Committee on Regional Trade Agreements

EU-SOUTH AFRICA END OF IMPLEMENTATION PERIOD (EIP) REPORT

JOINT SUBMISSION BY THE PARTIES ON TRADE, DEVELOPMENT AND CO-OPERATION AGREEMENT BETWEEN THE EU AND THE REPUBLIC OF SOUTH AFRICA

This End of Implementation Period Report has been drafted in accordance with Article 15 of the Transparency Mechanism Decision and following the draft guidelines contained in JOB/REG/4 issued in January 2013.

This report does not prejudge the Parties' position on the concept and the duration of the implementation periods in FTAs and their relationship to the "reasonable length of time" within the meaning of Art. XXIV:5(c) of the GATT 1994.

1 BACKGROUND INFORMATION ON THE AGREEMENT

1.1. A Trade, Development and Co-operation Agreement between the EU (European Community at that time) and the Republic of South Africa was signed on 11 October 1999. The Agreement started being applied on 1 January 2000 and entered into force on 1 May 2004. Its full implementation has been effective since the end of 2012. After the last three EU enlargements, the 10+2+1 new EU Member States became contracting parties in 2004, 2007 and 2016 respectively.

1.1 Amendments to the TDCA

1.2. The following amendments have been added to the original agreement:

a. Automotive agreement: Corrigendum to Decision No 1/2006 (2006/981/EC) of the EU-South Africa Cooperation Council of 12 December 2006 on the amendment of Annex II and Annex III to the Agreement on Trade, Development and Cooperation between the European Community and its Member States and the Republic of South Africa, of the other part, to phase out and eliminate the duties on some automotive products

b. Wines and spirits agreements: Separate Agreements on trade in wine and spirits were signed on 28 January 2002. They were not ratified by South Africa.


1.3. The Agreement was reviewed on 11 September 2009. The new provisions comprehend articles on e.g. combating poverty, aid effectiveness, the Millennium Development Goals, mineral resources and the linkage between migration and development.

1.4. Statistical data on trade in goods between the Parties as well as some indications on Parties' import coverage after full implementation of the Agreement can be found in Annex I of this report.

1 Entry into force of Croatia's accession Additional Protocol to the TDCA on 01.03.16.
2 PROVISIONS ON TRADE IN GOODS

2.1 Import duties and charges, and quantitative restrictions

2.1. Annexes II – VII of the Agreement contain tariff liberalization schedules of the Parties. The Tariff Elimination Schedules between South Africa and EU have been completed over a period of 12 years. The tariff elimination schedule as presented in the factual presentation (WT/REG113/3) correctly reflects the process.

2.2. Pursuant to the Agreement, the EU has eliminated tariffs on 92% of all tariff lines, while South Africa has done away with tariffs on 72% of its tariff lines.

2.1.1 Tariffs

2.3. Please refer to the following:

- EU's tariff elimination schedule
  - for industrial products: article 11 of the Agreement and Annex II
  - for agricultural products: article 14 of the Agreement and Annex IV

- South Africa's tariff elimination schedule
  - for industrial products: article 12 of the Agreement and Annex III
  - for agricultural products: article 15 of the Agreement and Annex VI

Please follow this link to the text of the agreement and its protocols:


2.1.2 Tariff quotas

2.4. The tariff rate quotas that are in place under the Agreement have been applied as of its entry into force, in accordance with the conditions mentioned in the relevant Annex of the Agreement. These quotas are managed on a first-come first-served basis.

2.5. The EU Decision (2009/742/EC) of the EU-South Africa Cooperation Council includes various modifications in relation to the tariff rate quotas to various agricultural products, in particular canned fruit, cheese and curd products and an exclusion list (Annex IV, List 8) of cheese names as protected denominations under EU legislation, e.g.:

- EU tariff quota on canned fruit (definition of gross weight);
- Opening of certain tariff-rate quotas for cheese and curd;
- Abolition of EU export refunds for certain cheese products exported to South Africa.

2.1.3 Products excluded from liberalization

2.6. In the EU schedule of concessions, more than 800 tariff lines are excluded from EU tariff concessions. Certain products are subject to partial liberalization (e.g. wine, sugar, fruits, fruit juices, flowers, some dairy, canned fruit, citrus jams, prepared food, coffee and tea, yeasts), while the most sensitive products are excluded from liberalization (e.g. beef; some offal; the odd fruit or flower line; maize; rice; maize or rice flour; starches; some sugar lines; tomatoes; asparagus; some jams; some preserved fruits; some fruit juices, syrups). Outside the agricultural sector some aluminium products are excluded.

