



International Trade Administration Commission of South Africa





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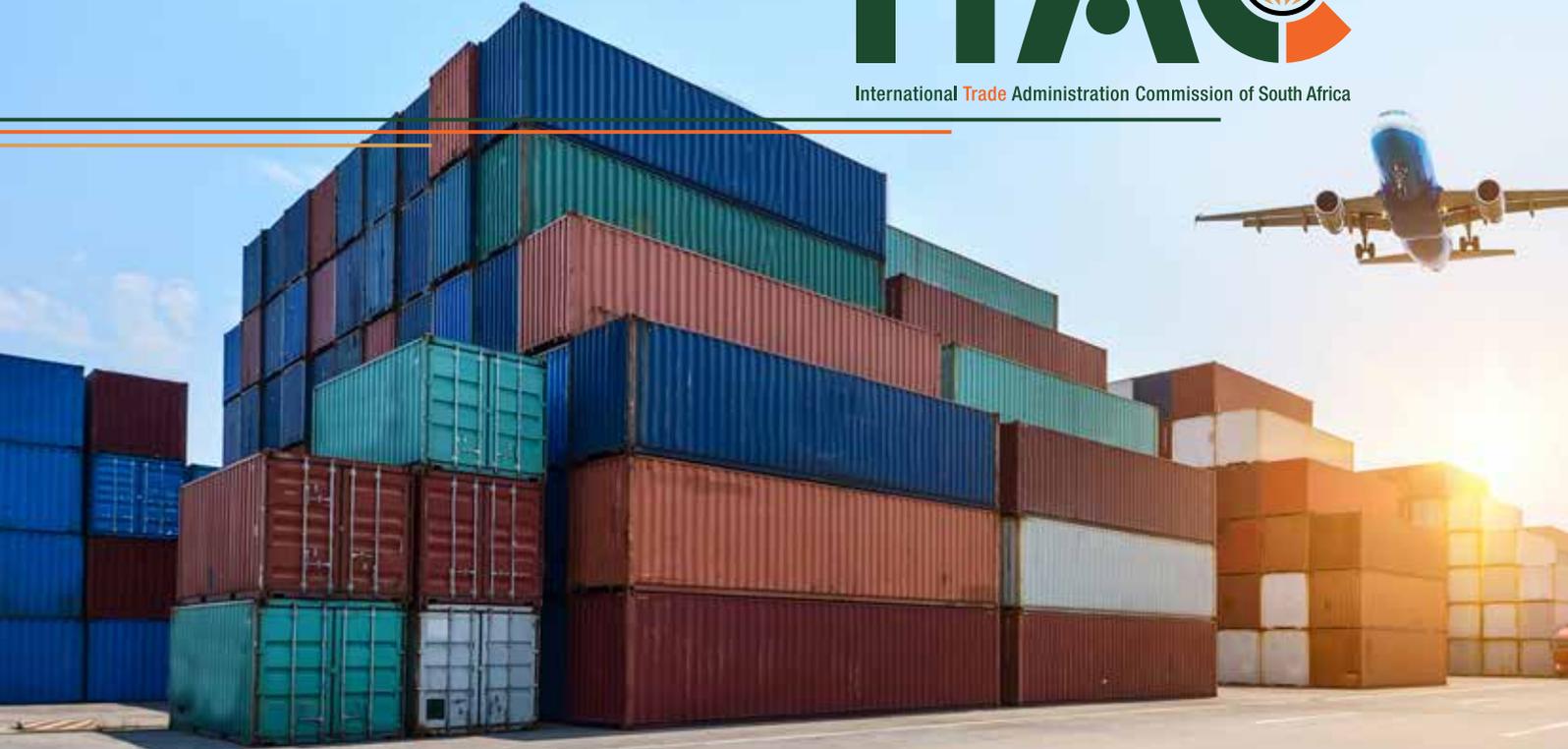
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ITAC



International Trade Administration Commission of South Africa



enabling



FAIR TRADE

MANDATE, VISION, MISSION and CORE VALUES



Mandate

ITAC was established through an Act of Parliament, the International Trade Administration Act, (Act 71 of 2002), which came into force on 1 June 2003.

The aim of ITAC, as stated in the Act, is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Union Area by establishing an efficient and effective system for the administration of international trade subject to this Act and the Southern African Customs Union (SACU) Agreement. The core functions are: customs tariff investigations; trade remedies; and import and export control.



