

NEDLAC trade discussions take place within the Trade and Industry Chamber (TIC) and the Technical Sectoral Liaison Committee (Teselico). The Manufacturing Circle holds a seat on both the TIC and Teselico as part of the Business delegation. This report provides an overview from our perspective of current trade negotiations according to the various agreements and agenda items, in addition to latest discussion updates; and is circulated for information purposes.

CURRENT TRADE NEGOTIATIONS

Tripartite Free Trade Area (TFTA)

An FTA between members of COMESA, the East African Community (EAC) and the Southern Africa Development Community (SADC). Eleven countries have ratified the agreement with three more needed to attain the ratification threshold and for the agreement to enter into force.

Current agenda:

- There is some confusion as to how the TFTA relates to the AfCFTA. The two agreements have different rules of origin for some products and there is also likely to be different tariff rates applied if the TFTA enters into force.
- The main trading partnership impacted by the TFTA is between SACU and the EAC.

Teselico Discussion:

No progress was reported, however government has proposed a dedicated session to discuss the state of TFTA discussions and to get inputs on a proposed way forward. The TFTA has been left with an uncertain future, given that negotiations have largely been superseded by the AfCFTA.

SACU-India Preferential Trade Agreement (PTA)

Five rounds of negotiations have been held. The first one in 2007, the last one in 2010. Negotiations stalled for the next decade until India revived talks in July 2020. India's strategic interest in SACU reportedly lies in promoting closer investment ties in Namibia's manufacturing and industrial sector as well as sourcing commodities from the customs union. SA is also a relatively large market for India's vehicles and auto components, transport equipment, pharmaceuticals, footwear, chemicals and textiles.

Current agenda:

- Not clear if negotiations will resume. Waiting to see the revised scope that is proposed by India.

Teselico Discussion:

No progress to report.

World Trade Organisation (WTO)

SA is a founding member of the WTO and an active participant. SA is opposed to plurilateral negotiations under the Joint Statement Initiative (JSI) and wants to see the concerns of developing countries reflected in new rules. Business position is for SA to join JSIs on e-commerce, women in trade etc. Labour aligns with Government in not supporting JSIs. SA aligns with India on many issues but is also active in the Africa Group.

Current agenda:

- Completion of outstanding items from the 12th WTO Ministerial Conference (MC 12), particularly on the work programme for **agriculture**.
- Work will begin on **reform of the WTO**, including a decision on the dispute settlement system by 2024.
- Efforts to reinvigorate the work programme on **E-commerce** are expected, with a focus on improving the participation of developing markets, however details are still outstanding.
- Preparation for the next WTO Ministerial, MC 13, expected to be held in February 2024

Teselico Discussion:

Preparations continue for the next WTO Ministerial Conference, with the WTO's Director-General is pressing to host in February 2024. The focus is primarily on extending the limited progress made in the previous Ministerial, in order to maintain credibility in WTO processes.

Efforts in Geneva are focused on officials completing much of the outstanding work prior to the direct discussions among Ministers. Notable work includes efforts by the EU to convene an informal meeting on agricultural issues, in order to try and find a path forward; as well as a focus on fisheries issues in the week ahead. Discussions are also continuing on a possible extension of the TRIPS waiver issued for COVID vaccines.

A key domestic consideration is the appointment of a new WTO Ambassador, which is expected to take place before the end of the year. Government reported that an Ambassador has been identified, and will be announced when possible.

CURRENT TRADE NEGOTIATIONS

African Continental Free Trade Area (AfCFTA)

A comprehensive trade agreement among AU member states, covering trade in goods and services, investment, intellectual property rights, competition policy and e-commerce. Entered into force on 30 May 2019, the operational phase was launched on 7 July 2019 and the AU Assembly approved the start of trading under the AfCFTA 1 January 2021. However there has not yet been any trade under the AfCFTA as negotiations are still ongoing on rules of origin and the tariff schedules.

