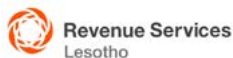




EXPORTING TO THE EUROPEAN UNION FROM LESOTHO

Basic guide for Lesotho exporters on exporting to the European Union under the European Union-Southern African Development Community Economic Partnership Agreement (EU-SADC EPA)



OVERVIEW

The EU market in brief



+/- 450 million
inhabitants



**One of the world's
largest markets**



**3rd largest
economy**
in the World



**GDP of
14,94 trillion EUR /
284 trillion ZAR**



1/6
of global trade

EU-SADC EPA in brief

The EU-SADC EPA is a trade and development partnership between the EU and six SADC-EPA states, namely Botswana, Eswatini, Lesotho, Mozambique, Namibia and South Africa. The EPA has been provisionally applied since October 2016, except in Mozambique, where provisional application started in February 2018. Angola has applied for accession to the agreement.

As a reciprocal agreement, the EU-SADC EPA enables the EU and the SADC EPA states to grant preferential trade arrangements to one another. The agreement provides for asymmetrical market access in favour of the SADC EPA states, enabling them to protect sensitive products from full liberalisation.

The EU market in brief

The EU is a customs union made up of 27 countries, namely Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

With a population of close to 450 million inhabitants, the EU is one of the largest markets in the world. The world's third largest economy, the EU has a total gross domestic product of around 14,94 trillion EUR / 284 trillion ZAR and accounts for one-sixth of global trade, making it a lucrative market.



Benefits of the EU-SADC EPA to Lesotho businesses



The agreement grants duty-free and quota-free EU market access to all products originating from Lesotho, except for arms and ammunition.



The agreement's Rules of Origin are flexible and include the possibility to cumulate the origin with other SADC EPA States which can facilitate the development of regional value chains. Provided the conditions stipulated in the Protocol on Rules of Origin are met, the provisions for cumulation may enable producers to source third country input materials without losing preferential access to EU markets.



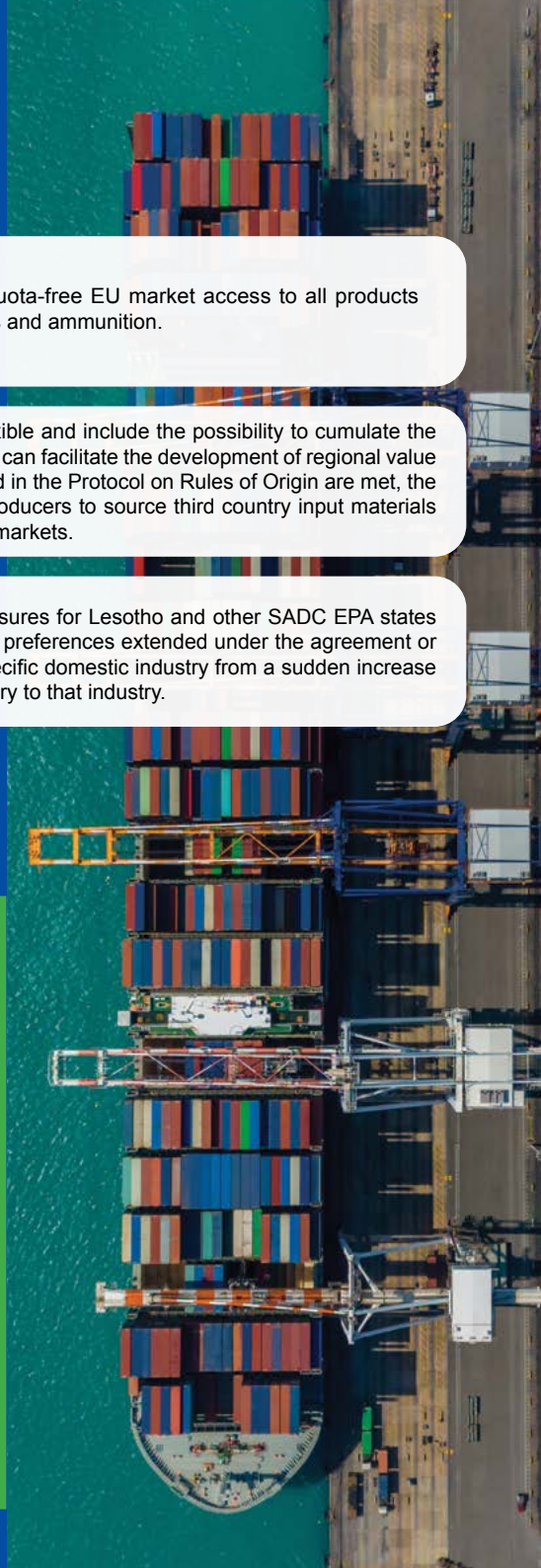
The agreement provides safeguard measures for Lesotho and other SADC EPA states by allowing them to temporarily suspend preferences extended under the agreement or to increase import duties to protect a specific domestic industry from a sudden increase in imports which could cause serious injury to that industry.

