

BREXIT [SA–UK trade relations]

**Presentation
by**

**Ms. Emily Mphahlele
Department of Trade and Industry
14 October 2016-**



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

SA trade with UK

- UK not the largest SA trade partner BUT a significant partner. In 2015, UK was ranked SA's 5th largest export partner in the world and ranked 2nd largest export partner in the EU after Germany.
- UK was ranked SA's 8th largest source of imports in the world but the 2nd source of SA imports from the EU region.
- UK accounts for 3.65% of South Africa's total trade and 4.12% of SA's total exports
- UK which accounts for 20% of SA's exports into the EU.
- SA's agricultural products into the UK (include pears, oranges, avocados, lemons, fresh grapes, plums, mandarins, fresh apples and peaches) accounts for 25% of SA's agriculture exports into the EU market.

Brexit

- At the moment: no negotiations taking place (UK and the EU).
- UK to formally notify its withdrawal from the EU as provided for by Article 50 of the EU (Lisbon) Treaty.
- Anticipated that the exit will take 2 years after formal notice has been given to the EU.
- Until the end of that 2 year period, the Common International Trade Policy (CITP) of the EU would continue to apply to SA's exports to the UK.
- UK's top priority post exit will be negotiations with the EU on trade, but currently its not clear what kind of deal on trade the UK will seek from the EU.



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

Brexit cont

- UK will consider negotiations with non-EU countries once a framework has been developed with the EU.
- UK's preferential trade agreements will elapse.
- The loss of UK preferential access (to SA market) would disadvantage UK vis-à-vis EU 27 exporters.
- UK will have to apply MFN rates for trade: UK trading partners (SA included) will be faced with substantial tariffs as a result of MFN duties.
- Openness to trade has always been favoured by UK (within the EU) and it is anticipated that the status will remain post Brexit.

What the future holds?? SA-UK trade relations

- Unfortunately, no one knows what will happen when the UK triggers Article 50 and begins to negotiate its exit from the EU.
- Scope for “EPA plus” arrangement with the UK. SA would consider negotiating additional market access for some agricultural products with UK using the SADC-EU EPA as the base. To ensure that no UK exporter is disadvantaged in respect to exporters from the 27 EU member states.
- If UK joins the European Free Trade Association (EFTA); SA/SACU shall conclude an agreement on basic agricultural products, as negotiated on case-by-case basis (no common agricultural policy within EFTA).

Conclusion

- While Britain's future in Europe remains unclear; **thedti** is currently engaging the British HC on possible approaches to consider post Brexit.
- **thedti's** priority at the moment is to position South Africa as the preferred market by UK once Brexit is finalized.
- Early action to ensure that the movement of goods continue unhindered. There is a need to negotiate a trade agreement with the UK that will build on the EPA in order to limit disruption in SA's market access into the UK.
- **thedti** will continue to lobby and secure UK government acceptance as the most preferred trading partner in preparation for the potential bilateral negotiations with the UK.



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA