

Faculty of Behavioural, Management and Social Sciences, University of Twente  
Institute of Political Science, University of Münster

## **Sustainable Development through Free Trade Agreements?**

An analysis of the effectiveness of the SADC Economic Partnership Agreement  
regarding its main objective to increase sustainable development

BACHELOR THESIS

Carina Melanie Dirkes

s2022486

Joint Degree Programme B.Sc.

Public Governance across Borders

1<sup>st</sup> Supervisor: Prof. Dr. Ramses Wessel

2<sup>nd</sup> Supervisor: Prof. Dr. Thomas Dietz

Bachelor Circle: 'The further development of the European Union as a global actor'

Word count: 16.655

Date of submission: 03-07-2019

# Table of Contents

<b>0. ABSTRACT</b>	<b>3</b>
LIST OF ABBREVIATIONS	4
<b>CHAPTER I: INTRODUCTION</b>	<b>5</b>
1.1 BACKGROUND	5
1.2. RESEARCH QUESTION	9
1.3 THEORY	10
<i>1.3.1. Differences in the Global Development Levels</i>	<i>10</i>
<i>1.3.2. Liberalism</i>	<i>12</i>
<i>1.3.3. Marxism</i>	<i>14</i>
1.4 RESEARCH DESIGN	17
1.5 OPERATIONALIZATION OF THE MAIN CONCEPTS AND DATA COLLECTION METHODS	18
1.6 DATA ANALYSIS	19
<b>CHAPTER II: THE OBJECTIVES OF THE SADC EPA AND ITS CONSISTENCY WITH THE AFRICAN UNION'S INTERESTS</b>	<b>20</b>
2.1. THE SADC EPA TREATY	20
2.2 THE AGENDA 2063	25
2.3. THE CONSISTENCY OF THE SADC EPA AND THE AGENDA 2063	27
<b>CHAPTER III: THE LEVEL OF SUSTAINABLE DEVELOPMENT IN SOUTH-AFRICA</b>	<b>29</b>
3.1. INTRODUCTION	29
3.2. DATA ANALYSIS	30
3.3. CONCLUDING REMARKS IN THE CHANGE OF THE LEVEL OF SUSTAINABLE DEVELOPMENT	36
<b>CHAPTER IV: THE PERCEPTION OF THE SADC EPA BY SOUTH-AFRICAN RESEARCHERS</b>	<b>39</b>
<b>CHAPTER V: CONCLUSION</b>	<b>43</b>
5.1. RESEARCH OUTCOMES	43
5.2. THEORETICAL EVALUATION	45
5.3. CONCLUDING REMARKS	47
5.4. POLICY RECOMMENDATIONS	48
5.5. LIMITATIONS AND PROSPECTS OF FUTURE RESEARCH	49
<b>6. REFERENCES</b>	<b>50</b>

## 0. Abstract

Sustainable Development through Free Trade Agreements? This highly debated topic will be addressed within this research, answering the research question *to what extent the SADC Economic Partnership Agreement achieves its objective of sustainable development within South Africa*. Therefore, this research first examines the consistency of the SADC EPA and the Agenda 2063, representing the African Unions Interest. Thereafter, the change in the level of sustainable development will be assessed. The final step of the analysis will then be to further include the perception of the SADC EPA by South African researchers and journalists. To conclude, policy recommendations, based on the research outcomes will be made. Based on the research outcomes, the article claims for an adaption of the ACP EPAs. Instead of concluding regional reciprocal trade agreements, the article argues to first (1) establish an African Continental Free Trade Agreement, (2) increase the ACP countries level on global value chains, establishing labour-intensive manufacturing export activities and lastly (3) establish an Economic Partnership Agreement with the African Union as a whole, in order to increase its pan-African vision of Unity.

**Keywords:** SADC EPA; International Relations; EU-ACP Relations; Trade Relations; Development Cooperation; Normative Power Europe; Liberalism; Post-Development

## List of Abbreviations

ACP	African Caribbean and Pacific countries
AU	African Union
EC	European Community
EDF	European Development Fund
EP	European Parliament
EPA	Economic Partnership Agreement
EU	European Union
ILO	International Labour Organization
LDC	Least Developed Countries
MDG	Millennium Development Goal
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-Operation and Development
SADC	Southern African Development Community
SDG	Sustainable Development Goal
UN	United Nations
UNDP	United Nations Development Programme
WTO	World Trade Organization

# Chapter I: Introduction

## 1.1 Background

Sustainable Development through Free Trade Agreements? This is what the European Union promises to achieve through its reciprocal Economic Partnership Agreement with South Africa, Botswana, Lesotho, Namibia, Mozambique and Eswatini (European Union, 2019a). According to the slogan “trade is development” the EU, therefore, started to negotiate this Southern African Development Community Economic Partnership Agreement (SADC EPA) in 2002. Aspiring to abolish trade restrictions in order to increase economic growth and therefore sustainable development, the agreement has been implemented in 2016, after 14 years of negotiation (European Union, 2019a).

The assumption of free trade agreements, serving as an instrument to achieve (sustainable) development is, in this regard, nothing new in economic thinking and goes back to the classical economist David Ricardo and his liberal theory of the comparative advantage in international trade. Until today this theory forms the main basis for most economist’s beliefs and furthermore the principal objective of the European Union’s Agenda (Baumgratz, Chaabane, Ruf, Telkämper, 2017). According to this widely spread conception of Ricardo’s Theory, countries are supposed to engage in international trade in order to enhance economic growth. Further supported by Margaret Thatcher’s statement “there is no alternative [to neoliberalism]” (Thatcher, 1967), the European Union indeed follows this liberal assumption and takes up its role as an actor of (neo-)liberal foreign policy, by creating free trade agreements as an instrument of development cooperation, aspiring to achieve sustainable development within the SADC EPA Countries (European Commission, 2019). Nonetheless, within the academic debate, this approach is not uncontested and provoked a coalition of resistance, challenging the liberalization agenda due to its potential threat on the SADC EPA economies (Nunn, 2017).

In this regard, Nunn (2017), Baumgratz et. al. (2017), Müller (2015) and Hurt (2012) disagree with the EU's assertion and argue that the objective of achieving sustainable development within the ACP group of states only serves as a moral basis for the EU to enforce its own interest of expanding its neoliberal market force as well as its normative power.

But how could the SADC EPA serve the EU's self-interest of expanding its global power? The politician Hartwig Fischer from the conservative party argues in an interview conducted by *Der Tagesspiegel* (2008) that the EU should support the African Continent in its development, in order to stop migration flows. The liberal politician, and today’s president of the European

Investment Bank, Werner Hoyer states in the same interview that he rather sees the potential of African states as economic partners, especially regarding the trade with reserves of raw materials (Der Tagesspiegel, 2008). In accordance with these liberal assumptions, Thilo Hoppe from the Greens further adds Africa's importance to the EU in terms of the compliance to the Sustainable Development Goals in order to stop the global warming (Der Tagesspiegel, 2008). According to these different assumptions, it seems to be evident that the EU, at the time of the SADC EPA negotiations in 2008, has been highly interested in cooperating with African countries, especially in the form of a free trade agreement. These statements at the time of the SADC EPA negotiation process might further lead to the conclusion that sustainable development is not the only interest guiding this policy (Baumgratz et. al, 2017; Nunn, 2017; Müller, 2015; Hurt, 2012).

Are Nunn (2017), Baumgratz et. al. (2017) and Hurt (2012) thus right and the objective of sustainable development only serves as a moral basis of the Agreement, while the *real* objective is to increase the EU's market power? If that is the case, does the SADC EPA nevertheless achieve its objective to increase sustainable development within the SADC EPA countries and can thus be seen as an adequate instrument of development cooperation?

Considering this, McGillivray et al. (2006) contest the concept of development cooperation more generally, referring to ambiguous research outcomes, which differently claim for the effectiveness of aid, its ineffectiveness or for no correlation at all.

This described ambiguity of development aids impact raises the question of why the EU still continues with development aid, even if its success is, according to the mentioned authors, unproven?

Baumgratz et al. (2017) answer this question with the attempt of the Global North to secure its predominance as well as its normative and neoliberal power by at the same time limiting China's rising power through its imperial, global economic system, which is again secured through 'development aid'. According to them, free trade agreements are far away from being of technical nature and rather represent a certain world view. Therefore, free trade agreements are supposed to be a strategy of domination of the Global South by the Global North (Baumgratz et al., 2017). In line with this theory, critical researchers, among others Nunn (2017); Hurt (2012); Müller (2015) and Langan (2011), draw a link between 'development aid' and neo-colonialism. The concept of neo-colonialism is therefore based upon Kwame Nkrumah's definition in his work "Africa must unite" (Nkrumah, 1965). He defines neo-colonialism as being the last stage of imperialism. The essence of neo-colonialism is, therefore, considered as

a State, which is theoretically independent and sovereign, being directed from outside (Nkrumah, 1965). Regarding this research, Nkrumah would thus state that even though South Africa is formally independent and officially sovereign, the SADC EPA, being part of its economic system and thus its political policy, is directed from outside by the European Union.

Responding to this critique, the EU has changed its discourse in order to reduce this neo-colonial appearance and changed the term of ‘development aid’ to ‘development cooperation’, whereby the EU puts a special focus on the cooperation ‘among equals’ (European Commission, 2019). Furthermore, the term ‘development’ has been changed to ‘sustainable development’, since the famous ‘Brundtland’ report of the World Commission on Environment and Development in 1987. At that time the commission defined Sustainable Development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (World Commission on Environment and Development, 1987). Even though the academic debate among this concept is highly prominent in academic research, this definition from 1987 is still uncontested and serves until now as the most common definition of sustainable development, which is used by a lot of researchers, who are conceptualizing this variable (Grosse Ruse-Khan, 2010; Emas, 2015).

The EU’s agenda thus has a long-standing policy commitment to the concept of ‘sustainable development’ as a treaty objective, which goes back to the 1997 Treaty of Amsterdam, Article 11, which stipulated the EU to ‘promote economic and social progress (by) (...) taking account of the principle of sustainable development (...)’ (European Union, 1997: 7). The concept is further used as treaty objective within the Current Europe 2020 strategy for sustainable and inclusive growth as well as the UN Sustainable Development Goals, where the EU has highly been engaged, as well as the highly debated Economic Partnership Agreements between the EU and ACP Countries.

These Economic Partnership Agreements have been established in the context of the Cotonou Partnership Agreement, which aims to tackle poverty, create economic growth and develop governance. This is supposed to be done via cooperation on development, political and economic reform, and trade. Central to this has been the shift from the non-reciprocal preferential trade regime of the Lomé Agreement towards the WTO compliant reciprocal Economic Partnership Agreements between the EU and regional groupings of the ACP countries. Contradictory to the EU who promises to achieve sustainable development via these Economic Partnership Agreements, a coalition of resistance emerged and challenged the

liberalization agenda based on the potential threat it posed to the development of ACP economies (Nunn, 2017).

In the academic debate around the objective of the EU to achieve sustainable development in the ACP Countries, a lot of different hypotheses have been formulated, which mostly criticise the EU-ACP relationship as a predominantly social construction, where concepts as ‘partnership’, ‘poverty reduction’, ‘democratization’ and ‘sustainable development’ are used as a legitimization of power relations to force the former colonies to a dependent form of development, as well as to extend the EU's role as a normative power (Nunn, 2017). The SADC EPA is therefore according to Nunn and other researchers (e.g. Hurt, Baumgratz, Ekeke) an attempt to ensure the EU's neoliberal market extension in the name of sustainable development.

In this regard, this research will critically assess the SADC EPA, with respect to its efficiency as an instrument of development cooperation. Firstly, its consistency with the African Union's Agenda 2063 will be assessed, in order to analyze whether the objectives of the SADC EPA are consistent with the interests of the African Union. Furthermore, the level of sustainable development during the last two decades will be outlined, by analyzing different indicators measuring the level of sustainable development. The fourth Chapter of this research will, therefore, include the perception of the SADC EPA by South African researchers. To conclude the findings will be presented and an answer to the research question will be given. Thereafter, limitations of the research at hand as well as an outlook for future research will be reported.



## 1.2. Research Question

The strong bargaining power of the EU reveals the question to what extent the interests of each of the parties are implemented within the objectives of the SADC EPA treaty. Further, it will be examined to what extent they have been achieved. Therefore, the following Research Question has been established:

***To what extent does the Economic Partnership Agreement between the European Union and the member states of the Southern African Development Community (SADC) achieve its objective of sustainable development within South Africa?***

With the purpose of answering this research question, the research will be sub-divided into different sections, answering the following sub-questions:

1. What are the objectives of the SADC EPA and are these consistent with the Agenda 2063?

Responding to the frequent criticism of the EPAs not reflecting the African Unions (AUs) interests this sub-question seeks to examine the consistency of the SADC EPA and the Agenda 2063, reflecting the AUs interests. Therefore, first, the objectives of the SADC EPA will be analyzed and as a second step, the African Union's Agenda 2063 will be examined. In a concluding part to this chapter, the consistency between these two documents will be analyzed and thus contribute to the main research question by stating whether the SADC EPA represents the African Unions interest, as being the basic principle of sustainable development cooperation.

