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# **Zimbabwe's Trade Negotiations with the European Union: State Shortcomings and Civil Society Advocacy, 2000 - 2013**

by

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# COLLEGE OF HUMANITIES

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## ABSTRACT

The dissertation interrogates the Economic Partnership Agreement (EPA) negotiation between the European Union (EU) and Zimbabwe, covering trade in goods, trade in services, trade-related rules and development cooperation. Within the African-Caribbean-Pacific (ACP) configuration, Zimbabwe belongs to eastern and southern Africa, and used this base to extend the 1980 Lomé Conventions and 2000 Cotonou Agreement with the EU. But EU-Zimbabwe trade relations have reflected changing motives of the EU as the dominant development partner. Since the Lomé Conventions, Zimbabwe has exported diverse agriculture, manufacturing and mining products, especially beef, leather, vegetable products, beverages, spirits and vinegar, flue-cured tobacco, sugar (raw and refined), cotton (raw and lint), fermented tea and coffee, cut flowers, precious or semi-precious metal scrap/stones, articles of base metals, nickel and ferro-alloys. In turn, the country has been importing machinery and mechanical appliances, electrical equipment, vehicles, aircraft and associated transport equipment, and products of chemical and allied industries. But notwithstanding generous access to the EU market under Lomé, Zimbabwe (and other ACP economies) could not improve economic growth or broaden development through trade.

As a result, many civil society organisations (CSOs) were critical of recent free trade agreements, although their critiques reflected extreme ideological division. Zimbabwe's EPA debate reflected two distinct groups: 'collaborators' who emphasised direct interaction with the state in their engagement and participation in the process, and 'resisters' who repudiated any formal interaction and consultation, instead, opting for confrontational tactical engagement. This not only prevented a collective, strategic CSOs engagement on the process, but also created dilemmas in pursuit of a fair EPA outcome. Likewise, the post-2009 Government of National Unity was confronted with neo-liberal versus protectionist struggles and related tensions, resulting in disunity in economic policy-making and EPA negotiation processes.

The study interrogates Zimbabwe's state-stakeholders and their fault-lines in a context of EU dominance, as well as the bilateral-related sanctions imposed against the Zimbabwe African National Union - Patriotic Front leadership during the negotiation process. Subsequently, an economically weak and vulnerable Zimbabwe signed and ratified an asymmetrical interim EPA with an economically powerful EU. The 31 July 2013 election may alter the power balance sufficiently to lead to a reconsideration of the deal, as Zimbabwe continues to 'look East' in its economic orientation.

The study's contribution to the field of bilateral trade negotiations is in exploring theoretical concepts of 'guerrilla negotiating approaches, strategies and tactics' employed by negotiating parties and CSOs that have extreme ideological differences between liberal and redistributive interpretations. The possibility of coherence is increasing, given the unsatisfactory politics of EU-Zimbabwe trade.

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The above EPA and socio-economic research projects formed a critical part of this thesis and provided me with the privilege to accumulate valuable insights through many different pathways: as an academic; as an activist in SADC national, regional, and international networks; and as a consultant on EPA related national and regional socio-economic development issues, especially EPA processes. As a result, I have come to appreciate the dynamics and power politics in bilateral and multilateral trade negotiations. I was also able to access diplomats, negotiators, and officials from regional countries and the EU whose in-put, time and opinions benefited my study.

I dedicate this thesis to Bannie Kabanda (1932–1990) and Vinace Gwenzi (1912-2008).

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## List of acronyms

ACCORD	=	African Centre for the Constructive Resolution of Disputes
ACP	=	African-Caribbean-Pacific
AFRODAD	=	African Network on Debt and Development
ANSA	=	Alternative to Neo-liberalism in Southern Africa
ATN	=	Africa Trade Network
AU	=	African Union
AfDB	=	African Development Bank
CAP	=	Common Agricultural Policy
CARIFORUM	=	Caribbean Forum
CCZ	=	Consumer Council of Zimbabwe
CEMAC	=	Economic and Monetary Community of Central Africa
COMESA	=	Common Market for Eastern and Southern Africa
CR	=	Committee Room
CSOs	=	Civil Society Organisations
CTA	=	Chief Technical Advisor
CTAs	=	Chief Technical Advisors
CTC	=	Competition and Tariff Commission
CTDT	=	Community Technology Development Trust
CUTS – ARC	=	Consumer Unity and Trust Society – Africa Resource Centre
CZI	=	Confederation of the Zimbabwean Industries
DFQF	=	Duty-Free Quota-Free
DG	=	Director General
EAC	=	East African Community
EBA	=	Everything-But-Arms
EC	=	European Commission
ECOWAS	=	Economic Community of West African States
EDF	=	European Development Fund
EEC	=	European Economic Commission
EJN	=	Economic Justice Network
EPA	=	Economic Partnership Agreement
ESA	=	Eastern and Southern Africa
ESAP	=	Economic Structural Adjustment Programmes
EU	=	European Union
FA	=	Fisheries Agreement
FAO	=	Food Agricultural Organisation
FDI	=	Foreign Direct Investment
FTA	=	Free Trade Area
FTAs	=	Free Trade Areas
GDP	=	Gross Domestic Product
GFI	=	Global Financial Institutions
GNU	=	Government of National Unity
GPA	=	Global Political Agreement

HIPC	=	Highly Indebted Poor Country
Hivos	=	Humanistic Institute for Development Cooperation
IAS	=	Impact Assessment Study
IDAZIM	=	Institute for a Democratic Alternative of Zimbabwe
iEPA	=	Interim EPA
IGAD	=	Inter-Governmental Authority for Development
IMF	=	International Monetary Fund
IOC	=	Indian Ocean Community
LDCs	=	Least Developing Countries
LEDRIZ	=	Labour and Economic Development Research Institute of Zimbabwe
MAR	=	Market Access Regulation
MCs	=	Multinational Corporations
MDC	=	Movement for Democratic Change
MEPF	=	Macro-Economic Policy Framework
MERP	=	Millennium Economic Recovery Programme
MFN	=	Most Favoured Nation
MPs	=	Members of Parliament
MWENGO	=	Mwelekeowa NGO
NANGO	=	National Association of Non-Governmental Organisations
NDTPF	=	National Development Trade Policy Forum
NEDLAC	=	National Economic Development and Labour Council
NEPAD	=	New Partnership for Africa's Development
NERDPP	=	National Economic Development Priority Programme
NERP	=	National Economic Revival Programme
NRZ	=	National Railway of Zimbabwe
NSAs	=	Non-State Actors
OAU	=	Organisation of African Unity
OECD	=	Organisation for Economic Cooperation and Development
OSISA	=	Open Society Initiative for Southern Africa
RECs	=	Regional Economic Communities
RNF	=	Regional Negotiating Forum
RPTF	=	Regional Preparatory Task Force
SACU	=	Southern African Customs Union
SADC	=	Southern African Development Community
SAP	=	Structural Adjustment Programme
SAPES	=	Southern African Political Economic Series
SAPRIN	=	Structural Adjustment Programme Review Initiative Network
SAPRN	=	Southern Africa Regional Poverty Network
SEATINI	=	Southern and Eastern African Trade, Information and Negotiations Institute
SMEs	=	Small to Medium Enterprises
STERP	=	Short-Term Emergency Recovery Programme

TCBP	=	Trade Capacity Building Project
TDC	=	Trade and Development Committee
TDCA	=	Trade Development Cooperation Agreement
TIFI	=	Trade, Industry, Finance and Investment
TNCs	=	Transnational Corporations
TNF	=	Tripartite Negotiation Forum
TNF	=	Trade Negotiation Forum
TRADES	=	Trade and Development Studies
TWGs	=	Technical Working Groups
UKZN	=	University of KwaZulu-Natal
UNESC	=	United Nations Economic and Social Council
USA	=	United States of America
WDDR	=	WTO Doha Development Round
WTO	=	World Trade Organisation
ZANU-PF	=	Zimbabwe African National Union - Patriotic Front
ZBC	=	Zimbabwe Broadcast Corporation
ZCTU	=	Zimbabwe Congress of Trade Unions.
ZEDS	=	Zimbabwe's Economic Development Strategy
ZESA	=	Zimbabwe Electricity Supply Authority
ZIMCODD	=	Zimbabwe Coalition on Debt and Development
ZIMPREST	=	Zimbabwe Programme for Economic and Social Transformation
ZNCC	=	Zimbabwe National Chambers of Commerce
ZRA	=	Zimbabwe Revenue Authority

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

Since 2004, Zimbabwe has been negotiating an Economic Partnership Agreement<sup>1</sup> (EPA) with the European Union (EU) as part of the Eastern and Southern Africa (ESA) configuration<sup>2</sup>. However, controversies quickly arose over the merits of the arrangements. This was because the new ESA<sup>3</sup> is a significant departure from the January 2004 Mauritius EU-ESA joint EPA roadmap, which not only outlined the sequence, principles, structures, and involvement of non-state actors<sup>4</sup> (NSAs) working on trade and development issues, in the process, but also promised to conclude the new trade regime as a bloc. The trade talks culminated with the signing of an interim EPA (iEPA) on 4 September 2009 by the Government of National Unity<sup>5</sup> (GNU), as prescribed by the Southern African Development Community's (SADC) negotiated Global Political Agreement<sup>6</sup> (GPA).

Firstly, the trade talks coincided with eight consecutive years of negative economic growth in Zimbabwe; from 1999 there had been a total fall of nearly 50% gross domestic product (GDP), coupled with significant capital flight and reductions in private sector investment. In particular, most investors (foreign and domestic) had ceased making new investments during the 2000s, resulting in scarce in-flows of foreign reserves and a corresponding tight exchange

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1 EPAs negotiations are meant to replace the thirty-year-old Lomé trade preferences with unprecedented reciprocal market access between the world's largest and most powerful single markets on the one hand, and many of the poorest and least developed countries on the other.

2 The ESA group which comprises Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tanzania, Uganda, Zambia and Zimbabwe. From the group, Burundi, Kenya, Rwanda, Uganda and Tanzania (which joined the East African Community [EAC] in 2008 having originally negotiated under the SADC-EPA configuration), signed as a bloc while Madagascar, Mauritius, Seychelles and Zimbabwe did so individually.

3 This comprises Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia and Zimbabwe.

4 Non-state actors include the private sector and broader sections of civil society organisations.

5 The new government includes both formations of the Movement for Democratic Change (MDC) led by Morgan Tsvangirai and Arthur Mutambara, and Robert Mugabe's Zimbabwe African National Union-Patriotic Front (ZANU-PF) party.

6 This is the SADC negotiated political settlement that paved the way for feuding political parties (ZANU-PF and two formations of the MDC) to work together in the Government of National Unity formed on 11 February 2009.

rate regime. As a result, the economy not only severely reduced its manufacturing capacity utilisation from 35.8% in 2005 to between 4 and 10% by the end of 2008, but increasingly became a shadow of its past well diversified industrial and export base in terms of regional and global trade links (Nyakazeya, 2009). This negatively affected both exporters and importers.

Secondly, trade negotiations continued despite cold bilateral relations with the EU, compelling authorities in Harare to search for new east Asian markets, especially in China. As Bond (2007) observes, the 'look east policy' increasingly became a pure trade diversification strategy as well as part of broader foreign policy objectives in response to deteriorating relations with Europe and other western powers.

Thirdly, trade talks continued, notwithstanding the regime's sustained anti-colonial agenda and claims of 'EU meddling in the country's political affairs', a strong political position that could have resulted in suspending the process. The state was also annoyed by the renewed donor and western countries' support for civil society organisations (CSOs)<sup>7</sup> working on basic social, economic, and cultural rights, as well as democratic and constitutional principles. For instance, the EU, as a donor, citing democratic and governance deficits, withdrew direct financial and/or technical assistance to the Zimbabwean government, covering a wide range of mandates including development programmes and/or projects, and fiscal expenditures. Individual EU member states also suspended all direct financial and/or technical assistance to the country covering the above areas. The EU imposed 'targeted sanctions'<sup>8</sup> against the 200<sup>9</sup> leading ZANU (PF) rulers and their associated companies - a

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7 Raftopoulos (2005) argues that donors have since 2000 been supporting liberal CSOs working on human rights, democracy, good governance and constitutionalism with unlimited resources but reject funding to those pursuing redistribution discourse and politics not only with respect to land, but also economic development including the EPA process. This translates to dilemmas of participation/resistance and rights/distribution in state-civil society relationships, as discussed below.

8 The EU revoke the Cotonou Agreement Article 9 which deals with the maintenance of the rule of law, human rights, democracy and good governance when the bloc imposed targeted sanctions on Mugabe, ZANU (PF) officials and companies linked to the regime covering visa restrictions and the freezing of their assets in European banks. The EU also suspended economic cooperation and development aid towards the Zimbabwean government (Darracq, 2011). Further the United States of America, Australia and other western governments imposed similar restrictive measures to same persons and companies (Hove, 2012). But the trade officials such as the former minister of Trade and Industry, Samuel Mumbengegwi were allowed to attend EPA-related meetings in Brussels and Geneva. The removal of these sanctions is directly linked to the full implementation of the GPA. However, since the formation of the GNU, the African Union (AU) and SADC leadership, as the guarantors of GPA, made numerous calls for the removal of 'smart sanctions' without any success.

move which the state blames for drying up external trade financing. The EU further cut direct government-to-government contact except for purposes of negotiating with the EPA in the context of the ESA group. All this not only deepened the mistrust between the state and civil society in the country, but was also not conducive for rational, constructive, and transparent government-civil society engagements in many areas, including the EPA process.

Fourthly, trade negotiations continued (notwithstanding the prevailing political climate which had polarised the country). Indeed, the politically-induced polarisation split civil society mobilisation into two distinct camps: one supportive of land reform and other state initiatives, comprising mainly small farmers, war veterans, and indigenous business advocates (Moyo and Yeros, 2007, and Mamdani, 2008), and the other comprising groups which emphasised democracy and governance (in some cases conflating respect for the rule of law, property rights and human rights). The latter group included those which championed broader struggles against neo-liberalism and continually critiqued ZANU (PF)'s crony capitalism (Bond, 2006b and Raftopoulos, 2005).

Bond (2008 and 2009) blames government for policy zigzagging between market liberalisation, crony-capitalist corruption, and state interventions - which not only exposed state shortcomings but also alienated broader sections of civil society groups. The decade-long tense political climate discouraged activists and scholars - who hold different views on trade talks, the economy, and other developmental necessities - from engaging the state on these issues. Furthermore, the state-civil society relationship increasingly became contentious, as the former became uncomfortable with the latter's involvement in advocating for greater democratisation or reform of state institutions, including the body-politic. This not only worsened EU-Zimbabwe bilateral relations, but also fuelled countrywide state-civil society tensions, resulting in weak, narrow and often partisan strategic engagements during the trade talks. The GNU was confronted with internal neo-liberal versus protectionist struggles and GPA related tensions, resulting in disunity in economic policy-making processes and undermining efforts to negotiate a better trade regime.

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<sup>9</sup> However, since February 2013, Brussels has suspended sanctions against more than 100 ZANU (PF) leaders and a dozen firms. By end of 2013, only 10 ZANU (PF) leaders and army supplier, Zimbabwe Defence Industries remained on the sanctions list.

As was the case since the 1990s, the Zimbabwean government invited representatives of some CSOs<sup>10</sup> with resources to join (as observers) various regional, bilateral, or multilateral trade talks, and consulted them on key strategic issues, positions, offers, and interests. For example, the Southern and Eastern African Trade, Information and Negotiations Institute (Seatini's)<sup>11</sup> two representatives were sponsored by the EU through the Common Market for Eastern and Southern Africa (COMESA) to participate at both the Regional Negotiating Forum (RNF) and joint ESA-EU meetings held in the region and in Brussels. However, this support was withdrawn in December 2004, thereby undermining critical analysis of the process and the 'inside-outside strategy', which consisted of passing out critical, well-focused information to the CSOs who were not directly participating in the official EPA processes for advocacy purposes. Similarly, the Trade and Development Studies (Trades) Centre, through COMESA, was commissioned to undertake the country's impact assessment study (IAS) whose findings were used 'to prepare the country's interests, offers and positions'. Kamidza (2006) maintains that even though two national dialogues were organised (in Harare and Bulawayo) to engage the IAS findings, most CSOs could not strategically and collectively coordinate their activities, and failed to share plans, processes, and outcomes in support of the process. Limited resources also did not allow government to deepen and widen its consultations with all the key stakeholders working in the diverse areas of trade and development.

Zimbabwe's EPA-focused organisations had limited space and resources to improve their own strategic networking, synergy building, and citizen sensitisation, especially compared to the 1990s civil society struggles against a one-party regime, neo-liberal policies, and an undemocratic constitutional order. Similarly, limited donor funding directly undermined the relevance of all the CSOs advocating for a fair global trade system, including EPA processes. This not only compromised effective engagements and activism towards the EU's institutions and structures, the EU member-states, and the Zimbabwean government negotiators but also limited efforts to galvanise the views of broader sections of civil society and social

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10 These include Seatini, Mwelekeowa NGO (Mwengo), the Trades Centre, the Zimbabwe Coalition on Debt and Development (Zimcodd), the African Network on Debt and Development (Afrodad), the Community Technology Development Trust (CTDT), the Trade Capacity Building Project (TCBP), the Alternative to Neo-liberalism in Southern Africa (ANSA) and the Labour and Economic Development Research Institute of Zimbabwe (Ledriz) - a research arm of the Zimbabwe Congress of Trade Unions (ZCTU).

11 Seatini monitored remarks by government officials, Ambassadors and EU officials and generated advice about "fault-lines" and "complementary lobbying entry points".

movements. Limited donor support undermined CSOs' efforts to build the necessary EPA-related technical and policy analytical capacities to lobby other constituencies. CSOs could also not systematically participate in the RNF and joint ESA-EU meetings held in the region and in Brussels, since the available EU resources only supported government officials and/or one representative from the private sector. As a result, there was limited interaction between CSOs' representatives and government officials during the national, regional, and Brussels meetings. Government and CSOs did not share crucial information such as calendar events or publish information of mutual interest. They failed to do coherent outreach regarding issues, positions, strategies, and interpretation of texts. There was a distinct absence of strategic networking, synergy building, systematic engagement, mobilisation of critical constituencies, collaboration, advocacy with regard to the process, and policy research analysis.<sup>12</sup>

This failure could be observed in other terrains of state-society relations, not just trade negotiations. McCandless (2011) argues that the relationships between civil society, the state, and donors are driven by different underlying and competitive interests, motivations, and agendas for development. She explains that profound strategic dilemmas of 'participation versus resistance' or 'rights versus redistribution' are ideological constructs embedded in historical Liberal/Marxist and North-South debates revolving around orientations to socialism or capitalism. These divisions have hampered collective and effective civil society contributions to the Zimbabwean EPA debate. Such ideological dilemmas polarise CSOs working on EPA issues, regarding strategic questions, such as whether to work with government and/or international donors or against them. In this respect, the strategic dilemma for those working outside the state system was how to develop acceptable strategies and tactics in support of national positions and offers while those collaborating with government suffered the dilemma of how to mobilise other key stakeholders to support the process to the end. These ideological dilemmas have been central in shaping state-civil society and donor-civil society relations in the country. Within the context of the above ideological dilemmas, Magure (2009) claims that since the late 1990s CSOs have countered hegemonic strategies in the struggle for democratisation.

Moyo (2001) argues that the liberal rights agenda has marginalised redistributive concerns in its promotion of private property, partnership with donors, a bourgeois judiciary, and

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<sup>12</sup> This includes EPAs-related materials such as policy briefs, fact-sheets and analysis of positions and interests.

privately owned press; McCandless (2011) postulates that the redistribution of wealth, land and other natural resources is often associated with nationalism - with or without Marxist influence. In Zimbabwe's case, the critical question is whether CSOs are aligned with the state, or against it. Some very explicit leftwing institutions (perhaps most vocally the International Socialist Organisation of Zimbabwe) are against ZANU (PF), while many indigenous business people are supportive of the ruling party. This makes advocacy on broader economic policy spaces, governance systems, and democratic participation processes confusing, and occasionally discomfiting for the Zimbabwean government.

Dorman (2001) observes that state-society relations in Zimbabwe are a product of the ruling party's use of coercive and consent-generating mechanisms<sup>13</sup> aimed at establishing its hegemonic influence on the nation including silencing, discrediting, and undermining CSOs' activities or moral compass in society at large. As a result, some activists' mobilisation strategies fail to woo those unwilling to challenge the regime's control over social and economic policy-making processes. Moyo (2010) accuses CSOs critical of the ruling party of becoming increasingly donor-driven, pursuing foreign agendas of democratic values, constitutionalism, and neoliberal economics. Similarly, the government accuses critical CSOs as being simply mirrors of outside interests and agendas; dangerous distractions from the unfinished business of building a national economy based on access to and/or control of the country's resources, particularly land and minerals, and urban elites with no constituencies beyond the internet café.

The CSOs have not been sufficiently capacitated to make much difference, however. Kalima-Phiri (2007) argues that Zimbabwe's CSOs working on the EPA processes could not access 10<sup>th</sup> European Development Fund (EDF) resources meant to support the NSA's developmental goals. This is because the disbursement of EU resources to NSA activities is done through the national authorising officer located in the ministry of Finance, who is assisted by the Project Management Committee comprising officials from other relevant ministries, representatives of CSOs, and the EU delegation in Harare. The EU's decision to withhold financial transfers to the regime therefore equally denies NSA the resources

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13 The regime provided financial incentives to civic bodies willing to cooperate while it excluded and vilified defiant ones.

necessary to build capacity to effectively advocate for transparent, fair, and inclusive participation in EPA's negotiations.

Though some of the EPA-focused CSOs actively participated in the Africa Trade Network's (ATN) coordinated 'Stop EPAs Campaign'<sup>14</sup> (aimed at building strategic alliances with African government negotiators with the view to resist pressure on initial iEPAs), the prevailing conflictual relationship with the Zimbabwean government on broader issues of democracy and governance translated into a weak alliance during the trade negotiations. There was also no inspiration to be drawn from related global trade campaigns such as 'Our World is not for Sale' (a broad-based international network of left-leaning CSOs) in terms of linking specific synergies, strategies and tactics with Zimbabwean negotiators. All this reflects insignificant strategic networking and engagement between Zimbabwean trade negotiators on the one hand and national, regional, continental and global civic bodies on the other during the trade talks. Also lacking was open and transparent interaction with specific government issues, positions, strategies, tactics and shared interpretations of offer texts. Unlike the World Trade Organisation (WTO) talks, Zimbabwean civic bodies working on trade justice and their networks in Africa and beyond, failed to advocate for a collective and united voice capable of achieving a better deal. Within the ESA group, Zimbabwe lacked the political and moral authority to 'unite group negotiators' in a manner that could support the EU-ESA joint EPA roadmap, as had been the case in Seattle<sup>15</sup> during the WTO trade talks (Bond, 2006b). As a result, ESA countries were divided, leading to varied trade offers and signatories to the new trade regime. Ironically, despite its huge economic challenges that greatly undermined the country's industrial production and export competitiveness, Zimbabwe was one of the four<sup>16</sup> countries to initial and subsequently sign the iEPAs. But, as noted by Keet (2007), the process and signing ceremonies did not mirror the alliance shown during the Cancun, Doha WTO trade talks between government delegations and CSOs.

This configuration prompted Shivji (2004) to argue that donor-driven policy-making processes reveal how states and people have surrendered their right to self-determination to

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14 This was first launched by a vast coalition of CSOs from European and African-Caribbean-Pacific (ACP) countries in Brussels in April 2004, who believed that EPAs would disrupt ACP economies' production and fiscal revenues, thereby generating unemployment and poverty.

15 See section 2.2, second paragraph from bottom.

16 Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe.

global forces, particularly to the Bretton Wood Institutions: the World Bank and the International Monetary Fund (IMF). In this respect, civil society's participation in the EU-EPA-driven trade negotiations does not only legitimise imperial hegemony, but also governments' abdication of their primary responsibilities to define national and regional trade agendas. These claims relate to CSOs with a neoliberal orientation, who therefore have difficulty in claiming to represent the views of ordinary people, and to speak or act on their behalf.

Given the tense state-society relations - as well as cold bilateral relations with the EU because of democratic and governance deficits - there are many complicated factors to unpack: the ZANU (PF) government's anti-EU stance (based in part on claims of meddling in the country's political affairs); the contradiction-ridden macro-economic policy environment; the politically-induced polarisation that splits civil society into two distinct camps; the conflicts within the GNU from 2009-13; and the limited resources available to engage the EU institutions. To address this complexity, there is a need for a major enquiry into the EPA debate in Zimbabwe. The EPA process provided strong lobbying platforms on which a new state-society trade relationship could potentially be built. CSOs' participation in these negotiations, however, are beset with many challenges and frustrations. To make sense of these overlapping factors, this dissertation assessed how the country develops issues; which are its offensive and/or defensive interests; which positions and offers were made nationally and within the negotiating group; how working relationships developed between negotiators and relevant stakeholders, particularly EPA-focused CSOs; the implications of state shortcomings for civil society advocacy and strategic networking; the implications of the cold bilateral relations with the EU for the government's consultative process during the trade talks; and the GNU's relationship with both domestic constituencies and the EU. Each of these factors is taken up next.

## **1.2 Broader issues to be investigated**

### **1.2.1 Research problems**

The EPA process has highlighted more problems than solutions in Zimbabwe's trade agenda. This thesis therefore analyses the problems associated with the following: the stakeholders'

consultative process, advocacy and networking within the context of political polarisation, conflictual state-civil society relations, cold bilateral relations between negotiating parties<sup>17</sup>, and weak industrial production and export capabilities. It is acknowledged that the EPA process has coincided with the decade-long, politically-motivated conflict that has left EU-Zimbabwe relations cold. European donors and investors lost confidence in the economy, especially by late 2008, what with the plummeting of industrial and export capacities to the worst levels in the country's modern history. This coincided with an economic meltdown that not only undermined the country's industrial capacity, export potential, and competitiveness in the market<sup>18</sup>, but also generated massive social and humanitarian crises, at the time that Europe also began to suffer from a sustained economic crisis.

The period was characterised by conflictual state-civil society relationships centred on poor democratic and governance practices, and tyrannical rule that overshadowed collective strategic wisdom in trade negotiations as well as the state's pro-poor and pro-development initiatives, especially land reform. Further state-civil society antagonistic relationships undermined constructive, consultative and collective engagements, as well as strategic networking and synergy building. Poor relations between the former ZANU (PF) government and/or party and other key regional and global constituencies working on trade negotiations undermined pro-poor and pro-developmental EPA outcomes. In fact, the process exposed both state shortcomings and civil society advocacy inadequacies, the challenges facing the GNU's economic transitional trajectory<sup>19</sup>, and the weakness to exploit unfolding benefits from SADC's regional integration and trade agenda, as well as from emerging economies such as Brazil, China and India. Even the inclusive government – the GNU of 2009-13 – struggled to normalise a relationship with Europe in particular, and western governments and donors in general. This was largely due to 'pockets of resistance' (Kamidza, 2009a and 2009c) in the former ruling party bent on frustrating full implementation of GPA, and instigated in-fighting within the GNU, resulting in the transmission of conflicting policy directives and messages not only to the international community, but also to the national economic units - namely operators, producers, exporters, and investors. Kamidza (Ibid)

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17 EU and Zimbabwe.

18 Local, regional and global.

19 Questionable trends in the rule of law with respect to private properties and the newly enacted 'Indigenisation Law' that seeks to force foreign companies to surrender 51% shareholding to Zimbabweans. However, Charles Abugre argues that the new law violates the 1992 WTO principles which call for equal treatment for both foreign and local traders by governments.

observes that foreign governments, investors, and donors are looking for value-enhancing opportunities that are sustainable and predictable and which guarantee protection against invested social and economic capital.

### **1.2.2 Hypotheses of the study**

This thesis argues that a hastily-concluded EPA negotiation, without sufficient consultation with civil society groups affected (or their expert allies), is likely to worsen the deindustrialization and impoverishment of Zimbabwe's once-balanced economy. The EU commercial interests could particularly affect the agriculture and manufacturing sectors in the short to medium term, against a backdrop of severe politically-induced rural turmoil. Since 2000, the effects have been witnessed in the near-cessation of white commercial farmers' agricultural activities, the downsizing of production activities and closure of some industrial companies, the brain drain (migration of skilled personnel), and withdrawals of donor funding from the state (though around US\$500 million per annum supported food aid) as well as foreign and domestic disinvestment. The EU's potential penetration of what remains of local production is therefore a crucial economic threat, potentially representing a final onslaught. Aside from diamond, platinum and gold mining, the Zimbabwe economy is a shadow of its past well-diversified, industrial strength (Nyakazeya, 2009). The thesis therefore suggests that withdrawal of European donors and investors may have had a short-term logic = the loss of confidence in unfolding political developments and the fast-track land reform programme – but Brussels' 50-year scenario assessment of the potential for each ACP economy's subjection to European exports is far more important, and this is the lens through which we should view the iEPA.

The process could continue to be contested, and not only by state actors. Zimbabwe's major national fault-lines include conflict in state-civil society and state-private sector relations. There have been inadequate consultative processes in economic policy making including the EPA debate. The Zimbabwe state came under sustained pressure from an enlarged ACP (most of whose members were in support of EPAs)<sup>20</sup> and business lobbies including

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20 From 15 member states during the Cotonou Agreement to 20 countries when the EPA negotiations with the ACP configurations started, to now 27 member states.

transnational corporations (TNCs) and multinational corporations (MCs) as well as from the IMF and the World Bank. At the same time the EPAs were under negotiation, the Bretton Woods Institutions denied the Mugabe regime balance of payment support on account of the country's ongoing default on the large (US\$10 billion+) external debt. Since that default began at the end of the 1990s, both the ZANU (PF) (2000-2009) and GNU (2009-2013) administrations failed to unlock financial and technical resources from the international community. At the same time, the EU and corporate allies mobilized vast human, financial and technical resources to deliver the best possible deal in the iEPA negotiations, at a time Zimbabwe's elites were extremely divided and there was very little attention to civil society concerns. The EU used its commercial unity to negotiate favourable international trade agreements, with all member states defending the process with single voice (Meunier, 2000), amplified in the Zimbabwe case by the relatively unified position on political (personal) sanctions against ZANU (PF) leaders.

The hypothesis that Zimbabwe therefore performed poorly in these negotiations is also informed by the very poor diplomatic relationship between the negotiating parties, and between government and other key stakeholders (civil society groups and sections of the business community). The lack of national unity undermined chances for government to inclusively engage important stakeholders during the formulation of national EPA-related interests, positions and offers. The EU's decision to impose 'smart sanctions'<sup>21</sup> on ZANU (PF) leadership and associated companies conjoined with its public funding of civil society groups working against the government, on non-trade and development issues such as electoral, governance, and human right problems. EU funding of anti-ZANU (PF) civil society groups and social movements – including but not limited to allies of the MDC formations – exacerbated the prevailing conditions of extreme political polarisation between MDC and ZANU (PF) with corresponding alliances forming in civil society and mass movements. That in turn undermined social cohesion, inclusiveness, trust, confidence and cooperation in economic management and economic policy making, including the EPA debate. Whether intended or not, the EU funding served as a policy instrument that contributed to an iEPA that was against Zimbabwe's interests, for it enhanced the competitiveness of EU entrepreneurs to maximize trade benefits over the long term.

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21 The imposition of smart sanctions was triggered by the expulsion of the EU election observer team and its head in 2002, the escalation of political violence and Zimbabwe's worsening human rights record.

The dominance of corporations in this round of EU-Zimbabwe trade negotiations was amplified by the adverse capital movements which put added pressure on Harare to conclude a deal. The EU's competitiveness against Zimbabwe grew, as the latter's very low industrial productive capacity (often below 10 percent during the 2000s) prevented economies of scale and export competitiveness, even for primary and unprocessed commodities. The anticipated inward foreign direct investment (FDI) and technology flows did not arrive during the GNU period. As a result, Zimbabwe's new indigenous economic empowerment entrepreneurs, including new farmers, faced very stiff trade competition from the EU, as well as the regional powerhouse South Africa and the East Asian economies whose products came to dominate Zimbabwe during the post-independence era. Given the adverse balance of power, it is important to critically enquire, as to why Zimbabwe authorities opted to be among the first African countries to sign iEPA with the EU. This is an especially interesting question, given the antagonistic bilateral relationship, and the state of the economy.

EPA negotiations were not the only site of this conundrum, for Zimbabwe lacked more general industrialisation strategies, and trade policy<sup>22</sup> was ad-hoc and often incoherent (ZCTU, 1996; Chizema and Masiwa, 2011). While ZANU (PF) elites mobilised energies against western countries which opposed land reform, they relaxed this hostility during the EPA process. The dysfunctional GNU administration failed to respect many crucial GPA provisions that would have increased unity and a sense of purpose, and hence there were sharp economic policy contradictions, especially when it came to the new trade regime with Europe. Indeed, the 2009-13 period, witnessed the GNU administration's policy contradictions and resulting political irrationality and polarisation. This reflects a more general problem during that era: the state's failure to depoliticise public policy as well as to prioritise resource allocation and collective energies towards the country's industrialisation, export diversification, research and skills development and technological advancement.

The thesis argues that failure by both ZANU (PF) and GNU administrations to embrace unifying macro-economic policies and to revamp economic production across the economy undermined Zimbabwe's prospects of competing with European products. The thesis further argues that by denying Zimbabwe access to European Development Fund resources (especially the 'development assistance envelope') given to all EPA economies, the EU

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22 Zimbabwe only launched formal industrial and trade policies in 2012.

ensured that Harare suffered from an adverse negotiating capacity. One of the most important sites where limited technical competence affected Zimbabwe negotiators, was in sanitary and phytosanitary issues with respect to live animals and beef products and cut-flowers. Failure to understand and negotiate effectively left Zimbabwe unable to benefit from European markets in the short to medium term under this trade regime. The EU negotiators also benefited from Zimbabwe's lack of capital outlays for overdue infrastructural investment; lesser technological capabilities; and failure to acquire economic, financial, and technical assistance during the GNU era.

As a result, the new trade regime between the EU and Zimbabwe guaranteed an African market for EU products in the short to medium term, given the state of the latter's weak industrial and export capacities. As Tadeus Chifamba<sup>23</sup>, Zimbabwe's chief EPA negotiator in 2012 claimed, "the goal of negotiating an EPA with EU was meant to secure a predictable future trade regime" but this was not achieved. Zimbabwe was unprepared in this round, especially given deficiencies in state-stakeholder relationships. One reflection was the Harare negotiators' apparent desperation to agree to a deal in order to secure Zimbabwe's future market, regardless of the prevailing environment, as Angelica Katuruza<sup>24</sup> claims:

The main objective to negotiate an EPA with the EU – in spite of tense bilateral relationships heightened by the imposition of sanctions including travel prohibition to enter the capital city of the EU – was largely informed by the country's future needs in the EU market in particular and the global economy in general.

Yet as Chizema and Masiwa (2011) argue, trade liberalization under iEPA will result in the de-industrialisation of inefficient sectors as a result of trade with the EU. This will not only confirm the EU's self-interested strategy but also undermine any further progress by the ZANU (PF) government on land rights and other economic empowerment programmes. The challenge ahead for Zimbabwe's producers, large and small, is to withstand the EU's influence, dominance and divisive strategies in pursuit of short to medium term commercial interests. To do so will require the kind of re-engaged civil society that was not permitted into the negotiating process under the GNU, yet many of the leading civil society groups –

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23 Interview discussion with Tadeus Chifamba, Harare, Zimbabwe, 14 September 2012.

24 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 29 May 2012.

especially those associated with labour and anti-debt constituencies – were also ambivalent about working with the ZANU (PF) administration in past year. Whether any reconciliation can occur in the period ahead is a critical question, given what the thesis shows about the failure of civil society advocacy in the period prior to 2013.

### **1.3 Rationale of the study**

This topic was chosen for both theoretical and practical purposes. Firstly, it provides an opportunity to link the literature on trade negotiations, regionalism within the context of free trade areas (FTAs) and trade negotiations, and civil society advocacy, to EPA trade talks. Secondly, the thesis has the potential to make a significant contribution to the body of knowledge about bilateral and multilateral trade negotiations, international relations, and politico-economic and development studies. Thirdly, the empirical findings are of interest to stakeholders such as government trade negotiators, activists, researchers, and academia (Vickers, 2007). Fourthly, there is an ongoing debate about skewed developments between the politically and economically powerful, relatively united EU region, and the conflict-ridden, economically-decaying country of Zimbabwe. Though the 2009-13 GNU somewhat stabilised the economy through a dollarisation policy (replacing local currency with multi-currency) and a last-gasp attempt to address the foreign debt (and hence trade finance) overhang of nearly \$11 billion, continued political fights between the former antagonists mirrored the weak collective and strategic positioning in negotiations on trade and development cooperation, including EPA processes. Indeed, GPA related tensions in the inclusive government added another dimension to state shortcomings in economic policy-making and the EPA process. Lastly, the thesis has the potential to contribute knowledge about civil society's strategic organisation, coordination and advocacy.

Practically, this topic allows engagement with critical theoretical literature about negotiations in general, trade negotiations in particular, as well as economic and social justice advocacy. This further helps to evaluate trade negotiations in the context of cold EU-Zimbabwe bilateral relations, Zimbabwe's commitment to trade talks in the context of an economic meltdown, multi-stakeholder consultations in the context of politically-induced polarisation and state shortcomings and civil society advocacy in trade negotiations in the context of integrating

Zimbabwe into the European market. All of the above can assist in documenting appropriate strategies, tactics, and approaches for Zimbabwe's future bilateral and multilateral trade and development negotiations.

#### **1.4 Broader impact of the study**

The study has the broader impact of technical in-put into the process of trade negotiations at national, regional, bilateral, and multilateral levels. This not only influences Zimbabwean stakeholders in regards to future trade negotiations or arrangements, but other regional economies as well. The study is a ground-breaking exploratory assessment and analysis of the conduct of trade talks between a smaller, weaker and more vulnerable economy that politically suffers from known fault lines including state–CSOs tensions and state–private sector mistrust and suspicion on national and sectoral policy directions, and an economically and politically dominant and powerful region in the world accused of ultra-imperialist motives expressed through the regime change agenda. In this regard, the study not only stimulates potential policy debates in the prevailing trade negotiations and advocacy theories, models and frameworks, but also enables stakeholders to rediscover themselves in terms of contributing to constructive engagement with the state, regardless of prevailing perceptions of immoral authority, expropriation of property entitlements (land and mining rights) and growing democratic, governance and electoral deficiencies.

The study will have a positive impact on current and future Zimbabwean students who are interested in pursuing careers in the field of trade negotiations as well as individuals interested in global fair trade between industrial and less developing economies and, most importantly, between former colonial capitalists and a sovereign independent state with an expressed economic redistributive agenda. The study will have a positive impact on future national and regional generations in terms of linking the EPA outcome with subsequent future socio-economic and political developments. The thesis further postulates that global regionalism, economic dominance and influence expressed through what can be termed 'guerrilla' negotiating strategies, tactics and conquests in bilateral and multilateral trade negotiations have significant impacts on the future of national vulnerable economies such as Zimbabwe.

Already, other advanced global regions are strategically positioning themselves in both current and future trade talk conquests by establishing and/or building institutional or structural capacities in trade analysis, trade negotiations and by implementing regional and international trade agreements. In this way, the study seeks to directly connect those involved in negotiations government officials (namely chief negotiators) and NSAs, with other constituencies<sup>25</sup> who might not have participated in the process, but are still possibly affected either way by the new trade regime.

The above impacts would firstly be evaluated according to the manner in which the relevant stakeholders participate and contribute to national and regional debates with respect to economic policies in general, and trade and development in particular, within the context of prevailing socio-political developments. Secondly, this impact would be assessed by the degree of state-stakeholder consultation, synergy building and coalition formations in support of future national economic policy making frameworks, as well as regional, bilateral and multilateral trade negotiations. Thirdly, this impact would be evaluated by the degree of state-stakeholder collaboration in mobilising resources in support of existing and/or the establishment of public-NSAs trade and development platforms seeking to unpack essential elements of economic, trade and development and industrial policies. Fourthly, this impact would be judged by the manner in which broader sections of constituencies in Zimbabwe and beyond - for example producers, exporters, and investors at all levels - are contributing to policies and frameworks that govern their respective entrepreneurial activities. Fifthly, this impact would be measured by the rate at which students, activists and government officials, having gone through trade negotiations course(s) and/or specialised trade negotiations skills training courses at various levels can influence their working environment in terms of institutionalising contributions to trade negotiations, engaging and/or lobbying public-policy makers and directly contributing to on-going trade negotiations processes. Sixthly, this impact would be reflected by volume and value of related future research in this field and/or related areas; the focus of teaching, training and learning at tertiary and research institutions; and the level of participation in broad macro-economic policy frameworks, specifically trade and development dialogue sessions. Lastly, this impact would be reflected by the manner in which government officials and other key stakeholders positively contribute towards

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<sup>25</sup> Including producers, exporters, importers, consumers and vulnerable groups (women, students, youths and the elderly).

redressing regional trade and development challenges identified by the Commonwealth Secretariat Hub and Spokes Project (2012) as shown in Box 1.1 below.

<b>Box 1.1: Sub-regional trade and development related challenges</b>
<ul style="list-style-type: none"><li>• Failure to use trade as an indispensable tool that can contribute towards economic growth and social development.</li><li>• Limited institutional capacity to formulate and implement trade and industrial policies necessary to exploit opportunities associated with globalisation.</li><li>• Limited technical analytical capacity to identify areas of concerns and points of leverage during bilateral and multilateral trade negotiations within the context of multi-layered regional integration initiatives.</li><li>• Poor institutional infrastructure coupled with low technical capacities among trade officials and other relevant stakeholders to engage in trade policy design and trade negotiations.</li><li>• Poor multi-stakeholder relationships, especially during trade negotiations and economic frameworks.</li></ul>

Source: Commonwealth Secretariat Hub and Spokes Project, (2012)

The above contextual challenges are taken care of by this study, given its huge potential to positively impact on any ‘technical-assistance driven project’ to support the effective participation of sub-regional countries in bilateral and multilateral trade negotiations, and the implementation of associated agreements. This is achieved through the study’s synthesised relevant negotiation information, insights, topics for future studies and policy recommendations to build requisite trade negotiation capacities, synergies, coalitions and partnerships at both national and regional levels. Further, the study’s contribution resonates well with the ‘Aid-for-Trade’ funding window’s goal of supporting public-NSAs’ trade and development consultative platforms at both national and regional levels. Success in this regard will open opportunities for Zimbabwe and other interested countries to link up with other ‘Aid-for-Trade’ projects’ funding options. These range in scope from industrial capacity and export competitiveness assistance to macro-economic policy capacity development, and specialised skills and capacity training scholarships in trade negotiations (including the e-learning trade negotiation course being offered by the WTO’s Technical Capacity Division). Similarly, the study has immense potential to positively impact on the

sub-regional Regional Economic Communities (RECs)’ secretariat mandate of facilitating respective member states in on-going<sup>26</sup> and future bilateral, multilateral, and regional trade negotiations, in terms of tactics, strategies, collective and constructive articulation and formulation of both national and regional issues, interests, positions and offers.

## **1.5 The importance and contribution of the study**

### **1.5.1 Study’s importance**

The global economy is littered by varied forms of bilateral, regional, and multilateral trade and development cooperation negotiations. This thesis not only widens the understanding of stakeholders’ ideas, knowledge and interests, but also contributes to the country’s structural and institutional involvement in bilateral, regional and multilateral trade and development cooperation negotiations. In particular, Zimbabwe is known to be involved in various bilateral and multilateral trade and development cooperation negotiations, and active in the Trade Negotiation Forum (TNF) of various regional economic integrative initiatives,<sup>27</sup> which demands human, financial and technical resources. According to Kuturuza, the former chief negotiator:

... the government’s major weakness in this process has been lack of funding for wide and deep stakeholders’ consultations and an in-depth country’s specific industrial and/or sectoral analysis in a context in which the negotiations programme was fairly more frequent and intense. This is worsened by the inexperienced staff complement, since, apart from the director and deputy director, other officers were fairly junior, requiring guidance and mentorship in the process. Angelica Katuruza, 2012<sup>28</sup>

Given the above, the study would assist Zimbabwean authorities, institutions, and relevant stakeholders in future regional, bilateral and multilateral trade and development cooperation negotiations, as well as with reviewing existing regional and bilateral trade and development

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26 Negotiations on the comprehensive or full EPA that includes trade in goods (all products including agricultural products), trade in services, trade-related market access issues (such as safety standards, investment, trade facilitation, competition policy, government procurement, intellectual property rights) and beyond the border regulatory measures is expected to end by 2016.

27 COMESA FTA, SADC and Tripartite FTA.

28 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 29 May 2012.

cooperation agreements. For instance, Zimbabwe has bilateral trade agreements with various regional countries including Namibia (1992), Malawi (1995 and 2006), South Africa (1996), Mozambique (2004), and Botswana (2010 amendment) (Southern Africa Trade Hub, 2011), which are subject to review as and when parties deem it necessary (see the case of Botswana and Malawi). Furthermore, this study would assist trade justice activists with advocacy and lobbying platforms.

In the eastern and southern African region, there is an increase in demand-driven, specialised courses on topical subjects which aim at assisting member states in their resolve to build social, economic, political, gender and legal analytical capacities in the quest for fair global trading systems; social and economic justice frameworks; public policy formulation, implementation, monitoring and evaluation and sustainable economic transformation objectives. This development enables this study to contribute towards appropriate and relevant literature to be used in trade negotiations courses and/or specialised trade negotiations skills training courses at both national and regional tertiary institutions and research institutes. In particular, the study's contribution would influence national and regional academicians and/or universities to introduce diploma or degree courses in trade negotiations as well as national and regional research institutions to organise specialised capacity building, skills development and training in trade negotiations courses. This development could build critical intellectual mass across disciplines and stakeholders in Zimbabwe and the region and lead to strategic networking, partnerships, synergy building, coalition formations and consultations on trade negotiation issues and processes in particular, and trade and development related policy debates in various dialogue sessions<sup>29</sup> in general. Ladner (2006) argues that a combination of literature development critical mass across disciplines and stakeholders would not only resonate well in strategic policy debates on trade and development, but also in advancing knowledge and understanding among relevant stakeholders in trade and development and other fields. Focused trade talk courses would help countries to build strategic stakeholder synergies, coalitions and networking in support of national and regional developmental goals. These specialised courses would be delivered in various forms including summer or winter schools, and/or dedicated roundtable discussions, seminars, and workshops, targeting national/regional government officials, students, scholars and activists - irrespective of their academic qualifications and experiences.

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29 Conferences, roundtable discussions, seminars and workshops.

This would attract national and regional investment in the tertiary and policy oriented research institutions which offer the courses at various levels.

Vickers (2007) argues that the apparent liberalisation impulses of recent industrial and trade policies have had adverse effects on poor and vulnerable groups, especially women, the elderly and the youth. In this respect, the study contributes to knowledge on how consumers, producers, and exporters are exposed to market-led policies and trade liberalisation paradigms which currently underpin the EPA process, and on the potentially devastating effects to the entire economy. Furthermore, the study is set to contribute to the debate on the nexus between the current level of liberalising the Zimbabwean economy and the exposure of consumers to a wide range of foreign products and services on the one hand, and the potentially negative implications of the current levels of trade liberalisation to the country's effort to revitalise industrial capacity, product competitiveness and export capabilities on the other hand.

The study rekindles memories of the economic structural adjustment programmes (ESAP) sponsored by the World Bank and the IMF in the 1990s, which resulted in large scale down-sizing and closures of most sectors of the economy, particularly manufacturing firms, production value supply chains and down-stream industries. In this regard, the study explicitly warns that while, at the time, the economy still largely relied on predictable policy directives, a shared vision among key stakeholders, and sound relations with both the EU and other western countries, the current EPA process is taking place despite the absence of all of the above. Furthermore, the study warns about the potential process of de-agriculturalisation (country-wide cessation of white commercial farmers' agricultural activities) triggered by the implementation of politically motivated 'fast-track land reforms' which are likely to get worse following the implementation of the new trade regime with the EU. In this regard, Zimbabwean new farmers are set to face stiff competition from heavily subsidised European agricultural producers in the short to medium term. Such development would contribute to the ongoing debate on the agricultural sector's potential to anchor economic recovery through direct forward and backward linkages with the rest of the economy, generating foreign currency and alleviating poverty. Through this debate, other scholars and activists previously shut out by the Zimbabwe Broadcast Corporation's (ZBC) daily TV programme entitled "Murimi waNhasi" (Farmers Today) which was anchored by academics from the University

of Zimbabwe, (who were widely considered partisan with huge rationality and objectivity deficiencies) (see section 5.4), would have the opportunity to contribute to the growth and development of this sector through non-partisan, rational and contextualised inputs.

The study has the potential to directly contribute to the ongoing debate on the ‘look east policy’ (Bond, 2007) as a strategy that could provide policy space and options to reduce the negative impacts of imposed sanctions-related pressure by way of identifying alternative markets for Zimbabwean products and sources of imports for goods and services that meet national requirements. The study offers lessons on how EPA negotiations with the EC can generate valuable insights into the management and prioritisation of the process and into national, regional and global stakeholder<sup>30</sup> relationships. It could offer insights into the sincerity of the negotiators and politicians, into the prioritisation and allocation of resources (human and finances) in support of the process; into the implications of intra-state tensions and divisions; and into the economic transition trajectory of the GNU administration. Similarly, the study offers lessons on how negotiators succumb to surges of EU pressures, resulting in a harried iEPA signing and ratification without shared vision between the government and other relevant stakeholders, especially economic production and trading entrepreneurs. In particular, the study singles out the EPA negotiation managers’ failure to share their vision in the process by way of strategic and systematic exchanges of information with stakeholders and the general population. In short, the study’s contribution will contribute to the refinement of the ‘look east policy’, which, in turn improves the country’s trade diversification strategy.

Several scholars and activists have consistently argued that EPA negotiations between the EU and ACP countries are a shadow of the World Bank and the IMF neo-liberal policy framework of the trade liberalisation. The above argument supports the study which acknowledges that trade negotiations are the central policy framework that entrenches trade liberalisation in ways that is fast gaining respect in many aspects of trade and industrial policy frameworks. Thus, the desired outcome in Zimbabwe’s meltdown economy is to guarantee inflows of foreign products from the EU in particular and the rest of the world in general into the country for the short to medium term, thereby supporting the study hypothesis that the EPA process is potentially an onslaught to the Zimbabwean economy in

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30 Government, business sector, donors, civil society formations and political parties.

the short to medium term. The study also, as has already been said, demonstrates immense potential to inspire the country's socio-economic transition and/or growth and development through future regional and bilateral trade justice and trade and development activities by directly supporting trade and industrial policy formulations and reviews.

### **1.5.2 Contributions to knowledge in the discipline**

The study's contribution to the field of bilateral trade negotiations is essentially at various levels. Firstly, the study articulates the concept of 'guerrilla negotiating approaches, strategies and tactics' (Collins, 2009) in trade and development negotiations and/or process as employed by negotiating parties with 'extreme ideological differences of liberal and redistributive interpretations' (McCandless, 2011 and Raftopoulos, 2005). In this regard, the EU in league with other western governments, MCs, TNCs, GFIs (see chapter 4), the MDC formations and pro-democracy civic forces championed liberal ideological interpretations, that is, good governance and constitutional provisions with respect to private properties, human rights, rule of law, and electoral practices, which were successfully kept outside the negotiating sessions in order to preserve ESA group unity and time-framed joint EU-ESA EPA negotiating road map. The study further provides insights on the EU's economic dominance and influence that resulted in the split of the ESA into two groups<sup>31</sup>, and subsequently cornered individual weak, vulnerable and depressed Zimbabwean economy to signing iEPAs without knowledge of some resister activists<sup>32</sup>. Similarly, the ZANU (PF) government with support from former freedom fighters and villagers, and sympathy from most African states and emerging economies, particularly Russia and China, revoked guerrilla and unorthodox strategies and tactics in pursuit of redistributive ideological reclaim of legal land rights from former white commercial farmers. In response, Europe (within the guerrilla negotiation theoretical framework) financially supported pro-democracy groups to simultaneously discredit the moral standing of ZANU (PF) in economic management, including the EPA debate, and to divert focus away from EPA process. The pro-democracy group also collaborated closely with EPA resisters in ensuring outright repudiation of any formal interaction with government in the process.

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31 ESA split into two groups: - EAC and re-configured ESA (see discussion in 4.3.3.1. and 4.3.3.2).

32 Tendai Makanza, an activist with ANSA project questions why Welshman Ncube signed iEPA without the knowledge of some activist, especially those of the pro-democracy group.

Secondly, the study avails Zimbabwe's knowledge and practical experiences in negotiating with an economically and politically powerful partner, not only with very strong commercial interests in the country, but also competitive in the EU and the local markets. The study further links the influence of MCs and TNCs with that of GFIs through their 'debt-related relationship' with Zimbabwe in ensuring that the outcome would favour the EU. The study argues that the influence, coupled with the dominance of the EU, would deliver the Zimbabwean market through demand and supply to European producers and investors. In this regard, the study links the short to medium term onslaught on the Zimbabwean economy to the EU's 'well perfected, decisive, predatory and merciless guerrilla negotiating strategies and tactics' (Benoliel and Hua, 2009). Further, the study - while acknowledging ZANU (PF) guerrilla and unorthodox strategies and tactics in reclaiming land and mining rights - decries the total absence of similar guerrilla negotiating strategies and tactics during this round of trade talks. Regarding the above dichotomy, the EU guerrilla negotiation theoretical application strategically linked the EPA process with market forces of demand and supply, while the ZANU (PF) led government strategically focused on its consolidating land ownership agenda. In this way, the study further decries lack of debate on how Zimbabwe's guerrilla negotiating strategies and tactics failed to get qualified support from the champions of the 'unorthodox revolutionary reclaim' (Masiwa, 2012<sup>33</sup>) of the means of production from the legal owners of yesteryear. From the above, the study is set to benefit national, regional and international scholarships as it provides a basis through which students, researchers and academics can compare Zimbabwe's experiences in the current group-based trade talks with the EU with its role in previous multilateral trade and development negotiating platforms (such as Seattle in the 1990s which was characterised by constant shifts of emphasis on government alliances and government-CSOs coalitions as well as on strategies and tactics).

Thirdly, the study contributes knowledge on how the ideological differences of liberal and resistance in the process (McCandless, 2011) subjected Zimbabwe's EPA debate to two distinct civil society participating groups: collaborators, who emphasised direct participation, interaction and engagement with the state, and resisters, who repudiated any formal interaction and consultation with the state, opting instead for confrontational and tactical engagement (McCandless, 2011; Raftopoulos, 2005; and Magure, 2009). Notwithstanding the dichotomy in an environment of non-formal Brussels-Harare contact and EU member states'

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33 Interview discussion with Medicine Masiwa, Gaborone Botswana, 25 August 2012.

government-to-Zimbabwe government contact, the study contributes knowledge on how trade talks between parties that are on the ‘verge of breaking existing bilateral relations’ (Masiwa, 2012)<sup>34</sup> on account of public policy grand-standing on some political and economic fundamentals finally culminated with an iEPA trade regime. In this regard, the weaker and more vulnerable party is blamed for irresponsible political dispensation (as argued above), while the powerful party is accused of negotiating while holding a ‘knife’ to the neck of the counterpart; in other words, consistently meddling in the political and economic affairs of a sovereign state. Indeed, ZANU (PF) and its allies nationally and beyond have consistently argued that bank-rolling democratic, governance, human rights and electoral activities while imposing smart sanctions and travel bans, is indicative of regime change agendas.

Lastly, the study contributes to knowledge combining trade, development, negotiation and advocacy theories and concepts in the assessment and analysis of negotiating parties that bilaterally are at conflict, transcending political and economic fundamentals. This knowledge is also essentially with regards to the preparation and conduct of negotiations between negotiating parties that are politically and economically vastly different (see section 4 and 5). However, the study does not purport to craft new theoretical frameworks in trade and development cooperation negotiations, but rather provides illuminating illustrations of how a country in direct conflict with its negotiating counterpart has sought to dynamically navigate negotiations to their conclusion while balancing political and economy tensions and pressures in search of a predictable trading regime that is WTO compatible. It also illustrates how the negotiators succeeded in focusing on future trade relationships with the EU despite isolation difficulties on account of political differences.

## **1.6 Conclusion and thesis structure**

The study comprises seven chapters which are divided into two parts. Part one contextualises the study by discussing the theories which underpin EU-Zimbabwe EPA negotiations, navigating the nexus between FTA and trade negotiations, and reviewing past inspirations of civil society advocacy in bilateral and multilateral trade negotiations. This part also draws out key issues and places them in the broader context of contemporary literature while building

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<sup>34</sup> Interview discussion with Medicine Masiwa, Gaborone Botswana, 25 August 2012.

on the central argument of the study as captured by the hypotheses (Chapters 1 – 3). Part two explores the historical confluence of the EU-Zimbabwe trade relations and recent politically motivated developments that warrants an enquiry into state shortcomings and civil society advocacy in the EPA process, and how the above shapes the character of state-stakeholders' relationships in the process (Chapters 4 – 6).

Chapter one outlines the thematic focus of the study and the broader issues to be investigated through research problems and the study hypothesis. Chapter two comprehensively reviews relevant literature and identifies specific issues and debates in three key areas of interest in the context of EU-Zimbabwe EPA negotiations, namely (i) the theories which underpin trade negotiations, (ii) FTA and trade negotiations, and (iii) civil society advocacy and trade negotiations. This exploration better situates the EU-Zimbabwe EPA negotiation process in the contemporary intellectual discourse, highlighting aspects that require attention.

Chapter three explores and outlines the research methodology employed to find solutions to the research problems, to investigate the research questions, and to respond to the study hypotheses.

Chapter four chronicles and demonstrates how the EU-Zimbabwe trade relations have evolved since the latter's independence in 1980 and underscores the important links between the Zimbabwean economy and its trade performance.

Chapter five explores and discusses the state of play in the EPA process by assessing institutional and structural dynamics in the negotiation process; critiquing state-stakeholder relationships in the context of inclusiveness and transparency in handling the economic trade agenda, particularly ongoing trade negotiations; and exploring the link between EPA ideology and seemingly guerrilla negotiation strategies and tactics on the one hand and the formulation of Zimbabwean interests, positions, and offers on the other.

Chapter six examines the nexus of Zimbabwe's state shortcomings and civil society advocacy by navigating the contours of state-stakeholder relationships, and in the process, summarises the available evidence and interpretations of emerging EPA-related fears, implications, and policy options.

Chapter seven concludes the study by summarising the major lessons which the research holds for trade negotiations in the context of hostile bilateral relationships between the negotiating parties, conflictual state-civil society relationships and political polarisation. The chapter also highlights essential contributions which the study may offer to future regional, bilateral and multilateral trade negotiations and ends by exploring potential topics for future research.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Most trade talks are integrative in nature; negotiating countries or regions enter into the process primarily because of ‘expectations to derive some commercial, social, and political benefits’ (Kramer and Messick, 1995). In order to unravel the intricacies, related challenges, and opportunities in EU-Zimbabwe trade talks in the context of state shortcomings and civil society advocacy, the following topics are discussed in this chapter: relevant theories which underpin trade negotiations, the nexus between FTA and trade negotiations, and the role of civil society advocacy in trade negotiations. Such an analytical approach is considered relevant with regard to the EPAs negotiation objectives, given in Box 2.1 below.

<b>Box 2.1: EPAs objectives</b>
<ul style="list-style-type: none"><li>○ EPAs are conceptualised as capable of promoting deeper integration among ACP countries and able to act as a stepping stone for further integration into the global economy - taking into account geographical, historical, and economic factors;</li><li>○ EPAs outcomes must be economically meaningful, politically sustainable and socially acceptable in order to foster an economic growth and developmental trajectory that leads to reduction in poverty and inequalities;</li><li>○ EPAs outcomes must progressively abolish all trade restrictions, thereby making them WTO-compatible; and</li><li>○ EPAs must take into account the different levels of development of contracting parties by providing sufficient scope for flexibility, special and differential treatment and asymmetry, especially to the least developing countries (LDCs), small and vulnerable economies, landlocked and small island countries.</li></ul>



Source: Deve (2006) and Kamidza (2007)

The joint ESA-EC roadmap acknowledges that EPAs have promised that ‘no country in the configurations would be worse off’ (Kamidza 2008) as the negotiations assumed a win-win scenario between negotiating parties that are both economically and politically unequal with

huge developmental differences between them -and within the group (ESA) itself. While it is debatable that outcomes of the EU-Zimbabwe trade negotiations will achieve the above objectives and promises, Kachingwe (2005), Deve (2006) and Kamidza (2008) are of the view that EPAs are essentially FTA negotiated between unequal<sup>1</sup> parties, both in political and economic terms. Goodison (2007) weighs in on the debate and argues that the EPA process perpetuates asymmetrical power relations between the EU and the respective configuration countries.

An analytical approach is taken to evaluate how the decade-long strained diplomatic relations between the negotiating parties have directly contributed to the prevailing social and economic crisis, political polarisation and state-civil society conflictual relationships.

