



**OPENING STATEMENT BY MS NIKKI KRUGER, CHIEF DIRECTOR
OF TRADE NEGOTIATIONS AT DEPARTMENT OF TRADE
INDUSTRY AND COMPETITION (DTIC) FOR THE REPUBLIC OF
SOUTH AFRICA
ON BEHALF OF
THE SOUTHERN AFRICAN CUSTOMS UNION (SACU)
ON THE OCCASION OF THE WTO FACTUAL REVIEW
OF THE SACU-MERCOSUR PTA**

29 SEPTEMBER 2020

GENEVA, SWITZERLAND

**Distinguished Chairperson, Your Excellency, Mohammad Qurban
HAQJO**

Excellencies,

Heads of Delegation,

SACU and MERCOSUR Colleagues,

Distinguished Delegates,

Good Morning,

It is a great honour and privilege for me to deliver this statement on behalf of the Southern African Customs Union (SACU) consisting of the following Member States:

1. The Republic of Botswana,
2. The Kingdom of Eswatini
3. The Kingdom of Lesotho
4. The Republic of Namibia; and
5. The Republic of South Africa

Chairperson,

I want to thank you for convening this important meeting, which among others is discussing the Factual Review of the Preferential Trade Agreement (PTA) between the SACU Member States and Southern Common Market (MERCOSUR).

I also wish to extend our sincere gratitude to the World Trade Organization (WTO) Secretariat for preparing the Factual Presentation, as well for their coordination of the inputs. We believe the presentation

provides a good overview of the PTA and reflection of the Parties aspirations.

I wish to further express our appreciation to our MERCOSUR partners for the cooperation in preparing for this review and the coordination by the Paraguay Mission in Geneva of the responses to the questions by the WTO Members.

Chairperson,

As a Customs Union, one of SACU's priority areas is unified engagement in trade negotiations. This is in line with Article 31 of the SACU Agreement, 2002, which mandates SACU Member States to negotiate trade agreements with third parties as a collective. In this regard, the SACU Agreement established a Common Negotiating Mechanism (CNM). The SACU-MERCOSUR PTA was the second bilateral agreement to be completed under this provision. The first was the Free Trade Agreement with the European Free Trade Area (EFTA) which was reviewed by the Committee on Regional Trade Agreements in March 2010. We are also proud to inform you and the WTO Membership that our guiding principle in negotiating regional trade agreements has been consistent with the WTO General Agreement on Tariffs and Trade provisions.

Chairperson,

One of SACU's key objectives is to enhance trade amongst its Member States as well as to integrate the SACU economies into the global trading system. The Preferential Trade Agreement with MERCOSUR is important and beneficial for the economic integration of SACU Member States. The

Agreement came into force on the 1st April 2016 with the ultimate objective to promote trade between MERCOSUR and SACU. The PTA was notified to the WTO under paragraph 4(a) of the Enabling Clause on 20th July 2017.

In the spirit of South-South cooperation, our Member States enjoy enhanced trade relations based on mutual beneficial interest, and reciprocity. The Agreement has established fixed preference margins as a first step towards enhancing trade between the two Parties. In addition to tariff liberalisation commitments, the Parties have committed to address non-tariff measures to the products offered preferences under the PTA.

We, the Parties, further undertook to develop instruments on Customs Cooperation, with the aim of promoting cooperation between the Customs Administrations of the signatory Parties in all matters pertaining to customs. We also agreed to strengthen our cooperation in animal health and plant health, standards, technical regulations and conformity assessments, food safety and mutual recognition of sanitary and phytosanitary measures. In this regard, we agreed to exchanged information exchange such as Contact Points responsible for the implementation of the Agreement in areas of Customs Cooperation; Sanitary and phytosanitary; Technical Regulations, Standard Bodies, and Conformity assessment.

The Agreement contains the main text, and seven annexes. The main text sets out the principles, legal provisions and procedures for the relations under the Agreement. It also establishes the Joint Administration

Committee, to manage the administration of this Agreement. Annex 1 and 2 set out MERCOSUR and SACU respective tariff concessions. Annexes 3, 4, 5, 6, and 7 cover general rules of origin, trade remedies, dispute settlement, Sanitary and Phytosanitary Measures, and cooperation on Customs Administration.

Chairperson,

We successfully held our inaugural Joint Administration Committee Meeting in May 2017 where we considered the status of implementation and operationalisation of the PTA. I am pleased to inform you that the Agreement is fully operational. In terms of trade, the overall SACU export to MERCOSUR region has been fluctuating, with over US\$ 591.9 million recorded in 2016. This amount grew to around US\$ 635.5 million and US\$702.6 million in 2017 and 2018 respectively before it dropped to US\$ 593.2 million in 2019.

Regarding imports value, the collective SACU Member States’ import bill from MERCOSUR countries amounted to US\$ 2.4 billion in 2016. However, this figure slightly declined to US\$2.2 billion in 2017 followed by US\$ 2.1 billion and US\$1.8 billion which were recorded in 2018 and 2019, respectively.

	2015	2016	2017	2018	2019
SACU Exports to MERCOSUR	803 196	591 957	635 520	702 644	593 199
Imports from MERCOSUR	2 102 911	2 423 264	2 185 724	2 085 789	1 843 343
Trade balance	-1 299 715	-1 831 307	-1 550 204	-1 383 145	-1 250 144

In conclusion, Chairperson,

On behalf of SACU Member States, I wish to thank Members of the WTO for the interest shown in the Preferential Trade Agreement with MERCOSUR, and specifically the questions received. We believe that we provided comprehensive responses to all questions received jointly with our MERCOSUR partners. In case any additional clarification is required during today's proceedings, we will be more than willing to provide such clarifications, if not immediately, then in writing at a later stage.

With these few remarks, we wish the Meeting fruitful deliberations.

Thank You.