

# Harnessing the Economic Partnership Agreements for Sustainable Economic Development

## Cross-Regional Exchange Workshop 2023



19<sup>th</sup> - 20<sup>th</sup> October 2023  
Cape Town, South Africa

## Table of Contents

<b>List of Acronyms</b> .....	<b>1</b>
<b>1. Introduction and Background</b> .....	<b>2</b>
1.1. Background and Context .....	2
1.2. Workshop Objectives and Format .....	2
<b>2. Introductions and Opening Remarks</b> .....	<b>3</b>
2.1. Opening remarks by GIZ New Project .....	3
2.2. Opening remarks by the SADC Secretariat .....	3
2.3. Opening remarks by ESA Hub.....	4
2.4. Opening remarks by the CARICOM Secretariat .....	4
<b>3. Status Quo of EPAs in the Regions: Current Developments, Trends and Challenges</b> .....	<b>5</b>
3.1. Updates from the Regions .....	5
3.2. Participants perspectives on the implementation of EPA Agreements in the regions .....	5
<b>4. Deep Dive: Intellectual Property Rights (IPR) and Geographical Indications (GIs)</b> .....	<b>7</b>
4.1. Fundamentals of Intellectual Property Rights and Geographical Indications under the EPAs and the negotiation and implementation of GIs to support sustainable development .....	7
4.2. Closer Look at GIs for Non-agricultural Products – Recent Trends in the EU and Relevance for ACP Countries.....	8
4.3. Case Study on Rooibos: What Can the Rest of the Region Learn from GI Implementation in South Africa? .....	8
4.4. Report Back: Key insights on IPRs and GIs.....	9
4.5. Report Back: Experiences Shared from the Regions.....	10
<b>5. Deep Dive on Trade in Services, Digital Trade and Investment Liberalization</b> .....	<b>12</b>
5.1. Fundamentals of Trade in Services Chapters in EPAs.....	12
5.2. Deep Dive into Investment Liberalization Commitments under EPA Trade-In-Services Chapters.....	12
<b>6. Deep Dive: EU Autonomous Measures</b> .....	<b>14</b>
6.1. Next Steps Identified in the Virtual Exchange on EU Autonomous Measures (31.08.2023) ...	14
6.2. Recommendations for Regional and National Strategies to Address EU Autonomous Trade Measures .....	17
6.3. Private Sector Response to EU Autonomous Trade Measures .....	18
6.4. Report Back: Group Discussion on Identifying National and Regional Initiatives and Actions to Respond and Prepare for the EU Measures .....	18
<b>7. Conclusions and Recommendations</b> .....	<b>19</b>
<b>8. Annexes</b> .....	<b>21</b>
8.1. Annex 1: Agenda.....	21
8.2. Annex 2: List of Participants.....	Error! Bookmark not defined.

## List of Acronyms

ACP	African, Caribbean and Pacific
AfCFTA	African Continental Free Trade Agreement
CBAM	Carbon Border Adjustment Mechanism
C-EPA	CARIFORUM-EU EPA
CSDDD	Corporate Sustainability Due Diligence Directive
EIA	Economic Integration Agreement
EPA	Economic Partnership Agreements
EU	European Union
EUDR	EU Deforestation-free Regulation
FTA	Free Trade Agreement
GIZ	German Agency for International Cooperation
MFN	Most Favored Nation Treatment Obligation
SADC	Southern African Development Community



## 1. Introduction and Background

### 1.1. Background and Context

This is a summary report of the two-day in-person cross-regional workshop (workshop), which was held on the topic: **Harnessing the Economic Partnership Agreements (EPA) for sustainable economic development** organized by GIZ in partnership with the Southern African Development Community (SADC). The workshop was held in Cape Town on 19<sup>th</sup> and 20<sup>th</sup> of October 2023 and is one of the activities of the GIZ project entitled: **Supporting sustainability aspects in the implementation of the European Union (EU) Economic Partnership Agreements (NEW)**, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ), whose overall project objective is to aid the implementation of EPAs by regional organisations, Member States, private sector and civil society in a way that supports sustainable development. The project operates cross-regionally, focusing on Southern Africa (SADC EPA) and Eastern and Southern Africa (ESA EPA). Previously, the Caribbean (CARIFORUM EPA) was also included among the focus regions.

### 1.2. Workshop Objectives and Format

#### 1.2.1. Objectives and Planned Outcomes

Specifically, the workshop whose agenda is at Annex 1 to this report sought to achieve the following goals:

1. Gain a greater understanding of the issues discussed and explore current practices and approaches in the regions;
2. Explore regional experiences in addressing various issues related to sustainable EPA implementation;
3. Identify next steps to ensure the successful and sustainable implementation of the EPAs in the regions within the areas discussed in the deep dives and beyond;
4. Understand what actions can and should be taken to prepare the regions and countries for the challenges posed by the European Union's (EU) autonomous measures;
5. Foster greater networking and knowledge sharing among the participants, who so far have met via virtual events but should be able to establish better contacts in person; and
6. Identify areas of commonalities and similar concerns.

#### 1.2.2. Workshop Participants and Thematic Areas

The participants listed at Annex 2 to this report included officials from the SADC EPA Unit, ESA Coordination Hub and public sector officials responsible for implementing and monitoring EPAs from the two EPA regions, officials from the CARIFORUM, subject matter experts and GIZ NEW project staff. Simultaneous interpretation was provided in French and Portuguese.

The workshop focused on the following three thematic deep dive areas:

- **Deep Dive 1** – Intellectual Property Rights (IPR) and Geographical Indications (GIs);
- **Deep Dive 2** – EPA Chapters on trade in services, digital trade, and investment liberalization; and
- **Deep Dive 3** – EU autonomous trade measures.

## 2. Introductions and Opening Remarks

High-level representatives from the GIZ NEW project, SADC Secretariat, ESA Hub and CARICOM Directorate furnished opening remarks.

