

Ex-Post Evaluation of the Economic Partnership Agreement (EPA) between the EU and its Member States and the Southern African Development Community (SADC) EPA States

(TRADE2022/C1/C12 - 2022/OP/0007)

Draft final report
Summary of findings, conclusions, recommendations

CSD Meeting, 11 July 2024

Evaluation overview

- **Purpose:** to evaluate the **implementation** and **impact** of the EU-SADC EPA since its provisional application
- **Scope:**
 - Implementation (**effectiveness & efficiency**): commitments by the Parties; institutional issues; related development cooperation
 - **Impact:** economic; social, gender; human rights, including labour rights; and environment & climate change
 - **Coherence** with EU policies and **relevance** for EU and SADC EPA trade needs and development issues
 - **Geographically:** EU27 (as a whole) and SADC EPA Partners (BWA, SWZ, LSO, MOZ, NAM, ZAF)
 - **Time:** since start of application (2016 for EU and SADC EPA except MOZ; 2018 for MOZ). Comparison period (where appropriate): from 5 years prior to start of application (2011)

- **Schedule:**



Evaluation report structure

Vol 1: Main report

A Context

- Background
- Description
- Method

B Findings

- Implementation
- Effects (economic, social, environmental, human rights, development cooperation)

C Conclusions & recommendations

Vol 2: Appen- dices

A-E Detailed analysis related to implementation and effects

F Consultations report

Vol 3: Case studies

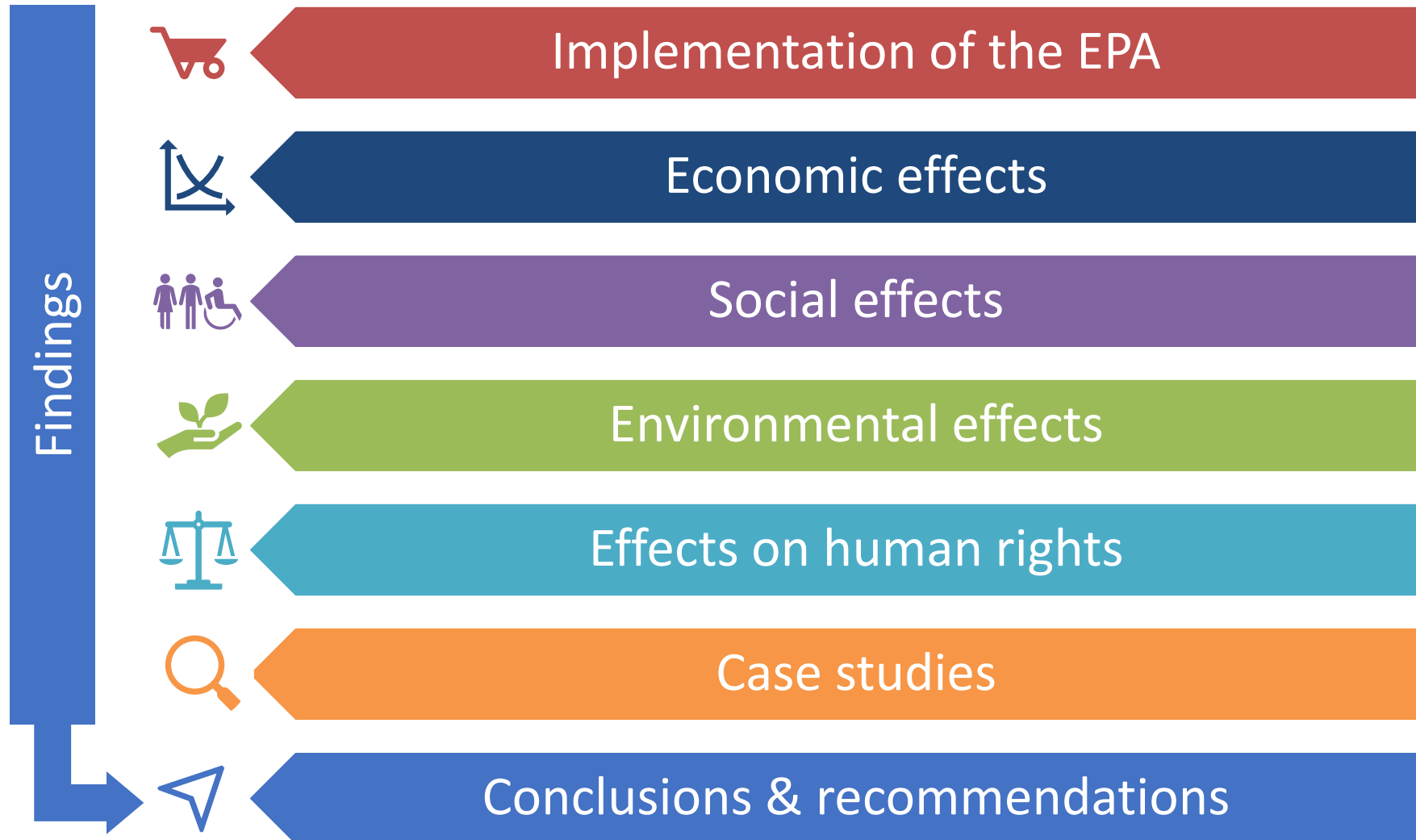
Automotive sector

Sugar sector

Poultry sector

Renewable energy

Overview of presentation



Implementation of the EPA (1)

■ Market access

□ Tariff liberalisation (based on 2022 imports)

- EU imports from BLMNS: 100% duty free; from ZAF: 96.5% (1.3% partial/TRQ; 2.2% excluded)
- BLNS imports from EU: 76% (LSO) – 99% (SWZ) duty free. ZAF: 68% (10% partial/TRQ; 22% excluded – mostly car parts benefitting from duty drawback)
- MOZ imports from EU: 73%

□ Implementation of tariff cuts

- Very few tariff lines too high (likely clerical mistakes)
- MOZ: tariff book and ESW applied tariffs differ
- Generally: mutual perception of lack of transparency in tariff transposition – insufficient cooperation

□ Preference utilisation

- By SADC exporters generally high (>90%). MOZ & LSO still use EBA
- By EU: lower but increasing (78% in 2022)

