



**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION
DIRECTORATE B
- POLICY DEPARTMENT -**

NOTE

ON THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

Abstract:

The note provides an overview of SADC history, current objectives and composition, as well as an analysis of regional integration achievements to date and future challenges in prospect. In particular, the note analyses the potential impact of the EU-SADC Economic Partnership Agreement (EPA). The note was prepared on the occasion of the 1st Regional Meeting of the ACP-EU JPA - Southern Africa, due to take place on 28-30 April 2008, in Windhoek (Namibia).

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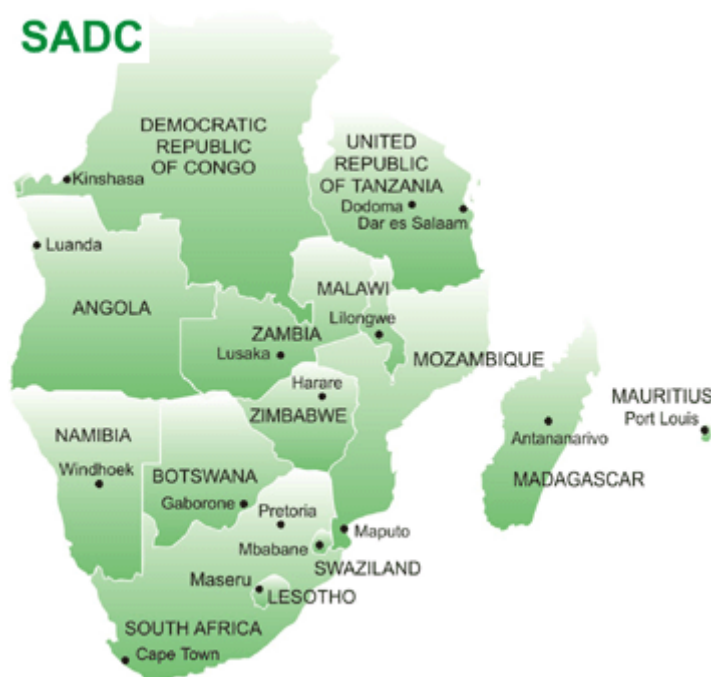
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1. SADC: KEY FACTS



SADC: Key facts

Headquarters: Gaborone, Botswana

Working languages: English, French, Portuguese, Afrikaans

Membership¹ (14): Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

Chairperson: Levy Patrick Mwanawasa (President of Zambia)

Secretary General: Tomaz Salomão (former Mozambican prime minister)

Establishment: as the SADCC: April 1, 1980
as the SADC: August 17, 1992

Website: <http://www.sadc.int>

¹ The Seychelles withdrew from the organization with effect from 2004, as a cost-cutting measure, to save on the yearly membership fees; their application to rejoin the organisation was accepted in August 2007 and, according to diplomatic sources, their membership will be formalised in the course of 2008. Uganda has also applied for SADC membership.

2. HISTORICAL OVERVIEW, OBJECTIVES AND COMPOSITION

- **History:**

Regional integration in Southern Africa started in the 70s, as a reaction against the South African apartheid regime. South Africa's neighbours organized themselves into the unofficial Front Line States (FLS) group, to increase their political weight in order to fight the policies of racial segregation and promote black-majority rule in South Africa, as well as to collectively ensure their own security. Cooperation moved into the economic sphere with the establishment, in 1980, of the functional Southern African Development Co-ordination Conference (SADCC), as a way to coordinate development aid, and reduce economic dependency on South Africa, particularly in transport and energy networks. It transformed into the Southern African Development Community (SADC) twelve years later. South Africa – the former adversary – was ultimately admitted following its first democratic elections in 1994. With its accession, SADC immediately became the economic integration bloc with the highest combined GDP in Africa.

An important centralisation reform took place in 2001, via an amendment of the SADC Treaty, restructuring the twenty-one thematic "Sector Coordinating Units" which had been dispersed throughout SADC Member States, into four Directorates located at the SADC Secretariat headquarters in Gaborone, Botswana. This was supposed to strengthen the secretariat; however commentators note that it remains under-resourced, and staffing has become more problematic¹.

- **Objectives:**

The current professed aims² of SADC include development and economic growth, poverty eradication and the raising of social standards through regional integration. In addition to the classic market integration agenda, it also undertakes regional infrastructure programmes and projects. Medium and long-term economic and social priorities, policies and strategies are reflected in the Regional Indicative Strategic Development Plan (RISDP)³, launched in 2004 and which establishes, inter alia, the following regional integration benchmarks:

- ⇒ establishment of a free trade area by 2008
- ⇒ completion of negotiation of a customs union by 2010
- ⇒ completion of negotiation of a common market by 2010
- ⇒ establishment of a monetary union and a SADC Central Bank by 2016
- ⇒ introduction of a common currency by 2018

Although economic integration leads the SADC agenda, political considerations are not excluded. Indeed, SADC countries have agreed to base their cooperation on:

- ⇒ common economic, political and social values and systems, enhancing democracy and good governance, respect for the rule of law and the guarantee of human rights
- ⇒ regional solidarity, peace and security

¹ *Progress in economic integration within SADC*, Dirk Hansohm and Rehabeam Shilimela

