



EUROPEAN UNION

DELEGATION OF THE EUROPEAN COMMISSION TO ZIMBABWE

PRESS RELEASE

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The European Union allocates funds for a Trade Capacity Building Project for Non-State Actors in Zimbabwe

The European Commission has allocated 1 Million Euros to fund a Trade Capacity Building Project (TCBP) for Non-State Actors (NSA) in Zimbabwe for a three year period beginning end of this year. The main beneficiaries of the project are NSA organizations directly involved in trade issues. Individual exporters and traders are expected to benefit through their association with these organizations. The project's overall objective is to contribute to an increase in NSA understanding, participation and influence in trade negotiations.

The TCBP is being established in the context of the Economic Partnership Agreements (EPA) currently being negotiated by African, Caribbean and Pacific (ACP) group of states and the European Union. Zimbabwe takes part in the negotiations under the Eastern and Southern African (ESA) configuration. These negotiations are now at a critical stage with the expiring of the WTO waiver on 31/12/2007 and the need to put in place a market access offer compatible with WTO rules.

Recent studies have indicated that NSA in Zimbabwe have little knowledge of EPA and other international trade initiatives and lag behind in participating in trade negotiations. The TCBP seeks to build the capacity of NSA in order to redress these deficiencies.

The project is being implemented after the EU General Council's 2002 decision under Article 96(2)(c) of the Cotonou Agreement which states that "financing support for all projects is suspended except in direct support of the population". In this context, Zimbabwe has continued to receive support channelled directly towards the population. **However, trade between Zimbabwe and EU has not been affected by the Council decision and there are no trade sanctions between EU and Zimbabwe. The EU as a block remains a major trade partner of Zimbabwe.** It is in this context that EPA trade negotiations are taking place with the Government of Zimbabwe fully participating. In this framework the National Authorising Officer (NAO) and the EC Delegation in Zimbabwe have decided to support NSA in trade related issues.

The trade sector in Zimbabwe faces significant challenges in the face of the harsh macroeconomic environment. A turnaround of the economy will significantly depend on positive performance of exports to generate the required foreign exchange. However, for this to materialize, the trade sector being heavily reliant on export of commodities needs to make a shift towards value addition. Continued reliance on traditional markets will present major risks for the country given that the EPA trading environment envisages the removal of trade preferences. Therefore the importance of exploring new markets need not be overemphasized. As EPA negotiations entered a critical stage Zimbabwe should ensure that opening up to competition is gradual, possibly also by making sure that it has the requisite

capacity and critical mass to negotiate more effectively. This should also include ensuring that the interests of marginalized groups in trade such as women are adequately represented and protected.

Specifically the project will respond to the need for the NSA to improve access to trade information, to facilitate their dissemination for the benefit of their members. It will respond also to their limited capacity and skills to participate in trade negotiation which could compromise the potential of the private sector in Zimbabwe to fully exploit the opportunities that would arise from EPA and other trade arrangements. At last the project will make provisions for trade researches that are essential to facilitate market identification and entry and also informs restructuring processes whereby producers proactively align their products with market dynamics in order to withstand and outdo competitors in international markets.

The project will ensure that gender and HIV/AIDS issues are adequately incorporated in trade related matters. The day-to-day implementation of these activities will be conducted by a Project Management Unit established specifically for that purpose and funded by the project. A Project Steering Committee representing key stakeholders will act as advisor to the project.

For more information:

Press and Information

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