

EU/SADC EPA States Economic Partnership Agreement

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PURPOSE: to conclude the Economic Partnership Agreement between the European Union and its Member States, of the one part, and the SADC EPA States, of the other part.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: on 12 June 2002, the Council authorised the Commission to open negotiations for Economic Partnership Agreements with the African, Caribbean and Pacific Group of States.

The negotiations have been concluded and the Economic Partnership Agreement between the European Union and its Member States, of the one part, and the SADC EPA States (comprising **Botswana, Lesotho, Mozambique, Namibia, Swaziland (BLMNS) and South Africa**).

The negotiations were completed at the level of the Chief Negotiators on 15 July 2014 in Pretoria. The Agreement was initialled on 15 July 2014 in Pretoria.

It should be noted that:

- Botswana, Namibia and Swaziland currently benefit from preferential market access to the EU under the arrangements laid down in the Market Access Regulation (MAR) ;
- Lesotho and Mozambique currently benefit from the arrangements under the 'Everything But Arms' initiative, since they are classified among the Least Developed Countries (LDCs);
- trade between the EU and South Africa is currently governed by the Trade, Development and Cooperation Agreement (TDCA).

The SADC EPA will provide a uniform access regime for the BLMNS countries. For South Africa, the SADC EPA will replace the relevant provisions of Titles II and III of the TDCA, dealing respectively with trade and trade related issues.

It is now necessary to conclude this Agreement on behalf of the European Union.

CONTENT: with this proposal, the Council is called upon to adopt a Decision to approve, on behalf of the European Union and its Member States, the Economic Partnership Agreement between the European Union and its Member States, of the one part, and the SADC EPA States, of the other part.

Scope and purpose of the Agreement: the Agreement contains provisions on:

- cooperation,
- trade in goods,
- trade and sustainable development,
- customs and trade facilitation,
- technical barriers to trade,
- sanitary and phytosanitary measures,

- dispute settlement,
- geographical indications,
- rules of origin.

The Agreement also contains rendez-vous clauses on trade in services and investment, competition policy, intellectual property rights, and public procurement.

Trade provisions: the SADC EPA is a **development-oriented trade agreement**. It offers **asymmetric market access to the SADC EPA States**, which allows them to shield sensitive sectors from liberalisation; it provides a large number of safeguards and a clause for infant industry protection; it contains provisions on the rules of origin that facilitate exports; and **it eliminates the use of export subsidies** in trade between the Parties.

The EPA guarantees duty-free, quota-free access to the EU market for Botswana, Lesotho, Mozambique, Namibia, and Swaziland, with the exception of arms and ammunition.

South Africa will benefit from new market access additional to the TDCA, that currently governs its trade relations with the EU. The EU will obtain **meaningful new market access into the Southern African Customs Union (SACU)** and will have the security of a bilateral agreement with Mozambique, one of the LDCs in the region.

The EPA is designed to be compatible with the operation of SACU, in particular by **fully harmonising SACU's import trade regime**. SACU presents a single external schedule of tariffs and quota arrangements applied to imports from the EU.

The SADC EPA also contains a chapter on Trade and **Sustainable Development** that links the trade agreement to EU objectives in the field of labour, environment, and climate change.

Institutional provisions and monitoring: the Parties undertake to continuously monitor the operation and impact of this Agreement.

The institutional provisions establish a **Joint Council** at Ministerial level to be responsible for the operation and implementation of the Agreement and to monitor the fulfilment of its objectives. The Joint Council shall be assisted by a Trade and Development Committee.

Furthermore, the Agreement:

- establishes a Special Committee on Geographical Indications and Trade in Wines and Spirits with the purpose of monitoring the development of the Protocol on GIs and trade in wines and spirits;
- establishes a Special Committee on Customs and Trade Facilitation that will monitor the implementation and operation of the chapter on Customs and Trade Facilitation and the Protocol on rules of origin;
- contains a provision that allows each Party to request consultations regarding any matter under the Trade and Sustainable Development chapter. Dialogue and cooperation may include other relevant authorities and stakeholders.

BUDGETARY IMPLICATIONS: the proposal is without budgetary implications on Union expenditure but will have a budgetary impact on the revenue side. Thus, foregone duty is estimated to amount to EUR 33.3 million upon full implementation of the Agreement after ten years. This estimate is based on the average volume of imports over the period 2012-2014. With the exception of a number of products imported from South Africa, imports from the SADC EPA Group already enter the European Union duty free.