Current agenda:

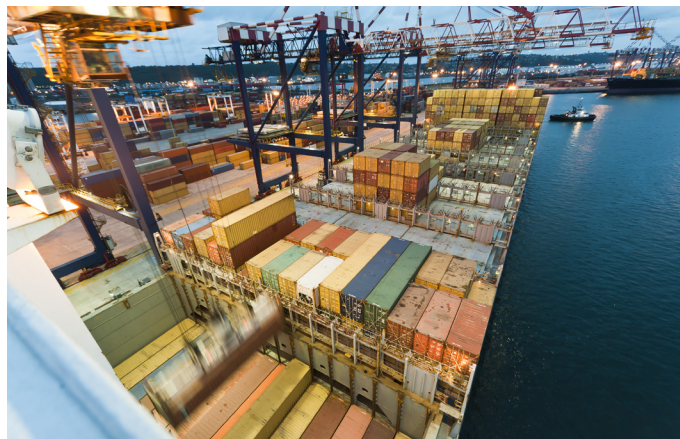
- Phase 1 negotiations not yet completed: outstanding rules of origin for automobiles, clothing and textiles, sugar and some other agricultural products.
- SACU has finalised its tariff offer that covers 90% of all goods traded, and is currently undertaking domestic ratifications processes for the offer.
- Services trade and phase 2 negotiations (investment, intellectual property rights, competition policy and e-commerce) are underway but likely to be complex and slow.

Teselico Discussion:

With SACU's tariff offer accepted by the AfCFTA Secretariat, the next step in the negotiations process is for South Africa to gazette the new tariff schedule in order to begin trading under the agreement. Government reported that the Minister of Trade, Industry and Competition had written to the Minister of Finance to begin this gazetting process. When completed, South Africa will be able to begin trading with the nine markets that have put in place domestic legislation to start using the agreement (which includes large markets like Ghana and Egypt).

Specific negotiations continue on textiles and automobiles, and on finalizing offers from the remaining member states (with 47 having undergone ratification).

Feedback was not provided on non-goods negotiations (covering issues like Trade in Services and Investment), due to a lack of time. A separate session will be held to discuss the Protocol on Digital Trade.



United States (AGOA)

SA is a beneficiary of market access preferences provided unilaterally by the US under the Africa Growth and Opportunities Act (AGOA), the US GSP, and qualifies for textile and apparel benefits. South Africa is also a signatory to trade and investment cooperation agreements (TIDCA and TIFA) as a member of SACU.

Current agenda:

- Current AGOA provisions are due to expire in 2025. SA may not qualify for the replacement regime as a more developed African market.
- Bilateral tensions in a number of areas:
 - Tensions over South Africa's ambivalent position on the Russian invasion of Ukraine.
 - SA's use of tariffs and anti-dumping duties, particularly on imports of frozen bone-in chicken.
 - SA's overdue submission on the WTO Trade Facilitation Agreement transparency notifications.
 - Certification for Electromagnetic Interference/Compatibility (EMC) Goods.
 - Intellectual property right protection - Copyright Amendment Bill (CB) and the Performers' Protection Amendment Bill (PPA).
 - Sanitary and Phytosanitary Barriers - Certification and Sealing of Containers for U.S. Meat and Poultry Exports.
 - Service trade regulations that impose local content requirements (specifically audiovisual services).

Teselico Discussion:

Government provided a presentation on AGOA, but very little new was reported. Much of the presentation focused on a broad overview of the agreement, as well as details of the upcoming AGOA Forum, which is scheduled to be hosted between the 2nd and 4th of November. The forum will include 33 AGOA beneficiary countries, a number of senior US officials, and a wide range of non-government participants including from the private sector, trade unions, and civil society. Key dates for the forum include:

- 1 November – Meetings of senior officials
- 2 November – Meetings of Trade Ministers, alongside side meetings for civil society, trade unions and the private sector. A large Trade Exhibition starts.
- 3 - 4 November – Forum officially starts, with a programme of government-to-government meetings, and a range of side panel discussions. The Trade Exhibition continues, and opens to the public on the final day.

Despite this feedback, both business and labour raised serious concerns on the continued uncertainty on the extension of AGOA and South Africa's continued inclusion in the programme. Concerns were raised on the lack of a concrete strategy for renewal, and on the lack of feedback on what work officials are doing and what the likelihood of renewal is. At the request of stakeholders, the Nedlac Secretariat was asked to write to the Minister of Trade, Industry and Competition to request concrete feedback on the AGOA strategy.

EXISTING TRADE AGREEMENTS

SACU-EFTA¹ Free Trade Agreement (FTA)

The Agreement covers trade in goods and lays the foundation for further engagement on intellectual property, investment, trade in services and public procurement.

Current agenda:

- Review and negotiation of an updated and expanded FTA- focus on trade in goods, rules of origin, trade facilitation and trade and sustainable development.

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.

¹EFTA countries: Iceland, Liechtenstein, Norway, Switzerland.

SACU and Mozambique-UK Economic Partnership Agreement

An agreement to maintain continuity in the trade relationship between the UK and the SACUM countries post the British exit of the EU. Duty-free, quota-free access for goods exported from the SACUM Member States, except for South Africa, to the UK. SACUM commits to gradual tariff liberalisation, with some exception for sensitive products. Covers trade in goods and intellectual property, including geographical indications. Terms of EPA largely mirror SADC-EU EPA.

Current agenda:

- Development of the Rules of Procedure for the institutions established under the SACUM-UK EPA.
- Arrangement for SACUM-UK EPA tariff rate quotas to be carried out by SARS on a first-come first-served basis (applicable to some agricultural products).

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.

SADC Trade Protocol

An agreement between SADC Member States to reduce customs duties and other barriers to trade on imported products. First step in larger economic integration ambitions, like becoming a Customs Union, Common Market and eventually a Monetary Union.

Current agenda:

- Implementation of the Trade Facilitation Programme (TFP).
- Address illicit trade in excisable products (alcohol and tobacco products) within the region.
- Negotiations for Angola to join the SADC Free Trade Area.

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.

SADC-EU Economic Partnership Agreement (EPA)

An agreement between the SADC EPA states (SACU and Mozambique) and the European Union. Negotiated as a development-oriented agreement, the EPA gives market access preferences for a wide range of traded products.

Current agenda:

- Enhance cooperation on sanitary and phytosanitary measures and other aspects, includes safeguard measures relating to the implementation of the EPA.
- Development of a common methodology aimed at finalising a monitoring and evaluation framework for the EPA.
- Review of the EPA underway in 2022.
- Angola's ascension request to join the EPA is under consideration.
- EU is moving ahead with climate border adjustment measures, which may impact some SA exports.
- First dispute under the EPA is on SACU safeguard duties on chicken products.

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.

SACU-Mercosur PTA

A limited-scope Preferential Trade Agreement between SACU, Argentina, Brazil, Paraguay, and Uruguay (Mercosur countries). Sets out preference margins of 10%, 25%, 50% and 100% on 1,050 tariff lines on both sides. The main SA sector to benefit under the PTA has been edible oils. Limited application to current trade.

Current agenda:

- Promote utilisation and full implementation of the PTA.

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.



Southern African Customs Union (SACU)

The Customs Union links Botswana, Eswatini, Lesotho, Namibia and South Africa by a single tariff schedule and no customs duties between the members. Other barriers are eliminated on substantially all the trade between the Member States for products originating in SACU countries. Includes a common negotiating mechanism, meaning South Africa cannot negotiate and enter into new preferential trade agreements with third parties without the consent of other SACU members. Trade revenues are collected by SARS and shared between the Members on the basis of an agreed formula.

Current agenda:

- Trade agreement reviews and negotiations: EU-SADC EPA, SACU-EFTA FTA, SACU-Mercosur PTA, TFTA, AfCFTA, SACU-India PTA
- The use of reserved business activities and import restrictions by member states.
- Adoption of HS2022 tariff schedule.
- Cooperation on customs, including electronic exchange of data.
- Development of a joint industrial policy that will provide guidance for trade policy in the region.

Teselico Discussion:

No progress was reported due to a lack of time. The discussion was tabled for a follow-up meeting.

