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South Africa Trade Update and Review of Recent Trade-related Developments

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South Africa Trade Update and Review of Recent Trade-related Developments

by Taku Fundira

Introduction

This paper provides an update of South Africa's trading relationships with its major partners both at the regional and global level. With the triple challenge of poverty, unemployment and inequality continuing to prevail in South Africa, trade remains a key catalyst to stimulate and accelerate growth along a path that generates, sustainable, decent jobs in line with the national development plan (NDP) and the national growth path (NGP). Important to note that the tariff remains a key instrument to industrial policy in South Africa and as such, the National Industrial Policy Framework (NIPF) and the Industrial Policy Action Plan (IPAP) are central components of this strategy, along with the National Trade Policy Strategy Framework (NTPSF) and seek to encourage and upgrade value-added, labour-absorbing industrial production[1].

Recently South Africa is focusing on Africa to boost its trade and to this effect created the Trade Invest Africa Initiative in 2016 which aims to be the arm of the Department of Trade and Industry (dti) that coordinates and implements South Africa's economic strategy for Africa, premised on the Development Integration approach. The initiative will focus on advancing the priorities for Africa set out in the Industrial Policy Action Plan (IPAP) and the National Export Strategy, as well as the opportunities uncovered through Continental trade negotiations. Trade Invest Africa is mandated to contribute to increasing the levels of intra-Africa trade by facilitating South Africa's exports of value-added goods and services, while creating sourcing relationships for imports from other African markets[2].

Looking at overall economic performance in 2016, nominal GDP was estimated at R1 087 billion, with year-on-year growth in the third quarter of 2016 at 0.7%, while real GDP increased by 0.4% in the first nine months of 2016 compared with the first nine months of 2015. The finance, real estate and

[1] Vickers, B. 2014. *South Africa's Trade Policy and Strategy Framework,* Presentation to the Select Committee on Trade and International Relations, 30 July 2014. [online] http://www.thedti.gov.za/parliament/TPSF.pdf
[2] http://www.dti.gov.za/trade_investment/trade_investment_Africa.jsp

business services industry has recorded positive growth every quarter since the fourth quarter of 2010[3]. The weak performance is attributed to lower commodity prices, higher borrowing costs, diminished business and consumer confidence, and severe drought. Although GDP growth is forecast to remain subdued in 2016 and 2017, improved global conditions and rising confidence are expected to result in a moderate improvement in economic growth by 2018[4].

Unemployment reached 27.1% in third quarter (Q3) of 2016, which is 1.6 percentage points higher than 25.5% seen in Q3 of 2015. The expanded definition of unemployment, which includes people who have stopped looking for work currently sits at 36.3%[5]. Interesting to note is that given the high levels of unemployment government recently announced a proposed national minimum wage of R3500 which is aimed at reducing income poverty and inequality, a move which critics argue that will not further stifle job creation.

Another cornerstone of government's commitment to building a more agile, competitive economy is the promotion of investment and development of public - sector infrastructure. Public-sector capital expenditure of R865.4 billion is projected over the next three years[6]. For local firms to boost output and remain competitive, the economy requires, amongst others, greater investment, and research and development, particularly in fast-growing and emerging sectors. As infrastructure constraints ease, private-sector investment is expected to increase. Among other efforts by government, the Invest SA initiative launched in 2016 aims at promoting inward investment. The initiative includes one-stop shops at national and provincial level to help investors with the procedures required to start up and run a business, and provide streamlined access to registration and authorisation processes[7].

The next section looks at the trade update and related developments, which is then followed by a section dealing with tariff investigations and trade remedies during the past year.

Trade Update & Recent Developments

This section provides a snapshot of South Africa's trade performance, globally and with select trading partners. The aim is to give an idea of South Africa's main partners, and the major products or sectors that South Africa is trading in. All data is sourced from the United Nations (UN) International trade Centre (ITC) TradeMap database. As data quality is always an issue, we note that this data is similar to

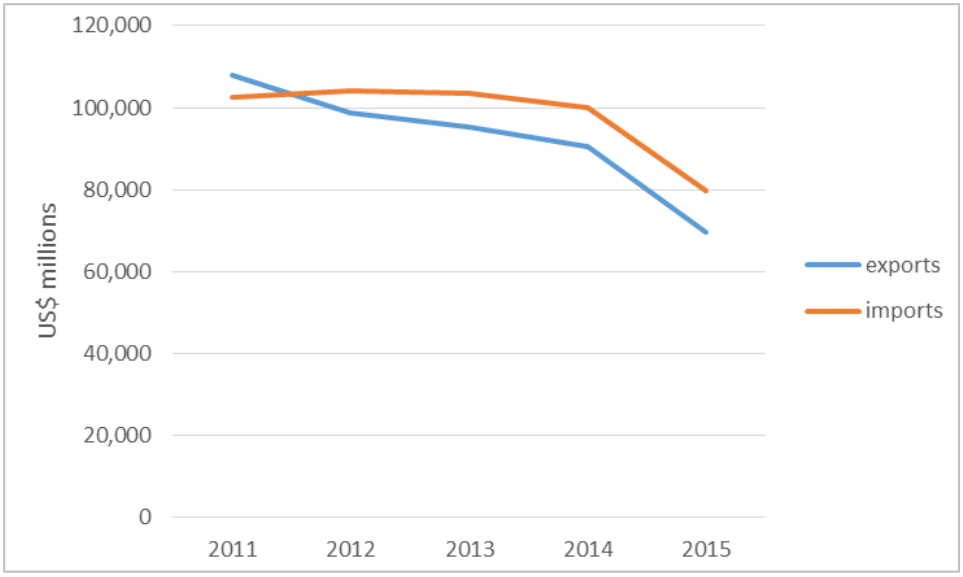
[3] http://www.statssa.gov.za/?p=9208
[4] 2016 Budget Review, Department of National Treasury, Pretoria [online]: http://www.treasury.gov.za/documents/national%20budget/2016/review/chapter%202.pdf
[5] https://businesstech.co.za/news/government/144055/south-african-unemployment-rate-hits-13-year-high/
[6] Ibid, 2016 Budget Review
[7] http://www.gov.za/Invest%20SA%3AOnestopshop

that produced by South Africa Revenue Services (SARS) and preference to use this database instead of SARS database is simply on the functionality aspects of the two databases. The data analysed in this report is over a five year review period from 2011-2015, thus the review period referred in this paper will imply the period between 2011 and 2015. For tariffs we make use of the ITC MacMap database.