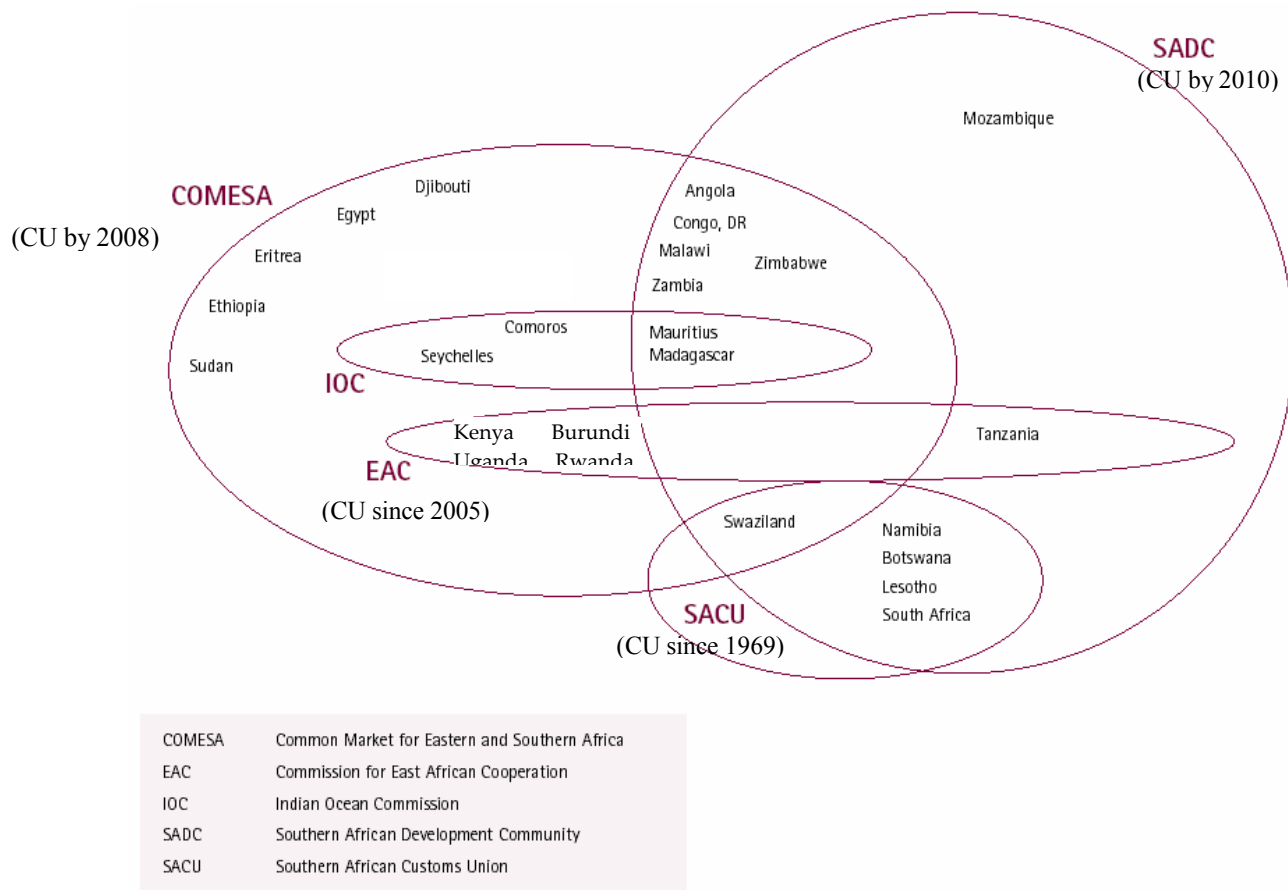
² <http://www.sadc.int>

³ *The SADC Regional Indicative Strategic Development Plan (RISDP) and the regional Strategic Indicative Plan for the Organ (SIPO) - Overview*. Policy and Strategic Planning Unit, SADC Secretariat

- **Composition:**

The Southern African Development Community (SADC) is currently composed of **14 members**¹: Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe. As can be seen from the above diagram, membership overlaps with other regional organizations, primarily COMESA (Common Market for Eastern and Southern Africa). Mozambique is the only SADC member state which is not a member of another regional organization.

Figure 1: Overlapping membership in the SADC Region².



Five SADC members (South Africa, Botswana, Lesotho, Swaziland and Namibia) constitute the **Southern African Customs Union (SACU)** which is an example of the variable geometry within the wider SADC region. SACU is referred to as the oldest on-going customs union in the world, dating back to 1910, when an agreement was signed between South Africa and the three then British protectorates which much later become Botswana, Lesotho and Swaziland. It meets annually, and there are also technical liaison committees dealing with Customs, Trade and Industry, and Agriculture which meet three times a year. This organization has achieved a

¹ The Seychelles withdrew from the organization with effect from 2004, as a cost-cutting measure, to save on the yearly membership fees; their application to rejoin the organisation was accepted in August 2007 and their membership will be formalised in the course of 2008, according to diplomatic sources. Uganda has also applied for membership.

²Source: Evaluation of the EC's support to the ACP SADC region, October 2007, Dolf Noppen, Per Kirkemann, Nicholas Charalambides, Theodor Mutter and Giulia Pietrangeli. Available at : http://www.sarpn.org.za/documents/d0002977/EC_Regional_Evaluation_SADC_Vol1_Oct2007.pdf

particularly deep level of integration, through, for example, its unique mechanism of pooling and redistributing all tariff and excise revenue.¹ Moreover, all the members apart from Botswana are party to a Common Monetary Area. For an overview of all **African Regional Organisations** see Annex I.

The 14-member SADC should not be confused with the regional **SADC EPA** (Economic Partnership Agreement) grouping which goes by the same name. The SADC EPA group is more restrictive and includes only Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland (see chapter 4, Economic integration).

3. INSTITUTIONAL FRAMEWORK²

The **Summit of Heads of State and Government** is the ultimate policy-making institution of SADC, responsible for the overall policy direction and control of functions of the Community. The Summit takes place annually, around August/September in a Member State, at which a new Chairperson and Deputy are elected. There is also provision for extraordinary summits when the need arises³. The **Troika** system, in place since the 1999 Maputo Summit, consists of the Chair, Incoming Chair and the Outgoing Chair of SADC. Other Member States may be co-opted into the Troika as and when necessary. This system has enabled the Community to execute tasks and implement decisions expeditiously as well as provide policy direction to SADC institutions in between regular SADC Summit meetings.

The **Council of Ministers** consists of Ministers from each Member State, usually from the Ministries of Foreign Affairs and Economic Planning or Finance. The Council is responsible for overseeing the functioning and development of SADC and ensuring that policies are properly implemented. The Council usually meets twice a year: at the beginning of the year to approve the annual budget and just before the SADC summit to prepare the agenda. In addition, the **Integrated Committee of Ministers (ICM)** has the task to oversee the work of the Secretariat, and reports directly to the Council of Ministers.

The **Organ on Defence, Politics and Security Cooperation (ODPS)** was established as a "separate but parallel to SADC" body, responsible for promoting peace and security in the region, safeguarding it against instability within or outside its borders. Although created in 1996 it only became effective in 2001 with the adoption of the Protocol on Politics, Defence and Security Co-operation⁴. Robert Mugabe, President of Zimbabwe, was the first ODPS Chairperson, and was replaced in 2001. The Organ reports to the SADC Summit and is also governed by a Troika system. The special status of ODPS is an indication of the willingness to keep the SADC economic integration agenda separated from political and security considerations.

The **SADC Tribunal** was established in 1992, and was seen as a major event in the development of regional law and jurisprudence. However, it was not properly established until 2005 and received its first complaint only in 2007 (not yet processed). Recent evaluations have questioned its independence from national interests⁵. The Tribunal has jurisdiction over the interpretation and adherence to the SADC Treaty, the interpretation, application or validity of

¹ Because of geographical realities, most imports to SACU enter via South Africa, which then earns customs duties.

² Only the main SADC bodies are reported. For a complete SADC institutional overview go to <http://www.sadc.int> and *Profile: Southern African Development Community (SADC)*, The Institute for Security Studies, <http://www.issafrica.org>

³ An extraordinary SADC meeting took place on 12 April, called by the Zambian presidency, to analyse Zimbabwe post-electoral situation (more information under the chapter "political cooperation").

⁴ ODPS was created at the SADC extraordinary meeting of June 1996 (Gaborone, Botswana).

⁵ Evaluation of the EC's support to the ACP SADC region, October 2007, Noppen et al.

SADC Protocols and other SADC documents. It is composed of ten members, all of them recognized judicial officials in their respective member states, appointed by the Summit. The seat of the Tribunal is Windhoek (Namibia).

