



Trade or Trade in Development? Economic Partnership Agreements (EPAs)

Material and suggestions for teachers

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Intention of the material

According to the will of the European Union (EU) Economic Partnership Agreements should be the new basis for relations with »developing countries« in Africa, the Caribbean and the Pacific region. The aim of the material is to make the consequences of such agreements visible and to encourage students to look into critical aspects.

Target group

Grade 11/12.

Possible subjects

Politics, Political Education, Social and Economic Sciences, Geography, English

Aspired skills acquisition

The students should be able to

- analyse and name possible consequences of EPAs for so called developing countries
- assess the development impact of EPAs critically
- become acquainted with the StopEPA Campaign as one position of civil society and to understand the campaign as one opportunity for political engagement

Imprint

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Additional didactic

material is provided at the
EPIZ E-Learning-Center
www.epiz-berlin.de/moodle

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1 BACKGROUND INFORMATION FOR TEACHERS

Namibia's economy in brief

The country's formal economy is based on industry and farming. However, Namibia's economy is heavily dependent on the earnings generated from primary commodity exports in a few vital sectors, including minerals, livestock, and fish. Over 80% of Namibia's imports originate in South Africa, and many Namibian exports are destined for the South African market or transit that country. Outside of South Africa, the EU (primarily the U.K.) is the chief market for Namibian exports. Namibia's exports mainly consist of diamonds and other minerals, fish products, beef and meat products, grapes and light manufactures.

Namibia is seeking to diversify its trading relationships away from its heavy dependence on South African goods and services. Europe has become a leading market for Namibian fish and meat, while heavy equipment and machinery, mainly for mining, are imported from Germany, Italy, the United Kingdom, the United States, and Canada.

Economic Partnership Agreements

In June 2000, 77 African, Caribbean and Pacific (ACP) countries and the Member States of the European Union (EU) signed a new ACP-EU Partnership Agreement in Cotonou, commonly referred to as the 'Cotonou Agreement'. This new partnership was preceded by four successive Lomé Conventions, which offered 25 years of non-reciprocal trade preferences. Under the Cotonou Agreement, both the ACP and the EU agreed to negotiate new development-oriented trading arrangements that are compatible with the rules of the World Trade Organization (WTO). The negotiations of Economic Partnership Agreements (EPAs) started on 27 September 2002. They are claimed to be 'development agreements' that would promote development and regional economic integration, however, there is huge controversy about whether EPAs will deliver or undermine these objectives.

Main concerns about EPAs

AGRICULTURE AND FOOD SECURITY UNDER THREAT
While most ACP countries have excluded many agricultural products from liberalisation, the devil is in the detail. »Standstill« clauses (that freeze tariffs at current levels) and inadequate »safeguards« could still make it difficult for ACP countries to defend

their agricultural sectors from subsidised EU imports, which could in turn undermine food security and livelihoods. As highlighted by the UN Special Rapporteur on the Right to Food, this is particularly worrying given that the EU recently re-introduced export subsidies in agriculture.

FISCAL REVENUE LOSS Far-reaching elimination of tariffs will place a serious hole in ACP countries' budgets, as many ACP states rely upon trade taxes for up to 40% of their government revenue (like in Namibia). For example, by 2012 Côte d'Ivoire is likely to lose an estimated \$83 million, equivalent to its current health spending for half a million people, as a result of liberalising tariffs under EPAs. This is in a context where the economic downturn is already placing great strain on government budgets.

UNDERMINING REGIONAL INTEGRATION EPAs were intended to be regional agreements, which would support the integration of small and fragmented ACP markets into stronger regional economies. Yet studies predict that granting free market access for the EU would undermine the scope for the ACP to first build up their own regional production chains. Furthermore a number of countries were forced to sign individual agreements—creating trade regimes with the EU different from those of their neighbours and setting back regional integration.

INADEQUATE AID The ACP have always stressed that they will need significant additional resources to cover the immediate adjustment costs from EPAs, such as declining revenues and job losses, and to build their production systems and competitiveness in order to benefit from access to EU markets. In fact, the EC's 2009 monitoring report demonstrates that EU commitments for Aid for Trade for Africa—and for the ACP—have been falling since 2005.

