

Agbiz Congress 2018

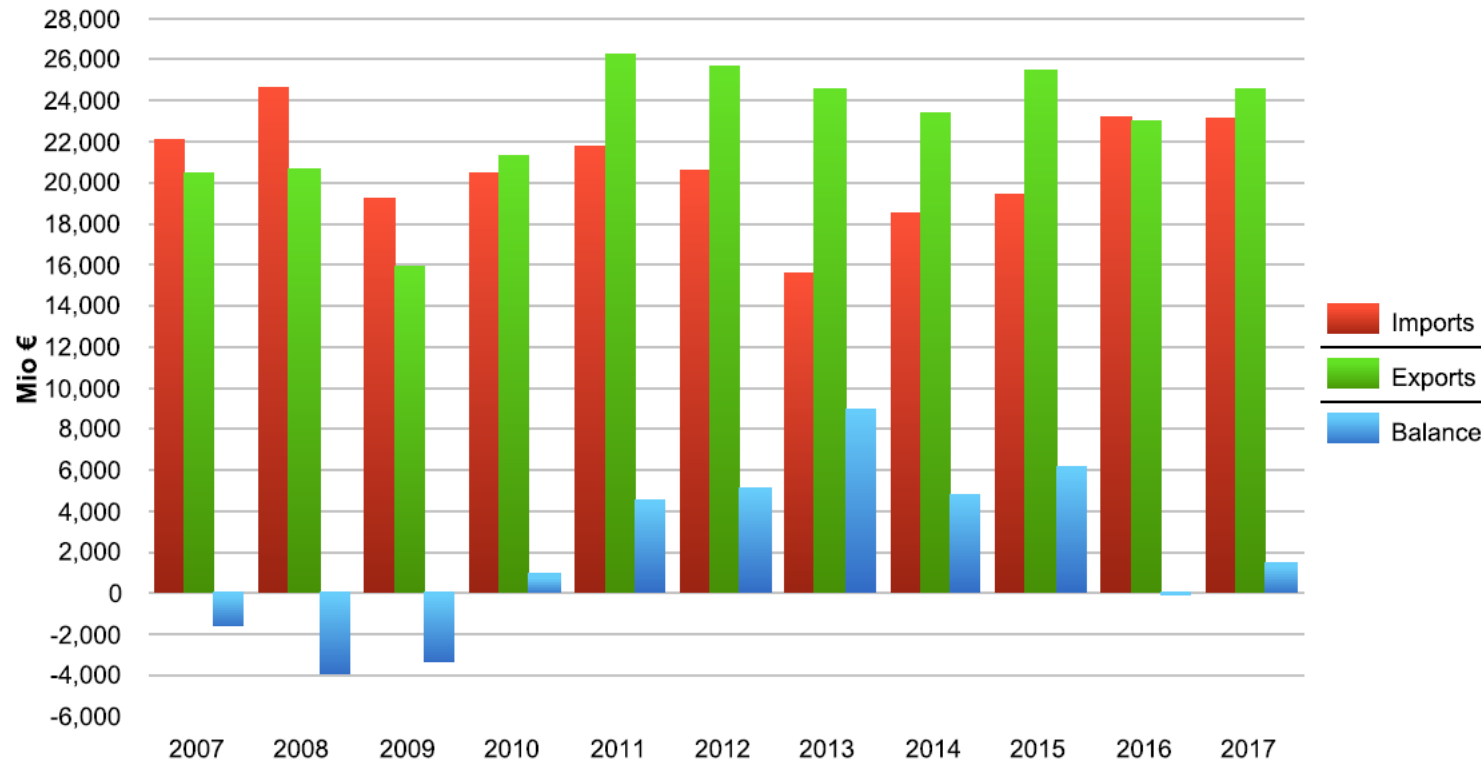
EU Delegation to South Africa

8 June 2018
Port Elizabeth

European Union, Trade with South Africa

Total goods: EU Trade flows and balance, annual data 2007 - 2017

Source Eurostat Comext - Statistical regime 4



- Bilateral trade has kept increasing
- Trade surplus deficit enjoyed by the EU has shrunk.

