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New push to conclude fraught SADC-EC trade deal by year-end

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A recent Southern African Development Community (SADC)-European Commission (EC) meeting on the future of the Economic Partnership Agreements (EPAs) governing trade between the two regions has been described constructive by a top South African trade negotiator.

The intention was to conclude an agreement by the end of the year, and a work programme, including a further three meetings before the year-end, had been agreed by the participants.

Department of Trade and Industry International Trade and Economic Development deputy director-general Xavier Carim did however caution that, while the meeting was encouraging, "we are not out of the woods yet," and there was still much work that needed to be done.

The meeting was held in Brussels at the end of July, and focused on tariffs and rules of origin, as well as unsolved negotiating issues relating to legal issues in the EPA texts.

Carim said that there was positive development on about 60% of the outstanding issues, where more precise language was agreed. He added that almost all of the proposals put forward by the SADC were accepted.

Carim noted that there also seemed to be a strong push from the EC side to conclude the negotiations, which have dragged well beyond the initially proposed implementation date of 2008.

Closer collaboration within the Southern African Customs Union (Sacu), comprising South Africa, Botswana, Lesotho, Namibia, and Swaziland, had also been forged. Disagreements between these countries arose previously when some members of the customs union moved ahead and signed interim agreements with the EC while others refused.

Unresolved issues

The most favoured nation (MFN) proposal remained a core issue on which the parties were still "miles apart".

"They [the EC] have not shifted their position on that one, and we have agreed that we will have to come back to that at a later stage. I don't think that their position is a sustainable one," said Carim.

He further stated that if a deal was finally concluded on tariffs and rules of origin, the issues of alignment of the rules of origin within Sacu would not arise. This is because, if South Africa were to join the agreement, the EPA rules applicable to Botswana, Lesotho, Namibia and Swaziland, would also apply to South Africa.

In that case, the problem of potentially requiring stricter border controls would disappear.

There was currently a lack of alignment, owing to South Africa's bilateral Trade Development and Cooperation agreement (TDCA) with the EU, while the remaining Sacu countries were allowed duty-free, quota-free access into the EU. The aim was to conclude one comprehensive deal to deal with the misalignment.

"When we talk about reciprocating for improved access, we are talking about increased South African exports to the EU, in exchange for improved EU access to Sacu. What we are looking for is application of the principal of asymmetrical reciprocity - they need to open up more than we do," explained Carim.

Carim further stated that some agreement has been reached with regard to tariffs. For instance, a deal had been reached on fish; however, issues remained outstanding in the agriculture sector and would require detailed technical work.

An EC proposal on special customs administration also required further clarification, as it could be particularly onerous for SADC countries, and would need to be considered.

The SADC had also proposed a special agricultural safeguard text, which was more stringent than the existing general safeguard, acceptance of which would require further EC deliberation.

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