The Commission meets once a month to evaluate investigations conducted by its investigators and make recommendations to the Minister of Trade and Industry. The ITA Act provides for a full-time Chief Commissioner, Deputy Chief Commissioner and a maximum of ten Commissioners who can be appointed to serve on a part-time basis. The Commissioners come from diverse back grounds including: Economics, International Trade Law, Agriculture, Business and Labour.



Vision

An institution of excellence in international trade administration, enhancing economic growth and development.

Mission

ITAC aims to create an enabling environment for fair trade through:

- Efficient and effective administration of its trade instruments; and
- Technical advice to the Economic Development Department and the dti.

Core Values

ITAC is guided by the following set of core values:

- Integrity;
- Trust;
- Accountability; and,
- Commitment.



TARIFF INVESTIGATIONS

The objectives of the Tariff Investigations Unit are to promote, in a complementary manner, domestic production, job retention and creation, and international competitiveness. This is done by investigating applications for rebate and drawback permits and for tariff relief and support. The process of applications is rigorous and evidence-based and includes extensive research, verifications, preparation of written submissions and assessment of the merit of the applications.

Tariff support is tied to conditions related to economic performance over time and is reviewed after a specified period. This means that tariff amendments are conditional on a commitment by beneficiaries on how they will perform against government's set policy objectives.

Services

Increase in the customs duty

Tariff increases are considered for the purpose of granting relief for domestic producers that may be experiencing threatening import pressures to adjust and restructure so that in the medium to long term these industries could become internationally competitive without any support in the form of customs duties. This is made possible by the fact that there is difference between the applied rates and the WTO bound rates.

Reduction in the customs duty

A reduction or removal of duties is considered on a case-by-case basis on resource-based inputs to lower input costs into labour intensive industries in order to increase global competitiveness and also in instances where goods, (consumption goods, intermediate goods or capital goods) are not manufactured domestically or unlikely to be manufactured domestically.

Rebate or drawback of the customs duty

In instances where a product is not produced or insufficiently produced domestically or not produced in the required specifications as an industrial or agricultural input for certain critical applications, a customs duty waiver can be provided, allowing for exemption of duty on products for which detailed separate tariff lines are impracticable for tariff administration purposes.

These rebate provisions introduced by ITAC over the

years for a variety of products are standing rebate and drawback provisions in schedules No. 3, 4 and 5 to the Customs and Excise Act and are administered by SARS.

Schedule No. 3 makes provision for industrial rebates for manufacturing purposes, allowing manufacturers, including the motor vehicle and textile and clothing industries, to source their intermediate material and component inputs at world prices.

Schedule No. 4 makes provision for products for which there are temporary shortages on the domestic market, and generally also for consumption and capital goods for which separate tariff lines are not feasible.

Schedule No. 5 is similar to Schedule 3 and 4, except that drawbacks (refunds) of duties are provided for, not rebates, which requires that duties are paid first and then refunded after an investigation by Customs.



A number of provisions in Schedule 3, 4 and to a lesser extent Schedule 5 are introduced annually, whilst some are deleted when they no longer serve the required purpose or if the duty has been reduced in Part 1 of Schedule No.1 of the Customs and Excise Act, 1964. Approximately 10% to 12% of all imports enter the country through the utilization of some or other rebate or drawback provision.

Turnaround time to finalise tariff investigations (Increase, Reduction and Creation of rebate of the customs duty)

Generally it takes an average of 4 months for sectors in distress and 6 months for normal investigations.

The procedure for conducting tariff investigations

Applications for customs duty amendments are received from industry. ITAC may also decide to conduct proactive investigations.

All these applications go through the following stages:

- Application to ITAC.
- submission for preliminary consideration by Commission.
- Publication of an investigation through a Government Gazette notice.
- Receive public comments from interested parties.
- Commission makes final finding.
- Submit a report with the recommendation to the Minister of Trade and Industry.
- The Minister of Trade and Industry may accept or reject the recommendation.
- If the Minister of Trade and Industry accepts the recommendation to make an amendment, the Minister will request the Minister of Finance to implement the recommendation.

Permit applications to ITAC for rebate or refund of the duty

ITAC administers the export-promoting rebate provision 470.03 and drawback provision 521.00 in Schedule No.4 and 5 of the Customs and Excise Act.

This rebate or refund of duty is an incentive that allows manufacturers to source their materials and components at world prices, thus improving their competitiveness in export markets. Other rebate provisions are also administered by ITAC on a permit basis instance where a product is not available in SACU in the required quantities or specifications.

Procedure for assessing rebate and drawback permit applications

- Submit application to ITAC.
- Adjudicate merits of the application.

