

**Update on Negotiations of the  
Tripartite FTA, EPAs, and  
SACU-India PTA**

**Prepared for the**

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# **Key Policy Parameters for Negotiations**

- Informed by and support to national development objectives set out in IPAP, NGP, NDP.
- Provide opportunities to increase exports of value added product.
- Should not unduly limit development policy space.
- Should support regional integration.
- National consultation at intra-governmental level (DAFF, SARS, ITAC), and with business and labour in NEDLAC.
- SACU consultations to protect common external tariff.
- Focus areas: Exchange of tariff concessions and related rules of origin; related legal provisions.

## **Tripartite FTA Negotiations**

- Launched June 2011 to pursue FTA, cross-border infrastructure and regional industrial development.
- Infrastructure focused on North-South Corridor with significant progress on upgrading road links. Projects have been identified for rail, border posts and port development.
- Work on industrial development at initial stages – studies to be commissioned.
- T-FTA will combine markets of 26 countries with a population of nearly 600 million and a combined GDP of US\$1 trillion.
- Provide market scale that could launch a sizeable part of the continent onto a new developmental trajectory.
- The T-FTA will form the basis for an Africa-wide FTA.

## **Tripartite FTA Negotiations**

- FTA negotiations underway but slow (5 negotiating sessions).
- Principles agreed: Variable geometry; Special and Differential Treatment; Build on the “*acquis*”; single undertaking on trade in goods; consensus decisions.
- Most important: Negotiations among TFTA members with no preferential arrangements in place (means no reopening SADC Trade Protocol).
- In effect SACU will negotiate tariff concessions with non-SADC Members of TFTA (notably EAC and Egypt).

## **Tripartite FTA Negotiations**

- Key challenge is rules of origin for benefits of preferences to accrue to FTA partners not third countries (clothing sector).
- SA is developing its market access offers and requests, and texts, in NEDLAC, as basis for the SACU position.
- Ministers and Summit to meet in 2013 to assess progress.

# **SACU-India PTA Negotiations**

- PTA can boost south-south trade in a targeted manner.
- More focused approach to tariff preferences compared to FTA.
- Also provides legal-institutional framework to manage trade.
- In 2011, India ranked SA 6th largest trade partner up from a position of 20<sup>th</sup> in 2000.
- Trade declined 10% between 2008 and 2009; grew 29% percent in 2010 and 25% in 2011 (to almost R55 billion).
- South Africa ran trade deficit with India in 2008, but a surplus of R2.5 billion in 2009 and a surplus of R1.5 billion in 2010. In 2011, we had a trade deficit of R4.9 billion with India.

# **SACU-India PTA Negotiations**

- PTA negotiations with India commenced in 2007: 6 negotiating sessions.
- Delays in getting agreement on common trade and tariff data and more recently in preparing offers.
- Progress made on legal texts (Main Agreement and Safeguards).
- Dispute settlement text almost agreed.
- Market access requests exchanged (1000 products each way) in Dec 2011.
- Assessment underway to make a market access offer.

## **SACU-India PTA Negotiations**

- Concerns from constituencies include NTBs in the Indian market, and that India's requests are in sensitive industrial sectors such as clothing.
- Ministers met in January 2013 and agreed:
  - to seek an early conclusion to the negotiations on a reduced level of tariff exchange (level to be agreed);
  - to use the PTA as an incremental building block to enhanced trade in future.

**Next engagement expected before June 2013**

## **EPA Negotiations**

- EU remains SA's largest trading partner (share of trade declined from 44% in mid-90s to 26.5% in 2011).
- TDCA in place since 1999 - 2012 marked full implementation.
- SA decided to join EPA process for a regional agreement with the EU and build on TDCA.
- Negotiations ongoing since 2007 (preps since mid-2005).
- Work since 2007 has been to "fix" Interim EPA.
- Steady progress but challenges remain.
- Agreement on trade in fish products.
- Good possibility of new rules of origin to assist clothing exports.

## **EPA Negotiations**

- Focus now on exchange of tariff concessions in agricultural products many of which are sensitive.
- In Sept 2011, SA made major concession to negotiate Geographic Indications in exchange for improved agriculture access.
- Resolved (in principle) legal provisions regarding Definition of Parties, MFN clause and many other the legal provisions.
- Ongoing engagement on export taxes, agri safeguards.

## **EPA Negotiations**

- Concern at EU unilateral announcement that EPA must be in force by 2014 or preferences will lapse.
- SA, Namibia, Botswana will be removed from new EU GSP scheme in 2014, and Swazi benefits reduced.
- Places pressure on ACP countries that have not concluded a deal.
- Also concern of the impact of EPAs on continental integration agenda.

**THANK YOU**

**QUESTIONS?**