

tralac Newsletter



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The SADC-EU Economic Partnership Agreement

Welcome to tralac's July newsletter, which focuses on the *Southern African Development Community (SADC) – European Union (EU) Economic Partnership Agreement*.

The SADC EPA is an important agreement for the six SADC member states that are party to the agreement – Botswana, Lesotho, Namibia, South Africa, eSwatini and Mozambique. It is notable that all, except Mozambique, are also members of the Southern African Customs Union (SACU). Angola, which participated in the negotiations but did not sign and ratify the agreement, may accede to the agreement in the future. The SADC EPA is also the only fully operational African EPA; this agreement also provides a basis for post-Brexit trade with the UK, until a new agreement is negotiated. In the transitional phase, the provisions of the agreement will be 'rolled-over' in the domestic legislation of the UK and SADC EPA member states.

This agreement provides all but South Africa with duty-free access to the EU markets; for South Africa, 98.7% of exports to the EU are fully or partially liberalised. A recent **trade data update** does however indicate that this grouping's exports to the EU are still predominantly commodities. A series of briefs and updates covers various aspects of the agreement – these are available **here**.

As with any trade agreement, the SADC EPA provides new opportunities for trade between the parties. Whether this potential is realised or not will depend on a number of factors, including effective implementation. Although provisional application of the agreement began in October 2016, much remains to be done to inform potential traders about the specific provisions in the agreement. Effective implementation also requires, amongst other things, that domestic quality infrastructure be in place and capable of providing the assurance that the requisite standards to gain access to the export market are met. Currently, for example, export of skimmed milk powder and butter from South Africa to the EU is not possible – the EU requirements for monitoring residues and substances in dairy products are not met. This means that the tariff rate quota (TRQ – providing duty-free access to the EU market for specified quantities of these products) cannot be used. The new trade update (and earlier tralac brief on SADC EPA TRQ utilisation, available **here**) provides data on other TRQs that were not utilised in 2017, and those that are still available for the current year. Feedback from firms suggests that the process of TRQ management could be improved, starting with acknowledgement of applications (even an e-response) with timelines for feedback; and quick turn-around responses are essential.

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Concerns about quality infrastructure and the capacity to provide testing and quality assurance services affects not only exports to the EU, but also to other export destinations. This lack of quality infrastructure is failing the private sector; apparently because of fiscal challenges. The SADC EPA includes provisions on development support, and quality infrastructure support is specifically included. We do hope that this is opportunity is taken up.



We look forward to your feedback.

Trudi Hartzenberg and the **tralac** team

Introducing tralac's new short course



Trade Law and Policy for Africa's Development

This course aims to build capacity for trade law and policy making to support development outcomes for Africa. This means addressing marginalised and excluded groups; including women, youth, informal cross-border traders and many other groups.

If you are a mid-level or senior trade policy official from Africa's national governments, regional and continental organisations or an experienced trade policy and law practitioner from non-state organisations, including the private sector – then this course is an

opportunity to engage with Africa's trade agenda and learn how and why trade is so important for our social and economic development. On completion of the course, you will be armed with the knowledge and skills to contribute to sustainable development and African integration through trade.

[2018 Course Outline](#)

tralacBlog

Perspectives on Africa's trade and integration



Get email alerts

tralacBlog is a forum to share and engage with the views of tralac researchers and Associates, as well as guest contributors, on pressing regional integration and trade policy issues affecting African countries in order to encourage relevant, topic-related discussion and debate.

[Read more](#)



Implementing the AfCFTA: When and How?

Gerhard Erasmus - 30 July 2018

The implementation of international agreements is about achieving the objectives agreed upon. For trade agreements implementation is ultimately about ensuring active **private sector** participation.



Engaging with the international e-commerce trade agenda for structural transformation in Africa

Ashly Hope - 30 July 2018

E-commerce can be an important contributor to Africa's structural transformation. It not only creates a new channel for trade but also improves the efficiency of trade – by lowering transaction costs and reducing transaction times.



AGOA Forum 2018 outcomes: where to for a future bilateral trade relationship between the United States and Africa?

Eckart Naumann - 31 July 2018

An increasing policy divergence was very evident at the AGOA Forum, with the African position favouring at least a regional if not a continental approach to a future, deeper and bilateral relationship with the US.



