

*Country/Place:* Namibia / Windhoek  
*Date:* 05/11/2008  
*Title of Activity:* **Parliamentary Workshop on Negotiating Economic Partnership Agreements with the European Union: Current state of negotiations, issues and challenges for Namibia.**  
*Local Partner Organisation:* National Assembly of Namibia  
*Name of Rapporteur:* Jacob M. Nyambe, NEPRU

## 1. Background / Context of Activity:

The European Union (EU) has historical trade relations with African, Caribbean and Pacific (ACP) countries. The past striking agreements between the EU and ACP countries are Lomé Convention and Cotonou Agreement. The Lomé Convention preceded Cotonou Agreement. The Cotonou Agreement came into adoption in the year 2000 and would have expired by the end of 2007. Cotonou Agreement provided a framework for trade and political cooperation. Cotonou Agreement is a preferential treaty which without a World Trade Organisation (WTO) waiver could stand to be in conflict with the WTO's long-term expectations. In the Cotonou Agreement, a provision for negotiating an Economic Partnership Agreement between the EU and ACP countries was provided for. Thus the aim of replacing the Cotonou Agreement with the EPA is to bring a WTO acceptable trade and partnership framework that transcends a comprehensive Free Trade Area (FTA) with an element of reciprocity.

Initially, it was expected that African Regional Economic Communities (RECs) would negotiate EPAs with the EU. This was an idea which even the African Union stood to support. Down the line, the EU opted to negotiate both with RECs and also with individual states to forge bilateral agreements. In the Southern African Development Community (SADC), the initial suggestion to negotiate EPAs as a SADC REC was well received but fragmented as time went on. The SADC EPAs consisted of the Southern African Customs Union (SACU) member states, and Angola, Mozambique, and Tanzania. South Africa was not part of this grouping because it already has a Trade Development and Cooperation Agreement (TDCA) with the EU. Thus South Africa has served as an observer. Other SADC member states such as the Democratic Republic of Congo, Malawi, Mauritius, Zambia and Zimbabwe negotiated under Eastern Southern Africa (ESA). Later on Tanzania quit SADC EPA group and began to negotiate under the East African Community (EAC). In 2007, Botswana, Lesotho and Swaziland signed EPAs and Namibia reluctantly signed a preliminary EPA arrangement rather than a full EPA.

In 2007, pressure on ACP countries mounted with the EU expecting to have EPAs signed. The majority of ACP countries have since then battled to understand and negotiate a non-

controversial and somewhat non-suicidal agreement before signing. Just before the December 2007 deadline of signing the EPAs, the EU began to popularise a preliminary version of the original EPA known as the Interim Economic Partnership Agreement (IEPA).

It is against this background that Namibia could not be left out due to its bound historical benefits enshrined in the Lomé Convention and the Cotonou Agreement. Namibia's desire to benefit from the provisions of the EPA has set the momentum for its further engagement in the ongoing EPA negotiations.

## 2. Objectives of Activity:

The workshop convened as an awareness exercise for Honourable Members of Parliament (MPs) to be enlightened and sensitised to Namibia's negotiating position on the subject of EPA with the EU. The workshop also served as a platform on which MPs could propose, raise concerns and require further engagement on the EPA subject matter.

## 3. Concept / Methodology of Activity:

The workshop was conducted through PowerPoint presentations. The two presentations were from the Ministry of Trade and Industry and from the Agricultural Trade Forum. (Due to communication problems on the side of the organizers, the Ministry of Finance wasn't properly invited and could not attend). MPs were able to participate in an interactive way and they extensively interrogated issues of concern.

## 4. Target Group / Participants of Activity:

The target group consisted of Members of the Parliamentary Standing Committee on Economics.

## 5. Results / Outcomes of Activity:

It was made clear that Namibia negotiates to strike an EPA deal that would be mutually supported, not imposed for fear of financial losses, one that does not undermine the sovereignty and independence of economic governance, an EPA that does not undermine regional integration, and an agreement that does not undermine Namibia's potential of industrialising its economy.

It came to light that Angola, Namibia and South Africa (ANSA) have in the past engaged in consultations to approach common concerns on EPAs. As stated earlier, South Africa has not been directly engaged in EPA negotiations but shares its experience of negotiating a TDCA with the EU. Issues of concern which bring ANSA together are: the *definition of export taxes* in the EPA which is diluted. Namibia, a diamond producing country together with other ANSA members fear that the diluted definition might include diamond revenue, and freeze value addition and incentives; *import restrictions* that should be abolished upon signing the EPA would pose a food security threat; *phasing out of an infant*

*industry protection provision* over a period less than 12 year from the date of signing would undermine the effort of cultivating the Namibian economy through incubating local small and medium enterprises (SMEs); *Most Favoured Nation (MFN-)* treatment is mandatory, is non-negotiable upon entry and would thus threaten the sustenance of local economic operators;

