



Fostering Trade through Private – Public Dialogue

EPA Negotiations and Regional Integration

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Outline of Presentation

- Cotonou Agreement on EPAs & Regional Integration
- ACP Objectives
- EC Mandate
- SADC Objectives Guidelines for the negotiations (2004) and Framework for EPA negotiations (2006)
- Links to SADC long term vision
- Current EPA configurations vs. SADC of 14
- Challenges to fostering regional integration
- Key areas to address to enhance regional integration
- Making the most of an imperfect situation

Cotonou Provisions on Economic and Trade Cooperation: Article 35 -principles

- Economic and Trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy

At the All ACP Level

- Regional integration key principle for EPA negotiation

EC Mandate

- Economic and Trade integration shall build on Regional integration of ACP states and shall take into account regional integration process with in ACP...
- EC sees EPA as a vehicle to improve regional integration

Guidelines for SADC EPA negotiations

Negotiating Principles: Regional integration; 2004

- EPAs to support regional integration initiatives of SADC and not undermine them.
- EPAs to be based on the integration objectives of SADC
- EPAs to contribute to reinforcing regional integration, in particular by promoting the regional harmonization of rules
- EPA to consolidate the SADC internal trade and economic integration process, before fostering greater trade cooperation with EC
- Thus design and sequencing of SADC EPA to complement the regional integration process and programmes, harmonization of regional rules and consolidation of SADC market integration

SADC Framework for EPA negotiation (2006)

Objectives for the EPA negotiations

- smooth and gradual integration of the ACP countries into the global economy;
- fostering of regional integration and WTO compatibility

Motivation of the SADC Framework

- Laying the basis for the region towards establishing a single trade regime between SADC EPA Member States and the EU;
- Retaining the impetus for regional integration among SADC Member States;
- Ensure that SADC EPA Member States retain sovereignty over the regional integration agenda and timetable;
- Ensure consistency with Article 31 of the SACU Agreement