Big Picture – trade overview

Over the review period (2011-2015), South Africa's overall trade performance has been on the decline, and since 2011, South Africa's has maintained a trade deficit. Exports and imports have declined by a compound annual growth rate (CAGR) of 10% and 6% respectively over the review period. Current export and import values were estimated at about US$70 billion and US$80 billion in 2015 respectively. Figure 1 provides a graphical trend overview of South Africa's overall trade performance.

Figure 1: South Africa's total import and export trends (2011- 2015)



Source: UN ITC TradeMap Database

Table 1 provides an overview of South Africa's trade performance with its top 15 trading partners for both exports and imports for the review period 2011-2015 (latest available data). From table 1, the following can be noted:

Exports:

- While China is the major destination of South Africa's exports from an individual country perspective, the EU market is also important, with four of its member states (Germany, UK,

Belgium and Netherlands) in the top 15 and having a combined 15% share of South Africa's total exports. The EU as a whole accounts for 21% of South Africa's total exports in 2015.

- In the region, the SADC and SACU markets are also important for South Africa, with Namibia and Botswana accounting for 11% share of exports, while Zambia, Mozambique and Zimbabwe each having a 3% share of South Africa's exports in 2015.

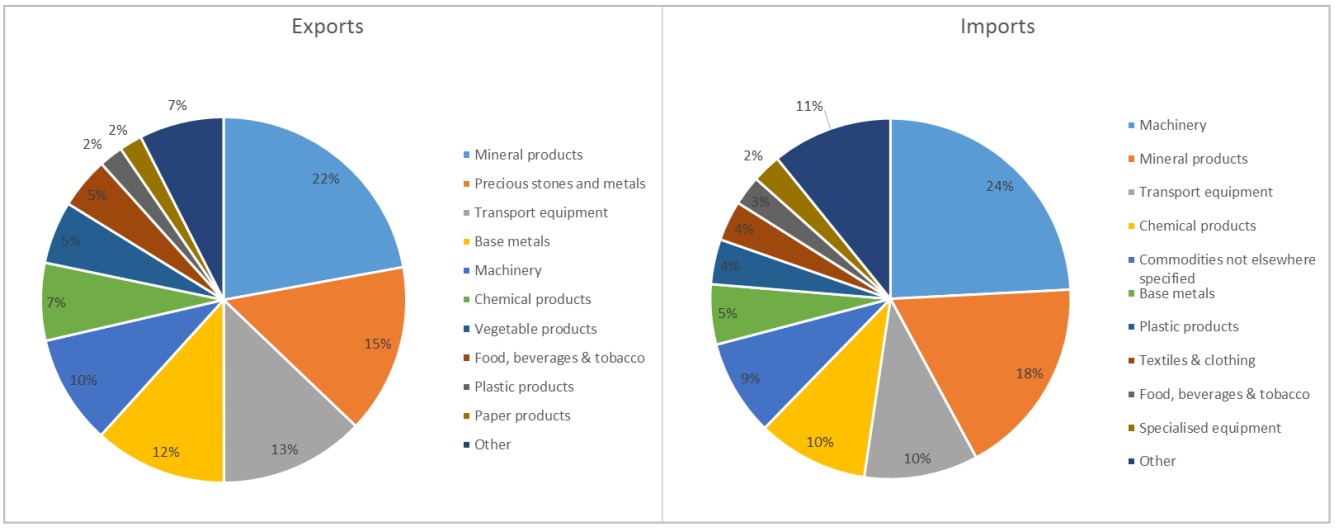
Table 1: South Africa's trade performance with its top 15 trading partners (2011-2015)

RSA exports to the World (US$ millions)					RSA imports from the World (US$ millions)				
Importers	**2011**	**2015**	**% share (2015)**	**% CAGR (2011-2015)**	**Exporters**	**2011**	**2015**	**% share (2015)**	**% CAGR (2011-2015)**
World	107,946	69,631		-10%	World	102,699	79,591		-6%
China	12,495	5,803	8%	-17%	China	14,195	14,603	18%	1%
USA	8,172	5,248	8%	-10%	Germany	10,662	9,424	12%	-3%
Germany	5,468	4,237	6%	-6%	USA	7,982	5,293	7%	-10%
Namibia	4,289	3,846	6%	-3%	Nigeria	3,119	4,579	6%	10%
Botswana	4,570	3,792	5%	-5%	India	4,015	3,940	5%	0%
Japan	7,624	3,644	5%	-17%	Japan	4,731	3,063	4%	-10%
India	3,373	3,147	5%	-2%	UK	4,083	2,492	3%	-12%
UK	3,919	3,057	4%	-6%	Saudi Arabia	4,445	2,218	3%	-16%
Area Nes	10,914	2,662	4%	-30%	Italy	2,697	2,019	3%	-7%
Belgium	2,117	2,291	3%	2%	Thailand	2,264	1,793	2%	-6%
Zambia	2,372	2,191	3%	-2%	France	2,760	1,662	2%	-12%
Mozambique	2,408	2,144	3%	-3%	Singapore	1,128	1,338	2%	4%
Netherlands	2,906	1,825	3%	-11%	Brazil	1,667	1,281	2%	-6%
Zimbabwe	2,429	1,793	3%	-7%	Spain	1,379	1,244	2%	-3%
Hong Kong, China	1,244	1,486	2%	5%	Angola	1,585	1,211	2%	-7%
Rest of World	**33,645**	**22,465**	**32%**	**-10%**	**Rest of World**	**35,988**	**23,431**	**29%**	**-10%**