### 2.1. Opening remarks by GIZ New Project



**Philipp Schröder**

Project Manager

[Deutsche Gesellschaft für Internationale Zusammenarbeit \(GIZ\) GmbH](#)

Philipp provided an overview of the GIZ New Project (project) entitled “Supporting Sustainability Aspects in the Implementation of EU Economic Partnership Agreements (NEW)”.

The German Federal Ministry of Economic Cooperation and Development (BMZ) commissioned the project. The project's primary objective is for the public sector, private sector and civil society from African and Caribbean partner countries to implement the EPAs in a way that fosters sustainable development.

The project has three fields of activities, namely:

- **Field of Activity #1**- Establishing participatory EPA monitoring systems in the SADC- and CARIFORUM-region to monitor the EPAs’ ecological, social and economic impacts.
- **Field of Activity #2** - Strengthening the capacity of public and private actors for a sustainable implementation of the EPAs.
- **Field of Activity #3** - Supporting the interregional exchange of public and civil society actors.

### 2.2. Opening remarks by the SADC Secretariat



**Hildah Moleofe**

*Chief Technical Advisor - SADC EPA Unit*

[SADC Secretariat](#)

Hildah provided the opening remarks on behalf of the SADC Secretariat-EPA Unit (Unit). The EU - Southern African Development Community (SADC) Economic Partnership Agreement (EPA) states comprising of Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini signed the SADC EPA agreement on 10 June 2016.

It was noted that all the SADC EPA states were present at the workshop and that it was critical for the Member States' participation, particularly those at the forefront of the EPA implementation. The Unit was interested in learning how other regions implement and coordinate the EPAs.

### 2.3. Opening remarks by ESA Hub



#### **Ambassador Shree Baboo Chekitan Servansing**

Former Mauritius Ambassador and Permanent Representative

[ESA Hub](#)

The former Ambassador Servansing delivered the opening remarks in his role as the coordinator for the ongoing ESA EPA negotiations.

The ESA Hub expressed how pleased they were to see that all the principal negotiators of the ESA-5 were present at the workshop. The EPA deepening negotiation is one of its kind as it differs from what has been negotiated with the Caribbean or SADC regions. It is a much more modernised agreement under negotiation but very complex because it has a high-level ambition to go further than those Free Trade Agreement. In terms of vertical depth, it is different as there are negotiations with 13 chapters.

### 2.4. Opening remarks by the CARICOM Secretariat



#### **Alexis Downes-Amsterdam**

Director General

[CARICOM Directorate](#)

Alexis expressed desire that during the workshop, the participants could learn and share best practices regarding the functioning of the EPA agreements instead of implementation.

This is because functioning has a broader scope, whilst performance often focuses on commitments only. The CARIFORUM EPA, for example, has a development direction.

Therefore, there is a need to focus on whether the objectives and benefits are being realised, and that is why it is not about focusing on commitments but on how these trade agreements have been working and delivered.



### 3. Status Quo of EPAs in the Regions: Current Developments, Trends and Challenges

#### 3.1. Updates from the Regions

ESA, Southern Africa, and the CARIFORUM region have different development levels and face several challenges. In 2008, 15 CARIFORUM States signed an EPA with the EU and its Member States. The CARIFORUM-EU EPA (C-EPA) is not just a Free Trade Agreement (FTA) providing preferential treatment in Trade in Goods or an Economic Integration Agreement (EIA) providing preferential treatment in Trade in Services. It is designed to be a development-enhancing agreement supporting sustainable development strategies in the Parties. The C-EPA addresses trade-related issues: competition policy, public procurement, intellectual property and innovation. Interestingly, the C-EPA remains the only full-scope EPA negotiated and implemented between the EU and an African, Caribbean and Pacific (ACP) region. It, therefore, offers a useful metric of the development potential of EPAs. Currently, the CARIFORUM Directorate as the coordinator of the C-EPA implementation in the Caribbean states, is focused on the review of the EPA.

In the Southern African region, the EU signed an EPA with six countries forming part of the SADC: Botswana, Eswatini, Lesotho, Namibia, Mozambique, and South Africa. The EU-SADC EPA entered into a provisional application on 10 October 2016, with Mozambique starting the application of the Agreement in February 2018. This agreement is a free trade agreement that covers provisions on trade in goods, trade and sustainable development, customs and trade facilitation and areas for cooperation.

In East Africa, Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe are negotiating to deepen the interim ESA-EPA. Regarding the ESA-EPA, there will be reciprocal examination procedures to satisfy the EU-ESA that the applicable legislation of the other party meets the listed specified elements.

One recent development within the ESA-EPA is reducing or eliminating tariffs on goods traded between Africa and Europe. This was done to increase access to markets in the two continents. In addition, efforts are underway to address the issue of non-tariff barriers to promote trade facilitation to boost trade between East, Southern Africa and Europe. In terms of the implementation of the ESA-EPA, the EPA rules of origin have been adopted by the revenue authorities of SADC EPA. They are being used to provide preferential treatment to imports from Europe and to authenticate the origin status of exports to Europe.

Current trends on the EPA between Europe and ESA include an increased focus on economic diversification, promotion of sustainable development practices, and development of value chains and industries in member countries. There is a lot of encouragement for job creation, cooperation in the services sector, investment, intellectual property rights and job creation.

#### 3.2. Participants perspectives on the implementation of EPA Agreements in the regions

Several perspectives were brought out by participants regarding the implementation of EPAs in their respective regions, namely:

- **Sustainable development** - Participants pointed out that Europe and Africa view sustainable development differently. There are various aspects to sustainable development, including labour issues, climate change, the environment, deforestation, gender, trade and responsible taxes. Whilst Europe is clear on its objectives and targets, Africa does not have a harmonised



position on sustainable development. The levels of commitment to achieve sustainable development are also different. Furthermore, the levels of economic and political integration in the EU and on the African continent are not the same.