□ TRQs

- Allocation by SACU on interim basis; administrative delays de facto prevented use of TRQs 2022-early 2024
- Utilisation uneven across products, both ways – idiosyncratic reasons

■ Export taxes/restrictions

- Some issues in NAM (hides & skins, CRMs), ZAF (scrap metal)
- Dissatisfaction in SADC EPA States about tight restrictions on export taxes in EPA

Implementation of the EPA (2)

■ Trade remedies

- Primarily use of remedies under WTO rules – not evaluated
- Single use of bilateral safeguards to date – Tribunal found measure to violate the EPA
- EU exemption for SADC from global safeguards expired – application of steel safeguard to ZAF (with TRQ – not fully utilised)

■ Customs issues/trade facilitation/rules of origin (RoO)

- Regulatory environment improved (but because of EPA?); but some problems related to transparency and predictability
- No major operational customs/trade facilitation issues reported by stakeholders
- Several EPA RoO more stringent than EBA/GSP; e.g. RoO for vehicles seen as limiting transition to electric vehicles
- Diagonal cumulation by SACU only activated in 2023, MOZ not yet; use of cumulation apparently limited; concept of cumulation poorly understood, despite training and assistance provided
- Limited use of approved exporter scheme and self-declaration for low-value exports – mostly use of (paper-based) EUR.1 form

■ Technical barriers to trade (TBT) and sanitary and phyto-sanitary (SPS) issues

- Limited scope of EPA – mostly refers to WTO agreements
- Some TBT issues (in ZAF, MOZ) – mostly addressed at WTO
- SPS: difficult area – issues regularly raised by all Parties in TDC meetings (no dedicated SPS committee): many products & measures
 - Core EU concern: delays, non-responsiveness and other problems particularly in South Africa in issuing permits and country authorisations
 - Core SADC EPA concern: demanding and ever stricter SPS rules in EU, driving up costs and reducing the attractiveness of the EU market

■ Geographical indications (GI) and trade in wine and spirits (applies to EU-ZAF only)

- EU concerns about three products: Feta, Cognac and Brandy de Jerez; no evidence found for widespread or systematic misuse of GI
- EU exports of GI-protected products to South Africa remain at low levels (<1% of EU's total GI-protected exports)

Implementation of the EPA (3)