2. Is a change in the level of sustainable development in South Africa observable?

This sub-question seeks to answer the question, whether the SADC EPA achieves its objective of sustainable development and thus whether it can be seen as an adequate instrument of development cooperation. It will be answered through the analysis of different indicators, including the Gross National Income per capita, the employment-to-population ratio, as well as the (inequality-adjusted) Human Development Index and the gross fixed capital formation, measuring the level of sustainable development within South Africa.

### 3. *How is the SADC EPA perceived by South-African researchers?*

Considering the prominent criticism of development cooperation as not taking into account the ACP countries interests, this chapter seeks to include the perception of the SADC EPA by South-African researchers. In order to extensively capture this perspective as being an instrument of developing cooperation, the perspective of different South-African researchers and journalists will be analyzed.

#### 1.3 Theory

Having its origins in the anti-colonial movements after the Second World War, the concept of development cooperation is nothing new for the European Union External Policies, but rather forms, as Robert Schumann puts it, “one of her (the EU's) essential tasks” (European Union, 2019). Since then, the concept of development cooperation has highly been discussed and is up to now a vastly contested topic in International Relations Theory. Taking this debate and thus the changes in development cooperation into account, the main theories of development cooperation will be introduced and discussed. This theoretical framework should thus serve to give a better overview of the background of the SADC EPA, being a free trade agreement and serving as an instrument of development cooperation. Therefore, first, the modernization as well as the dependence theory, being the main theories explaining why changes in the level of development exist, will be introduced. As the SADC EPA is a Free Trade Agreement and thus belongs to the international political economy, the theoretical framework will further be subdivided into the three classical theories of the international political economy, liberalism, realism, and Marxism. Even though these three theories are based on international relations theory and political economy, they are not congruent to the well-known International Relations Theories but adapted to the international political economy theory.

Within this research, these theories present the theoretical perspective, which is taken in analyzing the research question to what extent the SADC EPA achieves its objective of Sustainable Development. At the end of this research, these theories will be further picked up and evaluated, based on the research outcomes.

##### *1.3.1. Differences in the Global Development Levels*

Seeking to explain the existence of differences in the global development levels, the modernization, as well as the dependence theory, follow two different approaches.

In order to give some background information about the theoretical assumptions of the SADC EPA, as being an instrument of development cooperation, will be explained.

#### 1.3.1.1. Modernization Theory

Coming into existence shortly after the Second World War, the Modernization Theory, together with the Dependence theory, forms one of the first theories of development and can thus be seen as the underlying basis for development theory up to now (Meyns, 2009).

This theory builds upon the assumption that development occurs on an emergent axis. The difference between countries of the Global South and countries of the Global North is thus seen in the respective position on the emergent axis. While countries of the Global North are considered to be more developed than countries of the Global South, they are presented at a higher position on this axis. Countries of the Global South, on the other hand, are seen to be less developed and are thus presented at a lower level on the emergent axis. The modernization theory thus claims the development level of the Global North to be the ultimate goal, which countries of the Global South are aiming to achieve. This assumption characterizes development as being the transition from the traditional agricultural society towards the modern industrial society (Meyns, 2009).

The most influential variant of this theory is, in this regard, the one by Walt W. Rostow, which puts the economic development in the center of development (Rostow, 1960). The economic historian distinguishes economic growth, thus development, into five different stages, which a society passes through on its way from a traditional agricultural towards a modern society. According to him, the *traditional agricultural society* develops from its first (1) *originating stage* into the second stage, which are the (2) *pre-conditions of take-off*, where the requirements of economic growth are met. The society then further develops into the third stage of the (3) *take-off* towards the modern society (Rostow, 1960). This stage is characterized by its fast and intense economic growth. Therefore, it requires, according to Rostow, a rise of productive investment to over 10% of the national income, in order to achieve the drive to the fourth stage of (4) *technological maturity* and consequently the fifth stage of (5) *high mass consumption* and thus the *modern society* (Rostow, 1960). While the take-off is considered as being the most important stage in the transformation process, the role of the former called “development-aid” is to support the as less-developed considered countries by capital inflows, aiming to achieve higher invest rates (Rostow, 1960).

#### *1.3.1.2. Dependence Theory*

Unlike the Modernization Theory, the Dependence Theory uses a historical perspective in order to explain the “under development” of the countries in the Global South (Palma, 1978). It thus considers the long colonial and imperial conquest and exploitation of the ACP countries as being the cause of today’s structural dependence of ACP Countries towards the former colonial powers of the Global North (Meyns, 2009). This asymmetric power relation between the center and the periphery is explained by Frank’s “Development of the Under-development” formula (Frank, 1969). Frank thus considers the development of the Global North to be producing the “under-development” of the Global South, being the periphery of the global market. In this regard Frank stated development and underdevelopment to be “two sides of the same coin” (Frank, 1969). As a result of this assumption, Frank points out that the Global South can only reach a higher level of development if it frees itself from the capitalistic global market. According to him a further integration in the global market would only support the existing structures of “under development”. Supporters of the dependence theory thus claim that the Global South should first concentrate on a domestic market auto-centric oriented development, before getting integrated into the global market (Meyns, 2009).

#### *1.3.2. Liberalism*

Originating in David Ricardo’s Theory of the comparative advantage, Liberalism forms one of the three major theories in international political economy. Emphasizing the importance of free trade in order to realize welfare gains, liberalists regard markets as the most efficient mechanism in order to allocate resources. The state is therefore responsible to set the right terms and conditions for a functioning market and has to further correct unwished market consequences. Built upon this classical theory, the neo-liberal theory as well as the current development theory “Aid for Trade” has been developed. Serving as the theoretical foundation of the SADC EPA, these two theories will be introduced in the following.

##### *1.3.2.1. Neo-liberal Theory*

After the collapse of the socialist Soviet Union in 1989 and the hegemonic supremacy of the United States of America with its capitalistic economic system, the Neoliberal Theory raises the claim to be the global development theory. It aspires to achieve (economic) development by deregulating the markets, privatizing public ownership in the productive as well as the infrastructural sector as well as eliminating any price or input subsidies. These provisions, also known as “Washington Consensus”, are seen to be a guarantor for growth and development (Meyns, 2009). Based on the assumption, that international cooperation is possible,

neoliberalists claim for the creation of institutions, as being the agents of the different states. These institutions are supposed to overcome barriers to international collective action, as in this research the establishment of the SADC EPA is supposed to overcome trade barriers (Sterling-Folker, 2010).

#### *1.3.2.2. Aid for Trade*

Build upon the classical liberalist theory of the comparative advantage by David Ricardo, which emphasizes the importance of free trade in order to realize welfare gains, the Aid for Trade theory has been launched by the WTO in 2005 as an instrument of development cooperation (WTO, 2019). As Ricardo's Theory on the comparative advantage, the Aid for Trade theory also sees markets as the most efficient mechanism to allocate resources and thus to achieve economic growth. International Trade is therefore seen as the key to economic growth and prosperity (BMZ, 2017). Economic growth is therefore considered to lead to an increase in employment rates as well as a decrease in poverty. The theory, therefore, builds upon the assumption that trade can support poor societal groups, as long as the respective countries have the essential conditions in the finance, education as well as the governance sector (BMZ, 2017; Meyns, 2009). The Aid for Trade strategy thus seeks to further support the surrounding conditions in these respective sectors as well as other trade-related sectors, in order to develop the export sector and thus support trade capacities in the ACP countries. Furthermore, the strategy aspires to support the countries of the global south in minimizing the economic as well as social costs and to further use its chances for broadly based sustainable (economic) development (WTO, 2019).

However, in countries of the Global South, economic growth is mostly based on the export of unprocessed raw materials and thus does not bare a lot of potential regarding the creation of value and thus an increase in the level of sustainable development. Therefore, also a structural change in processing industries with a higher productivity rate is necessary (Paterson, 2018).

The strategy further claims to support sustainable development concerning not only an increase of employment rates but further an improvement of working conditions, since it demands implementation of labor and humanitarian standards according to the International Labour Organization (ILO). As a long-term consequence, the Aid for Trade strategy further claims to decrease the level of migration flows towards the countries of the Global North (BMZ, 2017).

### *1.3.3. Marxism*

Another major theory of the international political economy forms the Marxist Theory by Immanuel Wallerstein. Focussing on capitalism as being the structure of the global economy, the theory transfers the class division between the resource owners (Bourgeoisie) and the laborer (proletariat) on the global level (Wallerstein, 1980). It is thus distinguished between the center and the periphery of the world economy, whereby the Global South, as being the periphery, permanently gets exploited by the Global North, being the center (Wallerstein, 1980). In line with this major theoretical approach goes the neo-colonial theory as well as the Post-Development theory, which will be explained in the following.

#### *1.3.3.1. Neo-colonialism*

Hand in hand with the post-development theoretical approach goes the neo-colonial approach which refers to the work of Kwame Nkrumah. Nkrumah, the first president of the Republic of Ghana and a strong advocate of the necessity of unification of African Countries (Nkrumah, 1963). Nkrumah, therefore, characterizes neo-colonialism as being the last stage after Imperialism. According to him, the central characteristic of neo-colonialism is the heteronomy of African States by the former colonial powers, even though the respective African countries are formally independent. This heteronomy is executed through economic and financial instruments, as for example financial dependence of the state, control over the exchange rate policy by the Bretton Woods Institutions or monopolistic trade structures (Ziai, 2012a). The neo-colonial theory thus assumes that foreign direct investments in “less developed” regions rather leads to exploitation as well as to an increase of the gap between the rich and the poor instead of achieving its objective of supporting the region’s “development” (Ziai, 2012a). The actors of neo-colonialism are thereby seen to be, besides the former colonial powers, also new imperial powers, as well as multinational corporations and more generally international financial interests (Ziai, 2012a).

Representatives of the neo-colonial approach, therefore, seek to abrogate the attempt of the Global North to achieve sustainable development within the Global South. Development-cooperation, as an instrument to “develop” the ACP countries, is thus a highly criticized topic by the neo-colonialists.

#### *1.3.3.2 Post-Development*

Even though the previously explained liberal theories all differ from each other, they still have one point in common, which is the general assumption of development cooperation being useful

as well as its teleological approach of claiming that the modern industrial society should replace the traditional agricultural society (Meyns, 2009). The Post-development approach, on the other hand, pronounces the demise of development as such and urges for “alternatives to development” (Matthews, 2004: 373). The theory thus claims a fundamental critique of the concept of development, which covers each attempt to transfer the western capitalist business model to countries of the Global South (Ziai, 2012b).

The post-development approach, therefore, considers development as being an ideology of the Global North, permitting a continuation of colonialism with other means (Ziai, 2012b). It further criticizes that the concept of development has promised the citizens of ACP Countries to approach their living standards towards the ones of the OECD States, through the incorporation of the capitalist world economy and thus the international division of labor. Effectively, this incorporation did not decrease, but rather increase the gap in the level of development between the Global North and the Global South (Ziai, 2012b).

More fundamentally, the post-development approach does not only criticize the accessibility but further questions the desirability of the universal claim of an industrial general consumption society (Ziai, 2012b).

While the post-development approach heavily criticizes the existing development theories, it has to face the reproach of romanticizing the pre-colonial state of ACP Countries as well as being caught in binary thinking, condemning the entire western modernity without considering its positive aspects (Ziai, 2012b).

#### *1.3.4. Realism*

The third major theory in the context of international political economy is the Realism, embossed by Charles Kindleberger. Realists, therefore, regard foreign trade policy as power politics. According to them, states always seek to maximize their own welfare and independence in order to increase their power position within the international system. The liberal international economic order is therefore considered to be the result of a hegemonic agenda (Kindleberger, 1981). The costs for the functioning of this global economic order, which e.g. includes the creation and financing of institutions, will be covered by the hegemonic state, since it is the one who, according to the realist theory, profits most of this open global economic order (Kindleberger, 1981).

### *1.3.5. Theoretical Expectations regarding the SADC EPA*

Seeking to achieve sustainable development as one of its main objectives, the SADC EPA needs to be seen as more than just a regular free trade agreement, but as an instrument of development cooperation. Its aim, to achieve sustainable development via free trade is therefore built upon the in 2005 developed neo-liberal “Aid for Trade” Theory. According to this theory international free trade, thus the SADC EPA, will support economic development in the trading countries and is therefore supposed to lead to an increase in employment rates, an improvement of working conditions as well as a decrease in poverty. In the long term, this strategy even promises a decrease in the level of migration flows from the ACP Countries towards the European Union, due to these improvements of the standard of living,

However, this strategy, based on the neo-liberal Washington Consensus and promising to be a guarantor for growth and development, is not uncontested. The Marxist post-development approach criticizes the SADC EPA, as being an instrument of development-cooperation, to be built on the teleological assumption of claiming the universal desirability of the modern industrial society replacing the traditional agricultural society. This aspiration to transfer the western capitalist socio-economic model to the countries of the Global South is furthermore accused to be of neo-colonial nature, trying to heteronomous over the African countries via financial and economic instruments. The neo-colonial approach furthermore accuses the via the SADC EPA promised increase of foreign direct investments, to rather lead to exploitation as well as to an increasing gap between the rich and the poor, instead of supporting the region’s development. As the SADC EPA is part of the “Aid for Trade” strategy, the Post-Development approach further accuses the agreement to be driven by financial and power interests in order to increase the predominance of the EU’s neo-liberal market power.

Dependent on the different theories, the following expectations can be drawn:

#### *A. Liberalism*

According to the liberalist theories, the SADC EPA is supposed to lead to (1) an increase in the Foreign Invest rate, (2) an increase in the employment rate, (3) a decrease in the poverty rate.

