



**EUROPEAN COMMISSION SERVICES' POSITION  
PAPER ON THE SUSTAINABILITY IMPACT  
ASSESSMENT IN SUPPORT OF TRADE NEGOTIATIONS  
WITH ANGOLA FOR EU-SADC EPA ACCESSION**

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*Trade*

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## **1. Introduction**

This paper sets out the European Commission services' position on the Sustainability Impact Assessment (SIA) in support of negotiations to be launched between the European Union (EU) and Angola for accession to the EU-SADC Economic Partnership Agreement (EPA). The SIA was commissioned by the European Commission's Directorate-General for Trade and was carried out by independent consultancy company BKP Economic Advisors.

SIAs are trade-specific assessments carried out by external consultants to support major trade negotiations. The Commission has been carrying out SIAs as part of the EU's trade policymaking since 1999. The SIA is designed to provide negotiators and policymakers with an evidence-based *ex ante* assessment of the potential sustainability impacts that may arise from a proposed trade agreement.

The SIA assesses how trade and trade-related provisions of the agreement under negotiation could affect economic, social, human rights, and environmental issues in the EU and in the partner country(ies), but also in other relevant countries (notably developing); and proposes measures to maximise the likely benefits of the agreement and mitigate possible negative impacts. The SIA is also an important tool for consultation and communication with stakeholders, contributing to the transparency of trade negotiations.

The SIA in support of trade negotiations to be launched with Angola in view of its accession to the EU-SADC EPA drew on the methodological framework set out in the Commission's [Handbook for Sustainability Impact Assessment](#).

**The SIA assesses the potential impacts of Angola's accession to the EU-SADC EPA on social and labour aspects, human rights, and the environment. The SIA also analyses the institutional and administrative capacity of Angola to implement the EPA.** In parallel, the SIA assesses the impacts of the separate Angola-EU Sustainable Investment Facilitation Agreement (SIFA). Finally, the SIA examines more in depth, via case studies, potential impacts on four key areas: fisheries, agri-food value chains, deforestation and biodiversity, and the potential implications on child labour and children's rights. The SIA process included a wide consultation of stakeholders, which served to reflect their experience, priorities and concerns, helped identify priority areas and key issues relating to the possible economic, social, environmental and human rights impacts in the negotiations, and contributed to the transparency of the SIA analysis. The consultation plan included targeted consultation activities, such as a workshop in Luanda, as well as meetings with EU civil society and with EU institutions; and finally digital engagement with stakeholders in general, through the SIA website and electronic communication channels.

**Angola submitted an official request to join the EU-SADC EPA on 6 February 2020** and exploratory talks to prepare the launch of negotiations have taken place in 2021. On 26 July 2022, the EU-SADC EPA Joint Council adopted Decision No 2/2022 approving the launching of accession negotiations with Angola. Formal negotiations for Angola's accession are expected to be launched soon. The negotiations on the terms of Angola's accession to the EPA should, in accordance with Article 119(3) of the EPA, "*be conducted on the basis of this Agreement, taking into account the specific situation of Angola*". **The negotiations should hence focus on Angola's market access offer for imports from the EU, given that the EU will offer Angola duty free and quota free access**, as it has done for the other EPA partner countries (except South Africa<sup>1</sup>).

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<sup>1</sup> South Africa also enjoys a high degree of market access to the EU, but it had held a slightly different position in the EPA negotiations, as it had already concluded a bilateral agreement with the EU (the Agreement on Trade, Development and Cooperation – TDCA from 2000).

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**Negotiations with Angola on a Sustainable Investment Facilitation Agreement** were launched on 22 June 2021 and concluded on 18 November 2022.

See [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/southern-african-development-community-sadc/eu-angola-negotiations\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/southern-african-development-community-sadc/eu-angola-negotiations_en)

The final report of the SIA in support of negotiations to be launched between the EU and Angola for accession to the EU-SADC EPA is publicly available on DG Trade's website:

[https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments\\_en](https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en)

This document constitutes the Commission's response to this SIA's findings and recommendations.

### **2. Overview of the consultants' findings**

The overall finding of the SIA is that **in the short term, the expected impact of Angola's accession to the EU-SADC EPA is positive, although rather limited. In the longer term, the expected positive impact is substantially larger. When it comes to the SIFA, the longer-term positive impact is projected to be even stronger than the EPA impact. The SIFA and the accession of Angola to the EU-SADC EPA are assessed as complementary.** The SIA identified some of **Angola's capacity constraints for EPA implementation**, especially in the area of quality infrastructure. For Angola to fully benefit from the accession to the EPA, assistance by the EU (and/or EU Member States) will be required. It is also necessary for the Angolan Government to put in place the necessary measures that will enable businesses to enhance their competitiveness when producing not only for the EU export market but also for the domestic and regional markets, and to do so in a sustainable and inclusive manner.

