

Overview of the EPA Negotiations: Focus on SADC EPA

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What kind of Economic Partnership Agreement does the Cotonou Agreement envisage?



▶ Chapter 1: Objectives and Principles

- ‘ Parties hereby conclude this Agreement in order to promote and expedite the economic, cultural and social development of the ACP States.....

The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.

The partnership shall provide a coherent support framework for the development strategies adopted by each ACP State.’





Art 36 - Modalities

- ▶ 'the Parties agree to conclude World Trade Organisation (WTO) compatible trading arrangements...
- ▶ The new trading arrangements shall be introduced gradually..
- ▶ ..strengthening the ACP countries' trade and investment policies and at improving the ACP countries' capacity to handle all issues related to trade..'



What does the Cotonou Agreement say (2)



- ▶ Part 3: Cooperation Strategies
- ▶ Title II: Economic and Trade Cooperation
- ▶ Trade in Services

‘The Parties further agree on the objective of extending under the economic partnership agreements, and after they have acquired some experience applying the Most Favoured Nation (MFN) treatment under GATS, their partnership to encompass the liberalisation of services in accordance with the provisions of GATS and particularly those related to the participation of developing countries in liberalisation agreements.’



What does the Cotonou Agreement say (3)



- ▶ Services (cont'd)
- ▶ ‘The Community shall support the ACP States’ efforts to strengthen their capacity in the supply of services. Particular attention shall be paid to services related to labour, business, distribution, finance, tourism, culture and construction and related engineering services with a view to enhancing their competitiveness and thereby increasing the value and the volume of their trade in goods and services.’



What does Cotonou say? (4)



- ▶ Part 3: Cooperation Strategies
- ▶ Title: Economic and Trade Cooperation

- Chapter 5: Trade-related Areas

Art 44: General Provisions

‘1. The Parties acknowledge the growing importance of new areas related to trade in facilitating progressive integration of the ACP States into the world economy. They therefore agree to strengthen their cooperation in these areas by establishing full and coordinated participation in the relevant international for a and agreements.’



What does Cotonou say (5)?



- ▶ Trade-related Areas (General Provisions) (cont'd)
 - 'The Community shall support the ACP States' efforts in accordance with the provisions set out in this Agreement and the development strategies agreed between the Parties to strengthen their capacity to handle all areas related to trade, including where necessary, improving and supporting the institutional framework.'



What does Cotonou say (6)?



- ▶ Article 45: Competition Policy
- ▶ ‘...with due consideration to the different levels of development and economic needs of each ACP country, they undertake to implement national or regional rules and policies including the control and under certain conditions the prohibition of agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings.....’



Chapter 7: Investment and Private Sector Development Support



Art 74

‘Cooperation shall, through financial and technical assistance, support the policies and strategies for investment and private sector development as set out in the Agreement;

Art 75

- ▶ ‘ take measures and actions which help to create and maintain a predictable and secure investment climate as well as enter into negotiations on agreements which will improve such climate;



- ▶ Explicit inclusion of development dimension:
- ▶ How is this understood by the parties?
 - More financial assistance?
 - A comprehensive agreement, including new issues (services, investment...)





- ▶ Parties to Cotonou Agreement envisage EPA, to be a comprehensive agreement extending well beyond a traditional trade agreement... ie

An Agreement beyond Trade in Goods

The SADC EPA:

- Configuration (cuts across three RECs), therefore regional integration issues matter
- South Africa (already has a TDCA with the EU)
- WTO compatibility issues
- Beyond trade in goods or not?



Select Developments in SADC EPA Negotiations

- ▶ Role of South Africa (TDCA and TDCA Review, RSA in SACU)
- ▶ SADC Proposal March 2006: EC Response (February 2007)
 - South Africa accepted in the SADC configuration, but differentiation with a robust rules of origin regime to ensure compliance
 - 'trade-related issues are important for sustainable development' cooperation and assistance are emphasised by EC



- ▶ 4 April 2007: Offer Duty Free Quota Free Market Access (exceptions: South Africa, rice and sugar)
- What does this mean? Except for South Africa – offensive concerns (to tariffs quotas) taken care of (in case of SADC – sugar remains an issue esp for Swaziland)

- What is the negotiating agenda now (to conclude an EPA in the spirit of Cotonou)?
 - ▶ Defensive interests
 - ▶ Rules of Origin
 - ▶ SPS, TBT...
 - ▶ Services, investment, competition.... (cooperation and technical assistance)



Linking Trade and Development in EPAs



▶ Development Matters:

How can development concerns be addressed in EPAs?

- What can be done to support sustainable market development, to enhance market outcomes both in terms of efficiency and equity

Consider trade-related issues, how can they contribute to sustainable market development; what role can they play in effective market governance (rules of the game to ensure market outcomes that support our development priorities)

How can EPAs support what we are doing already at national and regional levels wrt services regulatory reform, investment, competition governance....



Market Governance and Trade Related Issues



- ▶ Investment – many of our countries have concluded Bilateral Investment Treaties (amongst ourselves and with other countries)
- ▶ Competition – COMESA has advanced to develop competition rules; competition rules are also included in some WTO Agreements (eg GATS, telecoms)
- ▶ Services – GATS processes. What would be the impact of services regulatory reform in the region? Reflect on eg telecoms, financial services.... Transaction Costs of Doing Business in the Region



To include or not to include and how?



- ▶ From the legal text: it is clear that ACP are not under an obligation to negotiate binding disciplines on trade-related issues
- ▶ BUT: there is explicit recognition of the importance of these issues for development (national and regional) – that we have agreed in the Cotonou Agreement, and also at national and regional levels (within SADC, COMESA...)
- ▶ What now: what should our strategy be on trade-related issues and EPA negotiations?



So much to do, so little time....



- ▶ What does the private sector say?

Principal-Agent Problem in Trade Negotiations – Govts negotiate on behalf of the private sector and other stakeholders – where are they in the negotiations?

Role of the SADC EPA Unit....

Intra-regional dynamics: balancing interests....

- ▶ A SADC _{EPA}?