## **2.2 Theories underpinning trade negotiations**

Trade negotiation is a framework that seeks to define trade and development cooperation between and among nations as informed by relative factor distributional effects<sup>2</sup>. This is supported by Stolper-Samuelson (1941) who favours the distributional effects of trade by arguing that free trade benefits factors of production that are relatively abundant compared to locally scarce ones. Such a comparison accurately describes the EU-Zimbabwe trade and development cooperation relationship. The above is in harmony with the Ricardian theory of comparative advantage, which argues that countries specialise in producing goods and services relative to production cost differences (Stephen and Chang-Tai, 2002). Thus, differences in production costs among countries as well as different levels of productive and export efficiency are at the heart of international trade. So, when production efficiency is stimulated, countries realise more trade flows and maximise consumer welfare, firms' profits and national wealth. Robinson (1998) observes that in the contemporary world economy, trade flows, capital movements, inward and outward foreign direct investment (FDI) and technology flows, are components that sustain the dominance of TNCs and MCs thereby giving them competitive advantage in the global trade arena. This explains why countries with more TNCs and MCs presence tend to enjoy not only market competitiveness for their products and services, but also determine the pace and framework of trade negotiations.

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1 EU and ACP countries.

2 Since the study is on the EU-Zimbabwe trade talks, no analysis, reflection and interrogation has been made with respect to the factor endowment or factor distributional effects of the negotiating parties.

Todaro (1990) argues that the principal benefits of world trade accrue disproportionately to rich and poor nations. This forms the basis for bilateral trade negotiations, and assumes that all countries gain from trade; however, in the EU-Zimbabwe case, the outcome is not necessarily the gain on both sides. There has been evidence of imperfect competition on an unequal playing field in the markets of the two negotiating counterparts which takes advantage of the economies of scale. However, the EU is an industrialised economic powerhouse with huge presence of TNCs and MCs, whose influence filters directly to developing economies through policy prescriptions of GFIs (see Figure 4.1 in section 4.3.2).

Negotiation conduct, practices and outcomes explain why some regions such as the EU succeed in negotiating international trade agreements as a single entity in spite of diverging preferences. Indeed, European member-states reach a common position which ‘they all defend with a single voice’ (Meunier, 2000) at both the bilateral and multilateral levels. European countries always adopt at the onset the lowest common denominator position which prevents negotiators from making innovative proposals, especially by submitting lots of offers to opponents. Through these theories, the bloc is able to not only guide their negotiators during the bargaining process, but also to provide the necessary human, financial, technical and moral support in order to obtain the best possible deal from the opponent, while conceding the least. The theories also guide the bloc in articulating offensive and defensive strategies and tactics in line with the assumed position of lowest common denominator in trade talks. Meanwhile, Meunier (Ibid) argues that negotiation theories allow member-states to collectively allocate and utilise resources in ways that not only create a large market, but also attract foreign trading interests. Thus, regions such as the EU, on the wisdom of this theory, are home to TNCs and MCs, a development that gives the negotiating bloc greater international leverage over its counterparts, particularly in ACP regions.

Balancing the negotiations outcomes and the social development question remain elusive to developing countries, and particularly Zimbabwe, whose economy was on a downward spiral for eight consecutive years coinciding with the process. Although this thesis is not discussing simultaneous, concurrent and consecutive linkages in negotiations, the parties (Zimbabwe and EU) must manage the flow of events that surrounds the negotiation process as well as opportunistic behavior. This supports rule-based trade negotiations though the outcomes may not necessarily redress social developmental challenges such as poverty, underdevelopment, and inequalities, in developing countries such as Zimbabwe. This reality of developing

countries contradicts Crump (2006), who notes that multilateral negotiations are based on evolving rules that are non-discriminatory, while bilateral and regional negotiations reduce trade barriers on a reciprocal and preferential basis. The above examines the natural interaction of the two trading systems as well as the inherent challenges and opportunities for developing trade and regional integration policies. Thus, the EPA negotiation process was/is tied to a fixed WTO-related time frame. Indeed, Crump (2005) argues that negotiation theory, although it provides substantial understanding about negotiation processes and outcomes, fails to adequately consider the social context in which the negotiations are embedded. This view is in line with those of Sebenius (1996) and Watkins and Passow (1996) who argue that 'negotiations are not conducted in a vacuum'. This is further supported by Kramer and Messick (1995) and Menkel-Meadow (2001) who observe that negotiations are not only complex and dynamic, but also requires isolating parties, goals, interactions and outcomes from the social context in which they are embedded. While these views emphasise the necessity for the negotiating parties to have considered the prevailing social and economic developmental challenges in Zimbabwe during the negotiations process, the political hostilities and polarisation, state-civil society conflictual relationships, and poor EU-Zimbabwe diplomatic relationships make it difficult to implement the above wisdom.

Hammouda and Osakwe (2008) argue that trade negotiation is a bargaining game in which power relations among countries and the availability of information influences their strategic behaviour during the negotiation process, which in turn affects the outcome. Harrison and Rutström (1991) link the bargaining strength of trade negotiators to their ability to draw a positive 'balance sheet of concessions' from their counterparts. Each party aims to extract maximum benefits from their respective opponent(s). Sometimes, both parties conclude the process without any acrimony on issues and offers, reflecting how respective bargaining positions can easily converge or a trade-off between sectors can become a possibility. In other instances, parties misjudge each other's intentions while assuming an irrational approach to the process.

Kahler and Odell (2004) argue that developing countries require sufficient economic power to create or threaten an important economic interest in a sharp and immediate manner during negotiations. However, as Rothstein (1979) argues, negotiating groups such as ESA lack procedural cohesion and substantive unity which diminishes the possibility of achieving viable settlements, while the EU bloc produces a unity which is based on ideological

principles and the sum total of the group's demands compared with those of its counterparts' level of ambitions. The emphasis is on the importance of first-mover advantages in negotiations and the extent to which big countries or regions control the manner in which negotiations are conducted (Myerson, 1991; Brander and Spencer, 1992), and how big countries or groups such as the US and the EU are in better positions to influence the agendas and pace of negotiations, even though this has serious implications for the ability of weak African nations to protect their own interests (Osakwe, 2007). It is therefore necessary to evaluate the impediments and surprises such as dirty tactics and divide and rule strategies, embedded in trade talks.

Within the context of the public choice theory, trade negotiation is seen as a process of interaction between competing interests, and sometimes parties agree to trade off variables against one another to maximise their respective socio-economic welfares. But in trade-related institutional frameworks, and in particular the WTO and the EU, there are no spaces for civil society to effectively and directly participate in the negotiation process. CSOs are also not wanted closer to preparation platforms<sup>3</sup> and negotiation rooms. At the national level, the direct involvement of CSOs in trade talks becomes a function of governmental institutions, political climate and operational capacity - to promote participation (World Bank, 2006). Das (2004) argues that institutional interaction has the potential to generate full confidence among various interest groups - particularly economic operators, producers, exporters and the public in general - in the trade policy and trade regime of the country. Basevi (2008) observes that governments set up their trade policies and act as if they care more about the interests of various constituencies (producers, importers and exporters) than they do about consumers.

Game-theory models appreciate how negotiation or bargaining is a strategic interaction between competing parties and lobbying groups, which takes into account possible trade-offs and the efforts of other countries. This interaction assesses not only the parties, but also the game-like negotiations between government and various actors in the country. Rege (2004) observes that various actors have differing self-interests which they pursue rationally and systematically in ways that maximise the country's economic benefits and commercial interests, taking into account political, institutional and other constraints under which they

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<sup>3</sup> Unless CSOs' representatives participate as members of a government delegation, in which case their views automatically become that of the government.

operate. However, these actors are not always fully informed about all the aspects of the issues, positions and interests under consideration. This is due to lack of information because parties willfully avoid facts, deliberately attempt to obscure available facts and unintentionally ignore the predictions and commitments of their counterparts. This underscores the need for assessing the strategic importance of various constituencies<sup>4</sup> in the process.

Goodison and Stoneman (2005: 40) warn that “it would be an act of foolish optimism to expect integrity or honesty in the EU’s trade policy towards southern Africa in particular and the wider ACP group in general.” The founder and former Seatini’s trade expert, Tandon (2004), argues that trade-related issues are usually framed in technical language which is difficult for many people to understand, despite the fact that it affects their livelihoods in very significant ways. He further deplores not only GFIs’ (the World Bank, and the IMF) support to the former imperial region, but also their undemocratic practices which inter alia, undermine institutional and state-society relationships, and effective policy structures and systems. This is supported by Kamidza (2007), who argues that the EU misleads negotiators of vulnerable and poverty-stricken countries into thinking that any negotiated trade regime guarantees sustainable industrial and/or sectoral growth, development and export competitiveness and diversification, as well as social development which includes human capital formation and poverty alleviation.

Thus, the process and outcome of any trade and cooperation agreement with the EU sometimes produces unintended challenges, such as structural and institutional capacity limitations. Bond (2007) argues that the outcome content is likely to resemble the Doha agreement which amplified the free-trade agenda that had generated intense unevenness, inequality, eco-destruction and women’s suffering over previous decades. In essence, the process in Zimbabwe has undermined social cohesion, equity, inclusiveness, trust, confidence and cooperation and promoted an atmosphere of suspicion, paranoia, and deceit. This mirrors the Angola-EU and Mozambique-EU fisheries agreement (FA) that was characterised by an explicitly poor consultative relationship between negotiators and stakeholders, weak monitoring capacity in the agreement’s legal provisions and a lack of institutional memory to dictate possibilities of reopening negotiations on previously agreed provisions (Kamidza,

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<sup>4</sup> Such as producers, exporters, civil society groups, political leaders, and negotiators.

2008). By tabling fishing compensation payments, the EU concluded FA frameworks with respective government negotiators without the knowledge and participation of key constituencies such as the public sector<sup>5</sup>, the fisher folk and the private sector. They also overlooked post-trade pact challenges, including fish stealing by European high-tech fishing vessels in the respective countries' waters, unfair fishing competition against local fishing folk who use old technologies and a weak review process of the compensation fees in line with national developmental goals. This illustrates the impact of unintended consequences in trade and development cooperation agreements between unequal parties in terms of both economic and political standards. It is certain that the potential for unintended consequences in the EU-Zimbabwe trade talks is very high on account of government-CSO tense relationships and the business sector's mistrust of government in the process. For instance, the business sector could not submit a comprehensive list of sensitive products to government negotiators (see Table 5.3) to be excluded from liberalisation prior to the signing of the iEPA. The unpredictable outcome also hovers around the process due to GPA related political tensions and subsequent economic policies and programmes posturing and contradictions of GNU.

Linder (1961) explains why trade occurs between countries that have similar demand preferences and produce the same goods and services. It means that the countries' production varieties are not primarily determined by domestic demand, but also by trade with countries with similar demand patterns. More importantly, this is the basis for bilateral and multilateral trade negotiations and, as such, emphasises the WTO's role in developing and shaping rule-based international trade regimes. The WTO negotiation framework provides guidelines for bilateral trade negotiations, such as ongoing EPAs between the EU and ACP countries. As Ralph (2008) argues, EPA negotiations have fundamentally been based on the WTO's principles of reciprocity and non-discrimination. In many instances, rule-based trade and development cooperation has become potentially more conflictual since economic gains or outcomes are translated into political utilities at the country level. This is also the basis of Europe-Zimbabwe trade talks where, to some degree, similar products are in demand in both economies (although huge gaps in technical, financial and productive capacities, and institutional support will translate into an outcome that reflects the socio-economic and political realities of both parties). Indeed, the EU is demanding market openings despite

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<sup>5</sup> People sector refers to civil society groups whose programme interventions are a response to the collective needs of communities and/or citizens.

Zimbabwe's current huge challenges to produce market competitive products, to build technical and analytical capacities in trade negotiations, to generate fiscal revenues and to develop and implement sustainable pro-poor and pro-development policies. It is known that a revival of the Zimbabwean economy had been slowed down by political rhetoric and posturing on fundamental economic processes, both prior to and post the GNU administration. This justifies not only an assessment of the implications of the EPA outcome to the economy's future in the context of regional and global market integration, but also of the negotiators' information dissemination strategies.

The EU has established negotiating institutions, divisions, structures and systems that are not only highly visible to their counterparts, but also deprives the latter of certainty in the process. Putnam (1988) agrees that domestic institutions, divisions and structures are bargaining assets in international trade negotiations, a constraint which ACP in general and Zimbabwe in particular have in the ongoing EPAs negotiations. For instance, the EU negotiators always employ the 'Schelling conjecture' strategy to obtain leverage in the process (Meunier, 2000): their counterparts are reminded of the likelihood that the deal under negotiation may be rejected by the member-states or the European Parliament, or as in the case with EPAs, that other regions may have already agreed on some process(es) or position(s). This explains why Zartman (1991) defines negotiation as a process of combining conflicting positions into a common position while the power game theory broadly defines negotiations as successive stages, namely, pre-negotiation, stalemate and settlement.

Sequentially, the process starts with a pre-negotiation phase in which parties identify and agree which issues to focus on (the joint roadmap), after which neither party can refuse to negotiate. The second phase is the actual conduct of negotiations on substantive issues, interests, positions and offers during which concessions are made and details hammered out. Theoretically, however, negotiating parties, especially at the bilateral level, may withdraw from the negotiations (although in practice this often depends on the strengths of the negotiating parties and the level of their ambitions). This is supported by Garfield and Knudsen (1997) who explain how international relations theories seek to develop multi-disciplinary models of trade policy behaviour, which allows a protectionist mentality to influence the course and outcome of the negotiations. This means that negotiating parties endowed with human, financial and technical resources naturally control both the process and outcome. In many instances, the road to rule-based trade cooperation is potentially conflictual

because economic gains or outcomes are translated into political utilities at the country level. The trade regime as prescribed by international bodies is not sufficient to guarantee fair trade, particularly in strategic industries of weaker economies. For instance, in Seattle both the United States of America (USA) and South Africa failed to co-opt the Zimbabwean former minister of Industry and Trade, Nathan Shamuyarira, the leader of a group of African delegations who persuaded the Organisation of African Unity (OAU) caucus to issue a statement withdrawing consensus, claiming “there is no transparency in the proceedings and African countries are being marginalised”. As a result, they (USA and South Africa), flexed their international trading power by imposing ever-tougher anti-dumping penalties against impoverished trading partners such as Zimbabwe (Bond, 2006a and 2007; and Bond and Manyanya, 2002).

The foreign relations theory of realism (Gideon, 1998) argues that states, as primary actors in world affairs, treat all other states as autonomous, self-interested and animated by the single desire to pursue power. This is supported by regime theorists who uphold the right of states to pursue wealth, political stability and domestic distributional objectives. In this context, Shell (1995) advises states to balance the interests of groups who seek protection from foreign imports against the interests of exporters and others, preferring to expand free trade, mainly on account of creating jobs and incomes. The Wise Men’s Report (2005) to the WTO Director-General argues that many firms in poor nations that are currently struggling to find a small niche market in a tough global economy require some positive discrimination to exploit small comparative advantages born of a preference. This provides insight not only into the conduct of multilateral and bilateral trade negotiations between countries or regions, but also how negotiations on a given issue cannot be examined separately from other issues. Trade talks require competence from negotiators in terms of flexibility, autonomy and authority.

### **2.3 Free trade area and trade negotiations**

The standard trade theory defines FTA as a designated group of countries that agree to eliminate tariffs, quotas and preferences on most (if not all) goods between them. This makes FTA superior to all other trade policies, though there are usually a few administrative delays<sup>6</sup> (Balchin and Kamidza, 2008). Kahuika, et al. (2003) note that FTAs echo the Ricardian

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<sup>6</sup> As goods pass freely from one country to another.

theory of comparative advantage<sup>7</sup> (Stephen and Chang-Tai, 2002) which argues that countries that engage in trade specialise in producing goods relative to the production cost differences. Dunn (2009) argues that in practice free trade has almost always been a question of degree since all states maintain some restrictions but few practice complete autarchy, and that the degree of openness or closure bears little or no relation to overall economic performance. However, as Chang (2007) illustrates, governments nurture and protect ‘strategic, infant and important industries’ until they are ready to compete in regional and global marketplaces. This is contrary to the views of ‘free trade economists, particularly from global institutions such as the IMF, the WB and the WTO’ who prescribe rapid large-scale trade liberalisation in developing countries<sup>8</sup> despite the fact that their local producers are still at productive developmental stages (Hartmann, 2008). This view is supported by the WTO Director-General, Lamy (2010), who argues that trade openness delivers efficiencies, generates wealth and lifts millions of people out of poverty.

The second best theory suggests that free trade may not be efficiency or welfare-enhancing in the presence of other distortions in the economy. The trading system sometimes restricts or discriminates against “low cost” suppliers (Raghavan, 2004) in the sense that an importing country decides on the quantities and prices of imported products to be sold in its domestic market. As a result, tariffs and residual quantitative restrictions as well as discriminatory non-tariff measures, though gradually liberalised, are still unevenly distributed thereby hurting the major suppliers of third world countries. As a result, the system undermines potential imports from developing countries which also have to cope with stringent trade distorting measures such as countervailing duties and subsidies, particularly in the agricultural sector.

Irwin (1996) argues that the international market share is reminiscent of mercantilism, and that the volume of world trade is fixed and divided among a few countries. This notion treats trade as a zero-sum game in which no consideration is given to consumers’ welfare. By demonstrating a ‘strong correlation between firm size and international trade’, Valodia and Veila (2006) argue that larger firms have been more successful at integrating their manufacturing activities into the global chains of production leading to increases in exports, competition, and volatility of local economies. Reimer et al. (2006), argue that while many

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7 A country has a comparative advantage in producing a good if the opportunity cost of producing that good in terms of other goods is lower in that country than it is in other countries.

8 Developing countries are obliged by the WTO national treatment to extend policies aimed at boosting their own national industries, such as tax breaks, to other foreign companies in the same industry.

international food and agricultural markets are oligopolistic in nature, government interventions result in relatively small price-cost mark-ups and modest potential trade gains.

In the case of EU-Zimbabwe trade relations, the former demands asymmetrical market openings while the latter experiences huge socio-economic deficits and industrial and productive capacity constraints which hinder the implementation of sustainable, equitable, and people-centered developments. Meanwhile, the Zimbabwe government's intervention<sup>9</sup> in the agricultural sector, while an attempt to ameliorate the abovementioned weaknesses, has yet to produce positive outcomes. Furthermore, the GNU's economic transition has remained at a 'snail's pace' on account of the failure of the GPA's framework (belligerent parties and SADC and AU leadership), to secure the withdrawal of sanctions against ZANU (PF) leadership and its associated companies, from the EU in particular, and the international community (western governments) in general. Further, the necessary investment levels have also not been unlocked. As a result, efforts to implement the necessary but critical interventions in building technical and analytical capacity in trade negotiations, supporting industrial structures and restoring confidence in the economy is undermined. Also undermined are efforts to improve trust and cooperation between state and business community and inclusive and constructive collaborations between state and CSOs on economic policy making including trade negotiations.

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<sup>9</sup> Intervention in terms of fast-track land redistribution and inputs (seeds, fertilisers, tillage, and fuel) to farmers.

## **2.4 Civil society advocacy and trade negotiations**

Change theory, which evaluates the effectiveness of foreign policy advocacy efforts, that is, how the actions of civic bodies influence changes in policy, attitude, or public will in ways that lead to desired outcomes, has been employed to evaluate civil society practices in terms of engagements, lobbying, and building synergies and coalitions in support of bilateral trade and development cooperation negotiations between the EU and Zimbabwe. In particular, CSOs' advocacy on trade and development co-operation agreements calls actors to combine resources with a view to building synergies and deepening strategic networking and engagements in order to build greater leverage during negotiation processes. This forms the genesis of strategic consultative engagement between CSOs and other relevant stakeholders working on trade and development issues. However, in many respects, the level of strategic consultative engagements between CSOs and government is often acrimonious.

Keet (2007) supports the above observation by noting how the division between African negotiators and civil society activists worsened during the WTO Ministerial Summit in Doha, Qatar in 2001, and decries Pretoria's failure to use its political or moral weight and democratic reputation to actively prioritise real institutional reforms as an essential precondition to any other WTO trade related discussions' an intervention that could have offered lessons in the on-going ACP-EPAs negotiations. In particular, Keet (Ibid) accused South Africa's former Trade minister, Alec Erwin, of accepting a controversial 'friend of the chair' position, which made him responsible for negotiating WTO rules, but in the process ended up disappointing observers and civil society critics. This opens the space for CSO sustained activism in favour of transparent and democratic pro-development trade negotiation processes. However, in spite of the coordinated civil society advocacy at Doha, Keet (Ibid) maintains that WTO ministerial conferences remain characterised by flagrantly inequitable, manipulative and undemocratic practices including appointments of 'friends of the chair' in informal working groups, an outcome that institutionalises undemocratic decisions on key issues. Keet (Ibid) further argues that Africa's strategic alliance suffered a setback when Pretoria dumped continental traditional allies including Nigerian, Tanzanian, Ugandan, Kenyan, and Zimbabwean delegations, rejected NGO advisers to African governments, and carefully advanced a pro-WTO position in favour of a 'new round' or 'broad-based agenda'. However, a demonstrated unity in civil society advocacy, coupled with the ambitions of some African delegations, led to the articulation of extreme basic positions aimed at pro-poor

development outcomes (CIDSE<sup>10</sup>, Discussion Paper, 2000). Strategic networking and synergy building is further highlighted by Bond (2007) who quotes Keet's claims:

What is amazing, and inspiring, is that the many colourful banners and placards, flags and chants, songs and drumming, each with their distinctive cultural characteristics, all carry similar messages against the WTO, against the unjust and destructive economic system it is being used for, against the damages to the world environment, to livelihoods and lives - as expressed dramatically in the symbolic suicide of the Korean farmer, Lee Kyung Hae... With our distinctive black and green t-shirts and banner proclaiming that 'Africa is Not for Sale', the African people's organisations in Cancun are sending a clear message to the WTO and African governments that we are here to demand that the needs and rights of our people are not sold off by our governments. Bond 2007.

As argued elsewhere in this study, trade talks at the WTO level, in terms of strategies and tactics influences, to some degree, the bilateral negotiation processes. This means that the experiences of the past WTO ministerial conferences directly or indirectly could have a positive influence on the ongoing EU-Zimbabwe trade and development cooperation negotiations. Unfortunately, the strength of the strategic alliance between civic groups and African governments in general, and Zimbabwe in particular, has been uncoordinated, discredited, suspect and weaker compared to past advocacy activities around past WTO events. The Zimbabwean EPA process has been characterised by lack of social cohesion, equity, inclusiveness, trust, confidence and cooperation in an atmosphere of suspicion, paranoia and deceit (Kamidza, 2007). This is supported by Seatini (2004), who observes that the RNF meetings' communiqués, draft texts, proposals and timeliness were not shared with other constituencies to inform and share wisdom on the process, particularly at the national level. Further, the ESA configuration where Zimbabwe belongs shut the door on civil society representation in its RNF meetings in December 2004, thereby undermining the 'inside-outside advocacy approach' (Tandon, 2004) in terms of pursuing and/or linking specific issues with specific government delegations. Critics argue that this created a vast gulf in understanding sticking points and issues as well as prohibited the sharing of experiences between negotiators and civil society groups. Indeed, frustration in advocacy work sustains

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10 CIDSE (International Cooperation for Development and Solidarity) is a coalition of 15 Catholic development organisations in Europe and North America working with two thousand partner organisations in developing countries.

CSOs' perceptions that ESA governments were/are 'selling out their countries and people to European capitalism' (Deve, 2006).

Throughout the process the CSOs have been irked by anecdotal evidence which disappointingly reveal that sub-Saharan Africa-EU trade flows declined from 3.2% to less than 1.4% between 1985 and 2006 in spite of the series of Lomé Conventions (1975–2000) that provided 'comparative advantage' of ACP products to European markets through trade preferences such as duty-free and quota-free (DFQF) market access, and the Everything-but-Arms (EBA) initiatives. They have been equally disappointed that ACP countries are failing to access the EDF envelopes designed to improve ACP countries' industrial capacities, institutional technical capacities and supply-side bottlenecks to global markets (see section 6.4.3) before the conclusion of EPAs. The CSOs have also been frustrated by the fact that the ACP countries opened up their economies to EU competitive products through iEPA signatures without corresponding improvements in their respective limited industrial capabilities and export competitiveness. Further, they have been worried by the seeming lack of desire to protect strategic, infant and sensitive sectors of the economy for various socio-economic and political reasons. In the Zimbabwean case, while the state has been directly involved in the economy through contestable politically motivated programmes, particularly fast-track land reform and indigenisation, and its economic empowerment policy, that trajectory has not been robustly defended during the negotiations. As a result, CSOs' advocacy constantly highlighted negative perceptions about the process on the backdrop of the EU's failure to adequately redress supply-related bottlenecks and improve industrial and export diversification and competitiveness as promised by the EDF's developmental assistance envelopes since 1975 (Draper, 2007).

Nalunga (2004) argues that CSOs have been suffering from limited developmental resources to finance both EPA-related programmes and activities and the EC's existing aid portfolio in ACP countries. CSOs have therefore been lobbying various EU institutions to honour past promises with respect to EDF resources, claiming that the dangling of the 'development aid envelope' has split 89 ACP countries into six EPA regions (the Caribbean Forum (CARIFORUM), the Pacific, the Economic Community of West African States (ECOWAS), the Economic and Monetary Community of Central Africa (CEMAC), the ESA and the SADC EPA as they prepared to negotiate a new trade regime with the EU. Lobbying EU institutions also explicitly justifies the need for more allocations under the 10<sup>th</sup> EDF financial

window covering the period 2008 to 2013 to adequately support most ACP countries, particularly Zimbabwe, which has been experiencing perennial negative economic growth, especially between 2000 and February 2009<sup>11</sup>, with a view to improving industrial production structures, export diversification and competitiveness, as well as attracting domestic and foreign investors.

Advocacy has been focusing on the negative implications of EPA frameworks to existing regional integration projects in Africa in general and southern and eastern Africa in particular. This means the focus has been on the implementation challenges with respect to aligning liberalisation schedules and commitments in iEPAs with those agreed on at regional levels as part of regional integration commitments.

In this respect, Oxfam (2002) observes that the three decades of structurally adjusting economies according to neo-liberal scriptures, especially trade liberalisation, have left many African economies more open and integrated into the global economy than their European counterparts. This revelation from a pro-trade liberalisation lobbyist contradicts the anti-EPAs advocacy which argues that the scope, structure, format and terms of EPA negotiations were entirely EU member states-driven in the context of donor-recipient relationships between ACP countries and their former colonies (Christian Aid, 2003 and 2004). This further favours liberal civil society advocacy groups which criticise the Lomé Conventions for failing to adequately provide development aid assistance as well as to increase and diversify production and trade in Africa. The above weakness of Lomé Conventions provides sufficient basis for CSOs to anchor their respective advocacy work. In the case of Zimbabwe, anchoring advocacy on Lomé Conventions' shortcomings would have created acres of advocacy scope and space for CSOs to link the current total liberalisation with the economy's economic recovery agenda within the context of EPA negotiations.

Christian Aid (2005) warns that over 20 years of advocacy on trade liberalisation in developing countries has proved disastrous for poor people and poor producers. From this study and Stop unfair trade campaign<sup>12</sup> (2007), the following testimonies expressing process and emerging outcome were captured:

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11 The economy experienced positive growth following the GNU's introduction of dollarization, that is, legal replacement of local currency with multi-currency when purchasing goods and services.

12 Stop unfair trade campaign aims to stop trade deals between Europe and ACP countries

Our economies will not be able to withstand the pressures associated with liberalisation as prescribed by the WTO, and that as partners, we need to ensure that the EPAs outcome does not leave the ACP countries more vulnerable to the vagaries of globalisation and liberalisation, thus further marginalising our economies. Festus Mogae, the former liberal Botswana President, May 2004: 4.

We express our profound disappointment at the stance taken by negotiators in the European Commission (EC) insofar as it does not adequately address the development concerns that must be the basis of relations with Africa. We urge our negotiating partners to clearly demonstrate the development content of the proposed agreements. AU Trade Ministers Declaration on EPAs, 14 April 2006, Stop unfair trade campaign, 2007.

It has become quite clear from our frank discussions that the two years of regional negotiations have generated very little tangible outputs, particularly as related to the two areas of critical interest to the ACP regions and countries, namely, the development dimension of EPAs and the support for regional integration processes. John Kaputin, ACP Secretary General, October 2005, Stop unfair trade campaign, 2007.

Europe's aim is a new framework, where neighbours work together to benefit from freer trade while we offer assistance to integrate them into the world trading system. Peter Mandelson, the EU Trade Commissioner, December 2004: 2.

EU imports of frozen chicken wings destroyed the local market...EPAs are free trade agreements, and as such, they will bring poverty to Africa. ... If EPAs carry through, African countries will have to kiss goodbye to their industrialisation efforts. Tetteh Hormeku, director of ATN, April 2005: 6.

The above is supported by the 'Anti-EPAs Campaigners' such as Christian Aid, Oxfam GB, ATN<sup>13</sup>, and the Third World Network whose central message is that 'no African government has ever proposed the voluntary opening of its market to EU imports as part of a national development or industrialisation strategy'. Liberal critics view EPAs as an opportunity to negotiate better deals from the EU in formal regional negotiations rather than relying on the goodwill of European governments to grant them preferential schemes. While the above suggests grey areas for CSOs in ACP countries to intervene with specific advocacy activities,

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13 Seatini, Mwengo, Zimcodd and Trade Centres are affiliated members of ATN.

limited resources do not allow them to undertake research analyses that inform issues, interests, positions, and offers.

Advocacy activities highlight the failure of past trade preferences to stimulate industrialisation, diversification of exports and market competitiveness in the ACP countries. Kamidza (2007, 9) supports the above argument by noting:

Unprocessed commodities (such as diamonds, petroleum oils, sugar and tobacco) continue to make up the bulk of ACP's exports to the EU. This means that countries are yet to develop and diversify their production structures and exports; add value to their exports; and increase their market share in line with the imperatives of globalisation. In particular, given the narrow industrial bases that characterise the SADC and ESA configurations, EPAs are likely to provide only limited options for increased exports into the EU. Kamidza, 2007

Thus, CSO activism focused on growing perception and fears on the EPAs outcomes. Firstly, CSOs have been arguing that EPAs would limit the policy space needed for the development and protection of national infant industries. Secondly, they have been arguing that the outcome of the EPAs will either slow down the growth of infant industries or destroy their potential altogether, resulting in unemployment and social dislocation of families, households and communities. Thirdly, they have been expressing fears that EPAs may intensify and entrench the liberalisation of national and regional economies to an even greater degree than the structural adjustment programmes of the 1980s and 1990s. Fourthly, they have been expressing fear that further trade liberalisation will flood local markets with cheap imports from Europe and other global competitors. Lastly, they have been worried that the outcome of the EPAs may have the potential to dampen the ability of countries to create opportunities for human development in terms of skills training, innovation, research and development.

The advocacy literature has assisted in evaluating the contribution of Zimbabwean civic groups who generally have had poor relationships with ruling elites but closed ranks with (Kamidza, 2009c) the EU on matters of governance, pluralistic democratic processes and human and property rights. This suggests difficult terrain for civil society advocacy on EPA processes in the context of glaring state shortcomings, frosty Zimbabwe-EU diplomatic

relations, a conflict-ridden GNU and limited resources to engage the EU's constituencies<sup>14</sup>. All this undermines the outlining of advocacy activities, especially with respect to forewarning negotiators of the dangers of locking the Zimbabwean economy into a pre-determined pattern of liberalisation.

This poor state-civil society relationship continued under the GNU while signatory parties, especially ZANU (PF), which more often than not displays a non-committal attitude to GPA provisions intended to support the country's political and economic transitions, particularly the unlocking of funding support from the international community. In this regard, total disregard of GPA provisions has been a constant frustration to western governments, donors, and broad sections of civil society, hence their collective resolve to demand 'clear and practical evidence of power-sharing' (Kamidza, 2009a) before committing financial resources and technical assistance to the country's socio-economic transition. Kamidza (ibid) notes that the above alliance had, prior to the signing of GPA, developed a set of benchmarks<sup>15</sup> to evaluate the GNU's commitment to political and economic transitional processes. In fact, this strategic activism was intended to unlock the necessary financial resources from the international community in support of projects, technical assistance, and budgetary expenditures. Unfortunately there has been no evidence of support in the ongoing EPA trade negotiations.

In fact lack of funding denied more civic bodies the opportunity to become part of government delegations to RNF and joint ESA-EU meetings which were held in the region and in Brussels. This presents challenges to advocacy as the process lacks monitoring from within due to the absence of the 'inside-outside strategy'. The plea for fair and just EPA outcomes remains largely unheard, which further weakens the advocacy of civic bodies and their "crying voice" (Deve, 2006) fails to influence the unbalanced and heavily biased match between a vulnerable Zimbabwean meltdown economy and an economically powerful European region.

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14 This includes negotiators, parliamentarians, institutions (Director General (DG) Trade and DG Development) and a rotating presidency.

15 These include full and equal access to humanitarian assistance; development of macro-economic stabilisation policies; restoration of the rule of law, judiciary and respect for property rights; releasing of all political prisoners as well as an end to political violence; respecting media plurality, democratic process, human rights standards, freedom of expression and assembly; and timely elections to be held in accordance with international standards. They are also demanding 'no cherry picking', meaning that 'all the principles' should be treated with equal importance as stipulated by the GPA framework.

## **2.5 Conclusion**

This chapter debated the intricacies and related challenges and opportunities in the EU–Zimbabwe trade negotiations within the context of state shortcomings and civil society advocacy. In this regard, several relevant theories underpinning trade negotiation were discussed in line with the study theme. This discussion was complemented by a discourse on the nexus between FTA and trade negotiations, and a discussion on civil society advocacy work on trade negotiations in particular and trade and development in general. The chapter further highlighted fault lines that constantly expose state shortcomings in economic policy formulation and the EPA process and challenges to the advocacy activities of CSOs. The chapter sets the tone for detailed discussions in subsequent chapters to expand on the notion of the EU onslaught to the Zimbabwean economy in the short to medium term through its dominance and influence in the process and guerrilla negotiating approaches, strategies and diversionary tactics.

## CHAPTER THREE

### RESEARCH METHODOLOGY AND QUESTIONS

#### 3.1 Introduction

This chapter discusses the research methodology employed to gather all relevant information in line with the study enquiry. Two sets of open-ended questionnaires<sup>1</sup> were employed, targeting government officials and civil society representatives. The process therefore entails randomly<sup>2</sup> and purposely<sup>3</sup> sampling trade related government portfolios, civil society organisations and private sector umbrella bodies. Zimbabwean government officials and representatives of private sector bodies and CSOs were approached for the purposes of administering a customised and structured questionnaire, and in some cases, to secure either formal or informal interviews. Willing representatives from institutions and organisations' thus constitute 'a unit of analysis' in the study, providing information on the unfolding challenges of the EPA process, successes and experiences in the context of consultative state-stakeholder fault lines and frosty bilateral relationships with the negotiating partner. Given Zimbabwe's politically charged environment, previous professional fieldwork and research experiences assisted in devising counter-strategies (alternative ways) for sourcing information, especially from senior chief negotiators and politically insecure junior officials. These professional references also assisted in the development of research questions on which the thesis enquiry is premised with a view to unraveling and contextualising the Zimbabwean trade debate. The chapter concludes by highlighting the limitations of the study with respect to data collection, and the strategies employed to ameliorate unfolding negative developments.

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1 See Appendix: government questionnaire and civil society questionnaire

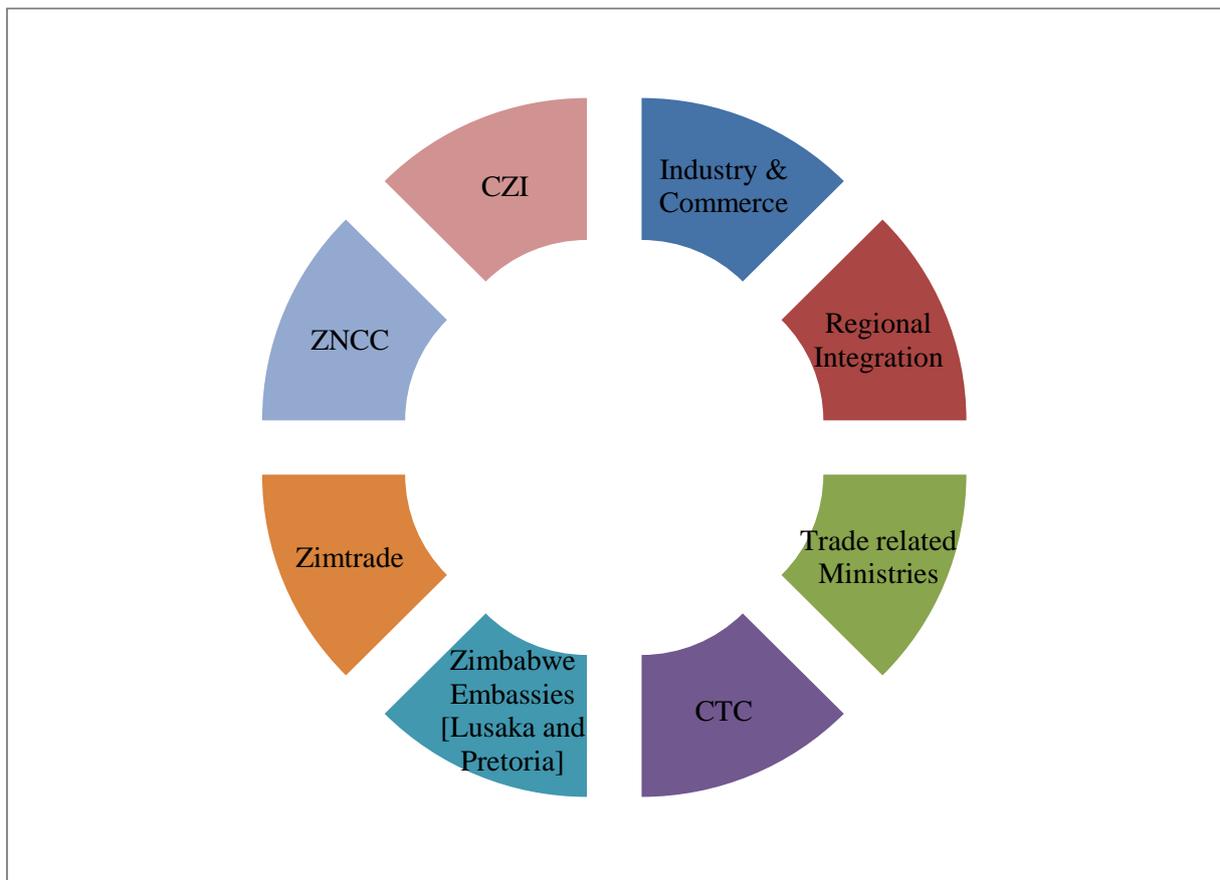
2 Respondents in both governments and civil society were randomly identified based on their availability and readiness to be interviewed.

3 Only respondents conversant with the EPA process between the EU and Zimbabwe were targeted for the interview.

### 3.1.1 Government institutions

The government-focused structured questionnaire was administered to the ministries of Industry and Commerce, Regional Integration and International Cooperation, other trade-related ministries<sup>4</sup> and the Zimbabwean embassies in Lusaka and Pretoria. The same questionnaire was also administered to two trade-focused para-statal: the Competition and Tariff Commission (CTC), and Zim-Trade. The questionnaire targeted officials who have been involved in the EPA process with a view to soliciting their opinions on the background, context and future of the EU-Zimbabwe trade and development cooperation relations in general and current trade talks in particular. These institutions are shown in Figure 31 below, which also includes names of two private sector bodies that are discussed below.

**Figure 3.1: Government related ministries and private sector bodies**



Source: Own compilation from field data

<sup>4</sup>This includes ministry of Agriculture, Mines and the Zimbabwe Revenue Authority.

Among the sampled state officials were former and current chief EPA negotiators who provided their perspectives via a structured questionnaire, and both formal and informal interviews, on the unfolding ESA-EU EPA process in general and EU-Zimbabwe trade talks in particular. The two former chief EPA negotiators (now with the Zimbabwean Embassy in Lusaka, Zambia, and Pretoria, South Africa) are Stella Nyagweta (2004-2005) and Angelina Katuruza (2006-2009), who directed the EPA process and led the Zimbabwean delegation to all the related RNF and joint ESA-EU meetings held in the ESA region and in Brussels, Belgium - culminating in the sharing of the country's positions and offers with the EU. The other official was Tedious Chifamba, currently the leading EPA negotiator of the re-configured ESA group<sup>5</sup>, whose contribution and leadership skills have culminated in the signing of the iEPA by the Industry and Commerce minister, Welshman Ncube in Mauritius in 2009. Of the three senior government officials, only two agreed to give direct input into the study enquiry by responding to the structured questionnaire as well as making themselves available for one-on-one interaction to further clarify issues, concerns, interests and positions. For instance, the Pretoria based-former chief negotiator responded willingly to the questionnaire and provided additional information and insights on the government-NSA consultations in the EPA process as well as state-relations and synergies in the configuration. Both officials freely expressed opinions on EU-Zimbabwe bilateral relations and state weaknesses and strengths within the context of the known fault lines<sup>6</sup>, particularly with respect to consulting with relevant stakeholders who are working on trade and development issues.

Other trade related ministry portfolio officials were also solicited for their views via the structured questionnaire. However, most of them (junior government officials) were reluctant to either respond to the questionnaire or grant an interview. Their reluctance<sup>7</sup> borders on perceived prevailing political intolerance with respect to CSOs' activities and the associated fear of being construed as anti-government. The reluctance was also influenced by a section of the questionnaire that specifically indicated a comparison of strengths and weakness between the former ZANU (PF) government and the inclusive government<sup>8</sup> in the EPA

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5 See Chapter four - section 4.3.3.1 and section 4.3.3.2 for detailed discussion of the ESA split.

6 See Chapter one – section 1.2.2 for references on Zimbabwe fault lines during the EPA process.

7 Both Harare-based junior government officials and the Lusaka-based former negotiator refused to be interviewed without permission from senior government officials.

8 This refers to GNU.

process. This shows that most junior officials fear to be perceived as exposing state shortcomings. This can also be construed as implicit support for MDC formations.

A poor response from most government officials, particularly the ministry of Industry and Commerce Directorate headed by Beatrice Mtetwa, necessitated two different approaches to harvest views and information on the ongoing EU-Zimbabwe trade and development negotiations. The first approach was to interview government officials when they were on official meetings outside the country on the assumption that they would then freely express their views<sup>9</sup> on stakeholder consultative processes during the designing of economic policy, including EPA negotiations. This approach was largely influenced by the manner in which the former Pretoria-based chief negotiator responded to both the oral interview and questionnaire. However, the questionnaire was not administered to targeted government officials in regional meetings. This meant conducting interviews with officials without extensively recording notes from the discussions. This assured them that their opinion on the prevailing political polarisation, economic downward spiral and the ongoing EPA negotiations would not be for public consumption. The approach, which emphasised the confidentiality of information, generated sufficient confidence in government officials to allow them to express their opinion on unfolding political and economic sensitivities, state shortcomings in economic management - including trade negotiations and state-civil society relationships. The approach further encouraged government respondents to freely express opinions on sworn negotiating parties that politically and publicly cut off any direct formal engagement, except within the group. The second approach employs an IMF methodology<sup>10</sup> in which discussions on EPA issues with government officials were undertaken without necessarily and physically recording any notes (or responses) either on paper or tape, but rather memorising as much as possible the details of the discussion. It also entails informal discussions that may touch on areas considered politically sensitive while keeping track of the central issue. This approach enabled the respondents to be frank, critical and engaging while seemingly assuring themselves that their sentiments would remain outside the public domain.

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9 The government officials when outside the country freely expressed their views knowing very well that they would not be quoted by media houses, especially the private media.

10 When undertaking country mission with respect to sensitive social, economic and political developments in an autocratic country like Zimbabwe, IMF officials interact with government officials and other stakeholders without necessarily recording the discussions. This approach, which I coin “IMF method”, encourages free exchange of views regardless of the level of social, economic and political sensitivities, especially from state officials.

The use of the above two approaches with respect to the two para-statal shown in the figure above produced mixed results. For instance, the outside the country approach failed to identify officials from the CTC but easily did so with respect to officials from the Zimbabwe Revenue Authority (ZRA), among Zimbabwean delegates to regional meetings. This approach calls for the ability to build trust with targeted quasi-state institution officials before starting to interview them. But winning their trust was undermined by changes in the composition of government delegations in SADC meetings. The approach also suffered from another challenge of identifying the above quasi-state institution officials. The platform used to identify the aforementioned quasi-state institution officials (as well as government officials) was the SADC TNF, a biannual regional event according to SADC calendar. This SADC TNF handles trade related sensitivities between and/or among member states. In occasions that the approach was employed, the discussions were more often focused on the GNU's decision to impose new surtaxes on regional products, especially from South Africa that should be at zero tariffs despite a derogation<sup>11</sup> allowing the country to delay implementing agreed SADC FTA tariff phase downs. The discussions more often became tense bordering on unkind despite allowed derogation and back-loading tariff liberalisation scheduling, with some remarks suggesting retaliation and/or questioning the rationality of such a decision. As a result, SADC TNF discussions introduced an environment that made it difficult to contemplate interviewing identified respondents. Nonetheless, SADC TNF facilitated informal discussions on the topic with the officials, though not in detail and without possibility for further discussion beyond the meeting platform.

### **3.1.2 Private sector institutions**

A private sector-oriented questionnaire was administered to the Confederation of the Zimbabwean Industries (CZI) and the Zimbabwe National Chambers of Commerce (ZNCC) (see Figure 3.1 above). Specifically, the questionnaire solicited views from private sector umbrella bodies and their respective members on the objectives, rationale and context of the EPA negotiation process in Zimbabwe. In addition face-to-face interviews were arranged to clarify some sticking points as well as to allay fears of misuse of information given the prevailing political climate. The CZI chief economist, Dolphine Mazambani, responded to the

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<sup>11</sup> Article 3.1(c) of the SADC Trade Protocol defines derogation as a measure which allows for a delay in the implementation of a tariff phase down commitment by a Member State.

questionnaire enquiry and also granted an interview which provided further perspectives and insights on the EU-Zimbabwe trade talk process, challenges and opportunities, while the ZNCC's views remain unknown.

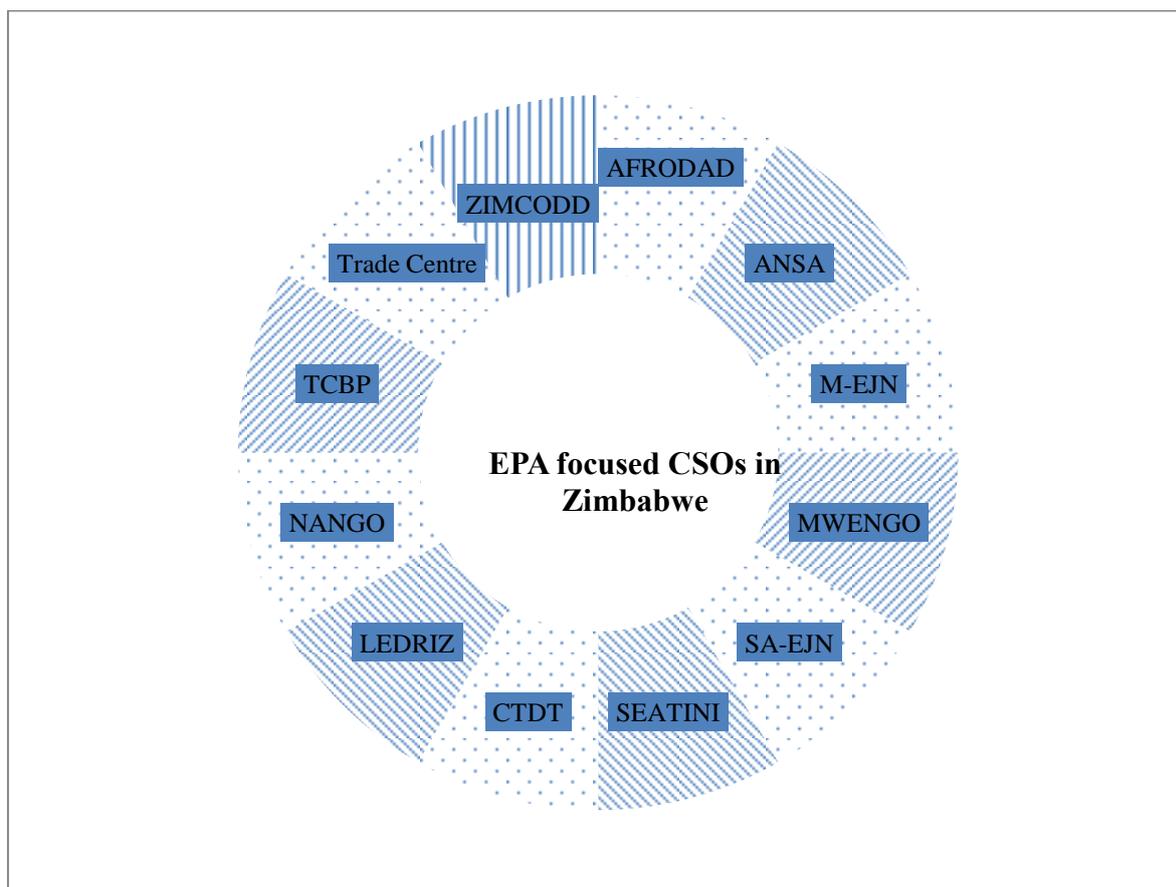
### **3.1.3 Civil society organisations**

As mentioned above, a specific oriented structured questionnaire was administered to a number of civil society organisations and institutions that have been directly and/or indirectly involved in the EPA trade negotiations (as shown in Figure 3.2 below), with the intention to follow up on issues that required clarity. National CSOs and/or Harare-based regional CSOs that were part of the unit of analysis on state consultative approaches and civil society advocacy on the EU-Zimbabwe EPA negotiations are:

- the Southern and Eastern African Trade, Information and Negotiations Institute (Seatini);
- Mwelekeowa NGO (Mwengo);
- the Trade and Development Studies Centre –Trust (Trades Centre);
- the Zimbabwe Coalition on Debt and Development (Zimcodd);
- the African Network on Debt and Development (Afrodad);
- the Community Technology Development Trust (CTDT);
- the Trade Capacity Building Project (TCBP);
- the Alternative to Neo-liberalism in Southern Africa (ANSA); and
- the Labour and Economic Development Research Institute of Zimbabwe (Ledriz) - a research arm of the Zimbabwe Congress of Trade Unions (ZCTU).

The ideological conceptualisation and strategic dilemmas of ‘participation versus resistance’ articulated by McCandless (2011) and Raftopoulos (2005) in section 1.1 influences the degree of contribution of the above CSOs to the ongoing EPA debate in Zimbabwe. Thus of the above, Seatini, Trades Centre, Zimcodd, ANSA and Ledriz have been outstanding in their respective contribution to the EPA process - either as allies of state or working outside the government framework. Their importance is therefore further evidenced by quantifiable activity-related outcomes, outputs and mobilisation for and/or against the ongoing EPA process debate. The rest have also been engaging in the process in an ad-hoc and unstructured manner.

**Figure 3.2: EPA focused CSOs in Zimbabwe**



Source: Own compilation from field data

Responses were provided by Seatini, Mwengo, the Trades Centre, Zimcodd, ANSA, and Ledriz, while the other Harare-based CSOs and Malawi's EJM failed to respond to the questionnaire inquiry despite numerous efforts. Here as well views were solicited from the relevant stakeholders through questionnaires, while additional information, perspectives, and insights were gathered through direct structured conversations. In some instances, representatives were identified and approached prior to dispatching the questionnaire while in other cases the questionnaire was directed to the head of the organisation. Additional data was also informally solicited from EPA chief technical advisors who were based at COMESA and SADC secretariats. All formal and informal informants had sound knowledge of the EU-Zimbabwe trade talks which had been taking place since 2004, as well as of the internal stakeholders' consultative dynamics and challenges. In addition, the first set of benefits to the study were from direct involvement in EPA-related research projects undertaken with Seatini, (Harare, Zimbabwe), Pambazuka Online Publication, the Institute of

Global Dialogue (Midrand, South Africa), EJA South Africa, Mthente Research and Consulting Services (both based in Cape Town, South Africa), and the Instituto de Estudos Sociais e Economics, (Maputo, Mozambique) - all of which culminated with publications (either trade policy articles or book chapters) and advocacy and capacity building workshop reports. The second set of benefits to the study were gained from participation in SADC TNF meetings, SADC EPA internal thematic technical working groups (TWGs) officials and senior officials meetings and joint EU-SADC EPA TWGs and senior officials meetings. The above meetings facilitated interaction with EPA officers, experts and negotiators as well as providing access to critical information and arguments that substantiate the dominance, influence and guerrilla mentality of the EU. The above meetings facilitated access to the EU Commission negotiating rooms (Figure 4.1) in Brussels, which helped to provide a better understanding of the EU's approach to EPA negotiations with ACP configurations and/or individual countries as well as with other regions. Walking the corridors of the EU trade negotiating power assisted to provide a better understanding of the EU's prioritisation of markets by both regions and countries, and its strategy of securing quick trade deals with small but politically ill-mannered counties like Zimbabwe. All the above assisted in the analysis of the study, including contextualisation of issues. The third set of benefits to the study relates to the organisation of EPA related capacity building workshops, which facilitates interaction with SADC private sector representatives, mainly from the SADC EPA configuration, SADC Members of Parliament (MPs) in the Trade and Development Committee (TDC) and broader sections of civil society formations interested in the EPA process.

### **3.2 Research methodology**

The study starts from the premise that its study hypothesis of 'An EPA negotiation is an economic onslaught to the Zimbabwean economy in the short to medium term' (Section 1.2.2), research problems (Section 1.2.1) and research questions (Section 3.3) are best tackled by utilising qualitative techniques to analyse trade talk-related ideologies, issues, processes and procedures. In this way, the study utilises existing secondary documentary evidence to compare and contrast with field related information-driven context and analyses. This entails desk research, and reviewing all relevant secondary sources of information relating to trade

negotiations in general, and the EU-Zimbabwe EPA trade talks in particular, with respect to state shortcomings in the following:

- economic policy making
- stakeholder relationships
- stakeholders' consultations and involvement in the process
- stakeholders' strategic networking and coalition formations and
- CSO advocacy and lobbying

Desk research also entails reviewing EU-ESA EPA-related formal documents (including impact assessment studies, communiqués, reports, proposals and offers); various scholarly documents on trade negotiations, FTAs and advocacy theories; CSO dialogue session reports and communiqués and academic policy research oriented papers; and public statements.

The study notes the value of interviews in line with Vickers' (2007: 49) observation that "people and their anecdotal experiences and recollections are important primary sources that may be used to confirm or invalidate secondary observations." In this regard, the study benefited from interviews with civil society, the private sector umbrella bodies' representatives and government officials. The study also benefited from formal and informal discussions with chief technical advisors (CTAs) based at COMESA and SADC secretariats, whose regional perspectives greatly enriched or validated existing observations and conclusions on EPA negotiation ideologies and the negotiation process. Lastly, the study benefited from both questionnaire responses and interviews, which either confirmed or refuted existing observations and conclusions. For instance, most unstructured interviews with government officials provided a fair assessment of the country's agenda vis-à-vis the EU and state-NSAs' relationships in the context of political polarisation and dysfunctional inclusive government. This approach avoided recording sensitive responses, especially from government officials who, due to the political polarisation in the country, were very careful not to delve into issues and processes that could have direct political consequences for their jobs and families.

As noted in section 3.1.3, the study immensely benefited from several academic and practical oriented policy dialogue seminars, round-table discussions, workshops, and conferences which were either undertaken or facilitated or participated in during the gestation of this

study in the region and beyond. The study further benefited from direct involvement in EPA-related research projects, most of which have been cited in this study. The study benefited from participating and/or facilitating internal SADC EPA member states and joint EU-SADC EPA negotiation meetings at various levels (2011-2013), lobbying missions to the EU's economic, political and technical institutions (2005) and the WTO Ministerial Conference in Geneva, Switzerland (2011). Most importantly, the author's professional experiences have all assisted in generating rich insights, understanding and perspectives often not in the public domain into the thematic focus of the study. In particular, the experiences exposed the nexus between dynamics and power politics of negotiations and profits and poverty, inequalities and underdevelopment. Furthermore, the experiences, which were complemented by extensive networking relationships with government negotiators and officials, lobbying civil society formations, academics and researchers in the region and beyond through many different pathways were in:

- Civil society advocacy environment (in the region and beyond);
- Commonwealth secretariat Hub and Spokes Project under the SADC secretariat (which is similar to COMESA) environment;
- Public policy making environment (Southern African Political Economy Series (Sapes) Trust and Institute for a Democratic Alternative of Zimbabwe – (Idazim));
- Trade negotiations and information sharing (Seatini);
- Conflict negotiations and mediation (African Centre for the Constructive Resolution of Disputes- Accord);
- Zimbabwe's political and economic transition (Idazim);
- Economic justice environment (EJN); and
- EPA related research and publications (Pambazuka Online Publication, the Institute of Global Dialogue, EJN South Africa, Mthente Research and Consulting Services, and the Instituto de Estudos Sociais e Economics).

The data collected from this process has been validated and analysed in line with the research hypothesis and questions. This entails capturing the views of Zimbabwe's stakeholders including trade officials, parliamentarians, entrepreneurs, farmers, CSOs and individuals on state shortcomings and CSO advocacy in the EU-Zimbabwe trade negotiations process. This was complimented by institutional analyses with respect to mandate in particular of the negotiators and other state organs such as parliament. This was further complemented by

analysis of civil society working on trade and development justices and knowledge gained from economic research institutions. Formal and informal discussions were conducted with EPA units' CTAs at both COMESA and SADC secretariats who coordinate the EPA process in the ESA and SADC EPA configurations. All the above approaches assisted in clarifying and validating facts on the process and facilitated access to crucial reports, official documents and other relevant publications.

### **3.3 Research questions**

The question whether or not 'free trade' is associated with superior growth and employment performance has attracted much debate and intrigue (Chizema and Masiwa, 2011: 444). The debate supports the Bretton Woods Institutions (the IMF and the World Bank) trade liberalisation agenda, and has in recent years influenced approaches, strategies and tactics in bilateral and multilateral trade negotiations processes. In this respect, Bretton Woods Institutions argue that countries with more open markets achieve higher levels of economic growth, development and employment. In particular, the EU (1999), while explaining its approach to the WTO Millennium Round Conference, argues that trade liberalisation and strengthened multilateral trade system rules have resulted in significant contributions to global prosperity, development and poverty alleviation. A study by the Organisation for Economic Cooperation and Development (OECD) (1999) agrees that more open and outward-oriented economies not only consistently outperform restrictive trade and foreign investment countries, but also avoid choking off innovation and diminishing the possibilities of developing an information economy. This is further supported by Chizema and Masiwa (Ibid: 445) who observe that trade liberalisation contracts inefficient sectors by realigning domestic prices of tradable goods with world prices, while expanding new and efficient productive structures. This supports Rodrik (1990) argument that political sensitivities and considerations sometimes compel governments to protect infant industries and inefficient sectors on account of national interests and current levels of revenues, from trade taxes. The above nuances sustain anti-trade liberalisation scholars' argument for continued support to state intervention in directing the flow of foreign trade.

The above global trade debates implicitly or explicitly influence the scope and content of the trade debate in Zimbabwe. However, this enquiry was necessitated by the fact that since 2000

the trade debate in the country has been irrational, partisan and tense due to state-society relations, cold state-EU relations, politically induced social polarisation and economic policy contradictions. Indeed, the economic policy environment including trade, has greatly compromised relevant stakeholders' constructive and collective consultations and engagements; the strategic synergy building and networking of stakeholders; and the advocacy of CSOs on the EPA process. As a result, the thesis enquiry was motivated by the following:

- The 1990s trade liberalisation policy de-industrialised much of the Zimbabwean manufacturing sector. By the late 1990s the stage was thereby set for civil society opposition to state and/or donor-led trade policies, in conjunction with a world movement that emerged at the Seattle WTO summit.
- The ZANU (PF) government was instrumental in both liberalising trade and (in the 2000s) defaulting on debt obligations and imposing new financial and trade controls, until January 2009 when the currency collapsed.
- The ZANU (PF) government's revolutionary credentials (epitomised by guerrilla tactics and unorthodox reclaims of land and mining rights from erstwhile colonialists), which could not match the EU's influence, dominance and divisive guerrilla negotiations strategies and tactics in pursuit of short to medium term offensive commercial interests in the Zimbabwean economy.
- Civil society experience conflicts between a democratic wing and a redistributive wing, and although several economic justice organisations such as ANSA, Ledriz, Seatini, the Trades Centre, and Zimcodd straddle these wings, their first opportunity to influence both the ZANU (PF) government and the GNU on trade, had not had the desired impact.

