



The benefits of the Economic Partnership Agreement with the EU for landlocked countries

**EPA outreach in Lesotho and Swaziland
14-20 March 2018**

**Roberto Cecutti
Trade Affairs Officer
for SADC EPA implementation**

European Commission
Directorate-General for Trade
Unit D.2 Economic Partnership Agreements – Africa,
Caribbean and Pacific, Overseas Countries and Territories



Content of the presentation

1. The kind of trade the EU wants to pursue in the coming years
2. The Economic Partnership Agreements
3. The EU-SADC Economic Partnership Agreement (EPA)
4. The institutions created by EPAs and role of non-state actors



1. The kind of trade the EU wants to pursue in the coming years

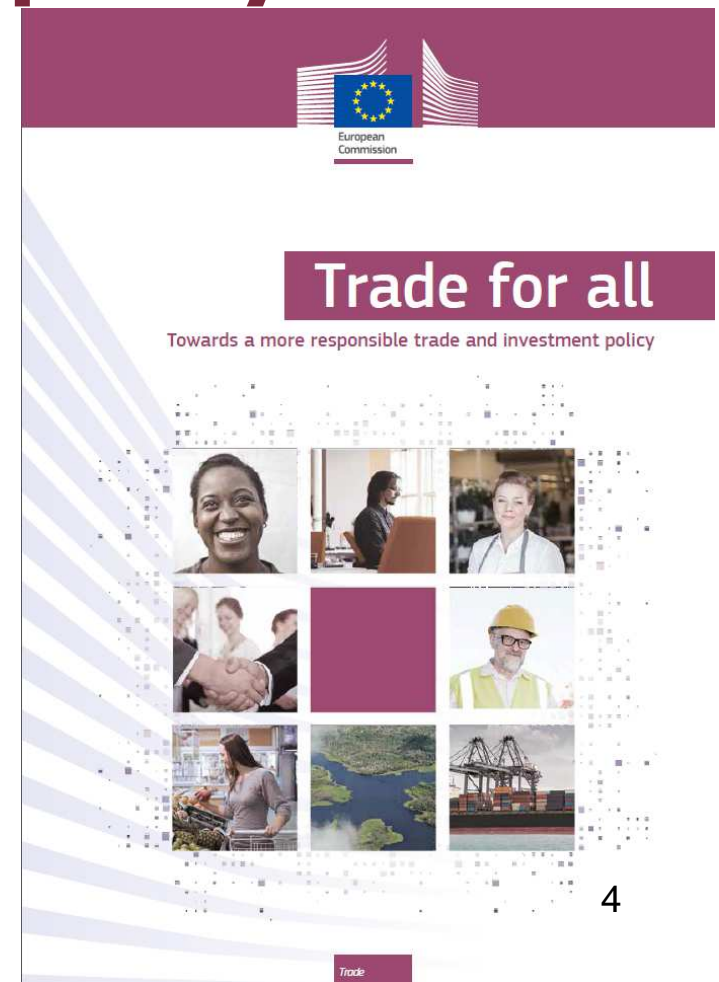
Trade for All-towards a responsible trade and investment policy

Communication of October 2015

http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf



Trade Commissioner
Cecilia Malmström



The core of the EU policy

Trade is for all & trade and investment policy will be conducted in an ever more **responsible** way.

What does "trade for all" mean?

Benefits of trade should be accessible to

- Consumers, workers, self-employed and citizens at large, small, medium and large enterprises
- As well as all people in partner countries, in particular the poorest in the developing world.

What does "responsible" mean?

Effective, transparent and based on EU values

Responsible means...

Effective:

1. Take account of **new economic realities**:

Integrated global value chains – importance of imports – international regulatory co-operation – digital economy – energy and raw materials – intellectual property rights protection – customs facilitation – etc.

2. Ensure **coherence and mutual supportiveness** between trade and related policies, particularly development co-operation:

Inclusive and sustainable growth in developing countries, regional integration, creation of decent jobs, etc.

Responsible also means...

