

South African Trade Agreement

Africa

The Department utilizes strong government-to-government relations and mechanisms to advance a developmental agenda in Africa that focuses on:

- identifying and establishing joint investment projects in partner countries;
- promoting two-way trade;
- coordinating South African technical co-operation and assistance to support policy and institutional development in partner countries;
- promoting Cross-border infrastructure development, notably on the basis of the SDI methodology;
- promoting regional integration through the strengthening and consolidation of the Southern African Customs Union (SACU) and the Southern African Development Community (SADC) free trade agreement; and
- Negotiating agreements on investment protection and economic co-operation.

Of greater importance, will be accelerated conclusion of enabling agreements under negotiation, and the implementation measures of those that have been ratified.

The Rest of the World

The Department pursues bilateral and regional negotiations and has concluded a free trade agreement with the European Union (EU) and the European Free Trade Association (EFTA) comprising Switzerland, Norway, Lichtenstein and Iceland. A preferential trade agreement (PTA) with MERCOSUR comprising Brazil, Argentina, Paraguay and Uruguay was concluded and signed in 2009. While the scope of the market opening is more limited, once ratified, the PTA will create a legal and institutional framework for managing South Africa's trade relations with these important countries of the South and offer further opportunities to improve South Africa's export growth in the coming years. In September 2007, a similar negotiating process was initiated with India. All these negotiations have been pursued alongside South Africa's partners in the Southern African Customs Union (SACU), comprising Botswana, Lesotho, Namibia and Swaziland, following the entry into force of the new SACU Agreement in 2004 that requires the customs union to negotiate all trade agreements as a bloc.

Over the last five years the importance of building trade and investment relations with the new poles of economic growth in the world, that is countries of the South has become ever more compelling. This inexorable change in the economic geography of the world economy requires more purposeful effort to diversify South Africa's trade and investment relations to benefit from the rapid and dynamic economic growth in the South. The Department, along with other departments in government, has made an ongoing contribution to the India-Brazil-South Africa (IBSA) initiative, particularly in negotiating PTAs with MERCOSUR and India. With regard to the People's Republic of China (PRC), the Department leads an engagement to implement the Partnership for Growth and Development (PGD) that aims to promote value added South African exports to China and increase inward investment in projects for beneficiation. Our objective is to ensure the sustainability and mutual benefit of the relationship with this important trading partner.

The Department continues to contribute to strengthening South Africa's trade and investment relations with key countries in the North. The Trade Development and Cooperation Agreement (TDCA) with the EU is twelve years into implementation, and has contributed positively to bilateral economic relations, supported by the 2007 deal on autos. As South Africa's largest trade and investment partner, relations with the EU remain important and greater attention will be devoted to expanding trade and

investment with recently acceded members. Although SACU was unable to conclude a free trade agreement with the USA, a co-operative trade arrangement has been concluded, namely the Trade, Investment and Development Co-operation Agreement (TIDCA) that will build on the trade benefits offered under the Africa Growth and Opportunity Act (AGOA). In this context, the Department will seek to extend and deepen the benefits of AGOA and work to ensure that the engagement with the US supports regional integration in Southern Africa.

South Africa has signed many agreements with its trading partners in the past few years. The country is also a beneficiary of a number of non-reciprocal trade arrangements among them the **African Growth and Opportunity Act** and the **Generalised System of Preferences**.

