

42

POLICY
BRIEF



SOUTH AFRICA, THE SADC ECONOMIC PARTNERSHIP AGREEMENT, AND REGIONAL INTEGRATION IN SOUTHERN AFRICA

Cape Town, South Africa

Date of publication: August 2018

Rapporteurs: Moses Tofa, Senior Researcher, Centre for Conflict Resolution (CCR), Cape Town, South Africa; and Mark Paterson, Independent Consultant, Cape Town

Editors: Mark Paterson; Kudrat Virk of CCR; and Jason Cook, Independent Consultant

2 DIXTON ROAD, OBSERVATORY 7925, CAPE TOWN, SOUTH AFRICA ■ TEL: +27 21 689 1005

FAX: +27 21 689 1003 ■ E-MAIL: mailbox@ccr.org.za ■ WEBSITE: www.ccr.org.za

[f](#) CCR Cape Town ■ [t](#) CCR_Africa

Introduction

The Centre for Conflict Resolution (CCR), Cape Town, South Africa, hosted a policy advisory group seminar at the Townhouse Hotel in Cape Town, on 17 July 2018, on the theme “South Africa, the SADC Economic Partnership Agreement, and Regional Integration in Southern Africa”.

Hosted in partnership with the Friedrich Ebert Stiftung (FES) South Africa office, the seminar sought to build on the work undertaken by CCR, since 2004, on region-building and regional integration in Southern Africa, including the leadership role of South Africa in the Southern African Development Community (SADC). The Centre has worked with the South African, Namibian, and Tanzanian SADC Organ chairs and hosted 14 policy seminars on governance and security issues in the region, and has published two books: *Region-Building in Southern Africa: Progress, Problems and Prospects* (2012) and *Region-Building in Africa: Political and Economic Challenges* (2016).¹ Most recently, CCR’s October 2017 policy meeting sought to assess the challenges and opportunities for business and civil society in the agro-processing sector (in particular, leather and leather products) in South Africa and the wider Southern and Eastern African regions.² The July 2018 seminar also built on the Centre’s engagement with issues related to EU-Africa relations, including two edited volumes: *The EU and Africa: From Eurafrique to Afro-Europa* (2012) and *The ACP Group and the EU Development Partnership: Beyond the North-South Debate* (2017).³ The latter provides a critique of the new economic partnership agreements (EPAs) then in place, or being negotiated, between the European Union (EU) and the African, Caribbean, and Pacific (ACP) group of states.

Bringing together about 30 government, business, and civil society actors, the July 2018 seminar sought to provide a platform for knowledge-sharing and dialogue on the issues raised by the SADC EPA; and to strengthen participants’ capacity to engage with the implications of the EPA for regional integration. The meeting sought to address a widely recognised need to ensure greater civil society involvement in the implementation of the agreement. It also focused on two key agriculture and agro-processing sectors: poultry and fisheries. Over 180,000 people work in food-processing in South Africa, making it the country’s largest manufacturing sector in employment terms. Proactive involvement by business, labour, and civil society in agro-processing industries is thus an imperative for EPA implementation – the agreement provides for liberalisation of about 80 per cent of EU-SADC EPA group trade – such that it supports national and regional development goals. This policy brief is based on discussions at the meeting and the seminar concept paper.⁴

The perceived imposition of the EPAs has posed a major challenge to EU-Africa relations under the 2000 Cotonou Partnership Agreement between the EU and the ACP group. Key concerns across the continent have related to EU threats, during negotiation processes, to withdraw duty-free access for those countries that did not sign the

Over 180,000 people work in food-processing in South Africa, making it the country’s largest manufacturing sector in employment terms.



WORKERS BOXING PROCESSED FISH AT A FACTORY IN ATLANTIS, CAPE TOWN, SOUTH AFRICA.