*Rules of Origin (RoO)* as they relate to maritime issues remain a contentious issue. Under the EPA, the aspect of cummulation with South Africa and the aspect of *Exclusive Economic Zone (EEZ)* are contentious. Namibia is a fish exporter and under the current EPA framework, the EU has a right to refuse the status of originality of fish from the EEZ. The refusal, using the right as a pretext is stringent and unfriendly to a developing country such as Namibia; the *current state of the EPA provision might disintegrate the SACU and the SADC* due to the complexity of EPA framework and how it has already re-configured EPA negotiating positions of member states in these groupings; even though the EU has a very transparent EPA framework, the EU has continued to shift timelines and it remains inflexible on matters of concern; there is scepticism as to whether or not the EU is really willing to enter into a pro-development agreement. This doubt lies in the manner in which EU negotiators operate and their rigidity towards concerns of developing countries; and the issue of meeting the expectations of Namibia and other concerned parties on adjustment costs, implementation costs and revenue losses from abolished customs collection after signing the EPA remains a mystery.

The current status of Namibia's negotiating position is that the Ministry of Trade, has communicated the concerns listed above to the EU and so far the EU has promised to respond to the RoO. The Ministry of Trade and Industry is conducting research on IEPA and EPA as well as on related issues to learn how these issues were tackled by other countries in the world. This goes further to include determining alternative positions and text proposals. There are prospects that the negotiation environment may improve following the replacement of the former EU Trade Commissioner. SACU at its recent retreat during the first half of 2008 emphasised the issue of cohesion as imperative to the success of its future. This came at the right time when some SACU members have just initialed EPAs not as a sub-regional grouping but as individual states.

Regarding future perspectives, it is expected that despite the complexity of EPA negotiations, the EPA framework may be finalised and signed with reciprocal market access at some point in 2009. If other possible and better options are not secured, then Namibia may sign IEPA to prevent loosing access to the EU market. If Namibia goes ahead and sign the EPA, it should as well adhere to a mandatory five year review of this arrangement. Cancellation of EPA is also possible and could be done by serving a one year notification to the EU. Namibia could also remain outside the EPA but it may be costly due to tariff increases that will be levied upon entry of the Namibia products into the EU market. The fundamental issue is for Namibia to diversify its production lines so that a diversity of products are produced for exports than relying on current dominant exports of grapes, beef, fish, uranium and diamonds only.

It was recommended that fragmenting the SADC on the basis of EPA negotiations should be avoided. In as much as the EU is recognised for its economic benefits that come through trade exchange, Namibia should engage other potential trade partners in other parts of the world than to concentrate on the EU only. The Maputo Declaration on Agriculture and Food Poverty Security in Africa which is a result of the African Union's Second Ordinary Session of July 2003 provides important decisions that relate to agriculture and investment in the sector. This declaration espouses the commitment by African Union member states to allocate 10% of their annual budgets to agriculture and rural development policy implementation within five years. In 2005 only Malawi among SADC member states met this expectation. MPs emphasised the need to lobby for the 10% budget allocation to the agricultural sector in order to create more jobs and especially to address the problem of food insecurity and high food prices.

It was expressed that Namibian abattoirs were rated as being of high standard by both the EU and United States (US) Inspectors. Therefore, exporting beef to the US and other new markets should be explored given good quality facilities and reputable sanitary standards. Communal farmers were known to be in the periphery when it comes to formal financial support and technical support. Therefore the suggested emphasis on more budget allocation to meet the 10% stated earlier would address difficulties faced by communal farmers. It is believed that by bringing communal farmers into the main fold their farm outputs would complement outputs from commercial agriculture thus resulting in income generation from exports and other benefits associated with some multiplier effects.

Due to historic exclusion of the previously disadvantaged and their SMEs from formal finance, it was suggested that the Development Bank of Namibia would have to be invited to Parliament in order to interrogate the bank's plans on addressing financial needs of previously disadvantaged Namibians.

There was a concern that Namibian products exported via South Africa are usually not branded to be identified as Namibian exports. In this regard, MPs urged for branding such export products to earn national pride and to avoid confusing them with products that are highly priced from elsewhere when they are in export markets such as the EU.

## 6. Evaluation / Assessment of Activity:

This was the first workshop on EPAs attended by MPs of the Parliamentary Standing Committee on Economics. It is the first, high level and informative occasion that met the expectations of those MPs in attendance. Due to its usefulness, it was suggested that more workshops of this nature were needed to keep MPs abreast with Namibia's engagement in EPA negotiations. Furthermore it was recommended that in the future, similar opportunities should be extended to all other MPs rather than to MPs of the Parliamentary Standing Committee on Economics only.