#### ***2.1. Economic impacts***

A quantitative assessment of the economic impact could be made only for the short-term effects arising from the tariff changes associated with Angola's accession to the EPA. This type of analysis tends to undervalue the gains from agreements for a number of methodological reasons explained by the contractor. The tariff-only, short-term effects projected by the partial equilibrium model do not capture impacts on products that are currently not exported, but that could be exported thanks to the Agreement, given the potential for diversification. The model does not take into account a number of indirect positive effects of the EPA either, such as increased foreign investment, enhanced competitiveness due to cheaper inputs for the domestic industry, effects of technical assistance etc. But even without accounting for those positive indirect effects, the results show a net positive impact for Angola: Angola's exports as an EPA member are estimated to be higher by €14.3 million (€14.5 million higher to the EU and €0.2 million lower to other markets) than in the counterfactual situation (i.e. under the Generalised Scheme of Preferences GSP<sup>2</sup> regime only). It means that, excluding mineral fuels and diamonds, **Angola could export about one quarter (26.5%) more to the EU under the EPA than as a GSP beneficiary country, thanks to additional tariff preferences.** Accession to the

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<sup>2</sup> Under the GSP, the EU removes unilaterally import duties for certain products coming into the EU market from vulnerable developing countries. The Scheme determines market access conditions taking into account the level of income of the beneficiary country. Least Developed Countries (LDCs) benefit from the Everything But Arms (EBA) arrangement.

EPA could also contribute to **some export diversification, as non-oil, non-mineral exports will benefit from the preferences.**

**Angola's imports are projected to increase more than exports**, between €596 million and €693 million (6.1% to 7.1% of current total imports), depending on the degree of tariff liberalisation granted to imports from the EU. However, with very few exceptions – which can be addressed through Angola's exclusion list – the increased imports from the EU do not compete with domestic production in Angola. Rather, with a considerable share of imports from the EU being intermediates, increased import of those intermediate products is expected to lead to **higher productivity and competitiveness of Angolan businesses.**

**Angola's Government revenues are estimated to decrease by up to €300 million because of tariff cuts**, equivalent to about 1.8% of the 2019 Government budget. This reduction in revenues **would be phased in over the transition period** (the length of which is to be negotiated), providing the time to take fiscal countermeasures.

Accession to the EU-SADC EPA would also help **develop Angola's trade with other SADC EPA States as a result of the regional preferences clause.** Under this clause, Angola would grant the other SADC EPA States at least the same level of preferences that it grants to the EU, and would benefit from the same preferences that the SADC EPA States have granted to the EU.

Longer-term effects stemming from Angola's accession to the EPA (as well as the SIFA) are expected to be positive and substantially larger than the short-term effects, but could not be quantified by the SIA. Accession to the EPA, as well as **SIFA's focus on investment facilitation, transparency and predictability of rules are expected to substantially strengthen the investment climate and more broadly the business environment.** This is expected to foster private investment, which in turn should enhance productivity and hence the competitiveness of the Angolan economy overall – and ultimately GDP. With investments expected to be facilitated in particular in non-mineral fuels sector, they could also contribute to **further economic and export diversification.** The positive developments should partially compensate the negative tariff revenue effects through increased collection of domestic taxes. Longer-term benefits associated with non-tariff issues covered by the EPA could stem from more **favourable cumulation of origin** possibilities in the EPA (when compared with the GSP), which would facilitate Angola's insertion into regional value chains. Diagonal cumulation under the EPA rules of origin could promote the development of African value chains.

## **2.2. Social impacts**

Given the modest short-term economic impacts, social impacts in the short run are also expected to be limited, but somewhat stronger in the longer term, and on balance positive. **Employment effects** in export-oriented sectors as well as in retail trade are projected to be positive already in the short term, but are limited in magnitude by the small size of exporting sectors, and by the anticipated concentration of areas where EU imports are marketed (mostly in the main cities). In import-competing sectors, some jobs could be put at risk, but this risk can be mitigated by a corresponding designation of sensitive and excluded goods in the market access schedule of the Agreement. The **impact on women** depends on the specific sector and type of economic activity in which women are engaged; as there is no clear pattern with regard to the employment of women in benefitting sectors or those that could come under stress because of the EPA, there is no indication that the EPA's impact on women would differ from the overall employment effects. The impact on informality of employment is also expected to be limited, but the analysis has been hampered by the lack of robust and reliable data. The estimated effects of Angola's accession to EPA **for consumers** are positive, with an overall increase in availability and diversity of imported EU consumer goods, as well as the potential for better-quality and safe products to be manufactured in Angola, including for the domestic market. Impacts for welfare and poverty levels also seem to be positive, although limited.

