



5 May 2016

AGBIZ MEETS THE EUROPEAN UNION DELEGATION

On the 26th April 2016, Agbiz met with senior European Union (EU) officials, which included Mr Francis Fay, Head of Unit – Director General for Agriculture, Mr Dingris Nekrasius and Mr Massimo De Luca, to share views on the Economic Partnership Agreement (EPA). The EPA is a new trade agreement between the Southern African Customs Union (SACU) and the EU that will expectedly come into force on the 1st October 2016, replacing – for South Africa – the Trade and Development Cooperation Agreement (TDCA).

In the meeting, Agbiz and the EU delegation re-capped on several issues tariff rate quota (TRQ) allocations for EC imports among SACU countries and the modalities around the establishment of SACU database management system to monitor import TRQs, which are among the issues still under discussion. Under the EPA, SACU has allocated quotas for 8 products (pork, pig fat, butter, cheese, wheat, barley, cereals and ice cream) to the EU, which will be distributed among SACU countries, with South Africa taking a relatively larger portion on some quota allocations of imports. Agbiz understands that a proposition has been made during the negotiations which argues for each unfilled quota to be re-distributed to other member states at the end of each consumption period.

Regarding the setup of a SACU TRQ administration system, Agbiz understands that negotiations are on-going regarding the establishment of a SACU data management system, with the EU offering funding for its set up. Agbiz also understand that an interim solution has been agreed upon during the negotiations is that each SACU member must administer its own quota while a data management system is being set up, with the expectation that country-level data systems will not impede application and filling of the EUs export quotas into SACU.

Taking a note from the recent structure of permit allocations under the AGOA quota, it will be interesting to see if the EU quota permits under the EPA will also be tied to new conditions that are related to transformation imperatives promoting Historically Disadvantaged Individuals (HDIs).



As new market access provisions under the EPA expectedly to come into effect on 1st October 2016, the expectation is that the clean legal text of the agreement will be completed by end of May 2016. Agbiz understands that the text will undergo a legal clearance review process from relevant Government Departments such as the Department of Justice, Department of International Relations and Cooperation, Department of Trade and Industry in order to ensure that the agreement conforms to domestic and international law. As this process is already under away, legal clearance will pave way for the signing of agreement, expected to be done on the 9th and 10th June 2016.

In the meeting with the EU delegation, Agbiz expressed its satisfaction and contentment with new market access provisions, which include South Africa's duty free sugar quota which will be pegged at 150 000 tons; and an improvement of a wine quota from 60 million litres to 110 million litres.

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