Source: UN ITC TradeMap Database

Looking at product composition, our analysis is relatively aggregated and thus provides an overview of product groups, this analysis is indicative of major sectors or product groups. The analysis is depicted in figure 2 below which shows that South Africa's exports remain largely dominated by natural resource based mineral products, while imports are fairly sophisticated value added products that include machinery, transport equipment and chemical products amongst the top 10 product groups.

Figure 2: Product group composition of South Africa's global trade (2015)



Source: UN ITC TradeMap Database

Looking at performance of specific products traded by South Africa in comparison to global trade, the following can be highlighted:

Exports (refer to figure 3):

- Edible fruits and nuts (HS08) is the top performer which increased South Africa's share in world exports between 2011-2015;
- The bulk of products in which South Africa is a net exporter (blue dots) are also products which have been losing market share despite global demand increasing. These are products located in the upper left quadrant in figure 3.
- Commodity based products were affected most as these were losing market share in an environment where international demand was also declining.

For imports the majority of products have been losing market share in South Africa despite international supply increasing. Amongst the major imports losing market share in South Africa, include HS85-electrical equipment; HS84-machinery and HS73-articles of steel (see figure 4).

Figure 3:

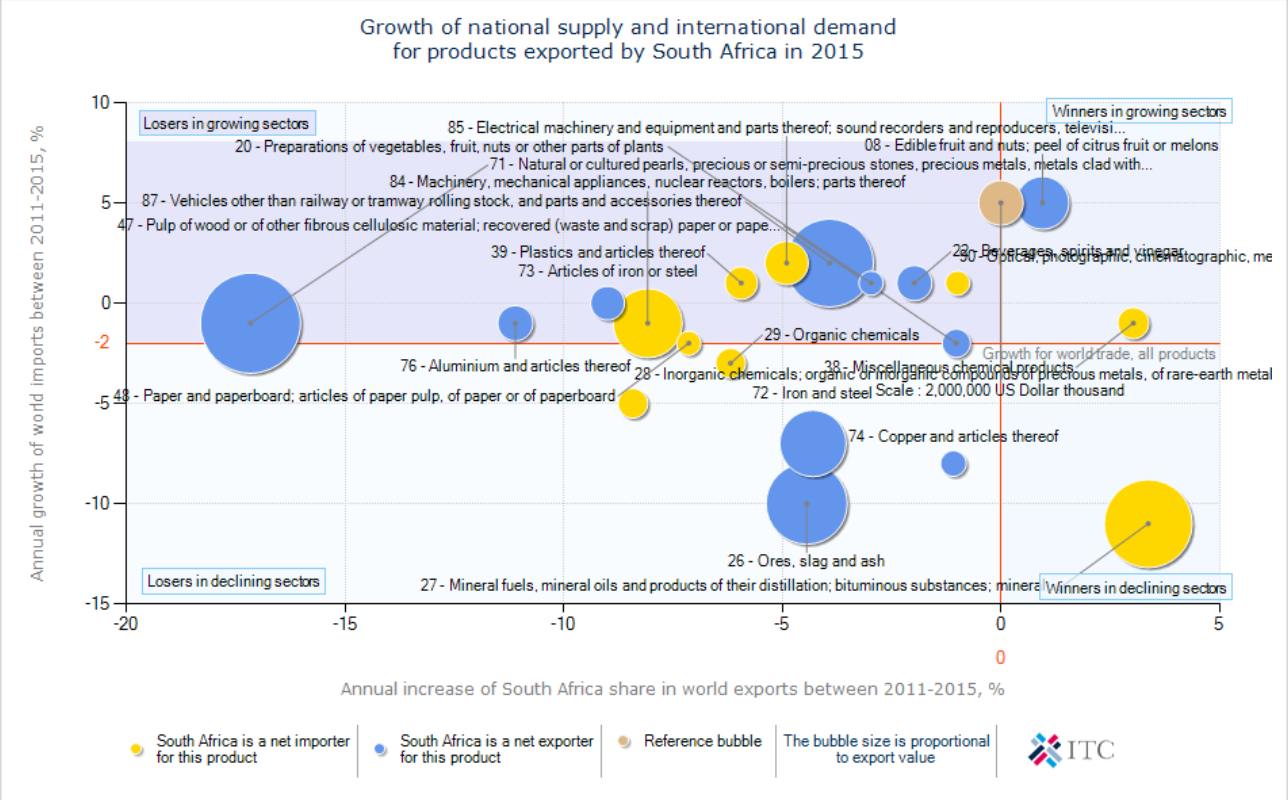
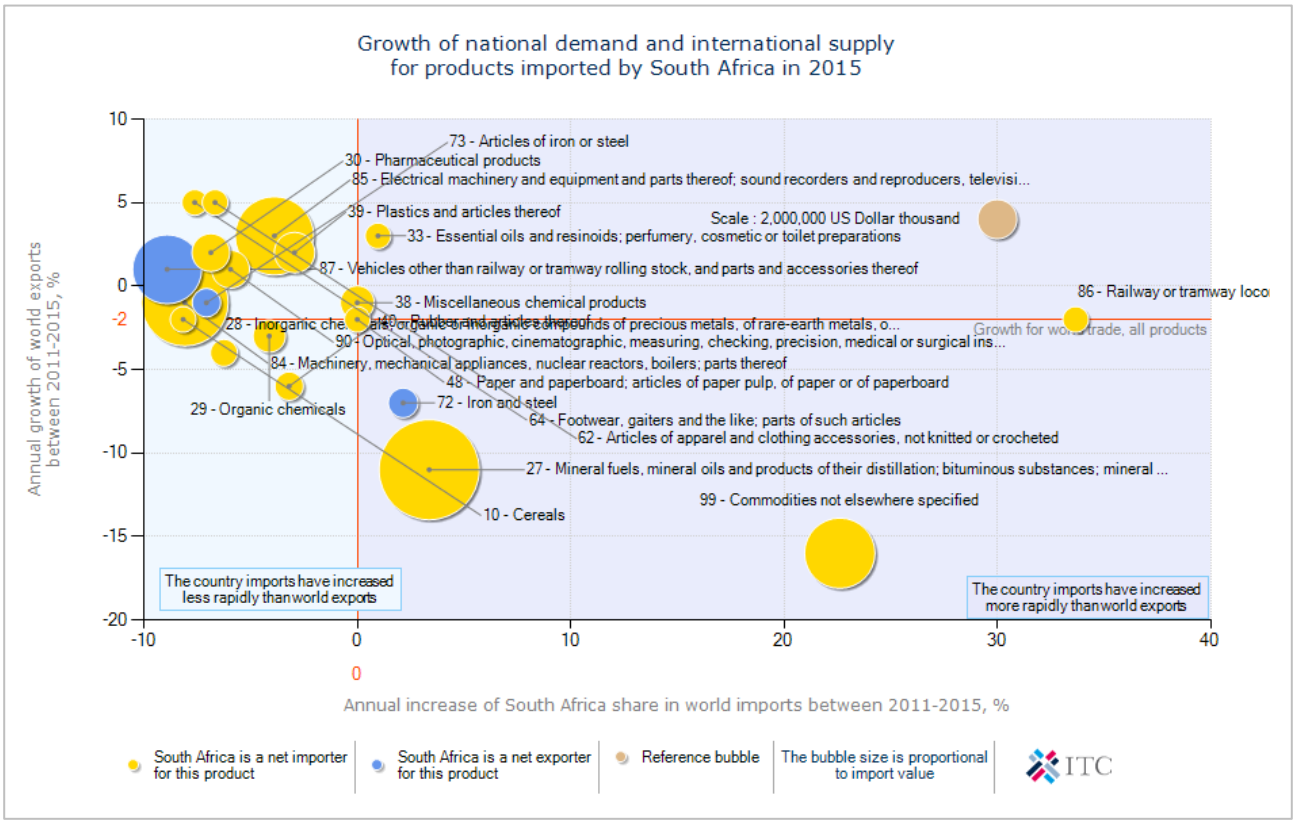


