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Assessment of the Compatibility of the Framework EAC-EU-EPAs within the WTO: A Threats Or an Opportunity on the Tanzanian Economy

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Abstract

The paper assessed the compatibility of the Framework EAC-EU-EPAs within the WTO, specifically whether the framework is a threat or an opportunity on the Tanzanian economy. The paper reviewed and analysed information from previews and contemporary writer on Framework EAC-EU-EPAs. After a thorough review and analysis of information the paper inferred that FEPA between EAC and EU partner states is a serious threat on the Tanzanian economy. The EU is alleged to exploit Tanzania and other EAC countries by using its bargaining power. Also, the agreement seems to be incompatible with the World Trade Organization hence the researcher has recommended that the EAC should stop the EPA process and concentrate with the EAC customs Union to make it fruitful to both parties

Keywords: EAC-EU-EPAs, a threat or an opportunity and economy

1. Introduction

Economic Partnership Agreements depicts a framework for economic and trade cooperation between twenty-seven European Union Countries with seventy-nine countries from Africa, Caribbean and Pacific (ACP). This co-operation is built around trade liberalization involving opening up of the markets for products from both sides by reducing tariffs and non-tariff barriers to trade.¹ It forms the cornerstone of the Cotonou Agreement,² which integrated the world's largest single market (EU) and some of the world's poorest countries (ACP) into a new era of development cooperation.³ The parties involved are the seven negotiating group from African Caribbean and Pacific group of states as one part⁴ and the European Union formally known as European Community (EC) or European Economic Community (EEC) as the other part with twenty Seven member states

The purpose is to have each group negotiate independently with the European Union countries.⁵ The Economic integrations have been observed by various scholars⁶ as a panacea for the world economy, that they can bring opportunity to all people, eradicate poverty and act as a bridge for development. As it has been observed by the report on Economic development in Africa that:

"The importance of regional economic cooperation and integration as a means for accelerating and consolidating economic and social development has long been recognized by African decision-makers. Unity, cooperation and integration of Africa were long-standing aspirations of many African leaders, including George Patmore, W.E.B Dubois, Marcus Garvey, as well as African nationalists such as Kwame Nkrumah who, in his book Africa Must Unite, called for African unity. Hence the call for

¹ In the Preamble of The Cotonou Agreement (Partnership Agreement Between the Member of the African, Caribbean and Pacific Group of States as the one part and the European Community and its member States of the other parts, 2000/483/EC official Journal 317(2000) signed in Cotonou Benin on 23 June 2000 revised in Luxembourg on 25 June 2005).

² The Cotonou Agreement, Partnership Agreements 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 Benin on 23 June 2000.

³ M. Busse, & H. Grossmann, Assessing the Impact of ACP/EU Economic Partnership Agreement on West African Countries, 294 HWWA Discussion Paper (2004).

⁴ The 15 Caribbean Countries, 14 Pacific countries and the African countries, were divided into five negotiating groups, South under Southern African Development Community (SADC) East under Eastern and Southern Africa (ESA). East African Community (EAC), Central Africa countries under (CEMAC) and West Africa under ECOWAS. Available at http://ec.europa.eu/trade/issues/bilateral/regions/acp/regneg_en.htm accessed 27 March 2011.

⁵ Wherefore on November 2007, the EAC came together and pulled themselves out of ESA. Although this was a good move for EAC it left the ESA group in disarray with some countries initialing the interim EPA as individual countries while others decline to initials as a result country agreed on different liberalization schedules. Available at http://www.worldproutassembly.org/archives/2007/09/epas_clashing_w.html Accessed 8 March 2011

⁶ Dr. Silvia Gaiani of Department of Agricultural Economics and Engineering in university of University of Bologna when addressing the topic "The Economic Partnership Agreements (EPAs): a threat or an opportunity for sustainable development?" R. Mukandala, on The Opening Speech on The Economic Partnership Agreements (EPAs) and The Role of Religious and Civil Society, Workshop held on Monday 23 March 2007, 2 BJØRN-Oliver Magsig German lawyer graduated in Business- and Environmental Law from University of Dundee. When addressing his topic "Economic Partnership Agreements A panacea for Development?"

integration is well-rooted in African history, albeit, as in other regions, the initial aim was more to gain greater political clout and voice in the international arena".⁷

Therefore Tanzania, just like any other developing country in the world recognised that, cooperation and integrations with other countries is indispensable for its economic growth.

However, these economic integrations have registered a huge number of disappointing results on the Tanzanian economy. These economic integrations are characterized by multiple and overlapping memberships, complex structures and eventually conflicting and confusing commitments.⁸ For instance, Tanzania is a member of SADC and also is a member of EAC, the rest four member of EAC are member of COMESA. With all this complicated and confusing commitment prevailing, Economic Partnership Agreements (EPAs) is currently underway.

