

EXPLANATORY MEMORANDUM

AMENDMENT TO THE SOUTH AFRICAN HS TARIFF 2011

The amendment of Schedule No. 1 Part 1, Part 2A and 2B, Part 3A and 3B, Part 5A and 5B, Schedule No. 2, Schedule No. 3 and Schedule No. 6 of the Customs and Excise Act, 1964, is scheduled for implementation **with effect from 1 January 2011**.

The following Government Notices are included in this amendment:

R. No. 1119	Schedule No. 1 Part 1
R. No. 1120	Schedule No. 1 Part 2A
R. No. 1121	Schedule No. 1 Part 2B
R. No. 1122	Schedule No. 1 Part 3A
R. No. 1123	Schedule No. 1 Part 3B
R. No. 1124	Schedule No. 1 Part 5A
R. No. 1125	Schedule No. 1 Part 5B
R. No. 1126	Schedule No. 2
R. No. 1127	Schedule No. 3 Part 1
R. No. 1128	Schedule No. 6

The amendment includes the following:

1. The phase-down of duties in terms of the free trade agreement with the EU

The phase-down of duties in terms of the EU agreement relates to Annex III List 3, List 4 and List 5 for industrial products, including the phase-down in terms of the Addendum to the EU Agreement applicable to the motor vehicle industry, and Annex VI List 3 for agricultural products.

2. The phase-down of duties in terms of the free trade agreement with EFTA

The phase-down of duties in terms of the EFTA agreement relates to the following:

- Fish and other marine products in Annex IV, table 3 categorised as List 4;
- Industrial products in Annex VII., table I categorised as List 3, List 4 and List 5;
- Agricultural products in Annex VII, table 2 categorised as List 4 and List 5; and

2.

- Agricultural products in Annex I of the Agricultural agreement between the SACU States and Switzerland, table I categorised as List 3.

3. The phase-down of duties in terms of MIDP

The phase-down of duties in terms of the recommendations made by the International Trade Administration Commission in M4/2009 dated 28 October 2009, pertaining to the Motor Industry Development Programme (MIDP) includes the following:

- The general rate of duty on light motor vehicles is reduced to 26%; and
- the rates of duty on original equipment components of Chapter 98 are reduced to 21%.

4. Reduction in the rate of duty on paper and paperboard

The phased reduction in the general rate of duty on paper and paperboard of Chapter 48 in terms of the recommendations made by the International Trade Administration Commission in Report No. 151 dated 8 February 2006.

The reductions of the general rates of duty for 2011 are as follows:

- (i) 4809.20, 4816.20 and 4816.90.10 are reduced to 1,3%;
- (ii) 4802.54.90, 4802.55.90, 4802.56.90, 4802.57.90, 4802.58.90, 4802.61.90, 4802.62.90, 4802.69.90, 4810.13.20, 4810.14.10, 4810.19.10, 4810.22.10, 4810.29.10, 4810.31.10, 4810.32.10, 4810.39.10, 4810.92.10, 4810.99.10, 4811.10.10, 4811.41.10, 4811.49.10, 4811.51.10, 4811.59.10, 4811.60.10 and 4811.90.10 are reduced to 1,95%
- (iii) 4811.41.90 is reduced to 8%

5. Reduction in the rate of duty on aluminium products classifiable under tariff headings 76.06 and 76.07

The reduction in the general rate of duty on aluminium products classifiable under tariff headings 76.06 and 76.07 in terms of the recommendations made by the International Trade Administration Commission in Report No. 270 dated 5 August 2008.

3.

The general rate of duty for 2011 is reduced to 1,3% for the following subheadings in 76.06 and 76.07:

7606.11.07, 7606.11.17, 7606.12.07, 7606.12.17, 7606.91.07, 7606.91.17, 7606.92.07, 7606.92.17, 7607.11, 7607.19.90 and 7607.20.90.

