

**COOPERATION
BETWEEN
THE EUROPEAN UNION
AND SOUTH AFRICA**

The Cooperation Council

**Brussels, 12 December 2014
(OR. en)**

UE-ZA 4904/14

NOTE

Subject: EU-SA Trade Cooperation Committee (TCC) Report (2014)
- South Africa-EU Joint Cooperation Council, 26 November 2014

The TCC met on the 24th and 25th November 2014 to review the trade relationship between the EU and SA in the context of the TDCA.

The meeting was co-chaired by Niki Kruger, Department of Trade and Industry of South Africa, and Axel Pougine de la Maisonneuve, DG Trade of the European Commission.

1. Review of action points agreed at last TCC meeting:

- The parties acknowledged progress made on the points agreed at the last TCC meeting especially regarding PRRS and the EU's GSP Scheme, and agreed to continue their consultations on all other issues.

2. Multilateral issues: Trade Facilitation Agreement – state of play.

- The Parties reconfirmed their commitment to the multilateral trade system.
- The Parties expressed their satisfaction with the agreement that was reached on public stockholdings, unblocking the impasse in the WTO and paving the way for the adoption of the Protocol regarding the Trade Facilitation Agreement. They agreed on the importance of the post-Bali work programme in advancing towards the conclusion of the DDA.

- SA underlined the importance of implementing all the decisions adopted in Bali and that the post-Bali work programme should focus on the development issues of importance to developing countries, especially those in Africa.

3. EU-SADC EPA: procedural issues, geographical indications and restructuring assistance for RSA wines and spirit sector

- The Parties expressed their satisfaction with the finalization of the negotiations and the initialling of the EPA text. It was agreed to conclude the internal processes as swiftly as feasible in order for the agreement to enter into force as soon as possible. A discussion was held on the scope of the legal scrubbing and the need to establish a joint timeline for the next steps towards signature and ratification. With regards to the substitution of the trade chapter of the TDCA by the EPA and the institutional implications thereof, the Parties noted that the JCC will still review bilateral trade developments pursuant to Article 97 of the TDCA after the EPA comes into force; further discussions will be held on the future scope of this bilateral dialogue.
- Pending issues regarding the remaining 5 GI summaries were identified and it was agreed to have further technical meetings to finalize the outstanding issues. Regarding Port, SA confirmed that the Liquor Products Act in SA prohibits the use of the name Port by domestic producers. The EU confirmed its concerns on apparent abuses of the Port GI. In light of the concerns expressed, SA committed to investigate the matter. SA provided an update on recent developments regarding the migration of beer products to the Liquor Products Act.
- The EU requested SA's support at the diplomatic conference of 2015 on the revision of the Lisbon system of appellations of origin as administered by WIPO. SA noted the request by the EU and indicated that at this stage it was still busy reviewing the situation.

- The EU informed SA about its readiness to provide support to the SA wine sector in line with Annex X of the TDCA, as confirmed by Protocol III of the initialled EPA and explained that a policy document on the restructuring of the SA wine sector would be necessary to unlock this funding. SA underlined the need for access to this support to be kept unconditional to reflect the agreement between the Parties. Further technical exchanges will take place on the documentation needed for the EU decision-making process.

4. Legislative and regulatory framework: investment protection and local content requirements

- SA explained the latest developments and the process regarding the Promotion and Protection of Investment Bill. The EU repeated its concerns on the potential consequences of BITs' terminations by SA and of the proposed bill on EU investors' decisions (especially new investors). SA expressed the view that its domestic legal framework provides robust protection for all investors including foreign investors. The Parties agreed to continue with substantive dialogue in the near future.
- The EU raised general concerns regarding the SA local content requirement in public procurement and specific concerns regarding EIB's ability to operate in SA. SA noted these concerns and explained the rationale for these measures, notably in terms of job creation. It was agreed to explore the possibility of having a further dialogue, for example on the side-line of the OECD Steel Committee meeting in SA.

5. Sanitary, phyto-sanitary and technical standards and practices: citrus and other SPS issues, spirits standards, labelling of dairy products, new oenological practices and EU new labelling requirement for wine.

