

tralac held its 2009 Annual Conference on the 3rd and 4th of September 2009 in Cape Town, South Africa. The aim of the conference was to critically review the past year's key trade-related developments both at a regional level in Southern Africa, and at a global level. The conference also served as a forum to look ahead to the future trade agenda for the region and to provide the participants with an opportunity to discuss important issues and to share insights. Such opportunities are valuable to **tralac** as they assist the organisation in shaping and refining its own research agenda.

The majority of participants at the conference hailed from the Southern African region, but officials from the US and a number of EU countries also participated. The conference was organized into six sessions with four on the first day and two on the second. Each session featured presentations on key trade-related issues, and a chance for the conference participants to pose questions to the presenters and to one another.

Day 1

tralac Executive Director Trudi Hartzenberg opened the conference by welcoming the participants and explaining the aims of the conference. She also provided a brief overview of recent key developments relevant to **tralac's** agenda. These included the effects of the global economic downturn, the increased recognition of climate change as a pressing global concern, progress in the European Partnership Agreement (EPA) negotiations and the proposed tripartite FTA between the South African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).

The first session of the conference was chaired by Michelle Ruiters from the Development Bank of Southern Africa. This session focused on the future of the Southern African Customs Union (SACU). **tralac** associate Professor Colin McCarthy gave a presentation which outlined the unique history of the union and addressed the major challenges facing it in its current state. He suggested that it might be wise to go back to the drawing board in order to assess the appropriateness of the current SACU Agreement given the circumstances of the region.

Professor Gerhard Erasmus, also a **tralac** associate, picked up on this theme, suggesting that it would be dangerous to renegotiate the entire SACU Agreement, but that issues facing the union could be addressed through the use of new annexes to the agreement. He also emphasised the need for South Africa to take a more active leadership role in addressing the issues facing SACU, and concluded that it was important that the union resisted the temptation to simply "muddle through" as this would certainly result in negative consequences.

The second session of the conference was chaired by Dr Brendan Vickers of the Institute for Global Dialogue, and addressed regional integration matters in Southern Africa. Paulina Elago of USAID's Southern African Trade Hub looked at the proposed tripartite free trade agreement between SADC, COMESA and the EAC. She highlighted a number of important issues that need to be on the tripartite FTA agenda. These include tariff liberalization, trade facilitation, rules of origin, dispute settlement mechanisms and non-tariff barriers. Ms Elago also emphasised the need to draw on past lessons to ensure a realistic agenda and the correct sequencing of measures.

Nicolette Cattaneo, a **tralac** associate from Rhodes University, then spoke about the role of production sharing in regional integration initiatives. She examined the potential benefits and opportunities of intra-product specialization in a regional integration context and highlighted the importance of services liberalization, integrated industrial policies, rules of origin and the removal of non-tariff barriers such as high transport costs in developing successful regional production sharing networks.

The afternoon session was devoted to a presentation of **tralac**'s forthcoming publication entitled "South Africa's Way Ahead: Shall We Samba?" **tralac**'s team of researchers – led by **tralac** associate Professor Ron Sandrey – gave a chapter-by-chapter overview of the book, which examines the potential benefits and challenges relating to the deepening of SACU's trade ties with MERCOSUR, the South American trade bloc comprising Argentina, Brazil, Paraguay and Uruguay. The overview included some preliminary findings from the research undertaken in compiling the publication.

The first day ended with a presentation of **tralac**'s new-look website by Marica Basson, **tralac**'s events and publications coordinator. As well as being introduced to all the features and resources available on the website and being shown how to navigate around the site, participants were encouraged to use the website as a resource for providing **tralac** with feedback on the research and training that it undertakes.

Day 2

Trudi Hartzenberg opened the second day of the conference with a brief summary of the previous day's discussions. This was followed by a session focusing on recent developments in EPA negotiations.

Jurgen Hoffman, representing the Agricultural Trade Forum in Namibia, laid out Namibia's stance on the current negotiations. He presented the position of the private sector in Namibia and that of the agricultural sector in particular. Important points to note were that Namibia is committed to signing an EPA

that satisfactorily resolves the issues that the country has raised, that it is important that the integrity of SACU be maintained, that Namibia cannot afford to lose its preferential access to European markets and that establishing new markets for Namibian exports would not be a quick and easy process. Mr Hoffman concluded by stating that he was unsure whether Namibia would ultimately sign the EPA.

Next, Professor Erasmus raised a concern that the SADC EPA countries have not been paying enough attention to the implementation aspect of the EPAs. He identified that the EPAs represent a significant shift towards a rules-based trading regime for the countries in Southern Africa, and that the implementation of such an agreement would be complex and onerous and would require the establishment of various technical, legal and institutional mechanisms. Furthermore, the implementation of the EPAs would have consequences for regional integration initiatives such as SACU and SADC and would necessitate the revisiting of agreements such as the SACU Agreement. Professor Erasmus concluded by warning of the consequences of regional integration fatigue in Southern Africa.

Jorge Peydro Aznar from the European Commission's delegation to South Africa then gave a brief presentation outlining the EU's perspective on the current negotiations. He emphasised that the SADC EPA mirrored South Africa's Trade and Development Cooperation Agreement with the EU, and that the implementation of the EPA should therefore not be too difficult given that SACU members have in practice already been applying the TDCA in their trade with the EU.

The final session of the conference was devoted to important emerging issues in the regional and global trade agenda. **tralac** researcher JB Cronjé discussed services liberalisation and domestic policy issues, focusing in particular on four vital issues for economic integration agreements: investment, movement of labour, rules of origin and transparency. Paul Kruger, also a **tralac** researcher, then gave an interesting presentation on trade and climate change. This, it was shown, is a vitally important issue that is becoming increasingly relevant for countries in sub-Saharan Africa, many of whom will be among the countries most adversely affected by global warming.

Professor Erasmus concluded the final session of the conference with a look at dispute settlement provisions in the SADC-EC EPA. He stressed the importance of understanding the obligations entailed in the EPA, and of ensuring that the legal texts are clear. Professor Erasmus also explained the hybrid nature of dispute settlement under the EPA, with certain trade defence mechanisms being subject to WTO disciplines while others are subject to arbitration under EPA regulations.