



## ***Customs and Market Access***

(PRJ-0230-2019)

### ***SAMPRO***

***Quarter 1 2019/2019*** (January 2019 till March 2019)

## **Project goals**

### **Goal 1 - Bilateral and Multilateral Trade Agreements**

#### ***Achievements***

1. The UK (Brexit) should have left the EU on 29 March 2019. The deadline has been renegotiated and extended to October 2019.
2. 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.
3. 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.
4. It is proposed that the above additional quotas will only come into effect once an agreement is reached between SACU and the UK on the requirements to allow exports of dairy products into their countries.
5. In 2019 the focus on trade negotiations shifted from negotiations with first world countries to trade within the Africa continent. The focus is on the following agreements:
  - \* The Continental Free Trade Area (C-FTA) which includes 54 African Countries; and
  - \* The Tripartite Free Trade agreement (T&ndash; FTA) which include some trade blocks within Africa.
6. 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 approach and comments on rules of origin were submitted to the Agricultural Trade Forum.

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

### **Goal 2 - Trade Protection and Tariff Dispensation**

#### ***Achievements***

## **Protection against the import of UHT milk**

7. A discussion document regarding the possible protection against the import of UHT milk was presented to the Customs Duty and Market Access Advisory Committee of Milk SA on 20 April 2018

. 8. On request of the Advisory Committee 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.

.9. Following the workshop on 8 June 2018 and considering the different criteria used by ITAC to judge the merits of each of the different protection measures, the workshop concluded that:

a) 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); and

b) The Customs Duty and Market Access project manager in consultation with the CEO of SAMPRO, evaluates the other protective measures available to the South African industries for possible protection against the import of UHT milk; and c) The appointees liaise with the UHT manufactures to obtain confidential business information of individual producers of UHT milk to compare the imported product landed cost with that of the local produced product. The process to obtain the said information must be in harmony with the Competition Act.

10. The preliminary evaluation was done and captured in a non-confidential report for consideration by the UHT Milk Work Group. The report was discussed with UHT manufactures during a meeting that was held in March 2019.

11. The work shop too notice: a) That no import of full cream UHT (0401.20.07) took place between August 2018 to February 2019; and b) Concluded that ITAC should be requested to provide information regarding the process to be followed in respect of an application for Safeguard duties in respect of Article 35 of the EPA agreement; as well c) As whether any criteria other than the criteria mention in Article 35 will be used.

12. Informal discussions about Article 35 took place and a formal request to ITAC will follow soon.

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

### **Goal 3 - Export Certification**

#### **Achievements**

13. With the outbreak of Foot and Mouth disease (FMD) early in January 2019 most of South Africans' trading partners have introduce an interim ban on importation all animal and animal products. All import permits and Veterinary Health certificates had to be renegotiated.

14. The continuation of trade in safe commodities has been prioritised. Safe commodities include any product that has been processed in such a way that FMD virus, should it be present, will have been destroyed.

15. However, each importing country retains the right to determine its appropriate level of protection and exporters are urged to obtain import requirements via their contact points in the importing countries. 16. The department considers the following products as safe commodities, although this list is not exhaustive:

• Raw salted hides and skins; • Wet blue and crust hides; • Scoured wool; • Collagen and gelatine; • Meat of cloven-hoofed animals that were slaughtered on or before 5 December 2018; • Deboned, deglanded, matured beef; • Pork from approved FMD free pig compartments; • Processed dairy and dairy products.

17. In the interim, the Department has successfully negotiated the revision of veterinary health certificates for processed dairy products to: Angola ✓ Botswana ✓ Namibia ✓ Lesotho ✓ Mozambique ✓ Seychelles ✓ Zimbabwe ✓

18. Negotiations still underway include: Malawi, Swaziland, Tanzania, and Zambia ✓

19. The establishment and approval of a disease containment zone will re-establish the previous FMD-free zone without vaccination status (excluding the FMD control zone and the disease containment zone) which will greatly enhance the re-opening of trade with all previous trading partners.

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

**Goal 4 - Import Monitoring**

***Achievements***

20. The following monthly import and export tables and quarterly reports were submitted: Monthly : October to December 2018 and January 2019 Quarterly : January to December 2018

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

**Goal 5 - Participation in the Animal Health Forum in respect of Trade Related issues**

***Achievements***

21. The project manager participates in the meeting of the forum and focus on trade related issues.

22. Since the announcement of the FMD outbreak, the Customs and Market Access Project of Milk SA has been in continuous contact with the Animal Health Directorate of the National Department of Agriculture, Forestry and Fisheries (DAFF) and the National Animal Health Forum (NAHF). On 23 January 2019 a meeting took place between the Project of Milk SA and the Import-Export Unit of the Directorate Animal Health to share information and discuss the status of the outbreak and further actions needed.

23. The National Animal Health Forum, of which Milk SA is a member, immediately after the announcement of the FMD outbreak, contacted the Government and three task teams have been set up to address the outbreak, namely:

- FMD Technical Task Team (The CEO of the MPO is a member of the task team);
  - FMD Trade Task Team (Undersigned is a member of this task team); and
  - Communications Task Team.
24. All the media briefs and press releases were forwarded to the industry by Milk SA and we will continue to do this.

25. 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 and he also serve on the FMD Technical Task Team. 26. The project manager has attended more 10 meetings with the veterinary officials and the meetings of the FMD Trade Task team. The latest surveillance report is attached.

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

**Income and expenditure statement**

Income and expenditure statement	<a href="#">CORFIN151 Standard Monthly Financial report - Mar 19.xlsx</a> <a href="#">Customs feb 19.pdf</a>
Unnecessary spending during period	No

# Popular Report

[2019-04-01 FMD update report.pdf](#)  
[Customs 1 qtr pop report 2019 \(3\).docx](#)

## Additional documentation

No file has been uploaded

## 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