



# EU – SADC Regional Economic Integration Support

## **The Economic Partnership Agreement: what's in it for SADC?**

The Economic Partnership Agreement – the “EPA” – between certain countries of the Southern African Development Community (Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland) and the European Union might seem very recent and modern, but it is in fact the culmination of nearly 70 years of development cooperation, a core obligation under the EU’s 1957 founding Treaty of Rome. This was initially embodied in two generations of “Yaoundé Convention”, then four generations of “Lomé Convention”, but in the late 1990s the whole structure of the relationship between the EU and the African, Caribbean and Pacific group of countries was challenged at the World Trade Organisation and it was clear that the old ACP-EU cooperation model had run its course. A new approach was needed.

## **A new approach for a new Millennium**

This was mapped out in the Cotonou Agreement, signed in 2000. Cotonou was driven by two main considerations, namely the need to bring the ACP-EU relationship into line with the terms of the WTO and; the equally important need to bring the ACP-EU relationship into the new Millennium. Key among its provisions are greater equality of partnership and ownership of development strategies; fuller participation at all levels; greater

dialogue in areas such as political matters; “mutual obligations” – no longer a one-way donor-beneficiary exchange – and; “differentiation” and “regionalisation”, meaning that cooperation is based on each ACP partner’s level of development, needs, performance and long-term development strategy.

In this mix, EU and ACP member states agreed to negotiate EPAs, whose main objective is to create the right conditions for expanding ACP countries’ trade and inward investment. Whilst there is mutual obligation, competition is controlled: ACP countries will only gradually open their markets to EU imports, and producers of the most sensitive 20% of goods will enjoy permanent protection from competition. The buzz-words are the “asymmetric access” the EPAs give the ACP countries: they can shield sensitive products from full liberalisation and use safeguards if/when imports grow too quickly. EPAs will also be implemented in a way that avoids unnecessary revenue shocks to ACP governments, with import duties phased out over a period of 15 – 25 years, with safeguards and support on offer for ACP countries that encounter problems.

## **So what's in it for SADC EPA countries?**

EPAs promote expansion of trade which, if properly managed, boosts development by creating employment, so generating income – so generating economic growth. This works at two levels. First, the EU market is opened fully to imports



*Container ship at Maputo port:  
EPAs promote expansion of trade*

from EPA partners, except arms and ammunition. This means no quotas or duties on almost all exports to the EU – free access to a market of half a billion customers, providing plenty of scope for economies of scale. An important added benefit for Southern African Development Community (SADC) consumers is that they get access to a wider range of quality EU products at lower prices: more quality European products are already appearing in the shopping malls at affordable prices.

## **On the ground, the EPA means real benefits to real people:**

- In Bothatogo, Botswana, Tshepo will get a better price for his cattle, which is exported free of duty and quota to the UK and will end up as “Chef’s Special” rump steaks at pubs across the country. This will help fund daughter Suzanna’s time at the University of Botswana, where she is studying Tourism and Hospitality Management.
- Tininho will continue to sell cashew nuts to passing motorists in Nampula, Mozambique –

but only in school holidays. The income his parents now get from their crop, which is processed locally and exported duty and quota free to Portugal, mean that Tininho and his seven brothers and sisters all go to school. (Tough luck, Tininho!)

- Richard and Karin Bowsher, who have grown certified, organic Rooibos near Nordhoek, South Africa, since 1961, can now be confident that their product enjoys geographical indication protection from counterfeit “Rooibos” versions under EU law. (South Africa negotiated separately with the EU to obtain geographical indication protection for famous names such as Rooibos, some wines, and so on.)



*Sugar cane pump house in Lubombo: Swaziland sells about 50 % of its sugar production to the EU*

- Just five weeks after the conclusion of EU-SADC EPA negotiations, on 21 August 2014 the Swaziland Sugar Association signed a new two-year contract with EU customer Finnsugar Ltd for supply of 25,000 tonnes of bulk raw sugar per year, with the option of renewal and increase in volume supplied. This means more jobs and greater prosperity for Swazi sugar workers. The Association’s Chief Executive

Dr Mike Matsebula noted that negotiations had been difficult, but the outcome had justified the means: “The conclusion of the EPA negotiations had come as a relief and will hopefully be a platform for better things to come”. The Swazi sugar industry sells about 50 % of its production to the EU.

- The free access offered by the EPA is good news for the farmers of the Maphutseng Association in Lesotho, whose Angora-cross goats produce luxury mohair. Lesotho is the world’s second largest producer of mohair, producing 14% of production globally – and the EU is traditionally their best market. Mohair exports make the difference for the people of Maphutseng between subsistence farming and comparative comfort.
- The Namibian Fishermen Association of Walvis Bay are delighted that Namibian fish was included in the EPA: 73% of Namibian hake goes to the EU, as does much of the monkfish and tuna catches. The hake fishing sector is a key employer, providing 13,380 jobs – more than two-thirds of the total Namibian



*Fishing boat, Walvis Bay: Namibia sends 73% of its hake catch to the EU*

fishing sector employment. As a further step, Botswana, Lesotho, Mozambique and Swaziland want to expand trade in services with the EU and so want to negotiate an additional Protocol on that.

So, the EPA is good for the EU’s SADC partners. The EU will also gain: for a start, European consumers will have much better access to quality SADC products at lower prices – Botswana beef, Mozambican cashews, Swazi sugar, Namibian hake and tuna, certified Rooibos tea and Stellenbosch wine from South Africa and so on. A win-win arrangement for everyone.

### ***The EU-funded REIS Programme supports the EPA and regional integration***

The EPA negotiations posed challenges for the SADC EPA member states – Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa. So, a special support mechanism was launched: the Regional Economic Support Programme (REIS), a four-year programme (2013-2017) managed by the SADC Secretariat and funded by the EU, with a budget of €20 million. REIS not only focuses on the EU-SADC EPA negotiation process but also supports areas of interest to SADC regional integration, including Investment, Payments, Tax, Technical Barriers to Trade, Sanitary & Phytosanitary measures and Trade in Services.

Following the launch of REIS in April 2013, EPA negotiations began to gain momentum almost immediately. Just fifteen months later, the SADC EPA Group was able to reach agreement with the EU on “Goods”, on 15 July 2014.