The Secretariat is the main SADC executive institution, responsible for strategic planning, co-ordination and management of SADC programmes. Its headquarters are in Gaborone, Botswana. It is headed by an Executive Secretary, Mr Tomáz Augusto Salomão from Mozambique, and a Deputy Executive Secretary, João Samuel Caholo of Angola. Both were appointed at the Botswana Summit in August 2005 for a period of four years.

- **The SADC Parliamentary Forum**¹

The first consultative meeting on the formation of a SADC Parliamentary Body took place in Windhoek in 1993 (one year after SADC establishment as such). The first sitting of the Forum took place in Windhoek, Namibia in July 1996. Since then, the Forum has tried to increase its own standing, setting up a task force in 2003 to investigate the possibility of “upgrading” the Parliamentary Forum into a fully-fledged Regional Parliament.

Members of the SADC Parliamentary Forum are not directly elected, but appointed by each member state parliament. In doing so member states must ensure that they reflect the political and gender makeup of their own parliament. Representatives of the SADC Parliamentary Forum serve for a period of five years from their date of appointment. The Executive Secretary of SADC is an *ex-officio* Member of the SADC Parliamentary Forum, although he/she may not vote. The Forum meets twice a year.

The SADC Parliamentary Forum has 4 main bodies:

- Plenary Assembly
- Executive Committee
- Secretariat
- Standing Committees.

The powers of the Parliamentary Forum are very limited, and mainly consultative, such as making recommendations on overall policy, treaties, sectoral reports or the budget; however the Plenary Assembly also approves the annual budget and audited accounts. The Forum also runs thematic programmes, on gender equality via a Regional Women’s Parliamentary Caucus, or on electoral observation.

Overall, its main aim is to provide a platform for parliaments and parliamentarians to promote regional integration in SADC. In the absence of an active civil society organised on the regional level (for example there are very few regional NGOs), the Forum plays an important role in this respect, despite remaining under-resourced.

At the latest sitting, in October 2007, the Parliamentary Assembly condemned the EPA negotiation process, pointing to the negative consequences the divided EPA groups would have on the development and integration of SADC Member States. They also recommended that HIV and AIDS issues be streamlined into the negotiations and implementation of EPA, and called for individual members to continue the discussions on EPAs in their respective national parliaments, through, *inter alia*, questioning national trade negotiators².

¹ The Parliamentary Forum has its own website: <http://www.sadcpf.org/>

² Communiqué from the 23rd Plenary Assembly, 25th October 2007. Available at: http://www.sadcpf.org/documents/Communique_English.pdf

3. ECONOMIC INTEGRATION

SADC is marked by enormous economic **regional imbalances**¹, suffering from **small and little-diversified economies**, pronounced inequalities and **poverty**, marked by the spread of **HIV/Aids pandemic**. Selected economic indicators of SADC countries are shown in Table 1.

South Africa, the regional giant, accounts alone for 68.0% of SADC's total GDP and is the motor of the SADC economy, although it remains a highly unequal society. The six smallest economies of the Community (Lesotho, Madagascar, Malawi, Namibia, Swaziland, and Zambia) together comprise only 7.4% of the total regional GDP and have experienced a decline in growth in the first half of the decade.² In respect of GDP *per capita*, Botswana (USD 4649), which heads the grouping, has a more than 51 times higher level than the member state with the lowest GDP *per capita* (the Democratic Republic of Congo (USD 91).

According to the Human Development Index (HDI), SADC members are at divergent levels of development: Mauritius is the only country which is considered highly developed whereas Lesotho, Zimbabwe, Angola, Tanzania, Zambia, Malawi, the Democratic Republic of Congo, and Mozambique all show a low degree of human development. Finally, all member states suffer from severe poverty. With an appalling 94.1% and 75.8% respectively, Zambia has the highest proportion of population living in moderate, as well as extreme poverty. In addition, one third of the world's HIV-infected people live in SADC countries³. As of April 2007, fully-fledged Poverty Reduction Strategy Papers were in effect in Lesotho, Madagascar, Malawi, Mozambique, Tanzania, and Zambia⁴.

Regional production concentrates on agriculture and mining, which contribute over 50% to SADC's GDP. Consequently, many SADC participants are particularly vulnerable to climatic conditions as well as to international commodity price fluctuations. Besides, the service sector plays an important role in numerous member states. Only Mauritius and South Africa, and to a lesser extent Zimbabwe, have developed significant manufacturing sectors.⁵

¹ Source: the state of convergence in SADC, by Tobias Knedlik and Felix Povel, Monitoring Regional Integration in Southern Africa, Yearbook, Volume 7 (2007)

² Dirk Hansohm and Rehabeam Shilimela, *Progress in economic integration within SADC*, Namibian Policy Research Unit. http://www.nepru.org.na/uploads/media/MRI2006_Ch1_Hansohm_Shilimela_23Apr07.pdf

³ UNAIDS/WHO, 2006

⁴ International Monetary Fund, 2007

⁵ SADC Regional Indicative Strategic Development Plan-Chapter 2

Table 1: Selected indicators of SADC member states¹:

Country	SADC member since	GDP (USD millions) in 2005 (GDP)	GDP per capita (USD) in 2005 (PPP adjusted)	Population (millions) in 2005 (% of SADC's total population)	HDI in 2004 (position in HDI ranking)	% of population living in (severe) poverty in 2004	SACU member
Angola	1980	14,935 (6.4%)	937 (2,077)	15.941 (6.6%)	0.439 (161)	----	
Botswana	1980	8,204 (3.5%)	4,649 (11,021)	1.765 (0.7%)	0.570 (131)	50.1% (23.5%)	X
DRC	1997	5,236 (2.2%)	91 (635)	57.549 (23.7%)	0.39 (167)	...	
Lesotho	1980	988 (0.4%)	550 (2,967)	1.795 (0.7%)	0.494 (149)	56.1% (36.4%)	X
Madagascar	2005	4,340 (1.9%)	233 (821)	18.606 (7.7%)	0.509 (143)	85.1% (61.0%)	
Malawi	1980	1,986 (0.9%)	154 (593)	12.884 (5.3%)	0.400 (166)	76.1% (41.7%)	
Mauritius	1995	5,475 (2.3%)	4,403 (11,312)	1.243 (0.5%)	0.800 (63)	...	
Mozambique	1980	5,773 (2.4%)	292 (1,105)	19.792 (8.2%)	0.390 (168)	78.4% (37.8%)	
Namibia	1990	4,231 (1.8%)	2,083 (6,749)	2.031 (0.8%)	0.626 (125)	55.8% (34.9%)	X
South Africa	1994	159,695 (68.0%)	3,406 (9,884)	46.888 (19.3%)	0.653 (121)	34.1% (10.7%)	X
Swaziland	1980	1,548 (0.7%)	1,369 (4,292)	1.131 (0.5%)	0.500 (146)	...	X
Tanzania	1980	12,646 (5.4%)	330 (662)	38.329 (15.8%)	0.430 (162)	89.9% (57.8%)	
Zambia	1980	4,090 (1.7%)	350 (910)	11.668 (4.8%)	0.407 (165)	94.1% (75.8%)	
Zimbabwe	1980	5,547 (2.4%)	426 (1,813)	13.010 (5.4%)	0.491 (151)	83.0% (56.1%)	

Increased trade among member countries is central to integration. The SADC Trade Protocol, which calls for an 85% reduction of internal trade barriers by this year, came into effect on September 1, 2000, after a rather painstakingly slow process of ratification, lasting 4 years. The full implementation of the Protocol is on track and the region hopes to attain a free trade area by 2008², a Customs Union by 2010, and a Common Market by 2015.

Member States have agreed to asymmetric liberalisation, whereby South Africa liberalises faster than under-developed members, who in turn offer tariff reductions to South Africa at a slower rate than they offer among themselves. However, intra-regional trade remains relatively low, and is dominated by South African exports to the other members.

¹ *The state of convergence in SADC*, by Tobias Knedlik and Felix Povel, Monitoring Regional Integration in Southern Africa, Yearbook, Volume 7 (2007). Data based on World Bank's World Development Indicators, UNDP (2006), Energy Information Administration (2005), and the author's calculations

² As from 8 January 2008, the SADC Free Trade Area came into effect

Despite evident progress, challenges to deeper intra-regional integration remain substantial:

- Serious regional imbalances continue to hamper regional integration, while macroeconomic convergence among member states tends to be low.¹
- Less developed countries tend to offer exports which focus on primary commodities and do not complement their neighbours, due to similar production structures.
- Even when one country does manage to export much needed manufactured goods, this can create tensions and perceptions of unequal benefit².
- Customs duties on exports and imports represent a high proportion of government tax revenue, which cannot easily be drawn from elsewhere.³
- Redistributive mechanisms for customs revenue - like in SACU - may work, but it is not a long-term substitute for enhancing and diversifying the export base of the less developed members.
- In SADC, Zimbabwe's current economic freefall, combined with its repressive political situation is causing migration to neighbouring countries. This is contributing to the continuing restrictions on the freedom of movement of people and services.⁴

- **Economic Partnership Agreements**

The 14-member SADC should not be confused with the regional EPA (Economic Partnership Agreement) grouping which goes by the same name. The **SADC EPA group** is more restrictive and includes only **Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland**. Therefore it does not include Malawi, Mauritius, Madagascar, Seychelles, Zambia and Zimbabwe, which are negotiating in their capacity as COMESA members, in the East South Africa (ESA) configuration. Nor does it include the DRC which is part of the CEMAC EPA group, or Tanzania, which negotiates under the EAC EPA group. See Annex II for the different EPA configurations of SADC member states.

After painstaking negotiations, on November 23, in Brussels, senior negotiators from the European Commission and the Southern African Development Community initialled an interim Economic Partnership Agreement, including a WTO-compatible market access schedule. The agreement initially covered Botswana, Lesotho, Swaziland and Mozambique. South Africa finally refused to sign, while Namibia endorsed the agreement in December 2007. Angola made clear its wish to join as soon as possible although, being a LDP (Less Developed Country) it already benefits from tariff-free and quota-free accession to the EU, under the Generalised System of Preferences (GSP). An overview of the SADC Interim EPA is given below in a January 2008 press release from the European Commission.

Critics of the EPA negotiation process have underlined that, amongst other things, the final configuration of the interim EPA agreement is hampering regional integration, going against one of the main declared objectives of the whole EPA process. The position of the EP regarding EPAs is reflected in its resolution of 12 December 2007 (see Annex III), while the position of the ACP-EU JPA was reflected in the "Kigali declaration" adopted in November 2007 (see Annex IV).

¹ Mareike Meyn, EPAs: A "historic step" towards a "partnership of equals?" ODI working paper 288, March 2008

² Kenya's success in exporting to Uganda and Tanzania was one of the causes of the EAC breakdown

³ George Zachariah, *Regional Framework for State Reconstruction in the DRC*, JIA, 2004

⁴ Evaluation of the EC's support to the ACP SADC region, October 2007, Noppen, et al.

Interim Economic Partnership Agreements Southern African Development Community (SADC)

On November 23 in Brussels senior negotiators from the European Commission and the Southern African Development Community initialled an interim Economic Partnership Agreement including a WTO-compatible market access schedule and provisions on development co-operation and other issues. This agreement will apply initially to the EU side and to Botswana, Lesotho, Swaziland and Mozambique on the SADC side. Angola made clear its wish to join as soon as possible. South Africa will determine its participation in the agreement in the coming weeks. This agreement was initialled by Namibia on December 11. EU and SADC negotiators confirmed that the agreement was open to other parties in the region to join when they wished. Both sides agreed to continue negotiations towards a full EPA in 2008 and a rendez-vous clause is included in the agreement to this effect.

Goods Covered

The agreement allows for 100% liberalisation by value by the EU as of 1 January 2008 (with transition periods for rice and sugar) and 86% liberalisation by value by Botswana, Lesotho, Namibia and Swaziland. For 44 sensitive tariff lines liberalisation is envisaged by 2015. Three further lines will not be liberalised until 2018. The tariff offer from Mozambique covers 80.5% of trade, most of which is liberalised at entry into force. Some 100 additional tariff lines will be liberalised by 2018.

Goods Excluded

Exclusions focus on agricultural goods and some processed agricultural goods and are based chiefly on the need to protect infant industries or sensitive products in these countries.

Other features

A Development Cooperation Chapter has been included which covers cooperation on trade in goods, supply-side competitiveness, business enhancing infrastructure, trade in services, trade-related issues, Institutional capacity building, and fiscal adjustments. Parties agreed to negotiate on Competition and Government procurement only when adequate capacity has been built.

Source: EU Press Release 11/01/2008

- **EPAs and Regional Integration**

The EPA negotiations pose three problems for regional integration in the region, namely:

1. Compatibility within EPA groupings,
2. Compatibility with South Africa's TDCA,
3. Compatibility between overlapping Customs Unions.

Regarding the first point, a recently released joint study by the ODI and ECDPM¹ concluded that within both the ESA and SADC agreements, there are provisions for different country liberalisation schedules and exclusion baskets. Of the goods being excluded by ESA not a single item is in the basket of all five countries and over three-quarters are being excluded by just one. Comparing Mozambique's schedules with those jointly agreed by Botswana, Lesotho, Namibia and Swaziland (BLNS), just one-fifth of the items are being excluded by both parties. The concern is that these differences may cause countries in the same economic region to create new barriers to intra-regional trade, in order to avoid trade deflection.

Secondly, South Africa is an ACP country but is not eligible for the European Development Fund.² Its trade with the EU has been regulated by a separate Trade and Development Co-operation Agreement (TDCA) which was signed in 1999. By default, the remaining SACU Member States also had to adopt the same tariff schedules. South Africa entered SADC EPA talks alongside other SACU members, in the interests of harmony, but the EIU reports that:

"South Africa pulled out of the process just weeks before the end-2007 deadline, citing three main objections: the planned inclusion of trade in services; a ban on new export taxes; and the requirement that any further trade deals concluded by SACU with third parties must also grant most favoured nation status to the EU. The other SACU members, nevertheless, signed the interim EPAs, despite South African pressure not to do so, which has created new tensions within the union and will potentially result in serious tariff anomalies."

