

International Trade Agreements and preferential trade

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Directorate: International Trade Promotions

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Presentation Outline

- Introduction
- International Trade Agreements being negotiated/reviewed
- International Trade Agreements currently being implemented
- South African exports of agricultural products 2023 compared to 2022
- Realistic Export potential of Agricultural Products



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Introduction

- Directorate (ITP)International Trade promotions' objective is to increase market access & maintain the existing markets
- Through FTAs with various countries and/or regions
- DALRRD plays a major role in trade negotiations for Agricultural products - with the dtic as a lead department
- SA enters into these trade agreements as a bloc (i.e. SACU or SADC)



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Trade Negotiations: AFRICA

a) Tripartite FTA (June 2015)

- **Participating countries:** 3 RECs (SADC, EAC & COMESA) with a total membership of 27 countries.
- **Status:**
 - Rules of origin have been concluded.
 - Outstanding issues: tariff negotiations.
 - About 11 countries have ratified. The agreement requires 14 to effect implementation.
 - RSA: has both signed & ratified this agreement.
 - Momentum: disrupted by the **FOCUS** on the AfCFTA.



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Trade Negotiations: AFRICA

b) African Continent Free Trade Area (AfCFTA) (launched June 2015)

- ***Participating countries:*** 55 AU Member States. 54 have signed (except Eritrea).
- ***Status:***
 - *About 46 MS (85%) have deposited their instruments of ratification.*
 - *Over 44 Tariff Offers have been concluded & submitted to the AfCFTA Secretariat.*
 - *SACU/RSA: signed, ratified & gazetted/ published the Agreement.*
 - *In Jan 2024, RSA launched the 1st shipment of traded goods destined for GHANA & KENYA.*
 - *Outstanding issues: Customs Administration, few RoO & other areas.*



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Implementation of Trade Agreements: AFRICA

c) SACU Agreement (amended & signed 2002)

- **Participating countries:** RSA, Botswana, Lesotho, Namibia, Eswatini.
- **Product coverage:** customs union (one market with duty-free movement of goods across the Member States).
- **Common External Tariff** (trade with 3rd Parties).
- **Status:**
 - Smooth implementation has resulted in RSA's market dominance.
 - Current Challenge: import restrictions (Botswana & Namibia).



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Implementation of Trade Agreements: AFRICA

d) SADC Free Trade Area (FTA) (signed 1996)

- About 13 SADC Member States except for Angola, DRC & Union of Comoros.
- **Status:**
- *Smooth implementation has resulted in RSA's market dominance in the Southern African region.*
- **Current Challenges:** *Tanzania, Malawi & Zimbabwe NOT fully implementing the FTA.*
- *DRC, Angola & Comoros YET to accede.*



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EUROPE FTAs Implemented & under negotiations

SADC-EU EPA (Implemented from 2016, currently being reviewed)

- The sector gained improved market access for fisheries, wines, flowers and canned fruits
- The Agreement contribute towards a positive agricultural trade balance SA has with the EU
- The sector acquired new preferential market access for sugar, ethanol, some dairy and citrus jams
- Main products benefiting from the Agreement are wines, avocados, fish, cranberries, blueberries, sugar and citrus
- Wine quota for bottled and bulk
- 2023, 100% bulk wine was utilised and 49% of bottled wine



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EUROPE FTAs Implemented & under negotiations cont'd

SACU-EFTA FTA (Implemented from 2008. also undergoing review)

- Forestry and Fisheries sectors already enjoying duty free market access into EFTA market
- Only Agriculture sector still facing duties in EFTA
- Main sectors exporting and benefiting are fruits, nuts and beverages
- Specific products benefiting are grapes, macadamia nuts, oranges, apricots, guavas, mangoes and grape wines
- SA's objective under the review is to increase market access for Agriculture



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EUROPE FTAs Implemented & under negotiation cont'd

