



MEDIA RELEASE

Signing Ceremony of the SACU-MERCOSUR Preferential Trade Agreement (PTA)

Friday 03 April 2009

Ministers responsible for Trade from the Southern African Customs Union (SACU), consisting of Botswana, Lesotho, Namibia, South Africa and Swaziland, signed a Preferential Trade Agreement (PTA) with the Common Market of South America (MERCOSUR), consisting of Argentina, Brazil, Paraguay and Uruguay, on Friday 03 April 2009 in Maseru, Lesotho, during the SACU Council of Ministers' Meeting.

MERCOSUR Ministers signed the PTA on 15 December 2008 in Salvador, Brazil, during a MERCOSUR Council meeting.

The signing of the SACU – MERCOSUR PTA follows the conclusion of the trade negotiations in April 2008 between the two parties. This marks the conclusion of a process started in December 2004 when the initial Trade Agreement was signed by the two parties. The 2004 Agreement laid out a framework for formal trade relations between SACU and MERCOSUR and included a built-in Agenda to finalise the negotiating process on some outstanding issues.

MERCOSUR represents an important market with substantial trading opportunities for SACU exporters. SACU recognised this importance and therefore decided to establish a more formal relationship with MERCOSUR. It is expected that the PTA will facilitate trade between the two sides, enabling economic operators from both regions to take advantage of the opportunities each market represents. The PTA is further seen as an important contribution towards greater South-South cooperation amongst developing countries aimed at diversifying market opportunities and creating greater synergies between the economies of the countries of the South.

The PTA contains a number of tariff lines for goods on both sides for which preferences will be granted. These tariff lines were identified in terms of the significance in trade in the goods by both sides and will enable SACU exporters to enter the MERCOSUR market on better terms than before. It is also important to note that the PTA is the first step towards the vision of creating a free trade area between MERCOSUR and SACU.

It is envisaged that the Agreement will enter into force by no later than 1 January 2010.

The PTA with MERCOSUR is the second Agreement, after the SACU-EFTA Free Trade Agreement (FTA), which the SACU has entered into as a region. It represents another important milestone in SACU's efforts to harmonise its trade relations with the rest of the world.

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