With respect to **labour rights and working conditions**, the contractor concludes that no short-term effects on child labour are expected, given the anticipated limited impact of the EPA on Angola's labour market and also given that child labour occurs in segments of the Angolan economy that are not impacted by the EPA. The contractor examined child labour in sectors covering trade with the EU and concluded that the types of work and places of work carried out by children are not likely to take place in segments of the economy directly affected by trade with the EU (e.g. artisanal fishing, subsistence family farming, retail trade in streets). For mining, albeit child labour does occur in this sector, the EPA accession will not change Angola's trade in diamonds with the EU (already enjoying duty free access to the EU market). In the longer-term, there could be indirect positive effects, including job creation and income generation for adult household members, which may decrease the need for child labour. In addition, by signing the SIFA, Angola committed to respect, promote and effectively implement the internationally recognised core labour standards as defined in the fundamental ILO Conventions (including on the elimination of child labour).

Regarding other labour standards and working conditions, accession to the EPA is not likely to bring about a change in the situation of trade unions or, more broadly, freedom of association in Angola. Similarly, impacts on non-discrimination at work are expected to be limited. The contractor also points out the lack of a specialised Trade and Sustainable Development (TSD) Committee under the EPA (and therefore a lower likelihood of a continuous policy dialogue addressing labour standards).

Any effects regarding civil society participation will depend on the implementation practice at the time of accession. These, however, may also be limited given that the EPA does not include a mechanism of dialogue or consultation with civil society. However, the SIFA includes provisions related to investment and sustainable development as well as on annual dialogue with the civil society, which are expected to have a positive effect on the respect for international labour (and environmental) standards, labour inspection, gender equality, and encouraging the application of CSR/RBC practices in Angola. Because Angolan exports to the EU are expected to be higher under the EPA than under the GSP, Corporate Social Responsibility (CSR)/responsible business conduct (RBC) practices and their contribution to sustainable development will be fostered.

### **2.3. Human rights' impact**

The contractor concludes that the EPA's potential impact on the enjoyment of human rights in Angola is, overall, limited. A more detailed analysis of two rights that potentially could be more affected (right to property and right to food) suggests that Angola's accession to the EPA is not expected to have a significant impact on the right to own property overall, and the right to food is likely to be impacted positively overall. Indirect effects could occur via changes in sector output in agriculture. If the practice of land grabbing is not addressed by the Government of Angola at the legislative and policy level and if the laws are not effectively implemented, it cannot be excluded that the EPA or the SIFA could contribute to the overall pressure on land rights in some regions in the country and might play a minor role in affecting the right to own property of local communities. However, SIFA provisions regarding transparency principles, in particular Article 2.4(2c) on the transparency of the investment framework, extend to issues related to land acquisition and could encourage Angola to address issues with land ownership rights.

While the right to food of local communities could be affected less favourably as a result of agricultural investments that might be triggered by the EPA and by the SIFA, the SIA expects that the right to food is likely to be impacted positively overall. Imports of high-quality EU food products are expected to increase, allowing Angolan consumers access to high-quality food. Lower prices due to increased competition from EU food products entering the market could also result from the EPA, assuming sufficient competition in the distribution services sector. Domestic food production is not expected to be diverted by increased exports.

#### **2.4. Environmental impacts**

The environmental impact of Angola's accession is expected to be limited. In particular, anticipated effects on ecosystems services, energy consumption, water availability and quality, air quality, and biodiversity are marginal or negligible. The direct effects on Angola's greenhouse gas (GHG) emissions, and climate change in general, are also expected to be limited: some positive effects would stem from the EPA's contribution towards diversifying Angola's economy away from oil, but potential increases in agri-food production could have a mixed effect on GHG emissions, including through potential land use change (deforestation for agricultural export-oriented production purposes). Given the EPA provisions on environmental sustainability in the TSD chapter, Angola would reaffirm its commitment to implement its obligations in respect of the Multilateral Environmental Agreements (MEAs) which the country has already ratified. In addition, although this is not a legal requirement under the EPA, Angola would be encouraged for policy coherence reasons to ratify those trade-related MEAs which it has not yet ratified.

