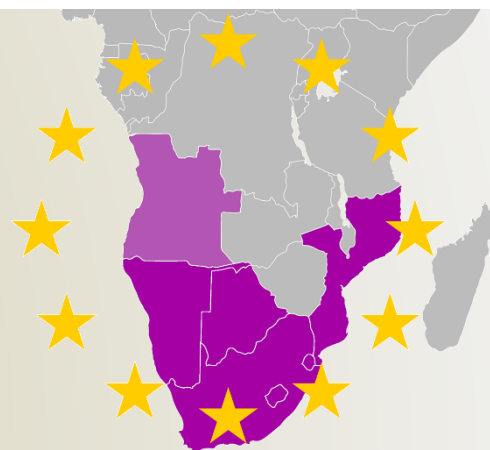


Trade between the SADC EPA countries and the EU

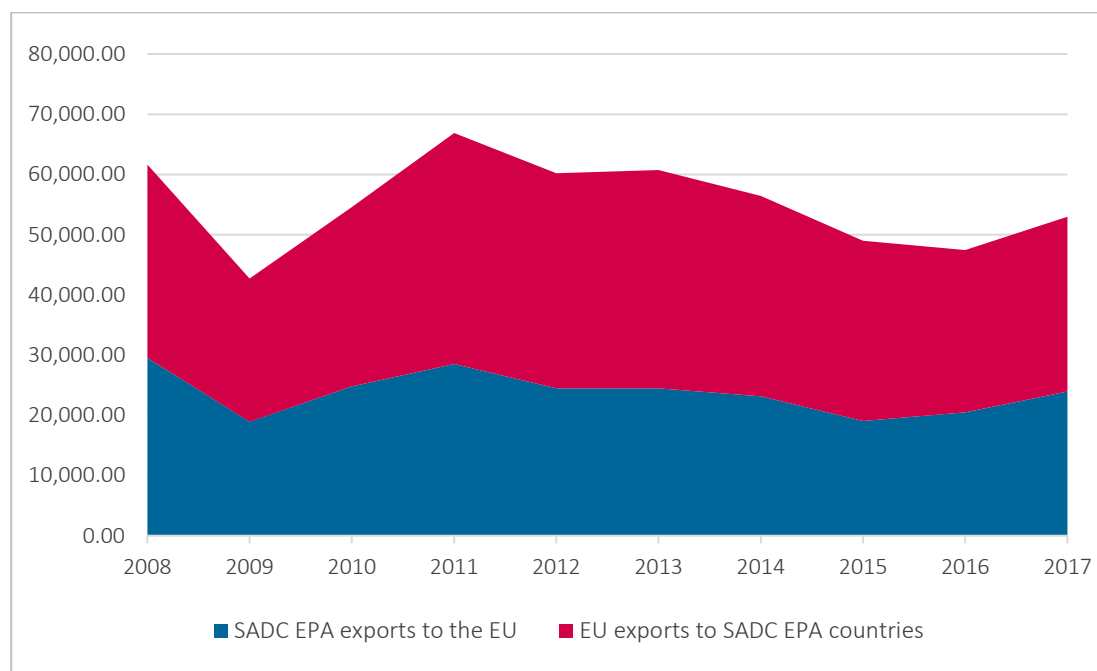


July
2018

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%. This was mainly due to a decline in exports (both EU and SADC EPA countries) for the years 2008-2009 and 2013-2015. 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%.

Figure 1: SADC EPA and EU exports, 2008-2017 (US\$ million)



Source: ITC TradeMap (2018)

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 and exports.

