in some sectors, for example, the sugar sector.⁴⁹

³⁸ Walk Free Foundation, 'The Global Slavery Index 2018' (2018).

³⁹ *Ibid.*

⁴⁰ Chan Sun, C., Chittoo, H., Sukon, L.S., 2016, A proposed Framework for the recruitment of Temporary Foreign Labour (TFL) for the Clothing and Textile industry in Mauritius, in: *International Journal of Management Sciences and Business research*, Vol.5 Issue 11.

⁴¹ Chan Sun, C.A., Chittoo, H., Sukon, K.S., 2016, *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*.

⁴² See also below re. social dialogue and specific Annex to this report, chapter 1 chapter 1. country-specific sections on 'policy developments'.

⁴³ Normlex; US Department of Labor, '2019 Country reports on human rights practices. Madagascar'.

⁴⁴ US Department of Labor, '2019 Country reports on human rights practices. Madagascar'.

⁴⁵ Chan Sun, C.A., Chittoo, H., Sukon, K.S., 2016, *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*.

⁴⁶ Chan Sun, C., Chittoo, H., Sukon, L.S., 2016, A proposed Framework for the recruitment of Temporary Foreign Labour (TFL) for the Clothing and Textile industry in Mauritius, in: *International Journal of Management Sciences and Business research*, Vol.5 Issue 11.

⁴⁷ Chan Sun, C.A., Chittoo, H., Sukon, K.S., 2016, *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*.

⁴⁸ Interview with NGO (SE).

⁴⁹ UNHCR, *Concluding observations of the Committee on Economic, Social and Cultural Rights*, 5 April 2019.

Further concerns include **discrimination** against women in terms of wages and advancement (see section 3.4) as well as against migrant workers, in particular in the informal sector.

In several ESA countries, challenges regarding **social dialogue** persist, according to observations by the ILO CEARC.⁵⁰ Often, these are specific to certain sectors or areas of the economy. The situation seems particularly challenging in Zimbabwe where disrespect of trade union-related rights was observed, to the extent where legal sanctions and violence were applied against trade unionists and persons involved in strikes. An absence of protection against anti-union discrimination was reported in the construction sector as well as multinational and foreign-owned companies. In 2013, Zimbabwe's constitution established a Declaration of Rights that recognized labour rights. A labour law reform has been ongoing, but so far does not include measures against anti-union discrimination. In Comoros, the CEARC reported anti-union discrimination in para-public (education and health) and the port sectors. In Madagascar, attempts to prevent trade union organisation have also been reported as well as a lack of collective bargaining processes in the context of privatizations of companies. In Mauritius, prevention of trade union activities has been reported in the sugar and the textile sector – in these as well as the manufacturing sector there is in general a low use of collective bargaining.

The legal and policy frameworks of the ESA countries have advanced: for example, Zimbabwe's 2013 Constitution recognises and protects labour rights. Nonetheless, **social dialogue, freedom of association, collective bargaining** all remain limited in some locations, including some export processing zones. Informal workers and migrant workers lack access to these rights.

3.3.3 Key elements for implementation.

To implement the measures provided for in Article X.3, it would be beneficial if the countries undertook, among others, the following steps:

Ratification of additional ILO Conventions and protocols.

Article X.3 includes a call for the ratification of ILO Conventions and Protocols. All five ESA countries have ratified the Fundamental ILO Conventions already one or more decades ago (see Appendix III). While all have ratified the Convention on Forced Labour, a gap is seen concerning its 2014 Protocol, which as of late 2020 had only been ratified by Madagascar and Zimbabwe.

Furthermore, the ratification of all ILO governance conventions would help to ensure the implementation of labour standards. For example, Comoros, Mauritius and Seychelles have not ratified the Convention concerning Labour Inspection in Agriculture (C 129, 1969). The Employment Policy Convention⁵¹ (C 122, 1964) has not been ratified by Mauritius, Seychelles and Zimbabwe.

Several other (technical) ILO Conventions and protocols that touch upon the issues identified above have already been ratified by the five ESA countries. However, some have not been ratified by all ESA countries, such as:

- Workers' Representatives Convention, No. 135 (1971) – only ratified by Zimbabwe.
- Labour Inspection (Seafarers) Convention, No. 178 (1996) – not ratified by any ESA5 country.
- Violence and Harassment Recommendation, No. 206 (2019) – not ratified by any ESA5 country.
- Protocol of 1990 to the Night Work (Women) Convention (Revised), 1948 – only ratified by Madagascar.

⁵⁰ See: <https://www.ilo.org/global/standards/applying-and-promoting-international-labour-standards/committee-of-experts-on-the-application-of-conventions-and-recommendations/lang--en/index.htm>.

⁵¹ Requiring Parties to pursue an 'active policy designed to promote full, productive and freely chosen employment'.

- Migrant Workers (Supplementary Provisions) Convention, No. 143 (1975) – only ratified by Madagascar.

Promote transition to a formal economy.

As mentioned above, **the reasons for the persistent widespread of informal employment are numerous and depend, of course, on the country and region in question: for example, these grown structures also may have advantages for the workers, as employment may be created more quickly and wages may be higher than in formal employment.** A panel analysis in Madagascar, for example, found that wages were higher or the same for self-employed and for male wage workers in the informal than in the formal sector. However, informal work was found to be systematically financially disadvantageous for women.⁵² Wage advantages are, of course, strongly related to the lack of taxation. An underlying purpose of the informal labour market is, among others, to cushion negative developments of the formal economy. Especially in rural areas, informal work is often deeply anchored in customary rights and norms, relies on strong social trust and often co-exists with formal work (e.g. through side-selling). Informal economic activity may also be a form of resistance against the introduction of formal rules or land allocation processes seen as unjust by rural actors.⁵³

The ILO however states that the informal economy poses a challenge to decent work and recognises that ‘workers and economic units in the informal economy are generally characterised by poverty, leading to powerlessness, exclusion and vulnerability’.⁵⁴ It has therefore worked on strategies for a transition from an informal to a formal economy and developed a policy framework for this transition.⁵⁵ Accordingly, coordinated action in the following policy areas should be taken: ‘quality employment generation and growth strategies; the regulatory environment; social dialogue, organisation and representation; promoting equality and addressing discrimination; measures to support entrepreneurship, skills and finance; the extension of social protection; and local development strategies’.⁵⁶ It stresses that countries need individual strategies to address informal labour. Most important, however, is a macroeconomic approach that allows generating employment and ensuring macroeconomic stability. Foreign and domestic investment should be allocated in a way that ensures labour absorption and productivity and allows for a diversification of production. The concentration of investment in specific sectors that do not create employment, such as mining, risks being conducive to informal work, unless this activity is managed in a way that it contributes indirectly to poverty reduction (e.g. by generating tax revenues that can be reinvested).⁵⁷ The ILO also points out that there is a lack of research on the link between growth and the informal economy and that data should be considering the situation of men and women separately.⁵⁸ Further steps by the ESA5 countries could therefore include investigation such paths through enhanced research and by strengthened institutions and also the trust in institutions.

Invest in resources to enforce compliance with OSH standards.

While labour inspections are carried out, their effectiveness seems to be limited. To properly enforce compliance with OSH requirements, countries would need to invest in more resources for labour inspections

⁵² Nordman, C.J. et al. (2016), *Informal versus Formal: A Panel Data Analysis of Earnings Gap in Madagascar*, IZA DP No.9970

⁵³ Weng, X. (2015), *The rural informal economy. Understanding drivers and livelihood impacts in agriculture, timber and mining*. IEED Working paper, available at: <https://www.researchgate.net/publication/284727260> *The rural informal economy Understanding drivers and livelihood impacts in agriculture re timber and mining*.

⁵⁴ ILO (2002), *Resolution concerning decent work and the informal economy*.

⁵⁵ ILO (2015), *The transition from the informal to the formal economy. International Labour Conference 104th Session, 2015, Geneva*.

⁵⁶ Labour and Economic Development Research Institute of Zimbabwe and Friedrich-Ebert-Stiftung (2015), *Strategies for Transitioning the Informal Economy to Formalisation in Zimbabwe*, quoting: ILO (2013), *Transitioning from the informal to the formal economy*.

⁵⁸ ILO (2009), *The informal economy in Africa: Promoting transition to formality: Challenges and strategies*, Geneva, available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_127814.pdf

and tackle certain barriers labour inspectors face while conducting inspections. Another point would be to raise awareness and knowledge on OSH risk analysis and prevention, especially in remote rural areas.

Strengthen trade unions and civil society participation.

The TSD chapters relying on soft enforcement mechanisms, their effectiveness, in general, requires a strong civil society.⁵⁹ In general, civil society organisations (CSO) should be more involved in the EPA negotiations and related monitoring mechanisms. As stakeholder interviews have shown, CSO are often not aware of the EPA and its content.⁶⁰ Therefore, the implementation of EPA provisions on civil society participation (see section 3.6) is crucial for the proper implementation of labour standards and agreements.

Concerning implementing labour rights, the role of trade unions is particularly important. In several ESA countries, it was reported that trade unions still face strong resistance and related rights are not fully implemented. Labour inspections are often, for example, in Zimbabwe, organized and carried out by trade unions themselves – which is why they need to be provided with the resources and the power to effectively implement those.

Exemptions from labour law in export zones

Exemptions from labour law in EPZs were reported in several ESA5 countries. Specific rules in these zones were created to promote investment in ‘export-oriented manufacturing industries, development or management of industrial free zones and provision of services to EPZ companies’. Companies in these zones benefit from tax advantages or exemptions for labour law, as reported above. In Madagascar, the law ruling EPZ companies includes provisions related to workers’ rights which include possibilities for deviation from the general labour code (lack of employment contracts, holiday entitlements, social protection or collective agreements; failure to pay minimum wage).⁶¹ In Mauritius, Zimbabwe and Madagascar, it has been reported that social dialogue mechanisms are not working properly in EPZs (limited right to or complete absence of collective bargaining, unions not allowed to enter EPZs in Zimbabwe).⁶²

It should be discussed whether such exemptions and lowering of labour standards are compliant with Point 6. of Art. X.3 according to which ‘the Parties note that the violation of fundamental principles and rights at work cannot be invoked or other used as a legitimate comparative advantage’. The risk of not complying with the ratified ILO Conventions and not ensuring the minimum labour standards in EPZ should be assessed and strategies should be found to ensure the same level of protection of workers as in the rest of the country.

Economic products from such EPZ are likely to be more relevant for EU trade in some countries than in others. For example, for Zimbabwe, it was reported that the presence of EU companies in EPZ is low and that it is mostly Chinese companies operating there).⁶³ However, even if EU companies may not directly operate in such EPZ, there is a risk that their suppliers operate in such zones.⁶⁴ This should be assessed through a sustainable supply chain management process (see section 3.5 below).

⁵⁹ Füller, V., 2018, *How to make TSD chapters more effective?*, Trans European Policy Studies Association, TEPSA Briefs – February 2018.

⁶⁰ In Comoros, for example, none of the CSO interviewed had heard of the EPAs and they had not been informed by the government.

⁶¹ U.S. Department of State, ‘2020 Investment Climate Statements: Madagascar’, available at: <https://www.state.gov/reports/2020-investment-climate-statements/madagascar/>

⁶² ILO (2018), *Ensuring decent working time for the future. Report III (Part B); Interview with NGO (SE).*

⁶³ Interview with NGO (SE).

⁶⁴ *Ibid.*

Address legislative gaps

The CEARC regularly assesses the implementation of the ILO Conventions – these assessments include the identification of gaps in legislation. Such legal gaps should be addressed through reforms or amendments.

EU development cooperation

Chapter X.3 provides the basis for the objectives to be achieved in terms of social development and can guide the scope and aim of development cooperation projects. For example, comparing the provisions in the ratified conventions with the status quo in each country would sketch out key issues that need to be addressed. EU development cooperation projects could then be set up in a way to address these issues. On the one hand, development cooperation could help to address structural problems that create barriers to proper labour standards. One example is poverty which is a key driver for child labour – development cooperation could seek to generate additional income, social protection or ensure food security for families to allow children to pursue education for longer. Another example may be to improve the education system directly, by providing infrastructure and training – this may create jobs (for teachers and school staff) and ensure children's access to education.

More directly, development cooperation projects could directly target certain issue, especially concerning health and safety measures. Classically, cooperation projects include technical assistance – in this case, some ESA5 countries may benefit from assistance in training labour inspectors, setting up OSH management systems and exchanging knowledge on risks and risk prevention. Some OSH risk factors may be specific to a regional context (e.g., specific products or work processes) while others may not. Furthermore, the EU has conducted vast research on the effects of certain risk factors that are likely to also pose a problem in other countries (e.g., carcinogens, chemicals). Therefore, development cooperation aimed at the transfer of knowledge between the ESA5 countries and between ESA5 and the EU would benefit all parties.

3.3.4 Potential impacts

Social and human rights

The provisions in the TSD chapter are likely to create a positive impact on social development in the ESA5 countries when seen together with the other provisions in the EPA, including those for development cooperation, monitoring, dispute settlement – as well as other provisions in the TSD chapter (such as on gender, environment and responsible supply chains). Each of these has a crucial role in supporting the implementation of the provisions in the TSD chapter. Addressing fundamental rights, for example, food security will help to avoid child labour.

Initial outcomes could include ratification of several ILO Conventions as well as the further development of national legal and policy frameworks to put in place ILO principles. As indicated by ILO (see section 3.3.1), an early step and resulting intermediate outcomes would be to increase institutional capacity – namely, that of public authorities, stakeholders (e.g., trade unions, business associations, employee associations) and companies. A key outcome would be capacity building for government labour inspectors, as this gap has been identified in several ESA countries. These steps are necessary to provide further changes and, in the long-term go one step further and change the situation on the ground which is to improve working conditions and implementation of labour rights.

The EPA's impact may be strongest in sectors that produce products that are exported to the EU, in particular when linked to responsible supply chains. The EC's efforts towards a proposal for a mandatory EU system of

due diligence for supply chains may support this further.⁶⁵ Key improvements may be made in terms of the following sector-related issues:

As mentioned in section 3.3.2, *child labour* is an issue, especially in low-income ESA countries. While child labour exists in several sectors relevant for exports to the EU, one of the most hazardous is probably mining, including diamonds, Zimbabwe's leading export to the EU. Strengthening inspections could lead to a reduction in employing children and in human trafficking in this sector.

Both in Mauritius and Madagascar, textiles were among the top two exported products to the EU in terms of trade value in 2019. Actions in this sector could improve working conditions in both agriculture and manufacturing. There are around 50,000 such workers in cotton fields in remote rural areas of Madagascar. This group could benefit especially from awareness-raising and capacity-building projects, such as those already carried out, for example, by the ILO⁶⁶ and the Better Cotton Initiative.⁶⁷ The monitoring mechanism under the EPA could help to check progress is made, while the CSR provisions might encourage more EU and ESA companies to engage in initiatives such as the Better Cotton Initiative.

In Mauritius, migrant workers in the textile industry are a vulnerable group (see section 3.3.2). The deregulated EPZ aggravate the issue. Mauritius has already made efforts by adopting legislation⁶⁸ and a Decent Work Country Programme, but further steps towards implementation may be necessary, including monitoring and controls based on existing legal and policy instruments in the country.⁶⁹ These efforts could lead to improvements in working conditions.

Economic

It is difficult to assess any economic impacts arising from further implementation of the ILO Conventions and especially tackling the issues described in section 3.3.2. It is possible that certain financial costs in the short term for companies and governments will occur. Companies may need to make investments to ensure better working conditions (e.g., via better equipment) and may need to pay higher wages, for example, to replace underpaid child labour. Governments would also need to make investments in more resources to enforce labour laws (training, equipment and protection for labour inspectors; controls; enforcing sanctions). Programmes for rural development and to support the poorest families can help to address child labour but would require budgetary resources. However, in the long-term, companies and society would benefit from improved working conditions and labour rights. For example, countries could achieve higher school completion rates and have a better educated population which, in return, would promote business creation and provide the countries with a labour force that can adapt to technological change. Work-related accidents and illnesses could be reduced which, in return, would maintain a healthier workforce and decrease health expenditures.

3.4 Promotion of gender equality

3.4.1 Overview of the potential provisions

The proposed *Article X.10new* addresses *Trade and Gender Equality*. According to this Article, the Parties recognise that 'inclusive trade policies can contribute to advancing women's economic empowerment and equality between men and women', in line with SDG5 of the UN 2030 Agenda on Sustainable Development.

⁶⁵ For further information, see: Smit L. et al, *Study on due diligence requirements through the supply chain (BIICL, Civic Consulting and LSE for the EC)*, January 2020. Available at: <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>

⁶⁶ ILO Project, *Improving Safety and Health in Madagascar Textile Supply Chain*.

⁶⁷ Better Cotton Initiative, *'Capacity Building'*.

⁶⁸ For example, the *Occupational Safety and Health (Employees' Lodging Accommodation) Regulations 2011*.

⁶⁹ Chan Sun, C., Chittoo, H., Sukon, L.S., 2016, *A proposed Framework for the recruitment of Temporary Foreign Labour (TFL) for the Clothing and Textile industry in Mauritius*, in: *International Journal of Management Sciences and Business research*, Vol.5 Issue 11.

The Parties also acknowledge ‘the important contribution by women to economic growth through their participation in economic activity, including international trade’, and intend to implement trade under the EPA ‘in a manner that promotes and enhances equality between men and women’. Moreover, the EU and the ESA5 aim to strengthen their trade relations and cooperation to effectively provide equal opportunities and treatment for women and men to benefit from trade under the EPA, including in matters of employment and occupation.

To achieve those objectives, Article X.10new states that the Parties ‘shall effectively implement’ their international obligations addressing gender equality or women’s rights, in particular the provisions of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on discrimination against women in economic life and employment and relevant ILO Conventions on gender equality and the elimination of discrimination in employment and occupation. In addition, the Parties ‘shall strive to improve’ their domestic laws and policies to provide for, and encourage, equal rights, treatment and opportunities between men and women. Furthermore, the EU and the ESA5 will cooperate, bilaterally or in international fora, on trade-related aspects of gender equality policies and measures, such as activities designed to improve the capacity and conditions for women workers, businesswomen, and women entrepreneurs to access and benefit from trade under the EPA. Finally, the Parties ‘agree on the importance of monitoring and assessing’ the impact of trade under the EPA on gender equality and opportunities provided for women in trade.

3.4.2 Baseline

In recent years, the ESA5 have made significant efforts to achieve gender equality and women’s economic empowerment. They have adopted various legislation, policies and support mechanisms to reduce gender discrimination. The Global Gender Gap Index 2020⁷⁰ shows that Madagascar, Mauritius, and Zimbabwe have improved their overall score over the years.⁷¹ Despite the progress that has been made in reducing the gap between women and men, gender discrimination, especially in the workplace, remains a source of concern in the ESA5.

Legal and policy framework on gender in the ESA5

All the ESA States have a legislative and policy framework on gender. However, the content of these national frameworks varies amongst countries. **The ESA5 are signatories to a number of international and regional conventions on women rights and gender equality.** All ESA States have ratified the CEDAW and two of the ILO fundamental conventions that are relevant for gender equality (i.e., C100 and C111). However, only Mauritius is a State Party to the ILO Workers with Family Responsibility Convention (C156) and the ILO Maternity Protection Convention (C183). Except for Madagascar, all ESA States have ratified the Protocol to the African Charter on Human and People’s Rights on the Rights of Women in Africa. Only Seychelles and Zimbabwe have ratified the SADC Protocol on Gender and Development.

At a national level, only Mauritius has enacted legislation that prohibits discrimination based on gender in hiring and sexual harassment in employment and ensures equal pay for work of equal value. Other ESA States have gaps in their legislation on gender equality and violence in the workplace.⁷² Table 2 below provides an overview of the legal frameworks on gender in ESA countries (blank cells indicate that a relevant legal framework has not been identified).

⁷⁰ The Global Gender Gap Index measures the extent of gender-based gaps among four key dimensions (Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment). See World Economic Forum, ‘Global Gender Gap Report 2020’ (2019).

⁷¹ Data was unavailable for Comoros and Seychelles.

⁷² UN Women, ‘Women’s Economic Empowerment in the Indian Ocean Rim. Progress and Challenges’ (2020); UN Committee on the Elimination of Discrimination Against Women, ‘Concluding observations on the sixth periodic report of Zimbabwe’ (10 March 2020) UN Doc CEDAW/C/ZWE/CO/6.

Table 2: Relevant legal framework on gender in ESA5

Instruments		Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
International and regional instruments	UN CEDAW	Yes	Yes	Yes	Yes	Yes
	ILO Equal Remuneration Convention, 1951 (No. 100)	Yes	Yes	Yes	Yes	Yes
	ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	Yes	Yes	Yes	Yes	Yes
	ILO Workers with Family Responsibilities Convention, 1981 (No. 156) ⁷³			Yes		
	ILO Maternity Protection Convention, 2000 (No. 183) ⁷⁴			Yes		
	Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa	Yes		Yes	Yes	Yes
	SADC Protocol on Gender and Development				Yes	Yes
National instruments	Law prohibiting discrimination based on gender in hiring	Yes	Yes	Yes	Yes	
	Law banning sexual harassment in employment	Yes	Yes	Yes		
	Law ensuring equal pay for work of equal value	Yes		Yes		Yes

Sources: African Union; ILO; SADC; UN Committee on the Elimination of Discrimination against Women; UN Women

All ESA States have adopted several policies, such as plans of action or programmes, to promote gender equality and to fight gender-based violence or that address issues particularly affecting women (e.g., domestic violence; human trafficking). Some of these policies have specific objectives regarding women's economic involvement (e.g., Comoros).⁷⁵ Table 3 provides an overview of gender-based policies in ESA5.

⁷³ At the same, a limited number of EU MS have ratified Convention No. 156.

⁷⁴ At the same, a limited number of EU MS have ratified Convention No. 183.

⁷⁵ OECD, 'SIGI: Comoros' (2019).

Table 3: National policies on gender in ESA5

Country	Gender policy
Comoros	<ul style="list-style-type: none"> ▪ Feuille de Route 2016-2018: Un Plan d'Action pour Lutter contre les Violences Faites aux Femmes ▪ Politique National d'Equité et d'Egalité de Genre (2007)
Madagascar	<ul style="list-style-type: none"> ▪ Plan National de Lutte contre la Traite des Personnes (2015) ▪ Stratégie Nationale de Lutte contre les Violences Basées sur le Genre (2017-2021)
Mauritius	<ul style="list-style-type: none"> ▪ National Gender Policy Framework (2008) ▪ National Strategy and Action Plan of the High-Level Committee on the Elimination of Gender-Based Violence in the Republic of Mauritius (2020-2024)
Seychelles	<ul style="list-style-type: none"> ▪ National Employment Policy (2014) ▪ National Action Plan and Strategic Framework on Trafficking in Persons (2014–2015) ▪ National Gender Policy (2016) ▪ National Gender Plan of Action (2019-2023)
Zimbabwe	<ul style="list-style-type: none"> ▪ Revised national gender policy (2013–2017) ▪ National Programme on Gender-Based Violence Prevention and Response (2016–2020) ▪ Trafficking in Persons National Plan of Action (2019–2021)

Sources: Mauritius Ministry of Gender Equality and Family Welfare; OECD; UN Committee on the Elimination of Discrimination against Women; UNESCO; UN Women

Women in the economy

The women's labour force participation varies amongst the ESA5. While 84% of women participate in the labour force in Madagascar, only 66% of women do in Seychelles. This percentage is particularly low in Comoros (38%) and Mauritius (45%). In general, women are more susceptible to unemployment than men in the ESA5. Women's employment is significant in agriculture in Comoros, Madagascar, and Zimbabwe. In Mauritius, women tend to work in services and manufacturing.

A large number of women are engaged in vulnerable employment in most ESA5. The percentage of women engaged in vulnerable employment is particularly high in Comoros (77%) and Madagascar (89%). In addition, female informal employment is very high in most ESA5, except for Seychelles. It accounted for 49.1% in Mauritius (2018), 80.28% in Zimbabwe (2019), 88.62% in Madagascar (2015), and 93.43% in Comoros (2014).⁷⁶ Women in vulnerable employment are less likely to receive benefits, social security or have union representation and more likely to have low wages and difficult working conditions.⁷⁷ The gender pay gap is also significant in all ESA5. It accounted for 17.5% in Madagascar, 21.2% in Seychelles, and 29.7% in Mauritius.

All the ESA States provide mandatory maternity leave. Comoros, Madagascar, Mauritius provide the minimum 14 weeks recommended by the ILO, while Seychelles goes beyond (i.e., 16 weeks). The maternity leave is set at a minimum of 3 months in Zimbabwe. Only Mauritius and Seychelles allow paid paternity leave.

In the private sector, women are mainly employed in lower-ranking positions in most ESA5. The participation of women in senior management positions and on the boards of private companies is low. The female share of employment in managerial positions accounts for 25.6% in Comoros, 28.9% for Zimbabwe,

⁷⁶ World Bank, 'Informal employment, female (% of total non-agricultural employment) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SL.ISV.IFRM.FE.ZS?locations=KM-MG-MU-SC-ZW>

⁷⁷ UN Women, 'Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges' (2020).

31.8% in Madagascar, and 32.1% in Mauritius. Only Seychelles achieves almost parity with women occupying 47.8% of managerial positions.⁷⁸

In most ESA countries, women tend to face discriminatory attitudes and practices. Sexual harassment in the workplace is widespread in Comoros, Madagascar, Mauritius, and Zimbabwe. Cases tend to be unreported and authorities often do not enforce the law.

Education

Education is a key pillar of women's economic empowerment. Primary and secondary school enrolment rates in the ESA5 are, on average, almost equal for girls and boys. However, absenteeism and/or school dropout amongst girls are high in Madagascar, Mauritius and Zimbabwe, owing to social taboos, child marriage, early pregnancy, poverty, or child labour. In all the ESA5, there is pronounced segregation of women and men into very different career tracks and specializations in secondary and tertiary education. This may underpin and exacerbate labour market segmentation by sex.⁷⁹

3.4.3 Key elements for implementation

The effective implementation of the Article on *Trade and Gender Equality* proposed for the deepening of the EPA would need to address the key gaps identified in the baseline. The steps needed would vary across the five ESA countries, as the summary of the baseline has shown the different current levels of gender equality. They should build on measures already identified in the ESA5 countries' national gender policy documents. Moreover, the COVID-19 pandemic has had implications for women and girls. It has deepened inequalities and increased women's income insecurity and unemployment and intensified women's unpaid care and domestic work burdens.⁸⁰ Therefore, measures to implement the *Article on Trade and Gender Equality* should take into account the impacts of the COVID-19 pandemic on women and gender equality in the ESA5. To varying degrees, steps for implementation are likely to be needed in the following areas:

1. Effective implementation of obligations under international and regional agreements on gender equality and women's rights.

As mentioned above, the ESA countries are State Parties to a number of international and regional agreements guaranteeing gender equality and/or protecting women's rights, especially in the labour sector. However, gender inequality, discrimination against women, and women's rights violations persist to varying extents, and thus the ESA States need to take further steps to effectively implement their international obligations.

The proposed Article calls for each Party to "...effectively implement its obligations under international agreements...". The review of the baseline indicates that key areas for attention include the implementation of the ILO Equal Remuneration Convention (No. 100) and Discrimination (Employment and Occupation) Convention (No. 111), as well as the UN CEDAW. The Beijing Declaration and Platform for Action and the SDG 5 on Gender Equality provide useful frames of reference for actions to support the implementation of those international instruments. The ESA countries could also implement the following ILO resolutions: Resolution concerning Gender Equality at the Heart of Decent Work (2009), and Resolution concerning the Promotion of Gender Equality, Pay Equity and Maternity Protection (2004).

⁷⁸ UN Women, 'Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges' (2020); UN Women, 'Zimbabwe', available at <https://africa.unwomen.org/en/where-we-are/eastern-and-southern-africa/zimbabwe>

⁷⁹ UN Women, 'Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges' (2020); CEDAW, 'Concluding observations on the sixth periodic report of Zimbabwe' (10 March 2020) UN Doc CEDAW/C/ZWE/CO/6; CEDAW, 'Concluding observations on the combined sixth and seventh periodic reports of Madagascar' (24 November 2015) UN Doc CEDAW/C/MDG/CO/6-7; CEDAW, 'Concluding observations on the eighth periodic report of Mauritius' (14 November 2018) UN Doc CEDAW/C/MUS/CO/8; CEDAW, 'Concluding observations on the sixth periodic report of Seychelles' (12 November 2019) CEDAW/C/SYC/CO/6.

⁸⁰ UN Women, 'Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges' (2020).

All ESA countries have adopted plans and strategies to address gender-related issues, such as gender-based violence or trafficking. Consequently, a review of those plans can identify key areas for further action and new initiatives to address gaps. While actions will vary, key areas for attention may include the following:

- Allocate further financial, technical and human resources to achieve the objectives and activities foreseen in the conventions and domestic legal and policy frameworks;
- Improve the capacity of monitoring and enforcement bodies (e.g., increase the number of labour inspectors);
- Organise training for governmental bodies in charge of implementing these conventions and related national legislation (including labour inspectors) and promote training on these issues in the private sector.

To ensure effective enforcement and implementation of the legal framework, the ESA countries should have the required institutional and technical capacity. Capacity-building is therefore important to ensure the effectiveness of domestic legal frameworks. The EU could play a role in supporting capacity-building in the ESA countries, by providing financial support or technical expertise.

2. Undertake legal reforms to protect women in the workplace and ensure women's economic empowerment.

The proposed article calls for each Party to “strive to ensure that its relevant law and policies provide for, and encourage equal rights, treatment and opportunities”. While legal and policy frameworks on gender already exist in the five ESA countries, these frameworks contain gaps that limit the realisation of women's rights and the protection afforded to women in the workplace. The baseline has identified gaps in the ratification of international conventions. Comoros, Madagascar, Seychelles, and Zimbabwe could ratify two of the key ILO conventions on gender equality: Workers with Family Responsibilities Convention (No. 156) and Maternity Protection Convention (No. 183).

There are also key areas where gaps in national legislation can be addressed. For example, in ESA countries where female informal employment is high (Comoros, Madagascar, Mauritius, and Zimbabwe), social protection could be extended to women in informal employment. Madagascar and Seychelles could enact legislation guaranteeing the rights of women and men to equal pay for equal work or work of equal value. Zimbabwe could adopt legislation prohibiting discrimination based on sex or gender in the labour market. Seychelles and Zimbabwe could enact legislation prohibiting sexual and other forms of harassment in all workplaces. In addition, where relevant, the ESA5 could eliminate discriminatory laws that create barriers to women's economic empowerment (e.g., laws that restrict women's legal capacity to sign a contract, register a business, or open a bank account). They could undertake legislative and administrative reforms to give women equal rights with men to economic resources, including access to ownership and control over land and other forms of property, credit, and inheritance. For example, in Comoros, women lack inheritance rights and cannot get a job in the same way as a man.⁸¹ Discriminatory laws may inhibit women's entrepreneurship.

3. Promote women's economic empowerment and women's participation in economic decision making.

One important way to promote women's economic empowerment and women's participation in economic decision making is to improve girls and women's education. The ESA5 could address the

⁸¹ UN Women, *Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges* (2020); Union des Comores, *Politique Nationale d'Équité et d'Égalité de Genre* (September 2007).

gender stereotypes and structural barriers that may deter girls from enrolling in traditionally male-dominated fields of study and take the necessary measures, including scholarships and other incentives, to encourage them to choose fields, such as science, technology, engineering, and mathematics. The ESA5 should also take measures to ensure the effective retention of girls in the school system and to eliminate absenteeism and school drop-out. Such measures should build on actions to improve girls and women education outlined in ESA5's national gender policy documents (e.g., adoption of a National Plan for Girls Education in Comoros).

To support women's economic empowerment, the ESA countries could organise capacity-building activities targeting women entrepreneurs and establish programmes to improve women's access to credit and capital. The EU could play an important role in supporting these capacity-building activities. Moreover, the ESA5 could adopt gender-sensitive public and private sector procurement policies and practices, as those can expand resources and markets available to women as workers and entrepreneurs while advancing gender equality and help ensure compliance with labour laws and standards in the workplace. Gender imbalance in economic decision making remains an important challenge for all ESA countries. This is demonstrated by women's underrepresentation in senior-level positions and corporate boards. The ESA countries could address the structural barriers that prevent women from participating in economic decision making. They could lead by example by appointing women to positions in relevant governmental bodies (e.g., ministries of finance and trade, national economic commissions).

4. Strengthen gender mainstreaming in economic and development cooperation activities.

The proposed article calls on the Parties to work bilaterally and to "strengthen cooperation on trade-related aspects of gender equality policies and measures..." **The EU could strengthen support for gender equality in its economic and development cooperation activities with the ESA countries.** It could do so both by providing support to projects that aim to improve gender equality (e.g., capacity-building) and by ensuring gender mainstreaming in development cooperation activities.

Cooperation activities could provide support so that women can benefit from the trade and other areas of the EPA. Cooperation activities could support governments in implementing gender policies. One area would be to support the collection and use of sex-disaggregated data and gender statistics on gender in trade policies and all aspects of women's economic empowerment.

One avenue for strengthening gender mainstreaming is to ensure that CSR initiatives in ESA countries address gender. For example, CSR policies could encourage companies to sign, support, and implement the Women's Empowerment Principles established by UN Global Compact and UN Women.⁸²

5. Ensure that monitoring of EPA implementation tracks progress on gender equality.

The proposed Article highlights the importance of monitoring and assessing trade impacts on gender equality. This implies that implementation of the Article would involve a monitoring mechanism – perhaps a committee or forum – to gather information on and review the implementation of the EPA's commitments related to gender and, more generally, progress towards gender equality.

3.4.4 Potential impacts

The initial impacts of the proposed article are likely to be seen in the development of the legal and policy frameworks in ESA countries, including the ratification of international conventions. If domestic resources and EU cooperation are provided for the implementation of these conventions, further steps will include institutional strengthening and improved programmes to support women's economic opportunities.

⁸² See <https://www.weps.org/>

The actions for the implementation of the article, for example via the types of measures referred to above, are likely to have significant impacts on gender equality and also on economic and human development.⁸³ Overall, they could improve wage equality, women's participation in the workforce, and women's conditions of work. They could also help reduce poverty, guarantee the realisation of economic and social rights (e.g., the right to food or health), and decrease gender-based violence.

These results may take some time. For example, rules for wage equality and better conditions for women's work may need awareness raising and enforcement actions to be fully implemented in formal employment. Ensuring gender equality in informal employment may be more difficult. Private sector actions, for example via CSR initiatives, will affect only part of the workforce. Improvement in girls' education and women's participation in the workforce may take longer to be visible.

Results are thus likely to be seen over a longer time scale, such as 10 years. Moreover, the extent of change is likely to vary across countries: the baseline shows that conditions vary significantly across the ESA countries.

The economic costs of implementing the proposed measures should be limited. While the enforcement of existing and new legislation and the implementation of programmes to promote gender equality and women's economic empowerment require resources, such can be partly mitigated by potential financial support from the EU through economic development cooperation activities. Furthermore, in the long-term, women's economic empowerment, through better education and economic opportunities, is likely to increase economic development and national GDPs.

3.5 Promotion of responsible supply chain management

3.5.1 Overview of the measure

Under draft *Article X.9 on Trade and Responsible Supply Chain Management*, the Parties 'recognise the importance of' responsible management of supply chains through RBC and CSR practices and the role of trade in pursuing this objective. In light of this objective, the EU and the ESA countries shall promote CSR and RBC and support the 'adherence, implementation, follow-up and dissemination of relevant CSR/RBC instruments'. Article X.9 highlights international sector-specific guidelines in the area of CSR/RBC and calls for the Parties to undertake joint work in this regard. In particular, the draft text calls for the Parties to 'implement measures to promote the uptake' of the OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas and its supplements. In addition, the Parties shall promote trade and investment in goods and services beneficial to the environment or that contribute to better social conditions (fair and ethical trade schemes and eco-labels are cited as examples). Finally, the EU and the ESA countries shall work together to strengthen cooperation at bilateral, regional, and international levels, including through exchange of information, best practices and outreach initiatives.

3.5.2 Baseline

Measures taken by the Parties.

To improve the impact of business activities on people, environment and natural resources including fisheries, some ESA countries have taken legislative measures and voluntary initiatives and tools on CSR/RBC. However, to date, those initiatives have been limited, demonstrating that CSR/RBC remain far from being a priority for most ESA governments.

While ESA countries have legal and policy frameworks for working conditions, labour rights, gender equality, human rights and environmental protection, the extent and implementation of these frameworks vary

⁸³ UN Women, 'Women's Economic Empowerment in the Indian Ocean Rim. Progress and Challenges' (2020).

significantly (see the separate Annex to this report for further details on national legal and policy developments). Two ESA countries, Mauritius and Seychelles, have also enacted laws that require businesses to make a financial contribution to CSR projects. Every company registered in Mauritius must set up a CSR fund to which it contributes the equivalent of 2% of its taxable income each year. Money from this fund is then distributed to charitable projects. Similarly, businesses with an annual turnover of more than SCR 1 million must pay a CSR tax, which is distributed by the Ministry of Finances to NGOs. Mauritius also has urban development schemes in place (Property Development Scheme and Smart City Scheme) that require foreign and domestic investors acquiring or developing real estate to contribute to funds to support local social projects.⁸⁴ In addition, the National Code of Corporate Governance for Mauritius (2016) requires certain companies to apply and explain how they apply the Corporate Governance Principles.⁸⁵

ESA countries have taken some further measures. In the fisheries sector, for example, Madagascar and Seychelles have aligned their fishing code or strategic plan on fishing with the FAO Code of Conduct for Responsible Fisheries; Madagascar and Mauritius have adopted the Rome Declaration on the Implementation of the Code of Conduct for Responsible Fisheries. Similarly, Madagascar and Seychelles⁸⁶ are members of the Extractive Industry Transparency Initiatives (EITI). Based on the information available, however, none of the ESA States has engaged with the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO Tripartite Declaration) and the UN Guiding Principles on Business and Human Rights (UNGPs), even though such instruments recommend specific actions that governments could take. Consequently, none of the ESA States has developed a National Action Plan (NAP) under the UNGPs or has received visits from the UN Working Group on Business and Human Rights, though Mauritius has committed to prepare a NAP.⁸⁷

The EU has endorsed or is engaged in a number of voluntary initiatives on CSR/RBC. For example, it has been a supporter of the EITI since 2016. It also endorsed the UNGPs and asked the Member States to develop national action plans. The EU has also adopted a number of legislative instruments to support CSR/RBC. For example, the Accounting Directive⁸⁸ provides that large companies involved in mining or logging must publish details of payments they make to governments. This obligation is closely linked to the principle of transparency at the heart of the EITI. Adopted in 2017, the EU Conflict Mineral Regulation⁸⁹ requires EU importers of certain minerals to comply with due diligence obligations, in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. The EC has recently announced that it will introduce legislation imposing mandatory due diligence on companies in environmental, social, and human rights matters in 2021.⁹⁰ This obligation could potentially apply to the supply chain of companies, whether in the EU or abroad.

Appendix IV provides an overview of current CSR/RBC initiatives identified for the five ESA countries and the EU.

⁸⁴ See *Economic Development Board Mauritius*, available at <https://www.edbmauritius.org/info-centre/live-mauritius>

⁸⁵ *The National Code of Corporate Governance for Mauritius (2016)*, available at https://nccq.mu/sites/default/files/2021-01/the-national-code-of-corporate-governance-for-mauritius_2016.pdf

⁸⁶ *Seychelles does not currently commercially produce oil, gas or minerals, although international companies are exploring for petroleum offshore. A commercially viable discovery could have a significant impact on a country with a population of around 90,000 and an economy dominated by tourism and fisheries. See EITI, 'Seychelles', available at <https://eiti.org/seychelles>*

⁸⁷ *Government initiatives were not identified for Comoros, though business CSR initiatives have been taken: see Appendix IV for details.*

⁸⁸ *Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.*

⁸⁹ *Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.*

⁹⁰ *For further information on this topic, see: Smit L. et al, Study on due diligence requirements through the supply chain (BIICL, Civic Consulting and LSE for the EC), January 2020. Available at: <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>*

Business initiatives in the ESA5

Based on a review of UN and other sources, a number of businesses in the ESA5 have adopted voluntary initiatives to improve their impact on workers, local communities, and the environment. However, the number of CSR-RBC initiatives appear to be limited.⁹¹ Furthermore, they do not necessarily fall within the framework of recognised international or regional instruments. In addition, it is unclear whether such initiatives are effective and have a real positive impact, or can even prevent negative impacts, on people and the environment.

Several CSR/RBC initiatives have been identified in the agricultural sector in Madagascar (e.g., vanilla),⁹² Mauritius (e.g., sugar),⁹³ and Zimbabwe (e.g., tobacco).⁹⁴ There have also been several CSR/RBC initiatives in the fisheries sector in Madagascar, Mauritius, and Seychelles,⁹⁵ in the textile sector in Madagascar and Mauritius,⁹⁶ and in the mining sector in Madagascar and Zimbabwe.⁹⁷ Many business actors participate in the UN Global Compact, ranging from none for Comoros, 3 for Seychelles, 4 for Madagascar, 12 for Zimbabwe, and 25 for Mauritius.⁹⁸

The overview of voluntary business initiatives indicates that the uptake of CSR/RBC varies across the ESA countries. A US government report illustrates some of these differences.⁹⁹ In Madagascar, CSR/RBC has not been a priority for the business community. However, large companies in various sectors have proactively engaged in sustainability reporting and support to local communities. Companies with foreign investors, particularly from western countries, seem to be moving gradually to international standards through their participation in voluntary certification schemes. However, in one case, a mining company with a CSR/RBC policy hid pollution resulting from its activities, in violation of Malagasy law. In Seychelles, society has a high level of CSR, but this is generally regarded as a function of government. In Zimbabwe, the private sector developed the National Corporate Governance Code of Zimbabwe (ZimCode), which is a framework designed to guide Zimbabwean companies on RBC. However, there is no information on how many businesses are implementing the ZimCode.

3.5.3 Key elements for implementation

The effective implementation of the Article on *Trade and Responsible Supply Chain Management* proposed for the deepening of the EPA would need to address the key gaps identified in the baseline. The steps needed would vary across the five ESA countries (and the EU), as shown in the summary of the baseline. Moreover, measures should consider the role of CSR/RBC in addressing the impacts of the COVID-19 pandemic on labour markets in the ESA5, such as significant disruptions in supply chains, job losses, and increased worker

⁹¹ There is a lack of data on the number of businesses that are implementing CSR/RBC initiatives.

⁹² See the implementation of 10-year CSR project by Livelihoods Fund for Family Farming, available at <https://livelihoods.eu/making-madagascars-green-gold-tasty-again/>

⁹³ See CSR statement of Mauritius Sugar Industry, available at <http://www.mauritiussugar.mu/index.php/en/CSR/csr.html>; sustainability reporting by Terra, available at <https://www.terra.co.mu/investors/#sustainability-reports>

⁹⁴ See CSR programmes by Aqua Tobacco Zimbabwe, available at <http://atz.co.zw/corporate-social-responsibility/>

⁹⁵ See environmental and social programmes implemented by Unima in Madagascar, available at http://www.unima.com/page_dev.php; Control Union UK (2020), 'Marine Stewardship Council Public Comment Draft Report: CFTO Indian Ocean Purse Seine Skipjack fishery on behalf of Compagnie Française du Thon Océanique S.A.S. (CFTO), November 2020, https://fisheries.msc.org/en/fisheries/cfto-indian-ocean-purse-seine-skipjack-fishery/@assessment-documentsets?documentset_name=Public+comment+draft+report&assessment_id=FA-02323&phase_name=Public+Comment+Draft+Report&start_date=2019-12-10&title=Initial+assessment+v2.1

⁹⁶ Epsilon, 'CSR', available at <https://www.epsilon-mada.com/>; Compagnie Mauricienne de de Textile Ltée, 'Corporate Social Responsibility', available at <http://www.cmt.mu/>

⁹⁷ Zimplats, 'Sustainability', available at <https://www.zimplats.com/sustainability/>; sustainability reports by Ambatovy in Madagascar, available at <http://www.ambatovy.com/ambatovy-html/docs/index.php.html>

⁹⁸ UN Global Compact, 'Participation', available at <https://www.unglobalcompact.org/interactive>

⁹⁹ US Government, 'Investment Climate Report' (2019).

vulnerability in sectors most affected by COVID-19-related restrictions.¹⁰⁰ To varying degrees, steps for implementation are likely to be needed in the following areas:

1. Establish and strengthen legal and policy frameworks.

To promote CSR/RBC, the proposed Article calls on the Parties to provide 'supportive policy frameworks that encourage the uptake of relevant practices by businesses'. As mentioned above, Mauritius and Seychelles have adopted legal instruments that promote CSR. Nonetheless, all ESA countries, including these two, can strengthen their legal and policy frameworks for CSR and RBC.

To provide supportive policy frameworks that encourage the uptake of relevant practices by businesses, the ESA countries could start by mapping their existing policies and regulations in order to identify gaps in their frameworks for CSR/RBC. This mapping could identify options to enact laws and policies that promote business actions to improve respect for human and labour rights and the environment. The ESA countries could, for example, require companies, and in particular large enterprises, to publicly report on their social and environmental performances and on their actions to ensure and go beyond compliance with labour standards in their operations and through their supply chains. The ESA countries could also oblige businesses to conduct due diligence. Furthermore, legislation could impose respect for sustainability criteria as a condition for receiving state aid. Moreover, the ESA5 could ensure that new laws do not constrain business respect for human rights and social and environmental matters.

In parallel, countries could improve enforcement of existing and future laws in relevant areas, such as environmental protection, labour, human rights and gender equality (please see the previous sections on related provisions of the draft TSD Chapter). It will be valuable that environmental, labour, gender and human rights legislation supports CSR/RBC; and that the promotion of CSR/RBC is not seen as a substitute for legal action in these spheres. Moreover, ESA countries could lead by example when acting as an economic actor (e.g., through public procurement requirements and also by calling on state-owned enterprises to lead on CSR/RBC).

This section focuses on ESA countries. The EU has established a legal and policy framework that encourages, and to some extent requires, businesses to engage in CSR/RBC. Nonetheless, the EU's approach to CSR/RBC remains incomplete, and further action to address gaps could strengthen CSR/RBC both domestically and globally. The EU is currently in the process of adopting a legal instrument imposing a due diligence obligation on its businesses in environmental, labour, and human rights matters. It could ensure that this due diligence obligation applies throughout value chains, including to business operations in third countries.

2. Support the uptake of general and sector-specific instruments on CSR/RBC by businesses.

The draft Article X.9 provides that Parties 'support the adherence, implementation, follow-up and dissemination' of relevant CSR/RBC instruments. In particular, it cites the following instruments: the OECD Guidelines for Multinational Enterprises (MNEs), the ILO Tripartite Declaration, the UN Global Compact and the UNGPs.

The ESA5 could officially endorse relevant international instruments on CSR/RBC, in particular those set out in the draft text. These instruments include actions and principles addressed to governments. For example,

¹⁰⁰ See ILO, 'ILO Monitor : COVID-19 and the world of work. Seventh edition' (2021), available at https://www.ilo.org/wcmsp5/groups/public/---dqreports/---dcomm/documents/briefingnote/wcms_767028.pdf

the ESA countries should develop and adopt national action plans on business and human rights founded on the UNGPs, including through due diligence processes.¹⁰¹

The proposed Article also calls on Parties to ‘promote joint work’ regarding international sector-specific guidelines in the area of CSR/RBC, such as measures to promote the uptake of the OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas and its supplements. Actions to promote the uptake of sector-specific CSR/RBC instruments could focus on the most important sectors for EU/ESA trade and investment, including agriculture, fisheries and textiles alongside mining. The ESA5, with the support of the EU, could develop sectoral baseline studies for each of the priority sectors to identify challenges and opportunities. The OECD has developed other sectorial instruments, such as the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and the OECD-FAO Guidance for Responsible Agricultural Supply Chains. The ESA5 and the EU could support CSR/RBC initiatives in the ESA5 with the recommendations of the various OECD guidelines.

3. Promote trade and investment in sustainable goods and services.

Article X.9 provides that the Parties should ‘promote trade and investment in goods and services beneficial to the environment or contributing to enhanced social conditions’ (e.g., fair and ethical trade schemes; eco-labels). To implement this provision, the ESA5 and the EU could provide financial incentives for companies to sign up to existing certification or labelling schemes that are in active use in the EU, particularly in sectors that are important for trade between the EU and the ESA5 (e.g., Marine Stewardship Council and Aquaculture Stewardship Council certifications in the fisheries sector). In particular, support could target small and medium-sized enterprises.

4. Strengthen cooperation on CSR/RBC.

The proposed Article calls on the EU and the ESA countries to ‘work together to strengthen their cooperation on trade-related aspects of CSR/RBC bilaterally, regionally and in international fora’ through information exchange, best practices, and outreach initiatives. Cooperation activities could include capacity-building of public institutions, potentially in areas such as policy reform and legislation, enforcement, or cooperation with the private sector.

ESA governments and the EU could also develop awareness-raising and capacity-building campaigns for business. Such campaigns could be organised in partnership with domestic employers’ associations, sector-specific business associations, with major EU investors and trading companies, and with the CSR/RBC networks, such as those for the UN Global Compact. The work could include support services to companies preparing or implementing CSR/RBC instruments, such as training sessions and regional workshops for information exchange, along with materials and tools adapted to the ESA5 context. EU development cooperation could be a key driver for this work.

3.5.4 Potential impacts

The proposed measures to implement draft Article X.9 would have short-term and long-term impacts. In the short-term, better enforcement of existing laws on environmental protection and employment, and the adoption of new legislation and regulation promoting CSR/RBC, would lead to a comprehensive, consistent, and effective regulatory framework on responsible business; and better monitoring of businesses’ compliance with existing obligations.

In the long-term, they would lead to an improvement in business respect for environmental and labour obligations and a reduction in the number of cases of pollution and violations of labour rights. Measures to

¹⁰¹ UN Working Group on Business and Human Rights, ‘Guidance on National Action Plans on Business and Human Rights’ (2016).

support the adherence, implementation, follow-up and dissemination of relevant CSR/RBC instruments, including sectoral ones, would lead, in the short-term, to an increase in the number of individual business initiatives and to a better alignment and coherence between these initiatives, particularly from a sectoral perspective. Similarly, the development of awareness-raising and capacity-building campaigns for businesses could increase the number of businesses that are aware and implement CSR/RBC initiatives in their operations. In the long-term, these measures would lead to improved environmental, social, and human rights performance of businesses. Promoting trade and investment in goods and services environmentally friendly or contributing to enhanced social conditions would increase the number of goods and services produced sustainably. **Overall, improving CSR/RBC practices could lead to better working conditions for employees and better living conditions for communities surrounding business operations.**

The implementation of CSR/RBC obligations and/or voluntary initiatives would have economic costs for the ESA States (e.g., monitoring and enforcement of new legislation) and businesses (e.g., increased resources invested to meet obligations and/or align with international multi-stakeholders initiatives). However, such costs should be balanced by the economic benefits derived from the implementation of CSR/RBC practices by States (e.g., the sustainability-oriented investment environment attracts companies with better environmental and social track-records) and businesses (e.g., better access to certification; improved access to markets of higher-value goods such as fair trade). Furthermore, development cooperation activities involving the EU can help support the economic costs of CSR/RBC policies. Nonetheless, it will be important to monitor the results, also at the company level, to ensure that CSR/RBC policies indeed bring improvements in environmental, social and gender conditions.

3.6 Greater transparency and greater civil society participation

This section focuses on the draft provisions promoting greater transparency and greater civil society participation. The two topics are strongly interlinked in the TSD Chapter, so they are analysed together; moreover, actions for greater transparency and participation can play a key role in supporting the other provisions of the TSD Chapter.

3.6.1 Overview of the potential provisions

The EU's draft for the TSD Chapter calls on each Party (draft *Article X.11*), to 'ensure that it develops, enacts and implements transparently' both environment and labour measures that could affect trade and investment as well as trade and investment measures that could affect the environment or labour conditions. Parties should do so 'ensuring awareness and providing reasonable opportunities for interested persons and stakeholders to submit views'.¹⁰² This Article is linked to the (draft) Transparency Chapter of the EPA, which includes provisions about the publication of general measures and access to judicial and administrative procedures. Moreover, draft *Article X.11bis* highlights the importance of 'reviewing, monitoring and assessing the impact of the implementation of this Agreement on sustainable development'.

Provisions on **civil society participation** are included under *Article X.12* of the current draft of the EPA TSD Chapter, which refers to the governance structure for the agreements, and in particular to the establishment of a body on Trade and Sustainable Development, to facilitate, *monitor and review the implementation* of the Chapter, implement the Dispute Settlement Mechanism designed (in draft *Article X.13*), and contribute to the work of the Trade Committee on issues covered by the Chapter, amongst which is included the discussion of relevant topics with the domestic civil society mechanisms to be put in place. In addition, the draft for the TSD Chapter refers to domestic civil society mechanisms (*Article X.15(8)*).

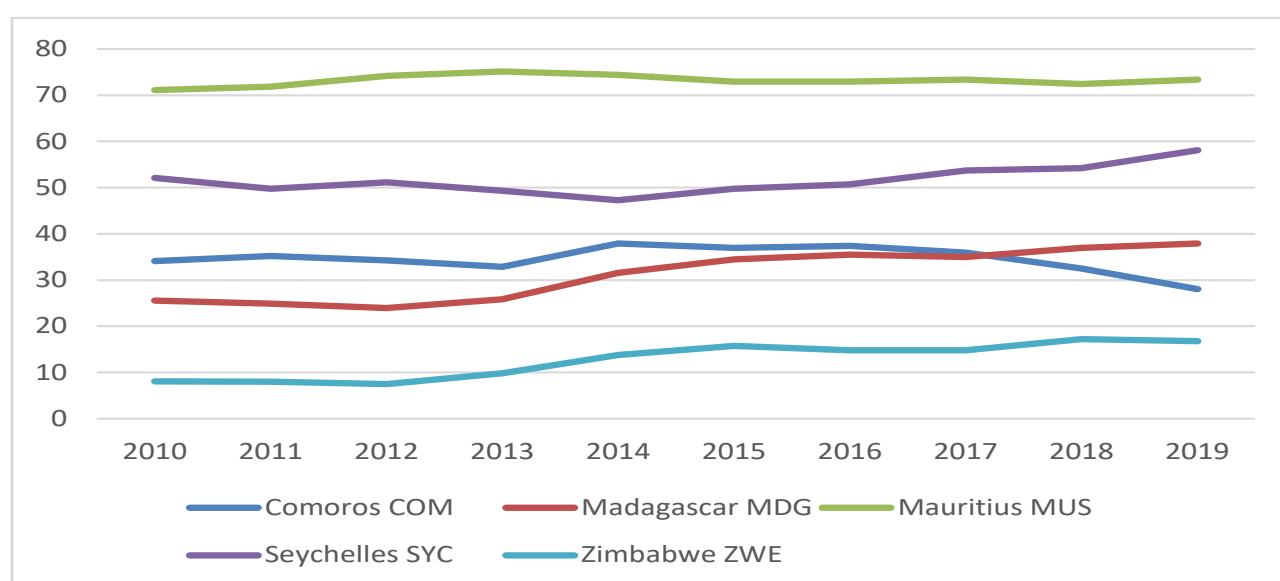
¹⁰² Art. X.11 of the current draft for the TSD Chapter

Such provisions are similar to those included in recent EU EPAs and FTAs (e.g., Cariforum,¹⁰³ Vietnam,¹⁰⁴ Australia and New Zealand,¹⁰⁵ Mercosur);¹⁰⁶ those agreements, however, refer to civil society participation in Domestic Advisory Group (DAGs), which should have a balanced representation of business organisations, trade unions and environmental and other civil society organisations. The reference to domestic mechanisms in Article X.12 could include such Groups, but this detail is not provided in the TSD Chapter.

3.6.2 Baseline

The effectiveness of transparency and civil society participation rests on the presence of a well-developed civil society, where organisations representing different interests and instances of citizens and businesses are rooted in the economic and social tissue of the countries involved and participate in the policy process.

Figure 3: Evolution of Voice and Accountability indicator for ESA5 countries, 2010-2019



Source: elaboration from World Bank data

According to the *Voice and Accountability* component of the Worldwide Governance Index elaborated by the World Bank,¹⁰⁷ the extent to which the citizens of the five ESA countries can participate in selecting their government, the freedom of expression, the freedom of association, and the freedom of the media have improved since 2010, albeit with large variations across countries. Indeed, the rankings of four out of the five ESA countries (Madagascar, Mauritius, Seychelles, and Zimbabwe) have progressed, which demonstrates that efforts have been made to increase transparency and foster civil society participation. Only Comoros, have seen their ranking slightly dropping between 2010 and 2019.

Mauritius counts many civil society organisations. The Mauritius Council of Social Service is the national umbrella organisation for all civil society organisations in the country. NGOs on the Council are mainly those dealing with human rights, HIV/AIDS, the promotion of women's rights, and the rights of the LGBT community, but there are also many NGOs dealing with environmental questions. However, most of the organisations active in the country are formed based on the demands and needs of the time, which can lead to a lack of

¹⁰³ See: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean>

¹⁰⁴ See: <https://ec.europa.eu/trade/policy/countries-and-regions/countries/vietnam/>

¹⁰⁵ See: <https://ec.europa.eu/trade/policy/countries-and-regions/countries/australia/>

¹⁰⁶ See: <https://ec.europa.eu/trade/policy/in-focus/eu-mercosur-association-agreement/>

¹⁰⁷ The Voice and Accountability component of the WBI captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. The Worldwide Governance Indicators, 2020 Update, <http://info.worldbank.org/governance/wgi/>

consistency over time in the interests they represent and defend.¹⁰⁸ Also, the Afrobarometer reveals that most Mauritians are not strongly interested in actively participating in civil society organisations, so that large adherence to organisations is very rare, even when the cause they champion is widely supported by society.¹⁰⁹ In some areas, civil society organisations are often consulted by the government, but their impact is limited in other policy areas. For instance, they are usually consulted for the budget and they are recognised to play a key role in the improvement of social conditions in Mauritius (e.g., fighting against social inequality and poverty), and trade unions have been recently also been regaining some strength, having been fragmented and marginalised in the past.¹¹⁰

In Madagascar, Zimbabwe, Seychelles and Comoros various civil society organisations and social movements have emerged over the last years, even if their actions are limited in terms of impact. In **Madagascar**, many associations and NGOs exist on paper and new organisations continue to be created since several initiatives have contributed to a more present civil society, but they suffer from a lack of coordination and collaboration between the different groups in competition for limited resources.¹¹¹ In **Zimbabwe**, various civil society organisations and social movements have emerged over the last years. Initially, the civil society organisations sector was small, but it has developed since independence in 1980 when deteriorating economic conditions opened a space in the public arena for civil society organisations promoting democracy, human rights and fighting for political change. Overall, the attitude of the government toward these organisations and movements has been hostile, especially towards civil society organisations demanding accountability or transparency and those active in the fight for rights. On the contrary, organisations, which work on issues less “political” (e.g., gender equality or trade justice), have found that their inputs to policy issues are often welcome.¹¹² In **Seychelles**, the Citizens Engagement Platform Seychelles, which is the national umbrella organisation for civil society, counts many organisations and focuses on the violation of human rights. On the other hand, civil society engagement concerning the policymaking and legislative processes remains limited.¹¹³ In **Comoros**, civil society organizations have emerged in different sectors, such as education, health, the environment, water, and gender and human rights. Nevertheless, even if civil society organisations are often involved in designing legislative processes, there is no institutionalized dialogue with the State.¹¹⁴

The difficulties of civil society organisations and transparent implementation of measures in ESA5 countries are also indirectly reported by the Corruption Perceptions Index, which, among others, captures elements such as the existence of adequate laws on financial disclosure, conflict of interest prevention and access to information and the legal protection for whistleblowers, journalists and investigators. The recent report shows that Sub-Saharan Africa (among which the ESA5 countries) is the lowest performing region on the CPI, albeit with large differences among the countries.¹¹⁵ Seychelles consistently earns top marks in the region, with a notable improvement (+12 positions) since 2012, Mauritius also ranks pretty high (52 over 180 countries), despite a worsening of the situation since 2012, while Madagascar and Zimbabwe rank among the worst performing countries (149/180 and 157/180), with very limited improvements over time (Madagascar lost 7 positions in the rank since 2012). **The existing civil society organisations of the ESA countries do not**

¹⁰⁸ Bertelsmann Stiftung, ‘BTI 2020 Country Report — Mauritius. Gütersloh: Bertelsmann Stiftung’, 2020, https://www.bti-project.org/content/en/downloads/reports/country_report_2020_MUS.pdf

¹⁰⁹ Afrobarometer, 2018, ‘Role of citizen: Mauritians value national identity but limit civic engagement’, afrobarometer.org/sites/default/files/publications/Dispatches/ab_r7_dispatchno197_identity_and_freedom_in_mauritius.pdf

¹¹⁰ Bertelsmann Stiftung, ‘BTI 2020 Country Report — Mauritius. Gütersloh: Bertelsmann Stiftung’, 2020, https://www.bti-project.org/content/en/downloads/reports/country_report_2020_MUS.pdf

¹¹¹ Bertelsmann Stiftung, ‘BTI 2020 Country Report — Madagascar. Gütersloh: Bertelsmann Stiftung’, 2020, https://www.bti-project.org/content/en/downloads/reports/country_report_2020_MDG.pdf

¹¹² Bertelsmann Stiftung, ‘BTI 2020 Country Report — Zimbabwe. Gütersloh: Bertelsmann Stiftung’, 2020, https://www.bti-project.org/content/en/downloads/reports/country_report_2020_ZWE.pdf

¹¹³ <https://www.opengovpartnership.org/members/seychelles/commitments/SYC0001/>

¹¹⁴ World Bank, 2019, ‘Towards a More United and Prosperous Union of Comoros: Systematic Country Diagnostic. World Bank’, Washington, DC.

¹¹⁵ Transparency International, 2020, *Corruption Perception Index 2020*, available at: <https://www.transparency.org/en/publications/corruption-perceptions-index-2020>

seem to be deeply involved in the negotiation process of the EPA. Indeed, the stakeholder interviews conducted thus far for this project have shown that, in general, the civil society respondents from ESA countries did not know about the EPA. For instance, in Comoros, among those interviewed only civil servants directly involved in negotiations had a high understanding of the EPA.¹¹⁶ Indeed, most of the civil society organisations interviewed reported a low level of awareness of the interim EPA. Low levels of awareness were also recorded from respondents from Madagascar, Seychelles, and Comoros; higher levels of awareness were recorded, however, from civil society organisations in Mauritius and Zimbabwe.

Nonetheless, there have been calls for stronger better participation of civil society. At the 16th Regional Seminar of the African-Caribbean-Pacific (ACP)-EU economic and social interest groups (organised by the European Economic and Social Council), held in Namibia in 2018, one of the points discussed concerned how should civil society organisations could be better involved in the implementation, monitoring and evaluation of the interim EPA.¹¹⁷ The 17th Regional Seminar also discussed ‘a greater role for civil society in trade relations and regional integration’.

3.6.3 Key elements for implementation

Most of the issues about transparency and civil society participation relate to the uneven and fragmented presence of civil society organisations and their participation in the policy process in the ESA5 countries, which are then likely to transfer to the EPA. In addition, as the provisions on transparency and civil society participation in the draft TSD Chapter with the ESA5 countries are similar to those in many recent EPAs and FTAs, it is possible to draw lessons from the initial implementation of such agreements and the issues encountered so far.

Based on the analysis of the baseline, the draft TSD Chapter and available literature on recent EU FTAs and EPAs, the following elements for the implementation of the transparency and civil society participation would appear important to ensure the effectiveness of measures included in the draft TSD Chapter.

As noted above, the draft Article calls for the creation of a body on Trade and Sustainable Development. This will require a clear description of the role and functions of the civil society mechanism within the EPA, including minimum requirements for the implementation of the overall EPA civil society mechanism (e.g., participation and number of meetings per year) as well as the corresponding domestic mechanisms. Effective implementation should involve:

- Clear guidelines on how to ensure a transparent selection of the participating organisations.
- Selection mechanism to ensure a balanced representation of the different social groups (trade unions, business representative organisations, NGOs) that cover key sectors relevant for the Agreement (potentially varying across countries but including, e.g., agriculture, textiles, mining, fisheries, tourism).
- Representation of vulnerable and disadvantaged groups, and non-organised sections of society (such as informal workers, migrant workers and minorities), which could be otherwise neglected.
- Mechanisms to monitor the selection process as well as verify the representativeness of the organisations selected, which could change over time as the structure of the countries’ society changes.

With regard to transparency, here too, clear guidelines can support the implementation of the Agreement, including on:

¹¹⁶ LSE, ‘Economic Partnership Agreement EU-Comoros evaluation: report of interviews with key stakeholders in the Comoros’.

- Ensuring a transparent communication of provisions related to the trade agreement (e.g., publication requirements concerning time and media to be used).
- Publishing relevant documents (e.g., on human rights, health, the environment, sustainable development and procurement).

3.6.4 Potential impacts

The (effective) implementation of transparency measures in the context of EPAs and FTAs is expected to impact positively the overall awareness about the agreement, and negotiation process, and thus the legitimacy of the provisions. In turn, this is expected to facilitate its implementation and monitoring.

¹¹⁸ With regard to civil society debates, the requests for transparency include not only the right to be informed about the process of negotiation and the final text of the treaty but also the right to be consulted on the issues being negotiated, especially when they relate to human rights, health, the environment, sustainable development and procurement.

In this sense, the 'new generation' of FTAs signed by the EU in recent years has tried to include mechanisms to ensure greater transparency and civil society participation, to increase their legitimacy and acceptance, and facilitate their implementation and monitoring, in the short to medium-term.

In turn, more effective implementation and monitoring are expected to support the achievement of the objectives of the trade agreements, and thus support (in the long-term) greater economic growth, structural economic change and economic renewal, poverty reduction and social development, enhanced Human Rights and environmental protection.

4. Recommendations to consider for the TSD Chapter and possible accompanying measures.

4.1 Objectives and approach

This section draws on the results of the detailed assessment to identify recommendations for the negotiating Parties to consider. These recommendations cover two main areas. First, section 4.2 provides suggestions for additional elements to be considered in the negotiating text. Second, the draft negotiating text calls for EU cooperation and the analysis of key steps for implementation that identified specific cooperation actions that could be carried out: these actions are summarised in section 4.3.

4.2 Additional elements for consideration in the negotiating text

The draft text for the TSD Chapter addresses a range of sustainability issues, addressing specific details in its articles. The assessment of key provisions for the TSD Chapter has identified several areas where further elements could strengthen the negotiation text.

4.2.1 Reinforcing environmental provisions

In terms of coverage of the SDGs, it could be useful to include marine pollution (SDG 14.1) in the text of Article X.8 on marine biological resources. Additionally, the wording in Article X.5 concerning cooperation on promotion of low-carbon technologies in the context of fighting climate change could be strengthened to

¹¹⁸: Ljiljana Biukovic, 'Transparency Norms, the World Trade System and Free Trade Agreements: The Case of CETA', (2012), 39, *Legal Issues of Economic Integration*, Issue 1, pp. 93-107, <https://kluwerlawonline.com/journalarticle/Legal+Issues+of+Economic+Integration/39.1/LEIE2012006>

highlight the transfer of technology from EU to ESA5 countries on favourable terms, bringing it more in line with SDG 17.7: 'Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed'.¹¹⁹

Reinforced provisions for monitoring the application of the TSD chapter could have a genuine impact on the ability of the EPA to act as a positive force for the protection of the environment and natural resources in the countries concerned. This could be done by making provision for the scheduling of regular round-table discussions dedicated to specific topics, such as climate, biodiversity, etc., as suggested in Section 4.2.4 below. For this to function, it would be valuable to define key indicators, to be regularly reviewed by the monitoring committees in order to assess the implementation of MEAs. Current wording on better implementation of MEAs is vague and difficult to assess and cannot therefore seriously safeguard environmental concerns.

Another means of encouraging the implementation of the environmental provisions in the TSD Chapter could be to include a provision for the development of country action plans with specific steps and potentially with environmental targets (this could also be valuable for other articles in the TSD Chapter). Progress in the implementation of the action plan could then be followed by the TSD Monitoring Committee. Commitment in the TSD Chapter to a regular, independent ex-post sustainability assessment could further strengthen monitoring.

In order to compensate for relative weaknesses in civil society in some ESA5 countries, the inclusion of the phrasing regarding access to 'environmental justice' could strengthen the ability of civil society to effectively advocate for the environment when necessary in potential disputes regarding trade and the environment.

4.2.2 Reinforcing social, gender and human rights provisions

Regarding **labour issues**, the EPA could specifically mention certain topics that are of key concern. In this sense, Article X.3 could explicitly refer to the ratification of the ILO governance conventions, as some have not yet been ratified (see section 3.3.3). In addition, Article X.3 could specifically mention the goal of eliminating the worst forms of child labour as a priority, including hazardous work in the context of child labour. Furthermore, Article X.3 could specifically mention the attention to vulnerable groups such as migrants and temporary workers. Article X. 3. could also specify that multilateral labour standards and agreements apply equally in export processing zones, including monitoring of their application by independent observers.

For **gender equality**, the EPA could strengthen the provision on women's economic empowerment (Article X.10(5)) by referring to actions to ensure participation of women in political and economic decision making, in line with the UN CEDAW. The text could also call for Parties to take measures to address the specific situation of women working in vulnerable conditions or women workers in a vulnerable position (such as women migrant workers, women in the informal economy, trafficked women and rural women). It could refer, for example, to ratification and implementation of the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. One gap can be mentioned concerning the terms used in the draft text. Many articles of the proposed TSD Chapter refer to both trade and investment; however, the proposed article on gender equality refers only to trade. It would be valuable to clarify that the Chapter covers all areas of the economic partnership.

Concerning **human rights**, while the TSD Chapter refers to a range of international agreements, it may be useful to also cite those that explicitly address this sphere: for example, the Cotonou Agreement, which

¹¹⁹ UN Sustainable Development Goals, <https://sdgs.un.org/goals/goal17>

however at the time of this writing is under renegotiation. In this context, given the ongoing Covid-19 pandemic, it may be useful to explicitly refer to the right to health as well as the SDG on health in the text of the Chapter.

4.2.3 *Strengthening links to CSR/RBC*

The provisions to promote CSR and RBC could play an important role in achieving sustainability objectives in ESA countries. This text could be strengthened by calling for both progress on national CSR/RBC frameworks and also on related legal and policy frameworks for environmental protection, labour rights and working conditions, gender equality and human rights: it should be clear that corporate actions can build on rather than substitute for legal and policy development.

The implementation and results of CSR and RBC actions could moreover be considered in monitoring work and civil society mechanisms.

4.2.4 *Strengthening transparency, participation and monitoring*

For **transparency, participation and monitoring**, the draft text refers to domestic civil society mechanisms; further detail could be provided on these mechanisms, similar to or even going beyond the text of other recent EU Agreements. For example, mechanisms for participation, both at national and regional levels, could include issue-specific round tables (e.g., on climate, gender and CSR/RBC, among others) that bring together key stakeholders to discuss results and issues on specific topics, referring also to the need for regular meetings. Furthermore, the text could refer to transparent and clear selection procedures for the selection of civil society (and other) organisations participating in civil society mechanisms and a balanced representation of interests and regional representativeness. Mechanisms such as joint governance guidelines for all domestic advisory groups could be considered, such as those proposed for the EU - Central America Association Agreement.¹²⁰ The text could be and include an explicit request to consult the private sector and civil society before negotiation and inform them of progress post negotiation. Furthermore, transparency and participation could be reinforced by including local communities in the consultation process, and eliciting inputs from the private sector (see also section 4.2.3).

As many of the provisions of the EPA would require implementation efforts in the countries, which often prove problematic. During the validation process, it could be considered to test the acceptance of the reforms mentioned with the ESA5 delegations, also in view to better define the key priorities in the short and medium-term.

The detailed assessments in section 3 highlight the importance of monitoring to support implementation and to follow the achievement of sustainability objectives. The text of the TSD Chapter could provide further details on monitoring mechanisms, for example by potentially calling for regular monitoring reviews at both the national level and across ESA countries to increase the public accountability of the Parties. Monitoring could draw on reports and analyses by international organisations, such as the ILO on labour issues and UN Women on gender equality.

To enhance the role of civil society, a pathway could be identified for civil society to bring major issues to the attention of the dispute resolution mechanisms. This would support a multi-faced approach to the oversight of the TSD provisions, linking participation and monitoring to dispute settlement.

4.3 **Avenues for EU development cooperation**

The draft text for the TSD Chapter calls on the Parties to strengthen their cooperation across environmental, natural resources protection, sustainable fisheries and agriculture, labour, gender and human rights issues. EU development cooperation provides an important avenue; moreover, development cooperation can play a

¹²⁰ See: [https://www.europarl.europa.eu/ReqData/etudes/STUD/2018/621852/EPRS_STU\(2018\)621852_EN.pdf](https://www.europarl.europa.eu/ReqData/etudes/STUD/2018/621852/EPRS_STU(2018)621852_EN.pdf)

key role in strengthening government, business and civil society capacities in ESA countries, which in turn will provide a necessary basis for achieving sustainability objectives.

The table below provides an overview of key areas where EU development cooperation can support the future Agreement. This table identifies key areas for action, and it is not intended to be exhaustive. Moreover, the ESA countries vary greatly in terms of national conditions and economic and human development, and cooperation actions will have to be tailored to national contexts.

Table 4: Key areas for EU development cooperation¹²¹

Issue	Possible cooperation actions
Trade and environment	<ul style="list-style-type: none"> ▪ Capacity building to strengthen: <ul style="list-style-type: none"> ○ awareness and enforcement of CITES rules, reducing illegal wildlife trade ○ domestic environmental legislation ○ government structures for environmental protection ○ approaches to support the needs of rural communities and promote more sustainable natural resource use ▪ Support for investments, including for renewable energy and energy efficiency
Multilateral labour standards	<ul style="list-style-type: none"> ▪ Capacity building to strengthen: <ul style="list-style-type: none"> ○ labour inspectorates ○ trade unions and other workers' representatives ○ occupational safety and health in enterprises
Promotion of gender equality	<ul style="list-style-type: none"> ▪ Support for women's groups in ESA countries ▪ Support for women in leadership positions, including entrepreneurs
Responsible supply chain management	<ul style="list-style-type: none"> ▪ Strengthening government capacity to develop CSR/RBC legislation and policies; ▪ Strengthening business capacity to put in place CSR/RBC policies through their supply chains ▪ Promotion of sustainability labelling for export products
Transparency, participation and monitoring	<ul style="list-style-type: none"> ▪ Strengthening civil society capacity in ESA countries for participation and monitoring of trade impacts ▪ Supporting regular, structured monitoring exercises of actions related to the TSD Chapter and of trade and investment impacts on sustainability

Source: Own compilation

In addition to these links to EU development cooperation, it will be valuable to ensure synergies with Member State development cooperation programmes and with the activities of other donors and of international organisations, including ILO and UN agencies.

5. Conclusions

The provisions of the TSD Chapter can, if the EU and ESA countries undertake a range of actions for their implementation, lead to a broad range of results in terms of environmental, social, gender and human rights conditions. These results can be summarised in terms of the UN sustainable development goals.¹²² Appendix

¹²¹ Please note that this list of key areas does not include sustainable fisheries and aquaculture. These are detailed in the case study on marine fisheries,

¹²² See <https://sdqs.un.org/goals>

VI provides an overview of the provisions in the proposed TSD Chapter and their potential effects on the SDGs. Based on that analysis, the TSD Chapter is likely to have stronger results in terms of the following SDGs (presented using their commonly used short titles):

- SDG5 on gender equality
- SDG7 on affordable and clean energy
- SDG8 on decent work and economic growth
- SDG10 on reduced inequalities
- SDG12 on responsible consumption and production
- SDG13 on climate action
- SDG14 on life below water
- SDG15 on life on land
- SDG17 on partnerships for the goals

Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 5: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ¹²³	1,370	523	11,099	17,448	1,464
Surface area (km ²) ¹²⁴	1,861	587,295	2,040	460	390,760
Total Population (2019) ¹²⁵	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ¹²⁶	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ¹²⁷	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ¹²⁸	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ¹²⁹	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ¹³⁰	39.2	32.9	55.6	48.4	33.1

Sources: ILO, Notre Dame University, UNDP, World Bank, Yale (see footnotes)

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in terms of economic, environmental, social and human rights conditions.

Comoros is a small lower-middle income island economy, with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded and its islands are prone to natural disasters and vulnerable to climate change impacts. Comoros faces challenges providing adequate drinking water and sanitation.

¹²³ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

¹²⁴ Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

¹²⁵ Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

¹²⁶ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: <http://hdr.undp.org/en/data>

¹²⁷ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comoros, 2013 for Madagascar. World Bank data from <https://sdg-tracker.org/no-poverty#targets>

¹²⁸ Employment of female population, 15+. ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹²⁹ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

¹³⁰ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, with rights to health, food, education and housing is limited. Biodiversity is severely degraded and deforestation is a major challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with a comparatively high level human development,¹³¹ including a high literacy level,¹³² and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle income, landlocked country whose economy, social conditions and environment have suffered from political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

¹³¹ Central Bank of Seychelles, *Annual Report 2018*, available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

¹³² World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World', available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Appendix II. Screening of provisions for the TSD Chapter

Table 6: Screening of potential provisions for the deepening of the EPA and their impacts

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
Environmental provisions					
Multilateral environmental governance and agreements (including ratification and effective implementation of MEAs)	All economic sectors	Improved environmental governance, including in areas of MEAs such as waste trade and chemicals management as well as fisheries (see also below for biodiversity and climate).	Implementation of MEAs can have a positive impact on society and health, and thus on the right to an adequate standard of living.	Implementation of MEAs could lead to more sustainable economic practices and possible diversification of production. Potentially, this could lead to better working conditions and wages, and positively affect standards of living. Adjustment may entail costs	Major
Trade and climate change (including a shared commitment to implement MEAs on climate, including the Paris Agreement)	All economic sectors, and in particular the energy sector	Reduction in ESA GHG emissions compared to the baseline via cooperation, including EU development cooperation and private sector partnerships: better deployment of energy efficiency and low-emission technology; stronger national implementation of MEAs. Improved climate change adaptation (leading to lower economic, social and environmental risks) in ESA	Employment opportunities potentially created through the development of renewable energy. Necessary adoption of new agricultural techniques that integrate climate resilience Increased adoption of climate adaptation measures and policies may prevent negative social and human rights	Transition to use and production of renewable energy would require adaptation (and costs), and the development of adequate infrastructures and knowledge transfer. In turn, this could trigger economic growth and better employment conditions (and request for more skilled workers). Sustainable practices in agriculture, industry (especially	Major

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
		countries, including via development cooperation.	impacts linked to climate change. Such measures are highly relevant to prevent the exacerbation of poverty in ESA countries particularly affected by climate change (e.g., Madagascar, Comoros).	energy) and service sectors could support more stable economic growth and help reducing poverty.	
Trade and biological diversity (including ratification and implementation of MEAs on biodiversity)	All economic sectors. Potentially stronger impacts for primary activities (agriculture, fisheries, forestry, mining)	Improved biodiversity, including via strengthened national legal frameworks and institutions, supporting the reinforced implementation of MEAs, and aided by EU development cooperation. Full compliance with targets for coverage of areas with protected status could lead to slowing or reversing deforestation and improved capacity for CO ₂ sequestration.	Implementation of MEAs on biodiversity may decrease poverty by improving the supply of, and access to, natural resources needed for the livelihood of local communities. In turn, this may have a positive impact on the right to an adequate standard of living.	Implementation of MEAs on biodiversity could lead to more sustainable agricultural practices and possible diversification of production. In turn, this can reduce the dependency on a few agricultural products, and support economic diversification. Potentially, this could lead to better working conditions and wages, and positively affect standards of living. Adjustment may entail costs)	Major
Trade and forests (including promotion of sustainable forest management and combatting illegal trade in forest products)	Forestry, agriculture, and energy	Improved biodiversity and forest health, including via strengthened national legal frameworks and institutions and EU-ESA FLEGT agreements,	This provision may have social and human rights effects, for example supporting communities in forest areas. Greater enforcement of forest management could also force	Initial adverse impact on local subsistence farmers practicing slash and burn agriculture, who would require accompanying measures to support the transition.	Minor

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
		<p>supported by EU development cooperation.</p> <p>Slowing and potentially reversing deforestation and forest degradation.</p>	<p>change in agricultural techniques, particularly for subsistence farmers practicing slash and burn agriculture, and therefore influence their food supply.</p> <p>Greater coverage of protected areas could reduce the ability of rural households to use wood for household energy</p> <p>Sustainably managed forests and reduced illegal trade in forest products are likely to support the realisation of the right to food and decrease poverty.</p>	<p>In the longer term, better forest management could reinforce the development of sustainable agricultural practices.</p> <p>An indirect impact could be a greater demand for forms of energy other than wood in those countries where wood is used by rural citizens as the principal energy source.</p>	
The right of each Party to set its levels of domestic environmental protection, though these should be consistent with international treaties; weakening is discouraged	All economic sectors	This provision would allow Parties to set their levels of environmental protection, including increasing these levels without harm. The provision discourages but does not prevent Parties from reducing levels of environmental protection. The impact is not considered to be major, as MEAs will set minimum standards.	No potential social or human rights impacts identified.	Major impacts not expected	Minor

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
Use of the precautionary principle in addressing environmental risks	All economic sectors	Lower environmental risks due to ESA and EU policies based on the precautionary principle. This provision, like the one above, would allow Parties to set their levels of environmental protection. The impact is not expected to be major, as work to implement MEAs will be the main challenge.	The application of the precautionary principle may avoid potential negative impacts on the right to health and the right to a clean environment, though impacts are likely to be minor.	Impacts are expected to be minor.	Minor
Social, labour, gender and human rights provisions					
Multilateral Labour Standards and Agreements	All economic sectors	Improved monitoring of the sustainability of enterprises could contribute to identifying practices that have a negative environmental impact.	All five ESA countries already ratified all fundamental ILO Conventions, though concluding ratification of other ILO Conventions – e.g., governance conventions and Labour Inspections (Agriculture) Convention (No.129, 1969) and Employment Policy (No.122, 1964 ¹³³) – will strengthen labour rights. The effective implementation of ILO standards and agreements could lead to major improvements across	Changes in the production process and labour costs (likely to increase to absorb the new and enhanced requirements), possible change in the composition of the workforce (lower incidence of child and youth labour), possible changes in the weight of sectors in the economy	Major

¹³³ This Convention obliges Member States to adopt an active policy to promote full, productive and freely chosen employment. Implementing this Convention may range from promoting job creation and improving job quality to more neoliberal approaches of improving workability of the population (e.g., skills acquisition, literacy education, vocational training) (MacNaughton, G., Frey, D., 2018, *Economic and Social Rights in a Neoliberal World*, Cambridge University Press).

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
			economic sectors, especially regarding child labour, discrimination, violence and sexual harassment at the workplace, in-work poverty, OSH management, labour inspections and informal employment.		
Reduction of the level of standards, waivers or sustained or recurring actions or inactions (derogating from labour law or its enforcement) to encourage trade or investment are not allowed.	All economic sectors		This provision reinforces the previous one, and the impacts are identified there.	Same as above	Minor
Gender equality: affirming and promoting women's rights and gender equality	All economic sectors, in particular, agriculture and textile	<p>Women play a significant role in nature conservation in some countries.</p> <p>Improved environmental outcomes in sectors where women are strongly represented.</p>	Gender inequality and discrimination are significant issues in most ESA countries. Women are more likely to be affected by poverty. This provision is likely to have a significant positive impact on women's rights, gender equality, and poverty reduction in all ESA countries.	<p>Likely increase of women's share in paid employment, likely increases in job creation (and employment) for women, likely reduction of gender pay-gap.</p> <p>However, such possible effects can be sector-specific and can result in shifts in the workforce composition within industries, with men moving towards export-oriented (better paid jobs), and women remaining in subsistence jobs.</p>	Major

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
Cross-cutting measures					
Trade and Responsible Supply Chain Management	All economic sectors, and in particular agriculture, textile, mining, and fisheries.	<p>Implementation of CSR and RBC by enterprises (e.g., of the Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, etc) – and where relevant, supported by new legislation and policies – can lead to more environmentally-conscious actions, including ESA enterprises EU investors in ESA countries.</p> <p>These actions could improve the environmental footprints of companies and reduce negative environmental impacts as well as improve natural resources management in fisheries, forestry and other sectorsf.</p> <p>Promotion of ecolabels and fair-trade labels (potentially supported by EU development cooperation and private sector partnerships) such as MSC could lead to more sustainable use of natural resources.</p>	<p>CSR/RBC and BHR initiatives by ESA and EU enterprises can prevent negative social and human rights impacts and may contribute to the realisation of human rights, in particular labour rights and the right to an adequate standard of living.</p> <p>It could prevent negative social and human rights impacts of companies operating and investing in ESA countries, or trading with ESA countries.</p> <p>Fair-trade labelled products could help to provide better working conditions for producers and offer an additional level of monitoring that human rights are respected.</p>	<p>While the design and implementation of CSR, RBC and BHR initiatives may lead to extra costs for companies and lower short-term profits, such initiatives have the potential for higher returns in the future and lower reputational risks.</p> <p>CSR, RBC and BHR laws and policies adopted by ESA countries may improve legal certainty and attract high quality investors.</p> <p>CSR, RBC and BHR initiatives could lead to more sustainable paths of economic growth, less dependent on only a few industries.</p> <p>Promotion of trade in sustainable products could support economic growth in ESA countries, as the market for fair trade products is expanding in the EU, and potentially support SMEs.</p>	Major
Civil society participation	All economic sectors	Improved capacity of civil society to monitor general and trade-related environmental impacts in ESA5 would lead to	Improved capacity of civil society to monitor general and trade-related social and human rights impacts in ESA5	As an indirect impact, in combination with other provisions, this could lead to a better implementation of	Major

Provision	Main economic sectors that could be affected	Possible environmental impacts	Possible social, gender and human rights impacts	Possible economic impacts	Potential importance
		better implementation and monitoring of laws on protected areas and species and sustainable practices in economic activity, with the result of better outcomes for biodiversity and reducing environmental degradation	could lead to improvements in these spheres.	sustainable practices, supporting sustainable patterns for economic growth.	
Transparency	All economic sectors	Transparency together with participation provisions could support better monitoring of implementation of environmental standards, including protection of terrestrial and marine habitats, with positive effects on the protection of biodiversity and prevention of environmental degradation. Improved governance and better implementation of environmental standards may also result.	Improved transparency together with participation could support better governance and better implementation of social and human rights.	Indirectly, transparency can lead to better knowledge, implementation and monitoring of environmental, social, gender and human rights provisions, and thus to a better implementation of sustainable practices, supporting sustainable patterns for economic growth.	Major
Dispute settlement mechanism (DSM)	All economic sectors Limited use so far The TSD chapter emphasises the setting-up of institutional structures and monitoring practices rather than the enforcement mechanisms.	The DSM could support the sustainable management of natural resources in areas of low carbon development, forestry, fisheries, biodiversity, including fighting illegal harvesting practices – when transparency and participation are problematic.	The DSM would support the promotion of ILO and other international standards and agreements, and thus potentially strengthening social, gender and human rights conditions.	Indirect impact ² : the setting-up of institutional structures and monitoring practices could lead to a more favourable business environment, more sustainable economic growth and increased regional integration	Minor

Source: own compilation

Appendix III. Ratification of international conventions

The following tables provide an overview of the ESA countries' ratification of key international conventions. (Please note that these tables have also been provided an annex to the evaluation report.)

Table 7: Main multilateral agreements and international conventions on social, gender and human rights policy in ESA5 countries

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Labour Rights Conventions	ILO member since 23/10/1978	ILO member since 01/11/1960	ILO member since 05/05/1969	ILO member since 25/04/1977	ILO member since 06/06/1980
Fundamental Conventions					
Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)	23/10/1978	01/11/1960	01/04/2005	06/02/1978	09/04/2003
Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)	23/10/1978	03/06/1998	02/12/1969	04/10/1999	27/08/1998
Convention concerning Forced or Compulsory Labour, No 29 (1930)	23/10/1978	01/11/1960	02/12/1969	06/02/1978	27/08/1998
Protocol to the Forced Labour Convention, No 29 (2014)	/	11/06/2019	/	/	22/05/2019
Convention concerning the Abolition of Forced Labour, No 105 (1957)	23/10/1978	06/06/2007	02/12/1969	06/02/1978	27/08/1998
Convention concerning Minimum Age for Admission to Employment, No 138 (1973)	14/03/2004	31/05/2000	30/07/1990	07/03/2000	06/06/2000
Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)	14/03/2004	04/10/2001	08/06/2000	28/09/1999	11/12/2000
Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)	23/10/1978	10/08/1962	18/12/2002	23/11/1999	14/12/1989
Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)	14/03/2004	11/08/1961	18/12/2002	23/11/1999	23/06/1999

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Governance Conventions					
Convention concerning Labour Inspection Convention, No 81 (1947)	23/10/1978	21/12/1971	02/12/1969	28/10/2005	16/09/1993
Protocol of 1995 to Convention No 81	/	/	/	/	/
Convention concerning Employment Policy Convention, No 122 (1964)	23/10/1978	21/11/1966	/	/	/
Convention concerning Labour Inspection (Agriculture), No 129 (1969)	/	21/12/1971	/	/	16/09/1993
Convention concerning Tripartite Consultation (International Labour Standards), No 144 (1976)	06/06/2014	22/04/1997	14/06/1994	28/10/2005	14/12/1989
UN Human Rights Conventions	UN Member since 12/11/1975	UN Member since 20/09/1960	UN Member since 24/04/1968	UN Member since 21/09/1976	UN Member since 25/08/1980
Convention on the Prevention and Punishment of the Crime of Genocide (1948)	27/09/2004	/	08/07/2019	05/05/1992	13/05/1991
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	27/09/2004	07/02/1969	30/05/1972	07/03/1978	13/05/1991
International Covenant on Civil and Political Rights (1966)	Signed only (25/09/2008)	21/06/1971	12/12/1973	05/05/1992	13/05/1991
International Covenant on Economic Social and Cultural Rights (1966)	Signed only (25/09/2008)	22/09/1971	12/12/1973	05/05/1992	13/05/1991
Convention on the Elimination of All Forms of Discrimination Against Women (1979)	31/10/1994	17/03/1989	9/07/1984	05/05/1992	13/05/1991
Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	25/05/2017	13/12/2005	09/12/1992	05/05/1992	/
Convention on the Rights of the Child (1989)	22/06/1993	19/03/1991	26/07/1990	07/09/1990	08/03/1990
ICRMW International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990)	Signed only (22/09/2000)	13/05/2015	/	15/12/1994	/

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (2002)	/	21/09/2017	21/06/2005	/	/
Convention on the Rights of Persons with Disabilities (2006)	16/06/2016	12/06/2015	08/01/2010	02/10/2009	23/09/2013
International Convention for the Protection of All Persons from Enforced Disappearance (2006)	Signed only (06/02/2007)	Signed only (06/02/2007)	/	18/01/2017	/

Source: United Nations, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>; International Labour Organisation, 2020, Normlex database: <https://www.ilo.org/dyn/normlex/en/f?p=1000:12001::NO>

Note: / neither ratified nor signed

Table 8: Ratification (or accession) of key international conventions on environment, including oceans and climate change

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Biodiversity					
Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)	21/02/1995	18/11/1975	27/07/1975	09/05/1977	17/08/1981
Lusaka Agreement on Co-operative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora (1994)	/	/	/	/	/
Convention on Biological Diversity (1992)	29/09/1994	04/03/1996	04/09/1992	22/09/1992	11/11/1994
Cartagena Protocol on Biosafety (2000)	25/03/2009	24/11/2003	11/04/2002	13/05/2004	25/02/2005
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity (2010)	28/05/2013	03/07/2014	17/12/2012	20/04/2012	01/09/2017
Desertification					
UN Convention on Desertification (1994)	03/03/1998	25/06/1997	23/01/1996	26/06/1997	23/09/1997
Oceans and Fisheries					
International Convention for the Prevention of Pollution from Ships (MARPOL) (1973)	22/02/2001	30/11/2005	06/07/1995	28/02/1991	/

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (1972)	/	/	/	28/11/1984	/
International Convention on Oil Pollution Preparedness, Response and Co-operation (1990)	05/04/2000	20/08/2002	02/03/1999	13/05/1995	/
United Nations Convention on the Law of the Sea (1982)	21/06/1994	22/08/2001	04/11/1994	16/09/1991	24/02/1993
Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (1995)	/	/	25/03/1997	20/03/1998	/
FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas (1993)	/	26/10/1994 (acceptance)	27/03/2003 (acceptance)	07/04/2000 (acceptance)	/
Agreement for the Establishment of the Indian Ocean Tuna Commission (1993)	14/08/2001	10/01/1996	27/12/1994	26/07/1995	/
Southern Indian Ocean Fisheries Agreement (2006)	Sign. only 07/07/2006	Sign. only 04/10/2006	10/12/2010	05/11/2007	/
FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) fishing (2009)	/	27/03/2017 (accession)	31/08/2015 (accession)	19/06/2013 (accession)	/
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009)	/	/	/	/	/
Waste and chemicals					
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)	31/10/1994	02/06/1999	24/11/1992	11/05/1993	01/03/2012
Amendment to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal [Ban amendments] (1995)	/	/	09/11/2004	15/07/2015	/
Basel Protocol on Liability and Compensation for Damage Resulting from Transboundary Movements of Hazardous Wastes and their Disposal (1999)	/	/	/	/	/

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Amendments to Annexes II, VIII and IX to the Basel Convention [Plastic waste amendments] (2019)	24/03/2020	24/03/2020	24/03/2020	24/03/2020	24/03/2020
Bamako Convention on the Ban on the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa (1991)	18/03/2004	Sign. only (17/03/2004)	29/10/1992	/	10/07/1992
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998)	/	22/09/2004	05/08/2005	Sign. only (11/09/1998)	01/03/2012
Stockholm Convention on Persistent Organic Pollutants (2001)	23/02/2007	18/11/2005	13/07/2004	03/06/2008	01/03/2012
Minamata Convention on Mercury (2013)	23/07/2019	13/05/2015	21/09/2017	13/01/2015	29/12/2020
Water					
Convention on the Law of the Non-navigational Uses of International Watercourses (1997)	n.a.	n.a.	n.a.	n.a.	/
Climate change and ozone layer					
Vienna Convention for the Protection of the Ozone Layer (1985)	31/10/1994	07/11/1996	18/08/1992	06/01/1993	03/11/1992
Montreal Protocol on Substances that Deplete the Ozone Layer (1987)	31/10/1994	07/09/1996	18/08/1992	06/01/1993	03/11/1992
Kigali Amendment to the Montreal Protocol (2016)	16/11/2017	/	1/10/2019	20/08/2019	/
The United Nations Framework Convention on Climate Change (1992)	31/10/1994	02/06/1999	04/09/1992	22/09/1992	03/11/1992
Kyoto Protocol to the United Nations (1997)	10/04/2008	24/09/2003	09/05/2001	22/07/2002	30/06/2009
Paris Agreement on Climate Change (2015)	23/11/2016	21/09/2016	22/04/2016	29/04/2016	07/08/2017

Source: United Nations, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>

Notes: / neither ratified nor signed

n.a. not applicable

Sign. only signature only (not ratified)

Comoros, Madagascar, Mauritius and Seychelles are also members of the Southwest Indian Ocean Fisheries Commission (SWIOFC), which “promotes the application of the provisions of the FAO Code of Conduct on Responsible Fisheries, including the precautionary approach and the ecosystem approach to fisheries management”¹³⁴. This Commission was established by Resolution 1/127 of the FAO Council, following a request in June 1999 by the former members of the Committee for the Development and Management of Fisheries Resources in the South-West Indian Ocean. Comoros, Madagascar, Mauritius and Seychelles were all part of that Committee.

FAO’s initiative on the Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels is a tool to address illegal, unreported and unregulated fishing (IUU) initiative¹³⁵. The first Record was released in April 2017 following a pilot project involving 11 countries including Comoros, Mauritius and Seychelles (launched in December 2016). Seychelles is the only ESA country to have provided data regarding vessel details and ports¹³⁶

¹³⁴ FAO (2019) ‘Regional Fishery Bodies Summary Descriptions: Southwest Indian Ocean Fisheries Commission (SWIOFC)’, available at: <http://www.fao.org/fishery/rfb/swiofc/en>

¹³⁵ Committee on Fisheries (2018) ‘Combating illegal, unreported and unregulated (IUU) fishing’, available at: <http://www.fao.org/3/MX190EN/mx190en.pdf>

¹³⁶ FAO, ‘Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels’: <http://www.fao.org/global-record/tool/extended-search/en/>

Appendix IV. ESA and EU initiatives for CSR and RBC

Table 9: ESA and EU government initiatives on CSR and RBC

Initiatives	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe	EU
FAO Code of Conduct for Responsible Fisheries	No initiative identified	- Adopted Rome Declaration ¹³⁷ - Alignment of the objectives of Madagascar's Fishing and Aquaculture Code with FAO Code of Conduct for Responsible Fisheries (Act n° 2015-053)	- Adopted Rome Declaration	- Alignment of Seychelles Fishing Authority Strategic Plan 2018 – 2020 with FAO Code of Conduct for Responsible Fisheries	No initiative identified	Reference to FAO Code of Conduct for Responsible Fisheries in bilateral fisheries agreements
EITI	No membership	- Member since 2008 - In 2018, Madagascar had achieved “meaningful progress” in implementing the EITI standard.	No membership	- Member since 2014 ¹³⁸ - In 2018, Seychelles had achieved “meaningful progress” in implementing the EITI standard.	No membership	- Supporter since 2016 ¹³⁹ - Accounting Directive: ¹⁴⁰ large companies involved in mining or logging must publish details of payments they make to governments

¹³⁷ Rome Declaration on the Implementation of the Code of Conduct for Responsible Fisheries.

¹³⁸ Seychelles currently has no production in the extractive sector, but international companies have undertaken petroleum exploration activities offshore.

¹³⁹ Countries supporting the EITI (Supporting Countries) are committed to help the EITI through financial, technical, and political support at the international level and in implementing the EITI Standard in resource-rich countries. See https://eiti.org/files/documents/supporting_country_constituency_guidelines_final.pdf

¹⁴⁰ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

Initiatives	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe	EU
ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy	No specific engagement	No specific engagement	No specific engagement	No specific engagement	No specific engagement	Engaged in implementation of ILO Tripartite Declaration
OECD Due Diligence Guidance for Responsible Supply Chains of Minerals	Not adhering	Not adhering However, the Government encourages adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals but has no similar domestic measures requiring supply chain due diligence.	Not adhering	Not adhering	Not adhering	EU Conflict Mineral Regulation: ¹⁴¹ EU importers of certain minerals must meet OECD Due Diligence Guidance standards
OECD Guidelines for MNEs	Not adhering	Not adhering	Not adhering	Not adhering	Not adhering	- Engaged in implementation of OECD Guidelines for MNEs - EC participates in OECD Investment Committee

¹⁴¹ Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

Initiatives	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe	EU
UNGPs	No NAP	No NAP	In the process of developing a NAP or has committed to developing one	No NAP	No NAP	- Endorsed the UNGPs - Called all MS to produce a NAP
Relevant national initiatives on CSR/RBC	No specific measures to encourage CSR or RBC	No specific measures to encourage CSR or RBC	<p>- Every company registered in Mauritius must set up a CSR fund and contribute each year the equivalent of 2% of its taxable income from the previous year.</p> <p>- In 2019, companies were required to remit at least 75% of their CSR funds to tax authorities for the National Social Inclusion Foundation (NSIF). The NSIF must channel the money to NGO projects in the following priority areas: poverty alleviation, educational support, social housing, family protection, people with severe disabilities, and victims of substance abuse.</p> <p>- Mandatory contribution to social funds under Property Development Scheme and Smart City Scheme</p>	<p>- Since 2013, the Seychelles Revenue Commission has been collecting a CSR tax of 0.5 per cent on monthly turnover for businesses with an annual turnover of SCR 1 million or more.</p> <p>- The CSR tax revenues are distributed by the Ministry of Finance to NGOs.</p> <p>- Focus on programs linked to social needs: environment; health and society; community, youth, sports and arts; and drug rehabilitation and substance abuse.</p>	<p>- No specific measures to encourage CSR or RBC</p> <p>- No RBC policies or practices in public procurement.</p> <p>- The former Zimbabwe Mining Revenue Transparency Initiative produced limited results.</p>	<p>- Renewed EU Strategy 2011-2014 for Corporate Social Responsibility</p> <p>- EU Timber Regulation¹⁴²: operators importing timber must have a due diligence system in place</p> <p>- Non-Financial Reporting Directive:¹⁴³ requires certain large companies to disclose relevant non-financial information (environmental matters; social and employee aspects; respect for human</p>

¹⁴² Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market

¹⁴³ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

Initiatives	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe	EU
			- National Code of Corporate Governance for Mauritius (2016)			rights; anti-corruption and bribery issues) - On-going Sustainable Corporate Governance Initiative ¹⁴⁴

Sources: Economic Development Board Mauritius; EITI; EU; FAO; Mauritius NCCG; OECD; OHCHR; UN Global Compact; US Department of State

Table 10: Business initiatives on CSR and RBC in ESA countries

Sector	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
General	- CSR charter to address child labour and labour conditions (OPACO) ¹⁴⁵ - CSR policy (Moroni Terminal) ¹⁴⁶				National Corporate Governance Code of Zimbabwe (ZimCode): ¹⁴⁷ a framework designed to guide Zimbabwean companies on RBC.
Agriculture		Vanilla - Implementation of 10-year CSR project	Sugar		Tobacco

¹⁴⁴ See <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance>

¹⁴⁵ OPACO, 'CHARTRE DE RESPONSABILITE SOCIALE DE L'ENTREPRISE (RSE)', available at: <http://www.ilo.org/ipeinfo/product/download.do?type=document&id=18436>, accessed 26/01/2021

¹⁴⁶ Hazi Comores, '« Nous sommes la première agence d'intérim des Comores »- Kamal Abdallah (HAZI COMORES) – Interview', available at: <https://hazicomores.com/opinion/2019/07/03/interview-du-directeur-g%C3%A9n%C3%A9ral-de-hazi-comores-mr-kamal-abdallah/>, accessed 26/01/2021

¹⁴⁷ The Institute of Directors Zimbabwe and the Zimbabwe Leadership Forum and Standards Association of Zimbabwe Institute partnered in 2009 to develop a national code. See <https://www.carrotsandsticks.net/reporting-instruments/national-code-on-corporate-governance/>

Sector	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
		(Livelihoods Fund for Family Farming) ¹⁴⁸ - Fair trade cooperatives (Vanilla County) ¹⁴⁹	- CSR Statement (Mauritius Sugar Industry) ¹⁵⁰ - Sustainability Report (Terra Foundation) ¹⁵¹		- CSR programmes (Aqua Tobacco Zimbabwe) ¹⁵² Sugar - CSR policies (Starafriacorporation) ¹⁵³ Crops - Tree planting programmes, donations to schools and hospitals (Seed Co) ¹⁵⁴
Fisheries		- Supporting neighbouring communities, environmental programmes (Unima) - Two Aquaculture Stewardship Council (ASC)-certified fisheries	- On-going certification of a fishery by the Marine Stewardship Council (MSC)	- On-going certification of a fishery by the Marine Stewardship Council (MSC)	

¹⁴⁸ Livelihoods Funds, MADAGASCAR: a resilient vanilla supply chain with farmers: <https://livelihoods.eu/portfolio/madagascar-a-resilient-vanilla-supply-chain-with-farmers/>

¹⁴⁹ Vanilla County, CSR – A Sustainable Symbiotic Relationship: <https://vanillacounty.com/gallery/csr>

¹⁵⁰ Mauritius Sugar, CSR statement of the Mauritius Sugar Industry: <http://www.mauritiussugar.mu/index.php/en/CSR/csr.html>

¹⁵¹ Terra Mauricia Ltd, Annual Report 2019: https://www.terra.co.mu/wp-content/uploads/2020/10/annual_report_2019.pdf

¹⁵² Aqua Tobacco Zimbabwe, About the Company: <http://atz.co.zw/about/>

¹⁵³ Starafriacorporation, Social Responsibility: <http://www.starafriacorporation.com/social-responsibility/>

¹⁵⁴ Seed Co, Corporate Social Responsibility: <https://www.seedcogroup.com/zw/about-us/corporate-social-responsibility>

Sector	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Mining		- Sustainability reporting, community investment, land agreements (Rio Tinto) ¹⁵⁵ - Sustainability reporting (Ambatovy) ¹⁵⁶			- CSR initiatives, project donations (Zimplats) ¹⁵⁷
Textiles		- Certification (Akanjo, ¹⁵⁸ Epsilon) ¹⁵⁹	- Certification (Compagnie Mauricienne de Textile Ltée) ¹⁶⁰		
UN Global Compact	No participant	4 business participants	25 business participants	3 business participants	12 business participants

Source: own compilation from different governmental and other sources

¹⁵⁵ PACT Madagascar, Rio Tinto Scholarship's for Education Program: https://www.pact-madagascar.org/?page_id=424

¹⁵⁶ Ambatovy, Compensation: <https://www.ambatovy.com/ambatovy-html/docs/index.html%3Fp=421.html>

¹⁵⁷ Zimplats, Social Investments 2018: <https://www.zimplats.com/social-investments-2018/>

¹⁵⁸ Le Mag, Textiles with Ethical Labelling in Madagascar: <https://lemagcertification.afnor.org/en/textiles-with-ethical-labelling-in-madagascar/>

¹⁵⁹ Epsilon, CSR: <https://www.epsilon-mada.com/en/csr/>

¹⁶⁰ Compagnie Mauricienne de de Textile Ltée, Corporate Social Responsibility: <http://www.cmt.mu/corporate-social-responsibility/>

Appendix V. Overview of the strengths, weaknesses, opportunities and threats of the key provisions

Better implementation of multilateral environmental agreements

The table below provides a brief overview of key potential strengths and weaknesses related to the draft provisions on MEAs, climate and biodiversity in the proposed TSD Chapter.