#### **2.5. Administrative capacity for EPA implementation**

The SIA also analyses Angola's institutional and administrative capacity for EPA implementation. In some areas, such as the implementation of tariff preferences, the EPA would pose no implementation challenges. However, in a number of other areas, administrative capacity constraints have been identified (Angola does not, so far, implement any free trade agreements). As regards customs administration, challenges can be related to origin verification, risk-based operations, and customs automation. Also, challenges have been faced in the implementation of the electronic Single Window for trade. In addition, no administrative capacity for implementing trade defence instruments in line with international (WTO) requirements presently exists, and efforts at establishing trade defence institutions have not yet been successful.

The country's quality infrastructure (comprising both sanitary and phytosanitary (SPS) matters and technical barriers to trade (TBT)) is underdeveloped in all respects. It neither allows an effective control of imports, ensuring human, animal and plant safety against imported pests and sub-standard quality products, nor does it provide internationally accredited conformity assessment services that potential exporters of many goods, especially agricultural products, would require to access foreign markets.

### **3. Commission services' views on the findings and recommendations**

#### **3.1. Main findings of the SIA**

##### Economic Impacts

As regards the findings related to economic impacts, the Commission services concur that **positive effects on bilateral and regional trade and investment can be expected from Angola's accession to the EU-SADC EPA**. As from 2024, Angola will no longer be considered a Least Developed Country and, as a result, after a 3-year transitional period, will no longer benefit from the Everything But Arms (EBA) arrangement of the Generalised Scheme of Preferences (GSP) ensuring duty-free quota-free access to the EU market. Therefore, accession to the EU-SADC EPA **would ensure that Angola keeps EBA preferences**. Angola's accession will therefore bring **longer-term predictability and more legal certainty for businesses, thus attracting more foreign investment**. However, some potential benefits that go beyond the remit of tariffs could not be quantified in the SIA. Accession to the EPA also entails **enhanced possibilities of cumulation of origin for products** (comparing to GSP), **fostering regional value chains**.

Regional economic integration will also be strengthened by Angola's accession to the SADC Trade Protocol and the application of the EPA regional preference clause to Angola (under Article 108 of the EPA, any more favourable treatment and advantage that may be granted under the Agreement by a SADC EPA State to the EU shall be enjoyed by the other SADC EPA States). In addition, Angola could also consider acceding to Protocol 3 on Geographical

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Indications (Geographical Indications are an instrument for development and job creation in the region where certain products are produced), and possibly engage in services negotiations in the future within the framework of the EPA. Given that EPAs can also be deepened (a process currently ongoing for the EU EPA with Eastern and Southern Africa (ESA), for example), potential benefits can be even greater. If Angola pursues policies focused on investment and export diversification, the positive effect of EPA accession and SIFA conclusion will be much higher. According to the Food and Agriculture Organisation (FAO), **Angola has the potential to become one of the biggest agricultural producers in the world.**

Regarding economic **impacts from the conclusion of the SIFA**, the Commission services concur that the objective of SIFA is to foster the sustainable development of Angola, notably by helping Angola attracting investment in non-oil sectors, hence contributing to the diversification of Angola's economy. The Commission services share the view that the provisions on "investment and sustainable development" are a key section of the agreement.

The Commission services note the high impact expected from the SIFA in terms of improvement of the investment climate. The Commission services agree with the finding that the SIFA, which operates on an MFN basis, should benefit both EU and other foreign investors, in particular smaller investors. The Commission services consider that improvement in investment climate should also benefit local investors. The Commission services agree that the "incremental" impact of the SIFA may depend on the outcome of the WTO negotiations on a plurilateral Investment Facilitation for Development Agreement. The Commission aims at an ambitious outcome for the WTO negotiations, to which the SIFA will be complementary.

Finally, while not explicitly mentioned in the report, the Commission services consider that the **conclusion of the SIFA with Angola could have a strong signalling effect towards European investors interested in investing in Angola**, hence reinforcing Angola as an investment destination. The Commission is already supporting initiatives such as the EU-Angola Business Forum which aims at attracting EU investors to Angola. The Commission has also started an ex-ante evaluation study regarding a potential Sustainable Fisheries Partnership Agreement (SFPA) with Angola, which could further enhance EU investment in Angola. Once the SIFA enters into force, the creation of the EU-Angola Committee on Investment Facilitation will create a permanent forum to discuss investment facilitation matters, which should also eventually lead to a stronger investment relationship between the parties.

