



19 April 2023

REPORT
MEETING OF THE SOUTH AFRICAN PARLIAMENTARY DELEGATION AND THE EUROPEAN PARLIAMENTARY INTERNATIONAL TRADE (INTA) DELEGATION¹

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1. Introduction

In line with the South African Parliament's mandate of international participation, Parliament has several strategic partnerships including one with the European Union Parliament. The South African Parliament's relationship with the European Parliament was cemented by the Joint Declaration of February 2008, signed by the two Parliaments, as a commitment to regular engagement on issues of mutual interest and to share views on global issues.

On 5th April 2023, a multi-party South African Parliament Delegation met with the European Parliamentary International Trade Committee (INTA) Delegation to discuss issues of mutual interest in the South African Parliament in Cape Town. This was the first of its kind in the sixth term of Parliament mainly due to the COVID-19 pandemic which restricted the movement of people and included the SA-EU Focus Group which had not met during this period. Both delegations had in previous parliaments met regularly to give effect to their commitment to having Inter-Parliamentary Meetings (IPMs) so as to discuss matters of mutual interest as articulated in the Joint Declaration of February 2008.

The purpose of the meeting was to discuss issues of mutual interest to both South Africa and the European Union, in particular, the:

- a) Operationalisation and impact of the EU-SADC Economic Partnership Agreement (EPA);
- b) Trade and Sustainable Development chapter of the EPA;
- c) State of Trade and Investment relations between the EU and South Africa;
- d) Investment climate and ease of doing business in South Africa;
- e) Trade and social/ labour rights in South Africa;

¹ Author: Zokwanda Madalane – Parliamentary Research Unit (PRU): Drafted 19 April 2023



- f) Implementation of public procurement regulations, including black economic empowerment and localisation;
- g) Green and digital transition; and
- h) Partnership on critical raw materials.

1.1. South Africa and European Union Delegations

The South African Delegation comprised of the Deputy Chairperson of the National Council of Provinces, Ms S Lucas, as the leader of the Delegation, Members of the Focus Group on South Africa-European Union, Members of the Portfolio Committee of Trade, Industry and Competition and Members of the Select Committee on Trade, Industry, Economic Development, Small Business Development, Tourism, Employment & Labour.

(i) SA-EU Focus Group:

- Mr M Dangor, MP (Convenor of the SA-EU Focus Group)
- Mr CH Sibisi MP
- Mr SH Mbuyane, MP
- Mr MJ Wolmarans, MP
- Mr W Thring, MP

(ii) Portfolio Committee on Trade, Industry & Competition:

- Ms J Hermans, MP (Chairperson of the Portfolio Committee on Trade, Industry & Competition)
- Ms R Moatshe, MP
- MEP Mr M Cuthbert, MP
- Ms N Hlonyana, MP

(iii) Select Committee on Trade, Industry, Economic Development, Small Business Development, Tourism, Employment & Labour:

- Mr MK Mmoiemang, MP (Acting Chairperson of the Select Committee on Trade, Industry, Economic Development, Small Business Development, Tourism, Employment & Labour)
- Ms ML Mamaregane, MP
- Ms S Boshoff, MP

On the European Union side, the Delegation was led by Mr B Lange, the International Trade Committee Chairperson, and Ms M Adamowicz, the Chairperson of the Delegation for relations with SA. The delegation also included:

- HE Ms S Kramer, Ambassador: EU Delegation to South Africa
- Ms I Rodríguez-Pinero, MEP
- Ms S Rafaela, MEP
- Mr O Lancini, MEP
- Ms S Bricmont, MEP
- Mr M Hoogeveen, MEP



2. Discussion

In her opening remarks the Deputy Chairperson of the National Council of Provinces, Ms S Lucas, accentuated the importance of the Strategic Partnership which was established on 14th May 2007 to strengthen the relationship between South Africa and the European Union. She further noted that as a result of the strategic partnership, relations and engagements between South Africa and the European Union have significantly increased.

Engagements have been on several issues that are of importance and mutual interest to both parties at bilateral, regional, continental and global levels. As an instrument of that strategic partnership, she noted that the Southern African Development Community (SADC) Economic Partnership Agreement (EPA) is important not only for South Africa, it is also important for other SADC countries in improving market access to the EU market.

