agriculture

Department:
Agriculture
REPUBLIC OF SOUTH AFRICA

SACU-MERCOSUR PREFERENTIAL TRADE AGREEMENT

Overview of negotiated agreements or reviews: The Southern African Customs Union (SACU) and the Southern Common Market (Mercosur) signed a Preferential Trade Agreement (PTA) on 16 December 2004. SACU consists of South Africa (SA), Botswana, Lesotho, Namibia and Eswatini, while Mercosur comprises Argentina, Brazil, Paraguay and Uruguay. This was the first agreement that SACU concluded with another developing regional economic entity after the 2002 SACU Agreement. The 2002 SACU Agreement compels SACU members to negotiate any free/preferential trade agreements with third parties as a unit. Later, the SACU-Mercosur PTA was renegotiated to broaden and deepen its coverage for the benefit of smaller countries in the two trading blocs. The negotiations were concluded, and the agreement was signed in March 2009 and entered into force on 1 April 2016.

Benefits and opportunities: The PTA aims at promoting trade between the SACU and Mercosur regions. Both regions benefit from concessions on over 1,000 (all sectors) tariff lines offered by each party. The concessions are through preference margins ranging between 10% and 100%.

An analysis of trade between South Africa and Mercosur shows that trade is heavily skewed in favour of South Africa. South Africa's positive agricultural trade balance with Mercosur has increased from R1 525 billion in 2020 to R2 572 billion in 2023. SA exports to Mercosur decreased from R2 572 million in 2023 to R2 545 million in 2024. On the other hand, SA's imports from Mercosur decreased from R 236 million in 2023 to R 201 million in 2024.

Most South African agricultural exports are destined for Brazil (61,19%), followed by Argentina (17,51%), Uruguay (11,36%) and Paraguay (9,94%). This agreement also seeks to promote trade-related issues such as customs cooperation, sanitary and phytosanitary (SPS) measures, and further product coverage for preferential treatment.

Table 1. Top 10 SA agricultural exports to MERCOSUR 2020–2024

Product description	2020– 2024 Average values (R' million)
Total exports of the Top 10	**2340**
H1201: Soya beans	813
H2304: Oilcake and other solid residues	297
H1005: Maize or corn	281
H0202: Meat of bovine animals, frozen	226
H1701: Cane or beet sugar and chemically pure sucrose	221
H0207: Meat and edible offal of fowls	138
H1507: Soya-bean oil and its fractions	131
H0901: Coffee, whether or not roasted or decaffeinated	131
H1001: Wheat and meslin	51
H0201: Meat of bovine animals, fresh or chilled	50

ITC Trade Map: 2025

Table 1 above shows the average top 10 SA agricultural exports to Mercosur from 2020 to 2024. The table shows that:

- On average, from 2020 to 2024, SA's top 10 agricultural exports to MERCOSUR constituted 95,8% of the total SA agricultural exports to MERCOSUR
- Soya beans, with an average value of R813 million, constitute 35,47% of the total SA agricultural export products value (R2 340 billion) to MERCOSUR.

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