The hope for the coming Tripartite Agreements⁹ to curb the problems of multiple and overlapping membership had already faced some critics that they cannot solve these prevailing problems.¹⁰ The main reason is that the tripartite agreement excludes the EPAs negotiations which remained in the original groups of negotiations which are SADC-EU-EPAs, ESA-EU-EPAs and EAC-EU-EPAs. Therefore, an attempt to question the compatibility of framework EAC-EU-EPA within the WTO systems as to whether this framework is a threat or opportunity on the Tanzanian economy is the dual concern of this research.

2. The Paradox on Board

Tanzania has engaged in trade relationship with the European Union (EU) through the framework EAC-EU-Economic Partnership Agreements (FEPAs)¹¹ since November 2007 on reciprocal basis.¹² But the 'reciprocal' nature of this agreement represent a threat to the national economy, how can reciprocity work when we are talking of the relationship between developed EU countries with developing EAC countries,¹³ that is the world's largest single market and the poorest (EAC) countries, in a cooperation.

In line with this observation, the extent of liberalization does not comply with the WTO provisions, EC (now EU) has already opened up 100 % of its economy to EAC countries save for arms and ammunition while the EAC has undertaken to liberalize 82.6% which is above World Trade Organization's all trade threshold of 80%.¹⁴ These facts were also evidenced by Professor S.A. Matambalya and Wolf when contended that,

From the start of the EPA negotiations, the EU has been trying to go beyond the WTO and Cotonou requirements to obtain agreements that fit its broader trade policy objectives at the expense of its development objectives.¹⁵

Furthermore, this framework lacks the development content, whereby EU relies to its position of not including Economic and Development Cooperation under framework EPA. Therefore, Tanzania and other EAC Partner States will realize limited benefits since they will be unable to export to the EU market due to the supply side constraints.¹⁶ This was evidenced by the then minister for Industries, Marketing and Trade, Dr Mary Nagu as quoted by the local newspaper saying:

"We (EAC) did not sign the Framework Economic Partnership Agreement (FEPA) in June, this year (2010), because our partners (EU) refused to incorporate our important development and trade issues in the document".¹⁷

⁷United nation Conference on trade and development, "Strengthening Regional Economic Integrations in Africa's Development" Economic Development in Africa, Report 2009

⁸R. Haule and F. Werema, "EC-ACP Economic Partnerships Agreements [EPAs] and Their Economic Impact on Developing Countries" Journal of African and International Law, Vol 1, Songea, 2008 p 35.

⁹ The tripartite agreement is the agreements which set to involve the three regional integrations that are SADC, COMESA and EAC into a single Economic Integration. Heads of state from COMESA, the EAC and SADC met on 12 June 2011 to launch a substantive programme to harmonize the trade arrangements amongst the three regional economic communities (RECs), with a view to establishing a single Free Trade Area (FTA) encompassing all member states by 2013

¹⁰ M. Stern & W. Ramkolowan, Tripartite FTA: does it make economic sense? DNA Economics at: http://www.dnaeconomics.com/pages/trade_policy/?zDispID=NewsArtTripartite_FTA_does_it_make_economic_sense accessed on 29 June 2011 As they said there are a number of practical building blocks that need to be put in place for such an arrangement to work; and a number of pre-conditions that need to be met for it to make economic sense

¹¹Because of the inability to conclude the full EPA negotiations by 31st December 2007 to counter the expiration of the Cotonou Partnership Agreement, the EU proposed the initialing of framework EPAs to provide a bridge until the conclusion of the full EPAs.

¹² http://ec.europa.eu/trade/issues/bilateral/regions/acp/regneg_en.htm Accessed 27 March 2011. See also the EU-EAC Framework Economic Partnership Agreement (FEPA) But how well do the EAC have prepare in terms of domestic productive and competitive capacity to seizure such opportunities if after all they are fair.

¹³ Haule & Werema, supra, note 9, 29.

¹⁴ The GATT requirement that preferential trade arrangements must lead to the gradual removal of tariffs and non-tariff barriers on "substantially all trade" has been interpreted by the EC Commission to mean that ACP countries are allowed to exempt up to 20% of their imports from tariff reduction. But It is said the Framework Agreement comprises of Market Access on Trade in Goods, Development Cooperation issues and Fisheries. The EAC has offered 82.6% of her trade with the EU, and retained an exclusion list accounting to 17.4% of the trade with EU. On its part EU has offered Quota Free Duty-Free Market Access with exception of ammunition; and transitional arrangement for sugar and rice These was available at <http://www.eac.int/news> Accessed on 27 March 2011

¹⁵ F.S. Matambalya & S. Wolf: "The Cotonou Agreement and the Challenges of Making the new EU-ACP Trade Regime WTO Compatible" 35 Journal of World Trade, (2001).

