



Customs duty and market access project

(PRJ-0192-2018)

SAMPRO

Quarter 3 2018/2018 (July 2018 till September 2018)

Project goals

Goal 1 - Actions relating to multilateral trade relations

Achievements

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES NOTICE 625 OF 2018
DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES (DAFF) / APPLICATION
FOR MARKET ACCESS PERMITS FOR AGRICULTURAL PRODUCTS IN TERMS OF THE
W.T.O AGREEMENT FOR 2019

In order to fulfil South Africa's commitment under the World Trade Organisation:Marrakesh Agreement regarding market access, it is hereby made known that market access permits will be issued for the products specified in the Table 1 of Import Arrangements and under the conditions set out in the Schedule.

Permits will be issued only to importers in South Africa for importation into the Republic for the quantities and at the reduced levels of duty as specified. Applications for the first six months of 2019 should be submitted to DAFF before 9 November 2018 and applications for the last six months of 2019 should reach the offices of DAFF before the 31 May 2019. Please refer to the attached Government Gazette that's attached for your convenience.

No Non-achievements / underperformance has been reported

Goal 2 - Actions relating to Africa trade relations

Achievements

In 2018 the focus on trade negotiations will shift from negotiations with first world countries to trade within the Africa continent. The focus will be 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. A notion was convey during a meeting with Department of Agriculture, Forestry and Fisheries and the Department of trade and Industry that the dairy industry is in favour of a wholly obtained rules of origin.

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 for 2019 is divided between the participating SADC members. South Africa received 68 percent of 7850 tons of cheese and 70 percent of the butter quota that consist of 500 tons of butter.

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 participating 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.

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 4 - Actions relating to America and Asia

Achievements

No negotiations at this point in time

No Non-achievements / underperformance has been reported

Goal 5 - Actions relating to Export Certification

Achievements

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 took place in the last two weeks in 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

1. A discussion document regarding the possible protection against the import of UHT milk was prepared by the Managing Committee of the Customs, Duty and Market Access Project of Milk SA, to facilitate discussion of the relevant issues by:
The Customs Duty and Market Access Advisory Committee of Milk SA; and
A workshop for representatives of UHT milk producers.
2. The discussion document was accepted by the Customs Duty and Market Access Advisory Committee of Milk SA on 20 April 2018. The Advisory Committee agreed and a workshop for producers of UHT was held on 8 June 2018. The workshop was attended by a number of processors who produce more than 60 percent of the total UHT production. During the workshop the representatives obtain more information about the protective measures available to the South African industries. Following the workshop on 8 June 2018 and taking into account the different criteria used by ITAC to judge the merits of each of the different protection measures, the workshop concluded that: The information available to determine whether Poland exported UHT milk to South Africa at dumped prices, is too limited to make a well informed decision, but it does not indicate a significant potential dumping margin (the extent to which the export price is lower than the price in the country of origin); A safeguard duty in terms of Article 34 of the Economic Partnership Agreement with the European Union (EU), cannot only be implemented against the imports from Poland (a member of the EU), it will be against all member countries of the EU at a level not higher than the level of the ordinary customs duty, which is at present zero, therefore further attention should be given to an application for increase in the ordinary customs duty on UHT milk and an application for the implementation of a safeguard duty in respect of the import of UHT milk from the EU.
3. Regarding the viability to submit the types of applications referred to in the previous paragraphs, different detailed issues should be considered. Also, such applications should be supported by confidential business information of individual producers of UHT milk and a process is required to deal in harmony with the Competition Act, with such information. In light of the above points, the workshop decided to request the Customs Duty and Market Access Project of Milk SA to facilitate the establishment of a work group consisting of representatives of the South African producers of UHT milk, to consider the viability of submitting to ITAC the type of applications mentioned. The Customs Duty and Market Access Project of Milk SA requests all UHT producers to nominate a representative to serve on the work group. All future communication regarding the latest available information will be forwarded to the representatives.
4. The Manager of the Project, in consultation with the CEO of SAMPRO, will evaluate the information and determine preliminarily if and to what extent the locally produced product does experience a price disadvantage against the imported UHT milk, and the injury resulting from it
5. 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.
6. The following monthly import and export tables and quarterly reports were submitted:
Monthly import and export tables for the period January to July 2018 were submitted; and
Quarterly reports for the first and second quarter (January to March 2018 and January to June 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	Customs management statement Sept 18.pdf Financial Report for Customs Project Aug 18.xlsx
Unnecessary spending during period	No

Popular Report

[DAFF Application for Market Access Permits 2019.pdf](#)

Additional documentation

[Customs 3 qtr pop report.doc](#)

Statement

Levy funds were applied only for the purposes stated in the contract	Yes
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