### Social, human rights and environmental impacts

**As regards impacts related to the SIFA, the Commission services agree with the findings made by the contractor concerning the positive effect of the SIFA on the respect for international labour and environmental standards, labour inspection, gender equality, and encouraging the application of CSR/RBC practices in Angola. As regards Angola's EU-SADC EPA accession**, the SIA argues that in the social, human rights and environmental areas, the impacts will be rather limited. The consultant bases this assertion in part on the absence of a TSD Committee which could provide a forum to discuss labour or environmental issues. The Commission services note that although the existence of a dedicated TSD Committee would of course strengthen dialogue on sustainability issues, the existing Trade and Development Committee (TDC) under the EU-SADC EPA is also responsible for TSD matters. In fact, it is the Commission's practice to include matters related to TSD in the agenda of EU-SADC EPA TDC meetings. Therefore, the Commission services consider that in practice there will be a sufficiently appropriate forum to discuss TSD matters even in the absence of a dedicated committee. Beyond the expected limited impacts highlighted, the Commission services recognise the importance of assessing the potential impacts of the trade agreement on biodiversity during its implementation phase, notably in the context of the ex-post analysis.



When evaluating the **social, human rights and environmental impacts**, it is important to take into account the overall **combined effect of the interplay between the EPA accession, the SIFA conclusion and the upcoming entering into force of the post-Cotonou Agreement, also in the light of the obligations of the EU and Angola under the UN 2030 Sustainable Development Goals**. All three instruments, although negotiated at different times and in different contexts<sup>3</sup>, contain provisions that reinforce linkages between trade, investment and sustainable development, as well as human rights (including labour rights).

In particular, they all either reaffirm commitments to respect international social and environmental norms and standards, or go beyond by introducing commitments on the contracting parties to effectively implement such standards and norms. The post-Cotonou Partnership Agreement contains detailed provisions on labour, environmental and climate change issues which go beyond the text of the current EU-SADC EPA (e.g. a commitment to effectively implement the Paris Agreement) and which, therefore, complement the EPA sustainable development provisions. Moreover, the SIFA provisions on “investment and sustainable development” (Chapter V) reflect to a large degree the more up-to-date commitments contained in all recent EU FTA Chapters on “trade and sustainable development” (e.g. the commitment to maintain an effective labour inspection system). **The interplay between these three instruments creates a multiplier effect that, in the medium to longer term, is expected to have a positive impact on social, human rights and the environment in Angola**. Other instruments, such as a potential SFPA, could further contribute to environmental sustainability, by enhancing fisheries resources conservation and Angola’s capacities regarding scientific management of fish stocks. Moreover, the Commission services, as part of the EU institutions, also undertake and support autonomous measures to reduce negative environmental effects, such as the proposal for a Regulation on Deforestation-Free Products.

The SIA correctly states that effects regarding **civil society participation** will depend on the implementation practice at the time of accession. Even though the EPA does not currently include a mechanism of dialogue or consultation with civil society, efforts at setting up a joint platform for non-state actors are ongoing with the aim of providing more information and transparency for civil society. Moreover, in the context of SIFA, the Commission services also envisage civil society involvement (see article 7.5 “dialogue with civil society”). The 1<sup>st</sup> EU-Angola Business Forum held in March 2022 is an example of an initiative fostering dialogue with the private sector on both EPA and SIFA for Angola. The Commission services also agree that CSR/ RBC practices and their contribution to sustainable development will be fostered in the bilateral trade and investment relations. In the context of the EU’s plans to adopt autonomous measures on sustainable corporate due diligence, such beneficial impact on CSR/RBC will increase further.

### **3.2. Recommendations**

#### **3.2.1. Concerning negotiations on Angola’s accession to the EPA**

The contractor correctly states that the scope of negotiations on Angola’s accession to the EPA is relatively limited. The negotiations are not aimed at amending the existing EU-SADC EPA text – the main areas of negotiation will be Angola’s market access offer to the EU and the possibility to adhere to Protocol 3 in relation to Geographical Indications. The emphasis, therefore, will be put on implementation of EPA, and the SIA provides good guidance in this context.

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<sup>3</sup> The EPA TSD text is the oldest. The Post-Cotonou Agreement was initialed in April 2021 and is awaiting signature. SIFA negotiations were concluded in November 2022.