¹⁶ W. Kabatabaazi, "The EU-East African Community Economic Partnership Agreement: The Impact of EPAs on the Right to Food". Lap Lambert Academic Publishing, New York, 2010

¹⁷ "EAC EPA experts set to chart negotiating strategy with EU", The Guardian, 2 January 2011.

In April 2011, the then EAC secretary General Juma Mwapachu while making his farewell speech was quoted by the media admitted the rocky road ahead for the conclusive phase of EPA negotiations with the EU.¹⁸ And recently it was reported that Economic Partnership Agreement (EPA) negotiations between East African Community and the European Union have stalled.¹⁹ These hesitations brought by the EAC countries is due to the fact that EU has consistently been non-committal and non-responsive on EAC economic and development issues.²⁰

Experience show that, only the signing of the framework EAC-EU-EPAs have exposed the economy of Tanzania and other EAC countries to duty free products from EU which is arguably will lead into loss of employment, de-industrialization, shrinking of local manufacturing sector and loss of revenue. This was stated by His Excellence Hon B.W. Mkapa when observed that:

"The negotiations have not moved much since last June, the EPA remains on the table and member states seem to be preparing themselves to reengage..... The problem with the EPA is that it is largely a reciprocal trade agreement between EAC countries and a giant economic power house, the EU. Under the EPA, EAC countries would have to bring to zero, tariffs on EU products for 80% of our imports from the EU. The consequences of this are deep and myriad. Opening the bulk of our fragile manufacturing and agricultural sectors to EU imports will mean that EU products will easily out-compete many of our local firms and farms. The EU will be able to monopolies our local markets in certain products, both within the EAC, and also in other African markets (if they also sign EPAs). The current rise in production and exports we are witnessing in East Africa, will inevitably take a hard beating. Not only will regional employment be affected as imports from Europe increase and displace domestic farms, the opportunity we have to transform, develop and industrialize our economies will be put jeopardy."²¹

However not only EPAs is viewed as a threat to the economy but also to the regional integrations process which are currently underway especially the EAC customs union and a common market as the EPA will lead to trade diversification. The EU has continued to pay lip service to the importance of regional integrations. The EU-EAC-EPAs objectives that ensure an overall sustainable development of the EAC states, ensure their smooth and gradual integrations in the world market and eradication of poverty²² yet no tangible benefits have been achieved²³, the devastated economies of EAC countries, including Tanzania are still in critical conditions.

Despite the World Trade Organization's report,²⁴ that EPA is compatible with the WTO by citing Article XXIV²⁵, the Enabling Clause,²⁶ and article V of the GATS. ²⁷ But the researcher observed the agreements today does not observe these provisions they claim to have been drawn their mandate from.²⁸ Some of the clauses in the FEPA are incompatible with the WTO provisions and flexibilities, for instance reciprocity whereby the EAC are not in a position to provide reciprocal business with EU member states. Other issues are such as un equal trade partners, unfair trade arrangements and the violation of the principle established in the enabling clause, thus it is questioned as to whether the EPAs will uphold the centrality of development of Tanzania economy. Therefore, from these facts is where the desire to write this article to assess the legal position of the EPAs between the EAC and EU in WTO system and its implication to the Tanzania economy.

3. Findings and Discussion

Despite the fact that the content of the framework EAC-EU-EPA is still uncertain because until today the fully EAC-EU-EPA has not been signed and the processes are still on board,²⁹ it is already possible to examine what are or what will be the economic effects of EAC-EU-EPA on Tanzania economy. In this regard, the paper has scrutinized different scenario,

¹⁸Economic Partnership Agreement Trade Talks Stall", The Daily Nation, Sunday 3 April 2011. See more on "More understanding of EPA talks needed says EAC Secretary General". 29 October 2010. <http://www.thecitizen.co.tz/news/3-features/5121-more-understanding-of-epa-talks-needed-says-mwapachu> and East Africa says EU trade deal talks still on. Reuters. 30 November 2010. Accessed on 23 March 2011

¹⁹ "Economic Partnership Agreement Trade Talks Stall", The Daily Nation, Sunday 3 April 2011. This follows an objection by the East African Legislative Assembly (EALA) to the use of funds mobilized by the secretariat from a development partner to facilitate the process. the negotiations stalled as a result of the objection by East Africa Legislative Assembly (EALA) members to the use of funds mobilized by the EAC secretariat from Swedish International Development Agency (SIDA) to facilitate the process

²⁰ EAC-EC-EPA, Ministerial Preparatory Meeting (Ministers for Trade Session) report (EAC/SR/37/2009), of 3 July 2009.

