



**2016/0005(NLE)**

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# **DRAFT OPINION**

of the Committee on Development

for the Committee on International Trade

on the proposal for a Council decision on the conclusion of 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  
(COM(2016)0018 – C8-xxx – 2016/0005(NLE))

Rapporteur: Pedro Silva Pereira



## SHORT JUSTIFICATION

The Economic Partnership Agreements (EPAs), which are trade and development partnerships between the African, Caribbean and Pacific (ACP) States and the European Union, are aimed at supporting trade, regional integration and ACP countries' gradual integration into the world economy, along with fostering their sustainable development.

On 15 July 2014, the EU concluded EPA negotiations for a goods-only agreement with 6 out of the 15 Southern African Development Community (SADC) members: Botswana, Lesotho, Mozambique, Namibia, Swaziland (BLMNS) and South Africa. The SADC EPA partners are a diverse group, ranging from least developed (LDCs) to upper middle income countries. The EU is their largest regional trading partner. For the BLMNS, the EPA will guarantee a uniform access regime: duty-free, quota-free access to the EU. For South Africa, the EPA will replace the relevant provisions of the Trade, Development and Cooperation Agreement (TDCA) and provide additional market access. The EPA allows for the possible later accession of Angola, an LDC also involved in the negotiations.

The SADC EPA has a number of development-oriented features. Its asymmetric nature allows EPA partners to shield sensitive sectors from European competitors. The EPA countries will maintain some policy space, through several safeguards, to protect their domestic industries, agricultural markets and to ensure food security. The use of agricultural exports subsidies has been eliminated and there is no standstill clause for products not subject to liberalisation. Moreover, the rules of origin are rather flexible and export taxes can be applied in exceptional circumstances. However, during implementation, it will be vital to closely follow actual developments and react quickly, within the EPA institutions, if difficulties arise.

In addition, provisions on development cooperation identify capacity and other trade-related areas that could benefit from EU financial support. Adequate resources will be needed for implementing the agreement and, besides the European Development Fund and Aid for Trade, SADC countries may need additional resources to cover EPA's adjustment costs, such as declining revenues. The rapporteur believes it is important to flesh out the idea of an EPA fund, foreseen in the agreement, and that the timetable for the liberalisation commitments of SADC EPA countries should be in line with that of development aid. Further, EU support for fiscal reforms and good tax governance is needed.

This EPA contains a chapter on Trade and Sustainable Development that confirms the Parties' adherence to internationally recognised standards and their commitment to enforce labour and environmental laws. The consultation procedure for sustainable development matters may involve relevant authorities and stakeholders. However, the rapporteur expresses concerns over the limited civil society involvement during the negotiations and stresses that civil society participation should be strongly encouraged in the implementation phase.

Regrettably, the SADC EPA does not contain a standalone human rights clause, but makes reference to the Cotonou Agreement (CPA), under which Parties can adopt "appropriate measures" in the case of serious violations of human rights. In this regard, it is important to ensure that the linkage clauses in this and other EPAs do not lose their effect with the expiry of the CPA in 2020.

The SADC EPA was designed to be compatible with the functioning of the Southern African Customs Union (SACU). The rapporteur believes this EPA can be a building block for further regional integration provided that necessary follow-up actions are taken, namely regarding the promotion of technical capacity, for example on rules of origin, and trade facilitation.

Naturally, the key for reaping full benefits of the new market access opportunities lies in effective implementation. Therefore, it will be crucial to make sure that the foreseen structures and mechanisms are put in place, as well as to ensure transparency in their functioning. It will also be important to promote in-depth business-to-business linkages, in particular to support the African private sector. The rapporteur draws attention to the fact that the SADC EPA needs to be monitored in an effective manner and stresses that partnering with civil society is a must. In this regard, the allocation of resources will be important to facilitate the participation of civil society in the monitoring process. In particular, it will be vital to monitor the EPA's contribution to sustainable and fair trade, and, ultimately, to sustainable development and poverty reduction.

Moreover, the rapporteur calls on the Joint Council to present progress reports, which should be discussed by the European Parliament, the African parliaments and the ACP-EU Joint Parliamentary Assembly, in order to evaluate the contribution of this partnership to sustainable development.

In conclusion, the rapporteur is of the opinion that the inbuilt flexibilities and safeguards of the agreement, particularly with regard to trade and sustainable development, can help achieve a mutually beneficial agreement that works towards development, and, thus, guarantees Policy Coherence for Development, provided that an effective implementation and monitoring is ensured.

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The Committee on Development calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament give its consent to the proposal for a Council decision on the conclusion of 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.