SACUM–UK EPA – Implemented from 1 January 2021, some provisions under review

- Wine quota for bottled and bulk
- December 2023, quota for bottled wine 8 million litres and 20 million litres for bulk wine
- Stats reveal that bulk is moving faster than bottled wine
- Additional market access gains on sugar, wines, canned fruits etc
- Some provisions couldn't be concluded during negotiations – TRQs, Agricultural Safeguards etc



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AMERICAS Trade Agreements

USA's AGOA (African Growth & Opportunity Act)

- It is not a reciprocal trade agreement;
- It is only the US offering preferential market access (duty free) to Sub-Saharan African countries that meet the criteria/requirements

Challenge: countries credibility for preferences are subject to annual reviews and out-of-cycle reviews

- Graduation out of GSP due to level of development
- AGOA expires September 2025



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AMERICAS Trade Agreements cont'd

- **SACU-MERCOSUR PTA** (Preferential Trade Agreement) – implemented 2016
- Limited scope trade agreement providing preferential market access to about 1000 tariff lines on each side (i.e. Mercosur and SACU)
- Margin of preference: 10% – 100%
- Applied tariff rate is reduced by the above margin

Challenge: trade deficit (and most trade (more than 90% is with SA)



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SOUTH AFRICA'S EXPORTS OF AGRICULTURAL PRODUCTS FOR 2023

Export indicators 2023: Percentage share; Export values Rand; Growth rate (%) 2023 compared to 2022; top three product categories exported with percentage share of Bloc exports.

Total
R243 Bn, ↑16%

USA (AGOA): 4% share; R9 Bn; ↑3%
Fruit & nuts (44%); Beverages (15%);
Prepared fruit, veg & nuts (14%)

MERCOSUR-4 PTA: 0.1% share; R328 Mn;
↓14%
Beverages (46%); Oilseeds (30%); Milling
industry products (8%)

EU-27 EPA: 19% share; R46 Bn; ↑13%

Fruit & nuts (59%); Beverages (11%); Prepared fruit, veg & nuts (8%)

UK EPA: 7% share; R16 Bn; ↑17%

Fruit & nuts (61%); Beverages (17%); Sugars (11%)

EFTA FTA: 0.3% share; R629 Mn; ↑0.1%

Fruit & nuts (42%); Prepared fruit, veg & nuts (30%);
Beverages (17%)

Africa-43 (AfCFTA): 5% share; R13 Bn; ↑15%

Fruit & nuts (24%); Milling industry products (15%);
Beverages (12%)

SADC-11 FTA: 32% share; R78 Bn; ↑19%

Cereals (15%); Beverages (14%);
Miscellaneous edible preparations (9%)

Asia&Middle-East-52: 28% share;
R67 Bn; ↑18%

Fruit & nuts (41%); Cereals (18%);
Oilseeds (13%)

