



EUROPEAN COMMISSION

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European Commissioner for Trade

Opening Remarks at the EU-South Africa Business Forum

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

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This second business forum takes place in a tough economic climate both in Europe and in South Africa. I can appreciate that the theme of the EU–South Africa Summit and of this Business Forum deals with the relationship between growth, investment and employment.

In the European Union, we are reducing budget deficits to reasonable levels but we also have a growth strategy. Trade policy is part of this. It is based on the calculation that trade will strengthen growth, and therefore employment.

It is essential that business plays its full part in this. We can deliver the policy, but nothing will happen if business does not play ball. This is why events such as this business forum are essential. They are an occasion where politics and business meet. They also provide an opportunity for business to meet and share experience.

This second EU South-Africa business forum is particularly important. First, the European Union remains a strong investment destination which still receives the highest share of FDI in the world year on year. South African companies, such as Steinhoff (in the furniture retailing sector) and Aspen (in the pharmaceutical sector) have been active on our market.

Second, investing in South Africa is not a quick, fly-by-night operation, but requires long-term sustainable partnerships. This is what many EU companies operating in South Africa are in for. Some of them have massively invested in the social development of the country.

They create employment but also set up education and training centres. This business forum can bring EU and South African companies together to reinforce this approach.

Let me also say a few words on our trade relationship and then I want talk about the investment climate in South Africa.

It is maybe not fashionable to say so but in my opinion the TDCA (Trade, Development, and Cooperation Agreement) has been a success. Trade between the EU and South Africa has increased steadily since 2000 – from €26 billion to €46 billion today.

But what is maybe more important is that trade has been diverse and has continued to diversify further as new business opportunities were created. South Africa, in contrast to some other African countries, starts off from a broader entrepreneurial vantage point.

We both export goods with added value to each other. One of the reasons for this is that the TDCA has liberalised intermediate goods. This has been to our mutual benefit.

You are aware that we are now negotiating a region-wide Economic Partnership Agreement. South Africa has openly said that it wishes to benefit from these negotiations by increasing market access to the EU.

Under the TDCA we liberalised many more lines than South Africa. South Africa has also had a steady surplus in trade in agricultural goods.

And yet, we have again agreed to asymmetric market opening in the current EPA negotiations. We are willing to give South Africa more agricultural market access than what we will be asking for.

But let me be clear about this. It is one thing to offer asymmetric market access, but I will not be able to accept an agreement without any meaningful market access for European operators. I will not go to EU Member States that are badly hit by the economic crisis and that would have to face new South African competition without something in return.

So I am calling on South African business to take this to heart. It is also in your interest because once we solve the issue of agricultural market access, I think we can get to an agreement on the EPA. And that EPA will be the most flexible agreement that the EU has negotiated with any FTA partner.

We give asymmetric market access. We offer many safeguards in the agreement. We give you the right to cumulate under our Rules of Origin with countries that have a free trade agreement with us or with countries that have duty-free access thanks to our GSP regime. And on top of that, there are no binding commitments on services, procurement, competition or sustainable development. I can tell you that we offer this to no other partner.

Let me say a word on investment. The EU is the biggest investor in South Africa. EU countries are the source of 88% of foreign direct investment stock in South Africa. As I said, we are a reliable investment partner and we contribute to economic growth and to finding jobs for South Africans.

This should not be taken for granted. Investors need predictability and reasonable opportunities for making profits. Investors can decide not to invest or they can decide to pull out.

This is why I am concerned with recent actions and considerations. South Africa is unilaterally revoking another Bilateral Investment Treaty with European partners – most recently with Spain. There has been little consultation with us and there is no predictable framework for these revocations.

Also, export restrictions are on the rise. I have seen a proposal on restricting scrap metal and I have seen that a draft Bill on Minerals may cater for export duties on raw materials. In addition, South African business is also asking for safeguards against European imports.

Investors are watching developments very carefully. It only takes a critical mass of measures before investors decide to defer investments in South Africa. And this will have an impact on jobs, growth and competitiveness.

We should cherish our investments. Not limit them. We should encourage exports. Not restrict them. I hope you will consider this in your deliberations. Thank you.