6. CAN SADC-EU TRADE NEGOTIATIONS UNBLOCK DEVELOPMENT AND REGIONAL INTEGRATION?

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Introduction

The European Union (EU) and the African-Caribbean-Pacific (ACP) countries are currently negotiating the Economic Partnership Agreements (EPAs) meant to replace the thirty-year-old Lomé non-reciprocal trade regime by 1 January 2008. While no country in the ACP community should be worse off under the EPA outcomes, the process has split African countries into four configurations[59] for the purposes of negotiating an EPA. This paper seeks to discuss the negotiations between the EU and the Southern African Development Community (SADC) configuration, which comprises of Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania. The SADC-EPA negotiations were launched on 8 July 2004 in Windhoek, Namibia. Until March 2007, South Africa[60] had an observer status in the negotiations. As shown in the Table I, the SADC-EPA region is currently trading with the EU under the Cotonou Partnership Agreement[61], Trade and Development Cooperation Agreement (TDCA)[62] and the Everything but Arms (EBA) Initiative[63]. The Cotonou Agreement and EBA initiative offer SADC-EPA products duty-free and quota-free access into the EU market without the requirement for reciprocity while TDCA is a reciprocal agreement that legally binds South Africa's products only.

While the EPA negotiations assume a win-win-game, the negotiating parties are unequal in both economic and political terms as reflected by the EU, which is largely strong, enlarged, powerful and united on the one hand and the SADC group which is hugely weak, poor and fragmented on the other. The parties have also huge disparities in their socio-economic and political conditions. The on-going process remains complex without clear outcomes, and is set to fortify Europe's vertical links with the SADC-EPA group. The EPA process does not take into account developmental differences between Europe and the region, and within Southern Africa itself. This not only impacts negatively on the industrial development of the SADC-EPA economies, but also frustrates and/or disrupts regional integration that has all along been bankrolled by the same partner.

TABLE I: Economic and trade status of the SADC group

Country	Economic status	Trading status
Botswana	Non-LDC	Cotonou Partnership Agreement
Namibia	Non-LDC	Cotonou Partnership Agreement
Swaziland	Non-LDC	Cotonou Partnership Agreement
Angola	LDC	EBA
Lesotho	LDC	EBA
Mozambique	LDC	EBA
Tanzania	LDC	EBA
South Africa	Non-LDC	TDCA

The EPA outcome to-date reveals challenges, fears and negative implications to regional integration and economic development in the SADC-EPA group in particular and southern Africa in general. Emerging EPA outcomes entail huge adjustment costs to individual member-states of the group, which, if not taken into account, hampers the industrial growth and development necessary to stimulate regional economic integration. The outcomes are likely to worsen the supply-side constraints thereby discouraging both the domestic and foreign investment necessary to stimulate industrialisation, export diversification and competitiveness. Furthermore, loss of fiscal revenue is likely to negate socio-economic development, thereby worsening the already unimpressive human development situation of some member-states. Already there are doubts that EPAs would provide additional resources for socio-economic development; open new economic productive frontiers and opportunities; and enhance local entrepreneurial competitiveness. The risk to the group remains that of perpetuating the unhealthy post-colonial dependence on Europe for developmental aid and fiscal support, which unfortunately leads to further neo-liberal market integration, trade liberalisation and privatisation of state-owned-enterprises. Indeed, debate at consultative sessions so far have failed to demonstrate political commitment to transform the group's productive structures which largely export raw materials while consuming manufactured and capital goods from other regions – mainly the EU.

The EPA negotiations and outcomes have introduced challenges, fears and implications for regional integration and economic development which my paper seeks to address. Beside the introduction, the rest of my paper is divided as follows: chapter two provides the economic performance of this configuration; chapter three articulates trade relations between the group and Europe; chapter four shares the state of negotiations; and chapter five analyses emerging challenges, fears and implications for regional economic development and integration. The paper concludes by suggesting policy recommendations that are necessary to ensure a pro-developmental trade regime with Europe.

SADC-EPA Group

Economic profile

SADC-EPA is a diverse group of countries facing various development challenges. There are large differences in economic size, development, trade patterns and factor endowments. South Africa, the latest member to join the group, has the largest, most sophisticated and highly diversified economy which offers a wide range of benefits to other members of this group. The country not only has high offensive and defensive interests in its relations with the EU, but also dominates the rest of the group's economies. Indeed, these economies are not only small, weak, vulnerable and inward looking, but also least developed[64], highly indebted poor countries[65] and land locked[66]. Furthermore, these economies procure more South African goods and services than from elsewhere while exporting their products to the same economy, which has a relatively large and diversified market. However, as is the case with the Southern Africa Customs Union (SACU), which in addition to South Africa, comprises of Botswana, Namibia, Lesotho and Swaziland (the BNLS countries), the development locks these economies into a high costs growth model, a situation which is a major incentive for countries to introduce external competition into their markets (Draper, 2007). While this benefits SACU member-states which have already an inbuilt compensation mechanism to offset potential industrial relocation effects, it is certainly going to negatively impact on Mozambique, Angola and Tanzania (MAT).

External performance

Minus South Africa, the group's major exports include raw materials such as oil, diamonds and fish, which attract low value at the international market. Most countries are mono-export commodity producers including Botswana (diamonds); Tanzania, Namibia and Mozambique (fish); and Swaziland and Mozambique (sugar), and therefore generate low foreign currency. For instance in 2003, the seven member-states of the group (minus South Africa) have five products which accounted for more than 86% of the total SADC-EPA exports to the EU (Masiiwa, 2005). These are precious stones and metals (diamond and gold), oil, aluminium and fish which account for 47.3%, 19.1%, 10.4% and 10%, respectively. Minus South Africa, the group's trade with the EU is extremely skewed in favour of Angola (41%), Botswana (22.5%) and Tanzania (13.7%). Over the same period, the three economies together accounted for 77% of the configuration's total trade with Europe. Minus South Africa, the group is currently benefiting from the sugar protocol[67] (Swaziland, Mozambique and Tanzania) and beef and veal protocols (Botswana, Namibia and Swaziland). For instance, Namibia have benefited from a 13,000 tonnes beef quota and an 800 tonnes grapes quota, annually. There is therefore high expectation that the EPA trade regime will sustain significantly these protocols. However, the group (excluding South Africa) has foreign currency constraints due largely to their narrow and undiversified industrial base. As a result, the countries are net importers. For instance, in 2003 the group imported from Europe plant and machinery (29.5%), transport equipment (24.3%), food and beverages (8%), non-precious metals (7.7%) and chemical products (6.8%). The countries also have significant debt servicing obligations, which divert resources away from investing in industrialisation; export diversification; research and development; higher learning and skills training; and technological advancement. This raised the bar for a pro-development and regional integration EPA outcome. Failure to achieve that gives credence to the perception that EPA outcomes may continue to tie the group's economies to Europe in an unbalanced fashion that undermines national and/or regional producers of goods and services and overall socio-economic conditions.

Agriculture not only dominates economic activities, but is also the source of food security. While a few cash crops, such as cashew nuts, sugar and tobacco, generate foreign currency, food security remains critical, especially to vulnerable households, most of whom are experiencing undernourishment. Although the sector provides employment opportunities to over 70% of the population, most agricultural activities have remained largely subsistence or small-scale in nature. The same weak and poorly funded sector is currently competing with subsidised agricultural products from Europe. As a result, most SADC-EPA agricultural products fail to compete against EU products on the national, regional and global markets.