²¹ B. W. Mkapa, EPA puts Industrialization and development prospect of EAC in Jeopardy, Available at <http://www.trademarksa.org/news/also> in <http://www.seatinuganda.org> accessed on 20 July 2011

²² Available in the Agreement Establishing a Framework for an Economic Partnership Agreement Between the European Community and Its Member States, On the One Part, and The East African Community Partners States on the other Part. (FEPA) M. A. Hangi, EU-EAC Economic Partnership Agreements Negotiation: current status, A draft report submitted to CUTS-International from www.esrf.org.tz retrieved on 8 April 2011

²³ Haule & Werema, *Supra*, note 9, 25.

²⁴ World Trade Organization (WTO), "Trade Policy Review Body – Trade Policy Review-East African Community Members-Report by the Secretariat." September 20. WTO, Geneva. 2006 Available at: http://www.wto.org/english/tratop_e/tpr_e/tp272_e.htm Accessed on 17 February 2011

²⁵ WTO, Uruguay Round Agreement – Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994 (1994) Available at <http://www.wto.org/english/docs_e/legal_e/10-24_e.htm> (Accessed on 29 April 2011).

²⁶ Paragraph 4(a) and part IV of Trade and Development of the GATT (This clause, is a result of the Tokyo Round (1979), provides a legal basis for developed country preferences in favors of developing countries, through the differential and more favourable treatment. Paragraph 1 states that: " ... notwithstanding the provisions of article 1 of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries, without according such treatment to other countries ..."

²⁷ Article V of the General Agreements on Trade in Services.

²⁸ African Ministers Call for Rethink on EPAs. South Bulletin. 25 November 2010. Available at http://www.southcentre.org/index.php?option=com_content&view=article&id=1433:sb52&catid=144:south-bulletin-individual-articles&Itemid=287&lang=en Accessed on 28 August 2011

²⁹ I. Mfinanga, Assistant Director of Regional Integration Programmes in the Ministry of Industries and Trade while responding the question from the researcher on telephone interview on Monday 27 June 2011.

to assess the total effect of the EPAs on the Tanzanian economy. The scenarios were based on government revenue scenario, trade scenario, Agriculture sector scenario, Industrial sector, private sector scenario and the regional integrations. This approach is widely discussed on what EPA is expected to deliver to the EAC countries' economies, specifically on the Tanzanian economy.

Government Revenue, in this scenario, the researcher has focused on the effect of the EAC-EU trade relationship which involves reduction of tariff and non-tariff barriers to trade in goods and services and other various ranges of issues. Reducing trade barriers in economies where tariff revenue is one of the most significant sources of government revenue lead to serious implications to the economic growth. This has been observed also by the former president of Tanzania his excellence Benjamin William Mkapa when contended that:

"The problem with the EPA is that it is largely a reciprocal trade agreement between EAC countries and a giant economic power house, the EU. Under the EPA, EAC countries would have to bring to zero, tariffs on EU products for 80% of our imports from the EU. The consequences of this are deep and myriad"³⁰

The loss of tax revenues due to the tariff elimination of imports from the EU duties can affect a government ability to provide essential public services, such as education and health. The Impact assessments on EAC-EU-EPA to Tanzania economy show that this trade arrangement will have a serious impact to Tanzania government revenue and would have significant development implications.³¹ For instances \$162.5 million in Government Revenue lost due to an EAC EPA every year and in Tanzania the calculated revenue losses due to EPA is estimated to be 32,491,000 per annual.³² This is a serious loss to the Tanzania economy where as the budget depends mostly on foreign aid will continue to be dependent under the EPA trade regime.

Trade Scenario, the evidence shows that EU is the EAC's main trading partner.³³ The relationship has existed for a long time since colonialism in Africa during the 19th C. The EAC were the main producer and exporters of raw materials while the main importer of the European manufactured goods. Therefore, the EPA will continue to strengthen this trade relationship which has no benefit to the parts of EAC sides. The EU continues to be EAC's largest trading Partner accounting for 19.9 percent in 2009 compared with 18.4 percent recorded in 2008.³⁴

With this regard, this trade relation will lead to major fiscal losses, the first one is the fiscal loss in form of loss on trade diverted from non-EU countries, and the fiscal loss induced by the tax exoneration of imports from the EU. The total fiscal loss amount is expected to be around \$ million.³⁵ Since Tanzania has nothing to compete with the EU, therefore the EU will be able to monopolise the local markets for Tanzania local products take over the business of natives the end result, Tanzania will be colonized again.

