

On 17 February 2022 the EU and Kenya agreed to advance negotiations on the conclusion of an interim Economic Partnership Agreement (iEPA). This iEPA is expected to improve trade and investment opportunities and help boost sustainable economic growth and job creation in Kenya. EPAs are free trade agreements initially conceived by the EU to cover groups of countries aggregated in specific regional areas with the purpose of streamlining negotiations with them. However, some of them have been concluded with individual African countries in view of their progressive extension to other countries pertaining to the same region. This is the case of Cote d'Ivoire, Ghana and Cameroon.

For what concerns Sub-Saharan African countries, they have been grouped by the EU into [5 blocks](#), in some cases coinciding with the territory of an existing Regional Economic Community. These regions are: 1) West Africa; 2) Central Africa; 3) EAC, 4) SADC and 5) a group of five Eastern and Southern Africa (ESA) countries known as "ESA-5" (Madagascar, Comoros, Zimbabwe, Mauritius and Seychelles). North African countries, on the other hand (except Libya) are currently trading with the EU under specific "Euro-Mediterranean" Free Trade Association Agreements.

To date, only SADC has concluded a full and comprehensive regional EPA with the EU, covering trade in goods and services and a host of other trade-related areas such as competition policy, investments, technical barriers to trade, sanitary and phytosanitary measures and intellectual property rights, among others. However, also this agreement covers only 6 out of the 16 SADC countries, even though other 6 SADC members have negotiated or are negotiating within other regional blocks, like in the case of Seychelles, Zimbabwe, Comoros, Madagascar and Mauritius, that have concluded a specific regional EPA with the EU.

Differently from "full" EPAs, Interim (or 'stepping stone') EPAs cover exclusively trade in goods (with the possibility to enlarge them in future to further policy areas).

The negotiations of the EPA between the EU and the East African Community (EAC) were initialled in 2014, but so far the Agreement has been ratified only by Kenya and Rwanda, while the other EAC countries have shown strong resistance to sign the Agreement, fearing that this will put their local industries in jeopardy and discourage the development of new industries, due to the fact that a large share of imports from the EU will enter their territories duty free (on average, EPA open markets of EPA partners by about 80%, while the EU grants full access to its market for all products excepted arms and ammunitions).

The EU and Kenya have now issued a [joint communique](#) where they stated they intend to negotiate and agree on an interim Economic Partnership Agreement similarly to what already done by Cote d'Ivoire, Ghana and Cameroun. To this end, the two parties have agreed to negotiate, as an integral part of the Agreement, binding provisions on trade and sustainable development, which will be subject to an appropriate dispute settlement mechanism.

The EU-Kenya iEPA will remain open for access by other EAC Partners States, and will provide for liberalisation of trade in goods, accompanied by trade-related development cooperation with a view to boost sustainable economic growth and job creation. A text of the EU-Kenya iEPA is already under preparation and will soon be transmitted to the Kenyan authorities for its signature and ratification. However, as currently Kenyan exports to the EU represent about 30% to the total exports of the country (source: [Comstat](#)), the question is if for Kenya is more convenient to continue exporting under the standard EU's Generalised System of Preferences (GSP), that provides for a unilateral reduction or full removal of customs duties on about two thirds of EU tariff lines (with no reciprocity towards the EU, whose products will continue to be subjected to customs duties at their import in Kenya), while this will not be anymore the case where the EPA will be concluded, as EPA are

reciprocal

free trade agreements that oblige Eu trade partners to open partially their market (as indicated, on average by 80%). This aspect needs to be carefully evaluated, considering that once concluded the EPA, the GSP will not be applicable anymore to Kenya, as the EPA will become the only preferential trade arrangement applicable to trade exchanges with the EU.