- **Intellectual Property Rights** – African Member States need to understand the IPR provisions because, during COVID-19, the controls worked against African countries in terms of accessing medicines.
- **African Continental Free Trade Agreement (AfCFTA) objectives** - EPAs and the commitments made by Africa must be harmonised in line with AfCFTA objectives. Africa needs to decide what it intends to achieve through the EPAs.
- **Historical Inequalities** - EPAs should aim to reverse historical inequalities and should mutually benefit the two continents involved.
- **Technical cooperation** - The sustainability issues in EPAs have raised a lot of concern as the view amongst participants is that EPAs should assist partner members to grow their economies. When African economies grow, rules and regulations and trade barriers should not be erected. A good example is: a farmer in the cocoa sector complies with rules of growing cocoa, when the cocoa is ready, he develops a cocoa industry which makes chocolate. When this farmer takes the chocolate to Europe, he/she is then asked to indicate the level of carbon in the products and prove that the chocolate meets all the EU regulations. The recommendation was made that the ACP countries need a transition period to build systems and institutions with the technical capacity to measure and assess carbon contents in the export products to comply with EU rules and regulations.
- **Uniform policy on environmental protection** - Some Member States must comply with and implement the obligations and commitments outlined in the EPA. For example, there needs to be a consistent policy on environmental protection across the SADC states.
- **Reduction of tariffs**- The removal or elimination of tariffs may affect domestic industries in terms of competition from European imports. How the ESA countries will adjust to this and support locally affected sectors is unclear.
- **Development asymmetries**- ESA and Southern African regions have different development structures. Thus, it needs to be clarified how the EPAs will address the development asymmetries in the two regions to achieve sustainable development goals.
- **Fair and equitable market access** - Ensuring fair and honest market access into Europe under the EPA provisions may become challenging as this can affect subsidies and market distortions.



## 4. Deep Dive: Intellectual Property Rights (IPR) and Geographical Indications (GIs)

### 4.1. Fundamentals of Intellectual Property Rights (IPR) and Geographical Indications (GIs) under the EPAs and the negotiation and implementation of GIs to support sustainable development



**Abrie du Plessis**

Associate

*Trade Law Centre (Tralac)*

Abrie presented the concepts and current provisions relevant to the governance of IPR and GIs under EPAs and in trade with the EU in general.

EPA trade agreements between the EU and ACP states include provisions related to protecting IPRs and GIs. The purpose of these legal provisions is to safeguard the forms of intellectual property, including patents, trademarks, copyrights, industrial designs and trade secrets.

Geographical Indications refer to “indications which identify a good as originating in the territory of a Member of the World Trade (WTO) or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin.” Their main objective is to promote innovation, traditional knowledge, and creativity. Thus, the critical fundamentals of IPRs and GIs under the EPAs include the following:

- Protection for innovators and creators to encourage research, development, and creative industries. EPAs also have provisions to protect GIs so that producers can register and protect their products associated with the specific regions in which they are produced. The aim is to ensure that consumers know the authenticity and quality of products which contain the GI.
- EPAs also facilitate market access for products with GIs, which supports the development of local industries and businesses.
- Cooperation and capacity building to enhance understanding and ensure effective implementation of IPR systems

During the discussion it was highlighted that, the SADC EPA contains provisions on GIs. Interestingly, there is a protocol which covers only South Africa, which stipulates that the EU shall protect listed GIs of South Africa. South Africa shall protect listed GIs of the EU. Regarding the ESA EPA, progress on the legal text regarding GIs could only be made, if the ESA5 found a consensus to agree with the main principle of direct protection of geographical indications of both Parties by the deepened EPA at its entry into force. One of the participants proposed a transitional period. At the same time, ESA5 noted the need to consult further and may come up with text proposals to be discussed in an intersessional meeting before the 13th round of negotiations.

#### 4.2. Closer Look at GIs for Non-agricultural Products – Recent Trends in the EU and Relevance for ACP Countries



**Michael Fuenfzig**

*Trade Policy Advisor*

[GIZ | Trade & Development](#)

Michael made a presentation on the recent discussions at the EU on the application of GIs to non-agricultural products. GIs are not confined to agricultural products only. Trends in Europe show that GIs can be applied to non-geographical products such as Delft blue ceramics, Solingen knives, Copenhagen porcelain, Brussels lace, Harris tweed textiles, boleslawiec ceramics, Ndebele beadwork and Zulu wire baskets. In Europe, there is a growing demand for authentic and high-quality goods, which includes artisanal products.

For a geographical indication to be considered, there should be a cluster of producers, a collective definition of what constitutes the product, and the development should come from a defined territory, and the producers ought to cooperate on maintaining the geographical indications' protection.

In the case of the EU-ESA and Southern African GIs, the aim is to preserve the traditions and cultural expressions of the ESA and Southern African Regions. Notably, ACP countries have many unique products that can benefit from these GIs. These regions can leverage their amazing products and traditional knowledge by ensuring they meet European standards. Furthermore, GIs can contribute significantly to rural livelihoods where most handicrafts are produced. GIs also protect traditional cultural methods and biodiversity. This would align with global consumer trends, which prefer environmentally made and socially responsible products.

During the discussion, there was a general consensus that SADC and ESA EPA States could and should explore the potential of GIs for non-agricultural products.

#### 4.3. Case Study on Rooibos: What Can the Rest of the Region Learn from GI Implementation in South Africa?



**Abrie du Plessis**

*Associate*

[Trade Law Centre \(Tralac\)](#)

Abrie du Plessis presented a case study on implementing the GI on Rooibos in South Africa. Rooibos tea is indigenous to South Africa. In 2012, a French company applied to use the name Rooibos in France. The objectors decided to focus on Rooibos being a GI rather than it being a generic term. This resulted in the South African government lodging objections with the French Embassy and the European Commission with the government arguing that that objections should be based on the existence of protection for the term as a GI in South Africa.