Based on values:

Expand action to support sustainable development, inclusive growth, creation of decent jobs, fair & ethical trade, responsible supply chains, human rights

Safeguard and promote the EU regulatory protection

Lead a reform of investment policy globally (from investor-to-state dispute settlement to an Investment Court System)

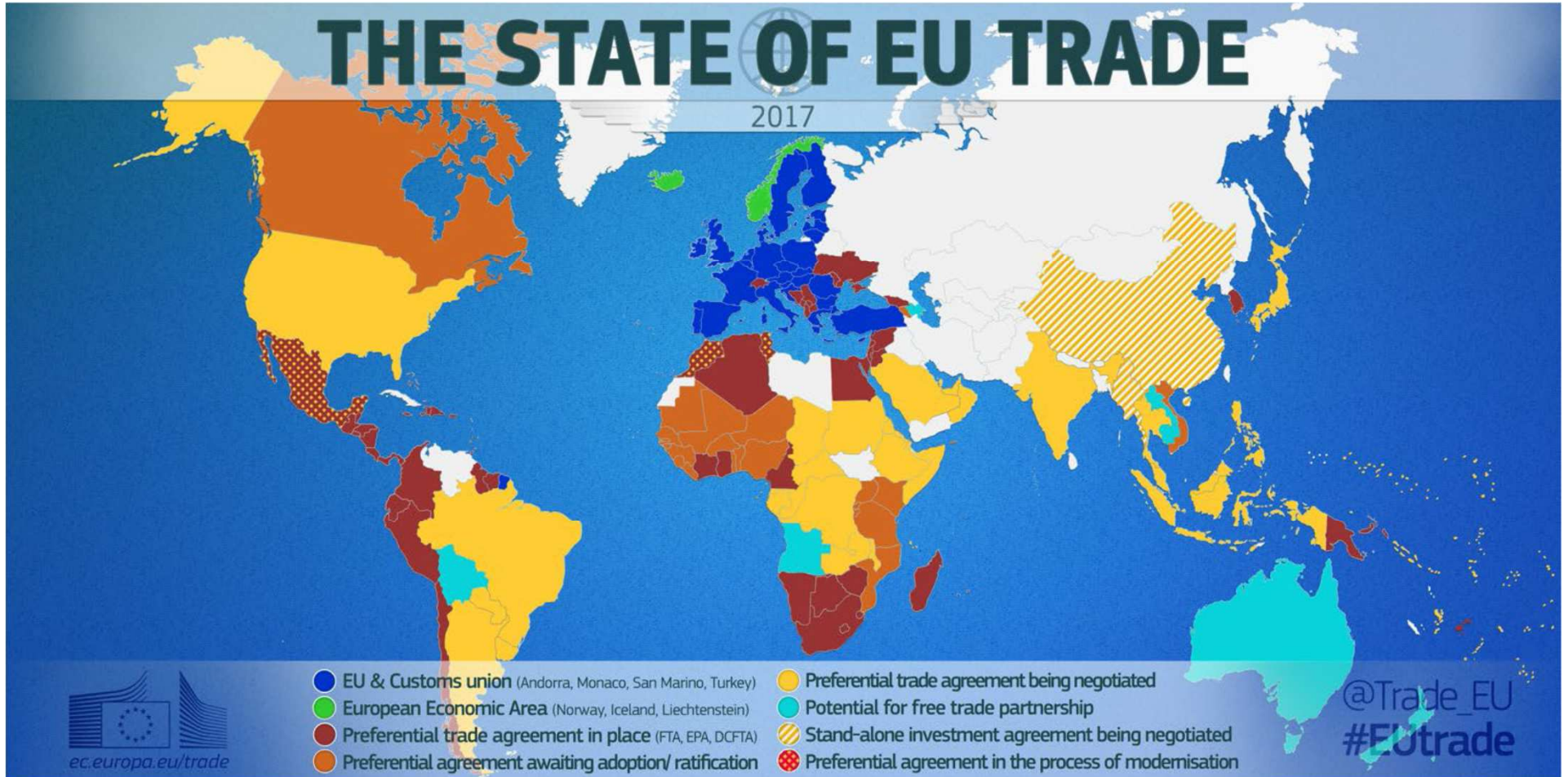
Establish anti-corruption provisions in future FTAs



European
Commission

THE STATE OF EU TRADE

2017



Negotiation agenda with Africa

Redefine the relationship with Africa:

- Through effective implementation of existing EPAs
- Conclude the process leading to the entry into application of pending EPAs
- Deeper relations bilaterally with African countries without an EPA and with the African Union (strategic partnership)

The EU sees EPAs as building blocks for regional integration eventually leading to integration at continental level



2. The Economic Partnership Agreements (EPA)



EPAs' starting point: WTO law required compatible EU-ACP FTAs

ACP countries' preferential market access to EU under Lomé Agreement (until 2000) was WTO-incompatible – it required a waiver

In the Cotonou Agreement (of 2000), ACP countries and EU agreed on EPAs as instrument for trade and development

Negotiations for WTO-compatible EPAs started in 2002 with 7 regions.