FINDING MARKETS

How to find markets in the EU

The Ministry of Trade, Industry and Business Development, the Lesotho National Development Corporation and the Ministry of Agriculture, Food Security and Nutrition assist businesses to identify export market opportunities in the EU.

Market intelligence tools also provide relevant and reliable information that is essential for finding suitable markets for products from Lesotho. These tools include **Access2Markets**, **International Trade Centre (ITC) Trade Map**, **ITC Market Access Map** and **ITC Export Potential Map** and also offer information on market access conditions including health, safety and technical requirements.



COMPLIANCE FOR EXPORTERS

Lesotho laws and regulations

Any business considering exporting from Lesotho must be a registered business entity. The Ministry of Trade, Industry and Business Development in Lesotho has the mandate to register and license businesses. For more information check **One-Stop Business Facilitation Centre**; **Lesotho eLicenses**; **Trade, Industry, Business Development and Tourism** and **Lesotho Trade Information Portal**.

EU requirements

Once a market is identified, it is important to check if the product to be exported complies with specific product requirements as well as general EU provisions.

Product-specific compliance

Products exported to the EU must comply with specific health, safety, environmental and technical requirements. These requirements apply the relevant EU policies on food safety, animal health, environmental protection, technical standardisation, markings, labelling and other import requirements that may apply.

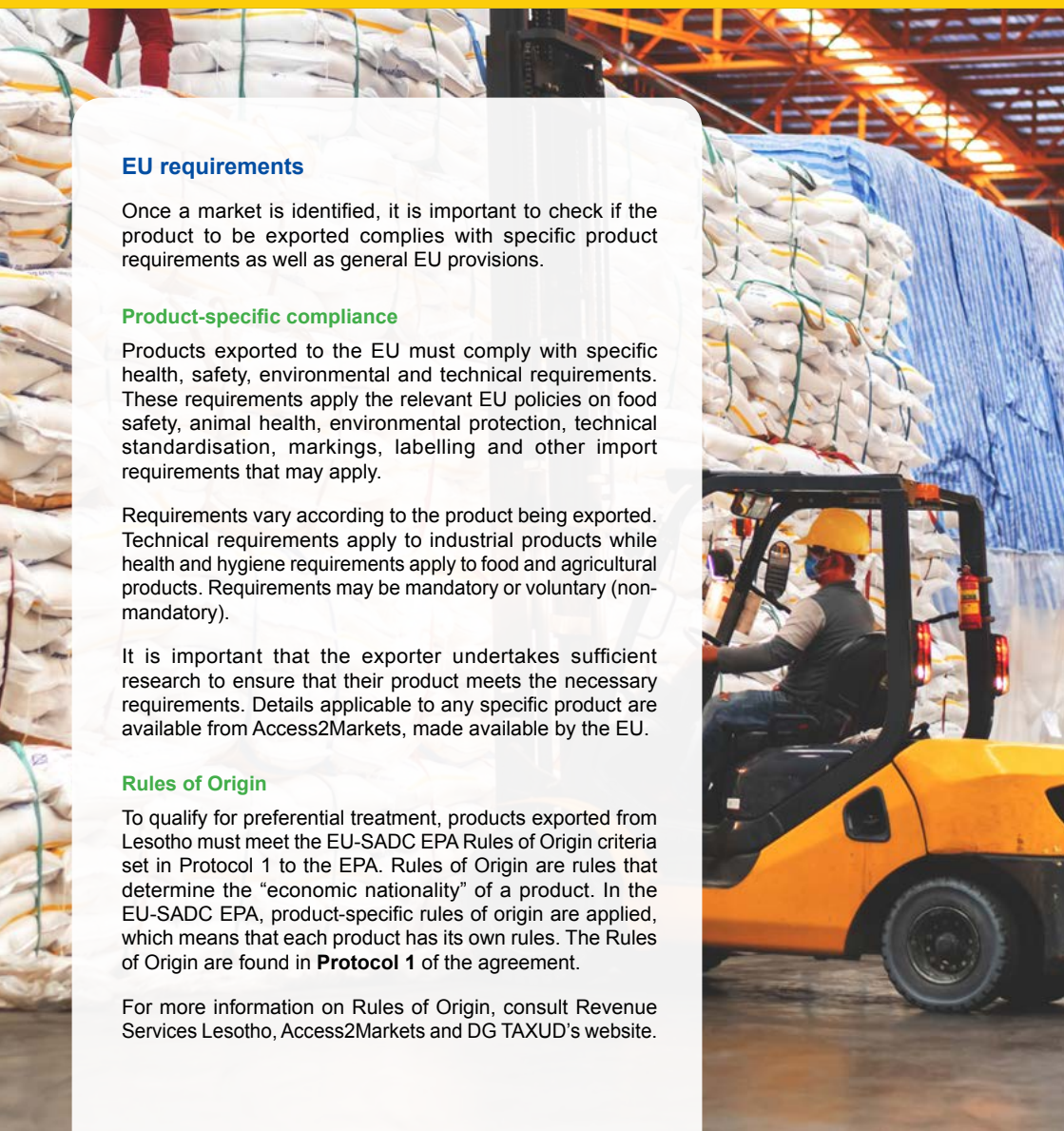
Requirements vary according to the product being exported. Technical requirements apply to industrial products while health and hygiene requirements apply to food and agricultural products. Requirements may be mandatory or voluntary (non-mandatory).