In 2013, South Africa applied for the registration of Rooibos as a certification mark. The application sought to protect the name Rooibos and ensure that only tea produced in South Africa's Cederberg region using the *aspalathus linearis* plant could be labelled as Rooibos. This resulted in the publication of Notice 911 of 2013 which opened the door to an application for the protection of

Rooibos as a GI in the EU, which had already by that time opted to put in place a sui generis system for the protection of GIs in relation to agricultural products and foodstuffs. As a result, the EU recognized the certification in 2021 when Rooibos was given protected designation of origin (PDO) status. Therefore, the tea could be sold in the European market.



#### 4.4. Report Back: Key insights on IPRs and GIs

The following are insights on IPRs and GIs that came from the participants:

The SADC and ESA regions have adopted several initiatives to address issues around IPRs and GIs through regional agreements, domestic laws, capacity building and collaboration. The SADC Protocol on Trade includes provisions on intellectual property laws and regulations. The ESA EPA contains provisions on IPRs and the protection of GIs. The aim is to promote trade and investment between Europe and ESA.

At a national level, Member States in the ESA region have developed intellectual property laws, patents, trademarks, copyrights and GIs. The rules are meant to enforce registration compliance and protect intellectual property rights. The World Intellectual Property Organization has been building the capacity of the SADC and ESA countries to enhance their ability. In addition, the SADC and ESA Member States have been organising workshops to share knowledge and experiences on implementing IPRs and GIs.

The CARIFORUM region has extensive knowledge in the implementation of IPRs and GIs. The region has developed policy and legal frameworks to protect its IPRs and GIs. These legal frameworks are accompanied by laws and the establishment of relevant institutions to ensure the enforcement and protection of IPRs and GIs. CARIFORUM has also managed to use its GIs to gain market access in Europe. Southern Africa and ESA can learn much about differentiating products to enhance market competitiveness and access new markets internationally.

CARIFORUM has also managed to utilise its GIs to promote culture and tourism. This has an enormous potential to attract tourists and boost local communities. One success story of CARIFORUM is how the region has harmonised IPRs and GIs among Member States to achieve a unified approach to IPRs and GIs. SADC and the ESA regions could also learn much from the CARIFORUM approach of having a unified voice when negotiating with the EU.

The participants made the following recommendations concerning GIs and IPRs:

- **Healthcare Sector** - The ESA and Southern African healthcare sector could benefit from GIs. The only challenge is to agree on the definition of some of the products.
- **Protection of GIs** - The CARIFORUM region is still negotiating with the EU to protect GIs, but individual clusters can register in the EU system and have shelter. Examples from the Dominican Republic, Jamaica, and Guyana have shown that this is possible.
- **Awareness raising** - There is a need to raise awareness on the significance of GIs to producers to make them understand the potential benefits. Ultimately it is producer groups who will have to implement GIs and utilize their potential.
- **Registration of GIs** - Governments need to identify and assist in registering GIs. At a national level, there is a need to identify products that qualify to have GI protection. This process could

enhance the AfCFTA process, which is trying to develop annexes on intellectual property and patents.



#### 4.5. Report Back: Experiences Shared from the Regions

The participants shared the following experiences from the regions:

- a) There is a need to ensure that local legislation structures attend to the issues of IPRs, and GIs and the private sector should play an active role in this.
- b) Experiences are similar in all the regions. There is a need to establish dialogue forums to mutually exchange ideas on how best to implement EPAs and to learn from experiences on the ground.
- c) There should be a constructive collaboration between AfCFTA and EPA trade negotiations.
- d) There is a need for consultations before making policy decisions or enacting governance measures that impact the region's development.
- e) Define and develop harmonised positions of the regions before negotiations.
- f) Commitments and obligations assumed by partner countries should be matched by appropriate resources and funding by partners.
- g) There is a need to sequence equity and balance in negotiations.
- h) The level of ambition of the EPA should match the level of development of the state rather than following a predetermined template.
- i) There is a need for capacity building for partner members to ensure implementation of the EPAs' provisions on GIs. Because of the highly developed and extensive list of GIs from Europe, the EU's trade partner countries must be able to have the regulatory capacities in place to ensure the local industry's compliance with the recognized GIs from the EU. For many African countries without domestic experience in GI implementation this poses a significant capacity challenge.





## 5. Deep Dive on Trade in Services, Digital Trade and Investment Liberalization

### 5.1. Fundamentals of Trade in Services Chapters in EPAs



**Akil Yearwood**

*Trade Analyst*

CARICOM Secretariat – CARIFORUM Directorate

Akil Yearwood presented the on the experience of the CARIFORUM EPA and its Trade in Services Chapter. In summary, important aspects of the trade in services chapters in the EPAs such as that of the C-EPA are as follows:

- A focus on liberalisation rather than investment.
- The most favoured nation treatment obligation (MFN).
- Obligations concerning the behaviour of investors and maintenance of standards.
- The eradication of trade barriers between the EU and partner countries to promote market access for services. The obstacles include restrictions on foreign ownership, limitations on service providers, and discriminatory treatment of foreign service providers.
- The CARIFORUM EPA requires regulatory transparency through the exchange of information on rules and regulations, licensing requirements and establishing dialogue mechanisms to enhance mutual understanding and facilitation of trade services.
- The Chapters often include provisions to address the movement of service providers and commitments to streamline administrative procedures related to the temporary entry of service providers.

### 5.2. Deep Dive into Investment Liberalization Commitments under EPA Trade-In-Services Chapters



**John G Stuart**

*Associate | Economist and Policy Analyst*

*Trade Law Centre (Tralac)*

John presented on the investment liberalisation aspects of the trade in services chapters of EPAs and EU FTAs.

