



# African Continental Free Trade Agreement Implementation External Stakeholders Engagement



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# Opening and Welcome

# Stakeholder Awareness

## 1. AfCFTA Awareness Sessions

- The purpose of the awareness sessions is to socialise the changes and message the trade agreement nuances in order for the external stakeholders to understand the impact of the agreement on their imports and exports.
- External stakeholders will understand what needs to be catered for in their business operations if they want to import and export under the trade agreement.

## 2. AfCFTA Communication

- Socialisation of the dedicated mailbox, website and FAQs that provide information on this trade agreement.



# Introduction and Background

This presentation sets out the steps that SARS has taken to implement the African Continental Free Trade Agreement (AfCFTA).

After the AfCFTA agreement is ratified by Parliament, the Department of Trade, Industry and Competition (dtic) will request SARS to implement the preferential tariff treatment provided therein.



Creating One African Market

# Introduction and Background

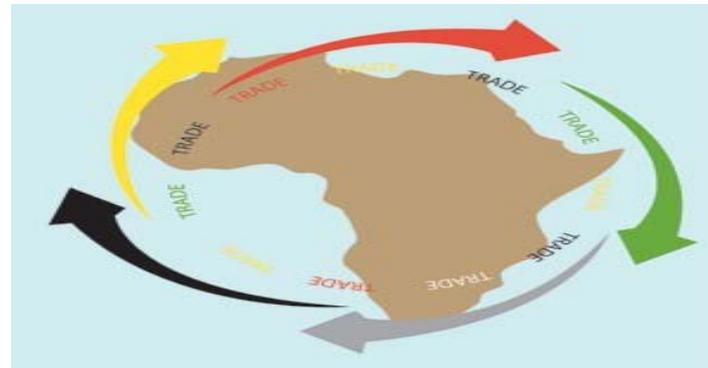
The 18<sup>th</sup> Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU) –January 2012 in Addis Ababa, Ethiopia under the theme “Boosting Intra-African trade” – took important decisions aimed at enhancing trade integration in Africa. It endorsed an action plan for Boosting Intra-African Trade (BIAT) and agreed on a roadmap for the establishment of an African Continental Free Trade Area (AfCFTA).

The action plan to Boost Intra-African Trade reflects the strong political commitment of African leaders to accelerate and deepen the continent’s market integration and to harness its potential for meeting Africa’s development challenges in the dynamic global economy.

The free trade area is of considerable economic interest to South Africa and the African Continent. Once concluded the CFTA will provide a market of over 1 billion people with a GDP of over US\$2.6 trillion. South Africa is an active member and a participant in the Continental Free Trade Area negotiation meetings.

# What is the African Continental Free Trade Area?

- The African Continental Free Trade Area (AfCFTA) is outlined in the African Continental Free Trade Agreement among 55 African Union (AU) nations. The free-trade area is the largest in the world in terms of participating countries since the formation of the World Trade Organization.
- The Agreement came into force on 30 May 2019 and entered its operational phase following a summit on 07 July 2019.
- 54 of the 55 AU member states have signed the agreement.
- 34 countries have ratified the agreement as per outcome of the 13<sup>th</sup> Extra-Ordinary Session of the Assembly of the African Union on the AfCFTA held on 5 December 2020.
- 41 countries submitted tariff offers to Summit
- According to the United Nations, it is estimated that the African Continental Free Trade Area (AfCFTA) agreement will increase intra-African trade by 53% through eliminating import duties and non-tariff barriers.
- Trading under agreement is scheduled to start on 01 January 2021.



# Key Objectives of the AfCFTA Agreement

- Create a single continental market for goods and services.
- Acceleration and establishing the Continental Customs Union and the African customs union.
- Enhance competitiveness at industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.
- Expand intra-African trade through better harmonisation and coordination of trade liberalisation, facilitation regimes and instruments across Regional Economic Communities (RECs) and across Africa in general.
- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

# Legislation

Once the Agreement enters into force, changes would have to be made to:

- The **Schedules to the Customs and Excise Act, 1964**, in terms of the first phasedown as well as other requirements such as quotas.
- The **rules to the Act** are amended to provide for the administration of the rules of origin provided for in the Agreement.
- Other dependencies such as **permits**, which may be managed through either the Schedules to the Act or the subordinate legislation i.e. rules.