There are four countries which dominate the fisheries sector. These are South Africa, the new member, Mozambique, Namibia and Tanzania, which are well endowed with abundant marine resources. Namibia and Tanzania have significant inland fisheries activities. Namibia leads in large-scale fishing activities followed by Angola and Mozambique. Tanzanian and Mozambican fishing are dominated by artisanal activities. On the global market, the demand for fish and fish-products has been steadily growing. Correspondingly between 2005 and 2006, Mozambique shrimp output rose from 9,000 to 9.300 metric tonnes; and Namibia's output jumped from 20,000 to 25,000 metric tonnes, while Mozambique's export of assorted fisheries produce[68] increased by 10%. This mirrors production and export potential in some countries, though there is growing concern over rapid depletion of fisheries stocks in the above countries, a development that requires a just trade regime between EU and this group, proper management of fisheries resources and curbing of illegal fishing activities.

SADC-EPA-EU Trade relations

EPAs are essentially "free trade areas" between partners that are both economically and politically unequal. The process remains complex without clear indicative outcomes. Expectations are that the new trade regimes would synchronize SADC-EPA relations with the EU which is currently defined by TDCA, EBA and the Cotonou Agreement. EPAs are conceived within the neo-liberal policy agenda of "one size fits all" trade liberalisation and market integration, which has authored downsizing, de-industrialisation, de-agriculturalisation, regional disintegrative processes and unimpressive socio-economic indicators in many countries of this group in particular and

African economies in general. South Africa, a relatively advanced and diversified economy which not only has an existing trade pact with Europe, but also both offensive and defensive interests with that market joined the group on 7 March 2007. But, as the rest of the SADC-EPA economies continue to be marginalised on the regional and global markets, the economic prospects remain bleak, and poised to support Europe's concerns of solving its overproduction and profitability crisis by opening up more markets for its products and services.

The EPA outcomes are likely to promote Europe's interests at the expense of Southern Africa's long-term sustainable development and regional integration. EPAs are linked to multilateral trade negotiations, which have continued to collapse, mainly due to trade distorting measures from Europe, the United States and other industrialized economies. The negotiations seek to introduce a World Trade Organisation (WTO) compatible trade regime between Europe and this group. As such, there is no political will to explore options to circumvent the waiver argument that is whipping the group's negotiators towards the 31 December 2007 deadline. But, as feared on many occasions by civil society groups, it appears that EU is unwilling to foster politically an alliance with the ACP group thereby neutralising potential opposition towards the waiver extension. While EPAs speak of vertical integration of the group's economies with that of Europe, emerging short- to medium-term outcomes are certainly going to worsen the plight of industrial producers, small-holder farmers and consumers in this group. It is also going to negatively impact on regional integration and overall economic growth and development in respective member-states. This is despite supporting Europe's interests of securing more market access for products and services as well as her interests at the multilateral level.

Europe has assumed greater control over the development agenda including regional integration of southern Africa, and hence continues to set frameworks and/or conditions that facilitate further capitalist exploitation, expansion and hegemony. Europe is able to protect her producers (industrialists and farmers), service providers and consumers through negotiating trade regimes covering such aspects as tariff escalations, quotas, rules of origin, patent legislation, subsidies, and export credits. However, in many instances, the negotiations have undermined the sub-regional industrialization thrust including regional integration while introducing a new generation of issues, a development that requires capacity depths in the group. This worsens the existing socio-economic underdevelopment, limited industrial output and export competitiveness situation of the SADC-EPA economies. Thus, through development aid and debt control, Europe continue to exert strong influence in the internal affairs of the respective countries; regional events, processes and developments; and policy formulations and implementation. The EU wields tremendous power and influence over the weaker SADC-EPA group which ends up not only complying with her interests, but also fails to prepare and articulate offensive and defensive positions and/or interests necessary to shape the future trade regime.

TABLE II:EC support to selected SADC-EPA countries

Country	Project	Budget	Period
Angola	Trade policy general (Technical Cooperation Facility)	Eu 3.6 m	April 2006 – December 2013
Botswana	Trade policy general (Technical Cooperation Facility)	Eu 1.385 m	Mid 2004 – September 2007
Lesotho	Trade policy general (Technical Cooperation Facility); and	Eu 1.9 m	2006-2008
	Customs valuation (Asycuda)	Eu 1.0 m	
Namibia	Trade facilitation (Namibia trade and regional integration programme)	Eu 3.0 m	2005-2009
SADC[69]	TBT/SPS (Foot and mouth disease)	Eu 12.6 m	2006-2011

Source: compiled from www.sadc.int/english/tifi/trade/documents/inventory/TRAsector-table1Aug06.pdf.

Europe is a strong trading partner and a significant donor to the countries of this configuration, where it is currently bankrolling a number of initiatives including the implementation of various national and regional developmentl programmes or projects; regional integration efforts; the fiscal expenditures of some countries; and bilateral trade negotiations. Indeed, most countries in this group get aid and fiscal support from the EU, which in many instances become instruments to achieve its trade agenda. As Svensson (2006) shows, financial support induces aid dependence syndrome, which in the case of Tanzania and Mozambique, is projected to rise to 27% and 47% of gross national income (GNI), respectively by 2010. Table II illustrates how the EU as a donor is bankrolling the implementation of national and/or regional development programmes and/or projects; regional integration efforts; fiscal expenditures of respective countries; and bilateral trade negotiations. The support is in the form of both direct financial flows and/or technical assistance covering a wide range of mandates including the on-going EPA trade negotiations. Already the EU has supported Swaziland's fiscal restructuring which enabled the country to diversify its tax base; Namibia's public financial management; harmonization of Lesotho's value-added tax system with that of South Africa; and fiscal adjustment of Mozambique, Angola and Tanzania. Furthermore, the EU is sponsoring[70] the on-going SADC-EPA negotiations in which its institutions have remained influential at both the national and regional preparatory processes. The strategy is to entrench the EU's capitalist exploitation, expansion and hegemonic agenda towards this group in spite of growing rates of poverty, unemployment and other social ills.

The EU, as a donor, is known to apply various threats to trading counterparts including withdrawing development assistance, investments and budgetary support; and re-imposing trade barriers even during the negotiation processes. The threats have in the past contributed to desired outcomes and the fear of the same is expressed through regional disintegration, adjustment costs and revenue losses. It appears clear now that the EU with the support of the global neo-liberal agenda of the WTO, the International Monetary Fund (IMF) and the World Bank (WB) seeks to entrench trade liberalisation, privatisation and market integration agenda in this configuration.

Although EPAs seeks to promote poverty alleviation, sustainable development and gradual integration of the group's economies into the global economy, there are indications of profound implications for local production; competitive investment and trade; welfare provisions and employment opportunities; and government revenues. Significant negative impacts would be felt by impoverished communities such as farmers, small producers, people with disabilities, fishermen and informal traders while loss of government revenues negates the economic human rights of citizens. The EC is aware that the group's economic production and trade structures are certainly going to satisfy the medium- to long-term interests of the EU's global trade agenda.