#### *B. Marxism*

The Marxist theories predict the SADC EPA to (1) increase the gap between the rich and the poor. Moreover, it accuses the agreement to (2) solely reflect the European Unions financial and power interests, without taking the African Union’s interest into account



### *C. Realism*

Realists predict the EU as the hegemonic power in this relation, and thus according to the Realist Theory, profits most of the SADC EPA, is (1) willing to take over the costs of the agreement.

Seeking to examine the SADC EPA by answering the research question to what extent the SADC EPA, being a Free Trade agreement, can achieve its objective of sustainable development and thus serve as an adequate instrument of development-cooperation. These different theories, therefore, serve as a theoretical framework of the research and provide the research with different perspectives on the SADC EPA. In this regard, the research is subdivided into different chapters, each answering one of the above-presented sub-questions. Thereafter, a conclusion to the research will be drawn, where it will be come back to these theoretical expectations, giving a short statement regarding the applicability of these theories in regard to the SADC EPA.

#### **1.4 Research design**

In order to answer the research question, to what extent the SADC EPA achieves its objective of sustainable development and thus serves as an adequate instrument of development cooperation, a qualitative analysis will be conducted. Therefore, the research has been subdivided into three sub-questions, which will each be answered separately within three different chapters.

The first sub-question, asking for the objectives of the SADC EPA and its consistency with the interests of the African Union, will be answered by an analysis of the SADC EPA treaty as well as the Agenda 2063, representing the African Union's standpoint and how it aspires its own development to be until 2063. The Agenda 2063 will thus serve within this research as a representation of the African Unions Interests, concerning its (sustainable) development. After finding out both treaties main objectives, it will be compared whether and to what extent these are consistent with each other. The consistency of the SADC EPA with the African Union's interests is therefore considered as a key element when examining the SADC EPA's achievement of sustainable development. This sub-question will, therefore, be addressed in chapter two of this research.

The second sub-question asks for an observable change in the level of sustainable development in South Africa. This will be approached through an interrupted-time series approach. In this manner, it will be analyzed how the indicators, used to describe the level of sustainable development, have changed recently, since 2000. This approach includes an association as well

as a time factor. Therefore, this research design might be very powerful. However, caution in this longitudinal research design is necessary, before drawing the conclusion that the SADC EPA, is the effect to a potential change in the level of sustainable development in South Africa. Nevertheless, the answer to this sub-question is essential when answering the main research question whether the objective of the SADC EPA, which is to increase in the level of sustainable development, is achieved. This sub-question will be addressed in the third chapter.

Seeking to counter this threat of causal inference, the third sub-question, asking how the SADC EPA is perceived by South African researchers, will be included. This third sub-question does not only seek to examine whether the potentially observed changes in the level of sustainable development are perceived as a consequence of the SADC EPA but further aspires to include a South-African perspective on the question whether these Free Trade Agreements are an adequate instrument of development-cooperation. This is particularly essential since often times research concerning development cooperation rather concentrates on speaking about the African Continent instead of with the African Continent. Therefore, it has been decided to include the perspective of South-African researchers within the fourth chapter of this research.

### 1.5\_Operationalization of the main concepts and data collection methods

As the main concept of this research, Sustainable development needs to be measured in order to investigate the extent to which it is achieved through Economic Partnership Agreements, a clear conceptualization and operationalization are necessary, which will be explained in this section.

The conceptualization of sustainable development by the famous Brundtland report as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (World Commission on Environment and Development, 1987), makes this main concept comparable to the sustainable development goals by the United Nations. Since Sustainable Development is a very broad concept, which features a lot of different facets, this research will use indicators, measuring different aspects of sustainable development. Therefore, some of the indicators used to measure the United Nations Sustainable Development Goals (SDGs) will be used in this research.

The first indicator is thus the Human Development Index (HDI), developed by the United Nations Development Programme (UNDP). This indicator presents a broad understanding of poverty, considering the health standards, education as well as the living standard (United Nations Development Programme, 2019).

A further indicator is the employment-to-population ratio. Developed by the International Labour Organisation (ILO), this indicator presents the proportion of a country's population that is employed (ILO, 2019). The employment-to-population ratio, therefore, examines the SADC EPA's prediction to increase the employment rate through the predicted increase in trade.

The promotion of sustained, inclusive and economic growth as well as the attempt to achieve full and productive employment and decent work for all as a facet of sustainable development will be measured through the gross national income (GNI) per capita, based on the purchasing power parity (PPP) (current US\$ Atlas method). This indicator is developed by the world bank, which also publishes the necessary data (World Bank Group, 2019).

The fourth indicator, measuring the change in the level of sustainable development within South Africa is the Gross fixed capital formation (GFCF). This indicator measures the net increase in fixed capital. It thus describes the net investment, including among others the spending on land improvements, plant, machinery and equipment purchases, the construction of roads and railways as well as commercial and industrial buildings (OECD, 2019).

Since these indicators already provide existing datasets by the UNDP, OECD and World Bank, these indicators are well suitable to use in order to measure the change of sustainable development.

## 1.6 Data analysis

Conclusions to the research question will be drawn regarding the outcomes of the above-presented sub-questions. The first sub-question asking for the consistency of the SADC EPA and the Agenda 2063 will be answered through a detailed comparison and analysis of both treaties' objectives. The second sub-question, asking for a significant change in the level of sustainable development, will be addressed through a detailed analysis of the above presented indicators, the HDI, the employment-to-population ratio, the GNI, as well as the GFCF. The third sub-question, asking for the perception of the SADC EPA by South African researchers will be addressed through an analysis of different articles, written by South African researchers and journalists. On the basis of these research outcomes, the research question of this thesis *to what extent the SADC EPA achieves its objective to increase the level of sustainable development* will be answered.

## Chapter II: The Objectives of the SADC EPA and its consistency with the African Union's interests

When examining the research question *to what extent does the SADC EPA achieve its main objective of sustainable development?* There is a lot of ambiguity in the academic debate. Some scholars argue that the SADC EPA only reflects the EU's interests while others highlight its cooperation at eye level. In order to react to this ambiguity, it is necessary to first examine the Treaty negotiated between the EU and the SADC countries. Therefore, this chapter aims to first examine the main objectives of the SADC EPA. As a second step, the objectives of the Agenda 2063 will be examined, which will serve as the standpoint of the African Union, reflecting the African Unions interests. The aim of this chapter is thus to analyze whether the objectives of the SADC EPA are consistent with the African Unions interests.

### 2.1. The SADC EPA Treaty

#### 2.1.1 Background Information SADC EPA

The reciprocal trade agreement *SADC EPA* between the EU and the regional grouping of seven of the SADC countries is a free trade agreement of a special character, aiming to achieve development cooperation via Trade. Therefore, all parties commit to trade liberalization. Taking the different levels of economic development of the treaty partners into account, the SADC EPA attributes the SADC EPA countries an exemption of sensitive products from liberalization (Berends, 2016). These so-called SADC “minus” countries are, besides South Africa, Botswana, Lesotho, Namibia, Mozambique, Swaziland, and Eswatini.

This form of a reciprocal trade agreement thus marks a profound makeover of trade relations between the EU and ACP states in general, since, in the former *Cotonou* Trade agreement, the ACP Countries enjoyed free access to the European market without being obliged to liberalize their own markets (Berends, 2016).

The trigger for these new trade ties lies in the provision by the World Trade Organization (WTO), stating that any trade agreement between states needs to be in line with the WTO rules (Berends, 2016). Therefore, Article 1 of the General Agreement on Tariffs and Trade (GATT), prohibits any form of discrimination between states and thus demands that any preferential treatment granted to one country would have to be extended to all WTO members (WTO, 1947).

Another reason, why the trade-relations between the EU and ACP countries have been revised is the persuasion that the access to the EU market should be further improved. This is based on the theory of *Aid for Trade*, which has been established by the WTO in 2005 (WTO, 2019). The program *Aid for Trade* seeks to support countries of the Global South in improving their trade infrastructure and capacities, enabling them to further their regional as well as global market integration (BMZ, 2017). This *Aid for Trade* Theory and the thereof resulting EPAs are further supported by the observation that even though the ACP countries had preferential access to the European markets under the Cotonou Agreement, their market share did not increase. This development stands in contrast to the development of less preferred exporters, like China, who were able to raise their market share (Berends, 2016). In response to this development, the assumption came up that a reciprocal trade agreement with some degree of trade liberalization on both sides might lead to a greater market share. This assumption is based on the idea that access to goods is essential for an economy in order to prosper and expand its exports (Berends, 2016).

### 2.1.2. *The Objectives of the SADC EPA*

The examination of the SADC EPA agreement reveals that this treaty differs from other free-trade agreements, considering the provisions of *Sustainable Development* (SADC EPA, Art.1a) *development cooperation* and *trade defense*. This as well as the basic principle of human rights and democracy, indicate the *aid for trade* background of the SADC EPA and thus gives the agreement a moral basis. In the following, the different objectives of the SADC EPA will be introduced regarding the different areas of cooperation.

#### 2.1.2.1. *Trade and Sustainable Development*

In this regard, Chapter II of the SADC EPA treaty deals with the topic of *trade and sustainable development* (SADC EPA, Art. 6-11). In the context of sustainable development, which is based on the three pillars of economic and social development as well as environmental protection, this chapter thus addresses the SADC EPA's key elements of Human rights, Social Issues, and labor rights as well as environmental sustainability.

Regarding these provisions, Berends, who coordinated the SADC EPA negotiations on the side of the European Commission, refers to the basis assumption of these provisions that "trade leads to a transfer of best practices, to an increase in trade of environment-friendly goods and to

investors seeking locations with well-developed labour and environmental conditions” (Berends, 2016: 5).

The protection of human rights is according to the Lisbon Treaty (2009) an essential and mandatory element of EU trade policy. The SADC EPA fulfills this requirement among others through its provisions in Article 7 on *Sustainable Development* as well as Article 8 on *Multilateral environmental and labour standards and agreements* (SADC EPA, Chapter II). The agreement thus requires the treaty parties to reaffirm their rights and their commitment to implement their obligations in respect of the International Labor Organisation (ILO) conventions, which have already been ratified by the parties (SADC EPA, Art. 8(2)).

At the same time, the Article further refers to the party’s responsibility to further commit their obligations in regard to the Multilateral Environmental Agreement (MEA).

Even though these two key elements of the SADC EPA, the environmental sustainability as well as the protection of labor rights, refer to international agreements, the treaty still gives each party the sovereignty to establish its own levels of domestic environmental and labor protection (SADC EPA, Art.9(1)). However, the parties are required to enforce existing domestic environmental laws and regulations, without weakening their environmental or labor protection to attract investment (SADC EPA, Art.9(3)). This requirement picks up the fear that some parties might lower their labor and environmental standards, seeking to gain a competitive advantage, or on the other hand that some countries might implement very high standards in order to constitute a form of protectionism of the countries market (Berends, 2016).

#### *1.1.2.2.Areas of Cooperation*

The third Chapter of the SADC EPA puts the focus on the different areas of cooperation. A highly relevant area, when taking into account the objective of *sustainable development*, is the link between trade and *development cooperation*. The agreement, therefore, demands to be supported in its implementation through finance cooperation, e.g. in the form of an EPA fund (SADC EPA, Art. 12 ff.). In his role as a former official at the Directorate-General for Trade, Berends comments the establishment of such a fund as not to be underestimated. The development assistance *Aid for Trade* is e.g. estimated to amount to around \$2.9 billion. However, this number does not cover exactly the same territory as the SADC EPA group, it still stresses that the degree of financial cooperation is necessary to be considered (Berends, 2016). Taking this into account, the SADC EPA already lists cooperation priorities (SADC EPA, Art. 13) as well as possible types of interventions (SADC EPA, Art. 15).

The Chapter on *Areas of cooperation* further includes clauses for future cooperation in the fields of public procurement, intellectual property rights, competition policy, and services as well as investment trade (SADC EPA, Art. 16 ff.), which makes initiation of future talks possible.

### *2.1.2.3 Safeguards*

Since the SADC EPA is in the core a development-oriented agreement and has listed sustainable development as its main objective, the SADC EPA contains a number of various safeguards, which are essential in order to protect the SADC EPA states from potential negative effects due to tariff liberalization (Grumiller et.al., 2018). Trying not to leave its trade completely left to market forces, the treaty further includes anti-dumping and countervailing safeguards as well as multilateral, bilateral safeguards and an infant industry clause. It further contains provisions on agricultural and food security safeguards. (Berends, 2016)

The safeguards, therefore, serve to protect the domestic industry, especially in the context of increased competition. Further protectionist measures are therefore also allowed, in case a party faces payment difficulties in accordance with the WTO and IMF agreements. (Grumiller et. al., 2018).

The Anti-dumping and countervailing measures therefore simply refer to the relevant WTO agreements (SADC EPA, Art.32). In accordance with this goes the Multilateral safeguard, which states that a party is always permitted to adopt measures in accordance with WTO agreements (SADC EPA, Art. 33).

Regarding the General bilateral safeguards, the agreement states that safeguards may be taken if a product originating in one Party is being imported into the territory of the other Party in such increased quantities and under such conditions as to cause or threaten to cause serious injury to the domestic industry, or disturbances in a sector producing competitive products (SADC EPA, Art. 34)

Regarding the agricultural safeguards, its trigger mechanisms are not based on a demonstration of injury to a domestic industry but instead, are based on the volume of imports. As soon as a predetermined edge of imports of 25 percent of the current WTO bound tariff or 25 percentage points, whichever is higher, has been reached, the agricultural safeguards can be invoked (SADC EPA, Art.35). In order to support the SADC EPA States and acknowledge the challenges, faced by the SADC EPA states, due to the removal of barriers to trade, this safeguard only concerns exports from the EU to the SADC EPA States, serving as a protectionist measure for the SADC EPA States. This goes in line with the Infant Industry

protection safeguard, which seeks to protect new industries since these are particularly vulnerable to competition. The Infant Industry clause thus gives them the chance to develop and attain the economies of scale necessary to compete (SADC EPA, Art. 38; Berends, 2016).

#### *2.1.2.4. Protocol on the Rules of Origin*

The SADC EPA further includes a Protocol on the Rules of Origin (RoO), which serves to determine the economic nationality of a product. This is needed since exported goods are often made from goods imported from foreign countries. The key objective of these Rules of Origin is thus to avoid trade deflection, as for example routing exports via a third country in order to improve the market access. The RoO have further been used by countries as a form of trade policy to protect domestic interests.

In this regard, two factors mainly regulate this “economic nationality”. The first factor is thereby, whether the product was wholly obtained in a country. The second factor is the substantial transformation in the respective country (Grumiller et. al., 2018). This second factor is based on the question of how much processing needs to take place before a product gets the status of origin. Therefore, the processing in the country itself needs to account for at least 60% of the value of that product (Berends, 2016). Furthermore, the RoO include a ‘tolerance rule’, which allows a product to obtain the originating status if the non-originating inputs do not exceed a certain threshold of the ex-work price in cases where the defined criteria have not been achieved.

A further regulation in order to succeed the rules of origin is the cumulation of origin, according to Art. 3-6 (SADC EPA). Therefore, two or more countries can try to meet the rule of origin for a product together instead of each country by itself. Cumulation thus allows non-originated inputs or processes carried out in a foreign country to be considered as originating in the respective domestic country in order to obtain the originating status. This cumulation process can be differentiated between bilateral or regional, as well as diagonal and full cumulation (Grumiller et. al., 2018).

These RoO are particularly important in the trade with manufactured goods since raw materials are mostly “wholly obtained” (Grumiller et. al., 2018). Even though ACP countries export highly depend on unprocessed goods, thus “wholly obtained” goods, the RoO have important implications for the SADC EPA States. The RoO could thus limit or facilitate the inclusion on global value chains, which is of high importance for the SADC EPA countries since they are seeking to establish labor-intensive manufacturing export activities (Grumiller et. al., 2018).



## 2.2 The Agenda 2063

### *2.2.1 Background Information Agenda 2063*

The Agenda 2063 has been generated in 2013 by the African Union (AU) in order to constitute the African aspirations for Africa in 2063. In the context of this research, the Agenda 2063 serves as a representation of interests of the African Union and will therefore further be used as an instrument to examine whether the SADC EPA truly reflects the Interests of the African Union, and thus achieves its objective of sustainable development, or whether it is an instrument for the EU to further expand its influence as a neo-liberal market power.

According to this Agenda, the African Union aspires to become “a prosperous Africa based on inclusive growth and sustainable development” (African Union, 2013: 2) as well as becoming “an integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa’s Renaissance” (African Union, 2013: 4). The Union further seeks its continent to be one of “good governance, democracy, respect for human rights, justice and the rule of law” (African Union, 2013: 5). Its aspirations are further to become a “peaceful and secure Africa” by also having a “strong cultural identity, common heritage, shared values and ethics” (African Union, 2013: 6). Concerning the continent's development, the Union aspires it to be “people-driven by relying on the potential of African people, especially its women and youth, and caring for children” (African Union, 2013: 8). In this regard, the Union seeks to be “a strong, united and influential global player and partner” (African Union, 2013: 9). In the following parts of this chapter, the focus will be put on those aspirations, which can be related to the SADC EPA.

#### ***Aspiration 1: A prosperous Africa based on inclusive growth and sustainable development.***

The community’s aspiration to become a prosperous Africa based on inclusive growth and sustainable development is based on the Unions determination to “eradicate poverty in one generation and build shared prosperity through social and economic transformation of the continent” (African Union, 2013: 2). This should be achieved through the social and economic transformation of the continent. Furthermore, the African Union seeks to achieve a modernized infrastructure, high standards of living as well as a higher quality of life (African Union, 2013). Regarding the economic development, the Agenda 2063 points out the objective of the African Union to structurally transform the economies in order to create shared growth, decent jobs and economic opportunities for all (African Union, 2013). In accordance with this transformation, the AU aspires its GDP to be proportionate to her share of the world population and natural resource endowments (Agenda 2063, Art. 12). Concerning its agriculture, the AU seeks it to be

modern and productive using science, technology, innovation as well as indigenous knowledge (Agenda 2063, Art. 13).

***Aspiration 2. An integrated continent, politically united, based on the ideals of Pan-Africanism and the vision of Africa's Renaissance***

Furthermore, the African Union aspires to become an integrated continent, which is politically united and based on the ideals of Pan-Africanism as well as the vision of Africa's Renaissance. The free movement of people, capital, goods, and services are therefore seen to result in significant increases in trade and investments amongst African countries rising to unprecedented levels as well as strengthening Africa's place in global trade (African Union, 2013). The world-class infrastructure, for example, sees intra-African trade growing from less than 12% in 2013 to approaching 50% by 2045 (African Union, 2013). Africa's share of global trade shall, therefore, rise from 2% to 12%, which is understood as spurring the growth of Pan-African companies of global reach in all sectors (African Union, 2013). Striking in this point is that throughout the whole Agenda 2063, the African Union puts a special focus on its aspiration of unity as well as sovereignty and independence, which implies the high importance of these objectives (African Union, 2013).

***Aspiration 6: An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth.***

Concerning the continent's development, the Union aims to let its development be "people-driven by relying on the potential of *African* people, especially its women and youth" (African Union, 2013: 8). The African Union, therefore, aspires that by 2063, Africa will be "people-centred and caring", will "put children first", "has empowered women to play their rightful role in all spheres of life", will have achieved "full gender equality in all spheres of life" and will have "engaged and empowered youth" (African Union, 2013: 8). This chapter thus focuses on further reducing inequalities as well as decreasing the level of unemployment, which is underlined by the aspiration to let the development of the African continent be reliant on "the potential of *African* people" (African Union, 2013: 8). This aspiration further picks up the AUs aspiration to be "sovereign, independent, confident and self-reliant" (African Union, 2013:4).

### ***Aspiration 7: Africa as a strong, united and influential global player and partner***

According to Aspiration 6 goes the AU's aspiration to become a strong, united and influential global player and partner. This aim is of particular importance for this research since it directly affects the Economic Partnership Agreement, since both concern the economic development of the continent.

The AU, therefore, aspires its continent to be a "major, social, political and economic force in the world with her rightful share of the global commons" (African Union, 2013: 10). Furthermore, she seeks to become an "active and equal participant in global affairs, multilateral institutions as well as a driver for peaceful co-existence, tolerance and a sustainable and just world" (African Union, 2013: 10). At the same time, she seeks to be fully capable and having the means to finance her own development (African Union, 2013). Regarding her international cooperation, the AU aspires to promote and defend its interests and let the cooperation become *mutually* beneficial as well as aligned to her Pan-Africanist vision (African Union, 2013). In order to achieve this objective, the AU aspires to speak with one voice and act collectively by promoting their common interests and positions in the international arena (African Union, 2013). Furthermore, the AU seeks mutually beneficial relations and partnerships with other regions as well as continents. These partnerships should further strengthen the integration efforts and thus strengthen the AU's common perspectives on priorities as well as views on global matters (African Union, 2013).

### **2.3. The Consistency of the SADC EPA and the Agenda 2063**

On the basis of the above-presented comparison of the respective treaties' objectives, it can be stated that these are partly consistent with each other. In that regard, the SADC EPA assumes that trade leads to a transfer of best practices, which would support the African Union in its aim to socially and economically transform the African continent. Furthermore, regarding the agricultural sector, the AU could benefit through the *transfer of best practices* when seeking for more modern and more productive agriculture by importing science, technology, and innovations which are already used in the EU. The various safeguards, as well as the protocol on the rules of origin and the geographical indications, can further support the aspirations by the African Union in terms of being a strong and influential global player and partner. The safeguards as well as the infant industry clause implemented in the SADC EPA, therefore,

serves to protect the sustainable development of the newly developing African markets and industry.

Nevertheless, the Agenda 2063 frequently states its aspiration to become an “integrated, united, peaceful, sovereign, independent, confident and self-reliant continent” (African Union, 2013: 4). This unity and integration process of the African Union as well as the Union’s Aspiration to increase intra-African trade is not supported by the SADC EPA. Instead, the SADC EPA is even hindering the aspired integration process of the continent since the EPAs are concluded between the EU and different groups of African States, instead of between the EU and the AU as a whole.

On the other side, the African Union seeks to become an influential global player (African Union, 2013: 9). Therefore, global trade without barriers would support the AU in its vision to become a global player.

However, the frequent use of the concepts “unity”, “independence”, “sovereignty” makes the main aspiration of the African Union clear, to become a strong and united Africa. Therefore, it can be concluded that it would have been more appropriate if the EU would have negotiated with the African Union as a whole, instead of negotiating seven different Economic Partnership Agreements with regional groups of ACP states. This would have furthermore approached the EPA’s claim to be a “Partnership Agreement at eye-level” The interest motives of the EU to negotiate with smaller groups of African countries, instead of negotiating with the African Union could be ascribed to the smaller negotiating power of only a few states instead of negotiating with the African Union as a whole. However, negotiating with the African Union as a whole, instead of only negotiating with smaller states would have approached the EPA’s claim to be a Partnership agreement at eye-level.

Furthermore, due to the AU’s aspiration to “speak with one voice” (African Union, 2013: 10) as well as the importance of Pan-Africanism, it would have been more appropriate to first increase intra-African trade, by establishing the African Continental Free Trade Area (AfCFTA) before the EPAs. Then the African industries could have grown and been established further, before having to compete with the market power of the European Union.

A further complicacy displays the aspiration of the AU to facilitate a free movement of people, capital, goods, and services within Africa. This is therefore not only not covered by the SADC EPA but further also stands in contrast with the aspiration of closed borders and open markets by the EU (Jakob & Schlindwein.,2017).

## Chapter III: The Level of Sustainable Development in South-Africa

### 3.1. Introduction

In order to answer the Research Question whether the SADC EPA achieves its objective of sustainable development within South Africa and can thus be seen as an effective instrument of development-cooperation, it is essential to examine whether a change in the level of sustainable development in South Africa is observable. In doing so, the broad concept of Sustainable Development, which features a lot of different facets, will be narrowed down on the most central objectives listed in the SADC EPA as well as the Agenda 2063. Those are the eradication of poverty, an increase in employment, the promotion of sustained, inclusive and economic growth as well as an increase in (foreign) investments in African Countries. Therefore, some of the indicators used to measure the United Nations Sustainable Development Goals (SDGs) will be used in this analysis.

In this sense, the Human Development Index serves as the first indicator. Developed by the United Nations Development Programme, this indicator presents a broad understanding of poverty, considering different aspects as health standards, education as well as the standard of living (United Nations Development Programme, 2019).

In order to measure the promotion of sustained, inclusive and economic growth as well as the attempt to achieve full and productive employment and decent work for all as a facet of sustainable development, the gross national income (GNI) per capita, based on the purchasing power parity (PPP) developed by the world bank, will be used as indicator, complemented by the employment-to-population ratio indicator, developed by the International Labor Organisation (2019).

The fourth indicator used to measure the change in the level of sustainable development is the Gross fixed capital formation (GFCF), which measures the net increase in fixed capital. Since an increase in the GFCF, thus a rise in investment, is seen to contribute towards a higher aggregate demand and further increase the productive capacity of a country, this indicator has been chosen to further imply the level of sustainable development (OECD, 2019).

Since these indicators already provide existing datasets by the UNDP, OECD, ILO and World Bank, these indicators are well suitable to use in order to measure the change of sustainable development.

## 3.2. Data Analysis

### 3.2.1 Human Development Index

The first indicator, measuring the level of Sustainable Development in South Africa, is the Human Development Index. Developed by the United Nations Development Programme, this indicator presents a broad understanding of poverty, considering the aspects of a long and healthy life, access to knowledge as well as a decent standard of living, which are used as the three basic dimensions of human development. In order to measure these dimensions, different indicators have been used (United Nations Development Programme, 2019).

The dimension of a long and healthy life is therefore indicated by the life expectancy at birth, whereby the data is primarily based on data from the United Nations Population Division. The standard of living is indicated by the Gross National Income per Capita (GNI), based on data from the world bank. The access to knowledge, as the third indicator, is measured by the average number of years of education received in a lifetime as well as the access to education and knowledge by the expected years of schooling for children of school-entry age. The data for this third indicator is therefore used from the United Nations Educational, Scientific and Cultural Organization Institute for Statistics (United Nations Development Programme, 2019). The scale of the Human Development Index goes from *zero* to *one*, whereby *zero* is the lowest value with no Human Development and *one* the highest value of the Human Development Index. In South Africa, the Human Development Index has constantly increased since 2005 when it was at a level of 0.614 until it reached its peak in 2017 with a value of 0.699 (United Nations Development Programme, 2019). South Africa is therefore put in the category of medium human development, ranked at the 113<sup>th</sup> position, out of 189 countries and territories. South Africa thus achieves an HDI value, which lays above the average of 0.537 for Countries in Sub-Saharan Africa. In this region, it is only Namibia, with an HDI of 0.647, which is approaching the front-runner South Africa with its HDI value of 0.699 (United Nations Development Programme, 2019).

Due to the neo-colonial assumption of international trade leading to an increase between the rich and the poor instead of achieving its objective of sustainable development, the Inequality-adjusted HDI (IHDI) will further be taken into account. It considers inequality in all three dimensions of the HDI, by deducting each dimension's average value according to its level of inequality. South Africa's IHDI value thus falls to 0.467, with an overall loss of 33.2%. The strongest HDI loss of 56.4% of Inequality can thereby be observed in the area of income. South Africa thus possesses the highest inequality level in the whole sub-Saharan region, which shows

an overall loss of 30.8 %, thus 2.4% lower than South Africa (United Nations Development Programme, 2019).

This inequality-adjusted HDI thus demonstrates that even though, South Africa reaches a comparatively high value of Human Development, the country's level of inequality is intense. The IHDI thus proves the existence of a wide gap between the rich and the poor within South Africa. However, it is difficult to conclude this as being caused by foreign direct investments, as the neo-colonial theories predict it to be. Due to the historical situation of the South African apartheid, the probability of the SADC EPA being the cause of this high level of inequality is comparably low.

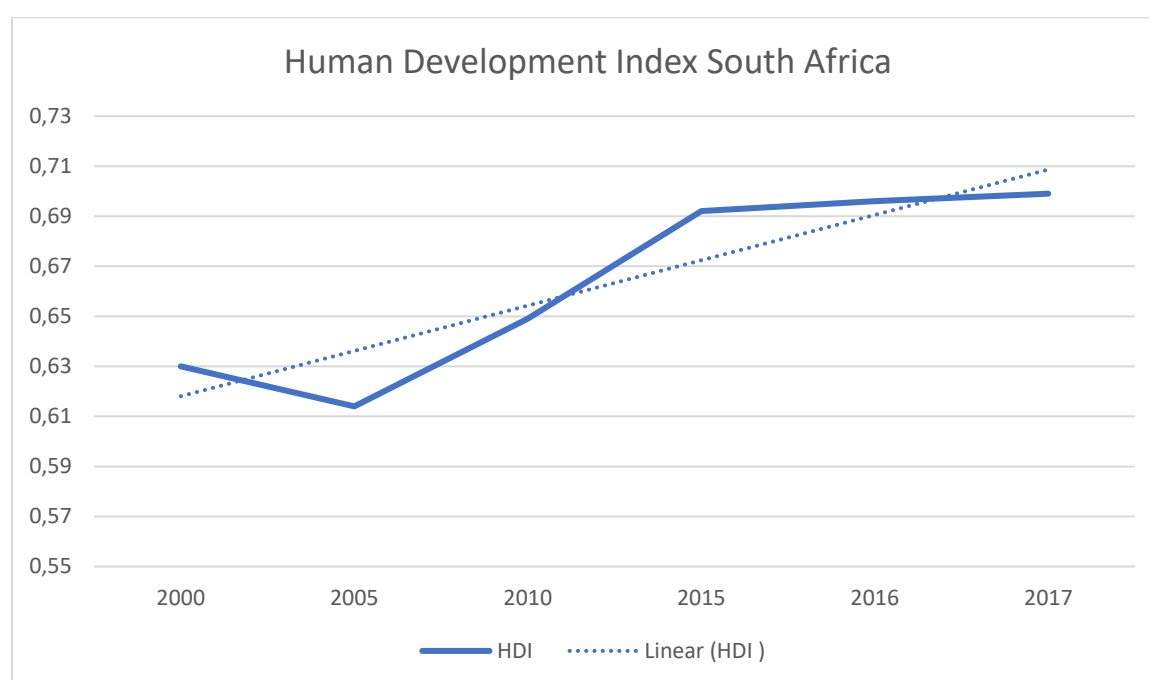


Figure 1. Illustration of the Human Development Index in South Africa from 2000-2017.

Compiled by the author, based on data retrieved from the United Nations Development Programme (2019).

### 3.2.2. *Employment-to-population ratio*

According to the neo-liberal aid for trade theory, an increase in trade, as predicted by the SADC EPA, will cause an increasing employment rate. In order to examine this assumption, the Employment to population ratio will be used as an indicator. Developed by the International Labour Organisation (ILO), the Employment to population ratio presents the proportion of a country's population that is employed (ILO, 2019). It, therefore, defines employment as persons of working age, including people aged 15 and older, who were engaged in any activity to produce goods or provide services for pay or profit.

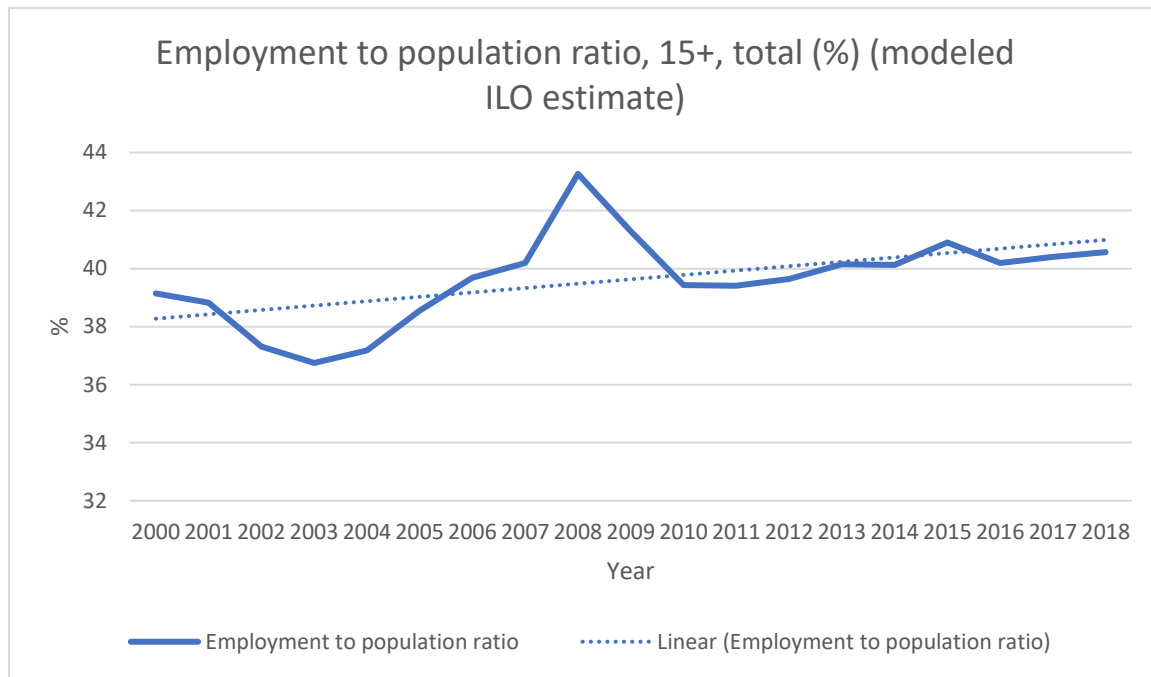
Even though the data on employment by status are drawn from labor force surveys, which are considered as the most comprehensive source for internationally comparable employment, there are still some limitations for comparing the data. As the ILO contains data statistics from national sources, there might be variations in the definitions of employment and population. Hence, the age range, as well as the population base for the employment ratio, might vary (ILO, 2019).

The importance of employment in order to achieve sustainable development is further confirmed by the ratification of the 8<sup>th</sup> Sustainable Development Goal, aspiring to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” (United Nations, 2015: 21). Full and productive employment is therefore predicted to be the main route for people to escape poverty. The employment-to-population ratio, therefore, serves as a key measure to monitor the development of South Africa and further whether it is about to achieve the 8<sup>th</sup> Sustainable Development Goal, to promote “full and productive employment” in order to further decrease poverty.

Regarding South Africa, the employment-to-population ratio decreased from an employment percentage of about 39% in 2000 until it reaches its trough at the level of 36.7% in 2003. From then on, the employment-to-population ratio is gradually increasing up to 40.2% in 2007. In the year of 2008, the value again increases significantly about 3% up to a value of 43.2%, when the employment-to-population ratio reached its peak. In the following two years until 2010, the statistics again show a decrease up to a level of 39.4 in 2010. From then on, the employment-to-population ratio illustrates a slight continuous increase up to a level of about 40 %.

On the whole, a slight increase in the employment-to-population ratio can be observed, which theoretically proves an increase in the ability of the South African economy to create employment. Although this indicator, using an employment-to-populating ratio, already reveals more significant information regarding the level of employment in South Africa, than a conventional employment rate could offer, it does not include significant information regarding the working conditions.





*Figure 2.* Illustration of the employment to population ratio within South Africa from 2000 until 2018.  
Figure compiled by the author, based on data retrieved from the International Labor Organization (2019).

### 3.2.3. Gross National Income

After having analyzed the employment-to-population ratio, measuring the attempt to achieve full and productive employment for all as a facet of sustainable development, the Gross National Income (GNI) per capita, based on the purchasing power parity (PPP) will further complete the measurement of sustainable development. The GNI per capita, therefore, contributes to this research by giving information regarding the economic growth, as being a facet of Sustainable Development (United Nations, 2015).

The GNI per capita, therefore, measures the total earnings of the residents of an economy and adjusts it with the cost of living in the respective country. The GNI thus presents an important measure, displaying the economic dimension of sustainable development (World Bank, 2019). However, the GNI only measures part of the economic dimension of sustainable development and thus gives limited information, when it comes to capturing people's material conditions. Therefore, the GNI in this research is complemented by other indicators, as the HDI, the employment-to-population ratio and the Gross fixed capital formation.

The examination of the level of the GNI per capita in South Africa, thus reveals that since 1995 the GNI constantly increased until 2012. While it has been at a level of 8.885 in 1995 it slowly increased up to its peak of 12.02 in 2012. From 2012 until 2015 the GNI level almost stagnated until it falls again from 2015 until the last measuring point in 2017, reaching a value of 11.922

and putting South Africa into the Upper-middle income group of states (World Bank, 2019). This decrease of the GNI is particularly striking since it is the GNI's first decrease since 1990-1995. Even though this change is quite marginal and can also be considered as a regular economic fluctuation, a slight decrease in the GNI per capita can be seen since the implementation of the SADC EPA. The objective of the SADC EPA, however, was to increase economic growth, which as shown with this data, it has not been able to achieve.

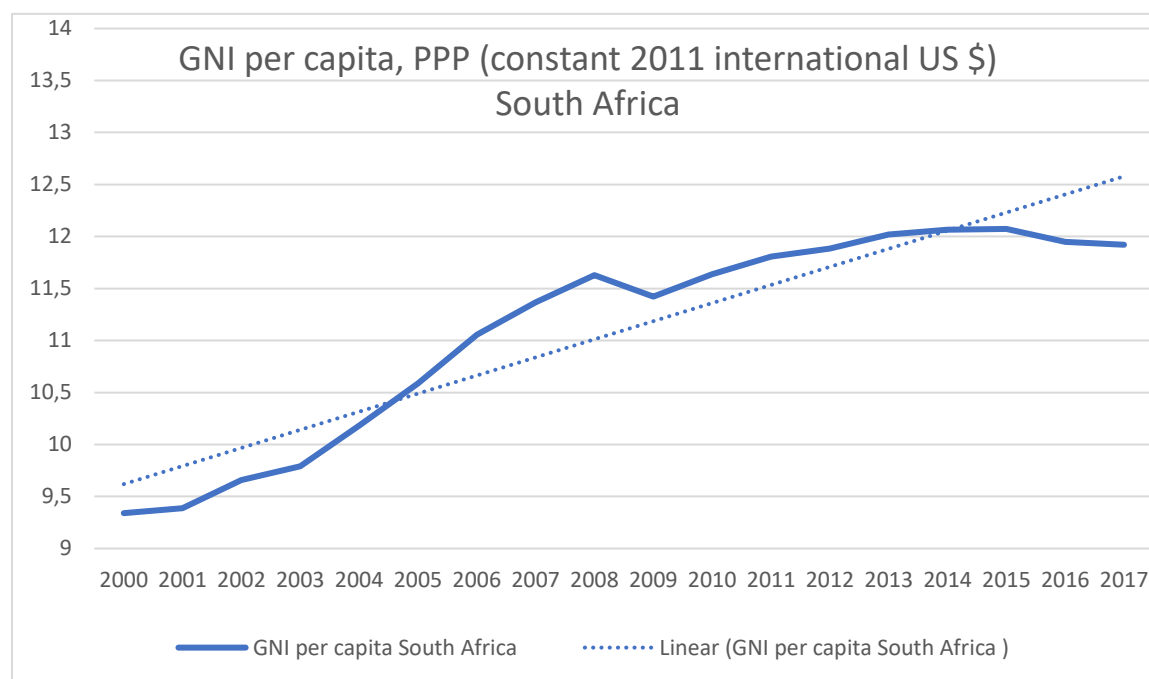


Figure 3. Illustration of the Gross National Income per capita, based on the purchasing power parity, within South Africa from 2000 until 2017. Figure compiled by the author, based on data retrieved from The World Bank Group (2019).

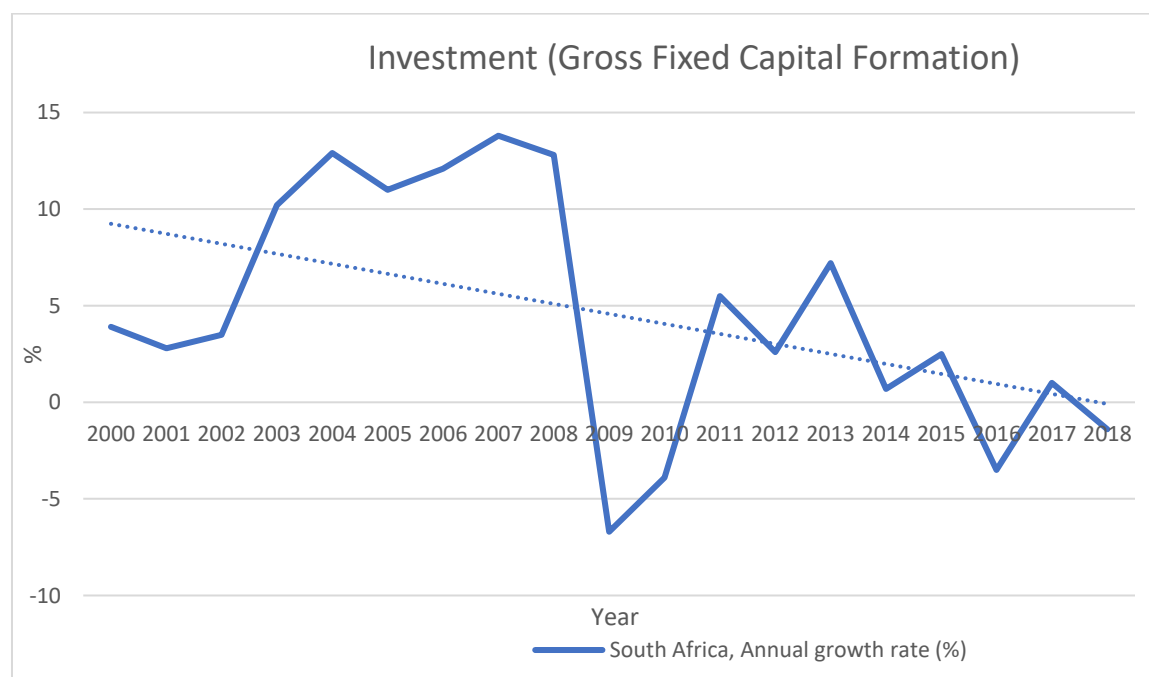
### 3.2.4. Gross fixed capital formation

The Gross fixed capital formation (GFCF) measures the net increase in fixed capital. Therefore, it is defined by the OECD as the acquisition and creation of assets by producers for their own use, deducing the disposals of produced fixed assets (OECD, 2019). “Produced assets” are further explained to be assets, existing due to production process recognized in the national accounts. It can thus be seen as a form of net investment, including among others the spending on land improvements, plant, machinery and equipment purchases, the construction of roads and railways as well as commercial and industrial buildings. The GFCF is measured in million USD at current prices and PPPs in annual growth rates (OECD, 2019).

According to macroeconomic theory, an increase in the GFCF, thus a rise in investment, will contribute towards a higher aggregate demand and further increase the productive capacity.

Increasing investment thus leads to higher economic growth in the long-term, even though it depends on how effective the investment is. Consequently, the analysis of the GFCF is necessary in order to critically analyze a potential change in the level of sustainable development in South Africa (OECD, 2019).

While the GFCF in South Africa is still a bit fluctuating at the beginning of the 21<sup>st</sup> century, it already highly increases from a value of 3.5% in 2002 up to a value of 10.2% in 2003. The value stays almost constant until 2007 when it reached its peak with a value of 13.8%. The investment level then falls from 13.8% slowly to 12.8% in 2008 and then strikingly up to a decreasing value of -6.7% in 2009 when it reached its trough. From there on the investment level increases again during the next years up to a value of 7.2% in 2013 but then unsteadily decreases up to a decreasing value of -1.4% in 2018. Striking in this regard is that the Investment level heavily fell in the year, when the previous Cotonou Agreement went out of force and the Interim SADC EPA became effective. Even if this drastic fall of the level of investment is perceived as a result of the World Economic Crisis in 2008, the objective of the SADC EPA was to increase (foreign) investments through its implementation. Though the changes are perceived, not as a result of the SADC EPA, but as a consequence of the world economic crisis, the investment levels overall decreased. Therefore, the SADC EPA did not achieve its objective to increase foreign investments.



*Figure 4.* Illustration of the Investment level within South Africa from 2000-2018. Indicated through the Gross Fixed Capital Formation. Figure compiled by the author, based on data retrieved from the OECD (2019).

### 3.3. Concluding Remarks in the Change of the Level of Sustainable Development

In the following section concluding remarks in the change of the level of sustainable development will be drawn and analyzed. Thereafter, the sub-question, asking whether significant changes in the level of sustainable development have been observed, will be answered.

#### Human Development Index / Inequality-adjusted Human Development Index

The Human Development Index, developed by the United Nations Development Programme, serves as the first indicator, measuring a change in the level of sustainable development. Considering the aspects of a long and healthy life, access to knowledge as well as a decent standard of living, it presents a broad understanding of poverty.

The examination of this indicator, therefore, revealed a constant increase since 2015, when it was at a level of 0.614 until it reached its peak in 2017 with a value of 0.699. According to this observation, the SADC EPA decreases poverty and thus achieves its objective to achieve sustainable development in this regard. Correspondingly, the theoretical expectation of the liberal aid-for trade theory, predicting a decrease in the poverty rate, can be proven for now.

Nevertheless, it is striking that the inequality-adjusted HDI (IHDI) lays at a level of 0.467, with an overall loss of 33.2%. The IHDI thus indicates the existence of a wide gap between the rich and the poor within South Africa, which signifies the careful examination of the HDIs high value. Even though, it cannot be proven that the high level of the IHDI is caused by the SADC EPA, the achievement of sustainable development regarding the Human Development in the categories “long and healthy life”, “access to knowledge” as well as a “decent standard of living” needs to be doubted.

#### Employment- to-population ratio

Aspiring to “promote sustained, inclusive and economic growth, full and productive employment and decent work for all” (United Nations, 2015: 21) employment is of high importance when examining the level of sustainable development. The employment-to-population ratio has therefore been used to monitor the employment development of South Africa and thus examine the neo-liberal aid for trade assumption of an increase in trade, causing an increase in employment.

Therefore, it has been observed that after the employment-to-population ratio has been fluctuating a lot from 2000 to 2010, the level from then on continuously slightly increased from a level of 39.4% in 2010, up to a value of 40.563% in 2018. Even though, this change is marginal, a slight increase can be observed. The SADC EPA thus achieved its objective of sustainable development regarding an increase in the employment-to-population ratio.

### Gross National Income

The examination of the gross national income (GNI) per capita, based on the purchasing power parity, revealed marginal changes since the implementation of the SADC EPA. While the GNI per capita in South Africa constantly increased since 1995, it reached its peak at a level of 12.02 in 2012. While the level of the GNI then remains almost constant until 2015, it afterward decreases again for the first time since 1990-1995, reaching a value of 11.922 in 2017 and ascribing South Africa into the upper-middle income group of states.

Even though this change can be considered as marginal, economic growth as being a facet of sustainable development has not increased since the implementation of the SADC EPA. In this regard, the objective of the SADC EPA has not been achieved.

### Gross Fixed Capital Formation

The SADC EPA further aspires to achieve an increase in foreign direct investments (FDI), which is said to contribute to a higher aggregate demand and a further increase in the productive capacity of a country. In order to measure whether this aspiration has been achieved, the gross fixed capital formation (GFCF) has been used as an indicator. Its observation revealed a swinging increase from 2002 until 2007 when it reached its peak at an increasing value of 13.8%. From then on, the GFCF fell drastically up to a decreasing value of -6.7% in 2009, which is perceived as a consequence of the world economic crisis. Afterward, the GFCF level is about to slowly recover by an unsteady increase until 2016, when it reaches another trough at a decreasing value of -3.5%. It then fluctuates again until it reaches a less strong decreasing value of -1.4% in 2018.

Even if this drastic fall of the level of investment is perceived as a result of the World Economic Crisis in 2008, the objective of the SADC EPA was to increase (foreign) investments through its implementation. The investment levels, however, present an overall decrease. Therefore, it

has to be concluded that the SADC EPA did not achieve its objective to increase foreign investments.

On the basis of the above-presented data analysis of indices, it can be concluded that during the observed period only marginal changes have been observed in the level of sustainable development. However, a slight increase in the (inequality-adjusted) HDI and the employment-to-population ratio, as well as a slight decrease in the GNI per capita and the GFCF, have been observed. While it remains questionable whether these slight changes can be deduced on the implementation of the SADC EPA, it can at least be concluded that on the basis of these data, the SADC EPA only restrictedly achieves its objective of an increase in the level of sustainable development in South-Africa.

## Chapter IV: The perception of the SADC EPA by South-African researchers

This chapter seeks to present a South-African perspective on the frequently discussed SADC EPA, the Free Trade Agreement with the claim of contributing towards sustainable development. Therefore, an article written by the South African Professors Mills Soko and Mzukisi Qobo, will serve as the academic foundation of this chapter. Their article will be complemented by two South African newspaper articles. One is written by Mark Paterson, a senior journalist and communications consultant with a wide range of non-governmental, government and academic organizations and published by the South African newspaper “Mail & Guardian” in September 2018. The second newspaper article is written by Dr. Showers Mawowa, the Deputy Director of the Southern Africa Liaison Office, published by the Daily Maverick newspaper in October 2018.

The researchers Soko and Qobo, as well as Maowa, argue in their articles that even though the partnership between South Africa and the EU aspires to be mutually beneficial for both actors, it, however, expresses asymmetrical power relations between the partners (Soko & Qobo, 2017; Maowa, 2018). Due to economic imbalances, a contrasting ideology as well as the historical relation between the former colonial powers of the West and the former oppressed and exploited colonies of the South, the relations between the EU and South Africa are still seen to be complex (Soko & Qobo, 2017). In this regard, Soko and Qobo (2017) further argue that the relationship between the two partners cannot be considered as a relationship among *equals*, as it is officially declared within the SADC EPA.

According to Soko and Qobo (2017), the SADC EPA is thus seen in South Africa as being part of the unified logic of socializing South Africa into European Norms and to further enforce the EU’s commercial objectives. The SADC EPA’s emphasis on development aid is thus understood as being the moral basis of the agreement in order to enable the EU to act as a normative power by providing developmental assistance that converges with the EU’s interests. Having a partnership with South Africa, being Africa’s major economy and being a global actor on its own, further increases the EU’s power and thus its profile of being a global actor (Soko et al., 2017). Soko and Qobo thus consider Trade Agreements as being “an integral part of the EU’s grand strategy” (Soko & Qobo, 2017). Trade Agreements are, according to them, thus not only about tariffs or about jobs and investment, but rather about maintaining EU competitiveness in a globalized economy, as well as spreading its norms and standards into the world (Soko & Qobo, 2017). The main objective of the SADC EPA, or the EU-SA relationship

in general, is according to the researchers thus not its official objective of creating sustainable development and thus being an instrument of development cooperation, but rather about commercial diplomacy as well as the bolstering of the role of the EU as a global actor (Soko & Qobo, 2017).

However, South Africa's access to development assistance as well as a growing export rate in the EU market lets the economic relations between the two actors become mutually beneficial. Paterson in this regard refers to Art. 4 of the SADC EPA, supporting the accumulation of products from different countries in the SADC EPA region to produce exports to the EU, which according to Paterson, might forge regional value chains and thus promote sustainable development within the region (Paterson, 2018). Moreover, Paterson points out that the creation of value chains might mitigate the effects of climate change in agricultural sectors, promote economic diversification, support industrialization and foster mineral beneficiation (Paterson, 2018).

Another beneficial aspect for South Africa is the gross fixed investment by EU companies since the EU countries are responsible for a huge share of foreign direct investment flows into South Africa (Soko & Qobo, 2017).

Soko and Qobo further declare the EU's commercial diplomacy as being the main driver of the SADC EPA. Therefore, they relate to the in 2006 implemented Global Europe Strategy, which underlined growth and jobs as being the key objectives to pursue domestic competitiveness. This required the EU to adopt a strategy aimed at opening markets abroad. The EU's external agenda was therefore aimed at increasing its growth as well as its competitiveness. External relations have therefore been justified on the basis of enhancing the competitiveness of EU businesses and increasing employment for EU citizens (Soko & Qobo, 2017).

Mawowa in this regard refers to the South African local businesses, whose capacity and competitiveness is minor compared to the EU. The researcher states that the treaty partners need to engage more in securing funding and business training which promotes and supports infant industries in their capacity building and thus increasing their competitiveness (Mawowa, 2018).