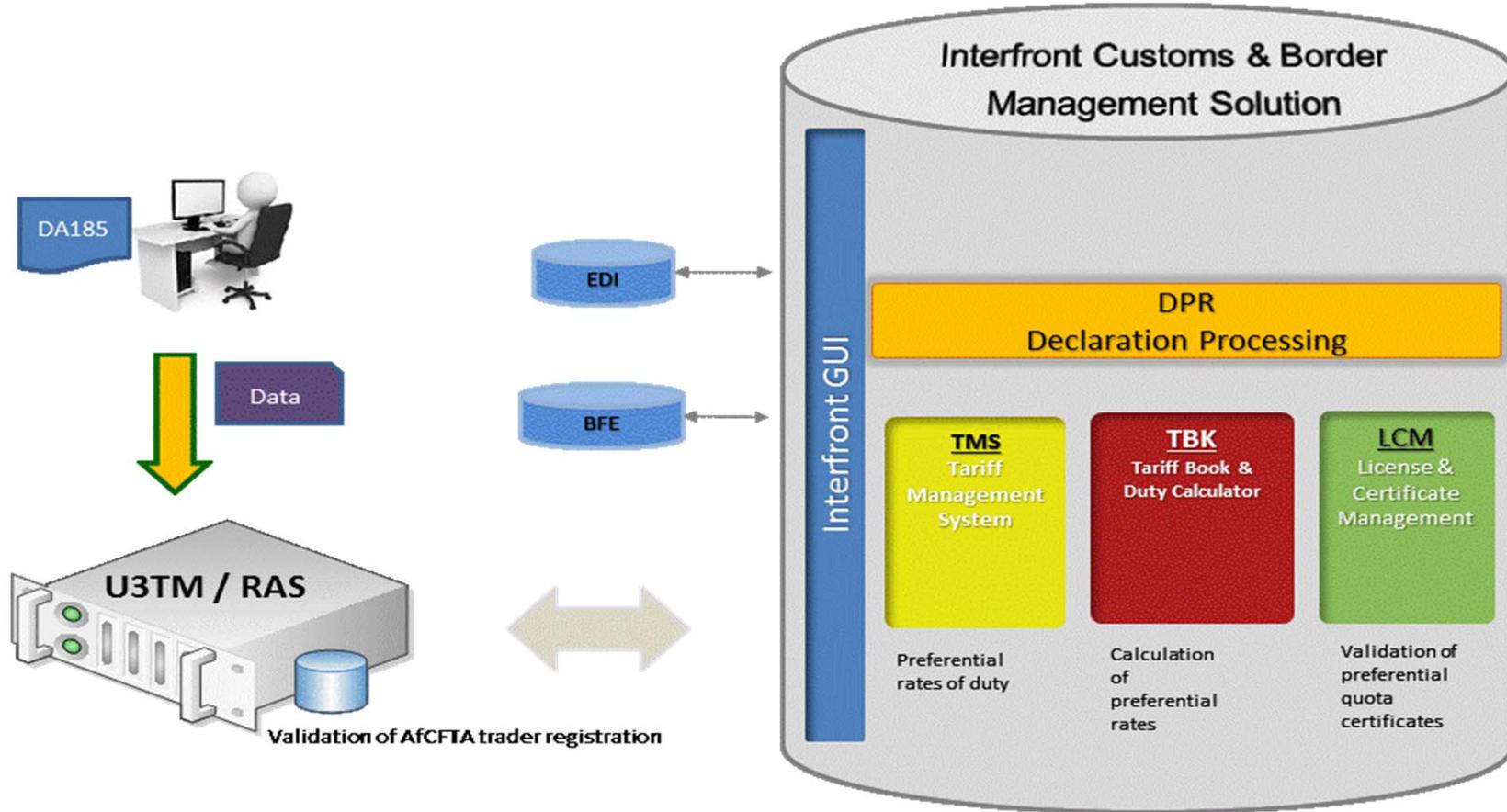
# System Enhancements

## AfCFTA Conceptual Design Diagram



Client Registration

Submission Channels



# System Enhancements

- The tariff management system was enhanced to cater for the reduced rates of duties contained in the agreement.
- The declaration system has been enhanced to cater for the import and export transactions.