SADC-EPA activities reflect busy schedules for member-states in spite of the expressed commitment by both sides to meet the tight deadline (SADC-EC Joint Road Map). This entails rationalising the negotiations by clearly structuring the preparatory meetings taking cognisance of the limited capacity of the group. This also means stretching existing capacity, especially now that the TDCA review has to be adjusted in order to take into account the direct interests of BLNS countries. Capacity stretching is also clear given that the institutional mechanism has to ensure full participation of the BLNS countries in the TDCA review. It is possible that the TDCA review has to consider indirectly the interests of the non-SACU members of the group – MAT economies, which may demand observer status during this process. The capacity stretching was reflected in June 2007 when the EC organised different meetings in Windhoek (for non-state actors) and Walvis Bay (state actors), simultaneously, despite knowing very well that both state actors and non-state actors have been participating equally in the Regional Negotiating Forum (RNF). This resulted in the SADC EPA Unit desk, the intellectual advisor to this process, failing to interact with non-state actors while the European Commission (EC)'s objective of "we came and consulted" was rightly recorded. This also means that the non-state actors could not only participate at the RNF process, but also follow the proceedings.

SADC Group state of play in the negotiations

The negotiating roadmap

The SADC EPA-EC Joint roadmap expressed commitment to meet the deadline of 31 December 2007 by outlining the objectives, principles, organisation, main targets and time-frame of the negotiations. Both parties committed to redefine the scope of negotiations as well as reorganise the work plan in order to facilitate successful completion of the negotiations by the deadline. The roadmap defined the negotiating principles and identified priority areas including development dimensions; regional integration; market access in non-agriculture, agriculture and fisheries products; trade in services; rules of origin; trade facilitation; technical barriers to trade (TBT); and sanitary and phytosanitary standards (SPS). As such, group activities reflect busy schedules for member-states and the region. This means that the negotiations have to be rationalised in terms of clearly structuring the preparatory meetings taking cognisance of the limited capacity of the group and the review of the TDCA whose adjustment becomes necessary so as to take into account the interests of the BLNS economies.

The negotiating structures

The SADC-EPA roadmap agrees to conduct these negotiations through a three-tier structure, that is, at the Ministerial, Senior Officials and technical levels. In this respect, the Botswana Minister of Trade and Industry has been designated to lead at Ministerial level; a Chief Negotiator at Senior Official level; and the EPA Unit of the

SADC Secretariat at the technical level. The group agrees that at national level, government and non-state actors (the private sector and civil society organizations) develop strategies, synergies and options through wide consultations and deep involvement of all the key stakeholders (such as farmers, producers, and exporters) that advance the respective countries' offensive and defensive interests, positions and concerns into the regional framework. Furthermore, non-state actors form part of their respective government delegations to Regional Negotiating Forums (RNF). In addition to the national and RNF in which all the stakeholders participate, albeit at different levels, there is the Regional Preparatory Task Force (RPTF)[71] comprising development experts of the SADC Secretariat and SADC member states; and the EC officials from Directorate General Trade, Directorate General Development, EuropeAid Cooperation Office and the EC Delegation in Botswana. The main objective is to ensure the link between trade and development as well as to support the identification of EPA related technical assistance needs. Indeed, RPTF is expected to enforce strategic linkage between EPA negotiations and development cooperation, that is, ensure that the process supports trade and economic cooperation provisions and the development component of the Cotonou Agreement as well as efficient delivery of support to this group during the preparatory stages of the negotiations. Further, SADC set up a specific EPA Unit within its Secretariat to coordinate the negotiation processes with member states as well as prepare negotiation positions. The EPA is headed by a Chief Technical Adviser and is staffed with officials seconded from SADC-EPA member states.

The negotiating sequence

The joint roadmap agreed to sequence the negotiations in three stages. As shown in Table III, the group allocated six months to set its priorities for negotiation; two years and six months to engage in substantial negotiations, that is, developing positions and interests; and one year and six months to conclude the process with the EC.

TABLE III: Sequencing of negotiations

Phase	Time Frame	Subject matter of negotiations
Phase I	July to December 2004	Setting priorities and preparation for negotiations
Phase II	January 2005 to July 2007	Substantive negotiations
Phase III	July 2007 to December 2008	Finalisation of negotiations

Source: SADC-EC Joint Road Map

The negotiating principles

Both parties agreed to prepare these cluster negotiations at the technical level and guided by principles that have been derived from SADC-EPA Unit documents and other sources. These principles include:

- *Instrument for Development:* This takes into account specific socio-economic, environmental and structural constraints of the countries concerned; the capacity to adapt their economies to the EPA process; and the developmental objectives of SADC as spelt out in its Regional Indicative Strategic Development Programme (RISDP).
- *Regional Integration:* This premised the SADC–EC EPA process on regional integration initiatives of SADC member-states in terms of its design and sequence; and is intended to complement and support regional integration process and programmes; harmonise regional rules; and consolidate the SADC regional market.
- *WTO Compatibility:* This ensures that the SADC–EC EPA shall be compatible with the prevailing WTO rules and principles, taking into account the context of the Doha Development Agenda.
- *Preservation of the Cotonou Trade benefits:* This ensures that the SADC–EC EPA not only preserves, but also improves the current ACP and EBA preferences into the EU market for SADC exports. The outcomes should therefore ensure that all SADC-EPA member-states are better off.
- *Special and Differential Treatment:* Both sides concur that the SADC–EC EPA outcome provide special and differential treatment to all SADC countries, taking into account the particular needs of LDCs and such situations of vulnerability as small and single commodity countries; landlocked countries; natural disasters such as drought and floods; and countries emerging from conflict.
- *Sustainability:* This entails that the SADC–EC EPA have both negative and positive significant implications for the socio-economic fabric of group member-states in terms of welfare maximisation and adjustment costs minimisation.
- *Legitimacy and Transparency:* This entails that the SADC-EC EPA establishes its legitimacy in the eyes of all the parties to the agreement through its contribution to sustainable development. Furthermore, this calls for both parties to

involve widely and deeply all relevant stakeholders in the negotiations as well as mobilising public support for the process and the outcomes.

- *Resources and Support for Adjustment:* The implementation of the EPA process entails adjustment costs, a development that calls for adequate fiscal revenues to upgrade productive structures, human resources and institutional capacity. Resources are therefore needed to assist member-states in meeting EPA-related adjustment costs.

The negotiating processes and outcomes

After the launch of the EPA negotiations in 2004, the group religiously followed the road map in its quest to meet the given deadline (31 December 2007). As a result, intense discussions occupied a large part of 2005 resulting in the "Framework for EPA Negotiations between SADC and the EU" document that was adopted by the SADC-EPA Ministers of Trade on 12 February 2006, in Luanda, Angola and subsequently submitted to the EC on 7 March 2006 at a joint SADC-EC-EPA meeting in Gaborone, Botswana. The proposal by this group combined the agreement for the five SACU countries based on the TDCA provisions, but with modifications to accommodate products that are sensitive for BLNS and the EU, plus market access for MAT economies on the basis of EBA. Thus, the framework document sought to: (i) lay the foundation and to develop an approach which would be compatible with the existing negotiating capacity in the group and ensure that negotiations are completed before the expiry of the WTO waiver for the Cotonou Agreement on 31 December 2007; (ii) create a single trade regime between the EU and SADC by merging the Cotonou Agreement, EBA and TDCA; and (iii) retain the impetus for regional integration among the SADC member states while using the EPA to support integration efforts in the region. Its key proposals and the EU's response are summarised in table IV.