■ EPA institutions

- Established, meeting and serving as forums for information exchange but no effective problem solving (incl. TDC, Joint Council)
- No clear role for Agricultural Partnership
- Complex institutional structure on SADC EPA side
- Competition with bilateral dialogue channels

■ Implementation of TSD Chapter and involvement of civil society

- TSD-related developments in SADC EPA States linked to domestic agenda and other international commitments rather than deliberate implementation of EPA TSD Chapter
- EPA institutions: limited discussions related to sustainable development
- EPA references to Cotonou/Samoa Agreement not applicable to South Africa
- Engagement with civil society has been limited – reluctance by SADC EPA States

■ Awareness for EPA

- Uneven across SADC EPA States and different types of stakeholders – limited in less developed SADC EPA States and among importers

■ Development cooperation

- Substantial and relevant assistance provided to SADC EPA States in wide range of areas, but:
no specific targeting to SADC EPA States in earlier regional interventions; partial mismatch between national and regional projects; interventions not always aligned with the EPA; implementation delays
- No EPA fund established

Economic impact (1)

■ Methodological issue:

- EPA involved few changes in actual conditions of trade between Parties compared to previous arrangements (TDCA, GSP, EBA), but today the regimes would be different
 - => before/after comparison (trend analysis) difficult
 - => economic modelling to compare actual situation in 2022 with hypothetical situation in 2022 where no EPA was in place (2 scenarios)

■ Trend analysis/descriptive statistics for goods trade

- Substantial increase in bilateral trade 2016-2022 both ways, but especially EU imports from SADC EPA States.
- Higher growth in bilateral trade than pre-2016
- Decreasing share of SADC EPA States in EU total exports (from 1.3% to 1.0%) and EU exports to SSA (from 38% to 31%)
- Limited changes in composition of trade & export diversification, but a number of new products have been exported from SADC EPA States: more and higher-value first-time exports since start of EPA (aided by EU assistance)
- Unrealised export potential for SADC EPA States remains high, esp. extractives/mining products, agricultural products, garments, and footwear

■ Services trade and foreign direct investment

- Not covered by EPA, hence no direct effects
- Positive effects on services sectors from macroeconomic changes induced by EPA
- EU is most important investor in SADC EPA States, and those are most important destination for EU FDI in Africa
- EU FDI was mostly stable, increasing in 2021. Anecdotal information: at least some FDI oriented towards exports to EU

■ Effects on MSMEs and informal sector

- EPA contributed to formalisation of informal firms and scaling up of MSMEs (productivity-improving effects of EPA)
- But effect not across-the-board: garments and leather products (important for MSMEs) negatively affected

Economic impact (2)

- Contribution of EPA to economic changes (**CGE model results** scenario A – EPA vs. TDCA; larger effects when compared with MFN, scenario B):
 - **Expanded two-way trade by about 5.9%** (EU→SADC EPA 8.0%; SADC EPA→EU 3.6%; why? EU has lower tariffs in counterfactual)
 - Small positive impact on **real GDP** for all Parties, and **economic welfare** improved both within the EU (+€543 M) and across the SADC EPA region as a whole (+€452 M), but variation in terms of trade skew welfare gains to South Africa and Namibia
 - Generally small negative effects on **government tariff revenue** (except LSO small positive effects; and ZAF larger negative)
 - **Sector effects** are net positive on both sides. Largest absolute output effects for individual sectors:
 - In EU: Gains for automotive, public services, commercial services, garments, rubber & plastics; losses for sugar, computer/electronic/ optical products, vegetables/fruit/nuts, other prepared food
 - In SADC EPA: Gains for automotive, sugar, public services, trade services, cattle; losses for garments, metal products, rubber & plastics, machinery & equipment, other transport equipment
 - Limited (negative) effect on **intra-regional trade** (SADC EPA States) from EPA tariff cuts
- Effects on EU **outermost regions** negligible, except for sugar and fruit from La Réunion and fish from Madeira

Bilateral trade		South Africa	Mozambique	Botswana	Namibia	Lesotho	Eswatini	SADC Total	
EU Bilateral Exports (€ millions, 2022 prices)		2,701	275	29	34	24	8	3,070	
SADC Bilateral Exports (€ millions, 2022 prices)		1,003	8	12	266	1	3	1,292	
EU Bilateral Exports (%)		7.7	20.2	5.5	3.0	48.1	4.6	8.0	
SADC Bilateral Exports(%)		3.4	0.5	0.4	14.1	0.3	2.7	3.6	
Welfare & GDP		EU27	South Africa	Mozambique	Botswana	Namibia	Lesotho	Eswatini	SADC Total
Economic Welfare (€ millions)		543	293	-10	19	149	2	0	452
Real GDP (% change)		0.0018	0.025	0.108	0.021	0.075	0.140	0.043	0.029