Image source - Atlantis Foods
<http://atlantisfoods.co.za/>

- 1 Chris Saunders, Gwinyayi A. Dzinesa, and Dawn Nagar (eds.), *Region-Building in Southern Africa: Progress, Problems and Prospects* (London: Zed; Johannesburg: Wits University Press, 2012); Daniel H. Levine and Dawn Nagar (eds.), *Region-Building in Africa: Political and Economic Challenges* (New York: Palgrave Macmillan, 2016).
- 2 Centre for Conflict Resolution (CCR), *An Agenda for Civil Society: A Business Critique? Shaping South Africa’s Region-Building Role*, Policy Brief no. 39 (Cape Town, November 2017), <http://www.ccr.org.za>.
- 3 Adekeye Adebajo and Kaye Whiteman (eds.), *The EU and Africa: From Eurafrique to Afro-Europa* (London: Hurst; New York: Columbia University Press; Johannesburg: Wits University Press, 2012); Annita Montoute and Kudrat Virk (eds.), *The ACP Group and the EU Development Partnership: Beyond the North-South Debate* (New York: Palgrave Macmillan, 2017).
- 4 The concept paper was written by Dr Fritz Nganje, Lecturer in the Department of Politics and International Relations at the University of Johannesburg, South Africa; and Dr Moses Tofa, Senior Researcher at the Centre for Conflict Resolution, Cape Town.

EPAs; and the impact of the agreements on sustainable development and Africa's regional integration efforts. SADC, for example, is split across four negotiating regions,⁵ with the SADC group EPA having been concluded only after difficult negotiations and concern expressed at the limited involvement of trade unions and civil society in the process. Against this backdrop, and in a context of declining growth, rising unemployment, and persistent inequality, the potential benefits of the SADC EPA have, at times, tended to be overlooked. The reality is more nuanced than dominant perceptions might allow, and the potential impacts of the EPA remain weakly understood by key stakeholders.

1. The SADC Economic Partnership Agreement and Regional Integration in Southern Africa

The European Union and the ACP group have, since 2002, engaged in talks to establish economic partnership agreements based on trade reciprocity between the EU and seven (initially six) regional ACP groupings: West Africa, Central Africa, Eastern and Southern Africa, the East African Community (EAC), the SADC EPA group, the Caribbean, and the Pacific. Six Southern African countries are parties to the SADC economic partnership agreement: South Africa, Botswana, Lesotho, Mozambique, Namibia, and Swaziland. South Africa, which had not been privy to the duty- and quota-free access to European markets granted under the Lomé regime (Cotonou's predecessor) and had forged its own separate Trade and Development Cooperation Agreement (TDCA) with the EU, formally agreed to join regional EPA consultations in 2004. As a partner in the regional EPA negotiations with the EU from 2007 onwards, Tshwane (Pretoria) front-loaded alignment with the TDCA and the common external tariff regime of the Southern African Customs Union (SACU), comprising South Africa, Botswana, Lesotho, Namibia, and Swaziland.



Regional integration efforts already face significant challenges in Southern Africa, where progress on the removal of intra-regional trade barriers agreed among SADC members in 2008 has been hesitant, notwithstanding some cooperation on aligning practices at border posts.

DELIVERY TRANSPORT VEHICLES AT THE BORDER POST BETWEEN SOUTH AFRICA AND LESOTHO IN FEBRUARY 2017.

Image source - Live and Let's Fly
<https://liveandletsfly.boardingarea.com/2017/02/02/johannesburg-maseru-driving/>

Signed in June 2016, the SADC EPA has been provisionally implemented since October 2016. However, concerns remain about the lack of alignment between SADC's regional integration project and the EPA, agreed in the Community's name but with only six of its 16 members.⁶ While Angola has the option to join the agreement in the future, Tanzania has negotiated as part of the EAC, and other SADC countries are split across the EPA negotiating groups in Central Africa and Eastern and Southern Africa. Regional integration efforts already face significant challenges in Southern Africa, where progress on the removal of intra-regional trade barriers agreed among SADC members in 2008 has been hesitant, notwithstanding some cooperation on aligning practices at border posts. Divisions have emerged among the members: an intra-regional tariff deal with Angola was set to be agreed in 2019

5 These are the Southern African Development Community (SADC) group, the East African Community (EAC), Eastern and Southern Africa, and Central Africa.
6 Comoros was formally admitted to SADC in August 2018, increasing the Community's membership to 16.

but the Democratic Republic of the Congo (DRC) remained unprepared to enter a Southern African free trade area (FTA) and instead threw in its lot with the Common Market for Eastern and Southern Africa (COMESA). Meanwhile, Malawi and Zimbabwe have hesitated to remove tariffs – in Harare’s case, even seeking to introduce new ones.

