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GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TRADE AND INDUSTRY**NOTICE 296 OF 2020****INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA****NOTICE OF EXPIRATION OF REBATE CERTIFICATES ISSUED UNDER REBATE ITEM 412.11/00.00/01.00 OF THE FOURTH SCHEDULE TO THE CUSTOMS AND EXCISE ACT, 91 OF 1964**

This notice serves to remind interested parties that all rebate certificates issued by the International Trade Administration Commission of South Africa ("ITAC") under Rebate Item 412.11/00.00/01.00 ("Rebate Item 412.11") of the Fourth Schedule to the Customs and Excise Act, 91 of 1964 will expire at midnight on Sunday, 31 May 2020. ITAC will not be issuing new certificates after 31 May 2020.

BACKGROUND

1. On 15 March 2020, the Minister of Cooperative Governance and Traditional Affairs, Dr Nkosazana Dlamini Zuma, declared a national state of disaster in terms of Section 27(2) of the Disaster Management Act, 57 of 2002. (See Government Gazette Notice No. 43096 of 15 March 2020).
2. A result of the Minister's declaration, Rebate Item 412.11 became operational. Rebate Item 412.11, which is an extraordinary measure, provides for a full rebate of customs duty for eligible imports, based on a rebate certificate issued by ITAC.
3. Rebate Item 412.11 does not contemplate an open-ended duty-free importation of goods. Rather, only goods imported for "the relief of distress of persons" are eligible for a rebate of customs duties. Consequently, after consultation, ITAC compiled a list of critical supplies of products that, upon submission and approval of an application, would be eligible for tariff relief for a limited period.
4. ITAC imposed certain conditions when issuing rebate certificates, including that the certificate would be valid for the clearance of eligible imported products until 31 May 2020. This condition was stipulated on each certificate.

DISCUSSION

5. The above rebate certificate programme has seen significant imports of products used to combat the spread of the Covid-19 virus, in particular face masks and hand sanitisers. Currently, there is no indication, based on information available to ITAC, that there still is (or will be) a shortage of these and other critical products used in combatting the Covid-19 virus, such that the continued incentivising of imports through a full rebate of customs duties is necessary.

6. On a policy level, customs duties serve to assist domestic industries experiencing import competition. The domestic production of various items, in particular face masks and hand sanitiser, means that extending the regime for duty-free importation of these products would undermine the very purpose for which ITAC granted tariff protection with adverse consequences for local manufacturing in affected sectors, especially in light of the current economic conditions in South Africa.

7. In light of the foregoing consideration, rebate certificates issued by ITAC will not be extended or renewed after 31 May 2020 and any portion of the quota allocated in these certificates which remains unused after the expiry date will be forfeited. Additionally, no new rebate certificates will be issued after 31 May 2020.

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Contact Centre Tel: 012-748 6200. eMail: info.egazette@gpw.gov.za
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