In reviewing the above, a number of research questions were employed focusing on three thematic areas which are at present poorly served by existing policy studies and academic literature, and which are central to the country's economic transition. In this respect, the enquiry has focused on the EU-Zimbabwe trade relations; the state of play of the EPA

process; and state shortcomings and civil society advocacy. The enquiry coincided with the recently (2012) launched trade and industrial policies that have yet to grapple with the complexities and contradictions with respect to re-capitalisation of the country's industrial productive and export sectors, revamping industrial and export capacity utilisation, and improving the competitiveness of the country's products at both local and EU markets. The enquiry also coincided with a mediated intra-state political alignment resulting in GPA and GNU, and subsequent challenges with respect to huge disagreements in ideologies and state-society conflictual relationships caused by economic empowerment frameworks, including industrial policy, trade policy and trade negotiation.

### **3.4 Limitations of the study**

Though data collection was planned to be concluded by June 2012, the prevailing suspicious political environment in Zimbabwe frustrated all efforts towards this goal. In particular, the director of the ministry of Industry and Commerce and other key senior and junior officials in trade-related portfolios avoided direct interaction with the questionnaire and did not grant time and space for further interviews or discussions. As a result, no appointments were secured and e-mail enquiries were not acknowledged.

For instance, in a meeting held in Lusaka, Zambia in April 2012 with the previous EPA negotiator, Stella Nyagweta (2004-2005), now with the Zimbabwean Embassy in Lusaka, Zambia, she had a change of heart upon receipt of the questionnaire even though she had initially agreed to respond, claiming that clearance should be sought first in Harare before providing the requested information. This development undermined the expectation to unpack the government's approaches to EPA negotiations with the EU during her leadership. This is a period during which the EU imposed smart sanctions and travel prohibitions during the relatively high frequency of ESA EPA internal and joint ESA-EU meetings, both in the region and in Brussels, including to the ACP-EU Ministerial meeting held in Gaborone, Botswana in 2004.

Failure to get appropriate audiences with relevant government officials thus necessitated other tactics to get official views on the inquiry. This included frequent visits to Harare to employ the IMF method of discussing policy issues without recording the session but still

absorbing many of the essential points. The second approach involved engaging trade officials in regional trade meetings organised outside the country where officials felt relaxed enough to discuss economic policy-related questions and issues and concerns in general and EPA process in particular, at length. However, in some instances the beyond the borders strategy did not help to gather all the relevant information, because the composition of the Zimbabwean delegation to SADC TNF kept changing, reflecting different ministerial roles and mandate between Industry and Commerce, and Regional Integration and International Cooperation. A combination of the above approaches yielded better results- respondents contributed to policy issues in a more open manner.

Meanwhile, limited financial resources to undertake a field visit in Lusaka to formally and informally engage with the COMESA secretariat, the EPA unit CTA and/or a few Lusaka based civil society organisation, and a tight ESA EPA negotiation calendar in which the CTA was central, denied the study valuable insights and information. Two attempts secured through a formal appointment failed to produce an outcome because the CTA ended being busy elsewhere. For instance, despite a pre-arranged meeting during the joint ACP-EU Parliamentary Assembly for southern African help in Lusaka, Zambia, in April 2012, the CTA who was on the programme, could not make it. Another attempt to meet the CTA while on a SADC secretariat mission in Gaborone, Botswana, failed owing to time constraints associated with his consultative meetings. Meanwhile, the SADC EPA unit at the SADC secretariat was easily accessible but had no information on the EU-Zimbabwe EPA process. The only contribution was some general EPA arguments on the process and procedures, and the direct institutional collaboration with the Hub and Spokes Project to facilitate both the internal SADC EPA states and the joint EU-SADC EPA negotiation meetings.

### **3.5 Conclusion**

This chapter provided details of government-focused EPA institutions and structures, including para-statal entities meant to facilitate trade, and the legislature whose role in the ratification of the new trade regime with the EU is vital. The chapter further discussed private sector umbrella bodies whose mandates involve mainstreaming commercial interests in the country's negotiating positions and offers, as well as those of civil society organisations as champions of pro-poor and pro-development advocates. Even though some of the above organisations and institutions failed to respond to the study enquiry, the chapter discussed

them with a view to ensure that they are an embodiment of future institutional analysis in trade policy formulation, trade negotiations and/or trade negotiation study samples. The chapter also provided details on research methodology and research questions in which the hypothesis of EU onslaught on the Zimbabwean economy is premised and concludes by noting the limitations to the study of this nature in a politically charged environment, state-society tensions and involving a sworn nemesis in public and international platforms.

## CHAPTER FOUR

### ZIMBABWEAN - EU TRADE RELATIONS

#### 4.1 Introduction

After independence in 1980, Zimbabwe became a signatory to the Lomé Convention which since 1975 has proved the basic framework for economic cooperation between the EU and 71 ACP countries (FAO Report, 2003<sup>1</sup>). Through the Conventions, the EU's bilateral trade cooperation regime with ACP countries was characterised by non-reciprocal clauses, which entailed a range of trade preferences under DFQF market access that also guaranteed better market prices to goods originating from the ACP countries. Subsequently, Zimbabwe became a signatory of the Cotonou Agreement, the successor of the Lomé Conventions, which is set to be replaced by the EPAs. Thus, the Europe-Zimbabwe bilateral relationship has been based on a predictable trade regime guided by negotiated trade and development cooperation principles and parameters of both the Lomé Conventions and Cotonou Agreement.

The consequence of this is that the Conventions acknowledged different levels of economic development between the two parties, and within the framework of the ACP-Europe economic and political relationship in particular. This also meant that the trade regime reflected the geopolitical times during which the European Economic Commission (EEC), under the influence of MNCs and TNCs capitalistic commercial interests, pursued a trade regime characterised by more access to cheap raw materials in agriculture and other extractive sectors than access to products in Zimbabwean markets and other ACP countries. In this relationship, Europe assumed explicit benign control over the trade and developmental agenda of all the ACP countries, but implicitly continued to set unchecked conditions that facilitated the entrenchment of MNCs' and TNCs' capitalistic expansions, exploitative commercial tendencies and hegemonic influences on local domestic producers, exporters and, to some degree, the political leadership. It can be argued in the Zimbabwean

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<sup>1</sup> Study prepared for FAO by Tekere Moses with assistance from James Hurungo and Masiiwa Rusare, Trades Centre, Harare.

case that its former coloniser (the United Kingdom) and other EU member states, through this bilateral trade relationship, maintained its dominance over the economy in ways that impact on future trade and development cooperation negotiations and/or relationships. In particular, Anglo-Zimbabwe relations adversely affected the economy, resulting in a 68% drop in the latter's exports to the former (Chigora, 2006: 20).

For Zimbabwe, the preferential market access has generally been positive. FAO Report (2003) agrees that for four consecutive years from 1994, the country enjoyed a balance of trade surplus with the EU. In this regard, Zimbabwe's agriculture, manufacturing and mining export commodities to the EU covered both traditional and non-traditional product lines - as reflected in Table 4:1 below. From the table it is clear that agriculture has been central to any EU-Zimbabwe bilateral trade cooperation agreement.

**Table 4.1: Zimbabwe exportable commodities to the EU, 1980-2000**

Sector	Characteristics and remarks
Agriculture	The preferential tariff quota under the Convention's 'Beef Protocol' that allowed Zimbabwe to export 9,100 tonnes of beef annually into the EU market up to 2011 (see footnote on page 93 in section 4.4.1).
	The sugar protocol under the ACP-EU Cotonou Agreement that facilitated both refined sugar and raw sugar on two arrangements: the normal ACP-EU duty-free annual quota and the special preferred sugar arrangement. The protocol also benefited from Zimbabwe ESAP's trade liberalisation policy and the enlargement of the EU market, both of which significantly improved the commodity's market access situation in Europe.
	Horticulture: cut flowers, floriculture, fresh produce (mostly vegetables), herbs and spices, citrus and subtropical and deciduous fruits, whose combined total export value jumped from US\$6 million in the 1986/1987 season to an estimated US\$103 million in the 1996/1997 season. The horticulture industry enjoyed better production conditions including low costs, good climate, vast availability of suitable land, export processing zone status and a number of airlines servicing the industry.
	High-quality hand-picked cotton with very long fibres whose exports rose from 18,797 tonnes in 1993 to 92,769 tonnes in 1997 before falling to 79,671 tonnes in 1998. Of the total cotton export, raw gin and fabric account for approximately 80% and 5% respectively.
	About half of Zimbabwe's tobacco crop, especially flue-cured tobacco, enjoys access to the EU market. However, tobacco production, which dropped from 237 million kilogrammes in 2000 to 47 million kilogrammes by 2008, has since recovered to about 140 million kilogrammes by 2011.
	Fermented tea and coffee
Manufacturing	Beverages, leather and textile articles.
Mining	Precious or semi-precious metal scrap/stones, nickel and ferro alloys.

Source: Compiled from various sources

Notwithstanding the STABEX fund that sought to support export earnings due to a decline in prices of commodity exports, Zimbabwean export levels of most commodities gradually declined due to combination of factors: suppressed global prices in the late 1990s, the 2000 fast-track land redistribution programme, increasingly volatile political environment, the ongoing diplomatic row between Harare and the EU and exchange rate policy inconsistency between policy and practice (that is, linking prices of goods and services with the parallel exchange rate than the official rate). In particular, horticulture after 2000 suffered from the withdrawal of major airlines that normally transported these products to the European markets, falling global demand on flower markets and prices, and the introduction of

exchange rate controls. All the above significantly depressed production, and export volumes to the EU region.

Meanwhile, the EU, by excluding non-ACP WTO member countries from the DFQF market access, violated the WTO principle of non-discrimination in global trade. This violation of the WTO rules paved the way for a time-bound<sup>2</sup> EPA process between the EU and ACP configurations, whose outcome would determine the future industrialisation thrust of the latter, and in particular weak and vulnerable economies such as Zimbabwe. The outcome would also determine the former's ability to protect its industries, producers, exporters, investors, farmers and consumers through negotiated tariff liberalisation and commitments on trade-related issues. Masiwa and Chizema (2011: 465) warn that the EU's demands for the inclusion of WTO-plus intellectual-property rules would make it difficult for Zimbabwe's producers, exporters, and investors to access the knowledge and technology necessary for industrialisation and enhanced agricultural production. Such a development would only guarantee short to medium term markets for European products, especially in weak and vulnerable economies. For instance, Zimbabwe's decade-long economic stagnation, continued political tension and politically motivated indigenisation and economic empowerment programmes would easily guarantee a viable market for the EU commercial products.

This chapter interrogates the current EU-Zimbabwe relations being negotiated in a hostile political and economic environment. It starts by reviewing the socio-economic and political crises (1997–2008), focusing on the agricultural and manufacturing sectors whose products are certain to compete with those from Europe in both the EU and local markets. The investigation also provides pre-crisis context under each sector before discussing the transitional period under the inclusive government (2009-2012). This chapter also assesses the offensive and defensive capacities of the above sectors in both the national and EU markets. It further reviews the EU-Zimbabwe negotiation processes analysing, in the main, the former's dominance and influence on the process through its economic and political leverage - not only within the context of the ACP and the ESA group, but also during the iEPA signing ceremony with the latter. The chapter concludes by examining related ideological and technical issues that dominated the EPA process. The chapter further

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<sup>2</sup> Initially, EPA negotiations between the EU and the ACP configurations were to be concluded by 31 December 2007.

introduce the discussions which follow in Chapter five (guerrilla negotiation approaches, strategies and tactics in the formulation of positions and offers) and Chapter six (emerging fears, implications, and policy options).

## **4.2 The crisis period, 1997 – 2008**

Since the late 1990s the Zimbabwean economy has suffered from stop-gap economic management policies coupled with incoherent trade policy implementations. In particular, the government increasingly became hesitant to pursue neo-liberal policies and trade liberalisation that was discredited by civil society groups. Chitambara (2011) weighs in the debate by arguing that the growing hardship-induced discontent and rise of civil society from its slumber, forced subsequent government economic policies to be characterised by irrational controls, inconsistencies and reversals, populist and knee-jerk implementation on the spur of the moment claiming in particular:

A penchant for unbudgeted expenditures in the late 1990s: once off gratuity (US\$4,167) and monthly pension (US\$140) awards to each of the 50,000 war veterans of the liberation struggle at the end of 1997; military intervention in the DRC war estimated at US\$33 million a month in August 1998; and between 69-90% salary increase for civil servants in January 2000. Chitambara (2011).

The above, coupled with disrespect of property and human rights, rule of law and deficiencies in governance and democratisation, worsened the relationship between Zimbabwe and its development partners to a degree that the country earned itself a high-risk profile (pariah status) (Kanyenze, et al., 2011). In response, donors and investors deserted the economy en masse, while by 1989 the country stopped accessing BOP support from IMF. Further slow export growth, a surge in imports and dwindling external financing and investment saw not only the overall BOP worsening from about US\$200 million to an all-time low of about US\$1.9 billion in 2009, but also accumulated areas on foreign-debt repayment, which rose to US\$1.3 billion by December 2002 and about US\$6 billion by December 2009. As a result, the economy experienced an acute shortage of foreign currency and a thriving parallel market.

The Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) adopted in 1998, reflects a divergence between official policy and practice with (Structural Adjustment Programme Review Initiative Network) SAPRIN (2004: 45-6) observing policy contradictions with respect to 1998 tariff rationalisation, 2000 tariff mid-loading (application of tariff lines midway the agreed time-frame) under the SADC FTA, and the removal of several tariff exemptions on the one hand and proposed reintroduction of price controls on the other hand. This is supported by Masiiwa and Chizema (2011) who maintain that under both ZIMPREST (1998-2000) and Millennium Economic Recovery Programme (MERP) (2000-2001), the official position on trade has been further liberalisation, yet in practice the government has taken several measures that indicated trade policy reversals. Kamidza and Mazingi (2011) observe that the Zimbabwean economic environment has suffered from perennial poor economic performance despite formulating five economic blueprints between 2000 and 2007 which were unfortunately weakly implemented (see Table 6.4, section 6.4.1). The above illustrates how the ZANU (PF) leadership presided over an unprecedented meltdown of the economy between 1998 and 2008 owing to political turmoil and economic mismanagement, resulting in large industrial and sectoral output losses and culminating in a hyperinflationary environment and a country-wide humanitarian crisis in 2008 (IMF Report, 2011: 5). This reflects the dismal failure of both fiscal and monetary policies to stimulate an economic turnaround. In particular, extensive controls and regulations, especially with regard to the exchange rate that was fixed by the central bank at a highly overvalued rate, resulting in price distortions since the determinate of prices of goods and services was the parallel exchange rate.

In supporting the above, Kamidza (2002: 26) highlights the limited choices policy makers had for dealing with high price instability and persistent inflationary pressures, declining business/investor confidence amid complete withdrawal of donor support, dwindling export competitiveness resulting in chronic shortages of foreign currency and erratic supply of fuel in an environment in which the prevailing political competition<sup>3</sup> created conditions for populist short-term policies and/or policy interventions designed not to go beyond winning votes. Unfortunately, the policy makers' focus was highly motivated by political contestation between the former ruling ZANU (PF) and the former opposition MDC formations. The highly polarised political environment further triggered politically motivated social and

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<sup>3</sup> The country's intense electoral contestation include presidential (2002), parliamentary (2005), by-elections and mayoral and/or council elections.

economic policies and/or programmes, and partisan public finance management. This contributed to conflictual bilateral relations between the negotiating parties and between the state and other stakeholders. The above therefore directly link the EPA process with gross violation of human and property rights and disregard of the rule of law, all of which undermined the economic export values of most sectors of the economy, especially in regard to agriculture and manufacturing as discussed below.

The ZANU (PF) government's often-repeated sanctions mantra at every local, regional and international platforms over this period increasingly became a major excuse for non-performance in the economy, particularly in agriculture, and a convenient cover-up for inadequacies and corrupt activities in the diamond fields of Chiadzwa. The same mantra was also used to cover up glaring multi-stakeholders consultative weaknesses in economic policies and programmes, including the ongoing trade negotiations with Europe while the economy continued to suffer from unpredictable policies, uncertainty of political direction and the associated potential ramifications and huge challenges in social development. The search for a hard choices solution and the sanctions mantra are interrogated below in the manufacturing and agriculture sectors that are certain to interface with products from Europe. These are the sectors that have the potential to offensively penetrate the EU market while aiming to defensively out-compete EU products in the local market.

#### **4.2.1 Manufacturing**

The major constraint on the Zimbabwean economic growth from the late 1970s to the early 1990s was industrial investment, which subsequently dampened manufacturing production and capacity utilisation (Bond, 1998: 125). The enacted import-substitution policy was only effective in textiles, metals and paper products, hence exports remained insignificant, making an impression only in textiles and metals. Meanwhile, domestic market expansion was driven by such sub-sectors as transport, beverages and tobacco processing, construction materials and pharmaceutical products and foodstuffs. While the manufacturing sector depicted stagnating trends, erratic but significant devaluation of the local currency negatively affected exports since the sector's production equally depend on imported raw materials, intermediate production-related goods and capital equipment and machinery. As a result, the country's BOP problems worsened thereby making it difficult to attract multi-national corporate

investment to competitively produce for the regional and global export markets. Both Riddell (1990) and Bond (1989) blame manufacturing growth and development mainly on major political disruption and uncertainty, a series of poor agricultural seasons, the global oil crisis, a high dependence on foreign exchange in the manufacturing production processes and sanctions imposed on Rhodesian leadership.

In 1980, Zimbabwe inherited a relatively developed and diversified manufacturing sector, consisting of some 1,260 separate economic units producing about 7,000 different products (Doroh, 2011: 129). Therefore, the re-entry of Zimbabwe into the international community paved the way for access to new markets not only at the regional level (COMESA and SADC), but also Lomé Convention (which provided preferential entry for agro-exports into the EEC markets). Tekere (2001: 12) notes, however, that the Rhodesia-South Africa and Lomé Convention trade arrangements and guaranteed domestic market not only protected the sector from global competition, but also resulted in some firms becoming increasingly uncompetitive, especially on account of limited value addition and innovation. The sector has since been a central key driver of economic growth, contributing significantly to GDP, export receipts and employment creation. It has also developed strong backward and forward linkages with other key sectors of the economy, particularly agriculture (See Box 4.1) and mining.

In the mid and late 1980s, the government replaced its import-substitution industrialisation strategy with a trade policy that protected local industrial development and the diversification of domestic markets through import restrictions and foreign-exchange controls (Rattso and Torvik, 1998). Doroh (Ibid) argues that the adopted deliberate policy of compressing imports in order to manage the BOP situation left capital stock in an obsolete and depleted state. However, the new policy failed to support sustainable economic growth as the industrial and export capabilities could not compete with global products. Hence by the late 1980s, investment was significantly depressed and resulted in stunted economic growth, foreign currency shortages, dampened productive sector expansion and increased unemployment.

In response to the above, the country adopted the World Bank and IMF supervised and sponsored neo-liberal trade liberalisation policy, which inter alia, removed export incentives and import-license restrictions, resulting in sluggish performance from manufactured exports. Some domestic firms de-industrialised (scale down productive investments, and subsequently

growths) due to a surge in competition from imported products. Doroh (Ibid) blames the weak response of non-traditional exports to price incentives generated by exchange rate depreciation, while Tekere (2001) laments the poor performance of both traditional and high-technological<sup>4</sup> industries. Kapoor (1995) bemoans the lack of corresponding measures to upgrade export infrastructure, providing export financing and developing market intelligence in support of exchange rate depreciation to achieve a structural shift towards exports between 1991 and 1996 period. Meanwhile, a high degree of political and economic uncertainty and patterns of extensive government restrictions discouraged any new investment in the economy. Thus, instead of becoming potential export-led growth, ESAP prescriptions contributed to export-led decline across key proactive sectors, particularly the manufacturing and agricultural sectors.

Meanwhile, the manufacturing sector was the hardest hit by the trade liberalisation and market-led policy prescriptions under ESAP in the 1990s, since it had previously been protected and had to face up to new business conditions. As a result, the unlocking of GFIs' funding could not sustain the sector's growth and development in particular and the economy in general. The approach was radical (Rattso and Torvik, 1989) owing to increased political pressure to join the international trend of implementing liberal economic reforms, and assurances from the Bretton Woods Institutions that liberalisation would unlock funding (Chizema and Masiwa, 2011:455). The sector suffered further from the consequences (and/or unintended consequences) of the unfolding politically-driven economic empowerment policies and/or programmes. It almost came to a halt largely due to a combination of factors, including scarce domestic production inputs; a lack of foreign currency to import production inputs and to replace aging tools, machinery and equipment; and a highly politicised operational environment characterised by threats to property rights, and macro-economic policy contradictions and uncertainty.

In particular, the sector suffered from a significant collapse of investors (both domestic and foreign) and donor confidence, and subsequently a sudden and massive withdrawal of both investors (both domestic and foreign) and donors who opted for neighbouring countries (Botswana, Mozambique, South Africa and Zambia) and the United Kingdom. The sector was also a major casualty of price distortions between 2000 and 2008, especially excessive control in terms of perpetually pegging the exchange rate at a highly overvalued rate at a time

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<sup>4</sup> This includes machinery, electrical machinery and transport.

when the country's industries were net consumers of imported inputs (raw materials, machinery, spare parts and equipment and intermediate goods). This illustrates how an inconsistent policy regime resulted in a significant fall in the country's manufacturing output and exports.

Kramarenko et al. (2010: 32) blames the fast-track land reform for triggering the inevitable collapse of the manufacturing sector, leading to a corresponding sharp decline in export earnings. The sector's correlation with agriculture through strong backward and forward linkages (see Box 4:1) resulted in a drastic fall in its total contribution to foreign currency earnings from US\$815 million in 2000 to US\$210.3 million in 2008 (Doroh, 2011: 143), amid a significant surge in foreign competition on the domestic market. The combinations of a slump in manufacturing production and export capacities also resulted in foreign exchange rate instability and subsequently balance of payment pressures. This forced the country to default on many of its external obligations with the IMF and the World Bank, thereby accumulating more arrears. In an effort to ameliorate the situation, the Reserve Bank Governor, Gideon Gono, introduced multiple exchange rates, that is, a fixed exchange rate, managed two-tier exchange rate and foreign exchange auction, all of which faltered as aptly summarised by Kramarenko et al. (Ibid) thus:

Zimbabwe performs poorly in terms of competitiveness, whether it is measured by governance (including rule of law, property rights and corruption), investment climate (including enforcement of property rights and infrastructure) or price indicators (Kramarenko et al., 2010:31).

The CZI Reports (2008 and 2009) supported the above by citing limited competitive export markets, high cost of production, low capacity utilisation, lack of foreign currency and working capital as the main constraints in the sector. This is further supported by Kanyenze et al. (2011) who blames policy inconsistencies and reversals, volatility and unpredictability of the exchange-rate system, lack of secure and predictable property rights, degradation and collapse of infrastructure, severe human-resources deficits emanating from out-migration, serious governance deficits, hostile investment climate and severe shortage of essential inputs (fuel, raw materials and intermediate inputs).

Furthermore, the economy in general and the sector in particular suffered from price distortions owing to the introduction of price controls (especially between 2000 and 2008)

that deliberately ignored the fact that the sector sourced scarce foreign currency, mainly from a parallel market, to import the necessary inputs. Ultimately, industrial capacity utilisation and competitiveness plummeted, triggering a subsequent drastic fall in export receipts. The above contributed to the falling in the sector's production and export capabilities to the lowest ebb in the country's living memory<sup>5</sup>. Sibanda (2012: 1) observes that the country's manufacturing exports to South Africa, the regional main trading partner, declined from 30% to 12%. The above shows that the sector was not only a total shadow of its past well-diversified industrial and export base in terms of regional and global links, but also a potential short to medium term uncompetitor of the EU under the proposed new trade regime.

#### **4.2.2 Agriculture**

Land is the centre stage of development in Zimbabwe because the economy is agro-based, and also an influential factor in the country's political development since colonial rule. At independence, ZANU (PF) inherited a highly developed, sophisticated and largely commercially driven agricultural sector (Matondi, 2011). The sector had a relatively developed infrastructure and capabilities for farming that also attracted significant levels of confidence and investment. The sector was also supported by prudent government policies, and complemented by the Lancaster House Agreement's 'willing seller-willing buyer' constitutional clause, both of which successfully ring-fenced the sector as the anchor for the economy. Subsequently, the agricultural exports in real value increased from Z\$409.2 billion in 1981 to Z\$1.1 billion in 1988, with tobacco, cotton and sugar accounting for about 75% of the total income generated. The 1990s also witnessed strong intensification of producing and exporting commercial crops including cotton, maize, tobacco and wheat and diversification into horticulture and other new income streams (including ostrich-farming and game-ranching).

ZANU (PF)'s fast waning public support in the late 1990s amid an equally fast rising popularity of the new political party – the MDC – caused its leadership, in league with former freedom fighters and some villagers, to evoke ideals that underpinned mass mobilisation during the liberation struggle, and violently removed legal white commercial farmers from their land. The guerrilla unorthodox strategies and tactics disregarded the country's rule of

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<sup>5</sup> See section 1.1 in which Nyakazeya (2009) estimated 4 and 10% industrial capacity utilisation.

law and bi-lateral protection guarantees. The distribution of the acquired land was largely partisan<sup>6</sup>, populist and politically motivated. However, the unfolding process disregarded the sector's historical importance as the backbone of the economy, highly correlated with the production processes of the manufacturing sector, and the main source of people's livelihoods. This is explained by the African Development Bank (AfDB) (2011) in Box 4.1 below. This also disregarded the importance of farm management abilities, skills training, experiences, a known track record in agricultural production and motives and commitment to agriculture as a business.

**Box 4.1: Linkages between agriculture and manufacturing**

The manufacturing sector has always had strong linkages with the agricultural sector, with agriculture sourcing from it over half of intermediate goods - including insecticides, stock feeds and fertiliser - while half of agricultural produce is supplied to the manufacturing sector. The performance of the two sectors has historically been closely correlated. Therefore, the collapse of agricultural activities associated with the implementation of the fast track land reform programme by the former government had a devastating impact on the manufacturing sector, which experienced a cumulative decline of 92% between 1999 and 2008.

Source: African Development Bank (2011: 4)

As a result, agricultural production suffered across the range of commercial commodities. New Agriculturist (June 2011) confirms a significant reduction in coffee production from 10,000 tonnes in 2002 to 300 tonnes in 2010 following diversification of new farmers to maize. Further, Zimbabwe (which by end of 2000 was the world's third-largest producer of flue-cured tobacco), recorded a 56% reduction in both the area put to the crop and the corresponding production in the 2001/2002 season, compared with the 1990s (Matondi, 2011). The overall reduction of area, yield and output of the traditional major foreign-currency earner (tobacco) and cotton are reflected in Table 4.2 below. Although new farmers seem to have shown resilience in cotton production, the global price fall is forcing them to diversify to tobacco whose production levels falls short of yesteryear farmers. Meanwhile, the EU's efforts to rejuvenate the declining sugar cane production with an estimated €45 million in funding support between 2008 and 2013 towards rehabilitating abandoned cane fields and

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<sup>6</sup> Including cabinet ministers, ZANU PF parliamentarians, war veterans, army generals and senior civil servants.

improved infrastructure has yet to increase production from 300,000 tonnes in 2009 to the projected 1 million tonnes by 2013.

**Table 4.2: Cotton and tobacco production trends, 2000-2009**

Growing season	Cotton			Tobacco		
	Area	Yield (kg/ha)	Production (mt)	Area	Yield (kg/ha)	Production (mt)
1999/2000	415,000	850	353,000	85,000	2,770	236,000
2000/2001	397,000	840	337,000	76,000	2,650	202,000
2001/2002	229,000	850	195,000	71,000	2,330	166,000
2002/2003	282,000	850	240,000	54,000	1,510	82,000
2003/2004	389,000	850	331,000	41,000	1,580	65,000
2004/2005	350,000	560	198,000	56,000	1,330	75,000
2005/2006	300,000	860	258,000	27,000	2,030	55,000
2006/2007	354,000	840	300,000	53,000	2,160	79,000
2007/2008	431,000	520	226,000	62,000	1,100	70,000
2008/2009	338,000	730	247,000	48,000	1,330	64,000

Source: Adopted from Matondi (2011: 102)

Thus, across all the commodities (commercial and non-commercial), the sector's productive and export performance fell to its lowest ebb in living memory in terms of providing food security and food sovereignty, ensuring forward and backward linkages with other sectors of the economy; and generating foreign currency, job opportunities, incomes and livelihoods. As a result, displaced former commercial farmers who opted for neighbouring countries (mainly Mozambique and Zambia) and beyond (Nigeria) not only caused a collapse in agricultural activities, but also significantly distressed the manufacturing sector in the past decade. Subsequently, agricultural exports were overtaken by minerals and low processed industrial raw materials as the country's leading exports, even though the volumes exported had contracted (Kaminski and Ng (2011)).

The above is supported by Coorey et al. (2007:4) who argue that the chaotic seizure of commercial farms and unresolved property rights issues relating to security of land tenure fueled the country's hyperinflationary environment and an estimated 30% contraction of the economy since 1999. Coorey et al. (Ibid: 12) further note that the country's commercial banks find it difficult to provide finance to new farmers under existing 99-year lease arrangements that do not provide adequate security of land tenure. The fast-track land reform

programme not only triggered a loss of confidence in the economy<sup>7</sup>, but also paralysed the backbone of the economy by essentially weakening forward and backward linkages with socio-economic sectors of the economy. In particular, the sector's linkages with the rest of the economy both qualitatively and quantitatively had been on a perennial downward spiral since 2000 as was evident by the low downstream agro-processing industries and other agricultural-related economic activities. This severely compromises the capacity to produce agricultural commodities to constantly feed into agro-processing industrial capabilities and offensive export drive into the EU market in the short to medium term. Current agricultural outputs and exports both by volume and value reflect the lack of business acumen and commitment on the part of most new farmers. Indeed, the sector's capacity to generate foreign currency through cash crops such as cotton, sugar and tobacco significantly scaled down in both volume and value. For instance, tobacco, once the main traditional earner of foreign currency in the country, is still struggling to improve the quality of its gold leaf. Further, country-wide disruption in the beef sub-sector largely due to foot and mouth disease cost the country its previously guaranteed and uncontested market share of beef in European cities.

The above is supported by Sandrey and Vink (2011: 18) who argue that Zimbabwe, once regarded as the bread-basket of Africa, is a tragic example of the consequences of economic mismanagement of the sector, quoting Food Agricultural Organisation (FAO) data showing an average annual decline of about 0.7% in agricultural production between 1990 and 2007. The above mirrors the decline in foreign currency earned by tobacco and cotton from US\$566 million and US\$174 million in 2000 to US\$245 million to US\$95 million in 2007, respectively. Dismal trade performances in tobacco and cotton are mirrored in production decline estimated at two-thirds and a third respectively over the same period. Sandrey and Vink (2011: 19) further argue that commercial farms are now largely occupied by people who are unable and unwilling to make productive use of the land. Since 2000, all categories of farmers (A1 Model, A2 Model and peasant) perennially failed to produce enough agricultural-related quantities of foodstuffs and products to satisfactorily feed the nation and its industrial economic activities. As a result, and embarrassingly so, the nation increasingly become a perennial recipient of humanitarian food assistance or parcels, ironically from the EU and other western governments and donors.

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<sup>7</sup> Donors and investors (both foreign and domestic) significantly withdrew from the economy.

Indeed, in recognising the sector's importance, the government adopted supportive mechanisms in the form of agricultural schemes including seeds, fertilisers, all types of fuel, chemicals, and ploughs and tractors, administered by the Zimbabwean Central Bank Governor, Gideon Gono. These quasi-fiscal interventions by Gono reflected a high degree of encroachment into the policy jurisdiction of the ministry of Finance, and an equally high degree of poor governance in public finance management which only benefited country-wide farmers aligned to the ZANU (PF) party, regardless of their potential commitment and capacities to utilise the land to levels that emulate the condition under previous owners. Since then, the sector has continued to struggle to come closer to its pre-2000 performance in terms of production and productivity levels, despite farmers having access to and/or control of the best soils and vast tracks of land, and is now a perennial recipient of government assistance. This shows that the decade-long and consistent direct financial support from the government was not an answer to the revival of the sector. It calls for additional interventions such as the business acumen, commitment, training and skills development in the sector, farm management and depoliticisation of the sector. In this respect, the study hopes that proposals to reorganise agricultural-related settlements may point in the right direction.

In spite of the above production and export-related challenges, the weak agricultural sector, under the new trade regime, is set to compete with EU farmers that are largely protected by the Common Agriculture Policy (CAP) from external competitors through direct subsidies, a development in which the EU always argues that its support for the agricultural sector is WTO compatible. But Goodison (2007) argues that EPA-related outcomes and implications have the potential to undermine government revenues (loss of state revenues generated from tariffs) as well as efforts to promote national exploitation of economic resources. This is supported by Bilal and Rampa (2006) who point to the EU's unfulfilled promise to assist ACP countries, not only to develop new sources of government revenue to replace the tariffs that were removed, but also to improve the competitiveness of the productive sector in order to face off cheaper imports. Indeed, an EPA-led tariff phase-down in this sector compromises its contribution to fiscal revenue generation, and subsequently, support for agricultural related production capacity initiatives, including research and development. Already, a combination of perennial agricultural low production and productivity and social and humanitarian crises have triggered agricultural import surges from Europe and other emerging economies such as Brazil, ranging from poultry to dairy, cereals and processed agricultural products. However, the import surges cannot at this stage be linked to the signing and ratification of the iEPA.

This development accelerates and sustains de-industrialisation as well as discourages first-stage processing of agricultural commodities before export to the EU market and other potential markets. This means that cutting trade barriers and opening markets alone does not necessarily generate development, especially in developing countries in general and Zimbabwe in particular.

### **4.3 The transitional period, 2009 – 2012**

The IMF Report (2011) for the country notes that the economic growth, which started on a low base, concentrated on primary commodity sectors such as mining and agriculture, both of which are sensitive to exogenous shocks. The economy stabilised following the introduction of the multi-currency system and stronger fiscal discipline by the GNU administration, resulting in renewed capital inflows, an accommodative external environment and economic growth of 9.0% and 5.5% by 2010 and 2011 respectively (IMF, 2011 and 2012). While the economic recovery steadily gathered momentum, challenges still persists that poison the economic climate, especially with regards to much needed investment. Since the birth of the GNU, investors (both domestic and foreign) continue to sit on the fence. Other challenges include: macro-economic policy setbacks, contradictions and uncertainties; political tensions within the governing coalition parties on account of pre-election debates and the implementation of GPA provisions; recent pronouncements of fast-track indigenisation and economic empowerment programmes<sup>8</sup> of the mining sector (Government of Zimbabwe, 2011); and structural bottlenecks including rigid labour market legislation, lack of security of land tenure and poor governance in the diamond sector. Unclear structural prospects for redressing the above challenges and structural bottlenecks continue to cloud short to medium term economic prospects.

These setbacks expose the vulnerability of the industrial sectors in particular and the economy in general. Structural impediments continue to weigh heavily on manufacturing and utilities, past engines of economic growth and development and employment creation. The

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<sup>8</sup> Indigenous is defined as a person who before 18 April 1980 was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and includes any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members holding the controlling interests. For the avoidance of doubt, this refers to indigenous black Zimbabweans. ‘Ownership requirements under the indigenisation programme stipulate that 51% of equity of companies with assets exceeding US\$500,000 belong to indigenous Zimbabweans. While there is broad agreement in the government of the policy, there exist significant differences of opinion regarding pace and modalities of the policy.’

economy is yet to record steadfast progress in the manufacturing sector in terms of restructuring and improvements in export industries. The sector holds great expectations for improvement in predictable policies, access to finance and working capital, inputs into production processes and infrastructural developments (roads, energy, and water utilities).

A recent survey done by CZI has found that local products continue to struggle to compete in national, regional, and global markets due to a combination of factors including a shortage of working capital to meet orders, high costs of production and failure to identify potential external markets. There are also structural problems in the manufacturing sector, particularly regarding the employment of obsolete capital equipment in the production processes, largely due to foreign currency shortages. However, the recently launched industrial policy pledges to remove controls in interest and exchange rates as well as to liberalise foreign currency to buttress the sector's performance as the new engine of economic growth (SADC secretariat, 2000). Though the country is surrounded by fast-growing regional economies, it is yet to benefit from such growth. In the mining sector, all inputs are imported while nearly all outputs are exported without processing or value addition.

In many instances, the Zimbabwean GNU had failed to develop and implement practical implementable and inclusive stabilisation policies and programmes. The inclusive government has also ignored calls for a conducive economic and political environment anchored in comprehensive structural reforms, predictable policies, recapitalisation programmes covering all industries, inclusive broad-based land reform and indigenisation and economic empowerment programmes. Success in the above could have restored investor and donor confidence much sooner, and subsequently unlocked international financial and technical resources. This could also have assisted in the recapitalisation of the industrial and export sectors thereby expanding the economy, creating jobs and ensuring pro-development and pro-poor EPA outcomes.

As the manufacturing sector remained under severe stress and SMEs struggled to emerge from a decade-long economic slumber, many economic units and consumers relied more on informal cross-border imports. The GNU administration did not make a difference to the former ZANU (PF) government's economic operational environment since the rate of recapitalising the sector remains very slow largely due to resource constraints, in addition to unpredictable and uncertain policies and economic empowerment programmes such as the

indigenisation programme. The economy's high dependence on imports including food items is well captured by the Industry and Commerce minister, Welshman Ncube, who says: "Brazilian chickens are finding their way on the local market disguised as South African products." (The Herald, 5 March 2010). CZI president, Joseph Kanyekanye weighs in by claiming that "Zimbabwe has opened her market too much to foreign players. How do you justify importing canned food?" (Bhebhe, 2012).

Zimbabwe's agricultural sector also struggles to shake off the negative implications of irrational and unorthodox policies and the subsequent partisan distribution of land and agricultural support inputs. The nation continues to depend on humanitarian assistance to a large degree which means that the sector's contribution to socio-economic development (through tariff revenues), employment creation, livelihoods sustenance (food security), foreign currency generation and backward and forward linkages with other economic and social sectors, remains subdued. Even though the GNU administration acknowledged the importance of agriculture in socio-economic transformation, there are visible signs of politicking. Resources and capacity to add value in agricultural products through agro-processing activities targeting mainly crops and livestock products remain limited. The country continues to experience food insecurity and limited agricultural input into other sectors, a development that questions the ability and capacity of new farmers to compete with the EU farmers under the new trade regime in both EU and local markets. It appears that both new and smallholder farmers are under threat from EPA outcomes, judged by the list of sensitive products, including agricultural products, submitted to the EU. The list of agricultural sensitive products is not only narrow but also not very ambitious, clearly indicating the negotiator's failure to contextualise them properly. This confirms the study argument that the negotiation process suffered from a lack of in-put from farmer organisations, which have been dysfunctional since 2000 (see section 5.4). This confirms that Zimbabwe has not sufficiently protected her offensive and defensive agricultural interests in both the EU and local markets, a development that has serious implications for the economic life of the radicalised new farmers. The country should have articulated its commercial interests and long-term agricultural vision for growth and expansion in the EU and other global markets. Agriculture should have been the compelling pressure point for Zimbabwean negotiators to aim for more concessions for the sector, which has huge potential despite sour relations with the EU.

## **4.4 EU - Zimbabwe trade negotiation process**

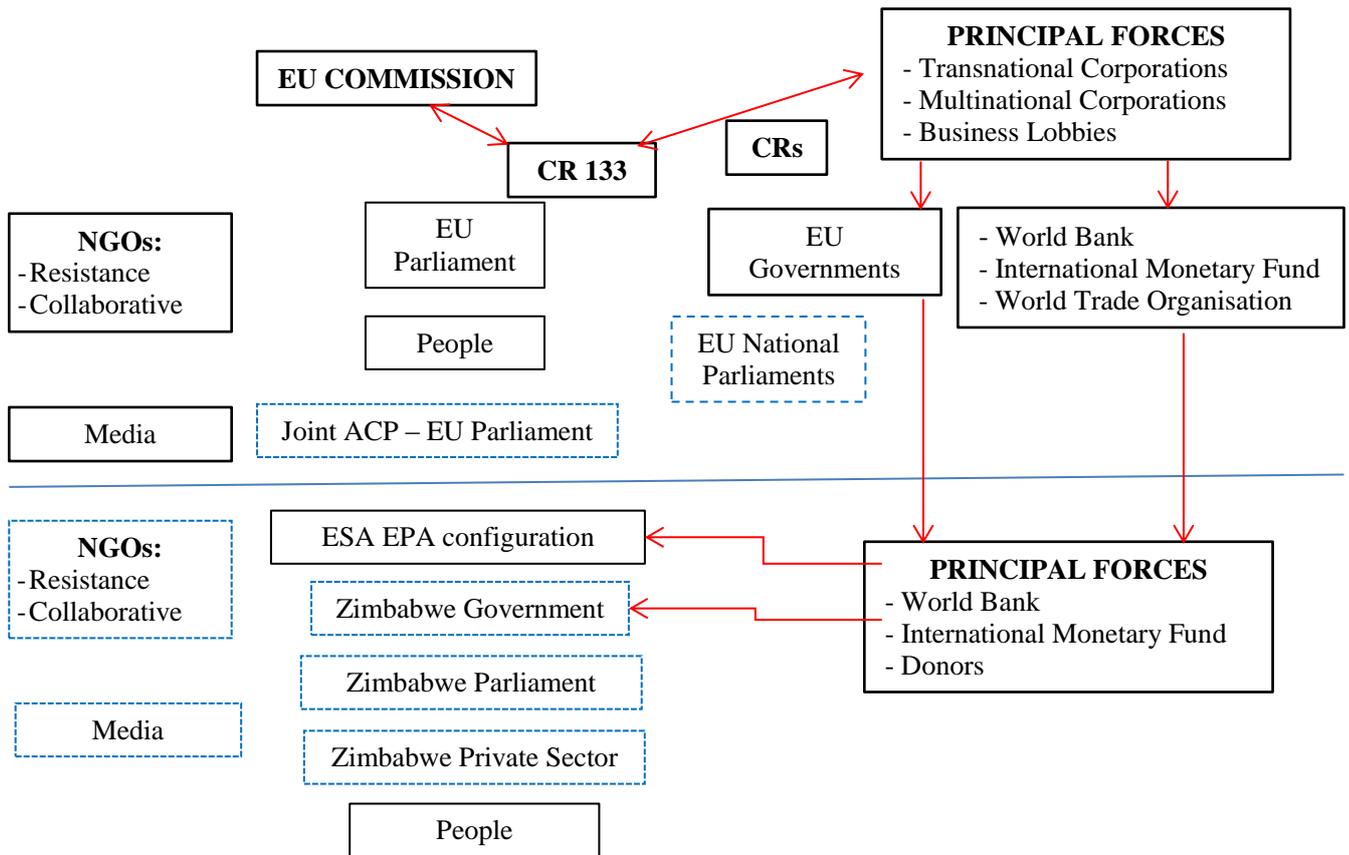
### **4.4.1 EU's dominance in the EPA process**

EU dominance in this relationship is largely driven by MCs and TNCs, which are ever ready to exploit every market opportunity in Zimbabwe to advance their respective modes of production, usually represented by outward expansion of the production frontier (Figure 5.2, section 5.3), that is, continued increase in the supply of goods and services. This dominance under the EPA framework seeks to intensify the searching for markets in ACP countries in general and Zimbabwe in particular in order to sustain overproduction or high productivity of goods in Europe as well as employment opportunities and profit margins. This dominance is apparently a feature of most post-colonial ACP states including Zimbabwe. According to the FAO Report (2003), EU dominance is enhanced by MCs' and TNCs' agribusiness companies which have privileged access to crucial market information that very few other constituencies (including most developing governments) can aspire to.

The mutual relationship between the EU, and MCs and TNCs in ongoing EPA negotiations is reflected in Figure 4.1 below, illustrating that their respective powers are multi-faceted, ranging from concentrating on marketing environments to influencing global economic policy making processes and frameworks, including bi-lateral and multi-lateral trade negotiations. In this respect, MCs and TNCs' businesses pursued unbalanced EPA outcomes by extensively and consistently lobbying European institution, the EU Commission, the European Parliament and EU member states, to simultaneously deliver a new trade regime that opens new sustainable markets in Zimbabwe while limiting import surges from European markets. It can also be argued that the EU's imposition of smart sanctions and travel bans on the ZANU (PF) leadership and associated companies were in sympathy with the total disregard of MCs' and TNCs' commercial interests, especially in the agricultural sector, by the former government. The MCs and TNCs have leverage to lobby the Bretton Wood Institutions (the IMF and the World Bank) in support of market-led policies and trade liberalisation agendas in the developing economies to levels that resonate with the EPA process. The Zimbabwean trade liberalisation agenda in the 1990s was a case in point. Linked with the above are the MCs' and TNCs' lobbying efforts directed at bilateral and multilateral donors such as the EU, the IMF, and the World Bank. This resulted in the suspension of critical aid from the IMF and World Bank at the peak of Zimbabwe's shortages in foreign currency to support industrial productive capacities, export competitiveness and fulfillments

of debt obligations. It can further be argued that the MCs and TNCs successfully exerted pressure on the EU thereby contributing to the lack of movement during the WTO Doha Development Round (WDDR) in order for the bloc to first secure EPA markets in ACP economies. This was done in the knowledge that most weak and vulnerable countries, including Zimbabwe, have limited financial and human resources to simultaneously negotiate both EPA and WDDR processes in ways that provide meaningful resistance to future commercial interests from both the EU market and countries where they have a commercial presence. All of the above supports EC's capacity to articulate its mandate and approach in the EPA process in line with Rothstein's (1979) appreciation of the EU's cohesive procedural and substantive unity based on ideological principles and the sum-total of the group's demands vis-à-vis its counterparts.

**Figure 4.1: EU - Zimbabwe Trade Negotiations Structures**



**Legend Notes**

1. Zimbabwe government under pressure from both EU governments and principles (World Bank, IMF and donors);
2. Dotted lines represent weak structure;
3. Continuous line represents powerful structure;
4. Resistance (anti-EPA) EPA focused NGOs were not funded by EU compared to collaborative and adaptive counterparts working on governance, democratization, human rights and humanitarian assistance;
5. Media in Zimbabwe weak, focusing more on political developments than EPA process
6. CR stands for Committee Room(s)

Source: Own compilation

Figure 4.1 reflects Zimbabwe’s weak and uncooperative private sector and divided media accused of being anti-ZANU (PF) government. For instance, a continued economic downward spiral coupled with visible signs of mistrust between the state and the private sector generally undermines the latter’s membership participation in the ongoing trade talks. The figure also reflects resistant CSOs, most of which have uneasy relationships with the government. While the diagram reflects the importance of the people, the process has failed to involve them through representation in parliament. Indeed, owing to her weak and vulnerable economic position, Zimbabwe could not financially support the participation of

the national parliament through the TDC membership. Politically, the composition of members of parliament (MPs) in the TDC reflects two distinct groups, namely the anti-EU sanction and those whose party has been supportive of the EU's economic and political measures against the former governing party. These financial limitations and political polarisation vis-à-vis the EU undermines the Zimbabwean parliament's ability to proactively resource their participation and involvement in the EPA process, as was the case in previous economic paradigm such as the ESAP and ZIMPREST. During the ESAP and ZIMPREST process and implementation, Zimbabwean MPs actively engaged other relevant stakeholders. However, the above shows that the EPA process was in the anti-Zimbabwe camp's commercial and political interests.

The FAO Report (2003) further observes that TNCs agribusiness firms have access to enormous sums of capital necessary to cover futures marketing contracts of some agricultural commodities, thereby influencing the prices at which trade-policy-mediated domestic support and export subsidies are set. Such interventions obviously benefit TNC firms and reflect how the global nature of the TNCs and MCs operations give them political and economic leverage. It also allows them to be the dominant and manipulative presence in dozens of weak and vulnerable countries, thereby creating a powerful force to influence economic policies in support of their own commercial interests. In this regard, it is possible that MCs and TNCs through their close relationships with national political leadership may influence the adoption of a trade regime that limits competition by creating barriers to entry in the market in which they enjoy monopolies' status. Although the MCs and TNCs currently have no monopoly (having been displaced by the ZANU (PF) regime), their influence and dominance in the process would open future commercial opportunities in the country. The thesis therefore argues that the yesteryear MCs and TNCs firms would potentially and easily exploit prevailing socio-economic conditions and emerging commercial opportunities in the country. However, the outcome would result in a market-led onslaught on the Zimbabwean economy in the short to medium term.

The above dominance of MCs and TNCs have since the colonial era been the main feature of the Zimbabwean economy. It is therefore the cornerstone of Europe's capitalist expansion which ensures economic integration with industrial process in Zimbabwe through the EPA regime. Europe has remained Zimbabwe's leading trade partner despite strained bilateral trade and development relationships that coincide with EPA negotiations. These conflictual

relationships have largely been influenced by the EU's imposition of smart sanctions on the ruling elites and their associated companies on account of ZANU (PF)'s serious deficiencies in governance and democratisation practices. This confirms the study hypothesis that the EPA process is potentially an onslaught on the Zimbabwean economy in the short to medium term as reflected in the following two scenarios:

- Firstly, the EU blames the former Zimbabwean government's poor record of governance, democratic values, human rights, electoral processes and selective application of law for directly undermining stakeholder consultative engagement and transparency in the participatory processes. However, such public grandstanding on the part of the EU has from the outset been designed to shield its institutions and structures, as well as member states, from public judgment and condemnation if the EPA outcomes fail to satisfy well-known pro-poor and pro-development objectives, especially those of a developmental nature. As a result, those constituencies that are fighting for a new Zimbabwe with acres of lobbying and activism would absolve the EC from any bad EPA outcome, and rather blame state shortcomings. Given the slow pace of political transition to a pluralistic and constitutional democracy, the civil society voice that is ready to protect the EU from any wrongdoing continues to be justified. This means that a significant proportion of the population has not yet, and might not in the future, understand and acknowledge the contribution of the EU to the EPA outcome that for a short to medium term may not necessarily support a sustainable social and economic development process as explicitly warned in the study hypothesis.
- Secondly, the ZANU (PF) government accuses the EU of meddling in political processes of the sovereign state by supporting CSOs that have been strong allies of MDC formations; that have always been vocal against state-led macro-economic policies and programmes (especially the indigenisation economic programme) and macro-economic transformation (fast-track land reform); and that have been lobbying for the imposition of smart sanctions against ZANU (PF) leadership and associated companies. This has sustained the anti-colonial agenda (especially economic emancipation project) as well as portrayed the EU as a predatory negotiating counterpart ready to exploit internal consultative weaknesses to ring-fence the commercial interests of member states in the proposed EPA deal.

**Table 4.3: Zimbabwe's trade with main partners, 2011**

Rank	Import	€Million	%	Export	€Million	%	Trade	€Million	%
1	South Africa	2,045.7	55.5	EU (27)	<b>419.0</b>	<b>22.3</b>	South Africa	2,373.1	42.7
2	China	336.6	9.1	South Africa	327.5	17.5	<b>EU (27)</b>	<b>661.8</b>	<b>11.9</b>
3	<b>EU (27)</b>	<b>242.9</b>	<b>6.6</b>	China	318.0	17.0	China	654.7	11.8
4	Zambia	127.4	3.5	DR Congo	220.5	11.8	Botswana	315.4	5.7
5	India	120.7	3.3	Botswana	196.8	10.5	DR Congo	263.9	4.7

Source: Adapted from European Commission, DG Trade Statistics and EUROSTAT, 2012

All Zimbabwean economic sectors - including agro-processing, mining, manufacturing and services - are vertically linked to EU industrial processes. In particular, services such as banks and insurance perpetuate the reproduction of capitalist modes of production by facilitating the extraction and exploitation of the country's natural resources, and exportation of the country's commodities to the EU market and other developed economies at predetermined international prices. Economic dominance has ensured that Europe, and particularly the United Kingdom, remains a major Zimbabwean trading partner, despite loud rhetorical and collective voice linking the economic performance with the imposed economic sanctions against ZANU (PF). The United Kingdom also remained the largest development aid donor to Zimbabwe via the Department for International Development, increasing it from £12 million in 2000 to £18 million in 2001 and to £23 million in 2002 (Chigora, 2006: 17).

As seen in Table<sup>9</sup>4.3 above, the ranking of five Zimbabwean major sources of imports, major destinations of exports and trading partners reveals a healthy EU-Zimbabwe trading relationship: 27 EU member states as a bloc is the second major overall trading partner, leading major exporter of goods and services and third major consumer of Zimbabwean products. This is supported by Table 4.4 below, showing the real value of the main EU-Zimbabwe products traded between 2007 and 2011, a period that mirrors that of 2000 and 2006. The table shows that Zimbabwe's main exports to the EU continues to be dominated by

<sup>9</sup> Since ZANU (PF)'s rhetorical argument on EU economic sanction has not changed, the table data for 2011 is used as a proxy of 2000-2008, the period prior to the formation of the government of national unity.

vegetable products, prepared foodstuffs, beverages, spirits, vinegar, tobacco, mineral products, base metals, and articles of base metal. Conversely, the country's imports over this period were and still are dominated by machinery and mechanical appliances, electrical equipment, vehicles, aircraft, vessels and associated transport equipment and products of chemical and allied industries. The table further shows the negative impact of disruptions in the agricultural sector with respect to trade flows of beef-related products (animal or vegetable fats and oils and their cleavage products, footwear, headgear, umbrellas, sun umbrellas and walking-sticks) owing to the country-wide outbreak of foot and mouth disease<sup>10</sup>, resulting in the cancellation of the Zimbabwean 9,100 beef quota<sup>11</sup> to the EU market in 2001. This means that the fast-track land reform greatly undermined Zimbabwean capacity to supply most agriculture-related products, including beef, sugar, cotton lint, textile articles and clothing, as well as horticultural products that, prior to 2000, were competing favourably on the EU market. The table also confirms the EU pronouncement of banning any trade of arms and ammunition, parts and accessories thereof between the negotiating parties and long-standing trading partners. Meanwhile, at the current level of industrial and export development, economic integration over the past decade means that the country derives low value added and decreasing returns from export commodities to the EU markets compared to high value added increasing returns on imported products and services from the same market. Zimbabwe has little or no choice in the regulation of external trade affairs, particularly with its former colonial master whose capital base has direct and indirect links with companies or firms that were operating in the country prior to the fast-track land reform-induced political tensions.

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10 The fast-track land reform created laxity conditions in controlling the mingling of domestic animals (cattle, sheep, goats and pigs) with wild animals (water buffalo, antelope, deer, bison, hedgehogs and elephants), resulting in country-wide outbreak of foot and mouth diseases.

11 Madambi (2013) reports that Zimbabwe is one of the largest suppliers of bovine beef to the EU. This despite the fact that the country's beef quota is still not authorised by the bloc because other internal regulations of the European market requires Harare to comply with all sorts of stringent measures which Zimbabwe could not afford, particularly controlling the movement of cattle from one zone to another and technical provisions in several areas: animal health, general hygiene residue monitoring and organisation of official controls to these areas. While the EU institutions are yet to certify Zimbabwe's improvements in these areas, drought, destocking by commercial farmers uncertain about land tenure, shortage of breeding stock, high in-put costs and the deregulation of slaughterhouses are hindering the rebuilding of the national herd.

**Table 4.4: EU trade with Zimbabwe, 2007 – 2011, € Million**

Product\Year	Imports					Exports				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
<b>Total</b>	<b>358</b>	<b>314</b>	<b>236</b>	<b>299</b>	<b>444</b>	<b>148</b>	<b>130</b>	<b>108</b>	<b>189</b>	<b>232</b>
Live animals and animal products	3	3	2	1	2	2	1	1	7	2
Vegetable products	60	40	35	46	33	1	6	0	3	1
Animal or vegetables fats and oils and their cleavage products	0	0	0	0	0	0	0	0	0	0
Prepared foodstuffs, beverages, spirits and vinegar, tobacco	77	73	98	75	185	1	2	4	4	3
Mineral products	43	35	19	16	16	0	0	0	0	0
Products of chemical industries	1	0	0	0	0	24	10	10	12	18
Plastics and articles thereof, rubber and articles thereof						6	5	6	3	4
Raw hides and skins, leather, fur skins and articles thereof	8	11	8	12	18	0	0	0	0	0
Wood and articles of wood, wood charcoal, cork and articles of cork	0	0	0	0	0	0	0	0	0	0
Pulp of wood or of other fibrous cellulosic material, paper or paperboard	0	0	0	0	0	10	12	2	3	4
Textiles and textile articles	16	12	11	13	15	2	2	2	4	5
Footwear, headgear, umbrellas, sun umbrellas, walking-sticks	0	0	0	0	0	0	0	0	0	0
Articles of stone, plaster, cement, asbestos, mica or similar material	0	0	0	0	1	1	1	0	1	1
Natural or cultured pearls, precious or semi-precious stones	13	20	15	26	23	2	3	1	0	1
Base metals and articles of base metal	126	115	43	106	142	6	3	2	5	6
Machinery and mechanical appliances, electrical equipment	4	0	1	1	1	68	62	60	112	126
Vehicles, aircraft, vessels and associated transport equipment	0	0	0	0	0	13	15	8	22	45
Optical, photographic, cinematographic, measuring, checking, precision products	0	0	0	0	0	2	3	6	6	9
Arms and ammunition, parts and accessories thereof	0	0	0	0	0	0	0	0	0	0
Miscellaneous manufactured articles	1	1	1	0	0	1	1	1	1	2
Works of art, collectors pieces and antiques	1	1	1	1	1	0	0	0	0	0
Other	4	2	3	2	7	7	4	4	5	3

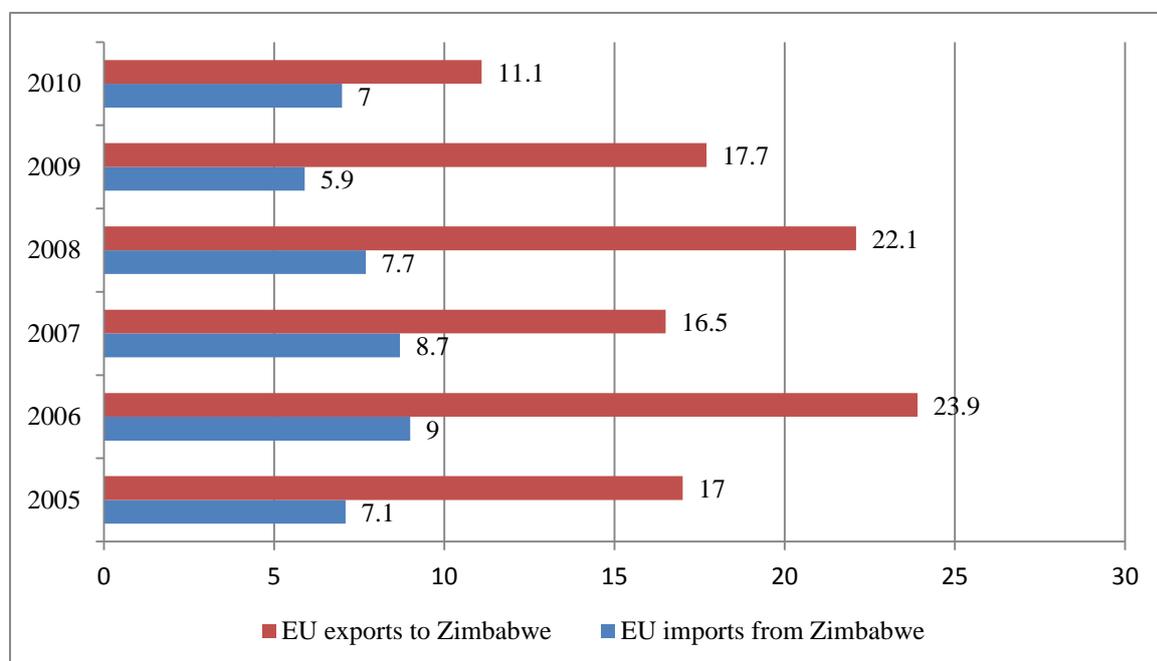
Source: Adapted from European Commission, DG Trade Statistics and EUROSTAT, 2012

This table further highlights the correlation between economic sanctions and the access to and control of the means of production under the economic empowerment dispensation. It also brings to the fore the logic of the theories which underpin the sanctions arguments and the necessity for a rational debate and assessment of why targeted sanctions and travel bans became punitive measures that viciously hurt the entire economy.

According to Zimbabwe's chief negotiators, Angelina Katuruza and Tedious Chifamba, the above EU dominance trends in trade direction and flow largely influenced the decision to

negotiate the proposed new trade regime with Europe in spite of the ZANU (PF) leadership rhetoric of anti-colonialism and anti-imperialism. Zimbabwe’s chief negotiators and government officials view the decision as a survival balancing act intended to guarantee the country a viable, predictable and sustained future trade regime that can withstand politically motivated bi-lateral tribulations. The rationale to negotiate with the EU (despite the fallout in bi-lateral political relations) was based on historical and colonially bonded economic linkages between the negotiating parties. This also reflects state shortcomings in marshaling the business sector towards economic trade agenda realignment with respect to the ‘look east policy’ as frequently articulated by politicians in domestic, regional and global public forums.