Article 1 of the SADC EPA identifies the deepening of regional economic ties as a key goal. Article 4 supports the accumulation of materials from different countries in the SADC EPA to produce exports to the EU. The preferential access to European markets offered to such goods may be leveraged to forge regional value chains, promoting sustainable development. The creation of such value chains may mitigate the impacts of drought and climate change in the agricultural sector; promote economic diversification, for example in Botswana’s beef production; support industrialisation; and foster mineral beneficiation. Regional economic development and integration may be further promoted through a range of trade facilitation programmes, including those that provide technical assistance for exporters; support sectoral restructuring; and promote sustainable water use and management.

However, critics of the SADC EPA assert that its overall impact will be to undermine regional economic integration efforts. They argue that the creation of a free trade regime in goods and services between countries at different development levels will disrupt local production systems, deplete government revenues, create unemployment, and institutionalise rather than reduce poverty. Critics also hold that, notwithstanding its safeguards, the EPA undermines member states’ capacity to protect their domestic industry from cheap imports, stripping them of the power to determine which productive sectors should be liberalised and which protected. They further argue that the agreement will disrupt intra-regional trade by prioritising international markets.

These criticisms of the SADC EPA may be viewed in the broader context of other impediments to regional integration efforts. Structural obstacles include supply-side constraints such as the use of obsolete equipment; a lack of infrastructure and high transportation costs; and insufficient capacity for innovation. The progress towards integration has also been stymied by a lack of political will to implement regional protocols at the national level, exacerbated by the absence of a regional mechanism for enforcing compliance amid disharmony among member states arising from conflicting interests. Without unanimous agreement among Southern African countries, no meaningful progress on intra-regional free trade can be made. The variety of national regimes for domesticating free trade agreements agreed at the regional level has implications for implementing the SADC EPA.

South Africa, for its part, has been accused of behaving like a colonial power in the region, leveraging the market access that it may gain through regional trade deals to pursue its own, parochial economic interests. However, Tshwane has expressed the belief that trade must contribute to mutually beneficial regional development and, as the chair of SADC in 2017–2018, aimed to shift the bloc’s economic priorities from harmonising trade and markets to supporting industrial growth. South Africa has also designed and promoted a regional infrastructure programme to promote intra-regional trade, as well as improved access to global markets. Tshwane has further sought to promote engagement among trading blocs on the continent on the basis of complementary development rather than comparative advantage. Its goal remains to forge trade links that can add value to products and increase intra-African commerce from its low level of 16 per cent of total trade on the continent.

“Without unanimous agreement among Southern African countries, no meaningful progress on intra-regional free trade can be made.”



BOTSWANA BEEF PRODUCTION IS THE LARGEST COMPONENT OF THE AGRI-FOOD SYSTEM IN THE COUNTRY AND CONSTITUTES 80 PER CENT OF AGRICULTURE EXPORTS.

Photo - Go Botswana
<https://www.gobotswana.com/sites/default/files/BITC%20-%20Beef%20%26%20Beef%20Derivatives%20Value%20Proposition%20-%20Final.pdf>

2. Opportunities and Challenges of the EPA

The accumulation conditions of the economic partnership agreements agreed in Africa provide differential access to the EU market for products that originate from one country but may have been processed in another. The new rules can inhibit some regional value chains, as well as job creation and industrial development prospects, which had previously been available under Cotonou. For example, the export of South African peaches canned in Swaziland to the EU, which had previously been duty-free, has become subject to tariffs under the SADC EPA, which incorporates conditions from South Africa's pre-existing TDCA with Europe. These differential accumulation conditions may be the subject of further talks with the EU and should be discussed among African countries with a view to establishing value chains that maximise the market-access benefits offered under the EPAs.

