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**SADC-EU INTERIM ECONOMIC  
PARTNERSHIP AGREEMENT –  
OPPORTUNITIES AND CHALLENGES**

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# Background

- On 23 June 2000, ACP-EU Cotonou Partnership Agreement was signed
- SADC – EC EPA negotiations were only launched on 8 July 2004 in Windhoek
- Most ACP countries, including SADC EPA probably underestimated the complexity of the agenda
- SADC EPA Process – became inherently problematic as national priorities for the EPA became divergent
- SADC negotiation strategy and structure became relatively inappropriate especially in the absence of a coherent and transparent regional negotiating strategy
- In particular, the inclusion of South Africa brought significant challenges

## As the deadline drew closer

- By 2007, ACP woke up to the threat of the expiry of the WTO waiver (a reality for developing countries like Botswana, Namibia and Swaziland)
- Preventing trade disruption on 1 January 2008 became a pressing challenge
- Resulting in both the EC and ACP countries adopting a two-phase approach: an interim EPA focusing on delivering a WTO-compatible trade in goods outcome by 1 January 2008
- Divergent views existed within the ACP and even in the SADC EPA configuration on this approach (South Africa & Namibia)

# SADC EPA initialled without South Africa and Angola

- Botswana, Lesotho, Mozambique and Swaziland initialled on 23 November 2008
- Namibia initialled on 12 December 2008 but there are questions – specific concerns but has also opted out on second phase of negotiations (Article 67 of the IEPA)
- South Africa has not initialled and the TDCA continues to be applied – has also opted out of the second phase of negotiations (Article 67 of the IEPA).
- Questions around the implementation of the interim EPA tariff offer ( for BLNS countries) and TDCA offer (for South Africa) and SACU common external tariff
- 2007: BLNS attention on identifying their TDCA sensitivities – not clear whether this meant much if South Africa remains outside the EPA process at least for trade in goods

# Interim Outcome – a genuine opportunity?

- Improved access in the EU market through duty-free and quota-free (DFQF), except for rice and sugar is a positive development
- It is important to note the threat of preference erosion in the EU and other markets!
- DFQF must be supported by improved rules of origin – already some improvements on garments, agriculture and fisheries
- SPS provisions have been negotiated to address capacity related issues – it is what the Parties will do with such provisions that matters

# Interim Outcome – an opportunity?

- TDCA sensitivities for the BLNS have been re-negotiated: revised timelines (2012, 2016, 2018), re-imposition of MFN duties, and exclusions
- But, transitional phase down periods and exclusions useless if nothing is done to address supply-side and competitiveness issues
- Unless South Africa becomes party to the agreement such BLNS gains may be compromised (e.g. Namibia's beer)
- Other areas related to trade in goods (such as safeguards)

## Interim Outcome – a genuine opportunity?

- A development chapter included to provide a legal basis for development cooperation for EPA implementation
- Depending on how the Parties choose to implement these provisions but the basis is there – a pro-active strategy by SADC EPA States is what matters

# But negotiations continue....

- Not later than 31 December 2008, the Parties will complete negotiations on services liberalization and investment chapter.
- For services: liberalisation schedule of one service sector for each participating SADC EPA States; commitment to standstill for all services sector; and agreement to negotiate progressive liberalization with substantial sectoral coverage within a period of three years following the conclusion of the full EPA
- Cooperation activities: services, investment, competition and government procurement

# An agenda beyond trade in goods – an opportunity?

- The role of services and investment in addressing supply-side capacity
- The need to improve reforms in key infrastructure services – transport, telecommunications, energy, financial, etc (Namibia?)
- Often relationship between domestic policy and regulatory reforms and negotiations is very poor (Namibia?)
- Domestic reform agenda not being adequately used to shape trade negotiating positions and commitments (Namibia?)

# But this agenda is complex....

- Contrary to trade in goods (agriculture & manufacturing), a behind the border agenda is complex
- It is highly information and resource intensive
- It requires adequate preparations: negotiating ambitions which are well-informed by appropriate analysis and negotiating capital (human and financial resources)
- Capacity support provisions have been negotiated, and again, a pro-active strategy is required

# EPA- promoting or undermining regional integration?

- Effects of overlapping membership in regional trade integration arrangements
- SADC regional integration agenda still confronted with critical challenges: implementation of agreed protocols / diverse global integration strategies / services and trade related issues / no clear strategy on deeper integration
- EPA has brought some realization on the extent of these challenges (e.g. SACU, SADC Customs Union, EAC, etc.)
- EPA can still be made to be supporting the process, but probably in a sequential form

# Conclusions

- An interim agreement is not a full EPA – there still an opportunity to deliver
- The need to prepare adequately for the second phase of negotiations (services, investment) and to utilise development cooperation resources effectively
- The need to learn lessons from the first phase (preparedness, negotiation strategies and structures, inclusiveness)
- The need to ensure that the process continues to respond positively to regional integration challenges / it can be done with a political will and adequate preparedness

END!

Thank you!

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