Figure 4:



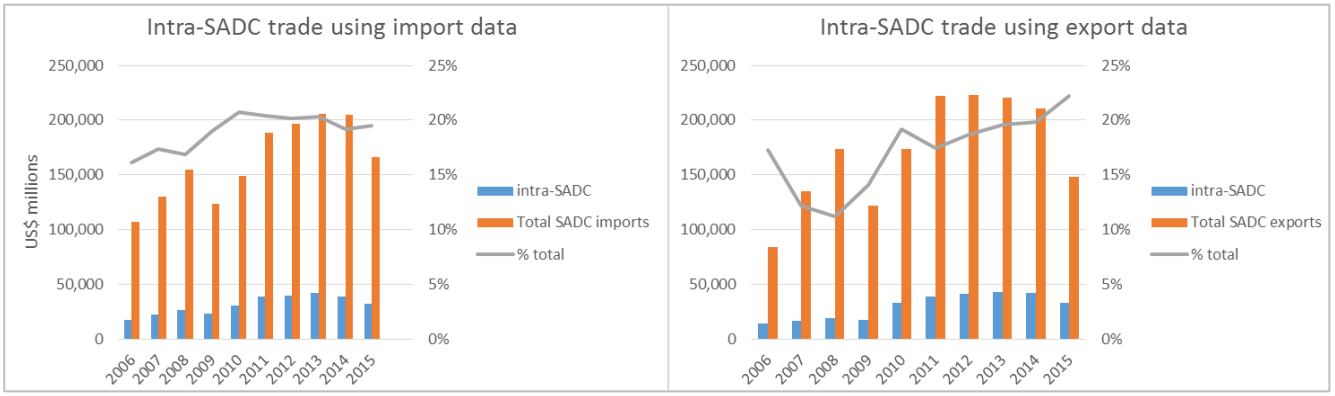
Source: UN ITC TradeMap Database

Intra-SADC trade performance[8]

Our analysis goes back to 2006 when countries were in the process of phasing down tariffs in preparation for the launch of the SADC Free Trade Area (FTA) and looking at figure 5 which highlights the intra-SADC trade as well as total SADC trade (imports and exports). Note that intra-SADC trade is almost the same whether one considers, imports or exports. From figure 5; we can note the following:

- total intra-SADC trade has not grown significantly over the period 2006-2015, with estimates indicating a value of just above US$ 17.2 billion in 2006 up to about US$ 32.4 billion in 2015. In nominal growth terms, this is almost double the value of trade, however, this represents a 7% compound annual growth (CAGR);
- in terms of proportion of intra-SADC trade to total trade, this rose from around 16% (17%) in 2006 up to around 20% (22%) depending on which dataset one looks at and here figures in brackets represent export data in figure 1.
- what is interesting to note is that despite the phase down in tariffs, SADC countries continued to trade much more with third party countries rather than SADC member states as envisaged under the SADC Trade Protocol.