The EPA vision

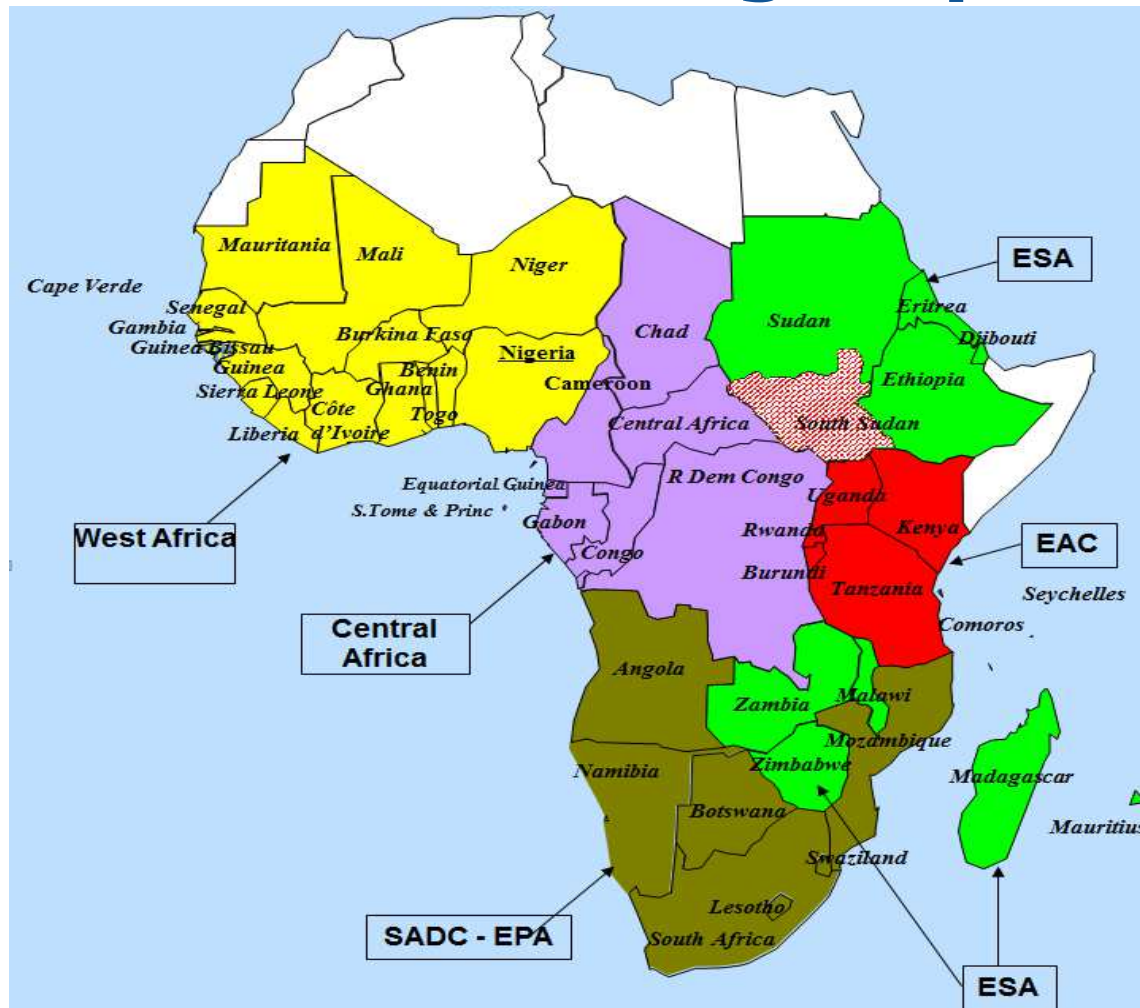
EU offer to support Africa's trade and development with asymmetric commitments

Partnership with rights and obligations for both sides, particularly on sustainable development, which is an explicit EPA objective

Objective of true African regional integration and African integration into the world economy

- **EPAs are more than unilateral tariff preferences like AGOA**

The five African EPA groups



3. The EU-SADC Economic Partnership Agreement

The EU-SADC EPA

Parties: EU (28 Member States), Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland

Angola has an option to join the agreement

Provisional application since 10 October 2016 (for Mozambique since 4 February 2018)



EU-SADC EPA key features, particularly important for landlocked countries

- 1) Oriented at development in the EU partner countries (contrary to traditional FTAs)
- 2) Strengthening regional integration
- 3) Supporting economic diversification
- 4) Promoting democracy and sustainable development

1) The EPA is oriented at development

- 1.1) Asymmetric trade liberalisation
- 1.2) Safeguards on imports allowed
- 1.3) Fair conditions in agri-food trade
- 1.4) Flexible sourcing of inputs allowed by the applicable Rules of Origin (RoO)

