

Economic Partnership Agreement between the SADC EPA group and the EU

Presentation by



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**agriculture,
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Background of the SADC-EU EPA

- **The Economic Partnership Agreement (EPA) between the EU and Southern African Development Community group (Botswana, Lesotho, Namibia, Mozambique, South Africa, Swaziland and Angola)**

- Provisionally entered into force on 10 October 2016, except for new agriculture market access

- New agriculture market access entered into force on 01 November 2016

- **Mozambique's internal process are underway to implement Agreement.**

- **Angola participated in the negotiations as observer and may join anytime in future**



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SA's objectives for the EPA

- SA joined the SADC EPA negotiations as an active participant in 2007 to pursue the following objectives:

- to improve market access better than what was agreed under the TDCA and to secure back some policy space lost under the TDCA (i.e. to secure further market access especially in agriculture).

- to harmonise the trading regime between SACU (Botswana, Lesotho, Namibia and Swaziland) and the EU due to common SACU external tariff (i.e. in support of SACU's regional integration efforts).

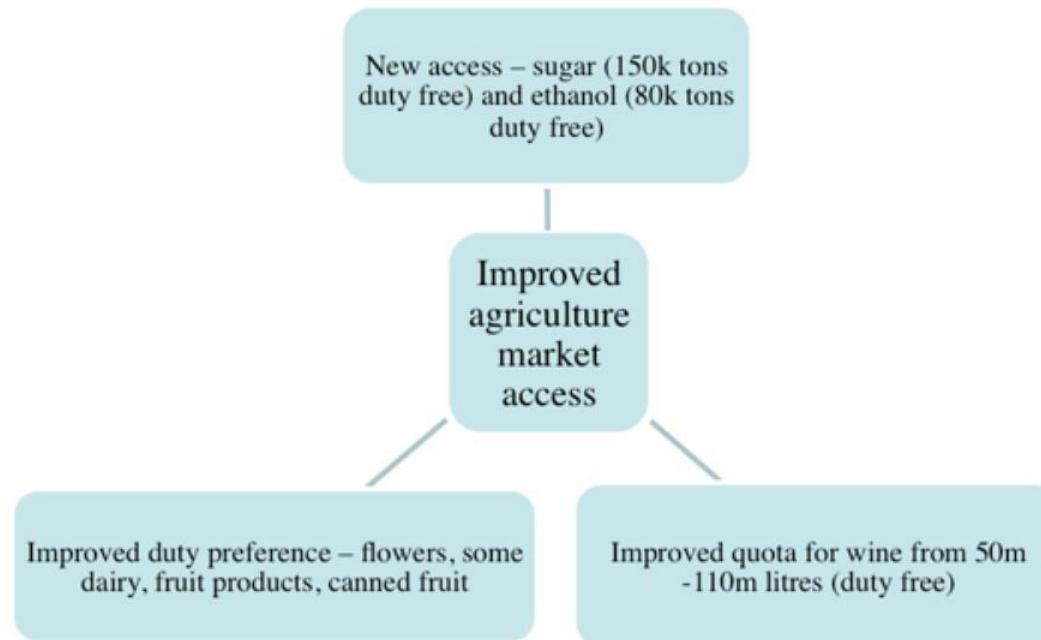


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Improvement on TDCA – Market Access

- South Africa achieved its objectives and improved market access better than TDCA on 32 agricultural products.
- Significant improvement on quotas for Wine, Sugar and Ethanol.
- Improvement on duties for our exports of flowers, some dairy, fruit and fruit products, amongst others



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Improvement on TDCA – textual provisions

- SA also managed to improve textual provisions better than TDCA as follows:
 - EPA rules of origin is an improvement on the TDCA as they now allow for extended cumulation that can facilitate intra-regional trade and industrialisation across the Southern and Eastern Africa in particular.
 - Several other restrictive trade rules under the TDCA, like on export taxes, have been eased under the EPA. Export taxes can now be introduced on exports from EU.



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Improvement on TDCA – textual provisions cont'd

- Standstill clause does not apply to products excluded from liberalization. And tariffs on products from the EU can be increased as long as the margin of preference agreed by parties is maintained.
- Bilateral Safeguard clause that will continue to apply indefinitely on all products subject to liberalization.
- Automatic Specific Agricultural Safeguard agreed on a list of products.



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SA – EU Geographical Indications

- The SADC-EU EPA makes provisions for a bilateral protocol between SA and the EU on the protection of GIs and on trade in wine and spirits.
- The Protocol addresses the issue of protection of SA's wines names exported to the EU and vice-versa, as well as protection of agricultural products such as Rooibos tea, Karoo lamb and Honey bush tea.
- The Protocol also provides for co-existence of names and therefore ensure that current South African users of specific names like “Feta” will continue to use the name.



