



# World of Customs

SAIT Webinar  
28 July 2022

*YOUR KEY TO THE TAX COMMUNITY*



WITH YOU TODAY



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# CONTENT

**All Kindly requested - Please take note of the SAIT weekly Newsletter**

**“The World of Customs” will cover Customs globally/continentally/regionally/nationally – We deal with:**

1. Administrative Updates

2. Legislative Updates

3. Legislative Interpretations

4. Changes in Operating Times Of Practice Management  
Ports, Branches, and Offices – The Customs taxation compliance landscape

5. Topic Today– AFCFTA

# Administrative Updates

## SAIT Customs and Excise Technical Work Group

- The next WG meeting will be held on 24 August 2022.
- Representatives from the SAIT WG are scheduled to present at the next Customs and Excise Stakeholder Forum. The presentation will be on the topic of '**Customs duty refunds due to transfer pricing** adjustments'.

## SARS Information - RLA – See SARS Letter 18 July 2022 – Understand RLA & WHY?

There was a RLA webinar delivered 7<sup>th</sup> July from 4 pm to 6 pm where SARS explained the new and enhanced features of the RLA system. Discuss RLA Letter 20<sup>th</sup> July 2022.

NB!! The clearing agent must allegedly link the principal in the relationship, failing which the principal cannot proceed on their own customs RLA e-filing profile, a further point requiring clarity.

Following SARS last webinar on 4 November 2021, SARS Registration, Licensing and Accreditation that gave updates on RLA to facilitate the use of SARS online platforms and systems. SARS provided more information about the onboarding of all existing Customs clients, including cargo reporters (RCG), with particular emphasis on those who are not yet in possession of a customs client code

**Topic: Today AfCFTA- The African Continental Free Trade Agreement**

**Explanation of CPD points- How they work, future webinars**

**Weekly Newsletter – Please read – SAIT represents you !!**

**Going Global – WCO and Global Compliance Standards**

**AEO – Mrs Rae Vivier (SARS) global interface – SACU developments**

**Consulting the SARS website**

**Last Customs workgroup Agenda points – Meeting held 20<sup>th</sup> July**

**National Operations Stakeholder Forum**

**Customs and Excise National Strategic Stakeholder Forum (CENSSF)**

**Standing agenda items - Tariff, Valuation etc. adding International**

**Capacity-WCO Academy**

**Your ideas for the future on these sessions please?**

## CPD Point Questions – Don't forget to complete as directed to gain your CPD

**Q1-** SAIT Customs practitioners at any level will be assisting global traders and having access to their e-filing.

Therefore, SARS customs division is giving constant updates on “RLA” which stands for – Regulation – Legislation,  
& Administration.

True/False

**Q2-** Tariff Concessions are those that will be reflected in **Annex 1 of the AfCFTA** of the Protocol on Trade ?

True/False

**Q3-** Wholly obtained and Substantial Transformation as two criteria conferring ORIGIN under Annex 2 of the Protocol on Trade under the AfCFTA?

True/False

**Q4- What is Origin used for on the Customs Declaration?**

- a.) To determine the origin of goods for statistical purposes.
- b.) To determine the rate of customs duty applicable.
- c.) To enforce import or export restrictions.
- d.) All of the above.

**Q5 -** Schedule 10 of the Customs and Excise Act 91 of 1964 deals with agreements or Protocols?

True False



**Thank you all for attending today and all  
serving in various positions !!**

**Please Don't Forget the Tax Indaba 5th-7th  
September !!! (CPD Events)**

**Register ASAP**



# Part 2



# SAIT World of Customs

AfCFTA Presentation

**28 July 2022**



# Contents

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1. What is the AfCFTA
2. SA Trade Agreements in Operation
3. SA Trade Agreement in Negotiation
4. Objectives of the AfCFTA
5. Benefits of the AfCFTA
6. Overview of the AfCFTA
7. Current Status
8. How to Use the AfCFTA
9. Rules of Origin under the AfCFTA



# What is the African Continental Free Trade Area?

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The African Continental Free Trade Area (“AfCFTA”) was conceptualised in January 2012 with the objective of integrating Africa’s markets and enhancing intra-African trade on the continent.