Summary of Main Trade Agreements between South Africa and the rest of the World

	Type of Agreement	Countries Involved	Main Objective/Terms	Products Involved
Customs Union				
Southern African Customs Union (SACU)	Customs Union	South Africa, Botswana, Lesotho, Namibia and Swaziland	Duty free movement of goods with a common external tariff on goods entering any of the countries from outside the SACU	All products
Free Trade Agreements (FTAs)				
Southern African Development Community (SADC) FTA	Free Trade Agreement	Between 12 SADC Member States	A FTA, with 85% duty-free trade achieved in 2008. The 15% of trade, constituting the "sensitive list", is expected to be liberalised from 2009 to 2012 when SADC attains the status of a fully-fledged FTA with almost all tariff lines traded duty free.	Most products
Trade, Development and Cooperation Agreement (TDCA)	Free Trade Agreement	South Africa and the European Union (EU)	The EU offered to liberalise 95% of its duties on South African originating products by 2010. In turn, by 2012, South Africa offered to liberalise 86% of its duties on EU originating products.	There is currently a review of the agreement underway, which is aimed at broadening the scope of product coverage. This is taking place under

				the auspices of the Economic Partnership Agreement (EPA) negotiations between SADC and the EU
EFTA-SACU Free Trade Agreement (FTA)	Free Trade Agreement	SACU and the European Free Trade Association (EFTA) - Iceland, Liechtenstein, Norway and Switzerland	Tariff reductions on selected goods	Industrial goods (including fish and other marine products) and processed agricultural products. Basic agricultural products are covered by bilateral agreements with individual EFTA States

Preferential Trade Agreements (PTAs)

SACU-Southern Common Market (Mercosur) PTA	Preferential Trade Agreement	SACU and Argentina, Brazil, Paraguay and Uruguay	Tariff reductions on selected goods. It is not expected to enter into force before some time in 2012	About 1,000 product lines on each side of the border
Zimbabwe/South Africa bilateral trade agreement	Bilateral Preferential Trade Agreement	South Africa and Zimbabwe	Preferential rates of duty, rebates and quotas on certain goods traded between the two countries	Selected goods. A most recent version of the agreement was signed in August 1996, which lowers tariffs and quotas on textile imports into South Africa.

Non-reciprocal Trade Arrangements

Generalised System of Preferences	Unilateral preferences granted under	Offered to South Africa as developing	Products from developing countries qualify for	Specified industrial and agricultural
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(GSP)	the enabling clause of the WTO that are not contractually binding upon the benefactors	country by the EU, Norway, Switzerland, Russia, Turkey, the US, Canada and Japan	preferential market access	products
Africa Growth and Opportunity Act (AGOA)	Unilateral assistance measure	Granted by the US to 39 Sub-Saharan African (SSA) countries	Preferential access to the US market through lower tariffs or no tariffs on some products	Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7,000 product tariff lines.

Other Agreements

Trade, Investment and Development Cooperation Agreement (TIDCA)	Cooperative framework agreement	SACU and US	Makes provision for the parties to negotiate and sign agreements relating to sanitary and phyto-sanitary measures (SPS), customs cooperation and technical barriers to trade (TBT). It also establishes a forum of engagement of any matters of mutual interest, including capacity-building and trade and investment promotion.	None
Trade and Investment Framework Agreement (TIFA)	Bilateral agreement	South Africa and US	Provides a bilateral forum for the two countries to address issues of interest, including AGOA, TIDCA, trade and investment promotion, non-tariff barriers, SPS, infrastructure and others.	None

Current Trade Negotiations

SACU-India PTA	Preferential Trade	SACU and India	Tariff reductions on	SACU and India are in the process of
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	Agreement		selected goods	exchanging tariff requests
SADC-EAC-COMESA Tripartite FTA	Free Trade Agreement	26 countries with a combined GDP of US\$860 billion and a combined population of approximately 590 million people	The Tripartite Framework derives its basis from the Lagos Plan of Action and the Abuja Treaty establishing the African Economic Community (AEC), which requires rationalisation of the continent's regional economic communities. The FTA will be negotiated over the next three years, with the possibility of an additional two years for completion.	The Tripartite initiative comprises three pillars that will be pursued concurrently, in order to ensure an equitable spread of the benefits of regional integration: market integration, infrastructure development and industrial development. The FTA will, as a first phase, cover only trade in goods; services and other trade-related areas will be covered in a second phase.