2.7. In the South African schedule of concessions, more than 2,000 tariff lines are excluded from South Africa tariff concessions. Certain products are subject to partial liberalization (e.g. some meat and offal, some butter, some cheese, some cereals, some ice cream, tyres, leather, textiles, fabrics, footwear, some car parts, 47% of vehicle tariff lines), while the most sensitive products are excluded from liberalization (e.g. some meat and offal; some dairy; some milling products; some sausages; some sugar; some minerals such as pitch coke, petroleum and lubricating oils, waxes; some car parts (engines); 4% of vehicle tariff lines).
2.1.4 Final tariff schedule applied by RTA parties

2.8. Final data to be found in the EC-IDB submission 2016, provided to the WTO Secretariat in March 2016.

2.2 Export duties and charges, and quantitative restrictions

2.9. With regard to article 19 of the Agreement, quantitative restrictions and measures having equivalent effect between South Africa and the European Union shall be eliminated from the entry into force of the Agreement.

2.3 Regulatory provisions on trade in goods

2.3.1 Rules of origin

2.10. Disciplines regarding rules of origin are set out in Protocol 1 of the Agreement.

2.3.2 Non-tariff barriers

2.11. No further cooperation regarding non-tariff barriers have been proposed.

2.3.3 Sanitary and phytosanitary measures

2.12. No provisions on sanitary and phytosanitary measures are included in the Agreement.

2.3.4 Safeguards

2.13. The Parties have not applied any safeguard measures using the mechanisms established under the Agreement.

2.3.5 Trade defence instruments

2.14. The Parties have not applied any measure using the mechanisms established under the Agreement.

3 OTHER PROVISIONS IN THE AGREEMENT

3.1 Economic cooperation (Title IV)

3.1. Economic cooperation focuses on economic and industrial matters to the mutual advantage of South Africa and the European Union and in the interest of the southern African region as a whole. The scope of the cooperation covers the diversification and strengthening of economic links between the two signatory partners, promotion of sustainable development in their economies, support to patterns of regional economic cooperation, the promotion of cooperation between small and medium-sized enterprises, protection and improvement of the environment, economic empowerment of historically disadvantaged groups, including women, and protection and promotion of worker and trade union rights.

3.2 Development cooperation (Title V)

3.2. Development cooperation is based on policy dialogue and partnership. It supports the policies and reforms carried out by the national authorities of South Africa under the National Development Plan (NDP). The aim is to contribute to a harmonious and sustainable economic and social development in South Africa and to enhance the insertion of the country into the world economy. It seeks consolidation of the foundations laid for a democratic society and a state governed by the rule of law in which human rights in their political, social and cultural aspects and fundamental freedoms are respected. Within this context, priority is given to supporting operations which help the fight against poverty.
3.3. EU development aid for South Africa is mainly implemented from the EU budget through the Development Cooperation Instrument (DCI). For the period 2007–13, the DCI had a budget of €980 million for South Africa. The Multiannual Indicative Programme (MIP) for cooperation with South Africa for 2007–13 designated two focal areas: employment creation; and capacity development for service delivery and social cohesion, as well as three non-focal areas (governance, regional and pan-African support, and trade facilitation). Cross-cutting issues, e.g. environment and climate change and gender equality, are brought into the mainstream of the chosen sectors of cooperation.

3.4. For the 2014-2020 period, South Africa is one of the exceptions concerning EU's support to Upper Middle Income Countries as the country continues to receive bilateral aid, though considerably reduced from €980 to €241 million. Aligned with the government priorities set in its National Development Plan – Vision 2030, the 2014-20 MIP focuses on its three key priorities: i) Employment Creation; ii) Improving Education, Training and innovation and iii) Building a Capable and Developmental State. The aim is to support the Government of South Africa in reducing unemployment from around 25 % (2013) to 14 % (2020), in transforming the education, training and innovation system so that it can contribute to improved economic performance of the country and assist South Africa in fulfilling its developmental and transformative role, including improving service delivery. The three sectors are all decisive areas to address some key root causes of poverty in South Africa especially the very high level of unemployment, including for the youth.

3.3 Cooperation in Other Areas (Title VI)

3.5. Article 83 of the Agreement foresees an intensification of the existing scientific and technical agreement of 1997.

3.6. A special focus is made on the cooperation to pursue sustainable development through the rational use of non-renewable natural resources and the sustainable use of renewable natural resources. The Agreement promotes the protection of the environment, prevention of its deterioration and the control of pollution. It aims at improving the quality of the environment and cooperation in combating global environmental problems on the basis of a dialogue, which will contribute to the identification of environmental priorities (article 84).