Agricultural products: WTO Definition

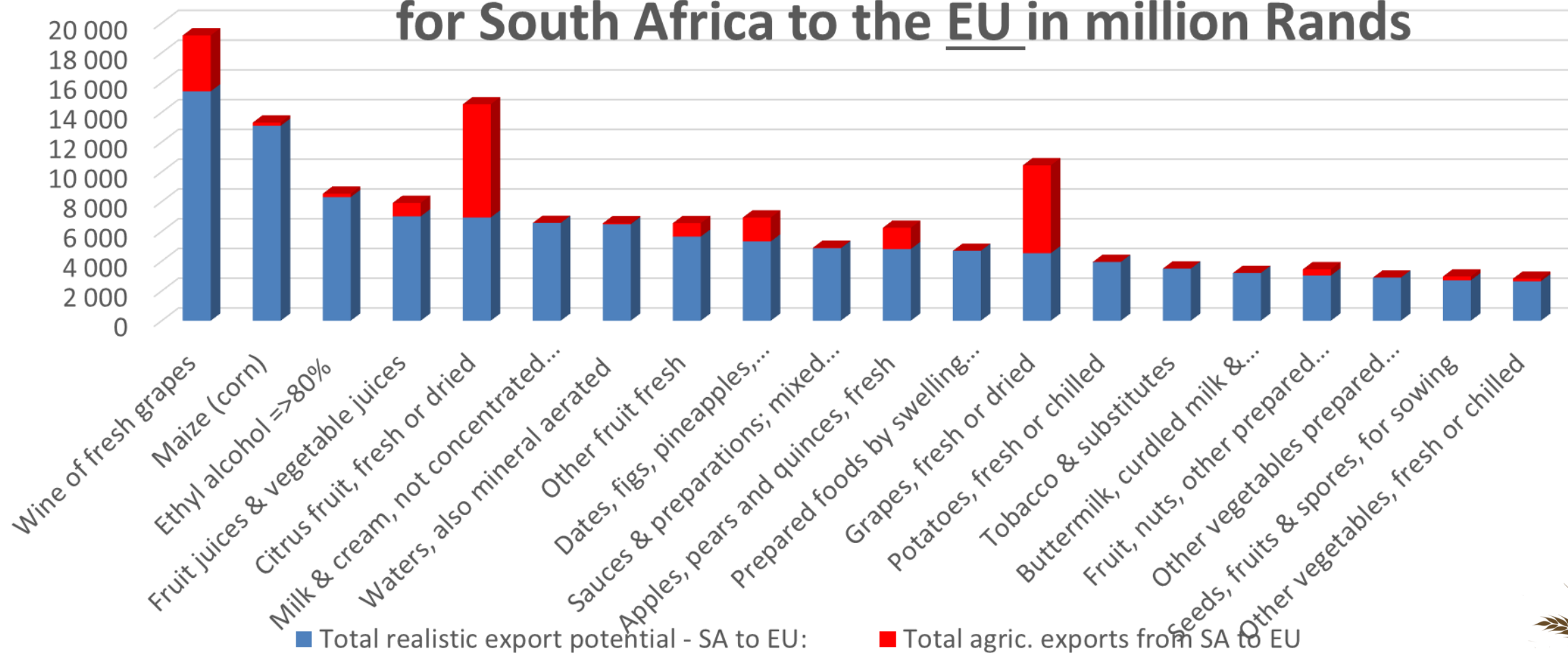
Regional Groups: Blocs with preferential trade. South Africa has no preferential trade agreement with Asian countries. Some developed countries provide GSP access to developing countries.

Export groupings account for 94% of SA agricultural trade

Statistics is subject to change since it is revised over time!

Source: Quantec Easydata, 2024 | Prepared by: Samkelisiwe Ngwenya, Agricultural Economist, Directorate International Trade Promotions

Realistic agricultural export products (Top 20) on 4HS for South Africa to the EU in million Rands



