

Economic Partnership Agreements: EU and Southern African countries sign interim deal - Brussels, 4 June 2009

The European Union signed an interim Economic Partnership Agreement (EPA) with Botswana, Lesotho and Swaziland. Mozambique has signalled its intention to sign this agreement in the near future, but its trade minister was unable to come to Brussels. This interim agreement secures EU market access for these countries while negotiations for a full EPA with the seven country Southern African Development Community (SADC) EPA group are ongoing. The other members of the SADC EPA group are South Africa, Namibia and Angola. Declarations attached to the interim EPA set out how the EU and the SADC EPA group will address outstanding controversial issues in the negotiations for a full EPA.

EU Trade Commissioner Catherine Ashton said: "The signature of this agreement is an important step. It first of all guarantees market access to the European market for those countries that have signed today. More importantly, it is a vote of confidence in the process that we have put in motion to build a strong and lasting economic and trade relationship. "

Neo Moroka, Minister for Trade and Industry of Botswana and Chair of the SADC group, said: "The signing of the interim EPA marks a significant milestone in our trade negotiations. It ensures uninterrupted flow of SADC EPA goods into the EU market. There are still some outstanding issues to be resolved. These will be negotiated in parallel with negotiations towards a full EPA, covering services and investment."

Background

Three other countries in the region, South Africa, Namibia and Angola, opted not to sign at this juncture. This agreement will now have to be notified to the WTO. Angola as a Least Developed Country (LDC) maintains its duty-free quota-free access to the EU market under the 'Everything But Arms' (EBA) initiative. South Africa-EU trade is governed by the Trade, Development and Cooperation Agreement (TDCA) signed in 1999 which allows preferential tariff rates for more than 90% of South Africa's exports to the EU. The EU-SADC EPA is consistent with regional integration processes such as the larger SADC and the "SACU" or Southern Africa Customs Union.

By signing this interim agreement, the signatories will work towards a "full" EPA, which will address all outstanding issues in terms of trade in goods, and also include chapters on services and trade-related aspects such as investment, government procurement and competition.

EU-SADC trade flows

The EU represents SADC group's largest trading partner: in 2008 total trade flows with the EU for the four countries which have now signed, or are about to sign, the interim EPA were almost EUR 2.1 billion. All four countries enjoyed individual trade surpluses with the EU – the combined surplus standing at around EUR 1 billion.

In 2008 the main exports to the EU for the four countries were aluminium, diamonds, sugar, beef and fish. Their main imports from the EU were mechanical machinery, electrical machinery, fertilisers and vehicles. The SADC region as a whole has been a net beneficiary of trade with the EU up to now and the EPA will allow the region to improve competitiveness, diversify its exports, and build strong regional cooperation networks in support of those that currently exist or are being developed. All of this goes hand in hand with EU financial support through the European Development Fund (EDF) and Aid for Trade facilities.