The Agreement seeks to boost intra-Africa trade and integrate Africa’s markets for goods and services and harmonize regimes for trade of goods.

The AfCFTA presents opportunities for stakeholders who will benefit from the **improved market access** provisions negotiated in the agreement, through lowering of tariff barriers to facilitate new export markets for export focused businesses.

According to the United Nations, it is estimated that the AfCFTA agreement will increase intra-African trade by 53% through eliminating import duties and non-tariff barriers.

The free-trade area is the largest in the world in terms of participating countries since the formation of the World Trade Organization.

**30 May 2019**

AfCFTA entered into force

**1 January 2021**

Implemented in the South African  
customs legislation

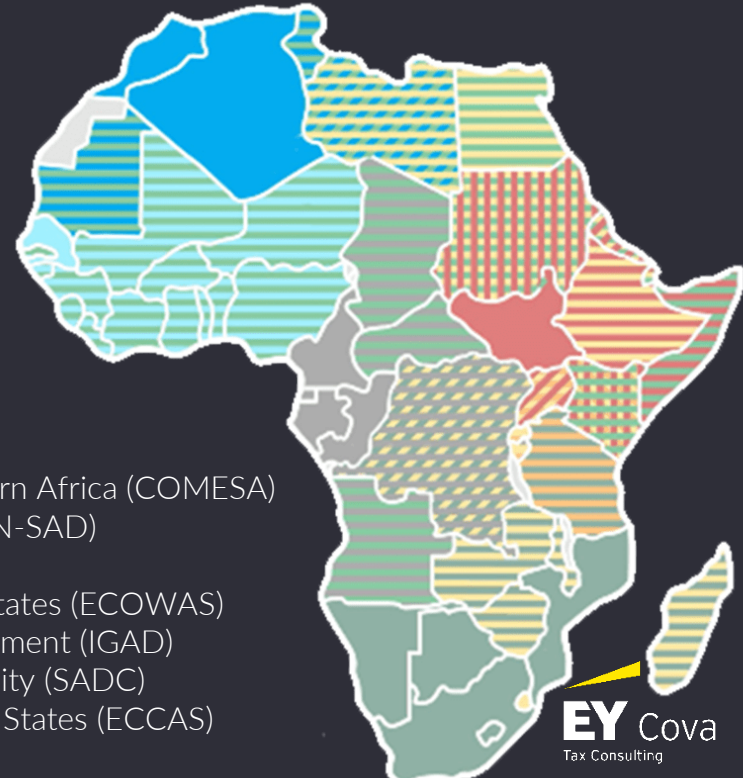
# What is the AfCFTA?

The African Union recognises 8 different Regional Economic Communities (RECs) under its administration to be used as building blocks for the AfCFTA. This is due to several of the RECs overlap in membership. This multiple and confusing membership creates duplication and sometimes competition in activities, while placing additional burdens on already over-stretched foreign affairs staff to attend all the various summits and other meetings.

Moreover, there are additional regional economic cooperation bodies not officially recognised by the African Union as RECs, including:

- Economic and Monetary Community of Central Africa (CEMAC)
- West African Economic and Monetary Union (UEMOA/WAEMU)
- Economic Community of the Great Lakes Countries (CEPGL)
- Indian Ocean Commission (IOC)
- Mano River Union (MRU)
- Southern African Customs Union (SACU)

The AfCFTA seeks to remedy this.

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- Arab Maghreb Union (UMA)
  - Common Market for Eastern and Southern Africa (COMESA)
  - Community of Sahel-Saharan States (CEN-SAD)
  - East African Community (EAC)
  - Economic Community of West African States (ECOWAS)
  - Intergovernmental Authority on Development (IGAD)
  - Southern African Development Community (SADC)
  - Economic Community of Central African States (ECCAS)

# What is the AfCFTA

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The AfCFTA recognizes existing regional economic communities (RECs) and these continue to remain in place and function as before; in other words, the AfCFTA does not abolish or replace these.