Social impact (1)

■ Employment

- Exports to EU have contributed to job creation in sectors including citrus fruits, grapes, sugar and automotive industry in South Africa, mining in Eswatini, fishing and grapes in Namibia and most likely also beef in Botswana and Namibia and mining, tobacco and cashew nuts in Mozambique.
- Negative effects on jobs in the textile or apparel sector are mainly due to factors other than the EPA
- Some sectors (e.g. poultry in Mozambique) operate better than estimated (**Positive => SDG No. 8**)
- Very limited but positive effects for jobs in the EU automotive sector

■ Poverty reduction

- Jobs and income supported by exports to EU contribute to poverty reduction in SADC EPA States
- Also limited positive impact of the EPA on **wages**. (**Positive => SDG No. 1**)

■ Formal/informal jobs

- Limited data availability, but: most likely jobs created thanks to exports to EU in citrus fruit, grapes, apples and automotive sector in South Africa, mining in Eswatini and Mozambique, fishing and grapes in Namibia, and textiles and apparel in Eswatini and Lesotho are formal.

■ Working conditions

- Mixed picture. Better working conditions have been identified in sectors where trade unions are present (e.g. automotive sector in South Africa) and due diligence is applied
- In agriculture (e.g. grape sector), better working conditions are offered to permanent workers

Social impact (2)

■ Women

- Less likely than men to benefit from the EPA: mining, fishing (jobs onboard vessels), motor vehicles and commercial livestock farming are dominated by men.
- In grapes sector, women work as seasonal workers compared to male permanent workers.
- Women represent the majority of textile and apparel sector workers and are present among smallholding informal farmers (**Mixed => SDG No. 5**)

■ Consumers

- Positive effects of increased variety and accessibility of goods
- Indirect positive effects of imports of machinery and equipment to the SADC EPA States
- Income generated thanks to the EPA increases demand
- Low risks to consumer safety (low number of unsafe products imported to the EU)

■ Corporate social responsibility/responsible business conduct (CSR/RBC)

- Exports to EU have contributed to an increase in number of farms certified under private sustainability schemes (e.g. in fruit and wine sectors in South Africa), and their improved performance on working conditions
- Further progress is hampered by low prices paid by EU retailers and weak enforcement capacity of labour inspection in SADC EPA States

Environmental impact (1)

Positive environmental developments, yet limited and no clear EPA effect

- Relevant MEAs are ratified, targets formulated, implementing policies defined and reporting on average is reasonably on track
- Yet policy uptake is lagging, hampered by lack of technologies, implementing capacity and weak policy and institutional framework in several areas (e.g. waste management)
- Changes since applying the EPA are relatively limited. Improvements are observed in governance & policy implementation, but no clear causal relation to the EPA has been identified
- Significant environmental improvements seem mostly the result of other major developments (f.ex. RE policies in response to energy crisis and need to improve energy security)

Multilateral support plays a prominent role

- Most environmental convention reporting depends on international donor support
- Larger part of targeted GHG reductions in all SADC States are subject to multilateral support
- Cooperation under TSD Chapter currently concentrates on informing. There is scope for stronger cooperation (f.ex. support to adoption of standards or support to improved monitoring)

Environmental impact (2)



High climate vulnerability; extreme weather events impacting main economic activities (f.ex. agriculture). Except SA: low GHG emissions and no climate law. Improvements governance and policies, but no evidence impact EPA.

Air pollution: high challenges; main cause of death (esp. young children). Significant decrease PM2.5 emissions but still > regulated WHO target. No evidence EPA impact but int. donor support significant factor in policy update and reporting. Policy/regulatory framework weak in most SADC EPA States.



Rich in natural resources. Forest areas significant, reforestation targets in place but decrease in % forest area in most countries. Policy commitments on mining, raw materials and reforestation in place, but no causal relation to EPA. Implementation and enforcement of laws and regulations remains weak.