Agriculture Sector, this scenario presents an assessment of impacts of the EPA on the Tanzania agricultural sector. Although mining and tourism have become important sector in recent years, agriculture has remained the main sector for the economy of Tanzania. From the experience, EU mainly exports industrial goods to Tanzania and Tanzania imports mainly industrial goods. As agriculture employs 80 % of the active population in Tanzania, this relationship could induce significant losses in terms of employment. Opening up of our economy to EU will mean that EU products will easily out-compete many of our local firms and farms.³⁶

The removal of tariff on agricultural trade on which Tanzania exports depends could lead to loss of government and individual income, employment of majority of Tanzania as well as could lead to poor living standards of over 80% of populations which is heavily depends on agriculture³⁷

It should be borne in mind that the EU provides subsidies to its farmers to the tune of about 85€ billion yearly. Europe has refused to eliminate or reduce these subsidies in the EPA negotiations, and they have also not done so in the World Trade Organization (WTO) negotiations. Under these circumstances, the agricultural trade with EU will always be lopsided and unfair³⁸

³⁰ B. W. Mkapa, EPA puts Industrialization and development prospect of EAC in Jeopardy, 19 June 2011. Available at http://www.trademarksa.org/news/also_in_http://www.seatinuganda.organd_http://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html accessed on 20 July 2011

³¹ S. Karingi, R. Lang, N. Oulmane, R. Perez, M.S. Jallab, H.B. Hammouda, 'Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements', ATCP Work in Progress No. 10. 2005

³² Available at http://www.uneca.org/atpc/Briefing_papers/6.pdf 4 The Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements African Trade Policy Centre Briefing No. 6 Poultry Farmers Set to Lose In EAC-EPA Deal - CSO analysis of possible EAC – EU EPA deal Accessed on 23 July 2011

³³ Mkapa supra note 233. Available at http://www.trademarksa.org/news/also_in_http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html accessed on 20 July 2011

³⁴ The Eastern African Community (EAC), Fact sheet on the interim Economic Partnership Agreements 2009

³⁵ Supra note 235

³⁶ Mkapa supra note 234. Available at http://www.trademarksa.org/news/also_in_http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html accessed on 20 July 2011

³⁷ MATAMBALYA, F. and WOLF, S. "The Framework Agreement: Who will benefit from the Co-operation between the EU and the ACP States?" In *Agriculture and Rural Development*, Vol. 7 (2000). Pages 6 – 10

³⁸ Mkapa supra note 234. Available at http://www.trademarksa.org/news/also_in_http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html accessed on 20 July 2011. As the characteristics of Tanzania economy during, colonialism, that Tanganyika remains the producer of raw materials and importer of manufactured goods from Europe which made our economy to be a dependent economy

Furthermore, the increase in EU trade export appears partially to be as a result of trade diversion from African countries, meaning that EPAs reform focused on agricultural liberalization also contradicts one of the principles of the Framework Economic Partnership Agreement on deepening integration.

Our main utility to Europe will be to sell primary commodities to them, and to re-import these goods once Europe has added value to them. It would be difficult. It would be difficult, if not impossible under these conditions of competing with Europe.³⁹

Industrial sector, Tanzania economy has been left wide open to more competitive products from the EU. This will lead our local industry products to lack domestic market as well as the world market as it has been dominated by the EU countries. These can be understood by considering the amount and level of competition that industries in Tanzania will face once tariff barriers are removed on imports from the EU.⁴⁰

It is common knowledge that the EU industrial base is more advanced in terms of technology, and that products from the EU are of higher quality. Once tariffs are removed, the goods will additionally be cheaper, and it is thus likely that the demand for local products will fall, hence affecting the local industries in terms of production activities. My concern is that it is also difficult for the few remaining industries to withstand further liberalization with the EU whereas automatically most industries in Tanzania dropped to insignificance.⁴¹ Not only will regional employment be affected as imports from Europe increase and displace domestic farms, the opportunity we have to transform, develop and industrialise our economies will be put jeopardy.⁴² Example the SIDO [small scale industries in Tanzania, we no longer heard them.⁴³ Employment Sector, the labour force is growing rapidly and outstripping the growth in employment opportunities. Fifty percent of the labour force is under 30 years old. According to the World Bank study in 2006, Tanzania has about 800,000 to 1,200,000 new job seekers each year.⁴⁴

The other area of interest to the EU is the liberalization of EAC services markets. This will have ramifications on employment, as well as our ability to regulate critical sectors, with far-reaching consequences. Services range from professional services to business, retail, telecommunications, environment, water, transport, energy, health services etc. Liberalization means that our ability to regulate certain sectors will be curtailed.⁴⁵ The EPA will affect the employment of majority of Tanzanian due to the decline of agriculture sector and closure of the industries due to competitions from EU. Regional integrations, Regional integration has been and remains a top priority for African governments that almost every state is a member of at least two regional integrations. For instance, Tanzania is a member of SADC and also is a member of EAC, the rest four member of EAC are member of COMESA. These overlapping and multi-membership of East Africa regions which led to the failure of implementations of policies within the integration. For instance, in the Eastern African region, some countries are members of both SACU (Southern African Customs Union) and SADC, others are the member of COMESA, and together they join EAC on top of all of this the existence of EPAs it is too much for them. Despite all this complicated and confusing commitment prevailing, Economic Partnership Agreement (EPA) is currently underway. It weakens the regional integration efforts, as EAC countries are significantly losing from the agreement to the benefit of the EU countries. This is a reason why the regional integration process has performed so poorly in Tanzania.⁴⁶

Private Sector, the 100% duty free, quota free access to EU markets already operational Aid for Trade is an added support mechanism. Private sector development is taken care of in the EPA text: "The Parties agree to work together to promote sustained growth, strengthen regional integration, foster competitiveness, increase production, supply capacity and value addition of the countries concerned." Consolidating the EU market for EAC's exports. Even, for countries covered under the Everything But Arms (EBA) initiative, there is a need to have a more predictable regime than just a unilateral offer/arrangement. A transparent and predictable trade regime shall increase FDI inflows Simplified (user-friendly) rules of origin.