**Figure 4.2: EU merchandise trade flows with Zimbabwe, percentages, 2005 – 2010**



Source: Adapted from European Commission, DG Trade Statistics and EUROSTAT, 2012

Figure 4.2 not only illustrates the historical importance of Europe to the Zimbabwean economy based on colonial bonds, but also vindicates the sentiments of both Angelina Katuruza<sup>12</sup> and Tedious Chifamba<sup>13</sup>, the past and present chief EPA negotiators, that “the decision to negotiate an EPA is the only guaranteed way to secure a future and predictable market for the country’s products while allowing imported EU products into the country in the post conflictual EU-Zimbabwe bi-lateral political and economic development cooperation as espoused in the Conotou Agreement”. Zimbabwe has thus succeeded in sustaining export

<sup>12</sup>Interview discussion with Angelica Katuruza, Johannesburg South Africa, 28 May 2012.

<sup>13</sup>Interview discussion with Tedious Chifamba, Harare, Zimbabwe, 14 September 2012.

flows to the EU market in ways that confirms it as the only realistic option of generating the much needed foreign currency to meet growing national import demands, ranging from fuel - the lifeline of any industrial and commercial activity - to basic consumable commodities. Indeed, in spite of dwindling exports in volumes and value terms to European markets, the latter has increasingly become the only viable and predictable option for generating foreign currency, following the decision by the IMF and the World Bank to suspend Zimbabwe from receiving development assistance, and the withdrawal of both foreign investors and donors from the economy. However, continued dwindling of total volumes and values of Zimbabwean exports destined for the European market translates into low foreign currency in-flows to support industrial development, industrial production and export and market competitiveness.

It seems that Zimbabwe, as a fractured economy owing largely to its body political delusions and economic mismanagement, is set to continue facing challenges relating to weak industrial productive capacities across all sectors - and export competitiveness in the European market. There is also a strong possibility that the dominance of MCs and TNCs - coupled by relentless pressures from global institutions (the IMF, the World Bank, and the WTO) - will guarantee strict implementation of iEPA outcomes in order to ensure trade openness policies. Indeed, such possibilities support the study hypothesis that the EPA process is an onslaught on Zimbabwean's future economic performance. The country already has memories of how the MCs and TNCs benefitted from the dominance of Bretton Wood institutions 'one-size-fits all' neo-liberal policies, including trade liberalisation imposed and implemented without thorough analysis of the political ramifications. The possibility of economic and political implications are expected from the ongoing EPA process, whose framework is firmly premised on a neo-liberal paradigm seeking to entrench global and commercial institutions in Zimbabwe through a trade liberalisation agenda as informed by agreed tariff liberalisation schedules and commitments. Already the Zimbabwean economy has been a victim of the above global policy and commercial institutions, and since 2000, been a victim of massive foreign and domestic investors' withdrawals and donors' financial withdrawals. The economy has since 2000 been suffering from poor state-civil society relationship, resulting in anti-support of any economic policy and programme proposed by ZANU (PF) government. The economy has further been constantly subjected to highly politicised national body politic and tense bilateral relations with the negotiating partner. As a result, it is feared that the outcome may not necessarily improve industrial and export capacities in the short- to

medium term even though the EPA objective of a ‘win-win’ outcome suggests potential market opportunities between negotiating partners. It is further feared that the overall outcome is likely to have painful short to long term consequences in most sectors of the economy or indeed for the economy as a whole.

## **4.4.2 EU’s influence in the EPA process**

### **4.4.2.1 Introduction**

The EU influences the EPA process on three levels - ACP, configuration, and respective country - with each stage producing a desired outcome aimed at delivering a better deal to the EU member states. The nature and extent of this influence, with specific reference to Zimbabwe, is discussed below.

### **4.4.2.2 At the ACP level**

Since the Lomé Conventions, the EU has provided developmental assistance financial packages to ACP countries aimed at redressing production and export-related constraints, including supply-side bottlenecks, as discussed in section 6.4.3. Such benign partnership support from the EU to ACP countries has been extended through the EDF development envelope window covering a period of five years. At the conclusion of each round of trade negotiations with ACP countries, the EU always announces the total allocations within the EDF window, which has since reflected incremental nominal values, to be available for those countries with bankable projects. In this respect, the total allocations for the 4<sup>th</sup> to 9<sup>th</sup> EDF allocation cycle are reflected in Table 4.5 below which shows, contrary to any development wisdom, that all the ACP economies have absorbed less than 43% of the total allocations per each five-year cycle window since 1975. The table also shows that the accessibility trend continued to decline since the 6<sup>th</sup> EDF allocation window, reaching 20% of total resources of the 8<sup>th</sup> EDF allocation before a marginal improvement to 28% in the following funding cycle. From the above, it can be inferred that the EU refers to developmental aid allocations without necessarily having the actual amounts ready for disbursements to deserving ACP countries. It can further be inferred that the EDF allocations are a function of improved EU trade in value terms, within the ACP region.

**Table 4.5: Funds allocated versus funds spent during each five-year EDF financing cycle (€ million)**

EDF assistance package	Total funds allocated (nominal value)	Real value of envelope (1975 base year)	Total disbursements (nominal value)	Percentage of total allocation disbursed in the 5 years to which it was allocated
4 <sup>th</sup> EDF (1975-1980)	3 390	2 696	1 454,5	43
5 <sup>th</sup> EDF (1980-1985)	5 227	2 586	2 041,0	39
6 <sup>th</sup> EDF (1985-1990)	8 400	3 264	3 341,6	40
7 <sup>th</sup> EDF (1990-1995)	12 000	3 514	4 417,9	37
8 <sup>th</sup> EDF (1995-2000)	14 625	3 463	2 921,6	20
9 <sup>th</sup> EDF (2000-2007)	15 200	3 131	4 239,0	28

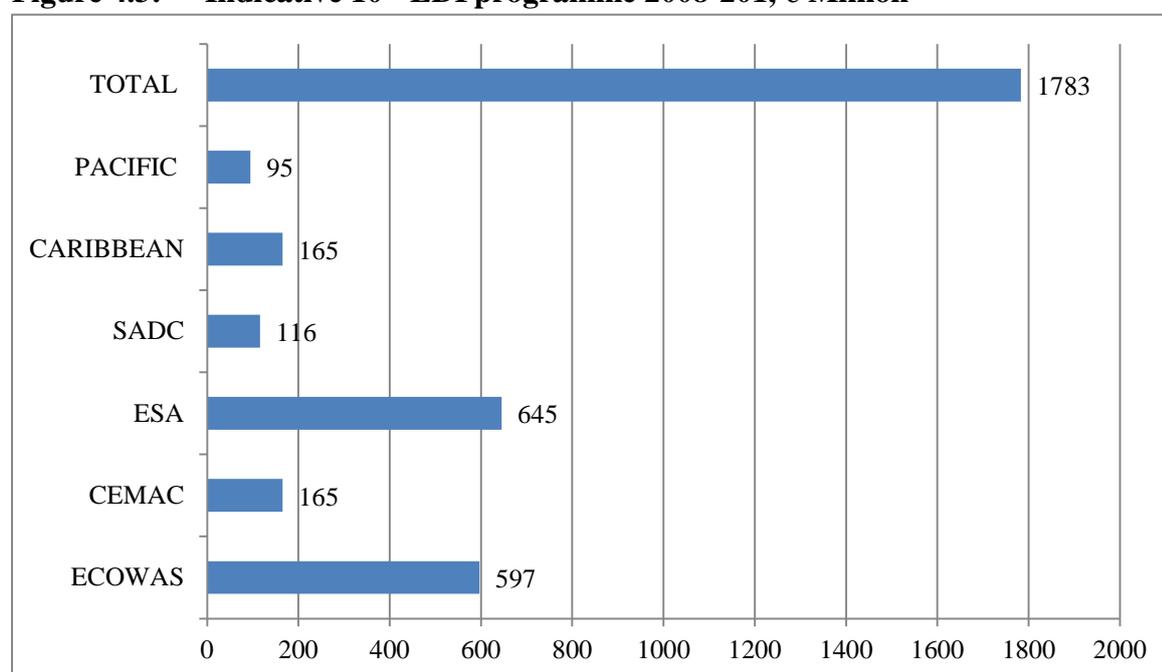
Source: Adapted from Grynberg, R. and Clarke, A. (2006).

The table shows that since the introduction of the EDF financial windows the ACP countries have experienced extreme challenges with respect to accessing promised resources intended to improve their respective productive capacities, export competitiveness and supply-side bottlenecks. This is supported by Draper (2007), who comments on the EU institutions and respective government's complex bureaucratic requirements or demands associated with the approval of ACP member states' requests for industrial and supply-side related projects to be financed through EDF development envelopes. Kamidza (2007: 8) maintains that the ACP countries continue to encounter numerous difficulties including unreasonable administrative requirements of both EC and the EU member states that preclude or restrict them from accessing promised EDF funds. This reflects the lack of meaningful industrial transformation of most ACP economies and a continued presence of supply-side bottlenecks in spite of huge financial promises from the benevolent bi-lateral partner. It can thus be argued that these constraints are one of the reasons why most ACP economies fail to significantly exploit non-reciprocal trade preferences including 'everything-but-arms' and DFQF market access. Indeed, given the prevailing industrial and supply-side constraints and the surge in concluding bi-lateral and multi-lateral trade negotiations in most ACP economies, the availability of such a huge funding window could have triggered a corresponding huge appetite to develop bankable projects. While it is true that some countries might have a dearth of technical expertise and/or capacity to develop acceptable project proposals, it could also be

argued that such developments would have equally inspired the solicitation of technical assistance from other development partners,

Ironically, the EU continues to apply the same bait during each negotiation round. While the allocations shown in the table above were meant to support all ACP countries under the EPA process, the EU has proposed an EDF funding window totaling €1.783 billion which is further split into six allocations covering six years (as shown in Figure 4.3 below) which illustrates that ECOWAS has the largest share of the funding followed by ESA, CEMAC and CARIFORUM, SADC, and the PACIFIC.

**Figure 4.3: Indicative 10<sup>th</sup> EDF programme 2008-201, € Million**



Source: Adapted from EC Staff Working Paper (2011)

The EC Staff Working Paper (2011) spells out that the 10<sup>th</sup> EDF financial window supports a mainly regional economic integration agenda including broad-based support for economic integration and trade policies, structural reforms, infrastructural development, food security and the environment. These areas are conceived as flanking measures in support of the EPA implementation. The areas are also expected to sufficiently improve the coherence between regional and national development plans or activities within the context of overlapping memberships, that is, sub-regional countries belonging to various RECs with similar mandates. It is argued here that all sub-regional RECs have expressed commitment to improve intra-regional markets with a view to improving economic diversification and

creating complementarities between national economies, thereby reducing heavy dependence on a small number of export commodities. The allocations to regional infrastructural developments are also expected to improve interconnections, thereby reducing excessively high costs for intra-regional transport and utilities. Furthermore, the funding is expected to improve ownership and institutional capacity at regional and national levels by redressing challenges relating to inadequate mandates, the absence of legal and political tools for effective policy implementation and insufficient ownership by stakeholders, particularly civil society and national administrations.

However, by agreeing to engage with fragmented African configurations that are outside existing regional integration mandates, the EU clearly demonstrates its economic prowess and manipulative strategic craftiness aimed at delivering a better deal to the 27 member countries. Just like in previous EDF allocations to the ACP region, the 10<sup>th</sup> EDF attempts to identify specific areas of support at configuration and national levels, but there are possibilities that some deserving economies may fail to access the announced resources. In addition, the fact that configuration indicative allocations are publicised before the conclusion of the EPA process reflects the direct EU influence on the process and outcome and points to potential challenges with respect to linking allocations with the particular needs of the group. While the EU used the publicised allocations to prove its benevolent gesture to weak, vulnerable and fragmented configurations, memories of the dismal failure to access previous allocations are still fresh in the minds of all the stakeholders in the various configurations. Furthermore, while African countries have been insisting that any EPA should be accompanied by a robust development package that can support countries in coping with the negative effects of implementing the new trade regime, the EU has never wanted to bind these commitments beyond the 10<sup>th</sup> EDF five-year cycle. South Centre, (March 2010) observed that the EU does not provide new sources of funds that are binding and permanent, despite the fact that African countries in bi-lateral and multi-lateral trade negotiations end up making permanent binding liberalisation commitments. This compels civil society groups in their advocacy to consistently point out the falsehood that there would be new money from the EU rather than a re-allocation of existing budgets.

The ICCO Report (2008) observes a key rhetorical feature of the EU's negotiations with the ACP states, claiming that EPAs support existing regional integration initiatives and that

regionalism is a development strategy that essentially assists the integration of ACP countries with the EU market. It is on this basis that the EC's Council reiterated in May 2007 that:

EPAs should primarily build upon, foster and support ACP regional integration processes by recognising existing political and economic realities and existing regional integration processes, thus providing flexibility. ICCO Report, September, 2008.

The above is supported by promises of developmental aid funds mentioned by the EU during the start of the EPA process, only to those regions or group of countries ready to negotiate with an enlarged, economically powerful counterpart. Indeed, by dangling developmental aid envelopes, the EU facilitated the following:

- a split of ACP regions into six configurations
- a split of Africa into four groups
- a split of the SADC region by allowing the DRC to negotiate under the CEMAC group, seven countries<sup>14</sup> to negotiate under the ESA group and seven countries<sup>15</sup> to negotiate under the SADC configuration
- a split of ESA by allowing EAC countries to continue negotiating as a bloc while other group countries<sup>16</sup> presented iEPA market access offers as individuals.

This funding window thus highlights the challenges associated with regional overlapping memberships and the divisive EPA process that created configurations outside existing regional initiatives in southern Africa in particular. The above demonstrates the success of a 'divide and conquer' approach and the merciless manipulation by the economically powerful negotiating partner.

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14 Madagascar, Malawi, Mauritius, Seychelles, Tanzania, Zambia and Zimbabwe

15 Angola, Botswana, Lesotho, Mozambique, Namibia and Swaziland

16 Madagascar, Mauritius, Seychelles and Zimbabwe

#### 4.4.2.2 At the regional level

As argued in section 4.3.3.1, the EU's strategy of dangling a developmental assistance envelope reflects that its political and economic commitment to fund and advance the regional integration agenda in the ESA sub-region, was largely intended to secure a better deal with a configuration that is diverse but still offers huge economic opportunities. Through its economic influence, the EU, despite adopting a joint roadmap with the ESA group in February 2004, continued to allow configured member states to realign with other configurations for the purposes of EPA negotiations. The EU shields itself from criticism by arguing that it is a sovereign decision for a country to choose configurations for the purposes of negotiating EPAs. It further sweetens ESA group countries by financing impact assessment studies that inform them during the negotiations, developing the terms of reference to guide the studies, and presiding over the selection of technical institutions through an open tender system. The EU knew that the ESA group comprising of countries from various RECs<sup>17</sup> - some of which have no or limited common historical political, economic, and social bonds<sup>18</sup> - has natural fault-lines, which, given the fast-pace of the process, would likely cause divisions and eventually split the high-breed configuration, thereby undermining the integration of these economies with Europe. This strategy was vindicated when in 2005 the DRC pulled out of the group to join CEMAC while Tanzania, a former member of the SADC EPA configuration, joined the EAC group. In addition, towards the end of 2007, the ESA group split into two groups. The first group comprised the EAC countries, which failed to initial and sign an iEPA with the EU though continued to negotiate comprehensive EPA as a bloc. The other group constitutes the ESA configuration, of which four economies<sup>19</sup> individually signed iEPA market access offers with the EU in 2009. The iEPA economies are now integrated into the European market under different trade liberalisation commitments that are also not in line with regional integration commitments.

Thus, the EU, through funding, influences the creation of another layer of overlapping regional EPA integration membership with distinct commitments only to itself as the dominating negotiating partner. In this regard, the SADC Secretariat Report (2011) reports that the 10<sup>th</sup> EDF financial window supports mainly regional economic integration agendas.

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17 COMESA, EAC, Inter-Governmental Authority for Development (IGAD), Indian Ocean Community (IOC) and SADC

18 Especially between some IOC, IGAD and southern African countries.

19 Madagascar, Mauritius, Seychelles and Zimbabwe

The SADC secretariat study (2012) allocated €92.8 million of the €116 million to support regional economic integration to the SADC EPA group as follows: SADC EPA member states (€52.8 million), regional economic integration (€20 million) and regional infrastructure development programmes (€20 million). Configurations through these allocations are expected to redress challenges relating to both regional and national institutional, productive and export capacities. This 10<sup>th</sup> EDF regional integration financial window is a separate initiative from the general EU funding to existing regional integration initiatives<sup>20</sup> in the sub-region, a development that exerts more pressure on existing limited institutional capacities. However, agreed different levels of iEPA trade liberalisation may fail to facilitate regional integration of configured economies in spite of the above clear financial allocations for that purpose. While it is unclear why the EU is sacrificing the very regional integration initiatives that it has since its inception been bankrolling, it is clear that de-legitimising existing regional integration agendas satisfies its desire to exploit EPA-related short to medium term commercial interests in the sub-region, particularly in vulnerable economies such as Zimbabwe which is still struggling to rejuvenate its fragile economy.

While the EU has for several decades demonstrated unwavering commitment to bankrolling sub-regional regional integration schemes, it has ironically signed iEPAs with four countries, a development that points to a hasty conclusion without necessarily matching agreed tariff schedule liberalisations with existing regional integration initiatives commitments. As a result the tariff scheduling and liberalisation commitments of individual member states have the potential to undermine the agreed-on targets of various regional integration schemes. This unfortunately confirms the divisive character of the EPA process that has the potential to derail prospects for higher economic growth and development in many regional economies. In the case of Zimbabwe, this suppresses economic recovery to pre-2000 levels when the country's products were offensively and aggressively competitive in the national, regional and the EU markets.

The above reflects the level of EU influence as a donor that irrationally created weaker and vulnerable configurations to negotiate a WTO compatible new trade regime with Europe. This also reflects success in ensuring that the new trade regime framework is superior to existing regional economic integration initiatives, hence no effort was made to ensure that the

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20 COMESA, EAC and SADC.

iEPA links with RECs' commitments. This further resulted in creating weaker and vulnerable configurations with equally weaker institutions and structures in terms of depth of requisite technical capacities and skills to square up with an enlarged Europe - with its massive financial, human, and technical resources - in negotiating a new trade regime. Ultimately, Europe's commercial interests through MCs and TNCs are secured, especially in vulnerable economies such as Zimbabwe.

#### **4.4.2.3 At the national level**

Europe's economic influence in Zimbabwe has since independence been sustained by its benevolent, philanthropic and developmental aid assistance covering all three pillars of state<sup>21</sup>, the private sector and civil society groups. This support was made possible by a series of EDF financing windows as well as other funding options based on a beneficially mutual relationship between Zimbabwe and the EU as a bloc, as well as with individual EU countries. Indeed, over the years the EU has been a leading bi-lateral donor complementing government fiscal spending, and financing government-related projects; bankrolling broad sections of civil society activities focusing on economic policy (including trade negotiations) and financing business sector initiatives.

However, owing largely to questions about pluralistic democratic and governance values and economic policies and programmes, Zimbabwe is no longer a recipient of any funding from either the EU bloc or EU countries. In fact, the EU and other western governments suspended all forms of direct developmental funding assistance to the ZANU (PF) administration, a decision that also denies funding to private sector initiatives. While ideologically the EU cannot exclude Zimbabwe from the 10<sup>th</sup> EDF funding cycle designed to benefit all ACP countries, the European Council adopted measures covering the period 2002-2010 which re-oriented financing towards social sectors, democratisation, respect for human rights, and the rule of law. This decision maintained funding relationships with broader sections of civil society that internally have been traditional allies of the MDC formations. In this respect, the key provisions of the council decision are:

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21 The Executive (government), the Legislature and the Judiciary.

Financial support for all projects is suspended except those in support of the population, in particular in social sectors and those in support of the reforms contained in the GPA. Financing shall be re-oriented in support of the population in particular in social sectors and in support of the stabilisation process of the country, in particular with regard to democratisation, respect for human rights and the rule of law. EC Staff Working Paper (2011)

Bi-lateral tension between the negotiating parties increases the uncertainty of aid delivery to Zimbabwe. As a donor, the EU has the final say over the 10<sup>th</sup> EDF development aid delivery to the country, which it claims, still lacks credible governance and democratic values and practices. Indeed, the EU continued to deny funding to the GNU administration in general. However, it only allows funding based on annually formulated comprehensive short-term strategies in support of food security, rural development, social sectors and governance and human rights activities. The above funded areas fall under the portfolios of the MDC formations. The EU continues to provide humanitarian assistance to country-wide poverty stricken people through NGOs, a decision that not only continuously infuriates the ZANU (PF) leadership and its allies, but also fuels suspicion of the regime change agenda through NGO distribution of donated material goods, including food provisions. Further, the EU and other western government decisions to continue significantly funding anti-ZANU (PF) civil society groups, especially those implementing pluralistic democratic and governance activities, fuels the tensions between Harare and Brussels. Even though Zimbabwe was the fourth country to sign the iEPA, the levels of suspicion remain high owing to the continued imposition of smart sanctions and travel bans on Mugabe and his inner circle and associated firms relating to charges of human rights abuses. The above shows how funding developments since 2000 have sustained EU-ZANU (PF) leadership tensions, compelling the latter to maintain a regime change mantra at the expense of collectively rallying resources and energies for a better EPA outcome. Also excluded from funding are CSOs working on trade and development (including the EPA process), in spite the fact that trade negotiations is an integral component of Zimbabwe's economic policy. This means that the six-year 10<sup>th</sup> EDF financing window will continue denying resources to EPA-related activities. All of this illustrates how EU leverage in the process closes off all possible flows of funding towards adequate preparations in trade negotiations in an environment that is well known for state-NSA conflictual and suspicious relationships where government economic programmes and policies are concerned.

Interestingly, in spite of the bilateral stand-off - epitomised by the imposition of smart sanctions and travel bans on the ZANU (PF) leadership - the EU benignly provided financial resources that facilitated the participation of government officials in all EPA-related RNF and joint ESA-EU meetings held in the region and in Brussels. Because the EU had special interests in the outcome, travel ban rules were ignored in all instances that demanded the presence of the former minister of Industry and International Trade, Samuel Mumbengegwi<sup>22</sup>, at EPA meetings in Brussels prior to the formation of the GNU in February 2009. While financial support was made available to a private sector representative to participate in all EPA-related regional and Brussels meetings, in some instances the support ended up being given to a government official. The EU also bankrolled Zimbabwe's EPA negotiation preparatory processes, including financing impact assessment studies, and EPA related stakeholder workshops held in Harare and Bulawayo.

While financial support to all EPA-related activities is appreciated, such a benign donor-recipient relationship between negotiating parties allows the former (dominant) party to ensure that its negotiating issues, interests, and options are imposed on the weaker (latter). EU negotiators, according to Benoliel and Hua (2009:26), invest in building good relationships with counterparts in order to 'oil' the negotiation process and make it sound mutually beneficial.

Meanwhile, the EU financially supports developmental projects in sub-regional member states that not only buttress existing regional integration efforts, but are also linked to national economic projects and programmes. While this has enabled other EPA negotiating countries to access capacity and skills development support, Zimbabwe has unfortunately not been a recipient of this regional funding window owing to strained bilateral relations with Europe. This means that Zimbabwean negotiators and government officials have not been able to benefit from EU-funded trade negotiations training programmes offered within the context of existing SADC or COMESA frameworks. As a result, Zimbabwean government negotiators and officials have missed out on opportunities to exchange ideas, experiences and best practices with fellow colleagues in both SADC and COMESA regional blocs, as well as to develop innovative negotiation skills, styles, strategies and tactics to improve the country's

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22 Following the imposing of EU travel bans on ZANU (PF) top leadership and government officials on 26 July 2002, the former Industry and International Trade minister, Samuel Mumbengegwi was allowed to participate in Brussels EPA meetings on 28 September 2002, 16 May 2003, and 19 August 2004.

bargaining position in the on-going negotiation process. This further undermines the authorities' efforts to support not only regional integration efforts in the country's favour, but also the economic transition of a decade-long economic meltdown.

In spite of well-known institutional and technical inadequacies, the ESA group in general and Zimbabwe in particular, have been engaging with a financially well-resourced EC and layers of technical, legal, social, economic, and political experts backing up a pool of competent, knowledgeable and seasoned negotiators and officials. The EC also has well-established and competent technical institutions whose research findings and outcomes either directly strengthen Europe's negotiating positions, strategies and tactics or provide insights into the ESA economies in general and Zimbabwe in particular. According to Medicine Masiwa<sup>23</sup>, a lecturer at the University of Zimbabwe who led a delegation of four CSO representatives on a lobbying mission of EU institutions, various EC directorates<sup>24</sup> and the EU presidency and parliament, the EU revealed that "due to its technical and financial capacity, it has been able to undertake 50-year focus studies on each ESA participating country". This is instructive because it reflects the EU's capacity to know Europe's negotiating counterparts' strengths and weaknesses, which can then be exploited during the negotiation process. Zimbabwe has been negotiating without such strategic and intrinsically valuable information. Again, this demonstrates the economic might of the EU vis-à-vis an economically weak and politically vulnerable Zimbabwean negotiating partner.

Throughout the negotiating process the EC has had access to information and research findings on Zimbabwe's state shortcomings in the process, including conflictual state-civil society relationships, an uncooperative private sector and a bullying government bent of crushing voices of dissent in political and economic discourses. As a result, the EU negotiators have been better prepared and therefore able to out-manoeuvre their Zimbabwean counterparts at every stage of the negotiations. This further reflects the EU's ability to skillfully ensure that the imposition of travel bans on top ZANU (PF) officials, coupled with no formal direct contact with Zimbabwe senior officials, secures uncontested short to medium-term market access. It is a fact that Zimbabwean products (currently composed of largely unprocessed and mineral related commodities) are uncompetitive vis-à-vis European

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23 Interview discussion with Medicine Masiwa, Gaborone, Botswana, 25 August 20012.

24 Director – General Trade and Director-General Development.

products in both markets (the EU and local). All the above illustrates the EU's economic influence in the process.

#### **4.5 EPA technical and ideological issues**

Negotiating an EPA with Europe is locking ESA countries in general and Zimbabwe in particular into an unhealthy post-colonial dependence on Europe for development aid, fiscal support and market access. This also has a direct bearing on sensitive sectors and infant industries that still need protection from intense competition in an environment dominated by powerful producers and investors, including MCs and TNCs. In particular, Zimbabwean agricultural producers and exporters require more protection from Europe's MCs and TNCs if they are to graduate to the level of commercial farmers. Figure 5.2 illustrates how Europe is ideologically set to solve its twin crises of over-production and profitability by indirectly opening up more markets for its products in the ACP regions, targeting mainly weak and vulnerable economies like Zimbabwe. This guarantees a significant proportion of European products easy access into the Zimbabwean economy. This offers solutions to the on-going Eurozone crisis, by potentially linking European investors, producers and exporters with Zimbabwe's consumers and industries and confirms the EPA process framework as essentially 'free trade areas' between economically unequal partners (Burnett and Manji, 2005, Deve, 2006 and Kamidza, 2007). The EPA process is also a reminder of the 1990s trade liberalisation policy which forced Zimbabwe to open her market to competitive products in the region and beyond, resulting in the closure of some productive sectors, unemployment and state-society tensions.

Through this ideological framework, the EU-Zimbabwe trade relations, which were non-reciprocal for several decades, are set to be confined within the reciprocity principles, thereby risking the removal of the pro-developmental values by the EPA process. For instance, one of the EPA's objectives is essentially to replace past special preferences of DFQF market access and EBA initiatives with WTO-compliant and competitive clauses. For instance, having noticed a reluctance in individual iEPA signatories to sign while still negotiating a full EPA, the EU's three<sup>25</sup> political structures in early 2012 unanimously agreed to withdraw the

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25 The European Parliament, the EC and the European Council of Ministers.

Market Access Regulation<sup>26</sup> (MAR) 1528 of 2007 that was unilaterally put in place to allow trading between the two parties while negotiating a WTO compatible trade regime by 1 October 2014. The EU is emphasising the illegality of the current trading arrangement with iEPA economies. Given that the EU remained Zimbabwe's major trading partner (Table 4.1) despite public spats and bilateral fall-out, this decision resulted in the country's signature in September 2009. The signing and subsequent ratification of iEPA allows the EU to easily secure its mercantilist and political interests<sup>27</sup> in Zimbabwe. The above outcome also resonates with the 27 member body, which is becoming increasingly sensitive to the demands of the new member states that are reluctant to be tied to a trade regime with ACP countries on the basis of past colonial relationships (Kamidza, 2008).

On the basis of the implementation of iEPA, Europe is fortifying its vertical links with Zimbabwe in particular and the ESA region in general in the context of EPA negotiations. This has led to consensus building among some Zimbabwean CSOs, who are infuriated by the fact that the EPA process has failed to take into account differences in industrial productivities, import and export capabilities, resources and technological capacities, and socio-political developmental conditions between antagonistic negotiating parties. While the outcome guarantees economic integration with Europe, it is unlikely to facilitate industrial productive innovation, export diversification and competitiveness and social transformation and development in Zimbabwe.

Makanza (2007), while addressing the SADC MPs in the TDC during their annual meeting on regional integration and trade, argued that "the EU's push for EPAs is inextricably linked to the WTO's political processes, where decisions are based on a one-country, one-vote consensus." So, EPA agreements coupled with EPA-related assistance create conditions for strategic alliance between the EU and signatories of the new trade regime. This development politically assists the EU in fostering a community of interest between itself and ACP countries in future WTO negotiations. This means that the ACP-EPA negotiations with the EU provide an ideal political framework for the latter (EU) to neutralise any potential opposition to its future agendas in WTO ministerial dialogue sessions. This argument is based

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26 This is a unilateral scheme put in place by the EU with no contractual basis.

27 EPA induced market competitiveness has potential to sustain politically induced tensions thereby fuelling the regime change agenda.

on the fact that of the 157 WTO membership<sup>28</sup> countries, 116 belong to the ACP region (89 countries) and the EU (27 countries). Assuming that the EPAs processes and outcomes generate bilateral consensus on trade and development-related issues between the negotiating regions, Europe as a developed region will have enough allies to neutralise any potential opposition to its agendas at multi-lateral trade negotiations levels. This has the potential to assist the EU politically by fostering a long-term trade and development bond based on the vertical economic integration with its former colonies<sup>29</sup> in future WTO negotiations at the expense of the configured countries' sustainable social and economic development. For Zimbabwe this has created negative political ramifications that has not only led to current state-civil society conflictual relationships, but also poisoned the economic policy-making environment since the launch of the EPA negotiations.

It seems as though the dominant negotiating partner is deliberately avoiding the political will to defend future pro-ACP trade related positions in multi-lateral trade and development platforms. The huge presence of the EU's interests in the process has emotionally touched Tandon (2004), who describes the plethora of EPA configurations across Africa as worse than the 1884 Berlin Conference which carved the continent into small, weak and vulnerable but controllable states solely for the commercial, political and social benefit of Europe:

This is an integral and active part of a new scramble for Africa, in which the EU competes with the US and emerging economies such as China to gain access to and/or secure control over markets and resources for their own interests (Tandon, 2004).

The on-going EPA negotiations are taking place in the context of a skewed economic relationship between Africa and Europe that is already blamed for hindering socio-economic development prospects, and indirectly fermenting tensions between state structures and broad formations of civil society groups and the business community. This characterises Zimbabwean stakeholder relationships over the period under review. Kamidza (2005), on the basis of this economically skewed economic integration relationship, predicts a victory for the EU in this round of negotiations, arguing that the dominant partner has ensured that the process firmly protects its commercial and political interests. Indeed, the visible commercial and political pressures from EU institutions and structures characterise EU-Zimbabwe

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28 WTO now has 157 member countries following the entry of Russia and Vanuatu in 2012.

29 All ACP countries are former colonies of the majority of the current EU Member States.

bilateral trade relations over this period. As Europe fortifies its vertical economic and trade links with Zimbabwe through the iEPA tariff liberalisation scheduling and commitment, the outcome is unlikely to facilitate industrial development and export competitiveness in Zimbabwe in the short to medium term. This outcome has to be measured against the spread and severity of the country's social and economic stress due to political dynamics (tension, suspicions, and uncooperativeness between the main political parties), the melting down of the economy and the former government's isolation from the EU and other western governments and donors. Thus, the pursuit of an asymmetrical power relationship causes a politically undesirable, economically unsustainable and socially unjustifiable process that is likely to produce an unequal trade and development partnership while being inimical to poverty alleviation strategies embedded in a rational and mutual pro-development trade regime. The above means that the EU is exploiting its superior bilateral bargaining power to drive for an EPA outcome that maximises the commercial interests of its investors, exporters, and producers.

While government negotiators argue that engaging the EU enabled the country to secure a future trade regime along with the rest of the ACP countries, some studies have shown that the TNCs currently facing a profitability crisis<sup>30</sup> in Europe have over the last decade been intensifying a search for alternative and sustainable markets in poor and vulnerable economies. The Zimbabwean economy offers just such a market. Currently, economic and political developments - characterised by unpredictable economic policies, uncooperative between state and other stakeholders and conflictual body-politic - all point to longer economic recovery phase, a development that suits the EU commercial interests. Indeed, at this stage the political environment does not inspire confidence in economic actors and policy activists. The GNU administration continued to reveal tendencies of politically motivated public policies and programmes, and intolerance towards civil society activism and advocacy in general. In particular, the GNU had not inspired confidence in the new commercial farmers and the agro-processing sectors to compete with the heavily European subsidised farmers who are intensely looking for markets in poor and vulnerable economies such as Zimbabwe. Indeed, Zimbabwe's productive agricultural capacity has yet to show signs of improvement since the fast-track land reform programme was implemented. This means that in the short to medium term, the country continues to rely on imported food products and other agricultural

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30 This is evidenced by a vicious cycle of falling demand, scaling down in industrial production leading to growing unemployment, and domestic and external borrowing.

consumables from the EU and other trading partners. The EU is therefore set to gain and Zimbabwean farmers and agro-processing entrepreneurs - who lack the requisite technological innovation, skills, and financial and human resources - are unlikely to benefit much from the proposed new trade regime.

While the configured countries were mostly concerned about how to access the promised 'developmental assistance resource envelope' to redress trade and development-related challenges within the broad framework of the Cotonou Agreement, Europe has since been busy prioritising issues within the six clusters (development, agriculture, services, trade-related issues, fisheries, and market access) to be negotiated. In particular, the EU has been working extremely hard to bring back rejected WTO ministerial Singapore issues, including: competition policy; services and investment; public procurement; protection of intellectual property; taxation (tax governance) and sustainable development. For instance, during the joint EU-SADC EPA member states negotiations held in Johannesburg, South Africa in March 2013, the EU commission's deputy director general of trade and the chief negotiator, João Aguiar Machado, argued:

.... negotiating sustainable development is a standard requirement by the European Parliament which eventually approves the new trade regime, and this delegation insists on negotiation clauses of this important area in the EU's interests despite your lack of political mandate to so ..... João Aguiar Machado, 2013<sup>31</sup>).

#### **4.6 Conclusion**

This chapter traced the trajectory of the EU-Zimbabwe conflictual bilateral trade relations in the context of the country's internal political dynamics. While the negotiating parties relentlessly and publicly blame each other for political developments in the country, bringing complexities of governance and pluralistic democratic values to the economic and trade debate, the economy continues to underperform in all respects and has a record of eight years of negative growth despite adopting five economic blueprints within seven years (Table 6.4). Focus and energies have been expended on costly and elusive political questions under the supervision of the SADC region, with support from the AU.

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31 Observation during the joint EU-SADC EPA member states negotiations, Johannesburg, South Africa, 20-22 March 2013.

It is not surprising therefore that since 2000, Zimbabwe has been silent on industrialisation, diversification of productive and export structures, value addition<sup>32</sup> processes and the establishing of downstream industries. This illustrates not only an uncooperative government–business relationship, but most importantly a lack of resources (financial and technical) and investment in industrial innovation and development. Current EU-Zimbabwe trade relations differ from pre-2000, when bilateral trade relations were directly linked to the country’s economy and/or relevant stakeholders including the private sector, CSOs in the economic sector and MPs in the TDC. This indicates the crucial coincidence between deteriorating EU-Zimbabwe bilateral relations and state-NSA relationships, juxtaposed with the EU’s dominance in pursuit of its own commercial interests during the negotiations.

Zimbabwe’s level of ambition in this round of negotiations has been undermined by the persistence of limited economic activities. As a result, throughout the negotiation process the economy has continued to suffer from dwindling revenue flows thereby dashing hopes of industrial development to anchor forward-looking innovations, production and/or export diversification and market competitiveness, as well as a revival of industrial capacity utilisation, and sustainable modernisation programmes. These limitations have been linked to the sectoral interests of agriculture and manufacturing which in the short to medium term are set to interface with the onslaught of EU products in the local market.

The chapter further interrogated the EU’s dominance and influence on state-stakeholder relationships making it difficult to collectively and proactively develop strategic interventions in the economy with a view to building confidence in the business community and broader sections of civil society. The chapter also analysed EU dominance and influence at the level of ACP region, ESA configuration and Zimbabwe. The analysis also illustrated Zimbabwe’s challenges in terms of identifying economic activities and/or sectors with potentially strong domestic and export value chains in the short to medium term. Equally elusive has been constructive efforts to promote institutional framework and/or policy interventions to revive the country’s industrial capacity utilisation and/or market competitiveness.

EU-Zimbabwe bilateral relations in the context of the EU’s dominance and influence in the process illustrates how the nexus between politics and economic development since 1998 has

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32 New Agriculturist (June 2011) claims that “with very few agro-processing facilities, there is little value addition in the agricultural sector”.

remained an unresolved puzzle. For instance, prior to 2008 the country's economic and social crisis was a function of internal political contestation, while the current agricultural and industrial capacity utilisation levels are a function of GPA commitment - which unfortunately has not and is not likely to be implemented in full. Similarly, the implementation of the 2012 ratified iEPA remains largely a function of the forthcoming electoral contests between the belligerent parties. While it is probable that the iEPA will risk suffering from insincere implementation against a backdrop of an economy struggling to recover from many years of slump, failure to compete with European products (See Table 4.4) at the local market in the short to medium term is a certainty.

This discussion anchors subsequent discussions linking bilateral conflictual relationships with the EPA process, especially the negative impact on the private sector and CSO involvement in this process. It also positions subsequent discussions relating to state-stakeholder challenges with respect to the collective articulation of issues, interests, positions and offers in the context of re-configuring the agricultural sector.

## CHAPTER FIVE

### THE STATE OF PLAY IN THE EPA PROCESS

#### 5.1 Introduction

Zimbabwe opted to negotiate EPA under the ESA, a configuration of countries incongruously grouped together, some of them without social, economic or political historical bonds. Since February 2004 the ESA-EU has been negotiating an EPA that initially focused on six sectors, namely: agriculture, development co-operation issues, fisheries, market access, services and trade-related issues. As the process progressed, dispute avoidance and settlement as well as institutional and final provisions were included for negotiation. These negotiations seek to enhance the respective countries' economic performance, competitiveness and value chains, leading to economic transformation, sustainable development and meaningful integration, both individually and collectively, into the global economy. In addition the negotiations seek to ensure that EPA outcomes are not only compatible with WTO rules, but also take into account the different needs and levels of development of ESA countries vis-à-vis those of the EU.

Besides the countries being members of COMESA, the ESA group of countries (including Zimbabwe) which are negotiating with the EU, do not have legal status or formal structure as a bloc. Within the configuration, there are four secretariats of regional economic integration communities: COMESA, the EAC, the IOC and the IGAD. The COMESA secretariat is the leading institution that drives the ESA group's EPA processes, with moral support from the other three secretariats. This also means that the COMESA secretariat coordinates the process and resources from the EU meant to support the process.

Of the 16 ESA countries, EAC as a bloc initialed the iEPA while four individual countries, namely Madagascar, Mauritius, Seychelles and Zimbabwe signed the iEPA that has since been ratified and entered into force from May 2012. This has assured the aforementioned countries access to European markets following a unanimous decision by the three<sup>1</sup> political

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<sup>1</sup> The European Parliament, the EC and the European Council of Ministers.

structures of the EU in early 2012 to withdraw MAR 1528 of 2007 by 1 October 2014 which allowed trading between the EU and ACP countries while negotiating to conclude a WTO compatible trade regime. The signing indicates significant bargaining power and influence thereby ensuring that individual iEPA member states remain locked in an unhealthy post-colonial dependence on EU's institutions and individual EU member states for fiscal projects and/or programmes' financial and technical support as well as funding human capital development, public policy design and implementation, entrepreneurial modernisation initiatives and supply-side improvement - all of which facilitates better access to the European market while improving the level of competitiveness in the domestic market. Other ESA countries, which are LDCs, are not under pressure to sign the iEPA since they are assured of access to the European market under the EBA regime (see Table 5.2). Meanwhile, all ESA countries are committed to negotiating a full EPA<sup>2</sup> which is expected to be concluded before the withdrawal of MAR by 1 October 2014. In order to give impetus to the process, Moses Tekere, EPA unit CTA at COMESA secretariat observes that:

.... The 17<sup>th</sup> ESA Council held in Kampala, Uganda in November 2012 underscored the need for sustained continuous and robust engagement with EU at all levels that EPA negotiations supporting regional integration and development be concluded timeously. .... the Council further underscored the need to dedicate technical and financial support mainly to support formulation of country and regional positions and facilitate negotiations (Tekere, 2012: 2).

The above process has been guided by the ESA-EPA roadmap which endorsed two levels of 'negotiating institutions and structures', as stipulated by the Cotonou Agreement. The roadmap agreed on the composition of stakeholder participation subject to the discretion of specific countries. Key stakeholders in this instance include government officials, NSA<sup>3</sup> representatives and officials from COMESA, who manage the process with moral and institutional support from the EAC, IOC and IGAD secretariats. The roadmap also agreed that the negotiating institutions and structures at the national level would be undertaken by the National Development Trade Policy Forum (NDTPF) and at the regional level by the Regional Negotiation Forum (RNF).

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2 This is sometimes referred to as "comprehensive or inclusive EPA".

3 The private sector, civil society groups/non-governmental organisations, the media, community based organisations, religious organisations and trade unions.

During the process, Katuruza (2012<sup>4</sup>) observes that ‘the EU has legal status supported by institutional structures including the Council of Ministers and the European Parliament’. It is further observed that the EU has a powerful functioning bureaucracy based in Brussels and manned by a large team of skilled negotiators and a host of experts under the authority of a single negotiator, the EC Trade Commissioner. This gives the EU negotiating team a mandate to carefully navigate and balance existing and potential contradictions and divisions amongst EU member states before their chief negotiator, the trade commissioner, faces negotiating counterparts (the outside world) with a single voice as Box 5.1 on EU step by step trade negotiations below explains.

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4 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 28 May 2012.

### **Box 5.1: EU step by step trade negotiations**

Who negotiates EPA agreement?

- The EU's trade policy empowers the EC to negotiate EPA with Zimbabwe on behalf of individual bloc countries. However, the EC closely cooperate through regular contact with the Council of the EU and European parliament, which ultimately approve the overall agreement.

How did EC prepare for negotiations?

- The EC conducted impact assessment studies including holding public consultation on the content and options for the proposed EPA on the EU and on the other country. The Council then gave the EC negotiating directives, spelling out general objectives to be achieved, which would be shared with EU Parliament.

What were the negotiating content and level of ambition?

- Opening new markets for goods and services
- Increasing investment opportunities and protection of investments
- Making trade faster by facilitating transit through customs and setting common rules on technical and sanitary standards
- Making the policy environment more predictable by taking joint commitments on areas that affect trade including intellectual property rights, competition rules and public procurement
- Supporting sustainable development by fostering cooperation, transparency and dialogue with partners on social and environmental issues.
- The level of ambition depended on the development and capacities of ESA group or Zimbabwe and offer flexibilities as determined by ESA group or Zimbabwe needs and capacities.

What was the negotiation process?

- Chief negotiator, usually DG Trade, leads negotiating teams including experts covering all different topics under negotiation drawn from across the commission.
- Chief negotiators (EU and ESA group {not Zimbabwe}) are expected to regularly contact each other including meeting outside formal negotiation rounds.
- Negotiations were based on a policy of 'negotiation is not over until everything is agreed', that is, draft negotiations texts were not made public during the process even when certain chapters (or topics) were closed.
- When negotiations reached technical finalisation stage, the EC immediately informed the European parliament and the Council, after which finalised texts were sent to both institutions.

Source: European Commission, (June 2013)

On the other hand, Zimbabwe trade negotiations are headed by a government chief negotiator without sufficient experience, skills or capacities to match the EU counterpart. The government chief negotiator also lacks institutional memory of previously agreed on or contestable issues and positions. In addition, the government chief negotiator engaged

without a clearly articulated mandate<sup>5</sup> from both cabinet and parliament based on informed scoping research analysis in line with national developmental goals or public opinion through consultation on the content and options of the proposed new trade deal on the economy prior to the engagement. Consulting a wide variety of stakeholders contributes positively towards a more realistic and innovative methodology geared to finding common positions and offers, and to creating mechanisms for engaging citizens in general on the process (Roux, 2008). Furthermore, the country has a huge deficit of seasoned and experienced teams as is evident from a high rate of staff turnover in government, especially during the period under review. For instance, since the EPA process started in February 2004, the country has a record of three different chief negotiators, two of whom were recalled and deployed to Embassies in Pretoria, South Africa and Lusaka, Zambia. The Trade and Industry ministry (now Industry and Commerce) also saw senior trade officials leaving government for ‘greener pastures’, and changes in ministerial portfolios<sup>6</sup> and ambassadorial postings in Brussels – the nerve centre of EPA negotiation processes. The domestic process also suffered from lack of serious technical support from business and economic intelligence gathering and surveillance, as Elijah Munyuki<sup>7</sup> posits:

Government was very late to realise that economic intelligence gathering is a critical in-put in trade negotiations. For instance, the president’s office - where most intelligence operations are based - was completely out of direct involvement in terms of gathering key economic information that would have empowered technocrats from the relevant trade-related ministries. As a result, negotiators lacked crucial information about their EC counterparts including composition of negotiating team, character and attitude of negotiators and other crucial negotiating secrets of the EC negotiating team.

In addition, Zimbabwean MPs in the TDC, who are responsible for constitutionally handling issues of trade and trade agreements, have not been involved in the process with a view to preparing them for eventual ratification should there be an agreement. Excluding MPs in the TDC in the process confirms that the legislative body has not given the process national strategic direction, based on shared national ethos and imperatives in line with the redistribution of economic resources through land reform and economic empowerment

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5 Interviews discussion with chief negotiators reveal that the negotiations process was not guided by minimum threshold beyond which the team could consider walking out of the negotiating room.

6 Welshman Ncube of the smaller function of the MDC formations took over the Trade and Industry ministry from Samuel Mumbengegwi, ZANU (PF) in the GNU.

7 Interview discussion with Elijah Munyuki, Gaborone, Botswana, 25-26 August 2012.

programmes. Non participation of MPs in the process was further complicated by the fact that, since 2000, the political contestation and dynamics in the country resulted in changes in the composition of TDC membership at each electoral period. Meanwhile, fiscal constraints and the lack of donor funding means that the MPs could not benefit from related trade negotiations and international agreements, capacity building activities or programmes.

The sections below discusses national and regional institutions and/or structures that have not only guided the EU-ESA negotiations process - culminating in some non-LDCs, including Zimbabwe, individually initialing and eventually signing the iEPA with the EU - but are still guiding the on-going ‘comprehensive<sup>8</sup> EPA’ process, expected to be concluded by December 2016.

## **5.2 EPA negotiations: institutions and structures**

### **5.2.1 National development trade policy forum**

Zimbabwe negotiated EPA with the EU under an ESA configuration, comprising sixteen countries (see section 1.1). The negotiations, which focused on six clusters<sup>9</sup>, were jointly launched in February 2004 by the EU and ESA countries. The joint EPA roadmap directed every ESA member state to establish the NDTPF comprising all the relevant stakeholders including government officials from all the trade-related ministries, and representatives from the business community, civil society and labour. In line with this, the Zimbabwe ministry of Trade and Industry established NDTPF in 2004 as a strategic structure that would provide an environment for constructive and inclusive engagement in any subsequent EPA-related preparatory work. This platform is meant to facilitate multi-stakeholder discussions on the country’s research, including impact assessment findings that can subsequently feed into the national perspectives during RNF and joint ESA-EU meetings held in the region and in Brussels. The NDTPF’s main function has been assumed to be that of developing national positions and offers for subsequent discussions at RNF meetings.

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<sup>8</sup> This is sometimes referred to as “full and inclusive EPA”.

<sup>9</sup> Agriculture, development issues, fisheries, market access, services and trade-related issues.

As a cluster-inclusive and multi-sectoral structure, the NDTPF was expected to ensure wider and deeper consultations and involvement of all the relevant stakeholders, unorganised constituencies and citizens in the process. This suggests that the NDTPF has been providing an interactive platform for all the relevant stakeholders to effectively participate in all EPA-related national dialogue sessions (conferences, seminars, and workshops) convened to review EPA-related research methodologies and the findings of sustainable impact assessments and other related sectoral studies. This also implies that the NDTPF as a preparatory negotiations platform has been facilitating stakeholder consultations on EPA issues, interests, positions and offers. National stakeholders, through this platform, have been expected to collectively strategise and produce progress reports detailing both offensive and defensive positions and offers within the context of national economic and political (industrial transformation and broad-based economic empowerment) interests while building networks, coalitions and synergies before subsequent RNF and joint ESA-EU meetings are held in the region and in Brussels.

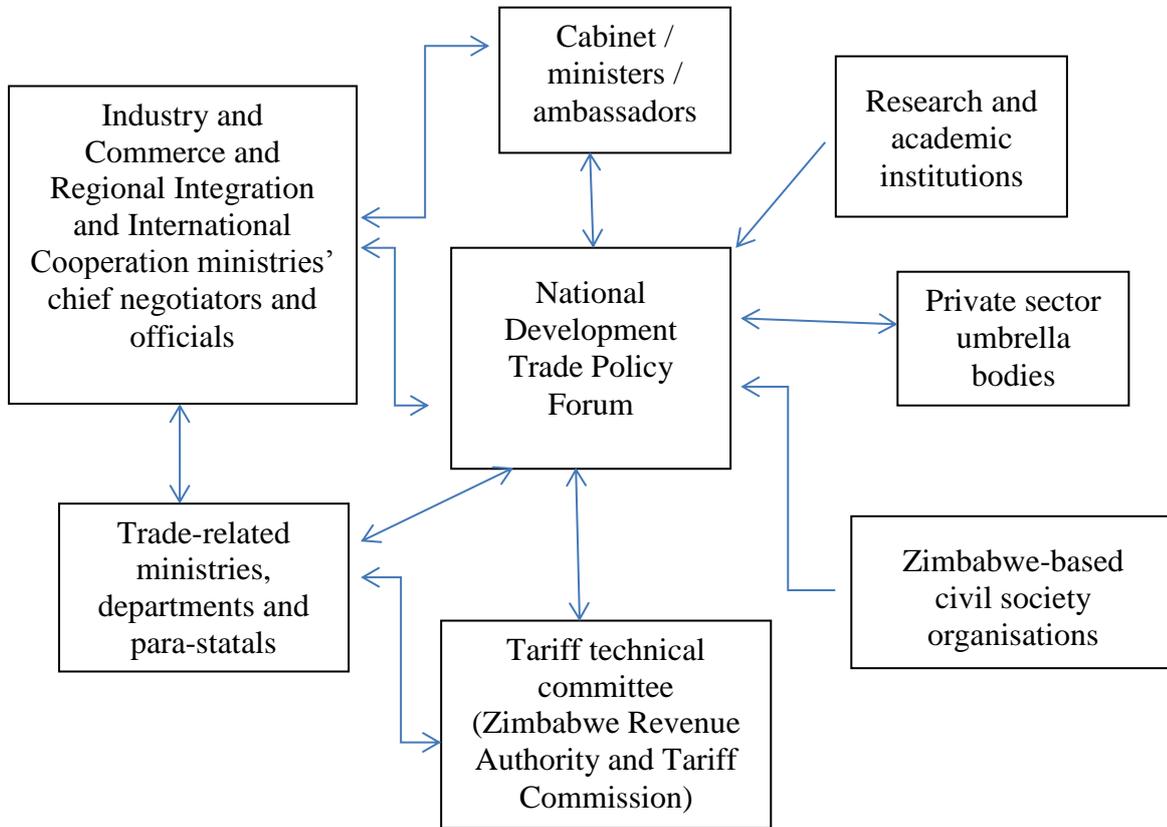
In line with the above, the Trade and Industry ministry appointed an officer to coordinate all related activities of the NDTPF. Figure 5.1 presents the two-way interaction between the NDTPF and trade related ministries, between the NDTPF and the Brussels-based ambassador, and between the NDTPF and the private sector. The structure has been interacting with the cabinet through the Minister of Trade and Industry. The figure also shows minimal interaction between the NDTPF and the sections of civil society working on trade and development, as well as between the NDTPF and research and academic institutions. In this respect, most CSO representatives, while noting requests from the structure for interactions prior to trade-related meetings at the RNF and Brussels levels, decried the lack of rigour in the engagements and inputs. Similarly, some academic institutions with previous undisputed track records<sup>10</sup> of interrogating fundamental macro-economic processes such as the implementation weaknesses of the ESAP paradigm, including trade liberalisation policy, have not deeply engaged the structure and the responsible ministry with a view to contributing towards a better trade deal. Another weakness from the figure is limited two-way interaction between NDTPF and MPs, whose constitutional function entails ratifying and monitoring the implementation of the new trade regime by the executive. In

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10 Such as publications and public dialogue sessions on policy process and impacts thereof

addition, a lack of shared reports on proceedings makes it difficult to verify the true functionality of the structure in terms of harnessing stakeholders' input into the process.

**Figure 5.1: Zimbabwe EPA negotiation stakeholders**



Source: Own compilation based on various sources

However, some critical voices are excluded from interacting with other stakeholders at all levels. This means that the NDTPF structure has been suffering from limited democratic space to potentially amplify pro-poor and pro-development voices during the preparatory stages of the EPA negotiations. Furthermore, some civil society representatives even question and/or doubt the inclusiveness of all the relevant stakeholders working on the EPA process in the NDTPF platform. The exclusion of critical voices is supported by the sampled civil society groups and research scholars who confirm that the country's NDTPF suffers from lack of wide and deep consultations and/or involvement of all relevant stakeholders and citizens including poor constituencies. The exclusion of critical voices further compromises collective articulation of strategies, tactics, synergy building, coalition formations and options as well as chances of securing a just and fair EPA outcome.

As a result, some civic bodies blame the prevailing political polarisation in the country, the general conflictual relationship between ZANU (PF) and civic bodies, and the frosty relationship between ZANU (PF) and the EU, for undermining the potential of the NDTPF platform to deliver positive EPA outcomes. Anecdotal evidence points to the fact that some national, regional and global civic bodies, including those working on the EPA processes, have over the period under review lost trust and confidence in the ruling governing party to provide leadership in economic policies and programmes including EPA negotiations with Europe. Therefore, they constantly question perennial economic mismanagement as reflected by decade-long economic meltdown, short-lived macro-economic policies and coordination of the EPA process, especially with respect to formulation of positions and offers. The questioning by anti-ZANU (PF) civil society groups, in some instances, has over the period under review been construed as a strategy of discrediting the former government while mobilising donor funding in support of regime change project. In fact, the authorities and their allies viewed any questioning of state shortcomings in economic management as anti-indigenisation and economic empowerment. Further, ZANU (PF) leadership views any criticism of its shortcomings on economic management as not only a grandstanding political strategy meant to dislodge its hegemony as a champion of indigenisation and economic empowerment agenda, but also a strategy for buttressing the EU's unjustified sanctions against the people of Zimbabwe.

Unfortunately, the above tension and mistrust between the state and civil society groups has impacted negatively on the work of the NDTPF. The level of CSOs' criticism to Gabriel Mugabe's administration has in many ways linked the EPA process with the prevailing governance malpractices and endemic contestable electoral systems and practices. As a result, all critical civil society voices against socio-economic policies and unfolding political conditions were deliberately excluded from the EPA-related processes and the general socio-economic transformation debate. Indeed, a significant number of trade-focused CSOs were excluded from most EPA-related meetings and had no access to EPA-related information before and after the RNF and joint ESA-EU meetings held in the region and in Brussels. Of all the EPA-focused CSOs, only the Trades Centre and Seatini enjoyed a sound working relationship with the ministry of Trade and Industry. The National Association of Non-Governmental Organisations (NANGO), the umbrella body of most NGOs in the country, participated initially but withdrew as the process progressed largely due to limited financial

resources, and the reallocation of available human and financial resources towards the governance and human rights agenda.

This sour ZANU (PF) government-civil society relationship filters into the work of NDTPF amid claims by a Zimcodd representative that:

...the ZANU (PF) government deliberately excludes some representatives of civic bodies based in the country, who are perceived to be critical to the politically motivated indigenisation and economic empowerment agenda, from attending RNF and Brussels EPA meetings. This is despite the fact that most country-based regional EPA focused organisations' representatives have since the launch of the negotiations been doing sterling EPA work that generated strategic tactics, positions and interventions that were well appreciated by most governments in the ESA configuration and beyond. Richard Mandebvu, 2011<sup>11</sup>.

This suggests that EPA-focused CSOs have over this period distinguished themselves as 'fountains of sound analysis and advocacy', (Seatini, 2004) questioning the EPA's ideology and the rationale of 'fast tracking the process towards predetermined deadlines' (Deve, 2006 and Kamidza, 2008) in spite of widespread evidence of the country's unpreparedness to negotiate a better deal. However, in many instances limited funding generally renders civic bodies inactive and very weak to mount serious and critical engagements in NDTPF's activities. This has also resulted in low mobilisation of citizens and equally weak possibilities of forming strategic alliances with other key stakeholders, especially the private sector and MPs.

Given limited industrial and trade capacities, Zimbabwe CSO representatives and their strategic allies mobilised resources for lobbying various EU institutions against fast-tracking the process in spite of growing evidence to ignore the 'EPA's objective of wide and deep consultations' (Kamidza, 2007) amid emerging fears of worsening poverty and social and economic underdevelopment in the short to medium term. Some of the above CSO representatives were very active in the continental "Stop to EPAs" campaign, which influenced the decision to move the deadline given by the EU to conclude a WTO compatible EPAs trade regime by 31 December 2007 to December 2010. Even the extended deadline

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11 Interview discussion with Richard Mandebvu, Harare, Zimbabwe, 24 June 2011.

could not foster the conclusion of these trade talks, which are now expected to be concluded by 1 October 2014 when the MAR 1528 of 2007 withdrawal takes effect. Thus, the EPA processes lack of wide and deep involvement of critical stakeholders, particularly poor constituencies, exposes significant national institutional weakness in collective, inclusive and constructive engagements in the EPA negotiation process. This also reflects the low mobilisation of citizens, and particularly poor constituencies as well as weak strategic networking, synergy building and coalition partnerships between government officials and NSA activists in support of the process. The exclusion of critical CSOs' inputs, has in many instances contributed to less ambitious EPA outcomes with respect to Zimbabwe and other EPA signatory countries in the same grouping. Many individuals in the civil society movement made harsh remarks about the process and questioned the wisdom of signing the iEPA when the economy was struggling to resuscitate its industrial capacity utilisation. Indeed, Zimbabwe's weaker articulation of issues, positions and offers, vis-à-vis the EC, resulted in a dangerous and unviable EPA outcome that is likely to fail to support the country's social and economic transition in the short to medium term. Further, the iEPA implementation risks becoming a vicious onslaught on the economy in general, and on new farmers, new entrepreneurs and small to medium enterprises (SMEs) operators in particular, whose market competitiveness may not withstand technology-based EU products (see Figure 5.3).

Critics have linked signs of weak institutional EPA processes to poor management and oversight of the COMESA secretariat's EPA Unit, the regional institution driving the process. In particular, civic bodies claim that the COMESA secretariat's EPA Unit has failed to monitor how countries such as Zimbabwe comply with the EPA joint roadmap rules and procedures of engagement in the process. They argue that the regional institution should have insisted that group countries submit reports prior to RNF meetings' a strategy that could have allowed interested configuration stakeholders to review the process and understand the dynamics at each NDTPF platform and subsequently during the RNF negotiation process. This could have encouraged national, regional and international scholars to access country reports at various stages during and after the process, thereby better informing Zimbabweans regarding the dynamics of the process. Indeed, without publicity and close scrutiny, it becomes difficult to assess the NDTPF's accountability, transparency, democratic process and inclusiveness of the most relevant civic bodies in the process.

Due to deliberate exclusion of civic bodies from the process, publicity surrounding the Zimbabwean EPA process has remained largely low-key and unsatisfactory to most constituencies and citizens. Most respondents have observed that EPA-related events and activities have increasingly taken place without media notice at the level of the NDTPF, the RNF and Brussels. There have been no report back sessions by government officials - either prior to or after participating in the above meetings. In particular, the Industry and Commerce Minister, Welshman Ncube, did not address the nation or consultatively confide with the other key stakeholders after signing the iEPA. This development renewed state-civil society suspicion on the EPA process, with the latter lamenting a lost opportunity to engage interested constituencies and citizens in identifying potential inherent weaknesses of the new trade regime with Europe as well as facilitating their monitoring and evaluation of the implementation of EPA outcomes.