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The contractor identifies a **number of issues that should require careful consideration and addressing in the negotiation process**, mostly directed at the Government of Angola. As regards market access negotiations, the SIA recommends that Angola should carefully consider which goods to exclude from its market access offer, and for which goods to request transition periods for tariff reductions. Limiting import competition for key domestic sectors and Government revenue considerations should guide these considerations. **The Commission, in line with the asymmetric nature of EPA, takes into account the specific needs and capacity constraints of partner countries.**

If increased imports resulting from the full tariff liberalisation competed with the domestic production, Angola's Government could opt for a longer transitional period (up to 10 years) or exclude certain goods from tariff liberalisation, in case a transitional period towards full liberalisation would not provide sufficient protection of local fragile or infant industries. In general, the EPA also provides specific safeguards clauses that EU partners can invoke in case of a serious threat to their local industries. However, limiting tariff liberalisation of certain imports should not be the only tool to foster domestic production, and other policy measures enhancing competitiveness of local industry need to be promoted. The objective should be to ensure that Angola can implement its National Development Strategy, in particular its diversification strategy; ensuring a careful balance between 'infant industry' arguments on the one hand, and a need for easy access to inputs (including machinery and other capital goods) for the expanding sectors on the other hand. These dynamic (strategic) considerations seem to be more important than the more 'static' revenue aspects and any 'static' defensive aspects for particular sectors.

In addition, the contractor recommends not to use tariff rate quotas (TRQs), considering the absence of any implementation experience with such instruments, as well as economic efficiency considerations. The Commission services consider that potentially TRQs could be an instrument that allows a limited opening of the market for certain products but indeed requires effective administration.

The contractor recommends that **Angola and the EU should discuss priority areas for technical assistance** and support already during the accession negotiations and suggests such priorities derived from the SIA analysis.

The contractor further recommends that to **highlight the importance of environmental issues**, considering the European Green Deal and its implications for EU trade policy, Angola and the EU should ensure effective implementation of the post-Cotonou Agreement, which includes referrals to the relevant MEAs. The Parties should jointly work on TSD matters and use existing tools (i.e. the EPA Trade and Development Committee, the ongoing EU-SADC EPA review and monitoring process) to monitor and avoid or mitigate potential negative environmental effects stemming from the EPA. They should also support trade in climate and environment-friendly products in general, and the role of clean technologies for sustainable agricultural production specifically, with a view to improving biodiversity and providing cleaner energy production. The Parties should continue cooperation on trade-related environmental matters, in particular to promote clean technology (and phase out unsustainable production).

The Commission services agree with these recommendations, in particular that ratification and implementation of the post-Cotonou Agreement is essential. The post-Cotonou Agreement contains detailed provisions on environmental and climate change issues which go beyond the text of the current EU-SADC EPA (for instance commitment on effective implementation of the UNFCCC and the Paris Agreement). Moreover, autonomous EU measures aimed at reducing negative environmental effects, such as the proposal for a Regulation on Deforestation-Free Products, will reinforce the need to implement more sustainable production in order to trade with the EU and to engage in policy dialogue on the matter.

The Commission services also agree with the SIA recommendation to use the EPA TDC meetings to discuss issues pertaining to environment. Encouragement of trade in climate change and environment-friendly goods and services, and the promotion of clean

technologies are valid objectives for the EU-SADC dialogue. In this context, the Commission is already putting on the agenda of the TDC issues relating to sustainable development with an emphasis on the environment. In addition, the EU-SADC EPA monitoring and evaluation system includes two indicators on ratification of international labour conventions and multilateral environmental agreements.

It is interesting to note that none of the recommendations seem to concern gender issues explicitly (although the term 'vulnerable person' could address it, and many recommendations are particularly relevant also for economic empowerment of women, such as equitable access to land and other property rights). The Report of the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) of February 2021 listed a number of aspects how implementation of ILO Convention No. 100 on Equal Remuneration by Angola could still be improved to avoid gender-segregated labour markets. On labour standards, the post-Cotonou Agreement reaffirms commitment to social dialogue and to the promotion and effective implementation of the internationally recognised core labour standards, as defined by the relevant ILO Conventions and Protocols on the freedom of association and the right to collective bargaining, the abolition of forced labour and ending of modern slavery, human trafficking and of child labour with priority given to the worst forms (in line with the EU political Commitment on zero tolerance approach against child labour<sup>4</sup>), minimum age at work, equal remuneration and non-discrimination in respect of employment.

### **3.2.2. With respect to the SIFA negotiations**

The SIA notes that in the EU's text proposal, a relatively high number of articles and provisions qualify obligations of the Parties by providing that these apply to "*the extent practicable*". Considering that the potential benefits of the SIFA only materialise if the provisions are actually implemented, the contractor recommends that the use of soft provisions in the SIFA should be minimised as much as possible and that the EU agrees to binding commitments for technical assistance to ensure the "practicability" of certain measures mentioned in the SIFA.

