Customs Duty and Market Access

(PRJ-0428-2026)

South African Milk Processors Organisation

Quarter 2 2026 (April 2026 till June 2026)

Project goals

Goal 1 - Bilateral and multilateral trade agreements

Achievements

The Agricultural Trade Forum (ATF) of the Department of Agriculture, (DOA) is the platform where all Agricultural trade negotiations are discussed and protocols developed. During the last two years there were mainly four Multilateral agreements that were of importance to the dairy industry, namely:

i. Southern African Customs Union Agreement (SACU);

ii. The African Continental Free Trade Area (AfCFTA) which includes 54 African Countries;

iii. Economic Partnership Agreement with the EU (EPA) and United Kingdom (UK); and

iv. The China agreement.

Southern African Customs Union Agreement (SACU)

The Customs Agreement remains the oldest functioning Customs Union. It was originally established by the British colonial power in the **1880s.**

Further political and economic developments warranted complete renegotiation of the Agreement in the coming years for example:

In **1969**, in particular, Namibia's independence;

The dawn of democracy in South Africa in **1994**;

A new SACU Agreement was signed in 2002 by the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia, the Republic of South Africa and the Kingdom of Swaziland (now Eswatini); and

The SACU Agreement of 2002 was amended in 2013, to provide for the institutionalisation of the SACU Summit. The amendments entered into force on 16 September 2016.

Like other customs unions, a key feature of **SACU is the application of a single tariff regime – the Common External Tariff (CET).** This means the Member States form a single customs territory which provides for a free movement of goods where tariffs and other barriers are eliminated on all trade between them. The CET applies to goods imported from all territories that are not members of SACU.

Article 31 of the Agreement stated that **no Member State shall negotiate and enter into new Preferential Trade Agreements with third parties or amend existing Agreements without the consent of the other Member States**. The SACU Member States have established a Common Negotiation Mechanism through which a unified approach to negotiations with third parties is pursued.

However, some aspects of the new agreement such as **Infant Industry Protection** and **quantitative control** (closing the border for the importation of certain products) have been outstanding for quite some time and will again be in the spotlight and be placed on the agenda for discussion.

The African Continental Free Trade Area (AfCFTA)

The AfCFTA is the world's largest free trade area bringing together the 54 countries of the African Union (AU) and eight (8) Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market.

The AfCFTA entered into force on 30 May 2019, after 24 Member States deposited their Instruments of Ratification. Although the AfCFTA agreement had already entered into force in 2019, none of the member countries could trade under the more favourable conditions of the Continental Free Trade Agreement. Members will only be allowed to start gaining from the lower tariffs once they reach the stage when 90% of the tariff headings have been included in the list to be scaled down.

The Tariff Offer of 7111 tariff lines, which represents 90 percent of the SACU Tariff Book, was submitted to the AfCTFA Secretariat on 13 February 2023 for verification. The Republic of Botswana has also deposited their instruments for ratification of the AfCTFA Agreement. All SACU member States have now ratified the Agreement.

On 24 January 2024, the South African Government published the rules of origin as described in Government Gazette no. 50045 dated 24 January 2024 (R 4286) for the implementation of the AfCTFA.

As of August 2024, 48 of the 54 signatories (88.9% of State Parties) have deposited their instruments for ratification with the Africa Union Chairperson.
It is important to note that:

Would South Africa be able to trade with SACU and SADC countries under the AfCFTA? NO

The AfCFTA builds on the existing regional economic integration achieved through the Regional Economic Communities. South Africa will, therefore, not trade preferentially with SACU and SADC Member States under the AfCFTA. South Africa, as a member of SACU, will continue to trade with SADC Member States that are party to the SADC Trade Protocol under this preferential SADC arrangement.

How is tariff liberalisation implemented?

Tariff liberalisation under the AfCFTA is effective from 1 January 2021, and will be undertaken through the progressive elimination of duties in equal instalments, as follows:

90% coverage of tariff book (Category A) over a period of between five and 10 years.
7% coverage of tariff book (Category B – sensitive products) over a period of between 10 and 13 years.
3% coverage of tariff book (Category C – excluded products) – exempt from tariff

liberalisation.
By 2035, it is expected that 97% of tariffs within the AfCFTA would be at zero duty level.

Is South Africa able to trade with all African countries under the AfCFTA?

At this stage, South Africa will be able to trade preferentially only with member states that have started implementing AfCFTA preferential trade. This means they must have ratified the Agreement and gazetted their Tariff Schedules. As of October 2024[1], only 19 countries, including SACU, have gazetted their tariff schedules; namely Algeria, Burundi, Botswana, Cameroon, Egypt, Eswatini, Ghana, Kenya, Lesotho, Malawi, Mauritius, Morocco, Rwanda, Seychelles, South Africa, Tanzania, The Gambia, Tunisia and Uganda. More countries are expected to gazette or domesticate their tariff schedules and start trading with South Africa over the coming months.
Trade with SADC, including SACU countries, will continue to take place under the respective SACU Agreement and the SADC Trade Protocols not under the AfCFTA.

