



**OFFICIAL ADDRESS DURING THE NATIONAL CONSULTATIONS
ON THE SADC – EU ECONOMIC PARTNERSHIP AGREEMENT
(EPA) NEGOTIATIONS**

BY

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Director of Ceremonies

Honourable Ministers

Honourable Deputy Ministers

Honourable Members of the Standing Committee for Economic Development

Honourable Members of the National Assembly

Honorable Members of the National Council

Honourable Governors

Excellencies Ambassadors and High Commissioners present

Permanent Secretaries and other Senior Government Officials

Captains of Industries

Ladies and Gentlemen

I am glad to see such a good turn out to this very important national consultation organized by the Ministry of Trade and Industry on the Economic Partnership Agreement (EPA) negotiations between the SADC EPA Countries (namely Namibia, South Africa, Botswana, Lesotho, Swaziland, Mozambique and Angola) and the European Union (EU).

This consultative process that we are engaged in today is specifically aimed at reflecting on the challenges and opportunities that came out of these negotiations, with the purpose of informing policy makers and negotiators through open and frank discussions on potential options and avenues Namibia can take in this process.

The negotiation of an EPA is rooted in the ACP/EU Cotonou Agreement, which itself was not compliant with the rules of the World Trade Organization with respect to its trade regime. The EPA was meant to address this issue of non-compliance and become a reciprocal (but still asymmetrical) trade agreement between the ACP and EU.

The EPA, in recognition of the colonial origins and imbalances of trade between the EU and the ACP and persisting skewed states of economic development, was thus also aimed at bringing the ACP countries gradually into the mainstream of world trade as equal partners in the WTO.

We as developing countries stated that “we want trade, not aid” from Europe amongst others and the EPA was meant to make that possible under the predictable and secure conditions required to make the necessary investment in industrialization in order to create goods for export. We also stated that we do not want to be exporters of raw materials but of final finished goods to consumer end markets.

The EPA was also intended to support greater regional integration for those countries involved in the EPA process.

However, many challenges and also opportunities have resulted from the process of negotiations. Concerning these expectations about the EPA process and the premises that would underpin it, we need to ask if we are achieving what we have set out to do:

- 1) First of all, will we have a reciprocal (but still asymmetrical) trade agreement between the ACP and EU?

The answer seems to be provisionally yes, the ACP states were offered, albeit in different groups, duty free quota free market access into Europe, while still being able to maintain tariffs on between 10 and 20% of some goods. The tariffs granted to ACP states however do not compensate for levels of subsidisation that the EU countries benefit from and therefore the playing field remains skewed.

- 2) Secondly, will we be able to address the persisting skewed states of economic development and bring the ACP countries gradually into the mainstream of world trade as equal partners in the WTO?

Here the answer is less clear, as the negotiations brought on major obligations and limitations that the ACP states would have to commit to, without the same benefit of policy flexibility and unrestrained government spending that the EU has enjoyed in the period since the second World War and up to the establishment of the WTO. The aspects which are continuing even today are the much discussed subsidies that the European Commission provides to the agriculture and fisheries sectors, to name just two.

- 3) Thirdly, will we as developing countries be able to make sufficient economic and developmental gains through trade and thus free themselves from reliance on aid?

If by establishing the free trade agreement we would achieve "trade instead of aid", well and good, but the danger lies in us not being able to move beyond being the exporters of raw materials only. We need to go through an industrialization process to ramp up our productive capacity, attract investment and acquire technology to add value to raw materials and export goods that could compete in any market. In this regard we are under pressure to restrict our policy space regarding the tools we could use to support industrialization, such as the manner in which we could apply infant industry protection, export taxes on raw materials, and take action against dumping and unfair trade.

And fourthly

- 4) Would we have achieved greater regional integration as the result of the EPA process than otherwise?

Here the answer is clearly worrying. Somehow we have allowed fragmentation of the ACP Group into several negotiating configurations. At our sub-regional level, SADC has been split into three negotiating configurations, namely SADC EPA (consisting of originally 8, now 7, of the 15 SADC Member States), Eastern and Southern Africa or ESA, consisting of most of the COMESA members including most of the remaining SADC member states, and the Central African configuration which includes the DRC. To that we could add ECOWAS, bringing the total to four negotiating groups on the continent. There is thus a real risk that our regional integration initiatives could be undermined because of differing positions and commitments made within the respective configurations to the EU, even before we have had the opportunity to make all the necessary trade arrangements with fellow African states.

Director of Ceremonies,

Distinguished participants

This year marks the 11th year of engagement in the Economic Partnership Agreement negotiations. This marathon process is a reflection of the complexity of the issues on the negotiating table, and the risks that we are facing. As such it deserves the necessary consideration, consultation and input given the objective to ensure that countries such as ours will not be made worse-off at the conclusion of

these negotiations; and also given that the outcome is expected to be consistent with the provisions of the World Trade Organization (WTO).