For any trade that takes place among countries that are party to such an arrangement, the pre-existing tariff regimes and associated regional Rules of Origin provisions and associated preferences will continue to apply.

The AfCFTA therefore adds a preferential trade regime for trade between countries where trade previously took place on a standard MFN basis, in other words, without any special preferences being available.

The RECs in turn are seen as the building blocks of the AfCFTA.



# SA Trade Agreements in Operation

Trade Agreement	Type of Agreement	Countries Involved
Southern African Customs Union (SACU)	Customs Union	Botswana, Eswatini, Lesotho, Namibia and South Africa.
Southern African Development Community (SADC)	Free Trade Agreement	<b>Protocol on Trade in Goods:</b> (i) 13 of 16 SADC Member States. (ii) Angola, DRC and Comoros have not yet acceded. <b>Protocol on Trade in Services:</b> (i) 15 of the 16 SADC Member States. (ii) Comoros has not acceded.
EFTA-SACU Free Trade Agreement (FTA)	Free Trade Agreement	SACU and the European Free Trade Association (EFTA) – Iceland, Lichtenstein, Norway and Switzerland.
SADC - EU EPA	Economic Partnership Agreement	South Africa, Botswana, Eswatini, Namibia, Lesotho, and Mozambique (referred to as the SADC EPA Group and the European Union (EU)).
SACUM-UK EPA	Economic Partnership Agreement	South Africa, Botswana, Eswatini, Namibia, Lesotho, and Mozambique (referred to as the SADC EPA Group and the UK).
SACU-Southern Common Market (Mercosur) PTA	Preferential Trade Agreement	SACU and Argentina, Brazil, Paraguay and Uruguay. (Although Venezuela is part of MERCOSUR it is not a party to the PTA with SACU.)
Zimbabwe/South Africa bilateral trade agreement	Bilateral Preferential Trade Agreement	South Africa and Zimbabwe.
Generalised System of Preferences (GSP)	Non-reciprocal Trade Agreement.	Offered to South Africa as a developing country by: the EU, Norway, Switzerland, Russia, Turkey, the US, Canada and Japan.
Africa Growth and Opportunity Act (AGOA)	Non-reciprocal Trade Agreement. Unilateral assistance measure	Granted by the US to 39 sub-Saharan African Countries.

# SA Trade Agreements in negotiation

Trade Agreement	Type of Agreement	Countries involved	Status of Agreement
SACU-India PTA	Preferential Trade Agreement	SACU and India	SACU and India are in the process of exchanging tariff requests
SADC-EAC-COMESA Tripartite FTA	Free Trade Agreement	26 Countries with a combined GDP of US\$860 billion	The framework agreement and several annexes have been concluded; ratification in member countries are underway. South Africa has ratified. Ratifications have not yet reached the required number for it to enter into force.
African Continental Free Trade Area (AfCFTA)	Free Trade Agreement	The AfCFTA integrates a market of 55 countries with a combined GDP of over US\$ 3.3 trillion and a population of more than 1 billion people	To be discussed.