Trump's Trade War: Are the Brakes failing?

Gerhard Erasmus - 27 Jun 2018

The punitive trade measures recently announced by President Trump cause concern about the future of the rules-based multilateral trading system. The lack of proper domestic controls over American tariff measures is part of the problem. A "solution" is linked to complicated national governance and political issues.

Questions & Answers (FAQs)



Economic Partnership Agreement between the European Union and Southern African Development Community Group (SADC EPA)

SADC EPA is an agreement between the European Union (EU) and the Southern African Development Community (SADC) EPA Group member states (Botswana, Eswatini, Lesotho, Namibia and South Africa, all of which are also members of the Southern African Customs Union; and Mozambique). Angola is a member of the SADC EPA Group, but has not signed or ratified the Agreement; it can accede to the Agreement at a future date.

Q: What does the SADC EPA cover? The SADC EPA was originally designed as a comprehensive partnership agreement, to cover trade in goods, trade in services, investment, competition, intellectual property and public procurement, as well as specific development provisions pertaining to support that the EU will make available to the SADC EPA members. However, the Agreement that was concluded and signed on 10 June 2016 in Kasane, Botswana, covers only trade in goods (including disciplines such as tariffs, rules of origin, customs and border management and related disciplines), and development provisions (for example, to support SADC EPA member states' development of quality infrastructure).

Q: When did the SADC EPA enter into force? The Agreement is being provisionally applied since 16 October 2016. Although the United Kingdom (UK) is implementing the agreement, it will not ratify it, following the UK's decision to leave the EU (Brexit). The SADC EPA will officially enter into force once it has also been ratified by all the EU member states.

[Download the SADC EPA FAQs](#)

Trade between the SADC EPA countries and the European Union

Trade Data Update

For the period 2008-2017, exports from the SADC EPA countries to the EU decreased by 2.3%. Over the same period exports from the EU to the SADC EPA countries also declined by 1.1%. However, between 2016 and 2017, SADC EPA country exports to the EU increased by 16.8% and the EU exports to the SADC EPA states by 7.7%.

While the EU is both a major destination market for SADC EPA exports and source of imports (28% of both world exports and imports in 2017), the EU's exports to and imports from the SADC EPA states only account for 0.5% of the EU's world imports



Featured blogs

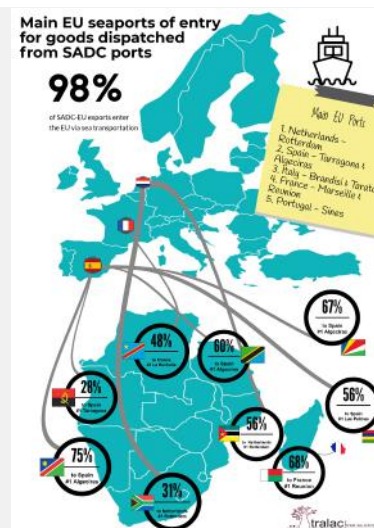
by Gerhard Erasmus, tralac Associate

- **SADC EPA Trade Defense Mechanisms**
- **The Settlement of Disputes under the SADC EPA**
- **Is Brexit now in the Emergency Ward?**
- **Exceptions in the SADC-EU Economic Partnership Agreement**

Trade routes: Goods trade between SADC and the European Union

In 2016, close to 38 million tons of goods from the SADC member states entered the EU by sea, air, rail and road transportation. The main mode of transportation is sea transportation (98% of SADC exports), while road, rail and air transportation accounts for 1%, 0.4% and 0.3% of SADC's exports respectively. 6% of these goods are exported to the UK which enter by sea (2.4 million tons), air and road. No goods exported from SADC destined for the UK enter the EU by rail.

Of SADC's 16 Member States, nine countries have major ports through which exports flow to various destination markets. 48% of the goods entering the EU (excluding the UK) via maritime transportation are dispatched from South Africa.



Intra-Africa trade and tariff profiles

tralac has prepared several Trade Data Updates to provide an overview of the intra-African trading relationships of individual African countries; the top import and export products traded; and applicable tariffs. Each country update is accompanied by a visual representation of key data and trends in an infographic.

