



Latest News

UNPACKING BRICS 2018

South Africa hosted the 10th BRICS Summit between the 25th and 27th July 2018 at the Sandton Convention Centre in Johannesburg.

The theme for the Summit was: "BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the 4th Industrial Revolution". The theme reflects on the core priorities of the BRICS members (Brazil, Russia, India, China and South Africa), namely to strive towards the creation of an inclusive society and global partnerships that will bring prosperity to all.

South Africa proposed co-operation in various areas, which includes **peacekeeping, vaccine research, gender (including a women's forum), advancing the 4th Industrial Revolution and tourism.**

In a statement following the conclusion of the recent BRICS Summit, Minister Mildred Oliphant, South African Minister of Labour, encouraged citizens of the BRICS Member States to make use of different opportunities available to them.

Speaking at the 4th Labour and Employment Ministerial Meeting (LEMM) held at Fairmont Zimbali Resort in KwaDukuza near Durban, KwaZulu-Natal on Thursday 2 August 2018, the Minister said: "Sharing and exchanging views on regulations and policies to shape our labour markets will provide the necessary impetus towards achieving our stated objectives. The wealth of experience and expertise in the BRICS countries, gives us invaluable competitive edge and the much-needed recipe to deal with the global challenges".

The Minister indicated that South Africa have put forward a three-year Working Implementation Plan for 2019-2021, to guide and ensure that all commitments taken at previous Labour and Employment Ministerial Meetings, are implemented, and that tangible outcomes are provided for our efforts.

The Minister stressed the link between Labour and Employment track with other BRICS work streams such as finance, education, global economic realities, trade as well as science, technology and innovation.

Minister Oliphant further told the delegates that these issues have been incorporated in the Draft Declaration for the Fourth Labour and Employment Ministerial Meeting. She concluded that "It is our desire that this will lead to more concrete projects to advance the mandate of the Labour and Employment track".

Visit <https://www.gov.za/speeches/minister-mildred-oliphant-encourages-exploitation-different-opportunities-available-brazil> for more information.

Customs Tariff Applications and Outstanding Tariff Amendments

The International Trade Administration Commission (ITAC) is responsible for tariff investigations, amendments, and trade remedies in South Africa and on behalf of SACU.

Tariff investigations include: Increases in the customs duty rates in Schedule No. 1 Part 1 of Jacobsens. These applications apply to all the SACU Countries, and, if amended, thus have the potential to affect the import duty rates in Botswana, Lesotho, Namibia, Swaziland and South Africa.

Reductions in the customs duty rates in Schedule No. 1 Part 1. These applications apply to all the SACU Countries, and, if amended, thus have the potential to affect the import duty rates in Botswana, Lesotho, Namibia, Swaziland and South Africa.

Rebates of duty on products, available in the Southern African Customs Union (SACU), for use in the manufacture of goods, as published in Schedule No. 3 Part 1, and in Schedule No. 4 of Jacobsens. Schedule No. 3 Part 1 and Schedule No. 4, are identical in all the SACU Countries.

Rebates of duty on inputs used in the manufacture of goods for export, as published in Schedule No. 3 Part 2 and in item 470.00. These provisions apply to all the SACU Countries.

Refunds of duties and drawbacks of duties as provided for in Schedule No. 5. These provisions are identical in all the SACU Countries.

Trade remedies include: Anti-dumping duties (in Schedule No. 2 Part 1 of Jacobsens), countervailing duties to counteract subsidisation in foreign countries (in Schedule No. 2 Part 2), and safeguard duties (Schedule No. 2 Part 3), which are imposed as measures when a surge of imports is threatening to overwhelm a domestic producer, in accordance with domestic law and regulations and consistent with WTO rules.

To remedy such unfair pricing, ITAC may, at times, recommend the imposition of substantial duties on imports or duties that are equivalent to the dumping margin (or to the margin of injury, if this margin is lower).

Countervailing investigations are conducted to determine whether to impose countervailing duties to protect a domestic industry against the unfair trade practice of proven subsidised imports from foreign competitors that cause material injury to a domestic producer.

Safeguard measures, can be introduced to protect a domestic industry against unforeseen and overwhelming foreign competition and not necessarily against unfair trade, like the previous two instruments.

Dumping is defined as a situation where imported goods are being sold at prices lower than in the country of origin, and also causing financial injury to domestic producers of such goods. In other words, there should be a demonstrated causal link between the dumping and the injury experienced.

The International Trade Commission of South Africa (ITAC) also publishes Sunset Review Applications in relation to anti-dumping duty in terms of which any definitive anti-dumping duty will be terminated on a date not later than five years from the date of imposition, unless the International Trade Administration Commission determines, in a review initiated before that date on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, that the expiry of the duty would likely lead to continuation or recurrence of dumping and material injury.