3.7. Over the years, the EU-SA Strategic Partnership has progressively enriched through dialogues, specific initiatives and support projects. Actions have not only been funded under the 2007 Development Cooperation Instrument (DCI), but also under other European Union programmes.

3.4 Cooperation Council

3.8. The Parties have established a Joint Cooperation Council that meets regularly on an annual basis. The aim of the Cooperation Council is to enhance the cooperation through bilateral dialogue forums (e.g. Customs, Development, Education & Training, Energy, Environment & Sustainable Development, Health, ICT, Maritime Transport, Migration, Science & Technology, Space, and Trade).

3.5 Dispute settlement

3.9. Article 77 of the Agreement includes a dispute settlement mechanism based on the model of the WTO Dispute Settlement Understanding. The Parties have not made use of this mechanism.

4 CONCLUSION

4.1. The achievements of the Agreement and those of the Cotonou Agreement and the previous ACP-EC agreements in regional cooperation and integration, as well as economic and trade cooperation, are the basis for the EU-SADC Economic Partnership Agreement (EPA), which was signed on 10 June 2016. The EU-SADC EPA will be implemented in a complementary and mutually reinforcing manner with respect to the Cotonou Agreement and this Agreement, subject to its Articles 110 and 111.
## ANNEX 1

### STATISTICS ON TRADE IN GOODS

**Table A1.1 EU(28): Imports from South Africa (million €)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Agricultural products*</th>
<th>Non-agricultural products*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>20,906</td>
<td>1,930</td>
<td>18,976</td>
</tr>
<tr>
<td>2008</td>
<td>23,519</td>
<td>2,051</td>
<td>21,467</td>
</tr>
<tr>
<td>2009</td>
<td>18,468</td>
<td>1,812</td>
<td>16,656</td>
</tr>
<tr>
<td>2010</td>
<td>19,395</td>
<td>2,075</td>
<td>17,320</td>
</tr>
<tr>
<td>2011</td>
<td>20,693</td>
<td>1,955</td>
<td>18,738</td>
</tr>
<tr>
<td>2012</td>
<td>19,140</td>
<td>1,984</td>
<td>17,156</td>
</tr>
<tr>
<td>2013</td>
<td>14,387</td>
<td>2,263</td>
<td>12,123</td>
</tr>
<tr>
<td>2014</td>
<td>17,652</td>
<td>2,162</td>
<td>15,489</td>
</tr>
<tr>
<td>2015</td>
<td>18,393</td>
<td>2,430</td>
<td>15,963</td>
</tr>
</tbody>
</table>

* WTO definition.

Source: EUROSTAT (Comext).

**Table A1.2 South Africa: Imports from the EU (Million Rands)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Agricultural products*</th>
<th>Non-agricultural products*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>214,487</td>
<td>8,454</td>
<td>206,033</td>
</tr>
<tr>
<td>2008</td>
<td>272,977</td>
<td>10,838</td>
<td>262,139</td>
</tr>
<tr>
<td>2009</td>
<td>377,064</td>
<td>21,229</td>
<td>355,834</td>
</tr>
<tr>
<td>2010</td>
<td>413,646</td>
<td>22,636</td>
<td>391,009</td>
</tr>
<tr>
<td>2011</td>
<td>535,602</td>
<td>30,787</td>
<td>504,815</td>
</tr>
<tr>
<td>2012</td>
<td>661,811</td>
<td>43,242</td>
<td>618,569</td>
</tr>
<tr>
<td>2013</td>
<td>459,127</td>
<td>28,536</td>
<td>430,591</td>
</tr>
<tr>
<td>2014</td>
<td>300,126</td>
<td>21,648</td>
<td>278,478</td>
</tr>
<tr>
<td>2015</td>
<td>320,301</td>
<td>22,709</td>
<td>297,591</td>
</tr>
</tbody>
</table>

* WTO definition.

Source: www.thedti.gov.za

**Table A1.3 EU(28) import coverage after full implementation of the Agreement**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>% of tariff lines</td>
<td>83%</td>
<td>83%</td>
<td>84%</td>
<td>90%</td>
<td>90%</td>
<td>89%</td>
<td>89%</td>
<td>89%</td>
<td>89%</td>
</tr>
<tr>
<td>% of imports</td>
<td>91%</td>
<td>92%</td>
<td>91%</td>
<td>93%</td>
<td>94%</td>
<td>95%</td>
<td>93%</td>
<td>95%</td>
<td>94%</td>
</tr>
</tbody>
</table>

Note: DFQF as % total.

Note: EU28 for the entire period.

Source: EUROSTAT Comext/ISDB Normal trade regime only.