3.1. Other Effect of EAC-EU-EPA

Loss of Sovereignty and Lack of Political Commitment this is another negative effect that the East Africa regions experience due to the existence of Economic Partnership Agreements. The pressure and Conditions imposed by this negotiation led the East African Community Leaders to be very submissive and hence loss of sovereignty. This is very dangerous to these countries because it led the country into political instability and people to lose confidence in their leaders.

³⁹ Mkapa supra note 242.

⁴⁰ R. Mukandara, Economic Partnership Agreement (EPAs) And the Role of Religious and Civil Society, Workshop held on Monday 23 March 2007

⁴¹ Mkapa supra note 234. Available at <http://www.trademarksa.org/news/> also in <http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html> accessed on 20 July 2011

⁴² Mkapa supra note 244. Available at <http://www.trademarksa.org/news/> also in <http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html> accessed on 20 July 2011 note 214.

⁴³ E. K. Zgova (Department of Economics University of Malawi, Zomba) and (Josaphat P. Kweka Economic and Social Research Foundation (ESRF) Dar es Salaam, Tanzania) AERC Research Paper 184 Consortium, Nairobi African Economic Empirical Analysis of Tariff Line- Level Trade, Tariff Revenue and Welfare Effects of Reciprocity under an Economic Partnership Agreement with the EU: Evidence from Malawi and Tanzania 2008 Also available at http://www.theodora.com/wfbcurren/tanzania/tanzania_economy.html accessed 27 May 2011

⁴⁴ Tanzania economy profile 2011 available at <https://www.cia.gov/library/publications/the-world-fact-book/> Accessed 12 July 2011

⁴⁵ Mkapa supra note 245. Available at <http://www.trademarksa.org/news/> also in <http://www.seatinuganda.organdhttp://www.africareview.com/opinoion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html> accessed on 20 July 2011

⁴⁶ Action Aid International, The Trade Escape – WTO Rules and Alternatives to Free Trade Economic Partnership Agreements, 5 (2005); Christian Aid, For Richer or Poorer, 15 (2005).

Disintegration of the East Africa Community, according to my observations will be experienced in the long run due to Economic partnership Agreement this is because of diversion of trade and failure to implement the policies, missions and visions of the East Africa Community. The funding has been the key elements and indeed a tool under Economic Partnerships Agreement negotiations. East Africa Regions have been promised finances to support the regional integration however no amount of funds can compensate the disastrous outcome of flawed policies of EPAs.⁴⁷

Violation and Infringements of human rights is another effect which have been experienced by the Tanzanian, this is due to the fact that the EAC-EU-EPA negotiations hinder the EAC countries including Tanzania to enforce the human rights. The political and economic strengths of EU were in itself a threat and a pressure in the negotiations.⁴⁸ The EPAs have been held out as a development tool, therefore funding has been a key element in the EPA negotiations to twist the EAC negotiator to sign the EPA, and in any case no amount of funds can compensate for disastrous outcomes of the flawed policies. The entire negotiation was neither transparent nor evolving the opinion of the Tanzanian. Despite the campaigned rose by the trade unions, business men, scholars, academicians, and other stakeholders to stop the EAC-EU-EPA process,⁴⁹ yet the EPAs operates and they are unlikely to reverse

4. Conclusion

To sum up, the rational and promising objectives of the EAC-EU-EPA have no any sign of reality only the opposite are likely to occur. It also shows that, the EPAs in their current form will not foster the economic integration in the East Africa region.

The fact that the agreement has divided the ACP countries into various negotiating groups and each group is supposed to negotiate independently with the EU countries a step which is contrary to the regional integration principle of the EPA negotiations. This has led to the conclusion that Economic Partnership Agreement is nothing than a new game of divide and rule as the system used during colonialisms.⁵⁰

Despite the fact that EPA have been held out as a development tool that will address the development challenges facing Tanzania and EAC region at large due to some development funds such as EDF⁵¹, funds from SIDA⁵² which facilitate the EPA process and the regional integrations process. However, evidence show that it's up to the EC to grants or seize them and when they reach the targeted country, they are managed by a specific committee from European Union. Thus, in any case no amount of funds can compensate the disastrous effects of the EAC-EU-EPA to Tanzania economy.

