



Customs Duty and Market Access

(PRJ-0285-2021)

South African Milk Processors Organisation (SAMPRO)

Quarter 1 2021/2021 (January 2021 till March 2021)

Project goals

Goal 1 - Bilateral and multilateral trade agreements

Achievements

BILATERAL AND MULTILATERAL TRADE AGREEMENTS

1. Two Multilateral agreements were implemented in January 2021, namely:

- || The African Continental Free Trade Area (AfCFTA) which includes 54 African Countries; and
- || Southern African Customs Union and Mozambique Economic Partnership Agreement with the United Kingdom (SACUM/UK EPA).

2. The following market access aspects are of importance regarding the AfCFTA agreement:

- || 90% of the tariff headings will scale down immediately after the implementation;
- || The remaining 10% (i.e., the 7% Sensitive and 3% Exclusion products), will be phased out after five years of the implementation of the agreement; and
- || Tariff headings (0402.10) skimmed milk powder, (0402.20) full cream milk powder, and (0405.10) butter are the dairy products which fall under the Exclusion product list.

Allocation of EU's and Brexit TRQs into the SACU market

3. Annexure 1 indicates the SACU/EU EPA quotas that is applicable as from 1 January 2021.

4. The Brexit agreement with SACU and Mozambique (SACUM-UK EPA) was implemented on 1 January 2021 and the quotas applicable are indicated in Annexure 2. These quotas have not been gazetted yet and the full duty is still payable on dairy products imported from the United Kingdom.

Africa country research

5. The Research and Development Project of Milk SA embarked on a desktop study to investigate specific aspects of dairy industries in twenty selected African countries. The project manager assisted the appointed contractor (Dr Andre Louw) and has spent numerous efforts and time evaluating and gathering information as required by the project. All reports were submitted by the first week in April 2021.

No Non-achievements / underperformance has been reported

Goal 2 - Trade protection and tariff dispensation

Achievements

TRADE PROTECTION AND TARIFF DISPENSATION

Protection against the import of UHT milk

6. Informal discussions about Article 35 took place and a formal letter was forwarded to ITAC to get clarity if there are any guidelines for the implementation of Article 35 of the EPA agreement once the import trigger levels for full cream UHT milk are exceeded in a particular year.

7. Subsequent to this development, the Department of Agriculture, Land Reform and Rural Development (DALRRD) held several interdepartmental meetings with the Department of Trade and Industry (DTI), SARS and the International Trade Administration Commission of South Africa (ITAC) on this matter during which implementation guidelines were developed and agreed upon at national level. The proposed guidelines were shared with its SACU partners and draft guidelines for the implementation of Article 35 of the EPA agreement were published in the Government Gazette.

8. The Customs Duty and Market Access Project of Milk SA commented on the guidelines and the comments were submitted to ITAC.

9. The South African negotiators (DTI and DALRRD) are busy negotiating the guidelines with the EU and we hope to have a conclusion in 2021.

10. The mass (kg) of imports of UHT milk with a fat content not exceeding 1 percent (tariff subheading 0401.10.07) and UHT milk with a fat content exceeding 1 percent but not exceeding 6 percent (tariff subheading 0401.20.07) have decreased considerably over the last few years. See Table 1.

Table 1: The mass of imports of UHT milk with a fat content not exceeding 1 percent (tariff subheading 0401.10.07) and that of UHT milk with a fat content exceeding 1 percent but not exceeding 6 percent (tariff subheading 0401.20.07)

UHT Milk	2017	2018	2019	2020
0401.10.07	3	25	20	43
0401.20.07	38 801	17 145	17 992	5 392
Total Mass Tons	38 803	17 170	18 012	5 435

No Non-achievements / underperformance has been reported

Goal 3 - Export certification

Achievements

EXPORT CERTIFICATION

Food and Mouth Disease outbreak

11. With the outbreak of Foot and Mouth disease (FMD) early in January 2019, most of South Africa's trading partners have introduced an interim ban on importation of all animal and animal products. All import permits and Veterinary Health Certificates had to be renegotiated.

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

13. 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.

14. In the interim, the DALRRD has successfully negotiated the revision of Veterinary Health Certificates for processed dairy exports and 90% of South Africa's historical export market has been re-opened.

15. While DALRRD was waiting on the approval of a disease containment zone and the re-establishment of the previous FMD-free zone without vaccination status (excluding the FMD control zone and the disease containment zone), the FMD-virus spread to the Molemole area during the first week in November 2019.

16. The two-year window of opportunity to apply for the reopening of the free states FMD has elapsed and DALRRD indicated that it will have to restart the whole process of applying to the

OIE. This could take as long as two years to regain our free FMD states.

No Non-achievements / underperformance has been reported

Goal 4 - Import and export monitoring

Achievements

IMPORT AND EXPORT MONITORING

17. The following monthly import and export tables and quarterly reports were submitted:
Monthly January to February 2021
Quarterly January to December 2020

No Non-achievements / underperformance has been reported

Goal 5 - Participation on the National Animal Health Forum i.r.o. trade related issues

Achievements

National Animal Health Forum

18. The project manager participates in the meetings of the forum and focuses on trade related issues.

19. 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 Department of Agriculture Land Reform and Rural Development (DALRRD) and the National Animal Health Forum (NAHF).

20. The Project of Milk SA and the Import-Export Unit of the Directorate Animal Health met on a number of occasions to share information and discuss the status of the outbreak and further actions needed. 21. All the media briefs and press releases were forwarded to the industry by Milk SA and we will continue to do this. 22. A decision was taken by Milk SA that, as from 2020, the membership fees for the NAHF will be split 50/50 between the Research and Development Project and the Customs and Market Access Projects of Milk SA.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	Customs Duty (Jan to March 21).pdf
Unnecessary spending during period	No

Popular Report

[Customs 1st Qtr Pop Report 2021.docx](#)

Additional documentation

No file has been uploaded

Statement

Levy funds were applied only for the purposes stated in the contract	No
Levy funds were applied in an appropriate and accountable manner	No
Sufficient management and internal control systems were in place to adequately control the project and accurately account for the project expenditure	No
The information provided in the report is correct	No