

MEDIA RELEASE

CONCLUSION OF THE NEGOTIATIONS ON THE EUROPEAN UNION – SOUTHERN AFRICAN COMMUNITY DEVELOPMENT COMMUNITY ECONOMIC PARTNERSHIP AGREEMENT (EU-SADC EPA)

The Ministry of Trade and Industry and the European Union Delegation to Botswana and SADC wish to announce the conclusion of the Economic Partnership Agreement (EPA) between the European Union and the Southern African Development Community (SADC). The agreement, which was initialed by the Chief Negotiators on 15 July 2014 in Pretoria, South Africa, will ensure that there will be no interruption of trade and market access for SADC exports to the EU market until the agreement enters into force.

The SADC EPA Group consists of seven (7) SADC Members States out of the total of fifteen (15). Basically it is constituted by the five (5) Southern Africa Customs Union (SACU) members plus Angola and Mozambique.

The Republic of Botswana is the Coordinator of the SADC EPA Group at Ministerial level while the Permanent Secretary in the Ministry of Trade is the Lead Negotiator for the SADC EPA Group Senior Officials in their engagement with the EU.

Since 2007, after initialing the Interim EPA and subsequently signing it in 2009, the SADC EPA Group has been engaged in an intensive process of negotiations towards a final and inclusive (since some SACU Member States, namely Namibia and South Africa had not signed the Interim EPA) EPA that would create a stable and reciprocal, but nevertheless asymmetrical, trading relationship between Botswana and the EU.

The timing of the conclusion of these negotiations is **significant as it pre-empts the 1st October 2014 deadline** after which the Republics of Botswana and Namibia, and the Kingdom of Swaziland

would have lost preferential access to the EU market for their exports (mainly beef for Botswana).

The European Union Ambassador to Botswana and SADC, Gerard McGovern, stated that "the conclusion of negotiations on the Economic Partnership Agreement provides legal certainty for the business sector which is good for development and jobs." He added that the EPA will help promote regional integration and to that end he announced a P350 million Trade Related Facility by way of grant from the EU to support implementation of the SADC Trade Protocol and the SADC EPA Economic Partnership Agreement.

BENEFITS OF THE AGREEMENT

The following are some of the gains Botswana has managed to get from the negotiations of the EPA which will be of great benefit to the economy:

- (i) most important of all is that Botswana exports will be able to access the EU market duty free quota free (DFQF), that is, market forces permitting, Botswana can export as much of its produce to the EU market it can (both industrial and agricultural goods);
- (ii) secondly, the EPA has managed to preserve the Common External Tariff (CET) which binds the Southern African Customs Union (SACU) together as all Member States have initialed the agreement and will, in all likelihood, proceed to sign and ratify it;
- (iii) the EPA has very flexible Rules of Origin (ROOs) which will facilitate intra-regional trade and industrialization across Africa;
- (iv) Botswana has also managed to negotiate very flexible terms for Export Taxes. This was one of the long-standing sticky unresolved issues preventing conclusion of the EPA;
- (v) in addition, Botswana has also managed to get agreement from the EU that the EU will eliminate export subsidies on agricultural goods destined for the SACU market;

(vi) Botswana also managed to restore a safeguard safety-net for BLNS (Botswana, Lesotho, Namibia, and Swaziland) sensitive products which had previously been liberalized and reduced to zero tariffs under the Trade, Development, and Cooperation Agreement between South Africa and the EU which the BLNS were *de facto* implementing in SACU. In this way, Botswana will be able to respond to damaging surges of EU imports into its market by taking these safeguard measures; and

(vii) last but not least, Botswana also succeeded in acquiring policy-space to be able to institute general agricultural safeguard measures to address damaging surges of imports from the EU.

WAY FOWARD

Going forward, the Agreement will be subject to legal scrubbing by the SADC EPA and the EU parties.

Thereafter, each state party will subject the agreement to national consultations before seeking the necessary approvals to sign and subsequently ratify the agreement.

It is anticipated that all these processes will take approximately six months for the Republic of Botswana and between 8 and 12 months for others t tedious processes within the Group.

On the other hand, negotiations on Trade in Services will resume forthwith with a view to completion in the year 2015.

Thank you!!!!

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Minister of Trade and Industry

All inquiries and requests for clarity should be referred to the Chief Negotiator in the Ministry of Trade and Industry, Mr Phazha Butale, on telephone number 3601260 or email address tpbutale@gov.bw