It is important that the exporter undertakes sufficient research to ensure that their product meets the necessary requirements. Details applicable to any specific product are available from Access2Markets, made available by the EU.

Rules of Origin

To qualify for preferential treatment, products exported from Lesotho must meet the EU-SADC EPA Rules of Origin criteria set in Protocol 1 to the EPA. Rules of Origin are rules that determine the “economic nationality” of a product. In the EU-SADC EPA, product-specific rules of origin are applied, which means that each product has its own rules. The Rules of Origin are found in **Protocol 1** of the agreement.

For more information on Rules of Origin, consult Revenue Services Lesotho, Access2Markets and DG TAXUD's website.





Examples of product specific requirements

Sector		
Agriculture	Cosmetics/Perfumery	Textiles and clothing
Product Category/Harmonized System HS Code		
Trout (0303.14.10)	Essential oils of rose (3301.29.42)	Women's Trousers (6104.62)
Specific Requirements listed in Access2Markets		
• Control of contaminants in foodstuffs • Control of residues of veterinary medicines in animals and animal products for human consumption • Health control of Genetically Modified (GM) food and novel food • Health control of fishery products intended for human consumption • Health control of fishery products not intended for human consumption • Traceability, compliance and responsibility in food and feed • Control on illegal fishing • Labelling of fishery products • Labelling of foodstuffs • Voluntary - Products from organic production	• Marketing requirements for chemicals • Marketing requirements for pesticides and biocides • Voluntary - Products from organic production	• Prohibition on imports of cat and dog furs and products containing such fur • Import requirements for seal products • Labelling of textiles • Restriction on the use of certain chemical substances in textile and leather products • Technical standards for personal protective equipment • Voluntary - Eco-label for textile products

General EU requirements

Tariffs and other taxes

Except for arms and ammunition, products originating from Lesotho enjoy preferential treatment under the EU-SADC EPA, meaning they enter the EU market duty-free and quota-free.

Documents and formalities

Once an exporter has identified a market as well as a buyer for their product in the EU, the necessary procedures for the sale of the product can be undertaken. These procedures include the preparation and signing of contracts, organising transport, identifying a clearing agent registered with Revenue Services Lesotho who will handle the submission of all the required customs clearance and other export documents. The Ministry of Trade, Industry and Business Development and Revenue Services Lesotho may be consulted for assistance. **An essential step is to confirm whether the product destined for export market is eligible for preferential treatment by following the steps below.**

1

Establish tariff classification

Establishing the tariff classification involves determining the appropriate Harmonized System (HS) classification code(s) for the product to be exported. This step is essential for accessing preferential treatment under the agreement and applying the correct tariffs. The process of establishing the tariff classification involves:

a) **Product analysis**

Analysing the characteristics, composition and intended use of the product.

b) **Consultation of the Harmonized System**

Referring to the Harmonized System (HS) nomenclature and associated explanatory notes to identify the most appropriate classification code(s) for the product.

c) **Verification**

Ensuring that the selected classification code(s) accurately reflect the nature and characteristics of the product and that the product complies with any specific requirements or provisions outlined in the EU-SADC EPA.

