

SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB



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Outline of Presentation

- EPA ambition on Regional Integration
- Cotonou Agreement on EPAs & Regional Integration
- EC Mandate
- SADC Guidelines for the negotiations (2004), Framework for EPA negotiations (2006) and RISDP vision and objectives
- Challenges of regional configuration on SADC membership
- Reality check (trade in goods, services, trade related issues and development assistance)
- Conclusion
- Questions for discussion

EPA ambitions vs. Regional Integration

- **Cotonou Agreement**

Economic and Trade cooperation shall build on Regional Integration of I initiatives of ACP States.

- **EC**

Economic and Trade Integration shall build on regional integration of ACP states and shall take account regional integration process within ACP

- **SADC (04,06)**

- *Support regional integration and not undermine them*
- *EPA to be based on the integration objectives of SADC*
- *EPA to reinforce RI particularly regional harmonization of rules*
- *Foster regional integration and WTO compatibility*

- **SADC RISDP**

- Customs Union 2010
- Common market 2015
- Monetary Union 2016
- Economic Union 2018

Key question

Would the a SADC-EU EPA
foster Regional Integration?

Reality check

Based on existing and emerging evidence
look at :

- Regional configuration
- Trade in goods
- Services and
- Development support

Challenges of regional configurations on SADC membership

- 8 members of SADC : SADC EPA configuration
 - Mozambique, Angola, Tanzania (LDCs) and SACU
 - 5 members of SADC: ESA configuration
 - Malawi, Madagascar, Mauritius, Zambia, Zimbabwe,
- 1 member of SADC: Central African configuration
 - DRC

Trade in goods

- In the absence of a single trade regime, segmentation of the market into several customs territories concluding agreements instead of a single offer
- SACU and MAT individually
- No evidence of a coherent approach among all SADC members
- Market Access offers bound to be inward looking based on individual country economic objectives
- No clear linkage to SADC Protocol on Trade
- Incoherent approach to market integration with the EU with no direct linkages to SADC integration process
- Angola's situation of not having acceded to the protocol on trade or Tanzania (as a member of EAC)

Trade in Services

- Major differences between SADC and the EU on treatment of services
- Also differences within the SADC EPA group
- No linkage between SADC trade in services integration agenda and the EPA negotiations
- Likely outcome on treatment of trade in services?
- The risk of EC and SA interests and ambitions undermining the interest of other smaller members who have a genuine economic interest in negotiating trade in services

Development dimension of EPAs

- EC argues that development support depends on the out come of the EPA ,
- Rational and motivation for development support for EPA differ among SADC EPA Countries (e.g.. RSA vs. Lesotho)
- Ample scope for EPA related development support to facilitate implementation of the agreement even in respect of trade in goods alone.
- Supply side constraints, trade facilitation, competition and capacity building in various fields;
- Scope for creating an EPA focused for Aid for Trade facility to support regional integration also an option

Conclusion

- Little evidence to show achievement of EPA ambitions on regional integration.
- No evidence of measures to support regional integration
- EPA negotiations still in progress however little time left before deadline
- EPA configuration still problems still persist

Final Questions for discussion

- Will SADC EPA hinder or facilitate progress towards a CU?
- With four customs territories forming a SADC EPA what are indications for regional integration
- Will the EPA outcome influence trade policy choices towards a CU
- What needs to be done to realize the objectives of EPA towards regional integration going forward

Key Challenges

- Splitting of SADC members into different EPA configurations
- Market segmentation : SADC EPA offer = SACU, Mozambique, Tanzania, Angola offers)
- Absence of a coherent regional economic space
- Absence of a fully integrated and stronger regional market
- Inability to draw linkages between market access agenda under EPA and the SADC integration agenda through the Trade protocol or CU
- Lack of policy framework to facilitate trade relations with third party, linked to SADC agenda for deeper market integration (Trade Protocol and Customs Union)
- Incompatible tariff policies and difference on rationale and motivation behind individual country tariff policies (revenue, industrial development, protection of domestic market)