



**2023/2065(INI)**

29.11.2023

# **OPINION**

of the Committee on Development

for the Committee on International Trade

on the implementation of the EU-Southern African Development Community  
(SADC) Economic Partnership Agreement (EPA)  
(2023/2065(INI))

Rapporteur for opinion: Karsten Lucke

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## SUGGESTIONS

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the first ex post evaluation of the EU-Southern African Development Community (SADC) Economic Partnership Agreement (EPA); stresses that the EPA envisages trade and investment contributing to the goal of sustainable development in its economic, social and environmental dimensions; notes, however, that many challenges remain in SADC partner countries in relation to economic diversification, competitiveness, growth, the rule of law, reducing poverty, labour rights, land grabbing and environmental protection;
2. Highlights 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;
3. Points out that regional and sub-regional integration features prominently in the EU-SADC EPA, as this represents a powerful instrument for achieving the objectives of the agreement; stresses that the EU-SADC EPA must support regional and sub-regional integration, promote regional value chains in the SADC and in Africa more broadly, and ultimately integrate developing countries into the world economy in a sustainable manner; stresses, furthermore, that the EU's development finance cooperation with SADC countries must assist their regional economic cooperation and integration efforts in a way that boosts wider intra-African trade;
4. Recognises that SADC partner countries should benefit from the EPA, as it will increase their ability to boost economic diversification and produce value-added manufactured products; points out that the EPA should contribute to diversifying value chains in SADC countries and their economies, which also makes it necessary to have fair and pro-development global trade rules; points out, further, that it should encourage trade and development policies based on the promotion of human rights, the rule of law and democracy, create local jobs and added value and help to fight inequalities and reduce and eventually eradicate hunger and poverty in a sustainable manner;
5. Underlines the financial and technical difficulties that local small and medium-sized enterprises (SMEs) experience in fulfilling the EU regulations and standards that are required before exporting to the EU market, which may exclude most SMEs from the EPA's benefits; stresses the need to provide adequate assistance to SMEs in order to ensure their compliance with EU requirements and access to EU markets, and to raise awareness about utilising tariff rate quotas;
6. Stresses that the EPA should contribute to enhancing competitiveness and sustainable economic growth in SADC EPA countries thanks to a fair trade and investment system that takes into account disparities in the level of development between the EU and its SADC EPA partners;
7. Stresses 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, considering that export taxes and duties are not prohibited under the WTO regime; recalls the right of African countries to regulate raw materials in their public interest; calls, 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;

8. Recalls that the SADC EPA countries were impacted by the pandemic due to reduced fiscal revenues driven, for example, by reduced economic activity and fluctuating commodity prices and trade flows; underlines, in this context, the importance of good governance and assistance in building capacity for sustainable development, in particular with regard to establishing sustainable fiscal systems and fighting tax evasion, in order to help unlock fiscal capacity for further economic and social development and to protect the environment; recalls that the EU needs to strongly support the strengthening of institutions and comprehensive capacity-building in the public sector of partner countries;
9. Stresses that the EPA should support a new trade dynamic between the Parties by means of the progressive asymmetrical liberalisation of trade between them; stresses also that 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; stresses the importance of the principle of asymmetric trade liberalisation as a tool to foster the economic growth and sustainable development of SADC EPA countries;
10. Calls for the EU to ensure that the EPA contributes to establishing an effective, predictable and transparent regional regulatory framework for trade and investment, in full respect of relevant international agreements and guidelines; emphasises that EPAs must positively contribute to the implementation of the African Continental Free Trade Area (AfCFTA) and the attraction of private capital, as well as to the building of resilient and sustainable regional value chains, thereby boosting and diversifying intra-African trade, which is indispensable for fostering sustainable long-term development and achieving the goals of the 2030 Agenda; takes the view that EU support for the AfCFTA should be accompanied by the development of regulatory frameworks, which, in turn, adhere to strict social and environmental standards;
11. Recalls that the EPA's current trade sustainability development (TSD) chapter has limited scope concerning binding commitments and provisions on dialogue with civil society; believes that EPAs should systematically integrate a mandatory and enforceable sustainable development chapter which reflects the highest labour and environmental standards in order to achieve the goals of the 2030 Agenda, which entails, for example, the inclusion of strong sustainability commitments related to the Paris Climate Agreement, the Kunming-Montreal Global Biodiversity Framework, international core labour standards, and gender equality and women's empowerment; recalls, in particular, that, to be effective, the TSD chapter should be covered by the dispute settlement mechanism; welcomes the integration of a TSD chapter in the EU's EPA with Kenya; urges the Commission to build on this and to strive to strengthen the EPA's TSD chapter in the ongoing review process of the SADC EPA;
12. Recalls the importance of allowing exceptions to the national treatment principle and