The SADC EPA can support the production of certain goods – for example sugar, as well as fish products for niche markets. Many natural resources, such as diamonds, should be processed for consumption before export in order to maximise the preferential trade provisions. Greater use should also be made of the preferential quotas offered under the SADC EPA. For example, only 1 per cent of the tariff-rate quota for frozen strawberries has been used by South Africa. The export of products under tariff-rate quotas has been impeded by, among other things, a failure to process relevant applications at the national level. Government trade promotion units should seek to identify, and promote the exploitation of, trade opportunities offered by the EPA. Also, the trade benefits offered by the EU should be compared with those extended by others, such as the United States (US) under the African Growth and Opportunity Act (AGOA), in order to strike the most favourable export deals.

Notwithstanding their benefits, tariff reductions alone cannot guarantee fair access to the European market. Quotas on African exports and EU subsidies for European farmers can impede such access. Furthermore, political conditions, such as the particular economic agendas of the European bloc's remaining members and the terms under which Britain – South Africa's second biggest export market – exits from the EU, will have a significant impact on the implementation of the SADC EPA and its benefits.

Members of the SADC EPA have also struggled to comply with the EU's strict sanitary and phyto-sanitary (SPS) standards for traded goods and, in certain cases, have criticised them for exceeding those set globally by the World Trade Organisation (WTO). European funds have been set aside under the agreement to build technical and administrative capacity to meet these standards. SADC member states may achieve economies of scale and efficiencies by jointly adopting recognised international SPS and other standards for key goods and services to be regulated by a single regional authority. Furthermore, a range of facilities and models for testing goods to meet



“ The export of South African peaches canned in Swaziland to the EU, which had previously been duty-free, has become subject to tariffs under the SADC EPA. ”

PEACHES BEING CANNED AT A PROCESSING FACTORY.

Image source - Rhodes Food Group
<http://www.rfg.com/docs/RFI-BROCHURE-Oct-16th.pdf>

sanitary standards have been established in the Southern African region. Tanzania has built its own facility to test fish for export; Zimbabwe has outsourced testing to the private sector. SADC states seeking to forge their own standards regimes can learn lessons from the different approaches adopted in the wider region.

3. Impact of the EPA on Agricultural and Fishery Exports

Agricultural and fishery exports from South Africa to the EU have risen steadily since 2014, with the balance of trade remaining in Tshwane's favour and rising to R4 billion in 2017. In this context, the SADC EPA, which offers immediate or staged elimination of customs duties over a period of up to 10 years for increasing quotas of wholly obtained or processed fruit, vegetable, and fish products, represents a significant improvement for South Africa on the terms agreed under the TDCA. The EPA further offers multilateral safeguards on exports in line with WTO provisions, as well as a transitional mechanism to control the flow of imports in order to ensure food security and provide SADC signatories with the flexibility to implement measures to protect their domestic agricultural markets.

However, the potential trade benefits to be gained from exploitation of tariff-rate quotas, the elimination of customs duties, and the new rules of origin outlined by the EPA may be hindered by the obstacles faced by new entrants to the market. Many smallholder producers lack the knowledge and technical capacity to access domestic markets, let alone exploit the trade opportunities offered under the EPA. Furthermore, the South African Department of Agriculture, Forestry, and Fisheries (DAFF) is hampered by capacity constraints in promoting understanding of the EPA's implications. Provincial officers monitoring economic outputs are by and large unaware of its contents, and no reliable mechanism exists for the national government to communicate the contents of the agreement.