The latest application to amend the SACU Tariff was published as Customs Tariff Application List 05/2018 in Government Gazette No. 41781 of 20 July 2018.

In terms of the application SARS applied for a review of the description of tariff subheading 6210.10.20 in the SACU Common External Tariff (CET), to include universal disposable panties (which is currently not the case).

The current rate of duty on goods classifiable in SACU subheading 6210.10.20 is free, while some disposable panties, which are now used as, *inter alia*, theatre-wear for patients during surgical procedures, which are currently classifiable under tariff subheading 6210.10.90 currently attracts a rate of duty of 40%.

This appears to be an anomaly, and SARS therefore requested ITAC to review the industry to conduct an investigation into the industry with a view to amend the description to rectify the situation. It will also have the effect that the classification of disposable underwear under 6210.10 will be simplified.

The application was published under Notice No. 403 of 2018 in Government Gazette 41781.

Comments were due by 20 August 2018.

ITAC Reference 33/2017 refers. Enquiries should be directed to Mr Chris Sako at telephone (012) 394-3669 or e-mail csako@itac.org.za or Mrs Ayanda Gandhi at telephone (012) 394 3672 or e-mail endou@itac.org.za.

ITAC also published a notice of the initiation of an investigation into the alleged dumping of clear float glass originating in or imported from Saudi Arabia and the United Arab Emirates. The Notice (Notice No. 456 of 2018) was published in Government Gazette 41839 of 17 August 2018.

The products in question are classifiable under tariff subheadings 7005.29.17, 7005.29.23, 7005.29.25 and 7005.29.35.

The period for investigation will be 1 March 2017 to 28 February 2018.

Responses to the questionnaire and any information regarding the matter and any arguments concerning the allegation and dumping and the resultant material injury and threat of material injury must be submitted in writing to the Senior Manager: Trade Remedies I, International Trade Administration Commission of South Africa (ITAC), Private Bag X753, PRETORIA, 0001 or it must be delivered to the ITAC Offices in Block E of the DTI Campus at 77 Meintjies Street in Sunnyside, PRETORIA.

Customs Tariff Amendments

With the exception of certain parts of Schedule No. 1, such as Schedule No. 1 Part 2 (excise duties), Schedule No. 1 Part 3 (environmental levies), Schedule No. 1 Part 5 (fuel and road accident fund levies), the other parts of the tariff is amended by SARS based on recommendations made by ITAC resulting from the investigations relating to Customs Tariff Applications received by them. The ITAC then investigates and makes recommendations to the Minister of Trade and Industry, who requests the Minister of Finance to amend the Tariff in line with the ITAC's recommendations. SARS is responsible for drafting the notices to amend the tariff, as well as for arranging for the publication of the notices in Government Gazettes.

Parts of the South African Tariff are not amended resulting from ITAC recommendations.

These parts (for example Parts of Schedule No 1 other than Part 1 of Schedule No. 1), must be amended through proposals that are tabled by the Minister of Finance, or when the Minister deems it expedient in the public interest to do so.

Once a year, big tariff amendments are published by SARS, which is in line with the commitments of South Africa and SACU under international trade agreements.

Under these amendments, which are either published in November or early in December, the import duties on goods are reduced under South Africa's international trade commitments under existing trade agreements.

The following amendments to the SACU Common External Tariff were published on Friday 3 August 2018:

Provisional payments in relation to Safeguard Duties

Provisional payments of 42,09% in the form of safeguard duty have been imposed on imports of other screws, fully threaded with hexagon heads, made of steel, classifiable in subheading 7318.15.39, as recommended in ITAC Report No. 589.

The provisional payments will apply up to and including 18 February 2019.

Temporary rebate of Customs Duty: Subheadings 7216.32 and 7216.33

Provision has been made in Part 2 of Schedule No. 4 for rebates item 460.15/7216.32/01.06 and 460.15/7216.33/01.06 in order to create a rebate facility for the importation of certain structural steel in the form of H and I sections classifiable in tariff subheadings 7216.32 and 7216.33 as recommended in ITAC Report No. 577.

The provisions will provide manufacturers with the opportunity to import I sections of iron or non-alloy steel not further worked than hot-rolled, hot-drawn or extruded, of a height of 530 mm or more; and H sections of iron or non-alloy steel not further worked than hot-rolled, hot-drawn or extruded, of a height and width of 300 mm x 300 mm or more, classifiable under HS tariff subheadings 7216.32 and 7216.33, to import the products in question without payment of duty (the MFN and MERCOSUR import duty rates are 10%) subject to certain conditions, which includes a permit from a government body (in this case from the International Trade Administration Commission of South Africa).