Table 11: Better implementation of MEAs, climate and biodiversity – potential strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ The majority of key MEAs have been ratified by the ESA countries and key legal and policy actions have been undertaken. 	<ul style="list-style-type: none"> ▪ Insufficient institutional capacity in some ESA countries could limit the ability to implement MEAs effectively
<ul style="list-style-type: none"> ▪ Sharing of technological expertise from the EU can accelerate the development of climate solutions in ESA5 countries 	<ul style="list-style-type: none"> ▪ The text does not explicitly call for monitoring of policy actions or of results related to trade, investment and environment, including climate and biodiversity
<ul style="list-style-type: none"> ▪ The text can lay the basis for strong cooperation on environment and climate, including in areas related to trade and investment. 	

Source: Own compilation

The table below provides a brief overview of external opportunities and threats that could affect the implementation of the draft provisions.

Table 12: Better implementation of MEAs, climate and biodiversity – potential opportunities and threats

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Actions to better implement MEAs can help to improve livelihoods, climate resilience and food security. 	<ul style="list-style-type: none"> ▪ Immediate economic needs could draw attention away from environmental and climate needs
<ul style="list-style-type: none"> ▪ Both the EU and the ESA countries are engaged in international processes such as REDD+ that can reinforce actions under the agreement 	<ul style="list-style-type: none"> ▪ Illegal wildlife trade is stimulated by demand outside of the countries of origin and is maintained by international supply chains, so tackling this requires support and cooperation from other countries and work in international fora.

Source: Own compilation

Multilateral labour standards and agreements

The table below provides a brief overview of key potential strengths and weaknesses related to the draft provisions on multilateral labour standards and agreements in the proposed TSD Chapter.

Table 13: Better implementation of multilateral labour standards and agreements – potential strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ The five ESA countries have already ratified a high number of ILO Conventions ▪ Provisions on gender and CSR/RBC can reinforce this proposed Article. 	<ul style="list-style-type: none"> ▪ Insufficient institutional capacity, for example for labour inspections, could hinder implementation ▪ While ESA countries have developed their legal and policy frameworks, further actions are needed to implement ILO Conventions ▪ The proposed article refers to information exchange on the ratification of ILO Conventions but does not call for information exchange or monitoring for their implementation

Source: Own compilation

The following table provides an overview of possible external opportunities and threats for the provisions.

Table 14: Better implementation of multilateral labour standards and agreements – potential opportunities and threats

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Synergies with work by ILO, other UN agencies and by bilateral development programmes could be strengthened 	<ul style="list-style-type: none"> ▪ Concerns over costs could lead some enterprises to avoid compliance with stronger labour provisions. ▪ Implementation of labour standards in the informal sector may be difficult.

Source: Own compilation

Gender equality

The table below provides a brief overview of key potential strengths and weaknesses related to the draft provisions on gender equality in the proposed TSD Chapter.

Table 15: Promotion of gender equality – potential strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Though the baseline varies, all five ESA governments have already undertaken policy and legal actions on gender equality ▪ ESA countries have made progress in some areas of gender equality, and these provide a basis for further steps. ▪ The UN has a clear framework – including ILO Conventions, CEDAW and the Beijing Declaration and Platform – that is cited in the draft article and that provides a structure for legal and policy work in ESA countries ▪ Actions to address gender equality, including in the workforce and education, can support economic and human development ▪ EU development cooperation has provided support for gender equality, and strengthening this work would provide a mechanism for the Parties, together with civil society, to work on key gender equality issues 	<ul style="list-style-type: none"> ▪ The draft article on gender equality does not specify legal or policy actions to be taken in detail, nor steps to be taken in cases of non-compliance ▪ A clear monitoring mechanism is not set out in the draft article, so progress in implementation may be difficult to track ▪ The draft article does not mention vulnerable categories of women workers (e.g., migrant workers), so potential measures may not be adapted to the reality of the workplace ▪ While other articles of the proposed text refer to both trade and investment, this draft article does not mention investment, which is an important element for deepening the EPA.

Source: Own compilation

The table below provides a brief overview of possible opportunities and threats.

Table 16: Promotion of gender equality – potential opportunities and threats

Opportunities	Threats
<ul style="list-style-type: none"> There are potential synergies with development cooperation from the EU Member States and other donors 	<ul style="list-style-type: none"> Limitations in institutional capacities could slow progress in some ESA countries
<ul style="list-style-type: none"> There are potential synergies with work by multilateral organisations, including ILO as well as work under the Beijing Declaration and Platform 	<ul style="list-style-type: none"> In countries where a large share of women work in the informal sector, it may be difficult to ensure workplace actions for gender equality, such as those on wage equality, are taken
<ul style="list-style-type: none"> The private sector, including external investors, can support gender equality, including via CSR/RBC 	<ul style="list-style-type: none"> It may be difficult to eliminate discriminatory gender stereotypes and attitudes regarding the role of women and girls in society, as a result of the cultural nature of gender discrimination

Source: Own compilation

Responsible supply chain management

The table below provides a brief overview of potential strengths and weaknesses related to the draft provisions on responsible supply chain management in the proposed TSD Chapter.

Table 17: Promotion of responsible supply chain management – potential strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> The Articles refer to UN and OECD work on CSR/RBC: for key sectors in ESA countries, CSR-RBC instruments and guidance are available for companies 	<ul style="list-style-type: none"> Low interest in CSR-RBC on the part of some ESA governments and businesses
	<ul style="list-style-type: none"> Lack of resources to implement CSR-RBC initiatives in ESA SMEs

Source: Own compilation

The table below provides a brief overview of possible opportunities and threats.

Table 18: Promotion of responsible supply chain management – potential opportunities and threats

Opportunities	Threats
<ul style="list-style-type: none"> EU governments and businesses can bring experience and knowledge in CSR-RBC 	<ul style="list-style-type: none"> The increasing number of CSR-RBC instruments can produce CSR-RBC fatigue amongst companies; companies may be lost as to which instruments to choose; potential conflicts amongst CSR-RBC initiatives
<ul style="list-style-type: none"> Partnerships with international organisations (e.g., OECD, UNWG) can support CSR/RBC activities 	

Source: Own compilation

Transparency and civil society participation

The table below provides a brief overview of potential strengths and weaknesses related to the draft provisions on transparency and civil society participation in the proposed TSD Chapter.

Table 19: Greater transparency and greater civil society participation – potential strengths and weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Though at different levels, all ESA5 countries have seen improvements in civil society participation in recent years 	<ul style="list-style-type: none"> ▪ Currently, awareness about the interim EPA and the negotiations for the EPA is very limited,
<ul style="list-style-type: none"> ▪ The need for better participation of civil society had already been highlighted during recent EESC consultations 	<ul style="list-style-type: none"> ▪ There have been calls for greater civil society involvement in EPA negotiations, indicating that this is valuable for support and legitimacy of the agreement
<ul style="list-style-type: none"> ▪ Recent FTAs provide lessons learnt on design and implementation of transparency and civil society participation provisions 	<ul style="list-style-type: none"> ▪ In ESA5 countries many organisations lack coordination and/or compete for limited resources (when they are not openly discouraged from operating by hostile governments) ▪ Civil society organisations in ESA5 can rarely count on a stable environment and support, including the availability of funding

Source: Own compilation

The table below provides a brief overview of possible external opportunities and strengths related to these provisions.

Table 20: Greater transparency and greater civil society participation – potential opportunities and strengths

Opportunities	Threats
<ul style="list-style-type: none"> ▪ There are potential synergies with EU development cooperation programmes and initiatives 	<ul style="list-style-type: none"> ▪ The general lack of resources (and stable funding sources) for civil society organisations in most of the ESA5 countries pose a threat to the continuity of their work. ▪ External factors (e.g., natural disaster, COVID-19 pandemic) can further reduce the resources and role of civil society organisations in the policy process.
<ul style="list-style-type: none"> ▪ The support to civil society organisations in ESA5 countries could come also from the EU, via development cooperation initiatives. It would be valuable for EU development cooperation to continue supporting civil society in the ESA countries, although this is not explicitly set out in Annex IV of the Agreement (examples have 	<ul style="list-style-type: none"> ▪ Political instability in some ESA5 countries can delay or hinder progress achieved over time.

Opportunities	Threats
<p>been identified in the evaluation of the interim EPA).</p>	
<ul style="list-style-type: none"> ▪ There are potential synergies with CSR initiatives. The EPA could encourage CSR initiatives that strengthen the role and legitimacy of civil society organisations in the policy process, directly involving them in monitoring the implementation of the EPA. 	
<ul style="list-style-type: none"> ▪ There are potential synergies with work by multilateral organisations, including UN agencies. 	

Source: *Own compilation*

Appendix VI. Overview of potential impacts on the SDGs

Table 21: Potential results of the TSD Chapter in terms of the SDGs

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
1. End poverty in all its forms everywhere	<ul style="list-style-type: none"> ▪ Countries will take urgent action to combat climate change ▪ Parties shall promote through laws and practices decent working conditions for all, with regard to, <i>inter alia</i>, social protection 	<ul style="list-style-type: none"> ▪ Urgent action to build the resilience of those vulnerable to climate change will respond to Target 1.5 on the resilience of poor to climate-related extreme events. ▪ Promotion of social protection responds to Target 1.3 on implementation of nationally appropriate social protection systems. 	+
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> ▪ Countries will effectively implement MEAs (Article X.4) ▪ Countries will take urgent action to combat climate change 	<ul style="list-style-type: none"> ▪ Effective implementation of the CBD Nagoya Protocol ensures benefit sharing of natural resources, which (if implemented in ways to support local people) can help small-scale food producers to have access to land. ▪ Urgent action to combat climate change includes climate adaptation techniques in agriculture, which will help to improve food security. 	+
3. Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> ▪ Countries will effectively implement MEAs (Article X.4) ▪ Parties shall take measures to promote CSR and RBC and support their uptake throughout global supply chains (Article X.9). 	<ul style="list-style-type: none"> ▪ Full implementation of MEAs targeting the reduction of hazardous chemicals and in use of fossil fuels should contribute to Target 3.9 of reducing health impacts from hazardous chemicals and air, water and soil pollution. ▪ Examples of existing CSR initiatives in ESA5 countries include funding of projects to improve healthcare facilities. 	+
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> ▪ Parties shall take measures to promote CSR and RBC and support their uptake throughout global supply chains (Article X.9). 	<ul style="list-style-type: none"> ▪ Examples of existing CSR initiatives in ESA5 countries include funding of projects to improve education facilities. 	+
5. Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> ▪ Article X.10new on Trade and gender equality ▪ Parties shall effectively implement obligations under international agreements promoting gender equality or 	<ul style="list-style-type: none"> ▪ Introduction of legal and policy frameworks that integrate relevant international agreements on women's rights will 	++

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
	<p>women's rights, including ILO labour standards on elimination of employment discrimination.</p> <ul style="list-style-type: none"> ▪ Parties shall improve domestic laws and policies to promote gender equality ▪ Parties shall strengthen cooperation to ensure that benefits of trade under the EPA can be accessed by women. 	<p>support and further uptake of gender equality and empowerment of women.</p> <ul style="list-style-type: none"> ▪ Ensuring benefit sharing of the trade agreement will work to counter potential economic discrimination and responds to target 5.a of ensuring women have equal rights to economic resources. 	
<p>6. Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> ▪ Countries will effectively implement MEAs ▪ Parties shall take measures to promote CSR and RBC and support their uptake throughout global supply chains (Article X.9). 	<ul style="list-style-type: none"> ▪ Full implementation of MEAs targeting reduction of hazardous chemicals should contribute to Target 6.3 of improving water quality. ▪ Implementation of MEAs reducing deforestation and improving climate resilience will help to respond to Target 6.4 ensuring sustainable supplies of freshwater and 6.6 on protection and restoration of water-related ecosystems. ▪ Examples of existing CSR initiatives in ESA5 countries include funding of projects to improve water and sanitation facilities. 	<p style="text-align: center;">+</p>
<p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> ▪ Article X.5 on trade and climate change ▪ Countries will effectively implement MEAs (Article X.4) ▪ Cooperation in the promotion of renewable energy and low-carbon technologies 	<ul style="list-style-type: none"> ▪ Implementation of the Paris climate agreement will impact the share of clean energy. ▪ Stricter enforcement of protected forest area could be linked to changes in energy use for homes that rely on wood for fuel. ▪ Cooperation in the promotion of renewable energy will help to develop renewable energy sources in ESA5 countries, responding to Target 7.2 of increasing the share of renewable energy in energy mix; Target 7a on enhancing cooperation to facilitate access to clean energy research and technology; and Target 7b on expanding infrastructure and technology for supplying sustainable energy services for small island developing States. 	<p style="text-align: center;">++</p>
<p>8. Promote sustainable, inclusive and sustainable economic growth, full</p>	<ul style="list-style-type: none"> ▪ Trade should be promoted in a way that is conducive to decent work for all (X.3) 	<ul style="list-style-type: none"> ▪ Reinforcement of implementation of core labour standards will respond to Target 8.5 on decent work for all, Target 8.7 on eliminating forced labour and child labour and Target 8.8 on protection of labour rights. 	<p style="text-align: center;">++</p>

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
and productive employment and decent work for all	<ul style="list-style-type: none"> ▪ Four core labour standards should be implemented and promoted: freedom of association, elimination of employment discrimination, forced labour and child labour ▪ Parties should implement the ILO Decent Work Agenda ▪ Parties should promote uptake of OECD Due Diligence Guidance for responsible supply chains of minerals from conflict-affected and high-risk areas ▪ Parties shall promote trade in goods and services beneficial to the environment or contributing to enhanced social conditions 		
9. Build resilient infrastructure, promote inclusive and sustainable Industrialization and foster innovation	<ul style="list-style-type: none"> ▪ Cooperation in the promotion of renewable energy and low-carbon technologies (Article X.5) ▪ Parties shall take measures to promote CSR and RBC and support their uptake (Article X.9) 	<ul style="list-style-type: none"> ▪ The impact of this should be a greater use of sustainable technology in industry, in line with Target 9.4 on adoption of clean and environmentally sound industrial processes. ▪ Promotion of CSR and RBC should encourage more sustainable business practices, responding to Target 9.2 on inclusive and sustainable industrialisation. 	<p style="text-align: center;">+</p>
10. Reduce inequalities within and among countries	<ul style="list-style-type: none"> ▪ Parties shall improve domestic laws and policies to promote gender equality (Article X.10new) ▪ Parties shall promote through laws and practices decent working conditions for all (Article X.3) ▪ Parties shall take measures to promote CSR and RBC and support their uptake (Article X.9) 	<ul style="list-style-type: none"> ▪ Elimination of discriminatory laws and empowerment of all responds to Target 10.2 on social, economic and political inclusion of all and Target 10.3 on equal opportunities for all. ▪ Promotion of decent working conditions for all will help to create reduce inequalities, as in Target 10.4 on adopting wage and social protection policies to achieve greater equality. ▪ Greater uptake of CSR and RBC could help to address employment discrimination. 	<p style="text-align: center;">++</p>
11. Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> ▪ Countries will take urgent action to combat climate change (Article X.5) ▪ Countries will effectively implement MEAs (Article X.4) 	<ul style="list-style-type: none"> ▪ Climate adaptation actions will help to increase the resilience of communities to climate-related disasters, in line with Target 11.5 and 11.b on protecting the vulnerable from disasters, including through climate adaptation. ▪ Better management of waste exports and imports could help to decrease pollution around habitations, as in Target 11.6. 	<p style="text-align: center;">+</p>

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
12. Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ▪ Countries will effectively implement MEAs (Article X.4) ▪ Parties shall take measures to promote CSR and RBC and support their uptake (Article X.9) ▪ Greater cooperation between Parties in sustainable production and consumption (Article X.4) ▪ Parties shall promote trade in goods and services beneficial to the environment or contributing to enhanced social conditions (X.9) 	<ul style="list-style-type: none"> ▪ Implementation of MEAs will assist countries in managing natural resources more sustainably, as in Target 12.2. ▪ Implementation of MEAs regarding hazardous materials and waste should minimise their impact on the environment and human health, responding to Target 12.4. ▪ Promotion of CSR and RBC responds to Target 12.6 on encouraging large and transnational companies to adopt sustainable practices. ▪ Cooperation and technology transfer responds to Target 12.b regarding support for developing countries shift towards more sustainable consumption and production. ▪ Promotion of goods and services beneficial to the environment could encourage reuse of materials in line with Target 12.5 on reduction of waste generation through recycling and reuse. 	<p style="text-align: center;">++</p>
13. Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ▪ Countries will take urgent action to combat climate change (Article X.5) ▪ Countries will effectively implement MEAs (Article X.4) ▪ Removal of obstacles to trade and investment relevant to climate adaptation and mitigation (X.5) ▪ Reduction in ozone depleting substances and hydrofluorocarbons under the Montreal Protocol (X.5) 	<ul style="list-style-type: none"> ▪ Action on climate change, including integration of measures into policies and strategies, responds directly to this SDG. ▪ Effective implementation of MEAs including the Paris Agreement and Montreal Protocol will contribute to reducing countries' impact on the climate. ▪ Removal of obstacles to trade and investment can contribute to raising capacity for effective climate change planning in management in small island developing States, as in Target 13.b 	<p style="text-align: center;">++</p>
14. Conserve and sustainable use the oceans, seas, and marine resources for sustainable development	<ul style="list-style-type: none"> ▪ Countries will effectively implement MEAs (Article X.4) ▪ The Parties recognise the importance of conserving and sustainably managing marine biological resources and marine ecosystems (Article X.8) ▪ Parties confirm need to take action to end illegal, unreported and unregulated fishing (Article X.8) ▪ Parties engage to conserve biodiversity affected by trade (X.6) 	<ul style="list-style-type: none"> ▪ Effective implementation of MEAs, including those related to biodiversity and marine protection, will contribute to conservation of marine life and sustainable use of oceans. ▪ In particular, Target 14.4 on ending overfishing and illegal fishing; Target 14.5 on conservation of coastal and marine areas. 	<p style="text-align: center;">++</p>

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
	<ul style="list-style-type: none"> Parties shall promote trade in goods and services beneficial to the environment or contributing to enhanced social conditions (X.9) 		
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Countries will effectively implement MEAs (Article X.4) Parties engage to conserve biodiversity affected by trade (X.6) Parties shall promote trade in goods and services beneficial to the environment or contributing to enhanced social conditions (X.9) 	<ul style="list-style-type: none"> Implementation of MEAs will contribute to most of the specific targets for this SDG. Specifically, the CBD in particular will contribute to conservation, restoration and sustainable use of a range of ecosystems and services. It will also reduce deforestation and contribute to afforestation. Implementation of MEAs will contribute to halting loss of biodiversity, including by ending poaching and trafficking and the illegal trade in wildlife. Other impacts include increased benefit sharing of genetic resources; fighting invasive alien species; integration of biodiversity concerns into national planning. 	++
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Parties should set up a civil society mechanism. Parties shall act with transparency in trade measures that affect protection of the environment and labour conditions, or vice versa, ensuring awareness and providing reasonable opportunity for stakeholders to submit views 	<ul style="list-style-type: none"> Opportunities for civil society to participate in decision making and access justice corresponds to Target 16.3 on equal access to justice for all and Target 16.7 on inclusive and representative decision-making at all levels. 	+
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<ul style="list-style-type: none"> Cooperation in the promotion of renewable energy and low-carbon technologies (Article X.5) The Parties reaffirm the right of each Party to adopt or maintain measures to further the objectives of MEAs to which it is a party. 	<ul style="list-style-type: none"> Development cooperation on low-carbon technologies would be in line with Target 17.6 on enhanced knowledge sharing; and Target 17.7 on promoting transfer of environmentally-sound technologies to developing countries. 	++

SDG	Examples of provisions (from TSD draft)...	...and their potential effects on the SDGs (from our analysis)	Potential scale of impact
	<ul style="list-style-type: none"> ▪ Parties are encouraged to cooperate on trade-related aspects of labour policies, environment, climate, biodiversity, forests, fisheries and gender equality. 	<ul style="list-style-type: none"> ▪ Reaffirming the right of each Party to establish and implement policies on sustainable development is in line with Target 17.15. ▪ Cooperation on a range of sustainable development-related goals responds to Target 17.9 on international support for capacity of developing countries to implement SDGs. 	

Source: Own compilation

Based on this analysis, the TSD Chapter is likely to have stronger results in terms of the following SDGs (presented using their commonly used short titles):

- SDG5 on gender equality
- SDG7 on affordable and clean energy
- SDG8 on decent work and economic growth
- SDG10 on reduced inequalities
- SDG12 on responsible consumption and production
- SDG13 on climate action
- SDG14 on life below water
- SDG15 on life on land
- SDG17 on partnerships for the goals

**Dispute Avoidance and Settlement
and Institutional Structure**

Thematic Report

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Abbreviations

ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
EU	European Union
ESA5	Five ESA Countries
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
iEPA	Interim Economic Partnership Agreement
ILO	International Labour Organisation
ITC	International Trade Centre
LDC	Least Developed Country
LSE	London School of Economics and Political Science
ORs	EU's Outermost Regions
RoO	Rules of Origin
SME	Small and Medium Size Enterprise
SIA	Sustainability Impact Assessment
TSD	Trade and Sustainable Development
UK	United Kingdom
UN	United Nations

Executive Summary

It would be beneficial for the European Union (EU) and the five Eastern and Southern African (ESA5) countries to agree on clear and effective rules for conflict avoidance and dispute settlement. Only the implementation and effective enforcement of provisions on goods trade, services trade, investment liberalisation, public procurement and the protection of intellectual property would be supportive to economic activity and structural economic change. This would positively impact the state of the rule of law in ESA5 countries, and the overall investment climate respectively.

Clear provisions on dispute avoidance and settlement would safeguard the positive economic impacts from sectoral and other horizontal regulations. Provisions on the domestication of international treaties (set out in the Agreement's chapter on Trade and Sustainable Development) would improve the enforcement of these treaties and increase public awareness of commitments related to the environment as well as human rights, social and gender issues. **Private sector and civil society stakeholders should be consulted during the negotiations. Increased stakeholder participation would raise the awareness of these groups, which could also be invited to join domestic advisory groups on implementation and enforcement after the implementation of the Agreement.** Private sector and civil society participation in advisory groups would have a disciplining effect on future government to maintain or adjust governance structures in a way that makes the enforcement of other commitments more effective, e.g. effective access to legal remedies, if these groups can bring issues to the attention of dispute settlement mechanisms, for example via amicus curiae briefs.

Development cooperation initiatives that focus on institution and capacity building are crucial for the success of the Agreement. Areas for development cooperation should include the training of lawyers on trade and investment liberalisation as well as capacity building for government offices and civil society organisations. Specific trainings on the Economic Partnership Agreement (EPA) should include the interaction of dispute settlement provision and other provisions enshrined in international law and other chapters of the EPA, including or provisions on environment, social and gender conditions and human rights, as referred to in its Trade and Sustainable Development (TSD) Chapter.

Capacity building initiatives should generally focus on provisions which are expected to generate high economic impacts in ESA countries and at the same time known to be challenging because of vested economic interests and positive economy considerations. These include investments in network industries, investment and trade in financial services as well as unreasonable foreign investment requirements and discriminatory joint venture requirements across industries.

1. Introduction

1.1 The study

This report is part of the project to prepare a *Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in the ESA in view of deepening the existing interim EPA*. Under this project, a brief evaluation of the existing interim EPA has been prepared. The study is also developing a series of SIA reports for the deepening of the EPA. In particular, **this report presents an assessment of potential provisions for Dispute Avoidance and Settlement and Institutional Structure**. The report builds on the analysis in the (draft) ex-post evaluation, which included an assessment of economic and environmental, social, gender and human rights impacts of the interim EPA.¹

This thematic report analyses potential economic, social, human rights and environmental impacts of the EU-ESA5 EPA deepening negotiations. The assessment of this report lays a focus on the following topics:

- Dispute Avoidance and Settlement
- Institutional Structure

The SIA for the deepening of the EPA includes this report as well as five other thematic reports, covering the following topics:

- Trade in Goods, Agriculture and Fisheries
- TSD
- Trade in Services, Digital Trade and Investment
- Public procurement and competition
- Intellectual Property Rights

Each of these reports will also include an assessment of environmental, social, gender and human rights impacts, proportionate to the expected importance of the impacts for each area of negotiation.

1.2 Context

In 2007, six countries of the ESA region – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – concluded an interim EPA with the EU. In 2009, four of these countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the agreement which has been provisionally applied in these countries since May 2012. Comoros signed the agreement in July 2017 and ratified it in January 2019. The interim EPA includes a ‘Rendez-vous clause’ (Article 53), by which the Parties ‘agree to continue negotiations... with a view to concluding a full and comprehensive EPA’. The Article includes trade, environment and sustainable development among the areas for further negotiation.

The EU and ESA5 partners launched negotiations for the deepening of the currently implemented EPA in October 2019.² The parties clarified horizontal issues regarding the negotiations and exchanged views on several negotiation areas. Up to now, four rounds of negotiations took place in January 2020, July 2020,

¹ See: https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159467.pdf

² See: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5951

November 2020 and April 2021. During the fourth negotiation round, a first discussion regarding dispute settlement issues was held based on a joint bracketed text in the context of the ongoing negotiations on TSD.³

For a brief overview of the five ESA countries, please see Appendix I and the Ex-Post Evaluation within this SIA of January 18, 2021.

1.3 Methodology

The analytical work for this report involves, as a first step, a screening of potential provisions set out in the EU textual proposals presented by the European Commission based on an assessment of publicly available reports on the progress of the negotiations. The results of this screening are provided in Section 2 below.

As a second step, information on **relevant institutional frameworks as well as stakeholder feedback are compiled and analysed for all five countries**. The analysis of these issues aims to identify existing barriers to trade and development in ESA5 countries and identify applicable specific sectors most affected by them. The findings of this analysis are presented in Section 3.

Based on this detailed assessment, a scoping and deeper analysis of the issue areas with potential economic impacts is undertaken. This analysis of the specific issue areas aims to identify areas where the economic impact is likely to be significant and areas where the economic impact is considered minor. The assessment also includes, to the extent possible, a screening of the sector-specific economic impacts.

For each topic covered in this economic analysis, the relevant baseline is briefly presented. Actions needed for implementation are also accounted for. Potential impacts of each provision are then described. For each topic, a brief analysis presents the key strengths and weaknesses of the proposed provisions together with indications of external opportunities and threats that might affect implementation and the achievement of results. Finally, the analysis provides an assessment of relevant horizontal issues (e.g. least developed countries (LDCs), outermost regions (OR), consumer impacts) where relevant. The findings of this analysis are provided in Section 4.

Subsequently, the analysis in Section 4 is used as a basis for an impact assessment of environmental, social, gender and human rights impacts that are likely to emanate from the economic impacts. This social analysis follows the same methodological steps as the economic analysis described above, including an analysis of horizontal issues (e.g. gender) where relevant and outlined in Section 5.

The findings of the economic and social impact assessments in Sections 4 and 5 are then used to develop a set of proposals for policy recommendations and flanking measures presented in Section 6.

Desk research and analysis as well as stakeholder consultation has provided the main sources of information for this report.

³See: https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159537.pdf

2. Screening of the potential provisions for dispute avoidance and settlement, and institutional structure

2.1 Introduction

The existing interim EPA contains specific provisions on dispute avoidance and settlement as well as institutional provisions. The comprehensive EPA is expected to contain further provisions on such measures, as also outlined in Article 53, calling for an elaborated dispute settlement mechanism and institutional arrangements as areas for future negotiation.⁴

So far four negotiations rounds took place based on negotiating texts. The fourth round of negotiations on deepening the agreement took place in April 2021.⁵ As noted in section 1, the European Commission has started negotiating dispute settlement issues based on a joint bracketed text in the context of the ongoing negotiations on TSD.⁶

The Parties will continue their work in order to produce an updated text based on the identified points of convergence. The issue of dispute settlement, as a part of the TSD negotiations, is also scheduled for discussion in the next negotiation round which will take place in July 2021. Note that this report provides an overall analysis of both general dispute settlement provisions as well as dispute settlement provisions related to TSD. Whenever specific elements of analysis refer to dispute settlement provisions related to TSD in particular, this is indicated. Based on the further development of negotiations, the analysis will be expanded on both issue areas.

During the stakeholder consultations conducted for our analysis, respondents from the governments of Madagascar, Mauritius, Seychelles and Zimbabwe gave their views on what should be key issues for the negotiations for the comprehensive EPA. All respondents except Mauritius agreed that dispute avoidance and settlement should be considered a high priority for the negotiations. In contrast, respondents from Mauritius indicated that dispute avoidance and settlement should only be given low priority for the negotiations.

Regarding the issue of institutional structure, all respondents from ESA governments agreed that it should be a high priority. The table below outlines the choices of the ESA countries in preferences of these selected issues in the comprehensive EPA negotiations.

Table 1: Selected key issues in the negotiations

	High priority				Low priority				No need to be negotiated				I don't know			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Dispute avoidance and settlement;																
Institutional Structure																

Source: Own compilation from fieldwork data; Note: M = Mauritius; ZW = Zimbabwe; S = Seychelles & MD = Madagascar

⁴ See: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2012:111:FULL&from=EN>

⁵ See: https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159537.pdf

⁶ See: https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159537.pdf

The provisions of dispute avoidance and settlement as well as institutional structure will be analysed more closely in the detailed assessment (Sections 4 and 5, below), while taking into account potential ramifications that could relate to other issue areas.

3. Assessment of relevant institutional frameworks and stakeholder feedback

3.1 Introduction to the institutional framework

To give an overview of the overall institutional framework in ESA countries, we use the Economic Freedom Index published by the Fraser Institute.⁷ It is based on a range of relevant measures on legal systems and property rights and the freedom to trade internationally. Note that the results include scores that often synthesise complex national situations and are thus open to discussion and interpretation. Annex II provides an overview of the latest scores from 2013 to 2018 for four ESA5 countries, as the index is not calculated for Comoros. All scores shown are out of 10, with a higher score indicating a higher degree of freedom and openness. On the overall legal framework, the index includes measures of judicial independence, impartial courts, protection of property rights, the integrity of the legal system and legal enforcement of contracts as sub-measures.

Regarding the overall legal system and property rights score, all countries increased their scores from 2013 to 2018, except for Madagascar. Overall, Mauritius scored highest, followed by Seychelles, Zimbabwe and then Madagascar. The economic freedom index also includes a measure of government size. Here, Mauritius has been increasing its score, while the score of the other countries has been decreasing since 2013. Mauritius also had the highest score in absolute terms in 2018 (8.15), followed by Madagascar (7.51), Seychelles (6.71) and Zimbabwe (4.51).

Due to their complexity, behind-the-border measures are often relevant for disputes in trade issues. The Economic Freedom index provides measures of regulatory trade barriers, including non-tariff trade barriers and compliance costs of importing and exporting. **Mauritius has been increasing its score regarding regulatory trade barriers slightly, leading to 7.52 in 2018. The scores of Seychelles, Madagascar and Zimbabwe have decreased significantly since 2013.** In terms of absolute score in 2018, Mauritius was followed by Seychelles (5.60), Madagascar (4.96) and Zimbabwe with a low score of 3.26. The overall sub-index of freedom to trade internationally also includes measures of controls of the movement of capital and people. **Mauritius had the highest overall score in the overall sub-index in 2018, followed closely by Seychelles, then Madagascar and Zimbabwe.**

Regarding Comoros, it is not covered by the Fraser Institute. Therefore, it is difficult to obtain similar information as for the other countries. We suggest to refer to other thematic reports outlined in section 1.1 of this report as well as the Inception Report of this SIA⁸ for more information on different aspects of the institutional framework of Comoros.

⁷ See: <https://www.fraserinstitute.org/economic-freedom/dataset?geozone=world&page=dataset&min-year=2&max-year=0&filter=0>

⁸ See: www.research-sia-esa.eu/en/reports/.

3.2 Feedback from government respondents and stakeholders

As concerns stakeholder feedback regarding the negotiations about the deepening of the interim EPA, there has been little feedback on dispute avoidance and settlement in the consultation that was carried out. The lack of feedback may be related to the impression that there is low awareness of the current interim EPA.

3.2.1 Feedback from government

The division of Customs of the government of Seychelles highlights the need for development support on strengthening key trade institutions such as Competition and Tariff Commission. The respondents highlight that there is need for targeted support to key divisions of public sector that will facilitate the expediting of trade under EPA, which may also be helpful in conflict avoidance and settlement. They also note that ESA5 countries appropriate coordination and technical support to the five ESA countries so that they can engage effectively in the negotiation process.

3.2.2 Feedback from the private sector and SMEs

An EU private stakeholder stated that financing instruments to support implementation of the EPA are important. This should be complementary to development cooperation, but it is important that the EU ensures that there is proper implementation of the agreement to improve the investment climate.

ESA 5 stakeholders raised concerns about the complex nature of which can form a challenge for the ESA5 countries. In addition, some of the ESA5 private sector companies, including small and medium sized enterprises (SMEs), find it difficult to take advantage of the existing EPA. This is an important lesson for the potentially even more complex negotiation issues.

ESA stakeholders also pointed out the importance of the proposed EPA negotiation between the United Kingdom (UK) and ESA5 and its implications on the comprehensive EPA negotiations. It was pointed out that in line with the Trade Bill 2017-19, the UK government is in the process of delivering continuity in the UK's trade relationship with the ESA countries of Madagascar, Mauritius, Seychelles and Zimbabwe. In the proposed text, there are provisions like bilateral safeguards (especially the "trigger price mechanism" on sugar), RoO and provisions on dispute settlement, among others, which are likely to circumscribe the likely positions in the EU-ESA5 comprehensive EPA Negotiations. The EU-ESA5 comprehensive EPA should therefore consider provisions of negotiating free trade areas (FTAs) with third parties by ESA5.

4. The economic impact analysis

ESA5 countries vary significantly in terms of their economic development, domestic economic freedoms, and barriers to international trade. The ex-post evaluation report provided an overview of key indicators across several dimensions, which should be taken into account to assess the comprehensive agreement's potential impacts on individual countries' trade in goods (and services) and existing barriers to trade and investment liberalisation.

4.1 Introduction

This section provides a scoping and analysis of the issue areas with potential economic impacts. For each issue area, we provide an assessment of the main economic sector that could be affected, if applicable, and the possible economic impacts. The analysis also identifies issue areas where the economic impact is likely to be significant and those areas where the economic impacts are considered to be relatively minor.

Based on the screening of potential provisions and stakeholder feedback, this section focuses on assessing the economic impacts of potential dispute avoidance and settlement as well as institutional structure provisions

in more detail. Finally, the analysis also provides an assessment of relevant horizontal issues (e.g. LDCs, ORs), consumer impacts, where relevant, and concludes with an overall assessment of strengths and weaknesses of the provisions, including an overview of relevant stakeholder feedback.

4.2 The economic impact of potential dispute avoidance and settlement provisions

4.2.1 Baseline

The interim agreement contains specific provisions on dispute avoidance and settlement.

4.2.2 Screening of dispute avoidance and settlement provisions

Table 2: Detailed screening table of potential dispute avoidance and settlement provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible measures concerning dispute avoidance and settlement			
Establishment/strengthening of arbitration institutions and safeguard mechanisms.	All economic sectors.	Improvement in rule of law may have positive impacts on business and investment climate in ESA countries.	Major
Training and capacity building for trade lawyers to interpret and enforce trade laws, settle disputes arising thereof.		Clearer and more effective dispute settlement can create increased certainty for businesses, lead to increased trade activities, and support economic development in ESA countries.	Major
Domestication of international agreements/conventions /treaties to facilitate international obligations and recognition of arbitration decisions.		Major	
Support to create awareness to stakeholders on dispute settlement mechanisms.		Major	

Source: Own analysis

4.3 The economic impact of potential provisions on institutional structure

4.3.1 Baseline

The interim agreement contains specific institutional provisions.

4.3.2 Screening of institutional structure provisions

Table 3: Detailed screening table of potential institutional structure provisions

Provision	Main economic sectors that could be affected	Possible economic impacts	Potential importance
Possible measures concerning institutional structure			
Support for capacity building for the development of legal frameworks responsive to Agreements on trade and investment liberalisation and support for modernisation and development of commercial laws and for creating awareness of legal and regulatory frameworks.	All economic sectors.	Generally positive impact on investment climate and quality of supply of goods and services.	Major
Domestication of international agreements/conventions /treaties to strengthen judicial security and foreign investment liberalisation.		Domestic advisory groups could bring participation of independent voices and strengthen transparency related to discrimination for foreign businesses, market access restrictions, and the economic impacts of barriers to trade and investment liberalisation.	
Development cooperation to support training and capacity in ESA countries			
Domestic advisory groups on the implementation of the agreement, bringing in civil society			

Source: Own analysis

4.4 Feedback from government respondents and stakeholders on development cooperation

While there were few comments specifically on dispute resolution and institutional structure, comments on development cooperation may generally be relevant. Stakeholders from government, private sector and civil society organisations all also noted the need for ESA5 countries to update their respective EPA implementation strategies and frameworks. Stakeholders particularly stressed the need to mobilise resources domestically to finance the implementation, which implicitly includes institutional arrangements for conflict avoidance and resolution.

Civil society organisations in ESA countries also pointed to institutional challenges across ESA5 countries. It was noted that in the past the development dimension has been limited to mainly technical assistance.

Government respondents pointed to a clear need for a development dimension in the comprehensive EPA. According to their views, there is a need for an explicit development cooperation chapter and that the negotiations should also focus on aid and development needs, without special reference to institutions responsible for dispute avoidance and settlement though.

4.4.1 Feedback from the private sector and SMEs

Private sector stakeholders in Zimbabwe pointed to a lack of understanding of the technical issues involved in the negotiations, not only by the industry but also in the relevant ministries. This is because most sector players are not participating in the negotiations, which makes it very difficult for them to appreciate, understand and benefit from the final agreements. Stakeholders from Zimbabwe’s private sector noted that there had been no meaningful impact from EPAs as the government delayed implementing the agreement provisions due to structural challenges.

In Comoros, the private sector stated that they had feeble knowledge about the EPA, while civil society respondents stated to have none. Non-state actors suggested that the dissemination of information was insufficient. They also suggested that the Comorian authorities did not maximise their capabilities by failing to be inclusive regarding their negotiating teams.

Besides problems related to ownership and governance in ESA5 countries, there is also a perceived deficit in the targeting of development measures on the side of the EU.

4.5 Key economic impacts

It is evident that a clear and effective set of rules for conflict avoidance and settlement has the potential to enhance economic development as it creates clarity and transparency and at the same time increases the mutual commitment of parties to adhere to other commitments enshrined in the agreements, such as rules for government procurement or the protection of intellectual property rights. A clear and effective set of rules for conflict avoidance and settlement help to enforce good policies and good governance and thereby enables the partners to reap the utmost economic benefits.

5. Environmental, social, gender and human rights impacts

5.1 Screening of possible impacts

The following tables present a screening of the possible environmental, social, gender and human rights impacts arising from the potential measures related to dispute avoidance and settlement as well as institutional structure. This screening is linked to the screening of economic impacts in section 4, as the changes in economic impact will play a key role in determining impacts in the other dimensions of sustainable development. The screening mentions institutional measures under the TSD chapter, as these could influence the treatment of environmental, social, gender and human rights issues under dispute resolution mechanisms.

Section 5.2 then reviews key impacts that are identified in these tables. EU development cooperation can play a key role in addressing possible negative impacts and ensuring that positive impacts occur. Key areas for development cooperation are summarised in section 5.3.

Table 4: Detailed screening table of potential dispute avoidance and settlement provisions

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible dispute avoidance and settlement provisions			

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Establishment/strengthening of arbitration institutions and safeguard mechanisms.	If civil society can bring potential issues to the attention of arbitration institutions, including via amicus curiae submissions, this would help to support implementation of the TSD provisions.	If civil society can bring potential issues to the attention of arbitration institutions, including via amicus curiae submissions, this would help to support implementation of the TSD provisions.	Major
Training and capacity building for trade lawyers to interpret and enforce trade laws, settle disputes arising thereof.	Parties to the EPA could also bring environmental concerns related to the implementation of the TSD chapter to the attention of arbitration institutions.	Parties to the EPA could also bring social, gender and human rights concerns related to the implementation of the TSD chapter to the attention of arbitration institutions.	
Domestication of international agreements/conventions /treaties to facilitate international obligations and recognition of arbitration decisions.	ESA countries have ratified key multilateral environmental agreements (see the SIA report on the TSD chapter). Provisions on their domestication, set out in the TSD chapter, along with dispute settlement mechanisms, could strengthen their implementation and thus improve environmental protection in ESA countries, including in the context of EU trade and investment liberalisation.	ESA countries have ratified key International Labour Organisation (ILO) Treaties and United Nations (UN) human rights conventions (see the SIA report on the TSD chapter). Provisions on their domestication, set out in the TSD chapter, along with dispute settlement mechanisms, could strengthen their implementation and thus improve social, gender and human rights conditions in ESA countries, including in the context of EU trade and investment liberalisation.	
Support to create awareness to stakeholders on dispute settlement mechanisms.			

Source: Own analysis

Table 5: Detailed screening table of potential provisions on institutional structure

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
Possible institutional structure measures			
Support for capacity building for the development of legal frameworks responsive to Agreements on trade and investment liberalisation and support for modernisation and development of	Development cooperation, including legal capacity building, can also support environmental protection, if it includes environmental issues set out in the TSD Chapter of the agreement. Domestic advisory groups, set out in the TSD chapter,	Development cooperation, including legal capacity building, can also support environmental protection, if it includes environmental issues set out in the TSD Chapter of the agreement. Domestic advisory groups, set out in the TSD chapter, could	Major

Provision	Possible environmental impacts	Possible social, gender and human rights impacts	Potential importance
commercial laws and for creating awareness of legal and regulatory frameworks.	could bring participation of independent voices and strengthen transparency related to environmental protection.	bring participation of independent voices and strengthen transparency related to environmental protection.	
Domestication of international agreements/conventions /treaties to strengthen judicial security and foreign investment liberalisation.	Provisions on the domestication of international agreements, set out in the TSD chapter, can strengthen environmental protection.	Provisions on the domestication of international agreements, set out in the TSD chapter, can strengthen environmental protection.	
Development cooperation to support training and capacity in ESA countries			
Domestic advisory groups on the implementation of the agreement, bringing in civil society			

Source: Own analysis

5.2 Overview of key impacts and issues

The provisions on institutional structure and on dispute avoidance and settlement – together with related provisions in the TSD chapter – could play an important role in supporting the environmental, social, gender and human rights goals of the Agreement under negotiation.

The TSD chapter includes provisions for the domestication (ratification and implementation) of international treaties on the environment, labour rights, social and gender conditions and human rights. ESA countries have ratified many of these treaties, and they have also introduced a range of national actions to apply to many of them. However, full implementation remains a challenge for some topics and some countries including, as examples, labour inspection in some ESA countries and illegal wildlife trade in Madagascar and Zimbabwe, ESA countries that are biodiversity hotspots.⁹

Provisions on dispute resolution, institutional structure and transparency could play an important role in supporting implementation of the TSD Chapter. This will be the case in particular if domestic advisory bodies in each ESA country (proposed under the TSD chapter) can bring issues to the attention of dispute resolution mechanisms. These bodies could support the role of civil society in the implementation of the Agreement and also provide a mechanism for transparency.

The effectiveness of domestic participation rests on the presence of a well-developed civil society. According to the *Voice and Accountability* component of the Worldwide Governance Index elaborated by the World

⁹ For further information, please see the SIA report on the TSD chapter, including its detailed annex on national conditions and policy actions.

Bank,¹⁰ the extent to which the citizens of the five ESA countries can participate in selecting their government, the freedom of expression, the freedom of association, and the freedom of the media have improved since 2010, though large variations across countries remain, correlated in part with income levels (see Table 6 below). In Mauritius, which received the highest score of the five countries in 2018, many civil society organisations are active. In Madagascar, Zimbabwe, Seychelles and Comoros various civil society organisations and social movements have emerged over the last years, though in many cases their actions have been limited in terms of impact¹¹. The EU has supported capacity building for civil society in the region, as described in the evaluation report for this study; to ensure effective civil society participation in the implementation of the Agreement, this work should continue, in particular in Comoros, Madagascar and Zimbabwe¹².

Table 6: Voice and accountability indicator

Country	Score
Comoros	28.08
Madagascar	37.93
Mauritius	73.40
Seychelles	58.13
Zimbabwe	16.75

Source: World Bank Government Index

It will be valuable, as noted in the SIA report on the TSD chapter, to ensure monitoring of the Agreement’s provisions for environment, social and gender conditions, and human rights, including the impacts of trade and investment liberalisation provisions in these areas. This monitoring, drawing on among other sources work in these areas by UN agencies, can support the work of domestic advisory bodies established under the TSD chapter and help them identify potential issues in implementation. If the Agreement includes provisions allowing civil society, for example as represented in the advisory bodies, to bring issues to the attention of arbitration institutions, such as via amicus curiae submissions, this will help to strengthen their role in ensuring the implementation of provisions of the TSD chapter. In addition, stakeholders contacted for this study have reported a low awareness in ESA countries of the current, interim EPA: the work of domestic advisory bodies, including to monitor the Agreement’s implementation, could help to strengthen awareness, supporting transparency and attention to environmental, social, gender or human rights issues that may need to be addressed via dispute resolution.

5.3 Development cooperation

Development cooperation initiatives that focus on institutional capacity building are crucial for the success of the EPA. Areas for development cooperation can include training for lawyers on trade law and capacity building for government offices and civil society organisations. These development cooperation initiatives could include the interaction of trade law, and of the Agreement itself, with international law on environment, social and gender conditions and human rights, as cited in the TSD Chapter. Development cooperation initiatives could also include support and capacity building for civil society organisations to participate in advisory bodies established under the TSD chapter, to analyse trade issues and to monitor provisions of the Agreement’s TSD chapter for the environment, social and gender conditions and human rights.

¹⁰ The Voice and Accountability component of the WBI captures perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. The Worldwide Governance Indicators, 2020 Update, <http://info.worldbank.org/governance/wgi/>

¹¹ For further information, please see the SIA report on the TSD chapter.

¹² For further information, please see the ex-post evaluation.

6. Policy recommendations

It would be beneficial for the EU and all ESA5 countries to agree on clear and effective rules for conflict avoidance and dispute settlement. As outlined in the accompanying thematic reports of the SIA, only the implementation and effective enforcement of provisions on goods trade, services trade, investment liberalisation, public procurement and the protection of intellectual property would be supportive to economic activity and structural economic change, and positively impact on the state of the rule of law in ESA5 countries, and the overall investment climate respectively.

Clear provisions on dispute avoidance and settlement would safeguard the positive economic impacts from sectoral and other horizontal regulations. Provisions on the domestication of international treaties, such as those set out in the TSD chapter, would improve the enforcement of these treaties and increase public awareness of commitments related to the environment as well as human rights, social and gender issues.

Private sector and civil society stakeholders should be consulted during the negotiations. Increased stakeholder participation would raise the awareness of these groups, which could also be invited to join domestic advisory groups established under the TSD Chapter of the Agreement. As concerns the organisational setup, these domestic advisory groups could bring participation of independent voices and strengthen transparency related to discrimination for foreign businesses, market access restrictions, and the economic impacts of barriers to trade and investment. Private sector and civil society participation in advisory groups would have a disciplining effect on the future government to maintain or adjust governance structures in a way that makes the enforcement of other commitments more effective, e.g. effective access to legal remedies. Respective provisions should specify that members are chosen transparently and based on impartial criteria. Moreover, provisions on advisory groups and dispute resolution could allow these bodies, and potentially civil society more generally, to raise issues for dispute settlement institutions under the Agreement, for example via *amicus curiae* briefs.

Development cooperation initiatives that focus on institutional capacity building are crucial for the success of the Agreement. Areas for development cooperation should include the training of lawyers on trade and investment liberalisation. Development assistance initiatives should also include capacity building for government offices and civil society organisations. Specific training on the EPA should include the interaction of dispute settlement provision and other provisions enshrined in international law and other chapters of the EPA, including international treaties and agreements on environment, social and gender conditions and human rights cited in the TSD Chapter. Development cooperation initiatives could also include support and capacity building for civil society organisations to participate in advisory bodies set up under the TSD chapter, to better analyse trade issues and monitor provisions of the Agreement.

Capacity building initiative should focus on provisions which are expected to generate high economic impacts in ESA countries and at the same time known to be challenging because of vested economic interests and positive economy considerations. These include investments in network industries, e.g. telecommunications and postal and courier services, but also financial services. Targeted capacity building should also be envisaged for barriers to investment and discriminatory treatment, e.g. unreasonable foreign investment requirements and discriminatory joint venture requirements.

Appendix I. Overview of the five ESA countries

The five ESA countries vary greatly in terms of their economic and human development and their environmental context. The table below provides an overview of key indicators across these dimensions.

Table 7: Key economic, environmental, social, gender and human rights indicators (2019 or latest year available)

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP/Capita in US\$ (2019) ¹³	1,370	523	11,099	17,448	1,464
Surface area (km ²) ¹⁴	1,861	587,295	2,040	460	390,760
Total Population (2019) ¹⁵	850,886	26,969,307	1,265,711	97,625	14,645,468
Human Development Index (2018) ¹⁶	0.538	0.521	0.796	0.801	0.563
Poverty rate (dates vary) ¹⁷	18.1%	77.6%	0.1%	..	34%
Female employment (2019) ¹⁸	34.9%	81.8%	40.6%	61.6%	73.8%
Yale EPI (Env. Perf. Index, 2020) ¹⁹	32.1	26.5	45.1	58.2	37
ND-GAIN score (2017) ²⁰	39.2	32.9	55.6	48.4	33.1

Source: World Bank, UNDP, ILO, Yale University, University of Notre Dame

The data for these indicators predate the Covid-19 pandemic, whose impact on the region and individual countries is not yet clear, but it is expected to have far-reaching health and economic consequences. Nonetheless, these indicators show that the five ESA countries vary greatly in terms of economic, environmental, social and human rights conditions.

Comoros is a small lower-middle-income island economy with a comparatively low level of human development. Poverty affects nearly one-fifth of the population. It faces multiple challenges in terms of adequate health, housing and food. Biodiversity is severely degraded, and its islands are prone to natural disasters and vulnerable to climate change impacts. Comoros faces challenges in providing adequate drinking water and sanitation.

¹³ GDP per capita (current US\$) – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KM-MG-MU-SC-ZW>

¹⁴ Surface area in square kilometres – 2018 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/AG.SRF.TOTL.K2?locations=KM-MG-MU-SC-ZW>

¹⁵ Population, total – 2019 data for Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe. World Bank Data: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=KM-MG-MU-SC-ZW>

¹⁶ A summary measure of average achievement in key dimensions of human development on a scale of 0 (low) to 1 (high). UNDP data: <http://hdr.undp.org/en/data>

¹⁷ Share of population below international poverty line. 2019 data for Mauritius and Zimbabwe, 2012 for Comors, 2013 for Madagascar. World Bank data from <https://sdg-tracker.org/no-poverty#targets>

¹⁸ Employment of female population, 15+. ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

¹⁹ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

²⁰ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

Madagascar is a low-income economy. It is a large island and has the highest population of the five ESA countries. Poverty levels are extremely high despite an abundance of natural resources. Poverty negatively affects its social conditions, with limited rights to health, food, education, and housing. Biodiversity is severely degraded, and deforestation is a significant challenge. Moreover, Madagascar is highly vulnerable to climate change impacts.

Mauritius is a small upper-middle-income country whose service industry has grown considerably in the past ten years. Rights to food, housing and health care are at comparatively high levels, as is human development. The country's biodiversity is highly threatened, and despite high readiness, Mauritius remains vulnerable to climate impacts.

Seychelles is a small high-income country island with comparatively high-level human development,²¹ including a high literacy level²² and a well-developed housing market. The right to health and food has improved in recent years. Though it has a relatively high readiness level, Seychelles is highly vulnerable to climate change impacts.

Zimbabwe is a lower-middle-income, landlocked country whose economy, social conditions and environment have suffered from political crisis. Rights to food, housing and health are extremely poor. Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

²¹ Central Bank of Seychelles, *Annual Report 2018*, available at: <https://www.cbs.sc/Downloads/publications/Annual%20Report%202018.pdf>.

²² World Bank, 'Literacy rate, youth total (% of people ages 15-24) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe, World', available at <https://data.worldbank.org/indicator/SE.ADT.1524.LT.ZS?end=2019&locations=KM-MG-MU-SC-ZW-1W&start=2013&view=chart>

Appendix II. Indicators on legal system, trade barriers and regulations in ESA countries

1. Madagascar

Table 8: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	6,64	6,43	6,40	6,25	6,14	6,20
Rank	100	111	111	118	126	125
Quartile	3	3	3	3	4	4

Source: Fraser Institute

Table 9: Size of government, legal system and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	8,74	8,14	8,31	7,90	7,63	7,51
Judicial independence	3,35	3,47	3,68	3,59	3,52	3,48
Impartial courts	3,33	3,32	3,36	3,31	3,69	3,49
Protection of property rights	4,28	4,28	4,35	4,33	4,48	4,70
Integrity of the legal system	4,50	4,63	4,65	4,65	4,67	4,57
Legal enforcement of contracts	2,42	2,96	2,96	2,96	2,96	2,96
Legal system & property rights	2,99	3,05	3,09	3,06	3,21	2,92

Source: Fraser Institute

Table 10: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	8,06	8,04	8,05	7,90	7,63	7,65
Non-tariff trade barriers	5,02	5,42	3,52	4,12	1,95	4,83
Compliance costs of importing and exporting	7,01	4,62	5,07	5,07	5,07	5,09
Regulatory trade barriers	6,02	5,02	4,29	4,59	3,51	4,96
Financial Openness	4,16	4,16	4,16	1,66	1,66	1,66
Capital controls	0,00	0,77	0,77	0,77	0,77	0,77

Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	4,72	4,98	4,98	4,14	4,14	4,14
Freedom to trade internationally	7,16	6,97	6,76	6,62	6,36	6,71

Source: Fraser Institute

Table 11: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,07	7,71	7,51	7,39	7,39	8,14
Labour market regulations	4,94	4,74	4,49	4,50	4,36	4,64
Administrative requirements	4,16	3,74	3,60	3,57	3,41	3,13
Regulatory Burden	2,44	2,44	2,44	2,44	3,33	3,56
Starting a business	9,60	9,12	9,22	9,37	9,40	9,43
Impartial Public Administration	1,11	1,11	1,35	1,35	3,07	3,07
Licensing restrictions	8,88	7,85	7,85	7,80	7,84	7,69
Tax compliance	7,95	7,95	7,95	7,95	7,95	7,95
Business regulations	5,69	5,37	5,40	5,41	5,83	5,80
Regulation	6,23	5,94	5,80	5,77	5,86	6,19

Source: Fraser Institute

2. Mauritius

Table 12: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	7,88	7,82	7,99	7,98	7,99	8,21
Rank	16	24	14	16	13	7
Quartile	1	1	1	1	1	1

Source: Fraser Institute

Table 13: Size of government, legal system and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	7,81	7,68	7,98	7,88	8,15	8,15
Judicial independence	5,70	5,67	5,69	5,67	6,04	5,95

Impartial courts	5,67	5,70	5,56	5,43	5,54	5,47
Protection of property rights	6,34	6,33	6,26	6,18	6,22	6,74
Integrity of the legal system	4,69	4,69	6,95	6,96	6,79	6,77
Legal enforcement of contracts	4,64	4,64	5,03	5,03	5,25	5,25
Legal system & property rights	5,45	5,45	5,92	6,31	6,40	6,46

Source: Fraser Institute

Table 14: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	9,67	9,58	9,59	9,59	9,30	9,52
Non-tariff trade barriers	6,08	6,83	6,14	6,26	6,20	6,50
Compliance costs of importing and exporting	8,76	7,91	7,86	8,23	8,54	8,54
Regulatory trade barriers	7,42	7,37	7,00	7,25	7,37	7,52
Financial Openness	6,99	6,99	6,99	6,99	6,99	6,99
Capital controls	4,62	4,62	4,62	4,62	4,62	4,62
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	7,20	7,20	7,20	7,20	7,20	7,20
Freedom to trade internationally	8,50	8,50	8,42	8,47	8,52	8,53

Source: Fraser Institute

Table 15: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	8,50	8,55	8,78	8,63	8,51	8,95
Labour market regulations	7,60	7,16	7,38	6,36	6,41	7,90
Administrative requirements	4,83	4,90	4,67	4,38	4,42	5,02
Regulatory Burden	9,78	9,78	9,78	8,89	8,89	8,44
Starting a business	9,79	9,79	9,77	9,81	9,83	9,85

Impartial Public Administration	7,00	6,94	7,10	7,10	6,89	8,36
Licensing restrictions	6,92	8,37	8,37	9,32	9,32	9,36
Tax compliance	8,30	8,30	8,30	8,30	8,30	8,43
Business regulations	7,77	8,01	8,00	7,97	7,94	8,25
Regulation	7,96	7,91	8,05	7,65	7,62	8,36

Source: Fraser Institute

3. Seychelles

Table 16: Overview

Year	2013	2014	2015	2016	2017	2018
Economic Freedom Summary Index	7,29	7,48	7,43	7,44	7,37	7,49
Rank	57	49	52	52	57	52
Quartile	2	2	2	2	2	2

Source: Fraser Institute

Table 17: Size of government, legal system and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	6,86	7,16	6,87	7,00	7,01	6,71
Judicial independence	5,03	5,04	4,98	4,93	5,09	5,27
Impartial courts	5,03	5,06	5,11	5,06	5,15	5,46
Protection of property rights	4,86	4,86	5,12	5,35	5,35	5,53
Integrity of the legal system	6,33	6,33	6,86	6,97	6,93	6,98
Legal enforcement of contracts	4,06	4,06	4,06	4,06	4,06	4,06
Legal system & property rights	5,16	5,16	5,42	5,54	5,59	5,54

Source: Fraser Institute

Table 18: Sound money and freedom to trade internationally.

Year	2013	2014	2015	2016	2017	2018
Sound Money	8,26	9,10	9,33	9,00	9,07	9,26
Non-tariff trade barriers	5,70	5,70	5,70	6,05	6,04	5,87
Compliance costs of importing and exporting	7,76	5,24	5,32	5,32	5,32	5,33

Regulatory trade barriers	6,73	5,47	5,51	5,68	5,68	5,60
Financial Openness	10,00	10,00	10,00	10,00	10,00	10,00
Capital controls	8,46	8,46	8,46	8,46	8,46	8,46
Freedom of foreigners to visit	10,00	10,00	10,00	10,00	10,00	10,00
Controls of the movement of capital and people	9,49	9,49	9,49	9,49	9,49	9,49
Freedom to trade internationally	8,82	8,55	8,06	8,10	7,65	8,27

Source: Fraser Institute

Table 19: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	7,67	8,00	8,00	8,00	7,88	7,88
Labour market regulations	6,99	6,99	7,17	7,36	7,40	7,56
Administrative requirements	5,33	5,33	5,33	5,04	5,03	5,17
Regulatory Burden	6,00	6,00	6,00	6,00	6,00	5,78
Starting a business	8,67	8,83	8,83	8,84	8,83	8,84
Impartial Public Administration	6,22	6,22	6,22	6,64	6,64	7,89
Licensing restrictions	8,98	8,46	8,46	8,46	8,67	9,08
Tax compliance	9,01	9,05	9,05	9,05	9,05	9,05
Business regulations	7,37	7,31	7,31	7,34	7,37	7,63
Regulation	7,34	7,43	7,50	7,56	7,55	7,69

Source: Fraser Institute

4. Zimbabwe

Table 20: Overview

Year	2013	2014	2015	2016	2017	2018
Economic freedom summary index	5,46	5,80	6,24	5,72	5,16	5,12
Rank	144	138	118	144	152	155
Quartile	4	4	3	4	4	4

Source: Fraser Institute

Table 21: Size of government, legal system and property rights

Year	2013	2014	2015	2016	2017	2018
Size of government	6,51	6,58	6,78	5,14	4,29	4,51
Judicial independence	3,42	3,60	3,85	3,91	3,94	3,79
Impartial courts	3,40	3,50	3,61	3,49	3,48	3,36
Protection of property rights	3,08	3,30	3,41	3,37	3,67	3,86
Integrity of the legal system	5,15	5,16	5,16	5,05	5,23	4,94
Legal enforcement of contracts	2,37	2,37	2,37	2,37	2,37	2,37
Legal System & Property Rights	3,54	3,60	3,78	3,74	4,11	4,07

Source: Fraser Institute

Table 22: Sound money and freedom to trade internationally

Year	2013	2014	2015	2016	2017	2018
Sound money	6,90	7,97	8,18	7,38	6,72	5,03
Non-tariff trade barriers	6,48	4,74	5,63	4,99	4,85	5,20
Compliance costs of importing and exporting	1,29	4,17	1,69	1,64	1,33	1,33
Regulatory trade barriers	3,89	4,45	3,66	3,32	3,09	3,26
Financial Openness	1,66	1,66	4,16	4,16	4,16	4,16
Capital controls	0,00	0,00	0,00	0,00	0,00	0,00
Freedom of foreigners to visit	8,85	8,85	8,85	8,85	8,85	8,85
Controls of the movement of capital and people	3,50	3,50	4,34	4,34	4,34	4,34
Freedom to trade internationally	5,46	5,78	5,88	5,79	3,97	5,73

Source: Fraser Institute

Table 23: Regulation

Year	2013	2014	2015	2016	2017	2018
Credit market regulations	6,00	6,00	9,33	9,10	9,10	7,44
Labour market regulations	4,55	5,09	6,05	6,12	6,12	6,24

Administrative requirements	3,07	2,63	2,26	1,82	1,92	2,41
Regulatory Burden	0,67	0,67	0,67	0,89	2,67	2,67
Starting a business	5,91	5,94	5,83	6,89	7,81	8,33
Impartial Public Administration	2,61	2,78	2,78	2,17	1,97	2,21
Licensing restrictions	4,99	4,95	6,99	7,00	7,49	7,99
Tax compliance	7,29	7,29	7,29	7,29	7,29	7,29
Business regulations	4,09	4,04	4,30	4,34	4,86	5,15
Regulation	4,88	5,04	6,56	6,52	6,69	6,28

Source: Fraser Institute

Tuna Fisheries

Case Study

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1. Fisheries in the South-West Indian Ocean

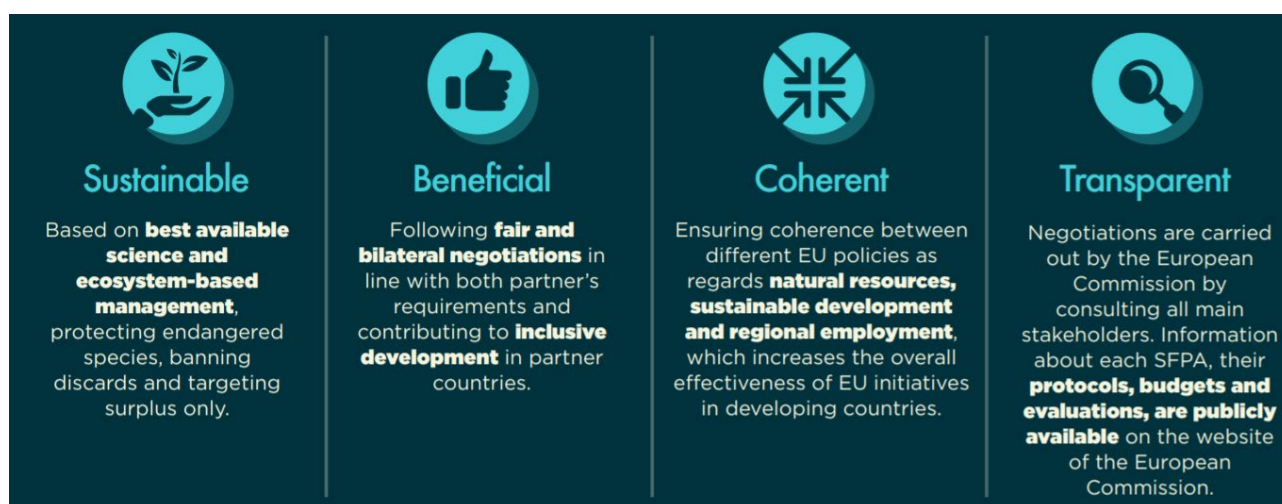
The fishing industry in the South-West Indian Ocean in and around the territorial waters and the Exclusive Economic Zones (EEZs) of Comoros, Madagascar, Mauritius and Seychelles, can be categorised into:

- Artisanal Fisheries: carried out by local fishers, with small, motorised boats targeting mainly demersal and semi-pelagic species.
- Semi-Industrial Fisheries: consisting of small (14m-22m LOA), locally-owned long-liners targeting pelagic species (mainly tuna and swordfish).
- Industrial Fisheries: comprising mainly European-owned purse seiners operating mainly out of Seychelles and large, mainly foreign-owned long-liners.

There is a fish canning industry in Seychelles, Mauritius and Madagascar and the Eastern and Southern Africa (ESA) Indian Ocean countries, the ESA4,¹ also export fresh fish, fresh frozen fish and by-products such as fish oil.

2. Sustainable Fisheries Partnership Agreements

According to the EU², Sustainable Fisheries Partnership Agreements (SFPAs) guarantee the respect of the European Common Fisheries Policy's key principles and values and are a tool for good governance and transparent management of fisheries, which is shown diagrammatically below.



SFPAs have three main components:

- 1) The Fisheries Agreement: sets out the scope and basic principles of cooperation and the commitment to cooperate, mainly through Joint Committees that are set up to monitor the application of the SFPAs.

¹ ESA4 is the term used to refer to the four island countries of Comoros, Madagascar, Mauritius and Seychelles who are negotiating the ESA EPA together with Zimbabwe.

² https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/2015-sfpa_en.pdf

- 2) A Protocol implementing the Agreement that authorises fishing access of European Union (EU) vessels and specifies fishing opportunities, amounts and methods of payment, modalities of cooperation and fixes details on the sectoral support component and sets the frame for technical provisions for fishing activities etc.
- 3) Technical Annexes that set out implementation and procedural aspects, such as the licensing system, electronic catch reporting system (ERS), observers, vessel monitoring system (VMS), and control and enforcement.

Partner countries are said to gain from the following:³

- Financial contribution for the access of fisheries resources, and sectorial support supporting activities along with science-based management of marine resources, the development of the local fisheries sector (for many partner countries, this support is the main resource for the fisheries administration), fishing and maritime monitoring and blue economy.
- Employment by developing ancillary industries and port facilities in partner countries.
- Food security, as some of the fish caught by the EU, is supplied to the local market, such as small pelagic fish. Sectoral support plays a crucial role in the development of the local fisheries sector.

The EU has 16 SFPAs with African countries which cover substantially the West African Coast and the Indian Ocean.

The SFPA signed by the European Union and Mauritius in December 2013 entered into force on 28 January 2014, for a period of 6 years, tacitly renewable for additional periods of 3 years. A new fisheries protocol concluded between the EU and Mauritius covers the period 8 December 2017 – 7 December 2021. The SFPA allows 40 purse seiners and 45 surface long-liners from Spain, France, Italy and Portugal to fish in Mauritius's EEZ.⁴

Table 1: Main Features of the Mauritius – EU SFPA

Duration of the agreement	6 years renewable for additional periods of 3 years (entry into force on 28.01.2014)
Duration of the protocol	4 years (08.12.2017-07.12.2021 - provisional application as of 08.12.2017)
Nature of the SFPA	Tuna fishery agreement
Financial contribution	€575,000 out of which €220,000 for targeted actions for the development of the fisheries sector and €135,000 for targeted actions for the development of the maritime policy and ocean economy
Fee for shipowners	€65 per tonne caught for 2 years, then €70
Advances	- Tuna Seiners: €8,500/year - Surface longliners: €4,125 for vessels of more than 100 GT; €2,050 for vessels of equal to/less than 100 GT)
Reference tonnage	4,000 t./year

Source: SFPA between the EU and Mauritius

³ <https://op.europa.eu/en/publication-detail/-/publication/c8b5d962-0d38-11e7-8a35-01aa75ed71a1/language-en/format-PDF/source-37907030>

⁴ https://ec.europa.eu/fisheries/cfp/international/agreements/mauritius_en

On 24 February 2020, the EU and Seychelles signed a new 6-year SFPA. The current protocol covers the period 24.02.2020 - 23.02.2026 with an EU financial contribution of €5.3 million per year, out of which €2.8 million is earmarked for the support of the fisheries policy of Seychelles.⁵ This fisheries agreement allows EU vessels from Spain, France, Italy and Portugal to fish in the Seychelles' fishing zone and is part of the tuna network fisheries agreements in the Indian Ocean. The SFPA allows 40 purse seiners and 8 surface longliners from Spain, France, Italy and Portugal to fish in Seychelle's EEZ.

Table 2: Main Features of the Seychelles – EU SFPA

Duration of the agreement	6 years renewable (24.2.2020 – 23.2.2026)
Duration of the protocol	6 years (24.2.2020 – 23.2.2026)
Nature of the SFPA	Tuna fishery agreement
Financial contribution	€5,300,000 per year, of which €2,800,000 is dedicated to the support of the fisheries sector of Seychelles.
Fee for shipowners	€80 per tonne for the first and second year of protocol's application €85 per tonne from the third to the sixth year of protocol's application
Advances	<ul style="list-style-type: none"> - Tuna seiners: Annually incremental from €56,000 per year to €59,500 per year (from the third to the sixth year of protocol's application) (ref catches: 700 t) - Surface longliners = Annually incremental from €7 200 per year to €7 650 per year (year (from the third to the sixth year of protocol's application) (ref catches: 90 t)
Reference tonnage	50,0000 t./year
Environmental management and observation of marine ecosystems contribution	€2.25 per GT (purse seine vessels only) per year

Source: SFPA between the EU and Seychelles

The Madagascar – EU fisheries agreement expired in December 2018 so the EU's distant water fleet DWF has not been fishing in the EEZ of Madagascar since December 2018. According to a Coalition for Fair Fisheries Agreements (CFFA) Briefing Paper,⁶ the negotiations for a new SFPA need to reach a compromise on the number of EU vessels licensed to operate in Madagascar's EEZ and the fees paid for the fish. The EU wants 94 vessels to access Madagascar's EEZ while the Malagasy side intends to limit this number to 45 and the EU is proposing that the EU DWF ship owners pay a fee of €80/t while the Malagasy are proposing a fee of €120/t. The main features of the expired agreement are in Table 3.⁷

Table 3: Main Features of the Madagascar – EU SFPA

Duration of the agreement	6 years tacitly renewable (1.1.2007– 31.12.2012, renewed for the period 01.01.2013- 21.12.2018)
Duration of the protocol	4 years (01.01.15– 31.12.2018)
Initialisation	1 January 2015
Nature of the SFPA	Tuna fishery agreement, in the framework of the IOTC convention area

⁵https://ec.europa.eu/fisheries/cfp/international/agreements/seychelles_en#:~:text=On%2024%20February%202020%2C%20the,and%20the%20modalities%20of%20sectoral

⁶ *Financial Compensation, Support for Development and Transparency, the Key Issues at Stake in the Negotiation of the EU Madagascar SFPA.* Brussels. 21 April 2020. Coalition for Fair Fishing Arrangements.

⁷ https://ec.europa.eu/fisheries/cfp/international/agreements/madagascar_en

Financial contribution	€1,566,250 per year for 2015 and 2016 and €1,487,500 per year for 2017 and 2018, out of which €700,000 was earmarked to support the Malagasy fisheries policy to promote sustainability in its waters.
Fee for shipowners	€60 per tonne caught for 2015 and 2016 and €70 per tonne caught for 2017 and 2018
Advances	<ul style="list-style-type: none"> - Tuna seiners: €11,400/year for the first two years and €13,300 /year for the last two years (ref catches: 190 t/an) - Surface longliners >100 GT: €3,600/year for the first two years and €4,200/year for the last two years (ref catches: 60 t/an) - Surface longliners = or < 100 GT: €2,400/year for the first two years and €2,800/year for the last two years (ref catches: 40 t)
Reference tonnage	15,750 t./year

Source: SFPAs between the EU and Madagascar

Comoros had a bilateral fisheries agreement with the EU, adopted in 2006, and then tacitly renewed. However, this agreement was denounced by the EU in January 2019 following the inclusion of Comoros on the list of non-cooperating countries in the fight against illegal, unreported and unregulated (IUU) fishing.⁸

In summary:

- Comoros does not have a bilateral agreement with the EU relating to fisheries so there are no licensed European Union registered fishing vessels operating in Comoros's EEZ.
- The SFPAs with Madagascar has expired but, when it was in force, it made provision for the EU to pay Madagascar €1,487,500 in 2018, which was linked to a reference tonnage of 15,750 of tuna landed per year. This implies that the EU paid Madagascar about €94.4/t of tuna caught, assuming the EU DWF caught the tonnage of tuna referenced, and the ship owners paid Madagascar an additional €70 per ton of fish caught.
- Mauritius has a SFPAs in the form of a tuna fisheries agreement through which the EU paid €575,000 per year (€220,000 for access), which is linked to a reference tonnage of 4,000 of tuna landed per year.
- Seychelles has a SFPAs in the form of a tuna fisheries agreement through which the EU pays €5.3 million per year (€2.5 million for access), which is linked to a reference tonnage of 50,000 tons of tuna landed per year.

According to the Food and Agriculture Organization (FAO) European Price Report for 2020,⁹ the average free on board (FOB) price between February 2013 and February 2020 for Skipjack tuna from Seychelles was €1.15/kg and €2.20/kg for Yellowfin tuna. Overall this gives an average price of €115/t for Skipjack and €220/t for Yellowfin, or an average tuna price of €167.5/t, which would be a bit high given the fact that more Skipjack is landed than Yellowfin. The cost and freight (CFR) price paid by the Spanish canneries during the same period was €1.20/kg for Skipjack and €2.50/kg for Yellowfin, so the prices of Seychelles fish are relatively high. If the fixed price paid to Seychelles by the EU (the total annual amount paid by the EU which is not linked to actual tonnages), using the reference tonnages, is added to the price paid per ton by vessel owners is added together and averaged out for Madagascar, Mauritius and Seychelles, the average price paid to the three countries is €188 per ton of tuna.

⁸ https://ec.europa.eu/fisheries/cfp/international/agreements/comoros_en

⁹ <http://www.fao.org/3/ca7891en/ca7891en.pdf>

In addition to the support provided through SFPAs to the Indian Ocean fishing sector, the EU, through the European Development Fund (EDF), provides significant support and resources to the fisheries and blue economy sector of the COMESA-EAC-SADC Tripartite region through programmes such as the Smartfish programme, which has now come to an end, and the operational Ecofish (or E€OFISH) programme.

3. Fisheries Chapter in the ESA interim EPA

The ESA Interim EPA has a dedicated Chapter on Marine Fisheries, which is identical to the Marine Fisheries Chapter in the EAC interim EPA. It reflects the fact that the bulk of negotiations for the EAC and ESA EPA were done under the COMESA umbrella and when the EAC decided to go alone in terms of EPA negotiations it did so by taking the ESA negotiating framework as its starting point.¹⁰

Article 30 of the ESA interim EPA refers to the scope of Marine Fisheries being “*the utilisation, conservation and management of marine fisheries resources to optimise the benefits from fisheries for the ESA region through investment capacity building and improved market access*”. Although the definition is relatively broad, it is missing a development component. It could, however, be argued that the development of the marine fisheries sector would be achieved “*through investment capacity building and improved market access*”. This would certainly fit into the “Aid for Trade” concept but if this were the case, we could expect the text on Marine Fisheries to cover the OECD’s¹¹ four main components of Aid for Trade of mainstreaming and prioritising trade (demand); trade-related projects and programmes (response); enhanced capacity to trade (outcome) and improved trade performance and reduced poverty (impact). Under the Fisheries title, these four components of Aid for Trade are not addressed, so it could be concluded that there is no development component in the interim EPA specific to fisheries, nor any mechanism in place to channel funds through the EPA to a fisheries development component.

Article 31 outlines the objectives of the Agreement which are to:

- (a) **strengthen cooperation to ensure the sustainable exploitation and management of fisheries resources as a strong basis for regional integration.** This relates to the fact that tuna is a migratory species, and no ESA state can ensure the sustainability of the fishing industry on its own. There is cooperation through the Indian Ocean Tuna Commission (IOTC), whose aim is to ensure stability. However, within the EPA specifically, there are no mechanisms in place that would allow the sustainable exploitation and management of fisheries resources to strengthen cooperation and so be a strong basis for regional integration. The main avenues of regional integration for the ESA4 are their membership of COMESA, IOC and SADC, which all ESA4 countries are members of, but none of these regional organisations is a party to the ESA EPA negotiations so cannot coordinate negotiations. If the objective of strengthening cooperation to ensure the sustainable exploitation and management of fisheries resources as a strong basis for regional integration is to have any practical application in the comprehensive EPA, there is a need for a mechanism that allows a regional integration dimension to be introduced through the management of fisheries resources to ensure sustainable exploitation.

¹⁰ The EAC interim EPA comprises Burundi, Kenya, Rwanda, Uganda and Tanzania. Initially, Burundi, Kenya, Rwanda and Uganda were negotiating an EPA under the ESA (COMESA) while Tanzania was negotiating an EPA under SADC. This approach was going to lead to challenges within the EAC customs union so the EAC decided to negotiate an EPA under the EAC umbrella, with Burundi, Kenya, Rwanda and Uganda leaving the ESA umbrella. The ESA term was coined at the start of the negotiations when COMESA was trying to bring SADC, EAC and COMESA together to negotiate as a group and so be in compliance with the principle that EPAs should strengthen regional integration, but, principally, the SACU countries objected to this approach, so negotiations started as EAC (COMESA) and SADC and then the EAC countries split as well.

¹¹ <http://www.oecd.org/aidfortrade/>

- (b) **ensure a more equitable share of the benefits derived from the fisheries sector.** According to a paper in Marine Policy entitled “Who gets what? Developing a more equitable framework for EU fishing agreements”, the benefits derived from the fishing sector remain more skewed towards the EU than they are to the ESA.¹² The authors note that since 1986, EU quotas for Madagascar increased by 30 per cent while the fees paid by the EU decreased by 20 per cent. Yet, Madagascar’s treasury income from these agreements decreased by 90 per cent. The authors conclude that the EU agreements with Madagascar are in direct contradiction to the goals set in the Common Fisheries Policy (CFP) which states that benefits of agreements should be directed towards developing countries, and not towards private EU entities. The authors proposed a new framework for the CFP, “prioritizing fisheries sustainability and equitable benefit sharing, in which reasonable quotas are set, fees are indexed to the landed value of catches, and all costs of agreements are borne directly by the benefiting industries. EU development assistance should be decoupled from these agreements and should focus on enhancing the host countries’ monitoring and enforcement capacities. This new framework would increase the benefits to Madagascar while reducing costs to EU taxpayers”.
- (c) **ensure effective monitoring control and surveillance (MCS) necessary for combating IUU fishing.** There has been steady, albeit slow, progress in improving monitoring, control and surveillance (MCS) of fishing and fishing-related activities in the South-West Indian Ocean and additional MCS provisions are referred to under Article 32(2)(b)(ii) of the EPA.
- (d) **promote effective exploitation, conservation and management in the EEZ for the mutual social and economic benefit of the ESA States and the EC Party.** The EPA does not provide any benchmarks against which the promotion of effective exploitation, conservation and management in the EEZ can be measured and no benchmark on what social and economic benefits can be expected or what level of benefits can be expected, so this objective is aspirational at best and too general to be meaningful. This article could be strengthened in the comprehensive EPA by adding targets and benchmarks.

Article 32 provides details of Areas of Cooperation. Article 32.1 and 32.2 are general in nature and note that cooperation will include fisheries management and conservation issues, vessel management and post-harvest arrangements, financial and trade measures, development of fisheries and fishery products, marine aquaculture and mobilisation of resources. The Article also notes that the EC shall contribute to the measures as described in the section concerning financial and trade measures, and on infrastructure development specific for fisheries and marine aquaculture. The language, using “shall” indicates “best endeavour” on the part of the EC rather than a firm commitment, so these articles are non-binding and not enforceable, on either Party.

Article 32(2)(a) addresses Fisheries Management and Conservation Issues.

¹² Le Manach F, et al. Who gets what? Developing a more equitable framework for EU fishing agreements. Mar. Policy (2012), https://blueventures.org/wp-content/uploads/2017/09/LeManach_etal_EU-MadagascarAgreement.pdf

- 1) **The precautionary approach shall be applied in determining levels of sustainable catch, fishing capacity and other management strategies.** The precautionary approach is used in fisheries where reliable data are not available and is applied where there are highly migratory species and straddling stocks under Article 6 of the UN Fish Stocks Agreement (1995). The interim EPA text on the precautionary approach refers to its use when addressing negative impacts on ecosystems and the artisanal sector. There has been concern in the past about the ability of putting the adoption of a precautionary approach into practice when coastal states generally lack the means to do so. However, there are numerous examples of the precautionary approach being put into action. For example, in 2019, the IOTC used the precautionary principle to restrict the tonnage of Yellowfin tuna caught by the purse seiner fleet and there have been no major challenges in implementing these catch restrictions.¹³ As a purse seiner cannot control what type of tuna (or bycatch) it catches when it starts to get close to its Yellowfin quota the purse seiners stay in the harbour. At the end of 2019, most purse seiners registered to fish out of Port Victoria were in the harbour because of the Yellowfin catch limits in force, which reduces the overall tonnage of tuna caught, including Skipjack, by purse seiners and so also reduces the availability of originating fish that can be used in the canning factory in Seychelles, Mauritius and Madagascar, which is one of the reasons why the ESA4 countries want the automatic derogation for non-originating tuna to be increased.

Box 1: Precautionary Approach in Action

28 DECEMBER 2019



A majority of the Seychelles-flagged purse seiners fishing in the island nation's waters have reached their annual yellowfin quota for the year and are awaiting the beginning of the year to resume activities, a top government official said Friday.

Eleven out of the 13 Seychelles-flagged vessels are now moored outside of Port Victoria awaiting the beginning of the new fishing season, Charles Bastienne, the Minister of Fisheries and Agriculture, told a news conference.

He said the vessels have reached their annual quota set out by the Indian Ocean Tuna Commission (IOTC) and it was normal to see so many of them moored outside Port Victoria.

- 2) **Appropriate measures, including seasonal and gear restrictions, should be to protect territorial waters and ensure sustainability.** Territorial waters refer only to the 12-mile zone, which is where artisanal fishermen operate and not the industrial fleets including the purse seiners. Purse seiners are not allowed to operate within the 12-mile zone so perhaps this article can be interpreted as the countries taking appropriate measures to protect their territorial waters. The Article does not infer that ESA states can take measures to protect the EEZ beyond its territorial waters and ensure sustainability beyond the 12-mile limit and up to the 200-mile limit of the EEZ.
- 3) **Membership of IOTC will be promoted.** The EU and the ESA interim EPA member states are all members of IOTC. Since Brexit, the UK is a fully-fledged IOTC member representing the British Indian Ocean Territory (BIOT) and their distant water fishing fleet. La Réunion and Mayotte are Ultraperipheral Regions of the European Union and therefore represented by the EU. France is a member on behalf of the island of Tromelin.
- 4) **Where there is insufficient scientific evidence for the competent national management authority to determine limits and target levels of sustainable catch in an ESA EEZ, both Parties shall support scientific analysis.** This is not contentious and, in being members of the IOTC, and participating in the IOTC activities and supporting and complying with the decisions of the IOTC, both parties are supporting scientific analysis. The EPA text does not specify performance indicators that

¹³ A news item from the Seychelles News Agency (reproduced at <https://allafrica.com/stories/201912300490.html>) highlights the fact that the Seychelles-registered purse seiners were in harbour in December 2019 because they were nearing their Yellowfin tuna quotas.

could be used to gauge how well or actively the Parties support scientific analysis but there is no evidence to suggest that the Parties do not support scientific analysis.

- 5) **Appropriate measures will be taken in cases of catches above the target sustainable level.** Target sustainable levels of catches are set by the IOTC and all members of the IOTC need to abide by the decisions of the IOTC. However, what is interesting is that, although the target sustainable levels of catch of some species continue to be reduced (with none increasing), the SFPAs continue to increase the level of the reference catch, although not increasing the number of fishing vessels that can operate in the South-West Indian Ocean. For example, the 2020 SFPA between the EU and Seychelles uses a reference catch of 50,000 tons per year and caters for 40 EU-registered purse seiners and 8 long-liners. The 2002 Access Agreement between the EU and Seychelles allowed for 40 purse seiners and 32 long-liners but with a reference catch of 46,000 tons per year.¹⁴
- 6) **Ensure compliance.** Both Parties do try to ensure compliance as it is in both of their interests that the fishing fleets are compliant with relevant national, regional and sub-regional fisheries management measures and related national laws and regulations. For example, in the early 1980s, artisanal fishermen in Seychelles started to harvest sea cucumbers but by 1999 there were already signs of stock depletion, including lower volumes of high-value species and fishermen having to travel further and dive deeper to maintain catch rates. The Seychelles Fishing Authority (SFA) implemented management measures in 1999, including restrictions on the number of licenses issued to harvest (25) and process (4), limited the numbers of the crew on the fishing boats and limited the fishing season from October to May. Then, in 2017, the SFA introduced a Total Allowable Catch (TAC) for each species and fishermen are now only allowed to catch 3 species (flower teat fish, white teat fish and prickly red).¹⁵ This is an example of compliance and use of the precautionary principle.

Article 32(2)(b) addresses **Vessel Management and Post-Harvest Arrangements.**

- i) **Vessel Monitoring System (VMS).** VMS was developed in the 1990s for vessel monitoring, control and surveillance. The system was to address key concerns facing both fishing vessels and the regulatory authorities, such as national sovereignty issues with boats fishing in another nation's territorial waters, combating illegal fishing and sustainably monitoring marine resources. It was designed to deliver accurate, regular positions of vessels without any regional or global limits. VMS is designed so that the flag states are the only ones empowered to receive, validate and distribute VMS data to whoever needs to know (Regional Fisheries Management Organisations, coastal states, etc). The fishing companies can then be confident that the privacy of their data is protected by their national authority. The information cannot be hacked by an unauthorized operator, protecting the vessel's market-sensitive information.

The Agreement stipulates that all ESA States will use a compatible VMS and ESA States which do not have a VMS will be assisted by the EU to set up a compatible VMS. IOTC Resolution 15/03 specifies in detail the VMS requirements, including timeframes for implementation.¹⁶ According to a 2019 research paper by Nielblas et al on a VMS/logbook comparison for the Seychelles Tuna Fishery,¹⁷ Seychelles is a regional leader in the sustainable exploitation of marine ecosystems in the Western Indian Ocean and is involved in the joint management with Mauritius of adjacent regions.

¹⁴ See, for example: "Experience from the bilateral fisheries access agreement, impact on the economy and implications for Seychelles of the outcome of the WTO mediation on the case of tuna between the EU and Thailand and the Philippines" by Phillip Michaud dated 2003.

¹⁵ For a more detailed explanation of fisheries policy in the Seychelles see the Seychelles Fisheries Comprehensive Plan. <https://echebatar.com/wp-content/uploads/2019/11/Seychelles-Fisheries-Comprehensive-Plan-Nov-2019.pdf>

¹⁶ <https://www.iotc.org/cmm/resolution-1503-vessel-monitoring-system-vms-programme>

¹⁷ https://www.researchgate.net/publication/342673237_Seychelles_VMSlogbook_comparison_for_tuna_fisheries_FAO_Area_51/link/5f7482ac458515b7cf593f7c/download

Since the early 2000s, VMS in Seychelles has been well maintained and closely monitored for vessels >12 m length, but numerous smaller vessels are not monitored.

The state of play of implementation of VMS obligations is in the IOTC reports. This includes a sound legislative framework that sets out the requirements for the operation of a VMS system while at sea. Currently, SFA is responsible to install, maintain and repair and/or replace damaged transceiver terminals including communication costs related to the terminals and, although fishermen have no financial burden, skippers usually refuse to operate the terminals and installation of transceiver terminals is done on a voluntary basis.

According to the Seychelles New Agency, in October 2017, a Spanish organisation, the Organisation of Associated Producers of Large Tuna Freezers (OPAGAC) called upon the local fishing authority to make electronic monitoring compulsory on all purse seiners fishing in Seychelles' waters.¹⁸ They made this request after receiving results from a pilot project that started in 2016 which showed that electronic monitoring is "an efficient way of improving tropical tuna fishery management in the Indian Ocean." However, the Seychelles Fishing Authority indicated it would not make such monitoring compulsory at this time.

Under the Fisheries Comprehensive Plan of the Ministry of Fisheries and Agriculture, plans were revived to put in place a VMS management plan by the third quarter of 2019.¹⁹ The plan is to institute a legal framework to improve governance of the VMS programme within the small-scale fishery; make it mandatory to use transceiver terminals on-board domestic vessels involved in commercial fishing and related activities, including sports fishing vessel; prohibit the tampering and deliberate vandalism of transceiver terminals; establish minimum standards for installing transceiver terminals onboard domestic fishing vessels; establish minimum reporting requirements from the transceiver terminals deployed on domestic vessels, including reporting frequencies to the SFA; establish a minimum period whereby a vessel may continue a fishing operation if a transceiver terminal ceases to operate while undertaking a trip and establish an alternative reporting mechanism if a transceiver terminal ceases to report while undertaking a fishing trip. In addition, the owner will need to inform the SFA if there is a malfunction, or breakdown, of the transceiver terminal within a defined timeline. Transceiver terminals will be the property of the vessel owners, once allocated and installed on their vessel and operation, maintenance, repair and any subsequent replacements, if necessary, will be the sole responsibility of the vessel's owner. SFA will be responsible for the communication fees relating to the reporting of vessels' position from the transceiver terminals to the Fisheries Monitoring Centre (FMC). A VMS management fee will be applied upon application of a fishing vessel license to support costs relating to the commissioning and reporting of transceiver terminal to the FMC.

It is reported that the Seychelles high seas tuna fleets have high Automatic Identification System (AIS) use with a transmission frequency considerably higher than that of VMS.²⁰ However, AIS has far fewer transmissions than VMS and many more gaps in transmission longer than a few hours. Although the spatial coverage of the AIS data is good for Seychelles longline vessels, with acceptable coverage over the core fishing grounds, it is deficient for purse seiners and supply vessels with most data only present around ports because of the switch-off behaviour linked to the piracy threat.

¹⁸<http://www.seychellesnewsagency.com/articles/8094/Spanish+purse+seiners+want+compulsory+electronic+monitoring+on+Seychelle+s-flagged+vessels>

¹⁹ <https://echebatar.com/wp-content/uploads/2019/11/Seychelles-Fisheries-Comprehensive-Plan-Nov-2019.pdf>

²⁰ See, for example,

https://www.researchgate.net/publication/342673237_Seychelles_VMSlogbook_comparison_for_tuna_fisheries_FAO_Area_51

- ii) **Monitoring, Control and Surveillance (MCS).** The interim EPA states that “All ESA States, in conjunction with the EC Party, will develop other mechanisms to ensure effective MCS and the EC Party will support the ESA States to put such an agreed system in place and assist in implementation.

In January 2012, the Smartfish programme produced a Comprehensive Review of MCS Capacity in the ESA – Indian Ocean Region.²¹ The review focused on seven countries (Comoros, Kenya, Madagascar, Mauritius the Seychelles, Somalia and the United Republic of Tanzania) to analyse and benchmark the MCS capacity and to identify gaps. The picture that emerged showed that Seychelles and Mauritius had the strongest capacity for MCS in the region, with Kenya, Madagascar, and Tanzania having partial to weak capacity and Comoros and Somalia having the weakest capacity. From the gap analysis, proposed actions were suggested and compiled across all countries to meet the capacity gaps (see Chapter 9 of the Comprehensive Review). The Review concluded the following:

- 1) The coastal and inland artisanal fisheries were in general more likely to be non-compliant when access or gear restrictions were in place, however, many of these rules and regulations do not exist. This was generally associated with widely spread fisheries, and weak community engagement in the MCS of the fishery, which is a practical requirement when the central government has limited means to oversee the highly dispersed fisheries.
- 2) The coastal semi-industrial and industrial shrimp and mixed fisheries, that are usually locally fished in boats that come back to port or landing sites in the main towns of each country, appear to be the most compliant fisheries. In most cases, these fisheries are better controlled and MCS staff are more familiar with the fishers, and fisheries, often monitoring landings, logbooks and placing observers on vessels.
- 3) The industrial offshore tuna fisheries were generally more likely to be non-compliant as countries had limited capacity to oversee the fishers, to monitor the catches or to inspect the vessels and the requirement for strong regional and international cooperation and intelligence sharing are required.

A proposed roadmap recommended actions that should be taken in the areas of MCS human capacity (all fishery types and countries); standard operating procedures / improved MCS systems (all fishery types and countries); MCS intelligence and strategic planning (priority in off-shore fisheries where regional/international cooperation is required); risk assessment (all fisheries and countries); MCS co-management systems (artisanal inland and coastal); regional MCS cooperation (priority in the semi-industrial and industrial but also important for lesson learning in artisanal); MCS awareness campaigns (all fishery types and countries across a broad range of players) and equipment for MCS (all fishery types and countries).

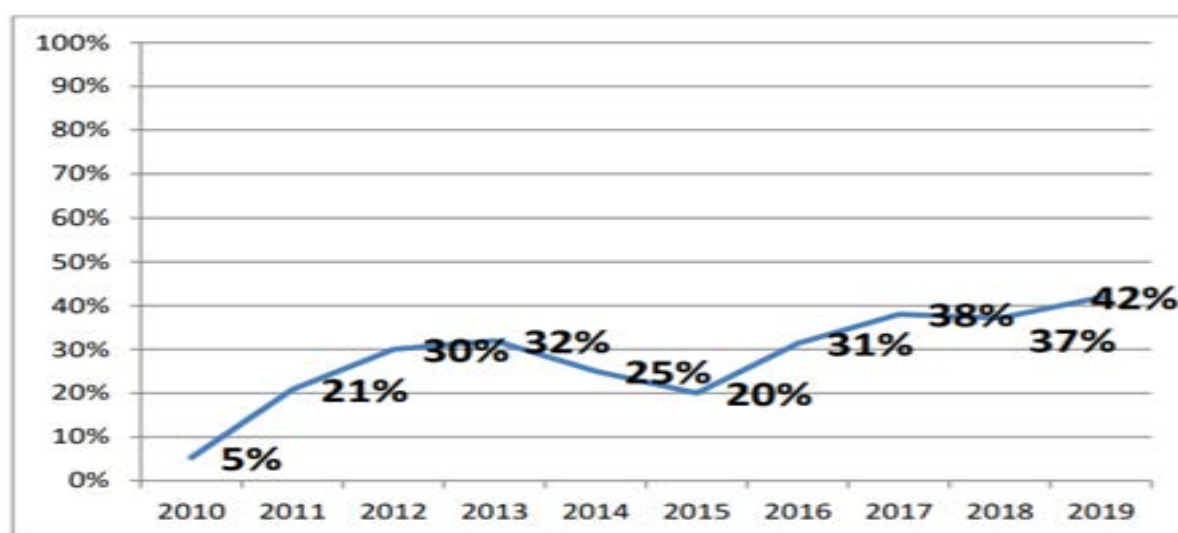
- iii) **Observers.** The interim EPA states that “The Parties shall have the right to place observers, whether in national or international waters, with the procedures concerning the deployment of observers being well stipulated. Observers are to be paid by the national governments, but all costs onboard are to be met by the ship-owner. The EC Party will support the costs of training observers”. According to a summary report from the IOTC secretariat on the level of compliance (IOTC-2019-CoC17-03_Rev3 [E]) dated 31 July 2020,²² since the adoption of the Resolution on a Regional Observer Scheme (Resolution 11/04), the IOTC Secretariat has conducted work to facilitate the implementation of the observer scheme at the national level. Most recently, this has been supported by Resolution 16/04 on the implementation of a pilot project in view of promoting the regional observer scheme of IOTC. More

²¹ <http://www.fao.org/3/a-az384e.pdf>

²² Summary report on the level of compliance, pp 8-9: https://www.iotc.org/sites/default/files/documents/2021/03/IOTC-2020-CoC17-03_Rev3_E-Summary_Report.pdf

details on these activities can be found in paper IOTC-2020-SC23-07.²³ Figure 1 illustrates the level of compliance with the regional observer scheme from 2010 to 2019, in terms of the proportion of fleets achieving the minimum level of 5% of operations or sets. As can be seen from the figure, although compliance is improving, it is still low, with the highest level of compliance being 42 per cent in 2019.

Figure 1: Trends in compliance to Resolution 11/04, between 2010 and 2019



Source: https://www.iotc.org/sites/default/files/documents/2021/03/IOTC-2020-CoC17-03_Rev3_E-Summary_Report.pdf

- iv) **Reporting.** The interim EPA states that “common systems of reporting of fishing will be developed and be used throughout the region, with minimum terms set for reporting.” IOTC defines reporting requirements for its members and the reporting requirements specified in the ESA could be directly aligned to the IOTC reporting requirements.
- v) **Fish Landing.** The interim EPA states that “All vessels that land or tranship their catches within the ESA State shall do it in ports or outer-port areas. No transhipment shall be allowed at sea, except on particular conditions foreseen by the relevant Regional Fisheries Management Organisations. Both Parties shall cooperate to modernise landing or transhipment infrastructure in ports of ESA States, including development capacity of fish products.” Landing/transhipment in-port brings economic benefits to the country in which the landing or transhipment takes place as it allows the country concerned to provide goods and services to the vessels and their crews. Transhipment in “outer-port areas” (e.g. from fishing vessel direct to carrier vessel) and transhipment at sea “on particular condition” means that the fish may not land in the ESA state. However, this is sometimes necessary as, if a fishing vessel is, perhaps, hundreds of miles from port, it is not commercially feasible for it to return to port and then go out to the same fishing location to resume fishing. The best endeavour language that is used in this instance is probably the best that can be achieved.
- vi) **Use Local Supplies.** The interim EPA states that “All vessels should endeavour to use the facilities of the ESA States and undertake to make use of local supplies.” As is noted by Liam Campling, “This clause on the use of local inputs/supplies links to Article 32(b)(6) on the requirement to land/tranship in-port or in outer-port areas in that if the vessel tranships in-port the vessel “should” make use of local goods and services. However, the obligation is very weak, merely committing EU vessels “to

²³ Update on the implementation of the IOTC Regional Observer Scheme:
https://www.iotc.org/sites/default/files/documents/2020/11/IOTC-2020-SC23-07_-_ROS_update.pdf

endeavour” to do so, and thus contains no legally binding contribution to domestic economic development”.²⁴

- vii) **Discard Reporting.** The interim EPA states that “Discards reporting shall be compulsory. Priority should be given to avoid discards through the use of selective fishing methods in line with the principles of the IOTC,²⁵ and relevant regional fisheries organisations. As far as possible, bycatch²⁶ shall be brought ashore.²⁷” Landing bycatch can be both beneficial to local populations and highly disruptive for the local fishing industry. It is beneficial for the local population. After all, it can often provide a cheap source of protein because it is sold cheaply, just to get rid of the bycatch, which has, at least until recently, no commercial value to the industrial fishing industry. It is disruptive for the local (artisanal) fishing industry as it may mean that the local market is over-supplied such that the local fishermen cannot sell their fish, or have to sell their fish at lower prices, which could mean that they are not making a profit. In addition to reporting of discards being mandatory under IOTC Resolution 15/02. There are many other reasons, including issues of sustainability, why it is essential that discard reporting remains compulsory; that priority should be given to avoid discards through the use of selective fishing methods; that bycatch should be brought ashore. It is probably advisable to strengthen this clause so that it is compulsory to report all discards by species, where discards are necessary, and to land all bycatch, and to introduce penalties for discarding fish at sea and not adequately reporting all bycatch and then to take measures to mitigate the negative impact on the local artisanal fishing industry. For example, there is now a trade in frozen fish – seemingly any species of fish – mainly into West Africa and Asia - and so bycatch now has a commercial value as it can be sold by the twenty-foot reefer container load to overseas markets. The bycatch could also be quickly taken off the local fresh fish market where necessary by selling it to fish meal producers etc.

Article 32(b)(2) specifies that the Parties should cooperate in developing and implementing national/regional training programmes for ESA nationals, that employment of ESA nationals shall be encouraged. An agreement to cooperate rather than a commitment from the European Union to provide training programmes and to provide preferences to the EU DWF to employ ESA nationals could be strengthened in the Comprehensive EPA. The application of the International Labour Organisation (ILO) Declaration on fundamental principles and rights at work would, presumably, still apply under the Comprehensive EPA.

Article 32(b)(3) encourages both Parties to take measures to prevent, deter, and eliminate IUU fishing. It stipulates that “Fishing vessels involved in IUU fishing should be prosecuted and should not be allowed to fish again in ESA waters unless prior authorisation has been obtained from both the flag State and the concerned ESA States as well as, where relevant, the concerned RFMO.” Both sides should strictly abide by their international obligations as regards the fight against IUU fishing.

Article 32(c) encourages cooperation in promoting the setting up of joint ventures in fishing operations, fish processing and port services; to enhance production capacity; to improve the competitiveness of fishing and related industries and services, to downstream processing, development and improvement of port facilities, and to diversify the fishery to include non-tuna species which are under-exploited or not exploited. This article could certainly be strengthened by providing some benchmarks and key performance indicators.

²⁴ Liam Campling: “Fisheries Aspects of ACP-EU Interim Economic Partnership Agreements: Trade and Sustainable Development Implications”. ICTSD Issues Paper number 6. October 2008

²⁵ Under IOTC resolution 15/02, reporting of discard is already mandatory.

²⁶ Bycatch includes non-targeted fish and can be sold or discarded at sea. Discards can also include species killed in the fishing process, which cannot be marketed or for which a viable market does not currently exist and includes sharks, rays, triggerfish, seabirds, marine turtles, dolphins and tuna that is too small for the market. Fish can also be discarded because of a lack of storage space at the end of a trip or because of discards through the practice of “high-grading”, particularly in quota-managed fisheries where only the highest value fish are retained.

²⁷ Except in the case of prohibited and vulnerable species

4. Rules of Origin

The ESA-EU EPA Rules of Origin, as contained in the Official Journal of the European Union (OJ L 93, 27 March 2020), considers fish to be originating if the fishing vessels or factory ships:

- are registered in an EC Member State or an ESA State;
- sail under the flag of an EC Member State or an ESA State;
- meet one of the following conditions:
 - they are at least 50 per cent owned by nationals of an EC Member State or an ESA State; or
 - they are owned by companies that have their head office and their main place of business in an EC Member State or an ESA State; and
 - are at least 50 per cent owned by an EC Member State or by an ESA State, public entities or nationals of that State.

