



# Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements\*

Summary of key findings, policy recommendations and lessons learned

Executive summary



\*connectedthinking

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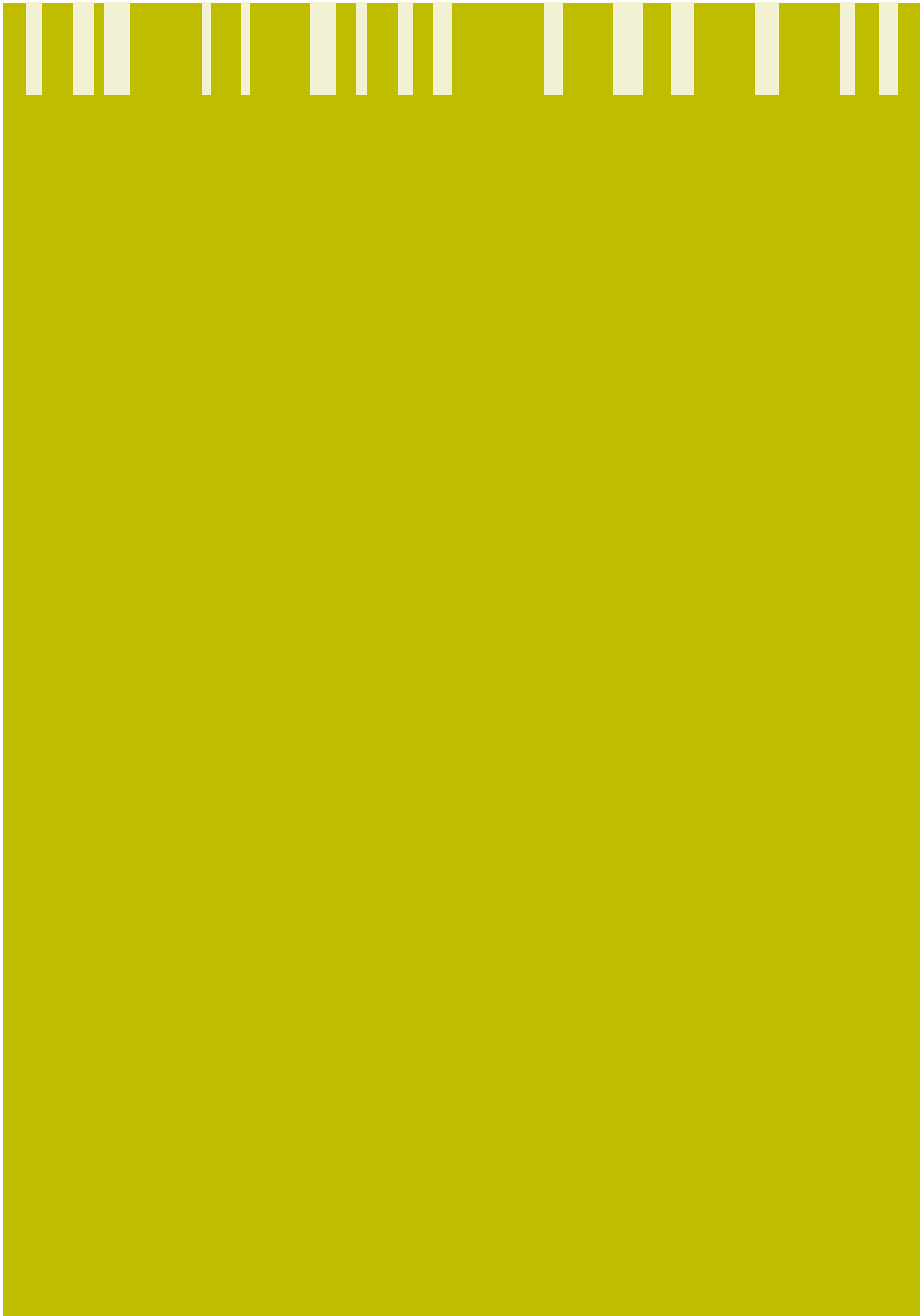
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### Europe



### Africa



### Caribbean



### Pacific





## Executive summary


This document is a summary of the key findings, policy recommendations and lessons learned, derived from the Sustainability Impact Assessment (SIA) of the negotiations of Economic Partnership Agreements (EPAs) between the European Union (EU) and the Africa, Caribbean and Pacific (ACP) Group of States. It is aimed at trade negotiators and other policy makers in both the EU and in the ACP countries.

The EPAs should be negotiated by 31 December 2007. EPAs aim to promote sustainable development and poverty alleviation. They should be WTO-compatible, but will require a degree of asymmetry in terms of the timetable and extent of tariff dismantling and the scope of the agreements. The ACP countries are relatively weak in terms of their trading position with the EU, are often highly dependent on single commodities, and face challenges related to development. In order to help ACP countries take full advantage of their preferential trading relationship with the EU, the EPAs will have a strong development component. This SIA aims to help ensure that the trade and development fostered by the EPAs support economic, social and environmental sustainability.