Tanzania can expect limited or no benefit from the EU-EAC-Economic Partnership Agreement. Tanzania will only face tremendous challenges in industrializing our economy, revenue losses as well as the negative impact on agriculture sector where many small-scale industries will face many challenges or even closure in the presence of EPA. It will be difficult to develop agriculture sector under the unfair competition with EU.

This cost will be particularly heavy for the public, therefore, for these reasons the researcher urge governments in the region to urgently intervene regarding the EAC-EU-EPA offer and make sure that they stop signing the EPA just as Dr Gaiani puts it; a strong turnaround in the negotiations is therefore urgently needed, rather than merely introducing hesitant flexibilities on few issues.⁵³

5. The General Recommendations

Throughout the analysis the view has been that, the EPA is a serious threat to Tanzania economy. With this regards therefore, the articles do hereby suggest the following:

First, Tanzania should call off the EAC-EU-EPA negotiations, since the EPA will bring no positive impact to Tanzania economy as emphasized by His excellence Mr. Benjamin William Mkapa when contended that EPA puts EAC industries and economic development in jeopardy, therefore EPA will bring more cost than benefit.⁵⁴

Tanzania should concentrate with the Tripartite Agreement⁵⁵ as the best option to replace the EPAs. Because it's a strong belief of the researcher that the tripartite agreement will promote the unity and solidarity of the majority of African

⁴⁷ W. Roux, "Economic Partnership Agreements: The new game of divide and rule" Labour Resource & Research Institutes (LaRRI) 2008

⁴⁸ Haule and Werema, supra note 44, p 39 as the quote Joint Civil Society Statement on the Eve of the Economic Partnership Agreements on the Eve of the Information Seminar in Lusaka –Zambia 30 may 2007, p 1.

⁴⁹ See B. M. Mkapa, EPA puts EAC Industrializations and development prospects in Jeopardy Sunday June 19. He condemned the EPA and call for stop of the signing of the Comprehensive, He said "If we sign the EPA, our main utility to Europe will be to sell primary commodities to them, and to re import these goods once Europe has added value to them. It would be difficult. It would be difficult, if not impossible under these conditions of competing with Europe, for EAC to develop, the EAC to develop and economically diversify."

EPA F. Matambalya, The Merits and Demerits of EU Policies towards Associated Developing Countries: An Empirical Analysis of the EU-SADC Trade and Overall Economic Relations within the Framework of the Lomé Convention", Peter Lang Science Publishers, Bern/Frankfurt/New York/Paris/Vienna. (1999). R. Mukandala, The Opening Speech on "The Economic Partnership Agreements (EPAs) and The Role of Religious and Civil Society", Workshop held on Monday 23 March 2007, p 2R. Haule and Fredrick Werema "EC-ACP Economic Partnerships Agreements [EPAs] and Their Economic Impact on Developing Countries" Journals of African and International Law, Vol 1, African Institute for Comparative and International Law, Songea, 2008 p 25-50

⁵⁰ W. Roux, "Economic Partnership Agreements: The new game of divide and rule" Labour Resource & Research Institutes (LaRRI) 2008

⁵¹ European Development Funds (EDF) Available at <http://europa.euscadpluslegenlvbr12102.htm.htm> Accessed on 23 August 2011

⁵² Swedish International Development Agency (SIDA) The EAC secretariat reported that it had secured Swedish Kroner 24 million from the Swedish International Development Agency (SIDA) to facilitate EPA negotiations by EAC experts during the EAC Sectoral Council meeting held on 29th November 2011. Sida was initially meant to cater for, among others, supporting the EAC capacity building for defining trade negotiations through research and studies. The money was also intended to cover the costs of organizing negotiation meetings and sessions, technical support to the EAC secretariat, sensitization and public awareness of EPAs, project management, monitoring and evaluation.

⁵³ Dr S. Gaiani, when addressing her topic "Economic Partnership Agreement A threat or an opportunity for Sustainable Developments?" at the Faculty of Agriculture at University of Bologna.

⁵⁴ B. W. Mkapa, (Former President of the United Republic of Tanzania). EPA puts Industrialization and development prospect of EAC in Jeopardy, Sunday 19 June 2011

countries which most of them share the common history and the level of economy. And also, the combined strength will make their voices heard in the international arena.⁵⁶

The emerging tripartite arrangement of the EAC-SADC-COMESA will further consolidate this opportunity of expanded regional integration⁵⁷ while solving the problems of overlapping and multiple-membership as well as complex structures and eventually conflicting and confusing commitments. However, policy makers have to undertake a careful examination of the tripartite agreements and make it the better option for EAC countries including Tanzania as it was the case of EU.⁵⁸