According to the ODI and ECDPM paper mentioned above, the main cause for concern is again overlapping in liberalisation schedules, and different exclusion lists. Under the TDCA, South Africa has agreed to liberalise everything by 2012 at the latest; while the other SADC members have agreed 2018 as their deadline. This complex situation calls for an alignment of the EC-SADC EPA negotiating processes with the TDCA Review.

The third problem of the proliferation of Customs Unions is being brought to the forefront by the EPA negotiations. The defining feature of a Customs Union – the common (unique) external tariff – means that it is impossible to be a member of more than one Customs Union at a time, as by definition you can only charge one common external tariff. Whilst SACU and EAC³ have already established a Customs Union, both SADC and COMESA have also committed themselves to becoming Customs Unions. The move towards both SADC and COMESA Customs Unions will require countries to choose which Customs Union they wish to belong to, and the EPA process is acting as a catalyst for the decision. If the current EPA configurations prevail, then the establishment of a SADC customs union will be impossible. Commentators call for coordination of the different EPA negotiating efforts, and political commitment from the highest levels to further the integration agenda.⁴ The upcoming EAC-COMESA-SADC tripartite summit could be the appropriate forum to discuss this in.

¹ ODI and ECDPM, *The new EPAs: comparative analysis of their content and the challenges for 2008, Final Report*, Stevens et al., 31.03.08

² Development cooperation is instead financed through the Development Cooperation Instrument (DCI).

³ The EAC has established a Common External Tariff with the objective of reaching a Common Market by 2008. As regards the Customs Union, this was launched in 2005, but major tariff barriers still exist.

⁴ Babajide Sodipo, *Trade Negotiation Insights*, Volume 7, Number 2, March 2008

4. POLITICAL COOPERATION

Political cooperation within SADC is complicated by the fact that there are many different traditions for governance within the region. On the one hand, the DRC recently held its first elections in forty years, and on the other hand, Botswana is a multi-party democracy which has held regular elections since 1966. Involvement of non-state actors also varies considerably across the members. In Zimbabwe, at the low end of the scale, they are effectively muzzled by the NGO Bill¹.

Progress in deepening political and security cooperation was halted following the involvement of three SADC countries in the Great Lakes conflict, where SADC was effectively split into two camps: Angola, Namibia and Zimbabwe became combatants, opposing the opinion of South Africa and other members, led by Nelson Mandela (Chairperson of SADC at the time)². The three countries intervened officially under the SADC banner, at the request of a new member, the Democratic Republic of Congo, nominally in order to protect it against external aggression. However, all three countries had their own vested interests in the conflict³.

Recently, the 2007 summit furthered plans to constitute a regional rapid-deployment peacekeeping force, which would be used in conflict situations in the southern African region, and could be deployed outside the region under a UN or an AU mandate.

Addressing the rapidly deteriorating political and economic situation in Zimbabwe has proved to be a particularly intractable problem. The South African president, Thabo Mbeki, has been reluctant to criticize the regime, instead following a policy of "quiet diplomacy", despite having to accommodate large numbers of Zimbabwean migrants escaping the country. Last year, Mbeki was mandated by SADC to find a resolution to the political situation in Zimbabwe, while SADC's regional finance ministers were to help the country to draw up an economic recovery plan. The relatively smooth and orderly local, parliamentary and presidential elections which took place in Zimbabwe on 29 March 2008 (which the EU and the USA were not given permission to observe) gave some hope. However, unjustified delays in announcing results for presidential elections, followed by the decision by the Zimbabwe Electoral Commission (ZEC) to recount results in 23 constituencies has alarmed the internal opposition and the international community.

A SADC extraordinary meeting "to discuss electoral developments in Zimbabwe" was called upon by the Zambian President and SADC Chair, against the opposition of Mbeki, who stated that "there is no crisis in Zimbabwe". Applauded by Western diplomacy, the meeting took place on 12 April. Robert Mugabe cancelled his participation and sent three ministers, while Zimbabwean opposition leaders held informal consultations with SADC Member States. Despite the gently-worded final communiqué⁴, criticised by some as "soft" and "powerless", the very fact that the extraordinary meeting took place makes a significant difference compared with SADC muted reaction to the March 2005 parliamentary elections, and may signal the end of SADC alignment under South Africa's "quiet diplomacy" strategy.

¹ The EIU describes the leaders of Angola, Zimbabwe and Namibia as, "old-guard nationalist leaders who wish to retain power at whatever cost", and as a consequence the three members form an axis of states which are disinterested in transparency (EIU Zimbabwe Country Report, March 2007).

² George Zachariah, *Regional Framework for State Reconstruction in the DRC*, JIA, 2004

³ Congo At War: A Briefing of the Internal and External Players in the Central African Conflict, Africa Report N°2 17 November 1998

⁴ <http://allafrica.com/stories/200804150801.html>

5. EC-SADC DEVELOPMENT COOPERATION

Eastern and Southern African countries are supported by two overlapping EC regional programmes:

- the SADC Regional Strategy Paper (covering SADC)
- the E&SA Regional Strategy Paper (covering COMESA, EAC, IGAD and IOC).

As a number of SADC Member States are also members of COMESA, they also benefit from programmes funded under the E&SA RSP.

The 2008 – 2013 SADC Regional Strategy Paper (RSP), which will guide the 10th EDF, has not yet been drafted, as the EC is waiting for the EPA negotiations to conclude. The two priority areas of the 9th EDF, as set out in the previous RSP, were (i) Regional Integration and Trade and (ii) Transport and Communications. The End of Term Review confirmed that these two sectors were the right ones to be concentrating on. It also stated that HIV/AIDS, gender, capacity building and environmental management will continue to form important cross-cutting thematic issues. In addition, as a result of ongoing food security problems in the region, and the contribution of food security to poverty alleviation, Food Security will be a major area of intervention in the next RSP, under the heading, “SADC Economic integration and trade”.

The EC allocated the region € 121 million under the 8th EDF, and € 101 million under the 9th EDF. In comparison, € 223 million were allocated to the Eastern and Southern African (ESA) RSP, which also covers a number of SADC countries.

An independent evaluation of the EC’s involvement in SADC¹ found that although EC support is increasingly poverty-oriented, little actual impact on poverty alleviation could be documented. There are various reasons for this, most of which are completely external to EC support – namely the HIV/AIDS pandemic and the economic situation in Zimbabwe, which has a direct spin-off on neighbouring countries. This is a combination of a loss in investor confidence in the region (linked to the situation in Zimbabwe) and an emigration of millions of Zimbabweans into neighbouring countries. Coupled to this, EDF projects were late in starting and the time period of one five-year EDF programme cycle is probably too short to provide a valid and measurable horizon. The report made the following recommendations:

- Regional integration should feature in the national CSPs as well as the RSPs, in order to advance the integration agenda at country level.
- The (Southern African) EC Delegations with regional responsibilities should meet more regularly, and get involved in the regional agenda, as there is little communication between them.
- The EC should set as a condition for the implementation and coordination of the SADC and E&SA 10th EDF funds that SADC fully participates in the Inter-Regional Coordination Committee (IRCC) - a coordination body where African regional economic organisations meet.
- The EC should provide the required funds to help SADC – or SACU – to develop their procedures to such an extent that these organisations will be able to receive EC funds directly and implement them using their own procedures. At the moment, this is a long way off.