NEGOTIATION PROCESS There has been much concern expressed about the actual process of the negotiation of these agreements. ACP leaders and negotiators have indicated that at various stages they have felt under severe pressure to sign up to agreements that did not reflect their concerns. Moreover, the negotiating process has not taken account of asymmetries of negotiating capacity, and studies show that different ACP countries received deals that reflect their negotiating capacity, rather than taking account of their level of development.

2 PEDAGOGICAL SUGGESTIONS FOR TEACHERS

A Namibia's economy in brief: Working with statistics

The Namibian economy has a modern market sector, which produces most of the country's wealth, and a traditional subsistence sector. The majority of the population depends on subsistence agriculture and herding. About 19 % of two million Namibians are suffering from malnutrition or deficiency.

Table 1: Namibia's trading structure (2008)

Namibia's share in world total exports	0,02 %
Breakdown in economy's total exports	
By main commodity group	
Agricultural products	38,4 %
Fuels and mining products	39,3 %
Manufactures	22,2 %
By main destination	
South Africa	31,8 %
European Union (27)	28,8 %
Angola	8,6 %
Canada	7,1 %
United States	5,5 %

Namibia's share in world total imports	0,03 %
Breakdown in economy's total imports	
By main commodity group	
Agricultural products	17,1 %
Fuels and mining products	17,0 %
Manufactures	65,8 %
By main origin	
South Africa	67,8 %
European Union (27)	15,8 %
India	3,5 %
China	3,3 %
United States	2,0 %

WTO, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=NA>

Questions and assignments

- How can Namibia's economic structure be characterized (table 1)?
- Compare the figures of Namibia and Germany. What is particularly striking?
- What are the patterns of production of Namibia and Germany?
- Who are Namibia's and Germany's trading partners?
- How do you assess the interdependency between Namibia, South Africa and the European Union (EU)?
- In the context of the EPA negotiations the EU talks about equal partnerships between countries and regions. Discuss, what could be possible criteria.

Table 2: Germany's trading structure (2008)

Germany's share in world total exports	8,98 %
Breakdown in economy's total exports	
By main commodity group	
Agricultural products	6,0 %
Fuels and mining products	5,8 %
Manufactures	86,2 %
By main destination	
European Union (27)	63,7 %
United States	7,2 %
Switzerland	4,0 %
China	3,4 %
Russian Federation	3,2 %

Germany's share in world total imports	7,19 %
Breakdown in economy's total imports	
By main commodity group	
Agricultural products	9,0 %
Fuels and mining products	18,9 %
Manufactures	70,6 %
By main origin	
European Union (27)	58,5 %
China	7,2 %
United States	5,6 %
Russian Federation	4,4 %
Switzerland	3,8 %

WTO, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=NA>

B

Desk research through internet / homework: Economic Partnership Agreements

Useful links

- www.traidcraft.co.uk/get_involved/campaign/stop_epas/faq/what_are_epas (NGO Information)
- www.traidcraft.co.uk/get_involved/campaign/stop_epas (NGO Information)
- www.stopepa.de/img/EPA_MEP_briefing_Aug_2009_web.pdf (NGO Information)
- www.youtube.com/watch?v=4tgW8FKuf2Q (Interview with Trade Union representatives from various ACP countries)
- www.youtube.com/watch?v=5L9bgvJoP-I (Interview with Louis Michel, former EU-Commissioner for Development)

Questions and assignments

- What are EPAs?
- Why are they being negotiated?
- What are concerns of the ACP countries? Which argument has the EU?
- Please document where you found the information and who is responsible for providing the information (exact URL, Date, responsible person or organisation).
- Please discuss: What are possible criteria to assess the credibility of information from the internet?

C

Working with media

Video clip from the Senegalese rapper Didier Awadi and Bouba Kirikou www.studiosankara.com/ape/

The Senegalese rapper Didier Awadi and Bouba Kirikou produced a video to support a campaign. The video is in French and English. Please watch the video until the end.