The negotiations were started in 2000 and should have been concluded in December 2007, which was the date when the WTO waiver to the EU to provide non-reciprocal access to ACP countries was expiring. Faced with the threat of loss of preferential market access into the European Union market at the end of December 2007, many ACP countries signed the Interim EPAs.

Namibia in 2007 opted not to sign the Interim Economic Partnership Agreement (IEPA) given that during the negotiations, our negotiators have identified issues that would have eroded the policy space for Namibia should it have signed the agreement in the form it is. As a country we initialled the text of the Agreement and obtained an undertaking from the EU that the contentious issues, later termed 'unresolved negotiating issues', that Namibia and its partners in the SADC EPA configuration had identified, would be addressed in a meaningful and beneficial manner in the negotiations towards a final EPA.

For the past six (6) years since 2008 the negotiations have continued to try and resolve those unresolved negotiating issues. Some have been cleared but other problems have emerged. Having considered the conference agenda, I am pleased to see that the presenters will take us through all those issues and will also provide us with an update on progress made within the negotiations.

It is important to know that we are not alone. At the recent 7th Summit of the ACP Heads of State and Government held in December 2012 in

Malabo, Equatorial Guinea, through their Sipopo Declaration, the Summit raised concerns directed at the European Union:

- that “several contentious issues in the EPA process severely limit policy space or tilt the balance of rights and obligations” and that issues which are not germane to WTO compatibility should be removed from the negotiations;
- “that EPAs have undermined regional integration processes and that the consolidation of regional integration processes should precede any trade liberalization” towards the EU;
- that no additional resources have been programmed by the EU to mitigate the implementation costs of an EPA;
- that the proliferation of EU regulations and legislations on non-tariff measures are technical barriers to trade, which I can add, devalues the duty free quota free market access given to those who sign EPAs”; and

Importantly, the ACP Heads of State further called on the EU not to deny any ACP State market access benefits for whatever reason, and further calling on the EU structures in the context of the proposed deadline to enable the negotiations to be continue without pressure of time so that the outcome will be acceptable to all sides.

Subsequently, we also met as the Southern African Customs Union (SACU) during the week of 8th April 2013 and considered this matter. Taking into account those discussions, I would expect that the following

issues should be addressed for the negotiations to be concluded successfully, namely that:

- (a) the negotiators must ensure that, in all aspects, the final EPA does not decrease the policy space that States have with respect to economic policy and industrial development plans;
- (b) that the negotiators should engage their EU counterparts to get a clear interpretation and understanding of the implication of the withdrawal of the market access regulation 1528 of 2007;
- (c) the negotiators should determine clear timelines for the conclusion of the negotiations, focusing on the remaining outstanding issues;
- (d) the EU should be requested to stop adding new demands to the negotiating agenda;
- (e) the EU should be reminded of the fact that the main aim of the EPA negotiations is to achieve a mutually beneficial agreement based on the principles of cooperation and development;
- (f) the negotiations on trade related issues should be on cooperation rather than binding commitments using international conventions or multilateral agreements as a benchmark and lastly that;
- (g) SACU should reaffirm its commitment to negotiate a final EPA and in good faith based on the principle of unified engagement.

Our country is faced with many challenges, most notably the issue of unemployment and a low industrial base, and drought this year. We need to increase our efforts to address these challenges and we therefore need most if not all resources geared towards that. I believe that our Government should not succumb to pressure and compromise on policy space, especially if it will undermine our efforts to improve the livelihoods and socio-economic standards of the citizens of this country.

No doubt we are partners in many respects with the European Union, taking into account the importance of the EU as a trading partner and also given the historical ties it has with Namibia. It is that partnership – true and equal partnership - that all of us would wish to be reflected in the process as the negotiators are nearing the conclusion of the negotiations.

Director of Ceremonies

The EPA negotiations cover what I have indicated above. There are however a number of behind the border issues, which need mentioning. The EC has the ability to unilaterally invoke rules and barriers that could de facto terminate access to the EU market. These rules are relating to standards, SPS matters, environmental issues, governance, animal welfare and many more.

Linked to the above the need to diversify markets and the reduce reliance on and vulnerability to a single market becomes an important strategy.

The European Parliament has set the 1st October 2014 as the date on which the ACP Countries that have not signed the EPAs will forfeit the preferential market access into the EU. This approach taken by the EU goes against the letter and spirit of what is supposed to be a partnership and is regrettable. It also has the potential of placing undue pressure on the negotiating processes. I therefore reiterate my concern over this unilateral step by a negotiating partner.

In conclusion, I must emphasize that the EPAs and other trade arrangements should build on the existing accomplishments of ACP-EU trade relations and further reiterate that no ACP State should remain or

be made worse-off at the end of the EPA processes than under the previous ACP-EU trade arrangements.

Our MTI team has worked hard to prepare for this important national consultation and I want to thank them very much. However, the work is not yet done and another shift of hard work lies ahead of us. Let us be frank and open in our deliberations and strive for outcomes which enhance Namibia's ability to prosper.

I thank you