Source: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113447.pdf

EU Agri Food trade with: South Africa

2. Structure of EU Agri-food trade with South Africa, 2007 - 2017



SA TRADE WITH THE WORLD

	SA EXPORTS billion rands			SA IMPORTS billion rands			TOTAL TRADE
	2017	Var 2016 %	%/total	2017	Var 2016%	%/total	2017
WORLD	1 187	7.9%	100%	1 107	0.7%	100%	2 294
EU	262	4.8%	22.1%	338	0.0%	30.5%	26.2%
AFRICA	311	-1.4%	26.2%	110	-2.9%	9.9%	18.3%
BRICS	189	13.9%	15.2%	281	4.5%	25.4%	20.1%
USA	89	11.3%	7.5%	73	0.0%	6.6%	7.1%
MERCOSUR	9	-3.4%	0.8%	36	-18.6%	2.7%	1.7%

Source: DTI

- The EU remains South Africa's main trading partner accounting for 26% of all trade (22% of SA exports and 30% of its imports).
- Followed by BRICS (mostly China): in terms of exports only 15.2%
- USA and Mercosur far behind

Investment

FDI STOCK IN SA, Billion <u>rands</u> (END OF YEAR)				
	2013	2014	2015	2016
TOTAL	1 596	1 609	1 970	1 853
YoY %	14.8%	0.8%	22.48%	-5.9%
PER COUNTRY % share				
EU	77.0%	76.0%	77.19%	73.7%
USA	6.1%	6.9%	5.93%	6.8%
CHINA (rest of Brics <1%)	3.7%	3.8%	2.92%	4.2%

Source: Reserve Bank Quarterly Bulletin March 2018

- **The EU remains South Africa's main investment partner accounting for 73.7% of FDI** in the country at the end of 2016. SA has been losing attractiveness as an investment destination in the past years, according to UNCTAD annual investment report, despite which the EU has continued to maintain a strong presence.
- Strong sectors of EU investment are related to manufacturing (vehicles, machinery) and the banking sector.

SADC EU EPA

Improved Market Access

The SADC-EU EPA provides new and improved market access compared to the TDCA. Liberalisation now extends to 98.1% of all tariff lines.

New Duty Free

All fisheries • oranges during shoulder season • lemons during season • cut flowers • whole milk powder • fermented milk products • whey and other products consisting of natural milk constituents • sweetened pineapple juice • non-sweetened pear juice • cultured yeast • dried baker's yeast.

New Tariff Rate Quotas

Skimmed milk powder • butter • sugar • white crystalline powder • citrus jams • ethanol • active yeast.