### **5.2.2 Regional negotiation forum**

The Regional Negotiating Forum (RNF) is a structure that brings together representatives from the NDTPF, four regional secretariats<sup>12</sup>, a regional civic body<sup>13</sup>, Brussels-based ambassadors, especially cluster lead spokespersons, and selected observers, to exchange views on issues, interests, strategies and tactics and to ultimately prepare EPA positions and offers for the ESA configuration in their engagement with the EC. The COMESA secretariat coordinates all EPA-related work, including impact assessment studies undertaken in ESA countries with moral support from the EAC, the IOC, and IGAD secretariats. The COMESA secretariat also organises and facilitates RNF meetings and monitors the implementation of agreed positions and decisions. The COMESA leadership including the Secretary General, Deputy Secretary General, Director of Trade, and EPA Unit CTA have not only been very active in the negotiations, but have also directly supervised the process.

Nalunga (2004) observes that since the launch of the EPA roadmap RNF negotiations have become increasingly complex amid organisational deficiencies in terms of both technical and financial capacities at the level of the COMESA secretariat and participating countries. Thus, the funding from COMESA, secured from the EU, has since the launch of the EPA process

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12 COMESA, EAC, IOC and IGAD.

13 Seatini between February 2004 and 31 December 2005.

supported three delegates (two government officials and a representative of the private sector) from each ESA country. This financial support has ensured the participation of all ESA-EPA countries at both the RNF and joint ESA-EU meetings held in the region and in Brussels. Zimbabwe has received this level of financial support (the only financial relationship) regardless of the bilateral standoff with the EU, and it is condoned by ZANU (PF) leadership. In addition, some well-resourced and strategic ESA countries have sponsored the participation of additional state officials (from trade and trade-related Ministries) and MPs. For instance, some countries (such as Kenya) supported the participation of MPs in both RNF and joint ESA-EU meetings held in the region and in Brussels, while those from Zimbabwe have not been part of the government delegation to the above meetings since the start of the process in 2004. Similarly, some ESA member state delegations supported their respective civil society groups and private sector representatives with resources to join them in all EPA-related meetings.

The COMESA secretariat has ‘more often been accused of circulating crucial documents’ (Kamidza, 2004) during meetings. This practice compromises the quality of internal group engagements, as well as the quality and eventual submission of national EPA progress reports on stakeholder preparations and outcomes. This is contrary to the joint EPA roadmap which emphasises that NDTPF consultative reports be submitted to the COMESA secretariat well before RNF meetings in order to allow officials to adequately prepare the meetings by allowing translation of documents into the official languages of the ESA group, taking into account national and regional dynamics and perspectives associated with the planning of future meetings. This is supported by Seatini’s (2005) observation that all ESA countries systemically failed to remit reports of their respective consultations to the COMESA secretariat prior to the RNF meetings. This means that most delegations who participated in the meetings were unprepared while national consultations in some countries, especially Zimbabwe, were severely compromised. For instance, high levels of Zimbabwean state shortcomings, coupled with conflictual state-CSO relationships, greatly undermined the collective articulation of issues and reinforced the development of offensive and defensive positions and offers. This development not only compromises the depth of engagements within the configuration, but more often derails the process that pledges to achieve positive EPA outcomes.

With respect to Zimbabwe, the above non-remittal of NDTPF reports to the COMESA secretariat presents challenges relating to the strategic coordination of stakeholder inputs, the effective consultations of stakeholders and collective stakeholder decisions with respect to national interests, positions and offers. It not only reflects a lack of preparedness, collective stakeholder participation and strategic contribution to the process, but also high levels of politicisation of issues, process, procedures, and expected outcomes. Furthermore, continued high levels of political polarisation amid dwindling international friends makes it difficult to have collective articulation of national positions, decisions and offers; a development that has also undermined the country's effectiveness in RNF meetings. In spite of this, the country concluded the iEPA that was signed in Mauritius in 2009 by the GNU minister of Industry and Commerce, Welshman Ncube. Limited technical depth to negotiate a balanced trade regime with the EU, coupled with weak consultations involving all the relevant stakeholders, were exposed by Angelica Katuruza, the former government chief negotiator during the combined ESA and SADC configurations' EPA workshop held in Harare in 2009. At the time she pleaded with the Zimbabwe business community to respond to the government's request for additional industrial-sensitive products to be shared with the EU well after the country has initialed the iEPA, saying: 'Although Zimbabwe has submitted its offers to the EC, the door is still open for the business sector to submit individual lists of sensitive products for further sharing with the negotiating counterpart' (Katuruza, 2009<sup>14</sup>).

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14 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 28 May 2012.

## **5.2.3 Other negotiation institutions**

### ***5.2.3.1 Regional preparatory task force***

The Regional Preparatory Task Force (RPTF) is an informal body of experts which allows both sides (the EU and the ESA) to get a better technical understanding of the counterpart's position or better interpretations on certain issues and developments pertaining to the EPA process. The main objective of the RPTF is to prepare for the meetings of the leading ambassadors and EC senior officials in terms of scheduling meetings, agenda preparations, and identification of venues. The RPTF also facilitates the exchange of information with respect to negotiations issues, views and positions, and the identification of areas of divergence and convergence between the negotiating parties, thereby enabling each side to adequately prepare for meaningful participation. This structure also prepares ESA ministerial and EU commissioners' meetings. Thus, the RPTF is intended to enable parties to obtain smooth negotiating positions before tabling the same with other stakeholders.

From the ESA side, representatives of the RPTF comprise Brussels-based ambassadors and their respective officials, the COMESA secretariat officials, including the EPA and CTA, and representatives of the ACP secretariat. The RPTF decisions and process-related agreements are expected to add value to ongoing EPA negotiations outcomes. This structure has a profound impact on the sequencing of negotiating positions within the configuration, and between the configuration and the EC. On the EC side, the representatives of the RPTF are mainly drawn from representatives of the EU Directorate of Trade.

Seatini notes that the RPTF only became active towards the initialing of the iEPA in terms of forming part of the deliberations that assisted in sequencing the negotiations. The organisation further observes that this structure (RPTF) has not been engaging regional CSOs, including their representatives who occasionally undertake missions to lobby EU institutions. This suggests that the primary cause undermining the interaction process between the two important relevant stakeholders (RPTF and CSOs) is caused by different locations - with the RPTF representatives all based in Brussels, and the CSOs based in ESA capitals. Further, in cases where RPTF representatives participated in regional meetings taking place in any of the ESA towns, ESA CSOs failed to either formally or informally interact with them. This reflects on a poor relationship between COMESA secretariat's EPA

Unit, the convener of the RNF meetings, and the CSOs, usually on account of perceptions of unruly behaviour on the part of the latter. The study confirms this by observing that ‘no meeting was organised throughout the EPA process to facilitate the interaction between RPTF representatives and regional CSOs’ (Machemedze, 2011<sup>15</sup> and Makanza, 2011<sup>16</sup>). The study notes that following the withdrawal of the Seatini representative in December 2004 from official ESA EPA meetings at all levels, the interaction of CSOs with other ESA structures was paralysed. The study further confirms that all the COMESA organised EPA meetings had congested agendas that did not allow regional CSOs a formal slot for debriefing purposes with RPTF representative(s), on the process. Failure of this structure and the regional CSOs to interact on the EPA process reflects the organisational weakness and/or a poor working relationship between the COMESA secretariat and regional CSOs. This can also be a reflection of the CSOs’ weak advocacy strategies. In the final analysis, regional CSOs missed the opportunity to lobby the RPTF that was at the centre of the EPA processes in addition to holding a number of consultative meetings with the EU.

Kamidza (2004) recalls how the RPTF sequencing of negotiation issues in July 2004 was rejected by the ESA capitals during the meeting held in Antananarivo, Madagascar, which caused some member states delegates to wonder:

Are we already agreeing to sequence cluster negotiations when national impact assessment studies are yet to be completed? Who prioritises the sequencing of cluster negotiations? Who should provide guidance to this structure in order to synthesise contributions of all relevant stakeholders in this process? Why, in particular, has agriculture, the backbone of many ESA economies, not been prioritised together with fisheries, development issues and market access for the period July 2004 and March 2005<sup>17</sup>? (Kamidza, 2004: 3).

While RPTF sequencing of negotiations has the potential to confuse the process and to create divisions within the configuration, a development that may result in a bad EPA outcome, regional CSOs could have sharpened their advocacy with this structure with a view to influence logical sequencing of the negotiations. For instance, the regional CSOs knew where the meeting venues were, and some of the delegates at the meetings, a development that they

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15 Interview discussion with Rangarirai Machemedze, Harare, Zimbabwe, 25 June 2011.

16 Interview discussion with Tendayi Makanza, Durban, South Africa, 10 August 2011.

17 Para 74 of the adopted 3rd RNF meeting report

could have used to interact with the representatives of the structure. Indeed, a conventional lobbying tactic would have facilitated interaction.

The regional CSOs could have also assigned their European counterparts to lobby RTPF structure in Brussels. Already, regional CSOs in the sub-region have developed strategic networking and funding relationship with Europe's collaborative CSOs such as Action Aid, Christian Aid, (Holland) Humanistic Institute for Development Cooperation (Hivos), Oxfam Novib, Oxfam America and the Rosa Luxemburg Foundation (see Table 6.2). The above organisations had also facilitated sub-regional CSOs' lobbying mission in Europe, the exchange of strategic information and the convening of and/or participation in EPA-related dialogue sessions: conferences, seminars, workshops and roundtable discussions (Table 6.2). This philanthropic funding created space and opportunities for CSOs to lobby EU institutions and citizens on the process and the potential implications thereof in ESA economies. For instance, Christian Aid in May 2005 funded selected CSOs' representatives from Africa's four configurations on a lobbying mission in Europe, targeting the EU Presidency (United Kingdom), the EU Parliament, various EC Directorates and ACP secretariat. Unfortunately, the organisers of the lobbying mission (Christian Aid) missed an opportunity to facilitate direct interaction between RTPF representatives and African CSOs' lobbyists, two of whom were from the ESA region. Indeed, conventional lobbying strategy and tactics would have facilitated engagement with RTPF structure, an outcome that would have facilitated more interaction in subsequent ESA EPA meetings in the region.

### ***5.2.3.2 ESA EPA unit***

At the Entebbe and Antananarivo meetings the ESA group, agreed to establish a technical office similar to that of the EC, with a mandate to assist in the negotiations at the technical level. Eventually, this EPA technical office was headed by the Chief Technical Advisor, whose mandate has been EPA technical work, including preparations of ESA meetings, providing technical advice to ESA member states on EPA issues and sequencing negotiations with other EPA structures outside RNF such as RTPF and the Council of Ministers. The CTA has also been assisting national negotiators during the process as well as working closely with different cluster negotiators based in Brussels. However, some ESA member states were unwilling to contribute financial resources to support this important office, resulting in the

EC's funding of the operational and function bills itself. This not only exposes lack of strategic positioning vis-à-vis the EU, but also the dependency syndrome of wanting all EPA crucial milestones to be financially supported by the negotiating counterpart.

However, over the negotiation period the EPA unit has remained under-resourced in terms of personnel. It was manned by the CTA and a secretary to assist in the preparation of meetings in terms of documentation, logistics and facilitating the office. The operation of this office and staff emoluments are funded by the EU. Lack of expediency has seen the ESA member states failing to contribute resources in support of the work of this unit, given the frequency of meetings and engagements in various structures involved in the process. Contributions from ESA countries would at least have enabled the hiring of additional staff such as an assistant to the CTA, thereby improving the coordination and facilitation of the process, especially given the spread of the group. It is assumed that the regional CSOs in general, and Zimbabwe-based CSOs in particular, would have taken advantage of the unit in terms of contributing to the process, regardless of the perceptions that might exist within the COMESA secretariat. Further, a close working relationship with the EPA unit would have given the CTA more time to interact with other relevant stakeholders. In particular, a working relationship with Zimbabwe CSOs could have enabled the CTA - given his long-standing relationship with national, regional, and continental CSOs prior to joining the unit - to harness in-put from this sector. The CTA, being a Zimbabwean, could have provided the right platform to lobby for national CSOs direct involvement in the process, regardless of the conflictual relationship with the state. However, it would appear that relying on the EU to fund the unit indirectly delivers the negotiating engine of this group into the manipulative process and control (through funding and agenda setting) of the counterpart – the EU, a development that reflects strategic deficiency.

### ***5.2.3.3 Committee of ambassadors***

The Committee of Ambassadors comprises leading cluster spokespersons who are supposed to liaise with the EC on all EPA-related matters as well as work closely with other ambassadors from the ESA configurations. Given the layer of structures involved in these negotiations, it was/is very crucial for this committee to work harmoniously with other organs of the ESA-EPA. However, the Committee of Ambassadors has not provided regional CSOs

with enough space to undertake their respective advocacies on this process. As noted above, different locations make it difficult for regional CSOs to lobby this structure. Equally important is the admission by the group's CSOs that they failed to explore other ways of lobbying to promote convergence of ideas on the process technical input on issues, and the building of bridges with EU institutions and structures. Such a working relationship could have facilitated physical and/or email-based advocacy between the group's CSOs and the EU institutions as well as other relevant structures and institutions involved in this process. This would have assisted in prioritising issues for engagement.

#### ***5.2.3.4 Council of ministers***

This comprises all the ministers of Trade, Industry and Commerce in the ESA configuration, and is a structure that gives political direction to the negotiations, especially with respect to the mandate as informed by unfolding social, economic, and political sensitivities and dynamics. In particular, this structure gives political direction to the process in the event of a declared stalemate on some issues and positions. In this regard, the structure only met when necessary either in the ESA region or in Brussels. With respect to the Brussels meetings, Samuel Mumbengegwi, the former ZANU (PF) Trade and Industry minister, was always allowed to travel and participate in EPA-related meetings despite being on the EU travel ban, a development that reflects the EU's long-term strategy of securing access to the Zimbabwean market. Allowing Mumbengegwi's entry to Brussels also reflects the guerrilla strategies and tactics of preserving ESA unity, especially during the formative stages of the negotiations, but knowing full well how to wreck it by isolating the decade-long political nemesis towards the conclusion of the negotiations (see section 5.5).

The ESA trade ministers also engaged the EPA negotiation process through other platforms, namely the ACP Council of Ministers, organised either in the ACP region or in Brussels, and the AU ministers of trade meetings taking place either in Ethiopia, the Headquarters of the AU, or the capital city of the current AU Chair. However, as observed above, regional CSOs have not engaged with this structure, thereby reflecting their failure to exploit past negotiation strategies and tactics - including forming or building strong alliances with trade, industry and commerce ministers and their respective permanent secretaries, capitals-based

officials, Brussels-based ambassadors and other technical states' institutions established to support the process.

### **5.3 EPA process and guerrilla negotiation approach**

Collins (2009: 17-23) summarises guerrilla negotiation tactics as precise and strategic pressures designed to discourage a counterpart's negotiation efforts. Usually, this takes the form of strategic silence on certain issues, flashing cash in support of the process, distracting the counterpart to focus on issues, and taking advantage of the counterpart's goodwill. This largely informs the EU-Zimbabwe EPA negotiating process. Benoliel and Hua (2009:6) describe negotiation as challenging, unique, complex and exciting and requiring a mixture of knowledge, skills, experience and intuition. This entails a combination of moves and countermoves, principles, tactics, strategies, attitudes, mindsets and confidence building, driven by specific commercial interests and social and political considerations. It also entails understanding the fundamental dilemmas and myths which surround negotiation and the counterpart's power, systematic processes, strengths and weaknesses within the context of national interests and defined roles, goals and limits. In addition it means that in managing the negotiation process, parties must avoid common mistakes, including underestimating risks associated with poor preparation as Benoliel and Hua (2009:16) state:

The negotiation process involves managing information and communications during the discussions, planning and re-planning, coordinating efforts between negotiators, making moves and counter-moves and making important decisions under conditions of uncertainty and time pressure. Benoliel and Hua (2009:16)

Following the above, the EU employs a two-edged sword approach. These are categories of political and economic conditionalities on the one hand and relentless, persuasive and offensive commercial interests aimed at securing short to medium term market opportunities for its producers, exporters, investors and consumers in Zimbabwe on the other. This means sustaining outward expansion of a European capitalist industrial production frontier, thereby summarily increasing the supply of goods on European markets with any excess production having already been assured of a 'secure market' outside the EU (that is, in EPA economies, especially those with weak productive capacities like Zimbabwe). This development not only

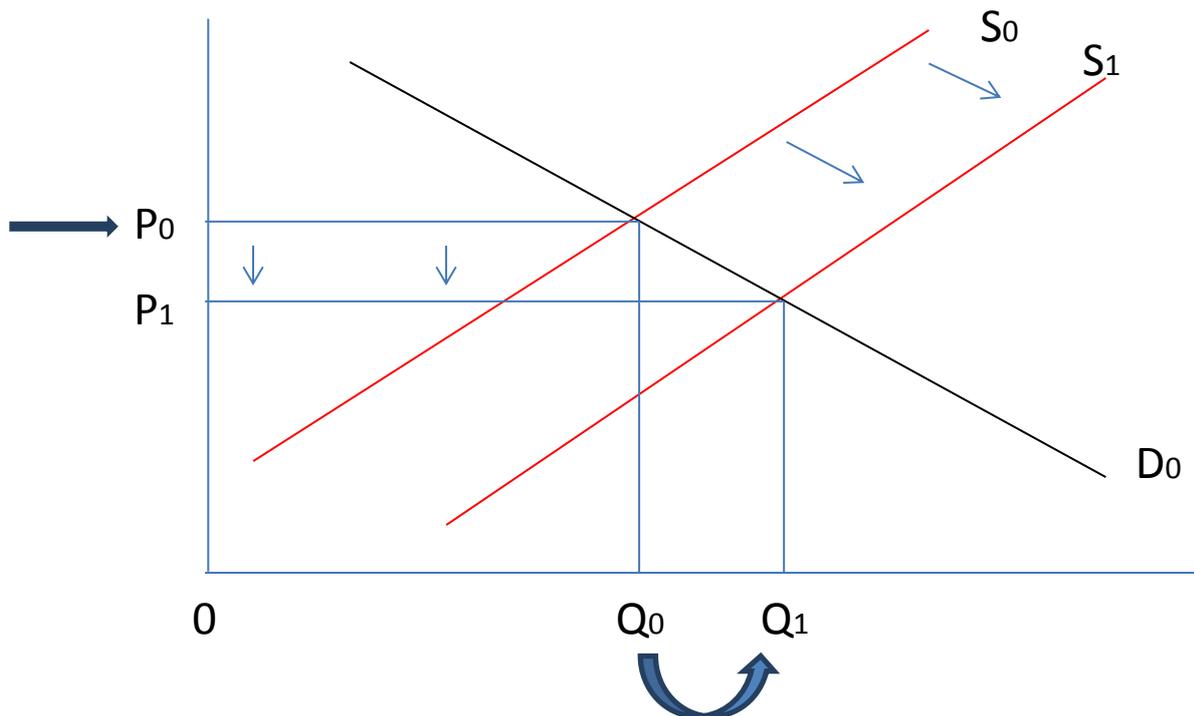
sustains profit margins and employment levels in the EU, but also entrenches capitalist tentacles in external markets, especially vulnerable economies like Zimbabwe. This scenario is illustrated in Figure 5.2 below: technologically advanced producers, including MCs and TNCs in Europe, increase their respective supplies of goods to EU markets (from  $S_0$  to  $S_1$ ) but prevent a corresponding fall in price ( $P_0$  to  $P_1$ ) in the same European market by exporting a corresponding increase in output (surplus  $Q_0Q_1$ ) to iEPA economies. The fact that the price remains unchanged following the export of excess production means that the profit levels and employment opportunities in Europe have been secured by the EPA trade regime. Indeed, ( $Q_0Q_1$ ) surplus output is a competitive proxy of a secured market share in iEPA economies. In an economy like Zimbabwe that is still struggling to stimulate industrial capacity utilisation beyond 20%, the EU's  $Q_0Q_1$  surplus output is assured of market share in the short to medium term. During the SADC EPA ministerial meeting in Gaborone, Botswana, Rob Davies, the South African trade minister, remarked:

EU mercantilist interests and high levels of ambition displayed in the EPA process are certainly poised to displace domestic products with competing and heavily subsidised European products. Sadly, most EPA signatories have not developed countervailing measures to deal with subsidies' induced competitiveness and increased penetration of European products into local markets (Rob Davies, 19 May 2013<sup>18</sup>).

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18 Observation during the SADC EPA member states ministerial meeting, Gaborone, Botswana, 20 May 2013.

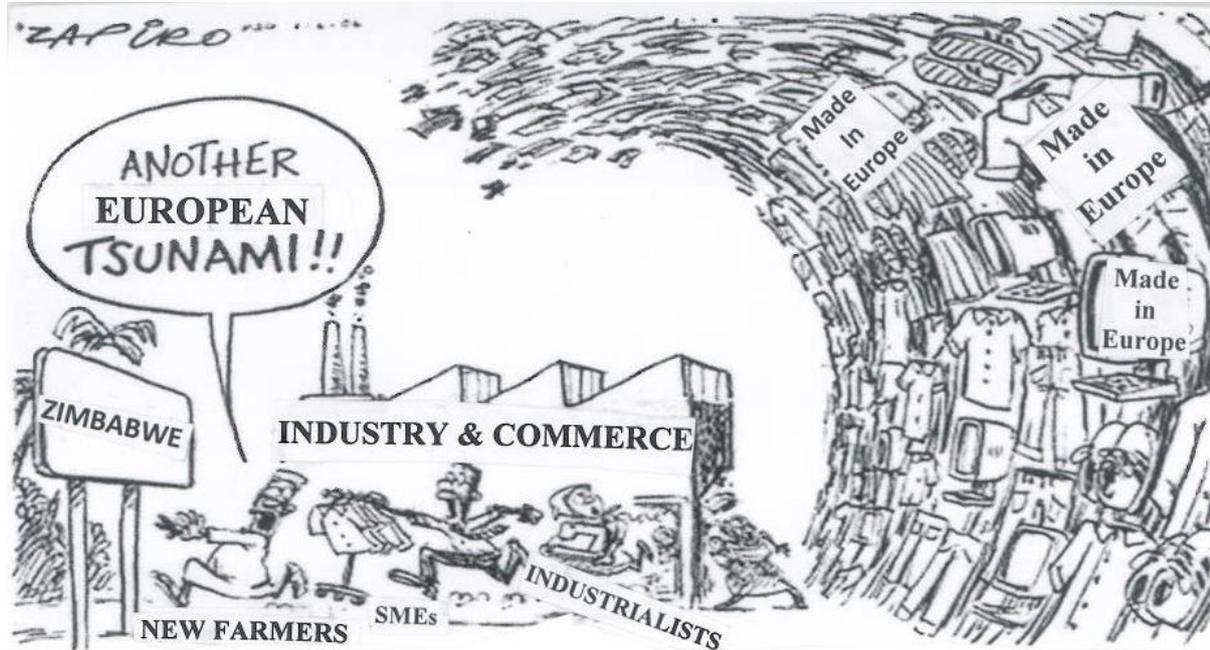
**Figure 5.2: Europe's production and export capacity**



As demonstrated elsewhere in the study, Zimbabwe is set to become a recipient of Europe's access in production and productivity, largely due to the near collapse of its industrial and export capabilities, estimated at between 4% and 10% of the national industrial capacity utilisation, (Nyakazeya, 2009) when the GNU was formed; the subsequent economic policy contradictions and rhetorical public political posturing (known as GNU's dysfunctionality) and uncertain EU-Zimbabwe bi-lateral relationship, in which the former disputed the latter's victory in July 2013 harmonised presidential, legislative, mayoral and councillor elections despite overwhelming endorsement by African governments. The above suggests that, in the short to medium term, Zimbabwean consumers and industrial firms guarantee European producers and exporters an open market. This onslaught on the economy is set to largely benefit European MCs, TNCs and business lobbies. By signing and ratifying iEPA, Zimbabwe opened 45% of the economy through tariff lines reduction to EU products by 2012 (see Table 6.6, section 6.4.4). Such a development reflects a high probability of entrenchment of Europe's mercantilist and capitalist interests in the Zimbabwean economy in the short to medium term through the invisible control of demand and supply forces. It is also a warning signal to the new 'indigenous economic empowerment entrepreneurs, particularly the new farmers' of future tough competition from the European products. Such a development is certainly going to introduce EU's competitive products on the local market, resulting in a

‘made in Europe’ market tsunami and a corresponding fall in associated economic profits of local entrepreneurs, as reflected in Figure 5.3.

**Figure 5.3: Potential scenario of trade flows between EU and Zimbabwe under iEPA**



Source: Adapted from Zapiro, 2006

Zimbabwe’s industrial base has since the onset of the trade flows between the EU and Zimbabwe (the Lomé Conventions and Cotonou Agreement) been largely oriented towards exporting raw commodities while remaining a net importer of EU’s products and services. The trade imbalance between the negotiating parties (see Figure 4.2) is reflected in Figure 5.3 above. In particular, this exposes the agricultural sector that is now largely indigenised to corresponding competitive European products. Zimbabwe’s new A1 and A2 farmers are currently characterised by very low production and productivity levels, compared to the heavily protected and subsidised EU farmers. Estimates show that a cow in Europe receives about US\$3 per day compared to over 50% of the ACP population who live on less than US\$1 a day (Seatini, 2004). This study further argues that newly settled farmers are not only failing to improve production and productivity levels of almost all their products to pre-fast track land reform era, but are also unlikely to defend the local market from highly competitive EU products. Such a development displays the EU’s guerrilla strategies and tactics of carving markets from a political antagonist seeking future trade regimes with

member states. Guerrilla negotiation strategies ensure that European producers, exporters, and investors remain for the short to medium term, an onslaught on ‘Zimbabwe’s weak, narrow and vulnerable industrial and export capacities’ (Machemedze, 2011<sup>19</sup>). In particular, the strategy has the potential to ensure that the ‘made in Europe’ tsunami drives new indigenous entrepreneurs, farmers and SMEs out of business, thereby creating opportunities for displaced former farmers, mining rights owners and other foreign investors (on account of global connections) to bounce back in the economic life of Zimbabwe. Such a development will signal the failure of ZANU (PF) guerrilla strategies and tactics of reclaiming land rights and make them realise that real economic battles are won in ‘negotiating green rooms’ where agreed tariff liberalisations are implemented through the demand and supply of goods and services.

In spite of the above, the EU has in all previous trade negotiations with ACP countries presented itself as much less driven by its own offensive commercial interests, but rather by a desire to pursue development-friendly policy objectives, especially sustainable development, building regional markets<sup>20</sup> and implementing poverty alleviation. An ICCO Study<sup>21</sup> (2008: 3) entitled ‘Dialogue of the deaf’ states:

In trade negotiations, the EU frequently portrays itself as the ally of developing countries – sensitive to their concerns and looking out for shared interests as a partner in talks; and presents itself as a more benign negotiating partner not ready to leverage concessions or use strong-arm tactics to achieve its political and economic goals. ICCO Study, 2008: 3.

Negotiating parties used the above to develop strategies and tactics aimed at securing a better trade regime. In this respect, the EU’s broad strategy is to develop Europe’s global competitiveness while opening up new opportunities for the industrial exporters and investors (see Figure 5.2 above). This strategy advances the commercial interests of the EU and is usually supported by a disguised ‘developmental aid envelope’ designed to entice ACP countries into the negotiating room, in the hope of accessing resources to redress supply-side

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19 Interview discussion with Rangarirai Machemedze, Harare, Zimbabwe, 25 June 2011.

20 Building regional markets to support development is a formal objective of the negotiations, laid out in the governing treaty, the Cotonou Partnership Agreement.

21 A ICCO study that involves a fairly representative sample of thirteen ACP negotiators of whom nine felt EPAs did not support regional integration, eleven confirmed EC pressure to negotiate trade-related issues, eleven confirmed EPAs forced ACP countries to liberalise their trade, ten confirmed that aid was made conditional on signing of an EPA, eight confirmed that the EC does not listen to ACP concerns or proposals and only confirmed EPAs as instruments for development.

bottlenecks, industrial productive structural capacities, export capabilities, and improvement in trade policy space and state-NSA consultative processes on macro-economic environment, including the EPA process. While advancing the above strategy, Europe argues that it trades very little with ACP countries, thereby giving the impression that its industrialists and investors are not very interested in the economic fortunes of the counterpart. In particular, while publicly displaying little interest in Zimbabwe, the mere fact that the bloc agrees:

... to financially support impact assessment studies and the participation of three Zimbabwe delegation (two government officials<sup>22</sup> and one private sector representative) in all RNF and joint ESA-EU meetings held in the region and in Brussels, and to ignore the travel ban on the former Trade and Industry minister, Samuel Mumbengegwi in order to allow his participation in Brussels meetings, points to a well calculated strategy of securing commercial opportunities for European producers, investors and exporters. Richard Mandebvu, 2011<sup>23</sup>.

While Katuruza attests that the poor bilateral relationship with the EU gave Zimbabwe uncontrolled space to speak its mind without publicly being manipulated in one-on-one meetings, the fact remains that the country had no opportunity to bilaterally iron out critical and sensitive issues outside the group gathering. The fact also remains that Zimbabwe was among the first group of countries in Africa to be congratulated by the EU Trade Commissioner for signing an iEPA (regardless of the prevailing economic situation), points to the guerrilla divide and rule tactics, surprises, shrewdness and manipulative capacity of the seasoned and experienced EU negotiators.

While publicly the colonial bloc refutes claims of having offensive commercial interests in the ongoing EPA negotiations, the ICCO Study (2008: 3) disagrees, noting that the EU always takes pride in its three pillar approach to its external relations, that is, flanking trade agreements with a political cooperation and development assistance envelope in order to maximise benefits and complementarities. ICCO Study (2008) further accuses the dominant partner for not only ignoring past failures of economic and political conditionalities, but also imposing its views on development policies via trade negotiations, especially on economically stressed economies like Zimbabwe. In this respect, the study notes:

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22 Initially, EU funding supported two government officials (a trade negotiator and a trade official) and one private sector representative, but later support was given to three government officials.

23 Interview discussion with Richard Mandebvu, Harare, Zimbabwe, 24 June 2011.

The EC Council emphasises the close interdependence between trade policy, development policy, economic development, food security, good governance and democracy, rule of law and legal security and calls on the parties to strengthen coherence between these areas (ICCO Study, 2008:3).

Meanwhile, the EC negotiators have been sensitive and clever enough not to express opinions on Zimbabwe's internal political, social and economic deficiencies. This avoids further straining the Europe-Zimbabwe bilateral relationship in front of the negotiating group. The EC also avoided any expressions and behaviours that might have been construed as meddling in bilateral political disputes in trade talks (Chifamba, 2012 and Katuruza, 2012<sup>24</sup>) in line with ZANU (PF)'s public accusation of wanting to effect the regime change agenda. This gives the EU leverage in negotiations. As a result, the EU has earned the respect of ESA countries' officials in general and Zimbabwean officials in particular thereby enabling it to exploit superior bilateral bargaining power, as evidenced by the iEPA outcome that mirrors the process in the on-going WDDR negotiations. As a result, the EU's negotiating leverage fast-tracked the EPA process with a view to conclude the process by 31 December 2007 in line with the expiry of the current WTO waiver. However the deadline, continues to be pushed forward, resulting in Zimbabwe initialing the iEPA in 2008.

Using guerrilla negotiating strategies and tactics, the EU unilaterally violated the principle of partnership in the EPA trade talks by forcing negotiations on controversially trade-related issues - including services and investment, competition, intellectual property protection, and public procurement as binding commitments on WTO rules and regulations - despite the available option to negotiate in non-binding and cooperation language (Chizema and Masiwa, 2011) and (Masiwa, 2012<sup>25</sup>). The EU use of language in the negotiations increasingly became synonymous with binding commitments (Katuruza, 2012<sup>26</sup>) thereby compelling Zimbabwe to make difficult choices, opting to forego revenue inflows and the protection of sectors that contribute towards job creation, poverty alleviation or food security and/or food sovereignty. Meanwhile, some ESA countries have throughout the process been paraded as having the potential to retain flexibility with regards to developing new industries in line with the dictates of national, regional and global investment trends and domestic

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24 Interview discussions with both chief negotiators – Chifamba and Katuruza based in Harare, Zimbabwe and Johannesburg, South Africa respectively.

25 Interview discussion with Medicine Masiwa, Gaborone Botswana, 25 August 2012.

26 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 28 May 2012.

political environment and socio-economic considerations. However, this disqualifies Zimbabwe, at least in the short to medium term, due largely to its huge economic challenges, political polarisation and social development burdens during the period under review.

These guerrilla negotiating strategies and tactics further allow the EC to exploit Zimbabwe's lack of negotiating capacity or disjuncture in negotiating structures. The EU is masterly in exploiting any information gap by deliberately presenting strategic and essential EPA issues differently to both the political leadership and negotiators, especially knowing that Zimbabwean negotiators could not bilaterally verify the facts and issues. The above entails exerting pressure at the highest political levels within the context of ACP-EU or AU-EU summits by taking advantage of the information gap that may exist between the negotiators and the political leadership (ICCO Study, 2008), as well as ZANU (PF)'s rhetorical grand standing at such a gathering. The EU was also aware that, without direct bilateral contact, there were no opportunities to clarify group platform related sentiments within the framework of ongoing trade talks. Katuruza (2012)<sup>27</sup>, the former chief negotiator, confirms that there were no one-on-one meetings between the parties outside the ESA institutional platforms. This allowed the EU to peddle issues, including controversial proposals, knowing very well that there were close to zero chance of verifying both the facts and the implications thereof outside the ESA platforms. Indeed, following the bilateral impasse between Brussels and Harare, the only practical interaction platform between the parties has been the EPA process - that is, engaging the Zimbabwean EPA delegation within the context of ESA group and the political leadership within the context of both the ACP-EU ministerial and AU-EU EPA summit meetings.

While the partnership principle has allowed the widely publicised development aid envelope to be used as an incentive for EPA participating countries, past failure to access EDF resources since the Lomé Conventions<sup>28</sup> clearly indicates a deliberate violation of the partnership principle which states:

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27 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 29 May 2012.

28 Documentary evidence show that ACP countries have only utilised less than 50% of available EDF resources since the Lomé Conventions (see Table 4.3).

... a partnership would imply that the EPAs truly included the concerns of the ACP parties, rather than the EU framing negotiations primarily and solely in the context of their own needs and constraints. The balance of power in terms of economic clout and resources (including experts) is horribly tilted against the ACP configurations. So, it is very hard to see how to have a balanced negotiation in the circumstances. Tandon, 2004.

The guerrilla negotiations approach to the EU–Zimbabwe trade talks has resulted in the former becoming increasingly hesitant to consider alternative access to the EU market in good time. The EU seems to have its basis in the belief that an arrangement that makes the ACP countries swallow the bitter pill of trade liberalisation is superior to preference schemes that have not delivered. The second reason for EC apathy to alternatives is the political cost; improving or extending preferences to ACP countries proved to be a harder sell in a 27 member state EU where the majority lacks historical colonial ties with these countries. The cost of a waiver or other accommodation at the WTO was clearly distasteful to the EC, and they refused a direct request from ACP countries to seek this. Without warning, as noted in section 5.1, the withdrawal of MAR by 1 October 2014, a development that is seen as exerting pressure on the countries that initialed iEPA, to sign and rectify the agreement while negotiations for the full EPA continued or they risk losing the EU market. It can be inferred that the announcement to withdraw MAR significantly contributed to Zimbabwe’s signing and ratifying the iEPA, a development that exposes the country’s lack of political will to explore alternative market access to the EU market. For instance, in an effort to secure the legality of existing trade preferences to EPA member states, pending the conclusion of the negotiations, the EC should have submitted a formal request to extend the WTO waiver or issued a formal assurance that, should the deadline be missed, tariffs would not be raised. Instead, the EC was adamant that the deadline would be respected, despite the enormous pressure and strain on ACP relationships that this involved. Clearly, such developments signify unpredictable negotiating tactics.

ICCO (2004: 3) argues that a country going into the negotiation needs to know a lot about the main interests of the negotiating counterpart: know your counterpart’s arguments. In this respect, the EU, through its 50-year scenario assessment of the potentiality of each ACP economy (including Zimbabwe), coupled with public information - inter-alia the country’s challenges in the body politic, the downward spiral economy, the conflictual state-CSO relationship, and mistrust in the state-private sector relationship - has significant knowledge

about the interests of its counterpart. Indeed, a significant portion of the guerrilla negotiating strategies and tactics of the EC is based on the above knowledge and factual analysis of Zimbabwe's ability to resist the relentless onslaught. Through such scenario assessments, the EC might have evaluated the economic strengths of the new entrepreneur, especially farmers, to hold on to their properties in the event of failing to make profits as a result of tough competition from the EU and other global and regional producers. Strategies and tactics aimed at maximising the EU's interests include the following:

- The EU's unilateral decision to withdraw market access provisions in the middle of negotiations, which put pressure on the Zimbabwean parliament to hastily ratify the iEPA in 2012. The EU emphasised the illegality of granting trade preferences since December 2007 when the WTO waiver expired, hence the decision by all 27 member EC Councils, the EC, and the EU Parliament to terminate MAR 1528 of 2007 by October 2014. In this respect, the EC chief negotiator, Machado, while jointly negotiating with the SADC EPA group stated:

The EU is the biggest trading partner under WTO, and does not want to be seen to continue breaking the rules. ... The EU is the only trading bloc (partner) in the world that willingly continues giving trade preferences and market access even before concluding the on-going EPA negotiations. Thus, the EU must not be viewed as failing the SADC EPA group by unilaterally and arbitrarily setting the date to withdraw market access provisions. In any case, these market provisions were unilaterally given to ACP countries as a transition support mechanism while negotiating EPA, initially expected to have been concluded by 31 December 2007. Machado, March 2013<sup>29</sup>.

- The EU often announced from the onset of the negotiations that 'other configurations have agreed to some provisions, and therefore, it would be difficult for the EC Council and EU parliament to accept this group position and offer that is different from other configurations' (Machado, 2013<sup>30</sup>). This strategy is usually linked to market access (rules of origin and tariff offers) or trade-related issues where EPA counterparts may not have the mandate or the capacity to meaningfully negotiate sustainable development, as more

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29 Observation during the joint EU-SADC EPA countries negotiations, Johannesburg, South Africa, 20-22 March 2013.

30 Observation during the joint EU-SADC EPA countries negotiations, Johannesburg, South Africa, 20-22 March 2013.

often, the EU chief negotiator would pronounce at the start of negotiations that ‘the contentious issues or market access is the make or break of these negotiations.’ Tekere, 2012. This puts pressure on the group or country to concede more concessions. For Zimbabwe, which since 2000 has been facing other EU applied pressures, the outcome was not only to concede more concessions, but also abruptly agreed to individually sign and ratify iEPA regardless of the short to medium term implications to the economy and society.

- Singling out a member state or group of countries within a configuration for taking the negotiating process forward in a joint meeting is a strategy aimed at creating division while exerting pressure on those perceived as bent on resisting Europe’s strategy. For instance, in a joint meeting with the SADC EPA group, held on 19-22 March 2013 in Johannesburg, South Africa, the EU chief negotiator, Machado, harshly criticised the Southern African Customs Union (SACU) exclusion lists as insincere and far from Europe’s expectations while heaping praises for a job well done on Mozambique. Factoring the capacity levels between SACU countries and Mozambique, the strategy was meant to divide the cohesion of the group, and most importantly, sharpen swords directed at SACU, and in particular South Africa. Unfortunately, the EU’s efforts to wreck the unity of SACU are failing because the countries are bonded together on account of existing revenue sharing formulas. The other reason is the expressed desire by SACU member states to correct the 1999 error in which South Africa signed and implemented the Trade Development Cooperation Agreement (TDCA) with EU leaving out other SACU customs union countries. This was not the case with ESA. Countries have no common economic and political bonds that would compel them to stick together under EU divisive pressures. Though no insightful information is available on the developments that split the ESA group and subsequently saw individual countries signing an iEPA with the EU, it can be inferred, on the basis of anecdotal evidence critiquing the EU, that divisive tendencies might have been employed.

Similarly, Zimbabwean negotiators, despite the prevailing circumstances devised negotiating strategies and tactics at both national and regional levels in order to position the country within the various negotiation platforms. At the national level, the political leadership constantly heaped praises to the ‘look east policy’ as an alternative to the traditional trade and development relationship with Europe. While sounding contradictory, the negotiators kept on

emphasising in public the importance of ensuring that the EPA process rested on the compassion of the successive trade regimes with the EU (Lomé Convention and Cotonou Agreement) in which industrialists continue to appreciate the level of economic integration through historical trade relationship. This strategy assisted in minimising the level of mistrust between the state and the business community. Most importantly, while the political leadership continued its anti-colonial crusade, they were very careful not to discredit the EPA process thereby disrupting the historical trade relationship with Europe. This strategy ensured that at all the EPA engagements, Zimbabwe had allies it identified with on the EPA process, and that its discord with the negotiating bloc did not filter into the process. This was supported by Munyuki (2012)<sup>31</sup> who claims that:

There was no visible sign that EU-Zimbabwe bilateral relations were strained as the two sides dealt with political cooperation and economic cooperation separately (at least in public). Both sides also realised that nothing would be gained by either side in linking political and economic aspects of the Cotonou Agreement, as this would expose and isolate Zimbabwe thereby slowing down the ESA EPA processes. Both sides further behaved as if the political impasse did not exist.

The country's strategies and tactics in the EPA process are summarised in Table 5.1 below. In this respect, the government through COMESA managed to access EU financial assistance, thereby facilitating the participation of two<sup>32</sup> or three government officials in the RNF and joint ESA-EU meetings held in the region and in Brussels despite the country's suspension from the 10<sup>th</sup> EDF financial assistance. In addition, the table reveals that the government, through the COMESA secretariat, successfully mobilised resources to undertake a study on external common tariffs as well as the national consultation between the government and stakeholders interested in the EPA process. Zimbabwe also adopted a strategy of speaking directly with the EU in the context of ESA group (the only contact between Brussels and Harare at government level), thus compelling the former not to cloud the process with conflictual bilateral issues. This removed bilateral politics from the process thereby allowing the cohesion and unity in the ESA group throughout the process as well as ensuring mutual respect between the EU and Zimbabwean negotiators. Zimbabwe also

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31 Interview discussion with Elijah Munyuki, Gaborone, Botswana, 25 August 2012.

32 According to funding criteria, each ESA country receives funding support for two government officials and one for the private sector representative. However, in some instances, the government ended up taking funding support for three.

successfully stuck with the group in spite of the many differences, some of which were externally driven, on perceptions of unfolding political and democratic developments in the country and the EU's imposition of smart sanctions and travel prohibitions on ZANU (PF) leadership, including the Industry and Commerce minister. The table also shows that at the regional level, Zimbabwe confirmed the importance of maintaining the group's position including telling the EC that there were 'non-negotiable regional positions' (Katuruza, 2012)<sup>33</sup>. The table further reveals the group's strategy of alternating the thematic negotiators in order to persuade the EC chief negotiator, Machado, who might have come to the negotiating table focusing arguments on particular personality(ies)<sup>34</sup>.

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33 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 28 May 2012.

34 Observation during the joint EU-SADC EPA group negotiations, in which Machado always focus on Xavier Carim and Malan Lindeque, chief negotiators of South Africa and Namibia, respectively.

**Table 5.1: Zimbabwe’s national and regional strategies/tactics for the EPA process**

National strategies and tactics	Regional strategies and tactics
○ Holding preparatory meetings with relevant stakeholders ahead of each round of negotiations (RNF and joint ESA-EU).	○ Agreeing on strategies and tactics with other group countries ahead of each round of negotiation with the EC.
○ Pushing for national position reflecting national interests at RNF meetings.	○ Postponing negotiation on areas where the group feels not ready to engage with the EC.
○ Requesting the COMESA secretariat to undertake certain studies such as the common external tariff and impact assessment using own resources, as well as funding national level consultations.	○ Learning to avoid EU’ surprises by deferring any matter that is introduced without prior notification and/or consultation to future round of engagement thereby allowing both national and group consultations.
○ Making use of analytical work done at ministerial levels and the different viewpoints of CSOs <sup>35</sup> with resources and time to participate in the EPA process.	○ Understanding the merit of what other ESA countries are putting on the table as well as lobbying them with a view to form specific short-term strategic alliances.
○ Inviting media to EPA meetings held in Zimbabwe for purposes of disseminating information to various constituencies.	○ Proposing to defer contentious issues to the next round of negotiations in order to allow further consultations at both national and regional levels.
○ Undertaking mini-studies and analytical work at ministerial level in order to input into the national positions before shared with other ESA countries.	○ Being wary of EC’s tactic and strategy of deliberately leaking information with a view to gauge the group’s views in some areas.
○ Holding debriefing sessions after each RNF session or joint ESA-EC negotiating round.	○ Changing the group’s negotiators from time to time in response to the EC’s arm twisting strategies and tactics.
○ Keeping the EPA team intact for the sake of continuity (the team has not changed much despite the challenges facing the government).	○ Ensuring that the chief negotiator for a particular thematic area is not deviating from agreed regional position(s).
	○ Categorically spelling out ‘no go areas’ during joint rounds of negotiations.
	○ Using regional studies to support decision making processes.

Source: Own compilation from interview discussion with Katuruza, 2012

At the national level, however, there is no indication of stakeholder consultative engagements in the process. Anecdotal evidence reveals challenges in forming reliable and predictable government–NSAs strategic alliances on the EPA process, and directly involving other state institutions such as the MPs in the TDC in particular and other MPs and Senators in general. The former chief negotiator, Katuruza, acknowledges challenges facing the government in general and the Industry and Commerce ministry in particular including perceptions of

<sup>35</sup> Particularly Trades Centre and Seatini

confusing EPA issues with conflictual bilateral relations with the EU, fiscal related constraints, high rate of staff turn-over in trade related portfolios and EU's economic and political isolation policy to ZANU (PF) government and leadership over this period.

Meanwhile, the EU has throughout the process constantly reminded the ESA countries that the EPA outcome would produce a 'mutually beneficial developmental and regional integration supportive agreement' (Nalunga, 2004). Many of the EU strategies and tactics have unfortunately not only caused a lot of disquiet among Zimbabwean key relevant stakeholders and constituencies, but also impacted enormously on the economic partnership the EU has been building for decades and had a detrimental effect on trade and development bilateral relations. For instance, the ESA countries claim that the EU wants to disturb the development of regional industries by ensuring that tariff lines remain generally low, while tariff liberalisation commitments have not been harmonised within the configuration (see Figure 5.3 in section 5.5) and within the existing regional integration initiatives. This gives a lot of scope for additional opening in these economies, which the EU is set to exploit without necessarily competing with sensitive sectors and/or products. Already, there is high penetration of EU products into the configuration, and into regional and Zimbabwean markets, as is evident from the growing trade deficit with the EC. This trend feeds into the worries of industries or operators. However, as shown in Box 5.1 below, Zimbabwean negotiators claim success in protecting sensitive products and sectors, avoiding agreements that include binding commitments on trade-related issues, back-loading 35% of tariff liberalisation commitments, securing export safeguards that also cover sugar and beef, and securing concessions awarded to other configurations. However, these success claims had to be judged within the context of the current state of the economy, the dysfunctional GNU administration, and the fractured national body-politic that is struggling to adhere to the agreed GPA provisions.

**Box 5.2: Multiple challenges and Zimbabwean negotiators' achievements**

In spite of multiple challenges, Zimbabwean negotiators have:

- Managed to protect about 20% of the products which are sensitive to Zimbabwe.
- Avoided paying customs duties in the EU thereby safeguarding exports including sugar and beef quotas.
- Avoided an agreement that includes binding commitments on trade-related issues as requested by the EU on such issues as competition, government procurement and investment, which were rejected by developing countries at Singapore WTO ministerial conference.
- Negotiated for longer time frames.
- Managed to back-load tariff liberalised commitments, and
- Succeeded in demanding concessions given to other configurations from the EU.

Source: Own compilation from interview discussion with Katuruza

#### **5.4 Zimbabwe's formulation of negotiating positions and offers**

The EPA process in Zimbabwe presents an era of distinctive features, all of which directly affect state-stakeholders' consultations, subsequent articulation of national issues and interests, and the formulation of national positions and offers. As discussed in section 1.1, these distinct features, which limit deep and wide consultations, include tense state-society relations, a contradiction-ridden macro-economic policy environment, politically-induced polarisation with distinct internal and external allies, a conflict-ridden GNU, cold bilateral relations which fuel state-society tensions and stakeholder limited resources. All of the aforementioned constantly generates flashes of mistrust, uncooperativeness and frustrations among key stakeholders, thereby undermining the inclusiveness of the consultation process. This poisons the working relationships between negotiators and relevant stakeholders. As a result, some critical voices have been left out of the process which formulated national positions and offers that were subsequently shared with the EC.

The EPA process suffers not only from unorthodox approaches to the redistributive agenda of the country's natural resources, but also from a prevailing economic environment that has over the review period been characterised by partisan economic policies and programme consultative engagements. This development exposes the state shortcomings of (both the

former government and the current GNU) calming the fears of the private sector with respect to tampering with sensitive sectors and excluding product lists or lines<sup>36</sup> from tariff liberalisation. Equally important is calming the fears of the private sector with respect to the manner in which politically motivated indigenisation and economic empowerment programmes<sup>37</sup> in specific sectors of the economy (agriculture, mining, and manufacturing) continue to be implemented, without due consideration to the implications on the country's economic recovery, especially its industrial and export capacities. These grand revolutionary economic empowerment programmes are largely partisan, irrational, unconventional and outside both the theoretical jurisdiction of economic development models. They are also outside any scientific analysis of the impacts and implications on the economy's capacity to compete with other economies, including the EU in both internal and external markets. Critics of ZANU (PF) driven economic transformation programmes lament the lack of business acumen, competence, commitment, capacity, skills and financial resources. They also decry the government's open tolerance of perennially low production and/or productivity levels under the ZANU (PF) partisan and emotional slogan 'Zimbabwe's natural resources to indigenous Zimbabweans'. While this has contributed to low levels of ambition in the negotiating round, it equally exposes the vulnerability of the economy in both domestic and external markets. The EPA process's consultative environment thus continues to be characterised by mistrust among key stakeholders, resulting in paralysis in internal engagements between government negotiators and officials on the one hand, and other state institutions such as parliament and other relevant stakeholders on the other. As a result, the articulation and formulation of the country's issues, and offensive and/or defensive interests, positions and offers was undermined - an outcome that could be inferred to have benefited the EU negotiators.

Ideally, consulting and involving CSOs and the business sector should have started immediately after the launch of the EPA roadmap for such input to significantly contribute to the country's strategy, the articulation of issues and interests, and the formulation of national positions and offers. Firstly, this inclusive consultations and engagements would have assisted in collectively aligning national interests with central objectives of EPA negotiations in a collective manner. Secondly, this inclusive consultations and engagements would have

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<sup>36</sup>These product lines are identified by an HS Code at agreed digit levels, usually 6 or 8 digit levels. The parties also have to agree on the data sources with respect to the product tariff lines.

<sup>37</sup> Land reform and economic indigenisation programmes

allowed government and stakeholders to build confidence, coalition, and strategic synergies in all the EPA related activities and processes including the development of national issues, interests, positions and offers. Given the fact that Zimbabwe has been engaging with the EC, which has huge resources at its disposal, reason should have prevailed to involve and/or harness all relevant stakeholders at all levels. The study appreciates the involvement of trade related cluster ministries, other state institutions, private sector umbrella bodies and trade and development-focused CSOs and research institutions (Figures 3.1 and 3.2). However, it decries the exclusion of the Consumer Council of Zimbabwe (CCZ), a body which represents the interests of consumers, CSOs which sternly critique the ZANU (PF) government's approaches to economic policy frameworks, the ZCTU (despite being an ally of the MDC political party) and academia and research institutions. Such omissions reflect major state shortcomings given the known strengths of the EU's negotiating guerrilla strategies and tactics in league with GFIs. This also reflects the CSOs' weak advocacy in uniting all the relevant stakeholders in the process.

Seatini (2005) argues that the 'process gives national governments and/or citizens limited space to breathe and think for themselves.' Political polarisation and a state-civil society unfriendly relationship means that important state institutions and civil society groupings have remained outside the process for the greater part of the EU-Zimbabwe EPA journey (both the former ZANU (PF) government and the GNU administration). Interaction with some CSOs reveals deliberate government practices of excluding critical broad sections of CSOs from any level of consultation on economic policy matters. This exposes state shortcomings in building strategic synergies, networking and partnership, with most CSOs working on trade and development and the totality of the business community. But Katuruza (2012)<sup>38</sup>, 'claims government success at different levels of national level consultations, sector specific meetings, provincial consultative sessions, and parliamentary portfolio workshops in the formulation of national negotiating interests, positions, and offers'. However, this assertion was rejected by a significant proportion of the CSOs' representatives who described the EPA era as 'reflecting a significant lack of government's political will to meaningfully and extensively consult them on economic policy including trade negotiations'<sup>39</sup>. Godfrey Kanyenze, director of Ledriz, the research wing of the ZCTU, laments the dysfunctional nature of the Tripartite Negotiation Forum (TNF) - comprising government, the private sector

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38 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 28 May 2012.

39 Comment by some CSOs representatives during the interview discussions held between 2011 and 2012.

and labour - with regard to facilitating EPA consultations, at least within this framework in line with its mandate. Such consultations would have mirrored best practices of neighbouring democracies with high levels of offensive and defensive ambitions in the EPA process. For instance, South Africa, a major competitor to the EU's commercial interests in Zimbabwe, uses the National Economic Development and Labour Council (NEDLAC) comprising the representatives of government, labour, business and community organisations (CSOs) to articulate and develop EPA-related national issues, interests, positions and offers.

This state consultative weakness is supported by Willie Shumba (2012)<sup>40</sup>, the former Zimbabwean revenue commissioner and a former regular government delegate to EPA-related meetings, now SADC secretariat's customs senior programme officer, who describes government's consultations with CSOs since the launch of the joint roadmap in 2004 as 'unstructured, selective and a function of a polarised national body politic'. Indeed, the process excluded the participation of CSOs who were perceived as anti-ZANU (PF)'s economic empowerment and governance practices on account of being strong allies of western governments and donors. But some of the excluded CSOs have programme activities that interact with people in communities and rural areas. Such exclusions reflect the lack of constructive consultations in the articulation and development of the country's issues, interests, positions and offers before being shared within the group and with the EC. Such exclusions also denied respective CSOs an opportunity to share the EPA process and the implications thereof with the communities and rural people.

While CSOs often decry the difficulties they experience in accessing responsible ministers or trade directors, the study observation dismisses this notion by noting that 'EPA preparations and negotiations have all along been done by technical experts in trade related ministries, who generally do not require appointment first before interact with outside stakeholders'. This situation not only questions the CSOs' advocacy approach (in light of the prevailing political obstacles), but also exposes deficits in their lobbying and advocacy approaches, strategies and tactics in this regard. Focusing on lower structures in the process would have facilitated the filtering of the CSOs' views in the process. While it is appreciated that the prevailing political environment makes routine engagements with government officials somewhat difficult because they are constrained to express their own opinion on certain

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40 Interview discussion with Willie Shumba, Gaborone, Botswana, 14 March 2012.

policy directives and process, CSOs should have considered approaching them outside the country or asking their counterparts in the region and beyond to undertake these assignments. Again, this reflects the CSOs' failure to devise a strategy capable of achieving its goal through regional networks. Regional networks should have lobbied their positions with a view to contributing input to the process. Indeed, advocacy as a strategy and tactic seems to have failed, and CSOs should not hide under the cloud of the prevailing political environment and tense relations with the state. Even though the ESAP context might have changed somewhat, the CSOs' advocacy work should have borrowed experiences of that era, which mobilised both resources and people to successfully discredit the programme. The CSOs' advocacy work should have employed some of the strategies of their counterparts working on humanitarian areas, who succeeded in influencing the former government to cooperate for the benefit of the people and country.

While funding was a significant constraint on the CSOs' participation in the RNF and joint ESA-EU meetings held in the region and in Brussels, they should have created dialogue platforms, calling for fair and mutual EPA outcomes within the confines of sovereign political rights and obligations to drive social and economic development through trade. This creation of national dialogue is more so given that the EU was not funding any CSO working on the EPA process. Thus, the CSOs through such platforms should have considered advocating the implementation of asymmetrical trade openness with the EU based on human-centered development benchmarks, some of which were shared with the EU. The call for human-centered EPA development benchmarks, should have given the government the assurance that CSOs are not only critical of certain policy frameworks and programmes, but also supportive of the government's economic developmental agenda. Indeed, an approach that takes into account variations in development levels between the EU and Zimbabwe has all the reason to dampen state-civil society tensions, regardless of the prevailing economic and political challenges. In addition, Munyuki (2012)<sup>41</sup> has observed:

A major weakness of CSOs was their failure to build technical expertise in order to make better informed criticism of the EPA process. Although CSOs were invariably opposed to the process, they did not have strong technical justifications for opposing the process as a lot of their objections were general allegations against the EU motives. For instance, the Stop-EPAs campaign was launched without any practical idea on what would be the alternative or

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41 Interview discussion with Elijah Munyuki, Gaborone, Botswana, 26 August 2012.

options for a country like Zimbabwe. For instance, Zimbabwean civil society EPA-related slogans, campaign messages and debate should have been framed within the context of economic rights, thereby moving closer to government's wealth redistribution agenda. Most CSOs arguments were emotional and packaged without proper socio-economic analysis. Further CSOs perceived that government negotiators were not sympathetic to their concerns thereby worsening the level of mistrust between them and government. As a result, state-CSOs relations in Zimbabwe were very volatile and directly linked to the political polarisation.

Observations based on interacting with some MPs in the TDC identify excluding MPs as a major omission given their three constitutional roles of being a monitor of the executive (government), representatives of the people and legislature of national laws including trade-related and associated regulations. The omission further ignores the importance of MPs in terms of domesticating regional and international trade and development agreements and their implementation. This means that the MPs - by ratifying both bilateral and multilateral trade agreements within the confines of the country's national constitution - allow trade between parties to take place. Indeed, both the Lower House and the Upper House ratified the iEPA which the WTO was notified of on 9 February 2012. Commenting on the ratification process, the deputy clerk of the Zimbabwean parliament, Gabriel Chipare (2012)<sup>42</sup> said:

Firstly, the MPs were pressured to debate and ratify iEPA within a short space of time and without due consideration to the fact that they had not been participating consistently in the process as an institution. Secondly, the pressure ignored the fact that some MPs had only been with the legislature for less than 5 years<sup>43</sup>. Lastly, the pressure discounted the fact that this new trade regime, like any other bilateral and multilateral trade agreements, are embedded with socio-economic and political theoretical and technical concepts - all of which would have required more time to unpack before allowing enough time to debate the process, outcome and subsequent implementation. This would have also linked the process to various commercial and political constituencies and the generality of the population.

Although Katuruza claims hosting parliamentary TDC portfolio workshops, the political dynamics in the country has since 2000 seen new people after every parliamentary election in the TDC portfolio, a development that calls for more capacity building training workshops.

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42 Interview discussion with Gabriel Chipare during the SADC parliamentary forum annual meeting held in Lilongwe, Malawi, 24 November 2012.

43 Zimbabwe's constitutional life-span of Parliament (both Lower and Upper Houses)

However, a well-known lack of financial resources from the fiscus and donor agents counter the above claim. This means that the Zimbabwe's legislature could not roll out the requisite capacity building exercises in order to empower the MPs with knowledge, a development that would have facilitated their interactions with other state institutions, NSAs working on trade and development and fellow MPs in the ESA group and beyond. Lack of resources also denied the MPs opportunities to participate in the RNF and joint ESA-EU EPA meetings held in the regional capitals and in Brussels.

Over this period, the Harare administration presided over polarised media practices, private and public, with the former perceived as being in league with a hostile foreign media and western governments and pursuing an anti-government agenda based on exposing every unfolding weakness. Katurura (2012) further attests that the government could not have interacted with the private media (foreign and domestic), which massively and offensively criticizes government approaches not only on political and governance issues, but also on the management of the economy, including bilateral trade relations with other countries and the EU bloc. However, the exclusion of private media omits a significant proportion of the media whose strategic value would have linked the process with broader constituencies, in particular unorganised but potentially determined and committed agricultural producers, exporters and investors. It is known that since 2000, national umbrella bodies representing agricultural producers, the key economic drivers, have been rendered dysfunctional largely due to the unfolding economic and political developments in the country. For example, the new farmers<sup>44</sup> (both Model A1 and Model A2) have since 2000 been largely unorganised, that is, functioning without a dedicated umbrella institution representing their economic and political interests in various short-lived macro-economic policies (see Table 6.4, section 6.4.1) and in the EPA process. As a result, to date both Model A1 and Model A2 farmers belong neither to the Zimbabwe Farmer Union<sup>45</sup> nor to the Commercial Farmers Union<sup>46</sup> whose national prominence and significance over this period have drastically dwindled, hence their total absence from the EPA process. Indeed, these farmer organisations have not been influential in lobbying and realigning farmers' commercial interests with national strategic policies and

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44 Model A1 is for smallholder farming areas (farmers) with an average size of six (6) hectares whilst Model 2 is for commercial farmers areas (farmers) with an average size ranging from 30 to 5,000 hectares. By 2005, Zimbabwe had settled 140,866 families under Model 1, drawn mainly from the communal areas and junior workers in government, and 14,500 under Model 2, mainly ruling elites (Kamidza and Mazingi, 2011: 328) or as largely seen by donors and other critics, a sanctuary for the political elites (Matondi, 2011: 96)..