The Secretariat of the AfCFTA compiled an e-tariff book for all member states of the AfCFTA and can be viewed at: AfCFTA e-Tariff Book (au-afcfta.org) See Table 1.

Table 1: Abstract of Schedule 1 import duties in some African countries under the AfCFTA agreement (2026)

Country	0401	0402	0403	0404	0405	0406
	Ad Valorem Duty Percentage on FOB price					
Angola	0	0	1000	80	80-400	800
BeLN[1)]	0	0	0	0	0	0
Kenya	60	60	60	10	10	60
Tanzania	60	60	60	10	10	60
Uganda	60	60	60	10	10	60
Madagascar	8	0-20	8	2-8	2-8	8
Malawi	25	5-10	5-10	25	0-12.5	0-12.5
Mauritius	0	0	0	0	0	0
Mozambique	1	0-8	20	1-3	1-8	3-8
Nigeria	20	2-4	2-4	2	2	8
Seychelles	0	0	0	0	0	0
Zambia	25	0	25	25	25	25
Zimbabwe	0	0	40 40+ US$0.25/L 40+ US$0.50/L	0	0	40

Source: Table prepared by SAMPRO based on information obtained from AfCFTA e-Tariff Book (au-afcfta.org)

Botswana, Eswatini, Lesotho and Namibia (SACU-countries)

Trade agreements with the People's Republic of China

In September 2024, South Africa signed trade agreements with China that could lead to an increase in the export of agricultural and manufactured products to the country. The new agreements, which include protocols for dairy and wool exports as well as a groundbreaking memorandum of understanding (MoU) on foot and mouth disease (FMD) are set to open opportunities for the exportation of agricultural products to China.

According to Minister of Agriculture, John Steenhuisen, the dairy and wool protocols will allow access to the Chinese market for South African dairy and wool products. The inclusion of compartmentalisation will ensure that those export operations in provinces not affected by FMD will continue to be able to export their produce to China.

On 2 September 2024, the Department of Agriculture of the Republic of South Africa and the General Administration of the Customs of the People's Republic of China on Inspection, Quarantine and Sanitary requirements (GACC) signed a protocol for the exportation of dairy products.

The signing of this protocol is good news. Such a protocol typically contains detailed information about requirements regarding matters such as food safety, product composition and which products can be exported in terms of the agreement. The detail of the requirements is not known yet and it means that South Africa must establish systems to meet the requirements set by China. Establishing such systems can take time.

This veterinary procedure (VPN 20) is the guideline for the accreditation and approval of a dairy factory who wants to export to China. Annexure E that has reference to exports to China has also been finalised and forwarded to the industry. The provincial veterinary department will do all the inspection and a report on the findings will be forwarded to the National Department of Agriculture for approval.

The Dairy Standard Agency together with the Red Meat Industry has finalised a framework for a Residue monitoring programme and submitted it to the Department of Agriculture.

The current situation regarding the dairy residue programme is that the list of active substances for export to China has been approved by the Chinese authorities however, the South African sampling grid based on our SA risk assessment is still awaited. In the context of EPA it is essential that drastic measures be implemented to implement the National Residue Programme for dairy upon which EU and other export programmes can be built. The dairy export status quo in SA is steering into the dire straits by putting export programmes together, not based on a sound national programme which will lead to a variety of programmes to suit the requirements of import countries.

The above situation is by no means sustainable and requires interventions such as full collaboration between the NDA and private sector (PPP) to approve participation and collaboration with private laboratories for mainly export purposes. It is the view of the Office of the Dairy Standard Agency that full understanding should be obtained on what is required for validation and accreditation of the analytical methods applicable for export – considering the fact that no laboratory in SA can currently conduct to the full, the necessary dairy substances tests under full accreditation and validation. Discussions with the relevant authorities are ongoing, trying to find solutions.

China is requesting list of the South African establishments that are in compliance with the protocol. Only South African dairy processing facilities that is ZA approved for exports to China can submit applications for registration in China through the "Registration and Management Systems for Overseas Imported Food Manufacturers" (CIFER system).

No Non-achievements / underperformance has been reported

Goal 2 - Trade protection and tariff dispensation

Achievements

Finalisation of the Economic Partnership Agreement with the EU (EPA) and United Kingdom (UK) on Market Access Quota's for 2025 and 2026

Certain products originating from the European Union (EU) are eligible for a preferential tariff-rate quota (TRQ). These TRQ's allow a specific mass of imports of a particular product

that can enter a market at zero import duties. When this quota is fully allocated, the normal tariff will apply to further imports. The same also applies to the SADC -UK EPA.
The utilisation of the quotas for the calendar year 2025, is indicated in Table 2.