2

Check product coverage and applicable tariff

Under the EU-SADC EPA, all products originating from Lesotho enter the EU market duty-free and quota-free except for arms and ammunition found in Chapter 93 of the HS. Annex 1 of the EU-SADC EPA may be consulted for more information.

3

Check origin criteria

Determining the HS code for the product to be exported helps to establish the specific Rules of Origin that are applicable to the product. Protocol 1 of the EU-SADC EPA outlines the basic criteria for determining the origin of goods under the agreement namely:

- i) Wholly obtained in Lesotho
- ii) Sufficient working or processing when non-originating materials are used in the production of the product, where the working or processing goes beyond insufficient operations listed in Protocol 1.

Reference can be made to Annex II to Protocol 1 of the EU-SADC EPA on working or processing required to be carried out on non-originating material so that the product manufactured can obtain originating status.

Check compliance with other provisions of Protocol 1.

Prepare documentary evidence

Documents that are required when exporting to the EU include the documents listed below. You can find additional information on [Access2Markets](#).

a) Commercial invoice

A commercial invoice is issued by the exporter to the importer in order to charge him/her for the goods and serves as evidence of a transaction. The invoice is always required for customs clearance.

b) Bill of lading

A bill of lading is a legal document issued by a shipping company (carrier) to the party supplying the goods being transported (the shipper/exporter). The bill of lading serves as evidence of a contract of carriage as well as receipt of goods by the carrier obliging the carrier to deliver the goods to the party designated to receive the shipment (consignee/importer).

c) Packing list

The packing list specifies the goods being shipped and the packaging details of each shipment such as weight, dimensions and handling conditions, among others. The list is prepared by the exporter and is required for customs clearance.

d) Proof of Origin

To claim preferential tariff treatment, products need to be accompanied by an appropriate proof of origin. Exporters in Lesotho have the following options to prove the origin of the goods being exported to the EU:

- i) Movement certificate EUR 1
- ii) Origin declaration made by:
 - An approved exporter
 - Any exporter for consignment of originating goods whose value does not exceed €6000.

In Lesotho, movement certificate EUR 1 forms are available from the Ministry of Trade, Industry and Business Development. Revenue Services Lesotho is responsible for authorizing the EUR 1 forms completed by exporters.

In addition to the above documents, the standard export procedure in Lesotho should be followed, including the Single Administrative Document (SAD) and the Exchange Control Declaration Form F178.

e) Single Administrative Document (SAD)

All goods exported from Lesotho must be declared to the Lesotho customs authorities using the SAD. The SAD can be completed by the clearing agent using the Automated System for Customs Data (ASYCUDA), a computerised customs management system for foreign trade procedures.

f) Exchange Control Declaration Form F178

F178 Exchange Control Declaration Forms are available from banks and the One-Stop Business Facilitation Centre in the Ministry of Trade, Industry and Business Development. The completed declaration form must be endorsed by a bank chosen by the exporter and is lodged by the clearing agent who scans it into the ASYCUDA system with all the other required documents.

Lesotho laws and regulations	One-Stop Business Facilitation Centre		http://www.obfc.org.ls/home/
	Lesotho eLicenses		http://www.lesotho.elicenses.org/
	Trade, Industry, Business Development and Tourism		https://www.gov.ls/trade-industry-business-development-and-tourism/
	Lesotho Trade Information Portal		https://www.lesothotradeportal.com/
Finding markets in the EU	TARIC		https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en
	International Trade Centre (ITC) Trade Map		https://www.trademap.org/
	ITC Market Access Map		https://www.macmap.org/
	ITC Export Potential Map		https://exportpotential.intracen.org/
Rules of Origin compliance	PROTOCOL 1 Concerning the definition of the concept of 'originating products' and methods of administrative cooperation	 	https://taxation-customs.ec.europa.eu/customs-4/international-affairs/origin-goods/general-aspects-preferential-origin/countries-africa-caribbean-and-pacific-acp_en https://trade.ec.europa.eu/access-to-markets/en/assets/SADC_Protocol-on-Rules-of-Origin.pdf
	Revenue Services Lesotho		https://www.rsl.org.ls/
	Access2Markets		https://trade.ec.europa.eu/access-to-markets/en/home
	Automated System for Customs Data (ASYCUDA)		https://asycuda.org/en/
Documents and formalities			