Upon request of an ESA State, vessels chartered or leased by the ESA State are treated as ‘their vessels’ to undertake fisheries activities in its EEZ.

On 14 January 2020, the EPA Committee adopted Decision No 1/2020 (OJ L 93, 27 March 2020)²⁸ which entered into force on 31 March 2020 and amended certain provisions of Protocol 1. The text of Protocol 1, defining the concept of ‘originating products’ and methods of administrative cooperation to the Interim Agreement, is replaced by the text set out in the Annex to Decision 1/2020 of the EPA Committee. The amendments agreed allow for “accounting segregation” for materials, replaces the provision on ‘direct transport’ by a rule on ‘non-alteration’, allows the possibility for ESA States to ship sugar without splitting containers for originating and non-originating sugar (“shipment of sugar”) and introduces the move to self-certification as exclusive proof of origin, ceasing the issuance of movement certificates EUR.1.

The ESA4 EPA countries have expressed concern about rules of origin, including the following:

- In cases where insufficient wholly obtained fish is available for canning, there is a value tolerance (*de minimis*), of up to 15 per cent for non-originating inputs of fresh or frozen fish in the manufacture of fish products. The canning factories have made requests to have this increased, especially during periods when there is a shortage of originating fish for the canneries to use.
- Under the Cotonou Partnership Agreement, there was an annual automatic derogation to use a total of 8,000 metric tonnes for non-originating fish for canning and 2,000 metric tonnes of non-originating tuna loins for all 77 countries of the ACP group. A major gain for the ESA-EU interim EPA was to get the same volume of automatic derogation for non-originating tuna for canning (8000 metric tons) for Mauritius, Seychelles and Madagascar and non-originating tuna loins (2000 metric tons) for Mauritius and Seychelles.
- The Rules of Origin that have been agreed to in 2020 provide for accounting segregation for fungible materials. Accounting segregation determines how non-originating and originating fungible materials should be tracked (accounted for) when both types are stored together. It allows both types of materials to be tracked not through physical identification and separation but based on an accounting or inventory management system. Originating and non-originating tuna can be traced back to the vessel

²⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L:2020:093:FULL&from=EN>

that caught them so accounting segregation is of no value in terms of fish that goes into a tin. Accounting segregation may be useful in the additives in a tin of tuna, such as vegetable oil and spices.

- The difficulty of using cumulation with other ESA states that are not members of the ESA EPA. If the ESA4 want to cumulate with other ESA States (Article 4) and neighbouring developing countries (Article 5), then they need to agree on administrative cooperation (ACA) with those states and need to provide the EU with details of agreements on administrative cooperation. The EC will then publish in the *Official Journal of the European Union* (C series), and the ESA States will publish according to their procedures, the date on which the cumulation may be applied with those countries or territories which have fulfilled the necessary requirements.

The ESA4 can streamline and simplify the process of certification of origin of goods by utilising exclusively self-certification. Under self-certification, exporters make out their statement on origin in accordance with the rules of the protocol.

The challenge for the ESA4 is to ensure that they can utilise the EPA Rules of Origin to become part of global value chains. By selling whole frozen fish, the ESA4 will receive a return of less than US\$2 per kilo. If, however, they process the fish and move up the value chain then they will be able to increase the revenue they get from selling fish and fish products. Skipjack frozen cooked loins sell at an average price of US\$4.60/kg and Yellowfin frozen cooked loins sell at an average price of US\$6.85 per kg,²⁹ so through some relatively simple processing, returns on fish and fish products can double and triple and, by making expedient use of the rules of origin, the ESA4 can significantly improve returns of fish and fish products through benefitting from preferential market access opportunities.

5. Possible Impact of the ESA EPA on the Outermost Regions

Currently, there are nine outermost regions:

- Five French overseas departments — Martinique, Mayotte, Guadeloupe, French Guiana and Réunion
- One French overseas community — Saint-Martin
- Two Portuguese autonomous regions — Madeira and the Azores
- One Spanish autonomous community — the Canary Islands

The Outermost Regions (OR) (not to be confused with the EU overseas countries and territories (OCTs)) are part of the EU's single market but, because of their location and distance from the mainland EU, and related difficulties, EU policies have had to be adjusted to their special situation. The relevant measures concern customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, and conditions for the supply of raw materials and essential consumer goods. In addition, the rules on state aid and conditions of access to the Structural Funds and EU horizontal programmes can be adapted to the needs of these regions (e.g. European Regional Development Fund (ERDF) special allocations to ORs). ORs also benefit from the Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI) programmes funded from the European Agricultural Guarantee Fund, which focus on:

- Specific supply arrangements designed to mitigate the additional supply costs relating to essential products for human consumption, for processing or use as agricultural inputs; and

²⁹ <http://www.fao.org/3/ca7891en/ca7891en.pdf>

- Measures to support local agricultural production.

For the 2014-2020 programming period, approximately EUR 13 billion of European Structural and Investment (ESI) Funds were allocated to the nine ORs.

The two ORs that could be affected by the EU – ESA EPA, because of their proximity to the EU – ESA EPA countries, could, conceivably, be Mayotte and Réunion, both of which have economies based largely on agriculture (including livestock in Mayotte) and fishing and, in the case of Réunion, tourism. Both economies are not self-sufficient and need to import a large proportion of their food requirements, mainly from Metropolitan France.

The EU – ESA EPA could have a positive impact on Mayotte and Réunion if Madagascar, in particular, starts to meet its potential as a food producer as staple foods such as maize, cassava, sweet potatoes and yams. However, as none of the island ESA EPA countries nor Mayotte and Réunion are self-sufficient in food at present, the EU – ESA EPA is likely to be neutral in terms of trade, and particularly food trade.

Another area where the ESA EPA could have an impact is in the fisheries sector. Under the European Maritime and Fisheries Fund, the EU Commission supports the ORs' fisheries sector, including a 100 per cent compensation for additional costs linked to their specific situation. The financial package earmarked for these regions aims to help develop sustainable fisheries and a sustainable maritime economy and to support small-scale coastal fishermen. The European Union Distant Water Fleet operate in the French EEZ of Mayotte and Réunion but do not land catch in Mayotte and Réunion. In addition, both Mayotte and Réunion have semi-industrial and industrial long-liners and artisanal fishing fleets operating in the French EEZ and coastal waters. However, the support provided by the EU to Mayotte and Réunion and support provided to the EU – ESA EPAs through the ESA and under the Sustainable Fisheries Partnership Agreements are coordinated, both by the EU Commission and under the IOTC, so there should be no negative effects on either the EU – ESA EPA countries or Mayotte and Réunion.

Finally, the Interreg programme, with funding from the European Regional Development Fund (ERDF) finances cross-border cooperation between the outermost regions and third countries and allow the development of “win-win” exchanges and privileges the co-development of the OR with the third country. For example, the 2014-2020 Interreg V - Mayotte – Comoros – Madagascar cooperation programme focused on cross-border cooperation between the outermost region of Mayotte and the neighbouring islands of Comoros and Madagascar and promoted increased trade; improving emergency services and the population's state of health; and promoting access to education through mobility. The Comoros and Madagascar also benefitted from development programmes supported by the European Development Fund (EDF).

6. Conclusions and Recommendations on Negotiations

From the findings of the case study on Marine Fisheries, the following could be concluded in terms of negotiating more robust, equitable, egalitarian and sustainable fisheries agreements between the EU and the ESA states of Comoros, Madagascar, Mauritius and Seychelles.

Marine Fisheries Text of the Comprehensive EPA

- 1) In the negotiations of the Marine Fisheries Title of the Comprehensive EPA, it is suggested that binding text that relates to a development component specifically for Marine Fisheries is included. The binding text could be in the format of the OECD's four main components of Aid for Trade of mainstreaming and prioritising trade (demand); trade-related projects and programmes (response); enhanced capacity to trade (outcome) and improved trade performance and reduced poverty (impact). The binding text, which would, as much as possible, replace the “best endeavour” text, would be linked to

key performance indicators and there would be consequences for non-compliance. For example, modalities to increase the number of joint ventures could be introduced (rather than “undertake to cooperate in promoting the setting up of joint ventures in fishing operations” which is an aspirational goal with no modalities outlined) and targets set.

The text of the ESA EPA could be more closely aligned to that of the United Nations Convention on the Law of the Sea (UNCLOS) and other relevant international agreements and regional conservation and management measures. The text on Fisheries Management and Conservation Issues and VMS and Post Harvest Arrangements should be linked to the agreements made under IOTC.

Finally, the ESA EPA text could be more closely aligned with the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (PSMA). The PSMA was adopted in 2009 by the United Nations Food and Agriculture Organization (FAO) and requires parties to place tighter controls on foreign-flagged vessels seeking to enter and use their ports to land or tranship fish. Consistent international momentum over the past few years has boosted the number of parties to the agreement, making it increasingly difficult for illegitimate catch to make its way to national and international markets and reducing the incentive for fishing operators to practice IUU activities. The seafood industry also plays an important role, because seafood buyers can show preference to ports in countries that have ratified the agreement.

Trade, Environment and Sustainable Development

Article 53 (Rendez-Vous Clause) of the ESA interim EPA makes provision for concluding a full and comprehensive EPA that covers, amongst other topics, trade, environment and sustainable development. Typically, the EU approach to trade and sustainability includes human rights, labour rights, environmental sustainability, and economic sustainability.³⁰ These are regarded as cross-cutting areas for Marine Fisheries so are covered, at least as part of recommendations for the negotiations that will affect Marine Fisheries.

The non-paper of the Commission Services on Trade and Sustainable Development (TSD) chapters in EU Free Trade Agreements (FTAs) dated 11th July 2017³¹ notes that Existing TSD chapters in EU trade agreements contain a comprehensive set of binding provisions, which are anchored in multilateral standards, notably International Labour Organisation (ILO) conventions and Multilateral Environmental Agreements (MEAs). The EU approach treats labour and the environment, including climate protection, on an equal footing in the same institutional framework.

- In terms of scope, the ESA EPA, in line with existing EU TSD provisions, could promote: the effective implementation of the fundamental international labour conventions³² and beyond as regards other ratified up-to-date international labour conventions and working conditions³³ and multilateral environmental agreements (MEAs).³⁴

³⁰ See: “The economic and social effects of the Economic Partnership Agreements on selected African countries” by Jan Grumiller, Werner Raza, Cornelia Staritz, Bernhard Tröster, Rudi von Arnim. Austrian Foundation for Development Research. 7/2018 Research Report. July 2018. https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/7_EPA_Study.pdf

³¹ http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155686.pdf

³² *Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957. (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111)*

³³ As provided for in the ILO declaration on Social Justice for a fair globalization of 2008

³⁴ By means of illustration, these include for instance: *Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES Convention); Minamata Convention on Mercury (Minamata Convention); Convention on Persistent Organic*

- a level playing field, by not lowering labour and environmental standards for the purpose of improving trade or attracting investment and ensuring effective implementation; and
- sustainable management of natural resources in areas of low carbon development, forestry, fisheries, biodiversity, including fighting illegal harvesting practices and promoting corporate social responsibility and fair and ethical trade initiatives.³⁵

The institutional structure of the ESA EPA chapters would be designed to be inclusive, through platforms where civil society can play an advisory role. They would participate in the monitoring of the FTA implementation through direct exchanges amongst civil society actors and with governments. These platforms include the Domestic Advisory Groups (DAGs) on the side of each FTA partner and Joint Platforms bringing together civil society organisations from both FTA partners.

Pollutants (Stockholm Convention); Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal (Basel Convention); Framework Convention on Climate Change (UNFCCC); Kyoto Protocol, The Paris Agreement; Convention on Biological Diversity (UN) (CBD) and its Protocol on Biosafety to the Biodiversity Convention (The Cartagena Protocol), Protocol on Liability and Redress to the Cartagena Protocol on Biosafety (The Nagoya – Kuala Lumpur Supplementary Protocol) and Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of the Benefits Arising from their Utilization to the Convention on Biological Diversity (The Nagoya Protocol); Protocol to the Convention for the Protection of the Ozone Layer on Substances that deplete the Ozone Layer (Montreal Protocol),

³⁵ See for example Chapter 13 of the EU-Trade Agreement with Georgia, OJ L 261/89 of 30.8.2014.

Mining Sector in Zimbabwe and Madagascar
Case Study

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1. Introduction

Up until recently, mining, along with other so-called extractive industries, has contributed to a country's economy through mainly their contribution to government revenue through taxes and royalties. However, and as is outlined in the Africa Mining Vision, there are other options to be explored that allow governments to rely less on taxes and royalties benefits through more closely integrating the mining sector with local economies. These integration activities could include working closely with artisanal and small-scale miners (ASM) in a mutually beneficial way. For example, industrial mines could allow ASM cooperatives or syndicates to mine ore bodies that are not economic to mine industrially, but which are rich deposits, albeit small. Industrial mining could also be more integrated into the local economy by, where possible, purchasing locally, hiring local staff, training local staff, ensuring that they do not violate human rights, ensuring that they cause as little environmental damage and degradation as possible and support community development by ensuring that the infrastructure they build can also benefit the communities they work with.

The mining sectors in Zimbabwe and Madagascar make significant contributions to the economy and the countries' gross national product but both countries are struggling economically. The economy of Zimbabwe has continued to decline, with a contraction of over 8 per cent in 2019, high inflation and a marked deterioration in social conditions so that, by the end of 2019, about 90 per cent of Zimbabweans were living in poverty and 60 per cent were considered food-insecure, placing Zimbabwe's food insecurity fourth highest in the world. This trajectory has continued into 2020, leading South Africa to spell out its concerns that its neighbour is in a crisis.¹

In this case study, we describe the industrial and ASM mining sectors in Zimbabwe and Madagascar and make recommendations on how the European Union could support the two countries to implement the Africa Mining Vision, which both countries are struggling to implement, and its vision of creating transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development through the Eastern and Southern Africa comprehensive Economic Partnership Agreement.

2. EU and Access to Resources

In September 2020, the European Union (EU) Commission issued a communication (COM(2020) 474 final) on Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability. The communication notes that access to resources is a strategic security question for Europe's ambition to deliver the Green Deal. The new industrial strategy for Europe proposes reinforcing Europe's open strategic autonomy, and transition to climate neutrality to replace today's reliance on fossil fuels with one on raw materials, many of which are sourced from outside the EU and for which global competition is becoming fierce. The EU's open strategic autonomy in these sectors will continue to be anchored in diversified and undistorted access to global markets for raw materials. It is assumed that the EU will pursue this policy objective in the EPA negotiations as it will in all its trade negotiations.

The EU's Critical Raw Materials List includes minerals and metals that are mined in Madagascar, these being primarily Rare Earth Metals, Lithium and Platinum Group Metals (PGMs) in Zimbabwe. The communication notes that:

- For electric vehicle batteries and energy storage, the EU would need up to 18 times more lithium and 5 times more cobalt in 2030, and almost 60 times more lithium and 15 times more cobalt in 2050,

¹ <https://www.crisisgroup.org/africa/southern-africa/zimbabwe/294-all-glitters-not-gold-turmoil-zimbabwes-mining-sector>

compared to the current supply to the whole EU economy. If not addressed, this increase in demand may lead to supply issues.

- Demand for rare earths could increase tenfold by 2050.

The EU strategy recognises that future demand for primary critical raw materials will continue to be largely met by imports in the medium to long term. The EU's open strategic autonomy in these sectors, therefore, needs to continue to be anchored in well-diversified and undistorted access to global markets for raw materials. Resilience for critical raw materials supply will also be achieved by reinforcing the use of EU trade policy tools (including Free Trade Agreements and enhanced enforcement efforts) and work with international organisations to ensure undistorted trade and investment in raw materials in a manner that supports the EU's commercial interests. The EU will also continue to be resolute in addressing non-respect of international obligations by third countries, in line with its commitment to enhancing enforcement activities in the area of trade through the new Chief Trade Enforcement Officer (CTEO).

One of the main challenges faced by the EU and other western countries include accessing and processing the raw materials. This can be most clearly seen in the rare earth metals sector. Rare earths, which refers to a group of 17 elements, are essential components in advanced electronic equipment such as smartphones (with 8 rare earth metals needed), electric cars, x-ray systems and defence systems. Although deposits of rare earth metals exist all over the world, most mining and refining occurs in China. Around 70% of China's 2019 rare earth exports went to Japan (36% of China's rare earth exports, mainly Cerium) and the United States (33.4% of China's rare earth exports, mainly Lanthanum).² China's virtual monopoly in rare earth metals not only gives it a strategic advantage over heavily dependent countries, such as the USA, which imports 80% of its rare earths from China but also makes the supply chain unreliable.³ The USA, EU and Japan, in particular, now have introduced policies to diversify their sources of rare earths to other parts of the world. Increasing rare earth mining outside of China has reduced China's global share of mining from 97.7% in 2010 to 62.9% in 2019. But even with this reduction in the supply of the raw material, China is still dominant in the processing of rare earths, with almost all refining of rare earths, wherever they are sourced, being done in China. The challenge with both mining and refining rare earths is that they can, and usually do, cause serious environmental damage. They can also cause damage to the health of the people who are involved in rare earth mining and processing and to the local populations who live adjacent to the mining areas or processing plants.

The demand for rare earths continues to rapidly expand because of the move to "clean technology". If a country, or region, wants to be a part of the clean technology revolution, which includes electric cars, etc., which the EU does, then they need to have access to a steady and reliable supply of refined rare earths. The EU has already stated that it will use its trade agreements, including the ESA EPA countries, particularly Zimbabwe and Madagascar, to gain access to needed raw materials, which includes rare earth metals, and more especially processed rare earths. This could be beneficial to Zimbabwe and Madagascar as well as the EU. However, if the EU is to spearhead the extraction and processing of rare earths, it will need to use the EPA to take an aggressive position to ensure it is the dominant partner.⁴ Also, the EU will have to take full account of the possible effects of mining and processing of rare earths and mitigate environmental damage and social disruption to the local communities. It should be possible to mitigate these effects, but it will be

² Visualizing China's Dominance in Rare Earth Metals. 13 January 2021. <https://www.visualcapitalist.com/chinas-dominance-in-rare-earth-metals/#:~:text=Why%20China's%20Dominance%20Matters&text=China's%20virtual%20monopoly%20in%20rare,supply%20chain%20anything%20but%20reliable.>

³ In 2010, China reduced its rare earth export quotas by 37%, which resulted in skyrocketing rare earth prices worldwide but also led to an influx of capital in the rare earth mining industry, financing more than 200 projects outside China. The resulting supply chain disruption pushed the EU, USA and Japan to jointly launch a dispute settlement case through the World Trade Organization, which ruled against China in 2014, which resulted in supply increases and prices coming down to 2009 levels in 2015. New investments outside of China declined with the price reduction but many of the original projects are still on-going.

⁴ Currently there are other foreign investors, not the EU, involved in the rare earth, lithium and PGM sectors in Madagascar and Zimbabwe.

difficult, entail high levels of investment and a close dialogue with the local population which will be the communities ultimately affected. The solution must be a win-win for the EU, the local communities and the national fiscus of the EPA country concerned.

3. Mining in Zimbabwe

3.1 Introduction

Mineral exports account for about 60 per cent of Zimbabwe's export earnings and the mining sector contributes around 16 per cent of national GDP.⁵ Table 1 shows production statistics for the main minerals and gemstones mined in Zimbabwe for the first half of 2020.

Table 1: Zimbabwe's 2020 Monthly Mineral Production – January 2020 to July 2020

Mineral/Gemstone	January	February	March	April	May	June	July	Year to date
Gold (kgs)	2,702.43	1,549.41	1,899.83	1,600.16	2,199.59	1,608.33	1,441	13,001
Platinum (kgs)	1,273.42	1,203.68	1,066.64	1,087.38	1,489.41	1,884.14	267	8,272
Palladium (kgs)	1,055.71	1,010.79	890.46	908.27	1,259.84	1,611.51	225	6,961
Rhodium (kgs)	113.04	109.66	94.00	97.01	136.21	165.85	35	751
Iridium (kgs)	81.94	71.61	62.25	72.96	93.90	131.74	25	540
Ruthenium (kgs)	71.01	69.88	64.12	53.67	82.79	87.65	25	454
Diamonds (cts)	147,935.58	197,188.68	195,815.47	229,349.63	405,256.24	4,781,625.50	-	5,957,171
Chrome (MT)	99,322.72	88,004.38	105,345.42	179,243.28	39,661.84	117,571.64	85,027	714,176
Nickel (MT)	1,461.84	1,363.20	1,110.95	748.60	1,040.49	2,029.24	876	8,630
Copper (MT)	761.70	691.64	665.38	591.92	862.55	1,063.28	224	4,860
Cobalt (MT)	30.65	268.89	22.30	16.33	19.95	35.52	21	414
Coal (MT)	153,595.20	2,567.48	8,926.00	330,769.50	326,567.00	313,147.00	306,750	1,442,322

Source: Zimbabwe Chamber of Mines: <https://www.chamberofminesofzimbabwe.com/index.php/en/production-statistics>

As can be seen from Table 1, the top minerals mined in Zimbabwe include gold, platinum, chrome, coal, diamonds, and lithium.

3.2 Artisanal and Small-scale Mining (ASM) of Gold

Gold is Zimbabwe's primary export now and, according to government statistics, the bulk of the gold is extracted by the ASM sector. It is estimated that as many as 1.5 million people in Zimbabwe could be involved in the gold value chain, and ASM produces about 63 per cent of Zimbabwe's recorded gold production. The reasons for Zimbabwe's gold mining sector being dominated by the ASM sector⁶ include the characteristics of the ore bodies, which are small and often not conducive to industrial mining, the poor investment climate in

⁵ <https://www.mining-technology.com/features/mining-in-zimbabwe-time-to-use-it-or-lose-it/>

⁶ However, in an article in Mining Review of 6th April 2021 (<https://www.miningreview.com/gold/caledonia-minings-central-shaft-brought-into-operation/>) Caledonia Mining Corporation announced that its Central Shaft, which is the deepest shaft of any gold mine in Zimbabwe, and which will solve the mine's hoisting constraints and facilitate the planned expansion in mine capacity targeting 80,000 oz of gold production per year, is now fully operational.

Zimbabwe which does not encourage large scale and long-term investments and the political interference that takes place in the gold mining sector.

As the Zimbabwe economy has become more informal, the ASM sector has attracted people from all walks of life, as outlined in a podcast by Piers Pigou,⁷ a Senior Consultant at the International Crisis Group and one of the writers of a study titled "*All That Glitters is Not Gold: Turmoil in Zimbabwe's Mining Sector*."⁸ Artisanal and small-scale miners are mainly men, although there are also some women working as miners or, more usually, running small-scale mining operations, some very successfully, usually working closely with the more organised part of the ASM sector. Small scale and artisanal miners include teachers, students, who are engaged as part-time miners to earn money to pay for their education, and workers from the farming sector, working in the mines during the dry season when there are no farming activities. There are different levels of sophistication within the ASM sector, ranging from cooperatives that are members of the Zimbabwe Miners Federation, who hold "tributes" from license holders allowing them to legally mine a licensed claim as a third party, to individual miners simply trying their luck. Most miners operate in syndicates, comprising small groups of miners, usually numbering between 5 to 20 miners per syndicate, usually with a sponsor who will provide financing for the syndicate to operate in a particular area.

Some ASM syndicates operate illegally (meaning they do not have a license to operate, nor do they have a "tribute" agreement from the owners of the mine) in industrial mines that have been abandoned or put under

care and maintenance. In these situations, there could be small groups who go down into the mine through ventilation shafts and spend 3-4 days underground with their provisions, working gold seams that are perhaps as deep as 150 metres below the surface. They bribe their way into the facility and bribe their way out. They also navigate the dangers of more organised, larger and more violent syndicates operating underground. One of the gangs or syndicates mentioned by Pigou operated in the Jumbo Mine, which was a mine under care and maintenance and in the process of being sold by Mettalon. This syndicate had up to 200 members



An artisanal miner displays a small piece of gold collected at a small-scale gold mine in Umguza, Zimbabwe, on Saturday, Nov. 10, 2018. (Cynthia R Matonhodze/Bloomberg via Getty Images)

working underground at any one time, sometimes spending up to three weeks underground, with other members of the syndicate carrying supplies to them and bringing the mined ore to the surface. Some ASMs operate above ground in pits.

Gang violence flourishes around gold mining sites where the rule of law is weak. Disputes about mining site ownership are frequent, and police often do not act against intrusions upon mining sites or mining-related violence, particularly when gangs or artisanal miners are politically connected. There was a significant increase in the number of violent incidences during 2019. In January 2020, the police launched an operation against the so-called machete gangs, who are either miners themselves or simply prey on the activities of other miners. In the process, the Police arrested thousands of artisanal miners, most of whom were probably legitimate

⁷ https://www.theafricareport.com/54015/zimbabwes-artisanal-mines-theres-no-real-form-of-law-and-order-piers-pigou/?utm_source=newsletter_tar_daily&utm_campaign=newsletter_tar_daily_18_12_2020&utm_medium=email&utm_content=podcasts.

⁸ <https://www.crisisgroup.org/africa/southern-africa/zimbabwe/294-all-glitters-not-gold-turmoil-zimbabwes-mining-sector>

artisanal miners not involved in machete gang activities but arrested by not having legal permits to operate. In December 2020, the Herald newspaper⁹ reported that the Zimbabwe Police had arrested 56,764 people in the 'Operation Chikorokoza Ngachipere/Isitsheketsa Kasiphele' and 'No to Machete Gangs'. Offences ranged from failure to comply with Covid-19 regulations, criminal trespass and others. The Assistant Commissioner of Police said the operation was ongoing. The Police had covered all provinces and those that resisted risked being arrested and facing deterrent sentences. The article claimed that "*Police had restored order in mining areas after taking on the machete gangs head-on, arresting large numbers of people and thwarting a wave of violence that threatened to disturb gold mining and consequently deliveries to Fidelity Printers and Refiners*". Most of those arrested were fined because there was no evidence that they had committed other criminal offences.

These dynamics make things especially difficult for women artisanal and small-scale miners. Women are easier targets for gangs that rob artisanal miners of their ore. They also typically have fewer of the resources and connections needed to operate on sites, including industrial mines, with higher ore grades. Whereas men might be able to access working capital through patronage, women miners consistently stress that they have trouble gaining access to funds. Women typically own too little collateral to allow them to receive loans; married women's collateral is often in the husband's name. Even a credit facility earmarked to provide women artisanal miners loans so that they can invest to improve their operations is hard to qualify for, given prohibitively strict eligibility criteria. Women are thus typically relegated to activities with poor earnings potential, such as illegal panning for alluvial gold in rivers.

3.3 Industrial Gold Mining

Although the gold mining sector is dominated by the ASM sector, there is still industrial-scale gold mining taking place in Zimbabwe such as operations at Eureka, Shamva, Blanket (Caledonia Mining Corporation), Freda Rebecca and Bubi mines. Recent reports suggest that the government has created a new mining group called Kuvimba Mining House, in which the government has 65 per cent shareholding, and which has an asset portfolio of USD1.5 billion worth of minerals such as gold, nickel and chrome.¹⁰ This is described as a "game-changer towards achieving a middle-income economy by 2030" for Zimbabwe and could assist to establish industrial mining in the gold mining sector in Zimbabwe.¹¹

Part of the reason why Zimbabwe is considered to be a country of small gold deposits not suitable for large-scale, industrial gold mining is simply because Zimbabwe is under-explored and similar geologies (the well-explored Archaean Cratons such as the Superior Province in Canada and Yilgarn in Australia) suggest that Zimbabwe also has small deposits not suitable for large-scale mining. Eureka mine in Guruve and Freda-Rebecca near Bindura were small mines exploiting narrow quartz veins through conventional underground methods. However, a new interest in low grade, high tonnage gold deposits saw the reinvestigation of the two mines resulting in them being developed into large open pit mines. There are opportunities to investigate many other small deposits for the potential for large mines. Studies in the Zimbabwe Craton show that most large deposits do not occur in isolation but include apparent small mines with potential for development into larger mines if investigated inclusively.¹² Well known areas such as the Termite- Khanye trend in Silobela, the Dalny-Lily Fault zone in the Midlands Greenstone Belt, the Surprise Fault near Shurugwi and the environs of Motapa Mines, and several other areas in the Zimbabwe Craton, have the potential to host several million-ounce gold deposits. Part of the challenge is that small-scale miners lack the necessary financial and technical skills to explore and exploit larger ore bodies, preferring narrow quartz veins that are easier to exploit with rudimentary tools. As a result, several potential large ore bodies remain sterilised by small-scale mining.

⁹ <https://www.herald.co.zw/57-000-gold-panners-arrested/>

¹⁰ <https://www.zbcnews.co.zw/government-owns-65-of-kuvimba-mining-house-group/>

¹¹ *Ibid.*

¹² See, for example, <https://www.miningreview.com/top-stories/zimbabwe-s-gold-potential/>

3.4 Challenges to Address in the Gold Mining Sector

According to the government, Zimbabwe is losing about US\$1.8 billion of total mineral revenues, mainly gold, to smuggling and externalisation. According to the Zimbabwe Environmental Law Association (ZELA)¹³ corruption and gold smuggling, among other issues, have crippled the country's efforts to leverage mineral resources and deliver basic services such as education, health and water. ZELA report that the system of gold leakages in Zimbabwe is linked to criminality within the ASM sector which is, in turn, dominated by powerful political actors and senior officials within the security sector. The lack of formalisation of artisanal mining mirrors a captured policy process that allows a few to benefit and accumulate wealth. There is a similar narrative from Moeletsi Mbeki, who, in his book "Architects of Poverty: Why African Capitalism Needs Changing" describes a "minerals-energy complex" run by oligarchs who have major influence over key aspects of economic and political policy and how these illicit, high-level networks have become central to Zimbabwe's economy. Zimbabwe's Prosecutor-General, Kumbirai Hodzi, has also noted that the state has been captured by organised crime networks, including gold smugglers.¹⁴ Tendai Biti, the chairperson of Parliament's Public Accounts Committee and a former finance minister, notes that "the regime turns a blind eye to the illegality in the quest for foreign currency. Artisan miners are producing more gold than companies. They receive a greater incentive from the government. Many of the big miners are now going through them. There is so much corruption everywhere. As a Parliament, we are overwhelmed."¹⁵

To some, this is a case of history repeating itself. Between 2009 and 2015 government elites facilitated mostly criminal foreign entities to plunder alluvial diamonds in Marange. An estimated US\$15 billion of potential diamond revenue was lost through smuggling and externalisation. A Parliamentary Portfolio Committee on Mines and Energy inquest into the diamond loss was aborted in 2018 after the responsible government authorities refused to appear before the committee. The plunder of Marange diamonds was made possible through violent mining practices that uprooted communities in Marange. Government elites provided immunity to mining entities for human rights abuses on villagers, artisanal miners and mining workers and other impacts of previous diamond mining operations, such as pollution and contamination of water bodies, have still to be addressed and resolved.

3.5 Lithium Mining

According to the US Department of Commerce,¹⁶ Zimbabwe's lithium deposits are the largest in Africa and the country will become one of the world's largest lithium exporters, with continued high international demand because of its importance to the battery industry. The government claims the country will meet 20 per cent of the world's total demand for lithium when it fully exploits its known lithium resources.

The Bikita mine is one of the largest lithium mines in Zimbabwe, with reserves of 10.8 million tons of lithium ore, with a lithium content of 1.4%, or 150,000 tons. The Arcadia Lithium Mine is expected to reach an annual production of 2.5 million tons of lithium ore after the mine is deployed, which would roughly equate to US\$3 billion in exports. The production of lithium minerals in Zimbabwe increased drastically between 2005 and 2010, from just 1,100 metric tons to around 50,000 metric tons in 2020. This production volume remained from around 2014 to 2020 and is expected to increase slightly by 2021, to about 65,000 metric tons.¹⁷

¹³ <http://www.zela.org/illegal-gold-trade-and-smuggling-vulnerabilities-exposed-by-rushwaya-case/>

¹⁴ <https://mq.co.za/africa/2020-09-18-inside-zims-illicit-gold-mine-trade/>

¹⁵ <https://mq.co.za/africa/2020-09-18-inside-zims-illicit-gold-mine-trade/>

¹⁶ <https://www.trade.gov/country-commercial-guides/zimbabwe-mining-and-minerals>

¹⁷ [https://www.statista.com/statistics/1051511/zimbabwe-lithium-](https://www.statista.com/statistics/1051511/zimbabwe-lithium-production/#:~:text=The%20production%20of%20lithium%20minerals,reaching%20some%2065%2C000%20metric%20tons.)

[production/#:~:text=The%20production%20of%20lithium%20minerals,reaching%20some%2065%2C000%20metric%20tons.](https://www.statista.com/statistics/1051511/zimbabwe-lithium-production/#:~:text=The%20production%20of%20lithium%20minerals,reaching%20some%2065%2C000%20metric%20tons.)

However, Zimbabwean civil society organisations are concerned about the upcoming lithium mining industry. In a recent online event on the future of lithium mining in Zimbabwe,¹⁸ one Zimbabwean activist was worried that 'lithium would rather become a curse and only benefit few people'. As is mentioned in this case study, the country has been struggling with transparency and natural resource governance, especially in the mining sector, and this may well continue to be the case when mining lithium.

3.6 Diamond Mining

Most of Zimbabwe's diamond fields are in Marange, in the eastern part of the country. From the early 1980s, De Beers held an Exclusive Prospecting Order (EPO) over Marange via their subsidiary Kimberlitic Searches Ltd. Their EPO expired in 2006 and exploration rights were taken up by British-registered African Consolidated Resources. In December 2006, the company was readying trial mining operations when the government of Zimbabwe took over the rights via the Zimbabwe Mining Development Corporation, despite African Consolidated Resources winning a court case allowing them to continue mining.

In April 2010, the High Court of Zimbabwe ruled that the government could sell diamonds from Marange as it dismissed an application from African Consolidated Resources to stop diamond sales from the disputed fields. In September 2010, the Zimbabwe High Court formally revoked a ruling from a year earlier that restored mining rights to African Consolidated Resources Plc. As of February 2014, the diamond fields were operated by seven private entities all of which were partnered with the Zimbabwe government under the affiliate Zimbabwe Mining Development Corporation (ZMDC). All seven of the private companies were allegedly affiliated with Zimbabwe ex-military or political officials. However, in 2015, all diamond mining companies in Zimbabwe were forced to quit mining or merge into the newly created Zimbabwe Consolidated Diamond Company (ZCDC) which replaced the ZMDC. In December 2018, the Zimbabwe Cabinet approved a new "Zimbabwe National Diamond Policy" (ZNDP) which allowed four companies to participate in diamond exploration and mining at Marange. One of these was Anjin Industries, which had been one of the seven companies that partnered with ZMDC in 2014. Anjin began operations at Marange on 1 March 2019, subsequently taking over the highly profitable "Portal B" at Marange from ZCDC. Anjin is a joint venture between the Chinese firm Anhui Foreign Economic Construction Group (AFECC) and the Zimbabwe Defence Industries.¹⁹

Diamond mining in Marange has been controversial not only in terms of ownership, operations, and governance but also in terms of basic human rights. In 2008 hundreds of artisanal miners were killed and thousands had to leave their homes as the military, under the former government of Robert Mugabe, forced them to leave Marange. International advocacy groups accused Mugabe of looting about US\$2 billion from the diamond-rich fields.

3.7 Platinum Group Metals (PGM) Mining

The six platinum-group metals are ruthenium, rhodium, palladium, osmium, iridium, and platinum. They have similar physical and chemical properties and tend to occur together in the same mineral deposits. In Zimbabwe, PGMs are found in the Great Dyke, a geological feature running through the heart of Zimbabwe for about 550 kilometres in a roughly north-south direction. The PGM occur in a layer known as the Main Sulphide Zone, which is typically about 3 metres thick. However, the economic mining width may be as little as one metre, depending on grade, metal prices and the chosen mining method. The PGM content is lower than that of South African ores, with head grades generally below 4 grams per tonne, of which about 55 per cent is platinum. Nickel and copper values are typically higher than those found in South African platinum ores.

¹⁸ <https://blogs.prio.org/2021/01/lithium-in-zimbabwe-a-future-boom-of-doom/>

¹⁹ https://en.wikipedia.org/wiki/Marange_diamond_fields

Zimbabwe's oldest platinum mine is the Mimosa operation,²⁰ located in the southern part of the Great Dyke on the Wedza Geological Complex. Ownership is currently split 50:50 between Impala Platinum and Aquarius Platinum. Since 2002, output at Mimosa has gradually been expanded, and the mine - which has been among the lowest-cost platinum producers in the world - extracts around 100,000 oz of platinum annually.

During the early 1990s, a second mine, the Hartley Platinum Project, was developed by a joint venture between the Australian companies BHP and Delta Gold. It opened in 1995, but following a string of geological and metallurgical problems, underground operations were suspended in June 1999. BHP's interest in Hartley Platinum was sold to Zimbabwe Platinum Mines (Zimplats), a spin-off of Delta Gold's platinum assets, which began to develop a new open cast mine further south, at Ngezi. Operations here began in 2001, following the acquisition of a share of the project by Impala Platinum and the South African bank Absa. Over the next two years, Impala increased its holding in Zimplats. In 2011, Ngezi produced about 185,000 oz of platinum from a series of underground "portals" (declines), and an expansion programme is underway which will see output rise to 270,000 oz of platinum annually.

A third platinum mine, Anglo American's Unki project, was commissioned in late 2010 and produced around 50,000 oz of platinum in 2011. The mine is designed to extract and process 120,000 tonnes of ore per month, which should yield around 70,000 oz of platinum annually at full capacity.

3.8 Chrome Mining

Zimbabwe has the world's second-largest chrome reserves, estimated around 10 billion tonnes, and behind South Africa, and most of this mining occurs along the Great Dyke.

Chinese investors are major shareholders in the Zimbabwe Mining and Alloy Smelting Company,²¹ known as ZIMASCO, one of the country's largest chrome-mining companies. Chinese miners' partner with ASM chrome miners, with the Chinese providing equipment, such as diggers, and buying the ore.

In 2018 the Zimbabwean Ministry of Mines and Mining Development introduced new regulations that oblige Chrome miners to rehabilitate land damaged by operations once mines have been exhausted, and mining companies will have to employ managers on permanent contracts to monitor and control mining activities. These managers will also be responsible for educating miners about responsible and sustainable mining practices. The Ministry also introduced new regulations requiring mining companies to hold 'certificates, grants or tributes' as a prerequisite for conducting chrome mining operations. Prospective miners must complete a four-step application process, including obtaining a prospecting licence and separate mining lease, before being allowed to operate in the province.

However, these new regulations appear not to be effective. In June 2020, a video on social media showed a Chinese manager of a mining company in central Zimbabwe shooting two local employees in a wage dispute. The ZELA called it "part of a systematic and widespread pattern of labour rights violations by Chinese companies and investors in the extractive sector." This incident also highlighted the continuation of environmental practices and labour abuses that have long shadowed the Chinese involved in Zimbabwe's minerals industry.

²⁰ <http://www.platinum.matthey.com/about-pgm/production/zimbabwe#:~:text=Zimbabwe's%20oldest%20platinum%20mine%20is,Impala%20Platinum%20and%20Aquarius%20Platinum.>

²¹ <https://globalpressjournal.com/africa/zimbabwe/tensions-flare-zimbabwe-chrome-miners-chinese-investors#:~:text=Zimbabwe%20boasts%20the%20world's%20second,used%20to%20produce%20stainless%20steel.>

4. Mining Sector in Madagascar

4.1 Introduction

The total value of production of the mining industry in Madagascar is about USD650 million per year.²² The 2016 Extractive Industries Transparency Initiative (EITI) Report revealed that Madagascar received USD 44.7 million from extractive industry taxation and contributed 4.6 per cent of the country's GDP, almost a quarter of total exports and a fifth of total employment.²³ Ilmenite, nickel and cobalt are produced at an industrial scale by the Ambatovy and the QMM mines. The artisanal and small-scale mining sector represents an important source of employment, mining mainly gold, and precious and semi-precious stones, such as rubies and sapphire.

However, despite President Andry Rajoelina making reform of the mining sector one of his top priorities since assuming office in January 2019, the contribution of the mining sector to the economy shrank in 2020. The combination of outdated tax policies, commodity prices fluctuations and governance shortcomings have all contributed to the relatively poor performance of the sector, which has been compounded by poor public perceptions towards the industry in Madagascar.²⁴ Ambatovy, the country's largest mine, which accounts for 32 per cent of Madagascar's foreign exchange earnings, has been placed on care and maintenance since March 2020 and several large-scale projects, including the Base Resources' Toliara mineral sands project, remain on hold following a decision by the government to temporarily suspend on-the-ground activities. There has been no new mining permit issued since 2011. According to the World Bank, governance of the mining sector will largely determine whether the sector will either bring about sustainable development in Madagascar or further destabilise an already fragile economy.²⁵

4.2 Characteristics of the Malagasy ASM Sector

Artisanal mining has a long history in Madagascar with an estimated 500 000 miners involved in ASM of whom 350 000 are working specifically in gold mining. Madagascar's ASM sector accounts for around one million jobs in a country of roughly 25 million inhabitants and is one of the largest sources of employment, with income from ASM complementing earnings from agricultural and other seasonal activities in many rural communities.²⁶ The use of child labour is widespread, especially for gemstones mining.²⁷

Most artisanal mining focuses on gold and precious stones, mainly sapphires, rubies and emeralds. At its peak, Madagascar produced about 40 per cent of the world's sapphires and its annual gold production is reckoned to be about 15 tonnes, worth about \$450m, but virtually all of it remains unregulated.²⁸

Artisanal mining, especially gold panning, is often a seasonal, family activity, one that complements a miner's main activity and adds a level of resilience to their livelihood. It is slow and steady work, with an average day's

²² <https://eiti.org/madagascar>

²³ http://eitimadagascar.org/wp-content/uploads/2018/12/Madagascar_Annexes-Rapport-de-reconciliation-EITI-Exercice-2016.pdf

²⁴ <https://www.miningreview.com/base-metals/how-madagascar-is-rebooting-its-mining-sector/>

²⁵ <http://documents1.worldbank.org/curated/en/263731468179369566/pdf/100345-WP-P131522-mining-research-summary-Box393222B-PUBLIC-ENG.pdf>

²⁶ [https://www.iied.org/improving-governance-madagascars-artisanal-small-scale-mining-sector-ground#:~:text=Madagascar's%20artisanal%20and%20small%2Dscale%20mining%20\(ASM\)%20sector%20accounts,employment%20n%20the%20island%20nation.&text=Artisanal%20and%20small%2Dscale%20miners,poor%20health%20and%20safety%20practices](https://www.iied.org/improving-governance-madagascars-artisanal-small-scale-mining-sector-ground#:~:text=Madagascar's%20artisanal%20and%20small%2Dscale%20mining%20(ASM)%20sector%20accounts,employment%20n%20the%20island%20nation.&text=Artisanal%20and%20small%2Dscale%20miners,poor%20health%20and%20safety%20practices)

²⁷ <https://knowledge.uneca.org/ASM/Madagascar>

²⁸ <https://www.theguardian.com/sustainable-business/2016/nov/15/gold-rush-madagascars-artisanal-miners-could-benefit-from-global-downturn>

work producing about US\$2-US\$2.50 worth of gold, whereas gemstone mining is all about striking lucky with an exceptional stone.²⁹

Madagascar is considered a biodiversity hotspot, hosting a remarkable number of endemic animal and plant species. ASM can, and often does, harm the environment and a detrimental effect on the country's rich biodiversity and artisanal gold mining is one of the most important sources of mercury contamination. Poverty and a lack of alternative employment push informal and illegal miners to exploit deposits in protected areas and one of the challenges with the activity result from the location of most of the mines which overlap with protected areas posing a major biodiversity challenge. The rise in ASM coincided with a series of three major political crises, over the last two decades making any form of control or monitoring even more challenging.³⁰

Donors and NGOs are actively supporting artisanal mining in Madagascar with grants of about US\$1.8m as part of its public sector performance project.

4.3 Rare Earth Metals Mining

The ISR project Tantalum Rare Earth Malagasy (TREM) has been awarded a 300-square kilometre concession on the Ampasindava peninsula, a highly biodiverse area jutting out into the Mozambique Channel, several hundred miles east of the coast of mainland Africa. Ampasindava is home to threatened lemur species that could be further imperilled if the mining project goes forward. The peninsula is also just across the water from the island of Nosy Be, Madagascar's main tourist destination, where business owners worry that mining pollution could turn visitors away. Rare earth mining can have severe environmental and health impacts.³¹

According to Reuters News Agency,³² a unit of China Nonferrous Metal Mining Group (CNMC) signed a non-binding memorandum with Singapore-listed ISR Capital that could see the Chinese firm work as a contractor on a rare earths project in Madagascar with rights to purchase products. CNMC is also reported to have priority rights to be the engineering, procurement, and construction (EPC) contractor for ISR's Tantalum Rare Earth Malagasy (TREM) project, which contains 562,000 tonnes of rare earth oxides. The Chinese company will also have the right to purchase 3,000 tonnes of rare earth products from the project within three years of the start of production and the opportunity to make an equity investment in future.

There are, however, many challenges facing the project promoters. Also quoted in the 2017 Carver article,³³ in 2016, ISR Capital bought a major stake in TREM but ISR Capital was in 2017, under investigation for a violation of Singapore's Securities and Futures Act, which covers crimes such as market rigging and stock manipulation. TREM now has no active permits of any kind since its exploration permit ran out in January 2017. No Environmental Impact Assessment (EIA) study has been done and TREM has dug several thousand exploratory pits of about 10m deep that remain uncovered. These have resulted in the deaths of many of the local communities' highly prized zebu cattle, although this is denied by TREM. The future of the project is not clear and this could be an opportunity for the EU, through the EPA, to become involved in the rare earth metals sector in Madagascar.

²⁹ *Ibid.*

³⁰ <https://knowledge.uneca.org/ASM/Madagascar>

³¹ <https://news.mongabay.com/2017/08/troubled-firm-aims-to-mine-madagascar-forest-for-rare-earth-elements/>

³² <https://www.reuters.com/article/us-china-rareearths-madagascar-idUSKCN1TP1H3>

³³ <https://news.mongabay.com/2017/08/troubled-firm-aims-to-mine-madagascar-forest-for-rare-earth-elements/>

5. Mining Policy

In Madagascar, the Mining Code is being revised by the Ministry of Mines and Strategic Resources. A reflection committee - including representatives of the ministry, experts, professionals from the mining sector and representatives from civil society - has been set up to work on a draft law. In regulating the mining sector, special attention has been given to maximising state revenues; community development; proper management and rehabilitation of the environment; promotion of the supply of local goods and services; creation of jobs and valorisation of national skills; proper governance of the mining sector; and a policy of first come, first served concerning the grant of mining permits. Malagasy law provides for a small-scale mining permit, which is available only to nationals using artisanal exploration and exploitation methods.³⁴ However, since 2010, the granting of new mining permits was suspended and this suspension is likely to continue until the publication of the revised Mining Code. The current international and national context relating to COVID-19 could delay such publication.³⁵

The 1961 Zimbabwe's Mines and Minerals Act (MMA) is no longer considered fit for purpose for Zimbabwe for many reasons, including it not being aligned with the environmental rights enshrined in the Constitution, which provides for the right to sustainable development out of the use of natural resources. It is also not compatible with other Acts and is not aligned to best practices such as the EITI.

In their paper analysing Zimbabwe's Mines and Minerals Amendment Bill (2015),³⁶ James Mupfumi and Tyani Masiya note that the lack of a robust MMA law has resulted in reduced revenue flows to the government, lost economic development and has increased the vulnerability of communities living in resource-rich areas. The Mines and Minerals Bill (MMAB, 2015) included provisions intended to prevent mineral revenue leakages, opaque mining licensing, poor flows of taxes and royalties to the fiscus and corruption and human rights violations against host communities, among other issues. The Amendment Bill was gazetted in August 2016 but is still not law as it has not gone through the parliamentary approval process. The Bill was supposed to have been resubmitted to Parliament in October 2019 after being modified to take account of sections that President Mnangagwa felt violated the national supreme law.³⁷

There have, however, been some reforms introduced. In March 2019, the 51 per cent ownership requirement was scrapped, meaning that companies operating in Zimbabwe no longer need to have 51 per cent Zimbabwean ownership, and later in the year, the 'use it or lose it' scheme was extended to all the country's mines, creating a hybrid system of laws and pressures that aimed to encourage foreign investment and subsequent increased production, while maintaining local ownership. These policy changes have had an effect in that since the decriminalisation of artisanal mining in 2013, the country's total gold production jumped from under 15,000kg in 2012 to nearly 25,000kg by 2016. The government has also implemented other 'use it or lose it' programmes, aiming to remove inefficiencies in the mining sector.

Despite these reforms, Zimbabwe remains without a robust legal framework that addresses exploration, production, beneficiation, marketing, and management in the gold sector. The absence of clear policies still allows illicit financial flows to take place and the policy changes that have taken place, such as the "No Questions Asked Policy" are not based on a clear policy framework.

³⁴ <https://www.mondaq.com/energy-and-natural-resources/975736/mining-comparative-guide>

³⁵ <https://www.mondaq.com/energy-and-natural-resources/975736/mining-comparative-guide>

³⁶ https://media.africaportal.org/documents/CRD_Policy_Analysis_Vol_1.No._1.pdf

³⁷ <https://www.herald.co.zw/parly-sets-october-for-mines-amendment-bill-resubmission/>

6. Marketing and Sale of Gold

Both Madagascar and Zimbabwe have made efforts to control the sale of gold and have established a central, government controlled, buying agent which has the monopoly on buying locally produced gold.

In 2015 Madagascar set up Anor, the national gold agency and, officially, through Anor, 2016 was the first year Madagascar exported gold. However, in 2011, the United Arab Emirates (and some other countries) reported importing US\$250m worth of gold and gemstones from Madagascar.³⁸

In theory, the artisanal gold panners/prospectors, or “orpailleurs”, should possess a permit. This is annually renewable and issued by the commune. Issuance is conditional on the panner committing to observe the commune’s environmental, and health and safety regulations. Adherence to these is monitored by the commune. Collectors, who buy from the panners or the “Epicière” are also obliged to have an annually renewable permit, which they must purchase from the commune. The collectors pay the royalty tax – the redevance/ristorne, totalling 2 per cent, of which 0.6 per cent goes to the state, and 1.4 per cent as ristorne is retained by the decentralized local authorities, region, and commune.

The gold comptoir is the theoretical interface between the panners, permit holders, collectors and the gold traders or gold users. This formal value chain is largely academic as most gold passes through an informal value chain, without formal payment of the redevance/ristorne to the state or commune.³⁹

Over the past two years, gold has become Zimbabwe’s biggest export and formal sales are valued at about US\$1.4bn per year but the value of the smuggled gold could be worth more than this. Kazembe Kazembe, the Minister of Home Affairs, said Zimbabwe has been losing about US\$100m worth of gold every month through international smuggling rings and the country’s porous borders. The International Crisis Group, based on research done by others, estimate that the value of smuggled gold is worth about US\$1.5 billion. The Ministry of Finance says it has been losing about US\$1.8bn of mineral revenues; especially from gold smuggling and externalisation. Finance Minister Mthuli Ncube said that, in 2019, an estimated 34 tons of gold had been smuggled across the border to South Africa, where criminal gangs can sell it to refineries. After that, it can end up in the reserves of South Africa.⁴⁰

The Government, through the Reserve Bank of Zimbabwe, has appointed a sole buyer of gold, Fidelity Printers and Refiners, which has a monopoly on buying gold. According to the Zimbabwe Miners Federation, and others, this has contributed towards losses and non-performance in the sector. In an interview quoted in *The Africa Report*, Desmond Mangisi, the Zimbabwe Miners Federation spokesperson is quoted as saying: “Government should not monopolise the buying of gold in the country. The market should be open to allow other stakeholders, [and] bankers to compete. It has been recording losses from the beginning of the year because its payment system is not favourable to miners and that [has] resulted in miners opting for the black-market”.⁴¹ In the same article in *The Africa Report*, Christopher Komberai, a small-scale miner, notes that “the government through Fidelity Printers and Refiners inconveniences gold miners and for that reason, small-scale miners have failed to expand. It takes more than two weeks for Fidelity to process our payments which come part of the local currency (45%) and (55%) in USD”. The result is that most artisanal miners operate illegally and do not sell the mineral to Fidelity Printers and Refiners who, until July 2020, was buying gold from the

³⁸ <https://www.theguardian.com/sustainable-business/2016/nov/15/gold-rush-madagascars-artisanal-miners-could-benefit-from-global-downturn>

³⁹ <https://portals.iucn.org/library/sites/library/files/documents/Bios-Cons-Nat-Pro-691-008.pdf>

⁴⁰ <https://www.theafricareport.com/49246/mining-in-africa-and-beyond-tracking-the-great-gold-rush/>

⁴¹ <https://www.theafricareport.com/53429/zimbabwe-losing-millions-from-illicit-gold-mining-trade/>

ASM sector at prices that were below international market prices, creating opportunities for arbitrage and smuggling of gold outside the country.

A report published by the ZELA, entitled *Illicit Gold Trade and Smuggling-Vulnerabilities exposed by the Rushwaya case*,⁴² outlines how the government is using illegal artisanal miners to promote revenue leakages. The Centre for Research and Development in Zimbabwe (CRDZ) reports how the exploitation of gold is being controlled by the ruling party ZANU PF elites and securocrats whose actions have become a source of violence, destroying the environment and contaminating bodies of water with toxic substances.

A common factor in Africa's illicit gold trade is how much of the metal transit through Dubai. Figures from the UN's Comtrade database show that Africa's share of Dubai's gold imports rose to 50 per cent from 16 per cent between 2006 and 2016. Non-oil trade between Dubai and African states was valued at US\$252 billion between 2011 and 2018, making the Emirate one of the continent's most important trading partners. The United Arab Emirates is among the 10 biggest sources of investment in Africa, much of it in the mining sector, with Dubai-based investors financing mini-refineries. Trading in gold accounts for about 20 per cent of the United Arab Emirates' economy. Although its main trading platform, the Dubai Multi Commodities Centre, says it meets "international benchmarks" for responsible sourcing set out by the OECD and demands comprehensive export documentation, this has been questioned. According to the ZELA, research released by IMPACT Transform in 2019 implicates Dubai and India as the two main recipients of smuggled gold.⁴³ Due diligence on gold imports by Indian customs officials and industry actions was found to be negligible and Dubai is said to be an intermediary between illicit or conflict gold, especially from the Great Lakes Region and exported to India. In April, the US-based Financial Action Task Force put Dubai on its watchlist, complaining about the limited number of prosecutions for money laundering. *The Africa Report* quotes a report on Dubai's financial and trading sector by the US-based Carnegie Foundation that concluded that the Emirate's "highly personalised institution" and the "lack of domestic and international pressure" meant that "Emirati elites are free to resist reforms that endanger their vested interests or preferred political vision for Dubai and the UAE overall". Attempts by western governments to put pressure on Dubai to restrict its aiding of illicit financial flows such as gold smuggling can clash with the need for these same western governments to have a dependable ally in the Gulf. According to *The Africa Report*,⁴⁴ UAE's recognition of Israel, in a deal brokered by US Secretary of State, Mike Pompeo, will make international pressure on the Emirates over financial flows even less likely.

⁴² <http://www.zela.org/illicit-gold-trade-and-smuggling-vulnerabilities-exposed-by-rushwaya-case/>

⁴³ <http://www.zela.org/illicit-gold-trade-and-smuggling-vulnerabilities-exposed-by-rushwaya-case/>

⁴⁴ <https://www.theafricareport.com/49246/mining-in-africa-and-beyond-tracking-the-great-gold-rush/>

7. Summary and Conclusions

The Africa Union’s Africa Mining Vision has a goal of “transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.”⁴⁵ Under the Africa Mining Vision, countries are encouraged to establish a Country Mining Vision the table below gives a summary of the Country Mining Vision for Madagascar⁴⁶ and Zimbabwe.⁴⁷

CVM components	Madagascar	Zimbabwe
Policy environment	<p>Recently emerged from an extended political crisis. Mining policy strives for more value-added and linkages in the mining sector. Attention is particularly given to environmental impacts from mining activities. Land ownership and customary land ownership pose some challenges in ASM. Recent Mining Code changes aim to increase ASM formalisation through reductions in license and permit fees.</p> <p>Children perform dangerous tasks although Madagascar has ratified all key international conventions concerning child labour. However, gaps exist in Madagascar’s legal framework to effectively reduce and eradicate child labour.</p>	<p>A new minerals regime will be configured to enhance the participation of indigenous Zimbabweans in mining and related linkage industries and facilitate equitable access to the sector by all Zimbabweans with the requisite capabilities, irrespective of gender or ethnicity.</p> <p>Support systems to facilitate the entry of female entrepreneurs into the ASM sector will be configured.</p> <p>Extension Services are provided to ASM through, particularly, the Shamva Mining Centre (SMC) which also provides tool hire (compressors) and advice on a range of subjects including geology, finance, mining, explosive and the environment.</p>
CVM Status	Processes underway	Processes underway
Policies, laws and regulations	Mining code 2005, (Revised 2015)	Mines and Minerals Act 1961
Artisanal mining licensing	Yes	No
Small scale mining licensing	Yes	Yes
Provisions for women in ASM	None	Draft Mineral Policy of 2013 but this is not in effect

Both Madagascar and Zimbabwe face challenges in managing the ASM sector to ensure human rights are observed, mining processes reduce the level of environmental degradation and the buying process is equitable and seen to be fair by all parties.

⁴⁵ <https://www.extractiveshub.org/servefile/getFile/id/79>

⁴⁶ <https://knowledge.uneca.org/ASM/Madagascar>

⁴⁷ <https://knowledge.uneca.org/ASM/Zimbabwe>

In Zimbabwe, the gold sector is compromised on many fronts. The centralised gold buying system underpays producers, a practice that encourages smuggling and erodes industrial mining profits, leading companies to close mines. Idle industrial mines become targets for intrusion by artisanal miners, often with the connivance of actors linked to the ruling elite. This feeds an elaborate patronage economy, found in many African resource-rich countries, which can give politicians an incentive to protect the status quo. There is little or no recourse to the legal system as artisanal miners have no collective rights under the law and in case of disputes authorities often apply the law unevenly, failing to hold politically connected parties to account.

In Madagascar, the challenges are more on the environmental degradation of protected areas especially and on the use of children, especially in the gemstone mining sector, to carry out what are often dangerous mining tasks. There is also a serious threat to the environment with the proposed mining of rare earth metals in Madagascar.

The comprehensive EPA could be used to help Zimbabwe and Madagascar to address some of the challenges faced in their mining sectors, and especially the ASM sector, through strengthening the provisions of Article 43 of the ESA interim EPA and so build on the provisions of the interim EPA. Article 43 on Mining and Minerals recognises the importance of cooperation in the development and management of the mining and minerals sector (Article 43.1). The objectives in this area are to establish a conducive environment for attracting investment in the sector; promote value addition and environmentally friendly technologies in the mining productive processes; and ensure participation of local communities.

The Parties agree to cooperate (Article 43.2), including by facilitating support, in:

- capacity building and institutional support for the exploration, exploitation and marketing of minerals;
- information exchange;
- encourage EU-ESA partnerships, linkages and joint ventures between economic operators;
- improve health and safety standards in the mining industry;
- transfer of technology, knowledge, innovation and Research and Development; and
- address the vulnerability of mineral export dependency.

The Commission Communication COM (2020) 474 final notes that the EU can help its partner countries to develop their mineral resources sustainably through supporting improved local governance and dissemination of responsible mining practices. This in turn creates value-added in the mining sector and drivers for economic and social development. In the case of Madagascar and Zimbabwe, it would be mutually beneficial to the ESA – EPA countries and the EU if support could be provided to Madagascar to ensure that environmental standards and human rights are respected in the mining of rare earth metals and if support could be provided to Zimbabwe to ensure improved governance, accountability and the rule of law is applied, especially in the PGMs and lithium mining sectors.

The governments of Madagascar and Zimbabwe could take immediate measures to support the artisanal and small-scale miners, and this could show the commitment of the government to open the way for donors and international financing institutions to support the sector. Some of the issues the government could address could include the following:

- Improve the gold buying system so that ASM get a fair price for the gold they sell and are paid immediately for this gold. In Zimbabwe, this could include abolishing minimum delivery quantities, which de facto exclude artisanal miners from selling their products legally.
- Establish a reporting system that distinguishes between purchases from artisanal miners, small-scale miners and industrial miners to get a better insight into the relative contributions from both sectors.

- Give artisanal mining cooperatives and groupings legal standing and recognise artisanal and small-scale miners as separate entities.
- In Zimbabwe, allow Parliament to resume its enquiry into gold-related violence.
- In Madagascar, improve the legal framework to effectively reduce and eradicate child labour.
- Strengthen extension and training programmes for the ASM sector.
- Provide financial support to the ASM sector.

Some of the programmes that could be supported through the development component of the comprehensive EPA could include the following:

7.1 Support to Civil Society

Through the ESA EPA development component, the EU could support appropriate civil society organisations engaging with artisanal miners to continue their work aimed at increasing the miners' capacity to advocate for their interests with the government and the industrial mining sector. They should make a special effort to ensure that women miners are welcomed into artisanal miners' organisations.

Civil society organisations could also be supported to monitor the activities taking place in the mining sector and to be able to quickly highlight and bring to attention such issues as violence and abuse taking place, both in cases where artisanal and small-scale miners are the victims or the perpetrators. Also, they could monitor corrupt practices; the use of child labour and the breaking of the law.

7.2 Digital Cadastre Survey

The EU, through the ESA EPA development component, could assist both Zimbabwe and Madagascar to complete the digital cadastre system that demarcates mining claims. This would go a long way to settle disputes and also to make some mining operations legal.

7.3 Support the formation of Mining Cooperatives

The EU, through the ESA EPA's development component, could assist an organisation such as the Chamber of Mines to support the creation of artisanal and small-scale mining cooperatives and to then:

- Work with the industrial mines to grant access to ore deposits that are not economical to mine industrially to the ASM cooperatives. This could provide companies with a strategy to both profit from sections of their mine that are industrially non-viable and decrease tensions and could also assist the sector to be compliant with basic health, safety and labour standards, and offer opportunities for women.
- Support training and capacity building of the ASM sector.
- Provide small grants or loans to ASM cooperatives so that they can buy basic tools and equipment.

7.4 Providing Support to the Legal Reform of the Mining Sector

The EU, through its ESA EPA development component, could support the reform of the legal framework governing the mining sector through providing technical assistance, support for advocacy and information dissemination through civil society organisations. The objectives would be to ensure that there is a legal framework in place in which:

- It is mandatory for mining companies to undertake a Human Rights Impact Assessment and an Environmental Impact Assessments before a mining licence is issued.
- Companies requesting exploration or mining licenses would need to demonstrate financial and technical capacity before being allowed to bid for licences and after full disclosure of ownership details.
- Rights and obligations of the Artisanal and Small-Scale Mining sector are fully recognised.
- The Extractives Industries Transparency Initiative Principles are fully recognised and considered.
- The Africa Mining Vision is fully recognised and taken account of and both countries are supported in completing their Country mining Visions.

Consideration could also be given to the adoption of the OECD Due Diligence on Responsible Mineral Supply Chains and incorporate them into the local legislative framework to ensure responsible and conflict-sensitive due diligence in the gold supply chain. Of particular importance is the need to ensure gold traceability. Corruption and smuggling of gold can be further curbed through the introduction of traceability measures within the gold mining sector whereby minerals are traced from their origin up to the end-user.

7.5 Provide Financial Support to ASM Sector

One of the critical inputs to increasing the sectors' operational capacity lies in widening access to financial resources and services within the sector. Whilst the sector represents the largest component of the mining industry in terms of participants, it largely remains unable to access adequate capital or debt which is critical for its growth.

There are significant impediments to achieving comprehensive financial inclusion and widening financial options in the ASM sector such as the informal nature of the sector, poor liquidity and difficulties in conducting due diligence and risk assessment on the entities and persons requiring the services. Consequently, the sector has remained an unattractive stakeholder to traditional financial systems that have traditionally supported the mining industry. Yet the proliferation of the ASM sector shows that it is a viable economic activity.

The ability to access a wide range of financial services in a simple and relatable format is a key catalyst for the sectors' formalisation and improved economic integration and ASM sector host governments need to improve their focus on policies that promote and empower partners that already exist within the ASM sector.

Agriculture
Case Study

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Abbreviations

CGE	Computable general equilibrium
CSR	Corporate social responsibility
EDM	Economic Development Board of Madagascar
EFFAT	European Federation of Food, Agriculture, and Tourism Trade Unions
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
EUTC	European Trade Union Confederation
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
GEL	Groupement de Exportateurs de Litchi, Madagascar
HDI	Human Development Index
ILO	International Labour Organisation
IMF	International Monetary Fund
MAEP	Ministère de l'Agriculture, de l'Elevage et de la Pêche, Madagascar
RBC	Responsible business conduct
SIA	Sustainability Impact Assessment
SME	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
TSD	Trade and Sustainable Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
WTO	World Trade Organization
ZEPA	Zimbabwe European Partnership Agreement Support programme
ZIMSOFF	Zimbabwe Small Scale Farmers Federation

Executive summary

This case study provides an overview of the impact of the interim Economic Partnership Agreement (EPA) on three Eastern and Southern (ESA) countries: Comoros, Madagascar and Zimbabwe. The agricultural sector is an important contributor to economic growth and job creation across all three countries and an important source of export revenue. While all three countries have experienced growth in agricultural exports to the European Union (EU), they face similar challenges in complying with stringent sanitary and phytosanitary (SPS) and food safety standards requirements. Agricultural products tend to be exported in their unprocessed format, and there are concerns that a deepened EU-ESA EPA will consolidate these countries' positions as exporters of commodities. A deepened EU-ESA5 EPA can provide an opportunity to grow the agricultural sectors across all three countries. However, making this a reality will require Comoros, Madagascar and Zimbabwe to address many domestic constraints that arguably, the EPA has little control over. All three countries would require an improvement in existing infrastructure, logistics, simplification of administrative requirements and increased levels of investment.

Findings from stakeholder consultations reveal the following concerns and recommendations for a deepened EU-ESA EPA:

- 1) Existing rules of origin could be further simplified to (i) benefit existing producers in the ESA5 countries and new investors in new industries while supporting production diversification, and (ii) contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU.
- 2) Requests to enable greater flexibility with regards to cumulation to take place with other African countries partied to other EPAs (i.e. the SADC and EAC EPAs). Stakeholders believe that this will assist less capacitated countries to improve their efforts at value-added production and boost their capacity to meet the quality and quantity requirements in the EU market.
- 3) Technical training centres should be implemented to assist ESA5 countries with export promotion, digitalise customs procedures, train on non-tariff barriers and SPS issues, and support the implementation of the World Trade Organisation's (WTO) Trade Facilitation Agreement. If the EPA can assist ESA5 governments with establishing systems that support improved business climates and strengthen compliance with SPS standards, this will enhance producers' ability to grow into commercial farming enterprises. Another way to do this is through building business links between EU importers and ESA5 farmers, which can offer one-on-one support to improve their capacities to meet SPS standards.
- 4) There are challenges for some lower-income ESA5 countries (such as Comoros and Madagascar) to facilitate resource and capital mobilisation for private sector investment. It would be worth exploring the potential of establishing financing mechanisms (mixtures of grants and loans) that can promote investment in the agricultural sector in ESA5 countries.
- 5) The implementation of Trade and Sustainable Development (TSD) concerns should be a cornerstone of EU trade agreements with third countries. This way, third countries could commit to implementing TSD standards, compliance with the International Labour Organisation's (ILO) conventions, etc., through a roadmap or a similar mechanism that measures and tracks third countries' implementation of improved environment, labour and human rights concerns.

1. Introduction

This report is part of the project to prepare a Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in Eastern and Southern Africa (ESA) in view of deepening the existing interim Economic Partnership Agreement (EPA).

In 2009 four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the interim EPA, which has been provisionally in place since 2012. The EPA foresees consecutive rounds of liberalisation over ten years, with the tariff liberalisation process concluding in 2022. Although a late joiner, Comoros is now partied to the negotiations to deepen the EPA, having signed the agreement in July 2017 with ratification and entry into force in January and February 2019, respectively. Currently, the interim EPA between the European Union (EU) and the ESA5 countries includes the following chapters: abolition of EU duties and quotas for imports from these countries; gradually opening up of EU exports to these countries; a protocol on rules of origin; provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade (TBT), and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes. The new rounds of negotiations are intended to reach an agreement that would boost bilateral trade, investment flows and contribute to socio-economic growth and sustainable development across the ESA 5 countries.¹ The deepened EPA is expected to contain further provisions related to customs, trade facilitation, trade in goods, focusing on agriculture, sanitary and phytosanitary (SPS) and TBT issues.

This case study aims to provide an overview of the agricultural sector and its importance to Comoros, Madagascar and Zimbabwe specifically. Agricultural production is important for all ESA5 countries. However, this case study focuses on the importance of agricultural production for employment and economic growth in Zimbabwe, Madagascar and Comoros. This case study provides an overview of the impact of the interim EPA thus far and highlights important considerations for Zimbabwe, Madagascar and Comoros in deepening the EPA. Where relevant, the case study will reference the possible impacts of a deepened EPA on the EU outermost territories. Finally, the case study provides findings on the environmental, social, gender and human rights vis-à-vis the agricultural sector and concludes with recommendations on how the deepened EPA can promote trade and development across the ESA5 countries.

2. Context and purpose

This case study aims to provide an overview of the agricultural sector and its importance to Zimbabwe, Madagascar and Comoros. This case study provides findings on how EPAs can strengthen the agricultural sector and promote economic growth through value addition and investment in these countries while bearing in mind the concerns of the EU's outermost territories, La Réunion and Mayotte, and other European stakeholders, where relevant. The case study concludes with recommendations on how the deepened EU-ESA EPA and ongoing negotiations can be enhanced to the benefit of ESA5 countries while also meeting the needs of the European stakeholders and EU territories.

¹ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final Inception Report, October 2020.*

3. Methodology and approach

This case study seeks to answer two key questions:

- 1) How can a deeper ESA5 agreement affect the development of these countries' agricultural sectors and what are the future considerations that should inform the deep ESA negotiations if the EPA is to support the growth of the agricultural sectors in Comoros, Madagascar and Zimbabwe?
- 2) What are the envisaged impacts, if any, of a deepened EPA on the EU's outermost territories agricultural products?

Zimbabwe, Madagascar and Comoros were chosen as the selected country case studies due to agricultural production's overall importance in the countries' economic growth. Mauritius and Seychelles were omitted as country case studies because their exports are predominantly focused on other products. Specifically, the criterion presented in the final inception report notes that for the Seychelles, fisheries is more important and agricultural production is limited to small-scale for local consumption. This case study omits an evaluation of the sugar industry and, as a result, Mauritius is also excluded from the evaluation.² An analysis of the sugar industry was also omitted due to the sugar industry's complexity and sensitivities surrounding sugar production in the outermost territories.

The proposed methodology consists of combining existing information from previous reports, a desktop literature review, and supplementary stakeholder interviews that provide important takeaways for consideration in the negotiations for a deepened EU-ESA EPA.³

² About 40 per cent of Mauritius's surface is being used for cultivation, of which roughly 90 per cent is sugar cane, the balance being tea, tobacco and food crop.

³ **Disclaimer:** This case study relies substantially on existing literature and stakeholder consultations conducted for Phase II for Comoros specifically. Where possible, this case study has been supplemented with stakeholder consultations for Madagascar and Zimbabwe. Despite repeated follow ups, there was a general lack of interest amongst Comorian stakeholders to participate in discussions, and only one stakeholder consultation took place. As a result, the findings from stakeholder consultations are limited and this should be kept in mind in the review of this document.

4. A brief overview of agricultural production in the Comoros, Madagascar and Zimbabwe⁴

Agriculture is an essential sector in Madagascar, Zimbabwe and Comoros. Unfortunately, all countries face structural challenges in growing and enhancing the competitiveness of their agricultural sectors. There are also environmental, labour, and human rights concerns in agricultural production across all three countries. Although agricultural work is the primary source of employment in Madagascar and Zimbabwe, there is an increasing interest in growing the services industries in both countries. This interest underscores the Madagascar and Zimbabwean governments' actions to diversify their economies, reduce their dependency on agriculture, and focus on new avenues for economic growth.

4.1 The agricultural sector in Comoros⁵

Comoros joined the EU-ESA EPA in 2019, and discussions to deepen the EPA can have significant bearings on developing the country's agricultural sector. Comoros is a lower-middle-income country, with a 0.55 value on the Human Development Index (HDI) for 2020, ranking 156 out of 189 countries.⁶ Comoros is experiencing a year-on-year decrease in its gross domestic product (GDP) per capita growth. In 2019, GDP per capita growth of -0.2 per cent, on the back of 1.14 per cent growth in 2018 and 1.48 per cent growth in 2017.⁷ Existing socio-economic development challenges facing Comoros are likely to be exacerbated by the COVID-19 pandemic. The pandemic comes on the back of Cyclone Kenneth in April 2019, which caused the country's GDP to fall from 3.6 per cent to 1.9 per cent in 2019.⁸ It contracted further to -1.8 per cent in 2020 owing to the pandemic.⁹

The Comorian economy is primarily agricultural, and arable land comprises 45 per cent of the total land area. The sector is characterised by small-scale subsistence farming, low productivity, vulnerability to climate change, low levels of input usage, and vulnerability to international market price fluctuations.¹⁰ Agriculture, forestry and fisheries make up almost 33 per cent of its GDP, and commercial agriculture is limited. In total, 90 per cent of Comoros' export income generated through the production of cloves, vanilla and ylang-ylang¹¹ and almost 57 per cent of the country's labour force are involved in agricultural production activities.¹² Comorian production of ylang-ylang, vanilla and cloves have fluctuated over the years (Table 2 and Table 3 in Appendix I). Ylang-ylang exports have decreased steadily, from 54.9 tonnes in 2010, decreasing further when compared to 35 years ago, when overall production was approximately 90 tonnes.¹³ Similarly, although Comoros is one of the top suppliers of cloves to the EU, representing 8.4 per cent of the product's import share in 2017, production levels have experienced an annual decrease of 21 per cent since 2013 (most likely the result of climate change).¹⁴

⁴ Currency references in the case study and accompanying appendices are referenced in dollars owing to their citation as such in the original sources of information (predominantly World Bank data sources).

⁵ See also Appendix I.

⁶ United Nations Development Programme (UNDP) Human Development Report 2020 'The next frontier Human development and the Anthropocene.'

⁷ World Bank indicators, <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?view=chart>

⁸ International Monetary Fund (IMF) Regional Economic Outlook 2020: Sub-Saharan Africa.

⁹ *Ibid.*

¹⁰ African Development Bank Union of the Comoros Country Strategy Paper 2021-2025.

¹¹ World Bank Integrated Development and Competitiveness Project (P164584) Comoros.

¹² African Development Bank, *op. cit.*

¹³ Caiger S (2015) *Essential Oils and Oleoresin*, ITC Market Insider. International Trade Centre..

¹⁴ Centre for the Promotion of Exports (2018) 'Exporting cloves to Europe': <https://www.cbi.eu/market-information/spices-herbs/cloves>

4.2 The agricultural sector in Madagascar¹⁵

Madagascar has the lowest per capita income amongst the ESA5 countries, and 92 per cent of the population lives on less than US\$ 3.10 a day.¹⁶ Madagascar has an HDI value of 0.528, ranking 164 from 189 countries, with low levels of development.¹⁷ Agriculture is a critical sector for the Madagascan economy. In 2019, it accounted for 23 per cent of GDP and employed up to 64 per cent of the labour force.¹⁸ The sector is dominated by subsistence farming, and farmers have limited access to finance, agricultural inputs, which reduces their competitiveness in international markets.¹⁹ Exports are concentrated in agricultural goods and fisheries, textiles, and minerals. However, the share of agriculture, forestry and fisheries as a percentage of GDP has dropped from 30.5 per cent of the economy in 2009 to 23.3 per cent in 2018.²⁰ This drop is likely to prolong into 2021 due to the economic fallout from the COVID-19 pandemic, triggering a GDP contraction of -3.2 per cent in 2020.²¹

Madagascar's climatic diversity allows it to grow both staple crops and tropical crops for export. Although the country has large swathes of potentially arable (but still unexploited land) for cultivation, security of tenure and land ownership problems are currently one of the key challenges to investment in the country.²² Between 2010 and 2019, coffee, tea, cocoa and spices, and vegetables and fruits were amongst the top four goods exports to the EU from Madagascar (after apparel and clothing accessories) (Table 4 in Appendix II).²³ Vanilla is a significant export, constituting 24.6 per cent of total goods exported to the EU in 2019²⁴ and 74 per cent of total global exports into the EU territory in 2017.²⁵

Madagascar's agricultural sector offers a substantial potential for growth in the export of niche products such as cloves, vanilla, honey, coffee, cocoa, and litchis. Litchis are predominantly an export crop, and exports to the EU account for 80 per cent of the market.²⁶ There are sectoral challenges, however, that can hinder the productivity of these sectors. For example, key crops such as litchis and vanilla, production is also characterised by market controls and price fixing in managing the export markets and, in the case of the litchi industry, discrimination against producers that are not affiliated with the Groupement de Exportateurs de Litchi (GEL), which is the largest cartel of litchi producers in the country.²⁷ For Madagascar, high potential export crops include:

- Cloves: since 2011, cloves and clove essence are amongst the highest export revenue-yielding crops in Madagascar (Table 5 in Appendix II). The clove-growing area is estimated at 40,000 hectares, and only 10 per cent of production is extracted locally in the form of essence.²⁸
- Vanilla: Madagascar is responsible for 60 per cent production of the total global vanilla crops (Table 6 in Appendix II). While it is a highly valued crop, the high international prices for vanilla pods do not filter down to farmers. As a result, Madagascan vanilla farmers are impoverished, as growers

¹⁵ See also Appendix II.

¹⁶ Bertelsmann Stiftung Transformation Index, Madagascar Country Report 2020.

¹⁷ UNDP Human Development Report 2020, op. cit.

¹⁸ World Bank indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart> and <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>

¹⁹ World Bank (2015) Diagnostic Trade Integration Study (DTIS) Update: Republic of Madagascar, Report No: ACS14325.

²⁰ World Bank Indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart>

²¹ IMF (2020) Regional Economic Outlook 2020: Sub-Saharan Africa.

²² World Trade Organisation (WTO) Trade Policy Review Madagascar 2015, WT/TPR/S/318.

²³ EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

²⁴ LSE Consulting, Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final ex-post evaluation report, April 2021.

²⁵ Centre for the Promotion of Exports 'Exporting Vanilla to Europe' <https://www.cbi.eu/market-information/spices-herbs/vanilla>

²⁶ World Bank (2015) DTIS Update, op. cit. Approximately 100,000 tonnes produced by some 80,000 household, only about a fifth are exported. Volumes being closely controlled by the Groupement de Exportateurs de Litchi (GEL) a cartel of about 40 exporters, keeping the value of exports stable over the past years. The GEL is more focused on maintaining high prices than increasing productivity and quality in the sector.

²⁷ Written inputs from Madagascan stakeholders, 5 July 2021.

²⁸ WTO Policy Review Madagascar, op. cit.

commonly receive less than 5 per cent of the international market price for their product.²⁹ Vanilla has historically always been exported raw; however, in recent years, local firms have started extracting and exporting natural vanillin, which is strongly protected against imports.³⁰

- Cocoa: Madagascan cocoa is highly prized for its quality and old varieties. The majority of Madagascan cocoa is produced under organic and fair-trade labels. Despite its high-value production remains below 10,000 tons and exports fluctuate considerably. As a result, its contribution to export revenue remains under the US\$ 1 million mark.³¹

This analysis has to be seen against the background of the current food crisis (see Box 1).

Box 1: Madagascar's food insecurity and malnutrition emergency

The political crisis from 2009 until 2013 had extremely negative impacts on Madagascar's economy and health systems. More than half of all Malagasy children suffer from chronic malnutrition, and half the population is vulnerable to food insecurity.³² Between 1980 and 2010, the country suffered 35 cyclones and floods, five periods of drought, five earthquakes and six epidemics.³³ As a result, Madagascar is of the world's most vulnerable countries to the effects of climate change. Since 2020, Madagascar has faced three major disasters: flooding in seven northern regions (January and February 2020), prolonged droughts across the country's southern half, and the COVID-19 pandemic.

The southern regions of Madagascar are currently facing a severe food insecurity and malnutrition crisis due to multiple shocks. The pattern of recurring droughts since 2014 has triggered high levels of food insecurity and malnutrition. Most districts in the southern half of the country are in the throes of a nutrition emergency, with acute malnutrition nearly doubling over the past four months for children under five – an alarming 16.5 per cent - and at least 1.35 million people require emergency food and nutrition assistance.³⁴

The drought since October 2019 has been the worst in the last decade. As a result, the 2021 harvest is expected to be 50 per cent below the five-year average, coupled with raging sandstorms across the southern parts of Madagascar.³⁵ This phenomenon is also the result of climate change patterns, which has rendered arable land unfit for agricultural purposes due to soil depletion through erosion and deforestation. As a result, since May 2020, the price of basic food products has increased significantly and, when compounded by the COVID-19 pandemic, has further disrupted market functioning and heightened food insecurity amongst the Malagasy.

The COVID-19 pandemic has only exacerbated the ongoing adverse socio-economic impact of the current situation and has further heightened the vulnerability of large parts of Malagasy communities. The latest data indicates that 42 per cent of the population is facing a crisis or worse levels of food insecurity. This figure is expected to double, reaching 1.31 million people in October–December 2021 if appropriate humanitarian action is not taken.³⁶

²⁹ Bertelsmann Stiftung Transformation Index, *op. cit.*

³⁰ WTO Trade Policy Review Madagascar 2015, *op. cit.*

³¹ *Ibid.*

³² Action Against Hunger <https://www.actionagainsthunger.org/countries/africa/madagascar>

³³ Action Against Hunger <https://www.actionagainsthunger.org/countries/africa/madagascar>

³⁴ UN News 'Madagascar edges towards famine, UN food agency appeals for assistance.' 29 April 2021, <https://news.un.org/en/story/2021/04/1090922>

³⁵ The Guardian 'At least 1m people facing starvation as Madagascar's drought worsens.' 10 May 2021,

<https://www.theguardian.com/global-development/2021/may/10/at-least-1m-people-facing-starvation-madagascar-drought-worsens>

³⁶ Food and Agricultural Organisation of the United Nations (FAO) Southern Madagascar Response Review, May 2021

4.3 The agricultural sector in Zimbabwe³⁷

The Zimbabwean economy has faced a series of crises in recent years. In 2020, GDP growth was estimated to have contracted by -10.4 per cent, on the back of -6.5 per cent GDP contraction in 2019, as the COVID pandemic stalled economic recovery in Zimbabwe.³⁸ Currency devaluation and inflation are contributory factors to Zimbabwe's continued food insecurity challenges. On average, the country has a per capita income of US\$ 1,500, and the country has a low HDI ranking of 0.57, ranking 150 out of 189 countries with a medium level of development.³⁹ Although the coronavirus pandemic has exacerbated Zimbabwe's economic crisis, the economy is set to rebound by 2.9 per cent in 2021, supported by a recovery in agriculture.⁴⁰

Agriculture is the backbone of Zimbabwe's economy, and the country remains largely rural and dependent on agricultural activities for their livelihoods. Arable land constitutes approximately 42 per cent of total Zimbabwean territory.⁴¹ Almost two-thirds of Zimbabweans are employed in the agricultural sector.⁴² Once known as the 'breadbasket of Africa', agricultural production as a percentage of GDP has dropped to 8 per cent in 2018.⁴³ To help address this, the Zimbabwean government introduced the Common Agriculture programme in 2016 in order to reverse the decline in its agricultural production, although the full extent of its success remains questionable.⁴⁴

Box 2: Food crisis in Zimbabwe

Zimbabwe's agricultural production is vulnerable to climate change, natural disasters and droughts.⁴⁵ As a result of lockdowns owing to the COVID-19 pandemic, Zimbabwe's urban poor are at a particular disadvantage. At the beginning of 2021, the World Food Programme predicted that at least 7.7 million people out of the country's 15 million strong population would require food aid in the first half of the year.⁴⁶ Predictions up until September 2021 also identify that the average cost of living in rural and urban areas will likely continue to increase, impacting mainly poor rural and urban households' access to food and other basic needs.⁴⁷ Nearly 83% of the poor urban households struggle to buy the food they need for their families. They are unable to buy basics such as mealie meal, salt and cooking oil compared to 76.8% in 2019.⁴⁸ On a positive note, favourable rainfall is expected for the 2020/2021 period, which will facilitate above-average national production and significant improvements in water, pasture and livestock conditions.⁴⁹

Zimbabwe's agricultural sector is dominated by the export of cash crops such as tobacco, cotton, sugar and coffee. It has the lowest export diversification amongst all ESA5 countries, focused predominantly on minerals and tobacco. Tobacco continues to be the leading foreign revenue earner in the agricultural sector, accounting for 20 to 30 per cent of all exports in recent years.⁵⁰ In January 2019, Zimbabwe earned US\$ 119 million from tobacco exports compared to the corresponding period in 2018, reflecting a 94 per cent increase.⁵¹

³⁷ See also Appendix III.

³⁸ IMF (2020) *Regional Economic Outlook 2020: Sub-Saharan Africa*.

³⁹ WTO Trade Policy Review Zimbabwe 2020, WT/TPR/S/398; UNDP Human Development Report 2020, *op. cit.*

⁴⁰ World Bank <https://www.worldbank.org/en/country/zimbabwe/overview>

⁴¹ World bank indicators, <https://data.worldbank.org/indicator/AG.LND.AGRI.ZS?view=chart>

⁴² World Bank Group (2019) 'Zimbabwe Public Expenditure Review with a focus on agriculture.'

⁴³ World Bank Indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart>

⁴⁴ World Bank Group (2019) 'Zimbabwe Public Expenditure Review with a focus on agriculture.'

⁴⁵ FAO Zimbabwe: *Extreme levels of food insecurity triggered by a reduced 2019 harvest and high prices that have acutely impeded access to food*. GIEWS Update, 14 October 2019, <http://www.fao.org/3/ca6624en/ca6624en.pdf>

⁴⁶ <https://www.dw.com/en/drought-famine-threatens-africa-agriculture-solutions/a-57462206>

⁴⁷ Famine Early Warning Systems Network (FEWSNET) Zimbabwe Food Security Outlook, February to September 2021

⁴⁸ World Food Programme <https://www.wfp.org/news/hunger-urban-zimbabwe-peaks-ripple-effect-covid-19-felt-across-nation>

⁴⁹ FEWSNET, *op. cit.*

⁵⁰ WTO Trade Policy Review Zimbabwe 2020, *op. cit.*

⁵¹ African Development Bank Zimbabwe Economic Brief 2019 https://afdb.org/sites/default/files/documents/projects-and-operations/monthly_bulletin_february_2019.pdf

5. State and coverage of the EPA and negotiations for the agricultural sector thus far

This section provides a brief economic overview of the impacts of the interim EU-ESA5 EPA concerning the agricultural sectors in Madagascar, Zimbabwe and Comoros. It thereafter discusses the impacts of an interim and deepened EPA on the EU's outermost territories and future considerations that should inform the deepened ESA negotiations if the EPA supports the growth of the agricultural sectors in the ESA5 countries.

5.1 Impact of the interim EPA in Comoros

Although Comoros has been applying the interim EPA only since February 2019, agricultural exports have increased by 203 per cent from 2010 to 2019.⁵² France and Germany are amongst the country's top export destinations of commodities with a global share of 45 per cent and 10 per cent, respectively.⁵³ It is important to note that because Comoros ratified and begun implementing the interim EPA in 2019 only, impacts from the interim EPA are somewhat limited.⁵⁴

Comoros has a potential advantage in cultivating highly prized produce such as cloves and essential oils extracted from ylang-ylang trees. However, export revenues are less than half the import expenditure in agriculture and growth in exports of cloves, vanilla, and ylang-ylang fluctuate due to the country's insufficient infrastructure, an adverse business environment, and bottlenecks in financing.⁵⁵ In general, challenges to Comoros' domestic economic situation are identified as:⁵⁶

- The three major bottlenecks for imports are taxes, logistical problems and transport costs.
- Three major bottlenecks for export: export taxes, technical barriers, transport costs, plus admin formalities and financing for trade.

As a result, deepening the EPA for the Comoros will have to include actions from Comorian stakeholders that mitigate against climate change, improve production and export capacity, and enable improvements to agricultural production techniques. Such improvements include simplifying administrative requirements for agricultural exporters, and reducing customs clearance times and associated costs. Reaping the full benefits that a deepened EU-ESA EPA could offer, Comoros also requires the government to address existing tax and infrastructure constraints, improve logistics, and simply administrative requirements for the private sector to do business in the country. Lastly, a deepened EPA could, in the long-run, assist Comorian agricultural producers with crop diversification. Data from 2020 highlights that Comorian agricultural exports to the EU is concentrated in two key areas: tropical fruit, nuts & spices (55% of total agri-food exports) and essential oils (45% of total agri-food).⁵⁷

5.2 Impact of the interim EPA in Madagascar

Malagasy stakeholders reported an opening of EU markets to Malagasy agricultural exports under the interim EPA – for example, 300 million euros of plant products were exported to the EU in 2018. Under the interim EPA, Madagascar has, with the EU's support, installed a food safety lab that can now conduct the requisite

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https://afdb.org/sites/default/files/documents/projects-and-operations/monthly_bulletin_february_2019.pdf
report.

⁵³ *Trend Economy, Annual International Trade Statistics by Country, Comoros*: <https://trendeconomy.com/data/h2/Comoros/TOTAL>

⁵⁴ *Interview with representative from Ministère de l'Énergie, de l'Agriculture, de la Pêche et de l'Environnement, Comoros, 12 May 2021.*

⁵⁵ *World Bank Integrated Development and Competitiveness Project (P164584) Comoros.*

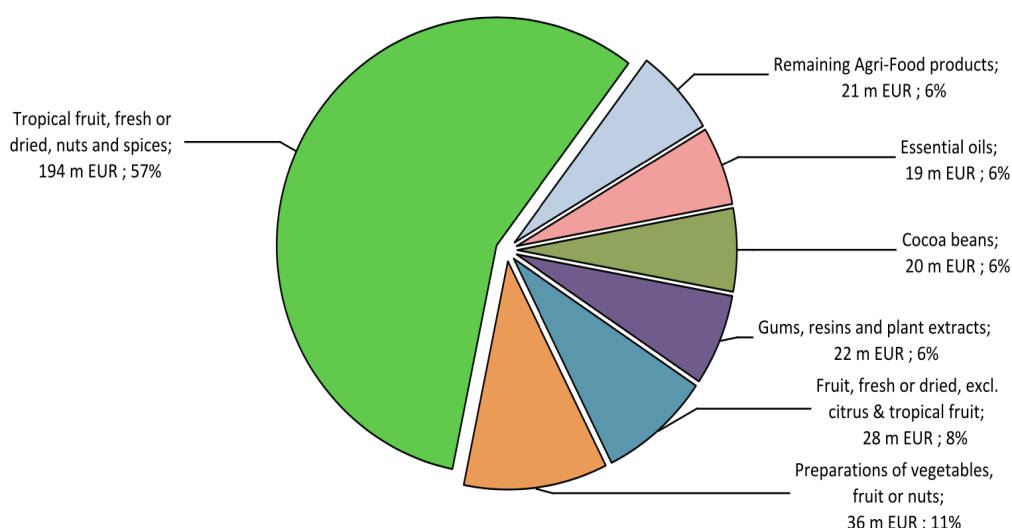
⁵⁶ *Comorian case study and fieldwork interviews, November 2020.*

⁵⁷ *Directorate-General for Agriculture and Rural Development, Agri-Food Trade Statistical Factsheet European Union- Comoros (2021)*

tests from Madagascar and has taken steps to assist its farmers in obtaining organic certifications.⁵⁸ These are important steps towards ensuring that agricultural exports are produced to meet European markets' SPS and food safety standards.

However, the country's largest challenge preventing the interim EPA from being used to its full potential is Malagasy farmers' difficulties in complying with European SPS standards, which has limited an even wider growth in export revenues.⁵⁹ In general, the private sector has difficulty ensuring agricultural produce conforms with required SPS export standards due to a lack of information and resources.⁶⁰ In addition, agricultural exports remain more or less traditional in terms of what has historically always been exported to the EU. Specifically, in 2020 exports of tropical fruit and spices accounted for 57 per cent of Madagascar's export basket to the EU (Figure 1). Consequently, promoting export diversification and the inclusion of high value-added agricultural production should be another area of consideration for Malagasy policymakers under the deepened EPA.

Figure 1: Top EU Agri-Food exports from Madagascar in 2020



Source: Directorate-General for Agriculture and Rural Development, *Agri-Food Trade Statistical Factsheet European Union- Madagascar (2021)*

The Malagasy government has implemented a 'one district one factory' model, a popular local economic development tool used across many countries to build niche productivity and enhance export diversification across different sectors in an economy. The Ministry of Trade aims to have small factories in each district that will engage in agricultural processing and value-added activity for domestic consumption and export.⁶¹ For example, the government is implementing projects to support the transformation of soybeans into table oil in the Antsinanana region (Tamatave) and another project to support research, training and the development of a processing centre Moringa, in the Diana region.⁶² The government also looks to roll out support for organic farming to support the diversification of existing exports.⁶³ However, the country faces challenges in terms of low levels of infrastructure development, an erratic electricity supply, and poor port infrastructure. As a result, the government is looking to promote and encourage investment in renewable energy production to enhance the country's attractiveness for private sector investment.⁶⁴

⁵⁸ Interview with Economic Development Board (EDM) of Madagascar representative, 10 May 2021.

⁵⁹ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

⁶⁰ Interview with MAEP Madagascar representatives, 7 May 2021.

⁶¹ Interview with EDM Madagascar representative, 10 May 2021.

⁶² Interview with Ministère de l'Agriculture, de l'Élevage et de la Pêche (MAEP) Madagascar representatives, 7 May 2021.

⁶³ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

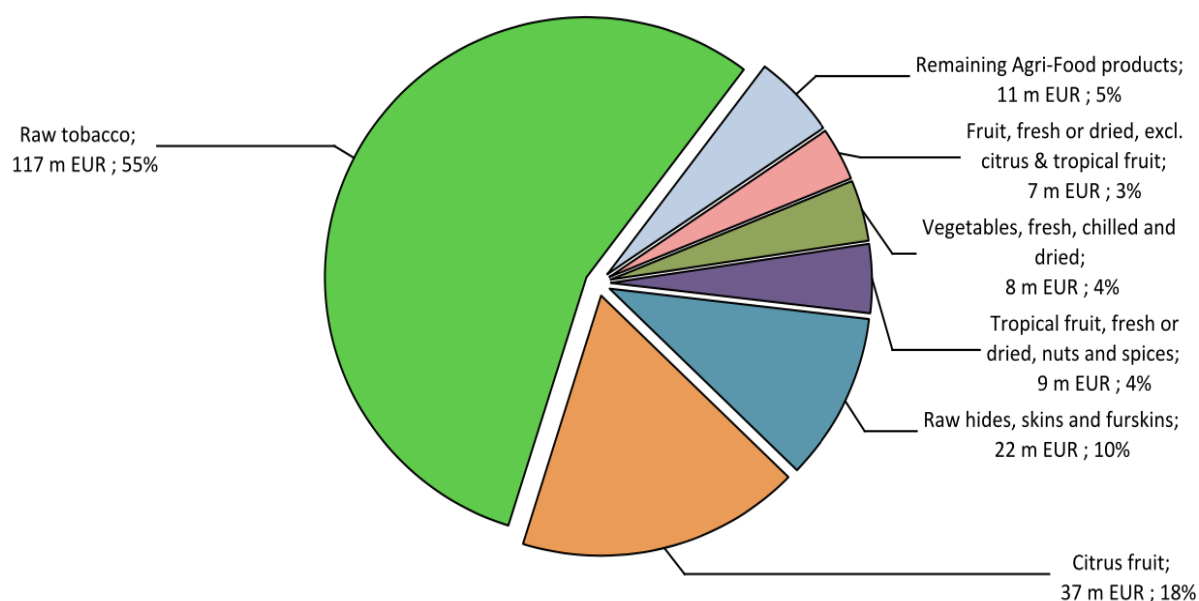
⁶⁴ Interview with EDM Madagascar representative, 10 May 2021.

5.3 Impact of the interim EPA in Zimbabwe

CGE modelling indicates that EU imports from Zimbabwe are estimated to be 18 per cent higher with an EPA in place, particularly for the ‘other crops’ industries, which account for a relatively high share of the country’s overall exports to the EU.⁶⁵ To this end, the highest sectoral-specific percentage increases are for the fruits and vegetable sectors (2.4 per cent) and the sugar sector (1.4 per cent).⁶⁶

In general, producers with access to EU markets do not have many challenges in complying with rules of origin requirements because wholly produced goods (horticulture and wholly grown agricultural produce) comprise the main exports to the EU (Table 7 and Table 8 in Appendix III).⁶⁷ In 2019, tobacco (which makes up for the bulk of the “other crops” exports referred to above) accounted for 52.7 per cent of all agri-food exports to the EU, while vegetables and fruits represented 25.5 per cent of all agri-food exports to the EU.⁶⁸ In 2020, tobacco exports to the EU increased to 55%, while limited exports of fresh fruit, fresh and dried vegetables and citrus fruit exports to the EU from Zimbabwe made up the rest of the export basket (Figure 2). EU countries such as Germany and Belgium are still major importers of unmanufactured tobacco from Zimbabwe, although the export market has shifted mainly to China and Indonesia.⁶⁹

Figure 2: Top EU Agri-Food exports from Zimbabwe in 2020



Source: Directorate-General for Agriculture and Rural Development, Agri-Food Trade Statistical Factsheet European Union- Zimbabwe (2021)

Zimbabwe’s challenges in product export diversification lie with a lack of domestic industrialisation capacity and infrastructure to support agro-processing.⁷⁰ Amongst stakeholders interviewed, there is an acknowledgement that Zimbabwe’s politically driven land reform agenda resulted in a decrease in agricultural productivity (and value-added production), resulting in the loss of important markets such as beef exports to the EU.⁷¹ As a result of domestic politics and economic stagnation, Zimbabwean producers have not necessarily utilised the interim EPA to their greatest advantage. However, Zimbabwean stakeholders also see

⁶⁵ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁶⁶ *Ibid.*

⁶⁷ Interview with independent customs and trade facilitation consultant, 12 May 2021. See also Interview with representative from Zimbabwe Farmers’ Union, 13 May 2021.

⁶⁸ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁶⁹ The Herald, ‘China drives Zim tobacco exports,’ 5 April 2018 <https://www.herald.co.zw/china-drives-zim-tobacco-exports/>

⁷⁰ Interview with independent customs and trade facilitation consultant, 12 May 2021

⁷¹ Interview with representative at the Zimbabwe Farmers Union, 13 May 2021

the importance of continuing the engagement and under an EPA, especially as it offers the country an opportunity to normalise political relations with the EU.⁷²

In recognising Zimbabwe's limitations to leverage the interim EPA fully, the EU launched the Zimbabwe European Partnership Agreement Support programme (ZEPA) valued at EUR 10 million, with interventions to assist the country with the implementation. The support programme targets improvements to the Zimbabwean ecosystem focused on trade facilitation, enhanced competitiveness and export capacity building amongst small and micro-sized enterprises, and policy design and implementation support.⁷³ However, one stakeholder highlighted ZEPA's interventions as primarily directed at the smallholder production level, which has little capacity to transform the Zimbabwean agricultural sector into competitive industries.⁷⁴ Instead, the focus should be on achieving economies of scale that can help the industry grow and improve its competitiveness. In addition, the concentration of Zimbabwean exports to the EU in raw commodities has raised concerns that a deepened EPA could cement Zimbabwe's position as an exporter of non-value-added commodities that is absent from any promotion of national and regional value chain development.⁷⁵ Moreover, it was noted that small and medium-sized enterprises (SMEs) have been unable to capitalise on the interim EPA owing to challenges in meeting EU standards, ensuring their produce satisfies SPS requirements and insufficient market access.⁷⁶

Although ESA5 countries have not yet completed their tariff reduction schedules (which should be completed by 2022), ongoing tariff reductions have increased goods exported from the EU into the ESA5 countries.⁷⁷ As a result, there are concerns from the private sector and civil society around the liberalisation of local food markets and the displacement of domestic producers due to an influx in cheap imports, compounded by the lack of subsidies and structural support for Zimbabwean smallholder farmers.⁷⁸ Whether this will manifest as a reality under a deepened EPA requires further consideration from negotiators.

Box 3: The EU export gains to ESA 5 countries⁷⁹

EU exports to Madagascar, Zimbabwe and the Comoros over the period 2016 to 2020 is concentrated amongst five EU exporting countries (France, Italy, Netherlands, Belgium and Spain) for specific fresh and dried produce such as apples, citrus, grapes, dates, figs and limited quantities of fresh vegetables.⁸⁰ In 2019, exports of wheat and meslin from the EU to the ESA EPA countries increased by 20 per cent (an increase in value of €6.8 million).

With the EPA, EU total exports to Madagascar are estimated to be 30% higher, exports to Mauritius are estimated to be 32% higher and exports to Zimbabwe are estimated to be 8% higher. As such, the largest percentage gains are estimated for Madagascar and Mauritius. Moderate percentage gains in imports from the EU are estimated for Zimbabwe. With regards to specific industries, the EU's manufacturing sectors (which includes a wide array of high and less knowledge-intensive products), "Machinery and equipment" and "Other metal products" are estimated to benefit most from tariff reductions on the side of ESA countries.

⁷² Interview with representative at the Zimbabwe Farmers Union, 13 May 2021. See also Interview with Zimbabwe Small Scale Farmers Federation (ZIMSOFF), 20 February 2021.

⁷³ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Interview with independent customs and trade facilitation consultant, 12 May 2021. See also Interview with representative from the Ministry of Foreign Affairs, 19 May 2021.

⁷⁷ LSE Consulting, Final ex-post evaluation report, op. cit.

⁷⁸ Interview with ZIMSOFF, date 21 February 2021. See also Interview with Ministry of Foreign Affairs, 19 May 2021.

⁷⁹ LSE Consulting, Final ex-post evaluation report, op. cit.

⁸⁰ Eurostat, <https://ec.europa.eu/eurostat>

5.4. Impact on the EU’s outermost territories, La Réunion and Mayotte

La Réunion’s economy is focused mainly on the services sector and some manufacturing activities. Although agriculture plays an important role, it predominantly focuses on the sugar industry and rum, which is not a focus for this case study. Mayotte’s economic activity is based mainly on the agricultural sector, such as fishing and raising livestock; the latter sectors are not within this case study’s focus. The value of Mayotte’s exports to ESA countries is generally relatively small. Madagascar and Comoros are major destinations for Mayotte’s exports of manufactured goods, which remained relatively stable between 2014 and 2019. Available trade data indicate that the Interim EPA had a negligible economic impact on Mayotte and La Reunion.⁸¹

Madagascan stakeholders have different opinions regarding the openness of French territories to Malagasy agricultural exports. The interim EPA did not contribute to deepened trade within the Indian Ocean and East African regions for two stakeholders. Specifically, exports to Reunion and Mayotte are difficult because their SPS requirements are challenging to meet, taxes levied in the French territories means Madagascan agricultural producers cannot compete against French imports in these OCTs,⁸² and exclusionary economic zones constrain trade between the parties.⁸³ However, this may be a misunderstanding in interpretation amongst stakeholders, as French imports to its own French outermost regions are subject to a dock dues tax (“octroi de mer”) as imports from Madagascar would be. However, another interviewee indicated that Madagascar’s relationship with Mayotte has always been beneficial concerning the export of meat, chicken and legumes.⁸⁴

Given its island land-mass and restricted land availability for agriculture, Reunion is not as competitive as Madagascar in terms of volume and scale for specific agricultural products. For example, in terms of litchi production, Reunion is unable to compete on volume requirements when compared to Madagascar (and, to a more limited extent, South Africa) (Table 1). La Réunion’s litchi exports are predominantly destined for France alone and lacks consistency in volume produced to satisfy the needs for a larger EU market (see Figure 3).

