3rd November 2016

EPA PROVISIONAL IMPLEMENTATION KICKS OFF THIS WEEK

The new market access provisions of the Economic Partnership Agreement (EPA) for agricultural products came into effect this week on 1st November 2016. The EPA agreement was provisionally applied on the 10th October 2016, but new concessions were only going to come into effect after the fulfilment of two conditions, namely (1) the ratification of the agreement by SACU States, and (2) the bilateral exchange of notifications for Geographic Indications (GI) protocols – both of which were met by the end of October 2016 (see also letter from the dti, attached).

While other products are set to retain the same market access conditions as they had under the Trade and Development Cooperation Agreement (TDCA), there are a number of agricultural products that will enjoy new and/or expanded tariff rate quotas (TRQs) (see Table 1).

Table 1: SADC EPA Tariff Rate Quotas (TRQ)

	TDCA - TRQ	EPA - TRQ	Balance of EPA-TRQ left for the remaining period
New TRQs			
Cane/Refined Sugar	-	50 000 tons	8 333 tons
Sugar	-	100 000 tons	16 667 tons
Ethanol	-	80 000 tons	13 333 tons
Active Yeast	-	350 tons	58 tons
White crystalline powder	-	500 tons	83 tons
Citrus jams	-	100 tons	17 tons
Skimmed Milk Powder	-	500 tons	83 tons
Butter	-	500 tons	83 tons
Unchanged TRQs			
Strawberry, frozen	370 tons	370 tons	-
Canned mixtures of tropical fruit	2 960 tons	2 960 tons	-
Expanded TRQs			
Canned Mixtures of fruit, other than tropical fruit	27 102 tons	57 156 tons	55 202 tons
Frozen orange juice	1 036 tons	3 602 tons	-
Wine	50 126 000 litres	110 000 000 litres	25 930 883 litres

Source: DAFF (2016)

The third column to the right in **Table 1** shows the reduced volumes that reflects the outstanding quotas proportional to the remaining number of days in the calendar year, starting from 1st November when the new market access for agriculture under EPA was provisionally implemented. For example, the TDCA quota for wine was 50.1 million litres, and exports under the quota were 32 million litres. The provisional implementation of the EPA as of 1st November

2016 – under which the annual quota has increased to 110 million litres – means that the outstanding balance for South African wine exports for the remainder of the calendar year increases to 26 million litres – calculated on a pro-rata basis.

From an import perspective, The EU will be able to export **wheat** under a TRQ of 300 000 tons into the Southern African Customs Union (SACU). Wheat from the EU will come to South Africa duty free under two conditions, which are: (1) if it comes between 1st February and 31st October, and (2) if it enters through the ports of Durban and Richards Bay. Meanwhile, the EU can also export **barley** into SACU free of duty under a TRQ of 10 000 tons. However, this will be reduced pro rata to the remaining number of days of this calendar year starting from 1st November when new market access for agriculture under the EPA was provisionally implemented.

For products that do not have TRQs, market access changes will remain the same for some products. For instance, "**perry pears**" and bulk "**cider apple**" exports, South Africa's market access under the EPA remains the same as that under the TDCA. Bulk exports of South African "**perry pears**" will still enter the EU duty free between 1st August and 31st December of each year while South African "**cider apples**" will be duty-free between the 16th September and 15th December. Outside of these window periods, South African "**perry pears**" will enter the EU market at a duty of €164,50 per 100kg, while "**cider apples**" will enter the EU market at a duty of €134,90 per 100kg.

For other products, market access changes have taken effect from 1st November. For example, all other pears that are NOT "perry pears" (i.e. **pears of variety Nashi**, and **others**) as well as **other apples** have new concessions which came into effect on the 1st of November. South African "**pears of variety Nashi**", as well as "**other apples**" that are NOT "**perry pears**" will now enter into the EU duty free between 1st May and 30th June of each year. Outside of this period, South African "pears of variety Nashi" as well as "others" will be subject to the **entry price system**. Meanwhile, any other apples that are not cider apples will now enter the EU at "**entry prices**". This means that the duty of any other apples that are not cider apples can be increased at any time, at the determination of the EU.

For South African **sweet oranges**, they will still enter the EU market duty free from 1st June to 15th October. However, the EPA will extend this period to 30th November over the next decade, during which tariffs will gradually phased down the MFN duties by 9% per annum over the period 16th October to 30th November of each year, until 2027. There are no concessions for all **other oranges** that are not sweet oranges, and therefore a duty of 12% will be maintained between 1st April and 15th October, which will be increased to 16% between 16th October to 31st March, each year, as was the case under the TDCA. For South African **lemon** exports (citrus limon, citrus limonum), duties will be eliminated between 1st May to 30th October, and lemon exports will enter the EU at entry prices outside this window period.

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