However, the researchers point out that no matter how much commitment external actors even put into the support of South Africa's development, finally it is up to South Africa itself to enhance its domestic policies. If these domestic policies are not credible, all the external support will only do little to raise the country's economic development (Soko & Qobo, 2017).



Regarding the negotiation process of the SADC EPA, Soko and Qobo criticize the incredibility of the EU's neo-liberal strategy, since it's liberalizing impulse tried not to include the for the EU highly important agricultural sector. Instead of sticking to the neo-liberal system, the EU preferred to protect its sensitive agricultural sector and originally preferred to follow the protectionist model (Soko & Qobo, 2017). Besides this behavior, which created doubts concerning the EU's credibility, Soko and Qobo further explain the frequent criticisms of the South African government during the negotiation process. Therefore, the government has expressed its concern regarding the potentially devastating socio-economic consequences, which a withdrawal of preferential market access by the EU would have for itself as well as its neighboring countries. This is mainly caused by the South African perception of the SADC EPA as being detrimental to the regional integration efforts within the Southern African region (Soko & Qobo, 2017). This criticism is further picked up by Paterson and Mawowa, arguing that the SADC EPA, as it is conducted with the EU and only six members of the SADC region instead of the whole region, increases the division of the region instead of supporting the SADC integration efforts (Mawowa, 2018). The agreement, therefore, does not only present an obstacle for harmonization and coordination but further reveals a failure of its objective to support sustainable development.

Summing these points up, the relationship between the EU and South Africa has been an enduring and wide-ranging one. The Introduction of the SADC EPA, therefore, brought into sharp relief the deep ideological tensions between the two partners but also the asymmetries of power. The tough negotiating issues, especially around wines, spirits and fisheries and later the fragmentation of the Southern African region along arbitrary designations by the EU through the EPAs has been perceived by South Africa as "disruptive and arrogant" as well as an implementation of its hegemonic influence in the southern African region (Soko & Qobo, 2017). This criticism could, therefore, according to Mawowa, be addressed through further support by the EU to promote funding and business training for South African domestic infant industries, in order to increase their capacity building and thus their competitiveness (Mawowa, 2018).

The strategic partnership between the EU and South Africa can thus be considered as being on shaky foundations, not only due to the above-explained historical context, power asymmetries and ideological tensions, but furthermore due to a declining influence of the EU in global affairs. Therefore, it is not surprising that South Africa's external strategy is now to further focus towards other new and emerging powers, such as Brazil, Russia, China, and India. The

country is thus in the process of restructuring its integration into the global economy and diversifying its sources of foreign investment relations, as well as markets for its exports and thus eliminate itself from its previous dependence on traditional developed country markets, where the promoted partnership among equals was hardly seen (Soko & Qobo, 2017).

The political significance of the strategic partnership with the EU is thus in the eyes of the South African researchers gradually eroding. The EU is losing a lot of its attraction as a normative global power while promoting a liberal internationalist order and multilateralism. At the same time, the EU is becoming more inward-looking, being caught in the grip of a rising tide of right-wing populism (Soko & Qobo, 2017). Despite this critical situation of the EU, the two South African researchers Soko and Qobo, however, argue that South Africa would do well to maintain its relationship with the EU as a region that can absorb its exports and offer benefits in technical fields. The EU thus remains an important trading bloc for South Africa.

## Chapter V: Conclusion

This thesis asked for the potential of the SADC EPA to achieve its objective of increasing the level of sustainable development within South Africa. Seeking to answer this question, the research has been divided into different chapters, each answering one sub-question. In the following chapter, these findings will first be picked up again. Based on these research outcomes the main research question will then be answered as well as the theoretical framework be examined. Concluding this chapter, some policy recommendations will be made.

### 5.1. Research Outcomes

#### 5.1.1. Consistency of the SADC EPA and the Agenda 2063

The first sub-question ‘What are the objectives of the SADC EPA and are these consistent with the Agenda 2063?’ has therefore been answered by examining both, the objectives of the SADC EPA as well as the objectives of the Agenda 2063, and consequently examining its consistency. The hereby conducted analysis revealed that the two treaties are only to some extent consistent with each other. While the by the SADC EPA aspired *transfer of best practices* could certainly support the AU in accomplishing its aspirations to socially and economically transform the African Continent, especially in regard to the agricultural sector, which the AU aspires to modernize and thus to increase its productivity. Furthermore, the SADC EPA will support the AU in achieving its aspiration to become a strong and influential global player. The safeguards as well as the infant industry clause implemented in the SADC EPA, therefore, serves to protect the sustainable development of the newly developing African markets and industry.

However, the main aspiration of the African Union, to become a strong and united Africa with increased intra-African trade, has not been adequately addressed by the (SADC) EPA. The segmentation of the African Union into different EPA-groups therefore rather hinders the integration process instead of supporting it. The interest motives of the EU to negotiate with smaller groups of African countries, instead of negotiating with the African Union as a whole, could be ascribed to the smaller negotiating power of the few states instead of negotiating with the African Union as a whole. In this regard, it would have been more appropriate to negotiate with the African Union as a whole, instead of only negotiating with smaller states. Furthermore, this would have approached the SADC EPAs claim to be a *Partnership* agreement at *eye-level*.

Furthermore, due to the AU’s aspiration to “speak with one voice” (African Union, 2013: 10) as well as the importance of Pan-Africanism, it would have been more appropriate to first increase intra-African trade (African Union, 2013: 5) by establishing the African Continental Free Trade Area (AfCFTA) before the EPAs. In that case, the African industries could have

grown and been established further, before having to compete with the market power of the European Union.

A further complicacy displays the aspiration of the AU to facilitate a free movement of people, capital, goods, and services within Africa. This is therefore not only not covered by the SADC EPA but further also stands in contrast with the aspiration of closed borders and open markets by the EU (Jakob & Schlindwein, 2017).

#### *5.1.2. Level of sustainable development*

The second sub-question aimed to analyze whether a potential change in the level of sustainable development within South Africa can be observed. Therefore, different indicators as the Human Development Index, the employment-to-population ratio as well as the Gross National Income and the Gross Fixed Capital Formation serve as indicators, describing the level of sustainable development within South Africa. The examination of these data sets reveals that during the observed period of time, the changes in the level of sustainable development have been marginal. However, a slight increase in the (inequality-adjusted) HDI and the employment-to-population ratio, as well as a slight decrease in the GNI per capita and the GFCF, have been observed. While it remains questionable whether these slight changes can be deduced on the implementation of the SADC EPA, it can at least be concluded that up to now the SADC EPA only restrictedly achieve its objective of an increase in the level of sustainable development in South-Africa.

#### *5.1.3. SADC EPA in the eyes of South-African researchers*

The last sub-question aimed to include a South-African perspective on the SADC EPA into this research. Therefore, the research by Soko and Qobo in 2017 served as a basis to examine the South African perspective.

In this regard, the two researchers highly criticize the asymmetrical power relations between the EU and the SADC EPA countries as not being a relationship among equals as promoted by the SADC EPA. Economic imbalances, a contrasting ideology as well as the colonial past let the relation between the treaty partners become complex. In the eyes of the South African researchers, the SADC EPA serves as an instrument to socialize South Africa into European Norms, whereby its objective to achieve sustainable development simply serves as the moral basis of the agreement and thus enables the EU to act as a normative power.

However the South-African researchers thus argue the SADC EPA serving the EU's self-interest of increasing its power, they still point out the beneficial aspects for South Africa, which are South Africa's access to development assistance as well as the gross fixed investment by EU companies as well as the EU as being a partner who can absorb South Africa's exports and further offer benefits in technical fields.

## 5.2. Theoretical evaluation

Within its treaty, the SADC EPA claims to be more than a regular free trade agreement and has declared itself to be an instrument of development cooperation. On the basis of this assumption, this research aimed at examining to what extent the SADC has achieved its objective of increasing the level of sustainable development and whether it can thus be said to be an efficient instrument of development cooperation. Therefore, the three major theories of the international political economy, *Liberalism*, *Marxism*, and *Realism*, have served as a theoretical foundation of this research. In the following, these theories will briefly be reviewed, regarding its consistency at the SADC EPA level.

### *Liberalism*

Based on the neo-liberal aid for trade theory, developed by the WTO in 2005, the SADC EPA is predicted to be the key to sustainable economic growth and prosperity. Therefore, the SADC EPA has been expected to lead to (1) an increase in the foreign investment rate, (2) an increase of the employment rates as well as (3) a decrease of the poverty rate.

The outcomes of this research indeed prove an increase in the employment-to-population ratio as well as an increase in the Human Development Index, which at the same time constitutes a decrease in poverty. However, the first liberal assumption of the SADC EPA leading to an increase in the foreign investment rate has been disproved by these research outcomes. However, it must be said that the observed changes are marginal, which makes it complicated to constitute a significant change which can be ascribed to the implementation of the SADC EPA. Furthermore, according to the Aid for Trade theory, the SADC EPA is predicted to, in the long term, improve the standard of living and thus lead to a decrease in the level of migration flows towards the EU. This, however, is said to be a long-term consequence and can thus be a prospect for future research. Moreover, this approach could be enhanced, if the potential in the creation of value would be increased. This could be achieved through a structural change from the export of unprocessed raw materials towards processing industries with a higher productivity rate.

### *Marxism*

The Marxist theories predict the SADC EPA to (1) increase the gap between the rich and the poor. Moreover, it accuses the agreement to (2) solely reflect the European Union's financial and power interests, without taking the African Union's interest into account

According to the Marxist Post-Development approach, the SADC EPA is predicted to (1) increase the gap between the rich and the poor. Furthermore, it accuses the agreement to (2) solely reflect the European Union's financial and power interests, without taking the African Union's interests into account. Regarding the research outcomes, the Marxist criticism is to a certain extent proven legitimate. Considering the first Marxist prediction of the SADC EPA, leading to an increasing gap between the rich and the poor, the Inequality-adjusted Human Development Index indeed proves a high level of inequality within South Africa. However, this is probably a structural problem due to the Apartheid regime and can thus not necessarily be perceived as a result of the SADC EPA.

Regarding the research outcomes of the consistency of the SADC EPA and the African Unions interests as well as the perception of the SADC EPA by South African researchers, the second accuse of the agreement to solely reflect the EU's financial and power interests, without taking the African Union's interest into account is to a certain extent proven legitimate. While the agreement indeed seems to follow the teleological assumption of claiming the universal desirability of the modern industrial society replacing the traditional agricultural society, this is to a certain extent, also reflecting the African Union's interests. This is underpinned by Point 13 of the Agenda 2063, stating the AU's aspiration of transforming its agricultural sector, to be "modern and productive, using science, technology, innovation as well as indigenous knowledge" (African Union, 2013: 3). Also, the AU's aspiration to become a "strong, united and influential global player and partner" (African Union, 2013: 3) is supported by its liaison with the EU.

Though, the major aspiration of the AU is its regional integration process, in order to become "an integrated continent, politically united, based on the ideals of Pan-Africanism and the vision of Africa's Renaissance" (African Union, 2013: 5). This main interest of the African Union is indeed not reflected by the SADC EPA since the EU adopted its EPAs not with the entire African Union as a whole, but instead with five different regions of the African Continent. This could indeed be interpreted as an attempt of the EU to heteronomous over the African countries

via financial and economic instruments in order to increase its predominance and thus its neo-liberal market power. This would indeed legitimize the Marxist theoretical approach to a certain extent.

### *Realism*

The briefly introduced Realist approach, predicts the hegemonial power, in this regard that would be the EU, to profit most of the SADC EPA and would in that sense take over the costs of the SADC EPA implementation process. This expectation has been proven right, since the EU is financially supporting the SADC EPA countries through an EPA fund.

### *Concluding theoretical remarks*

On the basis of the conducted research outcomes, it can be concluded that all of the three theories are to a certain extent proven as legitimate. While the SADC EPA fulfilled the liberalist prediction to lead to an increase of the employment rates as well as a decrease of the poverty rate, it did not fulfill its prediction to increase the foreign investment rates.

The Marxist theories, on the other hand, are proven as ambiguous. While they have predicted the SADC EPA to solely be lead by the EU's interests, without reflecting the AUs interests, it can be concluded that even though the SADC EPA does not reflect the major AUs interest of becoming an integrated and united continent, it, however, reflects the AUs interest to become a global player as well as to transform its traditional agricultural sector, towards a more modern and more productive agriculture through the transfer of best practices.

Taking these research outcomes into account, it can be concluded that while both theories are appropriate in their quintessence, they are not all-encompassing and thus need to be completed by each other.

## **5.3. Concluding Remarks**

The Research Question of this thesis has been to what extent the Economic Partnership Agreement between the European Union and the member states of the Southern African Development Community (SADC) achieves its objective of sustainable development within South Africa. On the basis of the above-presented research outcome, it can be concluded that the SADC EPA overall did not achieve its objective of increasing the level of sustainable development significantly.

While the change in the level of sustainable development has been marginal, the SADC EPA at the same time does not adequately reflect the interests of the African Union, presented by the

Agenda 2063. Mainly the aspiration to become a strong and *united* global player has been eroded by the segmentation of the African Countries into five different African EPA-groups. The South African researchers further criticize the promotion of the SADC EPA, as being a partnership among “equals” seeking to increase the level of sustainable development. Differently minded than this promotion, the South African researchers Soko and Qobo accuse the SADC EPA of being an instrument to increase the EU’s normative as well as neoliberal market power, whereby the objective of sustainable development solely serves as the moral basis, instead of being the real objective of the agreement.