Investment liberalisation commitments under EPAs vary depending on what was agreed upon and the countries involved. Investment liberalisation commitments under the EPAs include the following investment liberalisation commitments:

- Non-discrimination between local and foreign investors. This means foreign investors should be treated equally to domestic investors regarding investment opportunities, protection and treatment.
- The EPAs also include provisions that liberalise market access to foreign investors. This involves the eradication of entry barriers, regulatory frameworks and government incentives.

- EPAs have provisions that protect foreign investors from expropriation issues, the right to compensation and guarantees of fair treatment.
- EPAs have investor dispute settlement provisions to assist with resolving disputes when they arise.

The Southern and ESA regions face several challenges in implementing the investment liberalisation commitments. These challenges include:

- a) Many African states have regulatory frameworks which need to be more enforceable. Whilst the EU regulations are advanced and have been tried and tested, many African states need institutions or the capacity to develop and implement the regulatory frameworks.
- b) Complete elimination of customs duty charges is problematic in Africa as it is a source of revenue for many governments, and the revenue is used for development purposes. For example, Lesotho is highly dependent on customs revenue.
- c) ESA and SADC regions need to move away from being exporters of raw materials. Some countries, such as Zimbabwe, have been forcing the localisation of the beneficiation of resources like lithium into batteries, with the Chinese having built a US\$300million-lithium processing plant in Zimbabwe.
- d) Whilst Europe is very integrated, Africa is not. Hence, deeper integration is necessary for many African states to have harmonised regulatory frameworks and achieve the same trade liberalisation levels as those in Europe.
- e) Limited infrastructure, such as transportation networks, sufficient energy supply and telecommunications, creates problems for investors to access markets and increases the cost of doing business.
- f) Most ESA and Southern African countries have skills and technology gaps. This limits their capacity to interact and negotiate contracts with foreign investors. Many agriculture-based African countries use different levels of technology in other regions, making production costs very high. Due to technology gaps, sugar exporters in South Africa and Mauritius are struggling to compete against other developing countries producing sugar.
- g) Political issues, including the relations between China and the partner countries, make it complicated for SADC and ESA states to comply with the investment liberalisation commitments. The political environments and limited regulatory frameworks affect Foreign direct investment. As a result, this problem is compounded by weak governance and regulatory frameworks.
- h) Most partner states have high levels of debt and need more access to finance to implement investment projects. Thus, limited access to finance, high-interest rates, and underdeveloped financial markets restricts the benefits of liberalisation.
- i) Intra-regional trade and investment barriers in Africa affect the implementation of investment liberalisation commitments.

## 6. Deep Dive: EU Autonomous Measures

### 6.1. Next Steps Identified in the Virtual Exchange on EU Autonomous Measures (31.08.2023)

#### 6.1.1. EU autonomous trade measures



#### **Daniel Chiwandamira**

*Managing Consultant | Workshop moderator*

[DPC & Associates](#)

Daniel Chiwandamira summarised the presentations and outcomes from the virtual cross regional exchange on EU autonomous measures held on 31 August 2023. The virtual exchange sought to understand better the upcoming EU autonomous trade measures, which are the Carbon Border Adjustment Mechanism (CBAM), EU Deforestation-free Regulation EUDR, and the Corporate Sustainability Due Diligence Directive (CSDDD).

The presentations during the virtual exchange focused on understanding the EU autonomous trade measures, including the European Green Deal, CBAM, CSDD and EUDR and unpacking the potential impacts on trade under the EPAs.

It was discussed that these new trade measures constitute challenges and necessitate capacity development on the side of the EU's trade partners among the ACP countries. It was noted that the competitiveness of products from emerging nations compared to non-compliant countries could be better. Trade policies may influence sectors or industries in partner nations, thereby affecting economic development. Clarity and assistance with requirements, particularly verification methods and certification processes, are required. Bridging the gap between the EPAs' deepening and the new trade measures is critical, viewing them as a strategic framework for future commerce.



#### **Yvonne Chileshe**

Expert - Commodities & Value Chains Development

[Secretariat of the Organisation of African, Caribbean and Pacific States \(OACPS\)](#)

Yvonne presented the findings of a study that was commissioned by the OACPS Council of Ministers and funded by the EU during their 113<sup>th</sup> Session in December 2021 on the impact of EU legislation on OACPS exports. The objectives of the study were to:

- Analyse three EU legislative proposals: the CBAM, Deforestation-free Products Regulation & CS3D;
- Highlight potential impacts including opportunities;
- Identify accompanying measures that can help mitigate adverse impacts; and
- Highlight salient points for engagement with the EU.



### 6.1.1.1. Carbon Border Adjustment Mechanism (CBAM)

On 1 October 2023, the CBAM entered into application in its transitional phase, with the first reporting period for importers ending 31 January 2024. Table 1 below lists the top OACPS Exporters of CBAM products according to the study commissioned by OACPS.

Table 1: Top OACPS exporters of CBAM products from the SADC and ESA regions highlighted in orange

Aluminium	Iron and steel	Fertilizers	Cement
<i>Mozambique</i>	<i>South Africa</i>	Trinidad and Tobago	<i>South Africa</i>
<i>South Africa</i>	<i>Zimbabwe</i>	Dominican Republic	<i>Mauritius</i>
Ghana	Dominican Republic	<i>South Africa</i>	Cuba
Cameroon	<i>Zambia</i>	<i>Mauritius</i>	
Nigeria	Trinidad & Tobago	Senegal	

### 6.1.1.2. EU Regulation on Deforestation-free Products (EUDR)

On 29 June 2023, the Regulation on deforestation-free products entered into force with a transition period of 18 months. Table 2 below lists the top OACPS Exporters of Deforestation-related products according to the study commissioned by OACPS.

