

REPORT NO. 554

**TECHNICAL CORRECTIONS TO THE SACU TARIFF
STRUCTURE ON CERTAIN TARIFF LINES**

The International Trade Administration Commission of South Africa herewith presents its Report No. 554: **Technical corrections to the SACU tariff structure on certain tariff lines**



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CHIEF COMMISSIONER

PRETORIA
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REPUBLIC OF SOUTH AFRICA

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA**

REPORT NO. 554

**TECHNICAL CORRECTIONS TO THE SACU TARIFF STRUCTURE ON
CERTAIN TARIFF LINES**

Synopsis

The Commission considered an application by the International and Trade Economic Development (ITED) division of **thedti**, to effect technical corrections to South Africa's tariff structure on certain tariff lines by adjusting the current level of duties to the respective WTO bound rate levels.

As reason for the application, ITED stated that in light of the previous periodic reviews and changes to the Harmonized System ("HS") by the Committee of the World Customs Organisation ("WCO") and in terms of South Africa's WTO obligations, it is imperative that South Africa complies with its market access commitments to the WTO and the provisions of its multilateral trade agreements. This is particularly relevant where South Africa is exceeding its WTO bound rate commitments.

The Milk Producers' Organisation (MPO) and the South Africa Milk Processors' Organisation (SAMPRO) supported the application.

The Commission recommended that the duty structure on the tariff subheadings concerned be adjusted to the WTO bound rates.

1. THE APPLICATION AND TARIFF POSITION

- 1.1. The International Trade and Economic Development (“ITED”) Division of **thedti**, requested the Commission to effect technical corrections to the SACU tariff structure on certain tariff lines by adjusting the current levels of duty to the respective WTO bound rate levels.
- 1.2. The Harmonized System (“HS”) Committee of the World Customs Organisation (“WCO”) has, since 01 January 1989, been undertaking periodic reviews of the HS nomenclature to take account of changes in technology and patterns in international trade. These periodic reviews to the HS are recommended every four or five years. The sixth amendment to the HS was introduced on 01 January 2017 (i.e. HS2017).
- 1.3. Table 1 below indicates the current HS2017 tariff structure for products classifiable under tariff subheadings 0405.20, 3301.90.20 and 3301.90.30:

Table 1: Current tariff structure of the products concerned

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of Duty				
				General	EU	EFTA	SADC	MERCOSUR
04.05		Butter and other fats and oils derived from milk; dairy spreads:						
	0405.20	Dairy spreads	Kg	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	Free	500c/kg with a maximum of 79%

33.01		Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils:						
	3301.90	Other						
	3301.90.20	Extracted oleoresins obtained from extraction of opium	Kg	15%	Free	Free	Free	15%
	3301.90.30	Extracted oleoresins obtained from extraction of liquorice	Kg	15%	Free	Free	Free	15%

1.4. Following an analysis of the HS amendments, ITED found that certain tariff lines in Part 1 of Schedule No. 1 of South Africa's current version of the Harmonised Customs Tariff, are not in compliance with South Africa's WTO tariff binding commitments. As such, ITED requested the following technical corrections to the tariff structure of the products listed in Table 1 above:

Introduction of two 8-digit tariff subheadings under tariff sub-heading 0405.20, as follows:

Tariff heading	Tariff subheading	Description	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
04.05		Butter and other fats and oils derived from milk; dairy spreads:					
	0405.20	Dairy spreads:					
	0405.20.**	With a milk fat content of 39 per cent or more but less than 75 per cent	500c/kg with a maximum of 37%	500c/kg with a maximum of 37%	500c/kg with a maximum of 37%	Free	500c/kg with a maximum of 37%
	0405.20.**	Other	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	Free	500c/kg with a maximum of 79%

Adjustment of the following tariff subheadings from the applied rate of duty to the WTO bound rate:

Tariff Subheading	Description	Applied rate	Bound rate	Proposed amended rate of duty
3301.90.20	Extracted oleoresins obtained from extraction of opium	15%	12%	12%
3301.90.30	Extracted oleoresins obtained from extraction of liquorice	15%	12%	12%

1.5. As reason for the application, ITED stated the following:

“In light of the previous periodic reviews and changes to the Harmonized System (“HS”) by the Committee of the World Customs Organisation (“WCO”) and in terms of South Africa’s WTO obligations, it is imperative that South Africa complies with its market access commitments to the WTO and the provisions of its multilateral trade agreements. This is particularly relevant where South Africa is exceeding its WTO bound rate commitments.”

2. COMMENTS ON THE APPLICATION

- 2.1. The application was published in the Government Gazette on 17 March 2017 for interested parties to comment.
- 2.2. Comments in support of the application were received from the Milk Producers' Organisation (MPO) and the South African Milk Processors' Organisation (SAMPRO).

3. RECOMMENDATION

- 3.1. The Commission is in support of the application by ITED and recommends that the duty structure on the tariff subheadings concerned be adjusted to the WTO bound rate level as indicated below:

Introduction of two 8-digit tariff subheadings under tariff sub-heading 0405.20, as follows:

Tariff heading	Tariff subheading	Description	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
04.05		Butter and other fats and oils derived from milk; dairy spreads:					
	0405.20	Dairy spreads:					
	0405.20.**	<i>With a milk fat content of 39 per cent or more but less than 75 per cent</i>	500c/kg with a maximum of 37%	500c/kg with a maximum of 37%	500c/kg with a maximum of 37%	Free	500c/kg with a maximum of 37%
	0405.20.**	<i>Other</i>	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	500c/kg with a maximum of 79%	Free	500c/kg with a maximum of 79%

Adjustment in the rate of customs duty on the following tariff subheadings by reducing it from 15 per cent ad valorem to the WTO bound rate of 12 per cent ad valorem:

Tariff Subheading	Description	Rate of duty
3301.90.20	Extracted oleoresins obtained from extraction of opium	12%
3301.90.30	Extracted oleoresins obtained from extraction of liquorice	12%