Improved Tariff Rate Quotas

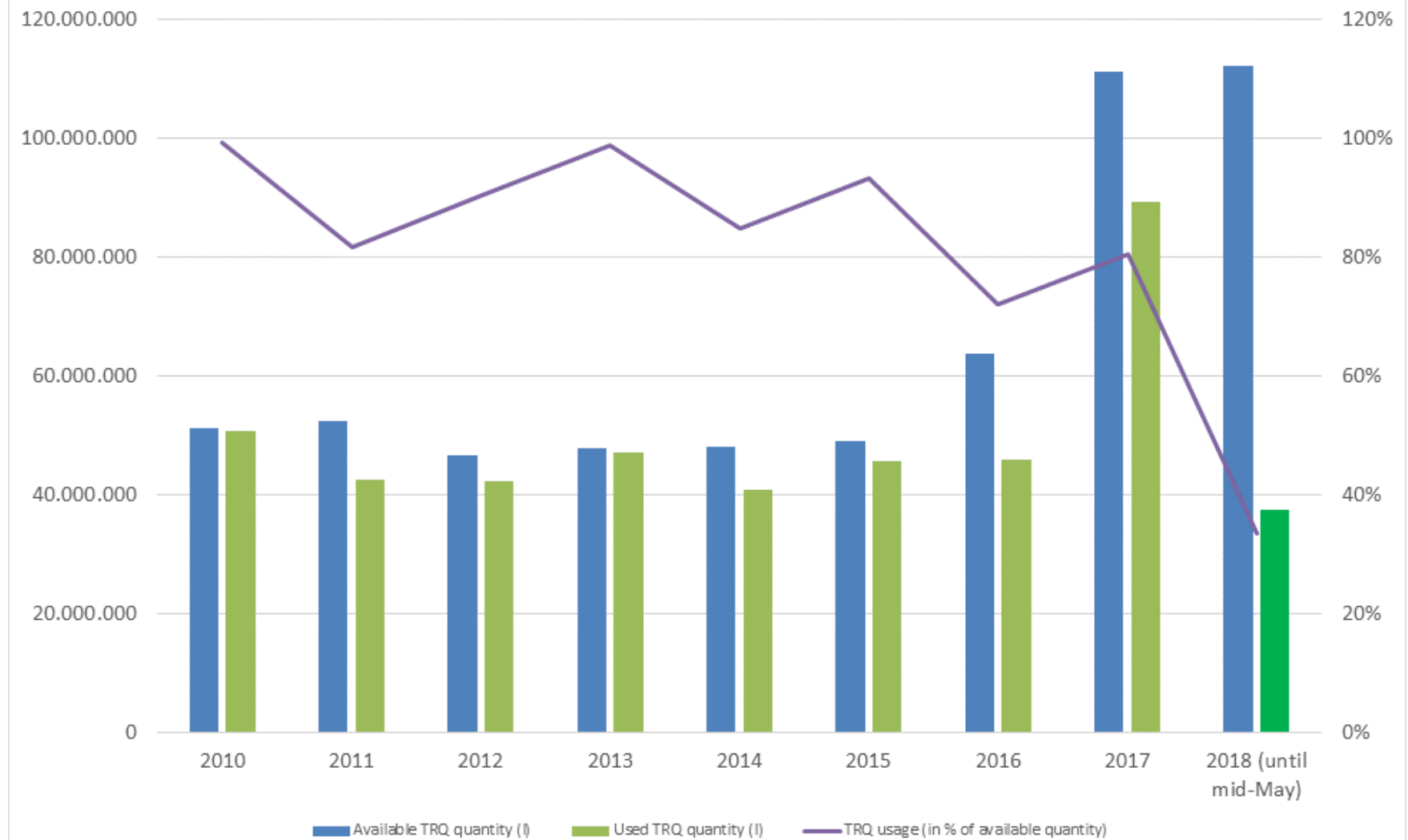
Wine • frozen orange juice • apple juice • canned fruit.

TRQ UTILISATION IN THE SADC EU EPA

SADC EPA TRQs - 2017						
Order number	Product	Unit	Initial amount	Usage	Balance	Usage (%)
09.1801	Skimmed milk powder	KG	500,000	0	500,000	0%
09.1802	Butter	KG	500,000	0	500,000	0%
09.1804	Strawberries	KG	385,000	0	385,000	0%
09.1806	Sugar, raw and refined	KG	50,000,000	41,767,930	8,232,070	83.5%
09.1808	Sugar, raw	KG	100,000,000	99,904,230	95,770	99.9%
09.1818	White crystalline powder	KG	500,000	0	500,000	0%
09.1820	Citrus fruit jams	KG	100,000	0	100,000	0%
09.1822	Canned fruit	KG	56,176,000	30,070,891	26,105,109	53.5%
09.1824	Tropical canned fruit	KG	3,020,000	0	3,020,000	0%
09.1826	Orange juice, frozen	KG	1,057,000	1,057,000	0	100%
09.1829	Apple juice	KG	3,595,000	914,827	2,680,173	25%
09.1830	Yeast	KG	350,000	84,010	265,990	24%
09.1892	Wine (bottled)	L	77,741,300	54,133,864	23,607,436	70%
09.1893	Wine (bulk + bottled)	L	33,317,700	33,317,700	0	100%
09.1894	Ethanol	KG	80,000,000	11,054,890	68,945,110	14%