The document takes cognisance of the existing production and trade structures which invariably are basically commodity based as agriculture and mining account for an average of over 50% of the total GDP. These sectors not only have linkages with the rest of the national and/or regional economy, but also sustain the livelihoods of the majority of the population. The document also takes cognisance of the prospects for further growth and export diversification given the group's weak and relatively underdeveloped manufacturing sector currently protected by high tariff walls. High tariff regimes significantly apply to sensitive[72] and special products.

TABLE IV: SADC-EPA proposals and EC responses

SADC-EPA proposals	EC responses
The BLNS countries should use the TDCA as a basis for their market access offers to the EU.	The EU has accepted the use of TDCA as a basis for market access offers but proposed a differentiation between South Africa and the rest of the SADC-EPA member-states. This effectively means that there will be two treatments for EU exports to the SADC-EPA region and for imports into the EU market from the region. There would not be any technical problems regarding exports to the EU as opposed to imports where close monitoring would be required.
The three LDCs in this configuration (Angola, Mozambique and Tanzania) should not be required to reciprocate the concessions from the EU.	The EC insists on some form of reciprocity for the LDCs with respect to tariff concessions. Tanzania has indicated to the Senior Officials that they would also like to reciprocate because EBA does not help them to develop. Mozambique and Angola have not yet made clear whether they would also like to reciprocate or would prefer EBA.
South Africa should be accepted as a substantive member of the SADC-EPA configuration.	The EU has accepted the inclusion of South Africa in the group.
There should be no binding commitments on new generation issues under the EPA but the issues should be discussed for purposes of cooperation only.	The EC insists on the inclusion of new generation trade issues in the EPAs. The EC's argument is that the issues are necessary to achieve development and would also provide certainty to investors about the region. The EU also insists on linking the inclusion of these issues in the negotiation and development assistance to be offered under the EPA.

Source: Botswana Ministry of Trade and Industry/NCTPN/12th/2007/9

The framework presents a strategic approach that navigates the complexity of trade relations in the SADC-EPA group. In this respect, the framework document seeks to lay the basis for harmonizing three existing trade arrangements[73] with the EU; co-ordinate and align the TDCA review process with the EPA negotiations; develop an approach that is compatible with existing negotiating capacities in the group with the view to conclude an EPA within the set limits; retain the impetus for regional integration amongst the SADC member states; and ensure that the EPA process supports existing integration efforts in the region, that the SADC-EPA arrangement with the EU is WTO compatible, and that proper alignment exists between trade related technical assistance in the EPA process with the programming of EU development support.

The framework further notes that the BLNS already offer reciprocity to the EU through SACU of which South Africa is a member, hence may consider the TDCA as the basis for tariff negotiations taking into account all their sensitivities, especially that of Lesotho and Swaziland. Already the BLNS countries are suffering revenue losses and adjustment costs due to the TDCA, a development that calls for specific compensation from the EU (See Table V on page 18). Angola, Mozambique and Tanzania as LDCs

– are not required to offer market opening to EU under the EBA initiative, a position that has been protected by the Doha Development Round processes. Based on the above, the SADC-EPA group through this framework hopes to provide the EU with a differentiated or variable geometry offer based on the EU's current access to the SACU market with appropriate adjustments to accommodate BLNS sensitivities; and a non-reciprocity offer for Angola, Mozambique and Tanzania. The above satisfies WTO disciplines while allowing SADC-EPA the time and policy options to define a regionally determined approach to harmonize tariff structures necessary to sustain economic growth and development in a globally competitive market.

As from 7 March 2007, the EC accepted South Africa as an active participant of the SADC-EPA group. This means adopting the TDCA template. However, this creates challenges relating to differential treatment of sensitive sectors, including agro-processing industrial activities. Indeed, the dilemma of the EPA process centres on how to differentiate group countries, that is, South Africa, other SACU member-states and non-SACU economies. Is the EPA outcome therefore ready to give equal treatment in spite of huge economic differences within the group? The above negates the spirit of a 'united group voice' and has potential negative impacts for weaker and vulnerable economies.

Furthermore, the SADC-EPA group aims for more liberal and simplified "rules of origin"[74] that allow greater access to the EU market. However, this poses challenges, which the group ought to monitor tightly. There is a possible risk of giving different treatment to BLNS and MAT countries. Therefore, porous borders between and/or among group member-states coupled with absence of tight intra-regional controls could allow imported products from the EU to evade duty charges. This requires MAT countries to vigorously inspect imports from SACU that could have originated in the EU..

The configuration seeks to build capacity on SPS and TBT standards which are necessary to secure better market access. Already both parties have produced technical reports to continue guiding discussions on the levels of technical and financial assistance. Though the framework notes the importance of trade facilitation which seeks development support from the EU, no binding obligations will be entered into under the SADC-EPA. Similarly, the group not only wants to construct a set of conditions to protect fisheries resources, but has also commissioned a study to assist in on-going sector consultations.

The framework dismisses negotiating new generation trade issues such as services, intellectual property, environment, investment, competition, procurement and labour. The group has rightly observed its limited institutional and negotiating capacity. The group also observed that currently the SADC bloc has no common policies covering these issues, a position that not only poses serious policy dilemmas, but also possibilities of delivering unbalanced outcomes which may negatively impact on national development objectives and prospects for deeper integration.

While the framework focuses on the technical exchange and cooperation necessary to develop institutional, policy and legislative infrastructure, the group wants the EU to provide significant levels of financial and capacity building support. The financial support is necessary to redress supply-side constraints; compensate for fiscal revenue losses and the costs of trade diversion and other related socio-economic adjustment costs; and build infrastructure for trade facilitation. Similarly, support for capacity building enables SADC-EPA member-states to upgrade their respective productive structures in ways that promote export diversification; enhance export capacity; redress non-tariff barriers such as SPS and TBT imposed by the EU; facilitate technological transfer and efficient use of information and communication technology; and promote small and medium-sized enterprises and foreign direct investment. It is therefore imperative to speed up the disbursement of the financial assistance, especially the European Development Funds (EDF), as well as properly align the funds with the development component of the EPA negotiations. But the EU has been accused[75] of psychologically applying undue pressure through the 10th EDF with the view to force some countries to switch configurations. This has been the case with Swaziland which was prevented from negotiating under the ESA group; the DRC which switched from ESA to CEMAC; and Tanzania which switched from this group to initial an EPA with the East African Community (EAC) group, a bloc that was not negotiating an EPA (e-comesa Newsletter No. 96). While countries are experiencing difficulties in accessing the promised resources, the same editorial noted that "the EC has linked as well as preconditioned programming of 10th EDF to specific configurations", a move perceived to achieve the goal of switching countries.

However, the framework proposals required a change in the negotiating mandate of the EC thereby resulting in a lengthy consultative process with EU member-states, Commission Services, producers, consumers and other constituencies. This explains why the EC took a year to respond to their counterpart's proposals[76]. But there was no corresponding lengthy consultative processes involving all the constituencies in the SADC-EPA group. Indeed, the SADC-EPA intellectual leadership who are leading the negotiations at the technical level failed to meet with civil society groups, exporters, producers and Members of Parliament with a view to brief these important constituencies on the processes and outcomes. On more than four occasions, the civic bodies were unsuccessful in their efforts to bring the SADC-EPA Unit to its regional dialogue sessions. Indeed, lack of consultation involving all the constituencies in this configuration is worrisome for it is likely to produce unbalanced future trade pacts between the two regions. Furthermore, civil society groups which have not interacted with both the negotiators and the SADC-EPA Unit desk since 2004 remain outside the EU-led processes. Their interaction remains limited to NDTPF and RNF dialogue sessions only. Proactively, civic bodies organised a number of meetings in 2006[77] hoping to interact with the SADC-EPA intellectual leadership *(see Box 1)* who are leading the negotiations at the technical level, but alas, those initiatives went begging. Equally, there was no interaction with the SADC-EPA Unit desk during the annual SADC Summits where both parties were present though at different venues. This not only fuelled perceptions of secrecy, lack of transparency, legitimacy and marginalisation of the above constituencies to the process, but also illustrates a lost opportunity to collectively shape future trade relations with Europe.

Box 1: How SADC-EPA Unit failed civic bodies in Southern Africa

SADC-EPA Unit officials failed to attend (i) a regional EPA meeting organised by the Trades Centre in Harare, Zimbabwe on 7-9 September 2006; (ii) a regional civil society dialogue organised by the Consumer Unity and Trust Society – Africa Resource Centre (CUTS-ARC) based in Lusaka, Zambia, whose theme was "EPAs and Economic Development in ESA Countries" on 19-21 October 2006; (iii) a roundtable discussion organised by the Southern Africa Regional Poverty Network (SAPRN), based in Pretoria, South Africa, whose theme was "EPA negotiations: Challenges and Opportunities for Poverty Eradication in Southern Africa" on 23 October 2006; (iv) though presented to the 21st Plenary Assembly of the SADC Parliamentary Forum meeting in Johannesburg, South Africa on 10-17 November 2006, under the theme "Enhancing the role of Parliaments in Governance and Development at Regional Level: Trade and Development Issues relating to the ACP – EU Trade negotiations", the two SADC-EPA Unit officials left immediately without interacting with MPs who had expressed concerns about the process, substance and expected outcomes.

Although the joint meeting of 2006 committed to redefine the scope of negotiations and reorganise the work plan in line with the set deadline including the extension aimed at concluding a "comprehensive EPA", the EU was/is aware of SADC-EPA group's institutional capacity deficiencies in comprehending the task at hand. A further split of this group following the initialling process in December 2007 is a major set-back to a balanced future trade regime crafted in conformity with existing regional trade protocols and indicative strategic plans.

Unresolved challenges and fears

Introduction

A recently completed joint EPA review has noted a number of challenges which are not only likely to negate sustainable socio-economic development, but also race against the set date. These relate to institutional and negotiating capacity; and divergent views between negotiating parties. As a result, various stakeholders, especially those outside the negotiations mandate have expressed fears that the EPA outcome may entrench donor dependence syndrome thereby surrendering national and/or regional development initiatives and fiscal needs to external funders. These challenges are likely to dilute robustness in formulating offensive and defensive interests, position and offers. They also point to negative implications for economic growth and development and regional integration.

Supply-side constraints

Meyn (2005) notes the failure to provide development aid necessary for the SADC-EPA countries to improve their export capacities. Indeed, the SADC-EPA countries face huge physical, human and institutional barriers which limit their production potential and market competitiveness. They have erratic, expensive and inefficient systems of economic and physical infrastructure, which damage their ability to produce with as much speed, variety and cost-efficiency as the EU. Indeed, most countries have weak supply capacities, which inhibit their potential to exploit the benefits from current EU trade preferences. The major supply-side bottlenecks include unreliable public utilities (electricity and water); poor public infrastructure (run down roads, bridges and railways); weak institutional policy frameworks (fluctuating exchange rates, high inflation rates and poor fiscal measures); low labour productivity (arising from deficient education, poor health and inadequate housing); and an unattractive investment climate. The above shows that the frequent dangling of the "development envelope of recycled resources", which effectively authored the present negotiating configurations is likely to produce a non-developmental EPA outcome.

Production capacities and export competitiveness

SADC-EPA states have yet to develop their production structures in line with the dictates of global industrialisation, export diversification and market competitiveness. Invariably, the level of industrial production and the export base have remained very weak, narrow and highly oriented in favour of primary and unprocessed commodities. Pessimists note that EPA outcomes are likely to provide limited options to individual countries' industrial strategies and development; and may prohibit discrimination against 'foreign investment' thereby forcing SADC-EPA economies to lose their option to protect national 'infant' industries or to promote investment policies that encourage upstream and downstream industrial growth. This not only inhibits efforts towards building national and regional industrial capacities, but also limits market competitiveness and export diversification efforts.

The above indicates constraints on economic development, which an EPA outcome may fail to redress and/or take a much longer time to resolve. There is fear that EPAs are intensifying further opening up of national and regional economies to international competition thereby firmly entrenching the neo-liberal policy project of the 1980s and 1990s. The negative perceptions are strong in those countries which had bad experiences of the "one-size-fits-all" economic reform blueprints, which fear that the EPA outcome may result in loss of industrial competitiveness, expansion and/or sustenance; and employment opportunities. They also fear that cuts in tariffs immediately translate to revenue losses which further undermine industrialisation in terms of skills training and innovation, research and development as well as the diversification efforts that not only generate competitive products, but attract foreign investment capital.

Regional dis-integration

SADC, with the financial support of the EU and other international cooperating partners, has established trade protocols seeking to facilitate intra-regional and/or inter-regional trade and beyond. The region has embraced a regional free trade area (FTA) agenda to be launched in August 2008 and has expressed its desire to become a customs union by 2010. In spite of this good work, the EU is sacrificing the very regional integration agenda it has been bankrolling for decades in order to conclude a new trade regime with the countries of Southern Africa. Due to the EPA process, the EU has created conditions for it to easily pluck and regroup countries in ways that suit its long-term goal of establishing FTAs and its agenda at the WTO trade architecture. This is against the EU's argument that EPAs can only deliver if supported by a strong regional integration impetus. But SADC-EPA negotiating countries belong to several regional integration initiatives (see Table V below). For instance, Angola and Swaziland are a members of COMESA, which has formed a free trade area (FTA) and plans to implement a customs union in 2010; Angola is a member of the Economic Community of Central African States (ECCAS); five countries belong to the Southern African Customs Union (SACU); Tanzania belongs to the East African Community (EAC), which formed a customs union in January 2005; and all countries are members of SADC, which is expected to launch its FTA in August this year (2008) and customs union in 2010. The above suggest that countries must comply with various tariff reduction schedules, rules of origin and other liberalisation requirements. This further suggests various trade agreements offering different trade preferences in the group. However, no country can belong to more than two different customs unions, unless these unions have equivalent trade policies (including a common external tariff, in which case the two could be merged). Thus, the SADC-EPA countries must juggle several regional integration processes, each involving a different common external tariff.