6. Reduction in the general rate of duty on organic surface-active agents and primary plastic polymers

The general rate of duty on certain organic surface-active agents and primary plastic polymers is reduced in terms of recommendations made by the International Trade Administration Commission in Report No. 282 dated 20 May 2009.

The general rate of duty for 2011 is reduced as follows:

3402.11.10	–	2,6%
3402.13	–	2,6%
3901.10	–	1,3%
3901.20	–	1,3%
3902.10.90	–	1,3%
3902.30	–	1,3%
3904.10	–	1,3%
3905.21	–	1,3%

7. Technical amendments to the Schedules of the Act

7.1 Request for additional tariff subheadings in Schedule No. 1 Part 1

7.1.1 Request from DEA for separate subheadings to identify chemicals that are restricted for use as active ingredients in the formulation of pesticides in terms of the Rotterdam Convention

South Africa acceded the Rotterdam Convention for Prior Informed Consent (PIC) Procedure for certain hazardous chemicals and pesticides in international trade, in September 2002.

4.

In addition to the 8-digit subheadings inserted in 2010 to facilitate the control of these chemicals, the following subheadings are now inserted:

2903.51.10	Lindane (ISO, INN)
2903.51.20	Alpha-hexachlorocyclohexane (alpha HCH)
2903.51.30	Beta-hexachlorocyclohexane (beta HCH)
2903.51.90	Other
2903.52.10	Aldrin (ISO)
2903.52.20	Chlordane (ISO)
2903.52.30	Heptachlor (ISO)
2920.11.09	Parathion
2924.12.20	Fluoroacetamide
2924.12.30	Monocrotophos
3824.82.10	Polychlorinated biphenyls
3824.82.90	Other

7.1.2 Request from Department of Environmental Affairs (DEA) for separate subheadings to identify used tyres in terms of the Waste Tyre Regulations of 2009 that came effective on 30 June 2009

The Waste Tyre Regulations place certain restrictions on tyre producers engaged in the commercial manufacture or import of tyres and retreadable casings, or imported vehicles fitted with tyres.

In order to be able to report adequately on waste tyre management, DEA requested the insertion of new 8-digit subheadings for used commercial and industrial tyres.

The following new 8-digit subheadings are inserted:

4012.20.10	Of a kind used on motor vehicles (including station wagons and racing cars)
4012.20.20	Of a kind used on buses or lorries
4012.20.90	Other

5.

7.1.3 Request from CBC Fasteners (Pty) Ltd for the creation of separate 8-digit subheading for certain screws and bolts classifiable in tariff subheading 7318.15

As a result of the wide scope of goods that are classified in tariff subheading 7318.15 it is impossible for the industry to segment, categorise and adequately analyse the origin, specific volumes and quantities imported into the SACU region. This often results in avoidance of the protective duty and industry finds it difficult to ascertain whether adequate protection applies to the locally produced goods.

The creation of additional tariff subheadings will enable industry to monitor the origin and pricing of imported bolts and screws and assist in making the SACU industry more competitive.

The following subheadings are inserted:

7318.15.35 Other screws and bolts (including bolt ends, screw studs and screw studding), of stainless steel (excluding those that are fully threaded with hexagon heads)

7318.15.37 Other screws and bolts, fully threaded with hexagon heads, of stainless steel

7318.15.39 Other screw, fully threaded with hexagon heads (excluding those of stainless steel)

7318.15.41 Bolt ends, screw studs and screw studding (excluding those of stainless steel and those identifiable for aircraft)

7318.15.43 Other bolts (excluding bolt ends, screw studs and screw studding) with hexagon heads

7.1.4 Request from Ussher Inventions (Pty) Ltd trading as Lasher Tools for the creation of a separate subheading for wheelbarrows in tariff subheading 8716.80

Lasher Tools is the largest manufacturer of non-mechanical tools in the SACU region and produces in excess of 1200 different stock items that include 7 different types of wheelbarrows. Lasher Tools is also actively involved in the export market.

6.

