

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY – EUROPEAN UNION ECONOMIC PARTNERSHIP AGREEMENT

IMPLEMENTATION OF THE AGREEMENT: ROLE OF THE CIVIL SOCIETY

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General Background

- The Southern African Development Community (SADC) is established to develop, foster and promote **SADC regional cooperation** and **integration**.
- Article 5 of the SADC Treaty, outlines the SADC Common Agenda as the promotion of:
 - **sustainable and equitable economic growth** and **socio-economic development** that will ensure **poverty alleviation** with the ultimate objective of its **eradication**; and **enhance the standard and quality of life of the people** of Southern Africa **through regional integration**.



General Background Cont.

- The EU-SADC Economic Partnership Agreement (EPA), the Agreement, embraces the objectives of the **SADC Regional Indicative Strategic Development Plan (RISDP)** of **poverty alleviation**;
- **Supports the long term vision of growth for the SADC region, that is, regional integration, amongst SADC EPA States, SADC fifteen (15) Member States and Tripartite Agendas;**



General Background Cont.

- And further, the **industrial pillar**, that is, industrialization for development, including diversification and further transformation through value chains and value addition using **cumulation** aimed at achieving **Competitiveness**;
- Also aims to support **capacity building initiatives** through **technical assistance**, such as the Regional Economic Integration Support (REIS) and Trade Related Facility (TRF) programmes as well as EDF 11.



EPA Implementation in SADC

- The EPA in SADC is implemented by ten (10) countries, six SADC EPA signatories – **Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland** and the four (4) countries implementing IEPA since 2012; of **Madagascar, Mauritius, Seychelles and Zimbabwe**;
- The EU is the largest trading partner for the SADC EPA Group, with South Africa accounting for the largest part of EU imports and EU exports from the region;
- Exports from the region include mainly agricultural products, whilst South Africa's exports to the EU are diversified;



The SADC-EU Economic Partnership Agreement (EPA):

- The Agreement was negotiated over 10 years, since 2004 and concluded in 2014;
- Signed 10 June 2016 between the EU (28 Member States) and the six (6) SADC EPA States;
- Angola, who negotiated, remain an observer, has an option to join the Agreement in future;
- Ratification by five (5) SADC EPA States, concluded by September 2016, ensuring preservation of market access for the SADC EPA Member States;
- Mozambique, yet to finalise national processes of ratification;



The SADC-EU EPA Cont.

- The Agreement establishes a Free Trade Area (FTA), that is, integration between the EU and the six signatories - SADC EPA States;
- Offers 100% duty-free, quota free market access of products from the 5 Member States of Botswana, Lesotho, Mozambique, Namibia and Swaziland;
- A rules-based trading arrangement, compatible to the principles of the World Trade Organisation of reciprocity (two way trade), transparency (obligation to inform and share as well as exchange information) and equal treatment;



The Agreement Aims to:

- **strengthen trade links** and establish close and lasting relations based on partnership and cooperation; and
- further deepen and encourage **economic and trade relations** between the Parties, not only at Government level, but also recognising different players and structures including private sector/ civil society, non state actors etc;
- create new employment opportunities, through **attracting investment** into the region and supporting industrialisation with a view to improve living standards in the territories of the Parties, while promoting sustainable development;



In Preparation for Implementation – Analysis of the Agreement:

- Studies undertaken on **Market Access & Trade Facilitation** as well as **Sanitary & Phytosanitary & Technical Standards** highlight:
 - i) opportunities and benefits as well as
 - ii) challenges which may constrain penetration of the products from the SADC EPA Group into the EU market;



Opportunities and benefits

- The EU-SADC EPA creates an opportunity of a predictable trade arrangement and economic relationship to replace the Trade Chapter for Cotonou between the Parties;
- Improved market access, and better terms over and above the Trade and Development Cooperation Agreement for South Africa; and
- Cooperation provisions priority areas of interest for the regional agenda, including supporting regional trade, investment



Opportunities cont.

- The Agreement creates flexibility for sourcing inputs for the SADC EPA States; in line with the RISDP industrialisation pillar objectives;
- Promote the creation of value chains amongst the Parties through the principle of cumulation;
- Ensure that the Rules of Origin assist in local and regional value-adding by defining the working or processes to qualify under the provisions;
- Provides for utilization of non-originating materials where such materials are not readily available in the territories of the Parties;



Opportunities cont.

- Creating value-chains utilising the cumulation provisions for sourcing inputs under the Agreement, amongst SADC EPA States, with the EU and ACP EPA States that have signed the Joint Undertaking;
- Utilising the cooperation provisions of the Agreement to achieve trade policy objectives and development of infrastructure aimed at achieving such objectives;
- Opportunity for existing exporters with established EU customers to strengthen business relationships to take advantage of more liberal rules of origin and no quantitative restrictions;



Challenges highlighted:

- The doing business environment is not conducive and associated costs generally high;
- Policy, Regulatory and Institutional Framework gaps;
- Limited capacity in terms of resources, skills (recognition of a large unskilled youth) and technology as well as infrastructure to support industrialisation;
- Limited capacity for the private sector and non-state actors, hence needs to be strengthened to take advantage of the opportunities created in the Agreement;



Role of CSOs to address Challenges:

- There is need to create linkages / channels and platforms between the EU and SADC EPA states for exporters / importers as well as producers to interact through established forums; exhibitions, investment forums including benchmarking exercise etc.;
- Recognition of the inadequacies in a number of processes in key strategic areas such as trade facilitation, customs, need to improve competitiveness amongst SADC processes including operations, ;
- The SADC EPA Member States consider the EU- SADC EPA Cooperation provisions to be instruments of supporting priority programmes for deepening regional integration; supporting:



Role of CSOs to address Challenges cont:

- Opportunity for new entrants through the support and collaborative efforts between the Parties - requires participative role for stakeholders to guide areas of interests;
- Exploring and strengthening linkages between the partners in support of investment initiatives;
- innovative ways of enhancing productive capacities in the region; including technology & knowledge exchanges geared towards value addition and participating in value chains as well as market diversification, exploring alternative markets, with support from Government and regional & Partner bodies



Operationalisation of the Agreement:

- The Trade & Development Committee (Joint Committee) met in February 2017 – considered its rules of procedure and further mandated establishment of Special Committees: Customs & Trade Facilitation, Agricultural Partnership, Geographical Indicators & Wines & Spirits, amongst others, to drive implementation;
- At regional and national levels, processes are ongoing to develop Implementation Plans, Communication and Visibility Plans as well as a Monitoring tool or system; all aimed at effective implementation of the Agreement;
- A commitment for undertaking joint capacity building initiatives, and a few already undertaken to inform various stakeholders of their roles;



Operationalisation cont.

- Regional workshop on Protocol 1, rules of origin and customs procedures, undertaken in July 2017 with recommendations for more initiatives to enhance productivity in this area;
- Plans underway to roll out implementation, involving various stakeholders as required by the Agreement;
- The Parties are planning a Joint Meeting in November 2017 to consider progress since February 2017 and guide processes ahead of the Second Trade and Development Committee in February 2018; also technical engagement is envisaged.



Conclusions

- This is the start of the process of Implementation;
- The Parties are committed to developing plans and strategies to guide implementation;
- The role of the key stakeholders is critical to dialogue, lobby and inform the needs, including; guide and direct policy decisions towards improving processes, legislation, policy and general implementation;
- Through your participation and support, there is a lot to that the region can gain to enhance effective implementation and monitoring of the Agreement.





- Thank you
- Comments & Questions