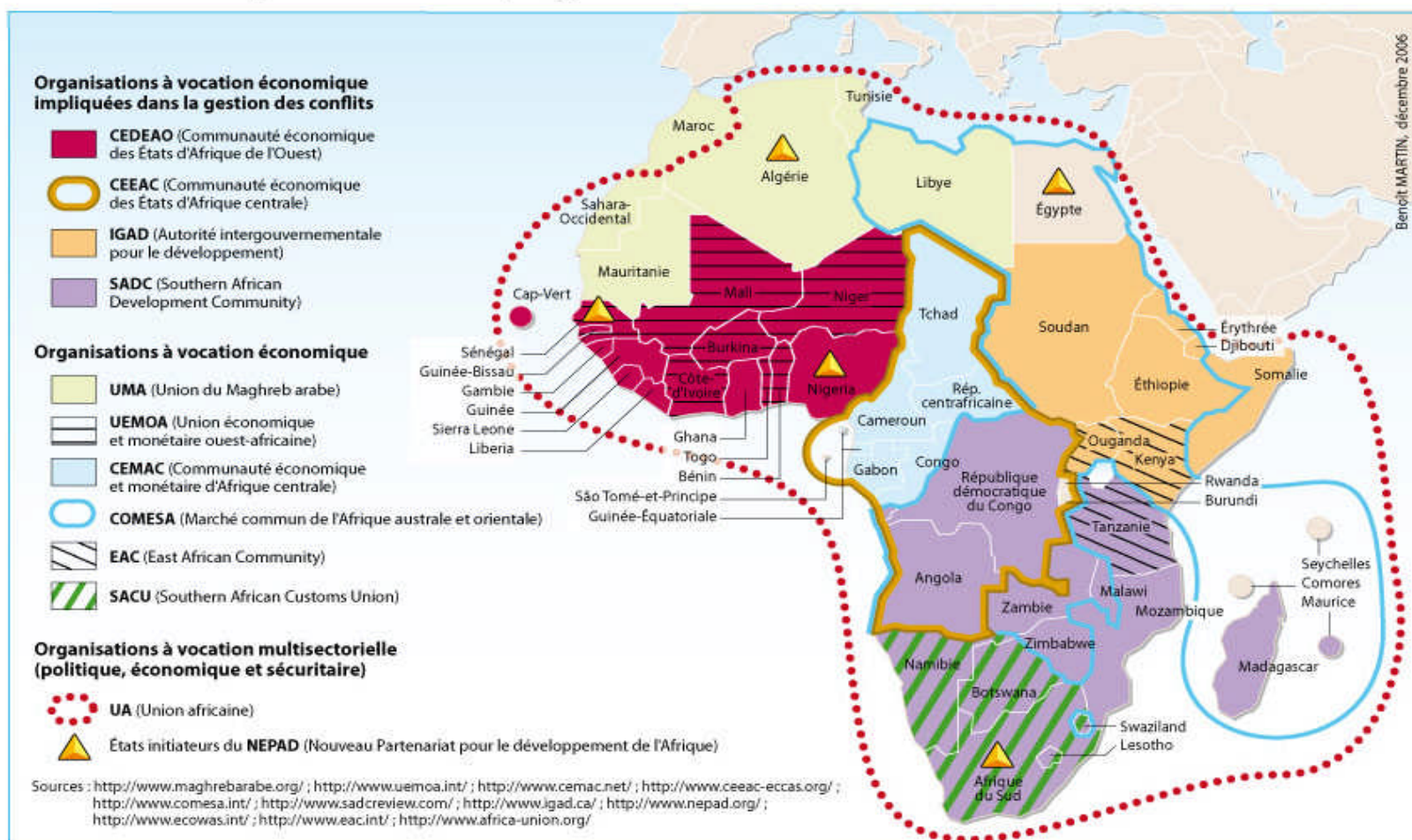
In general terms, SADC is still a **vulnerable** organisation which relies heavily on **donor support**, with SADC Member States funding only the minority of SADC’s budget. Different sources² credit donors for funding between 50 and 90% of SADC budget.

¹ Evaluation of the EC’s support to the ACP SADC region, October 2007, Noppen, et al

² Ibid

Annex I: Africa Regional Organisations

Institutions régionales en Afrique, janvier 2007



In Marie-Françoise DURAND, Benoît MARTIN, Delphine PLACIDI, Marie TÖRNQUIST-CHESNIER, *Atlas de la mondialisation*, Presses de Sciences Po, Paris, 2007, 2^{ème} édition



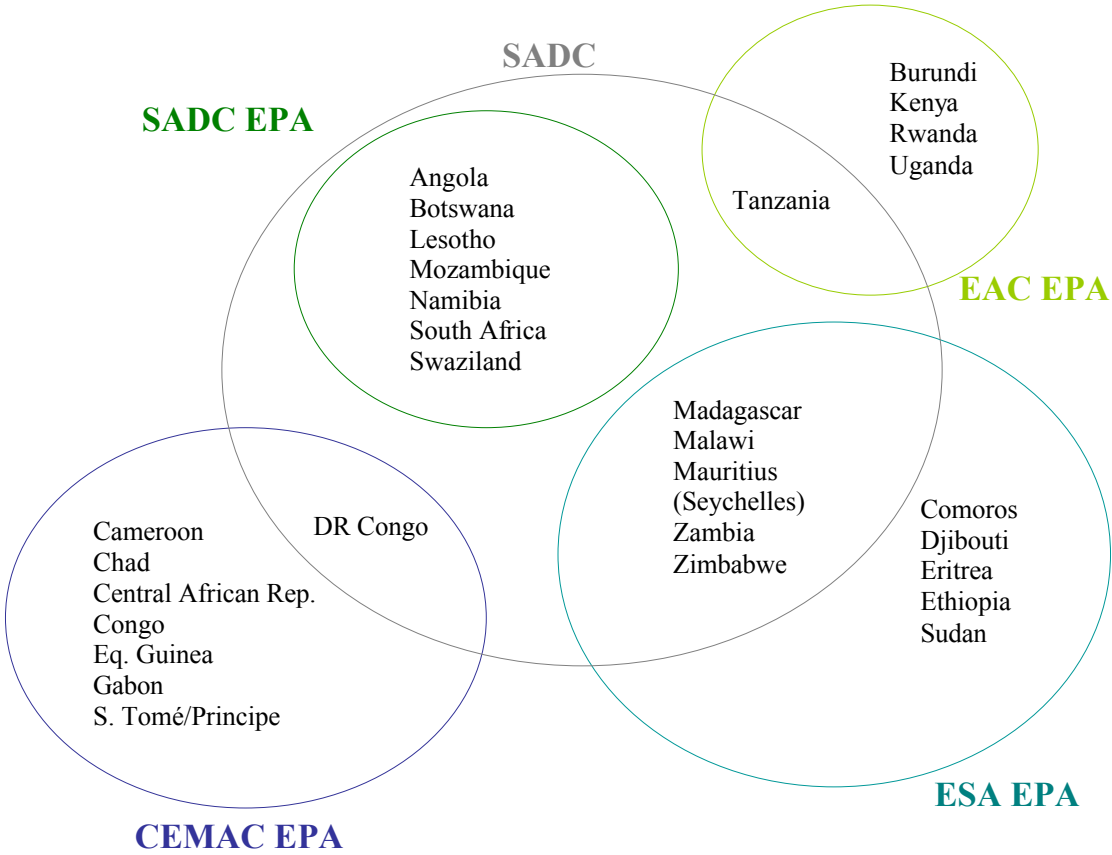
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Annex II: The different EPA configurations of SADC member states



