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Five SADC configuration members sign an interim EPA

Four SADC configuration countries, Botswana, Lesotho, Swaziland and Mozambique initialled an interim EPA on November 23rd 2007. According to the EC ‘the agreement allows for 100% liberalisation by value by the EU as of 1st January 2008’. The BLNS will be required to liberalise 86% of their imports from the EU (by value) ‘For 44 sensitive tariff lines liberalisation is envisaged by 2015. Three further lines will not be liberalised until 2018’.

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Namibia did not initial the agreement until December 12th and then this included a set of reservations which was appended to the agreement. Namibia signed the agreement on the understanding that, in line with the discussion held at the EU-Africa Summit, certain provisions ‘would be revisited during the next stage of the negotiations ... thus providing an opportunity to address concerns that Namibia and other SADC states had identified concerning the interim EPA’. This was to ensure that ‘Namibian exports would continue to be granted preferential market access into the EU’. The Namibian decision came on the back of sustained lobbying from domestic agricultural interests which highlighted ‘the direct loss to (beef) producers of N\$213 million per annum’, with both exports to the EU being affected and prices obtained on the South African market being depressed if preferential access to the EU market were lost. Total potential agricultural losses according to the Namibian Agricultural Union were estimated at N\$660 million per annum. In this context the NAU had called on December 5th 2007 for the Namibian government to ‘explore all possible avenues for an amicable agreement’.

Issues of concern highlighted by the Namibian government include:

- the proposed MFN provisions;
- proposals to freeze export levies and taxes which could be used as ‘incentives for value addition’;
- the abolition of internal quantitative restrictions on imports to certain parts of the SACU;
- administrative arrangements for managing free movement of goods within the SACU;
- the need to strengthen provisions for protection of infant industry;
- the need to retain minimum local-content provisions.

Namibia has *de facto* reserved the right not to ratify the agreement if these issues of concern are not satisfactorily resolved.

Outcome of the SADC configuration EPA negotiations, December 20th 2007

	Non-LDCs	LDCs
Interim EPA	Botswana; Namibia; Swaziland	Lesotho; Mozambique
No EPA agreement signed or initialled	South Africa	Angola

In the case of Mozambique the tariff elimination offer covers 80.5% of trade, ‘most of which is liberalised at entry into force’, while some ‘100 additional tariff lines will be liberalised by 2018. According to Oxfam International, most of Mozambique’s liberalisation commitments will take place ‘upon immediate entry into force of the

agreement' in a context where 'currently only 12% of Mozambique's trade is at zero per cent'.

According to the EC 'exclusions focus on agricultural goods and some processed agricultural goods and are based chiefly on the need to protect infant industries or sensitive products in these countries'. Oxfam International however points out that there is no clause in the SADC agreement which commits the EU to eliminating export subsidies on EU products subject to tariff dismantling.

Meanwhile South Africa, which will continue to trade into the EU market under the TDCA, has so far declined to sign the interim EPA. This reflects South African concerns over 'serious difficulties' faced in the EPA process. These concerns revolve around the fragmentation of the broader SADC grouping as a result of the EPA process, and concerns that the final agreement is significantly at variance with the SADC position forwarded to the EC in March 2006. An area of particular concern highlighted was the 'whittled down number of BLNS sensitive products which could be addressed in a positive manner'. The South African government expressed understanding as to why its neighbours had initialled the interim EPA and expressed the belief that issues of concern can be constructively resolved 'if all parties accept the shortcomings of the emerging agreements and agree to fully address them before finalising the outcome'.

Angola has not signed any interim EPA agreement, while Tanzania has signed the EAC-EU EPA. According to ECDPM reports from EC spokespersons, Angola intends to join the interim EPA 'as soon as possible'.

Despite the divergent positions on the interim EPA agreements, SACU has rejected press reports that the organisation is in crisis as a result of the EPA deals, although the interim EPAs 'clearly breach the substance of the SACU treaty'.