1.1) Asymmetric liberalisation

	Estimated percentage of trade values covered by liberalisation
EU offer to BLMNS (Botswana, Lesotho, Mozambique, Namibia, Swaziland)	
<i>Full liberalisation</i>	100% (except arms and ammunition)
EU offer to South Africa	
<i>Full + partial liberalisation (over 10 years)</i>	98.7% = 96% + 2,7%
<i>Excluded</i>	1,3%
SACU offer to EU (Southern African Customs Union of Botswana, Lesotho, Namibia, South Africa, Swaziland)	
<i>Full + partial liberalisation (over 10 years)</i>	86.2% = 74,1% + 12,1%
<i>Excluded</i>	13,8%

1.1) Excluded from full liberalisation

Exports from ... to ...	Tariff-rate quotas	Partial liberalisation	Full exclusion from the EPA
BLMNS to EU	---	---	---
SA to EU	Skimmed milk powder, butter, flowers, strawberries, sugar, isoglucose and white crystalline power, some citrus jams, canned fruit, yeast, wine, ethanol	Several processed agricultural products	Live cows and buffalos, beef, some offals, apples, bananas, maize, rice, flour, starches, some sugars, tomatoes, some preserved or canned fruits, some fruit juices, syrups, unwrought aluminium
EU to SACU	Wheat and meslin, barley, cheese, pig fat, cereal based food preparations, pork, butter, ice cream, mortadella	Textiles, leather, vehicles, car parts	Most bovine meats, some pig meats, sheep and goat meat, some lamb meats, some dairy products, some sausages, food preparations and tobacco imported from Switzerland, worn clothing, some car parts, 4% of vehicle tariff lines, etc.



1.2) Safeguards on imports allowed

Bilateral safeguard – permanent (all Parties)

- When imports cause or threaten injury to domestic industry

Automatic agricultural safeguard – for 12 years (only of benefit to SACU)

- When imports of a selected number of agricultural products in Annex IV) go beyond certain thresholds

Infant industry protection clause – as long as injury (only of benefit of BLNMS)

- When imports threaten or cause disturbances to infant industry

BLNS transitional safeguard for specific products (Annex V) – for 12 years

- When import cause or threaten serious injury to domestic industry

Food security safeguard – permanent for all SADC EPA States

1.3) Fair conditions in agri-food trade

First agreement to outlaw EU agricultural export subsidies

BLNMS can introduce in exceptional circumstances export duties or taxes

- **Specific revenue needs**
- **Protection infant industry or environment**
- **Food security**



1.4) Flexible sourcing allowed by RoO

Separate presentation



2) The EPA is strengthening regional integration

...by improving harmonisation of SACU tariffs

...by granting preferences to products resulting from cumulation

...by requiring that advantages granted by one SADC EPA State to the EU must be granted to all other SADC EPA States.



3) The EPA is supporting economic diversification

Facilitated access to intermediate goods

Reduction of import duties on key inputs
(fertilizers, seeds, machinery or industrial parts)

Protection of (infant) industry (see safeguards)

Development of regional value chains (see
products resulting from cumulation)

4) The EPA is promoting democracy and sustainable development

The EPA's essential clauses include...

- **Human rights**
- **Rule of law**
- **Democracy**

...whose infringement legitimises the suspension of trade benefits

The EPA also includes labour and environmental standards



4. The institutions created by EPA and the role of non- state actors



The Joint Council

At ministerial level, not met yet

The Trade and Development Committee

At senior officials level, already 3 meetings (Feb. and Nov. 2017, Feb. 2018)

The Special Committee on Customs and Trade Facilitation

At technical level, 1st meeting in January 2018

The Special Committee on GIs, trade in wines and spirits

At technical level, already 2 meetings (Nov. 2017 and Feb. 2018)

The Agricultural Partnership

At technical level, 1st meeting in February 2018

Role of civil society in the EPA

Article 4: 'monitor [...] within [...] participative processes'

Article 10: 'cooperation [...] by the Parties [...] may involve other relevant [...] stakeholders.'

