

**Background note from DG AGRI**  
**Southern African agreement**  
**(EU-SADC EPA States Economic Partnership Agreement)**

18/11/2014

**PARTIES (AND REGIONAL FACTORS)**

- Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland.
- The EPA is concluded with 6 countries of the Southern African Development Community (SADC).
- 5 of these countries, Botswana, Lesotho, Namibia, South Africa and Swaziland, form a customs union (the oldest in the world): the Southern African Customs Union (SACU).
- Angola participated in the negotiations but chose not to conclude. The other eight SADC Member States (Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Seychelles, Tanzania, Zambia and Zimbabwe) are present in other regional EPA configurations.

**TYPE OF AGREEMENT**

- Regional agreement, including free trade undertakings, development cooperation, and policy cooperation.

**LEVEL OF AGRICULTURAL TRADE**

- EU agricultural exports to SADC region (2013): EUR 1.62 billion. Main exported products: spirits and liqueurs; fats and oils; poultry meat; bakery products, pasta, infant food; wheat.
- EU agricultural imports from SADC region (2013): EUR 2.85 billion. Main imported products: fruits; wine and vermouth; sugar.

**MARKET OPENING IN AGRICULTURE FOR EACH PARTY**

Market opening by South Africa, and by the EU (to SA imports), builds on the 2000 Trade Development and Cooperation Agreement. As well as embracing the regional group (Botswana, Lesotho, Namibia, Mozambique and Swaziland) the EPA allowed for readjustment and rebalancing of the agricultural market access between the EU and South Africa from 2000. The figures below show the final outcome of trade liberalisation in agricultural products between the parties:

- % lines and % trade
  - EU to South Africa: 90% of lines and 90% of trade
  - EU to other SADC EPA countries: 100% of lines and 100% of trade
  - South Africa (and other SACU countries) to EU: 91% of lines and 97% of trade.
- Main fully liberalised sectors
  - EU to South Africa: dairy, meats (other than bovine), wheat, cereals preparations, tropical, chocolate, etc.
  - EU to other SADC EPA countries: all sectors
  - South Africa (and other SACU countries) to EU: live animals, poultry, eggs, vegetable products (except wheat and maize), fats, food preparations, wines and spirits, etc.
- Main TRQs
  - EU TRQs to South Africa:
 

Dairy: skimmed milk powder: 500 t, butter: 500 t;

Sugar: 50 000 t white/raw for processing, 100 000 t raw for processing, white crystalline powder: 500 t;

Fruit preparations: canned fruit (except tropical): 57 156 t with reduction of in quota rate to 0% over 10 years, citrus jams: 100 t;

Wine & Spirits: wine: 110 000 000 litres increasing by 1 059 000 litres annually, ethanol: 80 000 t

Other: active yeast: 350 t.
  - SACU TRQs to EU:
 

Cereals: wheat: 300 000 t; barley: 10 000 t; cereal based food preparations: 2 300 t at a 25% of MFN rate

Dairy: cheese: 7 100 t in 2014 increasing by 150 t annually, in quota rate reduced to zero for all cheeses; butter: 500 t, in quota rate reduced to 25% of MFN rate over 5 years; ice cream: 150 t

Meats: pig fat: 200 t, pork: 1 500 metric tons reduced to a quarter of MFN rate over 5 years, Mortadella bologna: 100 t
- Main excluded sectors
  - EU to South Africa: beef, sweetcorn, bananas, rice, flours, starch, refined sugar and sugar products, fruit preparations and juices, vermouth, rum and dextrins.

- EU to other SADC EPA countries: none
- SACU countries to EU: beef, sheep meat, meat offal and preparations, milk powders, maize, wheat and maize cereal products, sugar, flax and hemp

## **SAFEGUARDS**

- While the overall market opening, building on the 2000 agreement with South Africa is substantial, a set of safeguard measures have been agreed to protect vulnerable sectors. These include the WTO and bilateral safeguard, as well as specific safeguards for BLNS, special agricultural safeguard for the SADC EPA States, infant industry and food security exception.

## **AGRICULTURAL POLICY COOPERATION, INC. EXPORT SUBSIDIES**

- The parties will forego any rights to use export subsidies for any agricultural product exported to each other. This is in the context of a renewed commitment to an agricultural policy dialogue.

## **RULES OF ORIGIN: (CUMULATION POSSIBILITIES)**

- The EPA favours regional integration in particular by allowing wide use of cumulation (treating ingredients from one country as if they were originating in the neighbour country). Cumulation possibilities cover all members of the SADC EPA States as well as other countries that implement EPAs and many other countries with which the EU offers preferential trading arrangements.

## **GEOGRAPHICAL INDICATIONS AND TRADE IN WINES AND SPIRITS**

- The EPA includes a bilateral protocol between the EU and South Africa on the protection of geographical indications (GIs) and on trade in wines and spirits. The EU will protect names such as Rooibos, the infusion from South Africa, and numerous wine names like Stellenbosch and Paarl (105 GIs in total). South Africa will protect more than 250 EU names spread over the categories food, wines and spirits. Other SADC EPA States may join the GI protocol if and when they choose.
- While the EU and South Africa concluded agreements on trade in wines and spirits in 2002, these were never ratified, which has led to uncertainty for this important bilateral trade. Under the EPA, the 2002 agreements are replaced by an innovative agreement. For acceptance of winemaking practices, the parties will for the first time refer to international standards.

## **ENTRY INTO FORCE TIMETABLE FORESEEN**

- Negotiations concluded and the agreement initialled: July 2014
- Legal finalisation and translation: 2015
- After finalisation and translation, the agreement will be officially sent to Council and Parliament. Entry into force can only occur after Council and Parliament have completed their legal procedures as laid down in the Lisbon Treaty.

## **BUILT-IN AGENDA**

- In the agricultural sphere, the parties will engage in policy discussions and cooperation including on domestic policy, trade, and developing agribusinesses. The EU and South Africa will also continue discussions on issues that remain open in trade in wines and spirits, including wine certification and spirit standards and definitions.

## **OTHER ISSUES (E.G. FUNDING)**

- The progressive liberalisation of trade and improved rules of economic governance included in the EPAs will support trade and investment in ACP countries, with a potentially significant positive impact on growth – and thus growth and poverty reduction. To realise and magnify this impact, the link with the development assistance provided by the EU (European Development Fund – EDF) and EU Member States in the context of the EU Aid for Trade strategy is of particular importance. Investing in ports or improving roads, for example, are essential elements that will help ACP countries make the most of EPAs.