Table 1: EU estimated imports of litchis from Indian Ocean countries

Tonnes	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018
Madagascar	19,750	17,715	14,040	16,220	17,430	17,790	18,475	17,970	18,220
South Africa	3,340	2,660	2,000	3,600	2,450	2,030	2,900	4,200	3,000
Reunion	240	400	200	420	540	460	44	885	150
Mauritius	115	180	110	270	140	160	150	250	100
Mozambique						40	55	106	100
Total	23,445	20,955	16,350	20,510	20,560	20,480	22,020	20,666	21,570

Source: Fruitrop Magazine Nr. 257, 2018.

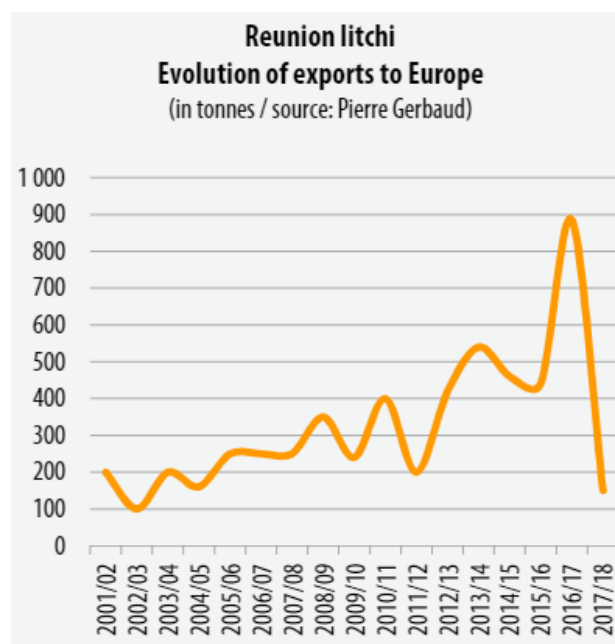
⁸¹ LSE Consulting, Final ex-post evaluation report op. cit.

⁸² Interview with EDM Madagascar representative, 10 May 2021.

⁸³ Interview with MAEP Madagascar representatives, 7 May 2021.

⁸⁴ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

Figure 3: Evolution of litchi exports from Reunion to Europe



Source: *Fruitrop Magazine* Nr. 257, 2018.

Despite a potential market in Mayotte and surrounding European Union's overseas territories for regional produce, the Comorian private sector currently displays a little appetite for investing in large-scale local agro-processing. According to the World Bank, the constraints cited by the private sector – predominantly importers, exporters, and small manufacturers – are the following:

- Inconsistency of supply (quantity, quality and timing);
- An inability to secure output due to weak law enforcement; and
- Unpredictable customs duties associated with inter-island sea and air transport, and
- poor intra-island transport.⁸⁵

6. Environmental, social, gender and human rights impacts

Deepening the EPA will provide an opportunity for the Agreement to contain a dedicated chapter on Trade and Sustainable Development (TSD), for which the Commission has already presented a draft text. In furthering the provisions of this draft text, it is crucial to take stock of the TSD issues already present in the agricultural sector. These actions will help identify how future negotiations can address these concerns in the deepened EU-ESA EPA.

6.1 Labour concerns

In Comoros, Madagascar, and Zimbabwe, agricultural production is characterised by two key features: informality and child labour. In the three countries, informal labour is as high as 90 per cent. Generally, agricultural workers have lower average earnings than other sectors, and women's wages remain lower across

⁸⁵ World Bank *Integrated Development and Competitiveness Project (P164584) Comoros*.

all countries, particularly in agriculture.⁸⁶ Regarding general labour rights, all three countries report anti-trade union discrimination or afford collective bargaining rights – concerns raised by trade unions in the agricultural sector, amongst others.⁸⁷

All three countries report the presence of child labour in their agricultural sectors, despite their ratification of the International Labour Organisation's (ILO) Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999). Overall levels of child labour (age 5-17) are recorded at 28.5 per cent in Comoros, 22 per cent for Madagascar and 28 per cent for Zimbabwe, for the period 2010-2017.⁸⁸ In Zimbabwe, sugar cane harvesting and tobacco farming involve child labour in their production, whereas children make up approximately 32 per cent of the vanilla workforce in Madagascar.⁸⁹ In Madagascar, agriculture has the highest levels of child labour, representing 87.4 per cent of working children.

Corporate social responsibility (CSR) activities (also known as responsible business conduct, RBC) programmes are reportedly present in Zimbabwe.⁹⁰ However, it is questionable how successfully tobacco multinationals can monitor and ensure compliance with human rights standards in their supply chains.⁹¹ The uptake of CSR/RBC varies across the ESA countries, with different government actors' involvement. Although RBC awareness has grown since 2009 in Zimbabwe, it remains a largely private-sector driven effort through the Standards Association of Zimbabwe, and the government does not take any measures to encourage RBC nor implements RBC practices in its procurement decisions. Instead, the private sector has developed the National Corporate Governance Code of Zimbabwe, a framework designed to guide Zimbabwean companies on RBC.⁹²

The Malagasy government has established mechanisms to enforce laws and regulations on child labour, including the 2015 Code of Conduct for combatting child labour in the vanilla sector. It is working with USAID and UNICEF to enhance awareness and conduct workshops around child labour in agricultural production.⁹³ In addition, all companies that export to the EU must have a CSR policy in place, and the government is working with USAID to develop a sector-wide policy and legal framework for CSR activity in Madagascar.⁹⁴ In collaboration with the ILO, the government and the National Vanilla Platform are working to eliminate child labour in the Sava region (the central area of vanilla production). This project, "Supporting Vanilla Actors for the Benefit of Children", valued at US\$52 000, targets improvements to the living standards of parents working in the vanilla sector and vocational training for child victims in the sector.⁹⁵

There is no evidence to suggest a direct correlation between the implementation of the interim EPA and child labour in the vanilla or tobacco sectors. Instead, the high levels of child labour result from the macro socio-economic challenges facing Zimbabwe and Madagascar. However, given the large share of vanilla and tobacco imports into the EU, it is likely that some of these imports are produced by children.⁹⁶

⁸⁶ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁸⁷ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Report on the TSD Chapter*, February 2021.

⁸⁸ LSE Consulting, *Annex to the TSD Report*.

⁸⁹ Referencing a 2012 ILO study <https://www.dol.gov/agencies/ilab/supporting-sustainable-and-child-labor-free-vanilla-growing-communities-sava-savabe>

⁹⁰ See CSR programmes by Aqua Tobacco Zimbabwe, available at <http://atz.co.zw/corporate-social-responsibility/>

⁹¹ Human Rights Watch (April 2018) 'A Bitter Harvest: Child Labour and Human Rights Abuses on Tobacco Farms in Zimbabwe.' <https://www.hrw.org/report/2018/04/05/bitter-harvest/child-labor-and-human-rights-abuses-tobacco-farms-zimbabwe>

⁹² LSE Consulting, *Report on the TSD Chapter*, op. cit.

⁹³ Interview with EDM Madagascar representative, 10 May 2021.

⁹⁴ Ibid.

⁹⁵ Interview with MAEP Madagascar representatives, 7 May 2021.

⁹⁶ LSE Consulting, *Final ex-post evaluation report*, op. cit.

6.2 Environmental concerns

All three countries are vulnerable to climate change and face similar challenges around the impact of unsustainable agricultural practices on biodiversity and threats to environmental ecosystems. In Madagascar and Zimbabwe, specific national policies have been adopted to improve the resilience of agriculture in the face of climate change. Madagascar faces challenges in preventing deforestation for the benefit of agricultural production, and research suggests that swidden agriculture by smallholder farmers is the most important driver for deforestation in the country, especially as populations continue to grow.⁹⁷ Although this method mainly benefits subsistence agriculture, vanilla is sometimes cultivated on fallow following the swidden technique.⁹⁸ In Zimbabwe, tobacco production and related activities are an important driver of deforestation, as are agricultural chemical runoffs into water.⁹⁹ As detailed above, the country's tobacco production levels show little signs of abating, in part due to the country's heavy reliance on tobacco for export revenue.

7. Considerations for a deepened EU-ESA5 EPA

This section focuses on identifying key issues and considerations affecting the Comoros, Madagascar and Zimbabwe in the deepened EPA negotiations. It also reflects the concerns of the EU stakeholders vis-à-vis the import of agricultural products from ESA5 countries into EU member states and their concerns on TSD issues in Comoros, Madagascar and Zimbabwe.

In general, stakeholders voiced concerns about how a deepened EPA can be leveraged across all three countries in the absence of meaningful changes to domestic economic and structural constraints that affect them all. Insufficient infrastructure development, low levels of agro-processing, and administrative hurdles make it difficult for Comoros, Madagascar and Zimbabwe to leverage the deepened EPA to its full potential. In all three countries, there are concerns that ESA5 exporters and agricultural producers will continue to struggle to comply with the EU SPS standards, which are viewed as onerous. Failure to comply in the long term will mean that the full benefits of the deepened EPA will be stifled for these countries. In addition, there are concerns that the interim EPA has not fully delivered on its objectives of trade and development. Compared to rules of origin as provided for under the Lomé Convention and Cotonou Partnership Agreement, the interim EPA has not supported diversification of ESA5 exports and, for some ESA countries, have cemented exports in primary goods.¹⁰⁰ One stakeholder requested that the rules of origin be improved and that cumulation with other countries partied to other EPAs is possible.¹⁰¹ For example, under the deepened EU-ESA EPA, cumulation with South Africa should be permitted, assisting the ESA countries in undertaking value-added production.

7.1 Considerations for Comoros

For Comoros, a deepened EPA provides an opportunity to improve and increase the quantity and quality of agricultural production to the EU market through a combination of interventions across the entire value chain from inputs to the marketing of processed products, including export.¹⁰² Leveraging a deepened EPA will require addressing structural challenges such as building laboratories and training people who can conduct food safety and SPS tests that can ensure Comorian agricultural production meets EU standards.¹⁰³ For example, currently, cash crops have to be tested in Reunion, which is impossible for all exporters. Similar to

⁹⁷ LSE Consulting, *Annex to the TSD Report, op. cit.*

⁹⁸ *Ibid.*

⁹⁹ *Ibid.*

¹⁰⁰ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

¹⁰¹ *Ibid.*

¹⁰² Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021.

¹⁰³ Comorian case study and fieldwork interviews, November 2020.

Zimbabwe's concerns on the impact of trade liberalisation on domestic producers, there are also concerns about unfair competition from the EU that could negatively impact the domestic production of similar products.¹⁰⁴ In Comoros, customs authorities are not fully capacitated and cannot manage the requirements for different trading blocs and agreements; moreover, the correct software and equipment are also lacking.¹⁰⁵ As a result, poorly managed customs operations could prevent Comorian companies from utilising a deepened EPA to its full potential.

Efforts to improve and address SPS concerns, attract investors, and enhance competitiveness can only occur with the transfer of knowledge and improved productive capacity, which Comoros has been unable to take advantage of under the interim EPA. Consequently, there are concerns amongst stakeholders that Comoros will not exploit the opportunities present under a deepened EPA.¹⁰⁶ Lastly, Comorian stakeholders expressed their concerns at the risk that trade agreements will only reinforce existing poverty structures in Comoros because the benefits gained through greater market access and improved exports will not filter down to the last mile and address the country's existing inequalities.

7.2 Considerations for Madagascar

An in-depth EPA can play an important role in promoting foreign direct investment (FDI) in Madagascar and support the export of high value-added products to the EU – as seen by the growth in organic agricultural exports to Germany. Other opportunities that Madagascar intends to leverage under a deepened EPA include extensive arable land, a robust local workforce to support higher volumes of agricultural production and enforcing the 'one district one factory' model for economic development to boost large-scale investments.¹⁰⁷ For Madagascar, a deepened EPA opens up greater market access opportunities in the EU territories and, in parallel, protects 'sensitive' products for the country, such as dairy and sugar. In addition, the deepened EPA will enable Malagasy private sector to import agricultural inputs and equipment from the EU at lower costs, which will help ongoing efforts to promote greater agricultural mechanisation and ultimately achieve economies of scale in the sector.¹⁰⁸ However, a deepened EPA will also have to contribute to mitigating risks that can stifle Madagascar agricultural exports to the EU territory, including the effects of climate change and insufficient production infrastructure.

On TSD related issues for Madagascar, stakeholders identified three key points that a deepened EPA could assist with improving supply chain management and ensuring compliance with the TSD requirements deepened EPA. Areas of assistance include:¹⁰⁹

- Capacity building of entities working in the informal sector (technical training, raising awareness, facilitation of the acquisition of equipment and production materials).
- Written commitment requirement from exporters concerning the non-engagement of minors throughout the value chain.
- Recognition and promotion of labels from Malagasy producers that meet the criterion of social objectives such as fair trade.

¹⁰⁴ Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021.

¹⁰⁵ Comorian case study and fieldwork interviews, November 2020.

¹⁰⁶ *Ibid.*

¹⁰⁷ Interview with MAEP Madagascar representatives, 7 May 2021.

¹⁰⁸ *Ibid.*

¹⁰⁹ *Ibid.*

7.3 Considerations for Zimbabwe

For Zimbabwe, the deepened EPA's advantages will only manifest if domestic reform policies are implemented. These policies include efforts to improve business constraints, such as the Doing Business taskforce recently created, the Zimbabwean Investment Development Agency and ZimTrade (export promotion agency) as functional entities capable of fulfilling their respective mandates. These conditions are prerequisites for improving Zimbabwe's agricultural sector's competitiveness and diversification.¹¹⁰ Other efforts being implemented by the Zimbabwean government to help improve trade levels overall include implementing an online system for exports, establishing National Single Windows to improve trade facilitation, and creating a Coordinated Border Management Unit to improve efficiency in the delivery of services at ESA5 customs points.¹¹¹

One stakeholder voiced support for the ZEPA programme and hoped for its continuance under the deepened EPA, with further support provided on technical issues and supporting Zimbabwe's National Economic Consultative Forum to conduct dialogues on EPAs at different platforms to raise awareness for the agreement.¹¹²

The lack of investment and infrastructure to support growth and value-added productivity in the agricultural sector raises concerns that Zimbabwe's continued reliance on the export of commodities will prevent it from utilising a deepened EPA to its full potential.¹¹³ In the absence of appropriately targeted and designed interventions, Zimbabwe's agricultural producers will continue to face challenges in meeting the SPS requirements of European markets, which will negatively impact their ability to improve their exports under a deepened EU-ESA EPA.¹¹⁴

7.4 Considerations for EU interests

There are concerns around the Commission entering into trade agreements with countries that have serious human rights and labour violations for some EU stakeholders. Interviewees did not seem to see a significant concern around competitiveness or preferential market access for agricultural imports from these three countries. Instead, one interviewee highlighted the seasonal complementarity between produce from the ESA5 countries, such as citrus and litchis (from Zimbabwe and Madagascar, respectively) in European countries' production seasons.¹¹⁵ On this point, a successful venture and collaboration between EU importers and Malagasy exporters of litchis were undertaken in recent years to support Malagasy producers to meet EU food safety standards. Working with the producers directly, research institutes in Madagascar and EU importers, Madagascar has since implemented protocols that address post-harvest treatment, packing house facilities and other market access constraints that have traditionally hindered litchi exports to the EU, which is now valued at 15 000 tonnes.¹¹⁶

However, there is a perception amongst some stakeholders that the EPAs are more focused on the developmental agenda rather than facilitating trade and market access for EU agricultural products into African markets.¹¹⁷ Stakeholders recognised that the EU-ESA EPA favours agricultural imports from the ESA5 countries but also acknowledged that the purchasing power for EU exports in these countries is limited to a small consumer base, which means that EU exports might not be able to compete in ESA5 countries compared to produce imported from neighbouring countries instead.¹¹⁸ As a result, there are limited and small volumes

¹¹⁰ Interview with representative from the Zimbabwe Farmers Union, 13 May 2021.

¹¹¹ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

¹¹² *Ibid.*

¹¹³ *Ibid.*

¹¹⁴ *Ibid.*

¹¹⁵ Interview with Freshfel representative, 28 May 2021.

¹¹⁶ *Ibid.*

¹¹⁷ Interview with Interview with COPA-COGECA representative, 3 March 2021.

¹¹⁸ *Ibid.*

of EU agricultural exports to the ESA5 countries.¹¹⁹ For an overview of the top five agricultural exports from the EU to Comoros, Madagascar and Zimbabwe respectively see Annexure IV.

Issues relating to the TSD chapter were at the forefront of EU interests in trade with Madagascar, Zimbabwe and Comoros. Two EU stakeholders expressed a keen desire to ensure that EU agriculture is not exposed to unfair competition through third countries' abilities to undercut European competitors by enforcing working conditions and wages that are disadvantageous to those employed in third country agricultural sectors.¹²⁰ Instead, the TSD concerns in trade agreements need to be elevated, and safe working conditions, employment rights and trade union rights need to be respected and made a precondition for entering into trade negotiations with third countries.¹²¹ The enforcement of one set of standards for EU producers and another for third countries is viewed as a lack of policy coherence on the side of the European Commission.¹²²

On the other hand, another stakeholder noted that for EU importers that work with producers in the ESA5 countries, export to the EU is not possible without some form of private certification, whose standards meet EU market requirements (for example, GlobalGap). As a result, even in the absence of overarching trade agreements, export to the EU occurs with producers that are duly accredited according to international private standards.¹²³ The challenges around meeting SPS standards is one of the reasons preventing the growth of exports from ESA5 countries to EU territories, which also hinders regional trade between ESA countries and La Reunion and Mayotte. Nevertheless, one stakeholder pointed out the need for greater avenues that facilitate cooperation and collaboration between producers in the ESA5 countries and EU importers. As per the litchi example above, support for greater collaboration could take place under the auspices of an Aid for Trade programme that helps ESA5 country producers meet the food safety and security standards across EU markets.¹²⁴ Assistance on this front could include support for these countries' national plant protection agencies, developing protocols on food safety and related SPS issues, and supporting ESA5 producers to identify and address biosecurity issues.¹²⁵

¹¹⁹ Interview with Freshfel representative, 28 May 2021.

¹²⁰ Interview with a representative from European Federation of Food, Agriculture, and Tourism Trade Unions (EFFAT), 16 April 2021.

¹²¹ Interview with EFFAT representative, 16 April 2021. See also interview with representative from the European Trade Union Confederation (EUTC), 20 April 2021.

¹²² Interview with EFFAT representative, 16 April 2021.

¹²³ Interview with Freshfel representative, 28 May 2021.

¹²⁴ *Ibid.*

¹²⁵ *Ibid.*

8. Policy recommendations

Overall, a deepened EU-ESA EPA can support the further development and growth of agricultural sectors in Comoros, Madagascar and Zimbabwe. Making this a reality requires these countries to implement policies and strategies that support the growth of their agricultural sectors and identify opportunities to enhance their competitiveness and attract FDI. In order to make this a reality, however, a deepened EU-ESA EPA can only be utilised to its full potential with comprehensive support and technical assistance provided to Comoros, Madagascar and Zimbabwe. In the absence thereof, the deepened EU-ESA5 EPA runs the risk of entrenching limited benefits for the EU-ESA countries. For EU stakeholders, a deepened EPA must address the TSD concerns present across all three countries. **Recommendations for future negotiations, as identified through stakeholder consultations, are detailed below.**

On rules of origin

- 1) Existing rules of origin could be further simplified to (i) benefit existing producers in the ESA5 countries and new investors in new industries while supporting production diversification, and (ii) contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU.¹²⁶
- 2) Requests to enable cumulation to occur with other countries party to EPAs should be made a reality to assist less capacitated countries to improve their efforts at value-added production and boost their capacity to meet the quality and quantity requirements in the EU market.¹²⁷
- 3) It is important that under the deepened EPA, efforts for EPA to support the country in upgrading and diversifying its exports for strategic positioning are critical.¹²⁸

On issues related to development cooperation and assistance on technical standards

- 4) Development cooperation is necessary for the positive impacts of increased exports towards the EU to allow the agricultural producers to move up the value chain over time (thereby escaping poverty). Support for this sector in ESA5 countries and a reconsideration of EU agriculture and trade policies is vital.¹²⁹
- 5) Amongst Malagasy stakeholders interviewed, technical training centres should be implemented to assist ESA5 countries with export promotion, digitalise customs procedures, train on non-tariff barriers and SPS issues, and support the implementation of the WTO's Trade Facilitation Agreement.¹³⁰ If the EPA can assist ESA5 governments with establishing systems that support improved business climates and strengthen compliance with SPS standards, this will enhance producers' ability to grow into commercial farming enterprises.¹³¹ Such efforts can assist ESA5 countries in improving their competitiveness and attractiveness for investors. Comorian and Zimbabwean stakeholders, respectively, echoed similar sentiments.¹³²

¹²⁶ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Trade in Goods report*, April 2021.

¹²⁷ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

¹²⁸ *Ibid.*

¹²⁹ LSE Consulting, *Trade in Goods report*, *op. cit.*

¹³⁰ Interview with EDM Madagascar representative, 10 May 2021. See also Interview with MAEP Madagascar representatives, 7 May 2021.

¹³¹ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

¹³² Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021. See also interview with representative from Zimbabwe Farmers' Union, 13 May 2021.

- 6) In deepening the EPA, it was suggested that technical assistance be provided to business membership organisations to provide training to their members on the EPA and how Zimbabwean producers can benefit under the deepened EPA.¹³³
- 7) There are challenges for some lower-income ESA5 countries to facilitate resource and capital mobilisation for private sector investment. It would be worth exploring the potential of establishing financing mechanisms (mixtures of grants and loans) that can promote investment in the agricultural sector in ESA5 countries.

On SPS issues¹³⁴

- 8) EU stakeholders have requested the strengthening of SPS provisions in the deepened EU-ESA EPA. Although the decrease of tariffs is important, non-compliance and insufficient reforms in addressing SPS concerns can function as NTBs. Therefore, greater assistance for ESA5 countries to meet European standards and SPS compliance requirements would be a welcomed intervention and will also help promote greater private sector engagement between EU producers/importers and ESA5 producers.
- 9) Greater uptake on digitisation of certificates would help ESA5 countries and EU exporters gain better market access. The E-Phyto Hub is one such platform to promote and transfer phytosanitary certification online and facilitates easier access for developing countries to obtain clearance, fastens the process for exports, and ensures transparency (thereby reducing corruption). It would be helpful to include such initiatives as part of a support instrument under the Aid for Trade and development cooperation.

On TSD concerns

- 10) The implementation of TSD concerns should be made a cornerstone of EU trade agreements with third countries, and third countries could commit to the implementation of TSD standards, compliance with ILO conventions etc., through a roadmap or a similar mechanism that measures and tracks third countries' implementation of improved environment, labour and human rights concerns.¹³⁵

Other

- 11) The development of a common methodology aimed at finalising a monitoring and evaluation framework for the interim EPA and subsequently the deepened EPA must be prioritised. This will act as a springboard towards defining a joint understanding of the progress. It will also serve to remaining challenges to ESA5 implementation so that the deepened EU-ESA5 EPA can learn from challenges experienced in implementing the interim EPA.¹³⁶

¹³³ Interview with independent customs and trade facilitation consultant, 12 May 2021. See also interview with Zimbabwe Farmers' Union representative, 13 May 2021.

¹³⁴ Interview with Freshfel representative, 28 May 2021.

¹³⁵ Interview with EFFAT representative, 16 April 2021. See also interview with representative from the EUTC, 20 April 2021

¹³⁶ Interview with representative from the Ministry of Foreign Affairs, 19 May 2021.

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Appendix I: Agriculture indicators Comoros

Table 2: Comoros cloves (whole fruit, cloves and stems) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H5	2019	France	46,000	246,503
H5	2019	Germany	87,500	382,760
H5	2019	Greece	70,020	333,189
H5	2019	Netherlands	41,000	215,182
H5	2018	Germany	82,000	347,022
H5	2018	Italy	33,000	157,955
H5	2018	Lithuania	29,000	138,809
H5	2018	Netherlands	244,250	1,241,415
H5	2018	Spain	33,000	157,955
H4	2017	Germany	63,000	314,223
H4	2017	Greece	50,010	204,290
H4	2017	Netherlands	93,350	496,243
H4	2016	France	31,000	154,435
H4	2016	Germany	65,060	285,834
H4	2016	Netherlands	221,540	1,081,747
H4	2016	Spain	32,110	132,630
H4	2015	Germany	116,200	582,231
H4	2015	Netherlands	25,6962	1,237,357

Source: UN Comtrade database, <https://comtrade.un.org/data>

Table 3: Comoros vanilla netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner country	Quantity (weight in kg)	Trade in US\$
H5	2019	Germany	9,934	4,514,781
H5	2019	Netherlands	359	131,157
H5	2019	France	3,810	773,356
H5	2018	France	649	345,868
H5	2018	Germany	8,685	3,948,284
H4	2017	France	7,127	2,550,127

Classification	Year	Partner country	Quantity (weight in kg)	Trade in US\$
H4	2017	Germany	4,409	2,181,395
H4	2017	Mauritius	1,000	430,449
H4	2016	France	817	297,221
H4	2016	Germany	5,758	1,640,423
H4	2016	Mauritius	14,217	2,779,254
H4	2015	France	695	37,122
H4	2015	Germany	8,709	695,316
H4	2015	Mauritius	17,382	1,483,144

Source: UN Comtrade database, <https://comtrade.un.org/data>

Appendix II: Agriculture indicators Madagascar

Table 4: Madagascar: export of vegetables to select EU countries, 2018

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent %)	Revealed comparative advantage
Austria	0.97	0.48	20.27
Belgium	10,317.2	29.65	15.76
Bulgaria	61.7	54.69	28.2
Croatia	9.26	2.3	32.94
Cyprus	171.4	90.94	25.49
Czech Republic	85.41	20.51	26.31
Denmark	90.35	5.39	17.3
France	244,870.42	38.53	12.5
Germany	142,657.52	67.45	18.35
Greece	1,245.92	87.52	23.41
Hungary	19.26	17.35	6.81
Italy	3,357.66	12.68	4.58
Lithuania	70.42	100	1.3
Luxembourg	1.44	19.51	5.79
Netherlands	4,0234.12	26.7	10.94
Poland	109.04	8.86	29.73

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent %)	Revealed comparative advantage
Portugal	551.51	24.87	2.28
Spain	1421.66	3.77	1.28
Sweden	143.98	0.44	

Source: WITS database

https://wits.worldbank.org/CountryProfile/en/Country/MDG/Year/2018/TradeFlow/Export/Partner/all/Product/06-15_Vegetable#

Table 5: Madagascar cloves (whole fruit, cloves and stems) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2015	Belgium	574,750	5,631,742
H4	2015	France	170,452	1,671,473
H4	2015	Germany	257,734	2,155,759
H4	2015	Mauritius	90,864	618,508
H4	2015	Netherlands	237,484	2,070,043
H4	2015	Spain	90,205	669,757
H4	2016	France	196,990	1,658,762
H4	2016	Germany	154,002	1,045,439
H4	2016	Mauritius	136,470	765,598
H4	2016	Netherlands	175,103	1,334,548
H4	2016	Spain	105,030	833,188
H5	2017	France	200,209	1,581,763
H5	2017	Germany	223,903	1,240,165
H5	2017	Netherlands	210,900	1,558,140
H5	2018	France	203,780	1,543,216
H5	2018	Germany	461,426	3,431,500
H5	2018	Netherlands	216,900	1,717,099
H5	2019	France	81,405	463,845
H5	2019	Germany	225,327	1,352,834
H5	2019	Netherlands	190,000	1,238,579
H5	2019	Spain	99,930	519,311

Source: UN Comtrade database, <https://comtrade.un.org/data>

Table 6: Madagascar vanilla production (whole, crush or ground) netweight exports to select trading partners, 2015-2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2016	France	471,363	127,318,450
H4	2016	Germany	253,881	85,125,241
H4	2016	Mauritius	119,040	31,271,428
H4	2016	France	471,363	127,318,450
H4	2016	Germany	253,881	85,125,241
H4	2016	Mauritius	119,040	31,271,428
H5	2017	France	466,020	206,922,902
H5	2017	Germany	166,556	82,472,386
H5	2017	Mauritius	128,232	54,845,998
H5	2018	France	476,945	221,876,174
H5	2018	Germany	238,206	116,557,906
H5	2018	Mauritius	127,306	48,555,996
H5	2019	France	351,427	144,824,709
H5	2019	Germany	165,704	69,271,177

Source: UN Comtrade database, <https://comtrade.un.org/data>

Appendix III: Agriculture indicators Zimbabwe

Table 7: Zimbabwe vegetable exports to select EU countries, 2018

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent%)	Revealed comparative advantage
Belgium	46.59	0.11	0.99
France	162.96	47.34	4.32
Germany	480.6	13.94	5.52
Ireland	165.85	98.23	39.01
Italy	0.74	0.02	0.27
Netherlands	5,656.17	99.74	9.6
Portugal	5.9	50.84	14.1
Spain	73.11	21.22	6.63
Sweden	0.28	0.59	5.27

Source: WITS database

https://wits.worldbank.org/CountryProfile/en/Country/ZWE/Year/2018/TradeFlow/Export/Partner/all/Product/06-15_Vegetable#

Table 8: Zimbabwe tobacco exports (Tobacco, unmanufactured; tobacco refuse) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2015	Zimbabwe	Botswana	245,580
H4	2015	Zimbabwe	China	396,017
H4	2015	Zimbabwe	Mozambique	13,279,655
H4	2015	Zimbabwe	South Africa	13,384,4675
H4	2015	Zimbabwe	Zambia	632,814
H4	2016	Zimbabwe	Mozambique	12,281,331
H4	2016	Zimbabwe	South Africa	141,810,309
H4	2016	Zimbabwe	Zambia	702,591
H4	2017	Zimbabwe	Botswana	101,000
H4	2017	Zimbabwe	China	198,028
H4	2017	Zimbabwe	Mozambique	15,488,435
H4	2017	Zimbabwe	South Africa	140,181,650
H4	2017	Zimbabwe	Zambia	1,106,293

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H5	2018	Zimbabwe	Belgium	388,216
H5	2018	Zimbabwe	Botswana	71,406
H5	2018	Zimbabwe	China	4,825,000
H5	2018	Zimbabwe	Indonesia	178,545
H5	2018	Zimbabwe	Mozambique	22,274,596
H5	2018	Zimbabwe	South Africa	140,629,552
H5	2018	Zimbabwe	Sudan	99,000
H5	2018	Zimbabwe	USA	59,436
H5	2018	Zimbabwe	Zambia	606,889
H5	2019	Zimbabwe	Botswana	153,160
H5	2019	Zimbabwe	China	352,000
H5	2019	Zimbabwe	Mozambique	24,416,960
H5	2019	Zimbabwe	South Africa	147,686,534
H5	2019	Zimbabwe	USA	99,626
H5	2019	Zimbabwe	Zambia	442,974

Source: UN Comtrade database, <https://comtrade.un.org/data>

Appendix IV: Evolution of top five EU agricultural exports to Comoros, Madagascar and Zimbabwe

Table 9: Evolution of top 5 EU agricultural exports to Comoros, Madagascar and Zimbabwe

Description	Exports						
	Value (million of EUR)					Percentage	
	2016	2017	2018	2019	2020	Share in all agri 2020	Change 2019-2020
Comoros							
Poultry meat, fresh, chilled and frozen	9	10	9	10	13	61.9	30
Infant food and other cereals, flour, starch or milk preparations	1	1	1	1	1	4.8	0.0
Flours and other products of the milling industry	2	2	2	2	1	4.8	-50.0
Fresh milk and cream, buttermilk and yoghurt	1	0	1	1	1	4.8	0.0
Madagascar							
Pet food	14	19	15	18	20	28.6	11.1
Food prepared	4	5	6	6	6	8.6	0.0
Wheat		0		0	6	8.6	
Soups and sauces	3	5	4	5	6	8.6	20
Infant food and other cereals, starch or milk preparations	3	4	4	4	6	8.6	50
Zimbabwe							
Infant food and other cereals, flour, starch or milk 2 preparations	2	2	4	2	2	20	0.0
Bulbs, roots and live plants	0	0	1	1	2	20	100.0
Food preparations, not specified	2	2	2	2	1	10	-50.0
Milk powders and whey	2	3	3	1	1	10.0	0.0
Live animals	0	0	2	0	1	10.0	

Source: Directorate-General for Agriculture and Rural Development, Agri-Food Trade Statistical Factsheet European Union- Comoros, Madagascar and Zimbabwe (2020)

Textiles and Garments

Case Study

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Abbreviations

ACA	Administrative Cooperation Agreement
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
CGE	Computable general equilibrium
CSR	Corporate social responsibility
EAC	East African Community
EDBM	Economic Development Board Madagascar
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EPZ	Export processing zone
EURATEX	European Apparel and Textile Confederation
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
GEFP	Groupement des Entreprises Franches et Partenaires (Madagascar)
GEM	Groupement des Entreprises de Madagascar
ILO	International Labour Organisation
IPR	Intellectual property rights
MCCI	Mauritian Chamber of Commerce and Industry
MEXA	Mauritian Export Association
R&D	Research and development
RVC	Regional value chain
SADC	Southern African Development Community
SIA	Sustainability Impact Assessment
SME	Small and medium-sized enterprises
STEM	Science, technology, engineering and mathematics
The Framework	Industrial Policy and Strategic Plan for Mauritius 2020-2025
TSD	Trade and Sustainable Development

Executive summary

This case study provides an overview of the textiles and garment sectors in Mauritius and Madagascar. It highlights the benefits that the interim Economic Partnership Agreement (EPA) has offered both countries in the growth and development of their respective industries. It also identifies key policy developments that intend to leverage the deepened EPA for future growth, improved competitiveness, and investment gains in their countries. In doing so, the case study highlights Mauritius' plans to become a textile regional hub and to grow their textile industry through greater value-addition, higher use of new technologies and improved competitiveness in European Union (EU) markets. For Madagascar, the challenges facing the growth of the textile industry is more systemic and rooted in the country's overall economic challenges, such as poor infrastructure, slow customs processes, and complicated administrative requirements. While a deepened EPA can help grow the Malagasy garments and apparel industries, its full impact will be limited if domestic constraints are not simultaneously addressed by the Madagascar government. In terms of the deepened EPA's impact on EU stakeholders, there did not appear to be great levels of awareness of the interim agreement. For others, while there is a desire to explore new markets, it is important that Mauritian and Madagascar stakeholders implement a deepened export strategy, undertake trade promotion activities, and actively seek investors. Mauritian and Malagasy private sector representatives also indicated their desire for greater networking and peer learning opportunities from their European counterparts.

Findings from a wide range of stakeholder consultations reveal the following concerns and recommendations for a deepened EU-ESA5 EPA:

- Under a deepened EPA, Mauritian and Madagascar stakeholders would like to utilise sourcing of inputs from across the African continent. According to Mauritian stakeholders, this will help support regional value chain creation across Africa and support the efforts of the African Continental Free Trade Area (AfCFTA).
- It was requested that the development of technical training centres be explored under a deepened EPA that would act as a one stop shop to assist small and medium sized enterprises (SMEs) with information on exporting, meeting EU standards, and other related information.
- Stakeholders expressed a desire for greater private sector collaboration and networking between EU and ESA5 private sector stakeholders. Creating a matchmaking facility under the auspices of a deepened EU-ESA5 EPA can support Mauritian and Madagascar companies to partner with EU companies can support networking between the parties and further joint investments between the two regions.
- Stakeholders expressed a desire to see the implementation of support to the ESA5 countries as underscored by the development cooperation commitments under the EPA, particularly in meeting the requirements of the Trade in Sustainable Development (TSD) chapter.
- In addressing some of the environmental and labour concerns raised by EU stakeholders, the EU could design a similar set of eligibility preferences as per section 104 of the African Growth and Opportunity Act (AGOA), that determines minimum requirements that third party countries will have to meet in order to be a part of future EU trade agreements.

Promoting RVC creation between Southern and Eastern African countries requires policy harmonisation and coordination, and promoting strategy development with inputs from academia and private sector. It also requires ESA countries to address existing infrastructure, logistic and transportation challenges – the foundation for value chain creation. Lastly, value chain creation can be leveraged to increase consumer demand for sustainable and green production, thereby building competitiveness and encouraging innovation amongst Mauritius and Madagascar's textiles and apparel industries.

1. Introduction

This report is part of the project to prepare a Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in Eastern and Southern Africa (ESA) in view of deepening the existing interim EPA. Under this project, a brief evaluation of the existing, interim EPA has been prepared.

In 2009 four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the interim EPA, which has been provisionally in place since 2012. The EPA foresees consecutive rounds of liberalisation over 10 years, with the tariff liberalisation process concluding in 2022. Although a late joiner, Comoros is now partied to the negotiations to deepen the EPA, having signed the agreement in July 2017 with ratification and entry into force in January and February 2019 respectively. Currently, the interim EPA between the EU and the ESA5 countries includes the following chapters: abolition of EU duties and quotas for imports from these countries; gradually opening up of EU exports to these countries; a protocol on rules of origin; provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade, and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes. The new rounds of negotiations are intended to reach an agreement that would boost bilateral trade, investment flows, and contribute to the socio-economic growth and sustainable development across the ESA5 countries.¹

The purpose of this case study is to provide an overview of the textiles sector and its importance to ESA5 countries, specifically Madagascar and Mauritius. For both countries, the textile industry is an important export revenue generator, although growth has been unstable for the past several years. This case study identifies specific interventions on how a deepened EU-ESA EPA can contribute towards value-added activity in the textile and apparel industries in Mauritius and Madagascar, thereby harnessing EU stakeholder interests. It provides findings on the environmental, social, gender and human rights vis-à-vis the textile industry, and concludes with findings and recommendations on how the deepened EPA can promote trade and the further development of these industries across Madagascar and Mauritius.

2. Context and purpose

The purpose of this case study is to explore how the EPA can be used to strengthen the textiles sector in Mauritius and Madagascar and promote economic growth. It identifies how the negotiations could assist Mauritius and Madagascar to grow their textile industries through value-added products and market diversification, and market access that is not detrimental to EU interests. It concludes with recommendations for consideration in the process of negotiations and deepening the existing EU-ESA5 EPA.

Although Zimbabwe has a fledging textiles industry, this case study focuses only on Madagascar and Mauritius because of the historical importance of the textile sector to both country and their current desire to leverage a deepened EU-ESA EPA for further growth of the textile and apparel sectors respectively. Textiles have been historically important for both countries and continue to retain a large share of their respective export baskets to the EU. For Mauritius, it is important to consider how the sector, which has diminished in size, can be resuscitated with the support of a deepened EPA. For Madagascar, the full benefits of a deepened EPA can only become a reality if Madagascar's context-specific economic realities – such as doing business conditions, improvements to infrastructure, and simplification of administrative requirements – can be improved and made investor friendly.

¹ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final Inception Report, October 2020.*

3. Methodology and approach

This case study attempts to answer three key questions:

- 1) How have the provisions of the interim EPA affected the textiles and garment sectors in Madagascar and Mauritius?
- 2) What are future considerations for a deep EPA that could help improve the competitiveness and growth of the textiles and garment industries in these countries?
- 3) What will be the impact of a deepened EU-ESA5 EPA on EU industry interests and where are the potential avenues for collaboration amongst the parties?

We used a mixed methodology approach that used existing information from Phase II reports and an extensive desktop literature review. In addition, we conducted supplementary stakeholder interviews and analysed these findings to provide important takeaways in relation to proposed recommendations for consideration in the deepened EU-ESA5 EPA negotiations.

4. State and coverage of EPA and negotiations for the textile industry

This section provides an overview of the development and status quo of the textile industries in each country. It offers findings from the ex-post evaluation and stakeholder interviews regarding the impact of the interim EPA on the textiles and garments industries thus far. It examines some of the challenges facing the growth and development of these sectors and provides insights on how the future negotiations and a deepened EPA can meet the needs of both the ESA5 partners and the EU in supporting the growth and development of this sector.

4.1 How have the provisions of the interim EPA affected the textiles and garments in Madagascar and Mauritius?²

Both countries have gained from the interim EPA based on findings from computable general equilibrium (CGE) modelling undertaken by DG Trade, as detailed below. The EU-ESA5 EPA provides free market access to the EU market for all products made in the ESA5 countries. There are flexible rules of origin and cumulation that enables companies to benefit from duty-free access to the EU market.

In particular, both Mauritius and Madagascar are beneficiaries of a **Single Transformation Rule of Origin**,³ which was introduced under the interim EPA. The Single Transformation Rule provides more favourable conditions than the earlier Double Transformation Rule, which restricted the sourcing of raw materials to other African, Caribbean and Pacific countries and the EU. As a result, Mauritius and Madagascar have capitalised on the EPA preferences made available to them through the agreement. For example, the Single Transformation Rule has enabled Malagasy companies to benefit from tariff reductions in less skill-intensive manufacturing sectors, such as garments, that go beyond the preceding preferential tariffs.⁴ In general, this

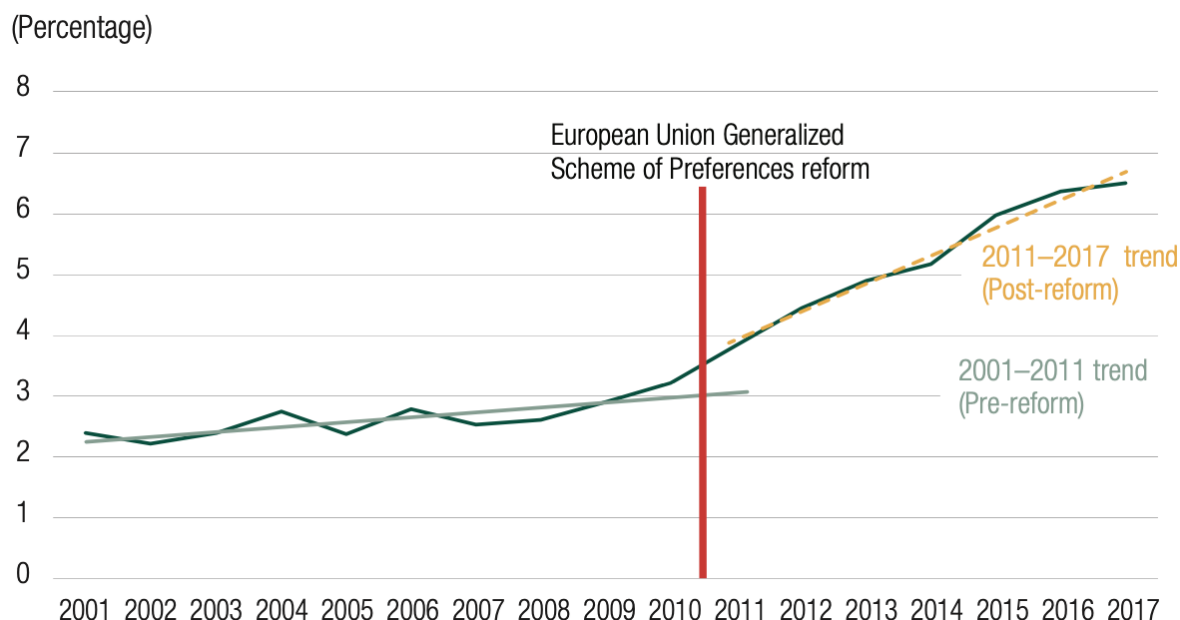
² See Appendix I.

³ This means that clothing companies in the ESA signatory countries can source fabrics from all over the world, undertake any operations and export to the EU market free of duty and quota restrictions, and same for imports.

⁴ Interview with representatives from the *Groupement des Entreprises Franches et Partenaires (GEFP)* and *Groupement des Entreprises de Madagascar (GEM)*, 14 May 2021.

EU reform was accompanied by a significant boost to the market share of least-developed countries in the EU, as well as by improvements in the rate of preference utilisation (Figure 1).⁵

Figure 1: Share of least developed countries in apparel imports in the European Union, 2001-2017



Source: UNCTAD *Economic Development in Africa Report 2019*.

For both countries, textiles and garments were among the top two exported products to the EU in terms of trade value in 2019. Benefits from the interim EPA for Madagascar and Mauritius include the following:

- 1) Textile exports from Madagascar, already one of the leading export category to the EU, accounted for 23% in total goods exported to the EU27 in 2019. From the top 20 exported goods to the EU, jerseys, pullovers and cardigans account for 9.7 per cent of Madagascan exports.⁶ Exports of jerseys, pullovers and cardigans have remained largely unchanged since then.
- 2) For Madagascar, export-orientated Mauritian and European diaspora investors (primarily French) with established regional production networks and sourcing strategies are generally more locally embedded in Madagascar, resulting in greater spill over effects for local firms through sub-contracting.⁷
- 3) Madagascar's garments and apparel industry has managed to satisfy the double transformation rules of origin when they existed by encouraging firms' vertical integration with Mauritian firms to import yarn, make fabric and then make garments.⁸ This illustrates how the country's textile sector has taken advantage of different preferential EU market access over the years, and improved its competitiveness through vertical integration that enabled value-added production in Madagascar.
- 4) The production and export of textile products is important to the Mauritian economy and represents the second largest export to the EU in 2015 and 2019. CGE modelling shows that textile exports from Mauritius were estimated to expand by 6.3 per cent (textiles) and 5.7 per cent (wearing apparel) due

⁵ UNCTAD *Economic Development in Africa Report 2019*

⁶ LSE Consulting, *Final ex-post evaluation report, April 2021*.

⁷ *Ibid.*

⁸ van der Ven C (2015) 'Where Trade and Industrial Policy Converge: How Developing Countries Can Utilize Trade Preferences to Generate Sustainable, Local Growth in the Garment Sector.' *The International Lawyer*, Vol. 49, No. 1.

to the interim EPA.⁹ Therefore, the interim EPA boosted the export of textiles in Mauritius that would otherwise have been significantly lower in the absence of an interim EPA. In 2019, Mauritius' top 20 goods exports to the EU accounted for about 82 per cent of the country's total goods exports to the EU, of which t-shirts, singlets and vest constitute 8.2 per cent of the export basket. The country's highest export growth rates are registered for men's or boys' shirts, which increased by an annual growth rate of 28 per cent, and exports of other garments, which increased by 43.5 per cent annually.¹⁰

The Single Transformation Rule and flexible rules of origin under the interim EPA have provided the Mauritian and Malagasy textile and apparel industries with preferential EU market access. However, the overall performance of these sectors are inconsistent in both countries. The types of exports from Mauritius to the EU has stagnated owing to concentration of particular goods in the market, which has resulted in the long-term decline of Mauritian textile exports to the EU.¹¹ As a result, the Mauritian apparel production is characterised by a lack of product diversification and is reliant on four key items: t-shirts, shirts, pullovers and trousers.¹² It is important to highlight that the Single Transformation Rule is currently the most flexible regime on offer to EU trading partners. Achieving greater levels of product diversification for Mauritius and Madagascar alike requires their efforts to instead focus on higher-value add production and improving economies of scale, both of which are dependent on increased investment in skills and production facilities. This should be the primary focus of how the deepened EPA can be utilised in the future.

The existing preferences, while useful, have not necessarily been able to mitigate the economic fallout experienced by all countries as a result of the COVID-19 pandemic, as highlighted below. However, this downturn cannot be attributable to the interim EPA but is the result of the impact of COVID-19 on global value chains and the accompanying economic constraints.

- In 2020, textile and clothing imports from Madagascar into the EU were valued at 281 million euros (representing 32.1 per cent of total imports from Madagascar), down from 343 million euros in 2019 and reflecting an annual growth rate of -3.2 per cent.¹³
- In 2020, EU imports of textiles and clothing from Mauritius accounted for 98 million euros, compared to 139 million euros in 2019, reflecting a -9.5 per cent change in annual growth.¹⁴

Lastly, as noted above, Madagascar reflects a decrease in trade value over the period 2009-2016, followed by an increase in the following years, although accompanied by a less than proportional increase in quantities trade.¹⁵ For Madagascar, overall exports to the EU would largely remain unchanged in absence of the EPA. This is because market access for Madagascar to the EU would not fundamentally change in the absence of the interim EPA – the country would still be eligible for duty-free, quota-free market access under Everything But Arms provisions. Total EU imports from Madagascar are estimated to be 2% higher with the EPA.¹⁶

Exports of specific classes of apparel and clothing accessories from Mauritius to the EU fell between 2010 and 2019 (falling from first to second place) (Table 1 in Appendix I). The textile industry's contribution to the

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ Interview with MCCI representative, 27 April 2021. See also interview with representative from the Mauritian Ministry of Foreign Affairs, 29 April 2021.

¹² Ministry of Industrial Development, *SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025*.

¹³ DG Trade European Union, *Trade in goods with Madagascar, 2020*

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_madagascar_en.pdf

¹⁴ DG Trade European Union, *Trade in goods with Mauritius, 2020*

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_mauritius_en.pdf

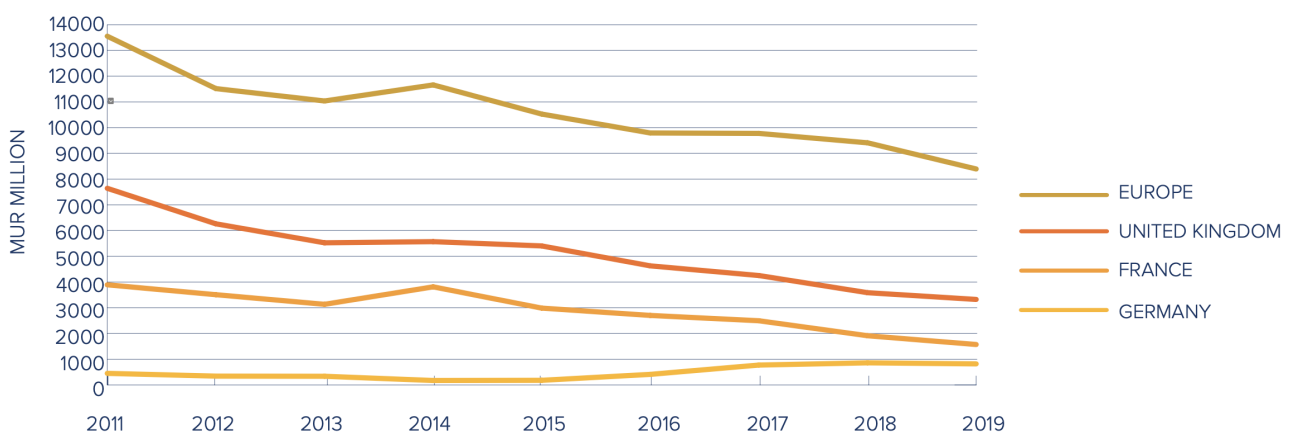
¹⁵ *Ibid.*

¹⁶ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final ex-post evaluation report, April 2021*.

country's gross domestic product (GDP) has declined from 6.7 per cent in 2006 to 3.4 per cent in 2019,¹⁷ but still represents approximately 45 per cent of exports. In the same period, exports value decreased from EUR 340 million to EUR 210 million (Figure 2 below).¹⁸

Mauritian exports to the EU are concentrated in a handful of countries. The main export markets for the textile and clothing sector are South Africa, the United States, followed by the United Kingdom, Madagascar, France and the Netherlands (Table 3 in Appendix I).¹⁹ Consequently, market diversification should be an important strategy for Mauritius under the deepened EPA. One stakeholder commented that when compared to peer countries with similar operating conditions and limitations (such as Sri Lanka), Mauritius has made insufficient use of export promotion and selling the textile and apparel industries' unique strengths to the advantage of growing their market access under the interim EPA.²⁰

Figure 2: Mauritian Exports of Articles of Apparel & Clothing Accessories



Source: Cheun E, Sun A, Twimukye E (2020) *Strategic Options for the Mauritius Textile and Apparel Industry: Discussion Paper*, December 2020. UNDP Mauritius, UNECA sub-regional office for Southern Africa, African Development Bank.

4.2 What does deepening the EPA mean for Madagascar?

For Madagascar, the initial loss of the AGOA preferences was not completely disadvantageous. Upon losing preferential access to the United States market, Madagascan plants increased production for Europe and South Africa. This shift in end markets "led to shorter-run (i.e. shorter product development cycles focused on specific styles) and more complex products with positive impacts on upgrading of processes, quality and skills."²¹ This is because the South African and European markets demand smaller batches of differentiated products with higher unit values, which requires greater processing and production capabilities.²² Local investors have thus been able to leverage relational, local and regional assets to enter and upgrade in apparel global value chains by building technological capabilities linked to specific export strategies.

¹⁷ Cheun E, Sun A, Twimukye E (2020) *Strategic Options for the Mauritius Textile and Apparel Industry: Discussion Paper*, December 2020. UNDP Mauritius, UNECA sub-regional office for Southern Africa, African Development Bank.

¹⁸ *Ibid.*

¹⁹ Ministry of Industrial Development, *SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025*.

²⁰ Interview with International Apparel Federation representative, 6 May 2021.

²¹ Staritz C; Morris M; Plank L (2015) *Clothing Global Value Chains and Sub-Saharan Africa: Global Exports, Regional Dynamics, and Industrial Development Outcomes. A Draft Policy Briefing Paper for the Trade Division Commonwealth Secretariat*.

²² Balchin N; Calabrese L (2019) *Comparative country study of the development of textile and garment sectors. Overseas Development Institute*.

Under a deepened EPA, the EU market, followed by the United States and South Africa are likely to remain the primary export markets for Malagasy garments (Table 4 in Appendix I).²³ The interim EPA is a substantial part of the revenues for some textile companies. For example, Epsilon generates 80 per cent of its turnover from apparel exports to the EU alone.²⁴ However, there are general questions as to what extent a deepened EPA will enhance Malagasy competitiveness and general market access to the EU. In the absence of significant changes to existing terms under the interim EPA, some stakeholders do not think a deepened EPA can offer meaningful new gains to what has already been achieved under the interim EPA. Another stakeholder questioned whether Malagasy apparel companies are genuinely competitive at a global level in the absence of the preferential terms offered by the EU-ESA EPA thus far.²⁵ As a result, Malagasy stakeholders interviewed indicated that a deepened EPA may not necessarily effect any meaningful changes to the sector compared to what it has already experienced under the interim EPA. Greater flexibility than Single Transformation Rule may not be possible under a deepened EPA. This raises questions as to how the Malagasy government intends to implement policies and offer support mechanisms that would assist its private sector to build competitiveness and improve its range of exports to the EU under a deepened EPA.

This is more the result of structural economic challenges in Madagascar, rather than challenges on the part of the EU-ESA5 EPA negotiations. For example, inadequate infrastructure to support industrialisation, customs procedures that are time-consuming and slow, as well as general administrative challenges in doing business conditions means that a deepened EPA may not be leveraged to its full potential by Malagasy apparel companies.²⁶ The lack of strategic intervention and development of policy frameworks on behalf of the Madagascan government to support the growth of the textile sector was identified as a specific impediment to the potential benefits that a deepened EPA could offer Malagasy apparel and garment companies.²⁷ Therefore, any enhanced benefits that a deepened EPA could offer Malagasy apparel and garment manufacturers will have to be cognisant of what can be realistically achieved against challenging operational realities.

Despite domestic challenges in Madagascar, there is an opportunity for the deepened EU-ESA5 EPA to support the development of a bilateral textiles and apparel value chain between Madagascar and Mauritius. This is widely recognized as a positive contribution of the EPA amongst stakeholders interviewed. Shared EU market access has enabled the two countries to work together for the growth of the textile and apparel sectors in both countries.²⁸

In Madagascar, the presence of foreign apparel firms offered possibilities for collaboration between local and foreign entities, while proximity to Mauritius has provided important regional assets that local firms can draw upon, including experienced production managers and access to textile and related inputs. In addition, the Single Transformation Rule and flexibility offered under the interim EPA allows each country to play to their respective strengths in their textile exports to EU markets.²⁹ The Madagascan government has set aside 80 hectares of land to co-develop, with the Mauritian government, the Moramanga Textile Park (i.e. an export processing zone, (EPZ)), valued at US\$ 60 million.³⁰ Once established, Mauritius and Madagascar, which together represent two billion dollars' worth of exports, can continue developing bilateral and regional value chains (RVCs), in terms of production of yarn, fabric and high value-added garments in Mauritius and; production of low-end garments in Madagascar. Improved competitiveness that, in time, could be offered by the development of the Moramanga Textile Park will have to include considerations that support the growth of higher-value-added production to supply both the African and European markets, investment regimes that offer conducive business environments supporting investor-friendly business conditions, and policies that

²³ Interview with representatives from the GEFP and GEM, 14 May 2021.

²⁴ Interview with representative of Epsilon, 14 May 2021.

²⁵ *Ibid.*

²⁶ Interview with representatives from the GEFP and GEM, 14 May 2021. See also Interview with representative of Epsilon, 14 May 2021.

²⁷ Interview with representative of Epsilon, 14 May 2021

²⁸ Interview with Mauritian Chamber of Commerce and Industry (MCCI) representative, 27 April 2021.

²⁹ Interview with the Director of the Mauritian Export Association (MEXA), 30 April 2021.

³⁰ Cheun E, Sun A, Twimukye E, *op. cit.*

support and enable research and development (R&D) activities as well as intellectual property right (IPR) regimes that can protect investors' IPRs.

The deepened EPA can contribute to this venture by assisting Madagascar to enhance its productive capacity, mobilise capital for the private sector to engage with higher value-addition production, and promote joint ventures with Mauritian and European investors.³¹ The Malagasy government could also leverage the deepened EPA to improve private-public sector dialogues domestically, which will help to build positive relationships between private sector textile companies and the government.³² Doing so can assist in evidence-based policymaking and formulation of strategic policy interventions in the textile sector that can enhance the country's competitiveness and the sector's growth globally. Making this a reality will require public-private cooperation in Madagascar and real commitments on behalf of the Malagasy government. It will also require trust-building between the public and private sector and for government to implement real programmatic activities that can support the long-term competitive growth of the textile industry in the country. Private sector stakeholders indicated that – despite the growth potential and opportunities – the apparel EPZ can offer Madagascar the government is not particularly interested in growing the sector (there is no textile strategy masterplan or something similar in place), and there is a lack of consultation by the government with the apparel and garments companies and their representative sector associations.³³

4.3 What does deepening the EPA mean for Mauritius?

Mauritius has a historical track record of developing its industries to take advantage of preferential market access opportunities offered by the EU even prior to the introduction of the EPAs. However, Mauritius now has to identify new ways to grow its textiles industry, which is facing a strong decline in growth over a number of years. Discussed in more detail below, these measures includes: skills diversification, trade in services to support the textile industry, exploration of new EU markets and increased foreign investment into the sector.

From 2006 to 2019, “textile value addition in manufacturing fell from 37 per cent to 27 per cent, and was to contract further by 45 per cent in 2020 owing to the impact of the COVID-19 pandemic.”³⁴ The period 2012-2019 has seen manufacturing attract less than 5 per cent of foreign direct investment (FDI), in part the result in the overall contraction of manufacturing activities over this period.³⁵ Like other African countries, Mauritius' manufacturing export sector has developed few linkages to the local economy. Many smaller companies have closed down in recent years, while larger firms are vertically integrated with knitting, weaving, dyeing and garment making (including printing and embroidery).³⁶ The number of enterprises in the textile and clothing sector (covering both export-orientated enterprises and domestic orientated enterprises) decreases significantly from 250 companies in 2010 to 148 in 2019.³⁷

Another challenge is the absence of skills development in the country's textile and apparel industries. Mauritian skills levels have not kept abreast with global competitors, resulting in an unsustainable dependence on migration labour – both for unskilled and STEM-related occupations.³⁸ The absence of skills has negatively impacted the growth of the Mauritian textile industry. Addressing these challenges will help ensure that the clothing and textile industry, which represents a major scalable global export opportunity in Mauritius, is well positioned and able to take advantage of a deepened EPA.

³¹ Interview with representative from the Economic Development Board Madagascar (EDBM), 10 May 2021.

³² Written inputs from Malagasy stakeholders, 5 July 2021.

³³ Interview with representatives from the GEFP and GEM, 14 May 2021. See also interview with representative from Epsilon, 14 May 2021.

³⁴ Cheun E, Sun A, Twimukye E, *op. cit.*

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ Ministry of Industrial Development, *SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025.*

³⁸ *Ibid.*

Stakeholder consultations highlighted a broad acknowledgement amongst public and private actors alike as to the diminished competitiveness, insufficient exploration of new export markets, and low levels of technology use in the Mauritian textile industry. As a result, the launch of the new Industrial Policy and Strategic Plan for Mauritius 2020-2025 (the Framework) in December 2020 should be viewed as a commitment from the Mauritian government to address these deficiencies. The Framework aims to rejuvenate the country's manufacturing sector, focusing on accelerating product diversification and high value-added production. The framework recognises the importance of upgrading manufacturing capabilities in Mauritius, addressing 4th Industrial Revolution concerns, enabling investment in supporting the growth of new industries, and providing for R&D to improve the various sectors' competitiveness.

Negotiations for a deepened EPA dovetails with Mauritian policymakers' decisions to reconfigure the country's industrialisation strategies as reflected by the Framework. As a result, a deepened EPA should feature as a cornerstone of the Mauritian industrialisation strategy for higher value-added production across the country's manufacturing sector.³⁹

Overall, stakeholders confirmed the importance of a deepened EPA for the growth of the Mauritian economy at large, but also the opportunity to revitalise the stagnating textiles industry. A deepened EPA could support Mauritius' long-term goals to grow the country as a hub for yarn and fabric for the region and, through leveraging existing long-term relationships with European purchasers, for the EU market too.⁴⁰ Together with enhanced competitiveness, stakeholders believe that Mauritius apparel and textile exports can position itself competitively against Chinese, Vietnamese and Turkish exports to the EU (Mauritius actively benchmarks its own performance against Turkey).⁴¹

Reigniting growth in the textiles industries requires FDI, whereas growth of Mauritian textile and yarn exports requires greater levels of capital investment. Attracting investments also requires market diversification. Mauritian exports to the EU have a historical French connection and European buyers that continue to source from these countries have a historical tradition of doing so.⁴² As a result, textile exports are concentrated in select EU member states (France, Spain, Italy, Germany) and the interim EPA was not sufficiently utilised to expand the sector's outreach to non-traditional EU markets, such as Eastern Europe.⁴³ Combined with a comprehensive export strategy a deepened EPA can open up new EU markets to Mauritian exports and could lead to the establishment of new operations in Mauritius, as per GymShark's recent opening of a regional office in Mauritius.⁴⁴ This will support Mauritius' participation in global textile value chains and help the industry to attract new and diverse sources of capital investments. Enabling such efforts requires provisions in the deepened EPA to support export promotion activities and networking and collaboration opportunities between EU and Mauritian companies.

Another important area is the potential for a deepened EPA to offer Mauritius the opportunity to develop a textile services sector.⁴⁵ Pursuing a comprehensive trade in services component in the deepened EPA is a strong priority for Mauritius. Developing a textile services industry offers Mauritius the opportunity to participate in higher, value-added offerings and e-commerce retail and services that can compensate for its unfavourable geographical location and high labour costs. As identified by Mauritian and EU stakeholders alike, making this a reality requires commitment from the Mauritian government and investment from both domestic and foreign investors in new technologies, improved R&D for the sector, as well as a strong marketing plan for the industry's growth and transition to a textiles services industry.

³⁹ Interview with representative from the Mauritian Ministry of Foreign Affairs, 29 April 2021.

⁴⁰ Interview with MCCI representative, 27 April 2021. See also Interview with Business Mauritius representatives, 7 May 2021.

⁴¹ Interview with the Director of the MEXA, 30 April 2021.

⁴² Interview with International Apparel Federation representative, 6 May 2021.

⁴³ Interview with the Director of the MEXA, 30 April 2021.

⁴⁴ Ibid.

⁴⁵ Interview with MCCI representative, 27 April 2021.

4.4 How can the negotiations and a deeper EPA reconcile EU industry interest with the needs of the textile sectors in Mauritius and Madagascar?

Although the European Apparel and Textile Confederation (EURATEX) has expressed general concerns on the distortive effects of subsidies that are provided for by non-EU governments / third country competitors, it does not appear that such concerns extend to Madagascar and Mauritius. The EU textile industry is characterised by technical designs and strong brands in the high-end industries, and competitiveness is retained by outsourcing labour-intensive activities to the Euro-Mediterranean area.⁴⁶ It is likely that there is little direct competition between the Mauritian and Madagascan textile and garment industries, and their European counterparts. Instead, there could be avenues for complementarity instead, provided there is a conducive business environment to support such engagements.

For a country like Germany, the textile sector comprises mostly SMEs, which has implications for their sourcing patterns and market access.⁴⁷ As a result, inputs out-sourcing occurs in regional proximity to Europe, such as in Turkey and the southern Mediterranean (i.e., North African) countries, where already-established business ties exist. One German federation remarked on the relatively small size of African markets which, in the absence of deepened regional integration and lowered tariffs amongst neighbouring countries (to facilitate intra-regional exports and expanding into new markets for EU companies), makes African markets less attractive to European companies.⁴⁸ Although there is interest in exploring opportunities in the textile sector with African markets the presence of non-tariff barriers (such as a lack of trade facilitation infrastructure and insufficient levels of trade liberalisation) makes the region less attractive for smaller EU enterprises.⁴⁹ Consequently, non-tariff measures need to be addressed in the long-term to enhance African countries' attractiveness for European (and specifically German) companies. Another stakeholder noted that the EU's rules of origin are complicated and do not enable smaller enterprises to explore export opportunities in new markets.⁵⁰

Although European stakeholders have expressed a broad interest in exploring the potential to build new relations and to tap into new markets represented by Mauritius and Madagascar, they also expressed a clear need for export promotion to be better utilised to highlight the country's selling points for potential investors. Engaging with their European peers will require building awareness of the Mauritian and Malagasy markets, focus group consultations, identification of potential buyers before physical trade missions are conducted, and strong marketing to EU companies that might otherwise be disinterested in exploring new markets and avenues for collaboration.⁵¹ Enhancing trade relations with European textile and apparel companies could facilitate Mauritian and Madagascan access to EU consumers wanting high-valued, niche apparel, which is dependent on strong seller-consumer relationships.

5. Environmental, social, gender and human rights impacts

Deepening the EPA will provide an opportunity for the Agreement to contain a dedicated chapter on TSD, for which the Commission has already presented a draft text. In furthering the provisions of this draft text, it is important to take stock of the TSD issues in the textile industry, in order to identify solutions on how future negotiations can address these concerns in the deepened EPA.

⁴⁶ EURATEX <https://euratex.eu/>

⁴⁷ Interview with the German Textile and Fashion Industry representative, 27 April 2021

⁴⁸ Interview with the Bundesverband der Deutschen Industrie (BDI), Federation of German Industries.

⁴⁹ Ibid.

⁵⁰ Interview with International Apparel Federation representative, 6 May 2021

⁵¹ Interview with the German Textile and Fashion Industry representative, 27 April 2021. See also Interview with International Apparel Federation representative, 6 May 2021

5.1 TSD concerns for Madagascar

In order to ensure that Malagasy textile EPZs meet international labour standards, Malagasy stakeholders indicated that compliance within EPZs includes environmental standards to adhere to as well as the satisfaction of corporate social responsibility (CSR) requirements. According to them, because EPZs are geared towards export to European and other markets they are required to ensure compliance with quality standards, sustainability of operations and labour concerns, and are audited annually by independent certification bodies that have higher thresholds than local Malagasy rules in this regard.⁵² Workshops related to TSD concerns have been conducted, and the Groupement des Entreprises Franches et Partenaires (GEFP) and Groupement des Entreprises de Madagascar (GEM) (as private sector apex associations) have undertaken various meetings and initiatives with workers unions for information exchange, discussions on issues related to the apparel industry, and provide training as is necessary on exporting to the EU territory.⁵³ Lastly, Madagascar has also adopted the International Labour Organisation (ILO) Decent Work Programme.

5.2 TSD concerns for Mauritius

The Mauritian textile industry is characterised by a high presence of migrant workers while the Madagascan sector is dominated by a largely female workforce who are mostly unskilled and have historically faced constraints on their employment and collective bargaining rights. Estimates from 2018 position total clothing employment at 49,316 workers, making the clothing and textiles sector the largest contributor (with more than 50 per cent) of all manufacturing jobs in Mauritius.⁵⁴ While the sector is the most important in terms of employment levels, its employment trajectory continues to face significant pressures, with large clothing manufacturers decreasing their total employment levels from 51,149 to 33,625 in 2018 (Table 2 in Appendix I).⁵⁵ As at the end of March 2020, a total of 30,615 people (including 17,371 migrant/expatriate workers) were employed in 87 wearing apparel enterprises and in 23 textile yarn and fabrics manufacturing firms.⁵⁶

Historically, Mauritius has been criticised for incidents of ill-treatment of migrant workers, of which 90 per cent are employed in the textile sector.⁵⁷ In this respect, Mauritius has taken several steps towards improving the labour conditions of migrant workers, as detailed below:

- 1) Adopting legislation that improves employees' rights (for example, the *Occupational Safety and Health (Employees' Lodging Accommodation) Regulations 2011*) and the ILO's Decent Work Country Programme.
- 2) Introduction of the national minimum wage in 2017, which resulted in the average compensation of textile workers increasing by 8.5 per cent in 2018 and by 13.6 per cent in 2019 – a cumulative increase of 23.3 per cent over the past two years.⁵⁸ While this is a positive development for labour rights, it is worth noting that smaller enterprises struggled to cope with the increased costs, which partially explains the closure of some textile factories.⁵⁹
- 3) Tripartite discussions between the Mauritian government, private sector and representatives from the embassies of expatriate workers (Malagasy, Indian and Bangladeshi) for the purposes of sharing

⁵² Interview with representatives from the GEFP and GEM, 14 May 2021.

⁵³ Interview with representatives from the GEFP and GEM, 14 May 2021. See also Interview with representative from Epsilon, 14 May 2021.

⁵⁴ Ministry of Industrial Development, SMEs and Cooperatives / UNCTAD *The Industrial Policy and Strategic Plan for Mauritius 2020-2025*.

⁵⁵ *Ibid.*

⁵⁶ Cheun E, Sun A, Twimukye E, *op. cit.*

⁵⁷ CA Chan Sun, H Chitto, KS Sukon (2016) *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*. *Global Journal of Management and Business*, Vol. 16 Issue 8.

⁵⁸ Cheun E, Sun A, Twimukye E, *op. cit.*

⁵⁹ *Ibid.*

information on the treatment of expatriate workers and plans on improving their working conditions in the country.⁶⁰

- 4) The Mauritian Export Association has approached the ILO and the International Organisation for Migration to assist it in developing a code of conduct and management standards for migrant workers. This code of conduct will be developed into an ILO recognised certification scheme, in terms of which Mauritian textile companies will have to implement and will be assessed for their adherence with such standards in order to be certified.⁶¹
- 5) The latest initiative for the sector is to ensure insurance covers for accidents, for which there are plans underway to make this a normal feature in the textile sector. This means that all new contracts of employment will have insurance cover, compulsory for death, accidents, etc for expat workers.⁶²

Mauritius intends to leverage the deepened EPA to grow its textile market share by addressing sustainability-related issues prioritised by the EU market. One EU stakeholder acknowledged the high quality of production by Mauritian companies, their ability to address sustainability concerns that are important for EU buyers and consumers, and their efforts to improve working conditions.⁶³ Under a deepened EPA, TSD concerns are seen as an important criterion in promoting the investment attractiveness of the Mauritian industry (and thereby enhancing the country's competitiveness). Mauritius intends to pursue an overarching sustainability strategy to be addressed through several key ways, including the launch of a sustainability assessment for the textile and apparel industry as well as greening the industry. The latter is focused on upgrading EPZs and industrial parks to be made 'green' compliant, vis-à-vis circular economy concerns, waste management, renewable energy and digital facilities.⁶⁴

⁶⁰ Interview with the Director of the MEXA, 30 April 2021.

⁶¹ *Ibid.*

⁶² Interview with the Director of the MEXA, 30 April 2021.

⁶³ Interview with International Apparel Federation representative, 6 May 2021.

⁶⁴ Interview with Business Mauritius representatives, 7 May 2021.

6. Conclusions and recommendations on negotiations

Overall, a deepened EU-ESA5 EPA has the potential to support the further development and growth of the textile and garment industries in Mauritius and Madagascar. Making this a reality requires Madagascar and Mauritius to implement policies and strategies that support the growth of their domestic industries and identifying opportunities to enhance their competitiveness and attract FDI. A deepened EU-ESA EPA can provide them with the opportunity to diversify their EU market access, implement export promotion strategies and improve their networking with their European counterparts. **Recommendations for future negotiations, as identified through stakeholder consultations, are detailed below.**

- 1) **On exports and external trade partners** ESA5 exports continue to be dominated by traditional sectors and the interim EPA has not fully succeeded in contributing toward export diversification (in general) or product diversification in the textiles industry specifically.
 - a. Mauritian stakeholders have mentioned facing challenges in getting trading partners to conclude the ACAs. Discussions to deepen the EPA could potentially help identify how this deadlock can be resolved to ensure compliance with Protocol 1 to the EU-ESA interim EPA and to promote greater uptake of the ACAs amongst third-country partners.

On making the deepened EU-ESA EPA more SME-friendly:

- 2) SMEs often require assistance on multiple fronts to leverage export opportunities. Although there have workshops and technical assistance provided for SMEs wanting to export to the EU, there is a general lack of information and an inability for SMEs to obtain the necessary certification requirements to meet EU market standards.⁶⁵ Stakeholders noted that SMEs would be better prepared to take advantage of a deepened EPA and to be export ready if they knew how to satisfy the required thresholds and that development cooperation can play a role in this regard.
 - a. It was requested that the development of technical training centres be explored under a deepened EPA that would act as a one-stop-shop to assist SMEs with information on exporting, meeting EU standards, and other related information.⁶⁶
 - b. It would be useful if information on each step of the export process to EU markets is widely available and accessible online through digital platforms.⁶⁷

On export promotion activities and enhancing bilateral private sector and industry association engagements:

- 3) Stakeholder consultations conducted in preparation of this case study revealed that many EU industry associations and private sector bodies have little awareness about the EU-ESA5 EPA. The deepened EPA offers an opportunity to facilitate greater collaboration between the private sectors in the ESA5 countries and EU industry associations and private companies.
 - o Mauritian stakeholders expressed the desire for greater private sector collaboration and networking between EU and ESA5 private sector stakeholders.⁶⁸ Improved collaboration between the two parties could foster deeper trade and investment relations and provide an opportunity for ESA5 stakeholders to engage their European peers on technical know-how

⁶⁵ Interview with Business Mauritius representatives, 7 May 2021. See also Interview with representative from EDBM, 10 May 2021.

⁶⁶ Interview with representative from the EDBM, 10 May 2021.

⁶⁷ Interview with Mauritian Ministry of Foreign Affairs representative, 29 April 2021.

⁶⁸ Interview with MCCI representative, 27 April 2021. See also interview with Mauritian Ministry of Foreign Affairs representative, 29 April 2021.

and R&D related issues. Greater collaboration between their private sectors could foster new relations, business opportunities, and market access for ESA5 and EU companies alike.

- 4) Creating a matchmaking facility under the auspices of a deepened EU-ESA EPA can support Mauritian and Madagascan companies to partner with EU companies and thus harness networking between the parties and further joint investments between the two regions.
- 5) It was also recommended that Madagascan and Mauritian companies join international apparel and textile organisations, build an online presence in terms of production and marketing in order to further their networking and brand building, which can then be used to engage potential EU investors.⁶⁹

On TSD concerns:

- 6) Stakeholders expressed a desire to see the implementation of support to ESA5 countries as underscored by the development cooperation commitments under the EPA. Specifically, platforms developed to support export promotion activities and implementation of TSD concerns (such as the 'greening' of industry practices) are critical. Technical and technological assistance in improving and modernising the textile manufacturing sector, and enabling access to R&D is also expressed as a desired outcome of a deepened EPA.⁷⁰ Development cooperation to support such efforts can be undertaken through general workshops and information dissemination platforms and in the provision of joint grants by the European Commission and ESA5 countries, tailored to the needs of specific industries.⁷¹
- 7) In addressing some of the environmental and labour concerns raised by EU stakeholders, the EU could design a similar set of eligibility preferences as per section 104 of the AGOA Act, that determines minimum requirements that third party countries will have to meet in order to be a part of future EU trade agreements.⁷² Adherence to (or the progressive realization of such standards amongst partner countries, with active monitoring and reporting) could form a part of future TSD chapters and a basis for entering into trade negotiations with third countries.

On RVC creation:

- 8) A deepened EPA, together with the opportunities offered under the African Continental Free Trade Area (AfCFTA) offers Madagascar and Mauritius an opportunity to improve the competitiveness and economies of scale of their textile and apparel sectors, thereby increasing investor interest in these industries. In order to stimulate RVC across the island countries, Malagasy and Mauritian stakeholders should consider partnering with their East African counterparts, which show higher levels of sophistication to create textile and apparel RVCs that can be globally competitive (Figure 3). Policy coordination and harmonisation amongst these countries is critical for developing a competitive regional textile and apparel industry. RVCs across the island countries and Southern and East African countries can be cultivated through conducive investment and doing business environments, enabling access to low-cost financing for businesses, improved infrastructure and transportation for textile and apparel manufacturers, and establishing platforms and supporting networks that link buyers to suppliers and improving productivity (through upgraded machinery and skills development) across these countries.⁷³ Promoting greater value addition activities in the sector can be encouraged through

⁶⁹ Interview with International Apparel Federation representative, 6 May 2021.

⁷⁰ Interview with Mauritian Ministry of Foreign Affairs representative, 29 April 2021. See also Interview with Business Mauritius representatives, 7 May 2021.

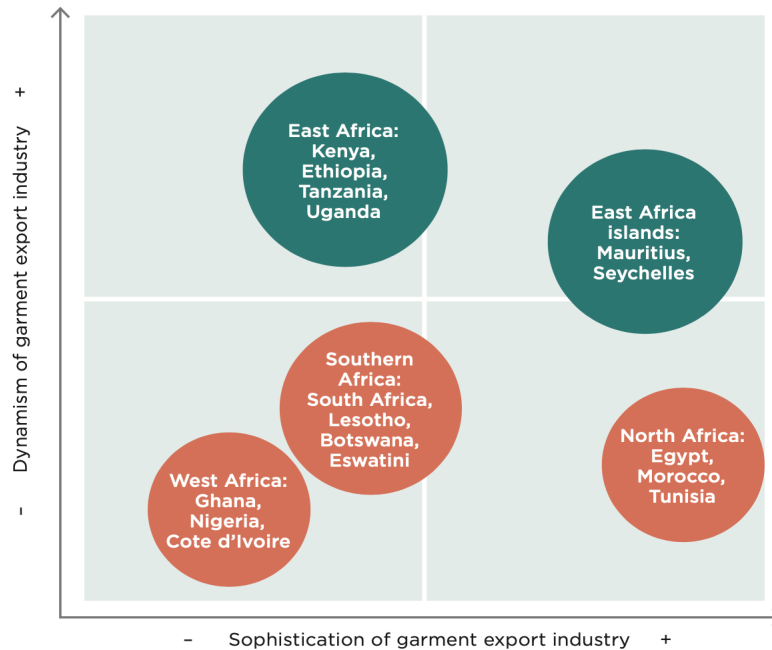
⁷¹ Interview with Business Mauritius representatives, 7 May 2021.

⁷² Interview with the Director of the MEXA, 30 April 2021.

⁷³ African Development Bank Investing in Creative Industries: Fashionomics brief.

support schemes and fiscal incentives.⁷⁴ In addition, both countries must offer IPR and competition regimes that can protect investors' IPRs and ensure fair competition policies.

Figure 3: Differences amongst African countries' apparel sectors



Source: Nelson Mandela School of Public Governance (2021) *Building the textiles and clothing value chains. The AfCFTA and Transformative Industrialisation Webinar Series, 2021.*

Malagasy and Mauritian policymakers should consider the following avenues of intervention to improve both domestic capabilities and in the pursuit of RVC with their East African counterparts:

- EPZs located across Madagascar, Kenya and Ethiopia should work together to identify how collective strengths can be operationalised to stimulate economies of scale and dynamism in production and capitalise on increased sustainability requirements by consumers and global value chains. Lessons learning should be drawn from Ethiopia⁷⁵ on how SME clusters in the textile and apparel industries can be established in Madagascar and Mauritius to stimulate the participation of SMEs in export markets, improve their competitiveness, and build local supply chains.
- Capitalising on global trends focused on sustainability in production (environmental, labour and human rights concerns) can help promote African as a sustainable textile and clothing production region. Mauritius has already identified this as part of its strategy for revamping its textile sector; however, sustainability concerns have to become entrenched in all supply chains. Promoting sustainability across the textile and apparel value chain across both countries is also another way to attract impact investing, which can help manufacturers and investors to save money and/or capture a higher margin by entering higher value-added production.⁷⁶
- Encouraging a 'triple helix' approach establishing a forum for cooperation that brings the private sector together with researchers and the public sector on a regular basis to help policymakers and the private

⁷⁴ Nelson Mandela School of Public Governance (2021) *Building the textiles and clothing value chains. The AfCFTA and Transformative Industrialisation Webinar Series, 2021*

⁷⁵ Half of Ethiopian textile and apparel companies are SMEs with 500-1,000 workers. See African Development Bank *Investing in Creative Industries: Fashionomics brief.*

⁷⁶ Martin M (2013) *Creating Sustainable Apparel Value Chains A Primer on Industry Transformation.*

sector better understand international trends, provide market-related information to the private sector and identify new types of technologies being used in the textile and apparel sectors. It can also help foster flexible local manufacturing to service specialised niche segments that have higher profit margins and promotes innovative product development.⁷⁷

- Establish intra-regional trade programmes that establish competitive regional production and sourcing networks. This includes sourcing and processing of raw cotton fibres into yarn and fabrics from West Africa and within the region, from Ethiopia. Approximately 70% of cotton exports from Africa are made up of primary intermediates embodying limited value addition, but the continent reports a trade deficit in yarn and in cotton fabrics.⁷⁸

⁷⁷ Whitfield L; Marslev K; Staritz C (2021) *Can Apparel Export Industries Catalyse Industrialisation? Combining GVC Participation and Localisation*. SARChI Industrial Development Working Paper Series WP 2021-01

⁷⁸ Nelson Mandela School of Public Governance, *op. cit.*

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Appendix I: Additional trade data

Table 1: Textiles and apparel as a contributor to the Mauritian economy, 2010-2019

Textiles and apparel as a contributor to the economy	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Share of manufacturing as a per cent in the economy	15.9	15.7	15.5	15.7	15.3	14.7	14.0	13.4	12.9	12.5
Share of clothing and textiles as a per cent in the economy	5	4.9	4.7	4.7	4.6	4.6	4.1	3.9	3.6	3.4
Textile, yarn, fabrics and made-up articles (in rupees billion)	2.43	3.24	2.97	3.48	3.67	3.78	3.62	3.79	3.75	4.62
Articles of apparel (in rupees billion)	23.94	23.87	23.92	23.35	24.65	25.73	23.46	20.80	20.89	19.50

Source: Ministry of Industrial Development, SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025

Table 2: Export orientated enterprises (EOE) and domestic orientated enterprises (DOEs): relevant indicators

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total textile and wearing apparel EOE exports (valued rupees billion)	24.44	25.67	25.17	25.22	26.45	25.78	24.29	22.86	22.80	22.36
Enterprises and employment in the textile sector										
Number of EOE	175	171	158	145	140	132	131	129	121	107
Number of DOEs	75	74	72	70	63	60	43	42	42	41
Total	250	245	230	215	203	192	174	171	163	148
Employment amongst EOE and DOEs										
EOEs	42,200	41,594	40,717	40,077	41,102	39,952	39,462	38,859	36,502	30,970
DOEs	2,575	2,643	2,553	2,442	2,356	2,444	1,744	1,714	1,685	1,478
Total	45,775	44,237	43,270	42,519	43,458	42,396	41,206	40,573	38,187	32,448

Source: Ministry of Industrial Development, SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025

Table 3: Main export markets of textile and clothing in 2019 for Mauritius

Export market	Exports (rupees billion)	Export Share (per cent)
South Africa	5.8	24.1
United States	4.5	18.6
United Kingdom	3.7	15.5
Madagascar	2.2	9.1
France	1.7	6.9
Netherlands	1.1	4.5

Source: Ministry of Industrial Development, SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025.

**** All Mauritian data taken from Ministry of Industrial Development, SMEs and Cooperatives / UNCTAD The Industrial Policy and Strategic Plan for Mauritius 2020-2025.**

Table 4: Madagascan textile exports to EU and Mauritius, 2018

Partner name	Export (US\$ thousand)	Export Product Share (per cent)
Austria	49.46	24.36
Belgium	10,163.42	29.2
Czech Republic	103.95	24.96
Denmark	18.82	1.12
France	154,477.27	24.31
Finland	4,950.39	93.63
Germany	63,211.12	29.89
Greece	79.06	5.55
Hungary	4.03	3.63
Italy	5,352.34	20.21
Luxembourg	5.05	68.24
Latvia	0.2	0.07
Netherlands	6,876.13	4.56
Mauritius	3,611.54	4.39
Portugal	1,327.07	59.83
Spain	12,534.67	33.28
United Kingdom	35,604.62	88.75

Source: WITS database:

https://wits.worldbank.org/CountryProfile/en/Country/MDG/Year/2018/TradeFlow/Export/Partner/all/Product/50-63_TextCloth

Tourism
Case Study

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Abbreviations

AML	Anti-Money Laundering
CBT	Community-Based Tourism
CBBT	Community-based Boutique Tourism
CFT	Countering Terrorist Financing
CSO	Civil Society Organization
EDF	European Development Fund
EPA	Economic Partnership Agreement
ERI	Economic Resilience Indicators
ESA	Eastern and Southern Africa
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ITC	International Trade Centre
MSMEs	Micro, Small and Medium-sized Enterprises
RoO	Rules of Origin
SIA	Sustainability Impact Assessment
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary
TSA	Tourism Satellite Accounts
TSD	Trade and Sustainable Development
UK	United Kingdom
UNWTO	United Nations World Tourism Organization
USA	United States
WTO	World Trade Organization

Executive summary

The tourism sector is an important sector in all the Eastern and Southern Africa (ESA) 5 countries. Among the group of countries, the economic development trajectory of Mauritius and Seychelles are proof that the tourism sector is a powerful tool for economic development and that a strong focus on tourism holds the potential to create jobs and to assist in poverty alleviation. Given the right policy, international tourism can offer opportunities for growth in general and for the service sectors in particular, maximizing the contribution of trade in services to development, job creation, and the achievement of the 2030 Agenda for Sustainable Development Goals and Sustainable Development Goals (SDGs).

The deepening of the EU ESA5 EPA is strongly relevant to the tourism industry with regards to trade in services, investment liberalisation and digital trade and Trade and Sustainable Development; attracting foreign direct investment (FDI) through leveraging the Economic Partnership Agreement (EPA) to create investor confidence; promoting the use of international labour standards and labour rights; promoting equality in gender opportunities as well as in promoting internationally acceptable quality controls.

The ESA5 countries are highly heterogenous with respect to geographical size, population, and economic development. Seychelles, with Africa's highest gross domestic product (GDP) per capita, is a high-income country and Mauritius, with Africa's second highest GDP per capita, is an upper-middle income country. Comoros and Zimbabwe are lower-middle income countries and Madagascar is a low-income country. While the tourism sector has been recognized as an important sector for growth and development by the governments in all the ESA5 countries, as could be expected from the underlying heterogeneity of the economies, the actual importance and development of the sector differs greatly.

The COVID-19 pandemic, and the measures taken to control the spread of the virus have forced the world to a literal standstill, and the effects have been particularly serious for the tourism sector. According to the African Development Bank (2021) the pandemic induced a 98 per cent drop in number of international tourists arriving to Africa between April and June 2020, compared to the same period in 2019. The recovery of the tourism sector will depend on a number of variables including, but not limited to, how long COVID-19 measures and border restrictions remain in place, when air travel resumes, the tourist's appetite for international travel, and most crucially when COVID-19 vaccines are made widely available across the world in general and in Africa in particular.

The interim EU ESA5 EPA did not focus on the tourism sector. Deepening the EPA and including trade in services including tourism, will intensify the economic ties of ESA countries with the European Union (EU). This is an important tool towards not only recovery but also building back better. For the Seychelles and Mauritius, this means providing support to reimagining pre-COVID-19 offerings and cooperate to meet the new demands of international travellers in the post-COVID era. For the tourism sector in Madagascar, Zimbabwe, and Comoros, the EU can help develop the tourism sector in a way that is both sustainable and potentially instrumental in the economic development of these countries. However, it will take clear incentives and insightful policies to make it happen.

1. Introduction

The tourism sector is an important sector in all the ESA 5 countries. Among the group of countries, the economic development trajectory of Mauritius and Seychelles are proof that the tourism sector is a powerful tool for economic development and that a strong focus on tourism holds the potential to create jobs and to assist in poverty alleviation. The deepening of the EU ESA5 EPA is strongly relevant to the tourism industry with regards to trade in services liberalization; attracting FDI through leveraging the EPA to create investor confidence; promoting the use of international labour standards and labour rights; promoting equality in gender opportunities as well as in promoting internationally acceptable quality controls. Given the right policy, international tourism can offer opportunities for growth in general and for the service sectors in particular. The purpose of this case study is to explore how EPAs can be used to strengthen the sector and to promote economic growth, how to assist ESA5 countries to liberalize the trade in services sector, how to increase the number of EU tourists into the ESA5 countries, and how to create jobs and strengthen the implementation of the SDGs, especially in the aftermath of the COVID-19 crisis.

“Tourism can be a true driver for African nations as they strive to reach the 2030 Sustainable Development Agenda. UNWTO projects that Africa’s international tourist arrivals will reach 134 million in 2030. Africa’s tourism potential is undeniable, and I see a very bright future for tourism across the continent if we all work together to make tourism a pillar of development in Africa.”

Zurab Pololikashvili, Secretary-General, United Nations World Tourism Organization (UNWTO)

Generally speaking, there are two types of countries with this group. Seychelles and Mauritius, that are high and high middle-income countries respectively, number 1 and 2 in GDP per capita in Africa. These two small island economies have managed to harness their natural endowments and chartered their way as tourist paradises, where tourism is an important part of the economy in general and large share of exports. Mauritius and Seychelles have well established tourist destinations with visitors from all over the world, with an aim to keep developing, specializing, and expanding their economies.

Zimbabwe, Madagascar and Comoros are low-income and lower-middle income countries, characterized by a less developed tourist sector. Here, the increased cooperation with the EU will have another role to fill, namely, to help in the start-up and help find the balance between growing and growing sustainably, inferring confidence, as these economies grapple with other issues and develop tourism in conjunction.

With the pandemic currently ranging, it is impossible to leave out the effects of COVID-19 when analysing the effects of the tourism sector in the ESA5. Hence, this chapter will have a particular focus on that as well. Tourism has been particularly hard hit by the pandemic, and the economies with large share attributable to these sectors have been especially vulnerable to the cancellation of vacations, flights etc. that the social distancing measures have imposed. The scarcity of COVID-19 vaccines in Africa is another factor that will imply the effects of the pandemic will not only go deeper but also last longer here.

2. Overview of the tourism sector in the ESA5 countries¹

The ESA5 countries are highly heterogeneous with respect to geographical size, population and economic development. Seychelles, with Africa's highest GDP per capita of (16,434 US\$ in 2018), is placed in the World Bank's high-income country group² and Mauritius with 11,239 US\$ in 2018) in the so called upper-middle income country group with Africa's second highest GDP per capita. Comoros (1,415 US\$ per capita, 2018) and Zimbabwe (2,147 US\$ per capita) are defined as lower-middle income countries. Moreover, according to the World Bank (2021) due to political instability, Zimbabwe's total economic output is expected to have declined significantly during 2019. At the other end of the spectrum, Madagascar is defined as low-income country, with a GDP per capita 528 US\$ in 2018.

While the tourism sector has been recognized as an important sector for growth and development by the governments in all the ESA5 countries, as could be expected from the underlying heterogeneity of the economies, the actual development of the sector differs greatly. The table below summarizes the importance of the tourist sector in each of the ESA5 with regards to share of GDP, jobs, in-visitors spending as share of total exports and top 5 country of origin of inbound tourists.

Table 1: Overview of Travel and Tourism's share of the EAS5 economies, 2019

Travel and Tourism's share of national (in per cent)	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
GDP	10	12	19	41	6
Jobs	10	12	19	44	6
In-visitor spending as share of total exports	60	35	35	41	4
Top 5 inbound tourist countries	France Reunion Madagascar UK Italy	France Reunion Italy Mauritius USA	France UK Reunion Germany South Africa	Germany France UAE Italy UK	South Africa Malawi Zambia Namibia Mozambique

Source: World Travel and Tourism Council, WTTC, 2020. <https://wtccweb.on.uat.co/Research/Economic-Impact>

As can be seen from the table, the tourism sector is of massive importance to Seychelles economy, where more than 40 per cent of GDP and jobs are directly attributable to the industry, and an even larger share of the economy is involved in the tourism value chain. The money tourists spend during their vacation in foreign countries – which counts as services exports for the destination country and as imports for the country of residence – account for 41 per cent of total export. Among arriving tourists, Europeans are an important group

¹ World Bank, (2021a-e) Country Overview

² How does the World Bank classify countries? Available at <https://datahelpdesk.worldbank.org/knowledgebase/articles/378834-how-does-the-world-bank-classify-countries>

accounting for 42 per cent of arrivals (Germany 15 per cent, France 13 per cent, Italy and United Kingdom (UK) 7 per cent respectively).

The vision of the latest Seychelles Tourism Master Plan (updated in 2018) stated that “*Tourism in Seychelles shall continue to be developed to the highest standards to achieve the optimum social and economic benefit for the Seychellois people*”. While reaffirming and further developing the commitment to sustainable, responsible and ethical tourism at every step of the supply chain, the focus is also to balance the objectives of economic empowerment, cultural and environmental conservation/protection as well as socio-cultural integration. Although Seychelles has managed to develop steadily, the World Bank points out Seychelles is highly dependent on tourism, and climate change poses long-term sustainability risks.³ In order to ensure long term growth, Seychelles economy needs to address income inequality, foster productivity growth, improve institutional barriers to open and operating business. However, the biggest challenges to the tourism sector is climate change adaptation, including through strengthened disaster preparedness systems as well as enhanced coastal management.

In Mauritius, tourism is the third most important sector of the economy, after manufacturing and agriculture. Here, the service industry has grown significantly in the last decade since the EPA with the EU was signed.⁴ Tourism is a crucial engine of economic growth and has been a key factor in the overall development of Mauritius. As can be seen from the table above, the tourism sector accounts for about 19 per cent of GDP and jobs. In visitors spending account for more than one third of exports. Europe is the most important source of tourists where France (21 per cent), UK (11 per cent) and Germany (9 per cent), together account for than 40 per cent of tourists arriving. Despite the general improvements in the over-all economy and outlook, the World Bank lists Mauritius’ biodiversity as highly threatened and despite high readiness, defines Mauritius as being vulnerable to climate impacts.⁵

The lower middle-income country Comoros, grapples with a high population density, which implies intense pressure on natural resources and the environment. Here, biodiversity is severely degraded, and its islands are prone to natural disasters and vulnerable to climate change impacts. Comoros faces challenges providing adequate drinking water and sanitation. As could be expected, the tourism industry in Comoros is an important, albeit not yet a driving force of the economy, with 10 per cent of jobs and GDP attributable to the tourism sector. Based on the low share of exports in the economy, the tourist spending nevertheless amount to no less than 60 per cent of exports. Looking to the future, the tourism sector has been identified by the government as a priority growth sector and part of the government’s economic diversification programme, and in 2017, they joined the UNWTO, which signals a call to action. Furthermore, Comoros are currently taking part in the “Capacity Building in Sustainable Tourism Development and Management for World Heritage in Comoros”, which is lead by UNESCO and aims to develop a sustainable tourism plan⁶. Comoros is well positioned to harness the effects of deepening the economic cooperation with the EU through increased flows of tourism, since France is currently the most important tourist country of origin, accounting for 52% of incoming tourists alone.

Tourism in Madagascar has, since 2002, been badly affected by several bouts of political instability. However, in 2020, 12 per cent of jobs and GDP were still attributable to the tourism sector, with 24% of incoming tourists originating from France. As a low-income country, poverty affects not only social conditions and malnutrition, but also causes severe degradation to biodiversity and serious deforestation, which restricts the potential to

³ *The World Bank in Seychelles*. Available at <https://www.worldbank.org/en/country/seychelles/overview>

⁴ *The World Bank in Mauritius*. Available at <https://www.worldbank.org/en/country/mauritius/overview>.

⁵ *In addition, man-made disaster can pose a threat to nature*. In July 2020, a Japanese cargo ship hit the ground and lost oil close to the East coast of Mauritius. For a while, this threatened the neighboring coral reef.

⁶ <https://en.unesco.org/news/comoros-focuses-sustainable-tourism-management>

develop the tourism industry. Moreover, Madagascar is one of the African countries most severely affected by climate change impacts and experiences an average of three cyclones per year.

The vision of the Zimbabwe National Tourism Policy (implemented in 2014) was to be “the destination of choice and leader in the development and sustainable tourism in Africa by 2018”. Despite the “natural wonders” Zimbabwe offers,⁷ including the Big Five in safaris and 70 per cent of the views of Victoria Falls, as can be seen from the table above, the tourism sector plays a limited role in the Zimbabwean economy with only 6 per cent of jobs and GDP stemming from tourism. The economy, social conditions and environment in Zimbabwe have suffered from a political crisis. The World Bank reports that rights to food, housing and health are extremely poor.⁸ Although about one-quarter of the country has been protected, biodiversity is threatened, and deforestation continues. The country is highly vulnerable to climate change and has a low readiness score.

3. The importance of the tourism industry for economic development and the SDGs

Over the last decades, the tourist sector has become one of the fastest growing and important economic sectors in the world. According to the International Trade Centre (ITC) (2015), tourism has a particular impact on job creation in developing countries, since it offers a direct and accessible entry point into the workforce, particularly for women and youth in both urban and rural communities, and small and medium enterprises (SMEs). More specifically, tourism enables the informal unskilled sector in developing countries to become services exporters e.g., by selling craft items and offering tour guide services or community, heritage and cultural experiences. Accordingly, the sector should be viewed as a crucial force and powerful tool for economies looking to harness sustainable economic development.

Hence, tourism has a particular role to play in maximizing the contribution of trade in services to development, job creation, and the achievement of the 2030 Agenda for Sustainable Development and the SDGs. Tourism’s interlinkages with other economic activities combined with relative low entry costs and potential benefits for local and often marginalized communities is reflected in the fact that it is the sole services sector singled out in the SDGs. Yet, the sheer complexity of the tourism value chain requires strong and coordinated action around tourism export strategies, that take all of the different frameworks governing the flows of travellers, services, goods and FDI into consideration, in order to unleash the potential embedded in tourism (see the quote in Box 1).

⁷ Zimbabwe - A World of Wonders. Available at <https://www.zimbabwetourism.net/>

⁸ The World Bank in Zimbabwe. Available at <https://www.worldbank.org/en/country/zimbabwe/overview>.

Box 1: Tourism's role in Economic Development in General and in Africa in particular

"Tourism's main comparative advantage over other sectors is that visitor expenditures have a "flow-through" or catalytic effect across the economy in terms of production and employment creation. During the construction phase of tourist accommodation and services, tourism creates jobs in that sector. If the country is sufficiently developed, the investment can generate demand locally for furniture and furnishings, and even for capital equipment. Tourism also generates a demand for transport, telecommunications, and financial services. Through consumption of local products in tourist accommodation, restaurants, and food markets, and additional expenditures outside the accommodation. Tourists also stimulate demand for agriculture, fisheries, food processing, and light manufacturing products, such as the garment industry, as well as for handicrafts and the goods and services of the informal sector. Estimates of such expenditures vary according to the local circumstances but can range from half to nearly double expenditures in tourist accommodation. Similarly, tourism can act as a catalyst for the development of small businesses in related production and service sectors. Notably, tourism can provide an economic base for a region whose only development options are its cultural and natural resources, whether coastal, mountain, or wildlife or a combination of these. However, tourism's catalytic effect on an economy and its multisectoral nature is also a reason for its complexity. Tourism is dependent for its success on numerous actors, both domestic and international, with very different interests in the sector, including, in most cases, the international visitors that determine its success."

Source: World Bank, *Tourism in Africa- Harnessing Tourism for Growth and Improved Livelihoods* (2013)

4. COVID-19 and the tourism sector

The COVID-19 pandemic, and the measures taken to control the spread of the virus have forced the world to a literal standstill, and the effects have been particularly serious for the tourism sector.

According to the African Development Bank (2021), prior to the pandemic, the tourism sector accounted for 8.5 per cent of Africa's GDP, employed about 24 million people and was the second-fastest growing tourism sector in the world. However, with the arrival of the pandemic and the pandemic-induced restriction, international tourism to the continent came to a halt, resulting in a 98 per cent drop in number of international tourists arriving between April and June 2020, compared to the same period in 2019.

The pandemic's economic impact varies across countries and some countries have already experienced a partial rebound. Tourism-dependent economies in Africa are projected to recover from a 12 per cent decline in 2020 to grow 6 per cent in 2021. The African Development Bank (2021) however, does not expect passenger traffic to reach pre-COVID-19 levels before 2023. More importantly, the aftermath of the pandemic has left economies in disarray, with a risk of people sliding back into poverty and jeopardizing the progress made with respect to the SDGs. Moreover, the pandemic has hit sectors with a higher proportion of SMEs and has had severe effects on women's employment, since women often work in contact-intensive sectors, such as retail services, or in labour-intensive manufacturing activities with fewer opportunities to socially distance, or work from home.

Kampel (2020) argues that there are several features of the tourism sector, which make it more vulnerable to the COVID-19 pandemic than other sectors of the pandemic. First, unlike other services (e.g., insurance, finance, and telecoms), the delivery of tourism services hinges crucially on physical proximity. Here, global travel restrictions, border closures and other contingency measures to contain COVID-19 have had an immediate negative impact on tourism and related sectors because fewer people are travelling or gathering. Second, by the very nature of the service, as opposed to the consumption of a non-perishable good, which can still be produced, stored and consumed at a later stage, a halt to services trade means that lost revenues and income cannot be recouped at a later time.

The decline of tourism also has other more dire knock-on effects on the economy, since tourism depends on the availability and capacity of infrastructure along the tourism supply chain. Once lost, they are almost impossible to reinstate. This is particularly true for smaller, more vulnerable economies. Furthermore, since it is a crucial source of foreign exchange, tourism is also critical sector for many countries.

4.1 COVID-19 in the ESA5 countries⁹

In order to gauge the long-term effect of the COVID-19 induced shock to the economy, the African Development Bank, developed the Economic Resilience Indices (ERI), which refers to an economy's policy-induced ability to recover from, or adjust to, the negative impacts of adverse exogenous shocks and to benefit from positive shocks. The ability to recover is often associated with an economy's flexibility. That flexibility could be limited, depending on the country's room for policy maneuverer. Despite their position among the World Bank's "Tourist Dependent" country grouping, Mauritius and Seychelles, are among the most resilient economies in Africa, while Zimbabwe and Madagascar are at the bottom of the ranking for Africa.

4.1.1 Comoros

The economy of Comoros was hit hard by the adverse effects of the COVID-19 in 2020, while not yet recuperated from being hit by Cyclone Kenneth in 2019. The economic isolation led to a decline in real GDP of -1 per cent, compared with 2 per cent growth in 2019, stemming mainly from a decrease of exports of cash crops and tourism. The service sector, which represents more than 50 per cent of GDP, was strongly affected because of restricted international travel.

4.1.2 Madagascar

The COVID-19 pandemic stopped Madagascar's four-year economic growth streak in 2019, the country went into a recession in 2020, with real GDP declining 4 per cent. Manufacturing, mining, and services were hardest hit because of containment measures.