- Submission prepared for consideration by the delegated authority.
- Approve/Reject application for rebate permit.

Turnaround time

2 weeks.

APDP

The Automotive Production and Development Programme (APDP) was implemented effectively from 01 January 2013 and is aimed at creating an environment that will enable registered light motor vehicle manufacturers to significantly grow production volumes and component manufacturers to significantly grow value addition, leading to the creation of additional employment opportunities across the automotive value chain.



The programme comprises the following four elements:

- Tariffs.
- Production Incentive (PI).
- Volume Assembly Allowance (VAA).
- Automotive Investment Scheme (AIS).

ITAC administers the above-mentioned elements with the exception of the AIS, which is administered by the dti.

(i) Tariffs

This element of the APDP aims to keep customs duties stable at 25% for vehicles and 20% for automotive components for all registered entities.

ii) Procedure for administering eligibility of products to qualify for PI

- Preliminary assessment of applications for eligibility.
- Adjudication of applications for eligibility of products by the APDP Technical Working Group (TWG).
- Verification conducted if necessary.
- Recommendation made by APDP TWG for consideration by delegated authority.

iii) Procedure for administering rebate credit claims generated from PI

- Submission of claims by industry.
- Verification of claims by delegated authority.
- Issue Production Rebate Credit Certificate (PRCC)/Rejection notice.
- Original PRCC sent to SARS.
- Copy of PRCC forwarded to the beneficiary.

PRCCs can be transferred among participants

iv) The procedure for transfer of PRCCs claims

- Submission of authorisation to transfer PRCCs.
- Verification of unused balance of PRCCs with SARS.
- Issue PRCC to authorised beneficiary.
- Original PRCC sent to SARS.
- Copy of PRCC forwarded to the beneficiary to authorised beneficiary and original holder.

(v) Procedures for administering the Company Specific Percentages (CSP) for VAA

- Light motor vehicle manufacturers submit applications for CSP on a quarterly basis.
- Verification of application by delegated authority.
- CSP certificate is sent to SARS for the calculation of the VAA.
- Copy of the CSP certificate is forwarded to the applicant.

Turnaround time

EPC: 10 days after recommendation by APDP TWG.

PRCC: 30 days after receipt of duly completed claim.

CSP: 104 days after receiving applications for CSP.

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TRADE REMEDIES

ITAC is the authority responsible for trade remedies in South Africa. The Trade Remedies Unit of ITAC administers the trade remedies instruments through investigation of alleged dumping, subsidised imports and a surge of imports into the SACU, in accordance with domestic legislation and consistent with WTO Rules. These instruments are a critical government intervention to retain jobs and promote investments.

Anti-Dumping Investigations:

Of the three instruments, most applications received are for anti-dumping investigations. Anti-dumping duties are imposed as protection for a SACU industry against unfair trade practices, where foreign producers export products to SACU at prices lower than their domestic selling prices, causing or threatening to cause material injury to the SACU industry. The purpose is to level the playing field to ensure that foreign firms compete fairly with the domestic firms.

Anti-Dumping Investigation Procedure.

The investigation follows the procedure below:



Time Frame:

The investigation follows the procedure below:

The process to complete an anti-dumping investigation, takes an average of 10 months from the date of initiation of an investigation.

Countervailing Investigations

Countervailing duties are imposed to offset the injury to the SACU industry caused by subsidised imports. The procedure followed and the time taken to complete an investigation, are similar to that of an anti-dumping investigation.

Review of anti-dumping and countervailing duties

A review involves a re-examination of the level of dumping and/or material injury and/or the need for the continued imposition of anti-dumping or countervailing duties.

There are different types of reviews:

- Sunset review.
- Anti-circumvention review.
- Interim review.
- New-shipper review.

More information on these different types of reviews can be obtained from the Trade Remedies Unit.

Safeguard Investigations

Safeguards are short-term measures to remedy serious injury to a SACU industry caused by a sudden surge in imports as a result of unforeseen events.

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IMPORT AND EXPORT CONTROL

Import and export control measures essentially are applied to enforce health, environmental, safety, and technical standards that arise from domestic laws and international agreements, such as the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, and the 1988 UN Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

In addition, all used and second-hand goods are subject to import control. Enforcement and inspections are also conducted to ensure effective compliance with conditions contained in permits, compliance with provision of the Regulations and for detection of contraventions of the Act.