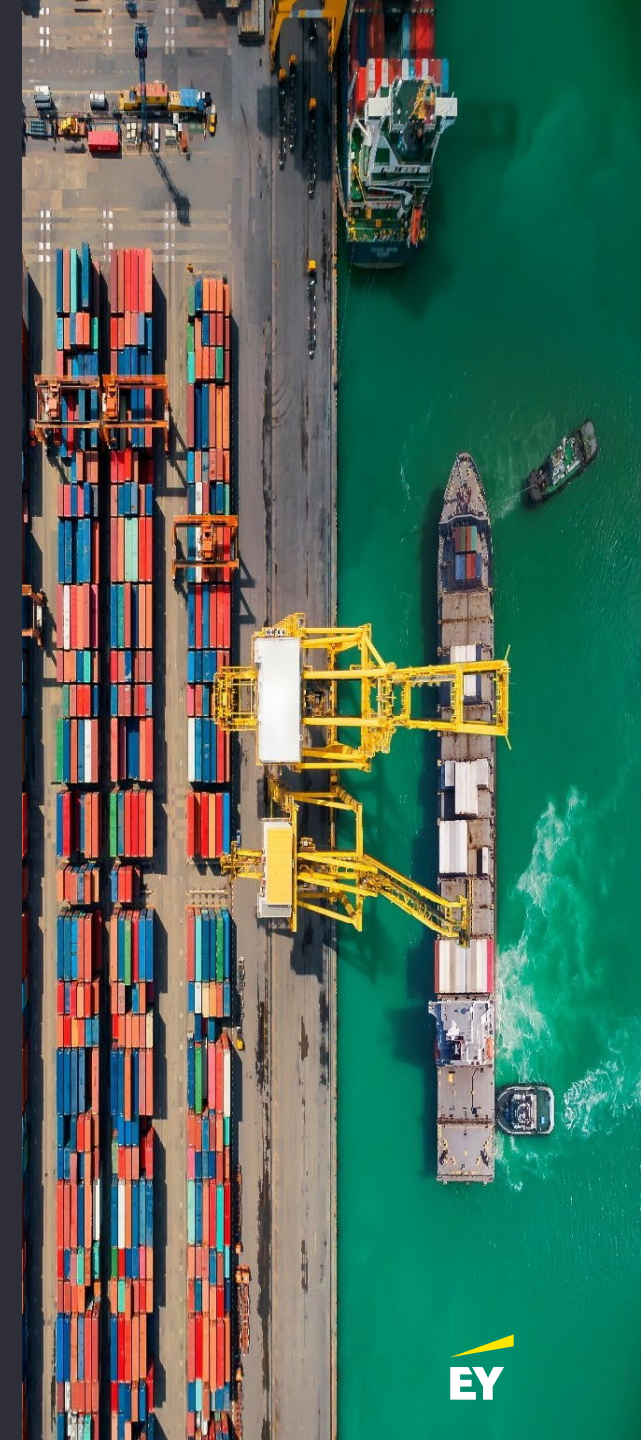
- Each trade agreement confers preferential rates of duty upon members
- Trade agreements are contained in **Schedule 10 to the Customs and Excise Act No.91 of 1964**

# Objectives of the AfCFTA

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The objectives of AfCFTA are as follows:

- Initiate a single market, deepening the economic integration of the continent;
- Establish a liberalised market, by reducing barriers to trade like tariffs and administrative hurdles, through multiple rounds of negotiations;
- Promote the movement of capital and people, facilitating investment;
- Move towards the establishment of a future continental customs union;
- Achieve sustainable and inclusive socio-economic development, gender equality and structural transformations within member states;
- Enhance competitiveness of member states within Africa and in the global market;
- Encourage industrial development through diversification and regional value chain development, agricultural development and food security; and
- Resolve challenges of multiple and overlapping memberships.





# Benefits of the AfCFTA

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Enhanced legal certainty and predictability of market access