However, the SADC EPA also includes beneficial aspects, as the increased chances of the African Union achieving its aspiration to become a global power as well as the slight increase in the HDI and the employment-to-population ratio. Furthermore, the SADC EPA intensifies the relation of South Africa towards the EU, being a region, which can absorb the South African exports and further offer benefits in technical fields, as the transfer of best practices. South Africa would thus do well to maintain its (trade) relations with the EU. In this regard, it would further be beneficial, if not primarily raw materials would be exported, but if the export of labor-intensive manufactured goods would increase and thus include South Africa, as well as other SADC EPA states, into the global value chains.

In this regard, the SADC EPA is not a “bad” agreement per se, but rather requires some further adaptations. Therefore, the following policy recommendations have been made.

#### 5.4. Policy recommendations

This research revealed that even though since the beginning of the century, a slight increase in the employment rate, as well as a decrease in poverty, has been achieved. The GNI, as well as the investment rates, however slightly decreased. Overall, all the observed changes in the level of sustainable development have been marginal, which concludes that overall the objective of the SADC EPA to significantly increase sustainable development has not been achieved. Furthermore, this research revealed criticisms of the SADC EPA regarding its consistency with the African Unions interest as well as a rather critical perception of the SADC EPA by South African researchers, mainly due to the asymmetrical power relation as well as the segmentation of the African Continent into regional groupings.

These criticisms could therefore be addressed, if the EPAs would not have been concluded with different groups of African States, but rather with the African Union as a whole. Besides



fostering the AU's aspiration to increase regional integration within the continent, this would further enhance the SADC EPA's objective of being a partnership agreement at eye-level, decreasing the asymmetrical power relations between the treaty partners.

Another policy recommendation, on the basis of these research outcomes, would be to first let the African Union establish and enhance its own domestic markets by creating the African continental free trade area (AFCFTA) and then at a later stage open its markets towards the powerful European Market. This would give the African Union, especially its infant industries, which are particularly vulnerable to competition, a better chance to develop before having to compete with one of the world's strongest economies.

## 5.5. Limitations and prospects of future research

### *Limitations in the explanatory power of this research*

Examining a correlation of a policy and its potential consequences is always a challenging undertaking. The possibility of other side-effects influencing the research outcomes poses a threat of causal inference. This threat is therefore picked up by the research question, to solely analyze to what extent the objective of sustainable development of the analyzed policy, the SADC EPA, is achieved, without necessarily making concrete testimonies about the correlation between the observation and the agreement. Moreover, some objectives of the SADC EPA, as the decreasing number of migrants, leaving the SADC EPA states in order to immigrate to the EU, will be a long-term consequence, which cannot be analyzed at this early stage of the SADC EPA's implementation.

### *Prospects for future research*

In order to increase the explanatory power of this research, it would be beneficial to further analyze the situation in other SADC EPA or ACP EPA countries and thus check whether the same conclusions can be drawn.

Moreover, it would be advantageous to conduct this research again in a few years, in order to further capture the long-term consequences of the agreement.

## 6. References

- African Union. (2013). *Agenda 2063: The Africa We Want*. Retrieved from [https://au.int/sites/default/files/documents/36204-doc-agenda2063\\_popular\\_version\\_en.pdf](https://au.int/sites/default/files/documents/36204-doc-agenda2063_popular_version_en.pdf)
- Amin, S. (1986). *La déconnexion*. Paris.
- Arts, K., & Dickson, A. K. (2004). *EU development cooperation: From model to symbol*. Manchester: Manchester University Press.
- Baumgratz, G., Chaabane, K., Ruf, W. & Telkämper, W. (2017). *Development by Free Trade? The Impact of the European Union's Neoliberal Agenda on the North African Countries* (1st, New ed.). Brussels: P.I.E. Peter Lang; P.I.E-Peter Lang S.A. Éditions Scientifiques Internationales.
- Bartels, L. (2007). The Trade and Development Policy of the European Union. *European Journal of International Law*, 18(4), 715–756. <https://doi.org/10.1093/ejil/chm042>
- Beck, T. (2002). Financial development and international trade: Is there a link? . *Journal of International Economics*. (57), 107–131.
- Berends, G. (2016). What does the EU-SADC EPA really say? An analysis of the Economic Partnership Agreement between the European Union and Southern Africa. *South African Journal of International Affairs*, 23 (4). Retrieved at: <https://www.tandfonline.com/doi/full/10.1080/10220461.2016.1275763>
- Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung. (2017). *Freier und fairer Handel als Motor für Entwicklung: Die deutsche Strategie für Aid for Trade*. Bonn. Retrieved from BMZ website: [https://www.bmz.de/de/mediathek/publikationen/reihen/strategiepapiere/Strategiepapier405\\_07\\_2017.pdf](https://www.bmz.de/de/mediathek/publikationen/reihen/strategiepapiere/Strategiepapier405_07_2017.pdf)
- Der Tagesspiegel. (2008). *Warum sollen wir uns für Afrika interessieren? Die Antworten der Parteien im Bundestag*. Retrieved from <https://www.tagesspiegel.de/politik/deutschland-warum-sollen-wir-uns-fuer-afrika-interessieren/1162416.html>
- Dunne, T., Kurki, M., & Smith, S. (Eds.). (2010). *International relations theories: Discipline and diversity* (2. ed.). Oxford: Oxford Univ. Press
- Eckert, A. (2009). Entwicklung in Afrika - was geht uns das an? . 34-35, 3–7. Retrieved from <http://www.bpb.de/apuz/31780/entwicklung-in-afrika>
- Ekeke, A. C. (2017). The potential effect of the economic partnership agreements between EU and Africa on Article 22 of the African Charter. *De Jure*, 50(2), 303–323. <https://doi.org/10.17159/2225-7160/2017/v50n2a6>
- Emas, R. (2015). Brief for GSDR 2015. The Concept of Sustainable Development: Definition and Defining Principles. Florida International University. [https://sustainabledevelopment.un.org/content/documents/5839GSDR%202015\\_SD\\_concept\\_definiton\\_rev.pdf](https://sustainabledevelopment.un.org/content/documents/5839GSDR%202015_SD_concept_definiton_rev.pdf)

- European Commission (2019a). *What are the Economic Partnership Agreements?* Retrieved at: <http://trade.ec.europa.eu/tradehelp/economic-partnership-agreements-epas>. Last update: 21.02.2019
- European Commission (2019b). *EU trade policy and ACP Countries*. Retrieved at <http://ec.europa.eu/trade/policy/countries-and-regions/development/economic-partnerships/>. Last update: 21.02.2019
- European Union (2019). *The Schuman Declaration – 9 May 1950*. Retrieved at: [https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration\\_en](https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration_en). Last update: 21.02.2019
- Frank, A. G. (1970). *Latin America: Underdevelopment or Revolution*. New York/ London.
- Gokmenoglu, K. K., Amin, M. Y., & Taspinar, N. (2015). The Relationship among International Trade, Financial Development and Economic Growth: The Case of Pakistan. *Procedia Economics and Finance*, 25(1), 489–496.
- Grosse Ruse-Khan, H. (2010). A real partnership for development? : Sustainable development as treaty objective in European Economic Partnership Agreements and beyond. *Journal of International Economic Law*, 13(1), 139–180.
- Hurt, S. (2012). The EU-SADC Economic Partnership Negotiations: 'locking in' the neoliberal model in Southern Africa? . *Third World Quarterly*, 33(3), 495–510.
- International Labour Organisation. (2019). Employment-to-population ratio. Retrieved from [https://www.ilo.org/ilostat-files/Documents/description\\_EPR\\_EN.pdf](https://www.ilo.org/ilostat-files/Documents/description_EPR_EN.pdf)
- Jakob, C., & Schlindwein, S. (2017). *Diktatoren als Türsteher Europas: Wie die EU ihre Grenzen nach Afrika verlagert* (2nd ed.). 978-3-86153-959-9. Berlin: Christoph Links Verlag.
- Kindleberger, C. P. (1981). Dominance and Leadership in the International Economy: Exploitation, Public Goods, and Free Rides. *International Studies Quarterly*, 25(2), 242. <https://doi.org/10.2307/2600355>
- Langan, M. (2012). Normative Power Europe and the Moral Economy of Africa–EU Ties: A Conceptual Reorientation of 'Normative Power'. *New Political Economy*, 17(3), 243–270. <https://doi.org/10.1080/13563467.2011.562975>
- Matthews, S. (2004). *Post-Development Theory and the Question of Alternatives: A View from Africa* (No. 2): Taylor & Francis, 25, pp. 373–384. Retrieved from <https://www.jstor.org/stable/3993687>
- Mawowa, S. (2018, October 5). SADC-EU Economic Partnership Agreement: The Need for Civil Society Engagement: How should civil society and other interested stakeholders engage with the SADC-EU Economic Partnership Agreement, if at all? What should be the form and content of that agreement? . *Daily Maverick*. Retrieved from <https://www.dailymaverick.co.za/opinionista/2018-10-05-sadc-eu-economic-partnership-agreement-the-need-for-civil-society-engagement/>

- Mc Gillivray, M., Feeny, S., Hermes, N., & Lensink, R. (2006). Controversies over the impact of development aid: It works; it doesn't; it can, but that depends... *Journal of International Development*, 18(7), 1031–1050. <https://doi.org/10.1002/jid.1335>
- Meyns, P. (Ed.). (2009). *Handbuch Eine Welt: Entwicklung im Globalen Wandel*. Wuppertal: Peter Hammer Verlag.
- Müller, F. (2015): *Im Namen liberaler Normen?* Dissertation (1. Auflage). *Demokratiestudien. Demokratie und Demokratisierung in Theorie und Empirie: Band 6*. Darmstadt.
- Nkrumah, K. (1963). *Africa Must Unite*. New York: Frederick A. Praeger.
- Nunn, A., & Price, S. (2017). Managing neo-liberalisation through the Sustainable Development Agenda: the EU-ACP trade relationship and world market expansion. *Third World Thematics: A Third World Quarterly Journal*, 10 (1).
- OECD. (2019). Investment (GFCF) (indicator). Retrieved from <https://data.oecd.org/gdp/investment-gfcf.htm>
- Palma, G. (1978). Dependency: A formal theory of underdevelopment or a methodology for the analysis of concrete situations of underdevelopment? *World Development*, 6(7-8), 881–924. [https://doi.org/10.1016/0305-750X\(78\)90051-7](https://doi.org/10.1016/0305-750X(78)90051-7)
- Paterson, M. (2018, September 20). SADC trade deal with EU criticised for not promoting regional economic development. *Mail & Guardian*. Retrieved from <https://mg.co.za/article/2018-09-20-00-sadc-trade-deal-with-eu-criticised-for-not-promoting-regional-economic-development>
- Persson, M., & Wilhelmsson, F. (2016). EU Trade Preferences and Export Diversification. *The World Economy*, 39(1), 16–53.
- Rostow, W. W. (1960). *Stadien wirtschaftlichen Wachstums*. Göttingen.
- Soko, M., & Qobo, M. (2017). Economic, trade and development relations between South Africa and the European Union: The end of a strategic partnership? A South African perspective. *South African Journal of International Affairs*, 24(2), 137–157.
- Sterling-Folker, J. (2010). Chapter 6 'Neoliberalism'. In T. Dunne, M. Kurki, & S. Smith (Eds.), *International relations theories: discipline and diversity* (2nd ed.). Oxford, New York: Oxford University Press.
- Thatcher, M. (1967). *Speech to Conservative Party Conference*. Brighton: Conservative Party. *Conservative Party Conference Report 1967*, pp. 119–121. Retrieved from <https://www.margaretthatcher.org/document/101586>

- United Nations. (2015). *Transforming our World: The 2030 Agenda for Sustainable Development*. Retrieved from <https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>
- United Nations Development Programme. (2019). Human Development Reports: Human Development Index (HDI). Retrieved from <http://hdr.undp.org/en/content/human-development-index-hdi>
- Wallerstein, I. (1980). *The capitalist world-economy: Essays* (Repr., transferred to digital print. 2002). *Studies in modern capitalism*. Cambridge: Cambridge Univ. Press.
- World Commission on Environment and Development. (1987). *Our Common Future*. Retrieved from <http://www.un-documents.net/wced-ocf.htm>
- World Bank Group. (2019). GNI per capita, PPP (current international \$): World Bank, International Comparison Program database. Retrieved from <https://data.worldbank.org/indicator/ny.gnp.pcap.pp.cd>
- World Trade Organization. (1947). *General Agreement on Tariffs and Trade*. Retrieved from [https://www.wto.org/English/Docs\\_E/legal\\_e/gatt47\\_01\\_e.htm](https://www.wto.org/English/Docs_E/legal_e/gatt47_01_e.htm)
- World Trade Organization. (2019). Aid for Trade. Retrieved from [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm)
- Ziai, A. (2012a). Neokoloniale Weltordnung? Brüche und Kontinuitäten seit der Dekolonisation. *Aus Politik und Zeitgeschichte*, 44-45.
- Ziai, A. (2012b). *Post-Development: Fundamentalkritik der „Entwicklung“*: Geographica Helvetica. 67, pp. 133–138. Retrieved from [www.geogr-helv.net/67/133/2012/](http://www.geogr-helv.net/67/133/2012/)