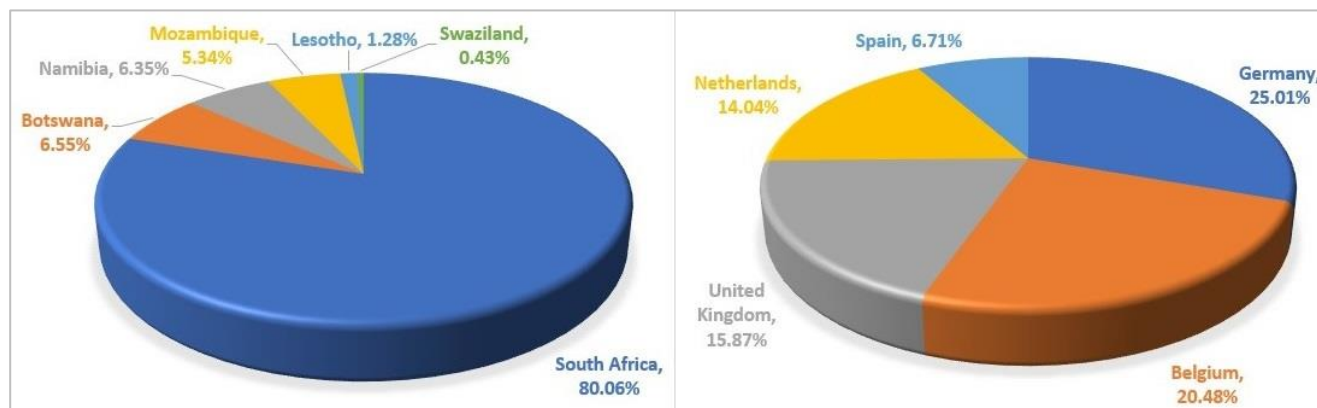
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SADC EPA exports to the EU

South Africa is the main exporting country (80% of SADC EPA exports to the EU in 2017), followed by Botswana (7%), Namibia (6%), Mozambique (5%), Lesotho (1%) and Swaziland (0.4%).

Figure 2: SADC EPA exporters and main EU importers, 2017 (% of exports)



Source: ITC TradeMap (2018). tralac calculations.

In 2017, the SADC EPA countries exported goods to the value of approximately US\$24 billion to the EU; mainly motor vehicles, diamonds, platinum, centrifuges and ferro-alloys.

The top 10 exports account for 57% of all SADC EPA exports to the EU. The main EU importers are Germany, Belgium, UK, Netherlands and Spain. These countries import 82% of all products exported by the SADC EPA countries to the EU.

Table 1: Main SADC EPA export products; 2017 (US\$ million and %)

Description	US\$ million	% total SADC EPA countries exports to EU
Total SADC EPA exports to the EU	23,957.96	
Transport equipment	5,397.51	22.53%
Passenger motor cars	2,826.04	11.80%
Goods motor vehicles	1,955.42	8.16%
Motor vehicle parts and accessories	259.01	1.08%
Precious stones and metals	4,873.32	20.34%
Diamonds	2,368.18	9.88%
Unwrought or semi-manufactured platinum	2,307.46	9.63%
Waste and scrap of precious metal	172.31	0.72%
Base metals	3,617.74	15.10%
Ferro-alloys	845.61	3.53%
Unwrought aluminium	749.77	3.13%
Unrefined copper	443.78	1.85%

Description	US\$ million	% total SADC EPA countries exports to EU
Mineral products	2,397.45	10.01%
Iron ores and concentrates	549.31	2.29%
Coal briquettes	522.48	2.18%
Precious-metal ores and concentrates	256.07	1.07%
Machinery	1,759.39	7.34%
Centrifuges	1,078.56	4.50%
Internal combustion piston engine parts	74.81	0.31%
Automatic data-processing machines and units thereof	58.15	0.24%

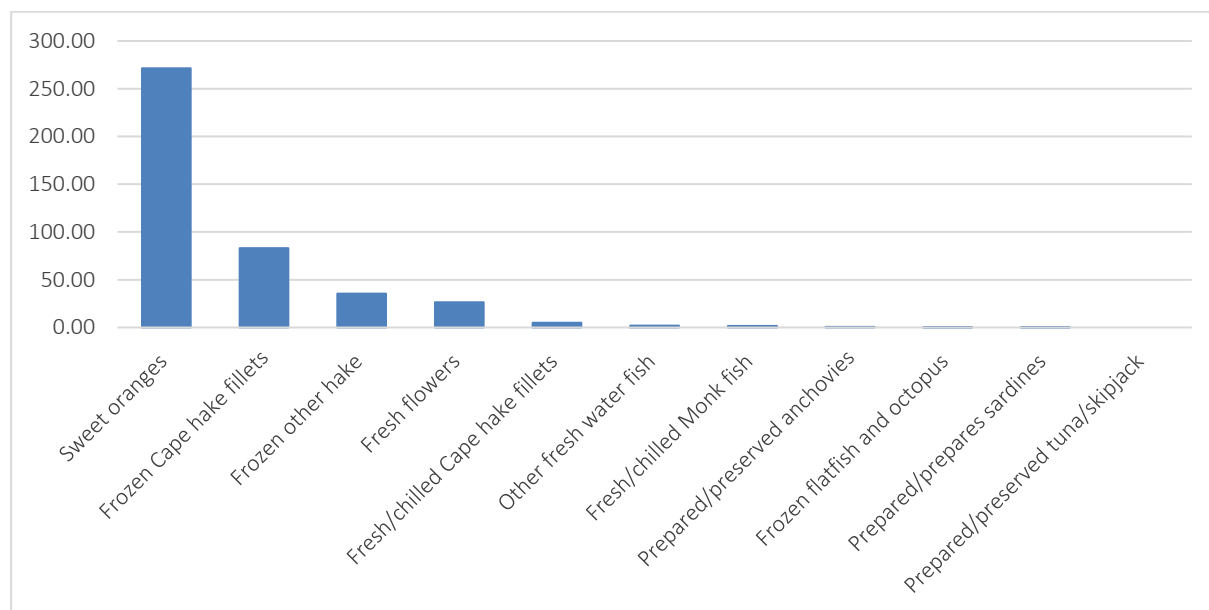
Source: ITC TradeMap (2018). tralac calculations.