Figure 5: Intra-SADC trade performance (2006-2015)



Source: UN ITC TradeMap database

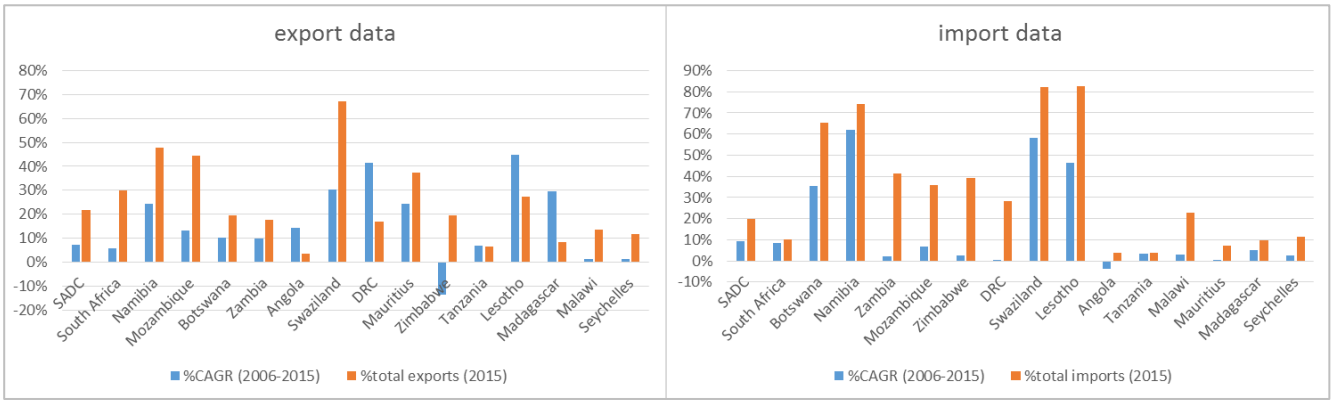
Looking at specific country performance figure 6 provides more insight in terms of growth in intra-SADC trade and the extent to which individual countries are trading intra-regionally amongst themselves. Starting with exports, Swaziland, Mozambique, Namibia and Mauritius rely more on the SADC market for their exports. Over 65% of Swaziland exports are destined for SADC, while close to 40% for Mauritius. South Africa, the biggest economy in SADC exports about 30% of its total export to

[8] This section is taken from earlier analysis by the author to be published by tralac

SADC. In terms of growth, countries that experienced significant growth (CAGR) over the review period 2006-2015 include Lesotho (45%); DRC (42%); Madagascar (30%); Swaziland (30%) with Namibia and Mauritius experiencing growth of 24% over the review period. Zimbabwe is the only country that experienced negative growth in exports, having been the second largest exporter after South Africa in 2006; it ranks tenth in 2015. However, despite the significant growth from other SADC states, South Africa remains the major exporter accounting for 64% of intra-SADC exports in 2015. Namibia comes next with only 5% share in 2015 and the next 5 top exporters each having a 4% share.

Looking at the import performance; the Sothern Africa Custom Union (SACU) members (Botswana; Lesotho; Namibia; and Swaziland) BLNS countries are the top importers of SADC goods, with each country's intra-regional imports accounting for at least over 60% of total imports. These particular countries also experienced significant growth over the review period (2006-2015) and the source of imports likely being South Africa given that they are in a customs union and South Africa's economic dominance plays in its favour as a supplier to the SACU.

Figure 6: Intra-SADC trade performance by country (imports and exports)



Source: UN ITC TradeMap database

In terms of product composition, we analyse data at the HS2 level and focus on the top 20 products. The most traded commodities intra-regionally are mineral products; machinery, precious stones and vehicles. These have a combined share of almost 40% of total intra-SADC trade. Spectacular performers in terms of growth (above average CAGR) include Precious stones (17%); Essential Oils (16%); Chemicals (15%); Fertilisers and Beverages each at 13% CAGR over the review period 2006-2015. Looking at overall trade, SADC experienced a trade surplus from 2010-2014 mainly attributed to exports of agricultural and natural resource products, however, in 2015 a trade deficit was experienced as the decline in commodity prices continued.

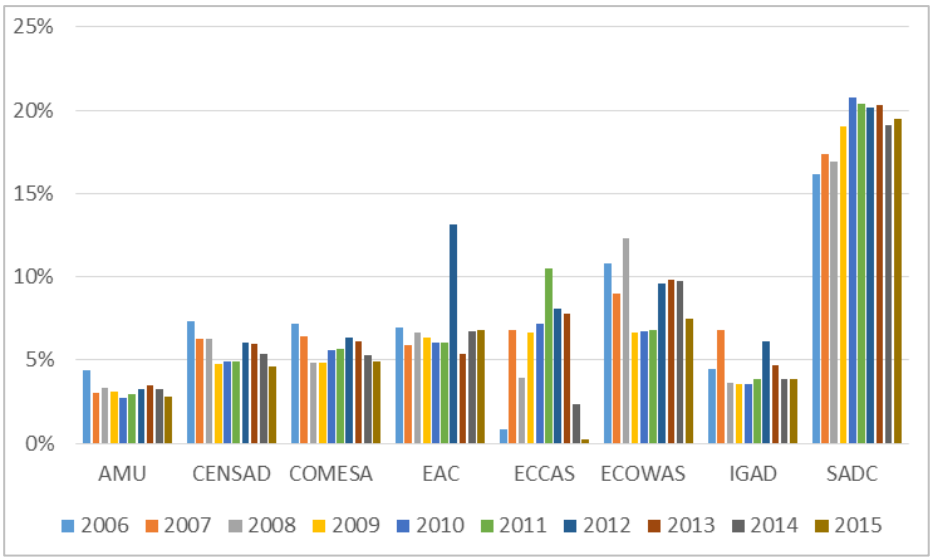
Table 2: Intra-SADC performance and composition of trade by product group (top 20)