Questions and assignments

- What is the video about?
- Research what EPAs are.
- Which messages are shown and mentioned in the song and video?
- Analyse the pictures and images of the video that are used to convey the position and the notions of the artist's view on EPAs.

D

Working with the text: Adapted newspaper article

EPA considered as a separation factor

State Secretary Schlettwein and civil society organisations explain their objections to the EU-Agreement.

»Windhoek–[...] The main concern of the Namibian government is that the EPA draft rather undermines the efforts of the international community of Southern Africa (SADC) to integrate than encourages. The common external tariff regime of the Southern African Customs Union (SACU), the core group of SADC, is now in danger because the EU treats South Africa differently than the other SACU members, said State Secretary Schlettwein.

Trade Minister Hage Geingob, Schlettwein and six civil society organizations, including the Federation of Trade Unions (NUNW), the Labour Research Institute (Larri) and the National Youth Council said that the EU would cause disagreements within the SADC and SACU. Proof is the fact that Botswana, Lesotho, Swaziland and Mozambique signed the EPA interim agreement last month, because they had apparently acted under pressure from the EU. [...]

Presently Namibia derives about 40 % of its income from the customs union SACU. In the final EPA agreement, the SACU customs union (South Africa, Namibia, Botswana, Lesotho and Swaziland) will not be as profitable as before. SACU as a customs union would insist on joint border controls and customs regulations. »Through EPA we are threatened by an income loss,« said Schlettwein. Under EPA export taxes and support fees (royalties) must be in line with the EU, which weakens the position of Namibia considerably.

The Permanent Secretary introduces a further point of criticism. The EU insisted on Namibia to be treated as an equal partner, meanwhile, Namibia and other SADC countries in the economic field are highly unequal, and it was a question of an »asymmetric« relationship. The local businesses and the industry should therefore be protected by their own tariffs. But the EU would reject that and protected

prices would not be possible any longer. In return subsidized products from the EU would come to the local market and the domestic production would be more difficult.

[...] For Namibia direct agricultural exports would primarily come under pressure, mainly beef exports worth more than N\$ 60 million and table grapes in the value of N\$ 25 million.

Civil organizations direct three main demands to the EU. First, the EU should adjust its agricultural subsidies, before she could ask the African partners to open their markets. African states should follow their own schedule when they open their markets to European goods in order to protect their own industries first. Third, for the time being no negotiations on services, investment rules, competition and public procurement should take place. »The intimidation tactics and the divide-and-conquer strategy of the EU must be rejected because they contradict any notion of partnership,« explained the civil society organizations. »Namibia is already interested in EPA, but it's not that our concerns are swept from the table« added Schlettwein.«

Information taken from www.az.com.na/wirtschaft/epa-gilt-als-trennungsfaktor.88638.php

Questions and assignments

- What is the article about?
- What are the main concerns of the Namibian Government?
- How is Namibia's trade and economy linked to neighbouring countries?
- What are SADC and SACU?
- What do civil society organisations demand? Do they differ from the position of other stakeholders?

E

Get involved

EPAs have to be ratified in national Parliaments. Parliamentarians of the German Bundestag will ratify some agreements in the course of this year. The German StopEPA Campaign collects signatures to inform politicians about critical aspects of EPAs and demands the suspension of the ratification process until the problematic aspects of the agreements have been resolved. For more information visit www.stopepa.de

3

SOURCES AND ADDITIONAL INFORMATION

Namibia's trade and economy, SADC, SACU

- www.bon.com.na Bank of Namibia
- www.npc.gov.na/cbs/index.htm, National Statistical Office of Namibia
- <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=NA>, World Trade Organisation (WTO)
- www.sadctrade.org/files/TPR%20Namibia.pdf, Namibia country report
- www.state.gov/r/pa/ei/bgn/5472.htm, U.S. Department of State

Economic Partnership Agreements

- www.stopepa.de German StopEPA-Campaign / Coalition;
- www.acp-eu-trade.org/epa/SADC.php NGO website, gives general background information about Namibia and the SADC region; original documents of the EPA interim agreement and present state of play.
- <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/africa-caribbean-pacific/> EU website