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SA – EU Geographical Indications cont'd

- The GI negotiations reached an agreement that ensures the protection of product names currently being used by producers in the EU and SA:
 - the EU shall receive protection of names for 251 GIs (which covers 120 wines, 5 beers, 20 spirits and 106 agricultural products. The latter includes (special meats, cheese, olives, etc)
 - South Africa shall receive protection for 105 GI names of which 102 are wine names and 3 agricultural product names. Provision is also made for SA to add 30 agricultural product names in future.



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Tariff Rate Quotas under EPA

Product	HS Codes	EU applied MFN rates	Quota under EPA	Current Balance	Duty under EPA	
<i>Skimmed milk powder</i>	040210 11	125.4 EUR/100 kg	500	500	Free	fixed
	040210 19	118.8 EUR/100 kg				
	040210 91	1.19 EUR/kg/lactic matter + 27.5 EUR/100 kg				
<i>Butter</i>	0405101	189.6 EUR/100 kg	500	500	Free	fixed
	040210 99	1.19 EUR/kg/lactic matter + 21 EUR/100 kg				
	0405101 9	189.6 EUR/100 kg				
	0405103 0	189.6 EUR/100 kg				
	0405105 0	189.6 EUR/100 kg				
	0405109 0	231.3 EUR/100 kg				



Tariff Rate Quotas under EPA continues...

Product	HS Codes	EU applied MFN rates	Quota under EPA	Current Balance	Duty under EPA
Strawberries	08111090	14.40%	385	385	Free
Sugar	17011310 (Raw)	33.9 EUR/100 kg	100 000	100 000	Free
	17011410 (Raw)	33.9 EUR/100 kg			
	17019910 (Refined)	41.9 EUR/100 kg	50 000	38 240	Free
White crystalline powder	17023050	26.8 EUR/100 kg	500	500	Free
Citrus jams	20079130	20 % + 4.2 EUR/100 kg	100	100	50% of MFN

7.5 tonnes annual increase

fixed

fixed

fixed



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Tariff Rate Quotas under EPA cont...

Product	HS Codes	EU applied MFN rates	Quota under EPA	Current Balance	Duty under EPA	
<i>Canned fruit, except tropical canned fruit</i>	200840	16% to 19.20% (6 lines)	57 156	32 118	45% of MFN	fixed
	200850	13.60% to 20.80% (6 lines)				gradual elimination over 10yrs
	200870	15.20% to 19.20% (6 lines)				
	200897	13.60% to 19.20% (4 lines)				60 tonnes annual increase
<i>Tropical canned fruit</i>	20089772	8.50%	3 020	3 020	50% of MFN	
<i>Frozen orange juice</i>	20091199	15.20%	1 057	0	Free	21 tonnes annual increase
<i>Apple juice</i>	20097100	18%	3 595	3 392	50% of MFN	
	20097911	30 % + 18.4 EUR/100 kg				
	20097919	30%				
	20097930	18%				
	20097991	18 % + 19.3 EUR/100 kg				150 tonnes annual increase
	20097998	18%				



Tariff Rate Quotas under EPA cont...

Product	HS Codes	EU Applied Tariffs (TDCA)	Quota under EPA	Current Balance	Duty under EPA
Active Yeast	21021090	14.70%	350	271	Free
Wine (L)	85 lines	lowest: 9.9 EUR/hl to highest: 15.4 EUR/hl	111 059 000	43 229 573	Free
Ethanol	22071000	19.2 EUR/hl	80 000	70 945	Free
	22072000	10.2 EUR/hl			

fixed

fixed

77 741 300
Ls bottled &
33 317 700
Ls bulk

43 229 573 Ls
bottled
&
0 Ls bulk

increase annually by
741 300 Ls for bottled
wine & 317 700 Ls for
bulk wine



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Understanding the Staging Categories under EPA

- **A* (mixed products but dominated by fisheries):** customs duties on originating goods listed as staging category 'A*' in the EU Schedule have been eliminated;
- **B* (fish):** customs duties on originating goods listed as staging category 'B*' in the EU Schedule shall be gradually eliminated over a 5 year period
- **C* (fish):** customs duties on originating goods listed as staging category 'B*' in the EU Schedule shall be gradually eliminated over an 8 year period
- **D* (sweet oranges):** customs duties on originating goods listed as staging category 'B*' in the EU Schedule shall be gradually eliminated over a 10 year period



Conclusion

- Trade continues to take place under EPA
- Potential to maximise quota utilisation
- Potential trade increase from annual increases of TRQs
- SA still has untapped TRQs
- Exports can still be increased on AFF products that have no duty in the EU market



Thank you



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