Regional trade is characterised by a combination of cooperation and competition. But South Africa, without consulting its neighbours – mainly SACU countries – signed TDCA with the EU. Furthermore, as the EU and South Africa signed TDCA, they were both aware of the inherent negative implications the new trade regime would entail for BNLS counties and non-SACU economies in this group and beyond. Now that SACU member-states have revoked article 31 of the SACU Agreement of

2002 which stipulated that "no member-state shall negotiate and enter into new preferential trade agreements or amend existing agreements without the consent of other member-states". this has paved the way not only for South Africa to become an active participant to this group's process, but also the realignment of the SADC-EPA process with the existing TDCA template. Kamidza (2007) expressed fear that the on-going EPA process may compromise SADC member-states' collective ownership of the impetus, direction and time-frames for deeper regional integration as stipulated by RISDP. It is feared that the negotiation outcome may fail to harmonise not only existing multiple free trade negotiations with the EU, but also timeframes and resources targeted at a single trade regime to govern SADC-EU future trade relations.

The process is systematically hurting and undermining existing regional integration efforts. It is further dampening efforts to reconcile multiple memberships of configurations despite serious inherent future contradictions within respective countries, and between and/or among countries. In the case of SADC-EPA, this means re-orienting countries which also belong to other economic integration blocs[78]. While this points to small, weak and fragmented regional integration frameworks, it also shows total disrespect for existing regional integration efforts. The fear is that the process has negative implications for regionalism, long perceived as a necessary stepping stone for integrating regional economies into the global economy. The fear is also that the EPA process is increasingly becoming a backward trajectory to regional integration and completely out of touch with the reality of the development challenges facing Southern Africa in general and SADC-EPA in particular. Indeed, weak and vulnerable regional negotiating configurations such as this configuration cannot withstand the pressure and negotiation prowess of the EU.

EPAs have re-oriented SADC countries into new regional trade groupings, in spite of the politico-socio-economic realities of member-states. Judging by the rate of meetings, emerging literature and stakeholders interaction processes, EPA configurations are increasingly assuming the status, roles and functions of existing regional economic communities (RECs) in Africa. Indeed, the EPA political framework and process runs contrary to medium- to long-term goals of existing SADC trade and investment portfolio. There are fears that formulation of offensive and defensive common negotiating positions may suffer from commitment to many regional efforts, low level of trade integration, divergence of economic interests, missing convergence in tariff levels and existence of 'special and differential' treatment for LDCs. Further, there is fear that the future of intra-SADC trade relations will be more complex leading to the possibility of splitting the countries permanently into four blocks – namely:

- SATDCA, that is in existence already;
- SACU-SADC-EPA countries that are already locked into the trade liberalization scheme of a 12 year TDCA;
- Non-SACU-SADC-EPA countries which are all LDCs (Angola, Mozambique and Tanzania) and have the potential to retain their non-reciprocal trade relations with EU. With the exception of Mozambique, these countries are hardly economically integrated into SACU economies; and
- Non-SADC-EPA countries that are negotiating an FTA with the EU under the ESA configuration (Madagascar, Malawi, Mauritius, Zambia and Zimbabwe); and CEMAC (DRC).

However, regional integration has so far received considerable attention in the negotiations. This is due to two factors: (i) multiplicity of regional memberships, which somewhat slowed down negotiations as countries had to find ways of navigating the complex and numerous trade arrangements in the Southern African region while maintaining coherence within the region and with the regional integration agenda; and complexity arising from the simultaneous existence of three trade arrangements in the configuration, namely, the Cotonou Agreement, EBA and TDCA. Proponents of EPAs argue that agreements of this sort will strengthen regional integration while acting as a driving force for the gradual integration of individual economies into the global economy. An obverse view holds that the EPAs have created the right conditions for the EU to split the regional blocs, particularly those members negotiating under different coalitions, a development that saw few countries initialling the EPAs[79]; two refusing to initial[80]; and one initialling in another grouping[81].

Ngwenya (2007) questions the ability of EPAs to facilitate regional intra-trade when EU products are likely to displace regional production, especially in higher value-added sectors. Indeed, regional trade will decline in favour of imports from the EU, thereby making it difficult for firms to compete well on the local and regional markets. Likewise, subsidized agricultural products will be dumped into the region thereby forcing farmers to abandon production due to unfair competition. As a result, sectors which contribute to livelihood, food security and rural development get threatened as reflected by losses in entrepreneurial profits, jobs and incomes.

There is a growing perception that consultation of constituencies being undertaken by the EC[82] is focusing on the politics of SACU at the expense of MAT countries. This exposes the process as anti-configuration unity of purpose in terms of developing interests, positions, concerns, fears and offers for negotiations. This is further worsened by the fact that DG Trade, which is currently leading negotiations, is only concerned with opening markets, regardless of size but at the expense of development. This shows that EPAs are not for development, but market integration. The process has clearly displayed neo-liberal perspectives while no reference is made to existing regional integration policy documents, treaties, programmes and protocols; and SADC's commitment to existing objectives, timeframes and programmes and/or projects. For instance, SADC's RISDP, the objective of which is that SADC should become a single macro-economic entity responsible for regional policy harmonisation, promoting regional infrastructure and consolidating common institutions, has been put on ice until the conclusion of the EPA processes.

Trade and development cooperation agreement and adjustment costs

Europe negotiated TDCA with South Africa, the dominate economy of the SACU region. However, SACU as a single trading and negotiating entity for all the member-states, was not involved when South Africa negotiated an FTA with Europe. The TDCA between South Africa and the EU among other things calls for total liberalisation of the services and goods sectors. Specifically, under the TDCA, South Africa is to liberalise her agricultural and industrial market by 81% and 86%, respectively, in order to allow the EU's subsidised commodities to enter the SACU market duty-free for a period of 12 years. While TDCA provides greater access of South Africa's products to the EU market, as well as positioning its competitiveness on the international market arena, the new trade regime has huge cost implications to the economies of BNLS. This exposes the BNLS economies to the EU competitive environment thereby destabilising existing production structures, resulting in more unemployment and poverty. TDCA lowers tariff levels thereby reducing significantly SACU's customs revenue, and invariably reduces the overall share of revenue accruing to BNLS countries which are not party to the new trade regime. For instance, prior to the new trade regime, the EU accounted for 40% of all SACU imports, a revenue source that guarantees that Swaziland, Lesotho, Namibia and Botswana receive 45, 42, 28 and 17% respectively. Now with TDCA in place, there is a drastic implication for the common revenue poll, which significantly affects Swaziland and Lesotho which traditionally draw over 40% of the total common poll revenue. Bertelsmann-Scott (2006) estimated that revenue losses to BNLS ranges between R1.9 billion and R3.5 billion a year thereby translating into significant decline in BNLS fiscal expenditures, especially social services (health, education, housing, and civil servants employment) and infrastructural development. Table V shows an annual revenue loss to BLNS countries of R2 billion, which translate into more loss to BNLS countries than to South Africa. Lee (2001) notes that BNLS countries would suffer losses arising from trade diversion by importers from non-European markets to the EU because of the FTA regime.

