

Sacum signs Brexit trade deal with UK

South Africa, together with other Southern African Customs Union (Sacu) member countries and Mozambique, has concluded a new trade agreement that will govern bilateral trade with the United Kingdom.



Trade minister, Ebrahim Patel

“The new agreement will govern the bilateral trading relationship between each of what we call Sacum countries [South Africa, Namibia, Botswana, Lesotho and Eswatini as well as Mozambique] in the event that the UK leaves the European Union (EU) without an agreement between the UK and the UE, under a no-deal Brexit,” said Trade Minister, Ebrahim Patel.

The Sacum-UK Economic Partnership Agreement (EPA) will effectively rollover and replicate the terms of trade in the current Sadc-EU-EPA, including tariffs, quotas and rules of origin, among others.

The new EPA, said Patel, will come into effect in the event that the UK leaves the EU on 31 October and will govern bilateral trade between the six Sacum countries on one side, and the UK on the other.

At the moment, trade between the UK and each of the Sacum countries is facilitated under an EPA between Southern Africa and the EU. The EPA provides preferential access for goods to EU markets and their goods to Southern African markets.

Patel said while the UK is due to exit the EU at the end of next month, recent developments in the British parliament may

impact on the process and date of the exit.

Impact on SA economy

“A no deal Brexit... will have a negative impact on the South African economy, jobs and exports,” said Patel.

“An exit in which the UK leaves the EU without any agreement of succession will add additional cost to exporting and importing goods for both sets of countries, as higher tariff duties will need to be added to the cost of trading between the UK and South Africa,” he said.

This will impact a number of industries, including the vehicle and auto component sectors and food products.

Patel highlighted that processes to bring the new EPA into effect are underway.

The UK remains one of South Africa’s key trading partners. In 2018, the UK was the fourth largest destination for South African exports, with bilateral trade at over R140bn.

The Sacum agreement, Patel said, will be signed and submitted to Cabinet for approval, and then finally submitted to Parliament for ratification.

“Given the tight timeframes, we’ve also concluded a Memorandum of Understanding (MoU), which will allow trade to continue should ratification not be conclude by end of October,” said the minister.

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