In his introductory remarks, the leader of the EU Delegation, Mr Lange highlighted there has been close relations between South Africa and the European Union. According to Mr Lange, this close relationship became more evident as the European Union supported South Africa at the World Trade Organisation (WTO).

In 2020, South Africa and India led an initiative at the WTO for a temporary waiver on Trade-Related Aspects of Intellectual Property Rights (TRIPS) for patents on COVID-19 vaccines and other medical interventions. The initiative requested WTO members to waive certain categories of Intellectual Property rights under the TRIPS Agreement, including copyrights; industrial designs; and patents. The purpose of the waiver was to enable developing countries to manufacture vaccines, without having to pay for licences, thus increasing access to vaccines during a pandemic especially for developing countries. At the time, few pharmaceutical companies were able to produce COVID-19 vaccines and these companies were located in developed countries. The result was low volumes of vaccines being available to the developing world, as the pharmaceutical companies' priority had been the servicing of their home countries first.

Furthermore, Mr Lange highlighted challenges pertaining to climate change, therefore, highlighting the need to ensure that the issue of climate change and sustainable development are included as new issues on the agenda during the review of the EPA.

Issues raised by the delegations included the following:

2.1. South Africa-European Union Parliaments' Strategic Relations: A key concern raised by the EU Delegation was the collaboration between the South African Parliament and the European Parliament. It was noted that the EU established a standing Delegation for relations with South Africa in 1994. It emphasised that as a result, it had always been ready and willing to meet with its South African counterparts, notwithstanding the elections in 2019 and the COVID-19 pandemic from 2020. The EU Delegation noted that it was concerned that the SA-EU Parliamentary Meetings (IPMs) have not been convened since 2018 due to South Africa not being able to constitute an SA-EU Focus Group.



The South African Delegation stated that it is committed to attending the planned engagement with the European Union as part of the SA-EU IPMs in October 2023.

- 2.2. *Lack of diversification of South Africa's trade with the European Union:*** The South African Delegation highlighted to its counterparts its concerns on the trade deficit and the skewed nature of South Africa's trade with the European Union towards more minerals and natural resources rather than manufactured exports from South Africa to the European Union. The South African Delegation called for more concerted efforts to diversify trade between South Africa and the European Union.
- 2.3. *Trade's contribution to industrialisation and employment:*** The Delegation stated that given that the SA-EU relationship was intended to be developmental, thereby enhancing industrialisation and job creation. However, it has not translated as such for South Africa which continues to be a natural resource exporter. The South African Delegation urged the European Union Delegation to work together in ensuring that the development envisioned in the Trade, Development, and Co-operation Agreement (TDCA) is realised.
- 2.4. *Review of the Economic Partnership Agreement:*** In terms of the EPA agreement, the South African delegation informed the EU Delegation that it was of the view that the process to review the agreement was stalling. Furthermore, South Africa noted the European Union as an important trading partner, therefore, called on the European Union to consider its strategic relations with South Africa in the context of it being a sovereign country with global partners such as Russia and Ukraine as this may impede on the relations between South Africa and the European Union.
- 2.5. *Partnership for development:*** the South African Delegation emphasised that it supports the principles of the EPA agreement to facilitate trade, protect infant industries and support development. However, it was of the view that there are several trade-related impediments, in particular, Sanitary and phytosanitary measures (SPS) which are barriers to access to the European Union market in sectors including citrus, horses and steel.

The Delegation also highlighted the impact that such barriers have on the South African market and its development. In terms of citrus, mediating measures for Citrus Black Spots (CBS) and False Codling Moth (FCM) are estimated to cost the industry approximately R3,28 billion annually. While the impact of the African horse sickness has adversely impacted South Africa's ability to export live horses thereby limiting transformation and employment in the sector. Lastly, the delegating highlighted the issue of steel in which a 25 percent duty imposed by the European Union on some steel products as a safeguard measure came into force in May 2022 and the impact this would have on employment in the sector.

- 2.6. *Carbon Border Adjustment Measures:*** The EU has adopted Carbon Border Adjustment Measures (CBAM) as one of the elements of the EU Green Deal which aims to reduce carbon emissions by 55 percent by the year 2023. The CBAM is a "tool to put a fair price on the carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-



EU countries.”² This means that the EU aims to use environmental and sustainability requirements to limit market access by setting carbon emission standards from non-EU markets including South Africa.