Texts adopted by Parliament

Wednesday, 12 December 2007 -
Strasbourg

Provisional edition

Economic Partnership
Agreements

P6_TA-PROV(2007)0614
0497, 0498, 0499, 0511/2007

B6-

► European Parliament resolution of 12 December 2007 on Economic Partnership Agreements

The European Parliament,

- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific (ACP) Group of States of the one part, and the European Community and its Member States of the other part, signed in Cotonou on 23 June 2000 (the Cotonou Agreement),
- having regard to the Commission Communication of 23 October 2007 on Economic Partnership Agreements (**COM(2007)0635**),
- having regard to the Conclusions of the General Affairs and External Relations (GAER) Council of 19 November 2007 with regard to Economic Partnership Agreements (EPAs),
- having regard to the ACP-EU Joint Parliamentary Assembly resolution adopted on 20 November 2007 in Kigali on the review of negotiations on Economic Partnership Agreements,
- having regard to the General Agreement on Tariffs and Trade (GATT), in particular Article XXIV thereof,
- having regard to the policy statement of 9 November 2007 by the Ministers of the ACP States on EPAs,
- having regard to its previous resolutions on this matter, and in particular its resolution of 23 May 2007 on Economic Partnership Agreements,
- having regard to Rule 103(2) of its Rules of Procedure,
 - A. whereas Article 36(1) of the Cotonou Agreement sets out the parties' agreement to conclude new WTO-compatible trading arrangements, progressively removing barriers to trade between them and enhancing cooperation in all areas relevant to trade and development,
 - B. whereas the waiver exempting the Cotonou Agreement from WTO law will expire at the end of 2007,
 - C. whereas several ACP States are very reluctant to conclude EPAs and declare that they have been put under pressure by the Commission to sign an EPA, while others insist on the importance to their economy of EU market access,
 - D. whereas establishing regional markets represents a key instrument for successfully implementing EPAs,
 - E. whereas negotiations on EPAs, which are to replace the Cotonou Agreement, are not progressing at the same pace in the six regions and are not likely to be completed in any event before the end of 2007,
 - F. whereas in October 2007 the Commission made an offer to the ACP States concerning an interim agreement, as a first phase of the conclusion of EPAs covering trade in goods and all areas that can be already agreed on, such as rules of origin, to be implemented as from 31 December 2007,
 - G. whereas, according to the Cape Town Declaration, the main objective of the EPA negotiations is to strengthen the economies of ACP States,
 - H. whereas the objective of ACP-EU economic and trade cooperation is to promote development and to foster the gradual integration of ACP States into the world economy,

1. Reiterates its belief that EPAs must be instruments of development in order to promote sustainable development, regional integration, and a reduction of poverty in the ACP States and to foster the gradual integration of the ACP States into the world economy;
2. Notes with concern the slow pace of the negotiations, as a result of which, most probably, no full agreements will be signed with any of the ACP regional groups by 31 December 2007;
3. Takes note of the recent decision by the Commission on a two-step approach in order to avoid trade disruption for ACP states that are not among the least developed countries and to continue negotiations beyond 31 December 2007 on comprehensive development-friendly EPAs;
4. Takes note of the proposal made by the Commission in its abovementioned Communication and the decision of the GAER Council of 20 November 2007 to conclude, in the first phase of negotiations, interim agreements limited to trade in goods;
5. Takes note of the conclusion of the interim Framework Agreement between the European Community and the East African Community Partner States and several states of the Southern African Development Community, guaranteeing duty-free and quota-free access for those states' goods to the EU market;
6. Emphasises that establishing a genuine regional market represents an essential basis for successfully implementing EPAs and that regional integration is essential for the social and economic development of the ACP States; emphasises that therefore agreements must help to keep regions united;
7. Calls on both parties to shoulder their responsibility to continue negotiations on the other issues as soon as possible; stresses that a long-term agreement can only be reached if all parties concerned feel committed to it;
8. Stresses that full asymmetry in the agreements, compatible with WTO requirements, should include maximum flexibility with regard to tariff cuts, coverage of sensitive products and an adequate transition time before the agreement has to be fully implemented;
9. Urges that account be taken of the specific interests of the outermost regions and overseas countries and territories in the EPA negotiations on the basis of Article 299(2) and (3) of the EC Treaty;
10. Recognises that it is important for the ACP States to commit themselves to the economic partnership process and to promote the reforms needed to bring social and economic structures into line with the agreements; urges ACP governments to implement good governance rules; urges the Commission to adhere to the principles of full asymmetry and flexibility;
11. Stresses that the Commission's offer concerning rules of origin marks a relaxation of current provisions; believes that the necessary flexibilities should be built into the agreement, taking into account the differences in level of industrial development between the EU and the ACP States as well as among ACP States;
12. Notes the importance of having top-level negotiations on investment and trade in services; calls on the Commission to be flexible on these areas, as some ACP regions are reluctant to address these issues;
13. Recalls the commitments by the Council and the Commission not to negotiate pharmaceutical-related TRIPS-plus provisions affecting public health and access to medicines, such as data exclusivity, patent extensions and limitation of grounds of compulsory licences;
14. Calls on the Commission to carry out a systematic analysis, during the negotiations and following their conclusion, of the social impact of EPAs on groups most at risk;
15. Stresses that trade rules must be accompanied by an increase in support for trade-related assistance particularly in support of regional trade and in accordance with EU import regulations and standards, and that interim agreements must include specific provisions for EPA-related aid for trade in addition to EDF (European Development Fund) funding; calls for concrete commitments to be made prior to the conclusion of EPA negotiations, addressing trade-related assistance and adjustment costs associated with EPAs, in full accordance with the EU aid-for-trade strategy;
16. Notes with interest discussions for the establishment of EPA regional funds, which will facilitate channelling of EU donors' resources and provide financial assistance for revenue diversification initiatives;
17. Considers that the conclusion of a new generation of free trade agreements with other developing countries should not lead to an erosion of the trade preferences that ACP countries currently enjoy;
18. Calls on the Commission and the European Parliament's Legal Service to evaluate each individual agreement to ensure that the legal powers and prerogatives of the European Parliament are fully respected; asks for the assent

procedure to be applied to each agreement; considers that legal action should be taken in the event that the European Parliament's competence is not fully respected;

19. Requests the Commission and the Council to seek Parliament's assent to the conclusion of EPA interim agreements pursuant to Article 300(3), second subparagraph, of the EC Treaty;

20. Instructs its President to forward this resolution to the Council, the Commission, the ACP-EU Council and the ACP-EU Joint Parliamentary Assembly.