Table 2: Top OACPS Exporters of Deforestation related products from the SADC and ESA regions highlighted in orange

Cocoa	Beef	Wood	Soy	Palm oil	Coffee
Cote d'Ivoire	<i>Namibia</i>	Cameroon	Nigeria	Papua New Guinea	Uganda
Ghana	<i>Botswana</i>	<i>South Africa</i>	Togo	Cote d'Ivoire	Ethiopia
Nigeria	<i>Mauritius</i>	Gabon	Ethiopia	Solomon Islands	Kenya
Cameroon	<i>South Africa</i>	Cote d'Ivoire	Uganda	Liberia	<i>Tanzania</i>
Dominican Republic	Kenya	Nigeria	Benin	Ghana	Papua New Guinea
			Burkina Faso	Gabon	

### 6.1.1.3. Corporate Sustainability Due Diligence Directive (CSDDD)

With regards to the CSDDD, In June 2023, the inter-institutional negotiations started between Parliament and Council- trilogues are ongoing. Table 3 lists the Top OACPS exporters of products subject to the CS3D according to the study commissioned by OACPS.

Table 3: Top OACPS exporters of products subject to the CS3D from the SADC and ESA regions highlighted in orange

Cattle hide and leather	Agricultural goods	Manufactured food products	Minerals	Footwear	Garments
Nigeria	<i>South Africa</i>	Cote d'Ivoire	<i>South Africa</i>	Dominican Rep.	<i>Madagascar</i>
<i>South Africa</i>	Kenya	Ghana	<i>Mozambique</i>	Cabo Verde	<i>Mauritius</i>
<i>Zimbabwe</i>	<i>Namibia</i>	<i>South Africa</i>	<i>DRC</i>	<i>South Africa</i>	Ethiopia
Kenya	Ethiopia	Nigeria	<i>Namibia</i>	Ethiopia	<i>South Africa</i>
Ethiopia	<i>Madagascar</i>	PNG	<i>Zambia</i>	<i>Mauritius</i>	Dominican Rep.
<i>Namibia</i>	Uganda	Cameroon	Dominican Rep.	Kenya	Kenya
PNG	Cote d'Ivoire	<i>Mauritius</i>	Ghana	<i>Madagascar</i>	<i>Lesotho</i>
Uganda	Senegal	Dominican Rep.	<i>Zimbabwe</i>	Nigeria	Haiti
Dominican Rep.	Dominican Rep.	Kenya	Cameroon	<i>Zimbabwe</i>	Cabo Verde

#### 6.1.1.4. Recommendations from the study

Table 4 below presents key recommendations from the study

EU-Autonomous Trade measure	Recommendation	Responsible
<b>CBAM</b>	Embrace, rather than challenge, the CBAM. <ul style="list-style-type: none"> <li>Sensitize the EU to the economic realities of OACPS countries.</li> <li>Invite the EC to carry out an independent assessment of the CBAM's impacts on OACPS countries.</li> <li>Seek technical cooperation and aid from the EU.</li> <li>Urge the EC to use CBAM revenues to support low-carbon transition in OACPS countries</li> </ul>	OACPS
	<ul style="list-style-type: none"> <li>Engage with producers/ exporters to ensure they are CBAM-ready.</li> <li>Consider subsidizing investment by firms in compliance capacity.</li> <li>Explore options for setting up a national database for emissions monitoring.</li> </ul>	OACPS Governments
	<ul style="list-style-type: none"> <li>Sensitize business community-producers/ exporters of covered products, about CBAM and negative impacts.</li> <li>Encourage at-risk operators to start (a) thinking about investing in capacity to demonstrate better-than-default emissions values, (b) considering investment in cleaner technologies, (c) Exploring alternative export markets</li> </ul>	OACPS Private Sector
<b>Deforestation Regulation</b>	The OACPS oppose global effort to tackle climate change, including by curbing deforestation. <ul style="list-style-type: none"> <li>Engage the EC in a political dialogue to find transition paths to deforestation-free supply chains in African countries</li> <li>Seek financial support to (a) undertake investments in modern geolocation management systems, and (b) compensate farmers for loss of income if they are excluded</li> </ul>	OACPS level

	from the EU market, or if their farms have to be moved out of protected areas.	
	<ul style="list-style-type: none"> <li>Undertake an audit of national forestry laws</li> <li>Review Lessons learnt from recent partnerships and initiatives for better forest management</li> <li>Carry out an assessment of existing mechanisms to register/monitor farmers.</li> <li>Consider setting up a central registry or database</li> <li>Engage with farmers on the need to provide accurate geolocation data.</li> </ul>	OACPS Governments
	<ul style="list-style-type: none"> <li>Inform business community, especially in potentially 'high-risk' countries, about the Regulation and its likely impacts.</li> <li>Urge farmers/associations to engage more actively with their EU buyers for enhanced due diligence.</li> <li>Encourage farmers to invest in traceability systems to enhance their competitiveness and position in the supply chain.</li> </ul>	OACPS Private Sector
<b>CS3D</b>	<p>Adopt a positive, pragmatic approach and focus on benefits rather than on challenges.</p> <ul style="list-style-type: none"> <li>Sensitize EU on potential impacts emphasizing that the due diligence obligation should not impose disproportionate costs on local businesses, with low compliance capacity.</li> <li>Negotiate support measures including: <ul style="list-style-type: none"> <li>(a) Aid and technical assistance for reinforcing national institutional and legislative frameworks and monitoring mechanisms</li> <li>(b) Financial support to SMEs to bear compliance costs while protecting their competitiveness</li> <li>(c) Technical assistance for implementing best practices in human rights and environmental protection in OACPS countries.</li> </ul> </li> </ul>	OACPS level
	<ul style="list-style-type: none"> <li>Prepare a list of international standards and certifications adopted recently and take stock of progress in their implementation</li> <li>Undertake a candid assessment of their current institutional and legislative frameworks with a view to identifying gaps.</li> </ul>	OACPS Governments
	<ul style="list-style-type: none"> <li>Inform the business community of the Directive and its likely impacts</li> <li>Highlight opportunities the Directive present for business, including improving competitiveness</li> <li>In consultation with the government, prepare cost estimates of complying with the Directive.</li> </ul>	OACPS Private Sector

## 6.2. Recommendations for Regional and National Strategies to Address EU Autonomous Trade Measures

Several recommendations were made for regional and national strategies to address EU autonomous trade measures. The recommendations raised during the discussion by the participants are listed below.