Poultry Sector

Smaller players generally lack the capital to enter and sustain their businesses within the poultry sector, in which a few, relatively large firms dominate agro-processing. In this context, even without dumping, mass imports can reduce the opportunities for economic growth and the formation of new businesses, particularly if the support offered by the national government is uncoordinated. The South African government needs to try to strike a balance in its market interventions – seeking to promote a plurality of players while ensuring the sector's efficiency and productivity. It may consider reserving part of the market to support new entrants.

A rise in EU imports led to a 8.5 per cent drop in the broiler breeder flock in South Africa in 2017. However, the adverse impacts of imports on the domestic market are not confined to those from Europe. After EU imports faltered as a result of a trade ban stemming from an outbreak of avian influenza in 2017, exports from Brazil quickly filled the gap, rising by over 47 per cent that year. Once the challenges posed by the avian flu outbreak, which cost the domestic sector an estimated 700 jobs and more than R300 billion in biological losses alone, have been resolved, a more clear-eyed, holistic, and better-informed analysis of the poultry trade is required. In particular, the actual needs of the domestic market and the kind of products being imported should be researched to produce accurate data and foster understanding of the unintended consequences of trade arrangements such as the SADC EPA. For example, traders can be making excessive profits from importing dark meat, which may be virtually worthless in the country of origin despite its popularity

Smaller players generally lack the capital to enter and sustain their businesses within the poultry sector, in which a few, relatively large firms dominate agro-processing.



THE INSIDE OF A SOUTH AFRICAN BROILER FACTORY FARM.

Photo - Free Range Chicken Farming South Africa
Image source - Brighter Green
<http://brightergreen.org/2015/10/poultry-progress-in-south-africa-and-beyond-part-ii/>

in South Africa, and from speculating on “job lots” of sundry, unidentified cuts of poultry packed in ice for export to South Africa. EPA implementation should leverage the mutual benefits of the EU-SADC trade in poultry.

The EPA’s sanitary and phyto-sanitary requirements act as a barrier to increased exports because of a lack of technical capacity to implement them and specific environmental conditions, such as the prevalence of Newcastle disease, in Africa. Further negotiation over the terms of these requirements may ease trade. The EPA also should be implemented across the SADC countries involved according to the principle that they have a right to development. In support of this, the integration of regional value chains should be prioritised; promised funding to support small farmers should be delivered; and a common regional platform for trade should be promoted. South Africa should adopt a leadership role to leverage the regional benefits that may be gained under the EPA. A balance should be struck between implementing safeguards to protect local production and jobs and adopting measures to promote equitable growth in the sector, including through the creation of enterprises.

Fisheries Sector

The SADC EPA presents significant opportunities and challenges to the fishing sector in South Africa, which accounts for close to 1 per cent of gross domestic product (GDP) and more than 27,000 jobs. Europe represents the country’s largest market for exports, particularly for white fish. However, the sector remains unprepared to occupy the export space afforded by the EPA and deliver the amount and kind of fish exports sanctioned under its tariff-rate quotas. Particular challenges and opportunities are posed for South African exporters by the planned exit of one of their biggest customers, Britain, from the EU and its common fisheries policy. For example, Britain is a major importer of Cape Hake, which constitutes the bulk of present South African imports to the EU.

In support of efforts to meet the wild-catch quota targets set by the EPA, questions have been raised over the capacity of the South African government to promote greater understanding of the European market, including its consumer demands as well as new product-labelling and SPS entry requirements. In addition, the government needs to consider easing the relevant taxes to support the construction of expanded land infrastructure that would be required to leverage the new export quotas fully. Furthermore, impediments to the establishment and maintenance of value chains need to be identified and resolved. For example, pilchards are imported from Thailand to keep some South African canning plants operational and save jobs. Meanwhile, management of domestic aquaculture – in particular that of the large farmed abalone industry – must be improved to exploit the opportunities for entering the EU market offered by the EPA.



“The fishing sector remains unprepared to occupy the export space afforded by the EPA and deliver the amount and kind of fish exports sanctioned under its tariff-rate quotas.”