While the EU emphasised that climate change needs to be addressed within the EPA which is a challenge for South Africa. South Africa stated that the implementation of the CBAM will adversely impact South Africa’s exports of products that are energy intensive in their production including steel products. In addition, the delegation also informed the European Union that South Africa was implementing measures to reduce its carbon footprint including phasing out coal power stations and that by 2051, South Africa would have merely three (3) power stations, namely Medupi, Kusile and Thabametsi.

On the other hand, the South African Delegation was of the view that the actions of the EU are not consistent. While the EU is advocating for green energy and the reduction of carbon emissions, its imports of coal from South Africa had increased in the recent period.

2.7. Sustainable Development: Secondly, in terms of sustainability, the EU articulated its interest in South Africa's natural resources. This was emphasised by the EU Delegation with specific mention of steel and coal. However, the South African Delegation advanced its views that its natural resources should be primarily used to advance its industrialisation drive through local beneficiation.

In addition to the issues raised by the South African Delegation, the delegation also exchanged views on its policies including Ease of Doing Business (in particular steps that the country has taken to improve its ease of doing business); local procurement including the recent amendments to Preferential Procurement Regulations which made local content requirements no longer mandatory, however, reiterated government’s commitment to developing local industries and micro, small and medium enterprises; and the Broad-Based Black Economic Empowerment policy.

In terms of the Preferential Procurement Regulations, the SA Delegation enquired whether the European Union had taken any measure to ensure EU companies operating in South Africa comply with the B-BEE policy and legislation. Furthermore, enquired on how the EU had ensured the development of its trading partners, especially countries which are challenged by high levels of unemployment and low incomes. While the EU Delegation did not provide specific measures or interventions, it states that it supports the country’s policies.

Other issues raised by the EU Delegation included:

- a) The improvement of trade and economic relations between the EU, South Africa and other African countries;
- b) Participation of women in trade, specifically, the EU Delegation expressed its interest in sharing views with South Africa around how to support female entrepreneurs and consumers as well as ensuring that the youth participate and benefit from trade;

² European Union (2023)



- c) Approach to civil society – how civil society could be involved in political work. In this regard, the EU Delegation also expressed its interest in engaging the SA Delegation on how this could be done; and
- d) Improved trade and elimination of trade barriers between the European Union and South Africa.

3. Observations

There were constructive engagements between the South African Members of Parliament (MPs) and the European Union Members of Parliament (MPs). The topics identified were of importance for both parties, however, it was observed that because of the time constraints, not all the issues could be properly engaged on by both delegations.

There is a need for regular engagement between South African and the European Union Parliament, particularly on issues of trade which are the pertinent issues for South Africa's relations with the European Union. Regular engagements would ensure that Parliament contributes to strengthening the Executive's efforts and negotiations by engaging its counterparts on important issues and making recommendations to resolving such issues when necessary.

For the SA-EU meetings to be effective, there should be proper engagement with the executive both in South Africa and in the EU to ensure that decisions result in implementation. In this regard, Parliament should meet with the respective departments regularly to receive an update on issues discussed in the SA-EU meeting. This could be done with collaboration between the SA-EU Focus Group and the Portfolio Committee on Trade, Industry and Competition as the oversight committee of the SA-EU EPA and other trade agreements. The Portfolio Committee already receives quarterly updates on the implementation of the country's trade agreements and current trade negotiations.

5. RECOMMENDATIONS

The approved Report of The Meeting of The South African Parliamentary Committees And The European Parliamentary International Trade Committee (INTA) Delegation should be submitted to the Parliamentary Group on International Relations (PGIR). The PGIR to consider recommending the tabling of the report and recommendations to the Houses of Parliament. Active follow-up and report back to PGIR on issues the Delegations engaged on should be undertaken.

Report approved by:

Leader of the South African Delegation



4. References

Parliament (2023). Meeting of the South African Parliamentary Committees And The European Parliamentary International Trade Committee (Inta) Delegation. 5 April 2023. Parliament, Cape Town.

European Union (2023). Carbon Border Adjustment Mechanism. Internet. Retrieved https://taxation-customs.ec.europa.eu/green-taxation-0/carbon-border-adjustment-mechanism_en#:~:text=The%20EU's%20Carbon%20Border%20Adjustment,production%20in%20non%2DEU%20countries. Assessed 17 April 2023

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