Recent updates include:

- **Morocco**
- **Ethiopia**

[Read more](#)





AGOA.info

African Growth and Opportunity Act

AGOA Forum 2018

Earlier in July, the annual US-Africa AGOA Forum took place in Washington, D.C. Both the forum agendas, as well as the forum outcomes and recommendations, can be downloaded from AGOA.info at the following [link](#).

While the **AGOA legislation** still has seven years to its expected expiry date, discussions around a future bilateral US-Africa trade and investment relationship were a central topic at this year's event. There has also been what appears to be an increasing divergence between the US Administration on the one hand, and African countries, regarding a future path forward: bilateral FTAs between the United States and individual countries (extendable to additional countries) as favoured by the United States, or a continental (or at least regional) approach favoured by many African countries and evident in the ministerial recommendations read out at the Forum. A few months previously the African Continental FTA (AfCFTA) was signed in Kigali, Rwanda, now with 49 signatories. But is a continental approach with respect to a trade negotiation with the United States, potentially covering various topics beyond trade in goods, each requiring unified negotiating positions, even realistic at this stage? Can and should such an ambitious negotiation wait?

Read a related blog post [here](#).



Latest #AGOA News



Presidential Proclamation regarding Rwanda's AGOA eligibility



Trump upholds AGOA trade preference eligibility criteria with Rwanda



USAID supports Kenya's AGOA strategy to double duty-free exports by 2023



'Protectionism limits AGOA at a time when its benefits need to be spread'



Kenya: New national export strategy seeks to grow exports to KSh 1.3t by 2022



South Africa: Minister says South African interest groups plan to challenge US move on auto tariffs



South Africa: 'Not time to be inward-looking'



US duties to knock South Africa's AGOA exports

Highlights

Presidential proclamation regarding Rwanda's AGOA benefits

On 30 July 2018, US President Trump issued a proclamation suspending AGOA benefits for Rwanda's apparel export sector. This follows adverse findings under a previous out-of-cycle review pertaining to restrictions that Rwanda places on imports of worn clothing. Other EAC member states previously reversed their planned implementation of similar bans.

[Read more](#)

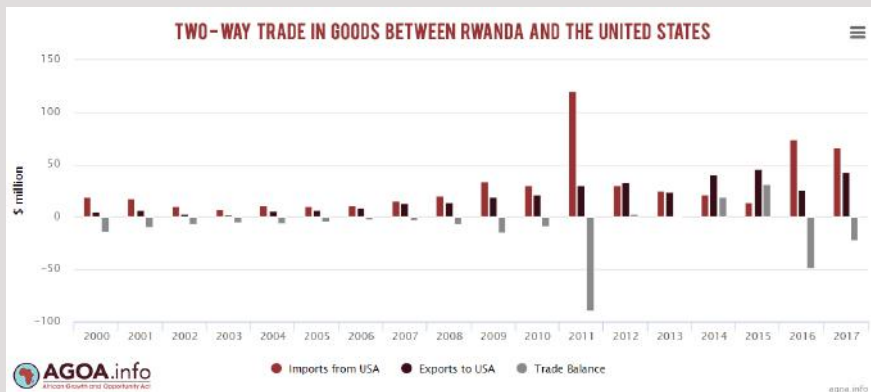
Key trade statistics for AGOA beneficiaries to May 2018

Aggregate exports to US: Year to Date to May 2018: **\$10.85 billion**

Share of AGOA exports: Year to Date to May 2018: **\$5.26 billion**

Data to mid-year 2018 are expected to be published shortly.

[Visit the Data Center](#)



[Click here](#) to view the out-of-cycle review documents and submissions.

AGOA FAQs

An extensive range of FAQs on AGOA can be accessed on AGOA.info. For example:

- What are the rules of origin requirements?
- What are the AGOA trade benefits?
- Where do I find the text of the legislation?

AGOA and related resources



Chambers of Commerce
Chambers of Commerce located in Africa



Development & Finance
Agencies involved in trade related development and finance



Government Depts (USA)
Links to US government websites and resources



Regulatory Authorities (USA)
Authorities tasked with various trade-related regulatory responsibilities



Sector Associations and Export Promotion (Africa)
Associations representing the interests of specific sectors



Trade Resources
Resources relating to the process of exporting and importing



US Embassies in Africa
Links to US embassies in African countries



Video Resources
Video resources related to AGOA