SEA HARVEST'S FREEZER TRAWLER ATLANTIC PEACE OFF THE COAST OF SALDANHA BAY, CAPE TOWN, SOUTH AFRICA, IN JULY 2017.

Image source -IntraFish
<http://www.intrafish.com/fisheries/1305817/take-a-tour-of-sea-harvests-remodeled-freezer-trawler>

The SADC EPA may also be used to promote the development of small-scale fisheries, which is a priority for the South African Department of Agriculture, Forestry, and Fisheries. In this regard, further support may be offered to operators seeking to enter the industry in the form of training on labelling and brand development. However, further steps are required to create equity in an oligopolistic industry skewed against new entrants, burdened with ageing vessels and relatively small catches whose profits are too marginal to sustain livelihoods, let alone access the financing required to capitalise their operations so that they can compete with the big players. A more holistic approach should be adopted to support poorer fishing communities, many of which at present depend on an illicit parallel economy based on poaching abalone and West Coast lobster.

At present, the intra-regional fish trade is relatively small in an intra-continental market fractured by Francophone and Anglophone allegiances and dominated by West Africa, with 20 per cent of fish exports from this sub-region being traded within Africa. In this context, policymakers need to address a number of issues to leverage the EPA to promote exports to the EU and in support of intra-regional trade among SADC members. National governments need to coordinate to establish Southern African fisher marketing information systems and streamline the appropriate transport and logistical infrastructure in the region, including cold-storage facilities and laboratories for testing a full range of fish products, including, for example, prawns from Mozambique and fish from Namibia. A broad rethink of Africa's maritime policy may also be required to combat poaching and accommodate the interests of coastal states, while maximising the economic benefits to the continent of its fisheries.

4. Civil Society and Private-Sector Engagement in EPA Implementation

Parliamentary forums at the national and regional levels, which have a key oversight function, and civil society, including the private sector, the labour movement, as well as academia, have important roles in engaging with, and monitoring the implementation and impacts of, the SADC EPA. However, these actors may lack the technical and policy capacities to fulfil such roles. Knowledge-production institutions, including universities and policy units in trade unions, which can research the impacts of, and issues arising from, the EPA, should be identified, supported, and encouraged in turn to support parliamentary and civil society actors seeking accountability over the agreement's implementation. South Africa, which has the greatest knowledge-production capacity in the region, should seek to lead this process. In addition, given the churn in the public sector, government management processes should seek to ensure that expertise garnered by civil servants and diplomats engaged in trade negotiations and processes in Southern Africa is inherited by their successors.

Civil Society's Role

A range of stakeholders from civil society and business were excluded from the protracted negotiations for the SADC economic partnership agreement, which caused mistrust and made it difficult for these actors to make their voices heard. A "Stop EPA" campaign was mounted. However, the successful implementation of the SADC EPA now depends on the active engagement and inclusive participation of a full range of stakeholders. As a result, proponents of the EPA have increased efforts to engage civil society and business, conducting outreach and facilitating dialogue such as at a High-Level Civil Society Forum convened in Johannesburg, South Africa, in October 2017.

“The successful implementation of the SADC EPA depends on the active engagement and inclusive participation of a full range of stakeholders.”



THE SADC-EU ECONOMIC PARTNERSHIP AGREEMENT HIGH-LEVEL CIVIL SOCIETY FORUM HELD IN JOHANNESBURG, SOUTH AFRICA, IN OCTOBER 2017.

Photo - SADC-EU EPA Outreach South Africa
Image source - Tralac
<https://www.tralac.org/events/calendar-items/12288-sadc-eu-epa-high-level-civil-society-forum-johannesburg-16-october-2017.html>

The forum – attended by, among others, the South African Minister of Trade and Industry, Rob Davies, and the EU Commissioner for Trade, Cecilia Malmström – recognised the need to make information about the SADC EPA user-friendly and accessible to all stakeholders, including vulnerable groups. Among other things, the meeting recommended the establishment of a civil society platform involving umbrella groups such as the SADC Council of Non-Governmental Organisations (SADC-CNGO), the Southern Africa Trade Union Coordination Council (SATUCC), and the Southern Africa Business Forum (SABF).⁷ However, it offered no specific suggestions on the mechanisms for engaging civil society in EPA implementation.