The Commission services acknowledge that several provisions in its proposal included qualifiers such as "*to the extent practicable*" or "*in a manner consistent with its legal system*". In several cases, those qualifiers reflect the situation of EU Member States (some of them being federal states) rather than specific impracticalities on the Angolan side to implement those provisions. For that reason, it is expected that the qualifiers should not diminish the positive impact of the SIFA for Angola. The Commission services agree with the recommendation to limit the use of soft provisions, as the Commission generally favoured binding provisions in the SIFA. Finally, the Commission services acknowledge the importance of technical assistance to ensure the full implementation of the agreement by Angola.

The contractor further recommends that Angola and the EU should aim at including strong enforceable provisions on investment and sustainable development, as foreseen in the initial EU text proposal for Chapter V (Investment and Sustainable Development) and which are reflected in the negotiated outcome.

The Commission services consider that it has negotiated a state-of-the-art text on investment and sustainable development in line with EU's ambitions for such agreements. In the negotiations, the EU maintained the ambitious nature of the text as recommended by the SIA.

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<sup>4</sup> European Commission Communication , COM (2021) 142 final

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In terms of enforcement, the Commission proposal<sup>5</sup>, which is reflected in the negotiated outcome, was to cover all chapters of the agreement (including Chapter V) with the same provisions on “dispute avoidance and settlement”, which focus on consultations and the finding of a mutually-agreed solution, but also include, as last resort, the possibility for a party to request State-to-State arbitration.

The SIA also recommends that the responsibility by the Parties to respect human rights should be well defined and included, e.g. in the Preamble. The SIA suggests making an explicit reference to legitimate tenure and protecting property and land rights in Article 5.6, arguing that while the recognition of land rights is primarily a state responsibility, clear land rights and their respect are beneficial not only to local communities but also to sustainable businesses.

The SIFA is based on the Cotonou Agreement (and its successor post-Cotonou agreement), which includes the respect of human rights as an essential element. A reference to the essential elements of the post-Cotonou Agreement was made more explicitly in the preamble.

With regard to the protection of land rights, the Commission services acknowledge that clear land rights and their respect are beneficial. For that reason, the EU included commitments regarding transparency on “*the acquisition and registering of property such as land ownership rights*” (Article 2.4.2). The Commission paid particular attention to maintaining that provision in the final text of the agreement, and will pay particular attention to its implementation.

### **3.2.3. With respect to support and flanking measures**

The SIA proposes a set of recommendations mainly directed at the Angolan Government in order to ensure that the potential benefits offered by the EPA and the SIFA are actually reaped, and that the potential challenges and costs are minimised. These recommendations include **fiscal measures aimed at offsetting the impact of lost revenues due to lower tariffs**, developing a strategy and **prioritise specific value chains** that can be developed within the context of Angola’s trade with SADC countries, as well as investment in vocational training, notably for young people. The SIA stresses the **need to improve the business environment**, notably procedures related to setting up and running a formal business and encouraging formal employment, as well as the creation of cooperatives and **developing the trade infrastructure** to enable access to markets and facilitating access to finance for small-scale food producers to help them to sustain their livelihoods. These measures would also help to ensure that the EPA contributes to the significant reduction of child labour in Angola. The contractor also recommends to **strengthen the right to property**, specifically land rights related to business activities, as well as to preserve food security.

In addition, the **SIA identifies priority areas where Angola would benefit from technical assistance by the EU and EU Member States**. According to the contractor, such support should address administrative capacity constraints likely to affect the implementation of the EPA and the SIFA, as well as broader productive capacity constraints. Finally, the contractor makes a general recommendation for the Angolan Government to engage into dialogue with social partners and other civil society organisations on the reform process and accession to the EPA.

The Commission services support the findings of the SIA and the emphasis given to policy measures aimed at maximizing the potential benefits from Angola’s accession to the EPA and conclusion of the SIFA. As regards priority areas for technical assistance identified in the SIA,

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<sup>5</sup> See [https://trade.ec.europa.eu/doclib/docs/2021/june/tradoc\\_159654.pdf](https://trade.ec.europa.eu/doclib/docs/2021/june/tradoc_159654.pdf) (as updated on 27/06/2022).

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these are broadly in line with the Angola Multi-annual Indicative Programme (MIP) for 2021-2027.