The SIA was undertaken over four years, beginning in late 2002. It involved developing a methodology and undertaking case studies in key sectors throughout the ACP, one in each of the six regional negotiating configurations. The methodology involved comparing a baseline scenario with an EPA scenario, and assessing the impact of trade-induced economic change on core economic, environmental and social indicators. For each of the six sector studies, policy recommendations were developed in three general categories: policies related to regional integration, policies that address trade-related measures (aimed at negotiators), and policies to promote sustainability (aimed at a broader range of decision makers).

An important element of the SIA was a strong focus on public participation throughout the process to disseminate information, raise awareness, and increase transparency. This involved the development of a sustained dialogue with stakeholders, in a range of fora, about issues related to sustainability and the EPAs. The team employed electronic mechanisms (through a large data base and a dedicated internet web site), stakeholder meetings in the ACP regions, meetings in the EU with stakeholders and negotiators, other expert meetings, and specialised interviews and field missions.

The SIA has yielded several conclusions and recommendations for negotiators and other stakeholders that can help ensure that the EPAs promote development that supports economic, social and environmental sustainability. Twelve recommendations are highlighted as broadly relevant for the diverse regions and countries of the ACP. Following the recommendations, is a brief summary



of the lessons learned throughout the course of the SIA both in terms of conducting SIAs, and with respect to how it may have already had an impact on stakeholders and trade negotiators.

## Regional integration

**Recommendation #1:  
The EU and ACP countries should strive to ensure coherence between EPA negotiating configurations and overlapping efforts at regional integration and should ultimately pursue, at regional level, strategies for the developing key economic and industrial sectors and for promoting sustainability.**

The SIA emphasised regional integration as a means to help ACP countries develop internal markets, address supply side constraints, and take full advantage of the EPAs. Regional integration is a vital tool for providing an economic extension to domestic markets in ACP countries and for reducing the cost of doing business in the ACP regions. Since the domestic markets in ACP countries are, on their own, relatively small and in many instances internationally uncompetitive, the current regional integration initiatives in the ACP regions are a key component in the development of more integrated and competitive markets.

However, there are challenges facing regional integration in the ACP. In all the ACP regions, EPA negotiating configurations are based to a greater or lesser extent on existing regional integration initiatives. One challenge presented by existing regional integration initiatives concerns the overlapping membership among some groups and the additional complication posed by negotiating configurations that are not consistent with existing integration efforts. Challenges to the negotiating process are particularly acute where existing country groupings have, or are working towards, a customs union but where not all members belong to the same EPA negotiating configuration and where there may be overlapping regional trade agreements.

Nevertheless, there is some evidence that the EPAs can play a role in reinforcing or accelerating existing integration efforts. However, regional integration requires attention to institutions and cooperation to provide the building blocks for more efficient regional economies. This includes national institutions and programmes to harmonise national and regional policies to ultimately lower the cost of doing business, making the ACP regions more attractive to domestic, regional and foreign investment, and to assist in bringing about a degree of political convergence. As part of regional integration efforts, the ACP countries should develop regional strategies for their economic and industrial sectors. Regional strategies to promote environmental and social sustainability should also be pursued.



## Trade measures


**Recommendation #2:**  
**All ACP countries should retain duty free and quota-free access to the EU market and access to the EU should be improved for the few products not yet fully liberalised.**

Under the Cotonou Agreement, and previously the Lomé Conventions, the ACP countries have long enjoyed preferential market access to the EU. Market access continues to be a core trade measure under the EPAs. However, the EPA negotiations cover a broader range of trade measures. Working together, the full range of trade measures can help bring about the development opportunities provided by the EPAs to, inter alia, encourage investment outside to traditional resource sectors, diversify exports, and develop an industrial base that encourages transformation and domestic value-added in the ACP countries.

### Market access: tariffs in the EU

The key issue raised in the SIA with respect to market access to the EU relates to maintaining the existing tariff preferences for Least-Developed Countries (LDCs) and non-LDCs alike. With no EPA, LDCs still have duty free and quota-free access to the EU under the “Everything-but-arms (EBA)” initiative. Non-LDCs have the most to lose in the absence of an EPA. However, given existing constraints including low levels of competitiveness, small profit margins and high transportation costs, all ACP countries seek to retain duty free and quota free access to the EU market, and to negotiate such access into the EPAs, or risk becoming less competitive. The sector study on horticulture indicated that without the current tariff preferences, the horticulture sector in Kenya, the regional leader in Eastern and Southern Africa, would collapse. Such a collapse would have serious negative impacts from an economic and social perspective in the short term. Moreover, as the regional leader, Kenya is at the forefront of disseminating best practices and developing codes of conduct for responsible behaviour in the sector, which are being shared with other countries (including LDCs) seeking to enter the sector.

