

# Europe's Free Trade Plans... and Strategic Responses From Southern Africa

Friday 7 April 2006, by [KEET Dot](#) (Date first published: 1996).

**Reports from Cape Town on the counter strategies by South Africa and its partners in the Southern African Development Community (SADC) to the EU's thrust for free trade access to - and through - South Africa into the rest of Southern Africa [1].**

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Since the European Union turned down South Africa's application, in November 1994, to be admitted to the Lome Convention and proposed instead a bilateral reciprocal free trade agreement (FTA) between South Africa and the EU [see *African Agenda*, Vol 1 #8, 1995], some potentially significant responses have been emerging from SA and its partners in SADC. Such developments are important for these countries, but could also hold relevance for other ACP (African, Caribbean and Pacific) countries. The move by the EU towards reciprocal free trade arrangements presages the proposed replacement of the preferential development cooperation relationships that the ACP have long had with the EU through the Lome Convention.

For almost a year after the EU presented its free trade negotiating *mandate'*, the South Africa authorities did not come out with a formal negotiating position. Nor was there a consistent and coherent public response by the SA government to the implications of the FTA. In part, this was due to the diverse - and apparently uncoordinated - centres of foreign policy declarations within the SA government. Partly it has been due to old guard figures in the inherited state continuing to take initiatives and influence the policy options of more moderate forces in the new government, on the basis of old Eurocentric notions ... and new neo-liberal convictions. Difficulties were also due to the new incumbents in power being over-stretched in many directions simultaneously, and initially lacking experience of the dynamics of the new global economic system and the complexities of international negotiations.

## Problems for SACU

However, government analysts and independent researchers within South Africa and its BLNS partners (Botswana, Lesotho, Namibia and Swaziland) in the Southern African Customs Union (SACU) were becoming aware of the economic, political and legal implications of the proposed EU-SA FTA<sup>1</sup>. Despite questionable and divisive tactics by EC officials [2], consultations between the South Africa and the other SACU governments, parliamentary representatives, researchers and non-governmental organisations from the respective countries, gradually produced critical counter

demands.

In the first instance, with active support from the South African government, the BLNS countries demanded time and space - and even material support - from the EU to undertake their own impact assessments of the proposed FTA - in the same way that the European Commission had already done for its own members. The result has been that the EU - whose negotiators initially dismissed SACU as merely an arrangement inherited from the past by which South Africa assists its dependent neighbours, and not a true customs union' - have been compelled to revise their position. It is now accepted that SA and its SACU partners must be allowed to consult and weigh up their respective interests in any proposed bilateral' negotiations between Pretoria and Brussels. Furthermore, it is also recognised that any proposed FTA affecting SACU cannot proceed until the current re-negotiation of the SACU treaty between its five member states has been completed (which will probably be early in 1997).

### Initiatives within SADC

The same arguments have been brought onto the agenda with respect to the Southern African Development Community (SADC), to which newly democratic SA was admitted as a member in August 1994. Partly as a defensive strategy by SA, and partly in response to the EU's evident aim to pull SA into a separate deal, the SADC countries accelerated their long-standing trade negotiations and, in August this year, signed an historic trade protocol that will gradually turn SADC into a free trade area over the coming decade. This will be implemented through variable and evolving sets of tariff and trade terms between the countries of SADC, in conjunction with the coordination and upgrading of customs systems and infrastructures, and cross-border investment and industrial development programmes.

The SADC trade protocol is clearly of enormous significance for the consolidation of an integrated economy in Southern Africa. The immediate significance of this agreement, however, and one of the reasons for expediting the intra-SADC negotiations, was precisely in response to the EU's FTA plans. An additional motivation, from South Africa's point of view, was to prevent countries further afield being able to claim - under WTO non-discrimination' terms - the same preferential access to the SA market as was being accorded to its SADC partners. By registering SADC as a new trade grouping under the WTO, the countries of Southern Africa are securing some legal space' within which to consolidate their region, but they are also in a stronger position to counter the EU's free trade demands. In general terms, being able to present SADC as a going concern' can be used to put pressure on the EU to concretise its support for Southern African cooperation and development. The more immediate demand is that forthcoming negotiations on EU-SA economic relations - whatever form they may take - cannot take precedence over trade and development negotiations between SA and its fellow members of SADC.