4.1.3 Mauritius

Drastic and fast action by the government of Mauritius to lock down and isolate the island allowed the country to record only 315 cases and 10 deaths from COVID-19 between January and December 2020. However, the same protocol that allowed the island nation to escape the worst of the pandemic, also resulted in high costs for the economy. In just one year, Mauritius lost 18 percentage points of growth. Real GDP was estimated to contract by 15 per cent in 2020, against positive real GDP growth of 3 per cent in 2019. The tourism and hospitality industry, which traditionally contribute around 24 per cent of GDP and 22 per cent of employment had significant spill-over effects on the whole economy. Sectors including transport, agriculture, wholesale and retail trade, and administrative and support services, incurred an estimated 75 per cent loss in value added. The current account deficit is projected to decrease starting in 2021 because of a gradual recovery in tourist receipts (i.e., services exports) as air links resume between Mauritius and Europe, which is the main source of tourism.

4.1.4 Seychelles

The African Development Bank estimates that the economy of Seychelles will contract by an estimated 12 per cent in 2020, after growing 4.7 per cent in 2019. The contraction was the result of the COVID-19 pandemic, which significantly damaged both tourism earnings and fisheries because of disruptions to supply chains and weaker external demand.

⁹ For more information and data see World Bank (2021 a-e).

4.1.5 Zimbabwe

Before the COVID-19 pandemic, Zimbabwe's economy was already in recession (-6 per cent in 2019) due to economic instability, the removal of subsidies on maize meal, fuel, and electricity prices, suppressed foreign exchange earnings and excessive money creation. The onset of the COVID-19 pandemic and continued drought led to 10 per cent contraction in real GDP in 2020. Inflation soared, averaging 622.8 per cent in 2020, up from 226.9 per cent in 2019.

Zimbabwe has been in default since 2000. A Staff Monitored Program with the International Monetary Fund to help Zimbabwe implement economic policies from May 2019 to March 2020 collapsed in September 2019. The government and the Fund have not agreed to a new arrangement, which would be aimed at helping Zimbabwe clear its arrears. As a result, the country will have to continue to rely largely on domestic resource mobilization and borrowing from non-Paris Club members like China. The international financial institutions will not resume lending until debt arrears are cleared.

5. Post COVID-19 tourism

The recovery of the tourism sector will depend on several variables including, but not limited to how long COVID-19 measures and border restrictions remain in place, when air travel resumes as well as tourist's appetite for international travel and most crucially when COVID-19 vaccines are made widely available across the world in general and in Africa in particular (see Box 2). Although the African Development Bank expects a rebound in travel during 2023, it is still too early to project the speed or magnitude of the recovery and to what extent tourism will revert back to "normal" once the restrictions have been lifted. The COVID-19 induced tourism crisis has also proven to be fertile ground for ideas to not only rethinking tourism offerings, but also for innovative funding ideas for recovery.

Box 2: COVID-19, the SDGs, and Vaccination

COVID-19 risks reversing hard-won gains in poverty reduction that have taken place over the past two decades. The African Development Bank estimates that up to 39 million more Africans could slide into extreme poverty in 2020-21, pushing up the total to 465 million people, or 34 per cent of the African population, in 2021. Moreover, inequality is likely to increase, and school closures could have long-lasting consequences for human capital accumulation and productivity growth.

While lockdowns have been effective in curbing COVID-19 infections in Africa, they have been at the expense of economic activities. African countries with more stringent lockdown restrictions have experienced fewer COVID-19 cases than others.

On the downward side of the prognosis for recovery, the African Development Bank list sluggish rebound in tourism, remittances, and commodity prices, which could constrain public finances for tourism-dependent and oil-dependent economies.

Universal access to effective and affordable treatment and vaccines is critical to halt the course of the COVID-19 pandemic. At the end of December 2020, more than half of all advance market commitments for COVID-19 vaccines had been made by high-income countries, possibly leaving African countries hard pressed to obtain much. Accessibility for low-income groups requires collaboration among governments, the private sector, global health and multilateral agencies, and local communities. The COVAX initiative – a cost-sharing global alliance of more than 170 countries for COVID-19 treatment – aims to accelerate the development, production, and equitable access to COVID-19 vaccines for low-income economies that otherwise could not afford them. Other multilateral and global health agencies such as the United Nations and the Bill & Melinda Gates Foundation are stockpiling medical equipment, such as syringes and glass

vials, to ensure effective vaccination programs in Africa. But challenges remain, most importantly, producing vaccines fast enough for equitable distribution, which requires clockwork-like production, top-notch distribution networks, and efficient global coordination.

Source: African Development Bank (2021).

The Seychelles' Marine Protected Areas is an inspiring example of such an initiative.¹⁰ In March 2020, the government of the Seychelles and The Nature Conservatory partnered to construct the world's first debt refinancing for ocean conservation, which covers close to a third of Seychelles' ocean. The Marine Protective Areas was also the world's first sovereign blue bond, which raised \$15 million from international investors.¹¹ The forming of the Marine Protected Areas enabled the government of Seychelles to not only finance Seychelles' marine protection policy objectives but also demonstrate the potential for using international capital to financing the sustainable use of countries' natural resources, which also benefits the tourism sector.

6. Policy considerations within the deepened EPA to support the post COVID-19 recovery in the ESA5 tourism sector

6.1 Tourism in the EU ESA5 EPA: past and present

The interim EU-ESA5 EPA had no provisions on trade in services, except for a general remark on the objectives of economic and development cooperation to services including tourism.¹² Therefore, it is impossible to judge the effects of the interim EPA on the tourism sector the ESA5-countries. The Ex-post Evaluation to this Sustainability Impact Assessment (SIA) shows the relevance of the tourism sector for the two countries, as already mentioned in Chapter 2 of this case study.

It also showed that Mauritius is the most attractive destination for FDI in ESA5 countries; which may well be due to the importance of tourism for Mauritius. It can be regarded as a stable legal environment and has a reliable reputation when it comes to banking structures and its financial sector. These environmental factors also explain the relatively large level of EU FDI stock in Mauritius compared to other ESA4 countries. In 2019, global gross direct investment flows in Mauritius have been estimated at 536 million EUR, the most important being real estate activities, accounting for 405.3 million EUR, followed by financial and insurance activities (13.4 million EUR) and manufacturing (9.1 million EUR).¹³ There were no reports about negative effects of tourism on human rights, social and environmental issues.

Despite its relevance for Mauritius and Seychelles, the tourism sector is not among the controversial issues. The negotiations on services and investment within the deepened EPA started only in November 2020. There are no reports so far that the tourism industry is directly in the focus of the negotiations; it is rather addressed in the parties' service trade negotiations. Similarly, the negotiations on trade and sustainable development (TSD) did not concentrate on tourism. There is an increasing awareness of the necessity of sustainable tourism

¹⁰ UNEP: In Seychelles, an innovative approach to marine protection. Available at <https://www.unep.org/news-and-stories/story/seychelles-innovative-approach-marine-protection>

¹¹ The Nature Conservatory Press (2020) Seychelles Hits 30% Marine Protection Target After Pioneering Debt Restructuring Deal, Shielding ecosystems and economy from climate change and unsustainable development, March 26, 2020.

¹² European Council (2012), Council Decision of 13 July 2009 on the signing and provisional application of the Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part (2012/196/EC).

¹³ LSE (2021), Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement, Ex-post Evaluation, Chapter 4. A closer breakdown of the FDI data is not available.

in the two countries. The following two sections show where and how the negotiations nevertheless could harness the tourism sector in the two countries.

6.2 Interviews with specialists

To get more specific information about the current situation in the tourism sector in the ESA5 countries, the important steps to recovery after the COVID-19 pandemic, as well as insights into the potential of the deepening EPA with the EU, we conducted interviews with Mauritian experts. The topic of the interviews was to reflect the potential of the EU-ESA5 EPA, in other words: “How to make the most of the EPA for Mauritius and Seychelles.” We first offer a summary of an interview with an independent consultant.¹⁴

The stakeholder stressed the overall importance of understanding the interlinking of the tourist industry in conjunction with the economy, when looking for ways to assist the tourist sector in recovering from the COVID-19 induced crisis and making the most of the deepening of the EU-ESA5 EPA. Now is the time to think creatively about how to build back better, build back in more sustainable ways and consider ways to make it easier for tourist to make the leap to come and to stay longer –and for that you need to adopt an “umbrella approach”.

First, she recognized the increased opportunity that the deepened EPA could have for Mauritius with regards to the increased inflow of foreign direct investment, FDI. However, she expressed concern that the incentives brought on by the EPA, could well be counteracted by the hesitance to invest in brought on by the European Commission’s decision to place Mauritius on the Financial Action Task Force’s (FATF’s) grey list in February 2020 (see Box 3). The grey listing is an important signal, which can act as a deterrent for international firms and investors looking got invest in Mauritius and may very well stifle the positive effects of the EPA unless the EU and Mauritius can work swiftly together to solve the issue to support investor confidence and retain the potential inflows of foreign investment.

Box 3: Mauritius on the European Commissions’ list of high-risk third countries

On 7 May 2020, the European Commission adopted a new delegated regulation in relation to third countries which have strategic deficiencies in their AML/CFT regimes that pose significant threats to the financial system of the Union ('high-risk third countries').¹⁵ Identification of such countries is a legal requirement stemming from Article 9 of Directive (EU) 2015/849 (4th Anti-Money Laundering Directive) and aiming at protecting the Union financial system and the proper functioning of the internal market. Mauritius was added to the list on October 1, 2020.

Second, the stakeholder suggested using the increased cooperation to investigate whether there were ways to offer incentives for European tourists to come and stay for longer periods of times, such as the recent unilateral initiatives to offer so called Premium Travel Visas that allow tourists, retirees or professionals working remotely to stay for up to one year in Mauritius and the Seychelles.¹⁶ The Premium Travel Visas that were initiated during the COVID-19 pandemic to offer people from colder climates another place to wait out the pandemic, could be extended to also include soft medical tourism (rejuvenation/ post operation recovery etc.) or for example for students to study remotely.

Third, the stakeholder pointed to using European expertise and investments to improve the quality of tourism offerings and develop more eco focused tourism as well as initiating interregional tourist offering such as

¹⁴Interview conducted via Zoom, May 12th, 2021- Independent Trade and Investment Consultant, previously Market Analyst ITC (UN); Trade Expert for ACP/EU TCII; Counsellor, Mauritius Ministry of Foreign Affairs, Regional Integration and International Trade

¹⁵ Commission Delegated Regulation (EU) 2020/855. Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0855>

¹⁶ <http://edbmauritius.com/premium-visa/>

combining a beach vacation on the Seychelles with a safari in Zimbabwe, making more extensive use of the ESA5 community for European tourists.

In a second step, we summarize the written input from a *Mauritian consultant in human resources and tourism*, on the same question of “How to make the most of the EPA for Mauritius and Seychelles”. The stakeholder argued: “*We prescribe that secured region tourism is ‘built back better’ than some time recently COVID-19, by not returning to commerce as normal, by taking into consideration climate change, biodiversity loss and by being more comprehensive, even handed and coordinated with feasible advancement standards*”.

He echoes the point that the policy initiatives to rebuild tourism must be made in partnership with other sectors, as put forward by another stakeholder and using the downtime to strategize and collaborate on how to do it “*No one can foresee how the widespread will advance, nor the recuperation timeline, but partners can distinguish conceivable scenarios and make activity plans that work towards maintainable tourism. Recuperation requires the collaborate flourishing businesses, solid biological systems, flexible employments and maintainable tourism economies*”.

In particular, the stakeholder, proposes the following five step policy strategy for the Mauritian government and tourism sector to work together to build back better after COVID-19 (see Box4).¹⁷

Box 4: Local policy suggestions for building back better

Safety and hygiene: In the post pandemic word of travels, tourists will be more diligent in checking that the crisis response are in place and hygiene standards are up to code. He suggests that all customers, employees, vendors and other stakeholders in the tourism ecosystem receive public health and safety training,

Effective tourism marketing plan: Tourists’ attitudes and behaviours will have changed after the pandemic, and the packages offered should reflect that. The tourism industry should be encouraged to go beyond the traditional offering of the “3S” i.e., sun, sea and sand and, based on stakeholder consultations work to develop new attractions that focus on quality over quantity.

Excellence customer care/Human capital development: Invest in continuing training to improve the quality of service and invest in human capital to retain employees longer.

Digitalization in tourism: Empower different businesses in the tourism ecosystem to embrace digital solutions and encourage them come up with ways to co-create tourism encounters.

Law and order for tourism destinations: Invest in making sure that safety and security are up to code, it is a crucial part that tourist research before making their bookings.

6.3 Further input from stakeholder consultations

In addition to the interviews especially conducted for the case study, we refer to stakeholder consultations. In this section, we summarize the respondents’ views on potential effects of the deepened EU-ESA5 EPA on tourism and related issue. The Report on the responses is available in Appendix I.

Responses from government, civil society and private sector actors all highlighted the tourism sector as an important sector for the region since tourism is key source of revenue for ESA5 States. However, the stakeholder consultations confirmed that the COVID-19 pandemic and measures to contain the spread of the

¹⁷ “*Building up the Resilience in the Tourism and Travel Industry*”, *Le Mauricien*, May 10th, 2021.

virus, has had negative impact on the tourism sector in general and the SMEs since, they have less opportunities to diversify their activities.

In addition, and with specific reference to the deepened EPA, SME tour operators expressed concern that hotels and resorts in the ESA5, which are owned by foreign transnational hotel chains have a propensity to import personnel, technologies as well as food and drink. This hinders the flow-through or catalytic effect, discussed above, which is key for tourism to work as an engine to broad economic development across the society.

Therefore, several practical suggestions for issues to support growth in the tourism sector, which should be addressed in the negotiations of the deepened EU-ESA5 EPA have been made by stakeholders. These suggestions included:

- Assistance in the upgrading of national accounting systems, which is important at both the national and regional level.
- Assistance in capacity building for environmental management to support the sustainable development of the tourism sector.
- Development of Internet marketing strategies for SMEs in the tourism sector, to develop their ability to market themselves.
- Ensuring the participation of ESA5 States in international standard setting bodies, focused on sustainable tourism standards development and regulatory cooperation. In addition to developing programmes to achieve and ensure equivalency between national/regional and international standards for sustainable tourism; and for programmes aimed at increasing the level of compliance with sustainable tourism standards by regional tourism suppliers.
- Support for tourism exchange programs and training with the EU.
- Improving the export capacity of service suppliers of the ESA5 States, with particular attention to the marketing of tourism and cultural services, the needs of SMEs, franchising, and the negotiation of mutual recognition agreement.
- Increased focus on not only the negotiation and signing of the agreement, but also efforts for the last mile, i.e., to the implementation of the agreement.
- Continuing dialogue on tourism cooperation for development since this is one of the first sectors expected to have financial support in the first five years of the EPA implementation.
- Assistance in efforts to promote Intra-ESA5 tourism and diversification of Tourism.
- Luxury community-based Tourism Model: consider the adoption of the concept of luxury community-based tourism which could be used as a mechanism to localize the ownership of hotels, to address inequality and promote social justice.
- Support the reform the tourism facilitating infrastructure in the ESA5, such as the establishment of a tourism revolving fund to support investments in the sector, improvement in internal airline connections, reforming the visa system, human resources development, and improvement in the marketing coverage to both domestic and international tourists.

These requests mainly addressing issues pertinent to development cooperation. In the last years, the Mauritius and Seychelles already closely work with the EU on development issues.¹⁸ Further comments during stakeholder discussions have also pointed out the current scarcity of COVID-19 vaccinations in the ESA5, which could potentially be alleviated by closer cooperation and support from the EU.

7. Conclusion

COVID-19 has been disastrous to the ESA5 countries and the blow to the tourism has been particularly hard. While there has been signals of recovery and some inspirational uses of the crisis, the fact remains that the path to recovery will be long and difficult. Moreover, the recovery of the tourism sector is crucial to the overall recovery of the ESA5 economies, in particular Mauritius and Seychelles. Deepening the economic ties with the EU is an important tool towards not only recovery but building back better. For the Seychelles and Mauritius, this means providing support to reimagining pre-COVID-19 offerings and cooperate to meet the new demands of international travellers in the post-COVID era. For the tourism sector in Madagascar, Zimbabwe and Comoros, the EU can aid develop the tourism sector in a way that is both sustainable and potentially instrumental in the economic development of these countries. However, it will take clear incentives and insightful policies to make it happen. Integrating stakeholders in the negotiations may well help.

¹⁸ LSE (2021), *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement, Ex-post Evaluation, Chapter 8 and respective Appendices.*

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Appendix I: Stakeholder interviews

This Appendix presents additional perceptions/responses of the already interviewed **18 respondents** on the EU-ESA deep EPA negotiations, as per the table below.

1. Importance of the tourism sector to the ESA5

Responses from both government, civil society and private sector actors agreed to a common argument that the Tourism Sector is of particular importance as a key source of revenue for ESA5 States. *“For the Seychelles, Tourism is the lifeblood of the economy”* retorts the Director for Trade, Ministry of Foreign Affairs and Tourism.

Competition from hospitality conglomerates: SME tour operators stressed that currently, most hotels and resorts in the ESA5 are owned by foreign transnational hotel chains with a propensity to import personnel, technologies, food and drink. The consequences have been stunted by the growth of local businesses and precarious employment. Interviews from the Chambers of Commerce Seychelles, Mauritius and Madagascar revealed that there has been an increase in high levels of foreign ownership of hotels and leakages, focusing on luxury tourism, huge expatriate salaries and questionable impacts on overall local development. Most, if not all, foreign-owned hotels are high-end and large. These franchises also import their furniture, technologies, and luxury food and drink to cater for their foreign clients. This promotes heavy economic leakages and suppresses local.

entrepreneurship and may have profound negative effects on the Seychelles’ economic sustainability. Respondents pointed out that the implications of this is that while tourist spending can contribute to wealth transfer, the predominance of foreign-owned transnational hotel chains and cruise ships, which provide all-inclusive packages, means that ESA5 countries do not derive much revenue from these activities.

The liberal development policy has also played a critical role in facilitating a one-sided reaping of benefits accruing to the tourism industry in ESA5. *“Neoliberal approaches to opening up the economy, inviting FDI and promoting private sector investment are suggested which may work against the majority of ESA 5 Citizens as they lose control of their resource. One would also question the quality of the jobs created by multinational firms which tend to be menial”* stressed a stakeholder from Zimbabwe Tour Operators Association.

How would you rate some of the Tourism impacts of the existing interim EPA in your sector/in the overall economy?

Table 2: Tourism impacts according to sector

	Extremely positive				Moderately Positive				Slightly positive				Slightly negative				Moderately negative				Extremely negative			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Government					■	■	■	■																
Private sector					■				■	■	■													
Micro, small and medium-sized enterprises (MSMEs)																								
Chamber of Commerce									■	■	■	■												
CSOs													■	■	■	■								

Source: Authors compilation from fieldwork; M = Mauritius; ZW = Zimbabwe; S = Seychelles & MD = Madagascar

Regarding the economic impacts of the existing interim EPA on tourism and related aspects in ESA5 economies, it was largely acknowledged by both respondents to be moderately positive, with private sector having varying perceptions. Largely, SME actors in the tourism sector remain reserved on the implications of EPA on their welfare enhancement.

How would you rate some of the environmental impacts of the existing interim EPA in your sector/in the overall economy?

Table 3: Environmental impacts according to sector

	Extremely positive				Moderately Positive				Slightly positive				Slightly negative				Moderately negative				Extremely negative			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Government					■	■	■	■																
Private sector																					■	■	■	■
Micro, small and medium-sized enterprises (MSMEs)																					■	■	■	■
Chamber of Commerce																					■	■	■	■
CSOs					■	■	■	■																

Source: Authors compilation from fieldwork; M = Mauritius; ZW = Zimbabwe; S = Seychelles & MD = Madagascar

Under the category of implications of the interim EPA on environment (climate change), only respondents from government and CSOs showed affirmation on moderate positive impact of interim EPA on their environment due to provisions of trade, environment, and sustainable development; stringent provisions on Sanitary and phytosanitary measures (SPS) of exports to EU; and the European Development Fund (EDF) which has aspects of pro-sustainable development projects. Lack of knowledge was recorded among respondents from private sector, MSMEs and Chambers of Commerce on the subject given their focus being on increased utilization of the EPA market access offer. Nonetheless, they revealed strong affirmation of the need to promote environmentally sustainable economic activities to ensure the thriving of the tourism sector.

COVID-19 and its implications to the Tourism sector has resulted into low utilization of EPA opportunities by ESA5 Countries: According to respondents, since many economies of ESA5 depend on Tourism, COVID-19 pandemic and measures to contain the spread of the virus resulted into hurting of the tourism sector and hurting the small actors who couldn't diversify the most. Respondents revealed that the slow down led to increased vulnerabilities, and the stimulus packages haven't focused on supporting them to be able to recover.

2. Priority tourism related issues that need to be addressed in the deepening negotiations, from the perspective of your sector/field of expertise?

Respondents were interviewed on how the deep EU-ESA EPA can be structured and used to support the growth of the tourism sector in all ESA5 countries and to increase tourist arrivals, tourism receipts, job opportunities. Respondents revealed that the EU and ESA5 should cooperate for the advancement of the tourism sector in the ESA5 States, given the inherent asymmetries in respective levels of development of the parties. More specifically, the parties should cooperate in:

- The upgrading of national accounting systems with a view to facilitating the introduction of Tourism Satellite Accounts (TSA) at the Regional and local level.
- Capacity building for environmental management in tourism areas at the regional and local level.
- The development of Internet marketing strategies for SMEs tourism enterprises in the tourism services sector.
- Mechanisms to ensure the effective participation of ESA5 States in international standard setting bodies focused on sustainable tourism standards development; programmes to achieve and ensure equivalency between national/regional and international standards for sustainable tourism; and for programmes aimed at increasing the level of compliance with sustainable tourism standards by regional tourism suppliers.
- Tourism exchange programs and training, including language training, for tourism services providers.
- Improving the export capacity of service suppliers of the ESA5 States, with particular attention to the marketing of tourism and cultural services, the needs of SMEs, franchising, and the negotiation of mutual recognition agreements.
- The modalities related to cultural industries and the tourism sector, once negotiated, should be implemented by ESA5. For example, large firms should be prevented from anti-competitive business practices, as this will enhance the development of the smaller players in the region. There should also be enabling provisions relating to mutual recognition of qualifications and technical assistance to help improve the competitiveness of the sector.
- Continuing dialogue on Tourism cooperation for development is important to facilitate the implementation of the EPA. This is because the tourism sector is thus one of the few that is likely to have access to financing in the first five years of EPA implementation. Moreover, the EU has opened up in sectors ranging from business services, communication, construction, distribution, environmental, financial, transport, tourism and recreation services.
- Respondents from Mauritius, Madagascar and Seychelles noted that the tourism sector is still sensitive and should be protected, for progressive liberalization in the comprehensive EPA negotiations. Therefore, regarding services, it is the private sector and civil society perceived view that ESA countries should not to make any services commitments in the EPAs that go beyond their World Trade Organization (WTO) commitments and that EU partners not push for extensive liberalisation that does not recognise the absolute need for a carefully managed sequencing of services liberalisation, preceded by the establishment of strong regulatory frameworks.

3. Specific documented key issues in the negotiations for the comprehensive EPA as per respondents from ESA 5 countries

According to the directorate of Trade in Mauritius, all the issues as agreed under the Scoping Paper in particular Trade in services, Investment and Rules of Origin (RoO) should be atop the agenda of the comprehensive EPA. For all the ESA5 countries, Tourism features strongly on the EPA Agenda, given the increased growth in the services sector. The table below shows the choices of the ESA5 in preferences of issues of focus in the comprehensive EPA negotiations.

Table 4: Priority sectors of the ESA5 EPA negotiations

	High priority				Low priority				No need to be negotiated				I don't know			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Tourism	■	■	■	■												
RoO	■	■	■	■												
Customs and trade facilitation	■	■	■	■												
SPS	■	■	■	■												
Technical Barriers to Trade	■	■	■	■												
Trade defence mechanisms					■	■	■	■								
Trade in Services	■	■	■	■												
Investment liberalisation and investment facilitation (and private sector development)	■	■	■	■												
Public procurement					■	■	■	■								
Intellectual Property Rights	■	■	■	■												
Competition					■	■	■									
TSD		■	■	■	■											
Agriculture		■		■	■	■										
Dispute avoidance and settlement;		■	■	■	■											
Institutional Structure	■	■	■	■												
Economic Development Cooperation	■	■	■	■												
Fisheries	■		■	■		■										

Source: Authors compilation from fieldwork; M = Mauritius; ZW = Zimbabwe; S = Seychelles & MD = Madagascar

Need to put into consideration efforts to promote Intra-ESA5 Tourism at the core of EPA negotiations:

The government of Seychelles makes an important observation that whereas the interim EPAs, to some extent, caused disintegration among ESA5 members, it is strategic for ESA5 countries to continue negotiating. This is because it is important to consolidate intra-ESA5 trade and integration which requires harmonized positions on negotiating free trade agreements (comprehensive EPA) with third parties like the EU.

4. Recommendations

- 4.1. **Adopt luxury community-based tourism (CBT) Model:** Respondents proposed that the EPA Negotiations should adopt the concept of luxury CBT which could be used as a mechanism to localize the ownership of hotels and to address inequality and promote social justice. Luxury CBT would involve a novel community-based boutique tourism (CBBT) industry that takes into account the ESA5 economies.
- 4.2. **Diversification of tourism:** Respondents noted that diversification of tourism products could attract more tourists. Therefore, tourism should not be the only economic sector upon which the major ESA5 countries rely but should complement other sectors and products. Diversification would enable a long-term shift towards CBT as the main product of the economies. As argued by the Mauritius Chamber of Commerce, “product diversification encourages repeat visits, increased spending and longer stays.

It also calls for increased participation by local entrepreneurs and for strategies to encourage tourists to support indigenous businesses...this suggests a multi-pronged approach, which should be led by the government, as markets are reluctant to embrace fundamental change that threatens private investment and profits". Community-based tourism should not play a marginal role in development but should be supported in order to ensure that communities own and control the industry. Moreover, community-based tourism enterprises can occur almost anywhere; from the creation of a street-crafts district in an urban or rural area to running a guesthouse which belongs to the community, or a cultural performance group, and can exist in various subsectors of the tourism industry and includes different accommodation types, activities and attractions.

Reforms in the tourism facilitating infrastructure in ESA5: Interviews revealed that tourism is an export product consumed at source, hence key to growth is the need to ensure accessibility by improving both air and road connectivity. Whilst tourists are often rich, they are very poor in terms of time. This makes it imperative to ensure the smooth passage of tourism at ports of entry, and en route to the various resorts. Key, therefore, is the need to reform the visa regime and rehabilitation of the road network and reduce needless delays on police roadblocks. Furthermore, it was noted that positioning the tourism sector on a sustainable growth path requires: a conducive and well-co-ordinated institutional framework and policy environment, establishment of a tourism revolving fund to support investments in the sector, improvement in internal airline connections, reforming the visa system, human resources development, and improvement in the marketing coverage to both domestic and international tourists.

In order to sustain CBT, this would require increased funding from the government towards the development and resuscitation of these projects. There is also a need to improve access through improving the road network linking them with major highways. Most CBT are haunted by accessibility constraints, because of their remote location, there are no roads that connect them to major highways and in many instances the roads are in a deplorable state. Government, in cooperation with the private sector, should provide funding for the construction of roads or engage communities to mobilise local resources to develop access routes.

Furthermore, tourism growth is driven and supported by a coherent system that works to drive the tourism agenda forward. These systems are enabled by the existence of government policy that supports and regulates their operation. Discussion with stakeholders in the tourism industry identified six priority areas that government policy must address for sustainable growth of the tourism sector. These are: lack of internal airline connectivity, poor marketing, lack of institutional coordination, limited skills and experience, lack of domestic tourism promotional activities and an unfriendly visa policy among ESA5.

- 4.3. **Lack of institutional coordination:** Interviews revealed that the tourism sector is affected by policies that originate from the ministries that govern the sectors it is linked to. Lack of effective inter-ministerial policy coordination has hampered the growth of the sector. Stakeholders in the industry expressed concern at the lack intergovernmental policy coordination. The different government institutions promulgate policies and regulations without considerations of their impacts on other sectors. This approach has negatively affected the sustainable growth of the tourism sector because of its close linkages with different facets of the country's economy.

Table 5: List of stakeholders

Institution
Association of Inbound Operators of Mauritius (AIOM)
Tourism Promotion Association-Mauritius
Association des Hotels de Charme
Les Mariannes Wellness Sanctuary
Mauritius Tourism Authority
Ministry of Tourism
Green Islands Foundation
Department of Tourism-Seychelles
Department of Industry- Enterprise Agency Seychelles
Seychelles Chamber of Commerce
Environmental Protection and Conservation Organisation
Ministry of Foreign Affairs and International Trade
Tourism Business Council of Zimbabwe
The Zimbabwe Tour Operators Association
Cactus Tours Madagascar
Madagascar Tour Operators Association
Zimbabwe Cross Border Traders Association
Confederation of Zimbabwe Industries

Source: Authors own compilation

Detailed Methodology

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Abbreviations

AfCFTA	African Continental Free Trade Area
AFRODAD	African Forum and Network on Debt and Development
ACP	African-Caribbean-Pacific
ACA	Agreement on administrative cooperation
CEACR	Committee of Experts on the Application of Conventions
COMESA	Common Market for Eastern and Southern Africa
CGE	Computable general equilibrium
CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species
CSR	Corporate Social Responsibility
CPA	Cotonou Partnership Agreement
DEVCO	Directorate-General for International Cooperation and Development
DG Trade	Directorate-General for Trade
EALA	East Africa legislative Assembly
EAC	Eastern African Community
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
ECDD	Engagement Communautaire pour le Développement Durable
EBA	European Banking Authority
ECDD	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EP/INTA	European Parliament Committee on International Trade
EU	European Union
EBA	Everything-but-Arms
ESA5	Five ESA countries
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDPR	General Data Protection Regulation
GSP	Generalised System of Preference
GI	Geographical Indications
GTAP	Global Trade Analysis Project
GHG	Green House Gas
GDP	Gross Domestic Product
HDI	Human Development Index
IUU	Illegal, unreported and unregulated fishing
IOC	Indian Ocean Commission
TARIC	Integrated Tariff of the European Union
IPR	Intellectual Property Rights
ILO	International Labour Organisation

ITC	International Trade Centre
IL	Intervention Logic
LDC	Least Development Country
LSE	London School of Economics and Political Science
MOSC	Maison des Organisations de la Societe Civile
MSME	Micro, Small & Medium Enterprises
MFN	Most Favoured Nation
INRAPE	National Institute of Research in Agriculture and Fisheries
NGO	Non-Governmental Organisation
NTM	Non-tariff measures
OECD	Organisation for Economic Co-operation and Development
OR	Outermost regions
OCT	Overseas countries and territories
PPPs	Public-private Partnerships
PPP	Purchasing Power Parity
RECs	Regional Economic Communities
REX	Registered Exporter
RBC	Responsible business conduct
ROO	Rules of origin
SPS	Sanitary and phytosanitary measures
SME	Small and Medium Size Enterprise
SAPSN	Southern Africa People's Solidarity Network
SADC	Southern African Development Community
SITC	Standard International Trade Classification
SOE	State-owned enterprises
SIA	Sustainability Impact Assessment
SDG	Sustainable Development Goals
SFPA	Sustainable Fishery Partnership Agreement
TBT	Technical barriers to trade
TOR	Terms of Reference
SEATINI	The Southern and Eastern Africa Trade Information and Negotiations Institute
TFA	Trade Facilitation Agreement
UNFCC	UN Framework Convention on Climate Change
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WEO	World Economic Outlook
WITS	World Integrated Trade Solution
WTO	World Trade Organisation

Methodology

1.1 Intervention Logic

The assignment includes both a backward-looking (i.e. the ex-post evaluation) and a forward-looking element (the SIA), which are inter-related and crucial for understanding the economic, social, human rights, environmental (including climate), and development cooperation impacts of the agreement.

The intervention logic, which encompasses both the objectives, activities and (expected) impacts of the current interim EPA for the ex-post evaluation, but also the deepening process, which is the focus of the SIA, is an important element of the assignment. This intervention logic sets out the intended outcomes, which in turn guide the identification of indicators that we can apply to evaluate the EPA (see evaluation framework in next section). The European Commission has developed a preliminary intervention logic for the EPA in the Terms of Reference for this assignment, which we have revised based on the kick-off meeting and consultations with EU officials (such as the EU Delegations in the ESA5 countries). **Figure 1** in Annex II represents the intervention logic.

1.2 Approach to ex-post evaluation

The ex-post evaluation provides answers to the following evaluation questions:

- a) *To what extent have the objectives of the existing interim EPA been achieved?*
- b) *Which sectors, activities, groups or countries in ESA4 have benefited most as a result of the EPA and which ones have incurred losses due to the EPA? (related to task 11)?*
- c) *Has the EPA with ESA4 given rise to unintended consequences? (related to task 11)?*
- d) *What are the shortcomings of the existing EPA that need to be addressed in the deepening negotiations?*
- e) *What good practices and lessons learned on EPA implementation on both the ESA4 and the EU side?*

In addition, the ex-post evaluation establishes the baseline for the following SIA, as it assesses the agreement to date, and analyses qualitatively and quantitatively the main impacts:

- **Economic impacts:** development of bilateral and overall trade between the EU and ESA4, impact on economic growth, economic diversification and poverty reduction, fostering of foreign investment, fiscal effects (budgetary effects, reduction of dependence on tariff revenues and revenue diversification);
- **Social impacts** (disaggregated by gender, when possible): job creation, level of employment, wages, inequality, winners and losers, poverty reduction, labour rights, labour standards, working conditions, impacts on women and vulnerable groups, effects on respect of basic human rights;
- **Gender impacts:** effects on women's economic empowerment, employment and welfare, gender equality;
- **Impacts on environment and climate:** impacts on greenhouse emissions, air quality, land use, energy efficiency, forestry, biodiversity, water protection, etc, as well as animal welfare;
- **Impacts on governance and business environment:** overall impacts on aspects of governance and business environment;
- **Impacts on consumers:** effects on consumer prices and safety in ESA4, effects on product variety and product quality;

- **Effects on regional integration and third parties:** effects on regional integration in the ESA region, under e.g. COMESA, SADC or African Continental Free Trade Area (AfCFTA), effects on EU's outermost regions and Least Developed Countries.

To assess the economic impact of the Agreement, the study will rely (partly) on economic modelling in the form of General and Partial Equilibrium Analysis:

The analysis is based on a set of modelling exercises which the European Commission's DG Trade undertook – based on a CGE model (for Madagascar, Mauritius and Zimbabwe) and a PE model (for Seychelles; due to data limitations). The models applied account for the dismantling of tariffs for the EU's ESA partner countries. The CGE model output includes changes in trade flows and domestic output for various product groups and services sectors, changes in aggregate GDP as well as the relative impact on welfare, prices and wages at the macroeconomic level. The PE model output does not include macroeconomic effects, i.e. it does not provide estimates for GDP, wages and the aggregate price level. The modelling provides estimates for the impact of the EPA on trade flows and other economic variables against the counterfactual of not having an agreement in place. The baseline underlying the counterfactual includes most favoured nation (MFN) tariffs on the side of ESA countries and Generalised System of Preference (GSP), EBA or MFN tariffs on the EU side.¹ The following descriptions of the models' calibration are based on DG Trade's internal analysis.

1.3 Approach to economic impacts

The economic analysis in the ex-post component of this SIA makes use of the CGE economic modelling (including a partial equilibrium analysis for Seychelles) undertaken by DG Trade. The analysis also includes a discussion of the robustness of the results and outline limitations of the modelling, e.g. different degrees of preference utilisation and the potential misrepresentation of dynamic impacts from innovation and FDI.

Based on this analysis, an assessment of the impact of dismantling barriers with a focus on the ESA5 countries will be conducted, for each country individually, and as a group. This economic impact assessment focuses in particular on investment flows (and also services). The analysis also takes into account possible effects on governance as well as the business and investment environment; also, effects on regional integration efforts and third parties will be analysed.

The table provides an overview of relevant data sources for evaluations that go beyond the results of the economic modelling undertaken by DG TRADE, e.g. progress in the elimination of import tariffs, the development of actual trade and investment volumes, the assessment of patterns in regional economic integration (trade and investment), the development of primary, secondary and tertiary sectors, the development of sector regulations, and progress concerning regulatory cooperation. The relevant data for the analysis will be primarily taken from international databases outlined in the table below. Our analysis has also focused on identifying potential gaps in information availability. Gaps in international databases mentioned in

¹ MFN tariffs depend on development level of each of the countries.

Table 1 may affect the economic analysis for individual countries in particular on foreign direct investment, services trade and international public procurement. Gaps might occur when data availability differs between countries covered in international sources or when data for the latest years are not yet available for some countries. International sources often rely on information provided by individual countries and weak reporting of such information might result in data gaps. Where applicable due to limited data availability in the international sources outlined in Table 1, the team will consult and collect data from relevant national bodies and statistical agencies in these countries.

Table 1: Economic analysis– themes, methods and data sources

Theme	Methods/Indicators	Data sources
Customs and trade facilitation, technical barriers to trade	<ul style="list-style-type: none"> Literature review Analysis of relevant legal framework Data collection from industry players as well as relevant national institutions and international organisations 	<ul style="list-style-type: none"> Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) WTO WITS database (non-tariff measures (NTM) data). Stakeholder consultation
Economic performance	<ul style="list-style-type: none"> GDP; exports (as a contribution to GDP) Export performance, international demand, alternative markets and competitive markets, directory of importing and exporting companies 	<ul style="list-style-type: none"> Eurostat WTO WITS database (international merchandise trade) ITC Trade Map
Trade in goods and market access	<ul style="list-style-type: none"> Export; import; turnover (imports/exports) 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; COMEXT database) WTO WITS database (international merchandise trade) ITC Trade Map
Trade in services	<ul style="list-style-type: none"> Import/export trade flows for services 	<ul style="list-style-type: none"> Eurostat (trade in services statistics) World Bank UNCTAD Central Banks?
Regional economic integration	<ul style="list-style-type: none"> Value-added content in exports, participation in global value chains, the contribution of services and digital trade, where relevant, to the value-added content of exports. Trade in intermediate goods and services) Business process analyses on the value chains of the various sub-sectors of the industry to identify where the challenges are in the value chains and devise possible solutions. 	<ul style="list-style-type: none"> OECD-WTO Trade in Value Added (TiVA) database Resources provided by the African Union, relevant national institutions and WTO Stakeholder consultation
Export diversification	<ul style="list-style-type: none"> Import/export trade flows in goods and services 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; trade in services statistics)
Trade competitiveness	<ul style="list-style-type: none"> Revealed comparative advantage (RCA, Balassa index); 	<ul style="list-style-type: none"> Eurostat (trade in goods statistics; trade in services statistics)
Consumer welfare	<ul style="list-style-type: none"> Consumer prices (rents, imports), product quality, consumer choice (import as a proxy for increased product variety) 	<ul style="list-style-type: none"> FAO Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) Stakeholder consultation

Small and medium-sized businesses (SMEs)	<ul style="list-style-type: none"> • Number of SMEs by sector • Number of SMEs that engage in cross-border trade • Regulatory burden for SMEs 	<ul style="list-style-type: none"> • Trade by enterprise characteristics database (for EU) • Resources provided by the national administration • Stakeholder consultation
Competition policy	<ul style="list-style-type: none"> • Intensive literature review • Analysis of relevant legal framework • Import or export-related (quasi) monopolies; • Main subsidy schemes in place; existing transparency arrangements • Biggest SOEs and sectors with SOE predominance • Special conditions or privileges given to SOEs • Other practices such as targeted subsidies 	<ul style="list-style-type: none"> • Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) • Stakeholder consultation
Investment and private sector development, market attractiveness	<ul style="list-style-type: none"> • FDI stock; FDI flow; business environment; localised production • Description of the legal framework and legislative requirements governing liberalisation • Opportunities and challenges for EU SMEs 	<ul style="list-style-type: none"> • UNCTAD bilateral FDI data • OECD bilateral FDI data • Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) • Stakeholder consultation
Intellectual property rights	<ul style="list-style-type: none"> • Border enforcement of • intellectual property rights (IPR), including GIs • Description of the legal framework 	<ul style="list-style-type: none"> • Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) • Stakeholder consultation
Public procurement	<ul style="list-style-type: none"> • Data on public imports • Description of the legal framework and legislative requirements governing liberalisation • Opportunities and challenges for EU SMEs • Contract award notices published in OJ (available on TED) 	<ul style="list-style-type: none"> • World Input-Output Database (WIOD) • Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) • Stakeholder consultation
Agriculture	<ul style="list-style-type: none"> • Food and agriculture statistics • Global development data • Trade and output data 	<ul style="list-style-type: none"> • FAO • World Bank • Eurostat • WTO WITS database
Development issues	<ul style="list-style-type: none"> • Intensive literature review • Internationally comparable sets of data for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development • Data collection from industry players as well as relevant national institutions and international organisations 	<ul style="list-style-type: none"> • UNCTAD • Resources provided by the African Union, relevant national institutions and WTO (reports, statistics, treaties) • Stakeholder consultation

Source: Own compilation

In stage II (assessment of potential impacts of the deepening process), the team used the modelling results to identify countries and sectors which gain from imports and exports. We also referred to changes in domestic

output (production) on a country and sector basis.² And a discussion about the robustness of the results and explain the time horizon for the effects to materialise is included. CGE models are suitable to estimate medium- to long-term effects, i.e. changes in the economy after a period of several years that allow economic agents to adjust to new regulatory frameworks e.g. reduced tariffs or less discriminatory rules for trade. While economies generally benefit from trade liberalisation in the medium- to long-term (more output, more trade, higher standards of living), in the short term, increased competition causes some groups to lose from trade liberalisation. Our team discusses the “vulnerable” groups, the implications for structural economic change, and point to measures that help to mitigate/ compensate for the negative effects on these groups' incomes.

1.3.1 CGE analysis with MIRAGE (for Madagascar, Mauritius and Zimbabwe)

The CGE analysis is based on the MIRAGE model, which was developed and is maintained at the Centre d'Études Prospectives et d'Informations Internationales (CEPII) in France. A detailed description is given in Decreux and Valin (2007)³ and Bchir et al. (2002).⁴ The analysis is based on the GTAP database version 9.2 with the base year 2011. To account for recent changes in economic developments, key variables, specifically GDP, population, labour force, the current account balance, the savings rate (for all regions) and sectoral bilateral trade flows (for the partners) were updated to reflect 2019 data.⁵ Furthermore, the tariff preferences from the EPA, reflecting the state of implementation in 2019 have been incorporated as the database pre-dates the implementation of the EPA.⁶

The counterfactual scenario is implemented by re-introducing tariffs and comparing the current situation to one where the EPA would not be in place, i.e. a situation in which tariffs would have been left unchanged. Implementation happens by removing applicable preferential margins. For the partner countries, the source of these is the tariff schedules for 2019. For the EU, the sources are TRAINS⁷ data via the World Bank's WITS⁸ facility complemented by the CDC⁹ database managed by DG TAXUD.

In addition, the following assumptions apply:

- The model is run under perfect competition and in a static setup.¹⁰
- Neoclassical closure, in which unemployment is assumed not to be affected by trade policy.
- The EU is modelled in a 27member state (MS) post-Brexit configuration.¹¹

As concerns tariff eliminations and reductions, the EU would not enjoy any preferential market access to the ESA partners in case of no EPA, as would Mauritius on the EU market is an upper-middle-income country. Zimbabwe would be eligible for preferences under the EU's GSP. Market access for Madagascar to the EU would essentially not change as in absence of the EPA, the country would still be eligible for duty-free, quota-free market access under EBA.

² Relevant examples are given, for instance, in the impact assessment of the EU-Japan FTA. For an overview of outputs see, e.g., tables 4.5 and 4.6. Available at https://trade.ec.europa.eu/doclib/docs/2018/july/tradoc_157115.pdf.

³ Decreux, Y. and Valin, H. (2007) "MIRAGE, Updated Version of the Model for Trade Policy Analysis with a Focus on Agriculture and Dynamics", CEPII Working Paper 2007-15.

⁴ Bchir, M.-H., Y. Decreux, J.-L. Guérin and S. Jean (2002) "MIRAGE, A CGE Model for Trade Policy Analysis", CEPII Working Paper 2002-17.

⁵ IMF World Economic Outlook (WEO) 10/2019 data for GDP and UN COMTRADE data for bilateral trade. The remainder from CEPII projections.

⁶ This has happened only where preferences actually changed to those applied unilaterally before, i.e. essentially only for the ESA partner country tariffs upon imports from the EU-27 and the UK.

⁷ UNCTAD Trade Analysis Information System.

⁸ World Integrated Trade Solution

⁹ Customs duty calculator

¹⁰ A dynamic ex-post analysis, while theoretically feasible, would involve a number of methodological and data problems.

¹¹ It should be noted that the UK, which is simulated as an individual country is copying EU-27 trade policies, which, as this is a simulation of the past, should be a rather uncontroversial modelling choice.

As concerns the modelling, the applicable preferential margin is added to tariffs in the database. This way, biases from erroneous protection data in the GTAP database were minimised.¹² It should be noted that reductions of non-tariff barriers (NTBs) were not simulated. The modelling results include estimates for changes in real GDP, bilateral trade by sector (for all goods), industry output by sector, consumer prices, wages by skill category and CO₂ emissions. For the interpretation of the results, the following aspects should be taken into consideration:

- GDP and trade volumes are expressed in real 2011 USD. These are converted into 2019 EUR in the excel file by using exchange rates for 2011 and the US GDP deflator as per the IMF WEO from October 2019.
- Output by sector is an indicator that can be used to capture which sectors turn out to have benefitted and which seem to have come under pressure. The absolute values should not be interpreted, as in the model they are expressed in base period real prices, which are no longer representative, not least due to the agreements themselves. The sum of the weighted average of output effects is not identical to the GDP effect. This is mainly because output contains intermediate products, which would be double (and triple..., etc.) counted if the output was simply added over sectors.
- Regarding the effects on consumers, the Fisher-CPI (consumer price index) has been calculated and the EPA's estimated impact on consumer prices both in the EU27 as well as in ESA4 countries is below the perception threshold.¹³
- CO₂ emissions are given by the country. These are expressed in tons but based on input-output-coefficients from 2011, which might be quite outdated. Therefore, using absolute figures should be avoided and the relative changes should be communicated. The figures do not contain non-carbon greenhouse gases (GHG). This needs to be taken into consideration in the environmental impact assessment.

The model's underlying database, which comprises 57 sectors and 140 countries, was aggregated to 17 sectors and 11 regions. This aggregation was chosen such as to reflect sectors of key export interest to the ESA partner countries and countries which are assumed to be relatively strongly affected by the EPA, in particular, other regions benefitting from EPAs, as well as Turkey and the group of Least Developed Countries. The regional and sector aggregation chosen for this analysis are presented in **Table 2: Regional disaggregation of the CGE model** Table 2 and Table 3.

Table 2: Regional disaggregation of the CGE model

Model region acronym	Description
EU27	European Union
MDG	Madagascar
MUS	Mauritius
ZWE	Zimbabwe
SSA	Rest of Sub-Saharan Africa
LDC	Least Developed Countries
CAR	CARIFORUM

¹² Tariffs were not re-introduced by imposing final rates in the model. If this were done, the preferential margins could be severely over- or underestimated in case of errors in the GTAP database, which are known to occur.

¹³ The Fisher Price Index, also called the Fisher's Ideal Price Index, is a consumer price index (CPI) used to measure the price level of goods and services over a given period. The Fisher Price Index is a geometric average of the Laspeyres Price Index and the Paasche Price Index.

UK	United Kingdom
TUR	Turkey
HIC	Other High-Income countries
ROW	Rest of the world

Source: DG Trade, GTAP database.

Table 3: Sectoral disaggregation of the CGE model

Model sector acronym	Description
v_f	Fruit, vegetables, buts
SUGAR	Sugar and sugar crops
ocr¹⁴	Other crops
oap	Other animal products
SEAFOOD¹⁵	Fisheries and processed fish
AGRIFOOD	Agri-food sectors n.e.c. (cereals, dairy, meat, fibres, vegetables oil), forestry
PRIM	Fossil fuels
omn	Mining
tex	Textiles
wap	Wearing apparel
i_s	Iron and steel
nfm	Non-ferrous metals
ome	Other (than electric) machinery
omf	Other manufactures
MANUF	Manufactures n.e.c. (transport equipment, chemicals, electrical machinery, petrochemicals, leather products, lumber, paper)
TRNS	Transport services: air, water, other
SERV	Services other than transport and utilities

Source: Source: DG Trade, GTAP database. Sectors in the original GTAP database are written in lowercase letters. Sectors that have been aggregated are written in UPPERCASE letters.

1.3.2 PE analysis (for Seychelles)

The PE model applied for the impacts assessment for Seychelles is based on Balistreri and Rutherford (2013). The model was run in a perfect-competition set-up and populated with data for the EU27, the UK, Seychelles, and the rest of the world. The model is specified with trade and tariff data only, i.e. domestic (feedback) effects can only be analysed implicitly.

It should be noted that PE models are generally limited as concerns the output and interaction of economic variables. Accordingly, the model applied for Seychelles does not account for macroeconomic effects, i.e. the impact of the EPA on GDP, factor markets, aggregate price level, etc. The potential effects of these variables and their interaction with individual product markets were not taken into consideration, respectively.

¹⁴ Includes vanilla and tobacco, which are important export commodities for MDG and, respectively, ZWE.

¹⁵ Made up of the fisheries (fsh) and the "other food" (ofd) sectors in the GTAP database. The latter covers a large and diverse array of processed food products ranging from fruit juices to bakery products (no animal products, though). However, where ESA exports are concerned, the label seafood is a rather accurate description.

Furthermore, no cross-price effects were considered. Despite being partial, the model closes the world market for each product under analysis by including a rest-of-the-world aggregate.

The model was run for goods only, using a General Algebraic Modeling System (GAMS) with UN COMTRADE data for 2018.¹⁶ As in the CGE analysis, the impact of the EPA was analysed by re-introducing tariffs to the counterfactual levels. The counterfactual for both EU imports from and EU exports to the Seychelles are the respective MFN tariffs. The PE model is providing a snapshot of the situation in 2018 by comparing the observed trade flows under the EPA with a situation in which MFN tariffs would be levied by both sides.

1.3.3 Data gaps

For ESA4 trade with the EU27, we provide Eurostat trade statistics denominated in EUR. For the sake of comparability concerning trade with non-EU jurisdictions, we also provide to UN Comtrade data for trade in goods. This allows us to analyse the relative performance of goods trade between ESA4 countries and the EU and the performance of goods trade between ESA4 countries and other jurisdictions, i.e. the rest of the world (excluding the EU27), the East African Community (EAC), SADC and the COMESA. It should be noted that import and exports statistics for ESA4 countries are patchy. Both UN Comtrade and Eurostat data are fragmentary for HS 2 and HS 4 product codes and subject to inconsistencies between product-specific and overall goods trade volumes. Note also that investment data available, both for investment stocks as well as investment flows between the EU and ESA4 countries, is scarce.

1.4 Approach to social, human rights and environmental impacts

These three areas of assessment – social, human rights and the environment – are closely linked, and are also closely linked to the assessment of economic impacts. For all three, the assessment follows the Commission's SIA Guidelines, the guidelines for the human rights impacts in SIAs and the Better Regulation Toolbox. Indications for each of these three areas presented in the following sub-sections. The three areas of impacts are assessed in both the brief ex-post evaluation (Task 9) and the SIA (Tasks 13 to 15). The approach for all three follows a common sequence: A. Screening and scoping; B. Detailed assessment; C. Conclusions and recommendations.

Screening and scoping builds on the preliminary screening (see Annex IV). The screening reviews initial results in that work concerning the trade measures that are likely to have the largest social, human rights and environmental impacts, drawing on further literature to build more detailed causal analysis. The scoping work in turn looks at the details of specific trade measures, building on the preliminary analysis. This work reviews the identification of key economic sectors for attention, as well as the most important social, human rights and environmental issues for analysis.

The *detailed assessment* draws on the study's information gathering work, including literature and data gathering, economic modelling, consultation results and case studies. The assessment identifies impacts compared to the baseline: for the SIA, this baseline is developed based on the results of the ex-post evaluation, which develop the understanding of existing social, human rights and environmental conditions.

The *conclusions and recommendations* for the SIA are presented in the report on Trade and Sustainable Development. Results will also be presented in the six different thematic reports. For a proportionate analysis, we expect to provide a more in-depth analysis for the thematic reports on 1) Trade in Goods, and 2) Trade in Services, Digital Trade and Investment (in addition to the report on Trade and Sustainable Development).

¹⁶ 2019 data are not yet available at a comprehensive level.

Social impacts

In line with the Commission's SIA guidelines, the social analysis is based on broadly two pillars: first, an analysis of impacts of trade and economic chapters on key areas related to the social SDGs; second, an analysis of the social provisions of the TSD chapter, in particular concerning the implementation of ILO Conventions and other international policy tools, such as internationally agreed principles and guidelines on corporate social responsibility (CSR) and responsible business conduct (RBC), such as the UN Guiding Principles on Business and Human Rights.

The detailed assessment draws on stakeholder views on the relevance of the different areas of social development as well as on the magnitude of potential impacts. To the extent possible, modelling results are used to identify potential impacts. Data is gathered and assessed for indicators related to employment (job creation or losses), working conditions (wages, working standards, OSH, social dialogue), equality and non-discrimination, vocational training/re-training/lifelong learning and distribution of income and social protection, in line with the SIA guidelines. To the extent possible, the assessment sought to identify impacts by key groups (such as women and children) and to identify winners and losers. As far as possible, the indicators were chosen from the UN's SDG indicator framework,¹⁷ especially for SDGs 1,2,5,8 and 10. If available, data is presented by sector, skill level and gender. Additionally, we look more closely at the implementation of labour policy (e.g. adoption/revision of labour laws, labour inspections, institutional aspects), in particular, the cases identified in the NORMLEX database (see Annex III, which provides an example of this type of analysis).

Human rights impacts

The further screening and scoping builds on the preliminary results (see section 5) to help further understand: a) which rights are more directly trade-related and likely to be directly affected by the trade measures b) which are the major vs. minor impacts of the selected measures; c) which measures have a beneficial or negative impact on human rights; d) which segments of the population (women, indigenous people and ethnic groups, etc.) are more likely to be impacted. In doing so, both the Fundamental Rights Checklist in Tool No. 28 of the Better Regulation Box and the SIA human rights guidelines are used. The detailed assessment draws on a range of information. The stakeholder consultation together with the case study results are expected to be key sources.

Environmental impacts

The analysis of environmental impacts, as per the SIA Handbook,¹⁸ considers several key dimensions: *scale* and *structural* effects; and *technology* effects (alongside which we propose to add *environmental management* effects); plus *governance* effects, also added to the dimensions set out in the Handbook.

The assessment of *scale* and *structural* effects draws on the economic analysis, in particular the identification of key sectors that could be affected by the deepening of the EPA. The SIA handbook refers to *technology* effects as 'those affecting the processes or production methods. We understand these to include access to process equipment as well as *environmental management* techniques. New equipment and methods could be more efficient, economically, and new methods may be introduced to improve access to higher-value EU markets, such as those for organic agriculture and food products. EU investment can be a driver for technology and management effects, and EU development cooperation could also play a role. We sought information on possible technology effects via the literature review and in particular draw on the consultation results for information on the extent to which agreements with the EU, ongoing trade with the EU and FDI from EU-based enterprises are improving the environmental efficiency of production in ESA countries.

¹⁷ UN General Assembly (2017). Resolution adopted by the General Assembly on 6 July 2017. 71/313. Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development. A/RES/71/313.

¹⁸ European Commission, Handbook for trade sustainability impact assessment (second edition), April 2016

The analysis of *governance* effects considers two areas. First, for multilateral environmental agreements (MEAs), the preliminary screening (see Annex III) shows that the ESA5 countries have ratified many of the main MEAs commonly set out in EU trade and partnership agreements.

1.5 Case study selection

To better understand the impacts of the deepening of the EPA we have undertaken a number of case studies in the following sectors: fisheries; textiles and garments; agriculture; mining; and tourism (summarised in **Table 4**). Please see Annex V for an explanation of the methodologies employed in each case.

Table 4: Case Study Topics and ESA5 Countries

Country	Total Number of Case Studies	Marine Fisheries	Agriculture and Agro-Processing	Garments, Textiles and Soft Toys	Mining	Tourism
Comoros	3	Yes	Yes	No	No	Yes
Mauritius	4	Yes	No	Yes	No	Yes
Madagascar	5	Yes	Yes	Yes	Yes	Yes
Seychelles	3	Yes	No	No	No	Yes
Zimbabwe	4	No	Yes	No	Yes	Yes

The rationale for including case studies in these sectors are as follows:

- **Fisheries:** the fisheries sector is a key sector for 4 out of 5 ESA countries, with strong economic, social and environmental implications, as well as a regional and global dimension. The EC also states that this sector is highly vulnerable to climate change and this needs to be taken into account in this case study.
- **Agriculture:** agriculture, including agro-processing and high value crops such as essential oils, spices, cut flowers and export vegetables, is, or could be, or has been, economically important for all 5 ESA countries and also has strong environmental implications as well as having strong regional and global dimensions. The ToR specify that agriculture should be a sector examined by a case study but that the sector should be narrowed down to specific sectors of interest for the ESA5 and with a focus on those presenting a potential development of a value chain in the ESA5 group or the ESA region. Both sectors are highly vulnerable to the impacts of climate change, a dimension that should be taken into account in the case studies.
- **Textiles:** The textile sector is recommended in the ToR as a sector in which a case study could be conducted. We are proposing to broaden this to include textiles, garments, apparel (HS Chapters 50 to 63) and soft toys. This sector also has strong economic, social and environmental implications in 3 of the ESA5 and also has a regional and global dimension.
- **Tourism:** Tourism is also an important economic sector in all ESA5 countries and one which has been badly affected by the COVID pandemic and one which will need strong support to build back up again, not necessarily to be the same as it was during the pre-COVID era. The industry also has strong economic, social and environmental implications and a regional and global dimension. The tourism industry, especially in the Indian Ocean islands, is highly vulnerable to climate change and this will be taken into account in this case study.

- **Mining:** The mining sector, and in particular the artisanal mining sector, is an important economic sector in Madagascar and Zimbabwe. In both countries the mining industry has strong environmental and social implications as well as having a regional and global dimension.

The analysis of the impact for individual sectors and/or products include an overview of the current state of the sector, an identification of challenges and untapped future opportunities as well as an investigation of the likely impact of the agreements under negotiation. The analysis also identifies and highlights specific subsectors, activities, products, vulnerable social groups and geographical areas that are most likely to be affected, either positively or negatively, by the outcome of the negotiations.

Particular attention is given to non-tariff measures and behind the border measures affecting trade and foreign direct investment and the likely impact of the new agreement on the functioning of the market. Non-tariff measures are broken down into types of barriers such as customs, administrative procedures and technical regulations issues (technical barriers to trade) or SPS measures. Where relevant, we examine the possible impact of the competition policy framework enhancement on economic and consumer benefits, including, where possible, competitiveness of (M)SMEs.

Potential economic, social, human rights, environmental and climate change impacts are also analysed, where appropriate, including the likely impact on job creation or losses, employment and decent work and welfare effects, (M)SMEs, consumers and gender equality, exposure to climate change and opportunities for building resilience. Sectoral analyses, where appropriate, could also contribute to analysing the impact that the trade agreements under negotiation could have on good governance and anti-corruption.

The case studies necessarily build strongly on stakeholder consultations and will include as much information from stakeholders as possible. They will also include small portraits of companies or stakeholders in the sector, to illustrate challenges and opportunities with anecdotal evidence.

When carrying out the sectoral analysis, we take into account the positive or negative impacts on (M)SMEs in ESA5 of the existing EPA and identify whether (M)SMEs would gain advantages thanks to the new agreement (or what measures are necessary for (M)SMEs to benefit from the existing and the new Agreement. Where possible, we have included qualitative information on potential impacts and we could then make recommendations where negative impacts are identified or where positive impacts could be strengthened. This includes an account of potential opportunities and threats for SMEs that are part of international supply chains.

1.6 Methodological remarks

The SIA is based on thorough desk research, quantitative analyses and a high level of transparency and stakeholders' involvement throughout the entire duration of the assignment. Such involvement has the double purpose of providing an evidence-based input for discussions with stakeholders both in the EU and in partner countries, and to provide a communication channel as comprehensive as possible, which enables stakeholders to inform the negotiators of their views of the likely impacts of the measures under discussion.

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Annex I. List of tasks from Terms of Reference

- Task 1: Develop a factual introduction to the study
- Task 2: Analyse existing studies and reports
- Task 3: Preliminary screening of impacts
- Task 4: Methodology and Consultation Strategy
- Task 5: Develop a detailed work plan for the project
- Task 6: Determining the implementation, obstacles, and awareness of interim EPA
- Task 7: Rules of origin
- Task 8: Analysis of trade flows
- Task 9: Impact Evaluation
- Task 10: Results and impact of trade-related development assistance to ESA5
- Task 11: Conclusions for ex-post assessment
- Task 12: SIA economic analysis
- Task 13: SIA social analysis
- Task 14: SIA human rights analysis
- Task 15: SIA environmental analysis
- Task 16: Development Cooperation
- Task 17: Proposals for policy recommendations

Annex II. Intervention logic and evaluation matrix

The European Commission has developed a preliminary intervention logic for the EPA in the Terms of Reference for this assignment, which we have revised based on the kick-off meeting and consultations with EU officials (such as the EU Delegations in the ESA5 countries). To represent this evolution visually, the cells in grey represent elements in force already under the current agreement (and therefore subject to the ex-post evaluation), while cells in light blue represent new elements, part of the deepening process (and therefore subject to the SIA), while cells in green represent elements in place already under the current agreement, but to be reinforced under the deepening process.

Figure 1: Intervention logic

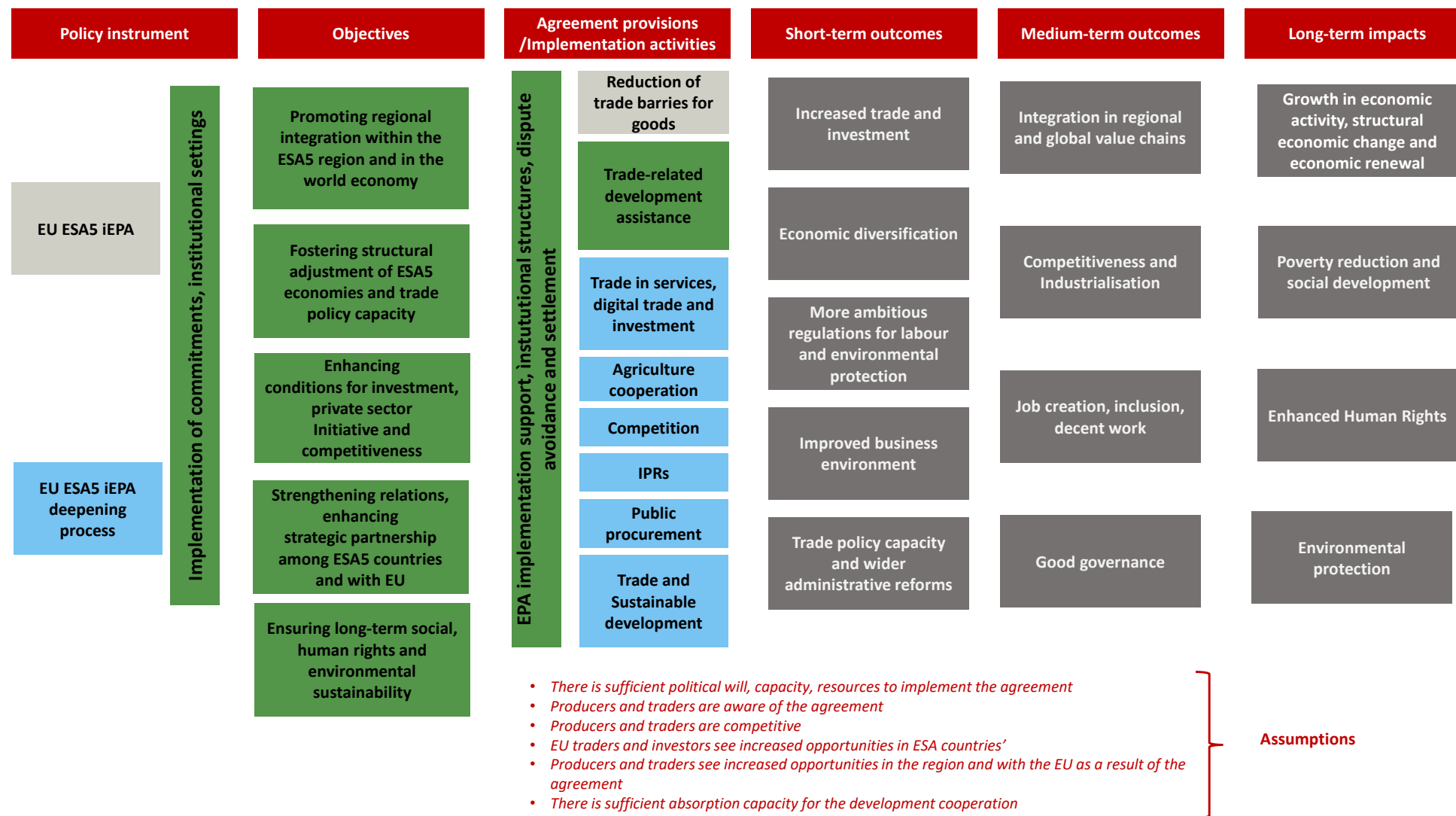


Table 5: Evaluation Matrix

Evaluation questions	Judgement criteria	Indicators	Sources
Effectiveness			
<p>To what extent have the objectives of the existing interim EPA been achieved?</p>	<p><u>Economic impacts</u></p> <ul style="list-style-type: none"> ▪ Extent to which bilateral trade has developed between the EU and ESA countries; ▪ Extent to which overall trade has developed between the EU and ESA countries ▪ Extent to which economic growth and diversification have developed as a result of the interim EPA; ▪ Extent to which poverty has reduced as a result of the interim EPA ▪ Extent to which foreign investments have increased as an effect of the interim EPA; ▪ Extent of fiscal improvements as an effect of the interim EPA; ▪ Extent to which <u>governance and business environment</u> have improved as an effect of the interim EPA (especially for SMEs) ▪ Extent to which <u>consumer</u> prices and safety have improved in ESA countries as an effect of the interim EPA; ▪ Extent to which product variety and quality have improved as an effect of the interim EPA; ▪ Effects on <u>regional integration</u> and third parties: effects on regional integration in the ESA region, under e.g. COMESA, SADC or AfCFTA, effects on EU's 	<p><u>Economic impacts</u>: Results of the analysis for the following tasks:</p> <ul style="list-style-type: none"> ▪ Analysis of the level of tariff liberalisation, utilisation of market access tariffs, analysis of trade barriers (from task 6) ▪ Evolution of application of Rules of Origin (from task 7) ▪ Evolution of trade in goods overall and for the ESA 5 countries individually (from task 8) ▪ Overall economic impacts: key macroeconomic and sectoral variables (from task 9) ▪ Evolution of FDI between EU and ESA5 countries (from task 9) ▪ Impact on diversification of bilateral trade (from task 8) ▪ Impact on Consumer (consumers' quality and protection, product variety and quality) (from task 10) ▪ Impact on budget and fiscal of the EU and of partner countries: budgetary effects, reduction of dependence on tariff revenues and revenue diversification (from task 10); ▪ Impacts on regional integration (from tasks 8, 9 and 10) 	<p><u>Sources</u>:</p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results from CGE model

Evaluation questions	Judgement criteria	Indicators	Sources
	<p>outermost regions and on Least Developed Countries (LDC).</p> <p><u>Social impacts</u></p> <ul style="list-style-type: none"> ▪ Extent to which employment, jobs and wages have improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which inequality and poverty have reduced as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which labour rights, labour standards and working conditions have improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which respect of human rights has improved as an effect of the interim EPA (per gender per socio-demographic group, including vulnerable groups, when available); ▪ Extent to which women's conditions have improved as an effect of the interim EPA. <p><u>Impacts on environment and climate</u></p>	<p><u>Social impacts:</u> Results of the analysis of the following tasks</p> <ul style="list-style-type: none"> ▪ Assessment of trade-related development assistance to ESA5 countries (from task 10) ▪ Institutional structure established by or resulting from the interim EPA (from task 10) ▪ Develop an analysis of the effects on poverty in ESA5 countries (from tasks 9 and 10) ▪ Impacts on Informal Economy and Informal Employment (from tasks 9 and 10) ▪ Impact on gender inequality (from task 9) ▪ Identify and assess measures that have enhanced or impaired enjoyment of specific human rights (from tasks 9 and 10) ▪ Identify individuals or specific groups mostly affected by the effects of the interim EPA implementation (from tasks 9 and 10) <p><u>Environmental impacts</u> on EU and ESA5 countries,; Results of the analysis of the following tasks (from tasks 9 and 10), including:</p> <ul style="list-style-type: none"> ▪ exports and investments in sectors such as agriculture, mining and forestry ▪ natural resources and biodiversity 	

Evaluation questions	Judgement criteria	Indicators	Sources
	<ul style="list-style-type: none"> Extent to which respect of environmental standards has improved as an effect of the interim EPA 	<ul style="list-style-type: none"> key environmental parameters (soil, water, forestry, air, etc.) climate, in particular GHG and air pollution changes (carbon footprint) better implementation and enforcement of environmental policy and legislation resource efficiency, greening and decarbonisation 	
<p>Has the EPA with ESA4 given rise to unintended consequences? (<i>related to task 11</i>)</p>	<ul style="list-style-type: none"> What social, human rights, environmental and/or economic impacts have resulted from the interim EPA which were not intended by the agreement? Have there been any positive unintended effects? Have there been any negative unintended effects? 	<ul style="list-style-type: none"> Identification of effects of the interim EPA on environment, labour or human rights; Identification of positive/negative side effects of the Agreement in the EU, ESA5 countries and third countries; Results from tasks 6-11, and in particular: <ul style="list-style-type: none"> Assess whether and to what extent impacts identified in the preparatory phase of the interim EPA have taken place; Evaluation of awareness of the interim EPA, and obstacles to the implementation of the interim EPA (from task 6) Impact on gender inequality; Identification of stakeholder groups that have been affected by the Agreement in an unintended manner; 	<ul style="list-style-type: none"> Interviews Desk research Stakeholders consultations Results of tasks 6-10
<p>Which sectors, activities, groups or countries in ESA4 have benefited most as a result of the EPA and which ones have</p>	<ul style="list-style-type: none"> Extent to which some sectors, activities or groups in ESA4 countries have benefited most from the interim EPA? 	<ul style="list-style-type: none"> Identification and comparison of transfers and net effects of the interim EPA on specific sectors, activities or groups (from tasks 9 and 10) 	<ul style="list-style-type: none"> Desk research' Interviews Stakeholders consultation Results of tasks 6-10

Evaluation questions	Judgement criteria	Indicators	Sources
incurred losses due to the EPA? (<i>related to task 11</i>)	<ul style="list-style-type: none"> Extent to which some sectors, activities or groups in ESA4 countries have benefited less from the interim EPA? 		
What good practices and lessons learned on EPA implementation on both the ESA and the EU side?	<ul style="list-style-type: none"> Provisions and/or implementation measures that have proved most effective/efficient/relevant in the EU and in the ESA5 countries' 	<ul style="list-style-type: none"> Identification and analysis of provisions and/or implementation measures that have proved most effective/efficient/relevant in the EU and in the ESA5 countries 	<ul style="list-style-type: none"> Interviews Desk research Stakeholders consultations Results of tasks 6-10 Results of evaluation questions for efficiency, relevance and coherence
Efficiency			
To what extent has the interim EPA been efficient with respect to achieving its objectives?	<ul style="list-style-type: none"> What costs have been involved in the implementation of the interim EPA (e.g. forgone tariff revenue, costs of committees/working groups)? How do these costs compare to the benefits, e.g. in terms of GDP increases, increases in employment and salaries? Extent to which the costs and benefits associated with Agreement are shared proportionately among the different stakeholders' groups and interests 	<ul style="list-style-type: none"> Identification of input and cost types related to the implementation of the interim EPA Calculation of economic impact of the implementation of the interim EPA Analysis of the tariff preference utilisation rate Estimation of overall budgetary consequences of the agreement by considering effects of GDP, forgone tariff revenues due to tariff reductions, and changes in trade volumes with other trade partners Results of the analysis of the following tasks: <ul style="list-style-type: none"> Overall economic impacts: key macroeconomic and sectoral variables Evolution of trade in goods and FDI between EU and ESA5 countries; Impact on diversification of bilateral trade Impact on budget of the EU and of partner countries 	<p><u>Sources:</u></p> <ul style="list-style-type: none"> Interviews Desk research Stakeholders consultations

Evaluation questions	Judgement criteria	Indicators	Sources
		<ul style="list-style-type: none"> ▪ Identification of the costs associated with the Agreement; ▪ Identification of the costs and benefits related to the Agreement assumed by the different stakeholders' groups ▪ Results of the analysis of the following tasks (and sub-tasks): <ul style="list-style-type: none"> ▪ Task 10 Impact on Consumers ▪ Task 10 on social impacts 	
<p>Are there unnecessary regulatory costs (including administrative burden)?</p>	<p>Extent to which the interim EPA has not brought additional/unnecessary costs, including administrative burden, or reduced administrative and regulatory costs</p>	<ul style="list-style-type: none"> ▪ Results of the analysis of the following task: <ul style="list-style-type: none"> ▪ Evaluation of awareness of the interim EPA, and obstacles to the implementation of the interim EPA (from task 6) ▪ impact of customs and trade facilitation-related provisions on simplification for producers, exporters, forwarders and customs administration (tasks 6 and 7) 	<p><u>Sources:</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪
Relevance			
<p>To what extent do the provisions of the interim EPA are relevant in order to address the current trade needs and issues of the EU and ESA5 countries?</p>	<ul style="list-style-type: none"> ▪ What are the current trade issues faced by the EU and ESA5 countries? ▪ Extent to which the Agreement can be used to address these issues ▪ Number and importance of issues which are unlikely to be addressed by the Agreement ▪ Extent to which development cooperation can be used to address current trade and development issues. 	<ul style="list-style-type: none"> ▪ Identification of key trade issues and barriers not arising from non-implementation currently faced by the EU, and ESA5 countries, by sector and type of barrier ▪ Stakeholders' opinions concerning the possibility of the interim EPA to address the current issues ▪ Stakeholders' opinions on issues which may not be resolved through the interim EPA, and their importance ▪ Evaluation of awareness of the interim EPA, and obstacles to the 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations

Evaluation questions	Judgement criteria	Indicators	Sources
<p>What are the shortcomings of the existing EPA that need to be addressed in the deepening negotiations?</p>	<ul style="list-style-type: none"> ▪ Extent to which the current interim EPA leaves some needs of EU and/or ESA5 countries unmet • Extent to which the current interim EPA does not cover relevant sectors or activities 	<p>implementation of the interim EPA (from task 6)</p> <ul style="list-style-type: none"> ▪ Identification of key trade issues and barriers not arising from non-implementation currently faced by the EU, and ESA5 countries, by sector and type of barrier 	<ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations ▪ Results of tasks 6-10
Coherence			
<p>To what extent has the interim EPA been coherent with other policy instruments of the EU affecting the ESA region and other partners</p>	<ul style="list-style-type: none"> ▪ Extent to which objectives of the interim EPA align with the principles of current EU trade policy (e.g., with regard to GSP countries) ▪ Extent to which objectives of the interim EPA align with the principles of current EU trade policy in the ESA region; ▪ Extent to which there are contradictions between the interim EPA and other EU policy instruments in the ESA region (e.g. development cooperation policies); 	<ul style="list-style-type: none"> ▪ Reviewing provisions of the interim EPA; ▪ Identification of areas of (lack of) coherence between the interim EPA and EU trade and development policies <ul style="list-style-type: none"> ▪ Number and type (and possibly extent) of contradictions; ▪ Number and type (and possibly extent) of synergies. ▪ Identification of areas of (lack of) coherence between the interim EPA and EU trade and development policies in the ESA region <ul style="list-style-type: none"> ▪ Number and type (and possibly extent) of contradictions; ▪ Number and type (and possibly extent) of synergies 	<p><u>Sources</u></p> <ul style="list-style-type: none"> ▪ Interviews ▪ Desk research ▪ Stakeholders consultations

Annex III. Background information and analysis for the evaluation of the interim EPA's social, gender, human rights and environmental impacts in the five ESA countries

After the initial overview of findings, this Annex provides background information for the evaluation of the interim EPA with ESA countries. Section 1 presents the initial screening of the interim EPA's provisions for the evaluation. This screening highlights the importance of the indirect impacts arising from trade and economic provisions in the interim EPA, such as the reduction in trade barriers. Section 2 provides detailed information for the evaluation of social, gender and human rights impacts. Section 3 provides detailed information for the evaluation of environmental impacts. (Sections 2 and 3 in turn draw on more detailed country assessments that will be submitted with the SIA report on the TSD Chapter.)

Table 6: Overview of social, gender, human rights and environmental issues in key ESA economic sectors

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
Agriculture			
Vanilla cultivation in Madagascar	<ul style="list-style-type: none"> Prices have increased but influence on wages not clear Child labour reported 	<ul style="list-style-type: none"> Vanilla cultivation can indirectly increase deforestation pressures (similar impacts are seen for other permanent crops, including cloves and coffee) 	<ul style="list-style-type: none"> EU a major importer (vanilla is one of Madagascar's top exports) EU companies accused of neglecting child labour issues, though some have joined sustainability initiatives Direct causal links between interim EPA and environmental, social, human rights impacts not identified; overall, while export values have increased, export volumes have remained largely stable
Sugar cultivation and processing in Mauritius	<ul style="list-style-type: none"> Fall in employment following change in EU/ACP sugar regime While policy actions provided some support, many workers saw incomes decline. Women have been more adversely affected CGE modelling suggests that negative impacts would have been greater without the interim EPA 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals Mauritius has promoted biomass energy from sugar crop waste 	<ul style="list-style-type: none"> Main change in EU sugar import regime occurred outside the interim EPA CGE modelling suggests that exports were greater with the interim EPA than a scenario without it EU development cooperation has supported restructuring, renewable energy and other projects
Tobacco cultivation and processing in Zimbabwe	<ul style="list-style-type: none"> Reports of child labour Wages have declined compared to poverty line Evidence that workers on farms and factories are exposed to health and 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals When expanding, tobacco farms created 	<ul style="list-style-type: none"> Tobacco exports to the EU continue but have declined since 2010, but CGE modelling suggests it was greater with the interim

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
	safety risks, including exposure to nicotine and pesticides	pressures on biodiversity and forests	EPA than a scenario without it <ul style="list-style-type: none"> No evidence that labour or environmental issues are linked to the interim EPA; nor that they have improved with it
Sugar cultivation and processing in Zimbabwe	<ul style="list-style-type: none"> Reports of child labour 	<ul style="list-style-type: none"> Water abstraction for irrigation Use of agricultural chemicals 	<ul style="list-style-type: none"> Sugar exports to the EU declined (2015 to 2019), but CGE modelling suggests exports were greater with the interim EPA Sugar produced with child labour may have continued to be exported to the EU
Fisheries			
Shrimp and prawn aquaculture in Madagascar	<ul style="list-style-type: none"> Concerns over impacts on local, small-scale fishing 	<ul style="list-style-type: none"> Pressures on coastal ecosystems 	<ul style="list-style-type: none"> Fish, including crustaceans, are a major export to the EU; clear link to the interim EPA not identified
Tuna fishing and processing (Comoros, Madagascar, Mauritius, Seychelles)	<ul style="list-style-type: none"> Concerns over impacts on local, small-scale fishing, including overfishing (e.g., Madagascar) 	<ul style="list-style-type: none"> Concerns over pressures on fish stocks 	<ul style="list-style-type: none"> Fish have been a major export to the EU Interim EPA sets out requirements for VMS and IUU; actions linked to SFPAs (see the case study on fisheries)
Manufacturing			
Textile production (Madagascar)	<ul style="list-style-type: none"> Reports of instance of piece-rate payments, forced and underpaid overtime and poor safety conditions These issues affect women, who represent a high share in workforce 	<ul style="list-style-type: none"> Water consumption and discharge of chemicals 	<ul style="list-style-type: none"> Textiles are Madagascar's leading export to the EU and have grown under the interim EPA; moreover, CGE modelling suggests that exports were greater with the interim EPA
Textile production (Mauritius)	<ul style="list-style-type: none"> Production and employment have fallen An increasing share of migrant workers from Asia as wages are low 	<ul style="list-style-type: none"> Water consumption and discharge of chemicals 	<ul style="list-style-type: none"> Textiles are a leading export to the EU but have declined under the interim EPA, though CGE modelling suggests exports would have been lower still without it
Mining			
Diamond mining in Zimbabwe	<ul style="list-style-type: none"> Sector includes formal companies and small-scale, often illegal, miners Allegations of human rights violations 	<ul style="list-style-type: none"> Hazardous materials and waste Waste water Land degradation, loss of agricultural land and deforestation 	<ul style="list-style-type: none"> A direct link to the interim EPA has not been identified, but diamonds appear Zimbabwe's largest export to the EU

Sector	Social, gender and human rights issues and trends	Environmental issues and trends	Evidence of EPA impacts
	<ul style="list-style-type: none"> Miners often live and work in poor conditions Lack of consultation with local communities 		<ul style="list-style-type: none"> Both EU and Zimbabwe subscribe to the Kimberly process, but diamonds exported to the EU may be linked to human rights and environmental impacts
Mica mining (Madagascar)	<ul style="list-style-type: none"> Reports of extensive child labour in mica and gemstone mining in unsafe conditions Many mines reported to be illegal and unregulated 	<ul style="list-style-type: none"> Hazardous materials and waste Waste water Land degradation, loss of agricultural land and deforestation 	<ul style="list-style-type: none"> EU imports a small share of Madagascar's mica exports

Source: Own compilation

Initial screening of the interim EPA's provisions

A preliminary screening of the social, human rights and environmental measures in the interim EPA is presented in the following three tables. This screening scored the measures on a three-point scale, from + for minor impacts to ++ for major impacts. The results show that most of the measures directly addressing social issues, human rights and the environment are expected to have had minor impacts.

Table 7: Initial screening of social measures in the interim EPA and their possible impacts

Interim EPA measure	Possible social impacts	Potential importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art.2, Art.4, Art. 36, Art.53)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (Article 9 of the Cotonou agreement), social rights (Articles 9 and 50) and environment (Article 49). ¹⁹ While these articles do not foresee any specific measures to improve social rights, it should ensure at least that other measures do not have adverse effects on social rights.	+
Reaffirmation of coherence with the Millennium Development Goals (Art.2)	The interim EPA reinforces the implementation of measures that promote the achievement of the MDGs; particularly relevant MDGs in the field of social sustainability are MDG 1 (eradicate poverty and hunger) and MDG 3 (promote gender equality). Again, specific measures directly targeted at these goals are only under the chapter on development cooperation; these articles merely reinforce their importance and should ensure avoidance of adverse effects and deterioration of the situation.	+
Promotion of good governance (Art. 2 (b))	Improved commitment of national authorities to respect the principles of good governance in the ESA region – possible impact on good governance.	+

Source: Own analysis from EPA provisions

¹⁹ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf).
L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)

Table 8: Initial screening of human rights measures of the interim EPA and their possible impacts

Interim EPA measure	Possible human rights impacts	Potential Importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art. 2, Art. 4)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (article 9 of the Cotonou agreement) ²⁰ . This provision provides a general framework for rights but not specific actions.	+
Application of non-exclusion clause under the Cotonou agreement (Art. 65)	Improved respect of human rights democratic principles, or the rule of law in the ESA countries in order to avoid the application of the non-execution clause under articles 11(b), 96 and 97 of the Cotonou Agreement (as referred to under article 65 of the interim EPA) and the suspension of the EPA trade preference for a country sanctioned under the Cotonou provisions for breaching human rights, democratic principles, or the rule of law. ²¹ This provision links the EPA to the Cotonou Agreement; however, its application would depend on actions taken outside the EPA itself.	+
Gender-mainstreaming in development co-operation (Art. 38(2)(h))	Increased mainstreaming of a gender perspective in the development co-operation programmes (e.g. budget, activities, etc) implemented in the ESA countries – possible impact on gender equality to be assessed through consultation with funding and implementing entities and, in particular with DG DEVCO. Increased financing of development projects aimed at tackling gender-related issues – this provision can have an indirect impact on gender equality (see also the table below that addresses development cooperation).	+
Involvement of indigenous development organisations in investment (Art. 40)	Increased presence and enhanced capacity of indigenous development organisations to engage in sustainable and equitable economic development of ESA through investment – possible impact on rights of indigenous people to be assessed through consultation with indigenous development organisations.	+
Human resource development and skills training (Annex IV)	Increased access to inclusive (for all), equitable (equal treatment and opportunities for students) and quality education – possible impact on right to education.	+
Trade-related Adjustment costs (Annex IV)	Mitigation against fiscal revenue losses and economic costs of adjustment to protect basic service sectors e.g. health and education – possible impact on right to education and health.	+

Source: Own analysis from EPA provisions

²⁰ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf); L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)
²¹ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI\(2018\)620218_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI(2018)620218_EN.pdf)

Table 9: Initial screening of environmental measures in the interim EPA and their possible impacts

Interim EPA measure	Possible environmental impacts	Potential importance
Support for the implementation of international environmental agreements, conventions and treaties (Art. 49)	Improvements in environmental conditions and governance due to improvements in implementation of multilateral environmental agreements (MEAs)	++
Cooperation on water resources (Art. 50)	Improved water infrastructure, technology transfer, development of legal frameworks including integrated water management, via cooperation activities, leading to pollution reduction and improved water resources management.	+
Cooperation on biodiversity (under Art. 51)	Improved biodiversity management, including forests, wildlife, biological resources and marine resources, via actions and cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Promotion of ESA industries related to environment (under Art. 51)	Development of ESA environmental industries and environmentally friendly products, via actions including promotion of EU-ESA partnerships, linkages, joint ventures and exchange of information (among which the stronger implementation of MEAs)	+
Cooperation on environmental degradation (under Art. 51)	Improved air and water quality and waste management, possibly also actions against soil erosion and desertification, via cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Cooperation on natural resources, including water and biodiversity (Art. 38)	Improvements in environmental conditions due to increased EU development cooperation	+

Source: Own analysis from EPA provisions

A preliminary screening of trade and economic measures was also carried out: it indicates that measures in these areas are expected to have greater, though indirect impacts, in terms of social issues, gender, human rights and environment, than the measures directly addressing these aspects of sustainability.

Table 10: Initial screening of selected trade, investment and development cooperation provisions of the interim EPA and their possible social, human rights and environmental impacts

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
Trade in goods: reducing tariffs and non-tariff measures (Chapter I, Titles I, II and III)	<p>The provisions may have increased trade in goods, potentially leading to:</p> <p>Social: new employment opportunities from exports but risks for existing employment from EU imports regarding labour demand, wages, working conditions; increase in public revenues from VAT – increase in social protection expenditure; depending on the type of labour demand created, increased productivity may have led to an increase or decrease in unskilled work, low wages, labour migration and related exploitation/trafficking</p> <p>Human rights: reduction in the price and increased availability (in terms of quantity, choice, and price) of food and pharmaceutical products/medical devices – women may be affected in a different manner (affecting right to adequate living conditions and gender equality)</p> <p>Environment: scale and structure effects</p>	<p>++</p> <p>++</p>

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
		++
Trade defence measures (Chapter I, Title IV)	<p>The provisions may have protected domestic sectors from dumping, possibly leading to:</p> <p>Social: protection of employment (jobs, wages), but higher prices for certain goods for consumers</p> <p>Human rights: major effects not identified</p> <p>Environment: major effects not identified</p>	+
<p>Development cooperation (Chapter IV and Annex IV) on:</p> <ul style="list-style-type: none"> Trade-related adjustment costs Gender mainstreaming Public Private Partnership mechanisms, entrepreneurship Local communities²² HR development and skills training Mainstreaming environment Agriculture Fisheries 	<p>The provisions may have increased EU development cooperation in the ESA countries across a broad range of areas, leading to:</p> <p>Social: Positive impact on employment (SDG 8), and, consequently on poverty (SDG 1), if wage standards are respected; cooperation in 'risk' sectors, such as mining, could be conducive to various SDGs, namely the 'promotion of health and safety standards' (SDG 8), the protection of small-scale miners and community rights (indirect impacts related to various SDGs, e.g. SDG 1, 2 and 8); 'developing policy and mechanisms to manage vulnerability of mineral export dependency countries' (Annex IV, key area c (vi)) could be conducive to SDG 10; increased gender equality; impacts that are in line with SDG 4 on inclusive and equitable quality education - as a consequence, impact on employability and income (SDGs 1 and 8)</p> <p>Human rights: EU development cooperation expected to support human rights across projects; for example, via mainstreaming of a gender perspective in the development co-operation programmes and development projects directly addressing gender-related issues – possible impact on gender equality.</p> <p>Environment: better environmental management in agriculture and manufacturing, better fisheries management (see also separate environment and fisheries tables)</p>	<p>++</p> <p>+</p> <p>++</p>
<p>Private sector development (Chapter IV, Title II), for:</p> <ul style="list-style-type: none"> Support for investment Industrial development and competitiveness Micro, small and medium-sized enterprises Mining and minerals Tourism development 	<p>The provisions may have increased EU FDI in ESA5 countries, possibly leading to:</p> <p>Social: potential increase in employment in sectors receiving EU investment; potential spill-over effects (skills improvement, job creation); better working conditions, in particular in the mining sector if labour standards are respected; potential increase in wage gaps (foreign-owned vs. local firms); potential impact on gender equality; tourism may have created important and well-paid jobs, but may have also increased consumer prices</p> <p>Human rights: higher living conditions potentially linked to better working conditions/better salary, higher levels of social welfare (e.g. health, education, housing) potentially linked to higher public revenues from taxation– women may be affected in a different manner (affecting the right to adequate living conditions, gender equality, and potentially, rights of indigenous people);</p> <p>Environment: scale, structure, technology and management effects. These may be particularly important for mining and minerals and tourism development.</p>	<p>+</p> <p>+</p>

²² Several points in Annex V envisage participation and empowerment of local communities, especially in the context of the development of the tourism and mining sectors.

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
	Implementation mechanisms for these provisions are not clearly set out, however.	+
Infrastructure development (Chapter IV, Title III): transport, energy, ICT	The provisions may have increased EU support for infrastructure in ESA5 countries, possibly leading to:	
	Social: improvement of infrastructure (e.g. transport) is likely to have a positive effect on productivity and possibly job creation; potential improvement of access to education/lifelong learning through expansion of ICT	+
	Human rights: higher levels of protection of right to adequate living conditions thanks to better services for citizens	+
	Environment: scale, structure, technology and management effects (e.g. improvement in roads, ports and airports leading to greater traffic, growth of renewable energy, waste water treatment)	+
	The provisions, however, are vague and may not have a strong impact.	

Source: Own analysis and compilation from EPA provisions

Based on this screening, two areas were identified as priorities for the evaluation: reduction of trade barriers and the resulting changes in trade; and EU development cooperation.

Context and overview for the assessment of social, gender and human rights impacts

Overview

ESA5 countries are highly diverse in terms of geographical size, the size of the total population and economic characteristics. Aggregate GDP and GDP per capita generally improved in all ESA5 countries since 2010. At the same time, the state of economic development, as measured by GDP per capita, still differs significantly between individual ESA5 countries. With a GDP per capita of 16,434 USD in 2018, Seychelles is a high-income country. Mauritius is an upper-middle-income country, with a GDP of 11,239 USD in 2019. Comoros and Zimbabwe are lower-middle-income countries, Madagascar still is a low-income country. Due to its political crisis, Zimbabwe's total economic output is estimated to have declined considerably in 2019.

Such heterogeneity is reflected in the social gender and human rights conditions of the countries, which present wide differences in terms of employment (overall employment, female, youth and child labour, employment by sectors of economic activity), poverty and inequality rates and access to resources, gender issues. Such wide differences are represented in the Human Development Index (HDI), which ranges from 0.521 for Madagascar to 0.801 for Seychelles (2018 data). The table below provides a comparative view of the ESA5 countries using a set of common sources and indicators for the key social, gender and human rights issues, on which the interim EPA could have an impact. Data are provided for the most recent year available. A more detailed view of the evolution of these key indicators is each country is provided in each country profile.

Table 11: Overview of the key social, gender and human rights indicators in the ESA5 countries in the 2010-2019 period

Indicators		Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Employment (total population) 15+ ²³	Value	41.4	84.6	54.4	64.6	79
	Last available year	2019	2019	2019	2019	2019
Employment (female population) 15+ ²⁴	Value	34.9	81.8	40.6	61.6	73.8
	Last available year	2019	2019	2019	2019	2019
Child labour (children ages 5-17)	Value	28.5% ²⁵	22.11% ²⁶			27.9% ²⁷
	Last available year	2010-17	2016			2019
Employment in Agriculture (% of employed population) ²⁸	Value	50.38	64.22	6.07	3.30	66.54
	Last available year	2019	2019	2019	2019	2019
Employment in Industry (% of employed population) ²⁹	Value	13.03	8.99	4.99	12.80	6.58
	Last available year	2019	2019	2019	2019	2019
Employment in Services (% of employed population) ³⁰	Value	36.59	26.79	25.29	82.80	26.87
	Last available year	2019	2019	2019	2019	2019
Female employment in Agriculture (% of female employed population) ³¹	Value	55.70	60.42	15.77	0.70	69.95
	Last available year	2019	2019	2019	2019	2019
Female employment in Industry (% of female employed population) ³²	Value	9.80	8.58	68.64	6.10	1.92
	Last available year	2019	2019	2019	2019	2019
	Value	34.50	31.00	79.24	92.40	28.13

²³ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

²⁴ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

²⁵ UNDP Data: <http://www.hdr.undp.org/en/indicators/181306>

²⁶ US Department of State, 2019 Country Reports on Human Rights Practices: Madagascar, available at <https://www.doi.gov/agencies/ilab/resources/reports/child-labor/madagascar>

²⁷ UNICEF, UNICEF Data Warehouse, Zimbabwe, available at:

https://data.unicef.org/resources/data_explorer/unicef_f/?aq=UNICEF&df=GLOBAL_DATAFLOW&ver=1.0&dq=ZWE.PT_CHLD_5-17_LBR_ECON-HC.&startPeriod=1970&endPeriod=2020

²⁸ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

²⁹ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

³⁰ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

³¹ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

³² ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

Indicators		Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Female employment in Services (% of female employed population) ³³	<i>Last available year</i>	2019	2019	2019	2019	2019
	Value	8.1	83.9	6.3	3	16.9
Unemployment rate (total population) ³⁴	<i>Last available year</i>	2014	2015	2019	2019	2019
	Value	10.4	88.6	9.7	2.7	17.9
Unemployment (female population) ³⁵	<i>Last available year</i>	2014	2015	2019	2019	2019
	Value	19.5	3.4	21.8	9.7	27.5
Unemployment youth (15-24) ³⁶	<i>Last available year</i>	2014	2015	2019	2019	2019
	Value	18.1	77.6	0.1		34
Share of population below the international poverty line ³⁷	<i>Last available year</i>	2013	2012	2019		2019
	Value	0.538	0.521	0.796	0.801	0.563
Human Development Index ³⁸	<i>Last available year</i>	2018	2018	2018	2018	2018

Source: ILO data, UNDP data and World Bank

³³ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer40/?lang=en&segment=indicator&id=EMP_TEMP_SEX_ECO_NB_A

³⁴ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer1/?lang=en&segment=indicator&id=IFL_4IEM_SEX_ECO_IFL_NB_A

³⁵ ILO Data: https://www.ilo.org/shinyapps/bulkexplorer1/?lang=en&segment=indicator&id=IFL_4IEM_SEX_ECO_IFL_NB_A

³⁶ World Bank data from <https://sdq-tracker.org/no-poverty#targets>

³⁷ World Bank data from <https://sdq-tracker.org/no-poverty#targets>

³⁸ UNDP data: <http://hdr.undp.org/en/data>

Employment rates vary from 41.4% in Comoros to 84.6% in Madagascar in 2019 and have shown a limited change in the 2010-2019 period across the ESA5 countries. Similarly, female employment varies across the countries, while everywhere lower than male employment. More than 20% of children aged 5 to 17 years old work in Comoros (28.5% in the 2010-2017 period), Madagascar (22.11% in 2016) and Zimbabwe (27.9% in 2019).

While registering a decline in all ESA5 countries in the 2010-2019 period, except Seychelles, agriculture is the sector with the higher share of the workforce for Comoros, Madagascar, Mauritius and Zimbabwe. Female employment rates in the agriculture sector remain lower than the corresponding male employment rates in all countries. Services represent the largest employment sector in Seychelles (82.8% in 2019), which employs more than 90% of the female workforce in the country.

Unemployment across the ESA5 countries also varies, registering the higher rates in Comoros and Zimbabwe (8.1% in 2014 and 16.9% in 2019, respectively). Zimbabwe in particular registered an increase in recent years, most likely as a consequence of the country's political and economic crises of the recent past. A large variation is registered also on working poverty, from virtually 0% in Mauritius to 67.7% in Madagascar, but in presence of a generalised descending trend across the 2010-2019 period. All ESA5 countries register very high levels of informal employment (ranging from 93.4% in 2014 in Comoros to 14.1% in 2019 in Seychelles), both for the male and female workforce, but overall higher among women.

The situation of all the ESA5 countries as measured by the Human Development Index has somewhat improved in the 2010-2019 period, albeit from very different starting points. Mauritius and Seychelles are ranked 66 and 62 out of 189 countries respectively, making them high and very high human development countries. The other ESA5 countries are at the other hand of the spectrum, as Comoros is ranked 156 out of 189 countries, Madagascar 162 and Zimbabwe 150 out of 189 countries.³⁹

A similar diverse situation also concerns the prevalence of poverty and inequality, with Mauritius and Seychelles registering low shares of the population living below the international poverty line (lower than 1% in both countries), while Comoros, Madagascar and Zimbabwe have much higher proportions (up to 37.3% in Madagascar).

Ratification of international conventions on social, gender and human rights policy

The table below provides an overview of the ratification of key international labour rights conventions and human rights conventions.

³⁹ UNDP, *Human Development Report 2019*, available at <http://report.hdr.undp.org/>.

Table 12: Main multilateral agreements and international conventions on social, gender and human rights policy in ESA5 countries

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Labour Rights Conventions	ILO member since 23/10/1978	ILO member since 01/11/1960	ILO member since 05/05/1969	ILO member since 25/04/1977	ILO member since 06/06/1980
Fundamental Conventions					
Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)	23/10/1978	01/11/1960	01/04/2005	06/02/1978	09/04/2003
Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)	23/10/1978	03/06/1998	02/12/1969	04/10/1999	27/08/1998
Convention concerning Forced or Compulsory Labour, No 29 (1930)	23/10/1978	01/11/1960	02/12/1969	06/02/1978	27/08/1998
Protocol to the Forced Labour Convention, No 29 (2014)	/	11/06/2019	/	/	22/05/2019
Convention concerning the Abolition of Forced Labour, No 105 (1957)	23/10/1978	06/06/2007	02/12/1969	06/02/1978	27/08/1998
Convention concerning Minimum Age for Admission to Employment, No 138 (1973)	14/03/2004	31/05/2000	30/07/1990	07/03/2000	06/06/2000
Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999)	14/03/2004	04/10/2001	08/06/2000	28/09/1999	11/12/2000
Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)	23/10/1978	10/08/1962	18/12/2002	23/11/1999	14/12/1989
Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)	14/03/2004	11/08/1961	18/12/2002	23/11/1999	23/06/1999
Governance Conventions					
Convention concerning Labour Inspection Convention, No 81 (1947)	23/10/1978	21/12/1971	02/12/1969	28/10/2005	16/09/1993
Protocol of 1995 to Convention No 81	/	/	/	/	/
Convention concerning Employment Policy Convention, No 122 (1964)	23/10/1978	21/11/1966	/	/	/
Convention concerning Labour Inspection (Agriculture), No 129 (1969)	/	21/12/1971	/	/	16/09/1993

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Convention concerning Tripartite Consultation (International Labour Standards), No 144 (1976)	06/06/2014	22/04/1997	14/06/1994	28/10/2005	14/12/1989
UN Human Rights Conventions	UN Member since 12/11/1975	UN Member since 20/09/1960	UN Member since 24/04/1968	UN Member since 21/09/1976	UN Member since 25/08/1980
Convention on the Prevention and Punishment of the Crime of Genocide (1948)	27/09/2004	/	08/07/2019	05/05/1992	13/05/1991
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	27/09/2004	07/02/1969	30/05/1972	07/03/1978	13/05/1991
International Covenant on Civil and Political Rights (1966)	Signed only (25/09/2008)	21/06/1971	12/12/1973	05/05/1992	13/05/1991
International Covenant on Economic Social and Cultural Rights (1966)	Signed only (25/09/2008)	22/09/1971	12/12/1973	05/05/1992	13/05/1991
Convention on the Elimination of All Forms of Discrimination Against Women (1979)	31/10/1994	17/03/1989	9/07/1984	05/05/1992	13/05/1991
Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	25/05/2017	13/12/2005	09/12/1992	05/05/1992	/
Convention on the Rights of the Child (1989)	22/06/1993	19/03/1991	26/07/1990	07/09/1990	08/03/1990
ICRMW International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990)	Signed only (22/09/2000)	13/05/2015	/	15/12/1994	/
Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (2002)	/	21/09/2017	21/06/2005	/	/
Convention on the Rights of Persons with Disabilities (2006)	16/06/2016	12/06/2015	08/01/2010	02/10/2009	23/09/2013
International Convention for the Protection of All Persons from Enforced Disappearance (2006)	Signed only (06/02/2007)	Signed only (06/02/2007)	/	18/01/2017	/

Source: United Nations, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>; International Labour Organisation, 2020, Normlex database: <https://www.ilo.org/dyn/normlex/en/f?p=1000:12001::NO>

Note: / neither ratified nor signed

Identifying social, gender and human rights impacts of the interim EPA

Introduction and overview

For the ex-post evaluation, the analysis of the social gender and human rights impacts of the interim EPA between the EU and the ESA5 countries considers the following interrelated elements:

- **Social impacts** (disaggregated by gender, when possible) on level of employment, wages, inequality, winners and losers, poverty reduction, labour rights, labour standards, working conditions, with special attention to child labour;
- **Gender impacts** on women's economic empowerment, employment and welfare, gender equality;
- **Human rights impact** the right to an adequate standard of living, in particular the right to food.

The analysis focuses on the impacts of the interim EPA since the start of its provisional application with each partner country in 2012. The analysis considers the period from 2010 to 2019, using the years 2010 and 2011 as a baseline. The analysis only occasionally considers Comoros, as this country fully joined the interim EPA in 2019. Given the short timeframe between the entry into force of the interim EPA and the conduct of this evaluation, there was little information available to assess the social, gender and human rights impacts of the agreement on Comoros. Moreover, the ex-post evaluation does not take into account the impacts of the COVID-19 pandemic on the ESA countries.

Structure of the section

This section of the annex provides first an overview of the broad context and other elements to be considered for the analysis and then describes the general trends and issues relevant for the assessment of social, gender and human rights issues in the ESA countries. In particular, it describes the key results from the CGE and PE models carried out by DG trade, the general trends on employment encountered in the countries and some cross-sectors and cross-countries human rights issues. Afterwards, the section provides a more detailed analysis of the interim EPA impacts on specific industries and countries, which have been identified as the most relevant for the assignment. This analysis includes both the social impacts (in particular those on employment, salaries, working conditions, child labour and violation of working rights), gender issues (when relevant) and human rights issues (in particular on the right to food and the right to an adequate standard of living).

Changes in social, gender and human rights issues

Trade provisions are expected to bring positive impacts in terms of employment (as increased trade is expected to create more and new jobs) and working rights and conditions (as the economic partnership also requires adhering to the same international standards), which should also translate in the reduction of unemployment and informal employment, as well as in an increase in wages and improvement of living conditions. The interim EPA might also lead to adverse consequences. Trade in goods between the EU and the ESA countries might exacerbate labour rights, labour standards or working conditions issues already existing in some countries and/or sectors, such as agriculture or mining, that produce those goods. Furthermore, some of the interim EPA's provisions require the Parties, especially the EU, to cooperate and/or contribute to the realisation of certain objectives, such as poverty reduction, likely to have an indirect impact on human rights.