- Strong uptake by sugar, orange juice and wine (only 70% for bottled)
- Opportunities still in products like strawberries, yeast, apple juice and ethanol

EU imports of SA wine under TRQs (liters)



Wine

https://sadc-epa-outreach.com/images/files/brochures/SADC_EU_EPA_Wine_Brands_and_Transformation_2017.10.12.pdf



SADC-EU ECONOMIC PARTNERSHIP AGREEMENT SUPPORTING GROWTH AND TRANSFORMATION OF THE WINE INDUSTRY

The Economic Partnership Agreement (EPA) between the European Union and the Southern African Development Community EPA Group (Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa) came into effect in October 2016. Gains for the South African wine sector include increased market access and Geographical Indication (GI) protection for local products, notably wines and spirits.

In addition, the European Union has committed to assisting the restructuring of the South African wines and spirits sector and the marketing and distribution of these products. This EU assistance will contribute to transformation of the sector by enabling further economic empowerment of collectives of black-owned wine labels such as Treasure Chest.

Treasure Chest is a joint action group established in 2013. It comprises 14 black-owned brands of wine, 90% women-owned. Collectively, the Treasure Chest members have 125 years' experience in the wine industry. Its members regularly market and exhibit their wines jointly.

This unique wine trade initiative aims to bring economic and social development to previously disadvantaged wine brand owners with a particular focus on empowering women. Treasure Chest is sponsored and supported by the Department of Agriculture, Forestry and Fisheries, the National Marketing Agriculture Council, VinPro, the Department of Trade and Industry, and South African Liquor Brand Owners Association.



Citrus

<https://sadc-epa-outreach.com/images/files/brochures/sadc-eu-epa-citrus-snapshot-27-9-2017.pdf>



The EU – a growing and reliable market for South African citrus exports

- ▲ South African citrus exports to the EU have grown steadily over the past 10 years.
- ▲ This growth trend has continued despite the presence of citrus black spot (CBS) in parts of South Africa.
- ▲ South African citrus exports more than tripled to almost R7 billion in 2016 from under R2 billion in 2007.
- ▲ Exports to the EU accounted for 40% of all South African citrus exports in 2016.
- ▲ The trade balance in citrus fruit weighs heavily in favour of South Africa.
- ▲ In 2016, EU fruit imports into South Africa represented only 0.4% of the South African exports to the EU.
- ▲ Exports to the EU contribute to the transformation of the citrus sector in South Africa by creating new opportunities for emerging and previously disadvantaged growers.
- ▲ The EU has committed to provide development cooperation funding to support small and medium enterprises, including in the agro-food sector, as from 2017.



SADC-EU Economic Partnership
Agreement

<https://sadc-epa-outreach.com>

“Win-Win” strategies

...in times of uncertainty and outright trade wars...

- **Partnerships that work!**
- **“New dawn” and EU-SA summit**
- **Regional level: Agriculture Partnership**
- **Continental level: TFRA**
- **How to add value and grow markets?**
- **EPA: market access, TRQs, SPS**
- **EU new unfair trade practices proposal**
- **Support: EPA, SMME programme, H2020**

Geographical Indications

<https://sadc-epa-outreach.com/images/files/sadc-eu-epa-geographical-indications-paper-november-2017.pdf>



SADC-EU ECONOMIC PARTNERSHIP AGREEMENT: GEOGRAPHICAL INDICATIONS



Useful links

EU – SA trade web links

EU-SA webpage at DG Trade: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/south-africa/>

SADC EU EPA Outreach: <https://sadc-epa-outreach.com/>

Export trade tools

Trade Helpdesk: <http://trade.ec.europa.eu/tradehelp/>

Duties in accessing the EU market

http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en

TRQ utilisation:

http://ec.europa.eu/taxation_customs/dds2/taric/quota_consultation.jsp?Lang=en

Trade Barriers in accessing SA by the EU

http://madb.europa.eu/madb/barriers_crossTables.htm?isSps=false#letter-s

Thank you for attention !

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