



Overview of the SACU-EFTA Free Trade Agreement

Background

Trade between SA and EFTA states is currently taking place under the SACU-EFTA FTA regime. The SACU-EFTA FTA is a free trade agreement between four EFTA states and five SACU states. The agreement was signed in June 2006 and came into force on 01 May 2008. The Agreement covers trade in industrial products, forestry, fisheries and agriculture sectors. The Agreement is currently under review by its members. Amongst other objectives, the purpose of the review is to increase market access for products originating from both regions (SACU and EFTA), especially in the area of agriculture from SACU side and in the area of industrial and agriculture products from EFTA side. South Africa's goal in the review negotiations is to address the growing and negative trade balance the country has with EFTA in terms of agriculture through increasing market access for South African agricultural products since industrial, fisheries and forestry sectors have already acquired duty free status in EFTA market under the current FTA regime.

Benefits and Opportunities

The main benefit is that South Africa is currently enjoying duty-free quota-free market access in EFTA market on all industrial, forestry and fisheries products. It is only the agricultural sector that is still subjected to partial duty market access. South Africa's main sectors currently benefiting from the Agreement are: fruit & nuts and the beverages sector. Specific products benefiting include: grapes, macadamia nuts, oranges, apricots, guava, mangoes, grape wines and liqueurs & cordials. It is through the review process that is currently on-going that South Africa aims to improve markets access conditions for its current and new agricultural exports.

How to access the benefits

The benefits and opportunities stated above can be exploited and enjoyed by any business entity registered and operating in SA. The Agreement provides for market access requirements on Rules of Origin and Sanitary and Phytosanitary measures that entities should comply with to qualify for these benefits.

Challenges and Contentious issues

The main challenge related to the SACU-EFTA FTA is the growing negative agriculture trade balance the country has with EFTA. The main cause of this negative trade balance is that South Africa's key exports sectors are still facing high tariffs and stringent market access requirements in EFTA market whilst EFTA's key export sectors are enjoying duty-free market access in terms of the Agreement. Improved market access coupled with less stringent market access requirements can stimulate South Africa's exports of agricultural products to EFTA market and improve South Africa's agricultural trade balance with EFTA in the long run.