Even under the Cotonou Agreement, there remain some products (mostly agricultural), which are not fully liberalised and where EU tariffs remain. Removing the few remaining EU tariffs could help develop viable processing industries in the ACP countries, help them add value to their production and create employment, including employment for women who tend to dominate employment in the processing sector. However, production and processing industries should be governed by sound environmental and social regulations to help address pollution that might come about as a result of increased economic activity. Moreover, any attempts to pursue “niche” markets (such as organic or fair trade products) would help alleviate environmental stress of economic development, including pressures on land use.



**Recommendation #3: To mitigate potential negative impacts of reciprocity and encourage positive impacts, negotiators should classify some products as “sensitive” and ensure that there is a safeguard provision taking into account the goal of promoting sustainable development.**

## Market access: tariffs in the ACP countries

The key issue with respect to market access to the ACP countries is managing the impacts of reciprocity, particularly with respect to sensitive products. The EPAs require reciprocity, and ACP countries are under pressure to lower import tariffs on substantially all trade, although there is some scope for asymmetry in the final outcome of the EPAs both in terms of what is included, and transitional timelines for liberalisation. Reciprocity is most challenging for countries where EU imports compete with domestic production (and could threaten that production) and where government relies heavily on revenues from import tariffs (and where the removal of tariffs would lead to loss in government revenue). Damage to local production could disproportionately threaten the livelihoods and food security of rural populations.


The SIA indicated that asymmetric tariff reductions should focus on production where existing gains could be most rapidly eroded as a result of full liberalisation, as well as those where the largest losses in government revenue might come about as a result of complete liberalisation. The analysis showed that there is scope for defining “substantially all trade” in a way that allows for the exclusion of sensitive products from liberalisation. Liberalisation at a level of 80 per cent, would allow for the exclusion of several sensitive products. In classifying product as “sensitive” it is vital to develop relevant criteria, which reflect the equally important roles of economic, environmental and social performance in supporting sustainable.

For other products the EPA negotiators should consider the removal of tariffs on machinery, agro-chemicals and other inputs into key processing and manufacturing sectors, replace duty-drawback schemes with zero tariffs, and accelerate tariff reduction for goods that support sustainable development in sectors that will, inter alia, diversify production, and promote vertical integration, processing, and value added.

## Rules of origin

**Recommendation #4: Negotiators should explore policy options to simplify and relax RoO that will encourage increased trade in transformed products.**

Rules of origin (RoO) are typically not a significant issue where exports are made up of primary products and/or where raw materials are wholly obtained in the ACP countries. However, they can play a role when efficient production requires the global sourcing of inputs and participation in global value chains. This is illustrated in the SIA through a case study on the garment industry in Lesotho, where strict RoO prevent the export to the EU of garments produced using non-EU or non-ACP fabric. Where countries or ACP regions lack capacity to produce fabric, or where that production is uncompetitive, and where a domestic garment industry relies on third party sourcing (such as from East Asia), they are unable to export garments to the EU, despite favourable tariff preferences.



Where this occurs, RoO have the effect of requiring more integrated domestic and regional sourcing and production than may be currently economically feasible. Poor transportation networks discourage the regional sourcing of fabrics and developing a domestic textile production requires high levels of investment. Experience shows, that this type of investment can come with high environmental costs, although these can be mitigated through the use of advanced technology and infrastructure.


Existing RoO can also be a factor in the development of primary sectors where unique rules exist, such as in the fishery sector. EU RoO in the fishery sector are complex under the Cotonou Agreement and include a relatively restricted definition of “wholly owned”, along with other restrictions including, inter alia, a high degree of local (or EU) ownership of fleets and nationality of crews. Existing RoO can create obstacles for countries that do not have an established commercial fishing industry, where the structure of the fishery sector is based on vessel-chartering arrangements or joint ventures, for example. In Namibia, the subject of the case study in the SIA, government intervention and domestic policies to promote conservation and national participation (in terms of both ownership and crews) in the fishery, are presented as an example of how ACP countries can effectively comply with EU RoO in this sector.

More relaxed RoO could encourage development through production and transformation directed towards the EU market. Any changes to the existing RoO should take into account regional realities on the ground and should occur in conjunction with improving business contacts, encouraging regional integration, and promoting strategic regional investments to improve the prospects for regional and local sourcing of materials. Such a shift should take into account the social and environmental impacts of increased economic activity, and be pursued in conjunction with policies to promote sustainability.