Yet civil society is well-positioned to unpack, and foster better understanding of, the EPA by researching, producing, and sharing evidence-based knowledge. In addition, the sector has a role in capacitating multi-stakeholder dialogue and coordination through knowledge-transfer and technical-training workshops, seminars, and roundtable discussions. Appropriate mechanisms for civil society's participation and engagement need to be established and sustainably funded to enable this sector to address institutional deficits and play a meaningful, collaborative role in the EPA's implementation.

As noted in Articles 4 and 10 of the SADC EPA, civil society also has an important role in monitoring and evaluating its implementation, though the agreement is otherwise virtually silent on the details of such a role. In the absence of a dedicated mechanism for it, civil society engagement has been ad hoc, yet it is vital. Participating in the finalisation of national and regional implementation plans, civil society should critique the prospects and challenges presented by the EPA, particularly in relation to its contributions, or lack thereof, to sustainable development; the promotion of environmental justice; and regional integration. Civil society monitoring and evaluation should further ensure adherence to the agreement and transparency and accountability in its implementation, which should be sensitive to the needs and interests of the poor and marginalised and promote their participation.

Private Sector's Role

The business sector, along with civil society, should seek to define a knowledge-transfer agenda through which information about the SADC EPA may be disseminated to stakeholders, including those at the grassroots level. In addition, civil society and private-sector stakeholders should be encouraged to produce studies on how micro- and macro-economic policies, and domestic and international trade, can be linked more effectively.

Through their engagement in investment, trade, development, and employment forums, business leaders can bring greater clarity to bear on the challenges and opportunities presented by the SADC EPA. Wesgro, the official tourism, trade, and investment promotion agency for Cape Town and the Western Cape, sought, for example, to foster the participation of businesses in EPA implementation through a seminar that it held in July 2016.

“ Civil society and private-sector stakeholders should be encouraged to produce studies on how micro- and macro-economic policies, and domestic and international trade, can be linked more effectively. ”



THE COVER OF THE BOOKLET DEVELOPED BY WESGRO AS A BRIEF GUIDE TO THE SADC ECONOMIC PARTNERSHIP AGREEMENT.

Image source - Global Africa Network
<http://www.globalafricanetwork.com/wp-content/uploads/2018/07/EU-SADC-EPA-booklet-Wesgro-Tralac.pdf>

7 SADC-EU EPA Outreach, "SADC-EU Economic Partnership Agreement High-Level Civil Society Forum", event report, 16 October 2017, pp. 13-14.

The EPA's success hinges on the creation of an administrative and regulatory environment that is conducive for business. In the light of fears that only larger firms with the capacity to export have reaped significant benefits from previous trade deals, calls have mounted to offer greater support to small and medium enterprises with the potential to export in order to promote more inclusive trade and growth. In order to boost the technical and productive capacity of such firms, training and advice should be provided on such issues as export requirements, including the EU's health safety and health rules, as well as the needs and demands of European consumer markets; credit facilities should be extended; and development cooperation projects should be funded. The capacity-building agenda should target the specific needs and challenges faced by firms in different productive sectors. In addition, red tape and bottlenecks that make it difficult for small and medium enterprises to access international markets should be addressed.

Meanwhile, small-scale farmers across the region remain under-represented in shaping, and exploiting, the condition of Southern African trade agreements. The SADC EPA has been criticised for largely benefiting big commercial farmers. SADC should consider forging a policy instrument to promote investment in small-scale farmers and support efforts to amplify their voices in trade deals by building the capacity of associations representing their interests.