45 Represents smallholder (peasant) farmers, now Model 1.

46 Represents commercial farmers, now Model 2 farmers

external interests, as informed by scenario analysis and projections of both lucrative and depressed markets throughout the world. This attests to the fact that both Model A1 and Model A2 farmers had not been represented in all the related EPA processes despite the potential of the new trade regime to have a short to medium term onslaught on the sector, the backbone of the economy. The new farmers are already struggling to satisfy national demand and agro-processing value chains to offensively penetrate the EU market and/or to defensively seal off European products from flooding the local market. Farmers are currently struggling to stimulate their respective production levels to quantities that can sufficiently trigger sustainable forward and backward linkages with the rest of the economy. While the new commercial farmers interests went begging during the EPA process, the EU's agricultural sector is driven to a large extent by MCs and TNCs, some of which have competing operations in the country and the sub-region, which is known for receiving substantial subsidies from the EU member states. The EPA process entails a rough negotiating mandate, as the EC often regards the MCs and TNCs as strategic allies in major bilateral and multilateral trade negotiations. In this process, as reflected in Figure 4.1, the EU is not only working with its traditional allies (MCs, TNCs and business lobbies), but also with GFIs (the World Bank and IMF).

Secondly, the exclusion of the media means the process remained out of touch with the marginalised groups in society and the general population, especially a significant proportion of civil society groups including social movements. This means that potential unorganised entrepreneurs in key politically sensitive sectors, including agriculture and mining, have not been part to the process, and that agreed positions and offers are not within their respective interests. While limited resources and state-media relations are appreciated, government negotiators should have institutionalised frequent media releases and debriefing sessions prior to and/or after every important EPA-related meeting, platform, or event throughout the process. This would be a strategic way of facilitating interaction with the above category of stakeholders' whose interests as either entrepreneurs or consumers will be affected either way when the new trade regime is implemented. For instance, the authorities could have instructed the ZBC daily TV programme entitled 'Murimi waNhasi' (Farmers Today) - which is anchored by academics from the University of Zimbabwe for the purpose of interacting with the new farmers in particular and the nation in general - to include the unfolding developments in the EPA process with a view to soliciting input from new farmers in the formulation of national positions and offers (see section 1.5). Sadly, this opportunity was not

used, keeping the farmers in the dark despite the fact that they will be facing the EU's onslaught in the short to medium term.

Research institutions provide critical views of economic policy processes, especially indigenisation and economic empowerment programmes as an integral part of their contribution to the country's socio-economic and political developments. In the past, their (the research institutions) relationships with the state were cordial in spite of their critical reflections on economic policy frameworks, especially paradigms such as ESAP. For instance, organisations such as the Sapes Trust and Ledriz produced volumes of critical reflections on government shortcomings in the public policy arena. Despite this, relationships with the state remained cordial as such reflections act as input in public policy related processes. However, since 2000, there has been limited interaction between government structures and institutions and the country's research institutions, despite the fact that research institutions are instrumental in the articulation of national issues and interests during policy formulation and implementation. Unfortunately, the prevailing policy environment that characterises the EPA process undermines this relationship. Equally significant is the fact that, due to various factors including a lack of financial<sup>47</sup> and human<sup>48</sup> resources, Zimbabwean research institutions have not been producing critical reflections on the EPA process. This has greatly undermined rational articulation of national issues and interests, and subsequent development of national positions, offers, collective strategies, and tactics. It has also undermined the formulation of well-focused advocacy activism, the outcome of which would have benefited the country's positions and offers.

The EPA process suffers from non-availability of two equally important policy blueprints, namely the national trade policy and the industrial development policy, both of which were launched in 2012. Firstly, these should have provided strategic guidance in the articulation of national issues and interests, and the development of national positions and offers. Secondly, they should have facilitated stakeholders' engagements and subsequent input into the process regardless of the level of critique and the polarised environment. Unlike most EPA states - where wisdom and resources of the private sector and CSOs have been harnessed in support of this process - Zimbabwe, in spite of its past record, especially during the ESAP era of working constructively with CSOs and the private sector on economic policy formulations

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47 Lack of donor support

48 Due to brain drain

and implementation including bilateral and multilateral trade talks, the government has ignored this tradition, largely due to the above noted political and policy environment related distinct features.

While this study does not focus on civil society-private sector relationships in the EPA process, it has been observed that there has not been much collaborative interaction and networking within the NSAs. No visible platforms to share notes or consultation on the process were noted. The study submits that, in an environment of political tension, such platforms should have been established to build coalitions and synergies. Multi-stakeholder dialogue platforms are necessary to constantly review the implementation of both industrial and trade policies as well as the implementation of iEPA regime. It is also necessary to monitor iEPA related issues, especially with respect to protecting tariffs of sensitive products, which are both a necessary and sufficient condition to support infant industries, distressed industries, new industries, and intrinsic economic sectors, as defined by both trade and industrial policies. The study, however, regrets that important EPA-related documents such as studies and meeting records were not available during the EPA process.

Both government officials and CSO representatives agree that national level consultative processes have been hampered by budgetary constraints. This has made it extremely difficult for the country to raise fiscal resources to support economic policy directives, including EPA negotiations, when the priority has since 2000 been to domestically support grand economic programmes such as the fast-track land reform and indigenisation economic empowerment programmes. Unfortunately, there was no wisdom to link the beneficiaries of the programmes with future markets, especially the main trading partner (the EU) with strong economic and political links that date back to colonial era. Meagre government's resources have supported the participation of additional officials who joined the EU funded officials (two or three) in all the EPA-related dialogue sessions. While appreciating EU support, the arrangement was politically decisive and distasteful as the negotiating partner facilitated contact and interaction at lower levels while denying the same at higher levels through sanctions and travel prohibition. In addition overall government participation support was far less compared to other more ambitious economies in the group including Kenya, Mauritius, and Uganda.

Furthermore, Zimbabwe's suspension from the 10<sup>th</sup> EDF's financial assistance earmarked for economic and regional integration negatively impacted on the state's ability to deepen and

widen the consultation process. This means that the country has not been able to benefit from the EPA financial window, through which other EPA negotiating countries have been able to access resources to build negotiating consultative skills, capacities and synergies. The country also could not access external resources from other western governments and donors to facilitate economic related discourse, including the EPA process.

This financial limitation also limits the frequency of consultative meetings between government officials and other key national and regional stakeholders interested in the process. It limits the inclusiveness of all the relevant stakeholders' input, positions and offers before being shared within the group and/or with the EU on many platforms. Fiscal constraints, in particular, limit the number of government officials who can attend the RNF meetings which over the review period have been scheduled to take place almost every month<sup>49</sup> as determined by the deadlines<sup>50</sup>. This also involves inclusive participation by most trade-related government ministries and departments. In addition to financial limitations, the process has to contend with a shortage of human resources, given that in many instances some of the government trade officials are also responsible for other trade and economic integration desks or portfolios. For instance, the same government officials who deal with EPA process are also responsible for trade-related areas such as the COMESA, SADC, and WTO.

The above discussion reflects how stakeholders' omissions undermined the country's development of positions and offers that were shared with the EC, resulting in the signing and ratifying of the iEPA as a new trade dispensation. It also reveals the challenges which confronted the state-stakeholder relationship in terms of constructive and collective crafting of a new trade regime with the country's historical leading trading partner, now a bilateral antagonist. These omissions justify the study hypothesis that the EPA is a short to medium term onslaught on the Zimbabwean economy.

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49 The launch of the roadmap in 2004 envisages RNF meetings almost every month in light with the 31 December 2007 deadline to conclude the EPA regime.

50 December 31, 2007, July 2008, and December 2008.

## 5.5 Interim EPA outcome, ratification and implementation process

While the rest of the ACP EPA groups maintain their respective compositional memberships, the original ESA configuration split into two towards the end of 2007, namely the EAC and the reconfigured but diverse ESA group. In this respect, the EAC states<sup>51</sup> initialed an iEPA on 23 November 2007 with the EU as a custom union, and negotiations on the full EPA are in progress. Madagascar, Mauritius, Seychelles, and Zimbabwe, member states of the newly configured but diverse ESA group - comprising the IOC<sup>52</sup>, the Horn of Africa<sup>53</sup> and some southern African<sup>54</sup> countries - individually tabled separate market access offers based on their respective specificities to the EU, resulting in the signing of the iEPA on 29 August 2009 in Mauritius.

Following the individual ESA countries signing ceremony, the EC Trade directorate heralded the first iEPA outcome in Africa as a major stepping stone towards a wider and more comprehensive EPA deal currently under negotiation between the EU and the whole of the ESA region. These negotiations have been under way since 2008, covering rules and commitments on trade in services, investments, agriculture and rules of origin; trade-related areas such as sustainable development, competition and trade facilitation; and cooperation on sanitary and phytosanitary provisions and technical barriers to trade. In 14 May 2012, an excited EU Trade Commissioner, Karel De Gucht, remarked on behalf of four ESA countries iEPA signatures:

Today, our first iEPA with an African region is applied. This is excellent news and I salute the hard work of negotiators and colleagues on all sides. With this trade deal, we hope to accompany the development of our partners in eastern and southern Africa and open up better and lasting business opportunities. [www.trade.ec.europa.eu](http://www.trade.ec.europa.eu)

In contrast to the EU Commissioner, some representatives of CSOs - including Afrodad, ANSA, Ledriz, Mwengo, and Zimcodd - expressed their astonishment that Zimbabwe, given its economic circumstances within the context of a dysfunctional GNU (Chifamba, 2012) and a hostile economic policy environment, was among the first group of ESA countries to sign

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51 Burundi, Kenya, Rwanda, Tanzania and Uganda

52 Madagascar, Mauritius and Seychelles

53 Comoros, Djibouti, Ethiopia, Eritrea and Sudan

54 Malawi, Zambia and Zimbabwe

and ratify the iEPA with the EU without exhausting consultations, especially from civil society sector and the private sector<sup>55</sup>. In this respect, Zimbabwe's ratification process in both the Lower and Upper House was concluded in February 2012. An excited EU Ambassador to Zimbabwe, Aldo Dell'Ariccia (while addressing a seminary workshop on iEPA in August 2012), assuming full return to normal bilateral relations and conducive business environment, predicted an improved EU exports and near doubling of imports under the now ratified WTO compatible trade regime between the negotiating parties. While this might not necessarily be linked to the iEPA outcome, it can be inferred that the outcome is a rejuvenated confidence in producers and exporters, especially from Europe. It can also be inferred that Zimbabwean producers in the short term will be unable to compete with European products. Indeed, competitiveness is *inter alia* a function of industrial productive capacity utilisation that currently hovers at over 20%. The ratification has inspired the EU bloc to benevolently promise funding to support the establishment of a trade and private sector development start-up programme, which *inter alia*, seeks to improve the business environment, encourage public-private sector dialogue, facilitate SME value addition, market competitiveness, export diversification, access market information<sup>56</sup> and upgrade the Zim-Trade trade database and the Standards Association of Zimbabwe's laboratories<sup>57</sup>. For instance, public-private sector dialogue sessions will facilitate interactions on the state of the economy including economic policy and trade arrangements reviews and strategies for reviving and sustaining sectoral forward and backward productive and export linkages. The platform will also facilitate engagements on iEPA implementation challenges and opportunities, the implementation of industrial development policy options including productive value chains, downstream and upstream industrial linkages, mineral beneficiation options and competitiveness and diversification challenges and opportunities.

Table 5.2 below summarises the status of ESA EPA countries that have initialed, signed and ratified the iEPA. The table also reflects existing trade regimes with the EU, the status of notification to the WTO and the ratification process. As illustrated, most countries of the newly configured ESA group countries are not under pressure from the withdrawal of MAR

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55 Khumalo, a former Harare EU Delegation official now with the SADC secretariat, argues that the COMESA EPA CTA, Moses Tekere was instrumental in persuading and advising Zimbabwe to sign the deal in which most officials and private producers know its contents.

56 EU tools such as the market access database and the export help-desk.

57 Equipment and software, and staff skills training.

1528/2007 because they can continue trading with the EU under WTO compatible EBA provisions.

**Table 5.2: iEPA status by configuration**

EPA Group	Member states	Trade regime	Signature date	Notification to WTO date	Ratification process initiated
ESA	Comoros	iEPA <sup>58</sup>			
	Djibouti	EBA			
	Eritrea	EBA			
	Ethiopia	EBA			
	Sudan	EBA			
	Madagascar	iEPA	29/08/2009	09/02/2012	Yes
	Mauritius	iEPA	29/08/2009	09/02/2012	Yes
	Seychelles	iEPA	29/08/2009	09/02/2012	Yes
	Malawi	EBA			
	Zambia	EBA			
	Zimbabwe	iEPA	29/08/2009	09/02/2012	Yes
ESA / EAC	Burundi	iEPA			
	Kenya	iEPA			
	Rwanda	iEPA			
	Tanzania	iEPA			
	Uganda	iEPA			

Source: Own compilation from various sources

With respect to Zimbabwe, the signed agreement with the EU includes WTO-compatible market access schedules, and provisions on development cooperation, fisheries and other related issues. The agreement allows the EU to liberalise its market by 100%<sup>59</sup> by value as of 1 January 2008<sup>60</sup> while Zimbabwe is expected to liberalise by 80% by value by 2022 as shown in Figure 5.3. The figure also shows a comparative analysis of four ESA countries’

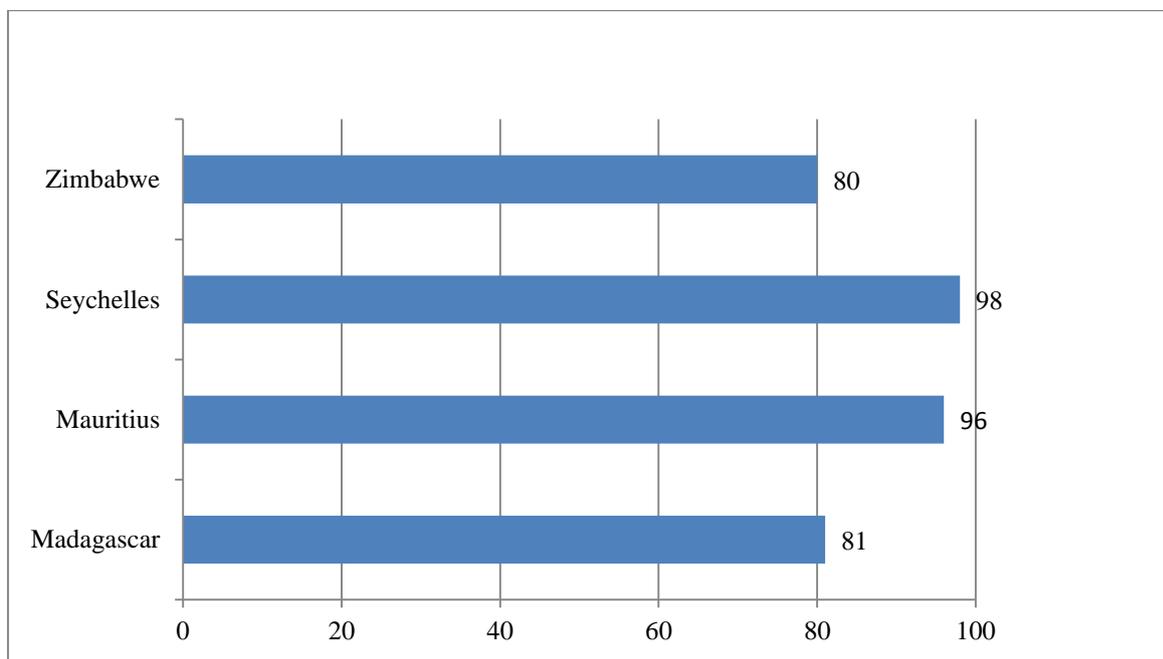
<sup>58</sup> Comoros withdrew at the last minute to sign iEPA.

<sup>59</sup> With transition periods for rice and sugar

<sup>60</sup> It is possible that this date may be interpreted to mean “the date the agreement enters into force, that is, when both agree to implement the agreement.”

agreed tariff liberalisation schedules and commitments, that is, the extent to which they are prepared to open up their respective economies to the European products across all sectors. The figure also reflects different levels of ambitions for the four countries in terms of ability and capacity to compete with EU products in the domestic market. Of the four, Zimbabwe reflects a slight degree of resistance though not enough to defensively protect local products from massive and competitive European product onslaught, while at the same time allowing industrial and sectoral productive capacity utilisation to rebound to its past regional and global competitive glory.

**Figure 5.4: ESA countries liberalisation of EU imports, percentages**



Source: [www.acp-eu-trade.org/epa/ESA.php](http://www.acp-eu-trade.org/epa/ESA.php)

Of the above liberalisation schedules, 45% would be achieved by 2012 with the remaining 35% to be progressively liberalised until 2022. Statistically, Zimbabwe has already opened close to half of the market to EU producers and exporters. It can thus be inferred that an opening up by 45% at a time the economy is still struggling to rebound, favour the commercial interests of European producers, exporters and investors. Unfortunately, this liberalisation time-frame of 2012 negated the fundamental dynamics that are still entrenched in the economy at various levels ranging from national body politic to economic utilisation of national resources. In particular, it negated the dysfunctional GNU (Chifamba's sentiments) on account of a public spat with regards to the implementation of the indigenisation economic

empowerment programme policy, unlocking international financial resources and fiscal prioritisation towards industrial sector revival. The agreed liberalisation time-frame also negated the politicisation (CSO sentiments) of the implementation of GPA provisions by quarrelsome parties in government, which has direct implications to the forthcoming presidential and national elections. All of this confirms the existence of a poor economic (business) environment, thereby sending the wrong signals to potential domestic and foreign investors that are badly needed in the economy. This is particularly true for the agricultural sector where new economic agents are competing with European producers, exporters and investors - both domestically and on their own market. This further illustrates not only the EU potential onslaught on the Zimbabwean economy, but also the potential readiness of the EU investors, producers and exporters to increase their market share in the country with ease.

As Zimbabwe and other iEPA signatories gradually open 80% to 98% of their respective markets to European exports over the course of 15 years, some products that are considered sensitive to national industrial development and other political considerations (as reflected in Table 5.3 below), have been excluded from tariff liberalisation phase-down commitments. This means that the EU on the basis of differences in economic development between the negotiating parties, has agreed to allow the respective countries to maintain existing tariff levels on identified products.

**Table 5.3: List of sensitive products by iEPA signatory**

Country	Main exclusions from liberalisation
Comoros	Products of animal origin, fish, beverages, chemicals and vehicles.
Madagascar	Meat, milk and cheese, fisheries, vegetables, cereals, oils and fats, edible preparations, sugar, cocoa, beverages, tobacco, chemicals, plastic and paper articles, textiles, metal articles, furniture
Mauritius	Live animals and meat, edible products of animal origin, fats, edible preparations and beverages, chemicals, plastics and rubber articles of leather and fur skins, iron and steel, and consumer electronic goods
Seychelles	Meat, fish, beverages, tobacco, leather articles, glass and ceramic products, and vehicles
Zimbabwe	Products of animal origin, cereals, beverages, paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronic and vehicles.

Source: [www.acp-eu-trade.org/epa/ESA.php](http://www.acp-eu-trade.org/epa/ESA.php)

From the table, Zimbabwe, by only identifying 20% tariff lines for exclusion (Zim-Trade, 2012), appears to be less ambitious than the other smaller ESA economies in many respects. Interestingly, the general level of ambition to protect sensitive sectors and industries was far below that of Madagascar, a regional country facing similar political tensions and isolation from the western governments, including the EU. Interestingly, while other economic sensitivities can be linked to Zimbabwe's economic and industrial development imperatives, the study raises questions on the moral, economic and political value of wanting to continue to protect, for instance, the Willow-Vale motor industry, given that since 2000 Zimbabwe has experienced an exponential increase in imported second-hand (pre-owned) vehicles from Europe and Asian countries such as Japan and Korea. The study has also observed that even under the SADC FTA, vehicles are presented as sensitive. However, as can be seen in Table 5.4 below, the sensitive list excludes some sectors and products currently prioritised in the national industrial development policy of 2012. These sectors and products have high employment creation potential, and are a significant contributor towards national economic recovery, and supporter of new entrepreneurs and producers.

**Table 5.4: Zimbabwe prioritised agri-business subsectors and products**

Sector and products	Importance to the economy
Food and beverages • Cane, oil seed, grain, vegetables, meat production and processing	<ul style="list-style-type: none"> <li>• Operations attracts small, medium and large-scale producers;</li> <li>• High potential for growth</li> <li>• A back bone of the agricultural sector in terms of raw material requirements or provision.</li> <li>• Significant stimulus of agro-based raw material supply industries (seed, chemicals and fertilisers), printing and packaging, milling and energy.</li> </ul>
Clothing and textiles • Cotton, polyester, acrylic, yarn, sanitary pads, clothing, under-garments, cotton wool, blankets and carpets	<ul style="list-style-type: none"> <li>• Vehicle for manufacturing development due to its quick turnaround from investment to production</li> <li>• High adaptability in operations of SMEs to bigger corporate entities</li> <li>• Huge scope for value addition and for backward and forward integration</li> </ul>
Leather and footwear • Quality leather and footwear products	<ul style="list-style-type: none"> <li>• High potential to enhance value addition thereby benefiting hides producers, collectors and merchants</li> <li>• High potential to encourage associated manufacturers</li> </ul>
Wood and timber • Quality timber products	<ul style="list-style-type: none"> <li>• High potential to simulate furniture related industries, exploiting both exotic and indigenous hardwoods and softwoods</li> <li>• High potential to establish a niche in the EU and global markets</li> </ul>

Source: Industrial Development Policy, 2012: 17-24

It can therefore be inferred that conflictual and uncooperative state-NSAs relationships and a politically charged national body politic may have contributed to narrow compilations of national exclusion lists before they were shared by the EU. Munyuki (2012)<sup>61</sup> claims that:

Although government invited business to pre-negotiations talks on many occasions, the business community's response was very slow. In many instances, the business community and business umbrella organisations and/or lobbies such as industrialists and commercial farmers failed to appear at crucial preparatory meetings.

Kamidza (2009) supports this inference by noting the plea by the former chief negotiator, Angelica Katuruza, to the private sector to submit their sensitivities to government even though the textual iEPA was already submitted to the EU during a regional workshop held in Harare in 2009. In a subsequent discussion, Katuruza (2012)<sup>62</sup> notes:

61 Interview discussion with Elijah Munyuki, Gaborone, Botswana, 26 August 2013.

62 Interview discussion with Angelica Katuruza, Johannesburg, South Africa, 2013.

Firstly, over the period, the main partner, the business community was preoccupied with day to day business management and/or survival issues and cared less on the EPA process. Secondly, they cared less about any government's economic policy directives, including contributing to or commenting on the process and potential impacts. Lastly, they developed a negative attitude towards economic policies and trade agreements in general and EPA in particular, despite the fact that they are the prime beneficiaries of the outcome and other trade agreements (regional and global).

From the exclusion list of sensitive products it can be inferred that Zimbabwean negotiators either failed to present compelling arguments regarding the merits of the country's infant industries, industries under distress and sensitive sectors such as the agriculture. This means that the negotiators failed to clearly articulate potential iEPA implementation impacts on human and social development while negotiating the new trade regime with Europe. On the other hand, a relatively small or weak exclusion list and lack of concessions can be attributed to weak state-private sector consultations (see Katuruza above) and the deliberate exclusion of civil society voices. It could also be a product of the former ruling ZANU (PF) party's macro-economic mismanagement and partisan indigenous economic empowerment programmes, whose processes and outcomes hardened the attitudes of the EU negotiators, member countries and various constituencies. Finally, this could be a product of limited bilateral contact or interaction between the negotiating parties. As confirmed by Katuruza, the EU only contacted or interacted with Zimbabwe within the context of ESA EPA processes, and at the level of the EPA processes. Indeed, the absence of higher levels of interaction reduces options for lobbying and articulating national interests within the Cotonou Trade, Development, and Political Agreement Framework that considers agriculture as the main area of focus (Commonwealth Secretariat, 2010:19). Thus, in any rational, social, economic, and political arguments, most sectors and industries would have qualified for distress protection in the form of an exclusion list. Maybe, as Chifamba argues, the level of ambitions reflects the mandate given to the negotiators to merely aim at securing future markets for the economy, a development that was exploited by the EU.

The above Zimbabwe's failure to protect sensitive and infant industries argument has to be assessed in the light of EU-Zimbabwe trade relations which, since the Lomé Conventions, have been characterised by the application of import and export duties and taxes, sharing of lists of sensitive products, and other safeguard mechanisms that have been considered

important instruments for sustainable agricultural growth and development and food security. In the context of the ongoing EPA processes, potential increments in economic production and export competitiveness are a source of compensation for the loss of fiscal revenues as a result of tariff cuts. However, it has since been noted that the economic meltdown for over a decade, coupled with massive withdrawals of donor funding and investors, have undermined the country's ability to service and finance huge challenges associated with social development, economic underdevelopment, inequalities in society, and humanitarian assistance because tariffs constitute a significant portion of government revenue.

Now that the trade agreement has been ratified, the implementation is underway. Regardless of generally accepted weak consultations during the negotiations and ratification<sup>63</sup>, the state needs the cooperation of all the stakeholders in the implementation of iEPA because building strong trade consultative platforms and alliances is essential. The current focus of the iEPA implementation commitments are reflected in Box 5.2 below. Broadly, it entails establishing an EPA implementation unit under the ministry of Industry and Commerce to spearhead all work related to the domestication of the iEPA - including research analysis, awareness raising and buy-in by all stakeholders and the general population.

<b>Box 5.3: Zimbabwe iEPA implementation support requirements</b>
<ul style="list-style-type: none"> <li>○ Undertaking needs assessments on the legal framework and administrative and human resource requirements.</li> <li>○ Domesticating iEPA in terms of Zimbabwean laws, including the customs book.</li> <li>○ Establishing a Zimbabwean EPA implementation unit, preferably under the ministry of Industry and Commerce.</li> <li>○ Pursuing accompanying measures to finance EPA-related adjustment costs including capacity building, modernisation and re-structuring of industries affected by trade liberalisation.</li> <li>○ Launching an awareness programme to inform all stakeholders (civil society, MPs, and the business community) of the rights, obligations and opportunities contained in the iEPA.</li> </ul>

Source: Compiled from various sources

In addition, the parties agreed to facilitate the implementation of the iEPA and to support regional integration and development strategies. The level of such cooperation is based on the

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<sup>63</sup> CSOs were generally unaware. The process was also rushed through according to the Deputy Clark of Parliament.

ESA development cooperation strategy and a jointly agreed-on development matrix. This entails cooperating in terms of mobilising resources from EU member states and other donors through the Aid for Trade commitments in support of iEPA implementation requirements and related adjustment costs. The country can also access funding from the 10<sup>th</sup> EDF financial framework. While this sounds enticing, caution has to be exercised because of the prevailing hostilities between the bilateral partners and confrontational state-civil society relations. Already, the EU has instructed that the allocated 10<sup>th</sup> EDF resources, be channeled towards humanitarian assistance governance and human rights projects. Indeed, the electoral related disputes between the negotiating parties that characterises the bi-lateral trade and development relationship is certainly to continue (see section 7.4).

In addition, there are capacity related issues with respect to accessing EDF and the entrenched complex bureaucratic machinery within the EU member states. ACP countries have in the past absorbed less than 45% of the first 9<sup>th</sup> EDF financial windows (see Table 4.3). This means that the degree to which the country accesses the promised ‘developmental assistance envelope’ through cooperation determines the appropriate iEPA implementation scenario described in Table 5.4 below. These scenarios are a function of the country’s ability to rejuvenate industrial production and productivities, export capabilities and competitiveness, leading to improved capacity to generate fiscal revenue. The status quo therefore requires a cautious approach in implementation. In addition, implementing the iEPA will be determined by the character of the relationships between the negotiating parties, and between the national stakeholders and the prevailing political environment.

**Table 5.5: Zimbabwean approaches in implementing an iEPA**

Scenario 1	Scenario 2
<p>A cautious approach as determined by the desire to minimise threats from:</p> <ul style="list-style-type: none"> <li>○ revenue losses</li> <li>○ infant and strategic sectors or industries</li> <li>○ investor confidences</li> <li>○ social cohesion (inequalities and un-even development).</li> </ul>	<p>A quick approach as determined by the desire to:</p> <ul style="list-style-type: none"> <li>○ generate more revenues</li> <li>○ facilitate: <ul style="list-style-type: none"> <li>○ technology transfers</li> <li>○ value addition</li> <li>○ economies of scale and specialisation</li> <li>○ foreign direct investment flows</li> <li>○ job creation (poverty alleviation)</li> <li>○ human resources development.</li> </ul> </li> </ul>

Source: Compiled from various sources

As before, on-going comprehensive negotiations would be concluded at a regional level to foster regional integration within the group. Critics have, however, warned the ESA negotiators to prepare to individually square up with the EU at the negotiating table, as was the case in the conclusion of the iEPA. Already a precedent has been set in which individual ESA countries signed an iEPA based on individual market access offers leading to the ratification of a new trade in goods agreement in the member states parliaments, despite having been negotiating together as a bloc. This suggests a possibility that individual ESA group countries may sign the comprehensive EPA with the EU. This requires introspection on the part of the Zimbabwean negotiating team in order to avoid errors that will harm the country's commercial and political interests in the short to medium term. Such an eventuality (which is highly probable) would mean that the EU has been fronting the ESA group to intensify interactions with lower echelons of the Zimbabwean government as a proxy to quickly seal a medium to long term future trade regime with a current sworn bilateral antagonist. While this confirms EU guerrilla negotiating strategies and tactics, it equally opens the Zimbabwean economy to the former's operators, investors and exporters, including MCs and TNCs. Given that the Zimbabwean entrepreneurs in the short to medium term would be able to compete with products originating from Europe, the study predicts the future exodus of some of local entrepreneurs out of their respective businesses, thereby creating opportunities for yesteryear commercial farmers and mining owners to invest in the country again.

## **5.7 Conclusion**

A review of the trade regime with Europe has been undertaken by institutions and structures that were established during the launch of the ESA-EU EPA negotiations roadmap in February 2004. These institutions and structures have been guiding the process at different levels (national, RNF, and joint EU-ESA) depending on the objectives, nature and context of the meetings. In this respect, at the national level, the negotiating structure that was/is supposedly involved in all the preparatory EPA work and reviews, has been the NDPTF, comprising of government officials from all trade related ministries and other state institutions and representatives of NSAs. However, as discussed above, the structure had its share of challenges that seemed to confirm to the hypothetical statement of this study. These challenges allowed it to be subsumed in the normal trade coordination process within the

ministry of Industry and Commerce. Thus, the NDTPF has throughout the process remained on paper as it could not be publicly identified with the process up to the iEPA signing, yet it could have been a structure to be transformed into the proposed 'EPA Implementing Unit'.

At the configuration level, the ESA-EU EPA roadmap established a structure to interact with the EC for the purposes of advancing the negotiations. This structure, as articulated in this chapter, is the RNF, comprising of ESA delegations as informed by the NDTPF and national imperatives and dynamics, ESA RECs representatives, the Brussels based ESA group, the committee of ambassadors' representatives and a Seatini official as representative of the CSOs in the configuration<sup>64</sup>. In this structure, as discussed elsewhere in the study, the COMESA secretariat has been coordinating the process with moral support from other ESA RECs secretariats, namely EAC, IGAD, and IOC. In order to streamline the coordination process, the ESA group with the financial support of the EU, agreed to establish the EPA unit under the COMESA directorate of trade headed by CTA with support from a secretary to facilitate the coordination of the process in terms of managing meetings, communication flows, arrangements and logistics. In all these layers of engagement, the CTA has been providing technical and intellectual leadership, in addition to attending to specific requirements of the ESA countries. The unit has also been liaising with the EU in the process, especially with respect to joint ESA-EU meetings. On paper the unit should have been accessible to all relevant stakeholders, but in practice this has not been as fluid as the study would have preferred.

Other structures were discussed in this chapter. Firstly, the RTPF, an informal body of experts that facilitate interaction, better technical understanding and/or interpretation of certain issues and unfolding developments in the process on both sides (ESA and EU), was discussed. This body comprises Brussels-based ambassadors and their respective officials, the committee of ESA group Brussels-based ambassadors, COMESA officials and ACP secretariat representative(s). Secondly, the committee of ambassadors composed of lead cluster spokespersons who have been responsible for liaising with both EU officials and the ESA ambassadors on all EPA related matters, was discussed. Lastly, the council of ministers responsible for the EPA negotiations, who have been meeting only when necessary to provide political guidance and leadership towards resolving stalemates of political nature, and with

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64 Seatini's official was booted out of this structure in 2005

political implications thereof in the process, was discussed. These structures were meant to complement and build synergies in the process of the RNF, the negotiating engine room of the ESA group. The structures were also meant to harness available ESA group human resources based in Brussels in ways that utilises their proximity to the EU negotiating machinery for betterment of the ESA group.

The chapters discussed at length guerrilla negotiation approaches employed by the negotiating parties in league with their respective political and economic allies to extract significant concessions in this trade negotiation round. In this respect, the chapter observes that the EU has not only consistently been consulting all the relevant constituencies, *inter alia*, producers, exporters, investors, and consumers but also economically and politically powerful business lobbies, MCs, TNCs and GFIs (the World Bank and the IMF). The EU, using guerrilla strategies and tactics was able to meet the mandate given by the EU member states. On the other hand, the Zimbabwean negotiators, despite being aware of the politically-linked isolation in terms of direct bilateral contact with the EU, seems to have failed to rally all the relevant stakeholders in articulating national issues, interests, positions and offers. The level of discord among Zimbabwean stakeholders dominated the public domain from time to time, a development that bolsters the EU to press for an early iEPA signature. The fact that the EU is considered a very strong, powerful, united and more integrated region, with well-known defensive and offensive interests in the country based on historical ties, should have convinced the Zimbabwean negotiators to pursue unity and a constructive stakeholder approach in the EPA process. This unity of purpose should have largely been a product of proper, inclusive and apolitical coordination between the state and other relevant stakeholders. This should have amplified the ESA-EU roadmap motto that the process should widely and deeply consult and involve all NSAs.

The CSOs' coordination, strategic networking, and synergy building with government negotiators, MPs and the private sector in the EU-Zimbabwe EPA process has not been as robust and intense as the EU-ACP and the WTO trade talks (see section 2.4). The CSOs' coordination seems to have been undermined by domestic stakeholder relationship (see Chapter 6) coupled with the government's decision to exclude those perceived to have critical views against the state on economic management, including its policies and programme. All this indicates that the process suffers significantly from a lack of inside and outside strategy, a development in which the dynamics and contradictions in both internal configuration and

joint ESA-EU engagement should have been reported with a view to strategically fuelling a series of engagements with the Zimbabwean authorities at various levels. Such a development would have helped coordinate the CSOs' advocacy and strategic engagements with government negotiators and the private sector in the process. All the above weaknesses support the study hypothesis that the process is an 'onslaught on the national economy' in the short to medium term.

## CHAPTER SIX

### ZIMBABWE'S STATE SHORTCOMINGS AND CIVIL SOCIETY ADVOCACY

#### 6.1 Introduction

This chapter inaugurates a discussion on state shortcomings and civil society advocacy in the EPA process and is premised on the notion that international trade negotiations are increasingly becoming an important arena in which Zimbabwe in particular and African countries in general have opportunities (consultative policy spaces and platforms) that can only be exploited if governments partner with all the relevant stakeholders. This essentially requires government-NSA cooperation, collective consultations and participation if the challenges that are likely to undermine efforts to secure viable and predictable markets for exportable products and sources of necessary imports are to be overcome. This also essentially requires Zimbabwean authorities and NSAs to create sustainable consultative EPA networks and partnerships with their counterparts in other African countries regardless of the configuration.

The chapter acknowledges both ZANU (PF) and GNU administrations' wide fault lines (see section 1.1) and CSOs' limited financial and human resources to engage the Zimbabwean authorities, RECs' EPA units and EU institutions in the EPA process. The wide fault lines and limited resources have been accused of entrenching state shortcomings and CSO advocacy challenges and inadequacies in the EPA process, thereby undermining collective identification of both offensive and defensive political and commercial issues, interests, positions and offers; collective analysis of unfolding issues, interests and positions; and strategic stakeholders' networking and synergy building. The wide fault lines and limited resources have further been accused for fuelling levels of state-CSO mistrust and uncooperativeness, leading to the deliberate exclusion of critical CSO voices on economic policies, including the EPA process.

The chapter is divided into three sections. The first section describes the practical functions of the RECs (COMESA and SADC) secretariats to locate opportunities and challenges for CSOs activism and to understand the weaknesses and strengths of CSOs advocacy in the

process in Zimbabwe, Africa and beyond. The second section focuses on the extent and implications of the fault lines in the state-civil society relationship, elaborating on the process and the practical challenges for both parties to gravitate and finally converge as they face an economically powerful partner who employs tried and tested guerrilla negotiating strategies and tactics. The section further interrogates the nexus between donor funding and CSOs' advocacy activities, highlighting emerging inadequacies, challenges and opportunities as the process unfolds. The third section highlights emerging real and potential fears, implications, and policy options as the process unfolds, zeroing in on trade and industrial policies, industrial production, export competitiveness, supply-side constraints and disruptions in national and regional markets. The section concludes by highlighting the persistence of state shortcomings and the conflictual state-CSO relationships that even characterised the GNU administration in this process.

## **6.2 COMESA and SADC secretariats<sup>1</sup> and civil society activism**

Despite the directive of the ESA roadmap for countries to deposit their respective impact assessment studies (IAS), and NDTPF consultative reports with the regional secretariat (COMESA), (Kamidza, 2004) reports that only five countries had done so at the beginning of 2005; it is unclear which countries submitted and if the remaining countries eventually complied with the directive. Most CSOs representatives interviewed concurred that the IAS and NDTPF reports in some ESA countries, including Zimbabwe, were not a collective engagement exercise which involved all the relevant stakeholders. Had they been inclusive it could have enhanced the EPA-related advocacy work of CSOs at various levels (country, configuration, region and EU). In particular, it could have also facilitated robust and rigorous engagements on the findings with a view to translating difficult proposals or positions into stakeholder expectations or inclusive developments and pro-poor outcomes.

The participation of civic bodies has throughout the process been constrained by limited democratic space, poor state-civic relationships and outright exclusion by coordinating institutions and structures in Lusaka and Gaborone, the capital cities of COMESA and the SADC respectively and the respective members' state capitals. For instance Seatini, the

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<sup>1</sup> ESA and SADC Secretariats have established EPA Units to provide technical and intellectual leadership to this process. In this section, I opt to use 'intellectual leadership' instead of 'Secretariat' in some cases.

roadmap's identified official voice of civil society, was booted out of the internal processes in December 2004 largely due to expressed strong views on the unfolding process (Kamidza, 2004). That also led to the death of the inside-outside strategy, meaning that Seatini, by participating internally, was able to flag out controversial issues or positions to other CSOs outside the official negotiating regional and Brussels meetings. As a result, the voice of the pro-poor and pro-development continues to express itself, pleading with the technocrats that ESA is not for sale. Surely poor constituencies could not dream for a positive EPA outcome when the process succeeded in totally excluding pro-poor social development partners and/or social development representatives. Failure to share process information between government negotiators, ambassadors and officials on the one hand and civil society activists working on trade and development issues on the other hand not only undermines robust engagement, but also generates perceptions of mistrust on the process at national, configuration and regional levels.

While it was evident that the inclusion of CSOs in formal discussions outside their respective government delegation was not applicable, the sector failed to articulate constructive and systematic form of engagement in the process. Throughout the process, the CSOs have not explained why their respective representatives failed to develop or commission analytical work on the process with a view to share with government negotiators thereby adding value to the process and outcome.

The above process and procedural shortcomings, which were/are replicated in all other continental EPA configurations, compelled the CSOs in Africa - who were in league with their counterparts (NGOs) in the north - to develop and implement a lobbying and advocacy strategy targeting EPA negotiating institutions, structures and personalities within the configurations, both in Brussels and the EU member states. In this respect, the objective of lobbying and advocacy activities was/is to specifically focus on the on-going processes and procedures that were/are likely produce pro-development and pro-poor EPA outcomes. However, the lobbying efforts undertaken in the EU institutions though highlighted the likely negative impact of the proposed EPA in southern Africa, they suffered from 'lack of recent data that would have convinced the EU's DG Trade Directorate that confirmed to have undertaken 50 years trade and development scenario on each ACP country' (Masiiwa, 2012).

Firstly, CSO advocacy and campaign missions were undertaken at various levels and intervals aimed at directly lobbying and engaging the EU's political institutions such as the EU Council, the EU Parliament and EU presidency and the EU's technical institutions and structures, including the EU Commissioner, Directorate-General Trade, Directorate-General Development and Directorate-General Agriculture and Rural Development. Further, the CSOs representatives' advocacy and engagements targeted pro-Africa's development oriented research institutions to lobby for pro-poor and pro-development comparative synthesis and analysis of the unfolding EPA process developments in the six configurations and Europe. This level of engagement helped to counter the EU's strategy of exerting pressure to 'configuration X' during the introductory remarks at the joint meetings usually by saying that 'configuration Y' has already accepted the EU's proposal or position or made tremendous progress on the proposal or issue. The advocacy and engagements also targeted stakeholders with moral authority and access to the corridors of EPA power with a view to ensuring a pro-poor and pro-developmental trade regime between Europe and Africa. The above level of advocacy and engagement missions contributed significantly to the EU's decision to extend the deadline to conclude ACP-EU EPA negotiations beyond 31 December 2007.

Secondly, the CSOs advocacy crusade was mainly focused on Africa and culminated in the launch of the 'Stop EPAs Campaign' in March 2004 in Nairobi, Kenya by CSOs that are affiliated to the ATN based in Accra, Ghana. The activities varied by targeted audience, but usually took the form of direct persuasive exchanges supported by evidence of potential EPA outcomes and implications. The strategy identified like-minded African governments and also entailed producing explanations of why the 31 December 2007 deadline process was set to fail African producers, exporters, investors, consumers, democracy and governance. The CSOs complemented this by holding several meetings, including at the margins of the annual AU organised African Trade Ministers, mobilising other constituencies interested in Africa's trade and development to resist fast-tracking the process without the participation of all key stakeholders. Indeed, the work resulted in several extensions of the set deadlines, thereby allowing negotiators to navigate slowly towards pro-poor and pro-development EPA outcomes. In spite of the above, a number of challenges and fault lines impacted negatively on the CSOs' advocacy work in the ESA configuration in general and Zimbabwean process in particular. However, while the sector narrated the challenges and fault lines, especially in

the Zimbabwean context there was no corresponding articulation of solutions and alternative ways of engagements in a manner that unify all relevant stakeholders.

Thirdly, the CSOs' advocacy targeted RECs and authorities in respective governments at different levels. Targeted RECs included both those that are in the driving seat of the EPA process such as the COMESA and SADC secretariats, and those who have been giving moral support including the EAC, IGAD and IOC (for ESA) and SACU (for SADC EPA). The advocacy and engagements were largely premised on the fact that the ESA configuration through COMESA had not organised a single dedicated meeting with NSAs, particularly civil society, to share the implications of the unfolding negotiations' issues, interests and positions to the citizen's livelihoods. Indeed, failure by COMESA and the SADC EPA units to organise dedicated EPA meetings with NSAs prompted CSOs to successfully mobilise resources for the purpose of organising meetings with the COMESA and SADC EPA units' CTAs. Subsequently, the regional CSOs organised a number of EPA dialogue sessions aimed at facilitating interactions and sharing of information, strategies and tactics under the intellectual leadership of two EPA configurations<sup>2</sup>. In this respect, the CSO organised EPA dialogue sessions included:

- a regional conference, whose theme was “ESA and SADC experiences in negotiating EPAs with the EU” organised by the Trades Centre based in Harare, Zimbabwe, in February 2009
- a regional workshop, whose theme was “EPAs and Economic Development in ESA Countries” organised by the Consumer Unity and Trust Society – Africa Resource Centre (CUTS-ARC) based in Lusaka, Zambia in October 2006
- a regional roundtable discussion, whose theme was “EPAs negotiations: Challenges and Opportunities for Poverty Eradication in Southern Africa” organised by the Southern Africa Regional Poverty Network (SAPRN) based in Pretoria, South Africa in October 2006.

While the CSOs could be saluted for organising the above events, the sector had not indicated if the main dialogue session negotiating points or arguments were shared with the relevant national and configuration authorities with a view to add value to the process.

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<sup>2</sup> ESA and SADC configurations

Unfortunately, the CSOs' representatives argued that COMESA and SADC secretariats' respective EPA units CTAs failed to avail themselves to the funded policy dialogue workshops aimed at exchanging views with the regional civil society formations. This snubbing of the CSO organised EPA meetings has since been described as a violation of the consultations with all national and regional stakeholders. It has also been equated with a lack of an open door policy and political will to interact with both moderate and radical CSOs in the process. Indeed, as discussed in many instances in this study, the Zimbabwean authorities have since the launch of EPA process, ardently excluded CSOs that were/are perceived as radical and politically incorrectly aligned. Thus SADC officials snubbed all the funded dialogue sessions while ESA officials only attended the Trades Centre organised conference in Harare. Further, both ESA and COMESA officials snubbed the 21<sup>st</sup> plenary assembly of the SADC parliamentary forum meeting held in Johannesburg, South Africa on 10-17 November 2006 under the theme "Enhancing the role of Parliaments in Governance and Development at Regional Level: Trade and Development Issues relating to the ACP-EU Trade negotiations".

The above shows that the CSO advocacy and lobbying challenges over this episode were fueled by perceptions of power and mistrust between the RECs' EPA unit officials and member state authorities, on the one hand, and representatives of civil society on the other. This also reveals the challenges of linking regional parliamentary work in the EPA process through sub-regional EPA units. Ironically, while sub-regional member states had unlimited access to sub-regional EPA units, other organs (parliamentarians) had difficulties interacting with the sub-regional EPA units CTAs and the respective governments' negotiators and officials. These platforms could have facilitated direct interaction and engagement between MPs and regional member state officials, especially since most MPs did not participate in the RNF meetings.

In the Trades Centre organised conference<sup>3</sup> (see above), COMESA technical officials circulated the ESA-EPA draft negotiating document that was officially submitted to the EU with a response timeframe of 30 September 2006. An excited Moses Tekere, ESA-EPA CTA, when asked about the rationale of sharing negotiations positions and offers with the EC

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<sup>3</sup> The only dialogue session in which regional civil society groups made an effort to bring together COMESA and SADC technical and intellectual leadership to share their respective experiences in negotiating EPA with them.

before exhausting internal (ESA) consultations, said: ‘It is a wise strategy meant to outwit our counterparts in the EU. The ball is now in the EU’s court, and a timed response is likely to work in favour of the happy ESA family.’ This was the first time that the regional CSOs saw the above draft. However, they could have opted to undertake further work with a view to scientifically critique Tekere’s assertion of ESA’s job well done as well as to support those countries eager to conclude the deal as individuals.

While ESA-EPA CTA expresses triumph and optimism over the draft textual proposals, failure to consult widely and deeply with other interested stakeholders at various stages of the process reflects COMESA’s, and by extension Zimbabwean, shortcomings in the process. It also reflects the extent of the CSOs’ challenges to directly lobby and engage political and technical personalities at the sub-regional RECs compared to the EU (see above). However, this fuels fears of negative implications and outcomes likely to tie ESA economies to European producers, exporters and investors in an unbalanced framework likely to perpetuate an unjust trade regime with the potential to undermine economic growth and development and regional integration efforts. Deve (2009), while reporting on the outcome of the Harare Conference to the regional CSOs and social movements on a follow-up social forum platform, remarked:

..... this mirrors the competitive race of African configurations all wanting to be the first to reach out to the EU’s negotiating machinery in spite of limited capacity, tight timeframe and space to assess outcomes in light of emerging national and regional economic units and consumers’ aspirations. Being the first to knock at the EU negotiating machinery’s doors not only fuels pessimism on the process, but also points to a bleak future for ESA economies under a legally binding trade regime. Deve, 10 September 2009.

ESA-EPA intellectual leadership<sup>4</sup> opted for text-based negotiations, that is, a compiled comprehensive wish list document which highlights:

- the scope of the agreement coverage: trade cooperation, trade related issues, trade in services, fisheries, economic and development cooperation, development finance cooperation, institutional framework and dispute settlements;

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<sup>4</sup> Its role is to guide the EPA process, provides technical direction and is responsible and/or accountable for the outcomes.

- a schedule for eliminating customs duties a day after the agreement's entry into force, that is, 10 years for capital goods and raw materials, 20 years for intermediate goods and 25 years for finished goods; and
- the exclusion lists of sensitive products from liberalisation commitment.

The above forms the basis for actual negotiations with the EU, and ESA-EPA CTA expected these provisions to improve the respective economies' industrial productive capabilities, export competitiveness, trading capacities, as well as their abilities to attract FDIs and an assortment of technologies. However, the ESA-EPA draft text fuels the CSOs' fear that the EPA outcomes may fail to assist the developmental objectives of the respective economies, saying:

... every five years the ESA-EU EPA Council shall undertake a formal and comprehensive review to ascertain if the development benchmarks have been attained by individual ESA countries as well as to determine whether EU's trade and development policies and assistance have contributed to individual ESA countries achieving the development benchmarks. (ESA-EU Draft Text, 2006: 8)

Further, CSOs advocacy work focuses on associated EPA adjustment costs that were estimated by the European Research Office in 2006 (see Table 6.1 below). As can be seen, revenue losses include falling fiscal revenues necessary to support government expenditures, including agricultural research and development, infrastructural development, social development and poverty alleviation programmes; dwindling resources to support trade facilitation and export diversification initiatives; production and employment initiatives; and skills and production improvement. Madagascar and Zimbabwe's adjustment cost levels are equally high, signifying equally great future challenges in satisfying fiscal expenditures and any initiatives meant to support respective industrial production capacities, export competitiveness and production and export diversification. This is instructive since the two countries have political challenges that impact negatively on any form of economic recovery.

In many respects, regional CSOs have throughout the EPA process been concerned with poverty (currently estimated at 60% of the population in many ESA member states) as well as high levels of unemployment, socio-economic under-development and growing inequalities. They have also been concerned about the potential negative impact of the EPA outcomes,

especially on economic units, especially small and medium sized entrepreneurs and new farmers (in the case of Zimbabwe) who are now exposed to an EPA driven bilateral and global market environment and conditions. In spite of the above, both the COMESA and SADC intellectual leadership (EPA units' CTAs) seem unwilling to consult other stakeholders such as civil society groups' ideas and views. There is also no evidence that the EPA unit CTAs engage the business community in dedicated sessions other than meetings where they form part of government delegations, in which they express their feelings on the process through government negotiators.

**Table 6.1: Estimated EPA-related adjustment costs by country, (€ million)**

Country	Fiscal adjustment	Trade facilitation & export diversification	Production & employment adjustment	Skills/ production enhancement	Total adjustment costs
Angola	40	45	40	45	170
Botswana	30	12	25	15	82
Lesotho	40	25	25	35	125
Mozambique	60	90	50	65	265
Namibia	40	12	12	15	79
Swaziland	60	12	25	15	112
Tanzania	70	65	40	65	240
Madagascar	90	65	40	65	260
Malawi	40	45	20	30	135
Mauritius	40	12	12	15	79
Seychelles	30	30	6	15	81
Zambia	50	45	25	45	165
Zimbabwe	40	20	25	30	115

Source: European Research Office, December 2006

The regional CSOs' representatives noted and agreed that the EPA process contains a number of contentious and complex issues that demand thorough and strategic preparation, coordination and synergy building between the various stakeholders. This requires an inclusive, constructive, and sound state-NSAs working relationship. They further observed limited political will to widely consult and deeply involve other stakeholders at national, configuration and EU levels. Of the three levels, they absolved the EU, at least for entertaining African CSOs representatives' missions, something that proved totally difficult

at both the configuration and national levels. With respect to Zimbabwe, the country of focus, there was absolutely no interaction between the state's political and technical personalities and regional and/or national activists. Unfortunately such developments have future short to medium term implications, especially on vulnerable infant and sensitive sectors of the economy such as agriculture and manufacturing and societal welfare.

Anecdotal evidence acknowledges that agriculture supports about 70% of the population for household consumption, and plays a minor role in both commercial agricultural markets and agro-processing activities. This fuels the fear among CSOs that EPAs are likely to flood ESA markets with subsidised agricultural products, a development that has future negative implications on the sector and the entire economy, especially in Zimbabwe where new farmers are still establishing themselves. Regional CSOs lament that the EPA process has failed to provide platforms for farmer organisations to contribute to the process, given the fact that most ESA countries are largely dominated by agriculture, agriculture-related activities and agriculturally linked sectoral industrial processes. They also expressed concern because the unfolding dynamics and importance of the sector would have qualified them for a dedicated session. Furthermore, the CSOs observe that COMESA's insensitivity in this regard has future implications, especially for smallholder farmers, other producers of agriculture-related products, industrial development and competitiveness - given the sector's strong forward and backward linkages with the rest of the economy - as well as consumers, with respect to balancing food security and food sovereignty objectives. The CSOs have thus been arguing that 'consultation is not about making assumptions about other social and economic units', (Makanza, 2011<sup>5</sup>) but rather about direct or indirect soliciting of their views. They therefore called upon regional political and technical leadership to also harness the radical views of broader constituencies including the 'Stop to EPAs' campaigners.

In Harare, the ESA-EPA CTA appealed to CSOs and other participants to popularise the ESA-EPA document in various constituencies. However, the appeal to popularise the draft raises the following questions: Should CSOs focus on the weakness of the document with a view to improving the final output, or on lobbying for its acceptance in the EU negotiating machinery? Should CSOs focus on inherent COMESA intellectual leadership weaknesses and failure to widely consult broader constituencies before serving the 'menu' on the EU table?

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<sup>5</sup> Interview discussion with Tendayi Makanza, Durban, South Africa, 10 August 2011.

Should CSOs focus on COMESA's intellectual leadership's lack of organic team spirit to call for a review of the process to date with the view to improve negotiating tactics, strategies and mandate? This prompts Deve (2009) to argue that requesting constructive engagement on a document that has already been shared with the counterpart for consideration highlights a high degree of contempt to other stakeholders' intellects, energies and activism; a display of mistrust between COMESA and CSOs, and a lack of team spirit, strategic networking, and synergy building - all of which are a necessary condition for positive socio-economic developmental EPA outcomes.

The regional CSOs agree that the ESA region can improve its negotiating capacities by harnessing all the available actors and critical voices. They also agree that a wide array of critical voices require efficient coordination as well as analysis, dissemination and sharing of critical information on the process. But coordination of all the voices, especially of critical constituencies, demands an 'open door policy', coupled with the expressed intent to accommodate different views. The CSOs further agree that coordination is about accountability of outcomes, reaching out to broader constituencies, and building strategic alliances, synergies and networks aimed at ensuring policy driven strategies and positive outcomes necessary to promote pro-poor development and improve livelihoods. Given the success of the "Stop EPAs Campaign" (See Section 1.1, page 7), the CSOs coordination would have forewarn the implications and dangers of the EU political structures' decision to withdraw MAR, especially to those countries eager to be the first to sign.

The concerns of the CSOs were echoed by the former South African President, Thabo Mbeki, in his opening remarks to the 21<sup>st</sup> Plenary Assembly of the SADC Parliamentary Forum, held in Johannesburg, South Africa on 10-17 November 2006, questioning the regional EPA intellectual leadership<sup>6</sup>: "How do we ensure that EPAs currently being negotiated with the EU by all SADC member-states do not serve as an obstacle to the envisaged SADC customs union?" Subsequent to the meeting, regional MPs claimed that "the EPAs issues, positions and offers have not been shared adequately with other organs of states in respective member-states". Negotiators have not interacted with MPs on the EPA processes in the context of their three roles: oversight to the executive, representing the people, and legislating national laws and regulations. Since then, annual regional parliamentary forum meetings have included a

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6 COMESA and SADC Secretariats

dedicated session on EPA processes in southern Africa in order to clarify issues and concerns in the MPs' three constitutional mandates: oversight, legislation and representation. This also means that the consultation and coordination between government negotiators and other state organs have remained very poor. By now, the ESA-EPA intellectual leadership should have developed a database of both national and regional activists and MPs to facilitate easier coordination of their input or voices into the process. This is instructive in that regional political leadership should have systematically engaged CSOs and other constituencies on how EPA outcomes would promote and support regional integration initiatives, processes and agendas.

### **6.3 Zimbabwe EPA process and civil society advocacy**

#### **6.3.1 State-stakeholder relationship and civil society advocacy**

Stakeholder participation and consultation on the EPA process in Zimbabwe have been the operational responsibility and capacity of the ministry of Trade and Industry (now Industry and Commerce). This entails identifying stakeholders to participate in the process at all levels from other trade-related ministries, para-statals, private sector bodies, CSOs and labour (see section Figure 3.3 and Figure 3.2). However, failure by the ministry of Industry and Commerce to implement the above reflects state shortcomings and the road for civil society advocacy on the EPA process. It also qualifies state shortcomings and civil society advocacy in Zimbabwe as a function of state-stakeholder relationship which, in turn, is a function of well-known fault lines. The above suggests a general lack of political will to involve and consult with all the relevant civic bodies in the EPA process. This has undermined the potential of harnessing all the available financial and human resources for a national common course. While the anti-EU mantra was directed by ZANU (PF) and their allies against the Zimbabwean economy, technical studies and assessment contextualised the bilateral fight as between the EU and ZANU (PF) leadership. This contradiction was not adequately exposed by the CSO advocacy and lobbying, a development that could have facilitated the convergence of extreme positions in national economic policy making in Zimbabwe. Firstly, the narrow and partisan approach to engaging the EU in EPA process has marginalised the voice of vulnerable groups in society, including that of unorganised entrepreneurs. Secondly, there was no political will to encouraging all stakeholders to mobilise resources in support of

the EPA process, especially knowing that there were no donor funding possibilities and fiscal limitations. Thirdly, there was no political will to encourage the mobilisation of all the relevant stakeholders and consumer welfare groups to support the EPA process. This would have facilitated the process and policy reviews now dominated by an economic empowerment agenda, as well as raising inequalities and uneven development in the country. As discussed elsewhere in this study, this would also have allowed collective identification of priorities, issues of national concern and interests and strategic approaches and tactics during the negotiation.

Thus, of all the CSOs approached, Seatini, Mwengo and the Trades Centre admit that the former Trade and Industry ministry (now Industry and Commerce) has throughout the process consistently invited them to every national preparatory engagement prior to the RNF and joint ESA-EU EPA related meetings. They have also participated in these meetings as part of the government delegation. For instance, Seatini, a Harare-based leading regional trade organisation specialising in trade negotiations, officially represented ESA civil society groups in all the EPA related RNF and joint ESA-EU meetings held in the region and in Brussels between January and December 2004 as per the EPA roadmap. The organisation developed trust with the Trade and Industry ministry, resulting in the signing of a memorandum of understanding (MoU) with the ministry of Foreign Affairs' Department of International Relations, aimed at facilitating dialogues sessions on topical thematic areas<sup>7</sup> on trade and development. As an insider in both the Trade and Industry ministry and RNF trade sessions, Seatini succeeded in passing crucial lobbying information to other national and sub-regional CSOs. All the CSOs sampled for this study attest to this. However, following the organisation's removal from the RNF framework<sup>8</sup>, the exodus of key technical staff<sup>9</sup> and diminishing funding<sup>10</sup>, the influence of Seatini in shaping advocacy and activism in the EPA process in Zimbabwe in particular and ESA in general, dwindled. Secondly, the Trades

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7 Topics presented included 'Assessing political risk in the SADC with specific reference to Zimbabwe and the New Partnership for Africa's Development (NEPAD).

8 Participating support was withdrawn in July 2004 and February 2005 for the two CSO representatives on account of insisting on free editorial in its monthly "Electronic Bulletin" in line with the insider-outsider strategy.

9 Two key officials (economist and policy expert, and a trade lawyer) resigned to join diaspora jobs in South Africa and Botswana, respectively in the same month (July 2005), mainly on account of the country's deteriorating economic situation while another media expert went for further education (Masters) in the same year.

10 On account of the staff exodus and donor funding models in Zimbabwe that prioritise governance, democracy and human rights activities while excluding economic programme activities including trade negotiations.

Centre, considered pro-government by the civil society sector, produced the country's EPA-IAS and facilitated the stakeholders' engagement in the findings and recommendations that eventually shaped the country's positions, interests and offers in the process. The Trades Centre also facilitated a subsequent EPA related conference dialogue in both Harare and Bulawayo to review and engage with the EPA-IAS findings and recommendations, national imperatives and the economic transformation agenda. Some CSOs who were interviewed participated in the proceedings. However, the EPA-IAS suffered from limited engagement between government and critical key stakeholders, namely civil society fraternity and the business community, a development that equally undermined the potential to build national synergies, coalitions and partnerships in support of Zimbabwe's goal of a better deal. This also undermined a pro-development and pro-poor EPA outcome based on collective articulation of the country's developmental aspirations. Lastly, Mwengo, though considered pro-government and someone who enjoyed cordial working relationship with the former Trade and Industry ministry, could not be identified with specific EPA related output or outcome mainly due to limited funding, which translates to limited activities and exodus of personnel from the organisation.