HS2	Product label	Intra-SADC trade (import data) US$ (000)		% share (2015)	% CAGR (2006-2015)	% share of total (2015)	trade balance (2015) US$ (000)
		2006	2015				
	All products	17,276,383	32,407,641		7%	20%	-17,712,846
'27	Mineral fuels, mineral oils and products of their distillation;	2,988,224	5,258,139	16%	6%	18%	14,230,516
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	1,535,871	2,892,188	9%	7%	15%	-14,521,978
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals,	629,470	2,599,303	8%	17%	58%	16,497,153
'87	Vehicles other than railway or tramway rolling stock, and parts	1,408,232	2,066,256	6%	4%	17%	-3,806,422
'85	Electrical machinery and equipment and parts thereof;	917,484	1,523,668	5%	6%	10%	-12,037,693
'73	Articles of iron or steel	668,678	1,032,045	3%	5%	24%	-3,080,240
'39	Plastics and articles thereof	480,661	833,615	3%	6%	18%	-3,425,125
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	198,389	776,327	2%	16%	48%	-507,749
'26	Ores, slag and ash	332,409	770,310	2%	10%	66%	8,004,095
'72	Iron and steel	472,174	713,690	2%	5%	26%	2,174,217
'10	Cereals	366,815	649,355	2%	7%	24%	-2,139,279
'31	Fertilisers	198,929	591,101	2%	13%	37%	-1,124,646
'22	Beverages, spirits and vinegar	185,369	574,271	2%	13%	42%	47,968
'28	Inorganic chemicals; organic or inorganic compounds of precious metals,	159,247	567,802	2%	15%	29%	-273,701
'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	331,138	538,390	2%	6%	29%	-1,173,105
'38	Miscellaneous chemical products	350,212	527,705	2%	5%	21%	-1,228,026
'17	Sugars and sugar confectionery	251,923	470,301	1%	7%	49%	279,731
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	221,144	423,254	1%	7%	37%	-414,298
'34	Soap, organic surface-active agents, washing preparations,	160,692	414,169	1%	11%	41%	-545,226
'61	Articles of apparel and clothing accessories, knitted or crocheted	149,662	409,310	1%	12%	34%	-67,475
'62	Articles of apparel and clothing accessories, not knitted or crocheted	127,037	407,026	1%	14%	31%	-294,537
'40	Rubber and articles thereof	251,406	367,501	1%	4%	17%	-1,703,130
	Other	4,891,217	8,001,915	25%	6%	16%	-12,603,896

Source: UN ITC TradeMap database

Despite the fact that intra-SADC trade remains low when one compares with other regions (eg Asia and Europe), it is important to note that in Africa, SADC has made significant strides in boosting intra-regional trade. Figure 7 looks at the proportion of intra-regional trade across the eight RECs officially recognised by the African Union over the review period 2006-2015. From the figure, SADC stands out as having the highest intra-REC trade, followed by the Economic Community of West African States (ECOWAS); Economic Community of Central African States (ECCAS) and the East African Community (EAC), with the Arab Maghreb Union (AMU) having the lowest share overall. However important to note that ECCAS experienced a significant decline in intra-regional trade from 2014 and 2015 (see figure 7).

Figure 7: Comparison of intra-REC trade as share of total REC trade (import data)



Source: UN ITC TradeMap database

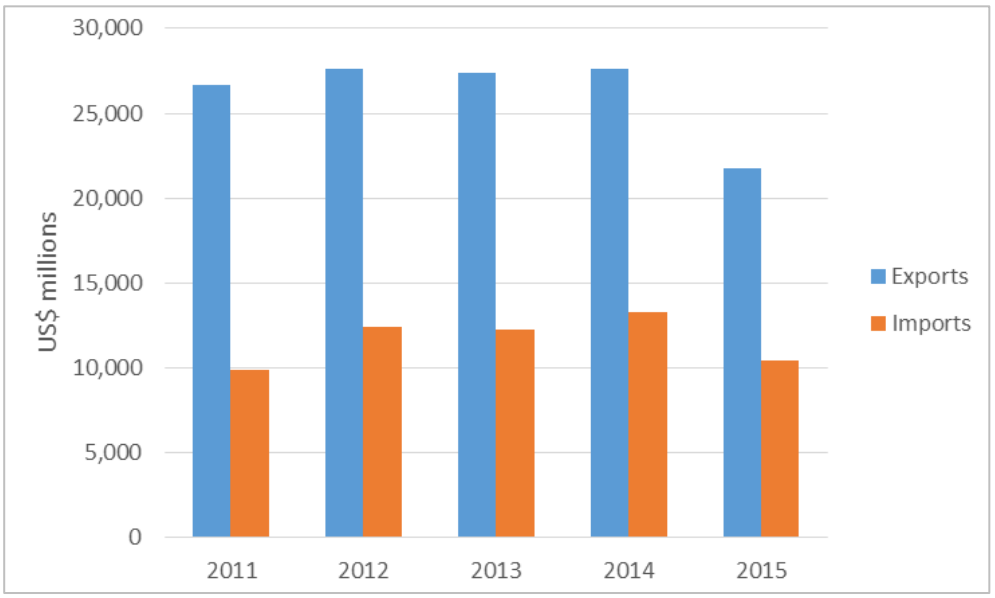
South Africa & Africa – the trading relationship

As highlighted already, South Africa is increasingly focusing on Africa to expand its trade. Through the Trade Invest Africa initiative the government expects to double its exports to Africa taking advantage of the opportunities arising from the current trade negotiations under the auspices of the tripartite free trade area (TFTA) and the continental free trade area (CFTA). Africa has been experiencing exceptional growth in the past decade and this is still continuing in some countries, which thus offers opportunities for South Africa (most advanced economy) to capitalise on Africa's growth to lift its own economy giving its industrial and manufacturing sectors a once in a generation opportunity.

