DRIVERS OF PREFERENCE UTILISATION

WTO Committee on Rules of Origin
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Negotiating Mandate

• National Economic and Labour Council (NEDLAC)
  – Aim: to promote consensus between social partners (Government, Organised Business, Organised labour and Community Organisations).
  – Promoting Growth, Equity and Participation through social dialogue
  – Platform where the Mandate for trade negotiations is derived.
SA/SACU TRADE AGREEMENTS

- SACU
- SADC
- EU SADC-EPA; SAU EFTA; SACUM UK; and SACU-MERCOSUR PTA
- Ongoing negotiations
- All rules of origin applicable to these Agreements are available at rulesoforigin@sars.gov.za
After ratification of Agreements, the dtic formally requests the SARS to implement the preferential tariff treatment, this includes:

a. monitoring of preference utilization,
b. sharing of information on legislation that administers the FTAs,
c. stakeholder awareness,
d. registration requirements and
e. trader awareness
INFORMATION SHARING - EXAMPLE on AfCFTA

• AGREEMENT ESTABLISHING THE African Continental Free Trade AREA (AfCFTA)
• What’s New?
• 11 March 2021 – AfCFTA Registrations Process
• 29 January 2021 – Frequently asked questions (FAQs) on AfCFTA
• 12 January 2021 – AfCFTA agreement implementation stakeholder engagement information
• 31 December 2020 – The Agreement establishing the African Continental Free Trade Area (AfCFTA) was published effective from 1 January 2021 as per Notice R1433 in Government Gazette 44049 of 31 December 2020

afcfta@sars.gov.za
FAQs: https://www.sars.gov.za/ClientSegments/CustomsExcise/AboutCustoms/Pages/African-Continental-Free-Trade-Agreement.aspx
AfCFTA page on the SARS website
AFCFTA RoO NEGOTIATIONS

• To date - 86% of RoO have been agreed in the AfCFTA.
• Outstanding RoO in specific sectors: Edible oils, Autos, Textiles and Clothing; and Sugar.
• **Minimum requirements to operationalize trade under AfCFTA preferences**
  • Participating Members must have ratified the AfCFTA (that is, State Parties) and, in the case of Customs Unions (CUs), all constituent Members must ratify the AfCFTA, unless they advise otherwise;
  • Participating Tariff offers need to be verified as being technically sound;
  • The exchange of tariff offers should be based on reciprocity (product lines/trade value for example) that is acceptable to the Parties;
  • Tariff offers based on product lines with agreed Rules of Origin.
• AfCFTA Certificate of Origin, the AfCFTA Declaration of Origin as well as the AfCFTA Supplier’s Declaration are utilised for preferential trade; and
• Domestic legislation to administer imports is in place.
AWARENESS RAISING AND TRAINING PROGRAMMES

- Measures and programmes to ensure that SMMEs, Women, Youth and people living with disabilities take advantage of the opportunities presented by the AfCFTA will be implemented through:
  - Export Marketing and Investment Assistance (EMIA),
  - Export Barriers Monitoring Mechanisms, and
  - National Exporters Development Programme
DATA / DATA COLLECTION

- Data collection on RoO at SARS is done through core business systems that capture trade statistics including the publication of Monthly trade statistics.
- The system captures trade under MFN as well trade flows under preferences.
- Trade agreements are published in the Customs and Excise Act so that they remain public and accessible (under rules to Section 49 to the Customs and Excise Act No.91 of 1964),
CONCLUSION

• Effort is put in awareness and training programmes.
• Generally; though data is captured through customs systems, it is not easily available/obtainable (esp. FTAs). Some systems are not user friendly - hence the monitoring of preference utilization and related studies becomes difficult - except by a few economists and mostly on GSP.
• More work to be done on:
  Government? Monitoring of the utilization of preferences to explain the impact of rules of origin.