

Macroeconomic and Social Impacts of Economic and Partnership Agreements on Côte d'Ivoire's Economy: A New Assessment

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30 janvier 2012

Abstract : Economic Partnership Agreements (EPAs) are free trade preferential agreements focus on the development comply with WTO (art. 24). They rely on four principles : partnership development, strengthening of regional integration, conformity with WTO rules. They are negotiated between regional economic blocs. The negotiations of an EPA between the EU and West Africa aims to create a free trade zone between ECOWAS + Mauritania and the EU, according to a tariff schedule extending over 12 years from 1st of January 2008.

The effects of trade liberalization on revenue, growth, competitiveness, foreign trade and regional economic integration and, more generally, development, poverty and the environment are key concerns for the signatory countries. While a global impact could be assessed within the blocs, it would be interesting to know at the country level, the impact of this policy reform. It is in this context that several countries in the West Africa have carried out studies to assess the impact of EPAs on economic and trade performance. It appears from studies on Côte d'Ivoire that EPAs will result in substantial losses of revenue. Macroeconomic impacts of a complete removal of imports taxes would result in a decrease in government revenues about 2,42% and a decrease in public savings about 2,52% despite an increase in domestic revenue and a decrease in public spending. Overall production would increase by 2,16%. Imports increased by 2,2% and exports suffer a slight decrease of 0,06%. Firms income and savings fall respectively about 1,14% and 1,37%. Those households drop respectively about 1,96% and 4,24%. The overall impact is negative on households'well being (PWC, 2006).

This study aims to reassess the impact of EPAs on Ivorian economy. Using a Computable General Equilibrium Model, with public spending external effects, this study gives a new assessment of this trade reform on Côte d'Ivoire's economy. The decrease of public resources reduces government's spending as imports tax revenues share in total funding is important for this country. So this trade reform induces slowdown in economic growth and reinforce poverty. Considering externalities, effects are differentiated from one sector to another so does among household categories.

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