Implementation of the EU-Southern African Development Community (SADC) Economic Partnership Agreement (EPA)

2023/2065(INI) - 29/02/2024 - Text adopted by Parliament, single reading

The European Parliament adopted by 397 votes to 47, with 89 abstentions, a resolution on the implementation of the EU-Southern African Development Community (SADC) Economic Partnership Agreement (EPA).

The Economic Partnership Agreement (EPA) between the European Union (EU) and the Southern African Development Community (SADC), provisionally in force since October 2016, comprises the EU and its Member States, on the one hand, and Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini (formerly Swaziland), on the other. Its stated objectives include poverty reduction, regional integration, capacity-building and economic growth.

EPA monitoring and review process

Parliament welcomed the first review process launched in November 2021 after the EPA had been provisionally applied and expects it to be able to demonstrate the link between the EPA and sustainable development. It called on the Commission to work with the SADC partners to advance fair, inclusive and sustainable trade so that the EPA, when implemented effectively, can ensure and contribute to sustainable development in the region.

The resolution acknowledged that the preparation of the joint monitoring report on the EPA is advancing at a **pace slower than anticipated**. It also acknowledged the capacity constraints faced by SADC EPA States in this regard. Members expect that, depending on the outcome of the review, the EPA will be adapted or possibly expanded in complementary agreements in order to consolidate and deepen the partnership between the EU and Southern African countries in response to geopolitical changes and to the challenges of climate change.

Trade balances

Members welcomed the fact that trade relations between the EU and the SADC EPA States have expanded significantly, both at regional and bilateral levels, with the SADC EPA States being able to achieve a trade surplus. They consider that this demonstrates the **EPA's positive contribution to economic development**, while the desired positive effects on employment, regional economic cooperation and the diversification and modernisation of the economy have not yet reached their potential and should be pursued as a priority.

The resolution noted that SADC EPA States mainly export precious stones, articles of wood, transports, mineral products and agricultural products, such as fruits and vegetables, to the EU. However, the report noted that South Africa's exports to the EU are more diverse and include higher added-value goods.

According to Members, the EPA should support a new trade dynamic between the Parties by means of the **progressive asymmetrical liberalisation** of trade between them. It can reinforce, broaden and deepen cooperation in all areas relevant to trade and therefore also enhance the partnership between the SADC countries and the EU.

Technical barriers to trade

The Commission and the SADC EPA States are called on to increase cooperation in infrastructure, digital trade and certification, including under the Global Gateway Initiative. The SADC EPA States are called on to harmonise the regulations and procedures related to **customs and transportation** in order to simplify cross-border processes, reduce delays and promote a conducive environment for trade and investment.

Furthermore, the Commission and the SADC EPA States are urged to extend their commitment to creating an enabling environment that supports legal and transparent **labour mobility**, while safeguarding the rights and dignity of workers.

Capacity building

Noting that governance and fiscal and institutional capacity remain the greatest challenges for the EPA's effective implementation, the resolution highlighted the importance of development cooperation and technical and financial assistance as essential factors for achieving the objectives under the EPA and for beneficial cooperation between the Parties. The Commission and the Member States are called on to step up their efforts in technical assistance.

Economic, social and environmental development

The resolution concluded that the EPA has not succeeded in deepening regional value chains and those in and between SADC EPA States to any significant extent, but should strengthen the diversification of exports and regional value-added chains, as well as create more resilient supply chains that can adapt to future disruptions of the socio-economic development of the SADC.

It underlined the importance of developing regional value chains for the economic resilience of the region and expects the EPA to better contribute to combating the lasting problems of **food sovereignty** and **poverty reduction** in the SADC EPA States.

Reiterating that green jobs that can contribute significantly to poverty eradication and social inclusion, both in EU Member States and in the SADC EPA States, Members urged the Commission, the European External Action Service and the EU delegations to facilitate dialogue with the aim of promoting mutual understanding on the impact of EU climate initiatives.

Investment

The resolution called on the EU and SADC EPA States to actively explore **innovative mechanisms** for green finance, including green bonds, climate-focused investment funds and public-private partnerships, leveraging international platforms to attract investments in sustainable and climate-resilient projects.

Members underlined that there is an urgent need to increase sustainable investment in the SADC region and expects investment areas to be identified that appear particularly suitable for investment partnerships between the EU and the SADC EPA States.

Raw materials

The resolution called on the Commission and the SADC EPA States to strengthen cooperation through formal forums, as well as critical raw materials strategic partnerships and implementation roadmaps, in order to ensure a diversified and sustainable supply of key raw materials.

Parliament stressed that the EU's request to **ban export taxes on raw materials** has been a long-standing stumbling block in the negotiation process on EPAs, given that export taxes and duties are not prohibited under the WTO regime. It recalled the right of African countries to regulate raw materials in their public interest and called, accordingly, for the EU to **refrain from adopting a trade policy that prohibits, as a general rule, developing countries from levying export taxes on raw materials**, insofar as this is WTO-compatible.

TRIPS waiver

Lastly, Parliament called for the EU and its Member States and on the WTO Members to take forward the long overdue discussions in the WTO on the extension of the 12th Ministerial Conference TRIPS decision to extend the agreed flexibilities at WTO level to therapeutics and diagnostics. In this context, the Commission is invited to put in place a clear policy framework to ensure that the future EU compulsory licencing system is in line with the agreed TRIPS flexibilities.