ANNEX V

Kigali Declaration

for development-friendly Economic Partnership Agreements (EPAs)

The ACP-EU Joint Parliamentary Assembly, meeting in Kigali (Rwanda) from 19 to 22 November 2007:

I. Preamble

- A. whereas the Cotonou Agreement sets out the Parties' agreement to conclude new WTO-compatible trading arrangements, progressively removing barriers to trade between them, enhancing cooperation in all areas relevant to trade and development, building on the acquis and improving market access,
- B. whereas establishing regional markets represents a key instrument for successfully implementing EPAs, and whereas regional integration represents an important basis for the social and economic development of ACP States,
- C. recalling that the objective of ACP-EU economic and trade cooperation is to promote development and to foster the gradual integration of ACP States into the world economy,
- D. recalling that, according to the Cape Town Declaration, the main objective of the EPA negotiations is to strengthen the economies of ACP States,
- E. underlining that the Cape Town Declaration called for negotiations to be structured in an open and transparent way, taking into account the differences in resources and level of development between the two negotiating sides,
- F. recognising the fact that, thus far, for various reasons, none of the ACP negotiating teams has been able to complete negotiations on a comprehensive EPA,

II. The negotiation process

1. Takes note that ACP States declare that they have been put under pressure by the European Commission to sign an EPA and that this is against the spirit of the ACP-EU partnership;
2. Urges the European Commission to acknowledge that more time is needed for ACP States to assess, in a comprehensive way, the implications of the agreements proposed, given that negotiations have only taken place in earnest for the past two years;
3. Notes with concern that the European Commission has stated that, if agreements are not in place, tariffs will be imposed on many exports from non-LDC ACP States, starting on 1 January 2008, and that this would threaten the welfare and livelihoods of millions of workers in ACP States;
4. Notes the recent decision by the European Commission to adopt a two-step approach with a view to avoiding trade disruption for some ACP States and to continue negotiations beyond 31 December 2007 on comprehensive, development-friendly EPAs;
5. Underlines the importance of regional markets and stresses that any 'two-step' approach, or any other initiative that might undermine ongoing ACP regional integration processes, must be avoided;
6. Stresses that the European Commission must honour commitments made in the Cotonou Agreement to ensure that the ACP States — including non-LDCs — not in a position to sign an EPA be provided with a new framework for trade which is equivalent to their existing situations and in conformity with Article 37(6) of the Cotonou Agreement;
7. Calls on the parties to include a periodic review clause in all EPAs, in order to assess their implementation and to allow for any necessary adjustments;

III. Principles*Overall approach*

8. Believes that all agreements reached, whether interim arrangements or full EPAs, must ensure that no country is left worse off after the expiry of the negotiation deadline;
9. Calls for the threshold laid down in interim agreements for the accession of LDCs to be adequately lowered to match their stage of development;
10. Stresses that the process of regional integration for EPA regions must be an underlying principle of EPAs, and that these agreements must be consistent with, and contribute to, the strengthening of ACP regional integration initiatives;

Enhancing market access

11. Appreciates that, for LDCs not yet party to the interim arrangements, the 'Everything But Arms' (EBA) initiative alone is not sufficient, and should be coupled with improved and simplified rules of origin;
12. Underlines that the simplification of rules of origin is a prerequisite and that all necessary flexibility in the implementation of the new agreements should be introduced;
13. Stresses that the European Commission should include appropriate asymmetries in the agreements, in particular concerning: the definition of 'substantially all the trade'; coverage of sensitive products; length of transition periods and pace of liberalisation based on development benchmarks; safeguards; and dispute settlement;
14. Notes that the conclusion of a new generation of free trade agreements by the European Commission could lead to the further erosion of trade preferences that ACP States currently enjoy, and that the EU should therefore take this into account and provide adequate support for adjustment, enhanced competitiveness and diversification in ACP States;
15. Calls for adequate financial and technical assistance to ACP States to enable them to meet EU import regulations and standards and thus fully benefit from improved market access;

Addressing supply-side constraints

16. Expresses concern about many of the provisions tabled by the European Commission in the areas of services, competition, intellectual property, and government procurement, as some ACP regions do not want to address these issues, and urges the European Commission to be flexible on this matter;
17. Regrets that the delays in the ratification of the revised Cotonou Agreement could impede the implementation of the 10th European Development Fund (EDF), which is likely to result in a shortfall in annual aid allocations to ACP-EU cooperation, and therefore encourages all parties to complete the ratification process as soon as possible;
18. Stresses that a 'goods-only' agreement must include specific provisions for EPA-related aid-for-trade support, in addition to the EDF, to build supply-side capacity and address the social impact of trade liberalisation in ACP States;
19. Stresses, further, that delivery of EDF resources must not be linked to, or made conditional on, signing EPAs;

Government revenue diversification

20. Calls for more attention to be paid to revenue diversification challenges facing ACP States, particularly given that import duties on virtually all trade with the EU would be abolished;
21. Welcomes the proposal for the establishment of EPA Regional Funds, which would include a 'fiscal adjustment facility', made up of contributions by the European Commission and EU Member States, in order to provide financial assistance for revenue diversification initiatives in ACP States and to support fair trade initiatives;

Addressing external trade effects of the reform of the common agricultural policy

22. Calls on the EU to ensure that any reform of the common agricultural policy (CAP) is fully coherent with the objectives of its development policy and cooperation with ACP States;
23. Believes that important lessons from earlier agricultural reforms (including banana and rum sector adjustments, as well as the EU CAP reform) must be applied in the design and implementation of sugar sector accompanying measures;

The gender dimension

24. Regrets that, thus far, no specific positive measures have been developed to safeguard and promote the rights of women and girls in accordance with Article 31 of the Cotonou Agreement, and that there has been no gender mainstreaming in the EPA negotiation process; calls, therefore, on the European Commission to carry out a systematic analysis, during the negotiations and following their conclusion, of the social impact of EPAs on the most vulnerable groups;

Conclusion

25. Agrees to organise JPA oversight to publicly monitor and review the trade and development impact of EPA implementation, to improve policy coherence for development and to design mechanisms to ensure accountability and regular reporting of the EPAs' contribution to equitable and sustainable development;
 26. Concludes that the Joint Parliamentary Assembly will continue to work to ensure that any new framework for trade will leave no single country worse off, and, further, that new trading arrangements will foster prosperity and sustainable development in all ACP States.
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