Rich floral/faunal diversity but biodiversity is threatened (by agricultural expansion, alien invasive plant species & unsustainable grazing and resource harvesting). Aggravated by climate change. Sustainable strategies and action plans in place, but limited uptake, monitoring and enforcement. Small impact of EPA.



Water stress high in SA and Eswatini. Low access to drinking water in esp. Mozambique. Small increases to access drinking water since start EPA (high in Moz) but no clear indication of relation to EPA.

Waste statistics scarce/outdated/unreliable in 4/6 SADC States (except Nam and SA). Problems in high waste volumes and low waste management quality. No observed impact of EPA in waste creation nor improvement addressing issues. Reporting on chemicals lagging, except for SA and Moz.



Human rights impact

- **Overall** – no significant impact on human rights in either EU or the SADC EPA States
 - Limited *civil society participation*, limited awareness – may constitute an obstacle to effectively implement and monitor the EPA
- **At sector level and locally** – impact on specific human rights linked to changes in production and employment shifts (most prominent in Namibia & South Africa)
 - Increased employment opportunities/labour contraction > minor positive/negative impact on *the right to an adequate standard of living* (Botswana & Namibia). Stakeholders perceive the EPA as relevant for poverty reduction
 - *Right to food* – minor positive impact in Namibia (with production increase across most agricultural sectors), overall - no major change as vulnerability to food security remained
 - *Right to water* – mixed limited impact (production in water intensive and water-polluting economic sectors) – climate change and current water scarcity are a big concern in the region
 - *Land rights* – no direct link to the EPA has been established, however existing related legislation is weak. In Mozambique, the right to FPIC is not provided in the national legislation

Sector case studies (1)

1. Automotive sector

- Positive effect of EPA on **bilateral automotive trade**: increase in EU exports of automotive parts to ZAF, increase in ZAF light vehicle exports to EU. Marginal effects for other SADC EPA States
- Impact on **value added/labour**: +2.5% in ZAF (mostly assembly, less so component production); +0.13% in EU
- No measurable effect on strengthening **local value chains** or **intra-regional trade** in automotive products
- EPA does not support **transition from internal combustion engine vehicles to electric vehicles** (EVs) – some EVs excluded from liberalisation in SACU, RoO relatively stringent (max 40% of non-originating materials), not allowing use of batteries from third countries
- ⇒ **Recommendations**: Extend preferences to all EVs; find ways to build bilateral EV value chains; consider reviewing RoO in interim period

2. Sugar sector

- Under EPA, EU partially opened market for South Africa (TRQs of 150,000 tonnes per year); SADC EPA partially opened sugar confectionery for EU
- Exports expanded both ways – esp. sugar to EU from South Africa: TRQs filled quickly
- EPA effects on other SADC EPA States' sugar exports limited (limited change in regime: Eswatini had used ACP sugar protocol, Mozambique EBA); stronger (negative) effect of EU sugar market reform (removal of guaranteed prices for ACP producers and the end of the EU production quotas)
- Response by Eswatini and Mozambique (shift to higher-value sugar, incl. specialty) increases competitive pressure for La Réunion
- ⇒ **Recommendations**: Maintain partial EU market opening through TRQs on sugar from South Africa; continue close monitoring of production and trade in sugar for La Réunion; consider EU assistance for diversification of sugar value chain in Eswatini and Mozambique in ways compatible with EU (including outermost regions) sugar industry interests

Sector case studies (2)

3. Poultry sector

- EU poultry exports to ZAF decreased from 230kt in 2016 to 3kt in 2022, 14kt in 2023; some increase to MOZ, and interim to NAM (until 2019). Reasons:
 - SPS issues: HPAI in EU leading to import bans in ZAF/SACU; regionalisation not accepted in SACU (outbreak in one place in an EU country leads to ban for whole country), and slow market re-opening after outbreak has been controlled
 - Use of trade remedies by ZAF/SACU: bilateral safeguard against EU (found to be inconsistent with EPA after measure had lapsed); anti-dumping duties against several EU Members
 - Anti-dumping duty-free quota granted by South Africa to imports from US (originally set at 60kt - nearly 70% of EU export volume to SACU then; now increased to 72kt)
 - Namibian import quota on poultry, also comprising imports from EU – against EPA Article 39 prohibiting quantitative restrictions
 - Production capacity increase in South Africa under the Poultry Master Plan (10% increase in capacity since 2019), reducing need for import
- No South African exports to EU as SPS requirements are not met; limited interest so far by South African poultry industry
- ⇒ **Recommendations:** EU should push for acceptance of regionalisation; address Namibian import quota; EU exporters to focus on products not covered by anti-dumping duties (e.g. leg quarters from Spain)