## Trade in services

Services play a vital intermediate role in economies as a prerequisite for economic performance and development, by contributing to a more efficient business climate for other economic sectors. The sector studies in the SIA that focused primarily on services (tourism services in the Caribbean and financial services in Central Africa) indicated that although the EU market is open, a lack of ability by ACP service providers to penetrate the EU market was linked to the relatively complex regulatory environment in Europe (for financial services, in particular) and to the lack of capacity and experience among potential service providers in the ACP countries. ACP countries typically have very few commitments in the services sector. However, this does not necessarily reflect the practice where often *de facto* liberalisation exists. Codifying this liberalisation through the inclusion of services in an EPA would reinforce the commitments and increase certainty for investors seeking to enter the ACP markets.

**Recommendation #5:**  
**Negotiators should increase commitments in all categories of services to improve certainty and transparency, encourage trade, and support sustainable development.**



However, increasing commitments in services can present challenges and opportunities for sustainability. While it offers the prospect of creating high levels of employment in sectors such as tourism, there are also dangers associated with increasing commercial presence, uncontrolled development and pollution. On the other hand, the sector study in the Caribbean indicated that increasing levels of commercial presence could also lead to the adoption of codes of conduct to raise standards within the industry and encourage responsible practices. Moreover, an inflow of tourism service providers, through liberalisation in the temporary movement of people as a mode of delivering services, was shown in the SIA to have overall positive impacts for the industry.

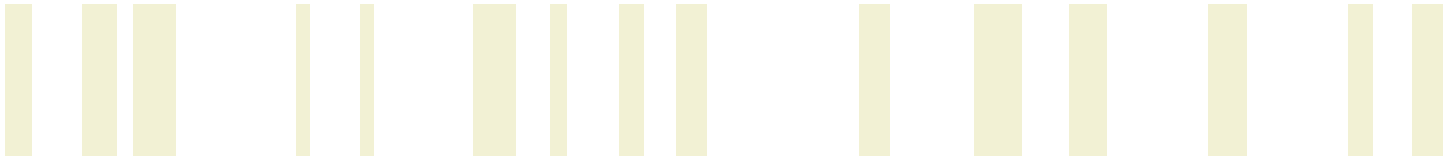
Throughout the SIA sector studies, there were perceived benefits to be gained for trade and sustainability by making commitments in several categories of services. Poor transportation linkages contribute to the lack of competitiveness of some ACP countries. Improved intra-regional and international transportation is a key component of improving trade, development and regional integration. Moreover, liberalisation of financial services can increase access to affordable credit, particularly for small and medium sized enterprises, to encourage development. Particular attention was also paid to the development of telecommunications, environmental services, and professional services (such as consulting, certification, and marketing). However, a strong regulatory framework is crucial to ensure that service providers and investors behave in a way that is environmentally and socially responsible. In addition to codes of conduct and voluntary measures, domestic regulations will help provide a stable environment for investment.

## Foreign direct investment

**Recommendation #6:**  
**The EPAs should contribute to a stable climate for FDI and encourage FDI and regional investment that support sustainability through, inter alia, including means of cooperation to achieve compliance with the enforcement of environmental and social regulations at the national level.**

Foreign direct investment (FDI) is a means for delivering development and supporting trade in both goods and services and is vital for development where few local financial resources exist. FDI is generally considered a positive component of the EPAs, holding out the promise of, inter alia, job creation, industrial development, the transfer of skills and knowledge, state-of-the-art technologies and management practices, and upgrading infrastructure. However, within the ACP, there are several obstacles to improving the quantity and the quality of FDI. These include the small size of ACP countries, perceived instability, the concentration of investment in the natural resources sector, and generous incentives, which can undermine the contribution of the FDI to the local economy.

The EPAs can help address these obstacles through, inter alia, encouraging regional integration to help address the small market size of individual ACP countries, promoting a more stable environment for FDI by including rules to



protect investment and improving transparency. However, there should also be protections within the EPAs to help ensure that FDI supports efforts to develop sustainably. This might include a prohibition against lowering environmental and social standards to attract investment, or against providing incentives that ultimately make the investment unsustainable in the long term. Moreover, FDI should be subject to high levels of environmental scrutiny (including sustainability assessment) and governed by mandatory requirements and voluntary codes of conduct that prioritise sustainability.

## Standards and accreditation

**Recommendation #7: EU-ACP cooperation on standards should focus on addressing obstacles to trade, maintaining high levels of protection for consumers and the environment and assisting ACP countries to develop their own national and regional approaches to SPS and TBT.**

Unlike the EU, countries in the ACP tend to have in place few sanitary and phytosanitary (SPS) measures, food safety requirements or technical barriers to trade (TBT). Standards can have a negative economic impact when producers find themselves unable to meet requirements imposed by the EU and private importers in the EU (such as major retail chains) as a result of lack of information, lack of capacity, or lack of testing facilities. Generally, for ACP producers already exporting to the EU, the SIA revealed that SPS measures were not considered to be a major obstacle to trade. On the other hand, TBTs, such as labelling and packaging standards, were considered increasingly to pose challenges. The numbers of standards (both private and public) in some sectors, along with onerous procedures for inspection, were cited as creating costly delays in sectors, such as fresh produce, where the product must reach consumers on a timely basis.