- From 2016 to 2017, South Africa's exports to the EU increased by 15%. South Africa mainly exports motor vehicles (both passenger and goods vehicles), unwrought and semi-manufactured platinum, centrifuges and ferro-alloys to the EU. The main importers of goods exported by South Africa are Germany (30%; mainly motor vehicles (42%) and platinum (13%)), the UK (18%; mainly platinum (42%) and goods vehicles (14%)), Netherlands (14%; mainly ferro-alloys (10%) and iron ores and concentrates (10%)), Belgium (13%; mainly motor vehicles (40%) and diamonds (16%)) and Spain (7%; mainly motor vehicles (31%) and coal (15%)).
- Botswana's exports to the EU declined significantly between 2016 and 2017 (by 35%). This is mainly due to a 32% decline in diamond exports and a 28% decline in the export of fresh and frozen beef. 98% of Botswana's exports to the EU are diamonds exported to Belgium, the UK, France and Germany. The other main export product is beef, exported to the U, France, Germany and Greece.
- Namibia's exports to the EU increased by 20% between 2016 and 2017, mainly due to a significant increase in exports to Belgium, Italy and Germany. Namibia mainly exports unrefined copper (29%) to Belgium, Germany and the Netherlands; fish fillets (18%) to Italy, Germany and France; diamonds (9%) to Belgium; unwrought zinc (9%) to Belgium and Germany and refined copper (6%) to Italy and Germany.
- Exports from Mozambique to the EU increased by 20% between 2016 and 2017. The main destination markets are the Netherlands (37%; 97% are aluminium products), Italy (21%; 71% aluminium products and 11% ores and concentrates including niobium, tantalum and vanadium), the UK (16%; 94% aluminium products and 2% vegetables), Belgium (7%; 86% unmanufactured tobacco and tobacco refuse and 12% unwrought aluminium) and Spain (6%; 97% aluminium products and 0.7% crustaceans).
- Of the US\$306 million exports by Lesotho to the EU, 97% are diamonds exported to Belgium. Other export products include items of clothing and apparel and dried fruit.
- Swaziland's main exports to the EU are sugar, mixtures of odoriferous substances (a beverage additive) and fruits and nuts. These products account for 80% of Swaziland's exports to the EU. However, between 2016 and 2017 exports of sugar declined by 36% and fruit and nuts by 35%. Swaziland's sugar is mainly exported to Spain, Italy, the UK and Portugal; while mixtures of odoriferous substances are exported to Spain and France and fruits and nuts to the UK, Portugal and France.

Trade between South Africa and the EU of goods granted tariff liberalisation and tariff-rate quotas under the EPA

Under the EPA, South Africa was granted additional tariff liberalisation on certain products (fish, sweet oranges and fresh flowers) and tariff rate quotas (TRQs). South Africa's exports to the EU of goods with improved tariff liberalisation accounted for 2.2% of South Africa's exports to the EU for 2017; mainly to the Netherlands, UK, Portugal and Italy.

