TRADE LOGISTICS

YOUR KEY TO INTERNATIONAL TRADE

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International Trade Agreements & Certificates of Origin

Making use of International Trade Agreements:

Trade agreements are when two or more nations agree on how they will work together to ensure mutual benefit in the field of trade. These agreements determine the tariffs, or taxes and duties, countries impose on imports and exports. Generally when there is a trade agreement in place goods move between those countries more easily and with less duty tax. It is therefore worthwhile knowing about and making use these agreements where applicable.

Below is a table summarising the trade agreements affecting South Africa:

	Countries Involved	What this means for you	Products involved	Certificate of Origin required
South African Customs Union (SACU)	• South Africa • Botswana • Lesotho • Namibia • Swaziland	Duty free movement of goods between these countries.	All products	None
Southern Africa Development Community (SADC) FTA	*Between 12 SADC Member States:* • Angola • Botswana • Lesotho • Malawi • Mauritius • Mozambique • Namibia • Seychelles • South Africa • Swaziland • Tanzania • Zambia • Zimbabwe • Madagascar • Democratic Republic of The Congo	Free trade for 85% of goods. The remaining 15% of goods are on the "sensitive list" and may attract some duty. The goal is to have duty free trade of all products in the future.	85% of products from a SADC region	SADC certificate of origin

Trade Development and Cooperation Agreement (TDCA)	*South Africa and the European Union (EU). EU states include:* • Austria • Belgium • Bulgaria • Croatia • Cyprus • Denmark • Estonia • Finland • France • Germany • Greece • Hungary • Ireland • Czech Republic • Italy • Latvia • Lithuania • Luxembourg • Malta • Netherlands • Poland • Portugal • Romania • Slovakia • Slovenia • Spain • Sweden • United Kingdom	The EU does not charge duty on 95% of products originating from South Africa. In turn by 2012, South Africa offered to liberalise 86% of its duties on EU originating products.	Most products must be of SA origin and some products of EU origin.	EUR 1 certificate of origin
EFTA-SACU Free Trade Agreement (FTA)	*SACU and the European Free Trade Association (EFTA) :* • Iceland • Liechtenstein • Norway • Switzerland	EFTA countries charge reduced tariffs on SACU products.	Industrial goods (including fish and other marine products) and processed agricultural products. Basic agricultural products are covered by agreements with individual EFTA States	EUR 1 certificate of origin
Generalised System of Preferences (GSP)	*Offered to South Africa as developing country by:* • The EU • Norway • Switzerland • Russia • Turkey • The US • Canada • Japan	Products from the developing countries qualify for preferential market access in the form of lower import duties. This agreement may fall away in the near future.	Specified industrial and agricultural products.	Form A certificate of origin
Africa Growth and Opportunity Act (AGOA)	*Granted by the US to 39 Sub-Saharan African (SSA) countries*	Preferential access to the US market through tower tariffs or no tariffs on some products	Duty free access to the US market under the combined AGOA/GSP approximately 7, 000 product tariff lines. Focus on agricultural products.	A visa stamp which is put on the invoice for the particular consignment

The implications of these trade agreements for both Importers and Exporters are given on the following pages.

Exporters: How to use these trade agreements:

The below flow chart outlines how exporters can make use of Trade Agreements.

Are you exporting to a country in one of the above trade agreements?

(Alternatively your supplier will ask you for a specific certificate of origin)

↓

Your goods will need to have 35% or more local content

(See below section on Certificates of Origin for how to determine this)

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Register at customs for the trade agreement you want to make use of.
Do this at least 2 weeks before your export is due.

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Apply for the necessary certificate of origin. Ensure you do this at least one week befor your shipment is due to leave.

