Question 499

Mr M H Hoosen (ID) to ask the Minister of Trade and Industry:

(1) Whether the Government has to date rejected draft economic agreements that the European Union has signed with certain African countries, including Botswana, Lesotho and Swaziland; if so, why;

(2) (a) what are the (i) advantages and (ii) disadvantages of acceding to such agreements and (b) how does he intend to take the matter forward?

Response:

On 23 November 2007, Botswana, Swaziland, Lesotho and Mozambique initialled the Interim Economic Partnership Agreement (IEPA) with the EU. On 11 December 2007, Namibia initialled the IEPA on the understanding that concerns, which it had identified throughout the negotiations, would be addressed in the negotiations towards a comprehensive EPA. South Africa did not initial the IEPA due to a range of concerns.

These concerns include the introduction by the European Commission (EC) of provisions in the IEPA legal text that, in combination, would undermine current processes of regional integration in SADC and SACU, limit the scope for development policy in SADC and SACU EPA Member States, and create new legal and institutional arrangements that could undermine existing arrangements in the region. The SADC EPA states appear to be confronted by a situation of having to choose between regional integration, on the one hand, or maintaining their trade relations with the EU, on the other.

South Africa has on several occasions raised its concerns with the IEPA outcomes. We did so during the negotiations themselves, at the ACP Ministerial meeting in December 2007 in Brussels and at the highest levels during the Africa-EU Summit in Lisbon, in December 2007, and at the AU Summit in February 2008 in Addis Ababa.

More recently, South Africa again communicated its views to other SADC EPA States and to the EC at the Trade Ministers meeting on 4 March 2008. In our submission we recognised that some SADC EPA Members were under pressure to initial the IEPA to preserve their access to EU markets in January 2008, and that the IEPA had indeed preserved market access for the SADC EPA members. We argued that this must be preserved.
At the same time we indicated that, in the interests of regional integration and ensuring the integrity of the SACU, it will be necessary that South Africa’s concerns are fully addressed in a parallel process without any procedural or substantive preconditions. As part of the process, we indicated that it would be necessary for South Africa to conclude its tariff negotiations with the EC in order for SACU to submit a joint tariff offer in order to preserve the customs union. Failure to do so would undermine SACU’s common external tariff, requiring new administrative controls that would negatively affect current SACU arrangements. We proposed that this process be undertaken in a manner that does not undermine the preferences already secured by the SADC EPA and with respect to their ongoing negotiations on services and investment.

In our view, an understanding has been reached between all Parties that a process of addressing South Africa’s concerns can unfold in parallel to ensure that a final outcome of the EPA both preserves the customs union in SACU and consolidates the region’s trade relations with the EC by the end of 2008.