

PERMITS

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION POLICY IN
RESPECT OF THE CONSIDERATION OF APPLICATIONS FOR PERMITS
IN TERMS OF ITEM 409.07 FOR REBATE OF THE DUTY ON GOODS
TEMPORARILY EXPORTED FOR OUTWARD PROCESSING**

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1. The objective of rebate item 409.07 is to encourage manufacturing activities that could otherwise not be undertaken and thereby contribute to the economy in the Customs Union. The issue of a 409.07 permit is therefore only recommended in those cases where, in the absence of the permit, production will be lost to the local industry. Permits will therefore not be issued in cases where such a concession would erode the protection and encouragement afforded manufacturers of products similar to those imported.
2. Rebate permits of this type are granted when a specific stage of the manufacturing process cannot be carried out in the customs union owing to factors such as a dearth of local production capacity, technology or expertise. Justification for the granting of the concession exists only if value is added by local processing before exporting and/or as a result of further local processing after import.
3. In respect of gold the policy is not to recommend permits for the export of gold (albeit raw gold or gold in a limited processed form classifiable under tariff heading 71.08). The reasons for this are that:
 - (i) the high value of gold and the high percentage it therefore represents of the final product's value would result in such a concession eroding the protection of the local industry.
 - (ii) the nature of the gold market complicates to a significant extent the ability to assess whether in the absence of a permit, production of the product to be exported will in fact be lost to the local industry; and
 - (iii) the variety of products competing in the same market renders it virtually impossible to assess whether the product to be imported will compete with a product manufactured in the Customs Union.

An export permit issued by the Reserve Bank is not sufficient justification for the granting of a 409.07 permit for the export of gold.

