

SADC EPA GROUP

November 2011

1. State of Play

The Southern African Development Community consists of 15 members. Seven of them are negotiating an EPA with the EU as the SADC EPA Group. These countries are Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa. South Africa initially participated as an observer and in a supportive capacity but formally joined negotiations in 2007. The other eight SADC Member States (Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Seychelles, Tanzania, Zambia and Zimbabwe) are negotiating in other regional EPA configurations.

At the end of 2007 Botswana, Lesotho, Swaziland, Mozambique (23rd November) and Namibia (3rd December) agreed an Interim region-to-region EPA with the EU.

South Africa did not join the agreement because of a series of disagreements on some of the provisions of the text. Angola did not join the agreement either, because it had not yet tabled a tariff offer. However, the interim EPA contains a clause allowing Angola and/or South Africa to join rapidly if they so wish. In the meantime Angola, being a Least Developed Country, maintains duty-free quota-free market access to the EU under the Everything But Arms initiative, while EU - South Africa trade is covered by the Trade, Development and Cooperation Agreement (TDCA) signed in 1999.

Botswana, Lesotho, Swaziland and Mozambique **signed the interim EPA in June 2009**. Although Namibia initialled the agreement more than four years ago, they decided not to sign. It nevertheless still today benefits from duty-free quota-free free access to the EU that was granted temporarily to all EPA countries under the so-called Market Access EPA Regulation (1528/2007).

Both sides agreed to continue negotiations for a comprehensive regional EPA covering services, investment and trade-related rules. In fact, in 2010 interim EPA signatory countries suspended the process of ratification of the agreement, pending the conclusion of comprehensive regional negotiations.

During a Senior Officials meeting held in Swakopmund (Namibia) in March 2009, both sides also agreed a series of amendments to the interim EPA text to be integrated into the comprehensive regional EPA, once finalised.

2. Main features of the interim EPA with the SADC EPA Group

1. A goods market access deal with Botswana, Lesotho, Mozambique and Swaziland;
2. A commitment to continue negotiating on a comprehensive EPA including all countries of the SADC EPA Group;

* This fact sheet describes the Economic Partnership Agreements. It does not in any way replace or interpret the provisions of these agreements.

3. A fully fledged development cooperation chapter.

Trade in goods

The provisions on Trade in Goods cover:

- **Duty-free quota-free access** into the EU for all imports from the relevant countries which have initialled the agreement as of 1st January 2008, with a transition period for sugar;
- An **asymmetric** and **gradual** opening of their markets to EU goods, taking full account of the differences in levels of development between them and the EU (see below);
- A chapter on **trade defence** with bilateral safeguards allowing each party to reintroduce duties or quotas if imports from the other party disturb or threaten to disturb their economy;
- A chapter on **technical barriers to trade** as well as **Sanitary and Phyto-sanitary (SPS)** measures, to help exporters meet EU standards; and
- A chapter aiming at **facilitating trade** through measures such as more efficient customs procedures and better cooperation between administrations (as well as between administrations and business).

Goods liberalised

Goods from Botswana, Lesotho, Mozambique, Namibia and Swaziland have entered the EU duty-free quota-free since 1 January 2008.

Botswana, Lesotho, Namibia and Swaziland should liberalize 86 % of EU imports. As these countries are members of the Southern Africa Customs Union (SACU) with South Africa this corresponds to liberalisation already underway as a consequence of the Trade, Development and Cooperation Agreement between the EU and South Africa.

Mozambique should liberalize 81% of imports from the EU.

Botswana, Lesotho, Mozambique, Namibia and Swaziland decided to liberalise mainly industrial and fisheries products.

Goods excluded

Botswana, Lesotho, Mozambique, Namibia and Swaziland have decided to exclude from liberalisation mainly goods in the agricultural, textile and processed agricultural sectors. Their offer to the EU mirrors the access that is being granted to the EU by South Africa in the EU-SA Trade Development and Cooperation agreement which was applied in 2000 and will be fully implemented by 2012.

EU - SADC EPA Group trade

The EU is the SADC Group's largest trading partner. In 2010 the value of total EU imports was about €25bn (9.8% agriculture; 1.9% fish; and 87.3% industry). EU imports focus on few products such as diamonds (mostly Botswana), petroleum (Angola), Precious Stones Metals and Fish (Namibia), sugar (Swaziland) and Fruit and Nuts. In 2010, total EU exports represented €28 bn.

3. State of play of EPA negotiations

The negotiating process with the SADC group is a rather complex process because of the special position of South Africa and its role within the Southern Africa Customs Union (SACU).

In particular, South Africa, being the dominant economic player in the region and a major and competitive exporting country, notably for agricultural products, would not get the total duty-free quota-free treatment offered to the other ACP countries. Negotiations for a comprehensive regional EPA are ongoing and the parties are discussing the improved market access requested by South Africa, how to deal with services, investment and other trade related issues, rules of origin and cumulation, as well as some textual provisions of the Interim EPA text (e.g. Most Favoured Nation (MFN) clause, export taxes, definition of the parties, etc).

Several rounds took place in 2010 and 2011 and the next round is planned for end of February 2012 in the Southern African region.

For the latest state of play, please see:

<http://ec.europa.eu/trade/wider-agenda/development/economic-partnerships/negotiations-and-agreements/#sadc>