



## *Overview of the SADC-EU Economic Partnership Agreement*

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### **Background**

Trade between SA and the EU is currently taking place under the SADC-EU EPA regime. The SADC-EU EPA is a free trade agreement concluded between the SADC EPA States and the EU. The SADC EPA States comprises of all SACU Member States plus Mozambique. The SADC-EU EPA was signed on 10 June 2016 and entered into force on 10 October 2016. The Agreement is currently just over four years old since implementation date. The SADC-EU EPA package contains, in addition to normal duty-free and partial duty concessions, a number of agricultural products to be traded between SACU and the EU under a quota system. As part of market access concessions, both SACU and the EU has, under the Agreement, granted each other market access in the form of a quota system.

### **Benefits and Opportunities**

There are a number of mutual benefits emanating out of the SADC-EU EPA. It is under this Agreement that the EU committed and therefore reduced and removed tariffs on a number of products originating from SA. The most important benefits for South Africa is the enhanced market access for agricultural products such as sugar, wine, some dairy products, flowers, fruits & nuts as well their preparations. It is through this agreement that South Africa is able to export sugar to the EU. The Agreement allows South Africa to export 150 000 tons of sugar to the EU duty free on an annual basis. The South African wine industry is also enjoying duty free preferential market access of about 114 million litres of wine per year. The Agreement has contributed to an increase in South Africa's exports of agriculture products to the EU in recent years. The main products driving such export growth are avocados, wines, cranberries, blueberries, sugar, canned fruits and citrus.

The SADC-EU EPA also provides for other notable and important gains for South Africa such as protection of South Africa's Geographical Indications (GIs) names such as wines, teas and some meat products in the EU market. The SADC-EU EPA rules of origin are also beneficial as they facilitate cumulation that will support intra-regional trade and industrialization across Southern and Eastern Africa in particular. The SADC-EU EPA also commit the EU to eliminate export subsidies on agricultural goods destined for SACU market and also contains more effective safeguards provisions to address potential damaging surges of imports from the EU into the SACU region.

### **Challenges and Contentious issues**

There are a number of challenges related to the implementation of SADC-EU EPA that requires urgent attention by both parties (SADC EPA States and the EU). Issues related to the agricultural sector includes, amongst others, implementation and administration of the Tariff Rate Quotas (TRQs); administration of the wheat imports from the EU into South Africa under the TRQ system; safeguard measures imposed by SACU on imports of poultry products originating from the EU; and implementation of automatic agricultural safeguard provision by SACU on agricultural products imported in increased quantities from the EU. Parties are continuously engaging each other on these and other issues trying to find an amicable solution that will ensure smooth implementation of the Agreement.