In the current trading environment it is interesting to note that South Africa has consistently maintained a trade surplus with Africa, although trade declined for both exports and imports in 2015

(see figure 8). Exports to Africa were just above US$20 billion in 2015 accounting for about 31% share of total exports. Imports however, were just about US$ 10 billion and accounting for a lesser 13% share of total imports.

Figure 8: Trends in South Africa's trade with Africa (2011-2015)



Source: UN ITC TradeMap database

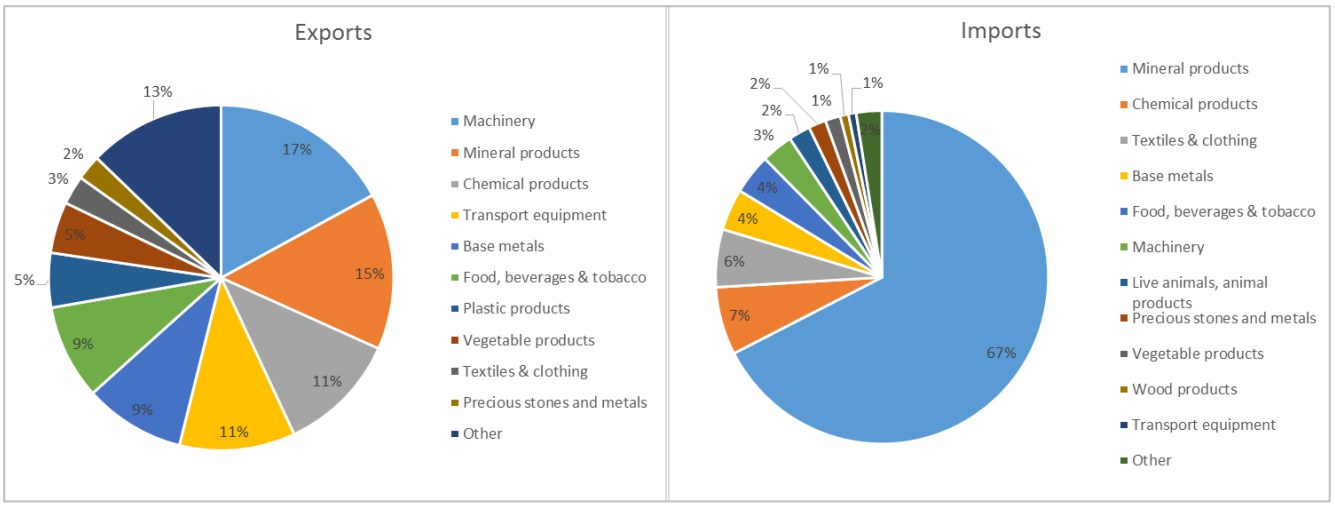
Table 3 highlights South Africa's top 20 major African trading partners for both exports and imports and the current profile highlights the extent to which the SADC region is an important market for South Africa and perhaps the need for South Africa to expand its market beyond Southern Africa. The SACU market of Botswana, Lesotho, Namibia and Swaziland (BLNS) remains an important market as these feature amongst the top most destinations of South Africa's exports to Africa.

In terms of growth performance of South Africa's exports to Africa, this has been dismal as none of the top 20 destinations with exception of Morocco (albeit at a low base) exhibit positive growth over the review period 2011-2015. In terms of imports, several African countries have increased their exports to South Africa over the review period 2011-2015. These include Nigeria (10%); Botswana (4%); Morocco (83%); Madagascar (3%); Guinea (27%) and DRC (55%).

Table 3: South Africa's trade performance with Africa (2011-2015)

RSA exports to Africa (US$ millions)					RSA imports from Africa (US$ millions)				
Importers	**2011**	**2015**	**% share (2015)**	**% CAGR (2011-2015)**	**Exporters**	**2011**	**2015**	**% share (2015)**	**% CAGR (2011-2015)**
World	**107,946**	**69,631**		**-10%**	**World**	**102,699**	**79,591**		**-6%**
Africa	26,658	21,742	31%	-5%	Africa	9,905	10,415	13%	1%
Namibia	4,289	3,846	18%	-3%	Nigeria	3,119	4,579	44%	10%
Botswana	4,570	3,792	17%	-5%	Angola	1,585	1,211	12%	-7%
Zambia	2,372	2,191	10%	-2%	Mozambique	1,052	926	9%	-3%
Mozambique	2,408	2,144	10%	-3%	Swaziland	934	923	9%	0%
Zimbabwe	2,429	1,793	8%	-7%	Namibia	733	418	4%	-13%
Swaziland	1,579	1,172	5%	-7%	Botswana	337	399	4%	4%
Lesotho	1,586	1,038	5%	-10%	Zimbabwe	432	254	2%	-12%
DRC	1,095	893	4%	-5%	Lesotho	269	240	2%	-3%
Nigeria	791	645	3%	-5%	Zambia	370	193	2%	-15%
Kenya	850	605	3%	-8%	Morocco	16	176	2%	83%
Angola	890	598	3%	-9%	Eq. Guinea	0	175	2%	1049%
Tanzania	574	454	2%	-6%	Mauritius	156	159	2%	0%
Morocco	48	372	2%	67%	Madagascar	44	125	1%	30%
Malawi	400	327	2%	-5%	Guinea	41	108	1%	27%
Ghana	417	289	1%	-9%	DRC	15	85	1%	55%
Rest of Africa	**2,361**	**1,582**	**7%**	**-10%**	**Rest of Africa**	**802**	**444**	**4%**	**-14%**