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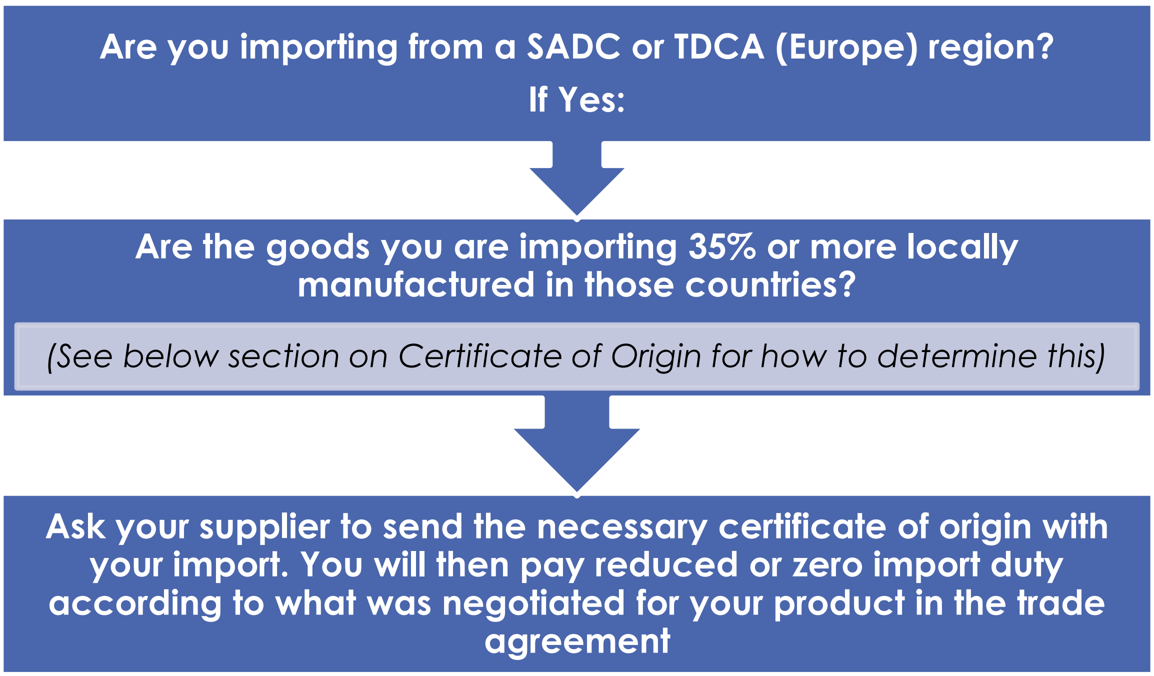
Send the certificate with your exported goods to your buyer. One certificate needs to accompany each export.

Importers: How to use trade agreements

The below flow chart outlines how exporters can make use of Trade Agreements.



Certificates of Origin:

A Certificate of Origin (CO) is an international trade document which confirms that the goods in the shipment are obtained, produced, manufactured or processed *in a particular country*. An item can qualify for a certificate of origin from a specific country if it is either:

- Wholly obtained from that country (i.e. all components and manufacturing originate in that country)
- Sufficiently processed in that country (i.e. the components may have been imported but sufficient processing/manufacturing was done to transform or add value to the components so that the final item may be regarded as originating from that country)

For South Africans, the most frequently used certificates of origin are the SADC certificate, the EUR1 certificate and the Form A certificate. For the regions where these certificates are applicable please refer to the above table.

SADC Certificate of Origin:

A SADC certificate may be obtained when 1) components/parts and finished product is fully obtained in a SADC country and 2) in that case where some of the components/materials were imported, a minimum of 35% of the value should have been added in the SADC country during the manufacturing process.

EUR 1 and Form A:

The Eur1 or From A certificate may be obtained when 1) components/parts and finished product is fully obtained in a qualifying country and 2) in that case where some of the components/parts were imported, there must be 'sufficient processing'. For Eur1 and Form A this means that the components/parts used must change tariff heading during the manufacturing process (i.e. the finished product must fall within a different four figure tariff heading from all of the non-originating parts and materials).

Conclusion

Making use of trade agreements may lower your tax rate or even reduce it to zero. Be sure to have the sufficient documentation before importing or exporting. One of the most important documents you will need to make use of these trade agreements is your certificate of origin. To obtain a certificate of origin your product needs to be 'wholly obtained' or 'sufficiently processed' in the country from which you are applying for the certificate of origin.

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