Compared to the financial envelope received under the 11th European Development Fund (EDF), the MIP under the NDICI-Global Europe offers Angola a significant increase in its allocation, amounting to EUR 275 million for the period 2021-2024. This substantial increase in the financial allocation reflects the EU's strong commitment to supporting the Government's reform agenda oriented to promote good governance, diversify the economy in a sustainable manner and foster sustainable human development. The MIP includes support to the following areas: **1) Sustainable economic diversification; 2) Transparent, accountable and effective governance; 3) Human Development.** Under the strategic orientation of the MIP, the EU and its Member States are developing a Team Europe Initiative (TEI) on "Diversification of Economy and Public Financial Management" for Angola. This initiative focuses on the transformative processes for a successful clean, green and resilient economic recovery and achievement of the objectives of the 2030 Agenda and the Paris Agreement. The objectives include development of the private sector as a catalyst for employment and diversification of the Angolan economy with special emphasis on sustainable business, trade integration and export diversification. The first set of programmes in the context of the Annual Action Plan 2022 were adopted in December 2022 and a second set of programmes are being currently designed together with representatives of Angola's Government.

The contractor rightly mentions that the EU and its Member States already have a strong track record in providing trade-related assistance to Angola.

In addition, current programmes already addressed several of the recommendations, including fostering the formalisation of the economy both as regards workers and companies, application of the WTO's Agreement on Sanitary and Phytosanitary Measures (SPS), and the trade capacity of both public and private actors.

In the Annual Action Plan 2022, the EU continues supporting Angola's formalization policy (the PREI) with an action valued at €60 million that will also extend social protection and reinforce Public Finance Management. In addition, an action of €5 million will contribute to the revitalisation of Technical and Vocational Education and Training in agriculture with special emphasis on gender.

Support to Angola's sustainable economic diversification will have a marked emphasis on green transition, contributing to Angola's sustainable development and growth. The EU will also support programmes for trade and export diversification.

As regards recommendations **on reducing child labour**, the Commission services consider that they can inform the EPA implementation process, together with other recommended actions involving the private sector systematic implementation of due diligence on labour standards, such as decent working conditions and minimum wages contributing to preventing and reducing significantly child labour. The Commission is available to provide support and technical assistance in this regard; for example, the Angolan Government can apply for short-term experts through the facility Socieux+. In addition, it is worth mentioning that a political Dialogue on Human Rights is carried out in the framework of the EU-Angola Working Group, created under the EU-Angola "Joint Way Forward" partnership. At this stage, it is difficult to determine, with a reasonable degree of confidence, **the impact of the EPA on human rights**. However, an increase in EU investment in Angola could promote economic growth, job creation and, as a result, contribute to an improvement of the living conditions of the population, including vulnerable groups. Additionally, EU investors would be expected to value and protect human rights (including labour rights), especially as they often include Corporate Social Responsibility and Responsible Business Conduct practices in their business operations. This could allow for safer working conditions, increased participation of women, reduced significantly child labour and enhanced attention to disadvantaged people, such as disabled workers. The accession to the SADC EPA could provide an additional governance framework for Angolan authorities and businesses to advance in these areas. It can play a

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role in enhancing the rule of law and good governance, by providing transparent and predictable rules in the areas falling within its scope.

#### **4. Conclusion**

The Commission services concur with the main finding of the SIA: the **overall expected impact of Angola's accession to the EPA would be positive though limited in the short term, but substantially larger and positive in the longer term. The longer-term impact of the SIFA is potentially even stronger.** The SIFA and the accession to the EPA are clearly complementary. Angola's accession to the EU-SADC EPA will, in the Commission services' view, contribute to the consolidation of regional integration processes, as the EPA regional preference clause will also apply to Angola. It will also be complementary to the African Continental Free Trade Area (AfCFTA). However, the SIA rightly concludes that **in order for Angola to fully benefit from the agreements, assistance by the EU (and/or EU Member States) will be required, as well as a commitment by the Angolan Government to put in place the necessary reforms.** The Commission services consider that the SIA has already been useful in the SIFA negotiations, and will be useful in the negotiations for Angola's accession to the EPA and for the programming of the EU's cooperation assistance. The SIA identifies a number of provisions in the EU text proposal for the SIFA that could have a positive impact for sustainable development and to which the Commission paid particular attention: the Commission sought and obtained Angola's support to those provisions so that they became part of the final text.

The contractor correctly states that **the scope of negotiations on Angola's accession to the EPA is relatively limited. The emphasis, therefore, should be put on EPA implementation,** and the SIA provides good guidance in this context. Moreover, EPAs are also subject to review and parties can decide to deepen certain provisions in the future, for example as regards sustainable development.