The current structure of tariff subheading 8716.90 makes it very difficult to obtain exact trade data on wheelbarrows imported and the local manufacturer is unable to monitor the importation of goods that are in direct competition with the locally produced wheelbarrows.

The following subheadings are inserted:

8716.80.10 Wheelbarrows

8716.80.90 Other

7.1.5 Request from the Textile Federation for the creation of a separate tariff subheading for blankets

The Textile Federation (Texfed) is the industrial organisation for producers of textiles in the SACU region.

The reason for this application is that the SACU blanket industry is under constant pressure as a result of blankets being imported under tariff subheading 9404.90

The industry requires vital statistical information to support a request to the International Trade Administration Commission for possible anti-dumping duties on those particular type of blankets.

The following is inserted:

Additional Note 1 to Chapter 94:

“For the purposes of subheading 9404.90.10, the expression “blankets” means articles of bedding consisting of pile fabric on one or both sides internally fitted with any material.”

9404.90.10 Blankets as defined in Additional Note 1 to Chapter 94

9404.90.90 Other

7.1.6 Request from Parrot Products (Pty) Ltd for the creation of a separate 8-digit subheading for whiteboard in heading 9610.00

Parrot Products (Pty) Ltd is one of the local manufacturers of “whiteboards” in the SACU region. However, heading 9610.00 does not distinguish between the different types of boards and slate used for writing and drawing purposes.

7.

The local manufacturers would like to obtain accurate statistical data on the specific products that are produced in SACU in order to ascertain whether any protection is necessary from competitive products imported.

The following subheadings are inserted:

- 9610.00.10 With a dry-erasable surface designed for use with non-permanent felt or fibre tipped markers
- 9610.00.90 Other

7.2 Alignment of Schedule No. 1 Part 1 with Schedule No. 1 Part 2, 3 and 5 and Schedule No. 6

To optimise the effectiveness of SARS' clearing system in ascertaining the correct duties, levies, VAT, documentary requirements and prohibitions or restrictions, it is important that this information can be linked to a specific tariff subheading.

For this reason SARS has embarked on an alignment project to ensure that goods listed in the Schedules of the VAT Act as exempted, can be identified on importation and that duties payable in terms of other parts of Schedule No. 1 of the Customs Act can be linked to a specific commodity listed in Schedule No. 1 Part 1.

The alignment of Schedule No. 1 Part 2A and Part 2B also required consequential alignment in Schedule No. 6 that provides for refunds and rebates of locally manufactured goods.

Amendments relating to wine and spirits will only be published for implementation in March 2011.

7.3 Amendment of the country of origin for certain anti-dumping items listed in Schedule No. 2

Although both "Republic of China" and "China" designate Mainland China, for the sake of consistency, the reference to "Republic of China" is replaced with "China", where it appears in Part 1 of Schedule No. 2.

8.

The following anti-dumping items are amended:

211.06/5503.20/01.06
211.06/5503.20/02.06
215.02/7324.10/01.06
215.02/7324.10/02.06
215.02/7324.10/03.06

7.4 The following rebate items in Schedule 3 have become redundant because the imported goods are free of duty. As a consequence the rebate items will be deleted

306.01/29.21/10.00
306.01/2921.41/01.06
306.04/29.18/01.00
306.09/2918.19/01.00
306.09/29.34/01.00
306.09/29.34/02.00
306.09/29.34/03.00
307.01/29.18/01.00
307.01/29.18/02.00
307.01/29.24/01.00
307.01/7018.20/01.06
311.01/39.06/01.00
312.02/67.02/01.00
316.01/84.09/01.00
316.01/8501.40/01.06
316.05/26.02/01.00
316.16/8517.70/01.06
317.09/84.08/01.00
320.01/84.82/01.007.

7.9 The tariff subheading to rebate item 311.40/5408.1 is replaced as it is technically not correct to reflect the provision on a 5-digit level

Deleted:

311.40/5408.1/01.05

Inserted:

311.40/5408.10/01.06