the obligation to eliminate export taxes in order to promote and protect infant industries that are key to diversifying the economies of partner countries, thereby boosting their development in line with Article XVII:C and Article XXIV of the General Agreement on Tariffs and Trade;

13. Highlights the importance of broadly, systematically and meaningfully involving development partners, local and regional civil society, academia, trade unions and private sector representatives in the EPA's implementation, monitoring and the ex post evaluations thereof in order to ensure that the EPA meets the needs of the population while guaranteeing the fundamental principles of sustainable development; notes that the scope of the EPA's provisions on dialogue with civil society are limited when compared with other recent EU trade agreements; stresses the need to enhance the consultative role of civil society; calls for the establishment of a formal mechanism for civil society engagement, while recalling that current platforms, such as the multi-stakeholder national monitoring frameworks of the African Union's Agenda 2063, can also be leveraged for engagement with civil society in the context of the EPA;
14. Underlines that while EPAs can provide significant advantages for African, Caribbean and Pacific (ACP) countries, they also come with their own set of challenges and drawbacks; insists, therefore, that policymakers carefully consider these factors and work to ensure that EPAs are implemented in a way that maximises benefits for all parties involved;
15. Recalls that all the Parties should always act on the basis of the principles of solidarity and mutual interest in order to enhance a fruitful collaboration, fulfil their commitments and obligations and facilitate the capacity of the SADC EPA countries to continue to implement the Agreement;
16. Recalls that it can be challenging for smaller ACP countries lacking in resources and infrastructure to implement EPAs; calls for the EU and its Member States to assist their developing partner countries so that they can fully take advantage of the opportunities presented by EPAs;
17. Recalls the need to commit to international standards and agreements for efficient international cooperation;
18. Underlines the importance of the EU's commitment to multilateral co-operation and to securing Europe's own trade interests while at the same time addressing some of the key interests of ACP countries, particularly with regard to regional integration;
19. Recalls the two-pillar solution for addressing the tax challenges arising from the digitalisation and globalisation of the economy, as agreed by the members of the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting;
20. Calls for the EU and its Member States to ensure that the agreed global minimum corporate tax rate of 15 % for multinational enterprises is applied effectively; underlines that this minimum tax rate is estimated to generate around USD 150 billion in additional global tax revenues annually.

**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPOREUR FOR THE OPINION HAS RECEIVED INPUT**

The rapporteur declares under his exclusive responsibility that he did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	28.11.2023
<b>Result of final vote</b>	+ : 14 - : 1 0 : 6
<b>Members present for the final vote</b>	Barry Andrews, Alessandra Basso, Stéphane Bijoux, Mercedes Bresso, Udo Bullmann, Antoni Comín i Oliveres, Ryszard Czarnecki, Charles Goerens, Mónica Silvana González, György Hölvényi, Beata Kempa, Karsten Lucke, Janina Ochojska, Tomas Tobé, Miguel Urbán Crespo
<b>Substitutes present for the final vote</b>	Benoît Biteau, Ilan De Basso, Malte Gallée, Marlene Mortler
<b>Substitutes under Rule 209(7) present for the final vote</b>	Peter Jahr, France Jamet

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

14	+
NI	Antoni Comín i Oliveres
PPE	György Hölvényi, Peter Jahr, Marlene Mortler, Janina Ochojska, Tomas Tobé
Renew	Barry Andrews, Stéphane Bijoux, Charles Goerens
S&D	Mercedes Bresso, Udo Bullmann, Ilan De Basso, Mónica Silvana González, Karsten Lucke

1	-
ID	France Jamet

6	0
ECR	Ryszard Czarnecki, Beata Kempa
ID	Alessandra Basso
The Left	Miguel Urbán Crespo
Verts/ALE	Benoît Biteau, Malte Gallée

Key to symbols:

+ : in favour

- : against

0 : abstention