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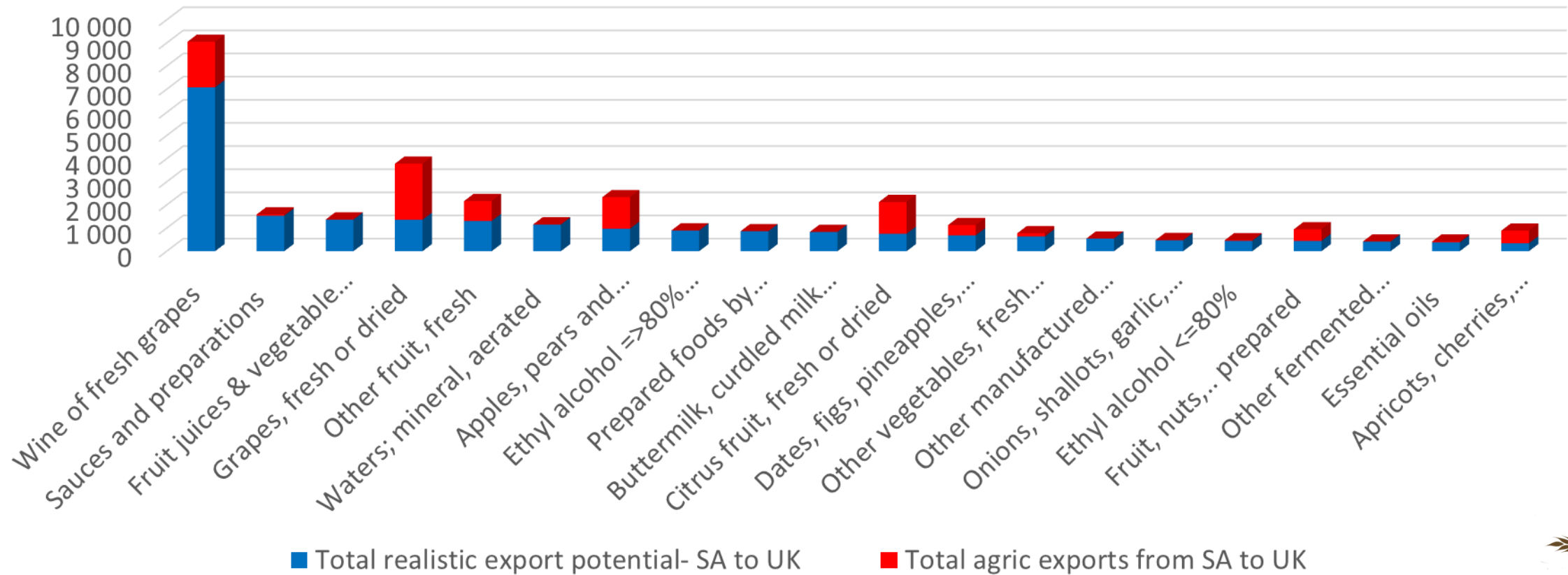
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Realistic export agric opportunities on 4HS for South Africa to the UK in million Rands



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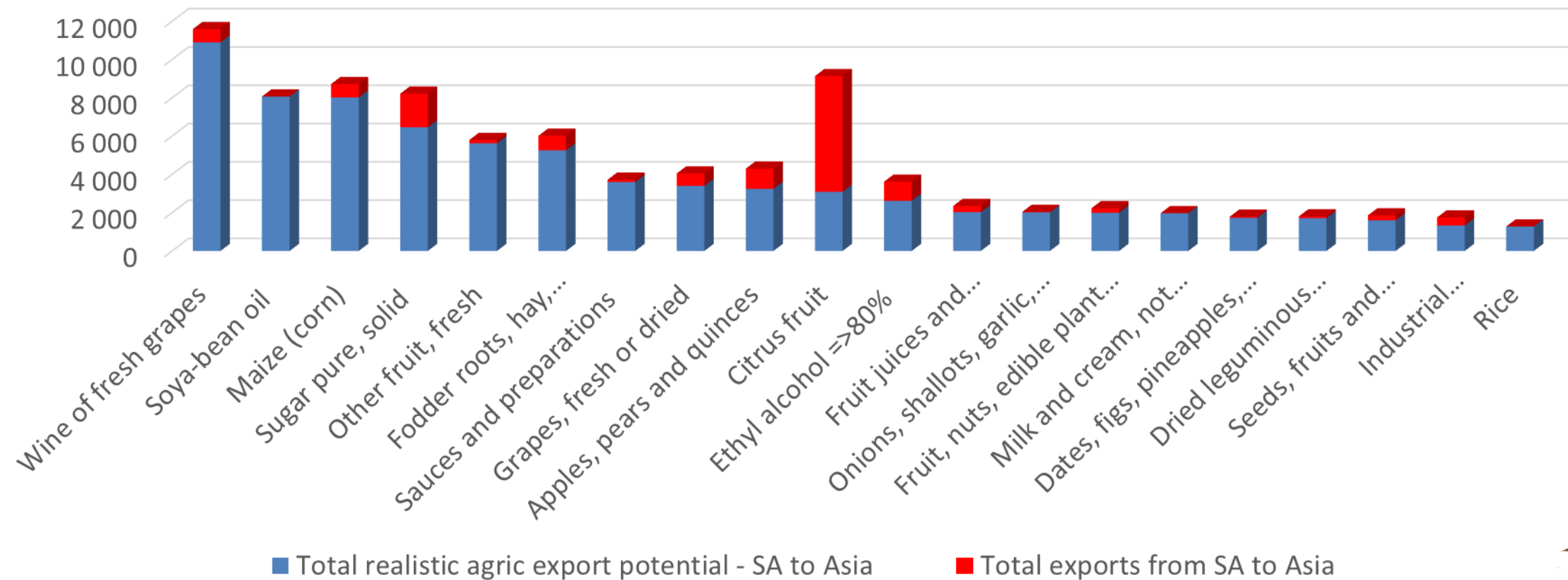


