



## The Modern FTA: a Small Country Perspective

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- **We have a proliferation of FTAs on the horizon**
  - **What are the objectives of a modern FTA?**
  - **What can a small developing country within SACU do?**
  - **And what is in an FTA for that small country?? (the Serengeti Wildebeest Syndrome??)**

## The modern comprehensive FTA should address:

**Trade in Goods (but part of SACU)**

- **Trade in services**
- **Investment**
- **Government Procurement**
- **Intellectual Property**
- **Subsidies (tell that to the French farmers)**
- **Competition Policies**
- **Labour issues**

- **Rules of Origin**
- **Safeguards**
- **Anti-dumping**
- **Customs procedures**
- **Technical standards**
- **Sanitary and Phytosanitary (SPS) requirements**
- **Dispute Settlement**
- **Environment issues**

- **The new SACU Agreement**
- **The TDCA – a very “dirty” agreement**
- **Lesotho is de facto on imports and has no gains from exports – so how will Lesotho be able to benefit from the review in trade? And how will the review take place??**

- **What can Lesotho gain from an EPA??**
- **Back to the list - trade in goods???**
- **But already has the EBA agreement**
- **Currently no exports to the EU    WHY??**

- 1. Because of the ROO**
- 2. Therefore must negotiate on this**
- 3. But will the EU negotiate (take it or leave it is not negotiating)**
- 4. Can Lesotho walk?**

## **Lesotho's problem is loss of tariff revenue**

- **An element of transfer from SA currently**
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- **The pie is shrinking**
- **Most analytical work shows welfare losses**
- **So why negotiate from such a position??**



- There is only the ROO (and perhaps adjustment assistance or capacity building)
- Are there political economy reasons for negotiating??
- I see only Downside

Meanwhile South Africa seems to be seeking ways of continually protecting its clothing sector – the one sector that Lesotho could be expected to have a comparative advantage in for regional trade.