The primary function of the Unit is the administration of the provisions of the International Trade Administration Act, 2002, (Act 71 of 2002), with regards to the issuing of import and export permits of Section 6 of the Act and investigations and enforcement in terms of Part E of the Act.

Procedure of applications for import permits

- Receive permit application and check for completeness.
- Adjudicate permit application in terms of the regulations and policy.

- Reject/approve permit application.
- Forward letter of rejection.
- Import permit via electronic permit system.
- Post permit/keep for collection/deliver to Customs/ export permit/forward electronically to Customs.

A list of goods that are subject to import and export control measures is available on the ITAC website (www.itac.org.za).

Some of the products subject to import control include:

- **Radioactive chemical elements**

Control is exercised to assist the Department of Health (radiation control) to control and monitor the importation of radioactive isotopes and chemical elements for medical and industrial purposes.



- **New pneumatic tyres**

Control is exercised to assist the National Regulator for Compulsory Specifications (NRCS) in ensuring that all new pneumatic tyres comply with the safety/quality specification and that tyres have been subjected to a process of homologation.

- **Chemicals listed in the 1988 Convention**

Control is exercised to assist the SAPS in ensuring that importers/ exporters of listed chemicals are recorded and the movements of these chemicals are adequately monitored as required by the Convention.

- **Fossil fuels**

Fossil fuels are controlled to assist the Department of Mineral Resources in regulating the industry for purposes of promoting efficient manufacturing, wholesaling and retailing of petroleum products, creating an environment for investment, and creating small business and employment opportunities in the industry.

- **Arms and ammunition**

Arms and ammunition is controlled to assist the SAPS with maintaining safety and security.

- **Gambling devices**

Gambling devices are controlled for social reasons and quality. To assist the National Gambling Board in the development of the industry with specific reference to manufacturing and Information Technology. Also, to ensure compliance with NRCS specifications.

Used goods

- **Used electronic equipment**

Used electronic equipment is controlled to assist the Department of Environment Affairs to address the problem of dumping of electronic waste.

- **Used medical equipment**

Used medical equipment is controlled to assist the Department of Health to address the problem of inferior quality used medical equipment being imported, such as used x-ray machines.

- **Used aircraft**

The importation of used aircraft is controlled to assist the Civil Aviation Authority and ensuring that the requirements of airworthiness have been complied with.

- **Waste and scrap**

Waste and scrap is controlled as the generation of waste and scrap exceeds recycling programmes resulting in many developed countries paying developing countries for receiving waste and scrap for purpose of landfill.



However, in many instances the importation of waste and scrap is allowed as a raw material for manufacturing purposes such as waste paper, glass, rubber or lead. In all these instances, the provisions of the Basel Convention must be complied with.

Procedure of application for export permits

- Receive permit application and check for completeness.
- Advise on requirements of that a permit.
- Adjudicate permit application in terms of the regulations and policy.
- Reject/approve permit application.
- Post/keep for collection/deliver to Customs.

Turnaround time

It takes 2 working days on average with an exception of export permits for scrap metals which take 10 working days for circulation plus time for processing and issuing.

Some of the products subject to export control measures

Include:

- **Tiger's eye and sugulite**

The exportation of precious stones, such as tiger's eye and sugulite is controlled to assist the Department of Mineral Resources with strategies for domestic beneficiation.

- **Raw materials for manufacturing**

The exportation of ferrous and non-ferrous waste and scrap, for example, is controlled to assist the local foundries with acquiring ferrous and non-ferrous waste and scrap at affordable prices.

- **Assisting strategies for crime prevention**

The exportation of used motor vehicles is controlled to assist law enforcement agencies in curtailing the exportation of used or stolen motor vehicles.

- **Control in terms of international agreements**

Export control measures are also exercised to comply with the provisions of the mentioned international agreements.

Enforcement and Investigations

Investigate contravention of the International Trade Administration Act manufacturers, importers or any other interested party of whom the sustainable economic business activities are in jeopardy due to the illegal importation/proposed exportation of goods, the importation/exportation of which are subject to the provisions of the Act, may lodge a formal complaint with the Import and Export Control Unit.

Purpose

- Ensure compliance with conditions contained in permits.
- Ensure compliance with provisions of the Act and Regulations.
- Curtail contravention of the Act.



Procedure

- Receipt of complaint from industry or Proactive investigation by ITAC.
- Visit premises and inspect goods and applicable documentation.
- Adjudicate to ensure that a contravention occurred.
- Seize goods and remove or leave on premises.
- Institute legal proceedings.

Turnaround time

6 to 12 months.



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