



Historic Moment for African Trade – South Africa Readies for Exports Under New Trade Agreements with African Union Countries and with the UK Implemented from 1 January 2021

The 1st of January marks the start of trade for South African firms, under two new Trade Agreements.

They are with countries ready to trade under the African Continental Free Trade Agreement; and with the United Kingdom.

South Africa has put in place the legal and the administrative processes for the start of trade under the African Continental Free Trade Area (AfCFTA) on 1 January 2021 following a decision by the 13th Extra-ordinary Session of the Assembly on the AfCFTA on 5 December 2020 to start trading under the AfCFTA on the basis of legally implementable and reciprocal Tariff Schedules and Concessions, with agreed Rules of Origin.

The AfCFTA Agreement have been signed by 54 of the 55 African Union member states and thirty-four (34) countries have already deposited their instruments of ratification to the African Union Commission and became State Parties. The current State Parties are Angola, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Congo, Djibouti, Egypt, Eswatini, Ethiopia, Equatorial Guinea, Gabon, The Gambia, Ghana, Guinea, Kenya, Lesotho, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Rwanda, Saharawi Arab Democratic Republic, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Togo, Tunisia, Uganda and Zimbabwe. A number of the signatory countries have begun to put the domestic administrative arrangements in place to enable trading under the new terms. These will be progressively expanded within the next few months.

In addition, trade for local firms with the UK commences today under the new Economic Partnership Agreement between six southern African countries and the UK, replacing the European Union partnership terms for the UK market that was in place until 31 December 2020.

Minister of Trade, Industry and Competition, Ebrahim Patel today called on South African farmers and manufacturers to gear up for the new opportunities in export markets.

“Trade with the rest of the continent is a critical source of output and jobs growth. African countries recognise that industrialisation is critical to the development of the continent. The new Agreement that comes into effect today will take some time to be fully operational but has the potential to be transformative for Africa, breaking our dependence on a neo-colonial pattern of trade that characterised trade. Our continent exports raw materials and imports finished goods, with substantial value added in the process,” Minister Patel said.

“Covid-19 simply reminded us of the enormous price we pay for not developing advanced economies. This is Africa’s moment to build resilient, innovative economies on the back of the large markets that the free trade agreement puts in place. It will take dedication and disciplined implementation over the next few years to fully realise the benefits,” he said.

Minister Patel said that the Summit Decision to commence trade under the AfCFTA was historic and a milestone in the continent’s longstanding efforts to integrate and industrialise.

AfCFTA presents South African producers and manufacturers with an opportunity for expansion to new markets in West, Central and North Africa, and provides alternative markets for the export of value added goods, as well as services. In addition, exports to the United Kingdom can continue seamlessly with the new agreement with the UK in place,” Minister Patel said.

The UK Agreement effectively retains the terms of trade in the existing EU Agreement and will govern the bilateral trading relationship between each of the southern African countries (South Africa, Lesotho, Eswatini, Namibia, Botswana and Mozambique) and the UK.

Both the EU and the UK are significant trading partners for South Africa.

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