

## **EXPLANATORY MEMORANDUM**

### **AMENDMENT FOR IMPLEMENTATION ON 1 JANUARY 2018**

The draft amendments of the Schedules to the Customs and Excise Act, 1964, Act No. 91 (the Act), are implemented **with effect from 1 January 2018**.

The amendment in Part 1 of Schedule No. 1 include –

Deletions:	5
Substitutions:	70
Insertions:	15

The proposed amendments are in respect of –

- the phase-down of the rates of duty for 2018 in terms of the Economic Partnership Agreement (EPA) between the European Union (EU) and the Southern African Development Community (SADC) EPA States in Part 1 of Schedule No. 1; and
- various technical amendments to Schedule No. 1 to the Act.

#### **1. The phase-down of duties in terms of EPA**

In terms of the EPA which entered into force on 10 October 2016, South Africa has an obligation to amend the rates of duty on certain products listed in Part 1 of Schedule No. 1 to the Act on an annual basis, with effect from 1 January of a particular year.

The phase-down of duties in terms of EPA for 2018 relates to the following:

- 1.1 Fish classifiable in tariff subheadings 0302.13, 0302.14, 0303.14 and 0305.41, in Section A, Annex II, listed as staging category “B\*” shall be reduced to a preference margin of 50 per cent of the most favoured nation (MFN) rate of duty;
- 1.2 Fish in Chapters 3 and 16, in Section A, Annex II, listed as staging category “C\*” shall be reduced to a preference margin of a 70 per cent of the MFN rate of duty; and
- 1.3 Industrial products classifiable in tariff subheadings 6103.43.10, 6103.43.20 and 6103.43 .90, in Section A, Annex II, listed as staging category “PM40\*” shall be reduced with a preference margin of 40 per cent compared to MFN applied tariff.

## **2. Technical amendment to the Schedules of the Act**

### **2.1 Amendments in Part 1 to Schedule No. 1**

#### **2.1.1 Request from Glo Pro signage manufactures for the inclusion of photoluminescent in tariff subheading for self-adhesive plates**

Traffic Signs & Marketing trading as Glo Products (Glo Products) is a company that specialises in photoluminescent safety signs. Tariff heading 39.19 provides for self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls. Currently the goods are classified in tariff subheadings 3919.10.03, 3919.10.40, 3919.90.03 and 3919.90.37, however, the subheadings cover all self-adhesive sheets of acrylic polymers or polyethylene terephthalates (PET).

Glo Products requested SARS to include photoluminescent film of acrylic polymers and PET. The subheadings will assist industry to monitor volumes of imports and collect statistical data.

The following tariff subheadings are deleted:

3919.10.03	Of polyethylene terephthalates
3919.90.03	Of polyethylene terephthalates
3919.90.37	Of other acrylic polymers

The following tariff subheadings will be inserted:

3919.10.02	Of polyethylene terephthalates, photoluminescent
3919.10.04	Other, of polyethylene terephthalates
3919.10.38	Of acrylic polymers, photoluminescent
3919.90.02	Of polyethylene terephthalates, photoluminescent
3919.90.04	Other, of polyethylene terephthalates
3919.90.38	Of other acrylic polymers, photoluminescent
3919.90.39	Other, of other acrylic polymers

The following tariff subheadings are substituted:

3919.10.39	Other, of acrylic polymers, coated with microspheres or microprisms
3919.10.40	Other, of acrylic polymers

### **2.1.2 Request from AR Industries for the creation of 8-digit tariff subheadings on mayonnaise**

AR Industries, a local manufacturer of mayonnaise and other condiments is unable to establish the volumes of mayonnaise imported into South Africa and at what price. There is no tariff subheading that provides for mayonnaise specifically. Mayonnaise is currently classified under a residual tariff subheading 2103.90.90, which provides for “other”.

The following tariff subheading is deleted:

2103.90.90	Other
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The following tariff subheadings are inserted:

<b>2103.90.9</b>	<b>Other:</b>
2103.90.91	Mayonnaise, put up in packaging for retail sale
2103.90.95	Other mayonnaise
2103.90.99	Other

### **2.1.3 Request from AR Industries for the creation of 8-digit tariff subheadings on peanut butter**

AR Industries also requested the insertion of 8-digit tariff subheadings to make a distinction between bulk peanut butter and those packed for retail sale.

AR Industries are considering the establishment of a peanut butter production line, but need specific trade data to determine the import market. Peanut butter is classifiable in tariff subheading 2008.11.10, but there is no distinction between products supplied packed for retail sale or supplied in bulk. There is also no distinction between smooth and crunchy textured peanut butter.

The following tariff subheading is deleted:

2008.11.10	Peanut butter
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The following tariff subheadings are inserted:

<b>2008.11.1</b>	<b>Peanut butter:</b>
2008.11.11	Smooth, put up in packaging for retail sale
2008.11.15	Other, put up in packaging for retail sale
2008.11.19	Other