The EPAs can help address constraints through increased cooperation and assistance to ACP countries and regions to develop standards and related bodies. The ACP countries should develop their own standards at the national and regional levels, tailor-made for local priorities and production. Moreover, there are benefits for regional integration brought about by developing SPS, TBT and food safety issues at regional level. Moreover, to help address the issues of inspections development in the ACP would be facilitated by regional initiatives and recognised accreditation bodies. The EPAs can contribute to achieving these goals by encouraging information sharing, capacity building and technical cooperation with the EU.



**Recommendation #8:**  
The EU should engage in ongoing cooperation with the ACP in several areas related to trade facilitation including, inter alia, customs, transportation, technology, business information and human resources.

## Trade facilitation

Trade facilitation involves reducing administrative and regulatory burdens on importers and exporters. Losses that businesses suffer through delays at borders, complicated and unnecessary documentation requirements, and lack of automation of government-mandated trade procedures, can exceed the costs of tariffs. To support trade and development, the SIA identified the need to address trade facilitation, improve capacity and governance, and support weak institutions.

Trade facilitation requires attention to issues such as increasing transparency and access to information (of other countries' importing and exporting regulations), and simplifying and administrative issues associated with customs procedures and other formalities. Streamlining customs procedures, cutting costs and red tape, and improving transit could encourage regional trade. Moreover, advances in trade facilitation will work in synergy with other trade measures, such as investment, to alleviate some constraints on increasing levels of trade between the EU and the ACP, regional integration and south-south trade. Any agreement on trade facilitation can also contribute to a climate that would encourage growth in trade flows, attract investment, and enhance manufacturing.


## Measures to promote sustainability

The trade measures discussed in the SIA will not necessarily, alone, promote sustainability or even lead to increased trade. Whether development occurs and whether or not it is sustainable, depends not only on trade, but on a host of other factors, which speaks to the vital importance of the development component of the EPAs. Three areas have been prioritised, where technical assistance and development cooperation in the short term could help ensure that the EPAs encourage trade and development that is sustainable in the long term. Pursuing policies in these areas will involve decision makers throughout relevant government departments and would benefit from input from civil society.

**Recommendation #9:**  
Development cooperation should focus on priority needs for diversification of production and exports towards higher value-added products, with an emphasis on reinforcing economic and industrial sectors impacted by the EPAs, while ensuring the sustainability of new development.

## Priority needs for diversification and increased value added in production

Pursuing value added through increased processing can help countries diversify their economies. However, there are several challenges facing ACP countries seeking to diversify and add value to production. Among the major challenges



are a lack of logistical capacity and a lack of infrastructure. Low levels of trade, regional integration and lack of competitiveness in the manufacturing sector in the ACP countries are the result, in part, of relatively under-developed physical infrastructure. Physical infrastructure such as improved facilities for processing and other factories could improve competitiveness in several sectors. Regional integration and development is also hampered by lack of transportation infrastructure, which negatively affects competitiveness in some sectors.

There are several areas where development cooperation could be focused to support development that promotes diversification and increased value added in production. In addition to transportation infrastructure, this includes, inter alia, technology and capacity to handle waste (including hazardous waste), and to deliver, treat and/or recycle water among other technologies which have been shown to reduce negative environmental impacts of processing. It also includes attention to urban infrastructure, for the development of industrial zones as well as providing basic services to residents and migrant workers and developing basic services to support development, such as telecommunications. However, the SIA suggested that such development should be subject to sustainability assessments that take into account environmental and social impacts and can provide an understanding of the environmental and social infrastructure necessary to accompany industrial development in order to assure its sustainable operation.

## Improving data collection and analysis on trade and on sustainability at the national and regional levels

**Recommendation #10:**  
**Development cooperation should focus on technical assistance to collect information and data on trade and sustainability to support sound policy development.**

The SIA identified the need for access to more reliable data on both trade and on sustainability in the ACP regions to support policy development in both these areas; to develop trade policy and positions and to set priorities for pursuing sustainable development. This is a result of deficiencies in information gathering systems and lack of capacity to improve these systems at the national level and the regional level. Although through existing regional integration initiatives there are efforts to improve data collection at the regional level, this is not necessarily consistent with the EPA configurations, and even where regional integration is relatively well advanced, data collection is poor.