4. Renewable energy

- EPA has had a limited effect on renewable energy (RE) sector in any of the EPA Parties: trade in RE products flat; some EU investment in RE sector in SADC EPA States but not EPA-driven. Reasons:
 - Most products concerned are already liberalised under MFN treatment
 - No EPA provisions directly targeting RE
 - Little cooperation and dialogue on RE under EPA – other dialogue forums used
 - Significant support by EU to foster RE sector in SADC EPA States – but not in EPA framework
- ⇒ **Recommendations:** Negotiate more specific TSD provisions in EPA for developing RE sectors in the Parties; or conclude separate renewable energy partnership agreements

Overall conclusions

Effectiveness

- Positive: tariff liberalisation as planned and has led to more trade in goods. No major concerns related to operational aspects in customs and trade facilitation, TBTs, and other areas
- Room for improvement: administration and use of TRQs and export restrictions, transparency of trade regulations, SPS issues, dispute settlement, implementation of TSD Chapter, development cooperation, and effective functioning of EPA institutions to implement and monitor the EPA

Impact

- Overall positive: Considering the narrow scope (mostly tariff liberalisation for goods trade), the EPA has been successful in increasing trade and contributing to higher GDP and welfare across the Parties
- Limited non-economic impact (small economic impact, limited scope of TSD Chapter)

Efficiency

- Positive: limited trade diversion, modest government revenue losses, net benefits distributed relatively evenly across stakeholders, EPA regulatory and compliance costs in line with other trade agreements (still some scope to reduce such costs)

Coherence

- Positive: EPA provides platform to exchange views and cooperate on broader trade policy and sustainable development issues (but could have been used more for this purpose)
- Narrow focus of EPA on goods trade, exclusion of trade-related issues, limited treatment of TSD issues and civil society participation, no reflection of climate objectives: EPA and its implementation too limited to address the new topics expressed in EU trade strategies of 2015 and 2021 in bilateral trade relationship with SADC EPA States.

Relevance

- EPA provides basis for fostering bilateral trade, and trade and development more broadly
- But more comprehensive provisions on TSD could have provided a more solid framework to monitor and discuss EPA contribution to broader development needs.
- Representatives of business sectors in EU and SADC EPA States: EPA relevance could have been higher if EPA scope had been broader (trade in services, investment, public procurement, competition, digital trade, trade & climate change)

Keep in mind that the EPA represents a compromise reflecting the Parties' interests at the time of the negotiations, and any change to the EPA would also require the Parties' common understanding and agreement.

Key recommendations

- **Aimed at improving EPA institutional performance**
 1. Enhance problem-solving role of EPA institutions. If needed, escalate matters to Joint Council: should meet more regularly and provide political and strategic orientation for EPA implementation
 2. Enhance EPA institutional structure to align with key issues requiring consultation & coordination. E.g. establish working groups for SPS & TSD matters
 3. Develop avenues for increased participation of non-state actors in EPA implementation, follow-up and monitoring
- **Aimed at improving EPA technical implementation aspects**
 4. Address main implementation issues identified in the evaluation related to tariffs, TRQs, export restrictions, SPS requirements, transparency of customs and trade facilitation, rules of origin, and implementation of TSD Chapter
 5. EU should step up awareness raising and sensitisation activities, targeting potential traders and implementing institutions, and focusing on practical matters and instructions on how to utilise EPA and benefit from it
 6. Align development cooperation more closely with EPA both in terms of geographical scope of regional projects and substantively with EPA provisions
- **Aimed at promoting EPA contribution to sustainable development**
 7. Discuss and agree as soon as possible a solution regarding applicability of EPA references to Cotonou/Samoa Agreement for South Africa
 8. Economic benefits: Develop proactive agenda to foster intra-SADC EPA State (and African) value chains, realise untapped export potential, revitalise negotiations on trade in services and investment, and encourage inclusion of MSMEs in bilateral trade
 9. Social benefits: Take dedicated measures ensuring equitable distribution of benefits, including to MSMEs, small-holder farmers, and women-owned businesses, continuous improvement of working conditions, and respect for consumer rights
 10. Environmental and climate related challenges and just energy transition: Take domestic actions and cooperate under EPA in areas of renewable energy, mining, critical raw materials, waste management, water, and sustainable food production
 11. Human rights issues: Address limited awareness about EPA and limited inclusion of civil society which so far have constituted an important obstacle to effective advocacy for, and monitoring of, EPA human rights and labour rights impact
- **Aimed at addressing shortcomings of EPA coherence and relevance**
 12. Parties to determine for themselves, and then discuss as part of the EPA review and find an agreement between them, on EPA future role: Should it continue in its current limited scope, with a limited but nevertheless undoubtedly positive impact? Or do Parties aspire at establishing a deeper and closer economic relationship with larger benefits for sustainable development across the Parties?

