EU/Kenya Economic Partnership Agreement

2023/0338(NLE) - 28/09/2023 - Preparatory document

PURPOSE: to conclude the Economic Partnership Agreement between the European Union and Kenya.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: Kenya is a growing economy and a key regional economic player. Kenya is the ninth largest economy of the African continent and East Africa's main economic hub. The economy staged a strong recovery after the COVID-19 pandemic, with GDP growth projected at 5.5% in 2022 and the poverty rate resuming its trend decline after rising earlier in the pandemic. The economic relations between the EU and Kenya are well established with the EU being Kenya's second largest trading partner. Total trade between the EU and Kenya reached EUR 3.3 billion in 2022. Moreover, the EU's imports from Kenya are EUR 1.2 billion and are mainly vegetables, fruits, and flowers, with Kenya's intention to increasingly export more complex goods and increase value addition in exported goods. On the other hand, EU exports to Kenya amount to EUR 2.02 billion and are mainly mineral products, chemical products, and machinery.

A trade agreement with Kenya - covering trade in goods, development cooperation and sustainability - would preserve and even boost EU's market share in a booming market and will strengthen Kenya's position in the region.

On 12 June 2002, the Council authorised the Commission to open negotiations for Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific Group of States. Kenya ratified and signed the EU-EAC EPA in September 2016. For the regional EPA to enter into force, all EAC members need to sign and ratify the agreement. To this date, signatures and ratification of three EAC members are still missing, preventing the regional agreement from entering into force.

The Agreement has been provisionally applied since and is pending its entry into force.

CONTENT: the Commission called on the Council to adopt the Decision to conclude the Economic Partnership Agreement between the European Union and Kenya.

This Agreement aims de-facto at the implementation of the provisions of the former agreement negotiated with the EAC members in 2014. It introduces the necessary adjustments for the implementation of the regional EPA by an individual EAC member and is open to any other EAC country to join in the future. It has also been updated to align it with current challenges, such as promoting sustainability by including an ambitious Trade and Sustainable Development annex and updating the Economic Cooperation and Development chapter.

The EU-Kenya EPA contains provisions on trade in goods, customs and trade facilitation, technical barriers to trade, sanitary and phytosanitary measures, agriculture and fisheries, development cooperation, dispute avoidance and settlement, and a trade and sustainable development annex.

The text of the EPA includes an undertaking to negotiate new areas to be included in the EPA ('rendez-vous clause'), including provisions on trade in services, and trade-related rules addressing sustainable development, competition policy, investment and private sector development, intellectual property rights,

transparency in public procurement. The results of the negotiations of these areas will be envisaged to be added within five years following the entry into force of the Agreement.