{{{Developments within South Africa}}}

The primacy of Southern African integration and development is now being presented as a key component in the South African government's official statements on its forthcoming negotiations with the EU. The SA government is stressing that the proposed FTA was the EU's initiative and is not SA's own option. This position has emerged, in part, from intensive analyses of the implications of the EU's proposal. Government and independent researchers in South Africa soon exposed the highly disadvantageous restrictions upon SA agricultural exports to Europe; coupled with the threat of subsidised European agricultural products flooding into SA... and its SACU partners. Analysts also exposed the

potential threats posed by Europe's industrial power against the industrial reconstruction and development needs within South Africa and between SA and its SADC partners. More recently, wider and deeper understanding of the implications of the proposed FTA have been promoted through combined processes of research, debate in the media, consultations and mobilisation of public opinion. The SA Parliamentary Committee on Trade and Industry has been actively interrogating the FTA, and has brought together the Parliamentary Committees on Foreign Affairs, Finances and Agriculture to receive public submissions on the FTA from agricultural, industrial, labour and other bodies. The parliamentary response in SA to the proposed FTA has also benefited from mutual consultations with parliamentarians within SADC and from the support of progressive members of the European Parliament [3]. The SA Departments of Trade and Industry, Agriculture and Foreign Affairs, in their turn, began to draw upon the experiences and institutions of participatory policy development that were created in South Africa over the long years of political struggle in this country. This includes the statutory tripartite body, the National Economic, Development and Labour Council (NEDLAC), as well as forums of trade unionists, non-governmental organisations and independent research and academic institutes. {{{"A paradigm shift"}}} The outcome of this process of consultation and debate has been the production of what leading figures in the SA negotiating team are referring to as "a paradigm shift". The declared strategy of the SA government is to promote a trade-and-development relationship between the EU and Southern - not just South - Africa; thus firmly locating the debate within a developmental and regional framework. A "Trade and Development Accord" (TDA) is being countered to the FTA. Such a TDA posits that negotiations and future arrangements must be conditional upon and support development of SA and/within SADC. This, in turn, will be backed into forthcoming deliberations and negotiations on the post-Lome arrangements for the region ... and the rest of Africa and the ACP. Speaking in Europe recently, the SA Minister of Trade and Industry said that what SA is pursuing is "a strategic development alliance between two regions: the EU and Africa". According to top trade officials, South Africa's strategic approach also requires that the WTO rules governing regional economic cooperation and integration programmes must be "interpreted flexibly" in recognition of the different levels of development in the world. SA government spokespersons also refer to an "overarching review of the WTO rules so as to address the needs of development in a more focused way". This will undoubtedly be reflected in South Africa's Presidency of UNCTAD for the next four years. Whether or how the South African government carries forward these aims may also begin to be evident at the forthcoming WTO meeting in Singapore. What will, however, also soon become evident is that the EU has not exhausted its negotiating tactics, and is sure to utilise various forms of influence and pressure, particularly on the weaker and more vulnerable governments in Southern Africa. It must also be expected that the more conservative tendencies in South Africa will continue to argue that SA should not challenge the EU and must accommodate to its free trade proposals. If this short-sighted approach (re)gains influence, there may well be a back-sliding by the SA government into some - slightly improved - form of free trade with Europe. However, whether the SA government will defend and develop the potential in its new approach, and its Southern/African priorities, will

depend on continuing debates and struggles within SA, and by cooperation with and efforts within its fellow members in SADC. {{{Some broader observations for Africa}}} The manner in which the negotiations between the European Union and South Africa have unfolded reflect a sophisticated, more democratic and potentially ground-breaking approach to international negotiations - especially between the stronger and weaker countries of the world. By insisting on development needs and its own political consultations with forces within and outside of SA4, it has been possible to resist European pressures exerted through diplomatic/political channels and through the media<sup>5</sup>. Equally significantly, by making the negotiations a public process of discussion and debate, South Africa is not merely playing for time' but is actually using the time to change the terms of the debate and the negotiating 'agenda'. Above all, by building alliances with its neighbours SA is in a better position to resist European pressures than if it were facing Europe on its own.

It is important for governmental and non-governmental players in Southern Africa and the rest of Africa to note that this process of mutual consultation, lobbying of parliamentarians and interventions in the media has been taking place not only within South Africa and not only between governments. However, such discussions can only be effective where and if there are informed, strong and independent parliamentary and extra-parliamentary forces in all the countries concerned.

## Notes

1. With invaluable support from development NGOs and independent research institutes in Europe, such as ERO - the European Research Office in Brussels.
2. Advising the BLNS that they had much to gain from free trade with Europe because it would end the price-raising effects of SA's protective tariffs that had long been imposed on them through the customs union. In this way the Europeans were playing on inherited problems between SA and the other SACU members that were in the process of being renegotiated.
3. Particularly through the Association of West European Parliamentarians on Africa - AWEPPA.
4. Including amongst development agencies, research and solidarity organisations in Europe.
5. EU spokespersons have directly and indirectly used international press agencies, and the backwardness of the SA media as part of their FTA negotiating strategy.