- SA sought further clarification as to the scientific rationale for the proposed measure on MRLs on guazatine. The EU clarified that there was a request for an administrative review of the measure. This will be addressed prior to the final decision on the measure. The EU explained the risk assessment process and that it remains possible for SA to further provide scientific views with details on the shortcomings identified by the EFSA in its recent conclusions. The EU also clarified that any new measure adopted will have a transitional period before implementation.
- On CBS, SA explained its approach at the WTO SPS Committee, recalled its doubts regarding the technical justifications and the strength of the measure but indicated that,

at this stage, no dispute settlement case has been lodged at the WTO. The EU confirmed the importance of the counter-seasonal imports from SA and that its approach is only based on plant health concerns. The Parties reaffirmed their commitment to a mutually satisfactory process. The next steps at IPPC were discussed and the Parties underlined the need for an independent, efficient and transparent process to rule on the opposing scientific views on the measure. Parties agreed to discuss the reasons for the 2014 interceptions on the basis of the evaluation still to be finalized by SA and the viability reports on CBS interceptions from the EU. The Parties committed to discuss the export arrangements for the 2015 season. The Parties reaffirmed the importance of sustained bilateral dialogue between scientists.

- Regarding SA ostrich imports into the EU, the EU expressed its satisfaction regarding progress in controlling the spread of Highly Pathogenic Avian Influenza. Further collaboration was needed with a view to facilitate further fresh SA ostrich meat imports into the EU.
- Regarding game meat, the EU was encouraged by progress made to tackle Foot and Mouth Disease in SA, and requested a report on SA control measures with a view to commence an audit and lift the import ban on game meat. SA indicated that this report has been submitted. SA informed the EU that subsequent to the declaration by the OIE of SA's FMD-free status in February 2014, the OIE will visit SA again to evaluate measures related to FMD in December 2014.
- The EU pointed at the low level of its exports of fresh fruit to SA and requested shorter import approval procedures. In this regard, SA will continue to give due regard to outstanding applications from EU member states and further undertook to provide updates on the status of these applications.
- The EU raised concern on certain "technical barriers" for EU spirits exporters to SA, including alcohol content and aging requirements. SA noted these concerns and indicated that these issues are included in the built-in agenda of Protocol 3 of the EPA.
- Regarding a new SA draft regulation on health warning labelling, SA noted that the WTO notification still has to be processed but indicated that comments could already be submitted in the context of the on-going public consultations process.

- The EU expressed satisfaction with SA positive consideration of EU comments regarding the new dairy regulations.
- SA raised some questions on the new EU food labelling regulation. The EU explained the new regulation and does not expect substantial difficulties for wine exporters.

6. Trade remedies: frozen potato chips and chicken

- With regards to frozen potato chips, the EU restated its concern and SA confirmed again that the measure that was taken is reasonable and justifiable. It was agreed that further engagement would take place on the basis of an exchange of letters.
- Concerning the on-going anti-dumping investigation on poultry, the EU enquired about the timing of the finalization of the investigation and requested that adequate time be provided for comments. SA indicated that the finalisation of the investigation is still pending.

7. Export control: scrap metal

- The Parties confirmed that they held different views on the SA control measure on exports of scrap metal and agreed to pursue the possibility of having an ad-hoc session on this issue in the margin of the upcoming OECD Steel Committee meeting in SA.

8. Russia embargo on EU agricultural products

- The EU explained the effects of the Russian embargo on EU fruits and vegetables exports, referred to the earlier discussion on EU fruits exports to SA and shared its overall request to its trading partners that new promotion measures for exports to Russia be avoided in this context. SA took note of this request.

9. Trade statistics: trade discrepancies and use of preferences

- The parties discussed the exchange of information that took place and agreed that further technical discussion is needed in this regard. It was agreed that a follow-up meeting will be held in the near future with the relevant authorities.

10. AOB: Avian influenza outbreak, Croatia accession to TDCA, Processed Animal Proteins exports

- Concerning the recent Avian Influenza outbreak in the UK, NL and DE, the EU commended SA for its willingness to avoid country-wide bans and requested SA to consider the zoning and compartmentalisation determinations adopted by the EU. SA indicated that such requests should be submitted in writing.
- Regarding the issue of translation of the Croatia Accession Protocol to the TDCA into the SA official languages, SA indicated that a note verbale was sent with a view to uphold the previous practice to have the additional protocols in English only as far as SA is concerned. The Parties agreed that the signature of the completed protocol should take place as soon as possible.
- The EU proposed that authorisations by SA of imports of Processed Animal Proteins (PAPs) be based on an EU-wide bilateral agreement between the EC and the SA competent authority. The Parties undertook to further discuss this issue.
