

SA-EU Trade Development and Cooperation Agreement

Background

The European Union (EU) is the main trading partner of South Africa (SA). In 2008 about 36% of SA's agricultural products were exported to the EU. The agreement that regulates trade between SA and the EU is called the Trade, Development and Cooperation Agreement (TDCA). Part of the agreement that entered into force on 1 January 2000 regulates agricultural trade between SA and the EU. The agricultural aspect of the TDCA involves various degrees of trade liberalisation, ranging from immediate liberalisation (that was the year 2000) to transitional liberalisation over longer periods of up to 10 years by the EU and 12 years by SA.

The tariff liberalisation schedule of the EU is categorised into eight lists, i.e. lists 1 to 8. List 1 was liberalised over a transitional period of 3 years (2000 to 2003). It was fully liberalised in 2003. Lists 2, 3 and 4 will be fully liberalised in 2010. List 5 includes processed agricultural products subject to partial liberalisation. List 6 includes products subjected to quota. List 7 is a reserve list including products that are excluded from liberalisation subject to a review of the agreement. List 8 is an omission list, including products permanently excluded from liberalisation as they are protected EU denominations for geographical indications (GI) or designation of origin for agricultural products.

Benefits and opportunities

SA faces duty-free market access on exportation of groundnut oil, onions, unmanufactured tobacco, cigars, cheroots, cigarillos and cigarettes and all other products included under List 1 of the EU tariff liberalisation schedule of the agreement.

Many other products such as cabbages, onions, lettuce, apricots, grapes, cherries, meat of sheep or goats, and meat of pork and tomatoes are subjected to preferential access into EU markets. These products are included among other products listed in lists 2, 3 and 4 of the agreement. The products will face zero duties in 2010. As of January 2010 certain quotas such as for proteas, sparkling wine and other cheeses will fall away. These products will enter the EU market duty-free-quota-free (DFQF).

Some processed agriculture products such as chocolate, sugar confectionary, bread, yoghurt, pasta, ice cream and other edible ice are subject to partial liberalisation. They fall under List 5 of the agreement.

The following products available in List 6 of the agreement are subjected to tariff quotas, i.e. cut flowers, strawberries, canned

pears, apricots and peaches, fruit juices, sparkling wine and other wine. Tariff preferences for these products are granted on limited quantities.

Export permits

Tariff preferences on limited quantities of selected products in the form of tariff quotas apply to certain products captured in the agreement. Most of these products are available in List 6 of the agreement. Exporters should apply for export permits in order to use this opportunity. Export permits are normally allocated on the basis of the following categories:

- 70 % to historical exporters (in proportion to the average quantity of the product concerned, exported by the applicant during the period stipulated for the product)
- 10 % to BEE exporters (on an equal basis or as a historical exporter, whichever will enhance government policy for BEE development)
- 20 % to SMME and new exporters' category (on an equal basis).

The procedures for the application, administration and allocation of export permits as well as detailed lists of relevant products are published in the *Government Gazette* and are also made available on the website of the Department of Agriculture, Forestry and Fisheries. Costs for export permits increase annually and are also available on the website.

Requirements to qualify for EU preferences

It is the responsibility of the exporter and potential exporters to comply with:

- The sanitary and phytosanitary (SPS) regulations and other technical requirements as stipulated by the EC.
- The rules of origin (RoO) that form part of the TDCA. Protocol 1 on the RoO can be obtained from the website of the South African Revenue Services, <http://www.sars.gov.za>, by means of the following links: Customs and Excise » Trade Data » Trade agreements » Trade Agreement between the European Union (EU) and South Africa » Protocol 1 concerning the definition of the concept of originating products and methods of administrative cooperation.

Note: The EUR 1 form must accompany each consignment to be exported in terms of the TDCA. It is obtainable from the applicant's local SARS office.



**agriculture,
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http://exporthelp.europa.eu/index_en.html

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