This is an area where technical assistance and support is likely to lead to relatively rapid positive results for both trade and for prioritising vital sustainability issues. Collecting information related to trade could have a positive impact on trade facilitation. Coupled with assistance for equipment purchase and appropriate technical assistance, on an ongoing basis, improved systems could be developed that enhance the trade process, further the objective of economic development in the region and support regional integration. Moreover, improved data will assist future efforts to monitor the implementation of the EPAs.



## Capacity building to strengthen human and technical support for sustainability

**Recommendation #11:**  
Development cooperation should focus on capacity building to promote sustainable development in both the private and public sectors, with an emphasis on training, research and development, and a sound regulatory framework.


Capacity building to strengthen human and technical support for sustainability is important for both the private sector and the public sector. Several examples were raised in the SIA including, inter alia, training and extension services for farmers, training for tourism service providers and assistance developing effective fishery management and conservation regimes. Capacity building and support is also important in the context of disseminating codes of conduct and best practices related to production practices and technologies to support sustainability and training to improve capacity to pursue value-added niche markets in the EU. Moreover, the SIA identified a need to develop human relations and capacity building in the private sector for marketing and networking. Partnerships could be established in the private sector, or in conjunction with the public sector to implement research and development in key sectors to promote sustainability development. The importance of training centres in specific sectors (such as horticulture) was also raised.

In the public sector, a domestic regulatory framework that supports sustainability should be put in place and enforced. This includes, for example, legislation to ensure that FDI and other investment in infrastructure occurs in a way that supports sustainability or, where reciprocity threatens to erode significantly government revenues, countries may need to diversify their sources of revenue and establish realistic, effective and enforceable taxation systems to mitigate any negative fiscal impacts of declining tariffs. In considering the policy framework to support sustainability, countries should consider a mix of command-and-control measures and economic incentives.

## Institutional mechanisms and oversight

**Recommendation #12:**  
A permanent institutional mechanism should be developed to monitor the implementation of the EPAs from the perspective of economic, environmental and social sustainability.

Multi-stakeholder institutional mechanisms are vital for ensuring an integrated approach to future trade negotiations and monitoring the implementation of the EPAs to assess their contributions to economic, social and environmental sustainability. Stakeholders seek to have input into trade negotiations. To do this, where they do not already exist, mechanisms should be established and/or strengthened that encourage transparency and opportunities for dialogue between negotiators and civil society during the process of trade negotiations. Between the parties to the negotiations, trade-related working groups could advance a regulatory dialogue and a cooperative agenda under the EPAs on trade-related issues of common concern such as, for example, trade facilitation and standards and accreditation.



The aim of the EPAs is to promote trade and development that is sustainable. Civil society actors equipped with the appropriate information, knowledge and skill can make effective contributions to ACP-EU cooperation under the EPAs to support sustainability. In the medium and longer terms, this could occur through an effective, multistakeholder monitoring mechanism to follow-up on the implementation of the EPAs. Such follow-up and monitoring could suggest priorities for ongoing development cooperation and provide valuable lessons for future trade negotiations and agreements. The SIA suggested the establishment of a permanent EU-ACP Cooperative Dialogue for Public Participation and Capacity Building for Sustainability to support sustainability under the EPAs on an on-going basis. In cooperation with national and regional authorities, and with a high degree of stakeholder participation, it could, inter alia, compile and disseminate information with regard to trade and sustainable development, coordinate technical assistance in support of sustainability, and develop indicators to monitor the implementation of the EPAs and assess their ongoing contribution to sustainability.

## Lessons learned

In addition to the recommendations, the SIA has yielded several lessons emphasising the importance of developing meaningful connections in the ACP regions and a sustained dialogue with negotiators and stakeholders. It has contributed to the debate surrounding the EPAs for both negotiators and stakeholders and has helped define and/or reinforce the agenda for ACP-EU development cooperation.

With respect to undertaking SIAs in the future, the team has identified several lessons. These include: select sectors based on defined criteria; allow sufficient time and resources to undertake field missions; work in close cooperation with credible and relevant regional organisations; and, maintain flexibility with respect to both the composition of the SIA team and with respect to the consultations. With respect to consultations, large multistakeholder consultations work best in regions with a history of public participation while smaller meetings with like-minded stakeholders or one-on-one interviews may be more effective in regions where there is less trust built up among stakeholders. Consultations are useful throughout the SIA process and should include regular exchanges with negotiators from all parties to the negotiations.

It is difficult to demonstrate a causal link between recommendations made in the SIA and the ongoing ACP-EU negotiations on the EPAs at this stage. In several areas there is some consistency in the SIA with policies being pursued in the negotiations and it is also clear that the SIA has had an influence on the thinking of some negotiators. Moreover, negotiators in the EU have already used the

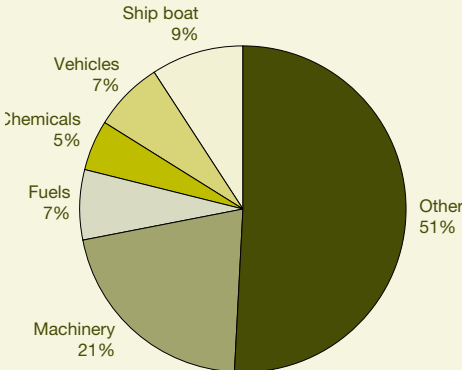
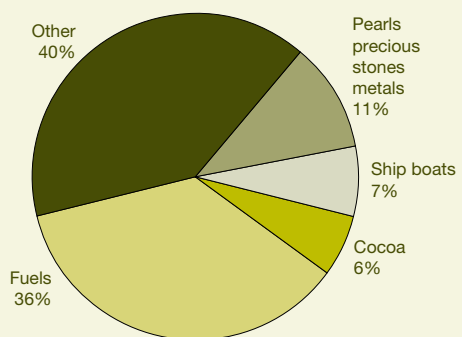
SIA for a variety of purposes including preparing presentations and addressing sustainability elements associated with the EPAs. The SIAs have thus helped raise awareness in areas that are relevant for the negotiations. The studies have also been used by negotiators and stakeholders in the ACP regions as background documents in meetings.

It is also clear that the SIA has served as a vital starting point for identifying issues and mechanisms to encourage the sustainable development component of the EPAs. In some cases the SIA reinforced the importance of, and elaborated on, existing debates, such as the discussion of “sensitive” products. The SIA can help set priorities for trade-related technical assistance and development cooperation. It has also highlighted important issues related to regional integration, including the benefits of supporting a regional approach to policy making, and ensuring the general compatibility of trade rules to promote regional integration and the effective operation of those rules.

The SIA has inspired debate and has been part of the discussion among negotiators and stakeholders from civil society. The SIA process has already been useful to increase awareness, engage stakeholders, increase transparency and raise the level of the dialogue and encourage discussion both in the EU and at workshops in the ACP regions.



## The EU and ACP region at a glance

	European Union (EU)	Africa, Caribbean and Pacific region (ACP)																										
Member countries and configuration of negotiations (see also Table 1)	27 members 12 member states joined since the ACP-EU negotiations started in 2002 (10 in 2004 and two in 2007)	77 countries 6 sub-regions are negotiating EPAs with the EU																										
Population (2005)	462 million (EU-25) (a)	706 million(b)																										
Surface area	4 million km <sup>2</sup> (c)	25 million km <sup>2</sup>																										
GDP (2005)	€ 10 817 billion (c) € 23 413 per capita (c)	€ 300 billion (current)(b) € 426 per capita(b)																										
Debt (2005)		€ 145 billion(b) € 206 per capita(b)																										
Foreign direct investment (FDI)	Net outflow € 71.6 billion in 2004 (e)	Net inflows € 9 billion in 2005 (b) € 13 per capita in 2005(b)																										
Total Official Development Aid (ODA) and official aid	10 <sup>th</sup> EDF will provide € 22.7 billion (2008-2013)(f) 9 <sup>th</sup> EDF provided € 13.5 over 2002-2007(f) € 2 billion per year "Aid for Trade" support pledged by EC and EU member states (g)	€ 11 billion received in 2005(b) € 16 per capita in 2005(b)																										
UNDP Human Development Index (2005)	High(h)	Majority medium or low(h) Eight countries high(h)																										
Least Developed Country (LDC)	None	38 LDC countries. 32 LDC in Africa, five in Pacific and one in Caribbean region																										
Total trade (2005)	EU exports to ACP: € 25 billion(d)	ACP exports to EU: € 29 billion(d)																										
Major products imported / exported	<p>Main EU products exported to ACP(d)</p>  <table border="1"> <caption>Main EU products exported to ACP</caption> <thead> <tr> <th>Product</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>51%</td> </tr> <tr> <td>Machinery</td> <td>21%</td> </tr> <tr> <td>Fuels</td> <td>7%</td> </tr> <tr> <td>Chemicals</td> <td>5%</td> </tr> <tr> <td>Vehicles</td> <td>7%</td> </tr> <tr> <td>Ship boat</td> <td>9%</td> </tr> </tbody> </table>	Product	Percentage	Other	51%	Machinery	21%	Fuels	7%	Chemicals	5%	Vehicles	7%	Ship boat	9%	<p>Main ACP products exported to EU(d)</p>  <table border="1"> <caption>Main ACP products exported to EU</caption> <thead> <tr> <th>Product</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>40%</td> </tr> <tr> <td>Fuels</td> <td>36%</td> </tr> <tr> <td>Pearls precious stones metals</td> <td>11%</td> </tr> <tr> <td>Ship boats</td> <td>7%</td> </tr> <tr> <td>Cocoa</td> <td>6%</td> </tr> </tbody> </table>	Product	Percentage	Other	40%	Fuels	36%	Pearls precious stones metals	11%	Ship boats	7%	Cocoa	6%
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Sources: (a) *Europe in figures, Eurostat yearbook 2006-07, 20 February 2007.*