- a) From the CARIFORUM experience, regional and national trade alliances should be established to trade effectively with other regions, such as Europe. Harmonised regional

positions are critical for negotiations and to reduce the potential negative effects of the EU autonomous trade measures.

- b) Governments must develop human capacity in international trade practices to develop skills relevant to emerging trade patterns, industries and technology.
- c) Intra-regional trade in Africa is meagre. There is a need to diversify intra-regional trade through implementing preferential trade agreements, reducing trade barriers and promoting the movement of people and services.
- d) The current trade procedures and bureaucratic practices need to augur better for increased trade. There is a need to reduce or eliminate trade barriers.
- e) There is a need for diplomatic negotiations with Europe to ensure that the EU's autonomous trade measures are mutually beneficial to both Europe and Africa.
- f) Governments in both ESA and Southern Africa should develop policies that strengthen domestic companies to reduce dependence on imported goods. Governments should also support local industries by providing subsidies, tax incentives and funding for research and innovation to enhance the competitiveness of domestic industries.

### 6.3. Private Sector Response to EU Autonomous Trade Measures



**Kevin Ramkaloan**

CEO

[Business Mauritius \(Board Member of OACPS Business Forum\)](#)

Kevin presented how private sector organisations such as Business Mauritius support individual enterprises in the region to deal with the challenges of complying with upcoming EU autonomous trade measures.

The business community of Mauritius is involved in discussing at the national level with its government regarding the EPA. For some of the Mauritian industries that are exporting to the EU, it will become necessary for them to show that their practices are sustainable according to the EU norms and policies, as this will be a determining factor for them to be able to export and this will indeed affect their competitiveness. The OACPS Business Forum, together with the private sector, has launched the OACPS study on the EU autonomous trade measures to understand better the potential impacts, the risks and the opportunities that the EU poses on ACP country businesses. In response for Mauritius, Business Mauritius, together with the public sector, have three levels of assessment that they are focusing on, namely: 1) Broad policy framework; 2) Preparedness for the CSDD (as the most relevant measure in terms of affects for Mauritian industry); and 3) Preparedness for the EU Sustainable Finance Disclosure Regulation.

### 6.4. Report Back: Group Discussion on Identifying National and Regional Initiatives and Actions to Respond and Prepare for the EU Measures

The participants emphasised that private sector perspectives in the ESA and Southern African countries vary. Also, ESA and Southern African countries have taken various measures to prepare for EU measures and noted the multiple perspectives which need to be taken note of at a national and regional level to prepare for the EU measures, namely:





- One common concern is that trade relations between Europe and Africa are unequal; hence, the perception is that autonomous trade measures will widen the inequality. The argument is that the measures affect African economies and thus promote unfair trade practices.
- Some African companies that depend on exports to the EU view the trade measures as detrimental to their operations. This is because the trade measures can constitute tariffs or non-tariff barriers, making it difficult for these companies to penetrate the EU market. The fear is that these trade measures can potentially reduce export opportunities and increase the cost of production.
- Some businesses in Africa see the trade measures as an opportunity to grow and diversify export markets. The argument is that companies that can fully comply with the EU trade measures can compete globally. Hence, the measures may assist in diversifying export markets beyond the EU. Thus, these companies see the measures as an opportunity to adapt and become more competitive globally. Full compliance will improve the products' quality, thus enhancing supply chain efficiency and promoting innovation.
- Africa should focus on local production, creating jobs within Africa rather than relying on imported goods. This could promote economic self-sufficiency and reduce vulnerability to external trade measures.
- ESA and Southern African regions have been working to deepen regional integration by strengthening regional bodies such as EAC, SADC, and COMESA and establishing the AfCFTA.
- In both the ESA and Southern African regions, emphasis is now being put on the issue of beneficiation, value addition and industrialisation. Both regions realise that by adding value to raw materials and developing their manufacturing sector, they can produce high-quality goods that compete globally.
- Much effort has been put into improving trade facilitation within the two regions, continentally and with other areas. Partner countries have embarked on programmes to streamline customs procedures, introduce electronic documentation systems, and reduce bureaucratic barriers to trade.

## 7. Conclusions and Recommendations

In conclusion, it was noted that the terms of the EPAs and the accompanying rules and regulations are crucial in determining the overall impact on Africa's development trajectory. The effect of EPAs on the development of African countries remains complex. A country's development level and the economic model are critical factors in effectively implementing EPAs because the rules and regulations are complex. Many African countries need the capacity or institutions to enforce the requirements of EPAs.

Many partner countries are concerned about issues of asymmetry as they argue that the way trade with the EU is currently structured could create and deepen the current asymmetrical relationship between Europe and Africa and, in fact, even shrink the penetration by African states to European markets. The rules and regulations, whilst promoting the quality of goods from Africa to compete globally, also seem cumbersome since most African states need more capacity, resources, and institutions to comply with the rules and commitments.

The experience of the CARIFORUM with the implementation of EPAs clearly shows the need for regional integration in both ESA and Southern Africa region to promote intra-African trade and

harmonise trade policies to increase competitiveness of exports. The main challenge for both ESA and Southern African regions is that these countries are at various levels of development and have different economic models. This affects the way they view regional integration benefits.