## System Updates



# Administration of the Trade Agreement

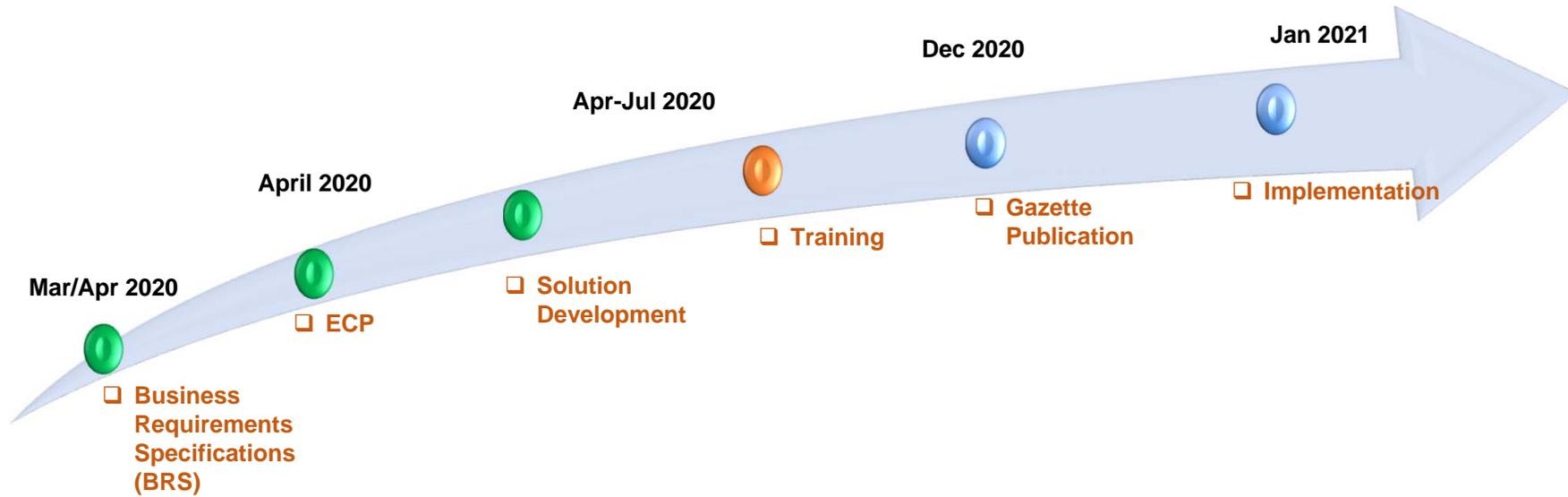
- SARS is currently completing the administrative arrangements required to implement the agreement like procuring of certificates of origin.



# Registration Requirements

- **Exporters and producers/manufacturers will have to be registered** by the Registration team before they can trade under the Agreement.
- Exporters and producers/manufacturers will have to submit the **DA 185, relevant annexures and the supporting documents to a Customs Branch Office.**

# Implementation Roadmap



# Trader Awareness

- The Rules of Origin(ROO) team, in collaboration with dtic publish a **completed agreement and make this document accessible to the external clients** (mainly exporters and manufacturers) to ensure compliance with the requirements of the agreement.
- Technical stakeholders have been offered the opportunity to **test the system enhancements** prior to production.
- External SOPs and Policies will be amended or published
- The ROO team will host workshops from middle January 2021

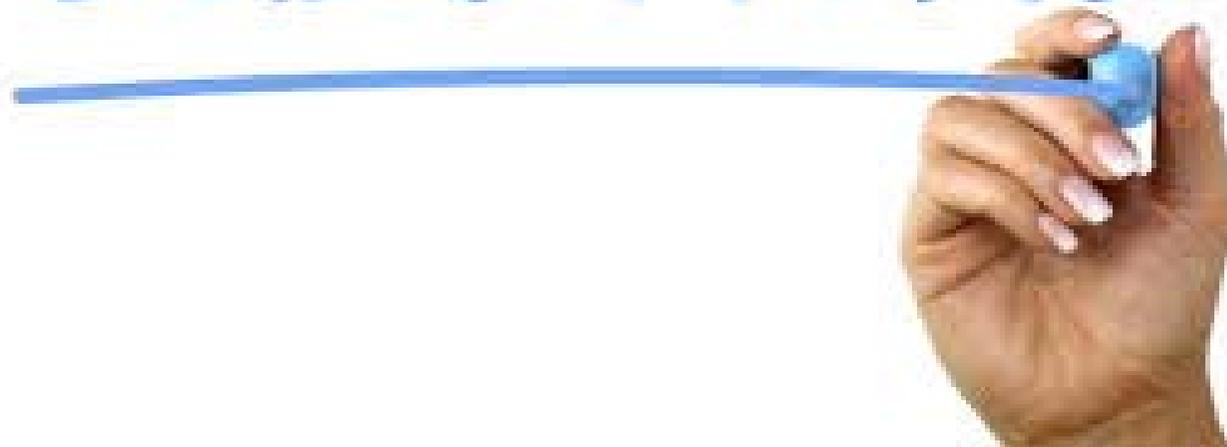


## Contact details

- For more information on the African Continental Trade Agreement, send an email to [afcfta@sars.gov.za](mailto:afcfta@sars.gov.za)
- To access FAQs: <https://www.sars.gov.za/ClientSegments/Customs-Excise/AboutCustoms/Pages/African-Continental-Free-Trade-Agreement.aspx>
- You can also visit the [AfCFTA page](#) on the SARS website.



# QUESTIONS



*Thank you*  
*Re a leboha*  
*Re a leboga*  
*Ndza Khensa*  
*Dankie*  
*Ndi a livhuwa*  
*Ngiyabonga*  
*Enkosi*  
*Ngiyathokoza*