TABLE V:Distribution of revenue losses from a R2 billion reduction in duty collections

	SACU revenue (R Million)			% Share
Country	Before reduction	After reduction	% Change	of revenue loss
Botswana	4,008	3,423	– 15%	29%
Lesotho	1,984	1,709	– 14%	14%
Namibia	3,228	2,753	– 15%	24%
Swaziland	2,795	2,371	– 15%	21%
South Africa	13,027	12,787	– 2%	12%
Total	25,042	23,042	– 8%	100%

Source: Bertelsmann-Scott, 2006

Although TDCA is signed only by South Africa, the lifting of all border controls within SACU allows European goods duty-free access to BNLS markets as well as non-SACU regional member-states. Thus, the new trade regime undermines the agricultural and industrial sectors in many of the SACU, SADC-EPA and non-SADC-EPA economies whose markets risk being flooded by cheaper products from Europe. This is further worsened by porous borders which are difficult to police, especially in those economies experiencing rapid shrinking of the formal economy leading to growing unemployment and informal sector activities including cross boarder trading. The above promotes easy entry of EU products beyond the South African economic boundary. Within the framework of SADC-EPA, the negative impact falls heavy on Angola, Mozambique and Tanzania rather than on other SACU member-states which at least directly benefit from tariff revenue that goes into the common revenue pool.

TDCA violates existing agreements among members of the regional customs union to which all countries belong. Even though the group adopted the TDCA template, they are opposing any 'attempts to require South Africa to allow more market access for EU products' which could potentially displace their exports to South Africa. While efforts to harmonize SACU's trade relations with the EU under one trading regime is appreciated, serious consideration ought to be accorded to MAT countries' interests in the EPA outcomes. This requires proper scrutiny by all national and regional constituencies, especially non-state actors[83] with an oversight function in economic justice activities. But as noted by the EU Ambassador to Namibia[84], "the non-state actors have been ignored in the process". This is imperative in the spirit of 'configuration unity' as emphasized during the launch of EPA.

Although South Africa is now a member of this group, other SACU member-states will continue to suffer adjustment related costs. The review of TDCA and the finality of EPAs is a process that takes considerable time before implementation of outcomes. Meanwhile, negative implications of TDCA will continue to be felt. Another emerging fear relates to the possibility of South Africa's dominance in the process driven by the desire to renegotiate offensive and defensive interests albeit at the expense of other members of the group, especially the LDCs. This seems to favour the EU's political game plan since any objection from the group is viewed as that of South Africa, yet negotiation is with the group. The EU is stepping up demands for the inclusion of services in the negotiations, a proposal that is certainly going to hurt South Africa and few other members of the group. The fear is that other group countries through psychological warfare (part of 10th EDF) (see page 13) are being pressured to accept the inclusion of services in the negotiations. There is fear that such proposals risk dividing the group in ways that have serious future ramification for the economies of the respective countries.

Expected revenue losses

The EPAs are associated with adjustment costs for countries of this group. These have been estimated to cover the following: fiscal adjustment; trade facilitation and export diversification; production and employment adjustment; and skill development. From Table VI below, leading losers include Tanzania, Swaziland and

Mozambique (fiscal adjustment costs); Mozambique, Tanzania and Angola (trade facilitation and export diversification); Mozambique, Angola and Tanzania (employment adjustment); and Mozambique, Tanzania and Angola (skills and productivity enhancement). Further, the total adjustment cost shows that the most likely losers are LDCs.

TABLE VI: Estimated EPA related Adjustment Costs of ESA and SADC configurations, Million Euros

Country	Fiscal adjustment	Trade facilitation & export diversification	Employment adjustment	Skills and productivity enhancement	Total adjustment cost
Angola	40.0	45.0	40.0	45.0	170.0
Botswana	30.0	12.0	25.0	15.0	82.0
Lesotho	40.0	25.0	25.0	35.0	125.0
Mozambique	60.0	90.0	50.0	65.0	265.0
Namibia	40.0	12.0	12.0	15.0	79.0
Swaziland	60.0	12.0	25.0	15.0	112.0
Tanzania	70.0	65.0	40.0	65.0	240.0
Total: SADC	340.0	261.0	217.0	255.0	1,073.0

Source: "The European Development Fund and the Adjustment to Economic Partnership Agreements", Commonwealth Secretariat, November 2006 http://ero.at10.be/content/documents/trade_negotiations-01/pdf/1.1.epa-general/Costs-EPA-Related-Adjustments.pdf.

Disunity in the Interim Economic Partnership Agreements

By the end of December, six countries had initialled the EPAs at different stages as per the long-term set redline. In this respect, Botswana, Swaziland, Lesotho and Mozambique initialled first in late November 2007. followed by Namibia the following month. Namibia signed under protest insisting that the EU pay particular attention to her concerns. Tanzania signed as part of the EAC, which means effectively that the country is no longer a member of this configuration. Two countries of this group did not sign, and these are South Africa which reverted to the TDCA, and Angola which indicated that it would accede only when ready to do so. The initialling of EPAs illustrates that governments have different positions, offers and interests which the EC has exploited to its advantage. This can also be viewed as part of a divide-and-rule strategy of skillfully using, exacerbating and creating divergences between negotiators in the region. IEPAs have now paved the way for engagement in the "Comprehensive EPAs" which is currently underway. Initially, the end-game was scheduled for June 2008, but the indications are that the redline might be pushed to December 2008.

Conclusion and policy recommendations

SADC has two groups – the SACU countries and non-SACU SADC economies. In the negotiations, the former act as one group of countries and are bound by the common external tariff while the latter act as individual customs territories though they are all LDCs. SADC-EPA countries are expected to reciprocate, a development that entails not only reduction in both tariff and non-tariff obstacles, but also massive cuts in government revenues. It is important to always ensure that member-states' interests are well taken care of and adequately represented in the negotiations.

National and regional negotiators, activists, policy makers and other stakeholders should strategically work towards defining the final EPA content in line with the dictates of industrialisation initiatives, export diversification options, regionalism efforts and the socio-economic development agenda. Such commonly defined pointers should properly harness all opinions, perspectives and suggestions. Only Africa in general and SADC-EPA in particular lacks such strategic networking. This explains why the group negotiators have, since the launch of the EPA process, failed to interact publicly with other constituencies beyond the "diplomatic spaces" of NDTPF and RNF.

A proposed offer by the EC does not address the real problems of market access for ACP countries in general and SADC-EPA in particular, which are the standards and rules of origin. In addition, the EU made four offers to the region, that is, 'SACU offer', 'Mozambique offer', 'Angola offer' and 'Tanzania offer' yet the negotiations are a corrective effort of the configuration as clearly defined by the negotiation road map. It is thus strange how these separate offers are emerging when the negotiations are between the EC and the group. Already, the initialling of the Interim EPAs, in which five countries initialled under the configuration framework, one country confirmed in another community that was not party to any of the proposed configurations, and two countries refused to endorse the agreement illustrate the vulnerability of this group to the "tactics", "recycled developmental envelope" and "political manipulation" of the EC.

The language of the EC has always been "configuration process and stakeholders", why then formulate separate offers when the configuration submitted a composite proposal? Negotiators would be naïve if they accept separate offers, which should be contemptuously dismissed as a "divide and rule" tactic that the EC has relentlessly employed since the launch of EPA negotiations with all the ACP configurations. Negotiators should be reminded about the slippery "development envelope" which authored the split of the ACP into six (6) regions at a time when "territorial enlargement" was on the EU's agenda. Therefore, the group's citizens should question the motives for such separate offers. In addition, why is the EU treating South Africa as a major competitive threat each time the group shows boldness on certain views on the table? Why is the EU using threats of loss of market access for exports from this region if EU-led EPAs are not concluded by 31 December 2007? This is both a threat and a manipulation tactic.