Source

Text of the interim EPA signed by all SADC configuration members except South Africa
http://www.bilaterals.org/article.php3?id_article=10606

EC memorandum
http://www.bilaterals.org/article.php3?id_article=10606

Statements by MEATCO on the impact of the possible loss of trade preferences on the EU market (7/12/2007)
http://www.acp-eu-trade.org/library/files/Meatco_EN_071207_Meatco_media-...
http://www.acp-eu-trade.org/library/files/Meatco_EN_071207_Meatco_media-...

Statement by Namibian Ministry of Trade and Industry on the initialling of an interim EPA by Namibia (13/12/2007)
http://www.acp-eu-trade.org/library/files/MTI_EN_131207_MTI_Media-releas...

Statement by the Namibian Agricultural Union of the implications of the non-conclusion of an EPA before the end of 2007
http://www.acp-eu-trade.org/library/files/NAU_EN_051207_NAU_press-releas...

Press statement of the South African department of Trade and Industry on the South African perspective on the SADC-EU EPA negotiations
<http://www.tralac.org/scripts/content.php?id=7194>

Press reports:

Namibian Economist, December 14th 2007
<http://allafrica.com/stories/200712140539.html>

New Era, December 12th 2007
<http://allafrica.com/stories/200712120702.html>

Tradeafrica.blogspot, December 16th 2007
<http://tradeafrica.blogspot.com/2007/12/namibia-succumbed-to-eu-pressure...>

Financial Times, December 4th 2007
<http://www.ft.com/cms/s/0/3334898c-a20c-11dc-a13b-0000779fd2ac.html>

Editorial comment

It should be noted that full duty-free, quota-free access is not entirely granted to these five SADC configuration countries. The guaranteed level of duty-free access for Swazi sugar exports are in fact below current levels of such exports to the EU. In this context it is conceivable that, depending on the total level of EU

sugar imports from ACP countries (both LDC and non-LDC), Swaziland could face quantitative restrictions on its sugar exports via the application of EU safeguard provisions. This is a matter of some concern to the Swazi sugar sector, as a substantial expansion of smallholder sugar production is set to come on stream in the coming years.

South Africa's expression of disappointment at the failure to close the gap in the trade treatment accorded to South Africa and its neighbours includes criticism of the EC approach to questions of rules of origin, where it was felt provisions could have been made which would have closed the gap in the treatment accorded to South Africa and its neighbours, by allowing greater use of South African inputs in BLNS goods destined for export to the EU market. It was felt that favourable rules-of origin provisions could serve to foster new patterns of intra-regional investment, to the benefit of the less developed partners in SACU.

Issues related to the free movement of goods within SACU are a matter of particular concern to Namibia, where administrative arrangements for the management of trade in sensitive agricultural products seek to give preference to local cereals suppliers.

On the basis of information currently available it is not clear whether product exclusions extend to high-sugar-content food products (such as sweets and chocolates) where there are major concerns over the implications of existing TDCA tariff-elimination commitments for Swazi efforts to attract investment in value-added sugar-based food-processing activities. This issue is deemed of particular importance given the decline in the value of Swazi raw sugar exports to the EU market which is underway and which could accelerate from 2013 onwards.

Given the scale and pace of the tariff-dismantling underway in Mozambique, it seems likely that the greatest adjustment challenge could be faced there. To what extent this will impact on the agricultural sector is unclear on the basis of information currently available.

The issue of the absence of any commitments to immediately eliminate export subsidies on agricultural products subject to tariff elimination is of greatest interest in the sensitive area of EU sugar-based value-added food product exports.

It remains to be seen whether Namibian expectations that outstanding issues of concern to the region will actually be realised in the context of the the commitment made by Commission President Barroso to address outstanding issues of concern in the course of 2008 under his personal guidance. South Africa's non-signing of the interim agreement raises questions as to the legal basis for its application, since article 31.3 of the SACU agreement requires the concurrence of all members of the SACU to any international trade agreement concluded by individual members.

January 2008