

FEEDBACK SUMMARY

AFRICA FREE TRADE AGREEMENT AWARENESS SESSION External Stakeholders Engagement

[9 December 2020]

GENERAL

SAICA attends various discussions and meetings on behalf of members with National Treasury (“NT”), South African Revenue Service (“SARS”) and other stakeholders (internal and external). These meetings represent an opportunity for them to obtain further information on any tax matter from the public and discussions and views expressed do not represent policy or decisions. Furthermore, these discussions do not represent an undertaking by SARS, NT or other stakeholders, but merely statements of their understanding or how they perceive or anticipate a particular matter to be addressed.

The below Feedback Summary should be seen in the above context as merely attempts to inform SAICA members of the discussions and of any proposals that were made during such discussions.

FEEDBACK SUMMARY

SARS welcomed everyone to the African Free Trade Agreement (AfCFTA) awareness session and stated the purpose of the awareness session was to socialise the changes and message the trade agreement nuances in order for external stakeholders to understand the impact of the agreement on their imports and exports.

The session was also aimed at ensuring that external stakeholders understood what needs to be catered for in their business operations if they wanted to import and export under the trade agreement.

Background to AfCFTA

- The AfCFTA was conceptualised in 2012 to enhance trade integration on the continent.
- The Agreement came into force on 30 May 2019 and entered its operational phase following a summit on 7 July 2019.
- 54 of the 55 Africa Union (AU) member states have signed the agreement.
- 34 countries have ratified the agreement and 41 countries have submitted tariff offers.
- Once concluded the AfCFTA will provide a market of over 1 billion people with a GDP of over US\$2.6 trillion.
- The free-trade area is the largest in the world in terms of participating countries since the formation of the World Trade Organisation.
- The UN estimates that the AfCFTA will increase intra-Africa trade by 53% through eliminating import duties and non-tariff barriers.
- 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.

Objectives of the Agreement

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

Implementation date

- The date of entry into force was originally July 2020, but due to COVID-19, it was postponed to January 2021.
- Thus the trading under the agreement is scheduled to start on **1 January 2021**.

Legislation

Once the Agreement comes into force, the following changes would need to be made:

- The Schedules to the C&E Act (to the 1st phase & quotas)
- The rules to the Act (for administration of the Rules of Origin (ROO))
- Other dependencies such as permits (managed through either the Schedules or subordinate legislation ie. rules)

Administration

SARS is currently completing the admin arrangements to implement the agreement like procuring certificates of origin.

Registration requirements

- **Exporters & producers/manufacturers** will have to be registered before they can trade under the Agreement
- Exporters & producers/manufacturers will have to submit the **DA185, relevant annexures & supporting documents** to a **Customs Branch Office**

Implementation Roadmap



Trader Awareness

The ROO team, in collaboration with DTIC will publish a completed agreement & make the document available to external clients (mainly exporters & manufacturers) to ensure compliance with the requirements of the agreement.

Technical stakeholders will have been offered the opportunity to test the system enhancements prior to production.

AfCFTA Communication

Further information on AfCFTA can be found on the [SARS website](#) which also contains the [FAQs](#). All additional questions can be sent to the dedicated email address: afcfta@sars.gov.za.