



Economic Partnership Agreement (EPA) between the European Union and the Southern African Development Community (SADC) EPA Group¹

Key advantages

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An agreement oriented towards development

Asymmetric trade opening

Under the SADC EPA, the EU will guarantee Botswana, Lesotho, Mozambique, Namibia, and Swaziland 100% free access to its market. The EU has also fully or partially removed customs duties on 98.7% of imports coming from South Africa. The SADC EPA states do not have to respond with the same level of market openness. Instead, they can keep tariffs on products sensitive to international competition. This is sometimes called *asymmetric liberalisation*. For that reason the Southern African Customs Union (SACU) removes customs duties on only around 86% of imports from the EU and Mozambique only 74%. Outside EPAs, the EU has never agreed before to such a degree of asymmetry in any free trade agreement.

Safeguards on imports

The EPA contains a large number of "safeguards" or *safety valves*. EPA countries can activate these and increase the import duty in case imports from the EU increase so much or so quickly that they threaten to disrupt domestic production. There are no less than five bilateral safeguards in the agreement, a number not replicated in any other EU trade agreement. In addition, should the EU apply a safeguard under WTO rules, the EU offers its EPA partners a renewable 5-year exemption from its application, so the SADC EPA countries will still be able to export.

Possibility of flexible sourcing

The rules of origin determine which products can benefit from the trade preferences. In the SADC EPA they have been formulated in a way to make it much easier for SADC EPA countries to benefit from reduced EU customs duty rates for their textiles products using on imported fabric. This will benefit textile industry in countries such as South Africa or Lesotho.

Fair conditions in agri-food trade

It's the first agreement eliminating the possibility for the EU to use agricultural export subsidies.

¹ Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland

ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND THE SADC EPA GROUP

An agreement supporting economic diversification in SADC EPA states

Access to intermediate goods	For an economy to diversify, access to inputs such as fertilisers and seeds, machinery or industrial parts are essential. The EPA reduces the import duties on many of these intermediate goods. This makes it easier for southern African industries to diversify and add more value to their products.
Protection of industry	The EPA contains a clause that let SADC EPA partners protect their infant industries and let them grow longer in isolation from market forces.
Development of regional value chains	Whether a product can or cannot be exported to the EU with a reduced or zero duty rate depends always on its origin. In the SADC EPA, the rules defining the origin are formulated in a way to support development of new value chains in the region. The so called <i>cumulation of origin</i> will allow for example applying discount tariffs on EU border for fruit harvested in one country of the region and then preserved and canned in another. This type of flexible rules of origin will benefit companies in agri-food, fishery and industrial sectors.

An agreement promoting democracy and sustainable development

Adherence to principles	Article 2 of the SADC EPA recalls that the agreement is based on the principles of respect for human rights, rule of law, and democracy.
Conditionality of trade benefits	But the agreement goes further than just recalling these principles. It confirms that under the existing <i>Cotonou Agreement</i> “appropriate measures” can be taken if a Party fails to fulfil its obligations in respect of these fundamental principles. Suspension of trade benefits is one such measure, even if this would be an action of last resort.
Respect of environmental and labour standards	The participants of the SADC EPA confirm that any new or modified legislation on labour conditions or environmental practices that they may adopt will follow internationally recognised standards. It means also that they cannot weaken labour or environmental protection to encourage trade or investment. To make sure the rules are respected, each participating country will also have a possibility to request consultations on questions of sustainable development, involving representatives of civil society.
Reconfirmation of Cotonou Agreement clauses	EPAs are based on the Cotonou Agreement of 2000. The provisions of the Cotonou Agreement on human rights, on sustainable development, and on dialogue including parliaments and civil society, continue to apply. As such, the EPA offers some of the most complete protection of human rights and sustainable development available in EU agreements.

ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND THE SADC EPA GROUP

An agreement strengthening regional integration in southern Africa

Improving the Southern African Customs Union

Botswana, Lesotho, Namibia, South-Africa and Swaziland form together the Southern African Customs Union, the oldest existing customs union in the world.

A customs union's principal characteristic is a common external tariff for imports. In the case of imports from the EU, however, the SACU members today do not all impose the same duty. In other words, the union is not functioning in an optimal way.

The SADC EPA now harmonises the SACU tariffs imposed on imports originating in the EU and consequently improves the functioning of the customs union - an objective that all participants wanted to achieve. In this way, the SADC EPA strengthens regional integration.

More intra-regional preferences

But the SADC EPA does more for regional integration. Each SADC EPA state has agreed that any advantage it has granted to the EU shall also be extended to the other SADC EPA states.

An agreement good also for the EU

Re-anchoring EU-Africa trade relation

Africa is a rising continent. African countries are climbing up the "Doing Business" rankings. New businesses are emerging and African countries are becoming less dependent on commodities. The EPA is one of the instruments that can help EU business benefit from this new African energy and potential. EPAs can be essential in re-anchoring the trade bonds between Africa and the EU.

Better access to the market

The EU already has a Trade, Development, and Cooperation Agreement with South Africa since 2000. In exchange for more market openings provided to South Africa, the preferential access to the South African market that the EU enjoys today will now be extended to include agricultural products such as wheat, barley, cheese and pork. The Southern African Customs Union as a whole will align itself to this market access regime.

Protection of geographical indications

More than 250 traditional product names – so called geographical indications or GIs – from the EU and more than 100 South African GIs will be protected. This means for instance that a producer in a country other than South Africa cannot market a tea processed from a plant from its own territory under the symbolically important name Rooibos. The same applies to EU traditional product names.

Full respect of WTO rules

The EU's trade policy towards the SADC EPA region will now be fully in line with WTO rules. A solid and fully respected rules-based trading system is of crucial importance for the EU – a major international trader.

**ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND
THE SADC EPA GROUP**

Degree of Trade Liberalisation by Trade Volume		
	Customs duties REMOVED	Current customs duties that REMAIN
EU opening towards countries of SADC EPA Group, except South Africa	100% with exception of arms and munitions	arms and munitions
EU opening towards South Africa	98.7% (Fully for 96.2% & partially for 2.5%)	1.3%
SACU opening towards the EU products	86.2% (Fully for 74.1% & partially for 12.1%)	13.8%
Mozambique opening towards the EU products	74%	26%