



SACU-MERCOSUR PREFERENTIAL TRADE AGREEMENT

Overview of negotiated agreements or reviews:

The Southern African Customs Union (SACU) and the Southern Common Market (Mercosur), signed a Preferential Trade Agreement (PTA) on 16 December 2004. SACU consists of South Africa, Botswana, Lesotho, Namibia and Eswatini, whilst Mercosur comprises Argentina, Brazil, Paraguay and Uruguay. This was the first agreement that SACU concluded with another developing regional economic entity after the 2002 SACU agreement. The 2002 SACU agreement compels SACU members to negotiate any free/preferential trade agreements with third parties as a unit. Later the SACU-Mercosur PTA was renegotiated to broaden and deepen its coverage for the benefit of smaller countries in the two trading blocs. The negotiations were concluded and the agreement signed in March 2009 and entered into force on 1 April 2016.

Benefits and opportunities: The PTA aims at promoting trade between SACU and MERCOSUR regions. Both regions benefit from concessions on over 1000 (all sectors) tariff lines offered by each party. The concessions are through preference margins ranging between 10%-100%.

An analysis of trade between SA and Mercosur shows that SA's negative agriculture trade balance with MERCOSUR has decreased from R17 billion in 2016 to R9 billion in 2020. SA exports to MERCOSUR increased by 60% from R216 million in 2016 to R345 million 2017; and a decrease of 17% from R233 million in 2019 to R193 million in 2020. On the other hand, SA imports from MERCOSUR decreased by 34% from R17 billion in 2016 to R12 billion in 2017, then by 7.4% from R10.8 billion in 2019 to R10 billion in 2020.

Most South African agricultural exports are destined for Brazil, followed by Argentina, Uruguay and Paraguay. The agreement also seeks to promote trade-related issues such as customs cooperation, sanitary and phytosanitary (SPS) measures and further product coverage for preferential treatment.

Table 1. Top Ten SA agriculture Exports to MERCOSUR 2016-2020

HS Code		2016-2020 Average Values (Million R)	
All	Total agricultural exports	258	
22	Beverages, Spirits And Vinegar	125	
12	Oil Seeds And Oleaginous Fruits	30	
08	Edible Fruit And Nuts	29	
4101	Raw Hides And Skins Of Bovine Or Equine Animals	20	
13	Lac; Gums; Resins	13	
20	Preparations Of Vegetables, Fruit, Nuts	11	
05	Products Of Animal Origin	11	
21	Miscellaneous Edible Preparations	6	
02	Meat And Edible Meat Offal	6	
09	Coffee, Tea, Mate And Spices	3	

Source: Global Trade Atlas

Table 1 above shows the average top 10 SA agricultural exports to MERCOSUR during 2016-2020. The table shows that:

- SA agricultural top ten exports to MERCOSUR constitute 97.8% on average of



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the total SA agriculture exports to MERCOSUR.

- Beverages, Spirits and Vinegar with the average value of R 125 million is 48,4% of the total SA agriculture export value of R258 million SA agriculture exports to MERCOSUR.

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