Annex: More detailed recommendations

Note: The following more detailed recommendations were not presented during the meeting and are only intended as source of further information. They are based on chapter 12 of the draft final evaluation report.

Recommendations to enhance EPA implementation (1)

■ Tariffs

- Parties to consult each other whenever changes in tariff classifications are being undertaken, by exchanging lists of the tariff codes to be changed and inviting the other Party to comment
- Correct tariffs for the few tariff lines identified in the EU and SACU, where actual tariffs exceed those that result from the EPA commitments

■ TRQs/quotas

- SACU to put in place a customs management system to enable and streamline TRQ management in line with clause 9(a) of EPA Annex II. Interim solution: SACU to establish procedures to ensure that delays in TRQ allocation do not occur again; and put in place simple and transparent procedures for reimbursement of duties that were paid because TRQs were not available; simplify administration of TRQs for exports to the EU
- Namibia's use of the quota for poultry imports should be discussed at the TDC

■ Export restrictions

- Namibian authorities to provide a clarification on the nature of the export duties and hides and skins as well as their applicability on exports to the EU, for subsequent discussion at the TDC. Namibian authorities also to publish the legal instrument underpinning the export ban on critical minerals and provide the necessary details to the other Parties
- South Africa's scrap metal export restrictions to be discussed at the TDC, also addressing whether the export duty in place is fully EPA-compliant
- Hold broader discussion on the use of export taxes and potential alternative policy instruments (e.g. closer cooperation or agreement on investment with a particular focus on processing facilities, which would constitute a more market-conform type of industrial policy than export restrictions)

■ Customs and trade facilitation

- Monitor implementation of customs and trade facilitation rules: all Parties to ensure proper information and consultation of stakeholders and other Parties in preparation of regulatory changes, establishment of clear and transparent legislative bases for customs rules, and publication of these rules

Recommendations to enhance EPA implementation (2)

■ SPS measures

- Establish dedicated EPA body to facilitate dialogue and the resolution of SPS disputes
- EU to consider providing increased funding to support producers/exporters and authorities alike in adapting to changing SPS requirements. Some national authorities in SADC EPA States to increase ownership and participate more effectively in cooperation initiatives. EU to support this through further information dissemination showing that SPS measures are not aimed at restricting imports but to protect human, animal and plant life in the EU, and that improvements in the SPS infrastructure are benefitting all Parties, and particularly the safety of citizens

■ Rules of origin

- SADC EPA States to expand the use of approved exporters that can self-certify origin. EU could support this by providing dedicated awareness raising and training to government entities, including customs authorities, on the approved exporter concept and standards to be fulfilled
- Explore, as part of joint review, expanding the admissibility of other forms of proof of origin, such as legally embedding the REX system in the EPA definition of “approved exporter”
- Provide further capacity building to SADC EPA trading community on rules of origin, and specifically cumulation rules

■ Regional preference clause

- SACU to correct SADC preferential tariffs for tariff line HS 6201.20 to comply with EPA provision on regional preferences.
- Parties to agree on a common understanding of how to define and determine “more preferential treatment” as a first step for the possibility to monitor and discuss whether such treatment is granted to third parties and should be extended to EPA Parties

■ Sustainable development

- Parties to honour commitment to integrate sustainable development into their trade relations and reflect it in discussions in EPA institutions and follow-up actions; also involving non-state actors