South African business interests can engage in EPA processes through a range of forums including the National Economic Development and Labour Council's (NEDLAC) sub-committee on trade; departmental trade forums, such as that organised by the Department of Agriculture, Forestry, and Fisheries; and various business associations and chambers of commerce. The private sectors in other Southern African countries, however, lack the clout enjoyed by their South African counterparts to engage with, and influence, trade deals. More broadly, the business sector in the SADC EPA region has limited capacity to fill the quotas agreed under the deal. The sector tends to focus on exporting unprocessed products and has limited capacity to establish sustainable regional value chains and meet the industrial standards required of exports.

For their part, labour groups, such as trade unions, are well-positioned to voice concerns about the impact of the SADC EPA on workers, households, and local communities, as well as the environment. However, their exclusion from the negotiating processes and negative perceptions of the EPA have acted as a disincentive. This raises difficulties for monitoring and evaluating the implications of the agreement on the lived realities of people in terms of indicators such as decent work, household budgets, and nutrition. The matter is exacerbated by a lack of meaningful capacity among labour groups to engage with a complex trade agreement like the EPA. It is essential not only to make greater efforts to involve labour in EPA implementation, but also to build the capacity of labour groups to engage in trade negotiation and implementation processes more effectively.

Policy Recommendations

The following 10 key policy recommendations emerged from the Cape Town seminar:

1. Government trade-promotion units should seek to identify, and promote the exploitation of, the trade opportunities offered under the EPA, particularly compared with those offered by other trade deals. SADC EPA states should also not hesitate to implement, as appropriate, the relevant EPA provisions to protect their domestic industries from cheap European imports.
2. The differential accumulation conditions proposed by the EPA should be discussed among participating Southern African countries, in order to renegotiate these as necessary and to establish mutually beneficial

intra-regional value chains. In this regard, South Africa needs to adopt a leadership role to leverage the regional benefits that may be gained under the EPA. Such a role may be played through SACU.

3. SADC member states may achieve economies of scale and efficiencies by jointly adopting recognised international sanitary, phyto-sanitary, and other standards for key goods and services to be regulated by a single regional authority.
4. Small and medium enterprises should be offered training on export requirements, including health and safety rules, and provided with credit to facilitate their access to European consumer markets. Red tape preventing such access should be removed.
5. SADC should forge a policy instrument to promote investment in small-scale farmers and help to build the capacity of associations representing their interests, in order to enable them to access international markets more effectively.
6. The structural challenges faced by South Africa's poultry industry and the impacts of imports on this sector should be researched more thoroughly to foster informed understanding of the unintended consequences of present trade arrangements.
7. National governments need to coordinate to establish Southern African fisher marketing information systems and streamline the appropriate transport and logistical infrastructure in the region, including cold-storage facilities and laboratories for testing a full range of fish products.
8. Knowledge-production institutions that can research the impacts of the EPA should be supported, in order to foster greater accountability over the agreement's implementation.
9. Governments should institute managerial processes seeking to ensure that the expertise garnered by civil servants and diplomats engaged in trade deals is inherited by their successors.
10. Appropriate mechanisms for civil society's participation and engagement, such as a consultative platform and a monitoring and evaluation framework, need to be established and sustainably funded to enable this sector to address institutional deficits and play a meaningful, collaborative role in EPA implementation. Business, labour, and civil society need to critique constructively the implications of the SADC EPA, particularly in relation to sustainable development, job creation, and regional integration, and accordingly seek to define a knowledge-transfer agenda through which information about the EPA may be disseminated to stakeholders, including those at the grassroots level.

SADC should forge a policy instrument to promote investment in small-scale farmers and help to build the capacity of associations representing their interests in order to enable them to access international markets more effectively.



SMALL-SCALE FARMERS AT NANGKOOS OUTSIDE ALEXANDRIA IN THE EASTERN CAPE, SOUTH AFRICA. INOCULATE A CALF WITH A VACCINE THEY BOUGHT THEMSELVES.

Photo - Ruth Hall
Image source - Vumelana Advisory Fund
http://www.vumelana.org.za/news_centre/david-and-goliath-small-scale-farmers-versus-corporate-food-industry-in-south-africa/