(b) *World Bank, as quoted in DG-TRADE, Fiche Pays ACP, 22 mars 2006.*

(c) *Key facts about Europe and the Europeans, European Commission.*

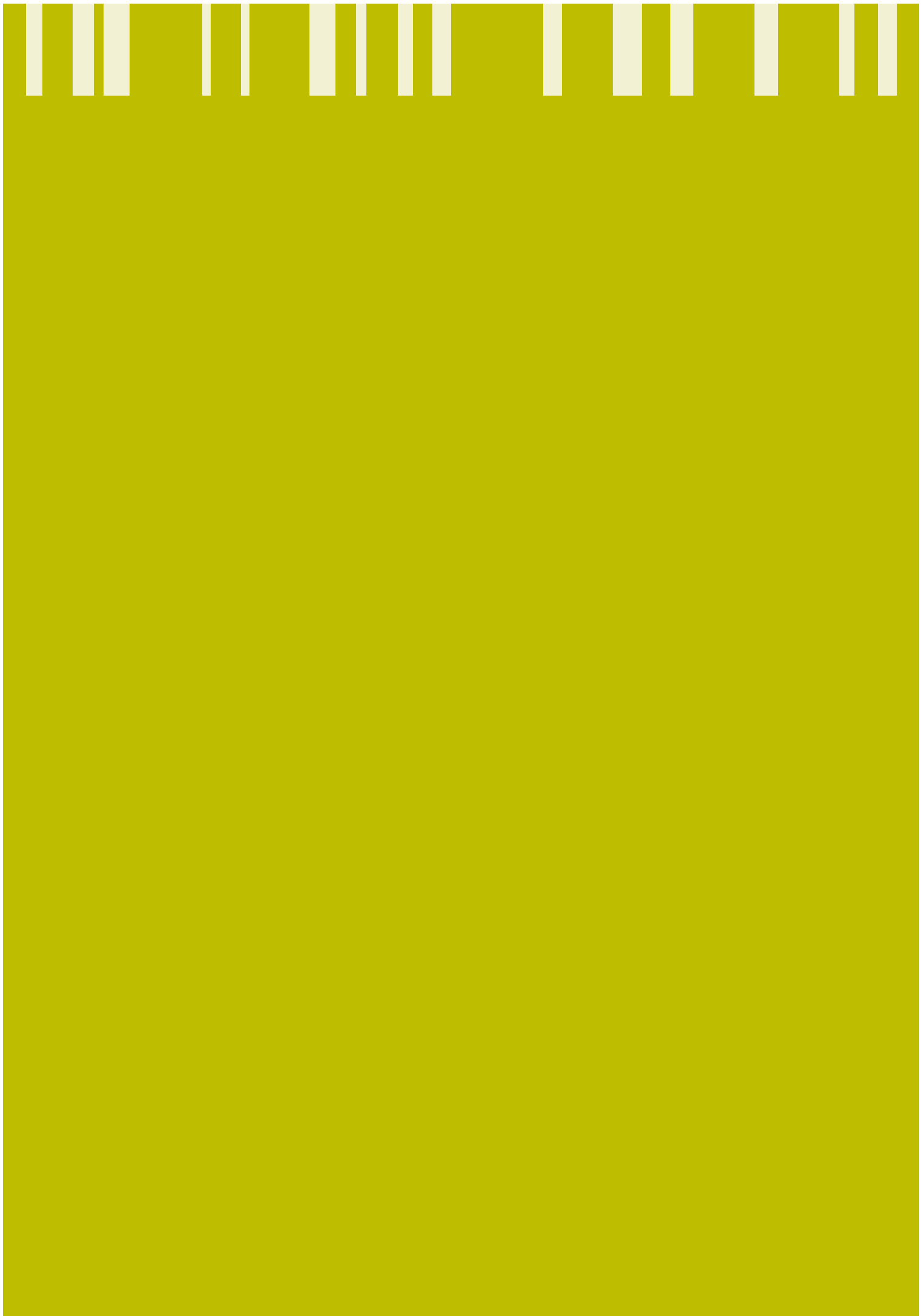
(d) *DG-TRADE, Fiche Pays ACP, 22 mars 2006, based on Comext 2005 EU declarations.*

(e) *Eurostat, statistics in focus, EU foreign direct investment in 2004, 13/2006.*

(f) *DG-Development.*

(g) *"EU to set out new commitments on Aid for Trade", Luxembourg, 16 October 2006.*

(h) *United Nations Development Programme (UNDP), Human Development report 2006*





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