While Seatini, Trades Centre and Mwengo had good working relationship with government, they (three organization) would have invested more effort and time in ensuring that the contributions of other civil society groups add value to formal processes. They could have also lobbied government officials to acknowledge their respective strengths in the EPA process with a view to strategically build on sound state-CSOs relationship.

Other Harare based CSOs claim exclusion from directly engaging with the ministry on account of well-known fault lines, especially the perception that they are allies of the MDC formations and the EU. What is undisputed is the fact that most of the excluded CSOs at some stage publicly sympathised with MDC formations, in addition to publicly expressing strong views against the ZANU (PF) government's economic mismanagement and partisan approach to economic transformation and economic empowerment. That alone precipitated their exclusion while fueling state-CSO mistrust and uncooperative tendencies on economic policies including trade talks. The above also fuelled state shortcomings and paranoia over CSOs in the region and beyond thereby denying them access to the country's EPA-IAS (a national strategic document). This equally demonstrates that CSOs, regardless of location in

the sub-region and beyond, experienced difficulties in interacting with the state on the EPA process.

The organisations also argued, and rightly so, that direct engagement would be purely based on national economic interests rather than realignment along the national body politic. Firstly, the CSOs cited their undisputed but impressive record of engaging the IMF and the World Bank's sponsored ESAP, that was more often than not, characterised by a critique of the state's approaches to policy implementation as well as resistance to consider policy options and/or alternatives. Secondly, they pointed out their undisputed record of mobilising various constituencies in support of government policy space, then under threat from GFIs such as the World Bank and the IMF. Thirdly, they cited the leadership abilities of Ledriz, the research arm of the ZCTU, which successfully mobilised resources and other regional activists, academic and research institutions and labour, culminating in an ANSA policy dialogue platform and a publication with a set of lobbying policy alternatives to replace neo-liberal policies in the region. The above exclusions in the EPA process equally points to excluding critical sources of strategic analysis and views that could have contributed positively to the articulation of national issues, interests, positions and offers. Indeed, the hardline stance of politically labeling organisations as anti-ZANU (PF) not only made it extremely difficult for the Trade and Industry ministry to even consider their views in the process, but also completely closed any window or opportunity for lobbying and advocacy work in the process.

Some of these organisations are highly respected in the region, a development that allowed them to contribute to other regional EPA processes. Unfortunately the EPA process, because of embedded sensitivities about future commercial interests with respect to the EU, makes it equally difficult for other sub-regional member states to act as conduits of civil society advocacy work in Zimbabwe. Sub-regional member states leaders regard the Zimbabwe's civil society-EU nexus, which Harare often describes as an instrument of regime change, as sensitive to publicly interacting and/or engaging with on matters of the country's national importance. So, the only way for CSO advocacy and lobbying was/is with the Zimbabwean state. While a sound state-civil relationship on trade related issues is a necessary condition for constructive and effective engagements and participation, it is not a sufficient condition for the country to secure a better deal in this round of negotiations. Indeed, in the absence of both a necessary and sufficient state-stakeholders relationship, it remains a short to medium term

dream for the EPA to explicitly and implicitly redress the multi-dimensional nature of the country's current social and economic developmental challenges - including growing poverty, societal inequalities, and underdevelopment; under-equipped, under-funded and static industrial production; and value addition processes and export diversification. It is difficult at this stage to qualitatively ascertain the impact of excluding critical CSOs from the process in terms of securing a pro-poor and pro-development outcome<sup>11</sup>. Success in the above will level the competitive trading environments between the negotiating parties.

The Commonwealth Secretariat Hub and Spokes Project (2012) observes that most ACP countries including Zimbabwe have 'multi-stakeholders trade consultative networks' to inform trade policy making and input into bilateral and multilateral trade negotiations. However, more often any resemblance of a 'trade consultative network' that may exist, is largely over-represented by government officials at the expense of the private sector and CSOs. This means that countries may struggle to build sustainable and lasting pro-trade development outcomes including input into trade policies and trade negotiations. Thus, the prevailing conflictual state-civil society and state-private sector relationship both point either to a non-existent or dysfunctional trade consultative network in the country during the period under review. In concurring with the above, Willie Shumba<sup>12</sup>, the SADC's secretariat senior customs officer in his presentation to the regional trade and integration stakeholders, observed that while other regional countries with frictional political environments such as the DRC, Lesotho, Malawi and Swaziland have succeeded in establishing active customs-business forums in support of their respective trade and economic development goals, Zimbabwe is yet to do so. This is contrary to the past constructive, consultative and rigorous state-NSAs economic development policy debates within the context of the Bretton Woods Institution's<sup>13</sup> sponsored free market policies and trade liberalisation.

Stakeholder relationships are necessary to sustain investments made in the trade and development dialogue in the context of the country's industrialisation strategy. It is imperative for government, business, and civil society formations to work together to share unbiased and rigorous analyses of achievements, best practices and challenges in the current EPA process. Such a level of collective honesty and trust sustains collective responsibilities

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11 The EPA objectives (see Box 2.1) have all the nuances that the EPA Framework seeks inter alia to score pro-poor and pro-development outcomes.

12 Presentation made during the SADC Trade Negotiating Forum, Gaborone, Botswana, 15 March 2013.

13 The IMF and the World Bank.

on matters of trade and industrial policy formulations, trade negotiations and the implementation of regional and international trade agreements. Zimbabwe needs to come up with a sustainable mechanism that rallies all the relevant stakeholders behind the government in future bilateral, regional and multilateral trade and development cooperation negotiations. This suggests rejuvenating the public-NSAs consultative trade and industrial policy dialogue platforms. It also suggests supporting and encouraging national institutions and structures to be active, not only in national trade and development discussions and practices, but also in regional and global networking. Success in this direction has huge potential to galvanise current and future collective political will in support of the country's commercial interests and concerns.

Government officials argue that the main drive to negotiate was largely informed by the country's future needs in the global economy. Though this assertion is linked to short to medium term national commercial interests, it suffers from weak strategic stakeholders' consultations and objective, rational and collective analysis of the short to medium term strategic goals in the proposed reciprocal trade regime with the EU. The process also suffers from a lack of collective and inclusive articulation of national commercial interests in the context of the country's ambitions and comfort measures. The process further suffers from growing negative perceptions about the government-NSAs working relationships. In the light of these unfortunate developments, CSO advocacy has firstly failed to convincingly discredit the government's assertion of securing future markets by practically linking the present country's characteristics of unimpressive socio-economic indicators with the potential EPA outcome. Secondly, the CSOs have failed to discredit the assertion by demonstrating the dangers of a reciprocally open economy to European operators, producers, exporters and investors, some of which have strong lobbies including MCs and TNCs. Thirdly, the CSOs failed to advocate for the participation of new economic entrepreneurs across all the sectors of the economy, most of whom are yet to be organised under effective umbrella bodies with the objective of protecting their interests in regional, bilateral, and multilateral trade negotiations. Finally, the CSOs' advocacy failed to quantify and qualify their messages in ways that contrast the government assertion with potential negative EPA outcome. Unlike in the ESAP era, most CSO advocacy messages - although predicting general and specific future social, economic and political ramifications of the new trade regime - were not based on rigorous and scientific scholarly analyses. Further, the CSOs' lobbying message remains largely without an empirical base. Most of the published materials on EPA advocacy were

produced by activists, and as such, are emotional, one-sided and without balance, and do not offer alternative suggestions for an ideal process and outcome. While the advocacy messages targeted the Trade ministry's officials in various configurations, they forgot that the negotiators were implicitly or explicitly given a mandate by political principals, who were not targeted for lobbying purposes, especially in Zimbabwe. Lastly, the CSOs' advocacy revealed that the CSOs were not working closely with national, regional, continental and global research institutions, a condition that would have allowed rational, scientific, conceptual and contextual analyses to filter into some of the lobbying messages. This confirms that national and regional research institutions have not played an active role in the process, which explains the weak dialogue platforms between the research institutions and the CSOs.

The passion displayed by both parties to fast-track the EPA process that culminated in the Industry and Commerce Minister, Welshman Ncube's signature in 2009 in Mauritius was at variance with the prevailing and projected social, economic and political indicators. The economy that had contracted for eight consecutive years to about 50% of GDP was struggling to recover under the GNU administration. Expectations of in-flows of FDIs, regional and national investment - as well as unlocking financial resources from the international community - failed on account of disrespecting the provisions of GPA. The social and humanitarian crisis continued to absorb significant fiscal resources. Politically, the parties in the inclusive government continued to publicly contradict each other, especially with regard to economic policies and programmes. The above generated debate without success on whether or not the economy could be downgraded from developing to an LDC - an outcome that could have allowed trade to the EU to continue under EBA and DFQF initiatives. Meanwhile, the CSOs, having failed to dissuade the government negotiators from succumbing to EU pressure in Mauritius in 2009 following the de-escalation of the trade talks, were left in limbo. The prevailing social, economic and political indicators should have compelled the CSOs in their advocacy activities to point out the ramifications of splitting the ESA configuration, and the dangers of individual small, weak, and vulnerable economies signing the iEPA. They should have highlighted the violations of the joint ESA-EU roadmap in 2004 and the EU's potential to extract huge concessions for the European TNCs, MCs and other operators and investors at the expense of Zimbabwe's sustainable socio-economic development and political stability. The above would have motivated the Industry and Commerce Minister, Welshman Ncube, to resist pressure from the EU on the grounds that the country was still experiencing poor social and economic conditions, while suspended from

accessing external financial support from the EU, GFIs, foreign governments and other development donor agents. Indeed, the Zimbabwean CSOs, under the leadership of the Zimcodd advocacy programme, made a spirited effort to downgrade the economy to LDC status on the basis of huge and growing external debts and external obligations, coupled with negative social and economic indicators. This position and status would have allowed trade with the EU to continue under the EBA initiative, like the rest of the LDCs that were not under pressure to initial and sign the iEPA. Furthermore, the CSOs under the leadership of Afrodad also argued that the economy should be classified as a highly indebted poor country (HIPC) on account of its huge and growing external debt overhang that was not only retarding social and economic growth and development, but had also become economically exhausting and unsustainable, politically destabilising and socially immoral and unacceptable. Firstly, the CSOs in this regard observed that the country's debt overhang and associated obligations was denying the government the necessary resources to improve social development and conditions of the people. Secondly, and most importantly, this denied the country the resources to rejuvenate and revitalise industrial productive capacity utilisation, which at the birth of the GNU in February 2009, was estimated at less than 15%. Thirdly, it denied the country the necessary resources to revitalise downstream economic activities, value addition in export production, export competitiveness and supply-side development. Lastly, this could have facilitated rigorous research and development activities to improve market access to the EU and other global markets.

The signing and ratification of the iEPA was merely to ensure that trade in goods between Europe and Zimbabwe was legal before the WTO members, lest the EU face legal battles from other non-ACP WTO countries. According to João Aguiar Machado, the EU Commission Deputy Director General of Trade and the chief negotiator:

... big member countries of the WTO such as the USA and Canada, which have commercial interests in ACP economies, are already questioning the legality status of the trade regime between the EU and non-ratified iEPA countries, despite the fact that negotiations for the full EPAs are underway (Machado, March 2013).

Machado further cited the WTO's legality and conformity as the main reasons why the three political structures<sup>14</sup> of the EU have unanimously voted in favour of the withdrawal of MAR 1528 of 2007 by 1 October 2014. This withdrawal of the regulation market access will result in non-LDCs EPA countries that are without an alternative preferential trade regime but are trading under the most favoured nation (MFN) status, enjoying the same treatment as that accorded to all the WTO members. On this basis, the study argues that the Zimbabwean negotiators might have opted for early signature in order to avoid the sudden withdrawal of MAR, thereby swiftly cut trade flows between the negotiating parties, which as Tables 4.1 and 4.2 show, has remained constantly impressive throughout the period under review. The study further argues that by remaining silent on the potential negative impact of MRA withdrawal, the CSOs' advocacy lost an opportunity to converge with the government negotiators and officials on this process in particular and economic policy in general. The CSOs should have opted to discredit MAR decisions as well as alerting various constituencies on the implications and/or dangers of such a move. Either way, the CSOs would have proved that they are also fierce critics of the three political EU institutions that are being accused of being not only anti-ZANU (PF), but also pro-MDC<sup>15</sup> and its allies.

Proposed advocacy and lobbying for CSOs in Zimbabwe should therefore have entailed forming strategic networks with other key stakeholders - including the business community and broad sections of the sector ( social movements) - working on trade and development with a view to exerting pressure on the negotiators to summarise national interests, positions and offers in the iEPA framework. Further, concerted pressure should have been brought to bear on government through the ministries of Industry and Commerce, Regional Integration and other trade-related portfolios with a view to popularising the above-mentioned summaries in the main vernacular languages, Ndebele and Shona, in order for the various constituencies and citizens to understand and engage in the new trade regime with Europe. Furthermore, CSOs working with other NSA components should have exerted pressure on government negotiators to debrief the nation before and after each major EPA meeting or process.

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14 The EU Council, the European Parliament and the EU Commission.

15 The three EU institutions have since 2002 directed that 10th EDF resources be allocated towards humanitarian assistance and governance and human rights activities, areas that favour the MDC. Following the formation of the GNU, the EU three structures ensured that more 10th EDF resources are diverted towards soft sectors, namely health and education portfolios under MDC formations.

It is known that the negotiators have not been sharing any EPA information with respect to potential opportunities and/or challenges with strategic key stakeholders, including industrial bodies such as the CZI and ZNCC as well as with research institutions and labour. While it is understandable with respect to labour<sup>16</sup> and some critical research organisations to the extent of not warranting any advocacy and lobbying since the exercise will be futile, it is however, different with CZI and ZNCC, whose members would either benefit or suffer as a result of the new trade regime. In this respect, the CSOs should proactively have lobbied the government to at least have an open door policy for them in search of future trade relationship between the negotiating parties. The CSOs would have also developed friendships and formed partnerships with the business umbrella bodies, while creating opportunities for using these bodies as conduits for interfacing with government negotiators at all levels. Success in the above would have facilitated the CSOs to focus on forming strategic stakeholder alliances with government negotiators. It would also have supported collective harmonisation of iEPA trade liberalisation schedules commitments, with the current and future regional trade and integration commitments already agreed upon - or likely to be agreed upon - under COMESA FTA, SADC FTA and the Tripartite FTA (regional FTA comprising of COMESA, EAC and SADC).

Having noted the challenges facing national and regional institutions in terms of undertaking their respective EPA related research and advocacy work, CSOs should have stepped up lobbying and campaigns for the allocation of resources (donor funding and fiscal) with a view to ensuring balanced opinions of the unfolding process. In particular, CSOs' advocacy should have aimed to support the development and/or the establishment of technical institutions, the introduction of trade negotiations courses at different levels (diploma or degree), or specialised short-term trade negotiating skills at tertiary level. This would help to develop and build a broad base of qualified officers and activists with sound knowledge, skills, and capacities to simultaneously deal with bilateral and multilateral trade negotiations as well as regional integration agendas. While this level of critical mass does not help in the current negotiations round, it would be an asset in subsequent engagements and future trade negotiations (bilateral, regional or multilateral) in order to ensure fair publicity and scrutiny of the process and outcomes for the benefit of the nation. This level of trade consultative environment is essential for mainstreaming trade and industrial policy objectives within the

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16 Due to existing embryonic code with the MDC, that is, labour being the foundation of the MDC party.

broad trade and regional integration agenda, socio-economic development, pluralistic governance and body politic.

Negotiations in all configurations are done in thematic TWGs, structures comprised of junior government officials who not only prepare background negotiations materials for senior government officials, but also constitute a higher proportion of every respective government delegations to all EPA related meetings. The TWGs officers, who are experts in certain areas, are easily approachable and flexible when interacting with stakeholders. The structures not only report to senior officials (chief negotiators), but also produce thematic negotiations texts or records that are used by senior officials during their internal group negotiations or joint negotiations with the EU. Furthermore officials of TWGs not only advise their respective chief negotiators during the negotiations, but also develop textual proposals of group positions and offers on all the areas that were or have been negotiated with the EU. Unfortunately, the CSOs have neglected this easy to approach structure. It also appears that the CSOs have been targeting higher level senior officials and ministers while the real negotiations take place at a lower level. This is indeed an area where the CSOs dismally failed to step up clear advocacy messages.

The above discussion depicts the challenges that continue to constrain the trade policy making environment and position the trade debate to very weak state-civil society relationship. As a result, the above challenges have undermined CSO offensive lobbying on government and other key stakeholders working on trade and development issues in the country. This has also frustrated advocacy engagements between CSOs and other relevant stakeholders and constituencies such as producers, consumers and vulnerable groups in society. This scenario characterises state-civil society relations as merely symbolic or virtually non-existent since in most cases CSO efforts in the country's economic affairs follow donor funding patterns and intervention objectives, sometimes regardless of relevance and rationality. Since 2002 the 10<sup>th</sup> EDF has concentrated on democratisation, electoral reforms, human rights and governance activities while no funding was available for the EPA process. The EU cites fall-out in bilateral relations with Zimbabwe leadership as the main reason why the 10<sup>th</sup> EDF resources (channeled through the national authorising officer located in the ministry of Finance) (see section 1.1) could not be accessed by NSAs, especially by CSOs.

Thus, the CSOs' discourse on economic matters (including trade negotiations) often became a political mine-field, and as such, increasingly irrational, uncooperative and irresponsible. Overall poor state-NSAs point to potentially poor stakeholder wisdom, effort, and resources at the negotiating table vis-à-vis politically and economically focused EU institutions with full support from MCs and TNCs lobbies. Indeed, any weakness by the Zimbabwean negotiators increasingly becomes fertile ground for possibilities of short-gains and early harvest trade regime for the EU. It is sad to observe that most national stakeholders working on trade and development largely remain at the periphery of the process amid limited government outreach programmes on account of non-availability of resources, from both the EU and other donors on the one hand and from government's fiscal sources on the other. It is common knowledge that all donors have not been funding the Zimbabwean government's policy space, including trade negotiations related activities. It is also common knowledge that government has since the start of the EPA process been struggling to fund trade negotiations related activities.

### **6.3.2 Donor funding and civil society advocacy**

The EU's institutions and structures are well endowed with financial, human and technical<sup>17</sup> resources to advance the EPA negotiations with all six configurations. On the contrary, the ESA countries have had limited financial, technical and human resources, and have had to rely on the financial benevolence of the negotiating counterpart (the EU) to support the process nationally and configurationally. As a result, various interest groups have become frustrated or opted out of the process. Of all the ESA countries, Zimbabwe was in the worst situation: there was a massive exodus of foreign funding and high fiscal prioritisation of economic empowerment at the expense of trade negotiations. In addition, the country has since exhibited declining industrial capacity utilisation and productivity and export competitiveness. Lack of donor funding denied CSOs the opportunity to develop advocacy activities which would have influenced more fiscal allocation in support of the EPA process.

Through EU funding, ESA member states have throughout the process been guaranteed financial support (air tickets, accommodation and daily subsistence allowances) for three

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<sup>17</sup> Includes technical experts, specialised skills, short to long term consultancy and equipment.

participants at both RNF and joint ESA-EU meetings held in the region and in Brussels. In this respect, the EU was categorical in stating that the funding support would cover two government negotiators and one private sector representative. This decision was announced during the launch of the EPA roadmap, hence is not a product of the CSOs' advocacy work. In particular, Zimbabwe, even though under a restrictive regime within the confines of frosty bilateral relations with the EU, has benefited from this benign funding mechanism meant to facilitate the EPA countries' participation in this process. However, as the foreign currency in-flows dwindled, especially from mid-2005, the government ended up utilising the financial support earmarked for the private sector's representative. Again, this decision to fund Zimbabwe, regardless of the fall-out in bilateral relations, was not a product of CSOs' advocacy and lobbying efforts.

Interestingly, the EU decided to bankroll EPA processes and activities in the ESA group, publicly considered a 'high breed configuration' with no legally acceptable status to receive any donor money. It is instructive to note in this discussion that ESA was not formed by a legal binding instrument such as a treaty or MoU, hence was not a legal structure or entity to enter into financial transaction with the EU. As discussed in section 5.2.2, the ESA group's activities have been coordinated by COMESA with moral support from three RECs (EAC, IGAD and IOC). As a coordinator, COMESA was then identified by the EU as an appropriate secretariat to coordinate financial transactions from the EU in this process. It is also instructive to note that not all the countries of the original ESA group (before the split into EAC and reconfigured ESA) are members of the COMESA region. In particular, Tanzania, which the CSOs successfully lobbied to join a configuration with other EAC countries, is not a member of COMESA. This supports the study's argument that COMESA has throughout the process been used as a conduit to fund all EPA-related activities of ESA. This means that the EU, as a donor, opted to ignore basic rules and principles of funding institution activities by transferring all EPA financial resources earmarked for the ESA group through the COMESA secretariat. Kamidza (2008), in assessing donor funding to the CSOs working on EPA issues remarked:

.... because the donor is an interested party, who expects to gain from the conclusion of EPA round of negotiations, they simply overlook the ESA's legal and structural deficiencies. .... because the EU is a domineering party, which expects secure markets through rushed EPA process, simply overlooks basic donor principles of funding organisations, institutions and

structures. ...Basic funding principles dictate that under normal circumstances, no donor could have bankrolled the activities of a recipient through another entity's structure the way the EU is supporting ESA-EPA activities through COMESA secretariat.

Throughout the EPA process, no EU funding was extended to national and sub-regional CSOs in support of their participation; that is, no civil society representative was financially supported through COMESA to participate in RNF and joint ESA-EU meetings held in the region and in Brussels. It is also regrettable that the ESA group officially withdrew Seatini's representatives from all EPA related meetings, a development that weakened state-civil society consultative processes at national, regional, and Brussels levels. A few donor agents and philanthropists with a focus on economic justice network programmes supported the CSOs' participation in the process, though not in a sustained and structured way. The donors/donor agents and philanthropists who have supported the process are reflected in Table 6.2 below. Most of their funding models have been unsustainable and unpredictable to warrant systematic and structured advocacy on many of the fault lines of this process. As such, inadequate donor funding to a larger extent restricted CSOs advocacy to unstructured and inconsistent activities, more often without clear outcomes. Firstly, the state shortcomings and fault lines increasingly worsened to the extent of paralysis of the GNU's economic policy-making process. Secondly, the EU's benign support to three trade officials' participation, while employing divide and conquer tactics to the ESA group (see section 4.4.2) and guerrilla negotiating strategy and tactic (see section 5.3) survived crude public scrutiny not only outside the realm of ZANU (PF) anti-colonial agenda, but also within the lenses of fair trade in particular and economic and social justice in general.

**Table 6.2: Donor agents and philanthropists who funded government and CSOs in the EPA process**

<b>Donor</b>	<b>What was supported?</b>
EU	Government officials/negotiators participation in EPA meetings, and impact assessment study.
African Capacity Building Foundation	CSO representatives participation in AU organised meeting.
Action Aid	CSO representatives participation in RNF meetings, consultation sessions with government and other civic bodies, and advocacy at national level, and CSO organising an EPA conference.
Afrika Groups of Sweden	CSO hosting national EPA workshop.
Christian Aid	CSO representatives lobbying mission to the EU, and CSOs hosting national EPA workshop.
Friedrich-Ebert-Stiftung	CSO representatives participation in Brussels meetings, consultation sessions with government and other civic bodies, advocacy at national levels and CSO organising an EPA workshop.
Foreign Trade Union Organisations (FNV and FOS Belgium)	CSO representatives participation at the NDTPF and RNF, and advocacy at national level, CSO consultation sessions with government and other civic bodies, and organising an EPA conference.
Hivos	CSO representatives participation at RNF.
Oxfam America	CSO representatives participation at RNF, consultation sessions with government and advocacy at national level, organising EPA workshops.
Oxfam Novib	CSO representatives participation at RNF, consultation sessions with government and other civic bodies, and advocacy at national level, and CSO organising an EPA workshop.
Rosa Luxemburg Foundation	CSO representatives participation at the NDTPF and in Brussels meetings, organising an EPA conference, workshops.

Source: Compiled from the questionnaire responses

As a result, only a few civil society representatives have been able to participate in RNF meetings. In particular, only two CSOs<sup>18</sup> among all those working on EPA issues have participated, and to a lesser extent, in joint ESA-EU proceedings as part of the Zimbabwean delegation. This denied the country an opportunity to build synergies and coalitions between

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18 Trades Centre and Seatini

government negotiators and the broader section of CSO representatives, who over the decade have been able to build strategic trade-related networks across the continent as well as in Europe. This further denied the Trade and Industry (now Industry and Commerce) ministry the opportunity to receive moral and technical support from the civil society sector, to collectively and inclusively project national EPA issues, interests, positions and offers, and to build trust with civil society activists, given the politically charged environment in which the ruling party viewed civil society as ‘swimming in EU money’ in pursuit of a broader social and economic agenda in the country devoid of nationalistic perceptions and views of the ZANU (PF) party.

Indeed, limited funding to the EPA greatly compromised CSO activities which would have contributed significantly to the articulation of issues and interests and the development of positions and offers. Civic bodies, whose work typically involves interacting with both policy-makers and grassroots communities, would assumedly have been the natural advocates of pro-poor developmental policies during the process of developing Zimbabwe’s issues, positions and offers. They would also have amplified the voices of unorganised constituencies in the process, in their interactions with government negotiators and officials at the national and regional levels, and representatives of various EU institutions and constituencies.

While most ESA countries have the opportunity to access promised developmental assistance through the 10<sup>th</sup> EDF, Zimbabwe does not qualify. This means that the country cannot prioritise improving existing supply-side constraints to facilitate trade in goods. This also means that the country has to wait for the normalisation of bilateral relations with the EU, an outcome that largely dependent upon the outcome of the forthcoming harmonised elections. Furthermore, the country can continue to trade with the EU, regardless of the supply-side bottlenecks, a development that will not only throttle the flow of trade, but also give the EU products an advantage in the market. However, a combination of limited resources and the hardline position of the government vis-à-vis critical CSOs, frustrated civil society advocacy prowess in engaging with emerging EPA national challenges in particular, and those relating to both the ESA group and the EU in general as highlighted in Table 6.3 below.

**Table 6.3: Emerging EPA challenges by level**

<b>National level</b>	
	Limited financial resources to undertake wide and deep consultations, and own supervised industrial or sectoral studies.
	Politically charged environment undermine effective national consultations.
	Lack of skills and capacity to adequately prepare the negotiations.
	Deploying chief negotiators to Regional Missions <sup>19</sup> grossly undermine continuity in the pursuant of national interests, positions and offers.
	Vast negotiated areas requiring a very large team of experts and specialists - including economists, trade policy analysts, political and social analysts, lawyers and statisticians - who were not easy to mobilise given the brain drain across all sectors of the economy.
	The business community – the main stakeholder – has throughout the negotiation process been preoccupied with day to day business management issues, hence cared less about the EPA process.
<b>Configuration level</b>	
	Co-ordination at the regional level, resulting in negotiating parties keeping their cards close to their chests.
	Maintaining the group’s cohesion given the continuous dangling of the ‘development aid envelope’ by the EU.
	Different tariff liberalisation commitments among ESA countries (see Table 6.6), which also vary with existing regional integration commitments.
	Divergent interests among ESA member states.
<b>EU level</b>	
	Getting the EU to the negotiating table has not been easy given that the same (EU) negotiators have also been negotiating with other ACP configurations.
	Outwitting the EU with thorough knowledge of ESA countries vis-à-vis its commercial interests.
	Dealing with the EC’s specific mandate backed by a large pool of experts and specialists in all the areas under negotiations.
	Engaging EU with huge resources, all the necessary data and access to impact assessment studies’ findings and recommendations of all ESA countries and extensive experiences in trade negotiations.

Source: Compiled from questionnaire responses

<sup>19</sup> The chief negotiator between 2004 and 2006 was posted to the Embassy in Zambia, and the chief negotiator between 2007 and 2008 posted to the Embassy in Pretoria.

## **6.4 Emerging fears, implications and policy options**

### **6.4.1 Trade and industrial policies**

There is increasing consensus in African policy circles that trade is a powerful engine for economic growth and development (Kalenga, et al. 2011) and that promoting the participation of ACP countries in international trade requires effective, trusted and accountable trade consultative networks that are mainstreamed as part of the national trade policy framework (Commonwealth Secretariat Hub and Spokes Project, 2012). This ensures that a trade policy framework balances a country's capacity to generate foreign currency and to produce competitive products destined for external markets. It entails balancing the flow of imports and exports with government's prevailing social and economic objective(s). For instance, in pursuit of a consumer welfare maximisation goal, the government may opt for growth in imports which invariably introduces competition in the domestic market leading to a reduction in the price of goods.

Ugarteche (2000:73) observes that foreign competition forces an accelerated rate of domestic economic change and produces new opportunities to learn new technologies and new management practices that can be used to improve domestic productivity. Ugarteche (Ibid:1) further notes that in economies with small domestic markets, primary production spearheads economic modernisation while raw materials become a growing source of generating foreign currency to meet national import demands. In such economies, employment is not a concern as small to medium sized industries and emerging informal sector entrepreneurs increasingly become a vital source of job creation, income, poverty alleviation and livelihoods.

The above is instructive of the Zimbabwean economy over this period which, as a result of the economic meltdown and informal cross border trading activities in particular, increasingly became the main source of jobs, livelihoods and untraditionally a reliable source of fiscal revenue - a trend that continued under the GNU administration. This reflects deficiencies in macro-economic policy frameworks and/or weak implementation thereof. It is therefore instructive to note that the country launched a series of macro-economic policy blueprints between 2000 and 2008. However, these remained on government shelves on account of the non-practicability of implementation in a context of chaotic grand standing designed to appease ZANU (PF) functionaries, while pretending to find solutions for the country's

mounting social and economic challenges. The country's homegrown macro-economic blueprints that failed to rescue the economy from its alarming downward spiral trend are summarised in Table 6.4 below. It shows the short life-span of outlined policies, the country's deficiency in implementing macro-economic policies, perennial macro-economic policy failures, and a lack of collective approach in macro-economic policy making process and implementation. The table also reflects the growing frustrations among stakeholders fuelling state-NSA tensions. Lastly, the table provides sufficient evidence why it has been difficult to harness stakeholder resources in support of collective, inclusive and effective participation in the EPA trade negotiations.

**Table 6.4: Zimbabwe's macro-economic policy frameworks visions, objectives, and targets, 2000 - 2007**

Millennium Economic Recovery Programme (MERP) (2000 – 2001)	
	The vision was to mobilise all stakeholders (government, business, labour and civil society) to implement a set of measures that would restore macro-economic stability in the country.
National Economic Revival Programme (NERP) (2003)	
	The objective was to achieve macro-economic stability including a reduction in inflation and stimulating national output, productivity and foreign currency earning capacity.
Macro-Economic Policy Framework (MEPF) (2005-2006)	
	Outlined policy interventions and programmes targeted every economic sector, covering agricultural development, industrialisation, infrastructural development, investment promotion, social service delivery, poverty reduction, economic empowerment, youth development and gender equality, macro-economic stabilisation and strengthening institutional capacity.
National Economic Development Priority Programme (NERDPP) (2006)	
	The aim was to mobilise foreign currency in three to six months and to restore industrial production, which was on the verge of collapsing.
Zimbabwe's Economic Development Strategy (ZEDS) (2007)	
	The aim was to consolidate the country's economic development strategies aimed at achieving sustainable, balanced, and robust economic growth and development. However, issues contain therein are summarily repackaged from previous policies and/or policy pronouncements.

Sources: Kamidza and Mazingi, 2011, page 320 - 323

It can thus be argued that the life-span of these macro-economic policy frameworks reflect a high degree of uncertainty, government-NSAs mistrust, and low confidence in the country's economic affairs. Indeed, all macro-economic policy directives and interventions have failed to restore macro-economic stability in the country, an outcome which suggests that other stakeholders opted not only to totally reject the macro-economic policies, but also to question the sincerity of such policy frameworks while the economy has rapidly and systematically been sliding into a hyperinflationary environment. Thus, a combination of economic meltdown, a hyper-inflationary environment and less than 20% industrial capacity utilisation, has significantly compromised state-NSAs collective development of national issues and interests, offensive and defensive positions and offers that were shared with the EU. This epitomises the ZANU (PF) administration's dismal failure to embrace macro-economic policy frameworks as 'national policy tools' capable of stimulating economic activities and production across sectors, regardless of the country's political and bilateral fault lines. However, the GNU cultivated national expectations (across political divides) to create necessary and sufficient confidence-building measures to involve not only domestic and foreign economic entrepreneurs and investors, but also national constituencies and the general population in the design of macro-economic policies and their subsequent implementation in support of economic recovery, and to subsequently improve national product competitiveness vis-à-vis European products in both EU and local markets. For instance, the Short-Term Emergency Recovery Programme (STERP) launched on 18 March 2009, inter alia: adopting the use of multiple currencies as legal tender and the Rand as a reference currency; dismantling of foreign controls; the revival of productive sectors; and the creation of a conducive investment climate.

In line with the GNU's objective to inspire industrialists to prioritise their allocation of resources to favour industrial production, industrial productivity, export competitiveness and industrial research and development, a trade policy was developed and launched in September 2012. The policy has the potential to support the national economy by providing strategic guidance in linking industrial production processes with external markets and investors. It also has the potential to significantly turn the economy around as it contains both sectoral and national industrial policy options, linking national productive capacities and consumers with external consumers and exporters of goods and services. For example, industrial policy dictates the objective of trade policy expressed through import tariffs as instruments capable of enhancing the country's economic growth and competitiveness.

Unfortunately the policy - as a strategic economic tool with the potential not only to guide the EPA negotiations, but also to significantly support socio-economic transformation and the integration of the Zimbabwean economy into the regional, EU and global economy - was introduced well after the iEPA's signature and ratification. This means that Zimbabwean stakeholders have to navigate a tricky and complex process without the guidance of this important document. It also means the country has formulated levels of trade liberalisation schedules and commitments (see Table 6.6), and identified sensitive sectoral products (Table 5.3) to be exempted from liberalisation commitments without the strategic input and guidance of the trade policy. Furthermore, it means that the Zimbabwean negotiators, by failing to demand the development of the trade policy prior to the trade talks, implicitly succumbed to the domination of Europe's MCs, TNCs and other producers, investors, and operators; this outcome supports the study hypothesis that the EPA process is an onslaught on the Zimbabwean economy in the short to medium term.

Similarly, the Zimbabwean GNU only launched its industrial policy well after the iEPA was signed and ratified. This means that the EPA negotiations continue without an industrial policy to inform, guide and advise stakeholders, and the business community in particular, on future industrial and sectoral development potential in support of Angelica Katuruza and Tadeus Chifamba's claims that the EPA process was meant to secure the country's future predictable trade regime with Europe (section 1.2.2). The industrial policy should have assisted in the identification of sensitive and strategic sectors and associated products, and in the development and articulation of sectoral sensitive issues, interests and positions prior to exchanging textual proposals and offers with the EU. In this respect, the study argues that both the proposals and offers that culminated with the ratified iEPA were not developed and articulated from an informed point of view. This may not only contradict the revolutionised economic empowerment and transformation crusade, but also suggests that the new indigenous economic entrepreneurs, while celebrating economic freedom, will soon falter on both local and the EU markets largely due to the fact that they had no input into the process that arrived at the agreed trade regime. The study further argues that the development and articulation of the country's national and sectoral positions and offers were informed by the findings of the impact assessment study that was done in 2005, which was unfortunately not thoroughly interrogated by most stakeholders - owing to the prevailing political environment, limited fiscal resources and no donor funding support. Collective articulation of issues and interests across all sectors could have assisted negotiators to push for viable and sustainable

trade regime with Europe capable of supporting sectoral development in the form of present and future forward and backward sectoral linkages in the economy.

Both the trade and industrial policy frameworks should have provided sound and strategic analyses based on the stakeholders' collective contributions. The policy blue prints also should have formed the basis for linking Zimbabwean economic sectors and consumers with EU consumers and investors. The policy documents should have informed or shed light on the country's present and future industrial development capacities and potential capabilities in the region - the EU and global markets as well as the potential and viability of export diversification - and product competitiveness. The two policies should have supported and/or created public-NSA<sup>20</sup> platforms to continuously engage and interact on economic policies, trade policy, trade negotiations (including EPA process), and the implementation of regional and international trade agreements. The two policies should have also assisted in building synergies and coalitions between government and NSAs, and within the NSA fraternity (business, labour, and civil society) leading to collective wisdom in the development and articulation of strategies and tactics in pursuit of national issues, interests, positions and offers. Lastly, both trade and industrial policies could have assisted in the development of appropriate new export and import taxes or increases thereof, leading to more government revenue to support social and economic development, including industrial sector improvement, and production capacities and productivity, especially in agriculture and manufacturing. The above characterisation of the policy environment inevitably undermines collective national efforts to craft a long-term trade regime with its historically long term trading partner, the EU.

#### **6.4.2 Industrial production and export competitiveness**

Zimbabwean industrial productive structures have over the period under-review been very weak. This is evident from the economic meltdown and hyper-inflationary environment, and an industrial operating capacity estimated in 2008 at between 4% and 10% (Nyakazeya, 2009). This level of industrial capacity could not match the dictates of regional, EU, and global competitiveness. The study argues that the low industrial capacity level is a function of

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<sup>20</sup> Representatives of the private sector (Confederations of Industries and Chambers of Commerce) and civil society formations working on trade and development and regional economic integration initiatives.

a decade-long MDC – ZANU (PF) political contestation, a development that compels the latter party (ZANU PF) to adopt a political survival strategy of grand-standing economic empowerment and transformation programmes, with particular reference to the fast-track land reform and indigenisation agendas. The level of political contestation is even blamed for massive withdrawals of both foreign and domestic investors from the economy. Even when the politically belligerent parties agreed to jointly govern the country, they (the GNU) struggled to mobilise the necessary external and domestic financial resources in support of industrialisation, downstream industrial activities and export capabilities, which remain still extremely weak for a country that has huge potential in natural (agriculture and mining) resources and high human capital formation<sup>21</sup>, and a population that is known for being educated, skilled, disciplined and hard-working. Low uncompetitive industrialisation and low capacity industrial utilisation translates into equally weak and low export diversification and competitiveness levels. Regrettably, the level of the industrial and export bases have remained very weak, narrow and highly oriented in favour of primary and unprocessed commodities, particularly mineral products (diamonds, articles of base metals and precious or semi-precious stones) and agricultural products (prepared foodstuffs, beverages and tobacco) (see Table 4.2). Most of these commodities, particularly mineral commodities, are generally fetching low values in the international market.

Meanwhile, the country's demand for foreign currency remains huge amid smart sanctions placed against the ZANU (PF) leadership and associated companies. Since 2000, the country has been unqualified to access the 10<sup>th</sup> EDF development aid window that is designed to assist ACP countries in redressing industrial production challenges and supply-side bottlenecks that may undermine trade flows with Europe. The economy is also not qualified to borrow money from the GFIs such as the World Bank and the IMF, not only due to western governments upholding smart and travel sanctions, but also due to a huge and increasing external debt overhang. All this means an inability, especially prior to the

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21 The South African government regards Zimbabwe as a strategic human resource centre on the basis of its highly educated, skilled, disciplined and hard-working citizens. This is evident from the decision to relax the visa requirements for Zimbabweans entering the Republic of South Africa in October 2008 following the signing of a GPA from 'less than a month one-entry' to 'three months multiple entry' with the provision to be extended by another month at any Home Affairs Office while inside the country. Following the formation of the GNU on 9 February 2009, South Africa further relaxed the visa requirements of Zimbabweans already in the country by regularising their stay. This entailed appealing (through extensive multi-media campaign advertisements on radio and television channels and newspapers) to every Zimbabwean to apply to the nearest Department of Home Affairs for a period of four years regardless of specific skills and work experiences, type of work, and with or without relevant documents such as certificates, passports and national identification cards.

introduction of the multi-currency regime, to satisfy national requirements, particularly external debt service obligations, and the importation of industrial and consumer goods. Further, on-going debt service continues to divert scarce resources from supporting industrialisation, export diversification, research and skills development, and technological advancement. This also means that the country's industrial and export capabilities are likely to take longer than expected to revive and transform, and before the country's products become more competitive in local and EU markets in particular and regional and other global markets in general. Although progress in the macro-economic policy environment in general and industrial and trade policies in particular are potential ingredients necessary for industrial development, export capacity development, and/or diversification probabilities, the reality of the Zimbabwean economy points to a huge opening for EU commercial interests. Such a highly likely scenario supports the study's hypothesis that the EU's guerrilla negotiating strategies and tactics is an 'onslaught on the Zimbabwean economy in the short to medium term'. This is based on the alluded country's inability (unqualified) to access 10<sup>th</sup> EDF resources in support of industrial production and redress of supply-side constraints, and failure to unlock the international financial resources amid growing external debt.

This confirms the fear of an unbalanced EPA outcome and its inability to support the country's industrial and export development. The stage is set for more EU products to flood the local market, thereby entrenching a European capitalist (investors and operators) foothold in Zimbabwe. Such an outcome embarrassingly defeats the anti-colonial agenda as well as disgraces the much celebrated revolutionary and unconventional reclaims of the land rights programme. The study further confirms the fear that the EPA outcome is set to tie the Zimbabwean economy to Europe in an unbalanced framework and fashion that undermines national producers of goods in the short to medium term. The study also confirms the fear that the EPA is likely to intensify a further opening up of the national economy to EU competition in particular and other international economies in general thereby firmly entrenching the neo-liberal policy project of the 1980s and 1990s, characterised by trade liberalisation. Zimbabwe has had bad experiences and/or memories of the 'one-size-fits-all' economic reform blueprint; this is especially true in terms of industrial downsizing and closure, and job and income losses, all of which contributed indirectly to the current political tension, and social development challenges such as widespread poverty, and economic challenges (including industrial stagnation due to aging equipment in the country). The study triggers the fear that the EPA outcome is likely to provide limited options for the country's

industrial strategies and developmental objectives. In this respect, the EPA outcomes may result in loss of industrial competitiveness and employment opportunities, and cuts in tariff levels leading to revenue losses. Such a development compromises government efforts to improve the economic empowerment programmes, policies and initiatives that currently underpin the country's industrialisation and agriculturalisation processes. The study gives rise to the fear that the economy may continue to fail to attract international capital in the form of foreign investors and funding from GFIs and foreign governments due largely to political fault lines and contradictions in economic policies.

Furthermore, by negotiating trade-related issues such as infant industry protection, government procurement, intellectual property rights and competition policy, Zimbabwe is likely to lose its options to protect sensitive and infant industries which are avenues of promoting economic and investment policies that encourage local and regional investors to take part in upstream and downstream industrial growth and development opportunities. According to the ESA-EU Report (2011), Zimbabwe requires urgent technical assistance and capacity-building support in the area of competition policy and sanitary and phytosanitary issues with respect to live animals, beef products, cut flowers and vegetables (mange tocit peas, peas and beans), tobacco, sugar and cotton. This not only inhibits efforts towards building sectoral and industrial capacities, but also limits market competitiveness of local products and export diversification efforts to enter fast-growing markets such as those of emerging economies like China, India, and Brazil. Had the bilateral relationship between the negotiating parties been good, specific components of trade-related assistance, especially strengthening tax collection and tax administration systems, particularly where revenue shortfalls due to reduction in tariffs are expected to be high, might have come well before the implementation of iEPA's trade liberalisation. These developments support the study's hypothesis that the EPA process is a short to medium term onslaught on the Zimbabwean economy.

The EPA outcomes are unlikely to create viable economic activities given limited market related information coupled with challenges related to industrial diversification and competitive initiatives which Zimbabwe does not have the technological capacity to control. The risk is therefore high that the country will rely too heavily on the EU market even though opportunities avail themselves in other thriving regions such as in the emerging economies of Brazil, India, China and Russia. The Eurozone crisis has dampened the spirit of entrepreneurs

who fear that a new trade regime is set to undermine short to medium term economic recovery. Further, the Eurozone crisis has dampened the spirit of negotiators who fear that the proposed trade regime with Europe has the potential to lock the Zimbabwean economy into an unhealthy trade imbalance for decades and/or may not necessarily create economic and social development benefits for the country. Rightly so, critics and government officials view the EPA process and expected outcome as an ‘economic onslaught’ on the local economy for current and future generations. Similarly, some civil society activists view EPA as an ‘ideological economic onslaught’ on the Zimbabwean economy whose external debt is growing fast while the country’s ability to generate foreign currency is equally dwindling fast and is highly unpredictable, and likely to remain so at critical levels in the short to medium term. Sadly, however, the EPA negotiations process coincided with limited access to both domestic and foreign financial resources as well as donor support to economic programmes, policies and initiatives that would have added value to the process.

The economic meltdown translated into a narrow, undiversified and low value industrial and export base. This further translates into vulnerability with respect to regional, Eurozone and global market competitiveness. It also translates into serious capacity constraints to generate foreign currency, as predicted by the UNECA (2005) study which concluded that the impacts of an EPA on Zimbabwe is an estimated revenue shortfall of US\$18.4 million. This is confirmed by the fact that, since 2000, Zimbabwe has failed to diversify from traditionally dominated exports to non-traditional exports, and also from the traditional, now shrinking dominant Eurozone market to fast-growing new markets (emerging economies). This is confirmed by Tadeus Chifamba, who remarks, “the Eurozone crisis has vindicated the voice that argued against joining the EPA process, preferring to vigorously promote the ‘look east’ policy.”<sup>22</sup> Following a massive fall in the country’s industrial capacity utilisation to less than 10% in 2008 (Nyakazeya, 2009), the distinct politically-motivated division in the inclusive government, often referred to as dysfunctional, failed to unlock the necessary external resources from western foreign governments and GFIs as well as to mobilise domestic and foreign investors to revitalise and recapitalise industrial production processes. This means that the economy is highly unlikely to build or improve industrial capacity to diversify production and exports in the short to medium term, or to promote labour-intensive industries in the manufacturing sector and in other related downstream industrial activities. Meanwhile,

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<sup>22</sup> Interview discussion with Tadeus Chifamba, Harare, Zimbabwe, 14 September 2012.

trade barriers and other cross-border transaction costs (on account of the failure to access the blocked 10<sup>th</sup> EDF resources promised during the start of the negotiations specifically for this purpose) continue to rise thereby undermining any feasible potential to manufacture exportable goods. The above does not augur well for an economy that still has extremely high levels of unemployment (which by 2009 were estimated at over 90% of the total labour force).

Indeed, slow economic recovery in particular, in traditionally labour-intensive sectors, supports the study's proposition that the EPA road has offensively trapped the Zimbabwean economy in the short to medium term. Since the launch of the joint ESA-EU EPA roadmap in February 2004, both parties to the EPA negotiations have been aware of Zimbabwe's economic and political challenges. Since then, the country has been experiencing shrinking industrial production and productivity as well as export competitiveness. Following massive withdrawals of investors (both domestic and foreign), an unorthodox nationalistic and populist economic reorganisation policy agenda epitomised by 'radicalised land reform' (Moyo and Yeros, 2007), domestic political contestation and polarisation and isolation from the international community, including the EU, the economy has recorded massive de-industrialisation and de-agriculturalisation that has culminated, inter alia, in less than 10% industrial capacity utilisation and the worst hyper-inflationary environment in the world by 2008. All the sectors of the economy are struggling to improve levels of production and/or capacity utilisation after the ratification of the iEPA in 2012.

### **6.4.3 Supply-side constraints**

The United Nations Economic and Social Council (2004) argues that countries derive greater benefit from increases in market access if they build competitive enterprises that are able to produce products and services at reasonable cost structures. This entails combining measures that enhance productive capacity with measures that facilitate cross-border trade, thereby further reducing the cost of conducting trade. It also entails reducing supply-side constraints that prevent an economy from exploiting its comparative advantage under any trade liberalisation arrangement. In this respect, prevailing supply-side bottlenecks mean the production processes in an economy are unable to keep pace with rising domestic or external demands, and more often makes both products and services uncompetitive. Subbarao (2012)

attributes the supply-side constraints to a variety of factors including inadequate air, rail and road infrastructure, lack of credit and low-cost access to reliable market information, and non-availability of skilled labour force and technology.

Many African countries continue to experience poor trade performance on account of high supply-side constraints (Hodge, 2002), which impose serious limitations for locally produced commodities to compete favourably in domestic, EU, and other global markets. They continue to suffer from a high presence of supply-side bottlenecks, which some scholars and civil society activists blame for constraining the capacities of most ACP countries to maximise trade flows under the EBA dispensation of (DFQF) non-reciprocal market access in the EU. Furthermore, these supply-side constraints were largely neglected by the development instruments of the Lomé Conventions, and so the countries failed to exploit the potential and promised benefits from the EU trade preferences. This is further supported by the Cotonou Monitoring Group of European Development NGOs' networks (2002) seminary discussions, which observed that 'the experience under the Lomé Convention has demonstrated that ACP countries face major problems in producing and supplying goods competitively within an increasingly liberalised trading environment'. In sympathy with the ACP economies Kohnert (2008) blames the EU for failing to deliver the promised developmental programmes and packages meant to redress supply-side constraints in order to even the trading playing fields. Kamidza (2007 and 2008) identifies the following as key supply-bottlenecks, which are present in most ACP countries, including Zimbabwe:

.. unreliable public utilities (electricity and water); poor public infrastructure (run down roads, bridges and railways); weak institutional policy frameworks (fluctuating exchange rates, high inflation rates and poor fiscal measures); low labour productivity (arising from poor education, health and housing provisions); and an unfavourable investment climate, coupled with inadequate resources to foster socio-economic transformation.

Meyn (2005) observes that redressing the above supply-side bottlenecks is a crucial development towards improving the country's export capacities. This is supported by the constituencies, including some radical CSOs who have persistently been calling for pro-developmental EPA outcomes within the broader anti-EPAs campaign under the leadership of ATN based in Accra, Ghana. Indeed, various meetings of the ESA processes and CSO lobbying missions to the EU institutions and structures have continuously raised the need for

the EU to honour its promise of delivering the ‘developmental aid envelope’ through which supply-side improvements could be financed. However, there is currently no tangible evidence that most countries have been able to access the EU resources meant to redress supply-side constraints. Most ACP economies are under stress due to these widespread supply-side bottlenecks.

Zimbabwe has struggled to maximise trade related benefits under the Lomé Conventions trade arrangement dispensation. This was also due to country specific factors that undermined efficient and competitive industrial production. This is supported by the Cotonou Monitoring Group of European Development NGOs’ networks (Ibid), which argues that Zimbabwe’s shortage of skilled labour compelled the clothing and textile industry to apply technologies that were about four generations behind those used in developed economies, including the EU or east Asian tiger economies.

Over this period, the central thrust of EU’s Trade Development and Political Cooperation policy has worsened the fragility and vulnerability (poverty, under-development, net-importer and intra-conflict) of Zimbabwe. In this regard, the conclusion by all three political structures of the EU in 2002 to deny the government access to the 10<sup>th</sup> EDF developmental aid resources and the imposition of smart sanctions on ZANU (PF) ruling elites and associated companies that was supported by other western governments and GFIs negatively impacted the economy in general and the ability to improve supply-side constraints in particular. This, for instance, makes the call to improve the supply-side bottlenecks that featured in several joint ESA-EU trade negotiations, under the ‘standing agenda of developmental aid envelope’ a hollow discussion with no evidence of EU remorse for ‘political misjudgment’ on the EPA win-win outcome objective. For Zimbabwe, the EPA process embodies the ‘EU’s predatory onslaught on the economy in the short to medium term’. Linked to the above, there was a large-scale withdrawal of investors and donors from the economy. All this has denied the country the opportunity to overcome the well-known supply-side constraints summarised in Table 6.5 below.

These supply-side constraints could not and are unlikely to be prioritised, largely due to limited fiscal resources and continued public display of GNU contradictions in policy directives, especially with regards to farm invasions and indigenisation policy programmes. This is aggravated by non-commitment to GPA provisions, thereby fuelling political tensions

between belligerent political parties and mistrust between the government and NSAs. Meanwhile, since 2000, the country has experienced high frequency power shortages that not only hold back manufacturing productivity and exports, but also discourage start-up industries, especially SMEs with the potential to compete with EU products. CZI (2012) lamented the continued underperformance of the Zimbabwe Electricity Supply Authority (ZESA) evident from frequent power outages due to many years of under-investment, underpricing of electricity, poor management and an absence of workable legal and regulatory frameworks for private sector investment.

**Table 6.5: Zimbabwe’s main supply-side constraints**

Antiquated equipment, machinery and technology which: <ul style="list-style-type: none"> <li>○ hampers efficiency in production.</li> <li>○ Demands frequent maintenance.</li> </ul>
High input cost, resulting in: <ul style="list-style-type: none"> <li>○ overall, high cost production for most goods relative to the EU and regional countries.</li> <li>○ cost production structures with variables that ordinarily would be excluded in a normal sound economy.</li> </ul>
Low agricultural and mining outputs, vital feed to industry, resulting in: <ul style="list-style-type: none"> <li>○ high importation of raw materials no longer available locally.</li> <li>○ choking supply to agro-mining based supply chain.</li> </ul>
Low industrial capacity utilisation.
Physical infrastructure (roads and railways) in need of urgent revamp and upgrade, especially: <ul style="list-style-type: none"> <li>○ the unreliable national railway of Zimbabwe (NRZ), a bulk carrier of industrial production related goods.</li> <li>○ increasingly expensive road transport.</li> </ul>
Skills flight due to massive brain-drain, especially from 2000 to 2008, which contributed to: <ul style="list-style-type: none"> <li>○ shortages of skilled labour, and/or poor workmanship.</li> </ul>
Tight liquidity conditions, characterised by: <ul style="list-style-type: none"> <li>○ lack of long term funding, hence a huge bearing on competitiveness.</li> <li>○ lack of supplier credit.</li> </ul>
Uncompetitive, expensive and often limited options procurement system.
Unfavourable investment climate fuelled by political tension and policy contradictions.
Unreliable and costly utilities (water and electricity), in need of urgent revamp and upgrade.
Wage pressures unrelated to productivity.
Weak institutional policy frameworks (fluctuating exchange rates, high inflation rates and poor fiscal measures).

Source: Adapted from Mushowe (2012) and other sources

Furthermore, Zimbabwe continues to suffer from a weak regulatory environment, particularly for utilities, resulting in high production costs for firms, thereby eroding the competitiveness

of export products. The country continues to display poor physical infrastructures that grossly undermine efficiency and reliable transport networks and facilities thereby limiting the flow of trade with the EU, regional economies and other regions or countries. This confirms that supply-side constraints, especially the high cost of transport and logistical infrastructures (roads, ports, border facilities and railways) which currently constitute the greatest portion of marketing costs not only in the SADC region but also in European markets, if not addressed soon, will undermine the competitiveness of Zimbabwean products in the local market, as well as other markets, particularly the EU. The country also continues to suffer from trade-related transport costs associated with border controls and procedures, storage and market facilities, telecommunication systems and facilities and utilities (power and water). In particular, the country's fixed-line telephone services are limited and unreliable with notoriously high call charges while the establishment and/or operation of modern communication systems is constrained by lack of skills and capital investments. This has further been compromised by a failure to meet international quality standards, lack of information on available market openings, limited competitiveness of local industries and the lack of an entrepreneurial culture. All these factors are critical in the Zimbabwean economy, particularly with regard to agricultural growth and development, agro-processing, and manufacturing. As a result of these supply-side bottlenecks, Zimbabwe has lost its competitive standing both regionally and internationally (Mushowe, 2012). Therefore, effective improvement of supply-side bottlenecks is a fundamental challenge to promoting the structural transformation of the Zimbabwean economy in order to promote and/or attract investment, thereby adding more value locally and creating jobs and income-earning opportunities.

While ZANU (PF) received significant sympathy and protection from international platforms, including the United Nations, from emerging countries such as Russia and China, a development that fashioned the 'look east policy', that outcome is unfortunately yet to translate into significant improvements of some supply-side constraints. Indeed, Zimbabwe's more than decade long-relationship with China whose commodity-exchange financing model with respect to physical infrastructural development, could have resulted in much improved existing supply-side constraints. Such a development could have prepared the country to competitively supply products on both local and the EU markets. Unfortunately, it remains a wild guess how soon the country will improve these supply-constraints to facilitate easy trading with Europe under the 2012 ratified iEPA trade regime. As most investors (domestic

and foreign) and donors, including the EU, are sitting on the fence pending the process and outcome of the forthcoming harmonised plebiscite, accessing the 10<sup>th</sup> EDF and developmental assistance from other western governments and GIFs to improve supply-side bottlenecks, remain largely a dream.

The former government lacked the capacity to mobilise investment resources due to a poor investment climate consisting of political polarisation and total disrespect of property rights and state-NSA relationship. As argued elsewhere in the study, this was worsened by the imposition of smart sanctions against the ZANU (PF) leadership and associated firms, a development that fuelled the political divide in the country. The GNU failed to unlock external resources from the international community, including western governments and GFIs, as well as to lure MCs, TNCs and other foreign investors to support the country's economic transformation, especially industrial recapitalisation processes across all sectors of the economy. Indeed, success in unlocking external resources would not only have rejuvenated the economy, but also provided options for financing supply-side constraints, especially the provision of electricity and water - crucial ingredients in industrial production processes.

#### **6.4.4 Disruptions of national and regional markets**

Unlike the Lomé Conventions and the Cotonou Agreement in which the EU as a bloc preserved the unity of the ACP countries as a region, the EPA negotiations split the latter (ACP countries) into six configurations<sup>23</sup>. The disintegration of the ACP regional bloc was engineered by Europe's dangling of a 'developmental aid purse', hypothetically available to those countries that were ready to enter into non-reciprocal EPA negotiations. While the Pacific and Caribbean each has one configuration, the African countries were bundled into four small, weak, vulnerable and fragmented configurations to negotiating the EPA trade regime with the EC. Thus, while the four African groups sometimes had no historical cultural, social, economic and political bonds between economic units and citizens, as is the case with ESA, the EU substantially enlarged from 15 to a powerful united 27 member region both economically and politically. The strategic dangling of a 'developmental aid envelope'

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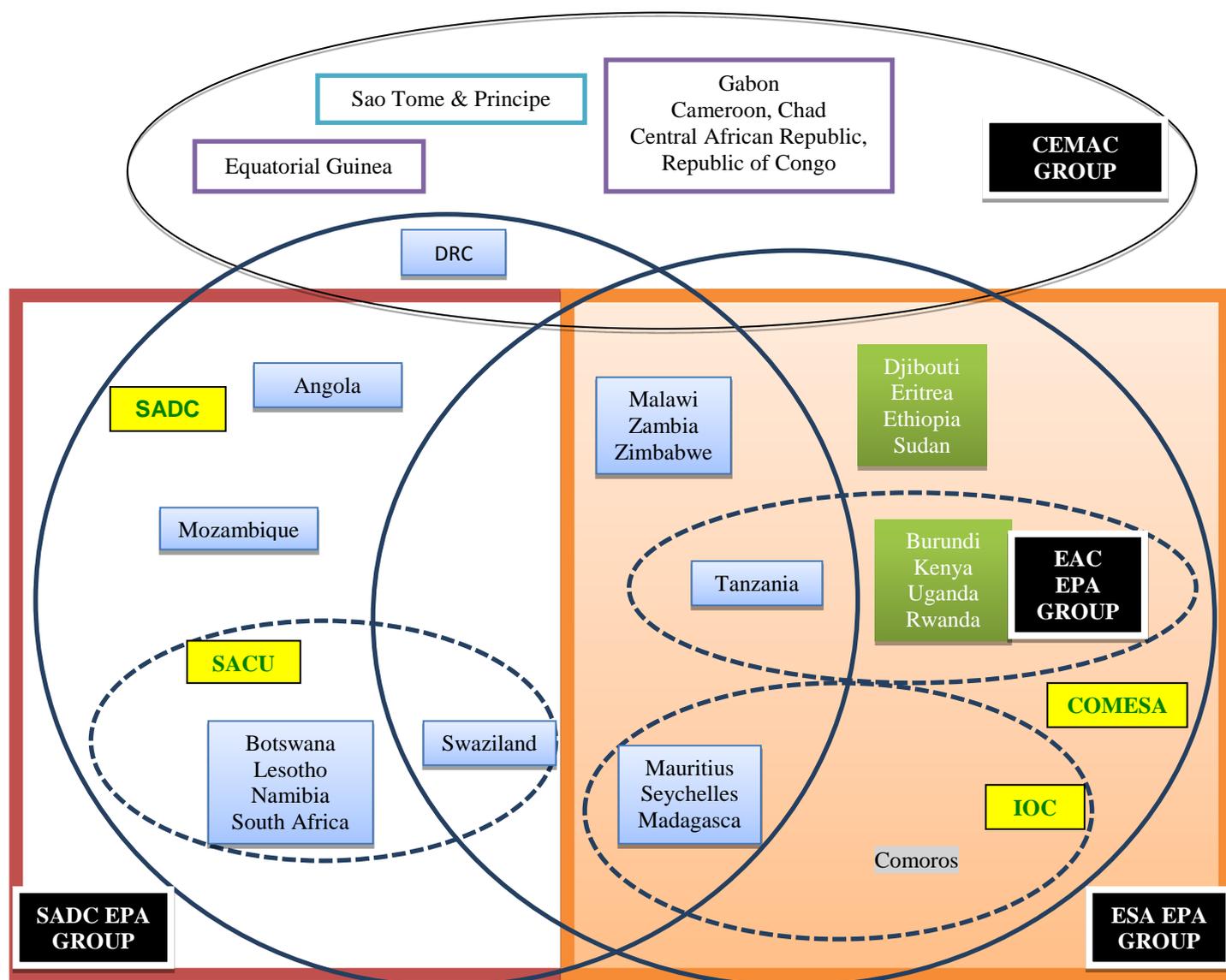
23 The six configurations are (Pacific) PACP, (Caribbean) CARIFORUM, (west Africa) ECOWAS, (eastern and southern Africa) ESA, (central Africa) CEMAC and (southern Africa) SADC EPA.

ensures EC control not only of the negotiating counterparts, but also the agenda and process, leading to an outcome that is likely to promote and entrench Europe's commercial interests in the sub-region. Tandon (2004) verifies the EU's 'divide-and-rule tactics' aimed at controlling the agenda, process and outcome:

We are aware of well-documented threats the EU has made in the past, including withdrawing development aid, existing trade, aid and investments, contracts and budgetary support; interfering with national and regional security policies; re-imposing trade barriers; and removing ambassadorial representations from WTO and ACP-EU headquarters where key events take place. Tandon (2004).