The following pages consider the evidence for these impacts.

The interim EPA is not the only policy initiative relevant to the analysis of trade and social impacts in the region. Africa is characterized by a substantial number of overlapping regional economic agreements (RECs.). The ESA countries are all members of two RECs in Africa, namely COMESA and the Southern African Development Community (SADC), They also have agreed to the Tripartite Agreement of 2015, a planned free

trade area with 27 potential members that would integrate SADC, COMESA and EAC regions, and they also signed the 2018 agreement for an AfCFTA that would have over 50 members⁴⁰. ESA countries also have trade agreements with other third countries, such as China and the US, which are important trade partners.

Other international developments affect trade dynamics for ESA countries and, thus, social, gender and human rights impacts. These include:

- the change in the EU/ACP countries sugar regime that impacted the sector before and independently from the interim EPA;
- the EU's Sustainable Fisheries Partnership Agreements (SFPAs), that affect fisheries in the four ESA island countries, including social aspects, as do international fisheries agreements;
- the evolution of international investment and production in global industries that have affected ESA countries: for example, the changes in the global textiles industry have interplayed with the provisions of the trade agreement and influenced the development of the sector in countries such as Mauritius and Madagascar.

In light of all the above, it needs to be underlined that most of the impacts identified by the analysis do not depend directly and exclusively on the trade agreement, but rather are the effect of a number of interplaying factors, one of which is the interim EPA. Whenever possible, the analysis tries to disentangle the impacts of the interim EPA, explaining to they interact with other elements of the policy and economic context. However, the availability of quantitative data and qualitative analysis is often not specific enough for the type of granular analysis required to provide such a level of detail.

General trends and issues

CGE Results

The results of the CGE modelling and PE model (for Seychelles) undertaken by DG Trade suggests that the overall impacts of the interim EPA have been limited, but overall positive for the ESA countries and the EU, in terms of outputs, exports and imports and of salaries.

While these results are important to assess the dimension of the trade agreement, they need to be put in the overall political, economic and social context of the EU and, especially, of the ESA countries. Therefore, the next sections of this annex will provide such elements to the analysis.

Furthermore, while a widely established practice in the evaluation of EU FTAs, CGE models bring some criticisms and issues that need to be taken into account when interpreting their results. Some of the critics concern the mechanics of the model, which tend to neglect the adjustment process and frictions related to the expansion of more competitive sectors as an effect of trade liberalisation, and the shift in employment related to it, as well as the financial implications that this adjustment entails in the presence of labour market frictions (re-training, temporary wage replacement payments, etc.). Furthermore, some critics concerned about the use of CGE models in the evaluation of the impact of trade reforms, especially in cases where initial levels of trade are low, for instance, if trade barriers are prohibitive. This problem may make trade models inappropriate especially for some developing countries and least developed countries which may have their bulk of trade concentrated in a few sectors only with a limited number of trading partners. It is argued that in these cases, CGE models underestimate the impact of trade liberalisation⁴¹.

⁴⁰ Since then, Zimbabwe (May 2019) and Mauritius (October 2019) have ratified the AfCFTA.

⁴¹ For a review of the main issues related with the use of CGE models in EU trade policy, see Nilsson, L. (2018). Reflections on the Economic Modelling of Free Trade Agreements. *Journal of Global Economic Analysis*, 3(1), 156-186. doi:<http://dx.doi.org/10.21642/JGEA.030104AF>

All countries are estimated to have gained from the agreement, with Mauritius and Zimbabwe to have benefitted most. In detail, total exports from Madagascar to the EU are estimated to be 2% lower in absence of the EPA. By contrast, EU imports from Mauritius are estimated to be 93% lower and exports to Zimbabwe are estimated to be 18% lower in the case of no interim EPA. As for Seychelles, results from the PE model show that the interim EPA contributes to rising bilateral exports for both the EU and Seychelles. Total EU27 exports to Seychelles are estimated to be 26% higher compared to a no-interim EPA situation. Seychelles' total exports to the EU27 are estimated to be 573% higher compared to a no-interim EPA situation.

These numbers are generally mirrored by the estimates computed for the countries' overall economic activity (economic output, GDP). Importantly, no region experiences a reduction in aggregate economic output, which indicates that the EPA with the EU contributes to growth in ESA countries overall economic activity. Due to its economic size, for the EU the impact of the EPA on overall economic output is overall negligible but positive. As for the ESA countries, their GDP is estimated to be higher thanks to the agreement of 0.1% for Madagascar, 0.05% for Mauritius and 0.1% for Zimbabwe.

With regard to specific industries, ESA countries' agricultural and less knowledge-intensive (and less skill-intensive) manufacturing sectors are estimated to benefit most from tariff reductions that go beyond preceding preferential tariffs (Madagascar, Zimbabwe) and MFN tariffs (Mauritius) respectively, with the highest relative changes estimated for exports of "Sugar and sugar crops" for Mauritius and Zimbabwe. This result is even more relevant in consideration of the deep change in the sugar industry brought by the change in the EU sugar regime, and the consequent competitive pressures faced by ACP countries, including Mauritius. Similar results are estimated for "Fisheries and processed fish", a major export towards the EU for Mauritius.

Results from modelling also show a benefit from the interim EPA for "Other crops" industries, in both Mauritius and Zimbabwe. This sector is of particular importance for Zimbabwe, accounting for a relatively high share in the country's overall exports to the EU.

Similar results are estimated for "Fisheries and processed fish", a major export towards the EU for Mauritius. Similarly, the large increase of Seychelles exports to the EU is estimated to be driven by current trade and preferential gains in one tariff line of processed fish, i.e. 160414 (tuna, skipjack and bonito).

Exports of textiles are estimated to be significantly lower in the absence of the interim EPA, a result very significant for Mauritius, where the textile industry is of major importance. While the textile industry is very important for Madagascar as well, this country is estimated to benefit from the agreement only to a limited extent. As an LDC, it would benefit from preferential market access in goods markets to the EU

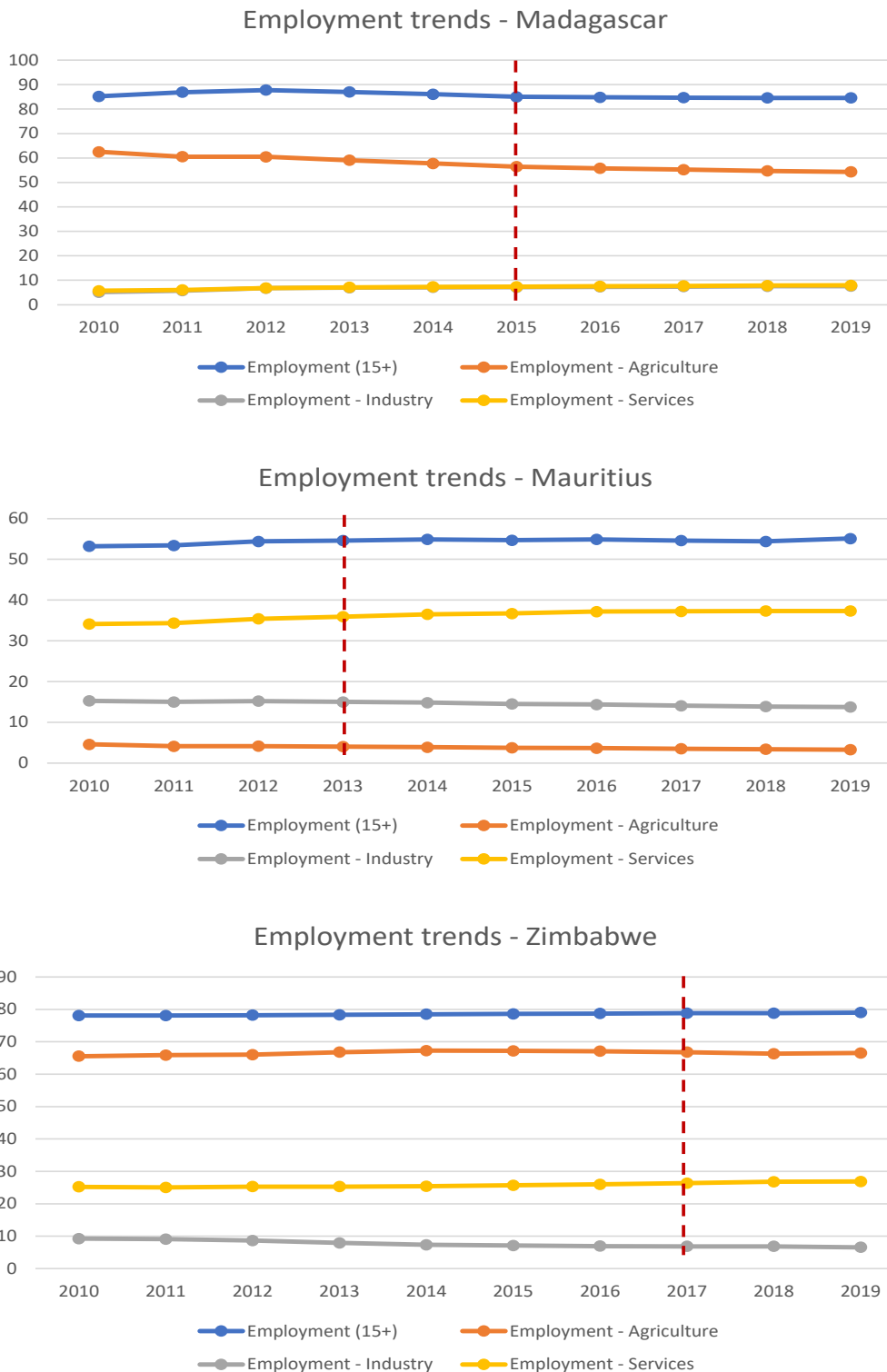
As concerns domestic sector output (overall production by domestic industries) in the EU and ESA countries, the impacts of the EPA are estimated to be relatively low, often negligible for most sectors of the economy, with exceptions in some industries. For instance, Mauritius' sugar products production is estimated to increase by 52.1% due to the EPA with the EU, Mauritius' fishery and seafood sector is estimated to gain 10.2%, and Mauritius' textiles sector is estimated to expand by 6.3% ("Textiles") and 5.7% ("Wearing apparel") due to the EPA. Madagascar's "Non-ferrous metals" sector is estimated to rise by 5.2% due to the EPA.

The impacts of the interim EPA are estimated to be negligible as well, except for Mauritius, where wages both skilled and unskilled labour wages in Mauritius' economy are estimated to rise by 1.7% and 0.8% respectively due to the EPA with the EU. As concerns the agreement's impact on prices, the estimates point to negligible impacts, ranging from -0.24% for Madagascar to +0.3% for Mauritius.

The modelling exercises do not provide estimates on the effects of the agreement of employment in the EU and the ESA countries. An approach could be that of using the results on output together with available statistics on employment in the countries to derive the likely effects of the employment agreement. However, we decided to discard these results. Such analysis is based on the key assumption that the changes in employment remain proportional to the changes in output, i.e. not allowing for changes in productivity and/or

technology, or other external factors. This assumption seemed too strong to be maintained, and could not be supported by data available from international sources used for validation.

Figure 2: Broad employment trends in ESA countries in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Employment data for Seychelles are only available for 2019.

Note: Values for employment in Industry and Services in Madagascar are very similar, so that only one series (services) is visible. The complete data series is reported in section 2.2.1. The vertical line identifies the year in which the interim EPA entered into force in the country.

Employment trends in ESA countries

Overall employment data for the ESA5 countries show wide differences in employment rates (ranging in 2010-2019 from about 40% in Comoros to about 80% in Madagascar),⁴² which have not changed notably in the period under consideration, either before or after the entering into force of the interim EPA in the countries.

Figure 2 above shows the evolution of employment in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Seychelles are only available for 2019, so they are not included in the visuals.

While **agriculture** remains the main employer in Madagascar and Zimbabwe, there seems to be a progressive, even if slow, **shift towards the services sector**. For instance, in the 2010-2019 period, employment in services increased from 20.6% to 26.8% in Madagascar and from 62.6% to 68.6% in Mauritius, while the increase in Zimbabwe has been much more limited.

This limited shift can be attributed to a number of factors, including the increasing importance of tourism in many of the ESA5 countries, national governments' strategies aiming at diversifying economic development and reducing dependency on agriculture and mining products. For instance, the government of Seychelles decided to support the development of the financial sector,⁴³ while Zimbabwe announced policies aiming at focusing on the tourism⁴⁴ and ICT sectors⁴⁵ for differentiating their economy and reducing the dependency on agriculture.

When looking at the composition of the employed population, **female employment** is quite low in Madagascar and Zimbabwe (between 23% and 30% for the period), while it is far higher in Mauritius (ranging from about 73% to 80% in 2010-2019 period). However, when looking at the female presence within the different sectors of the economy, data show that in Madagascar and Seychelles the female presence is similar to the male one across all the broad economic sectors (with the tendency to be slightly higher in the services sector), while it is much lower (ranging from 25% to 35% of the male one) in Mauritius and Zimbabwe. The higher female presence in the services sector can be attributed to the importance of tourism in the economy of the ESA countries. Trend data show that while overall lower than male employment, female employment has increased more than male one over time.

Figure 3 below shows the evolution of employment by sector and per gender in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Seychelles are only available for 2019, so they are not included in the visuals.

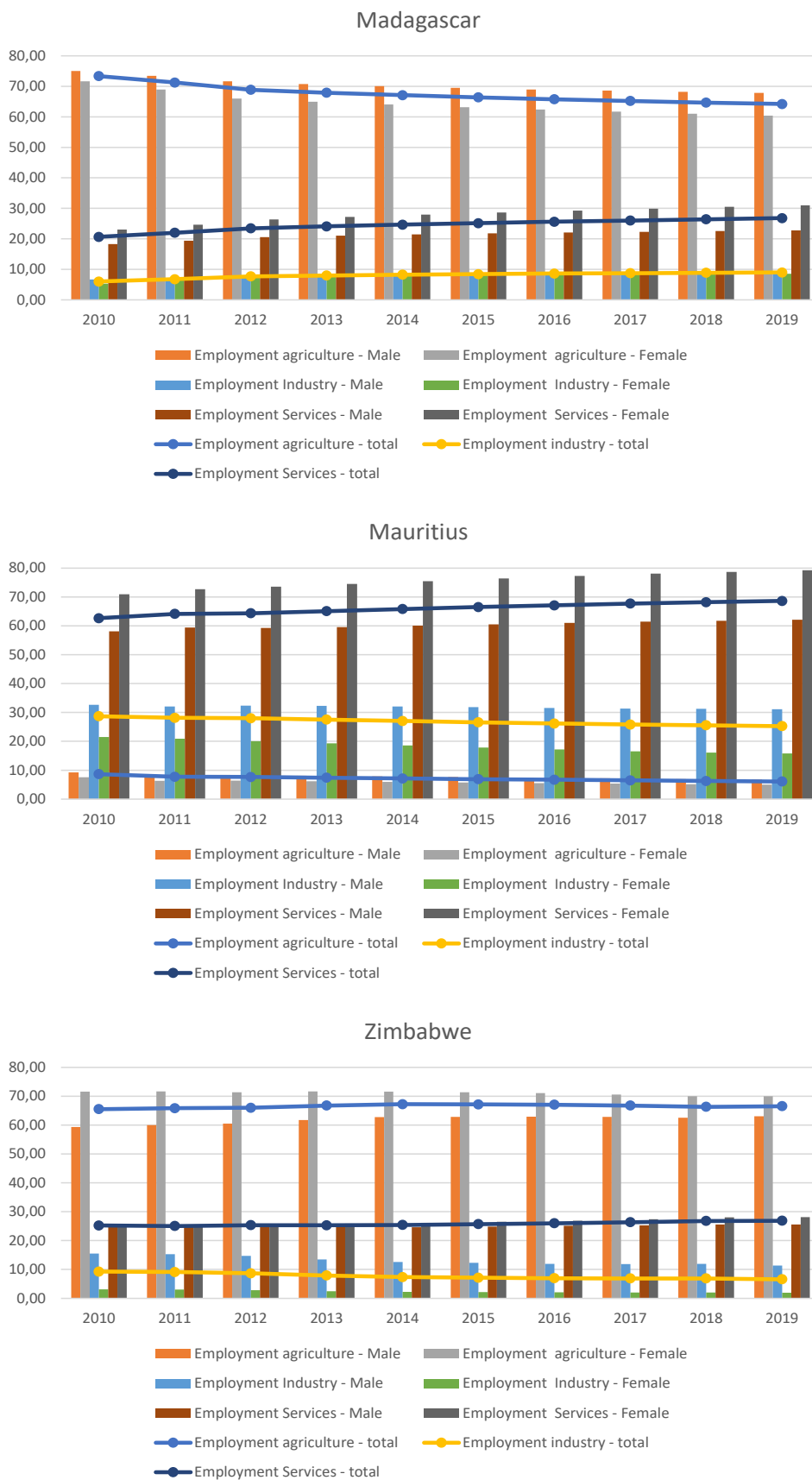
⁴² ILO data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

⁴³ A Financial Sector Development Implementation Plan (FSDIP) was launched in 2014, see: <http://documents1.worldbank.org/curated/en/983161468188662648/text/105775-AR-PUBLIC-FIRST-AR15-Final-low.txt>

⁴⁴ Zimbabwe Policy Analysis and Research Unit (2013), *Positioning the Zimbabwe Tourism Sector for Growth*, available at: <http://www.zeparu.co.zw/sites/default/files/2018-03/Policy%20Brief%20Positioning%20the%20Zimbabwe%20Tourism%20Sector.pdf>

⁴⁵ Zimbabwe National Policy for Information and Communications Technology (ICT), (2016), available at: https://en.unesco.org/creativity/sites/creativity/files/qpr/zimbabwe_national_policy_for_ict_2016_-_final_1.pdf

Figure 3: Employment trends per services and gender in ESA countries in the 2010-2019 period

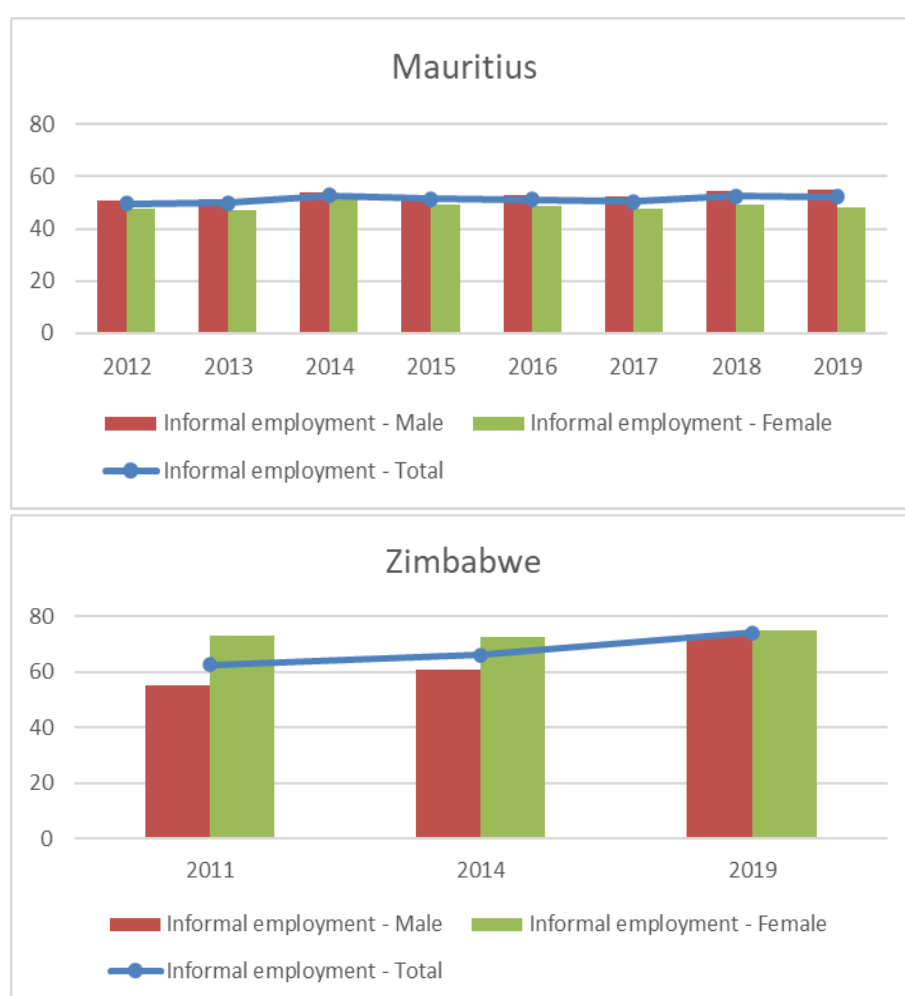


Source: elaboration from ILO and World Bank data. Employment data for Seychelles are only available for 2019.

The share of **informal employment** in the economy is a particularly important parameter for developing countries, such as the ESA ones, for its links to the local economic context and the (expected) improvement brought by international trade and economic growth.⁴⁶ Available data show that informal employment continues to play an important role in the economies of the ESA countries, where it exceeds 50% of the overall employment in all countries, with peaks of more than 80% in Madagascar and Zimbabwe. Furthermore, data show an increase of informal employment over time, more accentuated for female employment, in particular in countries where agriculture is the main employer (as in Madagascar and Zimbabwe).

Figure 4 below shows the evolution of informal employment in two of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation. Data for Madagascar are only available for 2015, so they are not included in the visuals, and data for Seychelles are not available.

Figure 4: Informal employment trends in Mauritius and Zimbabwe in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Data for Madagascar are only available for 2015 and data for Seychelles are not available.

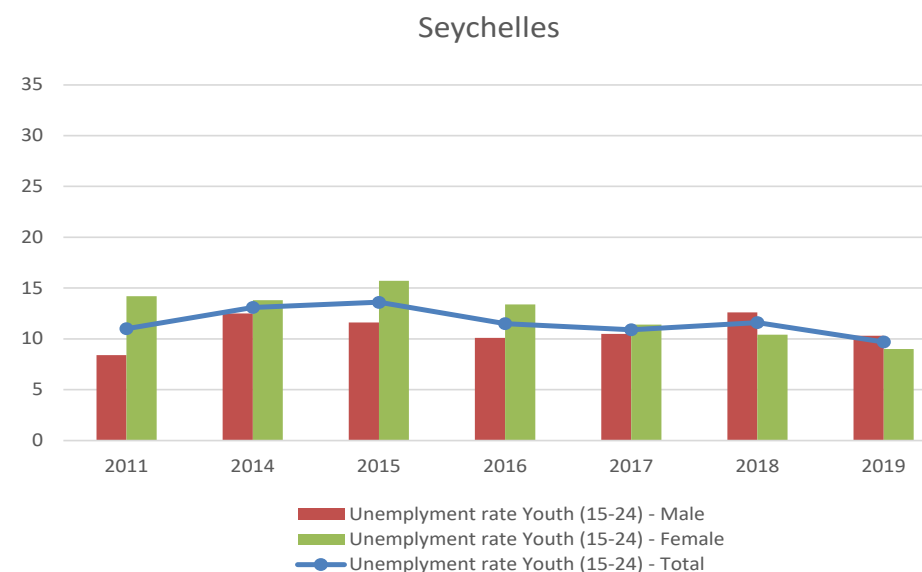
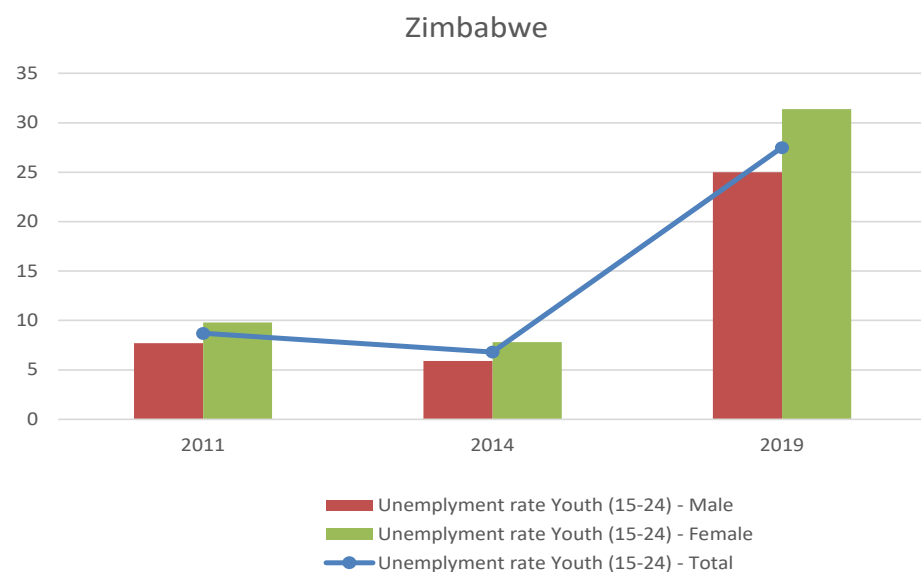
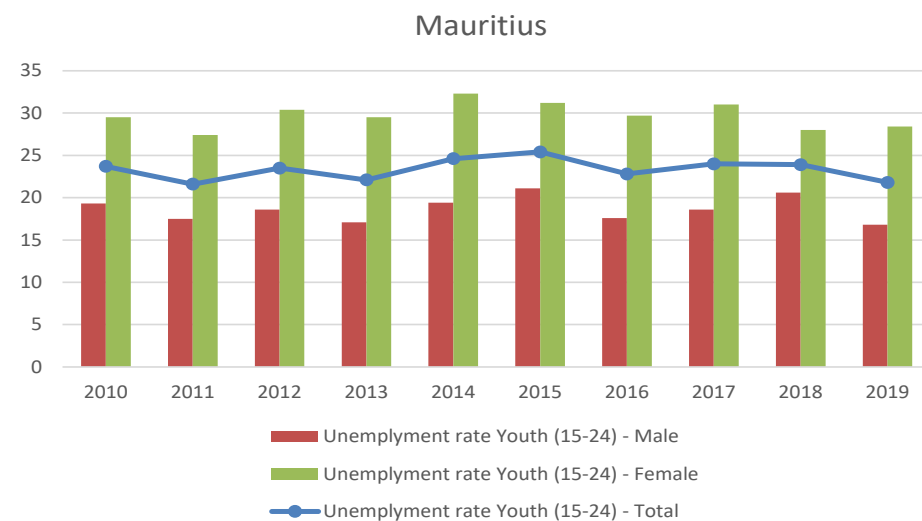
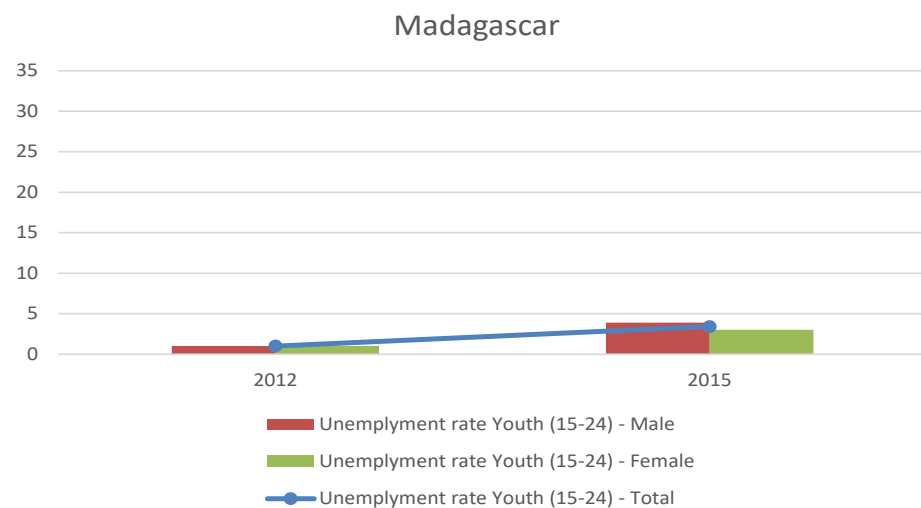
⁴⁶ Bacchetta M., Ekkehard E., Bustamante J.P., (2009), *Globalisation and Informal Jobs in Developing Countries*, Economic Research and Statistics Division World Trade Organization and International Institute for Labour Studies International Labour Office, available at: https://www.wto.org/english/res_e/booksp_e/jobs_devel_countries_e.pdf

While data on **unemployment** trends are less complete, the available evidence points towards an overall decrease of unemployment in the ESA countries over the period considered for the ex-post evaluation. Overall, unemployment is below 10% for all ESA countries, but higher for women than for men. For instance, while decreasing over time, female unemployment has been higher than male unemployment in Mauritius in the 2010-2019 period (it declined from 4.5% to 4.1% for men, and from 12.9 to 9.7% for women).

Statistics on **youth unemployment** (15-24 years old) are not complete for all the ESA5 countries and the whole timeframe for this evaluation. Nevertheless, available data for Madagascar, Mauritius, Seychelles and Zimbabwe show once again some heterogeneity across countries, with levels of youth unemployment much lower for Madagascar and Seychelles compared to the other two countries (lower than 5% in Madagascar and slightly above 10% for Seychelles compared to values higher than 20% in Mauritius and higher than 25% in Zimbabwe). Female youth unemployment is higher than male youth unemployment in all countries, similar to the unemployment rate for the adult female working-age population. Data are too scarce to identify clear trends in Madagascar and Zimbabwe. The latter registered a striking increase in 2019 compared to earlier years (27.5% total youth unemployment compared to 8.7% in 2011 and 6.8% in 2015), which can be attributed to the political instability and adverse climate events that affected the country. Data for Mauritius are more complete and show that youth unemployment rates remained essentially stable over the years (around 21.5% and 25.4% for the total youth unemployment, between 17% and 21% for male youth unemployment and between 28% and 32% for female youth unemployment). Similar, data for Seychelles show stable levels of youth unemployment over time, with a slight decrease in 2019 compared to the previous years.

Figure 5 below shows the evolution of youth unemployment in three of the ESA5 countries. As noted above, Comoros only joined the EPA in 2019 and thus is not a focus of this evaluation.

Figure 5: Youth unemployment trends in ESA countries in the 2010-2019 period



Source: elaboration from ILO and World Bank data. Data for Comoros are not available.

Data on **average earnings** show large differences across sectors in all ESA countries, with agriculture having lower average earnings than the other sectors of the economy in the whole 2010-2019 period, and services having higher average earnings. Data also show the persistence of a differential in average earnings between men and women across all sectors in all countries, which is particularly wide in agriculture, with female salaries more than three-time lower than male ones. However, there is some evidence of a progressive reduction of such differentials, especially in some ESA countries. For instance, the average earnings for female workers in Mauritius raised from about 46% in 2011 to 55% of the male workers' salaries in 2019.

Such trends in employment are linked to several elements: national strategies, supported to some extent by the interim EPA implementation, demands for goods from the EU and other commercial partners (such as China and the US), political instability in the countries (such as Madagascar and Zimbabwe), and the consequences of the 2008-2009 financial crisis and the 2011-2012 EU debt crisis.

While the interim EPA aims at helping the ESA countries differentiating their economies and developing industry and (formal) employment, it can be argued that it is not possible to identify a direct causal link.

Focus on interim EPA's social and human rights impacts on specific sectors in ESA countries

The influence of the interim EPA becomes more evident when looking more closely at the main goods traded between the EU and the ESA countries, and in particular at the exports towards the EU. Data from trade flow analysis and the CGE modelling, combined with data for employment from international sources, allows identifying a set of issues pertaining to individual countries and/or traded goods, in which the implications of the interim EPA interact with other external factors, such as changes in world prices and demand for specific goods.

The analysis will thus focus on the trade of some industries, which are particularly important for individual ESA countries, and their social impacts, namely:

- Vanilla trade with Madagascar;
- Sugar trade with Mauritius and Zimbabwe;
- Tobacco trade with Zimbabwe;
- Textiles trade with Madagascar and Mauritius;
- Diamonds trade with Zimbabwe; and
- Fisheries and processed fish products trade with Seychelles and Madagascar.

It should be pointed out that many of the industries and ESA countries listed above are the same identified as those having most benefitted from the interim EPA by the CGE modelling and PE model exercises.

Agriculture

Agriculture remains a crucial sector for all ESA5 countries, and some critical issues concern indeed agriculture products. A significant part of agri-food goods is exported from Madagascar, Mauritius, and Zimbabwe to the EU. Between 2010 and 2019, coffee, tea, cocoa and spices, and vegetables and fruits were amongst the top four goods exports to the EU from Madagascar (after apparel and clothing accessories).⁴⁷ Vanilla has been a significant export to the EU from Madagascar, representing 74% of the vanilla imported by the EU in 2017⁴⁸. Between 2015 and 2019, Zimbabwe's top exports to the EU were tobacco, vegetables and fruits, and sugar. In 2019, tobacco accounted for 52.7% of all agri-food exports to the EU, while vegetables and fruits

⁴⁷ EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

⁴⁸ See: <https://www.cbi.eu/market-information/spices-herbs/vanilla>

represented 25.5% of all agri-food exports to the EU.⁴⁹ Mauritius is a major exporter of sugar to the EU. Sugar has been Mauritius' main agri-food commodity export in the last decade, accounting for 72.8% of all agri-food exports to the EU in 2019.⁵⁰ The EU also exports agri-food products to ESA countries. Since 2015, meat has been the EU's top good export to Comoros. In 2019, the export of poultry meat represented 50% of all EU exports of agri-food products to Comoros.⁵¹

Vanilla trade with Madagascar

Trade flows data clearly show that production and **export of agricultural products, and vanilla, in particular, are a key element of the economy in Madagascar**, and especially of exports towards the EU⁵². The large increase in value of vanilla trade in the 2009-2016 period, not corresponding to a similar increase in the volume of trade, is related to a steep increase in price. The price of vanilla is very volatile but, in the past years, has been rising constantly, rarely failing below US\$ 400/kilo, and with a peak close to US\$ 600 in 2018⁵³. The increase in vanilla prices are due to external factors, and it is not clear the extent to which the interim EPA itself has affected these exports to the EU. While overall employment in the agriculture sector has declined over time, employment in growing crops (including vanilla) shows a (limited) increase over time, and higher earnings, which have been on the rise since 2015.⁵⁴

Despite such positive elements, the production of vanilla has been linked to **child labour**. In 2012, the ILO estimated that around 20,000 children, aged 12 to 17 years old, worked in vanilla fields.⁵⁵ More recent reports indicated that child labour in the sector remains an issue.⁵⁶ Children often work in difficult labour conditions, for long hours, perform dangerous tasks and receive extremely low salaries, if any. Some children are also kept out of school, drop out or downplay their studies to work in the vanilla sector.⁵⁷ In 2017, the ILO found that when the price of vanilla rose, the school enrolment rate decreased in the SAVA region, which is the main region where vanilla is produced in Madagascar.⁵⁸

There is no strong evidence that child labour in the vanilla sector is the direct result of the interim EPA. Other factors, such as the price of the commodity, poverty and lower costs associated with child labour, play a crucial role. High vanilla beans prices seem to increase the incentive for child labour. Furthermore, many poor families are unable to afford school-related expenses and prefer to send their children to work in vanilla fields. However, given the share of EU imports for each of these agri-food products, it is likely that vanilla produced by children is imported into the EU. In addition, EU demand for vanilla and rising prices may create an incentive for more production at a lower cost. Moreover, according to some NGOs, there were reports of major European food companies witnessing child labour without reporting it or neglecting to complete appropriate risk assessments with their suppliers.⁵⁹

⁴⁹ Under vegetable and fruits, we include 1) vegetables, fresh, chilled and dried; 2) fruit, fresh or dried, excl. citrus and tropical fruits; 3) citrus fruit; and 4) tropical fruits, fresh or dried, nuts and spices. See EU, 'Agri-food Trade Statistical Factsheet. European Union – Zimbabwe' (17 March 2020).

⁵⁰ EU, 'Agri-food Trade Statistical Factsheet. European Union – Mauritius' (17 March 2020).

⁵¹ EU, 'Agri-food Trade Statistical Factsheet. European Union – Comoros' (17 March 2020).

⁵² EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

⁵³ See: <https://www.bloomberg.com/features/2019-economics-of-vanilla-markets-madagascar/>

⁵⁴ ILO data on sectoral employment (ISIS 4 2-digit), available at:

https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

⁵⁵ ILO-IPEC, 'Etat des lieux du travail des enfants dans la filière vanille dans la région SAVA 2011' (2012).

⁵⁶ US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

⁵⁷ ACAT Madagascar, 'Rapport de la société civile sur la mise en œuvre du Pacte international relatif aux droits civils et politiques (PIDCP) (Réponses à la liste de points à traiter CCPR/C/MDG/Q/4) A soumettre pour l'examen du quatrième rapport périodique de Madagascar (CCPR/C/MDG/4) à la 120ème session du Comité des droits de l'homme (juillet 2017)' (June 2017), available at https://tbinternet.ohchr.org/Treaties/CCPR/Shared%20Documents/MDG/INT_CCPR_CSS_MDG_27612_F.pdf

⁵⁸ ILO, 'US Department of Labor supports the development of a sustainable vanilla sector in Madagascar', available at: https://www.ilo.org/ipec/news/WCMS_554937/lang-en/index.htm

⁵⁹ Verité, 'Summary of Key Trafficking in Persons Issues in Vanilla Production', available at <https://www.verite.org/africa/explore-by-commodity/vanilla/>

At the same time, there have been initiatives to prevent child labour in the vanilla sector. Several EU development cooperation projects aimed at supporting SMEs in the whole IOC area, including Madagascar.⁶⁰ While these projects are not directly related to the trade agreement, they are expected to create synergies that will help increase the productivity of the sector while promoting better working conditions. The Malagasy government has also taken measures to limit the fluctuation of the price of vanilla,⁶¹ which is very volatile and has maintained very high values in the last years. Furthermore, private sector initiatives involving European companies exist as well to foster the sustainability of the supply chain in the vanilla sector and reduce poverty.⁶²

Sugar trade with Mauritius

The interim EPA includes provisions on sugar (Annex I), which impose Most Favoured Nation duties on the defined quantity of sugar from ESA countries for the 2009-2015 period. However, the main changes affecting the trade of this commodity happened outside of the agreement. While **sugar has had crucial importance for the economic growth of Mauritius in the previous decades**, the recent change in the EU/ACP countries sugar regime has led to a large reduction in the volumes and values of exports towards the EU⁶³. Up until 2009, Mauritius' exports of sugar benefited from guaranteed access for fixed quantities at above-market prices to the EU market under the ACP/EU Sugar Protocol. Mauritius was the biggest quota holder among the ACP countries, with a 37% share. While the phasing out of this regime, market prices have been gradually introduced, with the abolition of reserved quotas for Mauritian sugar in 2017. Furthermore, all LDCs (under the Everything but Arms scheme) and ACP countries (who have negotiated European Partnership Agreements with the EU) now have duty-free market access to the EU market. In addition, in 2017, the EU ended the sugar quota system, which means that EU sugar producers are now able to supply a greater share of internal market demand at the expense of imports.⁶⁴ This has exposed the Mauritian sugar sector to competition from other developing countries, including Least Developed Countries (LDCs) and ACP countries that have duty-free market access to the EU market via other European Partnership Agreements and low-tariff access via the GSP, and to major, lower-cost producers such as Brazil. The end of the EU sugar regime caused a drastic sugar price reduction of 36% for Mauritius, which led to major consequences for the sector.⁶⁵

The decline in the economic weight of the sugar sector is reflected in a **fall in employment in the agriculture sector and of corresponding salaries**, which declined strongly after 2011. Before and outside of the interim EPA, Mauritius (also supported by the EU) implemented several **policy measures to counteract** the implications of the reform of the EU sugar regime, starting in 2001 with the Sugar Industry Strategic Plan (2001-2005) and continued 2005 with the Multi-Annual Action Plan (MAAS), for the 2005-2015 period.⁶⁶ Among the different measures, a restructuring of costs for the sector, which led to the reduction of the number of sugar factories and of workers, improvement in the energy efficiency to lower production costs and increase competitiveness, optimising the use of by-products of the cane sugar processing to produce ethanol and a Voluntary Retirement Scheme (VRS) to support low-income groups of the sugar industry. These measures have led to lower production of cane sugar, closing of mills and processing factories, restructuring of production

⁶⁰ See for instance projects on Enhancing Entrepreneurship and Business Cooperation Project in the IOC region (<https://ec.europa.eu/transparency/regdoc/rep/3/2019/EN/C-2019-7496-F1-EN-ANNEX-5-PART-1.PDF> and <https://ec.europa.eu/transparency/regdoc/rep/3/2019/EN/C-2019-7496-F1-EN-ANNEX-5-PART-1.PDF>)

⁶¹ <https://www.rfi.fr/fr/afrique/20200225-fin-campagne-vanille-%C3%A0-madagascar-prix-questionnent>

⁶² <https://livelihoods.eu/portfolio/madagascar-a-resilient-vanilla-supply-chain-with-farmers/>

⁶³ Sakwut R., Tandrayen V., Boopen S. Vinesh S., (2009), *Trade and Poverty in Mauritius: Impact of EU Sugar Reform on the Livelihood of Sugar Case Workers, Trade and Industrial Policy Strategies*, available at:

https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

⁶⁴ WTO, 'Trade Policy Review. Report by the Secretariat. Mauritius' (17 September 2014) WT/TPR/S/304; LMC, 'The Economic, Social and Environmental Impact on Mauritius of Abolition of Internal Quotas of Sugar in EU Market, Report for Ministry of Agro Industry and Food Security Mauritius' (May 2015).

⁶⁵ Sakwut R., Tandrayen V., Boopen S. Vinesh S., (2009), *Trade and Poverty in Mauritius: Impact of EU Sugar Reform on the Livelihood of Sugar Case Workers, Trade and Industrial Policy Strategies*, available at:

https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

⁶⁶ Tandrayen-Ragoobur, V. (2012). *Bitter EU sugar reforms for Mauritius: A gender perspective*. 171-183. Available at: https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

to more added-value types of sugar,⁶⁷ and research for increasing productivity and business support.⁶⁸ Evidence shows that the effectiveness of these measures, and the VRS in particular, has been limited, and women have been more adversely affected.⁶⁹ Most of the beneficiaries have seen their income decreasing, while the re-training (which is part of the programme) was delayed. However, data from the Commission's CGE modelling seem to suggest that the decline of the sector and the negative repercussions on employment would have been even higher in the absence of the agreement.

Tobacco trade with Zimbabwe

In a somewhat similar dynamics, **exports of unmanufactured tobacco from Zimbabwe towards the EU have seen a decline in the last decade, despite a sustained world demand and price for the item.**⁷⁰ EU countries such as Germany and Belgium are still major importers of unmanufactured tobacco from Zimbabwe.⁷¹ The production of tobacco in Zimbabwe has increased over time, and exports have shifted towards other commercial partners, such as China and Indonesia.⁷² In addition, the country has suffered the consequences of high political instability and adverse climate events, which have further negatively impacted production, exports, employment, and salaries. The lower economic weight of tobacco (the most important agricultural product exported) is reflected in employment data for the crops sector, which has seen a strong decline from 2010 to 2019 (halved value). The impact has been particularly strong on wages. Wages and working conditions are negotiated at the central level, through the National Employment Council (NEC) for the Agriculture sector, which includes employers' organisations and trade unions in the agriculture sector. Data for the 2011-2016 period show that agriculture wages have failed to maintain their level with respect to the Food-Poverty-Line (FPL) and the Poverty Datum Line (PDL - the equivalent of a living wage, the minimum amount required per month for a family of five to sustain their livelihood).⁷³ Most of the production (about 87%) is carried out by few companies, which employ a local workforce (also including a large share of children).⁷⁴

There have been reports of child labour in the tobacco sector in Zimbabwe.⁷⁵ Many children under 18 work in hazardous conditions on tobacco farms in Zimbabwe, often performing tasks that threaten their health and safety, such as mixing, handling, and spraying pesticides, or interfere with their education, as children drop out of school to work on tobacco farms. Children also experience adverse health effects related to exposure to nicotine.⁷⁶ Overall, child labour has a negative impact on the well-being and human rights of children. In particular, it interferes with their right to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education, or to be harmful to their health or physical, mental, spiritual, moral or social development, as recognised by Article 32 of the UN Convention on the Rights of the Child.

In addition to the employment and child labour implications, there is evidence showing how tobacco workers face low protection from nicotine poisoning and pesticides. Large farms and processing factories fail to implement correct OSH protocols and training, and there are reports of workers not being provided with

⁶⁷ See: <https://chamber-of-agriculture.mu/agriculture-in-mauritius/sugar-sector/>

⁶⁸ Kwong, R.N.G.K. *Status of sugar industry in Mauritius: Constraints and future research strategies*. *Sugar Tech* 7, 5–10 (2005), available at: <https://doi.org/10.1007/BF02942411>

⁶⁹ Tandraren-Ragoobur, V., *ibid*,

⁷⁰ See: <http://www.fao.org/3/y4997e/y4997e0k.htm>

⁷¹ See: <https://www.herald.co.zw/china-drives-zim-tobacco-exports/>

⁷² Tandraren-Ragoobur, V. (2012). *Bitter EU sugar reforms for Mauritius: A gender perspective*. 171-183. Available at: https://www.researchgate.net/publication/292891660_Bitter_EU_sugar_reforms_for_mauritius_A_gender_perspective

⁷³ Chakanya N. (2016), *Working and living conditions of Workers in the Agricultural sector in Zimbabwe*, available at: <https://globalizationandhealth.biomedcentral.com/track/pdf/10.1186/s12992-015-0139-3.pdf>

⁷⁴ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

⁷⁵ The UN Committee on the Right of the Child and the ILO have expressed concerns about the general persistence in Zimbabwe of child labour, including hazardous labour, in various sectors, including the agricultural sector. See UN Committee on the Rights of the Child, 'Concluding observations on the second periodic report of Zimbabwe' (7 March 2016) UN Doc CRC/C/ZWE/CO/2; ILO CEACR, 'Observations. Minimum Age Convention, 1973 (No. 138) – Zimbabwe (Ratification: 2000)', adopted 2016, published 106th ILC session (2017).

⁷⁶ Human Rights Watch, 'A Bitter Harvest. Child Labor and Human Rights Abuses on Tobacco Farms in Zimbabwe' (2018); US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

adequate protective equipment.⁷⁷ Even in this case, the interim EPA seems to be only one of the explaining factors, rather than the direct cause of such impacts. EU development cooperation projects aimed at supporting the agricultural sector in Zimbabwe, in a manner that promotes inclusive green economic growth.⁷⁸ While not directly related to the trade agreement, these projects are expected to create synergies that will help increase the productivity of the sector while promoting better working conditions.

There is no strong evidence that child labour and labour rights violations are the direct result of trade in tobacco with the EU. However, given the share of EU imports for this agri-food product, it is likely that tobacco produced by children or in violation of labour rights is imported into the EU.

Sugar trade with Zimbabwe

There have also been reports of child labour in the sugarcane sector in Zimbabwe.⁷⁹ It is estimated that around 10,000 children work on sugarcane farms. Children perform tasks related to irrigation, the cutting of sugarcane, and guarding crops. They perform work at night and engage in hazardous activities, such as using machetes and chasing away wild animals. Many child labourers working in sugarcane production do not attend school because of their work.⁸⁰ Child labour in the sugarcane sector in Zimbabwe also infringes on the realisation of Article 32 of the UN Convention on the Rights of the Child.

There is no strong evidence that child labour is the direct result of trade in sugar with the EU. However, given the share of EU imports for this agri-food product, it is likely that sugar produced by children is imported into the EU.

Right to food in ESA countries and trade of agri-food products

We explored the **potential interference of the interim EPA with the right to food in all ESA countries**. The realisation of the right to food is a source of concern in all five ESA countries. However, it is **particularly problematic in Madagascar and Zimbabwe**.

In **Madagascar**, the prevalence of undernourishment went from 30.7% in 2012 to 41.7% in 2018. According to the 2018 Multiple Indicator Cluster Survey, the rate of acute malnutrition was 6% and the rate of chronic malnutrition was 42%, making Madagascar the 10th worst country affected by stunting in the world. In 2019, the Economist's Global Food Security Index ranked Madagascar 108th out of 113 countries.⁸¹ In Zimbabwe, the prevalence of food insecurity has increased in the last decade. In 2015, 64.7% of the population was classified as moderately or severely food insecure (i.e., living in a household that is unable to obtain enough food to meet basic needs). Ever since then, the situation has worsened. In 2018, 66.7% of the population suffered from moderate to severe food insecurity⁸² and 34.2% of the population suffered from severe food insecurity.⁸³ In its 2020 report, the UN Special Rapporteur on the right to food estimated that 8 million people needed urgent action to save their livelihoods.⁸⁴ The current food crisis in Madagascar and Zimbabwe results from a number of factors, including extreme poverty, poor agricultural productivity, natural disasters and

⁷⁷ Human Right Watch (2018): <https://www.hrw.org/news/2018/04/05/zimbabwe-tobacco-work-harming-children>

⁷⁸ For instance, projects implemented under the Zimbabwe Agricultural Growth Programme (ZAGP)

⁷⁹ The UN Committee on the Right of the Child and the ILO have expressed concerns about the general persistence in Zimbabwe of child labour, including hazardous labour, in various sectors, including the agricultural sector. See UN Committee on the Rights of the Child, 'Concluding observations on the second periodic report of Zimbabwe' (7 March 2016) UN Doc CRC/C/ZWE/CO/2; ILO CEACR, 'Observations. Minimum Age Convention, 1973 (No. 138) – Zimbabwe (Ratification: 2000)', adopted 2016, published 106th ILC session (2017).

⁸⁰ US Department of Labor, '2020 List of Goods of Produced by Child Labor or Forced Labor' (2020).

⁸¹ The Economist, 'Madagascar', Global Food Security Index, available at <https://foodsecurityindex.eiu.com/Country/Details#Madagascar>

⁸² World Bank, 'Prevalence of moderate or severe food insecurity in the population (%) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS?locations=KM-MG-MU-SC-ZW>

⁸³ World Bank, 'Prevalence of moderate or severe food insecurity in the population (%) - Comoros, Madagascar, Mauritius, Zimbabwe', available at <https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS?locations=KM-MG-MU-SC-ZW>

⁸⁴ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

recurrent droughts, and corruption.⁸⁵ Political instability, economic crisis, currency devaluation, and spiralling inflation have also contributed to the current food crisis in Zimbabwe.⁸⁶ The effects of the ongoing COVID-19 pandemic have also exacerbated the food crisis in both countries, most notably by disrupting food systems and restricting migration in search of new income opportunities.⁸⁷ As a result, Madagascar and Zimbabwe are currently on the verge of famine.

An analysis of agri-food products trade between the EU, and Madagascar and Zimbabwe did not indicate that the implementation of the interim EPA had contributed to the food crisis or reduced affordability of certain food in either country.

Agriculture is the backbone of Madagascar and Zimbabwe's economy. It is the main source of subsistence for most of the population. However, agricultural productivity is low in both countries. They do not produce enough of their main staple food (rice in Madagascar; maize in Zimbabwe) and must therefore import it to ensure food security.⁸⁸ Food imports can nonetheless create tensions with the realisation of the right to food. For example, high tariffs on food imports can have a negative impact on food security by rising consumer prices and restricting access to basic food commodity for the poorest segments of the population. In this context, we assessed whether the EU played a role in food imports to these countries.

Madagascar does not import its main staple food from the EU. It imports rice mainly from Asian countries. However, at the same time, it exports some of the rice it produces. In 2019, 56% of Madagascar's rice was exported to Comoros and 43% to France.⁸⁹ Such rice exports do not however seem to have a significant negative effect on access to rice. They remain relatively small compared to rice imports, and rice produced in Madagascar is generally more expensive than imported rice. Another factor to consider is that rice exports are likely to be a source of revenue for the country.⁹⁰ In the past, Madagascar suspended rice exports. However, such suspension measures were not adequately enforced by customs authorities.⁹¹

Zimbabwe imports maize from South Africa.⁹² However, wheat, which is the second most important cereal for national food security in Zimbabwe,⁹³ has been imported from the EU over the years and accounted for 30.8% of Zimbabwe's agri-food imports from the EU in 2019.⁹⁴ Zimbabwe's import tariffs for agricultural commodities, such as wheat, are very high. As mentioned above, high import tariffs on wheat are likely to lead to higher prices for consumers and limit affordability and accessibility to basic food commodity. An analysis of the retail price of wheat flour on markets in Zimbabwe showed that the price of wheat remained low and stable (under Z\$1 per kilogram) from 2012 until September 2018.⁹⁵ However, prices of wheat flour began to soar in October 2018, with sharper increases between April and August 2019. The price of wheat flour is currently at one of its highest points. However, such a price increase does not seem to be linked to wheat imports from the EU. According to the FAO, the extreme price increases have been mostly driven by the depreciation of the national currency as well as the reduced domestic supplies of grain, due to the below-average harvest and shortages of foreign currency reserves that have curbed the country's capacity to import.⁹⁶ Nonetheless, it should be

⁸⁵ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

⁸⁶ UN Special Rapporteur on the right to food, 'Visit to Zimbabwe' (27 March 2020) UN Doc A/HRC/43/44/Add.2.

⁸⁷ WFP, 'How COVID-19 is threatening food security and nutrition in Madagascar' (July 2020); WFP, 'WFP urgently seeks international support to prevent millions of Zimbabweans plunging deeper into hunger' (30 July 2020), available at <https://www.wfp.org/news/wfp-urgently-seeks-international-support-prevent-millions-zimbabweans-plunging-deeper-hunger>

⁸⁸ WTO, 'Trade Policy Review. Report by the Secretariat. Zimbabwe' (19 February 2020) WT/TPR/S/398.

⁸⁹ TrendEconomy, 'Madagascar | Imports and Exports | World | Rice | Netweight (kg); Quantity and Value (US\$) | 2008 – 2019', available at <https://trendeconomy.com/data/h2/Madagascar/1006>

⁹⁰ J. Nimarkoh, S. Koroma and M. Sablah, 'Linking trade and food and nutrition security in Indian Ocean Commission member states' (FAO Regional Office for Africa, 2017).

⁹¹ WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.

⁹² TrendEconomy, 'Madagascar | Imports and Exports | World | Rice | Netweight (kg); Quantity and Value (US\$) | 2008 – 2019', available at <https://trendeconomy.com/data/h2/Madagascar/1006>; Eric Oteng, 'Zimbabwe corn imports reaches 11-year high', *Africanews* (08 February 2020), available at <https://www.africanews.com/2020/02/08/zimbabwe-corn-imports-reaches-11-year-high/>

⁹³ WTO, 'Trade Policy Review. Report by the Secretariat. Zimbabwe' (19 February 2020) WT/TPR/S/398.

⁹⁴ EU, 'Agri-food Trade Statistical Factsheet. European Union – Zimbabwe' (17 March 2020).

⁹⁵ Data from FAO's GIEWS FPMA Tool, available at <https://fpma.apps.fao.org/giews/food-prices/tool/public/#/dataset/domestic>

⁹⁶ FAO, 'GIEWS Country Brief. Zimbabwe' (16 October 2019).

pointed out that, to ease pressure on import prices, the government temporarily suspended import tariffs on wheat and maize products from May 2020.⁹⁷

Mining

Mining is relevant here in terms of trade of minerals between the EU and ESA countries, mainly Madagascar and Zimbabwe, as well as in terms of development cooperation.

Diamonds trade with Zimbabwe

The mining sector accounts for about 12% of the country's gross domestic product (GDP) and top minerals include gold, platinum, chrome, coal, diamonds, and lithium.⁹⁸ Diamonds are an important sector of the Zimbabwean mining industry (2.2% of the country's GDP in 2012),⁹⁹ and the EU represents important trade partners (however, recent data on the volume and value of the diamond trade with the EU are not available). The international trade of diamonds provides important revenues for the government. However, the 2013 national budget for Zimbabwe shows that Treasury only received US\$41 million from diamond mining in 2012.¹⁰⁰

The diamonds sector is also a very opaque industry, where human rights violations have been reported since the 1990s and persist to this day.¹⁰¹ A World Bank survey reported that the Marange and Chimanimani diamonds are identified by stakeholders as the major source of opaqueness in mining revenue transfers in the country. Diamonds extracted from these mines are under EU and the United States sanctions which make it difficult to attract reputable companies to participate in their development, and for those companies that are currently active to participate in improved transparency initiatives such as the ZMRTI¹⁰²

The diamond mining in Marange, a region estimated to hold between 25 and 30% of the world's diamond deposits, is the latest example of the human rights issues related to this industry. Since the mid-2000s, it is estimated that 15,000-20,000 illegal artisanal miners started working on small plots in the area by mid-December 2006, and shortly after water, sanitation and housing crisis developed. This developed a black market and a Kimberley Process review mission voiced concerns over perceived government involvement in HR abuse when visiting the site in 2009.¹⁰³

The development of these operations has also been characterised by turmoil and legal controversies between private mining companies and the government of Zimbabwe. As of February 2014, the diamond fields are operated by seven private entities all of which are partnered with the Zimbabwe government under the affiliate Zimbabwe Mining Development Corporation (ZMDC). The seven companies currently operating are Marange Resources, Anjin Investments Ltd., Diamond Mining Company, Gyn Nyame Resources, Jinan Mining Ltd., Kusena Diamonds, and Mbada Diamonds.¹⁰⁴

There have been many allegations of human rights violations in the Marange diamond mine, many of which committed to civilians and illegal miners since diamonds were discovered in the region. Such abuses often saw the intervention of the army and the police, as well so mining companies and private security companies.

⁹⁷ FAO, 'GIEWS Country Brief. Zimbabwe' (25 June 2020).

⁹⁸ See: <https://www.trade.gov/country-commercial-guides/zimbabwe-mining-and-minerals>

⁹⁹ IMF (2014) 'Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue', available at: <https://www.imf.org/external/pubs/ft/tnm/2014/tnm1401a.pdf>

¹⁰⁰ IMF (2014) 'Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue', available at: <https://www.imf.org/external/pubs/ft/tnm/2014/tnm1401a.pdf>

¹⁰¹ Kimberley Process Civil Society Coalition, 'Real Care is Rare' (2019).

¹⁰² Piffaretti, N.F. (2014) 'Zimbabwe - Economic policy dialogue : policy notes for the new government', Washington, DC: World Bank Group

¹⁰³ UNODC (2011) 'Organized Crime and Instability in Central Africa: A Threat Assessment', available at: http://www.unodc.org/documents/data-and-analysis/Studies/Central_Africa_Report_2011_web.pdf

¹⁰⁴ See: <http://www.mining.com/web/marange-may-not-be-the-worlds-largest-diamond-producer-for-much-longer/>

There are reports of police and army interventions to drive out illegal miners using killings, torture, beatings, and harassment, and the national government has been accused of forcibly displacing villagers to make way for diamond mining.¹⁰⁵

The exploitation of the Marange diamond mine has also been linked to the political instability that invested the country in the last years. There have been allegations about the use of the army to secure revenues from the Marange mines to fund the Zimbabwe African National Union-Patriotic Front (ZANU–PF) party of President Mugabe and some of its senior members (including the President) and of the army high-ranking officials in the 2008-2014 period, which was also connected to violations of fundamental rights.¹⁰⁶

The interim EPA does not include provisions on diamonds per se, and both the EU and Zimbabwe participate in the Kimberly Process, which through its Certification Scheme aims at preventing conflict diamonds from entering the legitimate trade.¹⁰⁷ Nevertheless, there have been instances, even recently, of ‘blood diamonds’ imported and seized in the EU, from countries such as Ivory Coast and Sierra Leone (a “landmark” case, because it was the first time an individual resulted detained on international charges related to the exploitation of the war in Sierra Leone to market blood diamonds), and possibly Zimbabwe.¹⁰⁸

While it is not possible to link the diamond trade, and its human rights violations, to the interim EPA, it is not possible to exclude that some of the diamonds imported by the EU have been extracted by companies responsible for complicit in such violations.

Mica trade in Madagascar

Child labour in the mining sector has been a concern in Madagascar. There have been reports that various minerals, including mica, sapphires, and stones, were produced by child labour in Madagascar.¹⁰⁹ An estimated 11,000 children work in the mica sector, including in constructing mines, extracting and sorting mica, and hoisting loads of mica out of mines.¹¹⁰ The majority of this child labour is concentrated in the southern region of Madagascar where children underperform in terms of health, nutrition, and educational development.¹¹¹ Children are also involved in the mining of gold and sapphires. Children under the age of 10 are involved in mining. Children are exposed to harsh and unsafe working conditions which put their health at risk. They suffer from respiratory problems and diseases, such as diarrhoea and malaria, and are at risk of injury from collapsing mines. Children involved in stone quarrying use dangerous tools with no protection and work in the outdoor heat. Young girls are also vulnerable to commercial sexual exploitation around mining

¹⁰⁵ HRW, ‘Diamonds in the Rough Human Rights Abuses in the Marange Diamond Fields of Zimbabwe’ (26 June 2009), available at <https://www.hrw.org/report/2009/06/26/diamonds-rough/human-rights-abuses-marange-diamond-fields-zimbabwe>; Global Witness, ‘Return of the Blood Diamond. The deadly race to control Zimbabwe’s new-found diamond wealth’ (2015); HRW, ‘Sparkling Jewels, Opaque Supply Chains

Jewelry Companies, Changing Sourcing Practices, and Covid-19’ (24 November 2020), available at https://www.hrw.org/report/2020/11/24/sparkling-jewels-opaque-supply-chains/jewelry-companies-changing-sourcing#_ftn23

¹⁰⁶ HRW, ‘The Hidden Cost of Jewelry. Human Rights in Supply Chains and the Responsibility of Jewelry Companies’ (8 February 2018), available at https://www.hrw.org/report/2018/02/08/hidden-cost-jewelry/human-rights-supply-chains-and-responsibility-jewelry#_ftn34

¹⁰⁷ See : <https://www.kimberleyprocess.com/en/about>

¹⁰⁸ See: <https://www.unav.edu/web/global-affairs/detalle/-/blogs/blood-diamonds-keep-going-through-antwerp>

¹⁰⁹ UN Special Rapporteur on Slavery, ‘Mission to Madagascar (10 to 19 December 2012)’ (24 July 2013) UN Doc A/HRC/24/43/Add.2; SOMO and Terre des Hommes, ‘Child Labour in Madagascar’s Mica Sector. Impact of the mica supply chain on children’s rights from the Malagasy mines to the international product line’ (2019); European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)); US Department of Labor, ‘2020 List of Goods of Produced by Child Labor or Forced Labor’ (2020).

¹¹⁰ SOMO and Terre des Hommes, ‘Child Labour in Madagascar’s Mica Sector. Impact of the mica supply chain on children’s rights from the Malagasy mines to the international product line’ (2019); US Department of Labour, ‘2019 Findings on the Worst Forms of Child Labor: Madagascar’ (2020); European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹¹¹ European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

sites.¹¹² Child labour in mining interferes with the right of children to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with their education, or to be harmful to their health or physical, mental, spiritual, moral or social development, as recognised by Article 32 of the UN Convention on the Rights of the Child.

There is no clear evidence that child labour in mica mines results from the trade of mica with the EU. According to NGOs, China is by far the largest trading partner for the mica sector in Madagascar. In 2017, the trade with China accounted for 87% of all exports of mica in volume and 81% in value. However, EU countries were also destinations for mica from Madagascar. Estonia was the second-largest importer of mica from Madagascar, while France and Belgium were amongst the importers of Malagasy mica.¹¹³ Given that half of the mica miners in Madagascar are children, there is a risk that EU countries import mica produced by child labour. In February 2020, the European Parliament adopted a resolution on child labour in mines in Madagascar in which it urged the Commission to clarify that no minerals produced by child labour were imported into the EU.¹¹⁴ The European Parliament noted that the mica sector in Madagascar is taxed by means of a series of complex arrangements, with tax levels on exports being relatively low and not always providing direct benefit to mining communities. Furthermore, approximately only 40 export permits have been issued, thereby suggesting that the vast majority of mica mining is carried out illegally and in unregulated, precarious artisanal sites. In addition, the rise in exports combined with the significant decrease of the price per ton has aggravated the risk of labour exploitation.

Development cooperation in the mining sector

In the interim EPA, the Parties recognise the importance of cooperation in the development and management of the mining and minerals sectors.¹¹⁵ They agree to cooperate, including by facilitating support, in order to improve health and safety standards in the mining industry.¹¹⁶ A preliminary review of EU development cooperation programmes did not identify work in this field.

Textiles

Textiles trade with Madagascar and Mauritius

The production and export of textiles is a very important trade item for both Madagascar and Mauritius; they account for approximately 1/5 of Madagascar exports to the EU,¹¹⁷ and they were the second top export goods of Mauritius to the EU in 2015 and 2019.¹¹⁸ The trade dynamics of textiles have been quite unstable in the last decade.

Trade data show a decrease in trade value for Madagascar for the 2009-2016 period, followed by an increase in the following years, accompanied by a less than proportional increase in quantities trade. Data for Mauritius report a reduction in both value and quantity of textiles over time, including since the entering into force of the interim EPA in 2017. Employment data in both countries show a decline over time, with employment in the manufacturing of textiles and wearing apparels falling from about 3% of total employment in 2012 to 1.5% in 2015 (last available year) in Madagascar, and from 11.1% in 2011 to 8.9% in 2019 in Mauritius.¹¹⁹ The

¹¹² US Department of Labor, 'Child Labor and Forced Labor Reports', available at <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/madagascar>. See also European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹¹³ SOMO and Terre des Hommes, 'Child Labour in Madagascar's Mica Sector. Impact of the mica supply chain on children's rights from the Malagasy mines to the international product line' (2019).

¹¹⁴ European Parliament Resolution of 13 February 2020 on child labour in mines in Madagascar (2020/2552(RSP)).

¹¹⁵ interim EPA, Article 43(1).

¹¹⁶ interim EPA, Article 43(2)(d).

¹¹⁷ See: https://wits.worldbank.org/CountryProfile/en/Country/MDG/Year/2015/TradeFlow/Export/Partner/by-country/Product/50-63_TextCloth

¹¹⁸ See: https://wits.worldbank.org/CountryProfile/en/Country/MUS/Year/2015/TradeFlow/Export/Partner/all/Product/50-63_TextCloth

¹¹⁹ ILO data: ILO data: https://www.ilo.org/shinyapps/bulkexplorer54/?lang=en&segment=indicator&id=EMP_2WAP_SEX_AGE_RT_A

agreement introduced the Single Transformation Rule of Origin,¹²⁰ which provides more favourable conditions than the earlier Double Transformation Rule, which restricted the sourcing of raw materials to other ACP countries and the EU (please see the separate section on RoO).

The introduction of the Single Transformation RoO is expected to support the textiles industry in the ESA countries, and indeed the analysis from the CGE models indicates a stronger output with the agreement compared to the counterfactual situation. Such expected effect, however, is counter-balanced by a series of transformations in the textile sector that influence heavily the final outcome.

In the case of Mauritius, data show a constant decline in employment in the textile sector since 1999, and a strong decline of the economic weight of the sector, with a stable value of exports. The combination of such elements points to technological developments and thus higher market value. In addition, there has been an increasing share of migrants (mostly from Bangladesh, China and India) in the workforce in the sector. While the implications of such a heavy presence of migrant workforce on the local labour market are still debated¹²¹, they reply to the demand for low-skilled jobs in which the local population does not seem interested (literacy ratios for the population in Mauritius are quite high).¹²² The labour market in Mauritius is quite rigid, wages are agreed with collective bargaining among trade unions, business representatives and government, and wages in the more traditional sector (such as textile) and in emerging sectors (mostly in services) are relatively similar so that there is little incentive for workers to accept low-paid, low-skilled jobs.¹²³

The textile sector in Madagascar is subject to some of the same pressures, even if the clothing industry is expanding in the last few years.¹²⁴ A producer of cotton, Madagascar exports about 90% of its cotton fibre production, mostly because of a lack of processing infrastructures (it has only one spinning and three industrial weaving factories). Exports of cotton have been declining since 2014, mostly to Mauritius, India and Pakistan, where many clothing companies have moved their production, probably also as a consequence of the political instability of the years 2009-2014.¹²⁵ The low wages (lower than other African countries competing in the same sector) reduce the competition within the workforce (even if there has been a small but growing presence of Chinese temporary migrant workers)¹²⁶.

Producers of **cotton** have started taking part in the Better Cotton Initiative (BCI), 'a private initiative which promotes better standards in cotton farming'. This allows them to receive financial support from the World Bank. Within this initiative, producers and workers have been trained in OSH standards and in developing protection schemes. In 2017, the outreach of these training activities was 30% of producers. 'However, some producers report difficulties in complying with the standards for applying hazardous (crop protection) chemicals owing to increasing insect attacks and the cost of purchasing PPE'. The BCI is a label that is in increased demand and the production of BCI cotton has increased strongly between 2011 and 2017.¹²⁷

¹²⁰ This means that clothing companies in the ESA signatory countries can source fabrics from all over the world, undertake any operations and export to the EU market free of duty and quota restrictions, and same for imports

¹²¹ Chan Sun C.A., Dr. Chittoo H. & Dr. Sukon KS. (2016), *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*, available at: <https://globaljournals.org/item/6252-the-labour-market-a-mismatch-in-the-clothing-and-textile-industry-in-mauritius>

¹²² According to UN data, the literacy ration of the overall population has been about 92% since 2012. In addition, in the 2000s, the Mauritian government aided and supported the youth who wanted a college education

¹²³ Chan Sun C.A., Dr. Chittoo H. & Dr. Sukon KS. (2016), *The Labour Market: A Mismatch in the Clothing and Textile Industry in Mauritius*, available at: <https://globaljournals.org/item/6252-the-labour-market-a-mismatch-in-the-clothing-and-textile-industry-in-mauritius>

¹²⁴ ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar, 2020*

¹²⁵ ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar, 2020*

¹²⁶ Tremann C. (2013), *Temporary Chinese Migration to Madagascar: Local Perceptions, Economic Impacts, and Human Capital Flows*, *African Review of Economics and Finance*, 5 (1), December 2013

¹²⁷ ILO, 2020, *Drivers and constraints for occupational safety and health improvement in the global textile supply chain from Madagascar, 2020*.

In addition, in the last decade, there have been concerns about labour rights abuses in the textile sector in Madagascar and Mauritius, mostly in reference to textile companies that are located in export processing zones (EPZs).^{128, 129} In general, EPZs are areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production.¹³⁰

In Madagascar, EPZ companies generally respected labour laws, as many foreign partners require good working conditions in compliance with local law before signing contracts with EPZ companies. However, trade unions reported a shift in recent years from paying hourly wages to a piece-rate payment system that worsened conditions for labourers in the textile sector, who are primarily women. The practice, designed to increase productivity, has reportedly led to an increase in work-related accidents and injured women's health. Observers declared many women unfit to occupy these positions by age 40. There were also reports that EPZ companies prioritized setting a production target that was generally difficult to attain and penalized workers with various sanctions, such as unpaid overtime, disciplinary action, or even dismissal.¹³¹ The ILO CEACR has also raised allegations of labour rights violations in EPZs, such as waiver of the application of provisions of the labour code concerning night work and the precarious nature of working conditions (including lack of employment contracts, holiday entitlements, social protection or collective agreements, and failures to pay the minimum wage).¹³²

In Mauritius, despite efforts from the government to ensure respect for labour rights, trade unions have reported cases of forced overtime and underpayment for overtime in the textile and apparel industries due to differences in existing legislation and remuneration orders for the calculation of overtime hours. There have also been allegations that employers do not always comply with safety regulations, resulting in occupational accidents. There have been reports of foreign workers living in dormitories with unsanitary conditions, which gave rise to spontaneous protests during the year.¹³³ The ILO CEACR has also raised allegations of labour rights abuses in the textile sector and EPZs, including anti-union discrimination and obstacles for workers, especially migrant workers, to join trade unions, and low use of collective bargaining.¹³⁴

There has been one instance where labour rights abuses could be linked to European apparel companies following an analysis of business partners involved in the supply chain. In 2019, the Business and Human Rights Resource Centre (BHRRC) reported that the closure of a garment factory in Mauritius had left workers, including migrant workers, without jobs and the payment of two months' wages. Migrant workers were particularly affected as they did not have access to food and adequate shelter. The BHRRC identified two European companies as brands sourcing from the Mauritius factory.¹³⁵ However, it is unclear whether more

¹²⁸ *Cling, J. P., Razafindrakoto, M., & Roubaud, F. (2005). Export processing zones in Madagascar: a success story under threat? World development, 33(5), 785-803.*

¹²⁹ *In general, EPZs are areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production. See: Papadopoulos, N., & Malhotra, S. (2007). Export Processing Zones in Development and International Marketing: An Integrative Review and Research Agenda. Journal of Macromarketing, 27(2), 148-161.*

¹³⁰ *Papadopoulos, N., & Malhotra, S. (2007). Export Processing Zones in Development and International Marketing: An Integrative Review and Research Agenda. Journal of Macromarketing, 27(2), 148-161.*

¹³¹ *US Department of State, 'Madagascar 2018 Human Rights Report' (2019).*

¹³² *CEACR, 'Direct Request. Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - Madagascar (Ratification: 1961)', adopted 2019, published 109th ILC session (2021).*

¹³³ *US Department of State, 'Mauritius 2018 Human Rights Report' (2019); US Department of State, 'Mauritius 2019 Human Rights Report' (2020).*

¹³⁴ *CEACR, 'Observation. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) - Mauritius (Ratification: 2005)', adopted 2017, published 107th ILC session (2018); CEACR, 'Observation. Right to Organise and Collective Bargaining Convention, 1949 (No. 98) - Mauritius (Ratification: 1969)', adopted 2017, published 107th ILC session (2018).*

¹³⁵ *BHRRC, 'Mauritius: Closure of garment factory supplying to ASOS & John Lewis leaves migrant Bangladeshi workers unpaid & stranded; ASOS outlines remediation efforts' (14 August 2019, available at <https://www.business-humanrights.org/en/latest-news/mauritius-closure-of-garment-factory-supplying-to-asos-john-lewis-leaves-migrant-bangladeshi-workers-unpaid-stranded-asos-outlines-remediation-efforts/>)*

European companies are linked to labour rights abuses in the textile sector in Madagascar and Mauritius, and whether textile imported to the EU from those countries generally involves labour rights abuses.

While these seem to be episodic rather than systemic issues, and not directly related to the interim EPA, closer monitoring and possibly enforcement of labour rights could be taken into account in future negotiations.

Fisheries

Processing of fisheries products are major export items towards the EU for both Mauritius and even more, for Seychelles, which exports about 98% of processed fisheries (mostly canned tuna) to the EU.

Trade of processed fisheries products in Seychelles

The trade of processed food (mostly canned tuna) in Seychelles has seen a decline in both value and volume over the last years. Data on the level of employment and salaries in the sector are scarce and do not allow for an in-depth analysis. Available literature links such decline to depletion of fish stocks, due both to fishing from local boats (for local consumption, semi-industrial and industrial fishing) as well as ships from the EU and other countries, such as Japan and China.¹³⁶ While the decreasing economic trend (which lasted for the period 2013-2015) seems to be re-absorbed also in terms of employment (back to the 2014 levels), this 'crisis' has produced a deep impact on Seychelles. The government has thus launched an ambitious marine conservation strategy, supported by the World Bank as the SWIOfish3 project.¹³⁷ The strategy balances the preservation of national marine protected areas and resources with greater and stronger management of fisheries at the national level and the support to the development of the blue economy, founded on marine resources.

While the interim EPA addresses fisheries, the EU's cooperation in this sector is also carried out via the Sustainable Fisheries Partnership Agreements (SFPAs).

Trade of marine aquaculture production in Madagascar

Madagascar exports the majority of its marine aquaculture production to Europe: this includes 70% of its shrimp and prawn exports (France, Spain and Italy are the main importing countries). Most of the remaining exports go to Japan.¹³⁸ The processing of fisheries products has seen a decline in Madagascar compared to the 2011-2012 period, and so have salaries of those employed in the sector. While the data available show an improvement in the situation in the following years, it is not possible to ascertain whether the industry has recovered entirely and reached the earlier levels (the last data available was for 2015). There are reports of depletion of marine resources due to overfishing and the presence of boats from the EU and other countries, which seem to have impacted mostly local fishers.¹³⁹

It is possible that the duty- and quota-free access to the EU market have increased the demand for fisheries and processed fisheries products from Madagascar and Seychelles, even if there is no evidence of such a direct link. Nevertheless, easier access to the EU market and increased pressure from EU and third countries boat using the same waters might have stressed excessively the marine resources of the countries, leading to depletion. Corrective measures have been taken, but it might be considered to pay more attention to such problems in the next negotiations.

¹³⁶ Breuil, C.; Grima, D. (2014), *Fisheries in the ESA-IO Region: Profile and Trends – Country Review: Seychelles*, FAO, available at: <http://www.fao.org/publications/card/en/c/45008da5-a394-4544-af94-e9ae4b04860f/>

¹³⁷ See: https://ewsddata.rightsindevelopment.org/files/documents/42/WB-P155642_vUnwDBU.pdf

¹³⁸ See: http://www.fao.org/fishery/countrysector/naso_madagascar/en

¹³⁹ See : <https://news.mongabay.com/2019/10/madagascar-opaque-foreign-fisheries-deals-leave-empty-nets-at-home/>

Right to food and trade of processed fisheries products in Comoros and Madagascar

A number of the interim EPA's provisions on fisheries can have an indirect impact on several human rights, including the right to an adequate standard of living, and the right to food, in particular, fundamental labour rights, freedom of association, freedom from discrimination, and equality between women and men.

In the interim EPA, the Parties recognise **that fisheries constitute a key economic resource of the ESA region** and are an **important source of food and foreign exchange**.¹⁴⁰ They agree to **cooperate for the sustainable development of the fisheries sector** in their mutual interests taking into account the economic environmental and social impacts.¹⁴¹ In particular, cooperation in fisheries must respect the principle of preservation and priority of particular needs of artisanal/subsistence fishery.¹⁴² Furthermore, cooperation in fisheries must ensure a more equitable share of the benefit derived from the fisheries sector¹⁴³ and must apply a precautionary approach to fisheries management and conservation issues to avoid undesirable impacts on ecosystems and artisanal fisheries.¹⁴⁴ Where the EU has negotiated bilateral fisheries agreements, the employment of ESA nationals must be encouraged. The ILO Declaration on fundamental principles and rights at work must apply as of right to seamen signed on EU vessels.¹⁴⁵ In the sector of inland fisheries and aquaculture, the EU must contribute to the capacity building and export market development through increasing capacity in the region through improving competent authorities, traders' associations and fishermen's associations to participate in fisheries trade with the EU and training programs in product development.¹⁴⁶ It shall also contribute to socio-economic and poverty alleviation measures encouraging participation of marginal groups in the fishing industry, through the promotion of gender equality in fisheries by developing the capacity of women engaged in fisheries and other disadvantaged groups with the potential to engage in fisheries for sustainable social-economic development.¹⁴⁷

Subsistence fisheries are important in Comoros, Madagascar, Mauritius, and Seychelles. In those countries, fisheries contribute to food security and the livelihood of local fishing communities. In Madagascar, in 2011, fishing accounted for almost 20% of animal protein consumption and employed more than 100,000 fishermen (the number of women and children contributing to fishing must be added to this number). Traditional subsistence fishing is a survival strategy for an increasing number of Malagasy people.¹⁴⁸

A number of social and human rights issues exist in the context of fisheries.

In **Madagascar**, subsistence fishing coexists with an industrial fishery dominated by foreign fleets of modern boats, except for the shrimp fishing sector. Madagascar has signed fisheries agreements with the EU and a number of Asian countries. In 2011, the UN Special Rapporteur on the right to food reported concerns that fishing by industrial fishing fleets, mainly foreign ones, would have a negative impact on the coastal families and communities that depend on small-scale fishing for their livelihoods. In particular, Madagascar's fisheries agreements did not provide sufficient guarantees for the sustainable exploitation of marine resources and fair financial compensation to Madagascar.¹⁴⁹ Those concerns have persisted in recent years. There have been reports that the depletion of fishing stocks has an impact on small fishermen who find it hard to have access to fish. A number of stakeholders, including Malagasy fishermen, NGOs and international organisations such as the WTO, have been critical of the social and human rights impacts of Madagascar's fisheries

¹⁴⁰ *interim EPA, Article 25(1).*

¹⁴¹ *interim EPA, Article 25(2).*

¹⁴² *interim EPA, Article 28(1)(g).*

¹⁴³ *interim EPA, Article 31(b).*

¹⁴⁴ *interim EPA, Article 32(2)(a)(1).*

¹⁴⁵ *interim EPA, Article 32(2)(b)(2).*

¹⁴⁶ *interim EPA, Article 35(1)(a)(iii).*

¹⁴⁷ *interim EPA, Article 35(1)(f)(ii).*

¹⁴⁸ *UN Special Rapporteur on the Right to Food, 'Mission to Madagascar' (26 December 2011) UN Doc A/HRC/19/59/Add.4.*

¹⁴⁹ *UN Special Rapporteur on the Right to Food, 'Mission to Madagascar' (26 December 2011) UN Doc A/HRC/19/59/Add.4.*

agreements.¹⁵⁰ In its 2015 Trade Policy Review of Madagascar, the WTO stated that deep-sea fishing in Madagascar's waters took place under trading conditions favourable to foreign companies (given that there were no maximum catch limits) and that there was a need for reforms in order to achieve sustainable management of resources while maximizing income from fisheries.¹⁵¹

The interim EPA provides that one objective of cooperation in marine fisheries is to ensure a more equitable share of the benefits derived from the fisheries sector. However, compensation for fish quotas is usually negotiated in the context of bilateral fisheries agreements, which are independent of the interim EPA. Furthermore, a review of development cooperation programmes showed that no specific initiative had sought to realise the objective of a more equitable share of benefits derived from the marine fisheries sector. Therefore, no potential positive impacts on human rights could be established based on this provision of the interim EPA.

Interim EPA's impact on government spending in relevant sectors

A number of stakeholders have generally been concerned about the potential human rights impacts of EPAs between ACP countries and the EU.¹⁵² In 2008, the UN Special Rapporteur on the Right to Food stated that further trade liberalisation could have a potential negative impact on farmers in ACP countries, most notably by creating unfair competition with highly subsidised EU production and leaving farmers in ACP countries out of work in the agricultural sector. Furthermore, he suggested that the elimination of tariffs on EU imports could result in a substantial loss of revenue for ACP governments. There was a risk that lower tax revenue could force ACP countries to cut fiscal expenditure, therefore jeopardising the social programmes necessary to the realisation of economic, social and cultural rights, including the right to food.¹⁵³

We assessed whether the elimination of tariffs on imports from the EU could result in substantial loss of revenue for ESA governments and jeopardise public expenditure in areas relevant to the achievement of economic, social, and cultural rights, such as the right to education and the right to health. However, there was no evidence pointing to this conclusion.

Except for Zimbabwe, there has been no decrease in government spending on education amongst the ESA countries since the entry into force of the interim EPA. Madagascar spent 2.3% of its GDP on education in 2012 and 2.8% of its GDP in 2018. In Mauritius, government expenditure on education accounted for 3.4% of GDP in 2012 and 4.7% of GDP in 2019. Seychelles spent 2.6% of its GDP on education in 2012 and 4.4% in 2016. In Zimbabwe, however, while government education spending accounted for 6.07% of GDP in 2012, it decreased to 5.8% in 2018. There was no data available for Comoros for 2019.¹⁵⁴

Similarly, there has been no decline in current health expenditure amongst most ESA countries since the entry into force of the interim EPA. Madagascar spent 4.41% of GDP on current health in 2012 and 5.5% of GDP in 2017. In Mauritius, current health expenditure represented 4.2% of GDP and 5.7% of GDP in 2017. In Zimbabwe, current health expenditure went from 6.48% of GDP in 2012 to 6.6% of GDP in 2017. However,

¹⁵⁰ Coalition for Fair Fisheries Arrangements, 'Briefing: Financial compensation, support for development and transparency, the key issues at stake in the negotiation of the EU-Madagascar SFPAs' (21 April 2020); Cécile Fattebert, 'La pêche traditionnelle ou petite pêche maritime à Madagascar: un état des lieux' (CAPE, April 2020); WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.

¹⁵¹ WTO, 'Trade Policy Review. Report by the Secretariat. Madagascar' (9 June 2015) WT/TPR/S/318.

¹⁵² Oxfam, 'Unequal Partners: How EU-ACP Economic Partnership Agreements could harm the development prospects of many of the world's poorest countries', (September 2006).

¹⁵³ UN Special Rapporteur on the right to food, 'Report of the Special Rapporteur on the right to food, Jean Ziegler' (10 January 2008) UN Doc A/HRC/7/5.

¹⁵⁴ World Bank, 'Government expenditure on education, total (% of GDP) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?end=2019&locations=KM-MG-MU-SC-ZW&start=2010&view=chart>

Seychelles saw a 0.7% decline in health spending. Although current health expenditure accounted for 5.7% of GDP in 2012, it decreased to 5% in 2017. There was no data available for Comoros for 2019.¹⁵⁵

Pursuant to Article 11 of the interim EPA, customs duties on imports of products originating in the EU must be reduced or eliminated in accordance with specific schedules of tariff liberalisation. However, an overview of import tariffs on EU goods reveals that there are still high import tariffs in place in most ESA countries. Comoros has high import tariffs on goods from the EU, except for agri-food products. However, there is a need for low import tariffs on agri-food products, as Comoros relies on imported food to ensure food security. In general, Madagascar's import tariffs are relatively high for agricultural commodities, food and beverages, but they are relatively low for manufactured products. Mauritius has also high import tariffs on goods imported from the EU, especially beverages and tobacco products. However, those tariffs are low compared to other ESA countries (except Seychelles). Seychelles has relatively low import tariffs, which have remained relatively stable since 2015. Zimbabwe's import tariffs on goods from the EU are very high, in particular for agricultural commodities, beverages, tobacco products, and manufactured products. They decreased only marginally from 2010 to 2016.

In the absence of detailed data on customs duties on imports of products originating in the EU imported by ESA5 countries and their evolution over time, the analysis used the Fraser Institute Economic Freedom of the World Index measures as a proxy for trade liberalisation.¹⁵⁶ In particular, the analysis used data on the component n. 4 of the index, namely: Freedom to trade internationally, and more, in detail on the revenues from trade taxes (component 4.1 - tariffs), and assessed them in relation to the trends on GDP growth in the ESA countries, to understand whether trade liberalisation (as measured by the Index component) was related to economic growth in the period, and whether or not it supported the realisation of the access to food among the population.

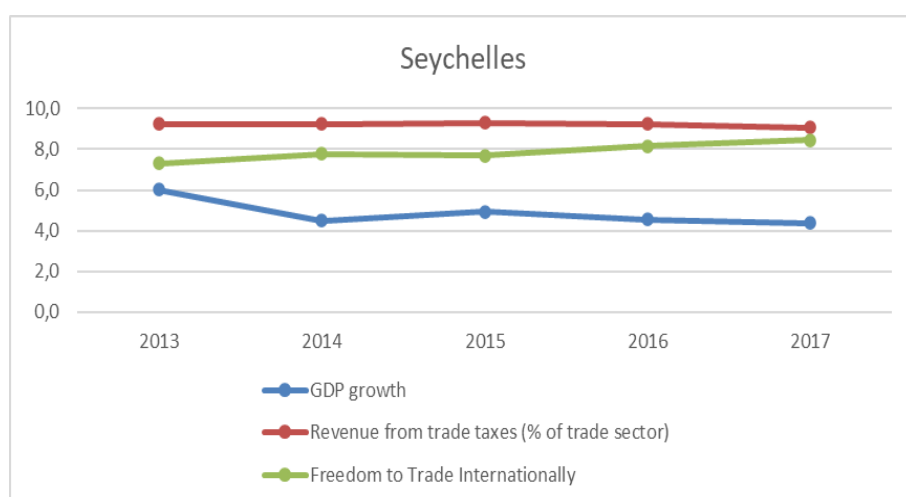
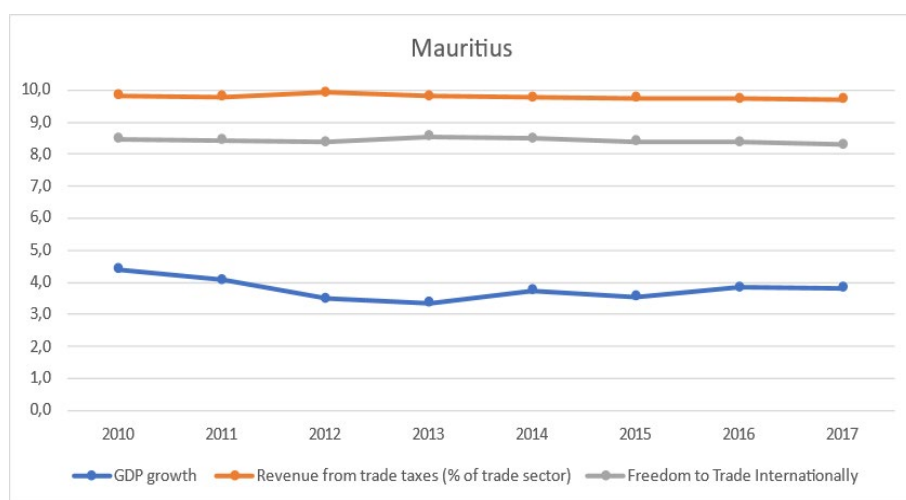
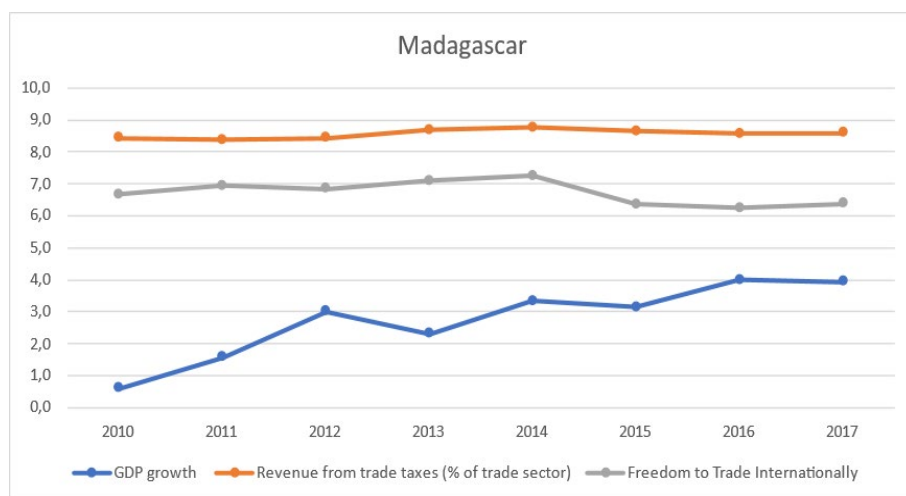
The analysis was possible for the whole 2010-2019 period for Madagascar and Mauritius, for which it exists a time series of Economic Freedom Index (Comoros is only included provisionally in the last report, and data for Seychelles start in 2013). The analysis did not include Zimbabwe, as the coup d'état and the related high political instability influenced economic growth much more than any other policy measure and/or trade agreement.

The analysis showed that the two countries that have lower tariffs and non-trade barriers, i.e. Madagascar and Mauritius, have experienced a more stable and continuous economic growth, even if the growth rate has not been particularly high (see Figure 6 below). Data for Seychelles showed a similar trend (albeit the time series is shorter), and a slight decline of growth in recent years, even if revenues from tariffs have been essentially stable and non-tariff barriers have decreased. This likely depends on other factors (for instance, a decrease in tourism and/or fisheries activities – which are the main industries of the country).

¹⁵⁵ World Bank, 'Current health expenditure (% of GDP) - Comoros, Madagascar, Mauritius, Seychelles, Zimbabwe', available at <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?end=2017&locations=KM-MG-MU-SC-ZW&start=2010>

¹⁵⁶ The Index measures degree to which the institutions and policies of countries are consistent with economic freedom. The latest report is available at: <https://www.fraserinstitute.org/studies/economic-freedom-of-the-world-2020-annual-report>

Figure 6: GDP growth, revenue from trade and freedom to trade in selected ESA countries



Source: elaboration for Fraser Institute Economic Freedom of the World Index and World Bank data

Furthermore, inflation in these countries remained below 10% over the entire period, which means no hyperinflation or large loss of consumers' purchasing power, which is also expected to contribute to support access to food. Other data on government consumption and transfers and subsidies also show that governments have slightly increased their consumption to implement support and social security programmes for the population.

For instance, Mauritius has started a more inclusive pension scheme, which supports citizens (and consumers). Overall, it seems that liberalisation of trade (and consequent reduction of revenues from trade tariffs) has been compensated by other government revenues, as showed by World Bank data.¹⁵⁷

While it is not possible to affirm that trade liberalisation did not negatively impact the right to food in the ESA countries, it is not possible to relate such effects to the interim EPA.

Context and overview for the assessment of environmental impacts

This Annex describes the environmental issues in the ESA5 countries. It provides an overview of the environmental context in the last 10 years (i.e., from 2010 to 2019), and thus provides indications of the evolution during the period of the interim EPA's implementation. It is based on UN and international sources where possible to provide the basis for a common baseline; these are complemented by national sources from the ESA5 countries.

Context: environmental issues in the ESA countries

Overview and key indicators

The **Table 13** below provides an overview of key environmental indicators for the five ESA countries. Data are provided for 2019 or the latest available year.

¹⁵⁷ See: <https://data.worldbank.org/indicator/GC.TAX.GSRV.CN?locations=MU>

Table 13: Key environmental indicators for the ESA countries

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Surface area (km ²) 2019 ¹⁵⁸	2,235	587,295	1,969	457	390,757
Population density (per km ²) 2019 ¹⁵⁹	457.2	46.4	625.5	212.5	37.9
Environmental Performance: Yale EPI score 2020 ¹⁶⁰	32.1	26.5	45.1	58.2	37
Yale EPI rank ¹⁶¹	148	174	82	38	123
CO2 emissions (tons per capita) 2019 ¹⁶²	0.2	0.1	3.3	5.2	0.8
Adaptation to climate change: ND-GAIN score 2017 ¹⁶³	39.2	32.9	55.6	48.4	33.1
ND-GAIN rank ¹⁶⁴	137	169	50	91	168
Forested area (% of land area) 2019 ¹⁶⁵	19.7	21.4	19	88.4	35.5
Terrestrial protected areas (% of total land area) 2018 ¹⁶⁶	10.2	5.6	4.7	42.1	27.2
Number of threatened species (2019) ¹⁶⁷	121	1929	263	443	103

Notes: see footnotes for sources. Please note that UN data on marine protected areas do not match information found in UN and other documents used in the descriptions below. This data will be reviewed in the course of the study.

Emissions of carbon dioxide from fossil fuel combustion have increased in Madagascar and Mauritius since 2012 but have fallen in Seychelles and Zimbabwe (in Seychelles, emissions have risen since 2013 following a drastic fall from 2012 to 2013): see **Figure 7**, **Figure 8** and **Table 14** below.

¹⁵⁸ UN data: <http://data.un.org/>

¹⁵⁹ UN data: <http://data.un.org/>

¹⁶⁰ The Environmental Performance Index (EPI) provides a quantified summary of the environmental performance of countries around the world. It uses 32 performance indicators across 11 issue categories. The EPI uses a score of 0 to 100 (the maximum value). 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

¹⁶¹ 2020 EPI Results: <https://epi.envirocenter.yale.edu/epi-topline>

¹⁶² UN data: <http://data.un.org/>

¹⁶³ The Notre Dame Global Adaptation Initiative (ND-GAIN) score is an index assessing a country's vulnerability to climate change and its resilience and readiness vis-à-vis climate impacts. Overall, 45 indicators contribute to developing the country index, with 36 indicators assessing vulnerability and 9 assessing readiness. Scores range from 0 to 100 to rank more than 180 countries. Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

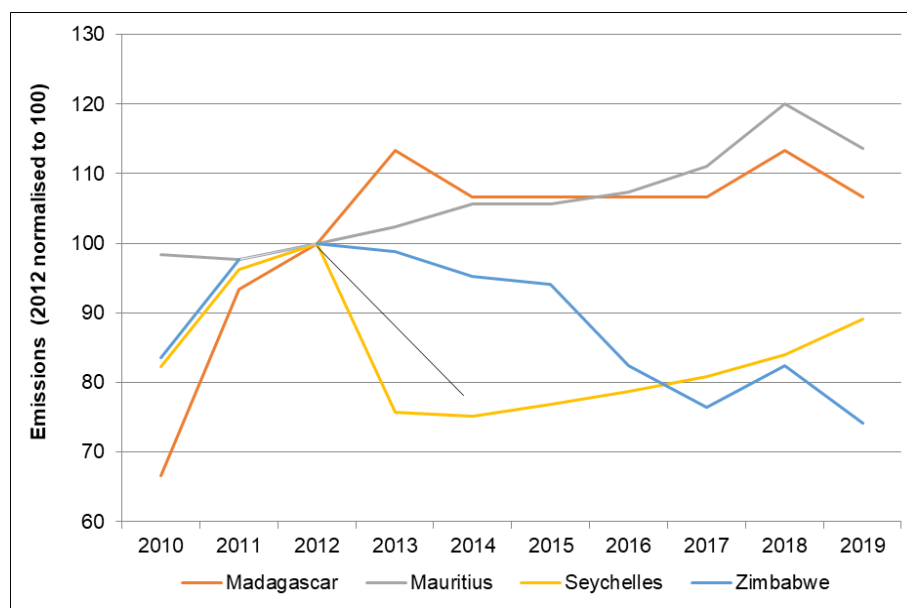
¹⁶⁴ Notre Dame Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>

¹⁶⁵ UN data: <http://data.un.org/>

¹⁶⁶ UNSD Environmental Indicators, Land and Agriculture, Terrestrial protected areas: <https://unstats.un.org/unsd/envstats/qindicators>
Terrestrial protected areas are defined as totally or partially protected areas of at least 1,000 hectares that are designated by national authorities as scientific reserves with limited public access, national parks, natural monuments, nature reserves or wildlife sanctuaries, protected landscapes, and areas managed mainly for sustainable use.

¹⁶⁷ UN data: <http://data.un.org/>

Figure 7: Trends in CO₂ emissions per capita from fossil fuel combustion (2010 to 2019)



Source: Knoema, based on JRC EDGAR¹⁶⁸

Table 14: CO₂ emissions (metric tons per capita) from fossil fuel combustion, 2012 and 2018 levels

	Madagascar	Mauritius	Seychelles	Zimbabwe
2012	0.15	3	12	0.85
2019	0.16	3.41	10.98	0.63

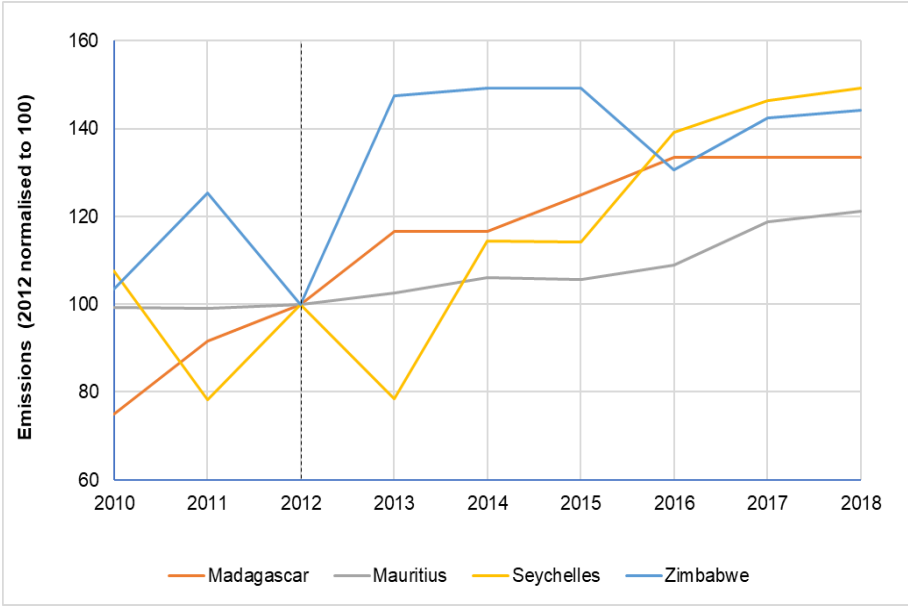
Source: Knoema, based on JRC EDGAR¹⁶⁹

When factoring in other sources of carbon emissions, such as land use change, it appears that emissions have risen in all four countries. Please note that the figures are based on different data sources and are not directly comparable.

¹⁶⁸ Knoema, CO₂ emissions per capita: <https://knoema.com/atlas/Zimbabwe/CO2-emissions-per-capita>, based on JRC EDGAR emissions inventory and modelling: <https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2020&dst=CO2pc>

¹⁶⁹ Knoema, CO₂ emissions per capita: <https://knoema.com/atlas/Zimbabwe/CO2-emissions-per-capita>, based on JRC EDGAR emissions inventory and modelling: <https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2020&dst=CO2pc>

Figure 8: Trends in CO₂ emissions per capita from fossil fuel combustion (2010 to 2019)



Source: Global Carbon Project¹⁷⁰

Ratification of multilateral environmental agreements (MEAs)

The table below provides an overview of the ratification of key MEAs by the five ESA countries.

¹⁷⁰ Global Carbon Project, <http://www.globalcarbonatlas.org/en/CO2-emissions>

Table 15: Ratification (or accession) of key international conventions on environment, including oceans and climate change

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Biodiversity					
Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)	21/02/1995	18/11/1975	27/07/1975	09/05/1977	17/08/1981
Lusaka Agreement on Co-operative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora (1994)	/	/	/	/	/
Convention on Biological Diversity (1992)	29/09/1994	04/03/1996	04/09/1992	22/09/1992	11/11/1994
Cartagena Protocol on Biosafety (2000)	25/03/2009	24/11/2003	11/04/2002	13/05/2004	25/02/2005
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity (2010)	28/05/2013	03/07/2014	17/12/2012	20/04/2012	01/09/2017
Desertification					
UN Convention on Desertification (1994)	03/03/1998	25/06/1997	23/01/1996	26/06/1997	23/09/1997
Oceans and Fisheries					
International Convention for the Prevention of Pollution from Ships (MARPOL) (1973)	22/02/2001	30/11/2005	06/07/1995	28/02/1991	/
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (1972)	/	/	/	28/11/1984	/
International Convention on Oil Pollution Preparedness, Response and Co-operation (1990)	05/04/2000	20/08/2002	02/03/1999	13/05/1995	/
United Nations Convention on the Law of the Sea (1982)	21/06/1994	22/08/2001	04/11/1994	16/09/1991	24/02/1993
Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (1995)	/	/	25/03/1997	20/03/1998	/
FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas (1993)	/	26/10/1994 (acceptance)	27/03/2003 (acceptance)	07/04/2000 (acceptance)	/

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Agreement for the Establishment of the Indian Ocean Tuna Commission (1993)	14/08/2001	10/01/1996	27/12/1994	26/07/1995	/
Southern Indian Ocean Fisheries Agreement (2006)	Sign. only 07/07/2006	Sign. only 04/10/2006	10/12/2010	05/11/2007	/
FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) fishing (2009)	/	27/03/2017 (accession)	31/08/2015 (accession)	19/06/2013 (accession)	/
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009)	/	/	/	/	/
Waste and chemicals					
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)	31/10/1994	02/06/1999	24/11/1992	11/05/1993	01/03/2012
Amendment to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal [Ban amendments] (1995)	/	/	09/11/2004	15/07/2015	/
Basel Protocol on Liability and Compensation for Damage resulting from Transboundary Movements of Hazardous Wastes and their Disposal (1999)	/	/	/	/	/
Amendments to Annexes II, VIII and IX to the Basel Convention [Plastic waste amendments] (2019)	24/03/2020	24/03/2020	24/03/2020	24/03/2020	24/03/2020
Bamako Convention on the Ban on the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa (1991)	18/03/2004	Sign. only (17/03/2004)	29/10/1992	/	10/07/1992
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998)	/	22/09/2004	05/08/2005	Sign. only (11/09/1998)	01/03/2012
Stockholm Convention on Persistent Organic Pollutants (2001)	23/02/2007	18/11/2005	13/07/2004	03/06/2008	01/03/2012
Minamata Convention on Mercury (2013)	23/07/2019	13/05/2015	21/09/2017	13/01/2015	29/12/2020
Water					

	Comoros	Madagascar	Mauritius	Seychelles	Zimbabwe
Convention on the Law of the Non-navigational Uses of International Watercourses (1997)	n.a.	n.a.	n.a.	n.a.	/
Climate change and ozone layer					
Vienna Convention for the Protection of the Ozone Layer (1985)	31/10/1994	07/11/1996	18/08/1992	06/01/1993	03/11/1992
Montreal Protocol on Substances that Deplete the Ozone Layer (1987)	31/10/1994	07/09/1996	18/08/1992	06/01/1993	03/11/1992
The United Nations Framework Convention on Climate Change (1992)	31/10/1994	02/06/1999	04/09/1992	22/09/1992	03/11/1992
Kyoto Protocol to the United Nations	10/04/2008	24/09/2003	09/05/2001	22/07/2002	30/06/2009
Paris Agreement on Climate Change (2015)	23/11/2016	21/09/2016	22/04/2016	29/04/2016	07/08/2017

Sources:

- International Maritime Organisation, 2020, GISIS database: <https://gisis.imo.org>
- United Nations, 2020, ratification database: <https://treaties.un.org/Pages/ParticipationStatus.aspx?clang=en>

Notes:

/ neither ratified nor signed
n.a. not applicable
Sign. only signature only (not ratified)

Comoros, Madagascar, Mauritius and Seychelles are also members of the Southwest Indian Ocean Fisheries Commission (SWIOFC), which “promotes the application of the provisions of the FAO Code of Conduct on Responsible Fisheries, including the precautionary approach and the ecosystem approach to fisheries management”¹⁷¹. This Commission was established by Resolution 1/127 of the FAO Council, following a request in June 1999 by the former members of the Committee for the Development and Management of Fisheries Resources in the South-West Indian Ocean. Comoros, Madagascar, Mauritius and Seychelles were all part of that Committee.