Table 2: Quota Utilization of South Africa for the year 2025

Product	Allocation Tons	Total imports Tons	Percent[a] Utilise[d]
SACUM - UK EPA			
Cheese	1 086	61	5.6%
Butter	65.8	0	0%
SACU - EU EPA			
Cheese	6 125	2530	41.3%
Butter	350	0	0%

Source: Department of Agriculture (ATF)

The TRQ for 2026, were published on 27 March 2026.

No Non-achievements / underperformance has been reported

Goal 3 - Import and export monitoring

Achievements

IMPORT AND EXPORT MONITORING

The Customs Duty and Market Access Project submitted the following monthly import and export tables and quarterly report to Milk SA:

Monthly January to April 2026

Quarterly January to March 2026

In Table 3, the mass of imports in January to March 2026, is compared with the mass of imports in January to March 2025.

Table 3: Imports from January to March 2026 and January to March 2025

Heading	Description	A 2026 Kg	B 2025 Kg	A as % of B
04.01	Milk and cream, unsweetened	36 319	32 326	112.4
04.02	Milk, concentrated	5 826 747	2 207 084	264.0
04.03	Buttermilk powder, yogurt	1 814 366	900 008	201.6
04.04	Whey, whey powder, etc	2 447 164	1 525 509	160.4
04.05	Butter, butter spreads and butter oil	293 011	96 268	304.4
04.06	Cheese and curd	898 377	769 974	116.7

Total	11 315 983	5 531 169	204.6

The mass of imports in January to March 2026, is 104.6 percent higher than in January to March 2025. This is due to the increase in the mass of imports of all six categories of dairy products.

n Table 4, the mass of exports in January to March 2026, is compared with the mass of exports in January to March 2025.

Table 4: Exports from January to March 2026 and January to March 2025

Heading	Description	A 2026 Kg	B 2025 Kg	A as % van B
04.01	Milk and cream, unsweetened	5 696 382	5 122 087	111.2
04.02	Milk, concentrated	4 192 397	3 433 173	122.1
04.03	Buttermilk powder, yoghurt	3 145 185	2 436 721	129.1
04.04	Whey, whey powder. etc	522 103	377 101	138.5
04.05	Butter, butter spreads and butter oil	330 314	396 644	83.3
04.06	Cheese and curd	2 419 111	3 049 133	79.3
Total		**16 305 491**	**14 814 859**	**110.1**

The mass of exports in January to March 2026, is 10.1 percent higher than in January to March 2025. This is due to the increase in the mass of exports of four of the six categories of dairy products.

In Table 5, the mass of total sales of the different dairy products to the Southern African Customs Union (SACU) member states, namely Botswana, eSwatini, Lesotho and Namibia (BeLN countries) in 2026 (January to March), is compared to the mass of the exports in 2026 (January to March) by South Africa to other countries. Sales by South Africa to the other members of SACU, are not classified by SARS as exports.

Table 5: Mass of sales to the BeLN countries compared to exports outside of SACU in January to March 2026

Heading	Description	(A) Sales To BeLN	(B) Exports to Countries Outside SACU	(A+B)=(C) Sales to BeLN plus exports outside SACU	A as % of C
		Kilogram			%
04.01	Milk and cream, unsweetened	**22 237 156**	**5 696 382**	**27 933 538**	**79.6**
04.02	Milk, concentrated	**1 675 780**	**4 192 397**	**5 868 177**	**40.0**
04.03	Buttermilk powder, yogurt	**4 985 649**	**3 145 185**	**8 130 834**	**61.3**
04.04	Whey, whey powder, etc	**325 784**	**522 103**	**847 887**	**38.4**
04.05	Butter, butter spreads and butter oil	**344 494**	**330 314**	**674 808**	**51.1**
04.06	Cheese and curd	**1 277 080**	**2 419 111**	**3 696 191**	**34.6**
Total		**30 845 943**	**16 305 492**	**47 151 435**	**65.4**

Table 5, indicates that the mass of three of six products total sales of dairy products by South Africa to the BeLN countries in January to March 2026, exceeds the mass of exports. (Exports are sales to destinations outside SACU).

No Non-achievements / underperformance has been reported

Goal 4 - Participation in the Animal Health Forum i.r.o. trade related issues

Achievements

The NAHF does not exist any more.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	Customs Duty (2nd Qtr).pdf CORFIN151 Std Qtr (2) 2026 Fin report - Project Advances.xlsx
Unnecessary spending during period	No

Popular Report

2 Qtr POP Report 2026 (F).docx

Popular report and 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