The sub-regions of eastern and southern Africa highlight the divisive character of the EPA processes, as reflected in Figure 6.1 below which shows the multiple memberships of the region. It also confirms that the EPA process has logically created another layer of regional integration initiative with its own programme of action (structured and systematic negotiation rounds), and time lines for tariff liberalisation scheduling and commitments. Only Angola and Mozambique belong to one regional integration scheme (SADC) in addition to belonging to the SADC EPA configuration.

**Figure 6.1: RECs and EPA groups in eastern and southern Africa<sup>24</sup>**



<b>KEY</b>	
SADC	– Southern African Development Community
COMESA	– Common Market for Eastern and Southern Africa
SACU	– Southern African Customs Union
IOC	– Indian Ocean Commission
EAC	– East African Community
CEMAC	– Economic Community of Central African States

**Overlapping between different regional integration processes in Southern Africa and new groups formed for the purpose of negotiating EPAs with EU.**

Source: Compiled from various sources

<sup>24</sup> The EU and EU member states have been the main funders of RECs in east and southern Africa since their respective formations. The EU is the sole funder of the EPA negotiation process in ACP countries.

The diagram above demonstrates that EU negotiators, by supporting various EPA configurations roadmaps in full knowledge of overlapping memberships in the sub-region, have been controlling the process in order to indirectly force countries to comply with Europe's commercial interests<sup>25</sup>. It also demonstrates that the process supports the capitalist agendas of carving markets for European investors, producers and exporters, especially in vulnerable countries like Zimbabwe. It further shows how the EU's money influences the ESA member states to compromise not only collective ownership of the process as articulated in the joint ESA-EU roadmap of February 2004, but also the impetus, direction and time-frames for deeper regional and/or configuration integration, the basis through which these countries increasingly become integrated into the EU market and the global economy in line with EPA objectives. Furthermore, the EPA process and outcomes compromised sub-regional political leadership support to existing regional integration initiatives established by treaties and supported by various protocols, MoUs and the Heads of State and Governments' Summit Communiqué. This compromising of the regional integration process is well illustrated by the EU and SADC secretariat's commissioned study of 2012 that developed a 'Trade Facility' with two specific financial support windows for the SADC EPA countries and those in other configurations (EAC<sup>26</sup>, ESA<sup>27</sup> and CEMAC<sup>28</sup>). While the goal is to fast track the implementation of the EPA agreement provisions, such a development is set to directly or indirectly disrupt both regional and national markets. Indeed, emerging developments point to the fact that the process and outcomes also author disruptions in national and regional markets, mainly on account of agreed different tariff liberalisation scheduling and commitments to those currently obtained in sub-regional RECs (see Table 6.6 below). For Zimbabwe, this poses challenges with respect to prioritising iEPA implementation and/or on-going regional integrative goals, and the ability to generate fiscal revenues without any derogation, as was the case under the SADC FTA.

Ironically, the EPA processes, as reflected by the iEPA outcomes, totally disregarded the provisions of existing regional economic integration initiatives in the sub-region in terms of tariff liberalisation (tariff phase-down), agreed integrative milestones and resource mobilisation strategies. Bilal and Rampa (2006) argue that the EPA process may derail

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25 The disintegration of the ACP regional bloc, of Africa into four configurations, and of ESA configurations into two groups (EAC and reconfigured ESA) was engineered by Europe's dangling of a 'developmental aid purse' – the EDF resources as argued elsewhere in the thesis.

26 Tanzania.

27 Madagascar, Mauritius, Malawi, Seychelles, Zambia and Zimbabwe.

28 DRC.

regional integration by imposing too fast a pace for political, economic and social realities of some regions, overstretching their capacities and creating tensions with overlapping memberships or with members whose interests in an EPA differ. In this respect, the process produces two outcomes that have a direct bearing on existing regional integration goals in the sub-region. Firstly, the process compounds the multiplicity of overlapping regional membership, that is, it created another bloc that has not only been meeting more often but is also committed to different tariff scheduling than the prevailing regional integration schemes as reflected in Table 6.6 below. Indeed, an EPA bloc already has a financing window aimed at ensuring quick implementation of agreed EPA provisions. Secondly, the process has shaken the allegiance of member states to existing regional schemes, since the choice to participate in a configuration has largely been a sovereign decision based on future trade ambitions with the EU. In this case, some member states of the SADC region - such as Madagascar, Mauritius, Malawi, Seychelles, Tanzania, Zambia, and Zimbabwe - preferred the ESA group while the DRC opted for CEMAC. Some of these countries including Malawi, Tanzania, Zambia, and Zimbabwe are original members of the SADC. Table 6.6 below reveals individual ESA countries' tariff liberalisation scheduling and commitments, alongside those of the EAC and SACU region

**Table 6.6: iEPA tariff liberalisation schedule and commitment<sup>29</sup>, percentages**

Country	2008	2010	2012	2013	2017	2018	2022	2023	2033	Total
EAC <sup>30</sup>		64.0						80.0	82.0	82.0
Madagascar				37.0			80.7			80.7
Mauritius	24.5				53.6		95.6			95.6
Seychelles				62.0	77.0		97.5			97.5
Zimbabwe			45.0				80.0			80.0
BLS <sup>31</sup>		86.0								86.0
Mozambique	78.5									80.5

Source: Own compilation from various sources

While some SADC member states opt for mid- or back-loading tariff liberalisation under the SADC FTA, the negotiators under the iEPA appeared to have succumbed to the EU guerrilla

29 Cumulative value of imports from the EU to be liberalised by specified year.

30 EAC countries sign as a bloc, so this is a proxy of Tanzania.

31 Botswana, Lesotho and Swaziland. Note that Namibia is omitted because she did not sign iEPA.

negotiating strategies, tactics, and divisive agendas by front-loading their respective commitments. For instance, both Mozambique and Zimbabwe, which back-loaded their respective tariff phases under the SADC FTA, agreed under the iEPA to open their respective economies to the EU products by 78.5% and 45% respectively (see section 5.5). Plainly, the outcomes, as reflected in the iEPA tariff liberalisation, are an affront to the objective of deepening the economic integration of existing regional integration schemes in the sub-region. In particular, sub-regional RECs have, through the financial support of the EU and other development partners, developed regional integration milestones with a strict roadmap to follow. However, the funded implementation of the EPA outcomes is set to disrupt these milestones, resulting in disruptions of regional and national markets due to potential flooding of EU products in the sub-region. It is also instructive to acknowledge the existence of porous borders in the region, which makes the imported flow of EU products end up in non-EPA implementing countries. This development negates the ambition of wanting to facilitate economic integration among ACP economies, and between ACP countries and the global economy.

The EU's 'divide-and-conquer strategies and tactics' cited by Tandon (Ibid) and aimed at controlling the EPA agenda, processes and outcomes, are vividly reflected in the unfortunate disintegration of the ESA group into two parts (see sections 4.3.3.1 and 4.3.3.2) by the end of December 2007. Indeed, bundling the ESA countries into two configurations means that these countries have to comply with tariff reduction schedule commitments, rules of origin, and other liberalisation requirements that are different from each other when, prior to the iEPA initialling, the countries were working together to secure a win-win trade regime with Europe. As shown in the table above, different levels and time-bound commitments increasingly support the thesis that, ideologically, the EPA process is seeking 'long-term markets' for European products, especially in countries such as Zimbabwe with huge industrial production constraints, export competitive challenges, and entrenched polarised political cultures. This confirms the potential of an EU 'short to medium term onslaught on the country's economy'.

The reconfigured ESA group shown in Map 6.1 below clearly illustrates that the countries' economic units and citizens lack historical cultural, social, economic and political ties, giving the impression of three distinct groups within the configuration agreeing to continue the negotiations as a unity vis-à-vis the united and enlarged EU bloc. The three distinct groups

are IGAD, IOC and the former Federation of Rhodesia and Nyasaland<sup>32</sup> countries. As a result, the EU guerrilla onslaught just focused on securing individual deals with island economies<sup>33</sup> and Zimbabwe, while the rest continue treading under the EBA regime since they are LDCs (see Table 5.2 in section 5.5). The map further flags potential challenges with respect to the notion that the EPA's goal is to support regional integration within the configuration. The map confirms that the EPA process has the potential to disrupt regional and national markets and dispels the notion of 'regional integration within the configuration' on the basis that the trade and development trajectories of the 'newly configured economies', as argued above, suffer from a lack of well-developed social, economic, and political ties or relationships. There are currently insignificant trade flows between southern African countries and those in the Horn of Africa. There are also no common borders between the southern African group of countries and those in the Horn of Africa and the IOC. This development rejects the assertion propagated by the EU that the EPA process, seeks to promote regional economic integration within the configuration.

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32 Malawi, Zambia and Zimbabwe.

33 Madagascar, Mauritius and Seychelles.

**Map 6.1: Configuration mapping of eastern and southern African counties**



Meanwhile, unlike the iEPA, Zimbabwe under the SADC FTA has successfully negotiated trade concessions that are explicit with regard to industrial development, export capacity building and fiscal revenue flows for the limping economy. They entail the following:

- Securing a derogation, allowing the country to push compliance on agreed FTA tariff phase-downs towards the end of the cycle by substantially mid- and back-loading tariff reductions; that is, postponing tariff reductions towards the final years of FTA implementation. This contradicts the iEPA tariff liberalisation phase-down as reflected in Table 6.6 in which the country significantly front-loaded tariff reductions by 45%.
- Securing the space to generate about 70% of the country's revenue from custom taxes as well as having space to resist any significant scaling down of tariff walls under the FTA on account of wanting to sustain fiscal revenue flows to support growing national needs without censoring from other regional countries.
- Having the space to resist pressure under the SADC TNF to remove the new surtax imposed by the GNU on some regional products that should be at zero tariffs without censoring from other regional member states.

All of the above, points to the disruptive nature of the EPA process to regional economies in general and the Zimbabwean economy in particular. The country risks losing most of the gains secured under the SADC FTA, while the iEPA risks becoming an affront to leadership objectives of the regional countries' to assist the economic transition process through derogation on tariff phase-down in line with the regional mandate of mediating in the intra-political conflict in Zimbabwe.

The fact that the EU - the main donor of regional integration projects in the eastern and southern African sub-regions - agreed to different trade liberalisation scheduling and commitments (see Table 6.6 above), illustrates the superiority of guerrilla negotiating tactics and dominance in controlling the process. By concluding and signing an iEPA with individual reconfigured ESA countries, the EU projects its well calculated guerrilla negotiating strategies and tactics that have been perfected through negotiating on many fronts with both weak and strong regions and/or countries. Most importantly, by concluding and signing an iEPA with Zimbabwe - a staunch critic at every international public platform including the UN Assembly and the ACP-EU meetings - vindicates the predatory instinct of the capitalist bloc in scoring victories in this process as shown in Figure 5.3 in section 5.3.

- Firstly, the EU's guerrilla survival instinct succeeded in isolating Zimbabwe's EPA negotiating machinery (team of negotiators, officials and other stakeholders) from the solidarity cover of the ESA countries' representatives, who were/are more concerned about the group's cohesion in the process than entertaining any EU-Zimbabwe bilateral fights in this process.
- Secondly, the swift predatory instinct of the EU succeeded in securing a trade regime with a sworn bilateral nemesis whose economic productive and export capacity is too weak to withstand any offensive entry of European products into the local market. Also, Zimbabwe's economic export capacity is too weak to penetrate the European market. It is a fact that the Zimbabwean manufacturing sector is very small, narrow, and weak, and certainly not positioned to compete with EU products in the short to medium term, a situation that rewards the EU's MCs, TNCs and other operators, producers and exporters.
- Thirdly, the developments that resulted in the ratification of the iEPA heralded the defeat of ZANU (PF)'s anti-colonial agenda since the new economic entrepreneurs, especially in the agriculture sector, will be competing with the EU in the market under the forces of demand and supply (see Figure 5.3 in section 5.3).

- Fourthly, the forces of demand and supply are set to provide the EU with an opportunity to take revenge in both markets (the EU and Zimbabwe) on ZANU (PF)'s unorthodox methods of reclaiming land rights<sup>34</sup> from white commercial farmers and 51% shareholding in companies and other equities. In particular, Zimbabwe's chief negotiators and officials seem to have underestimated the EU's cohesive and explicit exhibition of strong offensive and defensive economic interests in its relations with Zimbabwe. They also underestimated the influence of former coloniser, the United Kingdom's strong commercial presence in the country across all sectors of the economy, particularly in agriculture, manufacturing, mining, and finance to the EU bloc. They further underestimated the grievances of some EU member states such as the Netherlands whose bilateral investment treaties were violated by the ZANU (PF) government in its crusade against foreign control and ownership of the means of production, particularly in the agricultural sector.
- Fifthly, the developments and outcomes clearly show that the revolutionary credentials of ZANU (PF), while succeeding in defeating imperialist control and ownership of the means of production, were found wanting in the negotiating rooms where strategies and tactics became increasingly subtle with short to medium term impacts. In particular, the EPA negotiation outcome exposes state shortcomings in mobilising all the relevant stakeholders regardless of their known views about partisan economic programmes, and being fully aware of the resourcefulness of the negotiating partner.

The above developments attest to the study hypothesis that the EPA process is an onslaught on the Zimbabwean economy. As reflected in Figure 5.3 below, the economy in the short to medium term will be swamped with EU products resulting in uncompetitive entrepreneurs fleeing the domestic market. There is no significant immediate scenario of trade creation impact with respect to the Zimbabwean economy. This development sustains current levels of de-industrialisation as was the case in the mid-1990s when South African competitive products wiped out lots of Zimbabwe industry. The study further argues that over this period local products will not be offensive in the EU market (see section 5.3). Such a scenario will be unprofitable for the new entrepreneurs, a development that may in future force some of

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<sup>34</sup> ZANU (PF) leadership from the onset of the fast-track land reform advanced the thesis that the land occupied by white commercial farmers was taken by force during the colonial era, and therefore, they were simply reclaiming it back, hence only improvements made on it should be compensated.

them to sell a part of or their entire establishments. Assuming full return to political normalcy characterised by governance and democratic values and respect of property rights, former commercial farm owners and EU nationals and investors including MCs and TNCs will be among the buyers.

While a Trades Centre (2002) study based on the assumption that all tariffs on imports from the EU will be eliminated by 2020, reveals that most countries in the SADC region are set to incur substantial revenue losses as shown in Table 6.7 below, the implications for regional and national economies cannot be ignored. Significant cumulative revenue losses of about 40%, 38%, 33%, 28% and 24% are expected from Mauritius, Tanzania, Zimbabwe, Mozambique and Namibia respectively which will have ripple effects on their national markets. For Zimbabwe, a loss of 33% translates into significant limitations in terms of redressing short to long term industrial and export capacities and market competitiveness. It also translates into limited social services delivery (health care, education, housing, and water), limited infrastructural development, agricultural research and development, human resource development, poverty alleviation and the living conditions of citizens. Unfortunately, such a development not only guarantees European products and services easy access to the Zimbabwean market for a longer period, but also disrupts market forces of demand and supply.

**Table 6.7: Tariff revenue losses as percentages of total import revenues**

Country	T<50 per cent in 2012	T<50 per cent in 2016	T<50 per cent in 2020	Total Loss
Botswana	1.9	2.7	3.1	7.7
Malawi	4.2	5.9	6.8	16.9
Mauritius	9.9	13.8	15.8	39.5
Mozambique	7.0	9.8	11.2	28.0
Namibia	6.0	8.4	9.6	24.1
South Africa	2.6	3.6	4.1	10.3
Swaziland	2.5	3.5	4.0	10.0
Tanzania	9.4	13.2	15.1	37.7
Zimbabwe	8.3	11.6	13.3	33.2

Source: Kamidza, 2007 (also adapted from Bilal and Szepesi, 2003)

## 6.5 Conclusion

This chapter explored the relation between COMESA and the SADC EPA units, the drivers of the EPA process and regional CSOs, noting opportunities exploited and insurmountable challenges that persisted throughout the process to the extent of compromising the sector's (civil society) input. It further noted the CSOs' visible lobbying of the three EU political structures and related institutions but decried lack of the same with respect to COMESA and SADC secretariats, as evidenced by the snubbing of civil society organised dedicated dialogue sessions by respective EPA units' CTAs. The CSOs' failure to systematically lobby and engage with Zimbabwean authorities in terms of mobilising all the available opinions while raising awareness of the counterpart's capacity and manipulative abilities in the process, was also discussed.

The chapter further explored the state-CSOs relationship in this process in the context of the historical fault lines that continue to fuel mistrust and uncooperativeness between the two parties, leading to government's total exclusion of civil society organisations or representatives considered too radical and opposed to its views on the economy and/or economic policy, including the EPA process. The chapter further explored the political dynamics and landscape over this period which made it impossible for the state to consult and involve civil society groups considered critical of the former ZANU (PF) government or the ZANU (PF) party's economic empowerment programmes and policies, including the EPA negotiations. The exclusion of some CSOs reflects a lack of transparency and inclusive involvement in the EPA process. This also raises questions about the partisan selection or identification criteria of the trade and development focused CSOs who participated in the process, a development that undermines the possibilities of formulating and developing negotiating issues, interests, positions and offers in the cultural context of co-existence and diversity in opinions. As a result, the EU exploited Zimbabwean state shortcomings in dealing with the prevailing economic environment and the political discourse in the country.

The discussion concludes by noting that donors have not been systematically and consistently funding the CSOs activities including advocacy in the process, a development that hampered their expected impact. Conversely, the same donors including the EU through its 10<sup>th</sup> EDF resource window, have been supporting, inter alia, democracy, governance and human rights programmes thereby constantly fuelling friction between the former ZANU (PF) government

and some sections of civil society. In this respect, CSOs such as Ledriz and Zimcodd, although working on EPAs, are known for being ideologically close to the MDC party, perceived by ZANU (PF) as a strong ally of the EU that imposed ‘smart sanctions and travel bans’ on the leadership as well as denied interaction outside the ESA meetings – the point of direct contact between the EU and Zimbabwean authorities. This demonstrates that the omission of some of the CSOs representatives was due to their association with the sworn nemesis of the ZANU (PF) party. The exclusion also prevented interested citizens, especially research analysts and students, from occasionally interacting with government officials on the process.

The discussion explored emerging real and potential fears, implications and policy options from the unfolding process, demonstrating the competitive challenges likely to undermine Zimbabwean products on both markets – local and the EU. These fears and implications of iEPA or full EPA are likely to impact negatively on the implementation of trade and industrial policies, the ability of the country to improve industrial production and export competitiveness, the capacity of the economy to redress supply-side constraints and the capacity of the economy to minimise the impact of disruptions in national markets. These real and potential fears in the realm of serious political and bilateral fault lines, state shortcomings and weak CSO advocacy, all confirm the ‘EU’s onslaught on the Zimbabwe economy in the short to medium term’.

## CHAPTER SEVEN

### CONCLUSION

#### 7.1 Theoretical reflections on the findings

The conventional trade theory argument is that the differences in productivity and costs of production between countries are the underlying reasons why it is advantageous for countries to engage in trade. This argument, however, has to be considered against the *realpolitik* of trade, especially negotiated agreements between sovereign states set tariff levels, sequence liberalisation and concessions such as protection of sensitive sectors or products. This is especially true when it comes to provision of development aid assistance in support of the integration of negotiating parties' economies. These complications have since 1980 characterised the EU-Zimbabwe trade and development bilateral relationship, although in the most recent round, the latter could not access development aid assistance from the former including member states. The findings of this dissertation confirm the hypothesis of the vastly superior EU's productive and export competitiveness in the short to medium term. Both the findings and the hypothesis agree with the FTA proponents' argument that under competitive free market conditions, trade maximises potential economic welfare by moving both parties to a situation where no country can be made better off without another being made worse off. Indeed, as the findings confirms, trade relations have reached the point that the EU would maximise economic welfare in the short to medium term while Zimbabwe struggles to improve the capacity utilisation and competitiveness of productive and export sectors. In other words, these trade relations don't work in Zimbabwe's favour.

The study findings agree with standard trade theory that defines FTA as a process in which countries agree to eliminate tariffs and quotas on most goods between them. This is supported by the FAO Report (2003) argument which postulates trade as an important development tool, though not an end itself, meaning that an increase in trade volumes and/or in the value of trade is not necessarily an indicator of industrial productivity and development. Likewise, Zimbabwe's experiences with trade liberalisation in the early 1990s left the country to record an improvement in trade flows but simultaneously a decline in industrial production value

chains, in part because of ageing machinery, equipment and tools. Even with modernization of the underlying capacity, the structural trade deficit remained. Similarly, the study argues that the most recent round of EPA-driven trade liberalisation and Zimbabwe's commitment to subject 80% of trade value to the EPA in 2022 when the agreement enters into force, may fail to modernise the country's industrial production, even though trade flows may improve because of outflows of mineral commodities and unprocessed agricultural products. Zimbabwe will suffer weak industrial output and innovation, which will open more opportunities for manufactured European products to flood the local market. Even agricultural outputs from the EU will be provided to the world market, and to Zimbabwe, in a more productive manner, and the latter's unprocessed agricultural products may not be competitive given the power of transitional agribusinesses in EU and other global agricultural markets.

Explaining why Zimbabwe entered into the latest trade round in a context of political hostility is an important contribution of this dissertation, especially because a relatively sophisticated civil society advocacy network – one of Africa's strongest in terms of both research and social mobilization – was shunned by state negotiators while longer-term business interests were not properly considered by negotiators. The study addresses these shortcomings through the lens of negotiation theories and practices which emphasise the intrinsic value of information, and financial, human and technical resources in trade negotiations, and through bargaining game theory which values information as a strategic weapon during the negotiation process. As such, the study concluded that the EU, with its superior access to information and resources, succeeded in influencing the process, and that political paralysis inside Zimbabwe's Government of National Unity is largely to blame for not generating the full set of informational resources that local negotiators could have otherwise relied upon. Moreover, by dangling a developmental assistance envelope, the study argues that the EU sealed the EPA victory before the process even started. In this regard, it successfully marshaled ACP countries into adverse negotiating configurations, despite empirical evidence indicating an absorption rate of less than 48% of the promised assistance (Table 4.3) since 1975. This outcome enabled the EU to effectively employ its policy of divide and conquer from above, and from below the potential for solidarity relationships between EU and ACP (especially Zimbabwe) civil society were also unrealised. As a result, the study laments the breaking up of the ACP region into six configurations and subsequent disintegration of the

ESA group into two, resulting in four member states of the reconfigured ESA group, including Zimbabwe, signing iEPA with the enlarged EU community.

The EU member states have been able to defend a common position with a single voice throughout the negotiation process and also maintain political pressure on Zimbabwe's rulers – as is evident from sustained smart sanctions and travel bans on ZANU (PF) leadership – while refusing contact with the Zimbabwean government except in the context of the ESA configuration. By allowing ZANU (PF)'s former Trade and Industry minister, Samuel Mumbengegwi, to attend EU-ESA or ACP-EU trade including EPA meetings in Brussels, the EU succeeded in ensuring that its bilateral political discord with Zimbabwe regarding human rights and property rights would not derail the EPA process. Further, the bloc continued bankrolling democratic CSOs while denying funding to critical CSOs which participated in the EPA process. The study sums up the EU dominance and influence in the process as 'guerrilla negotiations strategies and tactics' that successfully outwitted a different set of Zimbabwean guerrilla strategies and tactics: the reclaiming of land and mining rights from non-indigenous Zimbabweans (white owners). The study therefore concludes that the EU's 'invisible hand' on the market (demand and supply forces) at the same time it exercised a very visible hand on bilateral politics will result in its dominance over Zimbabwe's economy. Zimbabwe's political elite was somewhat effective at political grandstanding, but much less so in operating within the confines of market forces of demand and supply, which are now positioned to further degrade Zimbabwe's economy. Normally such forces would have reacted by lowering the price of Zimbabwe's exports and raising import prices through currency devaluation, but without control of the currency – a hard currency basket let by the US dollar since early 2009 – this option is not available.

By considering how CSO actions influenced the process, there are further lessons about successes and failures of the EPA negotiations. Indeed, the sector influenced a change in attitude and public will of the EU with respect to the 31 December 2007 deadline and subsequent missed deadlines. Elsewhere, CSOs succeeded to some degree in forcing African negotiators in general and ESA negotiators in particular to confront and mitigate the dangers associated with a rushed process. However, in Zimbabwe, the CSO failed to influence a change in attitude of local authorities, in part because of complications associated with the intrusion of party politics into economic policy and the EPA negotiating process. At a time when civil society was often understood as mainly allied with the Movement for Democratic

Change, many of the CSOs that would ordinarily have had a strong advocacy role failed to convince the ZANU (PF) authorities that the EU's refusal to provide financial support to their (critical) EPA activities was enough proof that they were not agents of European political and commercial interests. These are the core civil society advocacy inadequacies amid glaring state shortcomings and suspicious stakeholder relationships. The dissertation concludes that a combination of CSO advocacy inadequacies and state shortcomings delivered the Zimbabwean domestic market to the EU while severely constraining the country's future trade within the latter's markets.

## **7.2 Methodological lessons of the study**

The study offers valuable methodological lessons to anyone wanting to undertake an enquiry into public-oriented policy (economic and social) in an environment dominated by tense and politically suspicious state-society relationships. These are structural problems, often disguised by shallow public commentary regarding the government's weaknesses or leadership styles, especially when belligerence characterises the rival parties. In the course of the investigation, these sensitivities were obvious, and the need to gain trust and make government officials feel secure was a prerequisite to having them eventually open up in face-to-face interviews.

Informants have referred to the "IMF way" of extracting information – a view to compile sensitive social, economic and political country reports (section 3.4). In this respect, the posing of critical questions is done haphazardly without any physical recording of responses while absorbing as much as possible the entire essential points in the conversations. However, in addition to institutional power (which this researcher lacked), this requires patience and time to build trust, and sufficient resources to make frequent visits. It also requires discipline with respect to protecting the sources of information, and concealing one's mission. This level of self-discipline is informed by the fact that the prevailing Zimbabwean academic sector has been polarised just as much as any in society. The risk, therefore, is that any association during field work with critics of state-shortcomings on social and economic policy ends up being construed as supporting the regime-change agenda. In a country

suffering what Elijah Munyuki<sup>1</sup> terms ‘high levels of political surveillance’ there is always the possibility of unintended consequences such as the abrupt end of field visit, inviting state control of one’s movement and/or access to data sources, and confiscation of any information at one’s disposal. Conversely, associating with pro-regime academics invites derogatory labels from other intellectuals and CSOs such as anti-democratic. Then, in such a politicised environment, it is difficult to get requisite information or cooperation, especially if the sample is dominated by CSO representatives, and if one is bent on interrogating the sector’s advocacy activities. The above calls for due diligence ranging from seeking permission<sup>2</sup> from the relevant authorities before undertaking research to devising ways of sharing research-related information with relevant stakeholders, the government and the general public.

There is no substitute for direct participation in national or regional policy dialogue sessions (mainly conferences, roundtables discussions, seminars and workshops) thereby offering a chance to refine further research questions, objectives and ideas. This also occurs by participating in regional policy dialogue sessions which facilitate engagement with government officials, and in the case of this dissertation research, junior officials then shared their respective ideas on unfolding socio-economic and political developments, especially of a policy nature. However, this requires having sufficient resources – including the institutional location enjoyed by the researcher – and remaining connected with the convenors of such regional platforms. That these factors were available during this dissertation research, facilitated access to both government officials and CSOs, in a way that is probably unprecedented, and allowed unique findings to emerge about their respective strategies and narratives.

### **7.3 Key contributions of the study**

As the study shows, prospects for a positive outcome from EU-Zimbabwe EPA negotiations, in terms of the latter’s industrial development, export diversification and competitiveness, are remote, at least in the short to medium term. This suggests a potential learning curve for the

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1 Interview discussion with Elijah Munyuki, Gaborone Botswana, 24 August 2012.

2 In Zimbabwe, it is mandatory to get permission in writing before undertaking any public policy oriented research anywhere in the country including rural areas.

Ministry of Industry and Commerce and all other relevant stakeholders<sup>3</sup> to realise the importance of collective and constructive consultations in trade negotiations, regardless of economic and political differences. There was also a learning curve for CSOs in terms of assessing the relevance, attitudes and capacity of their advocacy activities on economic policy in general and trade negotiations in particular. Indeed, failure to heed important lessons from this round of EPA negotiations will result in a replication of both the current ‘state shortcomings’ and ‘civil society advocacy inadequacies’ in future bilateral and multilateral trade talks. Such a development potentially undermines future trade contributions to the country’s socio-economic development.

The study provides insights into why Zimbabwe was among the first countries to agree to the iEPA and to fast-track its ratification process, even when its industrial capacity utilisation was less than 20%, and when the GNU’s political dysfunction and economic policy contradictions alienated both foreign and domestic investors and donors. These insights include the obvious need to depoliticise and contextualise the economic policy and trade and development debate in Zimbabwe. For instance, the EU targeted sanctions and travel prohibition on ZANU (PF) leadership and associated companies may not have had much impact upon the state of the economy over the period, characterised, *inter alia*, by negative growth from the late 1990s and the most hyperinflationary environment in Africa’s history. But given the high level of politicisation, it is always necessary to demystify the economic sanctions debate. The study also brings to the fore the need to depoliticize and contextualise the debate about indigenous economic empowerment and transformation, especially during 2013 when national empowerment objectives were directed towards a partisan electioneering outcome.

The study also demonstrated that, in the wake of default on foreign debt starting in 2008, Zimbabwe’s inability to access global financial credits – including on occasion vitally needed trade finance – severely limited the country’s potential to put in place appropriate remedial measures to revamp and/or sustain industrial production and raise export capabilities. Sanctions against Zimbabwe’s access to finance also prevented a conducive environment which in other circumstances would have allowed state officials to consult deeply and widely with all relevant stakeholders and constituencies. The problems with adverse power relations

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3 Trade-related Ministries, ZIMRA, Tariff Commission, MPs, CSOs, business community and the labour movement.

are not uniquely Zimbabwean, of course, because as Diamond Chikhasu, the principal trade officer of the Malawian Industry and Trade ministry, put it, the ‘EPA process through its best endeavour language is likely to mirror the negative implications and outcomes of the structural adjustment programme (SAP), including closure of several companies in most regional economies including Malawi’<sup>4</sup>. Zimbabwe’s iEPA trade liberalisation will now intensify, but under conditions of extremely low industrial capacity utilisation, use of ageing machinery, hesitant domestic and foreign investors, and an unpredictable political landscape. Together, these threaten the goal of economic recovery. The country’s 1990s SAP experience should have compelled negotiators and the relevant authorities to carefully sequence iEPA tariff liberalisation and commitments with current plans (if any) to revamp and build industrial production and export capabilities, and market competitiveness for local products.

The thesis has shown that the ongoing EPA process in the ESA configuration has, since December 2007, achieved its purpose of creating individual, small, weak and vulnerable economies whose rulers were so divided that they eventually signed and ratified iEPAs in 2009. Even the Zimbabwean government, which since 2000 had only minor bilateral contact with the EU, finally signed and ratified the iEPA. This was a major climb-down by ZANU (PF) officials from earlier revolutionary pronouncements, a reflection of the success of the EU’s guerrilla negotiating strategies and tactics. It also signals a short to medium term victory for the EU and its allies (business lobbies, multinational corporations and global financial institutions) since market competitiveness favours EU entrepreneurs in both markets (the EU and Zimbabwe). Kamidza (2010) exposed the hypocrisy of the EU’s strategy of ‘divide and conquer’ in EPA negotiations. The EU is currently the main sponsor of all sub-regional economic integration schemes, and yet promoted iEPA tariff liberalisation schedules and commitments that are at variance with those obtained regionally. The EU strategy to win markets in the sub-region required disruptions of regional and national markets.

The reluctance by the relevant organs of the Zimbabwe government – as well as others in the ESA region –to regularly interface with civil society groups, particularly those critical of the process, was an unfortunate development that should not have been allowed to continue. One outcome of this failure has been a process of intense lobbying and resource mobilisation in support of programmes of the SADC Council of NGOs, based in Gaborone, Botswana, which

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<sup>4</sup> Interview discussion with Diamond Chikhasu, Lilongwe, Malawi, 9 March 2013.

signed a MoU with the SADC secretariat to engage regional heads of states and government at their annual summit. To date, the organisation has developed a fully-fledged regional integration programme that is linking other CSOs with the SADC secretariat's Trade, Industry, Finance and Investment Directorate, which is the engine of the regional trade and integration agenda.

Many other countries engaging in EPA negotiations have platforms that allow all the relevant stakeholders to give input into the process, including those with critical opinions, a significant deficiency in the EU-Zimbabwe trade talks. The study has highlighted civil society's inability to engage in the EPA process, which directly undermines lobbying not only between Zimbabwean negotiators, officials and other state organs that are central to the process and the implementation of this agreement, but also regional EPA units (COMESA and SADC) in terms of resisting or at minimum harmonising iEPA liberalisation and commitments. Regional CSOs should also have lobbied other SADC countries' officials involved in EPA negotiations to reconcile iEPA provisions with regional integration and development plans, if such was possible.

#### **7.4 Policy recommendations**

Stakeholders should strategically engage in the processes of the EPA and sub-regional integration, and constantly share information with respect to emerging challenges and opportunities. The study therefore recommends a new round of intensive, inclusive debates on the EPA process in particular and economic policies in general. Such discourses can also focus on how the country should sustainably develop and mobilise human, financial and technical resources in support of existing public, quasi-government, and independent research institutions, and establish them where necessary. Success in this regard has huge potential to solve potential problems associated with state shortcomings, stakeholders' adverse relationships and civil society's inadequacies in trade advocacy. A more robust analysis of the process will also require increased human, financial and technical support for generation of reliable statistics and information. The study further recommends that all key stakeholders should support relevant policy and data storage institutions with a view to ensuring that all constituencies and the general population are well informed about the process that has culminated in the new trade regime with Europe, the implementation of the new trade regime and the implications thereof, especially to the social and economic transition agenda.

The study has revealed that the state was not engaging all the necessary stakeholders in the EPA process. This is likely to remain a problem if the political divide continues unchecked. For instance, the state-private sector relationship has been characterised by mistrust and lack of cooperation on major economic policy or economic programme decisions. This is underscored by the appeal from Katuruza, the former chief negotiator, that the private sector submits a list of sensitive products for onward sharing with the EU at future negotiations.

The state-CSO relationship has predominantly been tense. As a result, the state has mainly been consulting CSOs which are not critical of government's approach to economic empowerment issues. The study recommends institutionalising state-society platform dialogue sessions (conferences, workshops, seminars and roundtable discussions) to encourage stakeholders to appreciate diverse opinions in social, economic, and political developments. Indeed, frank and honest state-society platforms have huge potential to address many shortcomings and advocacy challenges that arise in economic and trade debates. Ideally, such state-society debates should galvanise all available resources (human, financial and technical) and commitments, to collectively and constructively engage on economic policies, institutional set-ups, systems and structures with a view to promote smooth implementation – or a revisiting – of iEPA outcomes. State-society relations should therefore intrinsically link the implementation or mitigation of the iEPA with development assistance in order for them to become tools for development. Already, the EU, during the signing ceremony with iEPA ESA-countries, promised to support the establishment of EPA Implementing Units in trade ministries. This also encourages state-society alliances to apply collective efforts and wisdom for monitoring and evaluating the implementation of the iEPA agreement.

Scholars should, meanwhile, interrogate the ideological underpinnings and concrete processes associated with bilateral trade negotiations and help map the stakeholder tensions arising from the EPA processes, with a view to rationally assessing how the process would benefit from greater collective preparedness, unity and consistency during the negotiations. This dissertation is an attempt to do just this. Such a review has the potential to help the country in future trade negotiations at various levels: regional, bilateral, and multilateral. Such interrogation should entail specifying institutional processes for negotiating constructively, thereby avoiding the recent experiences, and instead promoting solid policy

analyses and evidence-based advocacy in support of the process, including strengthening negotiation-related technical skills.

The study has emphasised the fact that the Zimbabwean economy has, since 1980, become more agriculture-based, and that future EU trade will adversely affect Zimbabwe's ability to compete with EU agricultural products in both local and European markets. The study has also observed the levels of de-agriculturalisation triggered by the Bretton Wood Institutions' neoliberal policies, particularly on trade liberalisation, during the 1990s. Further, the study observed the objective of the ZANU (PF) government's unorthodox guerrilla approaches, strategies and tactics used to reclaim farm and mining rights since 2000, but decried the lack of appropriate analyses, strategies and tactics in the EPA negotiating room with the EU. Both the Bretton Woods Institutions' and subsequent World Trade Organisation interventions based upon trade liberalisation and the ZANU (PF) government's interventions based upon unconventional fast-track land redistribution and indigenous economic empowerment were premised on the potential economic and social transformative power of the agricultural sector. In line with both interventions which recognise the sector as the backbone of the economy, the study recommends a combination of trade policy and specific trade promotion processes premised on the significance of agricultural trade under EU-Zimbabwe trade relations, particularly under the iEPA. Sector-specific policies and interventions are needed, especially from Zimbabwean authorities in line with the draft Regional Agricultural Policy (SADC, 2013) in order to inspire confidence in new farmers who might feel out-manoeuvred by the outcome of the EPA process. High-level participation of farmer associations and other stakeholders is needed with a view to providing strategic inputs into the process. This could one day produce a competitive surplus for local and other markets – including the EU – to meet food security and food sovereignty objectives, contribute to economic development, improve farmers' returns on investment and enhance the adoption of modern technologies to sustain good agricultural practices.

If these recommendations are pursued in the state and society, an improved EU-Zimbabwe bilateral institutional relationship within the 10<sup>th</sup> EDF funding framework has the potential to stimulate the Zimbabwean economy to its past glory. Success in this regard would confirm the practical developmental aspect of EPAs in Zimbabwe, especially if accompanied by liberal democratic values and acceptable governance practices. The study therefore recommends continued efforts by the EU to soften smart sanctions and travel bans on ZANU

(PF) leadership and associated companies, since such sanctions have not generated liberal politics. Instead, the dissertation recommends increasing regional political will to decisively tackle governance and electoral disputes in order to avoid another 2008 disputed electoral outcome, or the questions raised about the 2013 poll in many quarters in regional civil and political society. Success would generate new space for rational, constructive and inclusive state-society engagements on economic policy frameworks and future trade negotiations at various levels and will also assist in mobilising foreign and domestic resources. This will significantly unlock Zimbabwe's entrepreneurial potential, especially in agro-processing value chains and SMEs in order to exploit economic opportunities associated with the iEPA. Success in political and economic transition also opens up development opportunities based on mutual interests, not only in trade and development including trade-related areas, but also in technology transfers, technical expertise with respect to capacity, and skills development across all stakeholders' constituencies, and innovative financial instruments, that is, combining EU grant resources with private or national government capital. Successful political and economic transition also encourages other donors, friendly foreign governments and citizens to formulate and implement trade-related initiatives and platforms that are linked to the EPA outcomes. Ultimately, cooperation with development partners further satisfies the nation's yearning for a deeper and more wide-ranging partnership on sustainable pro-poor developmental strategies.

Given that the negotiating parties have signed the iEPA and that both the EU and ZANU (PF) leadership are working towards the normalisation of the bilateral relationship (easing sanctions and improving political co-existence with respective MDC formations), the study recommends that the EU-Zimbabwe institutional collaboration create a predictable financing mechanism, through which the latter can unconditionally access the 10<sup>th</sup> EDF to facilitate industrial rehabilitation and modernisation, and improve physical supply-side related bottlenecks (rail and road networks, reliable electricity and communications, and water provision) (see section 6.4.3). The financial window can also assist in attracting the necessary technology and essential knowledge to meet product standards, including sanitary and phytosanitary measures and technical barriers prevailing in high value markets such as the EU. Success in this regard will enable the country's entrepreneurs to exploit iEPA associated opportunities. It is thus imperative that improvements are made in the EU-Zimbabwe bilateral relations to unconditionally unlock global financial resources (from the IMF and World Bank) to support export competitiveness. Coupled with stakeholder collaboration, the

improved EU-Zimbabwe bilateral relations has the potential to promote Zimbabwe's commercial interests in Europe as well as in regional and other global markets through which the country can sustain equitable economic growth and socio-economic development.

The study highly recommends stakeholder interaction either at institutional or representative levels to improve constructive and collective national economic and trade debates through various policy dialogue sessions. Such interactions have a huge potential to improve future economic policy frameworks, trade policy formulations, trade negotiations and subsequent implementation and evaluations. The interactions could also lead to the development of requisite capacities and skills to support future trade negotiations and/or trade agreement reviews at regional, bilateral and multilateral levels.

The study also recommends that Zimbabwean authorities should work towards accessing 'Aid for Trade' resources. This will be made possible with improved bilateral relations with the EU and other international organisations, including the World Bank, IMF, OECD, UN organisations, WTO and other donor agents. Access to funding will enable Zimbabwe's products to penetrate not only the European market, but also other regional and global markets as well as to facilitate the economy's integration into a multilateral trading system. Such developments will sustain sectoral and industrial development, create opportunities for economic growth and development, and generate welfare gains for citizens leading to improved livelihoods.

It is essential that Zimbabwe receives huge public investments in infrastructure and institutions if the country is to benefit from the trade liberalisation under the iEPA regime. It is also imperative that the country receives huge private sector investment in industrial and sectoral productive and export capacities. Given the above, the study recommends sustaining current efforts to improve EU-Zimbabwe bilateral trade, development and political cooperation and improving state relations with civil society, particularly with organisations working on trade and economic issues. Success in these areas has the potential to normalise the national body politic and the political environment, thereby contributing towards an uncontested forthcoming presidential and parliamentary electoral outcome. Such an outcome would significantly contribute to confidence building in the economy, thereby attracting much-needed domestic and foreign investors that remained at bay throughout the GPA dispensation.

The study recommends extensive use of public-private sector and state-civil society dialogue platforms in order to ensure not only that the laws and regulations are in harmony with the implementation schedules of the new trade regime with Europe, but also to relieve the tensions that have dominated the policy making environment over the period under review. Thus, as the interaction between state and other stakeholders working on trade and development gathers momentum, it is possible to attract funding in support of projects and programmes meant to improve state shortcomings in terms of modernising and restructuring industrial export diversification and upgrading competitiveness, particularly in agriculture which is likely to face challenges with the implementation of the iEPA.

The study also recommends the establishment of an informal national trade facilitation team, composed of representatives from the ministry of Industry and Commerce, the private sector and CSOs working on trade and development, with a proviso to meet regularly to identify bottlenecks likely to undermine full implementation of the EPA provisions taking into account the needs of stakeholders in the trade.

The above recommendations support ZANU (PF) leadership in normalising the political and economic bilateral relationship with the EU and in accessing financial, technical and “Aid for Trade” resources currently benefiting other ACP countries, especially iEPA signatories. The recommendations also advocate improvement in state-society relationships through intensive and inclusive engagement on macro-economic policy and/or development environment, especially the regional, bilateral and multilateral trade agenda. Furthermore, the recommendations support the post-electoral confidence that has so far created conditions for improving state-civil society and state-private sector lobbies (industrialists and commercial farmers) relationships in macro-economic management including future bilateral, regional and multilateral trade negotiations as well as the implementation of related trade agreements.

## **7.5 Topics for future studies**

In line with Prasad (2005), Zimbabwe, with its abundant natural resources, requires an in-depth study assessing the contribution of existing supply-side constraints to the current export sector development and growth. Such a study, which should employ linear programming models of export receipts and build scenarios of causal relationships between the level of

export receipts and reductions of supply-side constraints, would help the country to identify and subsequently analyse the impact of supply-side constraints on its export receipts.

The study suggests the establishment of a working collaboration between CZI and ZNCC in order to identify signs of sectoral or industrial distress resulting from the implementation of the iEPA. This can be institutionalised as periodic monitoring of the performance of sectors and/or industry whose products are competing with those from Europe either locally or in the EU market. Such periodic studies should be comprehensive and cover production-marketing value chain processes with a view to making the necessary recommendations to improve productivity levels and market competitiveness. Further, the study suggests that both the CZI and ZNCC should work closely with the Ministry of Industry and Commerce to periodically undertake trade competitive diagnostic sectoral and/or industrial studies in line with Reis's (2011) argument to assist companies to understand their positions, performance and capabilities in the EU and other global export markets and factors that underpin prevailing levels of competitiveness and/or constraints. Such an analysis will also enable firms to explore existing and potential market opportunities vis-à-vis the factors that underpin the adjustment processes.

The study suggests a critical review of the role and function as well as the challenges and successes of the NDTPF as an EPA institutionalised consultative platform for the state and stakeholders to formulate national issues, interests, positions and offers. These could also be used for subsequent sharing with other ESA-EPA states during the RNF and joint ESA-EU meetings. These recommendations would help the country in building synergies and coalitions, not only in the trade debate but also in future trade negotiations.

The study suggests a critical assessment of the collaboration and synergies between CSOs working on trade and development on the one hand and private sector bodies and the parliament's Trade and Development Committee on the other hand as well as a critical review of the state-stakeholder working relationship in economic policy frameworks and trade negotiations with a view to identifying challenges and opportunities that may require immediate attention. The exercise can also review the trade regime's socio-economic impact vis-à-vis trade provisions, thereby paving the scope for the search for alternatives versus what would constitute a development-oriented EPA agreement.

The study has identified the difficulties in terms of CSOs interacting with sub-regional secretariats' EPA units and their respective CTAs in the process including the snubbing of CSO organised meetings and the related difficulties in terms of disseminating and obtaining information on the process. The study further argues that the above has kept CSOs at the periphery of the unfolding process, a development that contributed to inadequacies in their advocacy about glaring state shortcomings. An assessment of the roles and functions of sub-regional EPA units in the EPA process with a view to recommending future working relationships in the implementation of iEPA is suggested, as is an assessment of trade negotiations and regional economic integration processes. Such recommendations, it is believed, would provide best practices and lessons to other ACP configurations in general, and to EPA countries in particular.

## **7.6 Way forward and study hypothesis**

The Zimbabwe economic and trade debate is bleak, especially within the context of hostile EU-ZANU (PF) relations following the ZANU (PF) 31 July 2013 electoral victory, given that major EU countries expressed doubts about the election's integrity. The GNU's failure to fully normalise relations with the EU and other western countries meant the continuation of smart sanctions<sup>5</sup> and the inability to restructure Zimbabwe's international financial relations. An estimated US\$10.7 billion worth of Zimbabwean sovereign debt is outstanding, of which 70% is accumulated arrears. The GNU administration could not access direct overseas development assistance, cheap credit, grants and concessional capital from GFIs (mainly the World Bank, IMF and the AfDB) and other international financial institutions. The anticipated debt cancellation did not occur.

Darracq (2010: 1) argues that the EU-ZANU (PF) sanctions debate has divided the European Council into two camps: hardliners led by the United Kingdom, Germany and the Netherlands on the one hand, and more moderate forces led by Portugal, France and Denmark on the other. Hove (2012: 74) describes the division as Euro-centric versus Afro-centric. Mawere (2009) argues that many African heads of state and government, and the general public, view the EU-Zimbabwe bilateral crisis within the context of neo-colonialism, the

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<sup>5</sup> The EU partially removed sanctions imposed on ZANU (PF) leadership a few months towards the harmonised elections.

north-south divide and imperialist power. The ZANU (PF) electoral victory was endorsed by AU and SADC observers and by most regional and African governments, on the one hand, and the failed MDC-T electoral challenge in the national courts<sup>6</sup> was endorsed by traditional backers, mainly Australia, the EU and USA on the other. This ongoing dispute potentially entrenches pre-existing divisions; whether it will lead to renewed sanctions remains to be seen. Meanwhile, Mugabe revived some of his most vitriolic anti-Western rhetoric. A week after sworn in office, Mugabe further threatened ‘tit-for-tat’ retaliation against companies from Britain and the USA if sanctions persist.

The contested election may cause divisions within the EU over renewal of smart sanctions. Indeed, there is little doubt that EU-Zimbabwe bilateral conflict, tension between western governments and ZANU (PF), donor-state mistrust, state-civil society divergence, state-private sector suspicions (possibly leading to further property nationalisations) and polarisation of the national body politic will continue. Though there is now policy ‘certainty’ insofar as the GNU’s incoherence has passed, the course and pace of the country’s economic transition is not obvious, given the ruling party’s promise to redistribute wealth in the form of majority indigenisation stakes in the top 1200 listed Zimbabwe Stock Exchange corporations, leading to a US\$1 billion (nearly 20%) crash in the stock market’s valuation in the week after the election. The prospect of on-going sanctions is also likely to harden ZANU (PF)’s anti-colonial attitude in relation to economic indigenisation. As Mugabe proclaimed on 13 August 2013, “Over the next five years the country is going to witness a unique wealth-transfer model that will see ordinary people taking control of the economy, targeting over 1,000 foreign companies including banks” (Zim247.com, 13 August 2013). The model did not immediately materialize, but given that this would imply a private sector investment drought, such a development is likely to undermine any immediate prospects for economic recovery in the short to medium term. In turn, such a policy would adversely affect prospects for competing with EU products in both markets (Europe and local), prospects for attracting potential investors and donors, especially from western economies; and prospects for borrowing international financial resources. Conversely, the continued EU-Zimbabwe debacle may equally open space for emerging economies, especially Asian commercial interests through ‘look east politics’ and perhaps also better conditions for South African

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<sup>6</sup> The growing perception of Mugabe’s party controlling both legal and political institutions in the country not only reduces the MDC-T legal challenge to an academic exercise unlikely worry ZANU (PF) and allies (SADC and AU head of states and government), but also influences the party’s decision to withdraw before case.

corporate investors as a reward for the quick endorsement of the electoral process by SADC facilitator, Jacob Zuma. South Africans have recently expressed interests in retail expansion through conglomerates such as ShopRite and Checkers, Pick 'n Pay and Wal-Mart (which has inherited Makro warehouses in Harare and Bulawayo). Russian investors are also gaining access to Zimbabwe's platinum and gold through preferred arrangements associated with military relations. Therefore, besides affecting EU-Zimbabwe trade, residual sanctions create conditions for Asian, South African and Russian producers and exporters to become potential drivers of the 'new trade tsunami', resulting in rock-bottom prices that may equally drive domestic producers, including new entrepreneurs (new farmers and small-scale industrialists) from the local market. Furthermore, with foreign debt arrears of about US\$11 billion, any re-engagement with Bretton Woods Institutions would introduce trade liberalisation-related conditionalities. Coupled with the current the state of power outages and water shortages, physical infrastructure decay and outdated technology and machinery across most currently operating firms, we can expect not only slower economic growth and development prospects, but also a more difficult environment for trade with Europe. It will therefore be difficult to test the study's hypothesis, that "an EPA outcome is an onslaught to the Zimbabwean economy in the short to medium term", but such an onslaught may now instead be the result of a variety of other factors, of which low-quality EU-Zimbabwe relations are an important symptom. 'A typical underdeveloped economy, Zimbabwe, would not be allowed to concentrate on those sectors of the economy, which in turn, would generate growth and raise production to a new level altogether' (Bond and Kamidza, 2009) to compete with three market-led tsunamis: made-in-Europe products (see Figure 5.3 in section 5.3), made-in-China and -India products (especially clothes and electronics) in line with 'look east politics', and made-in-South Africa products consistent with Pretoria's sub-imperial commercial agenda. In particular, the nexus between western governments' upholding punitive measures against ZANU (PF) leadership and Zimbabwe government's implementation of indigenisation and empowerment programmes would be another important symptom. Indeed, it remains to be seen how Mugabe's final government will unlock both foreign direct investment flows and multi-donor resources to stimulate current weak agricultural and industrial production processes, and to support economic transitional trade and development policies and debates – given that the multiple challenges laid out in this dissertation are not likely to be addressed forthrightly.

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## **E. Personal interviews**

Angelica Katuruza, Zimbabwe government former chief negotiator, now with the Zimbabwean Embassy in Pretoria, South Africa, Johannesburg South Africa, 28 May 2012.

Diamond Chikhasu, Malawian Industry and Trade ministry's principal trade officer, Lilongwe, Malawi, 9 March 2013.

Dolphine Mazambani, CZI chief economist, Harare, Zimbabwe, 16 September 2012.

Elijah Munyuki, trade law consultant, Gaborone Botswana, 24 August 2012.

Gabriel Chipare, deputy clerk of the Zimbabwean parliament, Lilongwe, Malawi, 24 November 2012.

Godfrey Kanyenze, director of Ledriz, the research wing of the ZCTU, Harare, Zimbabwe, 28 June 2011.

Medicine Masiwa, lecturer at the University of Zimbabwe, Gaborone Botswana, 25 August 2012.

Rangarirai Machedze, Seatini deputy director, Harare, Zimbabwe, 25 June 2011.

Richard Mandebvu, Zimcodd social and economic programme officer, Harare, Zimbabwe, 24 June 2011.

Tedious Chifamba, Zimbabwean Regional Integration and International Cooperation permanent secretary and current government chief negotiator, Harare, Zimbabwe, 14 September 2012.

Tendayi Makanza, senior researcher: ZCTU Alternative to neo-liberalism in southern Africa project, Durban, South Africa, 10 August 2011.

Willie Shumba, former Zimbabwean revenue commissioner and regular government delegate to EPA-related meetings, now SADC secretariat's customs senior programme officer, Gaborone, Botswana, 14 March 2012.

Junior government officers and other informants were not directly quoted as per their request.

## **F. Observations**

During the joint EU-SADC EPA meetings (Johannesburg, South Africa and Brussels, Belgium):

EU commission's deputy director general of trade, and the chief negotiator, João Aguiar Machado.

During internal SADC EPA ministerial meeting (Gaborone, Botswana):

Rob Davies, South African minister of Trade and Industry, Gaborone, Botswana, 19 May 2013.

During joint EU-SADC EPA group negotiations (Johannesburg, South Africa and Brussels, Belgium):

Machado always focus on Xavier Carim and Malan Lindeque, chief negotiators of South Africa and Namibia, respectively.

## APPENDIX

### A. Questionnaire to government officials and/or negotiators

1. List key civil society organisations (CSOs) and private sector chambers that have been or are still involved in the EPA negotiations

Name of civil society organisation	Name of private sector chamber
1.	2.
3.	4.
5.	6.

2. Explain why government?

Participated in the EPA process	
Participated under the ESA configuration	

3. With respect to EPA process, what are your views on?

The old Zanu (PF) government's <sup>7</sup> strategy at Seattle, Doha and Cancun WTO negotiations;	
<i>Explain</i>	
The GNU's approach;	
<i>Explain</i>	

4. With respect to EPA process, what are your views on?

COMESA Secretariat	
<i>Explain</i>	
SADC EPA Unit	
<i>Explain</i>	
South Africa's Trade and Industry's Minister, Rob Davies	
<i>Explain</i>	

5. Describe key constraints that undermined government effective leadership in the EPA process.

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6. With respect to the EPA preparedness in the EPA process, describe how the EU – Zimbabwe bilateral relations affected?

Government's preparations	
Government-civil society relationship	
Government stakeholder mobilisation	

7. How do you describe government - civil society consultative relationship on the process with respect to?

Challenges	
Opportunities	

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<sup>7</sup> In particular, the role that the former minister of Trade and Industry, Nathan Shamuyarira played in putting Zimbabwe at the cutting edge of critical diplomacy during the WTO processes since Seattle Ministerial Conference.

8. With respect to the EPA preparedness, what are your views on the effectiveness of?

National Development Trade Policy Forum <sup>8</sup>	
Stakeholders' consultations	

9. With respect to the EPA preparedness, how would you describe civil society's inputs on?

Skills and capacity development	
Negotiating strategies and tactics	
Identifying issues	
Identifying interests	
Developing positions	
Developing offers	

10. With respect to stakeholders' consultations on the EPA process, describe government's:

Strengths	
Weaknesses	

11. Describe how government shared issues, interest, positions and offers with civil society?

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12. With respect to negotiating guiding principles on the EPA process, how would you describe government's negotiating approaches, strategies and tactics?

At ESA configuration level	
At the EU level	

13. Which sectors of the economy are vulnerable to the EPA outcome and why?

Sector	Reasons

14. With respect to supporting the EPA process, which donor(s) funded the following?

	Funding donor(s)
Government officials/negotiators participation in EPA meetings	
Impact assessment study	
Stakeholders consultations	
Other, specify	

15. Any other information, specify.

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<sup>8</sup> The National Development Trade Policy Forum is a stakeholder forum comprises of government officials and representatives of the private sector and civil society organizations working on trade and development issues in the country.

## B. Questionnaire to the representative of civil society organisations

1. List key civil society organisations (CSOs) and private sector chambers that have been working with you in the EPA negotiations process.

Name of civil society organisation	Name of private sector chamber
1.	2.
3.	4.
5.	6.
7.	8.

2. Describe the working relationship in the EPA process with other CSOs, government and donors.

Other CSOs	
Government	
Donors	

3. With respect to the EPA process, describe government's:

Strengths	
Weaknesses	

4. With respect to EPA process, what are your views on?

The old Zanu (PF) government's <sup>9</sup> strategy at Seattle, Doha and Cancun WTO negotiations;	
<i>Explain</i>	
The impact of the International Trade Minister, Welshman Ncube's new political portfolio;	
<i>Explain</i>	

5. With respect to EPA process, what are your views on?

COMESA Secretariat	
<i>Explain</i>	
SADC EPA Unit	
<i>Explain</i>	
South Africa's Trade and Industry's Minister, Rob Davies	
<i>Explain</i>	

6. How do you describe negotiators' - civil society consultative relationship on the process with respect to?

	Zanu (PF) Government	Government of National Unit
Challenges		
Opportunities		

7. With respect to the EPA process, how would you describe negotiators' appreciation on?

Implications	
Challenges	
Opportunities	

<sup>9</sup> In particular, the role that the former minister of Trade and Industry, Nathan Shamuyarira played in putting Zimbabwe at the cutting edge of critical diplomacy during the WTO processes since Seattle Ministerial Conference.

8. With respect to participation on trade and industrial policy debate, how would you describe the EPA process and why?

Category	Reason(s)	
	Zanu (PF) Government	Government of National Unity
Transparency		
Inclusive		
Democratic		
Sensitive to socio-economic conditions		

9. With respect to the EPA preparedness, what are your views on?

National Development Trade Policy Forum <sup>10</sup>	
Stakeholders' consultations	

10. Describe key constraints that undermined civil society's effective participation in the EPA process.

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11. With respect to the EPA preparedness, how would you describe civil society's inputs on?

Skills and capacity development	
Negotiating tactics	
Negotiating strategies	
Identifying issues	
Identifying interests	
Developing positions	
Developing offers	

12. In your view, what has been the role of donors in the EPA process?

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<sup>10</sup> The National Development Trade Policy Forum is a stakeholder forum comprises of government officials and representatives of the private sector and civil society organizations working on trade and development issues in the country.

13. With respect to the EPA process, which donor(s) funded your organisation's activities in terms of?

Participation in the EPA process at the:	
National Development Trade Policy Forum	
Regional Negotiating Forum <sup>11</sup> ;	
African Union meetings;	
Brussels meetings	
Dialogue sessions:	
Conferences;	
Workshops;	
Seminars; and	
Roundtables	
Advocacy at:	
National level;	
ESA level;	
EU level	
Consultations with:	
Government negotiators;	
Other civic bodies;	
Other constituencies;	
Other activities, <i>specify</i>	

14. How would you describe civil society's advocacy strategy in the EPA process at the:

National level	
Regional level	
AU level	
EU level	

15. Given the politically-charged environment, how would you describe CSOs' advocacy with respect to?

Implications	
Challenges	
Opportunities	

16. With respect to the EPA preparedness, describe how the EU – Zimbabwe bilateral relations affected your organisation's participation in the EPA process?

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<sup>11</sup> The Regional Negotiating Forum is a platform in which member states belonging to the same configuration meet to prepare their negotiation positions and offers with the European Union.

17. Given the tense EU-Zimbabwe bilateral relations, how would you describe CSOs' advocacy strategies with respect to?

Implications	
Challenges	
Opportunities	

18. Any other information, specify.

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