FAO’s initiative on the Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels is a tool to address illegal, unreported and unregulated fishing (IUU) initiative¹⁷². The first Record was released in April 2017 following a pilot project involving 11 countries including Comoros, Mauritius and Seychelles (launched in December 2016). Seychelles is the only ESA country to have provided data regarding vessel details and ports¹⁷³

¹⁷¹ FAO (2019) ‘Regional Fishery Bodies Summary Descriptions: Southwest Indian Ocean Fisheries Commission (SWIOFC)’, available at: <http://www.fao.org/fishery/rfb/swiofc/en>

¹⁷² Committee on Fisheries (2018) ‘Combatting illegal, unreported and unregulated (IUU) fishing’, available at: <http://www.fao.org/3/MX190EN/mx190en.pdf>

¹⁷³ FAO, ‘Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels’: <http://www.fao.org/global-record/tool/extended-search/en/>

Evidence of the environmental impacts of the interim EPA

Changes in trade flows

This section looks at the changes in trade flows that have occurred since the entry into force of the interim EPA. It then looks at the environmental impacts associated with the production of the most important commodities for each country, to provide some context for potential environmental impacts of the interim EPA.

In **Madagascar**, the importance of **vanilla** in exports to the EU has increased considerably since the introduction of the interim EPA. While there has been a strong increase in the value of exports to the EU, the volumes in tons have not changed as strongly. Nonetheless, the increased vanilla prices can create pressures for increased cultivation. This is a perennial crop and therefore can be associated with change of land use as space is needed for the crops. Change in land use can be a driver of deforestation, which has a concomitant effect on biodiversity loss.

Exports of **cobalt** and **nickel** appear to have grown significantly since the interim EPA was introduced. Mining of these materials is associated with the production of hazardous waste and difficulties in wastewater management. **Textiles** are also a major export for Madagascar, although this appears to remain unchanged by the interim EPA. Equally, fishing of **crustaceans** has continued to be an important export activity in Madagascar towards the EU. Export of **essential oils** appears to have increased over the period of the interim EPA; this may in part be because the processing of plants to extract the essential oils now occurs more frequently in Madagascar, whereas previously plants were exported as raw materials to a greater extent¹⁷⁴.

The most important export from **Mauritius** to the EU in 2019 was **processed fish**, which has consistently been amongst the most valuable export sectors for Mauritius over the last ten years nearly all of Mauritius' export of processed fish goes to the EU. **Sugar** has traditionally been the principal export of Mauritius; despite the price drop incurred following the end of the fixed sugar prices and quota of the sugar protocol, sugar remains a major export to the EU. **Textiles** have also continued to be an important sector.

By far the biggest export commodity in terms of value for **Seychelles** continues to be **processed fish**, which has remained unchanged over the previous decade. Whilst the value has decreased since 2012, the tonnage has remained stable since 2013. Other important commodities exported from Seychelles to the EU are **yachts** and **frozen fish**.

Zimbabwe's largest value export to the EU in 2019 was **diamonds**. It appears that the importance of diamonds as an export commodity has risen over the period of the interim EPA. Mining can be associated with the production of hazardous waste materials and potential pollution of water and land, as well as change in land use. **Cut flowers** have long had a significant share of Zimbabwe's export to the EU and are produced as both annual and perennial crops.

Country-by-country information on the impacts of these economic activities has not been found. The table below, however, provides an overview of the main environmental impacts associated with each of the main export industries.

¹⁷⁴ Consulate General of Madagascar South Africa, 'Essential oils', <http://www.madagascarconsulate.org.za/madagascar/economy/essential-oils/>

Table 16: Environmental impacts associated with important export industries in ESA5 countries (source: International Finance Corporation Environmental, Health and Safety Guidelines)¹⁷⁵

Industry	Environmental impact	Countries affected
Mining	<ul style="list-style-type: none"> ▪ Hazardous materials and waste ▪ Waste water ▪ Emissions to air ▪ Energy consumption ▪ Solid and liquid waste 	<ul style="list-style-type: none"> ▪ Madagascar (cobalt, nickel) ▪ Zimbabwe (diamonds)
Textiles	<ul style="list-style-type: none"> ▪ Hazardous materials and waste ▪ Waste water ▪ Emissions to air ▪ Energy consumption ▪ Solid and liquid waste 	<ul style="list-style-type: none"> ▪ Madagascar ▪ Mauritius
Sugar	<ul style="list-style-type: none"> ▪ Solid waste and by-products ▪ Waste water ▪ Emissions to air 	<ul style="list-style-type: none"> ▪ Mauritius
Fish processing	<ul style="list-style-type: none"> ▪ Solid waste and by-products ▪ Wastewater ▪ Water consumption and management ▪ Emissions to air and energy consumption 	<ul style="list-style-type: none"> ▪ Madagascar ▪ Mauritius ▪ Seychelles
Aquaculture	<ul style="list-style-type: none"> ▪ Threats to biodiversity ▪ Contamination of aquatic systems ▪ Hazardous Materials 	<ul style="list-style-type: none"> ▪ Madagascar (crustaceans) ▪ Mauritius ▪ Seychelles
Annual crop production	<ul style="list-style-type: none"> ▪ Soil Conservation and Management ▪ Nutrient Management ▪ Crop Residue and Solid Waste Management ▪ Water Management ▪ Pest Management ▪ Use and Management of Pesticides ▪ Fertilizers ▪ Biodiversity and Ecosystems ▪ Genetically Modified Crops (GM Crops) ▪ Energy Use ▪ Air Quality ▪ Greenhouse Gas (GHG) Emissions 	<ul style="list-style-type: none"> ▪ Zimbabwe (cut flowers)
Perennial crop production	<ul style="list-style-type: none"> ▪ Soil Conservation and Management ▪ Nutrient Management ▪ Crop Residue and Solid Waste Management ▪ Water Management ▪ Pest Management ▪ Use and Management of Pesticides ▪ Fertilizers ▪ Biodiversity and Ecosystems ▪ Genetically Modified Crops (GM Crops) ▪ Energy Use ▪ Air Quality ▪ Greenhouse Gas (GHG) Emissions 	<ul style="list-style-type: none"> ▪ Madagascar (vanilla, crops for essential oils production) ▪ Zimbabwe (cut flowers)

¹⁷⁵ International Finance Corporation, *Industry sector guidelines: Mining (2007); Textiles Manufacturing (2007); Sugar Manufacturing (2007); Fish processing (2007); Aquaculture (2007); Annual Crop Production (2016); Perennial Crop Production (2016)*, World Bank group, https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines/ehsguidelines

Changes in transportation of imports and exports

Another facet of the environmental impact of changes in trade flows following the introduction of the EPA is to look at changes in modes of transport used for shipping commodities and whether this has changed. An initial observation is that the quantity of goods (in weight) transported by plane has increased in Madagascar, Seychelles and Zimbabwe, but it is only in Zimbabwe where the increase between 2012 and 2019 is significant (+63%). The table below gives full details of the exports by mode of transport in both value of the goods and weight in kilogrammes. The data appear to refer to the final mode of transport into the EU, as they include transport by road and rail from all five ESA countries.

Considered as a percentage of the weight of all goods transported by sea, air, rail or road, which are the four principal modes of transport, the share of goods transported by air has increased in all four countries between 2012 and 2019 (see **Figure 9** below).

Figure 9: Air transport of goods (in kg) as a percentage of all exports by sea, air, rail and road, 2012-2019: Source Eurostat

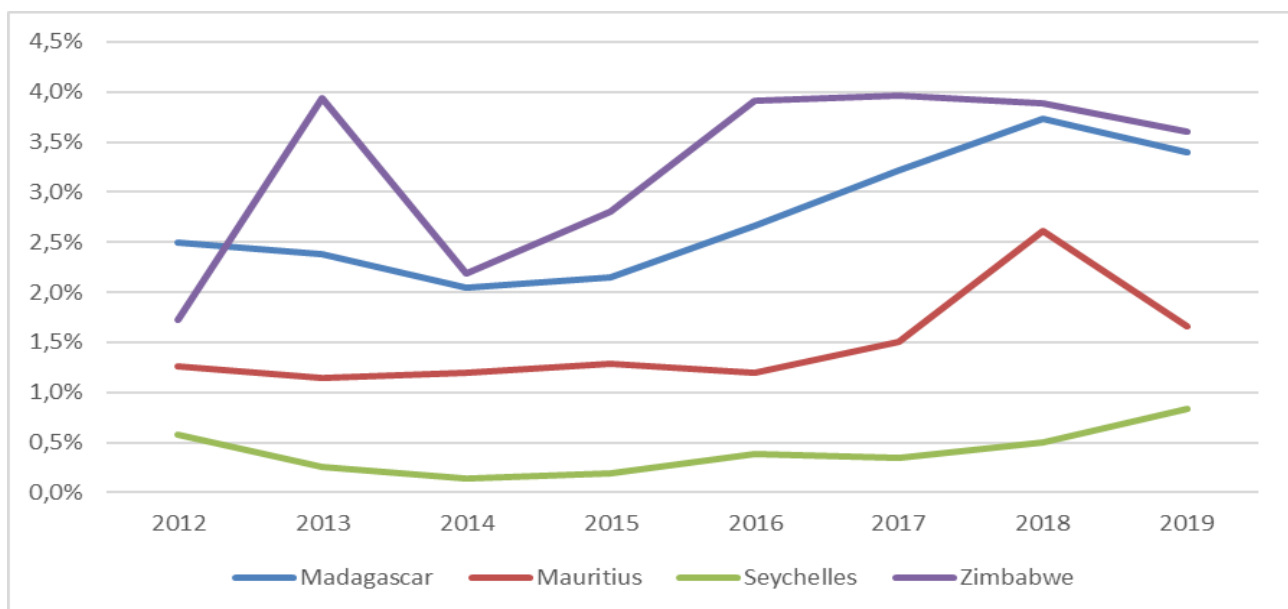


Table 17: Amount of goods shipped by different modes of transport (mode of transport when good arrives in the EU), by value in Euros and quantity in KG.¹⁷⁶

Madagascar								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	350,851,716	906,779	116,068,080	26,925	311,810	3,290	39,375,121	140,868
2013	471,584,122	1,155,886	146,459,289	31,597	13,849	37	36,650,081	137,554
2014	587,025,800	1,369,496	122,976,696	31,125	223,327	531	40,083,691	119,237
2015	639,274,492	1,297,587	153,576,322	30,999	136,868	340	60,501,668	113,220
2016	610,323,914	1,105,168	258,474,812	31,540	154,516	320	50,701,604	48,490
2017	647,309,306	1,096,956	448,491,932	37,506	1,023	9	49,186,632	29,875
2018	641,526,119	1,042,630	520,757,256	41,311	88,079	256	45,533,517	21,990
2019	545,201,509	1,029,831	422,517,431	37,094	206,782	752	31,767,944	24,048
Mauritius								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	679,506,735	5,303,623	274,006,173	68,736	4,941,222	9,746	37,255,795	98,321
2013	745,747,359	5,916,752	251,604,442	69,302	11,228,689	14,814	27,795,098	62,941
2014	618,074,100	5,651,974	241,128,620	69,173	12,495,338	12,772	30,429,278	63,211
2015	562,587,096	5,176,132	239,093,698	67,929	10,626,397	11,449	32,659,993	52,376
2016	556,913,796	4,995,515	214,905,999	60,862	9,309,602	11,229	29,963,122	31,444
2017	593,037,738	4,369,209	243,233,364	67,491	4,836,297	8,319	29,769,318	25,177
2018	466,142,756	2,606,684	231,339,434	71,008	4,461,779	11,725	23,507,081	31,697

¹⁷⁶ Eurostat (2020), EXTRA EU trade since 2000 by mode of transport (HS2-HS4)

2019	490,534,613	3,625,573	200,977,833	61,470	589,430	8,393	21,147,739	21,383
Seychelles								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	211,294,193	515,431	6,253,382	3,018	:		1,107,614	2,835
2013	287,707,113	610,027	5,062,526	1,600	:		362,239	919
2014	264,488,981	597,949	2,961,846	830	:		197,344	90
2015	241,322,055	604,822	4,765,516	1,196	:		2,040,300	760
2016	264,218,287	883,099	7,264,560	3,491	:		9,843,161	21,239
2017	273,753,789	874,527	5,999,385	3,052	:		8,583,973	15,351
2018	291,898,698	860,702	5,561,023	4,329	14,580	16	3,143,299	6,961
2019	242,993,220	695,020	7,006,912	5,886	:		94,487	115
Zimbabwe								
	Sea		Air		Rail		Road	
	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG	Value in euros	Quantity in KG
2012	330,286,818	3,715,490	57,765,791	66,981	2,111	20	13,888,765	94,616
2013	244,581,165	2,651,140	105,040,276	112,840	:	:	17,026,431	103,758
2014	315,400,032	4,909,186	142,091,341	113,283	:	:	21,058,981	158,386
2015	287,574,967	3,453,353	80,024,137	106,989	1,801,677	49,864	22,946,486	199,953
2016	232,689,818	2,635,000	81,145,548	113,982	26,671	1	20,979,723	159,660
2017	306,134,829	2,582,325	117,395,348	114,439	:	:	27,367,596	192,545
2018	278,818,537	2,719,174	135,215,084	119,479	:	:	34,528,318	233,464
2019	274,071,827	2,711,139	111,751,369	109,285	:	:	32,148,093	216,079

Source: Eurostat

CGE modelling of climate emissions

The CGE modelling undertaken by DG Trade suggests that the interim EPA has had little impact on the carbon dioxide emissions of the signatories to the agreement. The modelling predicted that CO₂ emissions were slightly lower than they would have been with no EPA in Madagascar (-3.34%) and Mauritius (-2.57%). In Zimbabwe, emissions are predicted to have been 0.03% higher with the EPA than if there had not been one. (The changes were not calculated for Comoros, which joined the agreement only in 2019, or for Seychelles.) The CGE modelling found that the change in CO₂ emissions for the EU was essentially zero.

The table presents the change in CO₂ emissions with the EPA, compared to a scenario if there had been no EPA.

Table 18: CGE modelling of CO₂ emissions with the interim EPA

Country	Estimated change in emissions
Madagascar	-3.34%
Mauritius	-2.57%
Zimbabwe	0.03%

Source: Results from Commission CGE model

Evidence from stakeholder inputs

The stakeholder inputs as yet have not commented on the environmental impacts of the interim EPA. This appears to be due, in part, to the low awareness of the agreement, for example on behalf of many stakeholders interviewed in the ESA countries. *[Further details to be included in the next draft if available.]*

Evidence from the review of EU development cooperation

Development cooperation is mentioned within the text of the EPA under Chapter IV on economic and development cooperation. The scope of development cooperation between the signatories to the agreement includes mainstreaming of environmental issues (Chapter IV, Article 38.2(j)).¹⁷⁷ Within this, cooperation should cover natural resources and the environment, including water resources and biodiversity, as well as taking into account environmental protection in industrial development, with a particular focus on the following sectors where environmental impacts are likely: mining, energy, agriculture, fisheries. Title IV of Chapter IV deals specifically with development cooperation in the field of natural resources and the environment. The parties agree to cooperate on developing and managing water resources sustainably, as well as the implementation of trade-related environmental policies so as to protect biodiversity and preventing degradation of the environment.

The Development Matrix in Annex IV of the Agreement sets out objectives for key areas for development grouped into six categories. The first three of these, infrastructure development, productive sectors and regional integration, are particularly relevant for the environmental impact of the economic partnership. For each key area, illustrative activities for development cooperation projects are suggested.

Review of development cooperation projects carried out in ESA5 countries with EU financial support has found evidence of potential environmental impacts related to the interim EPA. Most commonly this has been found in the **fisheries** and **agriculture** sectors, with projects helping to develop more sustainable production techniques that are respectful of the environment. Several countries have also engaged in projects supporting

¹⁷⁷ Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part, 2012/196/EC

the development of renewable energy in the countries; in the case of Mauritius, this combines with the agricultural sector in the diversification of the sugar cane industry towards the production of ethanol to be used as a renewable energy source.

Specific EPA support projects are run under the 11th European Development Fund Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean. However, a review of most of these finds little mention of support for environmental objectives mentioned in the EPA. Where there is a reference to environmental objectives it tends to be limited in scope.¹⁷⁸

The following is a brief survey of development cooperation between the EU and each of the ESA5 countries during the period 2012-2020 that has targeted environmental impacts.

One of the EU priorities in its intervention logic for **Comoros** is promoting sustainable use of natural resources, particularly in the fishing sector.

Projects are also being run in the energy sector: a 2017 project set up the first use of solar energy on-grid in Comoros, funded by the ACP-EU energy facility, helping to relieve reliance on diesel¹⁷⁹. Other projects help to improve the climate resilience of the country. A program under AMCC+ (*Alliance Mondiale Contre le Changement climatique*) worked to put in place tools for data management and use of information regarding climate change and help mainstream climate resilience into policy decisions.¹⁸⁰

The EU contributes to the sustainable development of fisheries in **Madagascar** through the EcoFish project, which builds on the Smartfish project under the previous development framework. Other projects support the development of sustainable development of agriculture. A support project called SANTARA is directly aimed at aiding the implementation of the interim EPA in Madagascar. Amongst other things, the project works with the fishing industry to improve knowledge of phytosanitary precautions.

There has also been a project to support the development of public water facilities and access to clean water.

Significant evidence has been found of projects working towards improving environmental sustainability in **Mauritius**. Several projects were found that focus on the country's important sugar industry. All worked to support the reform of the sugar industry in Mauritius following the changes to their access to the EU market following the end of the sugar protocol. Two were orientated towards improving Mauritius' competitiveness in the sale of sugar, another towards general diversification of the sugar industry and a third towards development facilities to process cane to produce ethanol, to be used as a source of renewable energy.¹⁸¹

The wider agricultural sector has also been the subject of projects aiming to promote Smart Agriculture to improve climate resilience of food systems. Certain projects have directly targeted the protection and promotion of forests: one project aims to increase forest cover in Mauritius to encourage carbon sequestration and climate resilience.¹⁸²

¹⁷⁸ See, for example, European Commission (2016) Action Document for Zimbabwe EPA Support Project https://ec.europa.eu/international-partnerships/system/files/c_2016_8091_f1_annex_en_4_zimbabwe_epa_support.pdf

¹⁷⁹ Alliance for Rural Electrification (2017), SOLAR23 o install first on-grid solar power plants on Mohéli Island, <https://www.ruralelec.org/news-from-are/solar23-install-first-grid-solar-power-plants-moheli-island>

¹⁸⁰ AMCC+, Programme d'appui à l'Union des Comores pour le renforcement de la résilience au changement climatique,

<https://www.gcca.eu/fr/programmes/programme-dappui-lunion-des-comores-pour-le-renforcement-de-la-resilience-au-changement>

¹⁸¹ EIB projects investing in the sugar industry in Mauritius, <https://www.eib.org/en/infocentre/stories/all/2015-december-03/a-sweet-story-about-sugar.htm>

¹⁸² Ridge to Reef (see Table)

Evidence was found of development projects promoting the development of Mauritius' low-carbon economy. The project helped finance renewable energy and energy efficiency projects by supporting local banks in offering favourable conditions on green credit.¹⁸³

Implementation of the EPA in **Seychelles** has been supported by development cooperation projects. This includes support for upgrading the agriculture and fisheries sectors to use more environmentally friendly production techniques. (In addition to development cooperation projects, EUR 2.8 million of the EUR 5.3 million that Seychelles receives each year under the Sustainable Fisheries Partnership Agreement is reserved for promotion of sustainable management of fisheries and support for small-scale fisheries).¹⁸⁴

Infrastructure development in Seychelles with potential environmental impact has been supported by EU development cooperation. A major project to renovate and expand the commercial port in Port Victoria has been undertaken, which it is claimed will make handling of goods more environmentally sound. The project has involved extending the port yard area and dredging.¹⁸⁵ A series of projects has supported the installation of a submarine fibre optic cable to improve the international connectivity of Seychelles.

The development cooperation projects with environmental impact found for **Zimbabwe** focussed primarily on aiding the development of the agricultural sector to introduce practices that are more environmentally friendly.¹⁸⁶ This included a project supporting the implementation of the EPA by strengthening the agricultural sector for international trade, particularly regarding phytosanitary standards.

A project was also found supporting natural resource management and wildlife protection through empowering communities to build livelihoods from their natural resources.

Table 19: Examples of EU development cooperation projects in the ESA countries

Programme	Description and comments
Comoros	
Support programme for the Union of Comoros to strengthen its resilience to climate change (AMCC) 3 Million EUR 10 th EDF	Contribute to building resilience to climate change.
ACP-EU Energy Facility 2,3 Million EUR 10 th EDF	Contribute to the installation of 6 photovoltaic electrical grids in rural areas of the island of Moheli.
Madagascar	
<i>Co-production de services publics de l'eau et de l'assainissement par les organisations d'usagers et les autorités communales</i> 400,000 EUR 10 th EDF	Contribute to the development of public water utility and cleaning water in rural areas (Analamanga region).
Ecofish 28 million EUR 11 th EDF	Project promoting sustainable fisheries and fishing, including monitoring and prevention of illegal fishing activity (building on Smartfish) ¹⁸⁷ .

¹⁸³ <https://www.sunref.org/en/projet/recuperer-des-residus-sucriers-pour-les-valoriser-en-produits-industriels-a-forte-valeur-ajoutee/>

¹⁸⁴ https://knowledge4policy.ec.europa.eu/publication/eu-sustainable-fisheries-partnership-agreements_en

¹⁸⁵ <https://www.eib.org/en/projects/pipelines/all/20080432>

¹⁸⁶ https://ec.europa.eu/international-partnerships/system/files/c-2017-4418-annexe_en.pdf

¹⁸⁷ <https://www.commissionoceanindien.org/portfolio-items/ecofish/?portfolioCats=27>

Programme	Description and comments
RINDRA 40 Million EUR 11 th EDF	Rural development programme encouraging climate resilient and sustainable agriculture ¹⁸⁸
AFAFI 80 Million EUR 11 th EDF	Rural development programme encouraging climate resilient and sustainable agriculture ¹⁸⁹
Implementation of the interim EPA support project (SANTATRA)	Directly targeted at aiding the implementation of the EPA, one of the tasks involves improving knowledge of fishing workers of phytosanitary practices.
Mauritius	
Mauritius from Ridge to Reef 4 Million EUR GCCA+	Increase the native forest cover (including mangroves) to enhance the climate resilience of natural ecosystem and carbon sequestration
Renewable Energy and small island states 8 million EUR EIB	Aid in processing of molasses into ethanol to be used as a form of renewable energy, along with CO2 capture to be used by the food industry
Carbon burn-out facility 8 million EUR EIB	Conversion of coal fly and bottom ashes into additives for Portland cement, aiding the problem of waste management for ash disposal in Mauritius
Climate smart agriculture for small holders in Mauritius 6 million EUR GCCA+	Support for the capacity for the ministry of agro-industry and food security to offer advice on climate smart agriculture to producers, and support for adoption by producers of climate smart agriculture measures ¹⁹⁰
Seychelles	
Supporting implementation of the Seychelles National Climate Change Strategy 3 million EUR GCCA+	Aims to strengthen the climate change sector policy framework and support adaptation to climate change in coastal areas ¹⁹¹
Port Victoria Rehabilitation 18 million EIB	Rehabilitation and expansion of the commercial port at Port Victoria including extension of the port yard and dredging. Dredging is associated with negative environmental impacts. ¹⁹²
Zimbabwe	
Zimbabwe Agricultural Growth Programme (ZAGP) 42 Million EUR	Aims to help develop the diversification and efficiency of agriculture while promoting inclusive green economic growth ¹⁹³

Source: Own compilation from EC and governmental sources

¹⁸⁸ <http://www.midi-madagasikara.mg/economie/2020/03/21/programme-rindra-40-millions-deuros-pour-un-appui-institutionnel/>

¹⁸⁹ <https://madagascar.cirad.fr/actualites/lancement-du-programme-afafi-sud-appui-au-financement-de-l-agriculture-et-aux-filieres-inclusives>

¹⁹⁰ <https://www.gcca.eu/programmes/climate-smart-agriculture-small-holders-mauritius>

¹⁹¹ <https://www.gcca.eu/programmes/continuing-supporting-implementation-seychelles-national-climate-change-strategy>

¹⁹² <https://www.eib.org/en/projects/pipelines/all/20080432>

¹⁹³ https://ec.europa.eu/international-partnerships/system/files/c-2017-4418-annexe_en.pdf

Annex IV. Screening tables for social, human rights and environment impacts

This Annex provides a detailed preliminary screening of social, human rights and environment measures in the interim EPA and of their impacts. It also provides a screening of possible social, human rights and environment measures to be included in the chapter on Trade and Sustainable Development in the deepening of the EPA: these possible measures for the deepening of the EPA were identified based on two recent EU agreements, with Australia and Vietnam. Finally, the annex provides an overview of the possible social, human rights and environment impacts of selected other chapters in the interim EPA and selected possible chapters for the deepening of the EPA.

The screening uses a simple, three-level qualitative score from minor impacts (+) to significant impacts (+++). Based on this preliminary screening, a set of the potentially most important measures and pathways for analysis have been identified in Task 3. It should be noted that this preliminary screening has been carried out based on initial information gathered: these preliminary results will be reviewed as further information is gathered under the main evaluation and assessment tasks of the study (indications of expected sources are given in the tables).

Table 20: Initial screening of social measures in the interim EPA and their possible impacts

Interim EPA measure	Possible social impacts	Potential importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art.2, Art.4, Art. 36, Art.53)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (Article 9 of the Cotonou agreement), social rights (Articles 9 and 50) and environment (Article 49). ¹⁹⁴ While these articles do not foresee any specific measures to improve social rights, it should ensure at least that other measures do not have adverse effects on social rights.	+
Reaffirmation of coherence with the Millenium Development Goals (Art.2)	The interim EPA reinforces the implementation of measures that promote the achievement of the MDGs; particularly relevant MDGs in the field of social sustainability are MDG 1 (eradicate poverty and hunger) and MDG 3 (promote gender equality). Again, specific measures directly targeted at these goals are only under the chapter on development cooperation; these articles merely reinforce their importance and should ensure avoidance of adverse effects and deterioration of the situation.	+

¹⁹⁴ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf).
L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)

Promotion of good governance (Art. 2 (b))	Improved commitment of national authorities to respect the principles of good governance in the ESA region – possible impact on good governance.	+
Taking into account social impacts in the development and management of the fisheries sector (Chapter III, Art. 25)	Positive or negative effects on employment, wages and working conditions in the fisheries sector; Positive or negative effects on overall employment and working conditions depending on the development of the fisheries sectors (e.g., creation of formal jobs for persons who previously worked in informal/insecure employment). Possibility of higher impact because it is more concretely tied to measures in a certain sector; sectoral management more directly linked to social situation than, e.g., trade flows.	++
<i>Possible sources:</i> <i>Data on development of employment in the fisheries sector, to the extent available, and on other for this sector; World Bank indicators on governance. Review of implementation of employment and social policy in this sector, especially OSH management, labour inspections, etc., through stakeholder consultations, literature reviews and NORMLEX database; Case study of the fisheries sector</i>		

Table 21: Initial screening of possible social measures in the deepening of the EPA and their possible impacts

Possible measure for the deepening of the EPA	Possible social impacts	Potential importance
Promotion of ratification of fundamental ILO Conventions	All five ESA countries already ratified all the fundamental ILO Conventions;	..
Promotion of ILO 2008 Declaration on Social Justice for a fair globalisation and of ratification of other ILO Conventions (e.g. governance or technical ones ¹⁹⁵)	Concluding outstanding ratification of other ILO Conventions, e.g. governance conventions and Labour Inspections (Agriculture) Convention (No.129, 1969) and Employment Policy (No.122, 1964 ¹⁹⁵) not yet ratified by three countries.	+
Effective implementation of the ILO Conventions ratified. Levels of labour protection must be consistent with internationally recognised standards and agreements	Improvements esp. regarding child labour, discrimination, violence and sexual harassment at the workplace, in-work poverty (collective bargaining), OSH management/labour inspections and informal employment	++
Reduction of the level of standards, waivers or sustained or recurring actions or inactions (derogating from labour law or from its	Same as above	+

¹⁹⁵ This Convention obliges Member States to adopt an active policy to promote full, productive and freely chosen employment. Implementing this Convention may range from promoting job creation and improving job quality to more neoliberal approaches of improving workability of the population (e.g., skills acquisition, literacy education, vocational training) (MacNaughton, G., Frey, D., 2018, *Economic and Social Rights in a Neoliberal World*, Cambridge University Press).

Possible measure for the deepening of the EPA	Possible social impacts	Potential importance
enforcement) to encourage trade or investment are not allowed.		
Transparency towards non-state actors/ stakeholders regarding labour condition measures	Better implementation of social standards due to transparency and increased participation under the deep EPA.	+
Promotion of corporate social responsibility (CSR) and responsible business conduct (RBC)	Implementation of CSR and RBC by enterprises (e.g. Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, etc) – and where relevant, supported by new legislation and policies – can lead to improved social, human rights and environmental actions taken by enterprises, including EU investors in ESA countries, promoted also via legal frameworks.	++
<p><i>Possible sources:</i> <i>Consultation results. Comparison with any results identified from existing EU trade agreements and EPAs.</i> <i>Literature review on CSR and RBC.</i></p>		

Table 22: Initial screening of human rights measures of the interim EPA and their possible impacts

Interim EPA measure	Possible human rights impacts	Potential Importance
Reaffirmation of coherence between the EPA and the Cotonou Agreement (Recital 7, Art. 2, Art. 4)	Improved coherence of the actions taken further to the interim EPA with the objectives and the principles of other international instruments and, in particular with the Cotonou agreement as the overarching framework for EU relations with African, Caribbean and Pacific (ACP) countries, in the field of human rights, democratic principles and the rule of law (article 9 of the Cotonou agreement) ¹⁹⁶ – possible impact on human rights, democratic principles, rule of law.	+
Application of non-exclusion clause under the Cotonou agreement (Art. 65)	Improved respect of human rights democratic principles, or the rule of law in the ESA countries in order to avoid the application of the non-execution clause under articles 11(b), 96 and 97 of the Cotonou Agreement (as referred to under article 65 of the interim EPA) and the suspension of the EPA trade preference for a country sanctioned under the Cotonou provisions for breaching human rights, democratic principles, or the rule of law. ¹⁹⁷ – possible	+

¹⁹⁶ M. Lerch, *Environmental and social standards in the Economic Partnership Agreement (EPA) with West Africa: comparison to other EPAs*, European Parliament publication, 2015, available at [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA\(2015\)549040_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549040/EXPO_IDA(2015)549040_EN.pdf); L. Bartels, *Human rights provisions in Economic Partnership Agreements in light of the expiry of the Cotonou Agreement in 2020*, European Parliament publication, 2017, available at [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU\(2017\)578011_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578011/EXPO_STU(2017)578011_EN.pdf)
¹⁹⁷ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI\(2018\)620218_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620218/EPRS_BRI(2018)620218_EN.pdf)

Interim EPA measure	Possible human rights impacts	Potential Importance
	impact on human rights, democratic principles and rule of law.	
Gender-mainstreaming in development co-operation (Art. 38(h))	Increased mainstreaming of a gender perspective in the development co-operation programmes (e.g. budget, activities, etc) implemented in the ESA countries – possible impact on gender equality to be assessed through consultation with funding and implementing entities and, in particular with DG DEVCO. Increased financing of development projects aimed at tackling gender-related issues – possible impact on gender equality.	+
Involvement of indigenous development organisations in investment (Art. 40)	Increased presence and enhanced capacity of indigenous development organisations to engage in sustainable and equitable economic development of ESA through investment – possible impact on rights of indigenous people to be assessed through consultation with indigenous development organisations.	+
Human resource development and skills training (Annex IV)	Increased access to inclusive (for all), equitable (equal treatment and opportunities for students) and quality education – possible impact on right to education.	+
Trade-related Adjustment costs (Annex IV)	Mitigation against fiscal revenue losses and economic costs of adjustment to protect basic service sectors e.g. health and education – possible impact on right to education and health.	+
<i>Possible sources:</i>		
<i>Consultation results. Comparison with any results identified from existing EU trade agreements and EPAs.</i>		

Table 23: Initial screening of possible human rights measures for the deepening of the EPA and their impacts

Possible measure for the deepening of the EPA	Possible human rights impacts	Potential importance
Promotion of corporate social responsibility (CSR) and responsible business conduct (RBC)	Implementation of CSR and RBC by enterprises (e.g. Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, etc) – and where relevant, supported by new legislation and policies – can lead to improved social, human rights and environmental actions taken by enterprises, including EU investors in ESA countries, promoted also via legal frameworks.	+
Civil society participation	Better monitoring of impacts on ESA5 conditions thanks to an increased involvement of civil society representatives (including employers' and workers'	+

	organisations, business organisations, environmental interest groups, and other relevant stakeholders) – affecting social, human rights and environmental impacts.	
Transparency on social, human rights and environmental measures	Higher levels of transparency through publication of measures of general application and access to judicial/administrative procedures – affecting social, human rights and environmental impacts.	+
<i>Possible sources:</i> <i>Consultation results. Case study results. Comparison with any results identified from existing EU trade agreements and EPAs. Literature review on CSR and RBC.</i>		

Table 24: Initial screening of environmental measures in the interim EPA and their possible impacts

Interim EPA measure	Possible environmental impacts	Potential importance
Support for the implementation of international environmental agreements, conventions and treaties (Art. 49)	Improvements in environmental conditions and governance due to improvements in implementation of multilateral environmental agreements (MEAs)	++
Cooperation on water resources (Art. 50)	Improved water infrastructure, technology transfer, development of legal frameworks including integrated water management, via cooperation activities, leading to pollution reduction and improved water resources management.	+
Cooperation on biodiversity (under Art. 51)	Improved biodiversity management, including forests, wildlife, biological resources and marine resources, via actions and cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Promotion of ESA industries related to environment (under Art. 51)	Development of ESA environmental industries and environmentally friendly products, via actions including promotion of EU-ESA partnerships, linkages, joint ventures and exchange of information (among which the stronger implementation of MEAs)	+
Cooperation on environmental degradation (under Art. 51)	Improved air and water quality and waste management, possibly also actions against soil erosion and desertification, via cooperation, including for the development of legal frameworks (among which the stronger implementation of MEAs)	+
Cooperation on natural resources, including water and biodiversity (Art. 38)	Improvements in environmental conditions due to increased EU development cooperation	+
<i>Possible sources:</i>		

Interim EPA measure	Possible environmental impacts	Potential importance
<i>Overviews of ESA country legal frameworks, including frameworks for the implementation of MEAs. Review of EU development cooperation programmes and projects in the ESA countries related to the Agreement. Consultation results.</i>		

Table 25: Initial screening of fisheries measures in the interim EPA and their possible impacts

Interim EPA measure	Possible impacts	Potential importance
Cooperation for sustainable fisheries exploitation and management	Greater value-added in fisheries sectors, including better access to EU markets, improved product quality for EU SPS standards, reduced intra-regional trade barriers, and capital inflows	+
Cooperation for a more equitable share of benefits from the fisheries sector	Better share of value added in fisheries among social groups, including via easier entry for small and cooperative fishing enterprises	+
Ensure effective monitoring, control and surveillance (MCS) to combat illegal, unreported and unregulated (IUU) fishing	Improvement in fish stocks, via capacity for improved MCS leading to reduction in IUU fishing. Improved opportunities for legal fishing	+
Promote effective exploitation, conservation and management of living marine resources, based on international instruments	Improvement in scientific monitoring of fish stocks and management measures, including via better implementation of international agreements, EC development cooperation, and improved cooperation among ESA countries	+
Development cooperation on fisheries (Art. 38)	Improvements in fish stocks and domestic fishing sectors due to support from EU development cooperation for fisheries management. Stronger technical and scientific cooperation under the SFPAs.	++

Possible sources:

Data on national fisheries investment and production; data on fisheries trade with EU and within ESA. Literature reviews of ESA country legal frameworks, including implementation of international fisheries agreements. Review of EU development cooperation programmes and projects with the five ESA countries. Review of the SFPAs with the five ESA countries and of technical and scientific cooperation related to the interim Agreement under the SFPAs. Consultation results.

Table 26: Initial screening of possible environmental measures for the deepening of the EPA and their impacts

Possible measure for the deepening of the EPA	Possible environmental impacts	Potential importance
Ratification and implementation of MEAs on biodiversity	Improved biodiversity, including via strengthened national legal frameworks and institutions, supporting strengthened implementation of MEAs and supported by EU development cooperation.	++
Promotion of sustainable forest management and combatting illegal trade in forest products	Improved biodiversity and forest health, including via strengthened national legal frameworks and institutions and EU-ESA FLEGT agreements, supported by EU development cooperation. This provision may also have social and human rights effects, for example supporting communities in forest areas.	+
Promotion of trade in legally harvested and sustainable products	Increase in trade in ecolabel and fair-trade products, supported by EU development cooperation and private sector partnerships. This provision may have social effects if sustainable products produced by SMEs are supported.	+
Shared commitment to implement MEAs on climate, including the Paris Agreement	Reduction in ESA GHG emissions compared to the baseline via cooperation, including EU development cooperation and private sector partnerships: better deployment of energy efficiency and low-emission technology; stronger national implementation of MEAs. Improved climate change adaptation (leading to lower economic, social and environmental risks) in ESA countries, including via development cooperation.	++
The right of each Party to set its levels of domestic environmental protection, though these should be consistent with international treaties; weakening is discouraged	This provision would allow Parties to set their levels of environmental protection, including increasing these levels without harm. The provision discourages but does not prevent Parties from reducing levels of environmental protection. The impact is not considered to be major.	..
Promotion of corporate social responsibility (CSR) and responsible business conduct (RBC)	Implementation of CSR and RBC by enterprises (e.g. Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, etc) – and where relevant, supported by new legislation and policies – can lead to improved social, human rights and environmental actions taken by enterprises, including EU investors in ESA countries, promoted also via legal frameworks.	++

Possible measure for the deepening of the EPA	Possible environmental impacts	Potential importance
Transparency on social, human rights and environmental measures	This provision would provide civil society with greater information on environmental issues.	++
Use of the precautionary principle in addressing environmental risks	Lower environmental risks due to ESA and EU policies based on the precautionary principle. This provision, as the one above, would allow Parties to set their levels of environmental protection. The impact is not expected to be major.	..

Possible sources:
Literature review on current implementation of MEAs and on climate policies, forest management and other key environmental policies in the ESA countries (from the evaluation of the interim EPA). Impacts of existing FLEGT agreements in other countries. Literature review on CSR and RBC. Consultation. Case studies.

Table 27: Initial screening of selected trade, investment and development provisions of the interim EPA and their possible social, human rights and environmental impacts

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
Trade in goods: reducing tariffs and non-tariff measures (Chapter I, Titles I, II and III)	The provisions may have increased trade in goods, potentially leading to: Social: new employment opportunities from exports but risks for existing employment from EU imports regarding labour demand, wages, working conditions; increase in public revenues from VAT – increase in social protection expenditure; depending on the type of labour demand created, increased productivity may have led to an increase or decrease in unskilled work, low wages, labour migration and related exploitation/trafficking	++
	Human rights: reduction in the price and increased availability (in terms of quantity, choice, and price) of food and pharmaceutical products/medical devices – women may be affected in a different manner (affecting right to adequate living conditions and gender equality)	++
	Environment: scale and structure effects	++
Trade defence measures (Chapter I, Title IV)	The provisions may have protected domestic sectors from dumping, possibly leading to: Social: protection of employment (jobs, wages), but higher prices for certain goods for consumers Human rights: major effects not identified Environment: major effects not identified	+
Development cooperation (Chapter IV and Annex IV) on:	The provisions may have increased EU development cooperation in the ESA countries across a broad range of areas, leading to:	

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
<ul style="list-style-type: none"> • Trade-related adjustment costs • Gender mainstreaming • Public Private Partnership mechanisms, entrepreneurship • Local communities ¹⁹⁸ • HR development and skills training • Mainstreaming environment • Agriculture • Fisheries 	<p>Social: Positive impact on employment (SDG 8), and, consequently on poverty (SDG 1), if wage standards are respected; cooperation in ‘risk’ sectors, such as mining, could be conducive to various SDGs, namely the ‘promotion of health and safety standards’ (SDG 8), the protection of small-scale miners and community rights (indirect impacts related to various SDGs, e.g. SDG 1, 2 and 8); ‘developing policy and mechanisms to manage vulnerability of mineral export dependency countries’ (Annex IV, key area c (vi)) could be conducive to SDG 10; increased gender equality; impacts that are in line with SDG 4 on inclusive and equitable quality education - as a consequence, impact on employability and income (SDGs 1 and 8)</p> <p>Human rights: EU development cooperation expected to support human rights across projects; for example, via mainstreaming of a gender perspective in the development co-operation programmes and development projects directly addressing gender-related issues – possible impact on gender equality.</p> <p>Environment: better environmental management in agriculture and manufacturing, better fisheries management (see also separate environment and fisheries tables)</p>	<p style="text-align: center;">++</p> <p style="text-align: center;">+</p> <p style="text-align: center;">++</p>
<p>Private sector development (Chapter IV, Title II), for:</p> <ul style="list-style-type: none"> • Support for investment • Industrial development and competitiveness • Micro, small and medium-sized enterprises • Mining and minerals • Tourism development 	<p>The provisions may have increased EU FDI in ESA5 countries, possibly leading to:</p> <p>Social: potential increase in employment in sectors receiving EU investment; potential spill-over effects (skills improvement, job creation); better working conditions, in particular in the mining sector if labour standards are respected; potential increase in wage gaps (foreign-owned vs. local firms); potential impact on gender equality; tourism may have created important and well-paid jobs, but may have also increased consumer prices</p> <p>Human rights: higher living conditions potentially linked to better working conditions/better salary, higher levels of social welfare (e.g. health, education, housing) potentially linked to higher public revenues from taxation– women may be affected in a different manner (affecting the right to adequate living conditions, gender equality, and potentially, rights of indigenous people);</p> <p>Environment: scale, structure, technology and management effects. These may be particularly important for mining and minerals and tourism development.</p>	<p style="text-align: center;">++</p> <p style="text-align: center;">++</p> <p style="text-align: center;">++</p>

¹⁹⁸ Several points in Annex IV envisage participation and empowerment of local communities, especially in the context of the development of the tourism and mining sectors.

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
Infrastructure development (Chapter IV, Title III): transport, energy, ICT	<p>The provisions may have increased EU support for infrastructure in ESA5 countries, possibly leading to:</p> <p>Social: improvement of infrastructure (e.g. transport) is likely to have a positive effect on productivity and possibly job creation; potential improvement of access to education/lifelong learning through expansion of ICT</p> <p>Human rights: higher levels of protection of right to adequate living conditions thanks to better services for citizens</p> <p>Environment: scale, structure, technology and management effects (e.g. improvement in roads, ports and airports leading to greater traffic, growth of renewable energy, waste water treatment)</p>	<p>++</p> <p>+</p> <p>++</p>
<p><i>Possible sources:</i> <i>Data on changes in EU-ESA trade over the period of the interim EPA. Data on changes in EU sources of FDI in the ESA countries. Review of EU development cooperation programmes and projects with the five ESA countries. Consultation.</i></p>		

Table 28: Initial screening of selected possible trade, investment and development provisions of the deepening of the EPA and their social, human rights and environmental impacts

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
Trade in services: opening markets	<p>The provisions may increase EU-based trade in services in ESA countries, possibly leading to:</p> <p>Social: new employment opportunities but risks for existing employment</p> <p>Human rights: potential impact on social services (e.g. on education) linked to the opening of national markets to EU services providers</p> <p>Environment: EU operators entering markets for environmental services, improving management</p>	<p>++</p> <p>+</p> <p>++</p>
Investment: opening to EU-based FDI	<p>The provisions may increase EU-based investment in the ESA countries, possibly leading to:</p> <p>Social: new employment opportunities; possibility of foreign investment implementing CSR principles and improving social situation, e.g. labour standards, working conditions; risk of no or negative impacts where CSR exists on paper, but there is a lack of implementation, e.g. due to lack of control (possibilities) of the foreign investor; risk of negative social impacts due to FDI-related economic activities</p>	<p>++</p>

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
	Human rights: foreign investment implementing CSR principles, including risks mentioned above	++
	Environment: EU operators bringing new technology and environmental management	++
Rules of origin: simplification of EU requirements	The provisions may increase overall trade in goods and may shift production of traded goods within ESA5 countries, possibly leading to: Social: variations in employment Environment: scale and structural effects	 + +
Technical barriers to trade: removing barriers	The provisions will facilitate trade and are likely to increase bilateral trade, possibly leading to: Social: variations in employment in ESA5; job creation through facilitated export; Human rights: possible reductions in price and increased availability (in terms of quantity, choice, and price) of certain products (affecting right to adequate living conditions) Environment: scale and structural effects	 + + +
Sanitary and Phyto-sanitary measures: including animal welfare and microbial resistance considerations	The provisions are likely to change sanitary and phyto-sanitary requirements and methods in the ESA5 countries, possibly leading to: Social: major effects not foreseen Human rights: major effects not foreseen Environment: possible improvements in animal welfare, reductions in veterinary medicines, improvements in agricultural practices. Possible changes in use of agricultural chemicals	 +
Public procurement: opening markets to EU goods and services	The provisions are likely to provide transparency rules, possibly leading to: Social: new employment opportunities but risks to existing employment Human rights: possible higher levels of protection of right to adequate living conditions/right to water thanks to better services for citizens	 ++ +

Chapter and measures	Possible social, human rights and environmental impacts	Potential importance
	Environment: investment and technology for public environmental services	++
Customs and trade facilitation	Increase in trade due to facilitation measures, possibly leading to: Social: reduction of trade barriers for SMEs and their employees, increasing exports to EU and employment Human rights: effects not foreseen Environment: scale and structural effects	+ +
Development cooperation	As for the interim EPA, development cooperation could have important social, human rights and environmental impacts	++
General architecture: civil society participation	Civil society participation via advisory groups, providing greater transparency on the agreement and leading to: Social, human rights and environment: better monitoring of impacts within the ESA countries	++

Possible sources:

Review of results of economic assessment of the potential impacts. Consultation results. Case studies.

Annex V. Overview of case studies

Details of the Case Studies are as follows:

Fisheries

Selection Criteria: The selection criteria are based on the sectors' importance to the economy; relevance for the negotiations; the trade provision impact; relevance for one or more sustainability pillars, including human rights and gender norms; and relevance to poverty reduction. In the case of Fisheries, the relevance to each of these indicators is given in the table below.

Table 29: Fisheries Case Study Selection Criteria

	Description of the Selection Criteria	Mauritius	Seychelles	Madagascar	Comoros
1	Importance to the Economy	High	High	High	Low
2	Relevance for the Negotiations	High	High	High	High
3	Relevance of Trade Provisions	High	High	High	High
4	Relevance to sustainability pillars	High	High	High	High
5	Relevance to poverty reduction	High	High	Low	Low

Research Questions: The research questions to be addressed under the Fisheries Case Study will be “How would the provisions of the deep EPA affect marine fisheries the 4 Indian Ocean island ESA members”. Issues to address could be rules of origin, and related issues, such as cumulation, value tolerances and automatic derogations, accounting segregation, rules concerning transshipment at sea, rules on handling of by-catch, use of FADs, mandatory use of VMS, procedural and documentary requirements (including use of a registered exporter scheme), rules governing issuance of catch certificates, and agreements on administrative cooperation with other non-ESA states. Other key issues to be addressed could include SPS, TBT, IPRs, Trade and Sustainable Development, Investment and Institutional Structures.

Methodology: The methodology to be used assumes that when the Case Studies are done it will be possible to travel to the countries concerned. If there is no travel allowed then the face-to-face meetings, group discussions and interviews will need to be replaced by virtual ones, although it is preferable to do the face-to-face meetings.

The methodology for the Marine Fisheries case study will include meetings, group discussions and interviews (either face-to-face or virtually or both) will be held with the EUC (specifically DG MARE, DG TAXUD and the EU Delegations in the ESA5 island states); representatives of the EU's Distant Water Fishing Fleet and purse seine operators/captains; canning factories in Europe (Spain, Italy and France); Thai Union (in Seychelles) and Princess Tuna (in Mauritius); small fish processors in the ESA5 (such as Ocean Basket, Sea Harvest, Oceana Fisheries, etc.); Ministries and Agencies in the ESA5 island states who oversee the marine fisheries sector; and local fishermen, both artisanal and semi-industrial. There has been a considerable amount of work already done on marine fisheries rules on origin and how to make the sector more sustainable and job-creating and the results of these studies will also be taken account of.

Expected Outcome: The expected outcomes would be a more detailed understanding of:

- the potential impacts of the deep EPA on the fisheries sector, and, in particular in terms of economic indicators (value added, exports); social indicators (employment levels, wages, working conditions); human rights; and environment (fish stocks and marine ecosystems)

- the requirements for a more sustainable development of the fisheries industry in the ESA5 which would be achieved through value addition and strengthening of the fisheries-related (M)SMEs;

Mining

The mining case studies will focus on small-scale artisanal mining operations in Zimbabwe and Madagascar.

Madagascar has immense potential in terms of natural capital. According to the 2016 EITI Report, Madagascar received USD44.7 million from extractive industry taxation. Estimates showed that the sector accounted for 4.6 per cent of the country's GDP, a significant increase over the 2.1 per cent contribution to GDP in 2013. The start of production by Ambatovy and QMM strongly contributed to the increase. The sector also contributed to almost a quarter of total exports. The artisanal and small-scale mining (ASM) sector represents an important source of employment in Madagascar, accounting for a fifth of total employment. Artisanal mining operations concern mainly gold, and precious and semi-precious stones, including high quality rubies and sapphire.

In Zimbabwe, ASM, particularly gold mining, is an important, and growing sector of economic importance and there is a strong inter-relationship between ASM and farming. Recently, there have been clashes between farmers and small-scale miners and, according to the Centre for Conflict Management and Transformation, the clash between farmers and miners is rooted in the Mines and Minerals Act, which farmers say places greater value on gold prospecting than farming. While the rural development consequences of Zimbabwe's Fast Track Land Reform Programme have been heavily debated, there is a dearth of literature focusing on the post-land reform inter-relationships between artisanal and small-scale gold mining and the impacts of 'liberating' mineral resources in farming areas previously inaccessible to the rural poor.

Selection Criteria: The selection criteria used to include artisanal and small-scale mining as a case study are provided in the table below:

Table 30: Case Study Selection Criteria of ASM in Madagascar and Zimbabwe

	Description of the Selection Criteria	Madagascar	Zimbabwe
1	Importance to the Economy	High	High
2	Relevance for the Negotiations	Medium	Medium
3	Relevance of Trade Provisions	Low	Low
4	Relevance to sustainability pillars	High	High
5	Relevance to poverty reduction	High	High

Context: In both Madagascar and Zimbabwe formal sector employment opportunities are scarce. Zimbabwe has multiple deposits of alluvial gold and Madagascar has alluvial gold and gemstone deposits, which are accessible to small-scale miners using, usually, hand tools (such as picks and shovels) and shallow mines, either mine shafts or open pits. These small-scale mining operations usually operate outside the counties' legal structures and are not regulated. Although they generate income for the rural poor, the results of this mining are usually environmental degradation, as, amongst other things, the miners leave open pits and "slag heaps" in communal grazing lands that then become hazards for humans and animals. There are also no labour or health and safety standards adhered to. The EPA may be able to assist to establish a mutually beneficial regulatory environment.

Purpose: The purpose of this Case Study is to fully understand the ASM sector in Madagascar and Zimbabwe and its inter-relationship particularly with farming and to then recommend what can be done under the EU-ESA EPA to introduce regulations and standards and value chain improvements that will benefit all stakeholders including government, small-scale miners, farmers, and livestock ranchers, and the environment.

Research Questions: The research question will be: “How would the provisions of the deep EPA affect mining in the ESA countries?” Issues to address could include Customs and Trade Facilitation, Trade and Sustainable Development, Investment, CSD, and Institutional Structures. The case study might also identify ‘flanking measures’ such as technical assistance requirements, that could be taken.

Methodology: The methodology to be used assumes that when the Case Studies are done it will be possible to travel to and within Madagascar and Zimbabwe. It will be crucial to have face-to-face meetings, group discussions and interviews with small-scale miners and farmers in areas where small-scale mining operations are taking place. It would also be necessary to have meetings, group discussions and interviews with relevant government departments and NGOs and other stakeholders in the value chains but it may be possible to supplement these face-to-face meetings, or at least some of them, with virtual meetings over the internet.

Expected Outcome: The expected outcome would be recommendations on how the EU-ESA EPA can be structured and used to support an ASM regulatory structure that would benefit all stakeholders and which would reduce the environmental damage and improve labour standards and introduce equal gender opportunities.

Textiles, Garments and Soft Toys:

The economic importance of the textile and garment industry in Mauritius, Madagascar, and Zimbabwe has fluctuated over the years.

Mauritius built its textiles and garment industry on EU preferences and accompanying rules of origin. The Lomé and Cotonou preferences had double transformation rules of origin so the Mauritius textiles and garment industry imported yarn and knitted or weaved this yarn into textiles and then manufactured garments and apparel for high-end fashion houses that could be sold into the EU markets at very competitive prices because these imports were free of duty. Many factors have led to the decline of the textiles and garments industry in Mauritius, including increased competition from other ACP countries and increases in wage rates in Mauritius. Mauritius also has a soft toy industry that exports mainly to Germany. However, owing to subtle changes in the HS classifications which has resulted in components of soft toys being classified the same as the finished product, and owing to the EU-ESA EPA rule of origin being a change of tariff classification rule, some soft toys no longer classify as originating from Mauritius so are not eligible for tariff preferences into the EU market.

The textile and garment industry in Madagascar has been through cycles of growth and decline. In the early 2000s Madagascar was one of sub-Saharan Africa’s leading clothing exporters to both the United States and the European Union. A series of instances of political turmoil and instability, starting in 2002, resulted in Madagascar losing its trade benefits under the African Growth and Opportunities Act (AGOA) and resultant disinvestment by Asian, European and Mauritian manufacturers which caused an almost total collapse in the industry. Since 2014, with the re-establishment of AGOA eligibility, the clothing industry has been recovering and is able to take advantage of its AGOA, EU and SADC trade preferences.

The textile and garment industry in Zimbabwe used to be an important industry in Zimbabwe, employing about 35,000 workers. However, clothing lines became uncompetitive in the face of cheap imports, which flooded the market and the industry virtually collapsed. Recently, through support from government, textile companies, which had been closed for a few years, have now opened again, and are moving to full production. They have started to supply local garment manufacturers, which has simplified the supply chains of these manufacturers and so made them more competitive. With the added benefit of EU trade preferences, Zimbabwe’s textile and garments industries could benefit from the EU-ESA EPA in terms of attracting and leveraging foreign direct investment (FDI) and in preferential market access.

Justification: The textile and garment industry in Madagascar, Mauritius and Zimbabwe is growing in importance, after experiencing a decline in all cases. The industry has the capability of generating employment

opportunities for large numbers of unskilled and semi-skilled workers and so has a strong impact on poverty reduction. Each country is promoting the growth of the industry differently and a case study in these three ESA5 countries and an analysis of how the EU-ESA EPA could assist to promote the industry would be beneficial in terms of increased employment opportunities, ensuring international labour standards are complied with, poverty reduction and increased exports.

Selection Criteria: The selection criteria used to include the textile and garment industry as a case study are provided in the table below:

Table 31: Case Study Selection Criteria of Textiles and Garments

	Description of the Selection Criteria	Mauritius	Madagascar	Zimbabwe
1	Importance to the Economy	High	High	High
2	Relevance for the Negotiations	High	High	High
3	Relevance of Trade Provisions	High	High	High
4	Relevance to sustainability pillars	High	High	High
5	Relevance to poverty reduction	High	High	High

Context: The textile and garment industry is economically important in all ESA5 countries (and the soft toy industry in Mauritius) and has the potential to create jobs and to assist in poverty alleviation. The EU ESA EPA is strongly relevant to the industry in terms of trade preferences; attracting FDI through leveraging the EPA to create investor confidence; promoting the use of international labour standards and labour rights; promoting equality in gender opportunities; and promoting internationally acceptable quality controls.

Purpose: The purpose of this case study is to explore how EPAs can be used to strengthen the sector and so promote economic growth, increased trade between the ESA5 and the EU, reduce poverty and strengthen the implementation of the SDGs, especially after the Covid-19 crisis.

Research Question: The research question would be: “How would the provisions of the deep EPA affect the Textiles and garments and (in the case of Mauritius) Soft Toy sectors in the ESA5 countries?” Key issues to be addressed could include Rules of Origin, Customs and Trade Facilitation, investment, CSD, Labour Conditions and Human Rights in general, Competition Policy and Intellectual Property Rights.

Methodology: The methodology to be used assumes that when the Case Studies are done it will be possible to travel to Madagascar and Zimbabwe. It will be crucial to have face-to-face meetings, group discussions and interviews with industry workers at least. It would also be necessary to have meetings, group discussions and interviews with the textile and garment factory owners and managers and their buyers in Europe but this could be done over the internet or by phone. It will also be important to meet with relevant government departments, labour unions, and other stakeholders in the value chains but it may be possible to supplement these face-to-face meetings, or at least some of them, with virtual meetings over the internet.

Expected Outcome: The expected outcome would be recommendations on how the EU-ESA EPA can be structured and used to support the growth of production and exports to the EU of textiles and garments and soft toys.

Tourism

Tourism was an important component of all the ESA5 countries before the Covid-19 pandemic struck. The future of the tourism industry in the ESA5 countries is now uncertain, but before the Covid-19 pandemic:

- The tourism industry in Comoros was relatively under-developed but had been identified by the government as a priority growth sector and is part of the government’s economic diversification programme.
- Tourism in Madagascar was also relatively under-developed and, since 2002, has been deeply affected by several bouts of political instability. The industry has demonstrated its resilience with positive growth rates in tourist arrivals, but the sector was still not meeting its potential even before the Covid-19 pandemic.
- In Mauritius, tourism was the third pillar of the economy, after the manufacturing sector and agriculture. Tourism contributed significantly to economic growth and was a key factor in the overall development of Mauritius, accounting for about 14 per cent of GDP.
- Tourism, together with fisheries, were the main drivers of growth and creators of wealth in Seychelles. The vision of the Seychelles Tourism Master Plan (updated in 2018) notes that “Tourism in Seychelles shall continue to be developed to the highest standards to achieve the optimum social and economic benefit for the Seychellois people. This, while reaffirming and further rooting the commitment to sustainable, responsible and ethical tourism at each step of the supply chain with the balanced objectives of economic empowerment, cultural and environmental conservation/protection and socio-cultural integration”.
- The Vision of the Zimbabwe National Tourism Policy (implemented in 2014) is to be “The destination of choice and leader in the development and sustainable tourism in Africa by 2018”. However, even before COVID-19, the tourism sector was not performing as well as planned. For example, there was a 5 per cent increase in the number of tourist arrivals in 2016 compared to 2015 but the tourism receipts dropped by 9 per cent.

Justification: The tourism sector in all ESA5 countries can be an important economic growth driver and can generate employment and so reduce poverty.

Selection Criteria: The selection criteria used to include the tourism sector as a case study are provided in the table below.

Table 32: Case Study Selection Criteria for the Tourism Sector

	Description of the Selection Criteria	Comoros	Mauritius	Madagascar	Seychelles	Zimbabwe
1	Importance to the Economy	High	High	High	High	High
2	Relevance for the Negotiations	High	High	High	High	High
3	Relevance of Trade in Service Provisions	High	High	High	High	High
4	Relevance to sustainability pillars	High	High	High	High	High
5	Relevance to poverty reduction	High	High	High	High	High

Context: The tourism sector is economically important in all ESA5 countries and has the potential to create jobs and to assist in poverty alleviation. The EU EPA is strongly relevant to the industry in terms of trade in services liberalisation; attracting FDI through leveraging the EPA to create investor confidence; promoting the use of international labour standards and labour rights; promoting equality in gender opportunities; and promoting internationally acceptable quality controls.

Purpose: The purpose of this case study is to explore how EPAs can be used to strengthen the sector and so promote economic growth, how to assist ESA5 countries to liberalise the trade in services sector, how to increase the number of EU tourists into the ESA5 countries, and how to reduce poverty and strengthen the implementation of the SDGs, especially after the Covid-19 crisis.

Research Question: The research question would be: “How could the deep EPA affect the tourism sector in all the ESA5 countries” Issues to address would include Trade in Services (including the schedule of specific commitments) and Trade and Sustainable Development.

Methodology: This Case Study could be done through virtual meetings, group discussions and interviews but it would still be preferable to hold face-to face meetings, group discussions and interviews. These meetings would be held with hotel managers, owners and staff as well as relevant government agencies and ministries. Other tourism-related industries, such as airlines and cruise ship operators would also be consulted. It would also be important to meet with the tourism SMEs and MSMEs including the owners and managers of bed and breakfast establishments, restaurants, local tour guides and tour operators in the eco-tourism sector.

Expected Outcome: The expected outcome would be recommendations on how the EU-ESA EPA can be structured and used to support the growth of the tourism sector in all ESA5 countries and to increase tourist arrivals, tourism receipts, job opportunities and to establish international employment standards.

Agriculture and Agro-Processing

The Agricultural Sector is, especially in terms of employment, an important component of all the ESA5 countries.

Comoros: The economy of the Comoros is primarily agricultural, with arable land comprising 45 percent of the total land area. Main subsistence crops grown are manioc, bananas, sweet potatoes, rice and corn. Crops such as cloves vanilla, ylang-ylang, and copra are grown for export. Agricultural productivity is extremely low, and cultivation methods are rudimentary. Fertilizer is seldom used by smallholders. About 20 percent of the cultivated land belongs to company estates; 20 percent to indigenous landowners who live in towns and pay labourers to cultivate their holdings; and 60 percent to village reserves allotted according to customary law. Food demand is not met by domestic production, so the Comoros is highly dependent on imported foods, especially rice. Over half of all foodstuffs are imported, and about 50% of the government’s annual budget is spent on importing food.

Madagascar: Agriculture accounts for almost 30 per cent of GDP, 40 per cent of export earnings and employs more than 70 per cent of the labour force. About five per cent of the land area is cultivated at any given time, of which 16 per cent is irrigated. The average farm size is 1.3 hectares, with most farmers practising subsistence agriculture. Because of Madagascar’s large variety of soil types and climatic diversity, farmers are able to grow temperate and tropical crops. Rice is the dominant food crop and is grown in the central plateau, eastern forests and lower river valleys and estuaries. Once self-sufficient, the country has been a net-importer of rice since 1980. Cassava, maize, sweet potatoes and yams are other staple crops grown. Producing 60 per cent of the global supply, Madagascar is the largest producer of natural vanilla. Livestock are also an important income earner for many farmers, with about 60 per cent of rural families depending on livestock for part of their livelihood. Poverty, competition for land and government corruption have put pressure on the island's dwindling forests, home to almost all Madagascar's unique wildlife and key to its tourist industry.

Mauritius: About 40 per cent of Mauritius's surface is being used for cultivation, of which roughly 90 per cent is sugar cane, the balance being tea, tobacco and food crops. Historically, sugar cane cultivation was the main agricultural activity in Mauritius. Mauritius imports about 70 per cent of its food requirements, However, because of its vulnerability to rising global food prices, government has been pushing the agriculture sector to boost food production to increase the country's self-sufficiency. A reasonable level of success has already

been achieved, with farmers producing almost 100 per cent of the country's needs in fresh vegetables, 60 per cent in potato and about one-third in onion. Livestock production is small, accounting for about five per cent of requirements in meat and two per cent in milk. Environmental degradation, mainly because of deforestation and unsustainable agricultural practices, is receiving growing recognition as a threat. The island was once covered by dense, tropical forest, however native forest cover is now approximately two per cent of its original extent.

Seychelles: Agricultural land in the Seychelles is scarce and local food production is limited to small-scale cultivation of fruits and vegetables, as well as production of meat and poultry, the latter for eggs. Seychelles is a net importer of food and many other basic commodities.

Zimbabwe: Agriculture is the backbone of Zimbabwe's economy as Zimbabweans remain largely a rural people who derive their livelihood from agriculture and other related rural economic activities. Agricultural activities provide employment and income for 60-70 percent of the population, supplies 60 percent of the raw materials required by the industrial sector and contributes 40 percent of total export earnings. Agriculture contributes approximately 17 percent to Zimbabwe's GDP. Tobacco, cotton, sugar and coffee are the main export crops. Livestock and livestock products contribute significantly to the economy of Zimbabwe, with cattle accounting for 35-38 percent of GDP contributed by the Agricultural Sector. Forests cover 40 percent of Zimbabwe's total land area but Zimbabwe ranks 3rd among African countries, after Sudan and Nigeria, in the rate of deforestation. Chronic malnutrition and stunting remains a major challenge in Zimbabwe.

Justification: The Agriculture sector in all ESA5 countries can be an important economic growth driver and can generate employment and so reduce poverty.

Selection Criteria: The selection criteria used to include the tourism sector as a case study are provided in the table below.

Table 33: Case Study Selection Criteria for the Agricultural Sector

	Description of the Selection Criteria	Comoros	Mauritius	Madagascar	Seychelles	Zimbabwe
1	Importance to the Economy	High	High	High	High	High
2	Relevance for the Negotiations	Low	Low	Low	Low	Low
3	Relevance of Trade Provisions	Low	Low	Low	Low	Low
4	Relevance to sustainability pillars	High	High	High	High	High
5	Relevance to poverty reduction	High	High	High	High	High

Context: The agricultural sector is economically important in all ESA5 countries and has the potential to create jobs and to assist in poverty alleviation.

Purpose: The purpose of this case study is to explore how EPAs can be used to strengthen the sector and so promote economic growth, how to assist ESA5 countries to grow the agricultural sector, especially through value addition and investment, and how to reduce poverty and strengthen the implementation of the SDGs.

Research Question: The research question would be: "How can the deep EPA affect the Agricultural Sectors in the ESA countries" Issues to address would include Customs and Trade Facilitation, SPS, Investment, Trade

and Competition, Trade and Sustainable Development, Agriculture/Agri-Business Cooperation and Institutional Structures.

Methodology: This Case Study could be done through virtual meetings, group discussions and interviews but it would still be preferable to hold face-to face meetings, group discussions and interviews. These meetings would be held with small, medium and large producers, consumers, hotels, restaurants and supermarkets, Ministries of Agriculture, the value-addition sectors, etc.

Expected Outcome: The expected outcome would be recommendations on how the EU-ESA EPA can be structured and used to support the growth of the agricultural sector in all ESA5 countries.

Stakeholder Consultations Summary

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Abbreviations

AfCFTA	African Continental Free Trade Area
AU	African Union
BDI	Federation of German Industries
CETA	Comprehensive Economic and Trade Agreement
CBT	Community-Based Tourism
CSD	Civil Society Dialogue
CSO	Civil Society Organisation
COMESA	Common Market for Eastern and Southern African Countries
CwA	Compact with Africa
DG	Directorate General
ECSA	European Community Shipowners' Associations
EBA	Everything but Arms
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EPZ	Export processing zone
EU	European Union
FECC	European Association of Chemical Distributors
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GSP	Generalised Scheme of Preferences
ICT	Information and Communication Technology
ILO	International Labour Organisation
IPR	Intellectual Property Rights
ISDS	Investor-State Dispute Settlement
MCS	Monitoring, Control and Surveillance
MDAs	Ministries, Departments and Agencies
MS	Member States
MSMEs	Micro, Small and Medium Enterprises
NECF	National Economic Consultative Forum
NGOs	Non-governmental organisations
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RoO	Rules of Origin
SEATINI	Southern and Eastern Africa Trade Information and Negotiations Institute
SADC	Southern African Development Community

SIA	Sustainability Impact Assessment
SMEs	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
TBT	Technical Barriers to Trade
TSA	Tourism Satellite Accounts
TSD	Trade and Sustainable Development
UK	United Kingdom
VAT	Value Added Tax
WTO	World Trade Organization

Final: Stakeholder Consultations Summary

During Phase II and Phase III of the contract, the team implemented the following components of the stakeholder consultation.

- 1) Setting up a website and a Twitter account
- 2) Interviews in ESA4 and Comoros
- 3) Consultative webinar on the state of play on the EU-ESA5 negotiations
- 4) Interviews with EU stakeholders
- 5) Online questionnaire

1.1 Overview: website and Twitter account

A dedicated project website (http://research-sia-esa.eu/en/#pll_switcher) in English and French was set up to provide information on the progress of the impact assessment, publish completed reports and act as a platform for interaction with civil society and all other relevant stakeholders. It also served as a platform to raise awareness and provide easy access to the reports and feedback mechanism. In raising awareness, the website also served as a medium of communication through announcing upcoming European Union Eastern and Southern Africa Economic Partnership Agreement (EU ESA5 EPA) meetings with civil society and upcoming consultations. The website was used to encourage participation in the survey by sending out a press release about the survey to African and Eastern and Southern African (ESA) news agencies. There was a technical problem with obtaining the stats for the website, during Phase II but that problem has been rectified, and future stats on the use of the website was as follows:

From 20 May 2021 to 19 August 2021, there was a total of 723 visits to pages on the site (the statistics count each visit to a single page). Of these:

- There were 131 visits from 20 May to the end of May
- 423 visits in June
- 89 visits in July
- 71 visits in August.

The high number of visits in late May and in June may have been linked to the Civil Society Dialogue, which took place on 24 June: the website provided information on that meeting and a link to the Commission's web page for it; the website also provided for download the draft project reports to be discussed at that meeting.

The following reports have been published on the website:

Inception Report.

- The draft inception report before the first Civil Society Dialogue (CSD), with a direct link to Directorate General (DG) Trade's web page for the CSD meeting.
- The final inception report.

Draft Evaluation Report and first SIA Reports

- The draft evaluation report and first draft Sustainability Impact Assessment (SIA) reports, ahead of the second CSD meeting in March 2021.
- Draft report on the chapter on Trade in Goods
- Draft report on the chapter on investment and Trade in Services
- Draft report on the chapter on Trade and Sustainable Development

Evaluation Report and SIA reports

- Final Evaluation report
- Trade and Sustainable Development report
- Trade in Goods report
- Investment and Trade in Services report
- Trade and Intellectual Property Rights report
- Trade, Public Procurement and Competition Report
- Institutional Structure and Dispute Resolution Mechanisms
- Case study on Mining sector in Zimbabwe and Madagascar.
- Case study on Tuna Fisheries
- Case on Agriculture
- Case study on Tourism
- Case study on Textiles and Garments
- A draft summary of stakeholder consultations.

The website continues to serve this purpose and will be used throughout the project to publish the final versions of the SIA reports upon approval. The website was used in conjunction with social media account on Twitter. The Twitter account - https://twitter.com/esa_sia was also used to post announcements and updates on the project, including the survey. The stats with the Twitter account indicate low interaction rates from stakeholders. An analysis of the website and the social media account indicates that even though the two platforms did not yield many responses, it indicates that stakeholder participation was already low despite our efforts.

1.2 Interviews

The key consultation tool were one-on-one interviews, in person, via phone and online tools. To ensure that information and evidence was gathered from relevant stakeholders, the team prioritised interviews conducted by in-country partners with vast networks and familiar with local communities. Each team in the five partner countries set a target to conduct approximately 20 interviews per country. For EU stakeholders, the team identified 30 key stakeholders to interview. The selection criteria were based on the focus areas of the EU-ESA EPA negotiation and key case studies. Interview responses have been integrated throughout the whole text, and within each of the deliverables, so this Appendix serves to report the number of interviews conducted,

the stakeholders consulted, and the key findings for easy reference. The interview questionnaire can be found in our Inception Report.¹

1.2.1 Summary of the feedback from the ESA States

As a means of undertaking an informed SIA of the EU ESA5 EPA to inform the deep EPA negotiations, the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)-Uganda, Dahari Comoros, in partnership with the London School of Economics Trade Hub Policy (LSE) undertook interviews with representatives of ministries, departments and agencies (MDAs); civil society organisations (CSOs); national Chambers of Commerce, business associations; private sector economic operators and small and medium-sized enterprises (SMEs) from Madagascar, Seychelles, Zimbabwe and Madagascar and Comoros. Due to the novel COVID-19, interviews were conducted digitally, using Zoom, WhatsApp and emails, and, where possible face-to-face using protective measures. Due to the different extent of implementation in ESA4 and Comoros, we report the summary of the key findings separately. As of 31 August 2021, 170 respondents were interviewed and with some respondents (47 CSOs and government) who participated in consultative meetings. These key findings were integrated into all the reports produced.

Table 1: Interviews conducted by August 2021

Country	Category	No. Respondents
Zimbabwe (SEATINI)	CSOs	51
	Government MDAs	4
	National Chambers of Commerce, Business Associations	7
	Private Sector Economic Operators	13
	Small Medium Enterprises	2
Mauritius (SEATINI)	CSOs	4
	Government MDAs	8
	National Chambers of Commerce, Business Associations	1
	Private Sector Economic Operators	15
	Small Medium Enterprises	6
Seychelles (SEATINI)	CSOs	4
	Government MDAs	9
	National Chambers of Commerce, Business Associations	1
	Private Sector Economic Operators	5
	Small Medium Enterprises	5
Madagascar (SEATINI)	CSOs	2
	Government MDAs	5
	National Chambers of Commerce, Business Associations	6
	Private Sector Economic Operators	2
	Small Medium Enterprises	3
Comoros (Dahari)	CSOs	4
	Government MDAs and International Organisations	8

¹ Inception Report. Available at <http://research-sia-esa.eu/en/about/>

	Private Sector Economic Operators	5
Total No. of Respondents		170

Source: Authors own creation

1.2.2 Key findings: ESA4 responses

1. CSO organisations

CSOs interviewed indicated that they played a critical role in influencing trade policy and agreements, including monitoring developments in trade and related policies to ensure they generate a favourable environment that can be utilised to achieve equitable and sustainable development at national, regional and global levels. Provide a platform for stakeholders to deliberate on global, regional and national issues with a view of developing a consensus. Raise awareness, build long-term capacity, and discourse the concerns of key stakeholders in trade, fiscal and related policies and processes at national, regional, and global levels. Contribute to the fight for social justice, human rights, democracy and good governance, without partisan, sectarian, gender, racist or sexist biases. Network with academics, policy makers, non-governmental organisations (NGOs) and civil society movements concerned about the forces and effects of globalisation on Africa and the Third World in general. Undertake research and other knowledge products on trade policies and negotiations to inform the pro-development outcomes of the policies and negotiations.

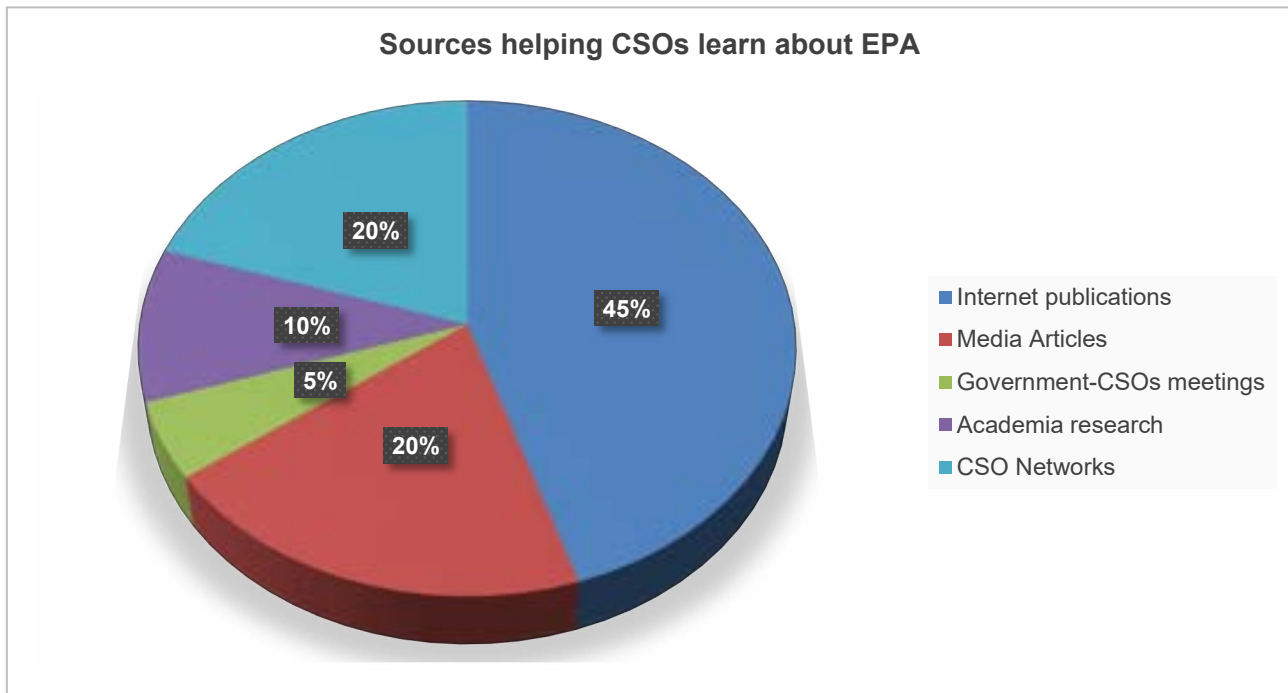
Knowledge of the EPAs

The majority of the interviewed CSOs exhibited a low level of awareness of the interim EPA. High levels of awareness were recorded from CSOs in Mauritius and Zimbabwe, and low levels of awareness were recorded from CSO from Madagascar and Seychelles. According to respondents, high levels of awareness of the interim EPA resulted from organisational strategic outlook, networking with relevant government MDAs. Some of the CSOs like the Zimbabwe Council of Churches are often part of the government negotiating team and are periodically consulted on issues like interim EPA implementation. Media articles and opinions on the interim EPA and Africa- European Union (EU) relations and post-Cotonou negotiations have also increased on CSOs awareness of the existence of the interim EPA. While other reasons for low levels of CSO awareness of the existing interim EPA range from limited availability and publication of information on the interim EPA; lack of inclusion of CSOs in the interim EPA negotiations by their respective governments (limited appreciation by governments of the role of CSOs in trade negotiations). Limited resources from development partners who do not prioritise funding of trade advocacy. Limited CSOs awareness of the negotiations was also visible because there was no single CSO from the ESA5 group that registered to participate in the recently concluded EPA Civil Society Dialogue on the negotiations to deepen the EU-ESA5 EPA.

Channels and sources helping CSOs to learn more about the EPA

According to the respondent's submission, several channels and sources, both print and digital, have helped them learn more about the EPA, both the interim EPA and deep EPA negotiations. See Figure below.

Figure 1: Pie chart showing the different sources of EPA information to CSOs



Source: Field data

Organisation's interest in the EU ESA5 EPA

The respondents noted that their interest in EU-ESA5 deep EPA negotiations is because they are charged with standing for the promotion of people's socio-economic rights, and thus it is critical to ensure that the negotiations promote, rather than erode, these rights. Ensuring that trade and fiscal policies and negotiations promote access to jobs, viable markets, and access to health, medicine, and education services. An increasing interest in EPA negotiations by CSOs in Zimbabwe, Madagascar, Mauritius and Seychelles has led to their increased interest in following, taking track, and monitoring trade and investment issues between the EU and the ESA5, including the Post Cotonou Negotiations, the Compact with Africa (CwA), and the Marshall Plan for Africa.

Key challenges in the implementation of the EPA

From the respondents, some of the documented challenges in the implementation of the EPA include infrastructure challenges among ESA5: except for Seychelles, Madagascar, Comoros and Mauritius, which have access to a sea coastline, Zimbabwe is the only landlocked country and faces infrastructure challenges ranging from poor roads, railway and Information and Communication Technology (ICT). The majority of the ESA5 private sector and SMEs are deeply constrained to take opportunities presented in the EPA due to their product quality and quantity constraints. With the businesses capacity utilisation projected to drop to 27 per cent in 2020 due to COVID-19, the business sector in the ESA5 is not strategically positioned to export to the EU market significantly. Another challenge is primary commodity dependence. ESA5 countries are exporting primary commodities to the EU. The private sector and civil society believe that unless this is tackled, the comprehensive EPA will cement colonial relationships between the EU and ESA5, where the latter will be a producer of primary commodities, hence will not unlock transformation of the industries. In addition, lack of awareness of the EU ESA5 EPA negotiations by CSOs and the private sector. Often, governments negotiate with little information/inputs of the industry and engage CSOs on an ad hoc basis. The private sector and several civil society actors are also detached from negotiations because of their technical nature and deep mistrust and fatigue, given the tendency of their respective governments to ignore the positions of the private sector and civil society.

Perceptions on the overall effect of the comprehensive EU ESA5 EPA

Respondents indicated that there is hope that the EPA will bring favourable impacts to the ESA5 economies, especially in trade in goods. Agricultural goods, forest products and marine resources are some of the ESA5 exports which are expected to define this market access. In addition, concerns relating to trade in services and new issues like government procurement, intellectual property, digital trade and investment, in that the EU stands to benefit more than the ESA5. Reasons include limited levels of competitiveness of ESA5 in these areas, a small and weak ESA5 private sector, and concentration of ESA5 exports in agricultural and marine resources. Finally, respondents indicated that these negative implications can be mitigated through inclusive negotiations, tied to content rather than timelines and taking a multi-stakeholder approach; and organising the production and productivity aspects of the ESA5 private sector and micro, small and medium enterprises (MSMEs) to take advantage of the expected market access opportunities therein the deep EPA.

Table 2: Perceptions of ESA4

	Very favourable/ very positive	Favourable/ positive	No effect	Adverse/ negative	Very adverse/ very negative	I don't know
For the ESA5						
For the EU						
Overall						

Source: Field data

Specifically, several likely effects of the EPA on ESA5 Countries were documented and include, a new mandate that turns the EPAs into Comprehensive Economic and Trade Agreement (CETA): Respondents pointed out that the deep EPA comes as a revision of the 2002 trade mandate and needs to be checked against the original version to see what is new. Respondents noted that the EU perceives that the ESA5 will benefit from the current interim EPA and subsequently the deep EPA, as the ESA5 members are currently exporting more to the EU. Concerns that countries like Zimbabwe can access opportunities presented by EPAs remain constrained by internal challenges, politics, currency issues, etc. These factors have also derailed the flow of investments into Zimbabwe from the EU, thus undermining the potential positive contribution of any trade agreement. Liberalising local food markets in key agricultural products like dairy and beef, poultry, and vegetables face such unequal competition is not a prescription for improving efficiency but a recipe for the destruction of livelihoods on a massive scale. Respondents noted that the ongoing comprehensive EPA negotiations could profoundly impact areas of health and health services in the ESA5 Economies.

Table 3: Potential implications on TRIPS Flexibilities

	Extremely positive				Moderately Positive				Slightly positive				Slightly negative				Moderately negative				Extremely negative			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
Government																								
Private sector																								
MSMEs																								
Chamber of Commerce																								
CSOs																								

Source: Author's compilation; M = Mauritius, MD = Madagascar, ZW = Zimbabwe, S = Seychelles

Government and CSOs highlighted a moderately positive impact of the interim EPA on the environment due to: provisions on trade, environment and sustainable development; stringent provisions on SPS of exports to EU; and the European Development Fund (EDF) which has aspects of pro-sustainable development projects. COVID-19 implications on the Tourism sector have resulted in low utilisation of EPA opportunities by ESA5 Countries.

CSOs greatest hope about the comprehensive EPA

Reminiscing about the interim EPA and its implications on ESA5 economies and highlighting the state of play and process of the ongoing negotiations for a comprehensive EPA, CSOs stressed several issues they hope will be addressed in the comprehensive EPA. These include primacy of appropriate EPA implementation strategies. To fully benefit from the interim EPA, appropriate implementation strategies need to be implemented to improve access and diversify exports to EU individual member states. Facilitate a comprehensive EPA as a tool for socio-economic development. The desire for the CSOs is for the EPA to be trade tools that generate socio-economic development by reducing poverty, reducing social and economic inequalities, enhancing living standards and people's quality of life. Increased involvement by non-state actors in the comprehensive EPA negotiations: There is little involvement and participation of the industry and other non-state actors in monitoring the implementation of the current EPA, and influencing the ongoing negotiations is very weak.

2. Perceptions from government

Respondents from the different government MDAs indicate their primary mandate is to coordinate and formulate trade negotiating positions in the context of the deepening of the EPA and the implementation of the interim EPA. The government MDAs also are charged with undertaking consultations with all relevant stakeholders before devising a strategy/position on the EPA negotiations. Whereas the EU does not accept the involvement of the private sector, ESA5 Countries continue to maintain that the private sector institutions should be part of the delegation negotiating the EPA, as they are the key beneficiaries of the agreement.

a. Impacts of the existing interim EPA in ESA5 Countries

For Mauritius, the EPA has been a game-changer by practically addressing challenges faced in its economic development policies - expanded coverage of products, enjoying duty-free access, improved the rules of origin (RoO) for products of export, e.g. tuna and garments and improved Mauritius' ranking in the Ease of Doing Business. For Zimbabwe, it has been through an increase in trade to the EU, e.g. Tanganda tea, avocados and peas by 12 per cent for the period 2012-2019, the trade surplus with the EU, the EU support programme has facilitated improvements in policy, legislative and regulatory frameworks as well as developing the capacity of trade institutions to manage trade policy and trade agreements; improved trade facilitation by reducing the cost and time of trading across borders, and enhanced the competitiveness and export capacity of MSMEs in selected value chains. Regarding the economic impacts of the existing interim EPA on Tourism and related aspects in ESA5 economies, it was largely acknowledged by both respondents to be moderately positive, with the private sector having varying perceptions.

For the ESA5, largely, SME actors in the tourism sector remain reserved on the implications of EPA on their welfare enhancement. In general, there has been a strong national uptake among the ESA5 in EU trade because of the EPA, as the EU remains the main exporter partner for the ESA5. This primacy is seen from the increased commitment by EAS5 to implement their EPA market access schedules, with countries like Mauritius preparing to effect the last tariff phase down in December 2022.

On the other hand, several challenges have also been documented. For Mauritius, the continuous decline of exports since the implementation of the EPA from US\$1.4 billion in 2008 to US\$ 865 million in 2019. This, according to the Mauritian government, shows that the interim EPA is not enough to meet the growing challenges. In addition, there are concerns over the constant decline in their exports of garments and sugar

(for Mauritius) which are intrinsically related to either EU unilateral policies (such as the Generalised Scheme of Preferences (GSP) schemes) or EU FTAs concluded with third countries which have taken our share in the EU's market. Furthermore, ESA relevant ministries to trade have noted a lack of support to firms in meeting EU standards, inadequate framework in particular for agro-based products, high concentration on few products and inability to diversify to new markets. It was also noted that project-based assistance could be complex and difficult to implement, as is the current model. All four countries noted there has yet to be major diversification of products with the interim EPA, which is a matter of concern. Thus, exploring a comprehensive EPA is thought to be an opportunity for product diversification in other areas like services.

b. Main obstacles for ESA5 to trade under the EPA

In a bid to understand the positive implications of interim EPA to ESA5, the interviewer teased out the major obstacles for ESA5 to trade under the EPA. These include serious compliance difficulties in meeting EU SPS standards. On the other hand, private standards create additional barriers to the private sector and SMEs in ESA5 to access the EU Market. Lack of promotion activities in EU non-traditional markets, with an increasing tendency to focus on traditional markets like France, Spain, Germany, Netherlands and Belgium. While other potential markets like Poland, Croatia, and Bulgaria exists, the focus on ESA5 remains low. The EU market has become more competitive and difficult to access for small island developing countries like Mauritius and Seychelles. High cost of production as compared to Asian countries due to economies of scale labour, and logistics. Limited trading under EPA has also been due to challenges to ESA5 in implementing all tariff commitments under the interim EPA. This is because there are provisions under the interim EPA, particularly the development Chapter, which the EU should implement in consultation with ESA5.

Difficulties in the application of RoO - stringent RoO prevents local stakeholders to source from the most efficient and accessible regions such as South Africa or low-cost suppliers. Chambers of Commerce Seychelles, Mauritius and Madagascar, highlighted an increase in high levels of foreign ownership of hotels. Most, if not all, foreign-owned hotels are high-end and large. These franchises also import their furniture, technologies, and luxury food and drink to cater for their foreign clients. This promotes heavy economic leakages and suppresses local entrepreneurship and may have profound negative effects on Seychelles' economic sustainability. The implications include wealth transfer, resulting in ESA5 countries not deriving much revenue from the sector.

Additional concerns raised by the Mauritius and Seychelles customs include the verification of origin on import can be burdensome due to the lack of awareness of exporters on the issuance of invoice declaration in cases without a clear indication of originating products or an incorrect origin declaration wording on the invoices. The application of value/weight tolerance, Annex IIA are not indicated in invoice declaration as the same are not prescribed in the Agreement. Lack of transparency of registered products for registered exporters. The EU website provides an indicative list of registered products. Concerning dissemination of information on RoO, it was observed that the ESA5 majorly use the EU's official website; custom and websites of respective government/public, public-private, private) trading community associations. Nevertheless, it was also pointed out that there is much scope for improvement and increasing awareness of RoO through increased capacity building of Chambers of Commerce and exporters associations. ESA5 countries like Mauritius and Seychelles noted that they are using Bilateral Cumulation and cannot use the diagonal cumulation due to stringent requirements such as the conclusion of the Administrative Customs Cooperation Agreement. The box below shows several products (HS heading) for which cumulation is cumulation most used.

Table 4: Use of cumulation

HS Heading (2 digits)	
Product Description	HS 1604 -Prepared or preserved fish HS 0905 -Vanilla pods; HS 9503 -Reduced-sized models and similar recreational models

Mauritius, Seychelles and Madagascar also noted that the rules for cumulation are too stringent under the interim EPA. This is because of the two main conditions: the RoO should be similar, and there should be an Administrative Customs Cooperation Agreement in place. Therefore, it is a widely accepted proposal that the EPA should allow a flexible mechanism for cooperation on customs matters. It is also proposed that the RoO need to improve to meet current challenges to ESA5 in trading with the EU. For instance, several products under Annex XII of the RoO Protocol (products excluded from cumulation with South Africa) are now duty-free, but ESA cannot cumulate on such products. Furthermore, the RoO are so stringent that the local canneries depend heavily on EU operators (vessels) for the raw tuna. The new Agreement should also consider flexible RoO provided, for instance, under the everything but arms (EBA) scheme or other FTAs on specific products of interest to ESA5.

c. Key issues in the negotiations for the comprehensive EPA

According to the directorate of Trade in Mauritius, all the issues as agreed under the scoping paper, particularly Trade in services, Investment, and RoO, should be atop the agenda of the comprehensive EPA. Whereas the Ministry of Trade shares this same position in Zimbabwe, more importantly, the government of Zimbabwe is negotiating to widen and deepening of interim EPA as they are of the view that addressing issues of trade facilitation, trade in services, and SPS will help Zimbabwe to unlock value in the current interim EPA. It was also pointed out that comprehensive EPA negotiations with the EU are strategic given the continuing political dialogue between the EU and Zimbabwe. Other identified key issues for consideration include the TSD chapter, including agricultural safeguards. The table below shows the choices of the ESA5 in preferences of issues of focus in the comprehensive EPA negotiations.

Table 5: Key Issues in the negotiations

	High priority				Low priority				No need to be negotiated				I don't know			
	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD	M	ZW	S	MD
RoO	■	■	■	■												
Customs and trade facilitation	■	■	■	■												
SPS	■	■	■	■												
Technical Barriers to Trade	■	■	■	■												
Trade defence mechanisms					■	■	■	■								
Trade in Services	■	■	■	■												
Investment liberalisation and investment facilitation (and private sector development)	■	■	■	■												
Public procurement					■	■	■	■								
Intellectual Property Rights	■	■	■	■												
Competition					■	■	■									
TSD		■	■	■	■											
Agriculture		■		■	■	■										
Dispute avoidance and settlement		■	■	■	■											
Institutional Structure	■	■	■	■												
Economic Development Cooperation	■	■	■	■												
Fisheries	■		■	■		■										

Source: Field data; M = Mauritius, MD = Madagascar, ZW = Zimbabwe, S = Seychelles

d. Need for development dimension in the comprehensive EPA

The majority of the respondents from both civil society, government and private sector noted that in negotiations at the WTO as well as in regional and bilateral trade negotiations like the EPA, ESA5 countries had sought developmental agreements with non-reciprocal arrangements because of the asymmetries in world trade, their lack of economic power concerning their developed counterparts and their serious poverty challenges. It is therefore vital that all the comprehensive EPA negotiations prioritise the development dimension of trade. According to them, the success and failure of comprehensive EPA negotiations have to be measured not mainly against market access of interest to ESA5, and removal of trade distortions in an asymmetrical manner, rather it has to be measured against the ability of the EU, a major trading partner, to commit herself on development. Furthermore, there is need for an explicit Development cooperation chapter: The EPA should consist of negotiations on aid and development aid to be linked to the costing of measures and the costs for compensating people for the losses encountered due to implementing the EPA. It should include predictable funding of an EPA adjustment facility. For example, in the tourism sector, there is a need to cooperate to advance the sector given the inherent asymmetries in respective levels of development of the Parties. More specifically, the parties could cooperate in:

- The upgrading of national accounting systems to facilitate the introduction of Tourism Satellite Accounts (TSA) at the Regional and local level; capacity building for environmental management in tourism areas at the Regional and local level. The development of Internet marketing strategies for small and medium-sized tourism enterprises in the tourism services sector.
- Mechanisms to ensure the effective participation of ESA5 States in international standard-setting bodies focused on sustainable tourism standards development. Tourism exchange programs and training, including language training, for tourism services providers. Improving the export capacity of service suppliers of the ESA5 States, with particular attention to the marketing of tourism and cultural services, SMEs), franchising and the negotiation of mutual recognition agreements. The modalities related to cultural industries and the tourism sector, once negotiated, should be implemented by ESA5.
- Regarding services, the private sector and civil society perceive that ESA countries should not make any services commitments in the EPAs beyond their World Trade Organization (WTO) commitments. They also perceive that EU partners do not push for extensive liberalisation that does not recognise the absolute need for a carefully managed sequencing of services liberalisation, preceded by the establishment of strong regulatory frameworks.

e. ESA5 greatest hope about the comprehensive EPA

Several government expressed much hope in the EPA. While some issues are cross-cutting, e.g. increased assured market access for the private sector, many “nationalistic” tendencies were observed on key asks by the different countries of the comprehensive EPA.

Expectations from the Mauritius Government: The comprehensive EPA can play a crucial role in developing new sectors such as robotics, artificial intelligence, research, the pharmaceutical sector, etc. It can also enhance the value chain through flexible RoO. In addition, the EPA will strengthen the interim EPA if issues related to TBTs, RoO and SPS are finalised. Further improving the new issues in the deepening process will strengthen opportunities in the EPA; hence Mauritius is leading negotiations on trade-related issues. In the full EPA, the government hopes that specific provisions should be incorporated to support SMEs to export to the EU.

Expectations from the Government of Zimbabwe: The general view from the Zimbabwean government is that Zimbabwe will not lose anything by participating in the ongoing negotiations. While the government acknowledges that Zimbabwe faced challenges in implementing the interim EPA during the early stages, the country has liberalised most of its trade and is now on course to liberalise 80% of its trade by 2022. Thus,

Zimbabwe is participating in the negotiations to widen EPAs and is leading negotiations on trade-related issues. Nevertheless, the major challenge and greatest fears are the possible impacts of tariff liberalisation on Zimbabwe's revenue envelope. However, since liberalisation has already been done under the interim EPAs, the government maintains that the ongoing negotiations will not have a huge bearing on our industry. There are expectations that all the ESA5 countries will benefit if RoO is improved, e.g., cumulation with South Africa will benefit Zimbabwe, Seychelles and Madagascar to boost their capacity to meet the quality and quantity requirements in the EU market.

Concerning the support provided by the EU, it is hoped that under the comprehensive EPA, this special support will be maintained. Indeed, to date, support has been provided to upgrade laboratories in Zimbabwe to improve on health standards of exports, with other resources directed towards helping the National Economic Consultative Forum (NECF) conduct dialogues on EPAs at different platforms. At the dawn of comprehensive EPA negotiations, bolstering support for an EPA awareness campaign in Zimbabwe and other ESA countries is paramount.

Competing interests among ESA5 Countries: The Zimbabwe government stressed that the five countries are expressing different interests under the current comprehensive EPA negotiations. For example, Mauritius has a complete set of products and is moving fast as it sees opportunities in key areas like services and investment, whereas Zimbabwe has to focus on agricultural products like horticulture but need to sort out standards and certification issues. Therefore, it is expected that comprehensive EPA negotiations are conducted on issues/content rather than deadlines while ensuring that all negotiating parties are on board.

Expectations from the Government of Seychelles: The Ministry of Trade raised concern about the development finance not coming as anticipated, the government hopes for a commitment of the EPA Fund, instead of the hypothesis that the funds will accrue from the increased ESA5 trade with the EU under the comprehensive EPA. **Limited efforts to strengthen key EPA trade facilitating institutions:** Whereas some funds support EPA implementation, there is a need for targeted support to key divisions of the public sector that will facilitate the expediting of trade under EPA. The respondents also note that at the request of the ESA5 countries, the EU has agreed to provide financial assistance for the setting up of an EPA coordination mechanism whose aim is to provide appropriate coordination and technical support to the five ESA countries so that they can engage effectively in the negotiation process.

Need to put regional integration at the core of EPA negotiations: It is important to consolidate intra-ESA5 trade and integration, which requires harmonised positions on negotiating free trade agreements (comprehensive EPA) with third parties like the EU. The Seychelles government has expectations that the comprehensive EPA will provide duty-free quota-free access to ESA5 countries to the EU market based on favourable RoO. Accordingly, **it is expected that the EPA will support export diversification, competitiveness, increased export standards and promote the creation of local and regional value chains** among ESA5 economies. However, the Seychelles government is also aware that the comprehensive EPA will provide for reciprocal trade, which will have varied impacts on industry, employment and poverty, and food security issues among ESA5 Countries. Thus, it is hoped that critical adaptation mechanisms will be provided under the EPAs as several (sensitive) products will likely be excluded from the agreement. Finally, Seychelles and Mauritius reiterated their concern on the application of dock dues levied by the French Overseas Territories, impacting products from ESA-5. The ESA-5 hope that the EU will not extend the dock dues (Octroi de Mer) after December 2020.

3. General concerns of the private sector and SMEs

In general, documented concerns by respondents from the private sector and SMEs in Zimbabwe, Seychelles, Mauritius and Madagascar vary but are not limited to:

- **Limited preparedness of private sector in utilising Market Access offer under comprehensive EPA:** Private sector and SMEs are concerned that, 1) limited capacity of the industry 2) heavy reliance on primary goods and commodities, and 3) EU development support is not advancing value chain development, and 4) domestic service providers are generally weak and will be decimated by foreign multi-nationals. Consequently, the private sector and SME actors feel limited options to trade with the EU outside the EPA as other preferences may be challenged within the WTO.
- **A lack of understanding of the technical issues** involved in the negotiations, not only by the industry but also the line ministries. This is because most sector players are not participating in the negotiations, which makes it very difficult for them to appreciate, understand and benefit from the final agreements. One hope the private actors hold is that the companies only know of the EPA benefits when exporting products right at the border, so there is no awareness of the agreements.
- **Delay from ESA5 governments making EPA lose meaning:** The private sector and SMEs indicated that there had been no meaningful impact from the interim EPA as the government delayed implementing the agreement provisions due to a lot of structural challenges. Concerning the current negotiations, the industry thinks that there is not much that will happen in terms of benefiting because Zimbabwean industries are still struggling to take off.
- **EU Assistance not well-targeted:** Both private sector respondents from Zimbabwe and Madagascar indicated that most development assistance from the EU is targeted especially towards SME production level with no significant impact on the EU market. Such development and trade finance has no capacity to transform the Zimbabwean and Madagascar industry; rather, it will cement them as producers of primary commodities for export to the EU market. Thus, the relations do not promote national and regional value chain development.
- **Less likelihood to benefit from trade in services:** Respondents indicated that the EPA is likely to bolster opportunities in tourism, health, education and transport in ESA5 Countries. However, while trade in services is a major thrust in the comprehensive EPA, private sector and SME respondents from Zimbabwe, Seychelles and Madagascar are concerned about the limited benefits of trade services.
- **Continue EPA negotiations linked to Benchmarks and based on the African Union (AU) position:** General position is related to the importance of continuing the EPA negotiations with the EU. However, one key issue that stands out is that liberalisation commitments should be pegged to clear development thresholds or benchmarks and must not be more onerous than the low levels of liberalisation by other countries (e.g. Mexico and Syria) in EU FTAs. Only when these benchmarks have been attained should countries liberalise a certain percentage of their trade with the EU. The EPA negotiations should also consider the common positions on the various contentious issues articulated in the AU template. Also, other clauses must be brought into line with the WTO. Other clauses must be vastly improved upon bilateral safeguards; infant industry clause; modification of tariffs; definition of the parties, to name only a few.
- **Proposed United Kingdom (UK) ESA EPA negotiations and its implications:** It was pointed out that in line with the Trade Bill 2017-19, the UK Government is in the process of delivering continuity in the UK's trade relationship with the ESA countries of Madagascar, Mauritius, Seychelles and Zimbabwe. In the proposed text, there are provisions like bilateral safeguards (especially the "trigger price mechanism" on sugar), RoO and dispute settlement which are likely to circumscribe the likely positions in the EU-ESA5 comprehensive EPA negotiations. The EU-ESA5 comprehensive EPA should therefore consider provisions of negotiating FTAs with third parties by ESA5.
- Despite the success stories of textiles in the free zone in Madagascar, and studies on the conditions for the recovery and development of the textile sector by EDBM, for example; the textile industry in particular

and industry, in general, does not interest the public authorities and is declining instead of developing, a deep crisis of confidence sets in and causes mutual misunderstandings, the dialogue is one-sided, as the sector is not listened to.

- **The main challenge is working with local farmers to enhance their improved productivity**, etc. Contract farming that companies utilise in Madagascar – a support programme that needs to be done or designed to help fill the gap between the local farmers and the economic operators.
- **Red tape issues when exporting from Madagascar** - dealing with local customs (long processing time, clearance times) impact their activities. This lengthens their deliveries to the end consumer/customer.
- **Regional barriers are still high**. For Reunion and Mayotte – it is very difficult to export to these countries due to the SPS requirements. An in-depth EPA can improve trade relations with Réunion and Mayotte if the law of the sea is removed (exclusionary economic zones).
- **An in-depth EPA will promote FDI in Madagascar and improve the export of high value-added agricultural products to the EU**. Risks include institutional instability, lack of support from the local population due to a lack of communication on investment projects, lack of production infrastructure and climate change effects.
- **Tourism**: SME tour operators stressed that currently, most hotels and resorts in the ESA5 are owned by foreign transnational hotel chains with a propensity to import personnel, technologies, food and drink. The consequences have been stunted by the growth of local businesses and precarious employment.