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Export potential for South African agriculture products on 4HS to Asian markets in million Rands



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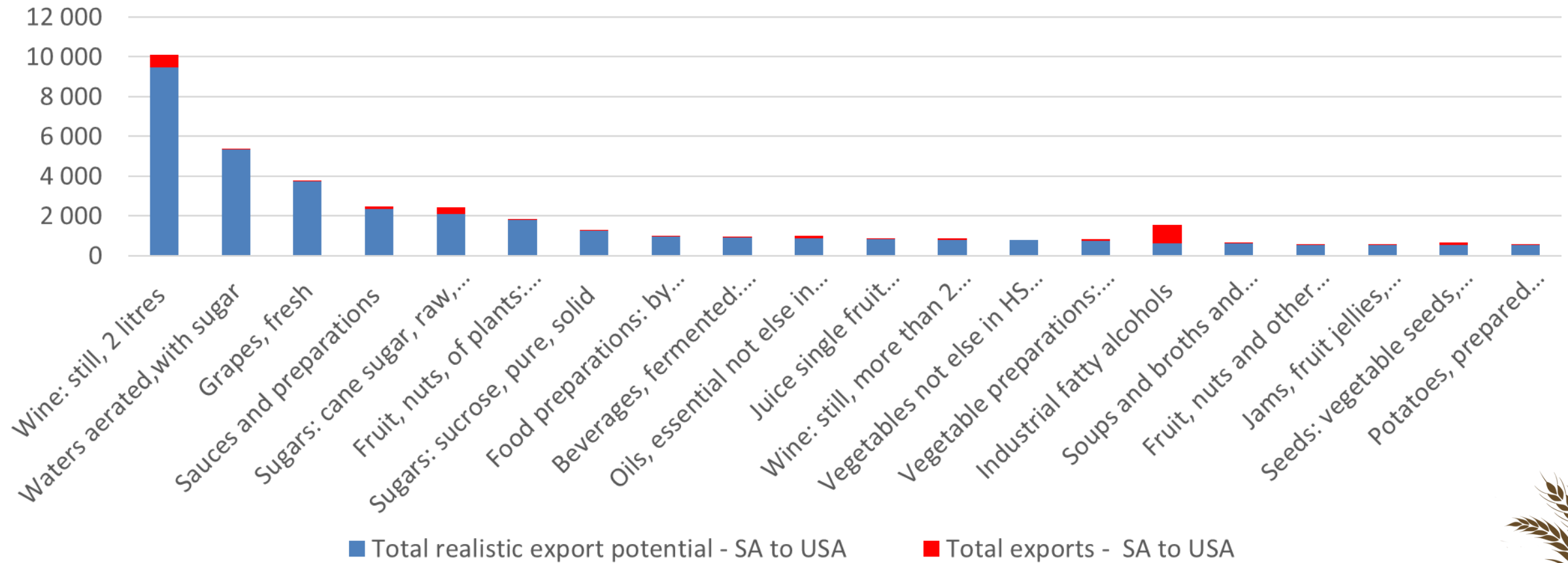
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Export potential to the USA (AGOA Access) for South African agriculture products on 6HS in million Rand



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