Figure 3: South Africa's exports of goods with improved tariff liberalisation; 2017 (US\$ millions)



Source: ITC TradeMap (2018)

Exports of goods subject to TRQs accounted for 2.4% of South Africa's EU exports; mainly to the UK (31%), Germany (21%) and the Netherlands (17%). Under the TRQs, South Africa exports mostly wine to the EU; 74% of exports subject to TRQs are bottled and bulk wines. South Africa is not taking advantage of the enhanced market access, under TRQs, granted for butter, strawberries, citrus jams, skimmed milk powder and white crystalline powder. The quotas for these products are yet to be filled for 2018 and also remained unfilled for 2017. However, export of skimmed milk powder and butter is currently not possible since South Africa does not meet the EU requirements for monitoring residues and substances in dairy products.

Table 2: South Africa's exports of goods subject to TRQs, 2017 (actual units, % of utilisation and exports in US\$ millions)

Tariff rate quotas	TRQ 2017	Utilisation by 31/12/2017	Exports 2017 (US\$m)	TRQ 2018	Utilisation by 30/07/2018
Bottled wine	77741300 litres	76.7%	238.85	78482600 litres	43.3%
Bulk wine	33317700 litres	100.0%	103.91	33635400 litres	78.1%
Raw and refined sugar	50 000 tons of refined sugar and 100 000 tons of raw sugar for refinery	83.5% for refined sugar and 99.9% for raw sugar	58.88	50 000 tons of refined sugar and 100 000 tons of raw sugar for refinery	0.0001% for refined sugar and 70.0% for raw sugar

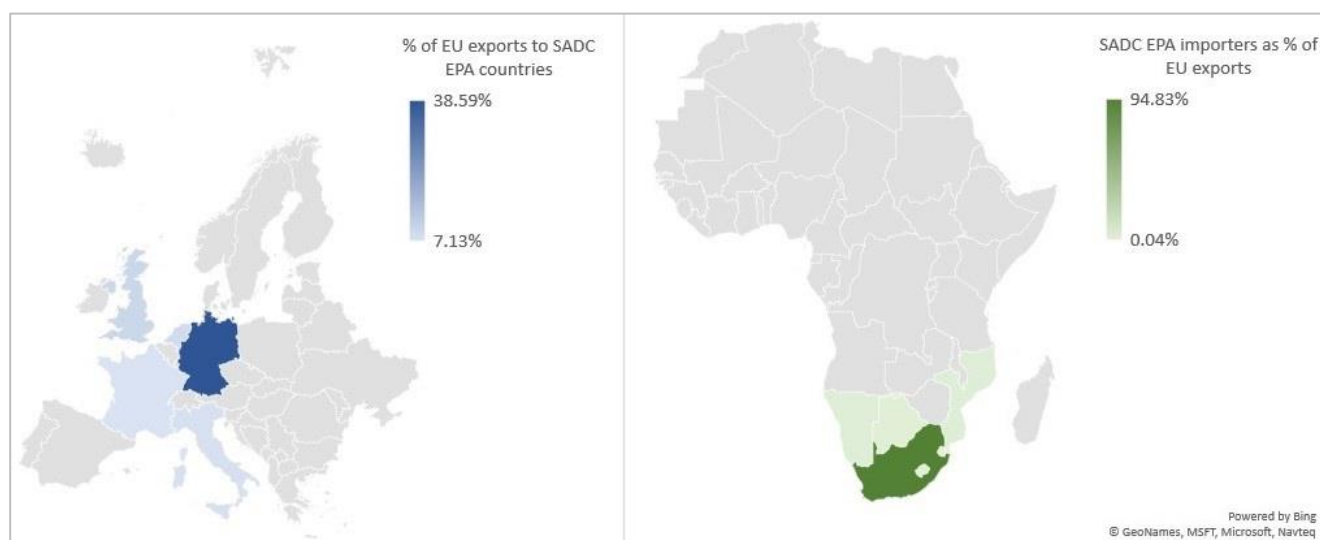
Tariff rate quotas	TRQ 2017	Utilisation by 31/12/2017	Exports 2017 (US\$m)	TRQ 2018	Utilisation by 30/07/2018
Non-tropical canned fruit	57156 tons	54.5%	36.28	57156 tons	27.4%
Ethanol	80000 tons	13.8%	11.24	80000 tons	9.8%
Apple and pineapple juice	3595 tons	25.4%	6.48	3712 tons	80.3%
Frozen orange juice	1057 tons	100.0%	4.25	1078 tons	87.9%
Citrus jams	100 metric tons	0%	1.46	100 metric tons	0%
Active yeast	350 tons	24.0%	0.74	350 tons	17.0%
Strawberries	385 metric tons	0%	0.01	392.5 metric tons	0%
Skimmed milk powder	500 metric tons	0%	0.00	500 metric tons	0%
Butter	500 metric tons	0%	0.00	500 metric tons	0%
White crystalline powder	500 metric tons	0%	0.00	500 metric tons	0%

Source: ITC TradeMap (2018) and QUOTA (2018). tralac calculations.

