



EUROPEAN UNION

DELEGATION TO THE KINGDOM OF LESOTHO

**Remarks by EU Ambassador Dr Michael DOYLE**

**on the occasion of**

**Information seminar on Trade opportunities under the 'Economic Partnership Agreement'  
(EPA) between the Southern African Development Community (SADC) and the European  
Union**

**held in Maseru on 5<sup>th</sup> August 2015**

Greetings to you all – Lumelang bo 'm'e le bo ntate

Allow me firstly to pay my respects to:

His Majesty King Letsie III

The Right Honourable the Prime Minister

Honourable President of the Senate

Honourable Speaker of the National Assembly

Her Ladyship the Chief Justice

Honourable President of the Court of Appeal

Honourable Deputy Prime Minister

Honourable Ministers

Their Lordships Judges of the High Court

Senior officials and dignitaries here present;

Distinguished Guests, Ladies and Gentlemen.

All Protocol observed.

It gives me great pleasure to welcome you here this morning at this Information Seminar on the EU-SADC Economic Partnership Agreement (EPA). I am particularly pleased to see that we have participants from government, the business community and representatives from civil society organisations. Today's seminar hopes to provide stakeholders in the public sector, private sector and civil society with clear and precise information and explanations on the benefits and opportunities of trade under the 'Economic Partnership Agreement' between SADC and the EU and the improvements it will offer for the economy of Lesotho. I trust that there be a lively discussion where questions will be raised and opinions expressed.

As you all know, the SADC-EU EPA is a bilateral trade and development Agreement between the EU and six out of the 15 SADC member countries, namely Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. The EU is the largest trading partner of the SADC EPA Group. The EU-SADC EPA negotiations were guided by the Cotonou Agreement of 2000. These trade negotiations were concluded on 15 July 2014 ending ten years of negotiations and produced an Agreement that will replace the interim EPA signed by the EU and by Botswana, Lesotho, Mozambique and Swaziland in June 2009. The Agreement offers unprecedented opportunities guaranteeing a long-term perspective of duty-free, quota-free, based on a WTO compatible agreement, access to the EU market on all products (Everything-but-arms). This international treaty guarantees Lesotho's free access to the EU market for an unlimited period of time. The conclusion of these negotiations in turn will allow the EU to gain improved access to the SADC EPA market.

Ladies and Gentlemen,

Allow me to highlight that when we speak of trade, we are not only referring to trade in goods, but also trade in services, as well as investment and development cooperation. EPAs are ambitious **trade and development partnerships** which go beyond trade in goods to create favourable conditions for economic development. There is potential in Lesotho to develop the services sector and the EPA also provides for cooperation in this area.

The EU recognises the economic and development gap between the EU and many of its trading partners. To take into account the different levels of development, the EU has **not** asked for a matching market access offer and the SADC EPA states can shield sensitive products from liberalisation or from the effects of liberalisation. The asymmetric nature of this Agreement is such that partners in the SADC EPA do not need to reciprocate the EU offer of 100% access, which highlights that the EPA is not only a trade treaty, but is also development oriented. Unlike many other trade agreements, I would like to underpin that the EPA is different to previous trade agreements in that it brings the parties together in a legally binding Agreement. EPAs cannot be changed or suspended in a unilateral procedure without prior consultation.

Ladies and gentlemen,

Trade is a key driver of growth. In order to both fully benefit from opportunities brought by trade and optimise development, there needs to be a collective effort from both the European Union and Lesotho, and here I am referring to the government, the private sector and civil society. We must face the challenges together and work towards integrating Lesotho into the world economy, which is one of the objectives of the EPA. The groundwork has been laid and after many years of negotiations, the EPA negotiations have been concluded. The process to tidy up and prepare the draft text for signature is on-going and should be completed sometime next year.

For Basotho to fully tap into and benefit from the EU market of 500 million consumers, it is paramount to fully understand rules of trade and particularly the rules of origin. The applicable rules of origin under the EPA will be more flexible than the current rules and will notably make it easier for exporters to use materials from other countries, a process called 'cumulation of origin'. An example of this could be canned fruit, where some of the actual fruit crop is sourced outside Lesotho, for example in Swaziland. As long as there is some processing in Lesotho – the canned fruit produced can be exported as originating in Lesotho. Export of textiles to the EU will be easier because of the single transformation requirement.

We are here to help, and we hope to see companies in Lesotho plan for their growth into European markets.

Trade is an important part of the EU's relations with Lesotho and Africa as a whole and the regional Economic Partnership Agreement's provide for more ways to engage further with the region. The EU is the largest trading partner of the SADC EPA group. In 2013, the total value of imports into the EU was EUR 31 billion, while total EU exports to the region reached EUR 33 billion.

The EU-SADC EPA is a clear demonstration of the EU's commitment to using trade as an instrument for development in Lesotho and across the region. As the former President of the European Commission, Jose Manuel Barroso said after the EU-SADC EPA negotiations were completed, "the Economic Partnership Agreement with the EU will be an important driver for further trade diversification and regional integration in Southern Africa." In terms of EPA-related development cooperation if, for example, Lesotho submits good project proposals, EU support could go to areas such as trade facilitation, technical norms, and customs cooperation, making it easier for companies based in Lesotho to trade and export to Europe.

As the European Union, we are committed to ensuring that Lesotho takes full advantage of the market access offered by the EU, that is to say, 100% duty-free quota-free access to the EU market. However, the EPA is not just about market access – it is also about developing a true sustainable partnership; diversifying and developing industry in Lesotho, and adding value within the country to stimulate employment and economic growth.

I urge the government of Lesotho to create a conducive environment to allow private businesses the capacity and ability to trade and enjoy the full benefits of the EPA. The government of Lesotho and private businesses need to work harmoniously to increase the value of goods that they export to our markets. Lesotho already exports rough diamonds to the EU market, which constitutes a large share of your exports to the EU. Added value of diamonds exported to European markets could be boosted.

On behalf of the European Union, I would like to thank you all for being here this morning. I look forward to the discussion and the contributions from our distinguished panelists and guests and I am confident that we can advance together towards a lasting and mutually beneficial economic partnership between the European Union and Lesotho.

**KHOTSO, PULA, NALA.**