Many countries in ESA and Southern Africa need help implementing the EPA requirements because some of the issues are not in harmony with domestic industrial policies, e.g., the issue of subsidies, taxation, and regulations. Some partner states feel that implementation may require changes in domestic laws or establishing a parallel set of policies and rules. This then raises issues of sovereignty.

The following recommendations were made:

- a) EPAs include provisions for development cooperation, technical support, and capacity building. If implemented, this can go a long way to enhance the capacity of African countries to develop and diversify their economies and trade relations.
- b) There is a need to address the asymmetry between Africa and the EU. The perception is that the EPAs benefit the EU more than the African countries. The perception is that EPAs need to address the developmental needs of the African states.
- c) EPAs should leave policy space to enable African countries to pursue domestic policies supporting development.
- d) Implementing the EU autonomous trade measures requires extensive capacity building and institution building, but it will improve business practices once mastered.
- e) Lessons learnt from the CARIFORUM should encourage Member States in the ESA and Southern African regions to deepen their integration and agree on common harmonised positions to effectively negotiate with the EU.

## 8. Annexes

### 8.1. Annex 1: Agenda

## Harnessing the Economic Partnership Agreements for Sustainable Economic Development

### Cross-Regional Exchange Workshop 2023

19<sup>th</sup> - 20<sup>th</sup> October 2023

Cape Town, South Africa

### *Draft Agenda*

#### Day One – Thursday, 19 October 2023

Time	Session	Responsible/Speaker
08:30 – 09:00	Registration	GIZ NEW Project
<i>Session 1 – Opening Session</i>		
09:00 – 10:00	Introductions and Opening Remarks	
10:00 – 10:30	Let's get to know each other	Moderator
10:30 – 10:50	<i>Tea/Coffee Break</i>	
<i>Session 2 – Status Quo of EPAs in the Regions: Current developments, trends and challenges</i>		
Session focus: What are current issues, challenges, and topics with regards to EPA implementation and negotiation that are being discussed in the regions and countries?		
10:50 – 11:20	Updates from the regions	SADC Secretariat, ESA Coordination Hub, CARIFORUM Directorate
11:20 – 12:00	Open space and discussion on current status and challenges with regards to EPA implementation and negotiations	Moderator
12:00 – 13:00	Lunch	
13:00 – 13:15	Recap and refresher	

**Session 3 – Deep Dive: Intellectual Property Rights (IPR) and Geographical Indications (GIs)**

Session focus: Understanding the IPR and GI provisions under the EPAs and how a GI strategy to help sustainable economic development can be negotiated and implemented

13:15 – 14:00	Fundamentals of IPR and GIs under the EPAs	Expert
14:00 – 15:00	Negotiation and implementation of GIs to support sustainable development	Expert
15:00 – 15:20	<i>Tea/Coffee Break</i>	
15:20 – 15:45	Closer look at GIs for non-agricultural products – recent trends in the EU and relevance for ACP countries	Expert
15:45 – 16:15	Case study on rooibos: What can the rest of the region learn from GI implementation in South Africa?	Expert
16:15 – 17:15	Open Discussion on GIs and IPR	Moderator
17:15 – 17:30	Wrap-up of Day 1	Moderator
19:00 – 21:00	<b>Networking Dinner</b>	



Day Two – Friday, 20<sup>th</sup> October 2023

Time	Session	Responsible
09:00 – 09:20	Check in and presentation of the agenda for the day	<i>Moderator</i>
09:20 – 09:30	Recap of Day 1 discussions and previously identified questions for discussion	<i>Moderator</i>
<p><b>Session 4: Deep Dive on Trade in Services, Digital Trade and Investment Liberalization</b></p> <p>Session focus: understand the nexus between trade in services, digital trade, and investment liberalization when negotiating deeper EPAs and how the commitments negotiated within these fields (particularly within investment liberalization) can be framed to support sustainable development</p>		
9:30 – 10:30	Fundamentals of trade in services chapters in EPAs	<i>Expert</i>
10:30 – 10:50	<i>Tea/Coffee Break</i>	
10:50 – 11:30	Deep dive into investment liberalization commitments under EPA trade-in-services chapters	<i>Expert</i>
11:30 – 12:15	Experience sharing from the regions	<i>All</i>
12:15 – 12:30	Wrap-up and next steps	<i>Moderator</i>
12:30 – 13:30	<i>Lunch</i>	
<p><b>Session 5: Deep Dive: EU Autonomous Measures</b></p> <p>Session focus: understand what actions can and should be taken in order to prepare the regions and countries for the challenges posed by the EU autonomous measures</p>		
13:30 – 14:00	Recap on the discussion so far and of the next steps identified in the virtual exchange on EU autonomous measures (31.08.2023)	<i>OACPS, GIZ NEW Project</i>
	<p><i>EU autonomous trade measures:</i></p> <ul style="list-style-type: none"> <li>• <i>Carbon Border Adjustment Mechanism (CBAM)</i></li> <li>• <i>EU Regulation on Deforestation-free products (EUDR)</i></li> <li>• <i>Corporate Sustainability Due Diligence Directive (CSDDD)</i></li> </ul>	
14:00 – 14:45	Recommendations for regional and national strategies to address EU autonomous trade measures	<i>OACPS</i>

14:45 – 15:15	Private Sector response to EU autonomous trade measures	<i>Regional Business Support Organization</i>
15:15 – 15:30	<i>Tea/ Coffee Break</i>	
15:30 – 16:15	Group discussion on identifying national and regional initiatives and actions to respond and prepare for the EU measures	<i>All</i>
16:15 – 16:30	Recap and next steps	<i>Moderator</i>
<b>Session 6 – Closing Session</b>		
16:30 – 17:00	Evaluation of the workshop and feedback from participants	
17:00 – 17:30	Closing remarks and next steps	

This activity is organised by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) under the project “Supporting sustainability aspects in the implementation of EU Economic Partnership Agreements (NEW)”.