EU proposals for such a mechanism

- **Joint platform of civil society from SADC and EU**
- **To inform authorities on civil society's views on**
 - Operation and monitoring of the agreement
 - Promotion of sustainable development
- **To formulate recommendations to policy makers**

Concluding remarks

Success depends on implementation, based on

- **SADC States' ownership**
 - Need for good domestic policies
 - Inclusion of trade and investment in development strategies
 - Outreach and stakeholder involvement
- **Sustained EU support**
 - partnership and cooperation
 - ODA
- **Support from other donors**

All this is also to improve regional SADC integration to make a regional EPA succeed



Useful links

General information on the EU-SADC EPA is available at:

<http://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>

The full text of the EPA can be found at:

http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153915.pdf

Provisions on Rules of Origin are included in Protocol 1 of the EPA (pp. 1924ff of the EPA text). A guide to this Protocol is available at:

https://ec.europa.eu/taxation_customs/sites/taxation/files/taxud_3253415_17_-_guidance_on_sadc-eu_epa.pdf

Useful links

Information on export opportunities to the EU (for enterprises of any size), i.e. the applicable tariffs, rules on exporting to the EU and rules of origin are available by typing in the product origin, the destination EU Member State and the product into the website of the EU Trade Helpdesk at:

<http://trade.ec.europa.eu/tradehelp/>

Information on SPS requirements in the EU is available at:

https://ec.europa.eu/food/safety/international_affairs_en

Content of the EU-SADC EPA

Part I – sustainable development and other areas of co-operation

Chapter I – general provisions (Arts. 1 to 5)

Article 1 - objectives

Article 4 - monitoring

Chapter II – trade and sustainable development (Arts. 6 to 11)

Chapter III – areas of co-operation (Arts. 12 to 19)

Article 12 – development co-operation

Article 14 – fiscal adjustment

Article 16 – IPRs

Article 17 – public procurement

Article 18 – competition

Article 19 – tax governance

Content of the EU-SADC EPA

Part II – trade and trade-related matters

Chapter I – trade in goods (Arts. 20 to 31)

Article 26 – export duties or taxes

Article 28 - MFN

Chapter II – trade defence instruments (Arts. 32 to 38)

Article 32 – ADs and countervailing

Article 33 – multilateral safeguards

Article 34 – general bilateral safeguards

Article 35 – agri safeguard

Article 36 – food security safeguard

Article 37 – BLNS transitional safeguards

Article 38 – infant industry

Chapter III – non-tariff measures (Arts. 39 and 40)

Article 39 – prohibition of quantitative restrictions

Article 40 – national treatment

Chapter IV – customs and trade facilitation (Arts. 41 to 50)

Article 50 – special committee on customs and trade facilitation

Chapter V – technical barriers to trade (Arts. 51 to 58)

Article 57 – role of TDC on TBT matters

Chapter VI – SPS measures (Arts. 59 to 67)

Article 59 – role of TDC on SPS matters

Chapter VII – Agriculture (Art. 68)

Chapter VIII – current payments and capital movements (Arts. 69 to 71)

Chapter IX – trade in services and investment (Arts. 72 to 74)

Article 73- services

Article 74 – investment

Content of the EU-SADC EPA

Part III – dispute avoidance and settlement

Chapter I – objectives and scope (Arts. 75 and 76)

Chapter II – consultation and mediation (Arts. 77 and 78)

Article 77 – consultations

Article 78 - mediation

Chapter III – dispute settlement procedures (Arts. 79 to 87)

Article 79 – initiation arbitration procedure

Article 80 – arbitration panel

Article 81 – interim panel report

Article 82 – ruling

Article 83 – compliance with ruling

Article 84 – reasonable time for compliance

Article 85 – review measure taken to comply

Article 86 – temporary remedies in case of non-compliance

Article 87 – review measure taken to comply after adoption of appropriate measures

Chapter IV – common provisions (Arts. 88 to 96)

Article 89- rules of procedure and code of conduct

Article 92- rules of interpretation

Article 93 – arbitral ruling

Article 94 – list of arbitrators

Article 95 – relation with WTO obligations



Content of the EU-SADC EPA

Part IV – general exceptions (Arts. 97 to 99)

Part V – institutional provisions (Arts. 100 to 103)

Article 100 – Joint Council

Article 103 - TDC

Part VI – general and final provisions (Arts. 104 to 122)

Article 110 – relations with the Cotonou Agreement

Article 111 – relations with the TDCA

Article 112 – relations with the WTO

Article 113 – entry into force

Article 118 – accession of new EUMS

Article 119 - accession



Content of the EU-SADC EPA

Annex I – EU customs duties on imports from SADC EPA

Annex II – SACU customs duties on imports from EU

Annex III – MOZ customs duties on imports from EU

Annex IV – Agriculture safeguards

Annex V – BLNS transitional safeguards

Annex VI – SPS priority products and sectors

Protocol 1 – RoO

Protocol 2 – Mutual administrative assistance in customs matters

Protocol 3 – GIs and trade in wines and spirits

Article 13 – special committee on GIs and trade in wines and spirits

Protocol 4 –relationship between TDCA and EU-SADC EPA Agreement