The development dimension was explicitly included in the Cotonou Agreement to the point of being the main mover of EPA negotiations, but now it has been restricted to the periphery of the negotiations. Instead, the EU has allowed DG Trade to negotiate with regions while DG Development remains in charge of "the development envelope" of recycled money which crops up only if certain objectives are to be met. It is imperative that the group's negotiators, stakeholders and citizens question the EU's political commitment to release the 'development resources' and the rationale of allowing both DG Trade and DG Development to continue employing confusing signals. The EC has thus argued that members of the group, just like in other configurations, failed to "detail exactly what they want in the development dimension beyond uncosted requests for additional support". However, this is increasingly viewed as an excuse by the EU for the failure to deliver the promised resources since 1975.

The review of the EPAs has highlighted delays in the negotiations, capacity constraints, and limited human and resource capacity in the negotiations. It is therefore imperative to remind the EU that commitment to sign by 31 December 2007 has to be weighed against "late commencement of these negotiations" due to factors beyond the responsibilities of the group's negotiating machinery ,including elections in Europe and the USA. It is therefore imperative to dismiss with contempt the DG Trade notion of a "new trade regime first with Africa before other regions such as China". Moreover, the review was not an all inclusive stakeholders' consultative process, as regular and consistent consultations among stakeholders remain elusive in this group thereby fuelling negative perceptions about the process.

The EU is demanding openings in high growing core services sectors and/or infrastructural related services including telecommunications, transport, energy, construction and finance. The EU Parliament report notes "these services contribute to deeper regional integration while stimulating growth and competitiveness". This needs to be contested by the group. Since June 2007, the EU-led consultative aimed at soliciting views of non-state actors, not only lacks transparency, but also excludes radical views, especially those calling for "Stop EPAs", from participating in the dialogue sessions. It is imperative to demystify the notion that the civic bodies in particular are "noise makers" when the road maps as well as respective national regulations affirm their role in economic justice and the governance structures of the proposed trade regime. The EC-organised June regional meeting for non-state actors deliberately confused the concerns of the people's sector with those of the profit sector. In addition, all constituencies are not yet actively involved in the process due to lack of resources, as the EU totally failed to bankroll non-state actors' activities on this process the way they engage with governments and regional bodies. But the EC knows very well that those financial windows available to governments exclude non-state actors, hence the call for assistance in order to facilitate robust engagement in the process before the "ink is on the paper". Failure to consider seriously views and submissions of non-state actors – moderate and radical – risks leading to underdevelopment, poverty, socio-economic instability, and above all, "selling the region to profit principals, especially Transnationals and Multinational Corporations in Europe".

It is also imperative for the SADC-EPA Unit desk (see Box 1) to interact with the civic bodies at every stage. Unfortunately, since 2006, this Unit desk has constantly snubbed civil society's organized dialogue sessions. despite being funded in terms of per diems, accommodation and tickets (just the way the EC funds all the EPA related processes). In addition, the Unit desk should organise similar consultative sessions with the private sector and other constituencies. Such wide and deep consultations entail analysing and publicising emerging issues, concerns, positions and interests with the view to share them with all the stakeholders. This enables the Unit to harness resources from civil society including critical analytical views, publications and databases in ways that benefit networking on the process.

Similarly, group negotiators should immediately start consulting all the relevant constituencies by holding dialogue sessions; and sharing notes, publications and policy briefs. It is instructive to note that the EC took a year to respond to the group's proposals. The proposed consultative should therefore focus on substantive issues rather than the desire to meet the set deadline. Why sacrifice content of the negotiations for timelines, which should only act as a barometer to focus the process? After all, history shows that a number of multilateral trade rounds for instance fail to respect set timelines. As TWN (June 2007) noted “It is more important to get agreements right than to meet deadlines.”

Group negotiators should also not worry about the waiver since the African Growth and Opportunity Act (AGOA) was implemented without recourse to a waiver, yet the scheme remains in place. In fact, the Doha Round trade negotiations continues to miss the pre-determined deadlines, which should act as guidelines to the negotiations. Why should the waiver argument whip negotiators to sign when all the constituencies are not satisfied with the proposals on the table? Why not solicit the right political will from the EC to extend the waiver window? Both sides should therefore develop the right political will to push for the extension of the waiver, especially given that the two regions together constitute 104 members plus possibilities of trade-offs with other developing countries, a statistic that matters during voting onf proposals.

Notes

[59] The Economic Community of West Africa (ECOWAS), the Eastern and Southern Africa (ESA), Communaute Economique et Monetaire de l'Afrique Centrale (CEMAC) and the Southern African Development Community (SADC).

[60] The EU has agreed to the proposal that South Africa be part of the SADC-EPA group.

[61] For developing countries

[62] South Africa

[63] For Least Developed Countries

[64] Angola, Mozambique, Lesotho, Swaziland and Tanzania

[65] Angola, Mozambique and Tanzania

[66] Botswana, Lesotho and Swaziland

[67] The sugar protocol grants a group of ACP sugar producers preferential market access to the EU. This came into force in 1975 as a replacement for the Commonwealth Sugar Agreement of 1950 which gave quota provisions with regard to white sugar. However, production of beet sugar has steadily expanded.

[68] Fish: fresh, chilled or frozen, dried, salted or smoked, canned, and crustaceans.

[69] Figure includes support for other SADC countries which are negotiating in other configurations.

[70] The EU funded impact assessment studies and national workshops; and participation of 3 people (both government and non-state actors) at the Regional Negotiation Forum.

[71] RPTF was set up in December 2004

[72] SADC-EPA sensitive product lists include agricultural and agro-industrial products; chemicals; petroleum and petroleum products; articles made of plastics, rubber and rubber products; machinery and parts thereof; transport equipment and selected building materials; textiles and clothing, rubber and rubber products; and glass and glass ware.

[73] Creating a single trade regime between the EU and the SADC-EPA group by merging the Cotonou Agreement, EBA and TDCA

[74] Rules of Origin are designed to ensure that the benefits of free trade accrue to member-states of the group that is negotiating an agreement.

[75] The E-COMESA Newsletter No. 96

[76] SADC-EPA proposal that was submitted to the EC on 6 March 2006, was responded to on 7 March 2007.

[77] The most crucial period in terms of formulating negotiating collective positions, offers and interests as well as raising concerns and issues.

[78] The Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Southern African Customs Union (SACU)

[79] Botswana, Lesotho, Mozambique, Namibia and Swaziland

[80] South Africa and Angola

[81] Tanzania

[82] Regional Information Consultative Meeting organized for non-state actors by the EC officials in Windhoek, Namibia, July 2007 focused totally on SACU economies in terms of programme thematic coverage, participation, presentations and discussions, but marginally touched on MAT countries.

[83] Non-state actors include civic bodies, private sector, Members of Parliament, media and social movements.

[84] Elisabeth Pape is the current EU Ambassador to Namibia who noted failure to involve non-state actors in the process during the opening of 'Regional Information Seminar organized by the EC and attended by representatives of the non-state actors, researchers and other organised groups.

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