Link to SADC long term Strategic Vision

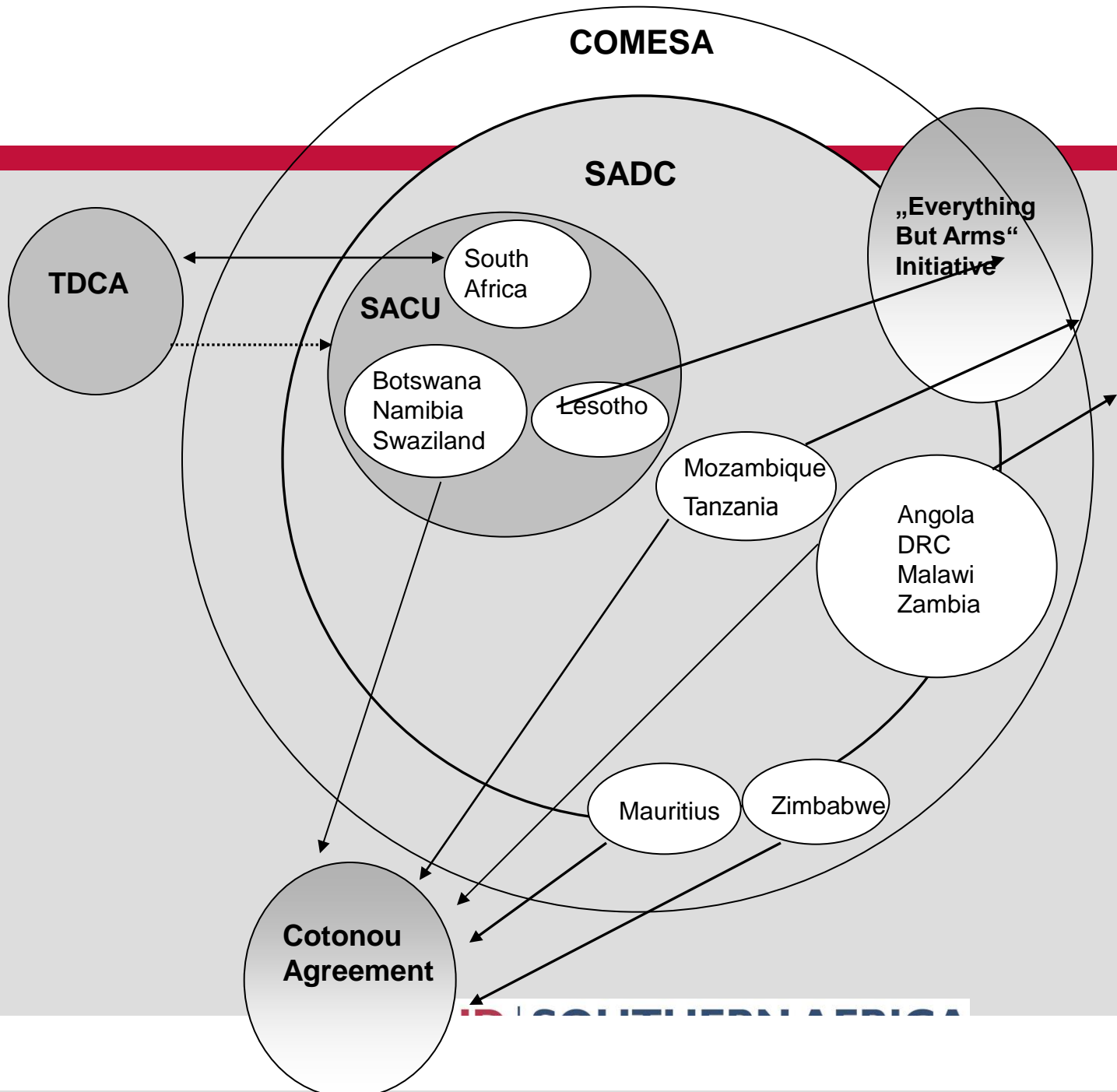
- The RISDP objectives and process to achieve a Customs Union status by 2010.
- Envisions complex negotiations amongst SADC Members ,expected to take considerable time and resources.
- Single trade regime with EU only feasible once CU 2010 objectives are attained.

Key question

Would the a SADC-EU EPA
foster Regional Integration?

Multiplicity of Regional Integration Arrangements involving Southern African States

- SACU
- SADC
- EAC
- COMESA



EU Trade Regimes with SADC countries

SADC of 14 vs. Current EPA configurations

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

Challenges

- Splitting of SADC members into different EPA configurations
- Contracting and conflicting obligations assumed in regional integration arrangements (SACU, SADC, EAC, COMESA)
- Absence of a coherent regional economic space
- Absence of a fully integrated and stronger regional market
 - High transaction cost (rules of origin compliance, transport)
 - Non tariff measures
 - Trade facilitation challenges
- Lack of realistic and clearly articulated roadmap for deeper integration (is CU 2010 realistic? when Trade Protocol not effectively implemented?)
- Lack of policy framework to facilitate trade relations with third party, linked to SADC agenda for deeper market integration (Trade Protocol and Customs Union)
- Market segmentation : SADC EPA offer = SACU, Mozambique, Tanzania, Angola offers)
 - Divergent national policies and interests undermine regional integration
 - Different tariff liberalization schedules potential barriers to trade

Key areas to address to enhance regional integration

- Rationalized regional integration agenda
- Consolidation and building of stronger regional market
- Coherent internal policies
- Harmonize rules,
- Complementarily between trade and development
- Building and Strengthening regional institutions
- Enhance competitiveness: Supply side constraints
- Strengthening trade related infrastructure
- Addressing issues related to economic governance
- Coordination and complementarities on issues such as RoO
- Coordination among EPA configuration to ensure consistency with regional integration objectives
- Stronger and well functioning regional institutions
- Effective implementation mechanism for the agreement

Dealing with an imperfect situation

- Internal coordination and negotiations
- Closer intra-regional coordination
- Use transitional period to address these anomalies
- Clear implementation strategy