Established due process in resolution of trade disputes

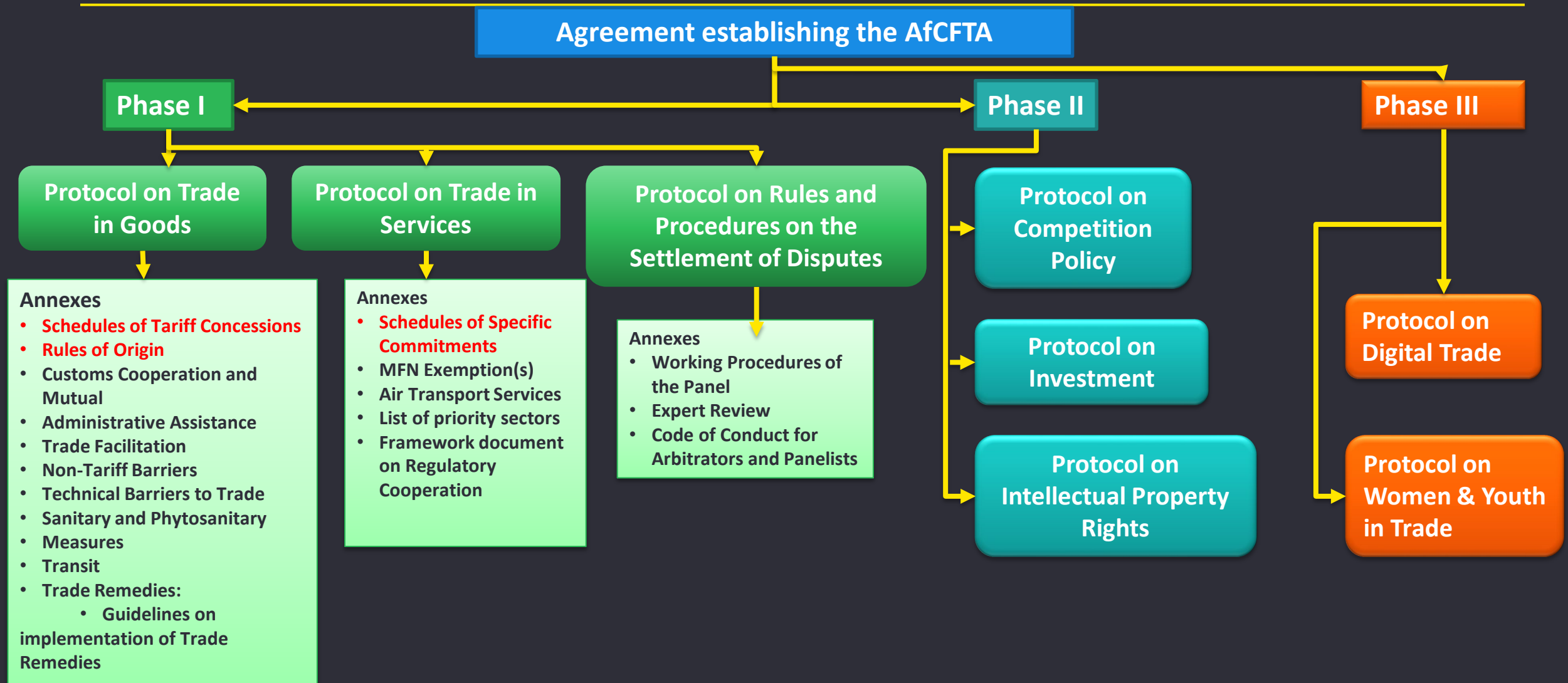
Enhanced intra-Africa trade

- Progressive elimination of tariffs
- Rules to manage non-tariff barriers

Adoption of rules of origin where consensus has been reached

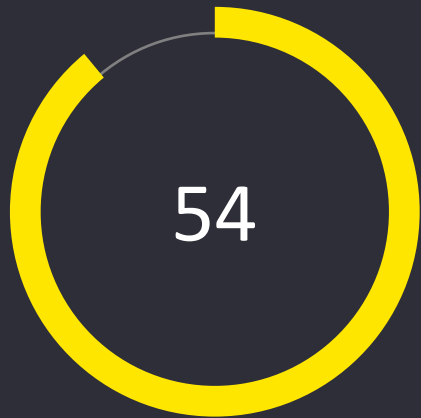


# Overview of the AfCFTA



# The African Continental Free Trade Area

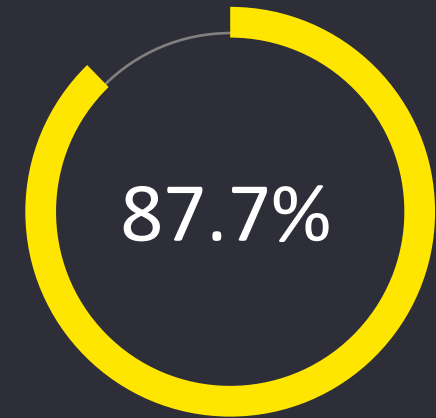
The current standing of members to AfCFTA is as follows:



Out of 55 African States have **signed** the AfCFTA. The only exclusion being Eritrea



African states have deposited **instruments of ratification**

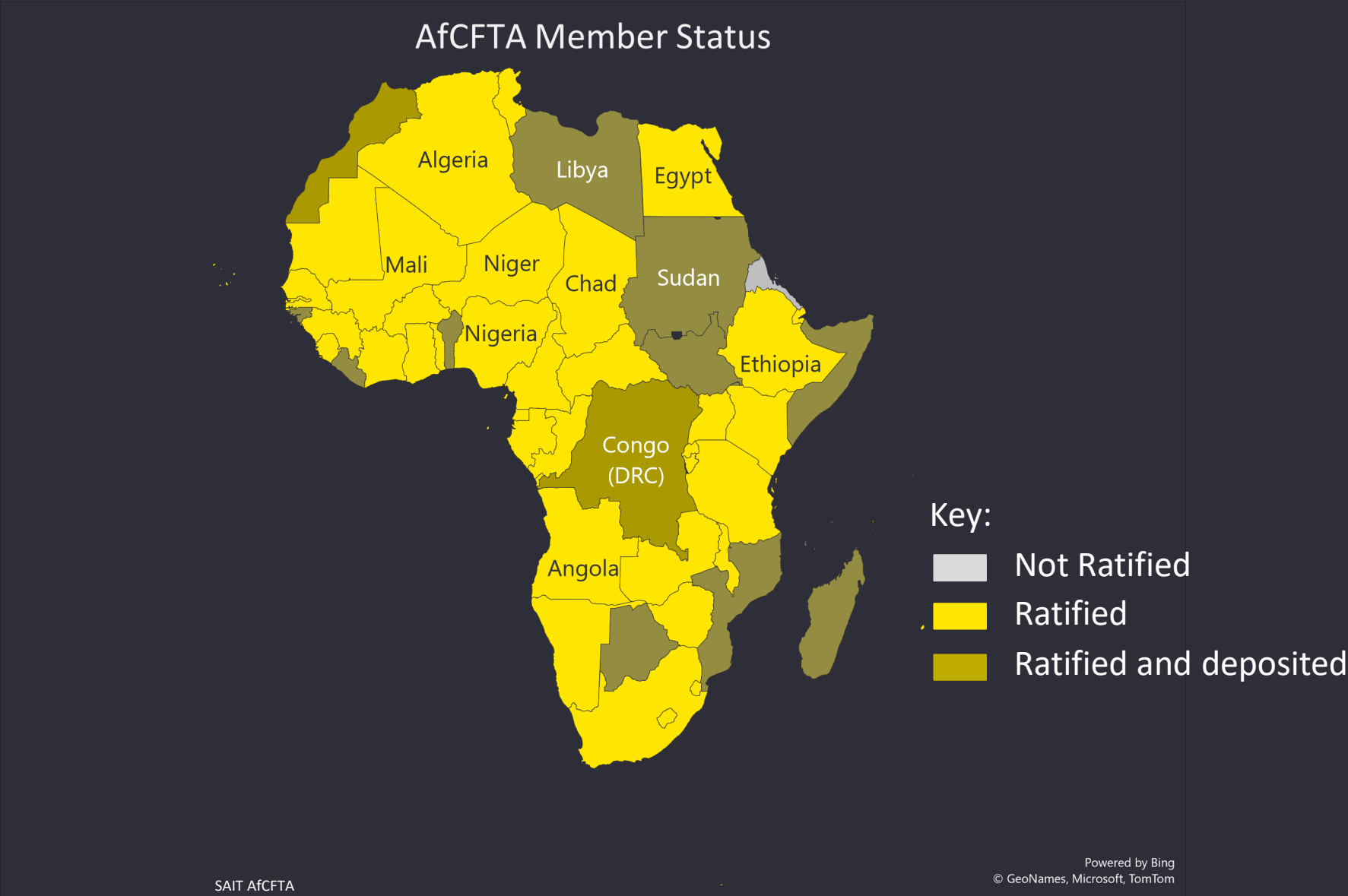


87.7% of the **Rule of Origin** have been agreed on

Information provided as at July 2022



# Countries that have ratified the AfCFTA



# How to Use Trade Agreements & the AfCFTA

## Exporters:

- Check whether you are exporting to a country where there is an existing trade agreement
- Ensure that your goods originate or are sufficiently processed in South Africa
- Register at customs for the trade agreement you want to benefit from
- Apply for the necessary certificate of origin
- Send the certificate to your buyer with the exported goods.

## Importers:

- Check whether you are importing from a country which has a trade agreement with the importing country
- Ask your supplier to send you the necessary certificate of origin with your import

## AfCFTA:

- Preferential rates of duty will apply if:
  - goods meet the origin criteria
  - Suspensive conditions are met
  - Administrative requirements (e.g. Registration as an approved exporter
  - Administrative requirements in export destination:
    - Amend registration?
    - Permits
    - Licenses?
    - Compulsory Inspections?
    - Other duties?
    - Other NTBs?

# Rules of Origin under AfCFTA

The AfCFTA RoO are being negotiated on a sector-by-sector level, resulting in product-specific origin rules (rather than generic origin criteria that apply equally to all products). The advantage of this is that suitable criteria can be designed that better take account of the specific dynamics of each sector; however, this process also means that negotiations are more complex and time consuming. The general RoO provisions contained in the main RoO Protocol (Annex II) however apply equally to all products.

The AfCFTA RoO are included as Annex II to the AfCFTA agreement (Annex I covers the import tariff concessions.). Parts I and II of Annex II contain the general provisions, including provisions such as the criteria for 'wholly obtained', cumulation, origin declarations, simple/insufficient processing, key definitions, and others.