Further, the researcher suggested that rather than use the energies on negotiating the EPA, Tanzania and other EAC regions should concentrate its efforts on consolidating their new customs union that is the EAC custom Union.⁵⁹ Tanzania should put its energy in restructuring its economy and strengthens its agriculture sector which is the backbone of her economy. This is because agriculture sector contribute to the national economy as follows, it increases the Gross Domestic Product (GDP), Exports earnings, employment, food supply and raw material for our Industry. The government of Tanzania should put more emphasis on its agriculture revolution and development policies of Kilimo Kwanza.⁶⁰

Another suggestion is Tanzania should see the possibilities of industrializing her economy⁶¹ as it have been the case of China⁶², therefore instead of putting more emphasis on liberalization policy and involve in the EPA Tanzania should see the possibilities of reviving her economy and transform it from agriculture to industrialization.⁶³

Another possible option suggested is the preferences of the Everything But Arms (EBA) which is an initiative of the European Union under which all imports to the EU from the Least Developed Countries are duty free and quota free, with the exception of armament. African Caribbean and pacific countries will benefit more in Everything but Arms preferences more than the EPA.⁶⁴

Furthermore, in any case the EPA processes continue to operates, the researcher calls for the unity among the Africa countries on negotiating the EPA. Unity will strengthen their bargaining power and act as a single block as the case of EU countries. Just like Kwame Nkrumah put it:

"No single part of Africa can be safe, or free to develop fully and independently, while any part remains un-liberated, or while Africa's vast economic resources continue to be exploited by imperialist and neo-colonialist interests. Unless Africa is politically united, under an All-African Union Government, there can be no solution to our political and economic problems."⁶⁵

This means Africa countries including Tanzania their true salvation lies only in its unity and integration. This was also supported by the South Africa President that "we have to overcome ACP imbalances through solidarity and the use of combined strength to make voices heard."⁶⁶ The same was repeated by B. W. Mkapa that "Like President Mbeki, I believe an African renaissance is possible and necessary"⁶⁷

⁵⁵ The tripartite agreement is the agreements which set to involve the three regional integrations that are SADC, COMESA and EAC into a single Economic Integration. Heads of state from COMESA, the EAC and SADC met on 12 June 2011 to launch a substantive programme to harmonize the trade arrangements amongst the three regional economic communities (RECs), with a view to establishing a single Free Trade Area (FTA) encompassing all member states by 2013

⁵⁶ United nation Conference on trade and development, "Strengthening Regional Economic Integrations in Africa's Development" Economic Development in Africa, Report 2009

⁵⁷ Available at <http://www.seatinuganda.org> and at <http://www.africareview.com/opinion/The+EPA+will+bring+more+costs+than+benefits/-/979188/1187686/-/tq0upr/-/index.html> accessed on 20 July 2011

⁵⁸ M. Stern and Y. Ramkolowan, Tripartite FTA: does it make economic sense? Available at http://www.dnaeconomics.com/pages/trade_policy/?zDispID=NewsArtTripartite_FTA_does_it_make_economic_sense Accessed on 27 June 2011

⁵⁹ The main objectives are to liberalize and promote cross-border trade among the member states. Thus, in design and effect, customs unions have basic features that aim at fully utilizing the existing potential of member states for promoting economic cooperation in various areas. A customs union provides an opportunity to optimize complementarities in trade, investment, production, etc. of the member states.

⁶⁰ Kilimo Kwanza is a Tanzania policy that pronounces out the national commitment on agriculture thus the policy calls for the private sector to mobilize new investment to promote a modern and profitable agriculture sector in Tanzania. It also calls for a transformation of smallholder farmers into commercial farmers.

⁶¹ It is a part of a wider modernization process, where social change and economic development are closely related with technological innovation, particularly with the development of large-scale energy and metallurgy production. It is the extensive organization of an economy for the purpose of manufacturing

⁶² J. V. Stalin, "The Prospects of the Revolution in China", Works, Eng. ed. FLPH, Moscow, 1954, Vol. VIII, p. 379. M. Tse-tung, "The Chinese Revolution and the Chinese Communist Party, December 1939

⁶³ It is a part of a wider modernization process, where social change and economic development are closely related with technological innovation, particularly with the development of large-scale energy and metallurgy production. It is the extensive organization of an economy for the purpose of manufacturing.

⁶⁴ EBA extends duty and quota free access to all products originating in LDCs except arms and ammunition. Available at www.ec.europa.eu/tradeissues/globalgspeba4_sum.htm, last accessed in 23 June 2011

⁶⁵ K. Nkrumah, "Africa must unity" First published 1963. Reprinted 1963, 1964 (three times), 1970, 1974, 1985, 1998.

⁶⁶ was the message from *South African President* Thabo Mbeki, while addressing the 3rd summit of the acp heads of state and government, Nadi, Fiji, 18 July 2002

⁶⁷ B.W. Mkapa, while making his speech at annual Thabo Mbeki, lecture 25 may 2011

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