EU exports to SADC EPA countries

The main EU exporters of goods to the SADC EPA countries are Germany (39%), the UK (10%), Netherlands (9%), Italy (8%) and France (7%). These five countries account for 72% of all exports to the SADC EPA countries. South Africa is by far the main importer of goods exported by the EU; 95% of the goods are exported to South Africa. Mozambique is the destination market for 2% of the EU exports, followed by Namibia (2%), Botswana (1%), Swaziland (0.19%) and Lesotho (0.04%).

Figure 4: Main EU exporters and SADC EPA importers; 2017 (%)



Source: ITC TradeMap (2018). tralac calculations.

In 2017, approximately US\$29 billion worth of goods were exported to the SADC EPA countries, the majority of which are products related to motor vehicles, including parts; medicaments; petroleum oils; data processors and telephone sets.

Table 3: The main EU exports to the SADC EPA countries; 2017 (US\$ million and %)

Description	US\$ million	% of total EU exports
Total EU exports to SADC EPA countries	28,996.70	
Machinery	8,967.15	30.92%
Spark-ignition reciprocating or rotary internal combustion piston engine	530.08	1.83%
Automatic data-processing machines and units thereof	408.80	1.41%
Telephone sets	386.57	1.33%
Transport equipment	5,675.71	19.57%
Motor vehicle parts and accessories	2,229.36	7.69%
Passenger motor cars	2,015.55	6.95%
Tractors	506.64	1.75%
Chemical products	3,947.36	13.61%
Medicaments	961.16	3.31%
Colloidal precious metals	291.40	1.00%
Human blood and animal blood prepared for therapeutic uses	277.49	0.96%
Plastic products	1,489.82	5.14%
New pneumatic tyres, of rubber	190.17	0.66%
Articles of plastics not elsewhere specified	145.43	0.50%
Plates, sheets, film, foil and strip, of non-cellular plastics	124.85	0.43%
Base metals	1,423.26	4.91%
Plates, sheets and strip, of aluminium	121.47	0.42%
Flat-rolled products of alloy steel other than stainless	116.51	0.40%
Tools	104.59	0.36%

Source: ITC TradeMap (2018). tralac calculations.

- 98% of the goods exported by Germany are destined for South Africa; most of these are motor vehicles, parts and ignition systems. Germany mainly exports wheat (15%) and malt (7%) to Namibia; electrical wire and apparatus (64%) to Botswana and wheat (31%) and reagents (12%) to Mozambique. Between 2016 and 2017 Germany's exports to South Africa increased by 10%, while exports to Namibia, Botswana and Mozambique declined by 6%, 11% and 5% respectively.
- Between 2016 and 2017, the UK's exports to the SADC EPA countries increased by 2%. Goods are mainly exported to South Africa (96%), including passenger vehicles, petroleum oils, undenatured ethyl alcohol, medicaments and waste and scrap of primary cells. Motor vehicles are also exported to Namibia, Botswana, Mozambique and Lesotho; petroleum oils to Namibia and undenatured ethyl alcohol to Namibia, Swaziland and Lesotho.

- Netherlands' exports increased by 10% between 2016 and 2017, of the US\$2.5 billion exported the majority were parts and accessories (7%), oils of distilled coal tar (7%), petroleum oils (5%), telephone sets (5%) and printing machinery (5%). South Africa imports 30% of these goods exported by the Netherlands.
- Italy's main exports to the SADC EPA countries are petroleum oils, articles of jewellery, passenger vehicles and parts and dishwashing machines. 93% of Italy's exports are to South Africa. 76% of the goods Italy exports to Namibia is petroleum oils; while machinery and paper packaging are exported to Mozambique; furniture and joinery to Swaziland; vaccines and printing machinery to Botswana and auxiliary machines and prefabricated building to Lesotho.
- France mainly exports aircrafts to the SADC EPA countries (10%); all of which to South Africa. Other export products are medicaments (8%) to South Africa; vaccines (5%) to South Africa, Namibia and Botswana; vehicle parts (5%) to South Africa and Namibia; and passenger vehicles (3%) to South Africa. Mozambique mainly imports carbon electrodes and malt from the EU.