The RoO Annex also contains a number of Appendixes:

Appendix I:  
Origin

A sample copy of the Certificate of

Appendix II:

The text of the origin (self)  
declaration (for shipments by  
approved exporters)

Appendix III:

A sample AfCFTA supplier  
declaration (to cover regional  
inputs)

Appendix IV:  
criteria

The AfCFTA product-specific RoO




# So when will AfCFTA be “working”?

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- Main AfCFTA agreement entered into force on 30 May 2019 – when 22<sup>nd</sup> country deposited instrument of ratification
- Trade “launched” on 1 January 2021
- In February 2022 decision for “commercially meaningful” trade
- 29 Member countries have had “technically verified” offers and can start to trade “on date to be determined” including:
  1. CEMAC (Cameroon, Chad, Central African Republic, Equatorial Guinea, Gabon, Republic of Congo)
  2. ECOWAS – Benin, Burkino Faso, Cabo Verde, Cote d’Ivoire, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone, Togo, Mauritania
  3. DRC, Egypt, Madagascar, Malawi, Mauritius, Seychelles, Zambia
- 4 requirements to trade:
  1. Agreement signed, ratified, deposit instruments of ratification
  2. Submission of tariff offer covering 90% of tariff lines (SA is 67 lines short of 90%)
  3. Rules of origin agreed to (87.7% rules of origin agree – allow to trade on agreed ones)
  4. Local legislation in place
- Expect AfCFTA “tariff book” to be published in 2023
- Pan African Payment system to be finalised in March 2023



A rooftop terrace with rows of wooden benches and a wall of solar panels. Three people are standing and talking on the right side. The sky is a mix of orange and blue, suggesting sunset or sunrise. A yellow frame highlights the text on the left.

Do you have a better  
understanding of the  
AfCFTA?

■ ■ ■  
The better the question. The better the answer.  
The better the world works.

The logo for EY Cova Tax Consulting, featuring a yellow chevron above the text "EY Cova" and "Tax Consulting" below it.

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