Recommendations to maximise economic benefit

- Develop intra-SADC EPA States (and African) **value chains**:
 - Activate of diagonal cumulation by Mozambique
 - SADC EPA States to determine the potential for regional value chain creation in AfCFTA context and request activation of extended cumulation under Article 6(2) of Protocol I to the EPA
 - SADC EPA States to identify value chains with particular potential for regional approaches (both intra-SADC EPA region and Africa more broadly) and prepare strategies and action plan for their development, EU to provide corresponding assistance under EPA development cooperation dimension
- Realise untapped **export potential** to EU
 - Prepare sectoral or value-chain based strategies for product groups for which Export Potential Map shows significant untapped potential to (a) validate the assessment made by Export Potential Map methodology, (b) identify specific constraints for expanding existing or starting new exports, and (c) determine corresponding measures to address identified constraints
 - EU to provide assistance for implementation of identified measures
- Revitalise negotiations on **trade in services and investment** (at least investment facilitation)
 - Take EU-Angola Sustainable Investment Facilitation Agreement as starting point
 - Prioritise regional EU-SADC EPA State services and investment agreements to avoid fragmentation across the SADC EPA States.
- Encourage inclusion of **MSMEs** in direct trade under the EPA
 - Create MSME platforms and/or forums that would actively reach out to MSMEs and providing targeted support, including for MSMEs to become involved in value chains as indirect exporters
 - Consider creation of dedicated fund, potentially supported by contributions from large companies

Recommendations to maximise social benefits

- The Parties should raise awareness of EPA and create conditions facilitating formal business activity, exports and job creation.
- They should facilitate access of female farmers and entrepreneurs to funds, skills, networks and trading opportunities.
- Improved business environment, lower costs, better infrastructure, and simple procedures under EPA will support women-owned SMEs.
- SADC EPA States and employers should ensure that at least min working conditions granted by national law are observed, also for seasonal workers.

- EU should continue providing assistance to improve the situation of women in SADC EPA States and eradicate violence & harassment.
- EU retailers should pay higher prices for goods to producers to enable payment of decent wages to their workers.
- Given increasing consumer interest in organic and certified products, the Parties should discuss ways of facilitating trade in and promotion of such products.
- Participation in certification schemes should be further encouraged by buyers and audits should be used to help improve labour and environmental performance of businesses.

Recommendations to address environmental issues

- Further develop climate change adaptation strategies to address climate concerns.
- EU could also support initiatives to lower LULUCF emissions, given its large and growing share in some SADC EPA States
- Pay more attention to the opportunities of climate-resilient food production in further meetings in the scope of the EPA or other international cooperation meetings.
- EPA States to increase attention and cooperation to minimise environmental damage of EU imports. EU could support implementing stricter environmental standards, water conservation and recycling in mining sector.

- SADC EPA States and EU to promote stakeholder participation in decision-making process that includes water governance.
- Further implement water conservation, efficiency of water use, and innovative techniques in water resource management across water-intensive economic sectors (especially agriculture), including measures on protecting water quality.
- EU could provide capacity building to SADC EPA States on waste management practices focused on reducing, reusing and recycling. Would also help meeting obligations under the Basel Convention.

Human rights impact – Recommendations

- EU & SADC EPA States should *step up efforts to raise awareness* about the EPA, incl. its possible implications for human rights
 - Ensure meaningful, inclusive, and regular participation of all stakeholders
 - Focused technical assistance targeted to the goals of the EPA on human rights (e.g. women's rights) – to increase its benefits to the local population
- *Build on the positive impact* on the right to an adequate standard of living & labour rights, consider ways to increase transparency and disclosure of labour practices by businesses to mitigate possible negative impacts > consistent improvement of compliance with labour standards
- SADC EPA States should further explore possibilities of *improved water management*
 - Climate change adaptation strategies (drought-resistant crops, rainwater harvesting, groundwater recharge techniques)
 - Water conservation, efficiency of water use, innovative techniques in water resource management
- SADC EPA States should *strengthen their legal frameworks* to ensure effective protection of human rights, e.g. the right to FPIC (Mozambique – ratify the ICESCR)
- EU and SADC EPA States should *encourage private sector to uphold ethical standards*, play active role in addressing climate change, and ensure respect of human rights in their operations

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<http://eu-sadc.fta-evaluation.eu>



eu-sadc@fta-evaluation.eu