



## **Customs duty and market access project**

(PRJ-0192-2018)

### **SAMPRO**

**Quarter 4 2018** (October 2018 till December 2018)

## **Project goals**

### **Goal 1 - Actions relating to multilateral trade relations**

#### ***Achievements***

The UK (Brexit) is due to leave the EU on 29 March 2019 at 11 p.m. [UTC](#) (midnight [Central European Time](#)), when the period for negotiating a [withdrawal agreement](#) will end unless an extension is agreed.

The UK is requesting the participation countries in the EPA agreement for **an additional quota of 94 tons of butter and 1 363 tons of cheese**. This will be on top of the existing EPA quotas. This additional quota will also be allocated to the participating countries which is at present SACU countries.

The EU and the UK have certain requirements for non-EU countries to comply with in order to export food of animal origin, such as dairy and dairy products in this situation. Food imported into the EU must meet the same laws and regulations as food produced in the EU. It must be safe and contain no prohibited ingredients, and all labelling and packaging must be informative and truthful. The shortcomings must be identified and plans (like split systems) to accommodate and nullified them have to be negotiated and implemented in order for SACU to export dairy products to the United Kingdom.

It is proposed that the above additional quotas will only come into effect once an agreement is reach between SACU and the UK on the requirements to allow exports of dairy products into their countries.

### ***No Non-achievements / underperformance has been reported***

### **Goal 2 - Actions relating to Africa trade relations**

#### ***Achievements***

In 2018 the focus on trade negotiations shifted from negotiations with first world countries to trade within the Africa continent. The focus was on three sets of free trade areas, namely:

The Continental Free trade Area (C-FTA) with includes 54 African countries;

The Tripartite Free Trade agreement (T- FTA) which include some trade blocks within Africa; and

Zimbabwe that asking for a special derogation.

Aspects such as market access, scaling down of import tariffs and rules of origin should be handled with caution not to be flooded by cheap import and highly subsidised dairy products caused by government intervention. The dairy industry and the South African mandate is that only dairy products that wholly obtained within Africa, will qualify for lower access duty provisions

The project manager did attend the following Agricultural Trade Forum Meetings (ATF) : January to October 2018.

### ***No Non-achievements / underperformance has been reported***

#### **Goal 3 - Actions relating to Europe Trade relations**

##### ***Achievements***

The Economic Partnership Agreement (EPA) between the Southern African Development Community (SADC) and the European Union (EU) was successfully concluded and signed on 10 June 2016 and the first year of provisions for dairy quotas (cheese and butter) were implemented in 2017.

The cheese and butter quotas were divided between the participating SADC members. South Africa received for the 2018 calendar year 69 percent of the cheese quota of 7700 tons and 70 percent of the butter quota 500 tons. The BLNS countries have received the balance of both the quotas.

In 2019 South Africa will receive 5 345 tons of cheese and 350 tons of butter. The rest of the quota's is divided among the rest of the SACU countries.

### ***No Non-achievements / underperformance has been reported***

#### **Goal 4 - Actions relating to America and Asia**

##### ***Achievements***

No trade negotiations took place during the fourth quarter

### ***No Non-achievements / underperformance has been reported***

#### **Goal 5 - Actions relating to Export Certification**

##### ***Achievements***

Perishable Product Export Control Board (PPECB)

A team of experts has been selected to revisit the Standard Operations Procedure (SOP) and to find solutions for the problems experienced by the dairy industry as far as inspections and certification of product composition is concerned. The SOP was finalised and in first quarter of 2018. Road shows were held in the last two weeks of April 2018. Copies of the SOP can be obtained from the Standards and Regulation Project of Milk SA.

The Department of Agriculture, Forestry and Fisheries (DAFF) stated that the current VPN 20 is still the official document for the approval of dairy export facilities and it is applicable until the revision is finalised and implemented.

### ***No Non-achievements / underperformance has been reported***

#### **Goal 6 - Actions relating to Import Monitoring**

## **Achievements**

PRELIMINARY REPORT ON PROTECTION AGAINST THE IMPORT OF UHT MILK  
The Customs Duty and Market Access Project of Milk SA requests all UHT producers to nominate representatives to serve on the work group. All future communication will be between the nominate representatives and the project of Milk SA to obtain the confidential company information to conclude the evaluation.

The preliminary evaluation will be captured in a non-confidential report for consideration by the UHT Milk Work Group. This report will not contain any information regarding the individual UHT milk producers.

If the UHT Milk Work Group decides on the basis of the non-confidential report that a formal application should be submitted to ITAC, the Advisory Committee of the Customs Duty and Market Access Project of Milk SA, will propose to Milk SA that it should make funds available to finance the appointment of an independent consultant to compile and submit an application to ITAC.

The following monthly import and export tables and quarterly reports were submitted (January to September 2018)

Quarterly reports:

January to March 2018;

January to June 2018; and

January to September 2018

***No Non-achievements / underperformance has been reported***

## **Goal 7 - Actions relating to the Animal Health Forum**

### **Achievements**

The project manager participates in the meeting of the forum and focus on trade related issues. Dr Chris van Dijk was nominated by the Board of Directors of Milk SA to serve as a Director on the National Animal Health Forum.

***No Non-achievements / underperformance has been reported***

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">Customs statements Nov 18.pdf</a> <a href="#">Financial Report for Customs Project Nov 18.xlsx</a>
Unnecessary spending during period	No

## **Popular Report**

[Customs 4 qtr pop report.docx](#)

## **Additional documentation**

No file has been uploaded

## **Statement**

Levy funds were applied only for the purposes stated in the contract	Yes
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Levy funds were applied in an appropriate and accountable manner	Yes
Sufficient management and internal control systems were in place to adequately control the project and accurately account for the project expenditure	Yes
The information provided in the report is correct	Yes