Reduction in MFN (General) and MERCOSUR Customs Duty rates: Subheading 3901.40

The MFN (General) and MERCOSUR rates of duty on ethylene-alpha-olefin copolymers having a specific gravity of less than 0,94, classifiable under HS tariff subheading 3901.40 have been reduced from 10% to free as recommended in ITAC Report No. 584.

The Notices to implement the amendments (Notices R. 792 to R. 794) were published in Government Gazette 41812 of 3 August 2018.

The rates of duty on sugar, classifiable in the subheadings of heading 17.01 of the HS were also increased from 233,81c/kg to 419,52c/kg due to the increase in the Dollar-Based Reference Price on sugar from US\$556/ton to US\$690/ton as recommended in ITAC Report No. 588. The notice to implement the ITAC recommendation (Notice R. 798) was published in Government Gazette 41818 of 3 August 2018.

Lastly, the **annual quota for frozen bone-in cuts of the species Gallus Domesticus** imported from or originating in the United States of America is increased by the amendment of Rebate Item 460.03/0207.14.9/01.07 to increase the annual quota for bone-in cuts for the species *Gallus Domesticus*, frozen, classifiable in tariff item 0207.14.9 imported from or originating in the United States of America to 65 417 metric tonnes as recommended in ITAC Minute 06/2018. The effect of the amendment is that the anti-dumping duty on chicken imported under this rebate provision is rebated. The notice to implement this amendment (Notice R. 775) was published in Government Gazette No. 41798 of 27 July 2018. This amendment will apply with retrospective effect to 1 April 2018.

Numerous tariff amendments were published on the 10th of August 2018:

ITAC Report No. 551 recommended that safeguard duties be imposed on certain flat hot-rolled steel products classifiable under heading 72.08 and subheadings 7211.19, 7225.30, 7225.40, 7225.91 and 7225.99 to take remedial action against a surge of imports on the products in question. The notice to implement the recommendation took effect on 11 August 2017. Since safeguard duties are temporary measures, they must be phased out over a period of three years. Three notices were thus published to implement the existing rate of safeguard duty (initially 12% with effect from 11 August 2017), and to gradually reduced the rate of 12 to 10% and 8% respectively with effect from 11 August 2018, and then from 11 August 2019 until the expiry date of 10 August 2020.

Following various requests from relief on the safeguard duties on the steel products in question, ITAC recommended in Report 565 of 17 October 2017 that temporary rebate provisions be created on the ordinary customs duty and safeguard duties applicable to the products in question. Notices R. 1474 and R. 1475 to introduce the rebate item and to amend the safeguard duty provision to make reference to the rebate item were published in Government Gazette 41353 of 22 December 2017.

Following the request for the creation of the rebate provision, ITAC received information from various importers/manufacturers for the creation of rebate provisions. Investigations were conducted and ITAC subsequently made recommendations in Reports 582 and 583 that more rebate provisions be created for structural steel products and wear resistant products (Report 582) as well as a number of other products classifiable under the subheadings of 72.08 and 72.25 that are subject to the safeguard duties.

Notices to introduce the new rebate provisions, and to amend the safeguard duty provisions by excluding the goods that are covered by the rebate provisions for the various periods have been published in Government Gazette No. 41828 of 10 August 2018. Notice Numbers R. 811 to R. 821 refer.

The only current provisions are R. 812 and R. 816 (in respect of the safeguard duty) and R. 818 (in respect of the rebate items) and R. 820 and R. 822 in respect of the safeguard duty provisions.

The loose-leaf amendments will be sent to subscribers under cover of Supplement 1107.

Customs Rule Amendments

The Customs and Excise Act is amended by the Minister of Finance. Certain provisions of the Act are supported by Customs and Excise Rules, which are prescribed by the Commission of SARS. These provisions are numbered in accordance with the sections of the Act. The rules are more user-friendly than the Act, and help to define provisions which would otherwise be unclear and difficult to interpret.

Forms are also prescribed by rule, and are published in the Schedule to the Rules.

The Rules to Section 38 of the Customs and Excise Act, Act 91 of 1964, was amended by the insertion of Rule 38.14A in the Rules to Section 38 (dealing with Customs Clearance) to provide for the Southern African Customs Union Unique Consignment Reference (SACU UCR).

This is an effort of the Customs authorities in Southern Africa to align their Customs procedures with the standards of the World Customs Organization (WCO), and is in line with efforts to harmonise procedure in the SACU which have not been aligned before.

The amendment (DAR 177) was published in Government Gazette No. 41798 of 27 July 2018

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