4. Other Issues of Concern

- **Intellectual Property negotiations**: CSOs and the private sector noted that the inclusion of intellectual property in the ESA5-EU EPAs was unnecessary to comply with the WTO rules on preferential treatment for goods. The EU's insistence on the inclusion of IPRs continues to place undue pressure on ESA5 countries to negotiate IPR provisions when discussions on IP are ongoing at the WTO and African Continental Free Trade Area (AfCFTA). However, it was appreciated that it does not commit ESA5 to any kinds of obligations, leaving room for "cooperation-based" provisions or "best endeavour" clauses rather than substantive obligations.

5. Global developments

Respondents noted that the EU-ESA5 deep EPA negotiations should examine the EPAs efficacy and relevancy in the context of global developments which are taking place. These include, inter alia, the backlash against globalisation, BREXIT (and its implications to EU market value), the increasing inequality between and within countries largely as a result of the unfair trade arrangements, a relapse to protectionism, the recognition of the need for industrialisation/structural transformation and the redefinition of the role of the state in ensuring inclusive growth. These developments indicate the urgent need to harness our resources through promoting cross-sectoral synergies. This will require policy space to rethink and redesign our development strategy in light of these emerging challenges. Liberalisation of Investment: Both private and public stakeholders (Zimbabwe, Seychelles, Madagascar) stressed that the EU proposal on investment liberalisation is a means to introduce the agenda of the Marshall Plan for Africa and Global Compact with Africa in the EPA negotiations. Respondents noted that the EU had been a *demandeur* of binding rules on investment at the multilateral level. It has pursued this position in many fora including the WTO; in bilateral negotiations on FTAs, the EPAs, and the various Bilateral Investment Treaties. Develop and update national EPA implementation strategies: All the participants, public, private sector and civil society, noted the need for ESA5 countries to develop and update their respective EPA implementation strategies and frameworks.

6. General recommendations

- Appropriate implementation strategies by ESA5 respectively to improve access and diversify their exports to EU individual member states. Undertake further steps towards developing a common methodology aimed at finalising a monitoring and evaluation framework for the interim EPA.
- Have non-state actors play a critical role in monitoring EPAs as they can negatively affect industrial growth, employment, poverty reduction and industrial transformation. Social partners, including the church and CSOs, have to monitor the implementation of EPAs through continuous engagements with other stakeholders.
- Liberalise the textile sector in Madagascar and have a Textile Ministry to promote the development of this industry, simplify the laws, apply them and stop challenging them every year. Launch a national campaign to showcase this industry rather than seeing it apart.
- For the Madagascan authorities to simplify procedures like the Bordereau de Suivi des Cargaisons of gasinet and customs procedures that are time-consuming, aggravated by the defective conditions of the infrastructures (roads, electricity, etc.)
- Facilitate resource mobilisation and capital mobilisation for the private sector. Trade support from EU partners supports ensuring that the products are entering the EU receive greater awareness.
- Strengthen technical training centres – Madagascar has a strategy for a technical training centre that needs to be put in place. It needs to be implemented as it forms part of the projects that receive the EU's support.
- Training relating to NTBs and RoO – no one knows what SPS is in the region. Training is required for all companies alike, big and small. Technical assistance from actors in the agricultural sector in terms of negotiation (identification of national priorities, formulation of the national position, understanding of the impacts of the provisions of the EPA on the sector, etc.) The private sector has difficulties bringing agricultural products into conformity with SPS requirements because of the lack of information, lack of resources and lack of mastery of technology.
- The EPA is a framework for economic cooperation, but there is a need for Zimbabwe to utilise this facility. Economic cooperation to be a heightened level compared to what other SADC countries receive.
- Adopt luxury Community-based tourism (CBT) Model: The EPA negotiations should adopt the concept of luxury CBT, which could be used to localise the ownership of hotels, address inequality, and promote social justice. Diversification of tourism products could attract more tourists. Therefore, tourism should not be the only economic sector upon which the major ESA5 countries rely but should complement other sectors and products. To sustain CBT would require increased funding from the government towards the development and resuscitation of these projects. Accessibility constraints haunt most CBT because of their remote location, there are no roads that connect them to major highways, and in many instances, the roads are in a deplorable state.
- Lack of Institutional Coordination: The tourism sector is affected by policies originating from the ministries that govern the sector. Lack of effective inter-ministerial and intergovernmental policy coordination has hampered the growth of the sector.

Key Findings: Comoros

1. Public Sector

Knowledge of the EPAs

Strong knowledge from the key departments are part of the negotiating team including l'Agriculture, la Pêche et l'environnement group with sectoral input from e.g. l'Institut National de Recherche pour l'Agriculture, la Pêche et l'environnement. The private sector is represented by the Chamber of Commerce and the Economics Faculty at the University. EU pays for two participants, one based in Brussels and one coming from Comoros. The government cannot afford to finance other places, so the country is always under-represented in negotiations.

Concerns

There are concerns on how Comoros will benefit from the EPA considering it is one of the least attractive countries for investment in Africa. Need to introduce value-added tax (VAT) to replace customs duties, but there is fear around this switch. A study financed by the IMF is underway, and it could be done in three years – it is possible, but politicians are worried they lack the capacity to collect taxes internally rather than at the frontier. The government was worried about the Common Market for Eastern and Southern African Countries (COMESA), but it has worked out well, and more impact as more trade happens.

Complex for customs, cannot manage between the different regimes for different trading blocs and agreements. Only one customs agent is properly trained, and the right equipment and software are not in place. The two ports in Anjouan and Grande Comore also brings complexity. Customs needs support from the EU to manage the different tariffs. Comoros can gain economic benefits but must have the capacity to profit and benefit from preferential access. Risk of imported products competing with locally produced products. Key that public procurement laws and rules are adopted as part of the agreements so that the correct procedures are followed, which is not happening in the main. Need to support Comoros towards industrial production and quality service that meets the standards and requirements required on the European market. Support the agricultural sector towards a whole value chain in terms of production, transformation and marketing. The risk is the failure to master trade defence measures to protect against unfair competition or easy-to-apply safeguard measures in the event of massive imports, which risks damaging national production.

Priorities for negotiations

Fisheries and agriculture, including processing cash crops in-country for export, are the two key sectors. Increasing exports in line with the emergency plan of the government will lead to increased employment. Another priority is tourism. Local production must be prioritised and safeguarded. Need support to enable them to respect the norms of EU markets; otherwise, there will not be able to benefit from the opportunities (e.g. testing laboratory). There is also the risk that custom receipts go down without benefits leading to a negative impact. The deepened EPA will improve economic competitiveness by improving phytosanitary conditions, competition provisions and trade in services. Need to improve capacity to apply preferential rates at customs and apply rules of RoO through the substantial improvement of agricultural production in quality and quantity and diversification, marketing, and easy access to the international market. Comoros could ask for more support from the EU to improve their negotiating expertise.

2. Private sector

Knowledge of the EPAs

Weak understanding in general – would like to have more information and be able to study the texts. The sector does not understand what opportunities there are because the information is not available. The public

sector does not seem to know a lot either; civil society nothing at all – to their knowledge, has civil society been involved in these discussions only once. It seems that the government does not fully understand the agreements it has signed and then ignores clauses not related to the public sector when it comes to implementation, e.g. businesses cannot profit from reduced import taxes. Since 2007, accords have become an affair of a few civil servants at the ministry; other actors have been gently moved aside. Notices that in other countries, the private sector operators accompany the ministry to meetings and negotiations, not the case in Comoros. In meetings private sector is always in the minority; contradictory views are not welcome.

Trade issues

The three major bottlenecks for imports are taxes, logistical problems and transport costs. Three major bottlenecks for export: export taxes, technical barriers, transport costs, plus administrative formalities and financing for trade. Goods are imported from the EU for quality reasons; otherwise, importers source from elsewhere.

Concerns

Concerns about the capacity of Comoros to negotiate faced with the EU teams. If they do not position themselves well, the EU might have too much leverage (e.g. fisheries). The private sector is not properly represented, need a mechanism to mobilise the inputs and views of the sector better. Only a few operators are targeted for invitations. Stakeholders should be invited because they have an interest, not just inviting people for inviting people. Negotiations must be equal – this requires Comoros' negotiators and economic operators to go up a level; the EU could support this. Need to negotiate better based on the companies' needs. There is also the need to reinforce capacity through training and developing an institute capable of delivering this training (e.g. negotiations unit at the chamber). Negotiators should be in fixed positions, not changing with political regimes. This needs a department in charge of negotiations with a fixed team. Customs should be able to manage the complexities of the different import tax regimes. The potential for reducing import taxes worries the government because of the state's dependency on import taxes. Taxes can be charged using VAT.

The problem of EU phytosanitary rules and the lab in Comoros not being accredited so, e.g. cash crops, have to be tested in Réunion which is not possible for all exporters – a centre for testing and transformation airport would help. Fisheries accords discussed as part of APE (this confusion was generalised across several interviewees) are seen as unequal without monitoring. Comoros is a small and disorganised market with a lack of outlets – how will they profit from the agreement? Given the Comoros rating, no investors will come to the country. Will local businesses benefit through partnerships and easier export, or will there be more competition? What can local businesses benefit from these agreements? Will there be employment creation, or will things reinforce the wealth of import exporters? Currently, the EU is happy to import unprocessed materials, but if Comoros looks to export processed goods, it will become complicated. At import, people do not understand RoO to apply the appropriate rate, but customs should have the capacity to do this. There are no phytosanitary rules in Comoros but very high to export to the EU, so it is difficult for products to be competitive.

Priorities for negotiations

Three priorities for negotiations: fisheries agreements (including a regional fishing monitoring centre); non-tax blockages to exportation; a mechanism for evaluating the agreement's impact. EU should ensure access to information, ensure private sector representatives are in the negotiations, and that reports and other evidence are published online. They want to focus on the agricultural sector and services to export. A focus on technological services could also be important. There is need for equality in the negotiations; there is a pretence that the negotiations are inclusive when they are not. Ideas against the mainstream are avoided and ignored. There should be one set of interactions with the government and one with the private sector. Make the negotiations clear, clean and inclusive. Once this is achieved, it is worth giving an opinion on priorities for the accords and investment. Fisheries agreements are completely unequal. This should be a priority within the

current negotiations. A second priority should be to support producers to improve production capacity. VAT should replace import taxes and the agreement.

3. Civil Society

Knowledge of the EPAs

None of the civil society actors had ever heard of the EPAs; a couple mentioned the fishery agreements as the only EU-Comoros agreements that they were aware of. Some actors felt that the government did not make an effort to inform and involve civil society in negotiations and that more transparency was important.

Concerns

Poorer people at the bottom of agricultural value chains would be unlikely to benefit from the agreements unless targeted measures were included within the agreements. Similarly, poorer people would not be using the EU products that would potentially benefit from reduced import taxes under the agreement. The Comorian market is disorganised and weak, and local producers and sellers would not be able to compete with imports. Environmentally, given the lack of waste management systems in Comoros, there was concern that increasing imports, particularly foodstuffs, could lead to increased rubbish. Questions were raised about the potential for reduced import taxes to impact the country significantly, given the treasury's high dependency level.

Priorities for negotiations

The priority focal area proposed by several actors was the agriculture sector, including increasing production and developing industries to support processing and export. Questions were also raised about the fisheries agreements, which are seen as unbalanced, and whether these could be integrated into negotiations. The potential to involve opening market access to Mayotte was also raised.

4. General Findings

- **Only civil servants directly involved in negotiations have a high understanding of the EPA:** other public sectors interviewees had limited knowledge, the private sector said, in general, they had very weak knowledge, and civil society respondents had none. Non-state actors suggested that there was not much sharing of information.
- **The private sector would like to be more involved in negotiations:** several businesses representatives felt that the sector was largely excluded from the processes and negotiations to the detriment of Comoros negotiating power and potential to benefit from the agreements.
- **Interviewees from all sectors expressed concern about unequal negotiating capacity:** 'Comoros brings a general practitioner to the table whilst the EU has a full suite of medical specialists' best sums up the widely-held view that Comoros is unable to compete with the EU at the negotiating table. Non-state actors suggested that, in addition, the Comorian authorities did not maximise their capabilities by failing to be inclusive regarding their negotiating teams.
- **Fisheries and agricultural export were the two most frequently prioritised for negotiation:** the existing fisheries agreements were widely described as unequal with Comoros, which was seen as gaining little benefit compared to the EU; hence a need for these to be renegotiated is a priority. Support to agricultural production, processing and export was also seen as key whilst ensuring that value went down the chain to the poorest people.
- **The reduction of revenues from customs taxes is seen as a key potential impact, with a possible upside:** A high percentage of Comoros' treasury receipts comes from taxes on imports, so

a potential reduction in these concerns several interviewees. Others, however, suggested that the agreements could progressively push taxation away from imports towards other forms such as VAT, which would be an important fiscal step.

- **Several interviewees highlighted the potential for opening up trade with Mayotte:** some interviewees expressed frustration that whilst Mayotte is off the negotiating table, normalising trade with Mayotte, particularly agricultural export, could have more of an impact and help more of the poorest people than other elements of the EPA.

1.3 Consultative webinar on the state of play of the ESA EU EPA

The Zimbabwe Council of Churches in Partnership with SEATINI Uganda held a Consultative Webinar on the ESA5-EU Deepening Economic Partnership Agreement on the 30th of July 2021. The main objectives of the Webinar were to 1) create awareness on the state of play of the EU-ESA5 EPA negotiations, and 2) to gather stakeholders' views and voices on issues for consideration under the deep EPA negotiations and post comprehensive EPA processes.

Participants

The meeting was attended by 35 participants drawn from the following:

- Government officials, the Director of International Trade, Zimbabwe Ministry of Foreign Affairs and International Trade; and other Officials.
- Civil Society Organizations – including women and youths organisations and non-state actors.
- Labour unions and academia.

Presentation

Presentation by Mrs Mutetwa, Director in the Ministry of Foreign Affairs and International Trade, Zimbabwe Ministry of Foreign Affairs and International Trade. The director indicated that the government of Zimbabwe was prepared to engage non-state actors and interrogate trade-related issues to enrich and not to leave anyone behind as enshrined in the SDGs. She briefly provided a state of play on the negotiations of the EU ESA EPA, issues covered under the agreement and outstanding issues. She indicated that the main objective was to conclude an agreement that would set up the comprehensiveness of Zimbabwe's industry and diversify trade. In addition, she highlighted that there are opportunities to export to the EU but Zimbabwe faces capacity constraints in sectors such as agro-processed products (diary and honey), lack of appropriate regulatory framework and competent authorities to be export ready. She noted that the new agreement should contain a support mechanism to improve trade conditions and support businesses to overcome unnecessary obstacles to trade and new standards on SPS and other technical barriers to trade. She emphasized that the agreement needs to reflect the needs of both ESA and EU towards improving trade for both parties through addressing impediments and improve trade in services.

She highlighted that the EPA negotiations were part of Zimbabwe's strategy to re-engage with the EU and to integrate trade within the value chain and revive economic fortunes for the country. In that, the anticipated agreement will further help foster FDI and improve technology transfer to boost industrial competitiveness. It will also provide opportunities for growth for SMEs, enhance competitiveness, enlarge the market, and contribute towards achieving National Development Strategy 1 (2021-2025) objectives. She concluded by stating that the EPA was born out of the COMESA group which is a building block towards the AfCFTA. Thus, there are clear linkages between EPA and the AfCFTA. It will be up to the Private sector to take up opportunities presented by the EPA.

Open discussion

- Institutional capacity constraints: What are the priorities for the country towards addressing these capacities? For example, Zimbabwe has to develop the capacity to implement safeguard mechanisms. There is also a need for clear priority towards where resources will be deployed given competing needs.
- Engagement between the State and non-state actors: There seems to be weak engagement between the State and the NSAs before, during and after the negotiations. While the participation of NSAs in trade negotiations had been a preserve of a few trade experts, the role of the NSAs has been increasing. Adequate room, legitimate consultation processes and sharing of information are key in strengthening and improving the contribution of NSAs in the ESA processes.
- Sanctions: Zimbabwe faces a peculiar situation, sanctions imposed on individuals and companies restricts the chances for the country to attract finance and leverage business across the globe. Government is however on a re-engagement drive and some countries are improving their relations.
- Some major stakeholders are now aware of opportunities presented by EPAs. Women and youths need to be made aware of the opportunities presented by the arrangements. However, it was advised that trade has been ongoing, and the producers need to visit the trade portals for more information.
- There is no evidence of what the country benefitted under the interim EPA before the comprehensive negotiations. There is no clarity on what we have gained from the current interim EPA before we commence comprehensive EPA negotiations.
- Differences and Common interests within ESA countries: Countries are at different levels and there are some areas of difference among Parties. For example, in Digital Trade. Participants are open to sent through issues of their concern to the Ministry for further engagement and consideration.
- Exchange and Learning Platforms between EPA regions: Given that countries in the same region are in different EPA configurations, are there platforms for learning from each other and experience sharing. SADC, COMESA and ESA EPA countries have platforms where they exchange notes, information, compare notes and learn from each other. This include platforms in the AfCFTA where issues are tabled, compared, learn, etc.
- Engagement of this constituency is key in the negotiation processes. These are catered for in trade in services since they are largely providing services in their countries of destination.
- Movement of people- there are measures and initiatives in various RECs being taken to improve the movement of people, exchange information and facilitate trade and address the pandemic. Research is being done on how to improve what we can do together as African countries and increase the production of medicines.
- Informal economy: It is critical for the state to be alive to the fact that the informal sector is big and growing hence the need to continually engage the sector. This sector and the SMEs are to be capacitated to take up opportunities in the negotiations.
- Vulnerable communities: It is always critical to ensure that the vulnerable are protected. Interests of the poor, workers and marginalized communities need to be protected in the trade agreements. • Issues rejected in the WTO: There were concerns that the comprehensive EPA negotiations cover issues rejected in the WTO. The Ministry was of the view that this is in the spirit of gradual liberalization, being mindful of where we are coming from and where we aspire to be.

- Data-Driven Trade Negotiations: Efforts are critical towards ensuring there is enhanced disaggregated trade data analysis to inform negotiations-impacts on women, youths, and other groups. NSAs can play a critical role if capacitated to contribute to data gathering towards evidence-based trade negotiations. Lessons learnt from the Webinar
- The webinar was the first Opportunity for many participants from the private sector to engage and appreciate the state of play in the comprehensive EPA negotiations. The Zimbabwean economy faces unique challenges and these need to be given attention in the negotiations – reflecting how Zimbabwe will benefit from the EPA given the unique country constraints. The Zimbabwean government is ready to engage the private sector in the trade processes and the EPA negotiations to be specific. The private sector at times are not prepared to engage during the negotiation processes, or they engage when it is too late. There is a need for the private sector to respond and engage when invited to make inputs and contribute before national positions are developed.

Recommendations

- Capacitate key state institutions towards safeguarding and for the industry to have the capacity to collect evidence and launch substantive cases.
- There is need to have forums to discuss specific aspects of the negotiations such as issues on digital trade, economic development cooperation, etc. Special groups need to be engaged and made aware of the EPAs, for example, women and youth in trade, how will they benefit from the EPAs.
- There is a need to capacitate the private sector on the specific areas covered by the negotiations. For example, issues on digital trade, economic development cooperation, etc. Private sector will need to deliberate on specific issues and consider the text by their countries before negotiations and make substantive submissions. There is need for increased interaction between the private sector and their stakeholders to update on developments. Increase dissemination from the institutions to the beneficiaries and collect their voices for further sharing. The private sector needs to support the call by the Ministry to create a comprehensive database of CSOs with interest in trade-related issues. The private sector needs to engage the trade-related issues through their representative Ministries. The private sector needs to improve how they are organizing, effectively engage, conduct research and monitor the agreements. Build the capacity and create awareness of the private sector to increase their participation in the negotiations. Increase awareness and expose the private sectors to trade-related issues. Improve access to information to stakeholders and promote a general understanding of trade issues by the private sector. The private sector needs direct funding support towards participation, evidence gathering, monitoring and effective participation of the private sector in the EPA processes.
- CSOs need their negotiating capacities to be strengthened for purposes of making more informed, evidence-based and well-researched contributions towards the negotiations.

1.4 EU stakeholder interviews

The team identified a priority list consisting of 20 associations, NGOs and other social partners for targeted interviews. The criteria for prioritisation were based on identifying stakeholders that would have meaningful input to the SIA and the key areas of importance in the ongoing study. The team sent out the first round of emails, to which it received minimal responses. The team then sent a second round of emails for stakeholders that had not responded, and the response rate was very low. In response to the low response rate from EU stakeholders, the team expanded the list and added 23 more stakeholders. Overall, the team managed to conduct 11 interviews with EU stakeholders across the different sectors. The key findings of the interviews were integrated into the different reports. The list of stakeholders interviewed is outlined in the Annex.

Table 6: EU stakeholder interviews

Total number of requests sent	Accepted Interview	Turned down Interview Request	No Response
56	22	15	19

Source: Author's compilation

1. Private Sector

Key Findings

Many stakeholders indicated that the EU ESA5 EPA had no real impact in their sectors, particularly agriculture, textiles and welcomed agreements that improve market access and reduce trade barriers. Noted that trade agreements were important for the investment climate. There are no e-commerce competition barriers on the EU side, but there are barriers on the ESA side that make it difficult to enter the EU market. This is because they have basic digital data services.

Knowledge of the EPAs

The majority of the EU stakeholders approached or interviewed were not aware of the agreement and declined the opportunity to participate in the interviews. Many reasons were cited for lack of awareness and unwillingness to participate in the interviews: They were not directly working on the issue; hence they could not make any substantial contribution. Others noted that they do not operate in nor have business relations with the ESA countries. With others stating that the markets are too small and as a result, Africa has not played a major role in their sectors. While others indicated a limited interest in the ESA region; hence, they could not contribute to the assessment and cited that geographically, the ESA countries were too far from the EU market and businesses.

Concerns

- **Market barriers:** There is a need to incentivise trade between the EU and the ESA region. In practice – this requires trade liberalisation, bringing down tariffs, trade facilitation, and RoO to be made investor-friendly. Some of these barriers include coping with waiting times, infrastructure; landlocked countries (such as Zimbabwe) have poor trade facilitation infrastructure in place, which are detrimental for companies in the EU who would like to do business in these areas of the world. For textiles, sourcing in the ESA countries was not cheap; hence, there is no first option. The ESA markets are too small and far away, and it all boils down to what is practical.
- **Environment and sustainability:** Fair and sustainable trade need to take place alongside the deepening of trade – support free and fair trade. The challenge lies in actual enforcement and organisation. This can provide good incentives for targeted liberalisation – linking trade and sustainable development intelligently. The economic pillar of sustainability is important and needs to be linked to trade.
- **RoO** must be simpler to use and easier to understand for EU companies if they invest in the ESA region; red tape needs to be reduced. This is an issue with ESA countries – the more this is addressed, the more the EPA creates an incentive to focus on Mauritius and Madagascar.
- **Collaboration:** There are also operational realities, such as cases where companies would predominantly be focused on bigger trade partners. There is a need to focus on intensifying cooperation and to look for new markets, which is what the ESA 5 countries can offer. This involves having the private sector working together and collaborate between the two sectors. The result will be

mutually beneficial in the medium and long term. Both sectors have very good reasons to collaborate, and they are willing to promote and help boost collaboration.

- **Quality:** Stakeholders in the textiles raised concerns about the quality of certain products from the region and indicated that it would have no real market in the EU.
- **Services:** Concerns about facilitating the movement of staff and obtaining visas.
- **Competitiveness:** ESA countries lack the competitive edge, especially in textiles- they are a small geographical disadvantage, improve marketing. The entire package has to be conducive for EU textile businesses.

Recommendations

- Organise focus groups to get information on smaller markets such as Mauritius for the textile sector. In addition, better marketing and promotion of what can be achieved in the ESA countries.
- Simplify and harmonise RoO for EU companies to import from the ESA countries – focusing on imports; the textile industry outsourced much of its production decades ago, and the industry is extremely globalised, and this creates a need for members to find RoO that link various supplier countries to provide for smooth flow of inputs into the final product.
- Chapters HS 50 to 63 – levels of detail are much higher than in our chapters of harmonisation, and this complexity is an inherent feature of protectionism. Small companies cannot rely only on employing someone to deal with RoO and compliance in this regard.
- The simplification aspect plays a major role in trying and getting EU private sector interest in the Madagascan and Mauritian textile industries.
- Important for EU businesses to have better access to public procurement as it would be attractive for them. Important to have investment facilitation.
- The agreement is currently limited – need to expand it to cover other areas and not just trade in goods.
- Improve market access and transparency in the ESA region.
- Initiate capacity building activities that will have spillover effects on the overall investment climate.
- Need to provide assurances to companies that their investment would be protected and legal certainty over the long term.

2. Civil society organisations

Key Findings

- **Impact of ESA exports on EU farmers:** Not a strong EU impact, but flowers, sugar, coffee may affect the market balance: the biggest impact is on sugar (e.g. in Mauritius). However, it is marginal and not significant.
- **Implementation challenges of the EPA:** For Europe, there are no major challenges. If something had to be selected, it would be linked to the actual development agenda, as increased trade would truly help rural farmers striving for better livelihoods. Value sharing within the value chain can generate

more income out of the consumer than the actual primary producers. There is a need for a balanced value chain taken into farmers interests.

- **SPS impacts** No SPS concerns because of the systematic control mechanisms in place, and the product categories imported are considered reasonably low risk when it comes to sanitary conditions. One of the elements they are closely following is plant disease and animal disease. However, thus far, no major problems as the EU controls are sufficient to tackle these issues.
- **Opportunities presented by EPA in the agricultural sector for Europe:** This is all linked to the general benefits of international trade, prosperity and growth. Imports and exports are very much in favour of ESA from an agricultural perspective (latest stats from 2019), but it favours the EU for total trade. Europe has much potential in terms of processed foodstuffs, value-added products have potential in terms of export to ESA, but such brands are sky-high in, e.g. Mauritius, thereby targeting affluent tourists. The EU is not competitive in terms of raw materials, but they are an advantage when it comes to added products. However, this is all linked to development. Therefore, the market potential is simply not yet there.
- Agreement acted as encouragement for a wider trade opportunity in terms of opening the economy.

Knowledge of the EPAs

The general level of awareness from most organisations approached indicated a low level of awareness. Some of the reasons cited included: The EPAs were not their area of focus. Lack of sufficient experience and involvement in the EU ESA EPA as the focus was on other EU trade agreements. Limited resources in following all EU trade agreements. Not working on the EPAs. EPAs of minor importance as very members are sourcing from the ESA region

Concerns

- **Increased Trade:** The stakeholder indicated that EU farmers want increased trade in farmers' community parallel to trade itself have the benefits of trade going to the farmers. Trade volumes/value have not been substantial. It has been more of a development agenda at this stage. For EU farmers, developing trade and open trade opportunities are benefiting rural communities and the farmers themselves. Emphasis on this from the EU farmers. Creating cooperatives to organise farmers in the market is important.
- **Unfair competition:** The first principle is that the EU EPAs should never expose EU agriculture practice to unfair competition in terms of working conditions, wages, etc., in the partner countries. This is important not only from the EU perspective but also from the ESA side; these conditions need to be respected.
- The EU must come to a policy coherence between EU commitments and the trade agreements. For example, the green deal, farm to fork strategy that affect EU farmers and producers needs to match the trade agreements.
- Some organisations are pushing on an EU level to get rid of certain pesticides that develop cancer but continue to be used elsewhere in the world – pesticides that cannot be used in the EU should not be exported to other regions in the world.
- The stakeholders indicated that their main demand on the EPAs was to have a sustainable development chapter in every trade agreement, specifically on labour rights – as they are not subject to the same dispute settlement as other chapters having enforceable labour chapters is important. The

stakeholders indicated that TSD chapters should be enforceable – with no sanctions, there is no enforceability. Hence, there should be a mechanism that leads to redress and sanction in the event of labour violations.

- Some stakeholders expressed dissatisfaction with the agreement, particularly with Zimbabwe's involvement because of its human rights records. They indicated that workers in Zimbabwe had been jailed – and this is an area of concern.
- General concerns around environmental governance and governance in labour standards around mining and expansion of mining projects. Disposal of mining waste and the global problem of dealing with waste is a big environmental concern. The agreement must promote the expansion of economic activities and create a dependence of ESA dependence to export to the EU. Rather the EU should promote the strengthening of governance and their environmental standards. This is where the EU and EU businesses can lead and help that happen. The EU and EU businesses investing should have a duty to help the region generate more income through exports and use more trade to work on the standards and implement them. Hence strengthening due diligence, institutions, legislation in sustainable corporate governance need to be incorporated in trade.
- Transparency in how licenses are allocated is a major problem (Fisheries sector). The deepening of the EPA could contribute to building positive political will to police waters and to include local stakeholders in decision-making processes. In this area, sanctions should be considered, as with the previous GSP+ where preferences could be withdrawn.
- Impact: Generally, the agreement with the EU has had a positive impact here; the EU is stricter on reporting and uses onboard observers and documentations checks. It is still not enough, but better. The EPA also provides support for control capabilities. The stakeholder considers the reported catch on vessels under the EU agreement to be a minimum basis for estimating the real catch volume. All the SFPA are tuna agreements – EU vessels pay for the right to access waters, giving financial compensation to the treasury which uses it for sectoral support – used for research, inspection, local infrastructure – in this area, monitoring, control and surveillance (MCS) capabilities exist more and more. However, the overall amount of money is very little. Access is organised at the IOTC level. More money is needed to strengthen MCS capabilities.
- Underreporting is a large problem. Illegal overfishing is sometimes effectively legalised by the state, as with Madagascar. Madagascar signs private tuna fishing protocols with foreign companies, including European ones. Vessels covered by these protocols underreport their catches in Madagascar waters on a massive scale. It does not have the capacity or will to monitor its waters, and the vessels do not land in Madagascar, which makes it very difficult to verify how accurate their catch declarations are. Reported catches through these private agreements are roughly half that of those under the EU agreement, despite the vessels being the same size and needing a similar catch rate to be economically viable.

Recommendations and priorities for negotiations

- Crucially important to ensure that EU farmers have a fair role in the value chain – farmers' voice is relatively weak globally, and it needs to be enhanced. It is farmers' interest to invest in implementing high-quality standards, become more organised, set up cooperatives and focus on their purchasing and selling powers. This would be beneficial in the long run. It is also necessary to highlight the difference between farmers and consumers.
- Respect for fundamental rights and International Labour Organisation (ILO) conventions: The agreement needs to consider and respect a broad range of human rights: right to adequate nutrition-

safe food, right to livelihood protection, food sovereignty, safe working environment and rights of workers and trade union rights. Including setting preconditions for the ratification and implementation of 8 ILO labour standards in the core conventions. If the partner countries have not yet ratified or properly implemented these conventions, they should demonstrate and provide a roadmap of how this will be achieved on time. More broadly – workers’ rights cannot be brought into question – labour rights are a fundamental right in all trade and investment agreements. The stakeholder recommends possible suspension in the case of failure to adhere to international conventions and violations of human rights. For example, in the flower sector in Zimbabwe – highly profitable workers are not paid living wages. It is the lowest wages amongst farmworkers living below the poverty line. Focused on health, housing and safety - these are the issues our international section is working on. Relating to child labour flagged under vanilla production, stakeholders indicated that the EU should use its power leverage to change this change. Perhaps this can be resolved through a roadmap with some mechanism that flags child labour as a problem and designs measures to tackle it.

- The key priority should be on cooperation on human rights protection, conflict resolution, strengthening democracy and the rule of law and food sovereignty and security and the right to a healthy environment. Here, the EU has a role to play in terms of how a healthy environment is perceived and implemented. Also, it should be about the exchange of values and frameworks that need to be the priority in conducting trade that does not have a negative impact. It should be creating mutual agreements that strengthen values.
- The problem mainly lies with the enforcement and implementation of the agreement. The EU can assist with best practices of law enforcement procedures.
- Transparency in the labour and supply chain: Stakeholders indicated that they would like to see transparency in the labour and supply chain. To ensure that the products imported into the EU are not made from child labour. If this happens after the trade agreement is finalised, the EU loses leverage to enforce ratification.
- Need for regional cooperation: A mechanism for civil society consultation would be useful for consulting stakeholders, including small-scale fisheries.
- Development cooperation for women in fisheries: It would be good to organise exchange and contact to have a voice for women in small-scale fisheries.
- It is difficult finding a new generation of fishers; making the sector attractive for young fishers is a challenge. One way is to improve working conditions onboard vessels. There is already experience at the EU level about how to improve working conditions. Improving safety at sea could be a focus in terms of social sustainability.
- Proposal for priority access for those fishing most responsibly – this would be a recognition of provision of social and economic benefits to local coastal economies and make more visible the contribution of small-scale fisheries to the region.

3. Public Sector

Key findings

- There was awareness of the EU ESA EPA. Since the official start of implementation of the interim EPA in 2012, there has been an increase in ESA exports to the EU by 13%. Similarly, the EU has also increased its exports to the ESA5 countries. The rates of use of the EPA by ESA5 exporters is

exceptionally high (95% in 2019). This is because the main export goods of the ESA5 to the EU – largely from Mauritius – are otherwise subject to high tariffs (textiles, processed fish, sugar).

Concerns

- The ESA countries have not diversified their exports – indeed, there has been some concentration. This is a common, long-term theme in trade patterns between the EU and Africa. Moreover, there are other factors beyond the EPA that are in play. Nonetheless, it is a concern, and the hope is that trade agreements such as the EPA will lead to export diversification.
- One key issue is the improvement of market access for services and increase of investments between EU and ESA5 countries – Improvement in the framework conditions for companies will hopefully increase trade in services and foster investment in the ESA region. This should contribute to ESA development. Nonetheless, there may have different impacts across ESA countries: this is a heterogeneous group, which is a challenge for negotiations – the ESA countries may benefit in different ways.
- A second issue is a transition to sustainable production. The EU regulatory environment is becoming stricter with upcoming regulations on due diligence, embedded GHG emissions (CBAM), deforestation-free supply chains, sustainable food systems, animal welfare, etc. ESA countries will need to meet both the quality and sustainability requirements of the EU market, to expand trade and economic relations with the EU in the future.
- More generally, a key characteristic of trade and economic relations between Germany and the ESA countries are small markets in the ESA region, language barriers as well as products, that do not fully meet the requirements of the German market. Hence, to boost trade relations with Germany, it is necessary to also improve the quality and transport infrastructure in the ESA countries, in particular in the LDCs among them. For this, development cooperation in support of the implementation of the EPA is key.
- It would be useful for the SIA reports being more specific on the areas for development cooperation: more generally, it would be good for the EPA to include more binding text on cooperation, so that ESA countries can point to specific types of actions that the EU should carry out.
- Lack of awareness of the interim EPA: the German Chamber of Commerce for the region has reported that German companies, as well as local companies in the ESA region, do not have a strong awareness of the Agreement. Therefore, more measures are needed, to communicate information on the ESA EPA, especially with a practical orientation.
- Under IPR, LDCs should continue to be able to use TRIPS flexibility.
- A key concern is that the design of the Agreement is “development-friendly”. This also means that the provisions of the agreement should not limit the policy space of ESA5 countries provided for under WTO rules to manage their integration into the global economy, including via AfCFTA and (for Comoros) WTO accession, and pursue industrial policies. . For example, concern that new disciplines on public procurement would restrict this policy space. Similarly, deeper IPR provisions that go beyond TRIPS would restrict this policy space.
- Concerning the SIA reports, they do not devote sufficient attention to biodiversity, which has been a focus for the European Commission and Parliament: this is an issue in particular for Madagascar. Further attention could have been devoted to sustainable food systems, a policy priority for the EU now, and the potential role for ESA countries in EU frameworks such as the Farm to Fork Strategy. In

addition, the conclusions on public procurement do not indicate how the benefits and costs were weighed and which data were used to conclude that ESA countries should open their markets to EU businesses.

- The Agreement itself needs to be designed for practical implementation, including for differences in levels of development across ESA countries.
- A final suggestion is for the Commission: for future SIA work, Member States could be contacted on a more systematic basis – for EPAs, for example, by using the list of Brussels delegates in the ACP Working Party or Member State officials working with DG Trade on EPAs.

Recommendations

- Increase export diversification for the ESA countries.
- For services and investment, flexibility and staged implementation are recommended – this is important in particular for the lower-income countries.
- Regional integration is a priority, and ESA countries should be allowed to give greater access under AfCFTA.
- On public procurement as well, the WTO's GPA provides flexibility – though ESA countries are not Parties to the GPA, the EPA should not set stricter rules.
- For trade and sustainable development, the EU text has high ambitions and broad scope. This will create challenges for implementation, in particular for lower-income ESA countries. EU support should be provided; this will lead to benefits also for ESA citizens. Biological diversity should be more explicitly recognised and protected under the EPA: this is an issue in particular for Madagascar with its high level of diversity.
- Deepening trade with ESA countries, including for services and digital trade that create new chances for entrepreneurship is a key opportunity.
- Areas of negotiation are not confined to economic issues, and emphasize trade and sustainable development, including inter alia climate protection and gender equality, as done so in the general approach for bilateral negotiations by the EC.
- The need for flexibility is a key concern, providing for different categories of countries and different timeframes for implementation. Negotiations must also consider the regulatory capacities of ESA5 countries. Concern that regulatory requirements (e.g. implied in services and investment provisions) will overburden ESA5 countries' implementation capacities. Such an approach would give countries the time needed to implement the Agreement based on their capacities.
- There is agreement that rules of origin should be simplified, in particular for agricultural products, and should support regional integration – for example of textile production in Africa. More generally, there should be harmonisation on this across the region.
- On environment and human/labour rights, there is support for the idea of preparing national action plans, also given concerns over the high level of violations, for example for labour issues. EPA dialogue platforms (i.e., Committees and DAGs) provide an important opportunity to discuss solutions. CSO and private sector engagement are crucial to advance in these areas.

- Tourism can be an important factor for sustainable economic development, and there is agreement on the idea to assist the sector after Covid.

1.5 Online questionnaire

After mapping EU and member states (MS) stakeholders, due to their extensive number, the team distributed a short survey (less than 10 minutes to complete), where it invited stakeholders to self-identify their interest in the negotiations and a discussion with us. We circulated the survey twice with a deadline of 1 December and an extension to 10 December. The survey will remain open throughout the projects, but the specific deadlines allow us to consolidate findings for each report submission. The online questionnaire can be located here (in English and French): https://lse.eu.qualtrics.com/jfe/form/SV_db76MEAHQHNVYUd.

The survey was circulated to 295 stakeholders, but response rates remained low despite the specific actions taken.

1.5.1 Respondents

We received 19 survey responses via Qualtrics and three responses by email via our dedicated mailbox. Out of these responses, the composition was the following:

- **The majority of respondents were business associations.** Ten business association, one company, four non-governmental organisations/civil society, one social partner and one self-defined as other responded to the survey.
- **The majority of respondents (seven responses) identifies as belonging to the Agricultural and Food and Drink Industry;** two – Aeronautics industries; two – Tourism; two – Electrical and electronic engineering industries; two – International development; one – chemical distribution; one – Maritime industries; one – Automotive industry and one in Textiles, fashion and creative industries.
- **The headquarters of respondents varied across the EU and ESA5,** across Belgium (2), Bulgaria (1), Denmark (1), France (4), Germany (2), Italy (2), Mauritius (2), Slovenia (1), and Sweden (1). Among the respondents, seven organisations chose to remain anonymous, and ten organisations opted for their comments to be made public. Based on that, we note a few of the responses below.

1.5.2 Key findings across the survey questions

1. What advantages and positive developments have you seen under the interim EPA between the EU and the ESA5?

- An EU respondent noted that the main development is the improvement in trade patterns with some of the ESA5 countries.
- An ESA5 respondent highlighted that they have continued benefiting from duty-free and quota-free access for sugars, hence assuring the sustainability of supplies.
- Danish Agriculture & Food Council noted a slight increase in exports from Denmark.
- Federation of German Industries (BDI) included the following benefits:
 - The BDI considers the EPAs as facilitators for the investment and trade of German companies with the ESA countries.
 - Most African nations are currently still too small to offer an attractive market for German companies. The EPAs promote free trade within African regions, and with the EU, they increase

the attractiveness of African markets for European and German companies and thus create incentives to create urgently needed jobs on the African continent.

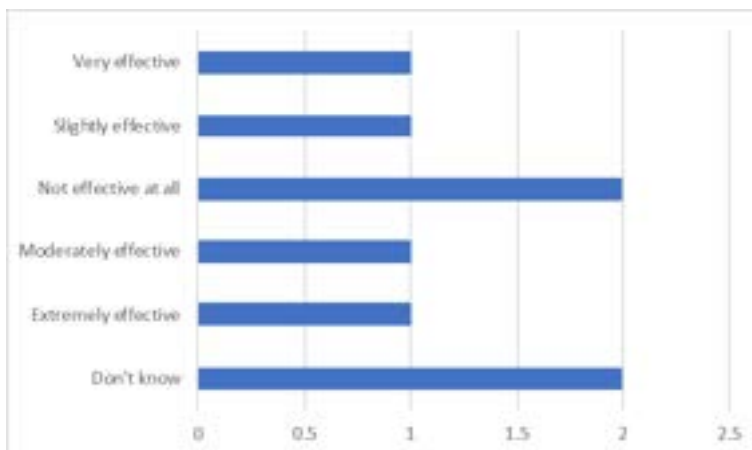
- Thus, the BDI advocates fast ratification of the EPAs. These create WTO-compatible and long-term access to markets for African exporters and European companies.
- European Association of Chemical Distributors (FECC):
 - An even level playing field is paramount for improving the EU's resilience and building the model of an open strategic autonomy. The EU expects high-quality products from its local manufacturers, regardless of whether this refers to the single market or for export to third countries.
 - FECC supports the EU proposal on identifying, preventing and eliminating technical barriers to facilitate trade in goods between the two regions. Article 10.5 ([link](#)) of the EU note states that although harmonizing standards between regions should be implemented whenever possible, considering the climatic, geographical and/or technological factors is also needed as this may pose a challenge for some of the African stakeholders and regulators. By identifying the bureaucratic and technological barriers, trade between the EU and ESA5 through the proposed interim agreement could further be optimised.
 - Lastly, another positive impact of the EPA is the decrease in import prices due to the continued trade liberalisation. Consumers from both the EU and ESA5 would be subject to wider choices for both products and services under the agreement.

2. What problems and obstacles are you aware of under the interim EPA between the EU and ESA5?

- EU respondents noted that no substantial problems exist as far as their business in the Textiles industry is concerned.
- An ESA5 respondent highlighted that "preferential market access is being eroded by the free trade agreement finalised by the EU with non-ACP sugar producers, namely from Central and Latin America, and Asia. Insufficient flexibility under certain clauses such as the 'value tolerance rule' under RoO."
- Danish Agriculture & Food Council noted little awareness and attention about the existence of the EPA.
- Syndicat du Sucre de la Reunion: "Globally, the EU sugar sector does not consider that ESA country's market holds significant growth potential for exports of sugar from the EU. This situation concerns white sugar and the ready-to-use brown sugars (called speciality sugars) produced in the EU OR (La Reunion, Guadeloupe, and Martinique). The EU speciality sugars market is a very small niche market of only 250,000 to 300,000 tonnes, representing 1.5 % of the total EU sugar market. As some ESA countries already produce speciality sugars and develop economies of scale, producers of speciality sugars originating in the EU OR will never compete on equal terms with ESA producers on their market. Whereas reciprocity in trade relations was one of the main objectives of the Cotonou Agreement, the Interim Agreement created access inequities by giving to ESA sugars full duty-free and quota-free access to the EU continental market while keeping most of the ESA market closed to EU sugars."
- BDI notes:

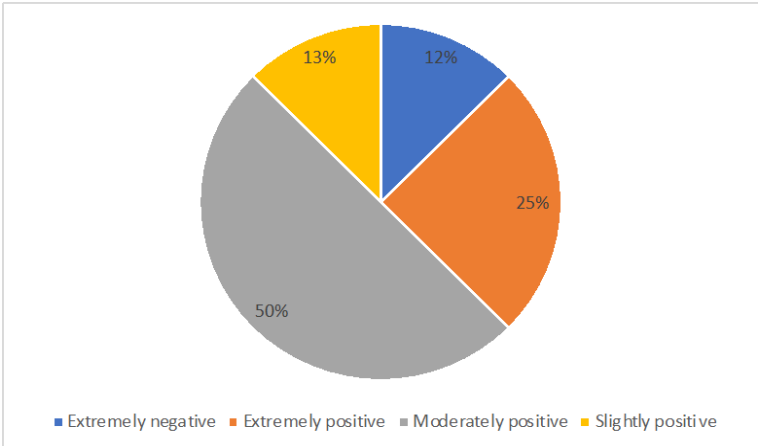
- I) Negative effects on sensitive product groups of individual African countries: The BDI recommends that the EU shows flexibility regarding the time frame and product scope of EPAs. So-called sensitive product groups should be examined for the individual African countries. A case-by-case decision as to which product groups should be excluded from EPAs for the time being for individual African countries is needed.
- II) Lost customs revenues for the five African countries: The BDI advocates that the EU provides adjustment assistance for lost customs revenues. This should include programmes to increase the competitiveness of the African private sector and infrastructure measures.
- FECC:
 - The planned impact assessments in 2021 should consider the short, medium and long-term effects of the EPA. An analysis of the socio-economic effects of its implementation should be considered not just between the ESA5 member state but also within the region of a specific country. Through a region-specific assessment, the EPA evaluation would facilitate identifying whether the economic activity could also be stimulated in underperforming regions of the ESA5.
 - Additionally, as with all other partnership agreements, confirming the EPA without the corresponding implementation would result in an uneven playing field for both the EU and African stakeholders. Regulators should ensure that businesses taking part in the scheme comply with the proper requirements for importing and exporting.

Figure 2: How would you assess the effectiveness of the agreement for the issues that are relevant to you?



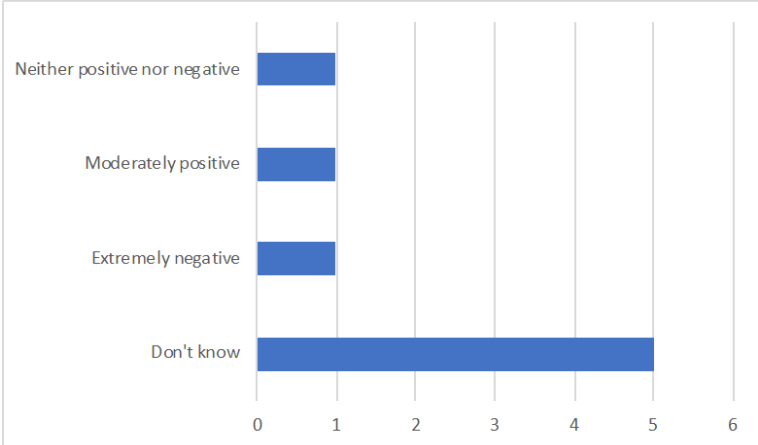
Source: Qualtrics Survey

Figure 3: How would you rate some of the economic impacts of the existing interim EPA in your sector/in the overall economy?



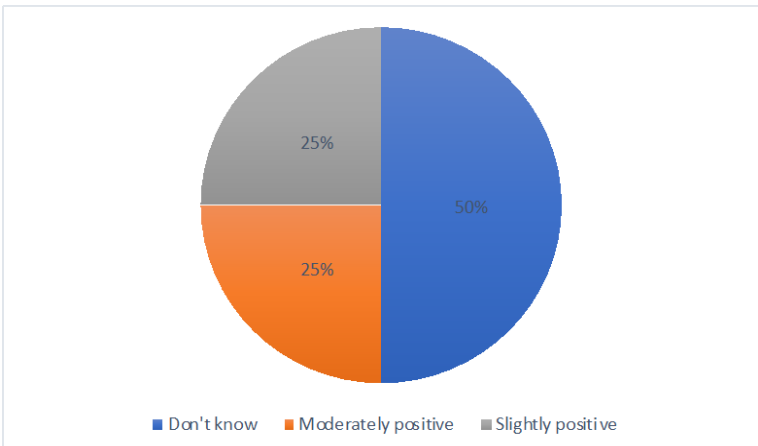
Source: Qualtrics Survey

Figure 4: How would you rate some of the environmental impacts of the existing interim EPA in your sector/in the overall economy?



Source: Qualtrics Survey

Figure 5: How would you assess some of the social and human rights effects of the existing interim EPA agreement between the EU and ESA5 in your sector/in the overall economy?



Source: Qualtrics Survey

3. Please elaborate briefly on your response on any type of impact above?

- Danish Agriculture & Food Council: "Increase in trade flows would generate increased production, profits, commercial relationships, diversification of income sources, a wider product range of high-quality products."
- Syndicat du Sucre de la Reunion:
 - "Since both the EU or EU trade partners are located in tropical regions, they produce the same types of agricultural products, unlike EU continental producers. The cane-sugar sector of La Réunion is the leader in the segment of speciality sugars, which only accounts for 1,5 % of the EU sugar market. However, EU OR products are in direct competition with ESA States products. As ESA States do not comply with the EU high social, environmental and regulatory standards, producers from the EU OR will never compete on an equal footing with the ESA producers. The reform of the CMO, combined with the total opening of the EU market to sugars originating in the ESA States, led the latter to redirect their production towards the manufacturing of speciality sugars. The objective is to conquer a segment of the EU market where competition is already intense due to the entrance of new Latin American stakeholders in 2013. In 2020, Mauritius closed one of the last two refineries of the country, stating that it will now focus on speciality sugars production. Deprived of the outlets for their white and raw sugars, the ESA sugar industries attack the speciality sugars market. They are destabilising the market of speciality sugars, thus threatening the cane-sugar sector of the EU OR, for whose the EU market is a vital outlet and where it is the leader.
 - The EU white sugar market is no more attractive for the ESA States. Thus, they are increasing their speciality sugars production and exports to the EU, which damages the EU OR."
- A Mauritian stakeholder reported that: "The fact that the EU sugar market remains protected from the world market through high tariffs of EUR 419 / ton, it is somewhat protected from the global price volatility. The social and environmental standards, on the other hand, safeguard the market from unfair competition.
- Olof Palme International Center "Since it calls for adherence to international labour laws and ILO conventions, it is a good incentive for partners. It also debunks the alternate narrative on punitive sanctions."

4. What are priority issues that need to be addressed in the deepening negotiations from the perspective of your sector/field of expertise?

- Danish Agriculture & Food Council (DAFC): Trade facilitation, TBTs, services, digital trade.
- European Community Shipowners' Associations (ECSA):
 - From the perspective of ECSA (representing the European shipping industry), maritime transport services must form part of any trade-related discussion the EU has with third parties, including, in this case, economic partnership arrangements. This is because shipping transports around 90% of the global trade in goods, making it the backbone of world trade. In Africa, shipping is even more important due, in some cases, to less advanced land transport. Therefore, efficient maritime transport is critical to the region's trade and economic growth, but shipping and ports in this region sometimes lag behind global trends and standards, resulting in high trading costs.

- Looking at the African continent more broadly, European shipping companies have traditionally held a strong position. They are important partners to African governments and businesses and ensure they are connected to the world and intra-African trade. They are heavily investing in the continent and support local employment. Africa is also one of the main growth markets for EU businesses, with an anticipated doubling in the size of the population by 2050.
- However, at the same time, EU shipowners are more and more confronted with market access barriers (in Africa and around the world) targeting foreign logistics and maritime services. These include i.e. cargo reservations or preferences for national carriers, licensing requirements or rules on vessel flag, crew or construction to carry cargo or call at ports in their territory, all to the detriment of foreign operators.
- For ECSA, partnership agreements offer an excellent platform for the EU to draw the attention of its trading partners to the importance of free access to maritime services and safe and secure frameworks for operation. We, therefore, encourage the EU to seek to include maritime services in future EPAs or revisions of existing EPAs.
- Syndicat du Sucre de la Reunion:
 - "The priority is to extend, under the current EPA, the period during which the local market of the French overseas departments is protected from ESA sugar exports, as provided by the provision currently in force, and under the EPA to come, replicating the provision currently in force which protects the local market of the French overseas departments from ESA sugar exports.
 - If applicable to the EU outer regions, the general suppression of custom duties provided by the EPAs would offer a disproportionate competitive advantage to products originating in countries where social, environmental and productive standards are way lower than the EU ones. It would deny the sugar industry of the EU outer regions access to their local market.
 - Under the Cotonou agreement, this safeguard has been replicated in every EPAs and interim agreements, which have been concluded. Thus, the interim EPA acknowledged the necessity to protect the local market of the French overseas departments from sugar imports originating in the ESA States. Thus, the ESA EPA provides that duties remain due on sugar originating in the ESA States and released for free circulation in the French overseas departments (on tariff lines of chapter 1701 of the combined nomenclature). This provision is applicable for ten years, extended for a further period of 10 years unless the EU and the ESA States agree otherwise.
 - Since the EPA with ESA came into force on 14 May 2012, the first deadline will be 14 May 2022, with a potential extension until 14 May 2032. Hence the necessity to extend, under the current EPA, the period during which the local market of the French overseas departments is protected from ESA sugar exports, as provided by the provision currently in force, and under the EPA to come, replicating the provision currently in force which protects the local market of the French overseas departments from ESA sugar exports.
 - The second priority is to define an annual duty-free quota on speciality sugars imports from ESA states to continental Europe and maintain imports duties on volumes, which would enter the EU market in excess of the annual duty-free quota conceded to ESA states. The tariff lines of speciality sugars are lines 1701 1390, 1701 1490, 1701 9100 and 1701 9990 of the combined nomenclature.

- Since the reform of the CMO, the market environment has changed: the EU must take notice of the metamorphosis of its sugar market – a metamorphosis that the EU encouraged itself – and take all needed measures to protect its territories and industries. In the framework of the negotiations on the deepening of the EPA with the ESA States, the principles and terms, which previously led to the complete opening of the EU market, must not be maintained.
- The EU speciality sugars market is saturated, as non-EU competitors detain more than 60% of its shares. It is now imperative and urgent to define a market exposure volume, i.e. a maximum volume of concessions that can be granted to speciality sugars originating in foreign countries, by considering the currently imported quantities. This will minimize the windfall effect and secure the stability of the EU speciality sugars market.
- This rule is all the more needed and legitimate, as the French overseas departments still can increase their production of speciality sugars and supply more than 45% of the EU market. This objective will not be met if the EU maintains duty-free and quota-free access to its speciality sugar market.
- A Mauritian stakeholder reported the need for more flexibility concerning RoO, namely cumulation with other ACP producers and the value tolerance rule.
- Fecc calls for an enhanced monitoring effort when it comes to EU requirements under the EU Africa strategy. Without comprehensive surveillance of products being exported to Africa, this may result in (1) the undermining of EU and African producers and service providers, (2) the decrease of the EU market share and (3) unnecessary regulatory roadblocks due to internal bureaucratic delays.
 - The EU and other national governments are currently offering various regulatory and financial incentives for green initiatives, particularly for public stakeholders and start-ups. These include so-called emissions allowances under the EU Emissions Trading System (EU ETS) scheme. With both the EU Green Deal and the EU African Strategy being game-changers, support from the community must include a wider part of the industry to ensure that integrating a circular economy on trade also includes socio-economic benefits. We believe that such incentivization is a more pragmatic approach that encourages companies to innovate, rather than the overlapping regulations in the European chemical wholesale sector that result in an uneven level playing field, most especially for SMEs.

5. What obstacles and challenges to doing business, trading or investing in your sector/ the overall economy would you like to see addressed in the ongoing negotiations?

- DAFC: Administrative costs associated with cumbersome export procedures.
- An Italian stakeholder: “Stabilisation politique, sociale et economique. Amelioration des systemes bancaires”
- Syndicat du Sucre de la Reunion: "Even if the ESA States accept to open their market to EU sugars, their social, environmental and productive standards are way lower than the EU ones. There is a clear absence of a level playing field between the EU and the ESA States concerning the cane sugar sector. The sugar industries of the ESA States are thus extremely competitive on their market, which will therefore remain closed to EU outer regions products in any case.
 - The EU speciality sugars market was already wide open to non-EU countries (over 60%). Nevertheless, in 2013, the EU concluded new trade agreements with Central America and the Andean Community and allowed their cane sugar producers to enter the EU speciality sugars

market. Consequently, competition has considerably increased in this market, thus accentuating pressure on the EU outer regions.

- The EU must acknowledge that part of its agricultural production is in direct competition with agricultural products produced in neighbouring tropical countries. Thus, it is crucial to involve the main economic actors of the outer regions in every step of the negotiation process.
- A Mauritian stakeholder reported the lack of visibility on the market as it is not sufficiently protected, namely through too many trade agreements covering sugar and even domestic support provided to EU producers.
- ECSA:
 - Trade in services with African countries will undoubtedly thrive in the forthcoming decades. However, EU trade policy should step up to seize these opportunities and ensure European businesses, such as the shipping industry, can play their role in ensuring sustainable development, mobility and connectivity – and avoid the market mentioned above access barriers.
 - We highlight that the non-discriminatory treatment of maritime transport services has been formally recognised by EU and ACP partners as of 1995 (Lomé IV, art. 126 and following) and reconfirmed in 2000 (Cotonou Agreement, art. 42). EU shipowners stress that in the renewed Partnership Agreement and any other legal and policy instruments with African partners, these principles must be anchored, even re-enforced. Fair and free competition, without local protectionist measures, is of key importance to secure continued growth. For maritime transport, free access to transport markets should go hand in hand with the right of establishment of local agents to provide the best possible service to our customers. Shipowners' rights to invest in local services and infrastructure should also be secured.
 - By anchoring clear commitments on maritime transport in legally binding instruments, the EU creates the certainty EU businesses need to invest and operate sustainably. Such trade agreements should at a minimum ensure that third countries provide reciprocal market access to EU operators as third-country operators face in the EU and include provisions on maritime transport services to the fullest extent possible, including:
 - Commitments towards unrestricted access to the international maritime markets and trades on a commercial and non-discriminatory basis.
 - Commitments to abolish and abstain from cargo-sharing agreements or reservations.
 - The ability for EU operators to be granted reciprocal national market access, at minimum feeder services, and all forms of transshipment and movement of empty containers.
 - Ability to perform multimodal operations and the ability for EU operators to establish local representations in third countries.
 - These are in addition to all other supporting measures to ensure smooth and fair trade

Three of the remaining questions have six valid responses and do not carry information relevant to the ex-post report.²

1.6 Minutes of the Civil Society Dialogue

<p style="text-align: center;">CIVIL SOCIETY DIALOGUE</p> <p style="text-align: center;">MEETING ON</p> <p style="text-align: center;">SUSTAINABILITY IMPACT ASSESSMENT IN SUPPORT OF THE NEGOTIATIONS TO DEEPEN THE EU- EASTERN AND SOUTHERN AFRICA (ESA) ECONOMIC PARTNERSHIP AGREEMENT</p>

Date: 23/03/2021

Time: 11:00 -13:00

Location: WebEx

Lead speakers

- Ewa Synowiec, Director, Directorate-General for Trade (DG Trade), Chief Negotiator for the negotiations to deepen the EU-ESA EPA
- Andreas Freytag, Study Coordinator/Team Leader of the consortium led by LSE Consulting

Moderator

Deputy Head of Unit, Transparency, Civil Society and Communication Unit, DG Trade, European Commission

Agenda

- 1) Presentation of the state of play of the negotiations.
- 2) Presentation of the draft thematic reports of the Sustainability Impact Assessment on (1) trade in goods, (2) trade in services and investment and (3) trade and sustainable development; and draft ex-post evaluation of the existing interim EPA.
- 3) Open discussion with stakeholders.

1. Presentation by DG TRADE on the state of play of negotiations with ESA Countries

Ewa Synowiec, Director of Directorate TRADE C and Chief Negotiator for the deepening of the EU-ESA EPA, presented the state of play of the negotiations with the five ESA Countries (ESA5) implementing the

² These forward looking questions were: What are the possible economic impacts of the chapters for negotiation in the deepening of the EPA in your sector/ in the overall economy? What are your expectations on the possible environmental impacts of the chapters for negotiation in the deepening of the EPA in your sector/in the overall economy? What are your expectations on the possible social and human rights impacts of the chapters for negotiation in the deepening of the EPA in your sector/in the overall economy?

EPA. Ms Synowiec started by noting that the SIA aims at feeding into the negotiations between the EU and the ESA5. The SIA provides a deep evaluation of the potential economic, social, human rights and environmental effects of the anticipated new and comprehensive EPA, which will result from the deepening in terms of the substance of the current EPA. The SIA will be based on broad consultations of stakeholders and include recommendations to assist the negotiation process. The EU commissioned an independent contractor (LSE Consulting) to undertake the study. The Contractor will present the research's first results, including the Ex-Post Evaluation of the current EU-ESA5 EPA. Ms Synowiec highlighted that the first Civil Society Dialogue concerning this SIA was held on 11 September, where the state of play of negotiations was presented, and the Contractor presented the Draft Inception Report of the Study.

Concerning the state of play of the negotiations, three rounds were held since their launch in October 2019. Ms Synowiec noted this endeavour had started earlier at the request of the ESA partners to deepen the existing agreement by expanding its scope towards a modern comprehensive agreement, which the EU welcome, engaged in the process and agreed on a joint scoping paper before the formal negotiation process. Negotiations will cover all trade-related issues, including trade and sustainable development, institutional provisions for civil society and parliament.

The negotiation rounds resulted in substantial progress on five issues on TBT, customs and trade facilitation, SPS, RoO, agriculture in terms of cooperation and not in terms of market access. The last round permitted negotiators to have the first discussions on trade and sustainable development (which is new), and it will be included in the EPA. There is one in CARIFORUM but no such chapter in the EPA agreements with African countries. The DG noted that the parties further discussed the principles of the EU approach on trade in services, investment liberalisation and digital trade for the first time. The discussion laid the foundation for the next round to discuss TSD based on a joint working document and start substantial discussions on negotiating texts for Trade in Services, Investment and Digital Trade; for the latter, the EU submitted to the ESA side its proposal, which is also published online. In the framework of the transparency policy, the EU publishes all initial negotiating proposal texts, which stakeholders can access.

Ms Synowiec underlined that the ESA partners have been well prepared and well-coordinated despite institutional capacity challenges – particularly for the least developed countries in the group. The willingness and commitment to move forward with the negotiations is encouraging and supports reasonable optimism that it will continue. Relating to the latest results in the negotiations:

- Very good progress on customs and trade facilitation and SPS, with few outstanding issues, including those related to institutional provisions and capacity building which will need to be discussed in due course.
- On TBT, agreed on most of the text of the chapter but few remaining articles mainly on technical regulations, transparency in marking and labelling. Cooperation and technical assistance remain outstanding.
- On SPS, substantial progress had been made on most articles, including regionalisation, technical consultations, animal welfare and emergency measures. Outstanding issues include cooperation and technical assistance. Support to the capacity building, including technical and financial assistance, will be a cross-cutting issue in this process and the ESA side seems to be focused on this support in view of the implementation of the commitments to be included in the deepened EPA. This support will come from DG INTPA (International Partnership Agreements).
- On Agriculture - mostly relates to good cooperation. Based on a joint working document, some articles were agreed upon, and others are under discussion.
- On RoO, a joint working document can be already considered a good achievement as it is one of

the most difficult issues in this negotiation process, given the sensitivity of the issues by both parties and several EU red lines based on ESA5 claims.

- On Trade and sustainable development, the first exchange of views on the mutual text proposals in the last round was constructive with much convergence in many areas, including gender. However, the EU proposal is ambitious, and the differences in particular to the effective implementation of international conventions and strong commitments that the EU advocates for in this chapter will need to be tackled. Ms Synowiec highlighted ESA side aims at linking the implementation of such commitments with the EU support, which will be discussed in the framework of the economic development chapter.
- Concerning services, Investment liberalisation and digital trade – productive initial exchange without text based on the EU's presentation of their approach, key features and objectives. Both sides agreed on the importance of the issue and reiterated their commitment to an ambitious outcome while considering the different levels of development among the partners with Mauritius and Seychelles, which are very interested in services chapters. In contrast, the other three partners are less developed, and for them, it is quite a challenge. Ms Synowiec noted that they are aiming at starting a text-based discussion during the next round.

The next negotiation round will take place on 13-16 April. It will discuss six issues, including SPS, customs and trade facilitation, RoO, TSD, services, investment and digital trade and (to be discussed for the first time) economic development cooperation. The EU aims to resolve all remaining issues in SPS and customs and trade facilitation but the elements relating to cooperation provisions. For the others, the EU hopes to make further progress. As for the EDC chapter, the expectations of the ESA side are high. Relating to the link between the negotiation and the SIA, Ms Synowiec noted they had scheduled a sequencing of the reports to be delivered by the contractors and the agenda of the negotiations. Particularly the thematic reports to be presented in today's sessions (on trade in goods, services and investment and trade and sustainable development) means the issues that are already under discussion with the ESA partners while the other three thematic reports to be delivered later on, namely on public procurement, IPR, and competition with the related development economic cooperation plus on dispute settlement, institutional and general provisions will be discussed at later rounds. Ms Synowiec noted they would consider the SIA recommendations, which is the essence and objective of the SIA exercise.

2. Presentation by Andreas Freytag

Mr Andreas Freytag for LSE Consulting summarised the six studies published: Ex-Post Evaluation, SIA of Trade in Goods provisions, SIA of Trade in Services and Investment provisions, and SIA of TSD provisions. LSE Consulting summarized the findings of the Ex-Post Evaluation, including implementation, RoO, trade flows, economic impacts, the TSD chapter, development cooperation and government and business. The LSE noted that participants might send questions later to the contractor. The contact details are listed at the end of the presentation.

All relevant texts can be found here: <https://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/>.

The presentation can be found here: <https://trade.ec.europa.eu/civilsoc/meetdetails.cfm?meet=11586>.

3. Questions and Answers

Ms Synowiec noted that the duty-free and quota-free access to the EU market is already a fact and that market access liberalisation is not subject to discussion in this negotiation process. Further, she asked: What does the LSE Consulting advise to diversify and increase ESA exports into the EU?

Questions from civil society followed.

Both ENDS noted that Ms Synowiec referred to several texts which were the basis of discussion in the negotiations, and the participant wanted to know where they could access those texts. Both ENDS also enquired on the sectors where the EU exports were growing because this will be most likely the areas where effects of the interim EPAs. Relating to Zimbabwe and Madagascar, Both ENDS noted that the presentation referred to only 96 % will be quota-free; they enquired on the other percentages and requested further elaboration.

The **ECSA** noted that they had provided some input to the survey last year about maritime services transport being included in the future agreement but noted in the presentation that there was no mention of maritime transport in the services chapter. Could the LSE Consulting comment or elaborate further?

In response, the **LSE Consulting** noted that they would consider the question and pass it on to the expert, and the issue of maritime transport services will be considered.

Relating to the sectors, since the growth of the exports of the EU is very limited, the reports do not preview substantial impacts. There are many data in the Annex of Trade and Goods that suggest that it is the usual suspects being exported, e.g. chemistry, machinery, and gas as the main exports. LSE Consulting would investigate it. Concerning preferences depends on whether the RoO allows for this. That could be why Zimbabwe and Madagascar did not fully utilise this and could not export all the goods free of customs and duties.

Concerning diversification, **LSE Consulting** noted it is probably better if the countries themselves are the main actors responsible for diversification. If the EU keeps open markets without tariff escalation, this will benefit ESA5 since this has been a huge challenge for developing countries over the years. Tariff escalation meaning that tariffs are increasing when products are moving downstream. Hence if the commodities are duty-free and then the processed goods are facing duties, if this is maintained and at the same time capacity building is improving, and then diversification will be a natural result. What is good for diversification is that services are liberalised in the ESA countries, investment is encouraged, and the capacity of businesses and administration is increased. This ensures that the EU has a chance to support the ESA countries. Thus, it is the governments' task in the ESA regions to improve and maintain a high quality of governance. In addition, with more foreign direct investment, the business position in the global value chain also improves.

In response, **Ms Synowiec** affirmed that the creation of opportunities via reduction of customs duties and other measures on the border is one thing, but not that it was also a policy issue in the countries concerned that will contribute to the diversification. Services linked to trade would be helpful, but this needs great effort and good policymaking in the countries concerned. Relating to the texts, Ms Synowiec noted that a link had been shared to the Commission website with the reports and initial texts on agriculture, customs and trade facilitation, investment liberalisation, trade in services and digital trade, RoO, TBT, SPS and trade and sustainable development. More texts will be added along the way, and participants are welcome to visit the EU website.

CPME enquired on the impact of taxation on the negotiations and whether the future Carbon Border Adjustment Mechanism (CBAM) taxation will apply to ESA countries under EPA?

In response, **Ms Synowiec** noted that CBAM was one of the unilateral measures related to the European Green Deal. There are other measures in the pipeline on CBAM but do not know the form the measure will take as discussions are ongoing as the impact assessment is being prepared. The countries concerned will be informed in advance on what the measures are. They will have to continue sending goods that respond to the EU technical safety requirements, which will stay in place to protect the EU consumers.

Syndicat du Sucre de la Réunion enquired on the figures regarding the impact on the sugar sector.

LSE Consulting responded that the sugar regime is complex, and the team is still tackling the question.

Both ENDS asked how far the team has planned to look into preference erosion due to other negotiations (such as the EU-Mercosur agreement). They also enquired how far ESA5 have changed their trade patterns with other African states and to what extent the team tackled the African Continental Free Trade Agreement.

In response, **LSE Consulting** noted that the two questions were complex and could not be addressed properly in the meeting. However, they noted that what has changed due to other FTAs and preferential agreements have been considered. Also, the LSE noted that it could not measure the effects by looking into other trade agreements that the EU has been conducting, and the same applies to the African Continental Free Trade Area (AfCFTA), which only started trading officially this year. They noted a section of regional integration in Africa in the Inception Report that discussed relevant channels.

LSE Consulting pointed out that the situation in Africa was complex, with many regional economic communities with overlapping RoO and rules in general. As a result, it will depend on the RoO under AfCFTA if they will affect the trade of the ESA countries with the EU. If there are low value-added shares in the RoO, they encourage intra-regional trade, which also benefits the EU.

In response, **Ms Synowiec** affirmed the support for regional integration in Africa and noted the convergence created between the two projects – EPAs and AfCFTA. The EU would like an increase in intra-African trade as the level of trade is quite low- 17%. Ms Synowiec stated that the EU was aiming for RoO in the negotiations that contribute to regional and continental integration. In this respect, she noted that the rules applied in the AfCFTA are in many respects similar to those of the EU as they follow the EU model. Regarding impact, not all partners are trading in AfCFTA as they are still negotiating other issues, and the African Union have not started phase II and phase III of the negotiations. EU will support politically, technically and financially to assist in the negotiation and implementation.

Conseil Économique Social et Environmental of the Reunion enquired whether there are any figures on the rise in living standards in these countries. In addition, the participant also enquired whether the exploitation of immigrant workers is taken into account and what consideration in the macroeconomic study of the impact of trade agreements with China and India in these countries (Mauritius, Madagascar).

Concerning the data, the **LSE Consulting** noted that it had figures, including several indicators related to the living standards, which was not restricted to the GDP. LSE Consulting highlighted that they were institutional and living standards indicators in the Inception Report.

LSE Consulting added that the report did not consider other regional integration areas except for Africa. However, it can be considered an idea, but it is not the focus of the study. The LSE Consulting elaborated on the human social impact and indicated that in the Ex-Post Evaluation, there is an Annex with a description of the evolution of the living standards – GDP, average wages, access to food, electricity, among others. Overall the standards have improved – not at the same pace in all the ESA countries. The study also found instances of exploitation in some economic sectors in some countries. This is highlighted in the analysis included in the Annex in the Ex-Post Evaluation. However, the study did not find a specific link between the agreement per se and those phenomena as there are more linked to the dynamics of the sectors.

Conseil Économique Social et Environmental of the Reunion enquired on whether the studies looked at the impact of the EPA on the Reunion Islands market and what were some of the issues surrounding workers from India and China.

In the response, **LSE Consulting** noted the study looked into the OR, which is included in the Annex of the Ex-Post Evaluation.

Syndicat du Sucre de la Réunion noted that the European Parliament is planning to amend the CMO

regulation by adding an amendment to article 182. This amendment provides that the European Commission could apply additional duties when “the volume of imports in a given year at preferential rates agreed upon between the Union and third countries in the scope of free-trade agreements exceeds a certain level (‘market exposure volume’)” and also in case of “non-compliance with Union standards in terms of plant protection and animal welfare by third countries”. Does this position impact the negotiations of the European Commission with the ESA countries?

In response, **Ms Synowiec** noted the complexity of the question and asked that experts look at it, but it will be taken under consideration.

The moderator thanked everyone for their participation.

CIVIL SOCIETY DIALOGUE

MEETING ON

SUSTAINABILITY IMPACT ASSESSMENT IN SUPPORT OF THE NEGOTIATIONS TO DEEPEN THE EU- EASTERN AND SOUTHERN AFRICA (ESA) ECONOMIC PARTNERSHIP AGREEMENT

Date: 24/06/2021

Time: 09:30-11:30

Location: WEBEX

Agenda

- 1) Presentation of the state of play of the negotiations
- 2) Presentation of the draft Inception Report for the SIA in support of the EU-ESA-5 negotiations
- 3) Open discussion with stakeholders

Participants

DG TRADE: Ms. Ewa Synowiec, Director, Directorate-General for Trade (DG Trade), Chief Negotiator for the negotiations to deepen the EU-ESA EPA and team members of DG TRADE Unit C1

Contractor: LSE Consulting

Presentation

Ms. Ewa Synowiec, Director of Directorate-General for Trade and Chief Negotiator for the negotiations to deepen the EU-ESA EPA, provided a state of play of the ongoing negotiations to deepen the Economic Partnership Agreement between the EU and ESA countries. She highlighted that this is the third civil society dialogue that has been organised. The first two meetings took place on 11 September 2020 and 22 March 2021. The purpose of the negotiations is to provide a deeper assessment of the potential economic, social, human rights and environmental effects of the comprehensive EPA. This exercise is based on consultations

from stakeholders and to receive recommendations for the negotiations. At the first Civil Society Dialogue (CSD) meeting held in September 2020, the Commission presented a state of play of the negotiations and the LSE presented the draft inception report. The second meeting was held on 23 March 2021, the contractor presented the first results including the Ex-post Evaluation. The agenda of the third meeting concerns the presentations of: thematic reports on intellectual property rights, government procurement and competition and the dispute settlement mechanism as well as the three case studies on agriculture, tourism, textiles and garments.

The Director provided an update on the state of play of negotiation of the deepened ESA EPA agreement. Highlighted that the EU started the negotiations in October 2019 but the actual project started 4 years ago when the ESA partners proposed to expand the scope of the existing EPA agreement, which currently only covers Trade in Goods, trade-related rules and economic development cooperation. The ESA states expressed a desire to have more chapters and proposed a comprehensive free trade agreement (FTA) similar to other comprehensive FTAs that the EU has negotiated with other partners. Following that, the EU and ESA5 commenced a joint scoping process which concluded sometime in 2018 and was launched in 2019. The EU is aiming for a comprehensive agreement to cover all trade-related issues including trade and sustainable development and as well institutional 2 provisions, consultative bodies for civil society and parliament. Relating to negotiations, four rounds have been completed which opened discussions for eight chapters. This means more than half of the issues will be covered for the deepened process. Issues discussed include technical barriers to trade (TBT), customs and trade facilitation, sanitary and phytosanitary measures (SPS), rules of origin (RoO), agriculture (not liberalization of trade in products but cooperation in the sector), trade and sustainable development, trade and services, digital trade and for the first-time economic development cooperation. Discussions have made substantial progress on the first four issues and a better understanding of each parties' positions. The ESA5 partners were well prepared for the rounds and coordinated considering the different level of development and regulatory and administrative capacity. Update on specific subjects of the negotiations:

- On **customs and trade facilitation**: good progress had been made and only a few articles are outstanding including those related to institutional provisions and capacity building, which will need to be discussed in the final stage of negotiations.
- On **TBT**: the main part of the negotiations has been agreed upon. Few remaining articles on technical regulations, conformity assessments, transparency, marking and labelling. These are elements that strongly dependent on cooperation support and technical assistance which will be discussed horizontally. They will be mapping where technical assistance is needed.
- On **SPS measures**: substantial progress has been made and the Parties are close to finalizing most of the articles including regionalization. The Parties also have technical consultations on SPS issues such as animal welfare and urgency measures. Outstanding issues include cooperation and technical assistance relating to SPS.
- On **Agriculture**: this is not a chapter related to trade liberalization but cooperation of policies in the agricultural sector and modernizing the sector. ESA partners expect technical support and experience sharing. The Parties agreed on some articles for the next round.
- On **RoO**: the Parties agreed on a joint negotiation text, which covers originating products and origin procedures. Progress also on a joint working document for product-specific rules. It will be in the protocol on RoO.
- On **Trade and Sustainable Development**: Constructive exchanges took place on the mutual text proposals in the last round. There is quite a lot of convergence in many areas including gender equality (produced as a specific article under this chapter). However, the EU proposal for the chapter is very ambitious and needs to tackle the divergences relating to effective implementation of the strong

commitments that they advocate for and defend. The chapter refers to international standards and agreements and the EU wants effective implementation on them. The ESA5 aims at linking the implementation of the ambitious commitments with the support of the EU as it is new territory and will reserve discussion for development cooperation chapters.

- **Trade in Services:** productive discussion was held in the last round and the Parties agreed on the importance of the issues and reiterated their commitment to the ambitious outcomes. Different levels of development cooperation hence they will be front runners like Mauritius and Seychelles that want modern chapters on services and the others are less prepared for this level of ambition. Stated that it would all boil down to finding the right level of commitment.
- On **Economic and development Cooperation chapter:** this chapter was discussed for the first time in the last round. DG INTPA participated in the negotiating round and presented plans for the chapter, and it was agreed that the chapter needed to look at other chapters of the agreement to select the issues. ESA partners were happy to have the discussion and presented 3 their proposal and the EU will continue working to selecting the priority areas. For development cooperation, the EU aims to choose the priorities based on the outcomes of the negotiations. In line with the AfCFTA, the ESA partners are looking for links between the AfCFTA and the EPA. The EU is supporting AfCFTA negotiations and aims to support the implementation phase. ESA welcomed the program priorities and there is a good understanding and need to create clear linkages. Reassured them that this was a very good basis for a common understanding.
- **Future plans:** The fifth negotiation round is scheduled for 19-23 July and will aim to discuss six issues – TBT, RoO, trade in services, investment liberalization and digital services and economic development cooperation. For the first time, they will be aiming to discuss two new chapters on IPR and competition issues hence the presentation today is crucial. For TBT, the EU aims at resolving all the outstanding issues including those related to cooperation and institutional provisions. For RoO hope to make progress on product-specific rules based on the agreement joint working document. For services investment and digital trade, the goal is reaching an agreement on the joint working document which will allow the EU to make progress. On development and economic cooperation, started discussions in the last round where IPA prepared some elements where an understanding could be reached on objectives and priorities based on suggestions based by the ESA partners. Relating to IPR and competition, the EU submitted a text proposal to the ESA partners and had a quick discussion in the coming round. The texts have been published on the EU side and are available.

Subsequently, **LSE Consulting** presented the inception report of the SIA in support of the negotiations to deepen the EU-ESA interim EPA. The presentation can be found [here](#).

Open discussion with stakeholders

CIBE inquired on how the EU intend to incorporate the monitoring and effective implementation of the standards in ESA5 countries. On climate standards and commitments, the EU Commission is working on cutting emission and incorporating additional standards. How will climate issues be approached and if the Paris Agreement will be included and how it will be monitored. Has there been an evaluation in the sustainability impact assessment?

In response, **LSE Consulting** noted that the issue was described and was included in the report. But the colleagues who worked on that specific issue were not in the meeting. The contractor noted that it will revert and ask colleagues to respond. The contractor asked the stakeholder to send the question to better address it.

Ms. Synowiec highlighted that the EU aims for ambitious provisions in the TSD and climate is critical for the negotiations and they will include commitments on implementing the Paris Agreement under the UN

Framework and the ESA5 partners are part of the agreement. The TSD chapter provides that both sides aim at the implementation of the agreement and other MEAs. Not aiming to push ESA countries to follow EU standard because of the difference in development but in terms of international standards. On monitoring, there are institutional bodies and committees that already exist and responsible for monitoring in the EPAs. The EU would also like to have more CSO involvement, especially for the TSD chapter. Particularly, DAGs that are helping governments to follow sustainability frameworks. It has not yet been decided how these institutional bodies will be framed under the TSD chapter, however the general approach will include provisions on climate and other elements including international labour standards. Create an additional mechanism depending on the ESA5 partners and the monitoring will be more complex.

Brot für die Welt stated that the case studies give impression that they are made in the perspective of justifying why the different parts of the agreement are good for the EPA countries. They inquired what is the EU's interest behind supporting the EPA in these countries. 4 In many areas, the contractor indicated there was a lack of capacity and the solution to that was providing training. The stakeholder was inquiring whether the EU is comfortable with providing technical assistance and development cooperation to ESA partners and whether that is not a sign that the region is not ready for trade on all those areas under negotiation.

MTK Finland Central Union for agricultural producers and forest owners: It is a great challenge for the food sector having to meet the SPS and other requirements. It is also a challenge to train people that should do this auditing in the trading countries. The economic partnership will take charge of some of these activities, but while the EU is having the Farm to Fork, how will this strategy change the requirements? USDA has done estimations that the Farm to Fork will decline the exports from Africa to Europe quite dramatically.

On the ministerial meeting between the African Union and the EU, there was a long discussion about informal trade in African countries. How it is possible for the administration to give the information on rules of origin when there is informal trade between countries?

Regarding the case studies and the tourism sector, **Ms. Synowiec** noted that the question is about what the EU's interest is to deal with these sectors. From the EU's perspective and what many African countries say, they need to attract investment. The general aim of the negotiation is discussing trade in services and creating frameworks to invest.

On training, **Ms. Synowiec** stated that there are trainings for all the countries that have an EPA. These countries are lacking administrative capacity to implement trade rules, technical standards, SPS, etc. so the Commission will continue doing trainings. Besides, there was a specific request to organize several workshops on these aspects.

Regarding the agri-food sector and the Farm to Fork, **Ms. Synowiec** added that this is a unilateral policy of the EU and it plugs references to consumer standards and food safety. These standards in terms of quality of products are already in place and EU's partners have to respect them. Under the strategy, the Commission wants to promote sustainable production methods. This aspect is not covered by world trade rules, and it is not related to the features of the products. However, there is awareness in the EU that these unilateral measures have external impact, and it is a discussion that is ongoing across the Commission. From DG TRADE we raise awareness of our external partners and want to promote standards. One example of production methods is the animal welfare, which is discussed in the agriculture chapter. The EU is not imposing standards, it is just trying to promote those standards and find cooperation with its partners. Lastly, there is a specific chapter on mutual administrative assistance, and this can contribute to combat illegal trade practices.

Referring to the first set of questions, **LSE Consulting** indicated that the mechanisms are different between different policy areas. FTAs are about strengthening the rule of law in the countries, and it is about non-discrimination. By binding those who have legal, political or administrative power in the countries to stick to the rules, foreign participation in the market and domestic commerce will increase. At the same time, however, there are winners and losers of the FTA, but overall, the economic and social indicators show a positive effect.

On the tourism sector, the impact of the EPA is limited. The EPA can improve market access conditions for traders and for EU investors.

Generally, the investment liberalization provisions have a positive impact on rule of law and legal services. However, much of what could strengthen the tourism sector needs to be done within the domestic economy. The EPA can have a positive contribution, but it is potentially limited compared to what could be done within the national economy.

On informal trade, it depends on the perspective. From an individual perspective, it is a positive phenomenon. From a legal perspective, it is a bottom-up process that may require rules of origin. Having rules of origin in place can help discipline illegal trade.

Relating to tourism, the **Conseil Économique, Social et Environnemental Régional de La Réunion** inquired on why no mention was made of the Association des îles Vanille, which participates on the basis of the European cooperation in the strengthening of tourism in this sector (Madagascar, Comoros Seychelles, Mauritius). In agriculture, the report mentions a negligible impact on Mayotte and Réunion. Réunion is well impacted on many products (Vanilla, Ylang-Ylang, Tropical Fruits, Meat) both in import and export.

LSE Consulting replied that regarding the impact in Mayotte and Reunion, when you look at the impact, there are some communities in which EPA countries get a stronger comparative advantage because of the elimination of trade barriers, then this might have an effect on Mayotte and Reunion. Sugar is not a focus of analysis on the agriculture study. Stakeholders were asked for inputs in Mayotte and the relationship with the ESA countries and they have been reluctant to provide this kind of information. The exports from Reunion tend to go mainly to France.

Ms. Synowiec noted that regarding the specific regime of the EU to the outermost regions, it allows applying total reduction for products manufactured locally. These exemptions are not applied to products produced outside the EU. This regime has been extended until the end of 2027 and it helps Reunion to support the local production. Syndicat du Sucre de La Réunion asked whether there is a chance that the provision that prevents cumulation of origin between ESA products and some South African products would be removed in the EPA. In response, the Commission noted that the EPA has the possibility to cumulate with material from South Africa, and the same products can be exported to the EU in accordance with the EPA. This is a necessity; otherwise, the rules of origin will become a tool for circumvention of duties. The EU will continue to apply the same criteria.

The Moderator thanked all the participants.

In closing remarks, **Ms Synowiec** noted that there are few important elements that are repeated on several occasions (IPR, competition, public procurement, dispute settlement, etc.). Improving the rule of law, general and sectorial legal frameworks is still needed for businesses and for investors. By improving the business environment, there will be job creation, as it will attract more investment. The administrative capacity to regulate and implement the EPA and the general legal framework is very important, and it is necessary to enforce the legal framework. A very targeted development and cooperation chapter is needed and the Commission expect from its partners a clear definition of what they need.

Table 7: List of participants for the stakeholder meeting

CSD Participants
Participant from Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l'Union Européenne asbl
Participant from Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l'Union Européenne asbl

Participant from Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l'Union Europeenne asbl
Participant from ASSUC- European Association of Sugar Traders
Participant from Both ENDS
Participant from BUSINESSEUROPE
Participant from COMITE EUROPEEN des FABRICANTS de SUCRE
Participant from Confederation of Danish Industry
Participant from Confederazione Nazionale Coldiretti
Participant from Confédération des Petites et Moyennes Entreprises
Participant from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Participant from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Participant from EURODOM
Participant from European Centre for Development Policy Management
Participant from European Centre for Development Policy Management
Participant from European Cocoa Association
Participant from European Committee for Standardization
Participant from European Community Shipowner's Associations
Participant from European Community Shipowner's Associations
Participant from European farmers
Participant from Friedrich-Ebert-Stiftung
Participant from Heinrich Böll Stiftung e.V.
Participant from iEthanol, the European Industrial Ethanol Association
Participant from iEthanol, the European Industrial Ethanol Association
Participant from International Confederation of European Beet Growers
Participant from International Confederation of European Beet Growers
Participant from Landbrug & Fødevarer - Danish Agriculture and Food Council
Participant from Lithuanian Investors Association
Participant from Maa- ja metsätaloustuottajain Keskusliitto – Central Union of Agricultural Producers and Forest Owners
Participant from Mouvement des Entreprises de France
Participant from Organisation pour un réseau international d'indications géographiques
Participant from PETITA I MITJANA EMPRESA DE CATALUNYA
Participant from PETITA I MITJANA EMPRESA DE CATALUNYA
Participant from PETITA I MITJANA EMPRESA DE CATALUNYA
Participant from Rosa Luxemburg Stiftung Brussels Office
Participant from Syndicat du Sucre de La Réunion
Participant from TUSIAD
Participant from Wirtschaftskammer Österreich

Source: EC website

1.7 Lists the stakeholders contacted in the EU and the Member States

Table 8: EU Stakeholders contacted

Name of stakeholder
ACT Alliance Advocacy to the European Union
Active Pharmaceutical Ingredients Committee
AeroSpace and Defence Industries Association of Europe
Agriculture and Horticulture Development Board (AHDB)
Airlines for Europe
Airports Council International Europe
Amnesty International
ASINCA
Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l'Union Europeenne asbl
Association de producteurs de cinéma et de television (EUROCINEMA)
Association des Constructeurs Européens d'Automobiles (ACEA)
Association Européenne Du Commerce De Fruits Et Légumes De L'UE - European Fruit and Vegetables Trade Association
Association of European Automotive and Industrial Battery -EUROBAT
Association of European Heating Industry
Association of European manufacturers of sporting ammunition
Bureau International des Producteurs d'Assurances & de Réassurances (BIPAR)
Business and Industry Advisory Committee (BIAC)(OECD)
BUSINESS EUROPE
Carbon Capture & Storage Association (CCSA)
CEFS - Comité Européen des Fabricants de Sucre
Central Europe Energy Partners (CEEP)
Centre de Documentation, de Recherche et d'Information des Peuples Autochtones
Chambers of Commerce of Ireland (Chambers Ireland)
Coalition for Fair Fisheries Agreements
Cobalt Development Institute (CDI)
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures de l'U.E.
Comité Européen des Entreprises Vins
Committee for European Construction Equipment
Committee of the European Sugar Users
Confederatia Sindicala Nationala MERIDIAN (CSN MERIDIAN)
Confederation of European Community Cigarette Manufacturers
Confederation of European Paper Industries

Confederation of National Associations of Tanners and Dressers of the European Community (COTANCE)Private sector
Confederation of National Hotel and Restaurant Associations(HOTREC)
Confederation of Netherlands Industry and Employers (VNO-NCW)
Confederation of the food and drink industries of the EU(FoodDrinkEurope)
Confederation of the German Textile and Fashion Industry
Conférence des Notariats de l'Union Européenne
Conseil des barreaux de la Communauté Européenne (CCBE)
Council of European Employers of the Metal, Engineering and Technology-Based Industries (CEEMET)
Danish Agriculture & Food Council
DIGITALEUROPE
Direct Selling Europe AISBL
Ecommerce Europe
EU Vegetable Oil and Protein meal Industry
EUROALLIAGES
Eurochambres
EuroCommerce
EURODOM
Eurogroup for Animals
European & International Federation of Natural Stone Industries -EUROROC
European Aggregates Association (UEPG)
European Apparel and Textile Confederation (EURATEX)
European Association of Chemical Distributors (Fecc)
European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)
European Association of Dairy Trade (Eucolait)
European Association of Fruit and Vegetable Processors (PROFEL)
European Association of Internet Services Providers (ISPA)
European Association of Mining Industries, Metal Ores & Industrial Minerals (Euromines)
European Association of Sugar Traders (ASSUC)
European Biodiesel Board
European Branded Clothing Alliance
European Brands Association
European Business Services Round Table
European Cement Association (CEMBUREAU)
European Centre for International Political Economy
European Cocoa Association Private sector
European Committee for Electrotechnical Standardization
European Community Shipowner's Associations
European Competitive Telecommunications Association

European Confederation of Junior Enterprises
European Confederation of Woodworking Industries (CEI-Bois)
European Construction Industry Federation
European Consumer Organisation (BEUC)
European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry (COCIR)
European Coordination of Independent Producers (CEPI)
European Council for Automotive R&D (EUCAR)
European Council for Motor Trades and Repairs (CECRA)
European Crop Protection Association
European Dairy Association
European Diisocyanate and Polyol Producers Association
European Disposables & Nonwovens Association (EDANA)
European DIY Retail Association
European Ecommerce and Omni-Channel Trade Association
European Electronic Component Manufacturers Association
European Engineering Industries Association (EUnited)
European Environmental Bureau (EEB)
European Express Association
European Family Businesses
European Farmers (COPA COGECA)
European Federation for Construction Chemicals
European Federation for Cosmetic Ingredients
European Federation of Engineering Consultancy Associations
European Federation of Food, Agriculture and Tourism Trade Unions- EFFAT
European Federation of Foundation Contractors
European Federation of National Associations of Water and Waste Water Services
European Federation of Pharmaceutical Industries and Associations(EFPIA)
European Federation of Public Service Unions (EPSU)
European Federation of the Footwear industry
European Fish Processors & Traders Association and European Federation of National Organizations of Importers and Exporters of Fish (AIPCE-CEP)
European Franchise Federation
European Furniture Industries Confederation
European Health Industry Business Communications Council(EHIBCC)
European Lime Association (EULA)
European Livestock and Meat Trade Union
European Man-made Fibres Association (CIRFS)
European Medical Technology Industry Associations (MedTech Europe)
European Milk Board

European Newspaper Publishers' Association (ENPA)
European Organisation for Security
European Organisation of Tomato Industries (OEIT)
European Panel Federation
European Patent Office
European Plaster and Plasterboard Manufacturers Association (EUROGYPSUM)
European Policy Centre
European Potato Processors' Association
European Potato Trade Association
European Property Federation
European Regions Airline Association (ERA)
European Renewable Ethanol Association - EPURE
European Services Forum
European Services Strategy Unit
European Shippers' Council
European Small Business Alliance
European Steel Technology Platform (ESTEP)
European Sugar Refineries Association
European Technology Platform on Sustainable Mineral Resources(ETP SMR)
European Telecommunications Standards Institute (ETSI)
European Textile Collectivities Association
European Trade Union Confederation - ETUC
European Travel Agents' and Tour Operators' Associations
European Tyre & Rubber Manufacturers' Association (ETRMA)
European Whey Processors Association
Europeche
Fair Trade Advocacy Office
Fédération des Experts Comptables Européens (FEE)
Fédération Internationale de l'Automobile (FIA)
Fédération Internationale du Recyclage
Federation of European Rice Millers
Federation of European Employers (FedEE)
Federation of the European Sporting Goods Industry
Female Europeans of Medium and Small Enterprises (FEM)
Fern
Fertilizers Europe
Foreign Trade Association - Amfori
Freshfel Europe - the forum for the European fresh fruits and vegetable chain

Friends of the Earth Europe (FoEE)
FRUCOM (European Federation of the trade in dried fruit, edible nuts, processed fruit & vegetables and processed fishery products)
Gelatine Manufacturers of Europe (GME)
German Federal Ministry of Economic Cooperation and Development
German Federal Ministry for Economic Affairs and Energy
Global Industrial and Social Progress Research Institute(GISPRI)
Global Witness
Greenpeace
Health First Europe
Human Rights Watch
Independent Retail Europe
Industrial Ethanol Association
Industrial Minerals Association – Europe (IMA-Europe)
industriAll European Trade Union (industriAll)
Instituto Cuestiones Agrarias y Medioambientales
International Association of Users of Artificial and Synthetic Filament Yarns and Natural Silk
International Confederation of European Beet Growers
International Confederation of Inspection and Certification Organizations
International Co-operative Alliance
International Labour Organisation (ILO)
International Network for Sustainable Energy – INFORSE-Europe
International Trade Union Confederation (ITUC)
Long-Distance Fisheries Advisory Council
Market Advisory Council
Medicines for Europe
Nanofutures
Organisation pour un réseau international d'indications Géographiques
Plastics Recyclers Europe
Primary Food Processors
European Flour Milling Association
Starch Europe
European Vegetable Protein Foundation
spiritsEUROPE Private sector
Trade Union Advisory Committee (of the OECD) (TUAC)
Transport and Environment (European Federation for Transport and Environment)
UNIFE
Wind Europe

Source: Authors' compilation

Table 9: Member States organisations contacted

French stakeholders
Embassy of France in Antananarivo, Madagascar
Embassy of France in Moroni, Comoros
Embassy of France in Harare, Zimbabwe
Embassy of France in Victoria, Seychelles
Ministry of Overseas France
Direction Générale du Trésor, Service des Affaires Multilatérales et du Développement
Caritas (International)
Man and the Environment France
Impact Madagascar
GRET
Collaboration on International ICT Policy for East and Southern Africa (“CIPESA”)
Association for Progressive Communications
French Facility for Global Environment
Italian stakeholders
Assocalzaturifici - Italian Footwear Manufacturers' Association
Association of Italian Textile Machinery Manufacturers
ASSOCIAZIONE CENTRO AIUTI VOLONTARI
Cia - Agricoltori italiani
Civil Society Organisations
Cocis (coordination of non-governmental organizations for international development cooperation)
Confederazione Cooperative Italiane
CONFINDUSTRIA ASSAFRICA & MEDITERRANEO
COOPI - Cooperazione Internazionale, Foundation
COSPE
COSV
FederlegnoArredo - Federazione Italiana delle Industrie del Legno, del Sughero, del Mobile e dell'Arredamento
Fondazione Giacomo Brodolini
Italian committee for food sovereignty (CISA)
Italian Committee for the right to water (CICMA)
Italian Development Cooperation Agency
Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA)
Italian network for responsible tourism (AITR)
Italian Trade Agency
Italian Trade Union Confederation
L'Africa Chiama ONLUS-ONG
Ministry of Economic Development, General Directorate for Trade Policy – Division V

Unioncamere
German stakeholders
Africa Business Network
Afrika-Verein der deutschen Wirtschaft
Association of German Chambers of Industry and Commerce (DIHK)
AUMA – Association of the German Trade Fair Industry
BDI - Federation of German Industries
BGA - Federation of German Wholesale, Foreign Trade and Services
Chambers of Industry and Commerce (IHK)
Consulate of Germany in Port Luis, Mauritius
Consulate of Germany in Victoria, Seychelles
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Embassy of Germany Harare, Zimbabwe
Embassy of Germany in Madagascar
EZ-Scout
Federal Ministry for Economic Affairs and Energy
Federation of the German Export Trade
German Agribusiness Alliance (GAA)
German Chamber of Commerce Abroad (AHK)
German Federal Ministry for Economic Cooperation and Development
German Foundation for World Population
German Trade Union Confederation (DGB)
OroVerde - Tropical Forest Foundation
SPECTARIS - German Hightech Industry Association
VENRO
Swedish stakeholders
Africa Trade and Invest (ATI)
Diakonia
LO-TCO Secretariat of International Trade Union Development Co-operation
Afrikagrupperna (The Africa Groups)
Brussels Office of the Swedish Trade Unions
Business Sweden
Forum Syd
Global Witness
International Development Cooperation
National Board of Trade, Department for WTO Affairs;
Olof Palme International Center
Sweden Africa Chamber

Swedish African Business Cluster Initiative
Swedish Cooperative Centre - We Effect
Swedish East Africa Chamber of Commerce.
Swedish Enterprise
Swedish International Development Agency (SIDA)
Swedish Foundation for Human Rights
Swedish Society for Nature Conservation, SNF

Source: Authors' compilation

1.8 List of stakeholders contacted in the ESA States

Table 10: List of stakeholders in ESA Countries

Institution
Agence Française de Développement (Comoros)
Association Afrique Agro Export (AAFEX)- Madagascar Section
Association des femmes entrepreneurs de Madagascar in ANTANANARIVO, Madagascar
Association des Hôtels de Charme
Association des petites et micro-entreprises de Madagascar (APMEM)
Association of Inbound Operators of Mauritius (AIOM)
Association for the Promotion of Business in Madagascar (APEM)
Autorité Régulation des Marchés Publics (Comoros)
Banque Centrale (Comoros)
Bulawayo Vendors and Traders Association
Bureau d'Appui à la Coopération Extérieure, Madagascar
Business Mauritius
Cactus Tours Madagascar
Centre des techniques et pratiques du commerce international (CTPCI)
Chambre de commerce, d'industrie et d'agriculture
Confederation of Farmers of Madagascar
Confederation of Zimbabwe Industries
Consumer Council of Zimbabwe
Dahari (Comoros)
Deaf Women included (CSO)
Department of Industry – Enterprise Agency Seychelles (ESA)
Department of Tourism - Seychelles
Economic Development Board of Madagascar
Environmental Protection and Conservation Organisation (EPCO)
Entreprenre au Féminin Océan Indien Comores (EFOICOM)
Epsilon (Madagascar)

Federation of Organisations of Disabled People
FEDMINES / EMIR (Mining Federation of Madagascar)
FHORM (Federation of Hoteliers and Restaurateurs of Madagascar)
GEXPROMER (Group of Seafood Exporters)
Gogetter Movement (CSO)
Green Islands Foundation
Green Resource Company Zimbabwe
Groupement des Entreprises de Madagascar
Harare Residents Trust (HRT)
Her Economy and Trade Trust
Independent trade facilitation and customs consultant, Zimbabwe
Initiative Développement (Comoros)
International Senior Lawyers Project (ISLP) - Zimbabwe
Ladies Breakfast Forum
Les Mariannes Wellness Sanctuary
L'Union des Chambres de Commerce, de l'Industrie, et de l'Artisanat (Comoros)
Lupane Women's Center
Madagascar Tour Operators Association
Maison de la Société Civile Anjouan (Comoros)
Ministère de l'Economie, du Commerce, de l'Investissement, de l'Energie et du Tourisme (Comoros)
Ministère de l'Agriculture, de l'Elevage et de la Pêche, Comoros
Ministère de l'Energie, de l'Agriculture, de la Pêche et de l'Environnement
Ministère de Finance (Comoros)
Ministry of Foreign Affairs and International Trade
Mauritian Chamber of Commerce and Industry
Mauritian Export Association
Mauritius Tourism Authority
Mauritian Ministry of Foreign Relations, department of international trade
Ministry of Tourism
Momentors Womens network
<i>Mouvement des Entreprises Comoriennes (MODEC)</i>
National Coffee Marketing Committee-Madagascar
National Association of non-governmental organisations (NANGO)
National Association of Societies for the Care of the Handicapped (NASCOH)
National Association of Youth Organisations (NAYO)
National Council of Disabled Persons in Zimbabwe
NGO'SHAWO (Comoros)
Organisation Patronale des Comores (OPACO)

OWIT
Professional Association of Banks-(APB)
Seychelles Chamber of Commerce
She Means Business (CSO)
She Roars Womens Platform (CSO)
Simplified Trade Agents (Business association)
Simukai Residents Trust
SME Association of Zimbabwe
Sprout Women Empowerment Trust
The Chamber of Mines Zimbabwe
Tourism Business Council of Zimbabwe
Tourism Promotion Association-Mauritius
The Zimbabwe Tour Operators Association (ZTOA)
Unparalleled Women
Vendors Initiative for Social and Economic Transformation (VISET)
Women's Academy for Leadership and Political Excellency
Women Excel
Women for International Business Trust
Women In Agriculture Zimbabwe
Women In Mining in Zimbabwe Commercial & Industrial
World Bank
Young Women in Business Zimbabwe
Youth Vibes
ZIMCODD
Zimbabwe Chamber of Informal Economy Associations (ZCIEA)
Zimbabwe Cross Border Traders Association
Zimbabwe Congress of Trade Unions
Zimbabwe Commercial farmers Union (ZCFU)
Zimbabwe Farmers Association
Zimbabwe Miners Federation
Zimbabwe Women in Trade and Development
Zimbabwe Women Lawyers Association
Zimbabwe Women Resource Network
ZUBO Binga

Source: Authors' compilation

References and Key Sources

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Final Report: References and Key Sources

This report contains all the key sources and references used in the reports for Phase II and III of the sustainability Impact Assessment.

1. Phase II

- Ex-post evaluation report
- SIA report on the trade and sustainable development chapter
- SIA report on trade in goods
- SIA report on Investment and trade in services

Case studies:

- Mining Sector in Zimbabwe and Madagascar
- Tuna Fisheries

1.1 Ex-post evaluation report

1.1.1 Key Sources

- Stakeholder interviews from ESA states, CSO, EU stakeholders (businesses and associations).
- Interim EPA agreement
- European Commission
- Databases:
 - UN, UNCTAD, UNECA, World Bank, GISIS, Eurostat, Fraser institute Economic Freedom of the World Index and the IMF.

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2. Phase III

- Trade and intellectual property rights
- Trade and public procurement and competition
- Institutional structure and dispute resolution mechanisms

Case studies:

- Agriculture
- Textile and garment manufacturing
- Tourism

2.1 Trade and intellectual property rights report

2.1.1 Key sources

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