Figure 9: Product group composition of South Africa's Africa trade (2015)



Source: UN ITC TradeMap database

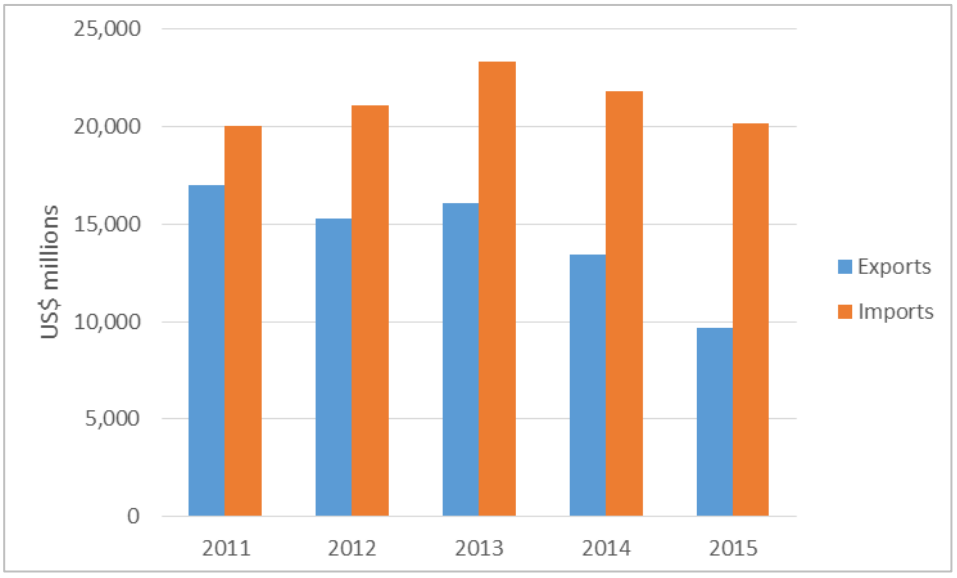
A look at the product composition of South Africa's exports and imports to Africa reveals that South Africa's exports are mainly value added products such as machinery, chemical products and transport equipment, while it imports from its counterparts, low value primary based products as well as agricultural products (see figure 9 above).

South Africa and the BRICS engagement

Since its inclusion into the bloc of emerging markets of Brazil, Russia, India and China (BRIC), there have been mixed reactions on the benefits due to its differences with the other BRICS member countries. Amongst other things, the country has the smallest population, the highest unemployment rate and the lowest savings rate. It is, however, envisaged that South Africa will benefit from being in BRICS through the flow of foreign direct investment and increased trade. The challenge for South Africa is many products from BRIC countries directly compete with those of South Africa. BRICS and industrialized countries are all targeting Africa's resources, which poses a direct threat to South Africa's position within Africa.

Looking at the current trading relationship, we note that trade is skewed to other BRIC countries with South Africa maintaining a trade deficit with all of the BRIC countries. Furthermore exports to the BRIC countries have been on the decline since 2011 and had a value of just below US$ 10 billion in 2015 (see figure 10).

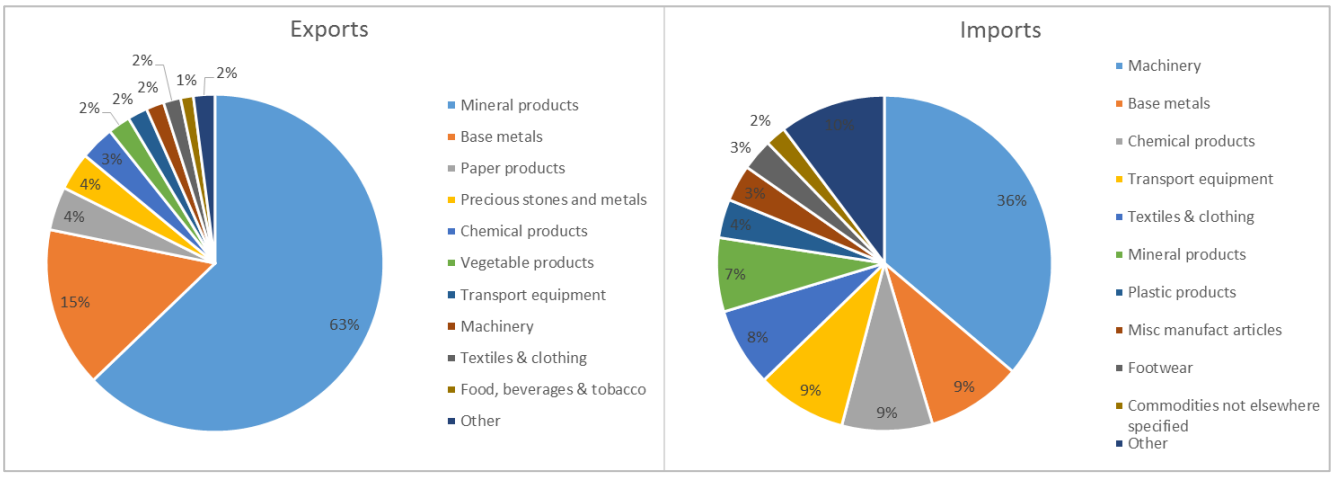
Figure 10: Trends in South Africa's trade with Brazil, Russia, India and China (2011-2015)



Source: UN ITC TradeMap database

Exports from South Africa to the BRIC nations remain fairly primary based resource products, while imports are on the other hand relatively processed or value added products. This is a trend similar to South Africa's trade with its traditional partners from the West (i.e. Europe and North America)

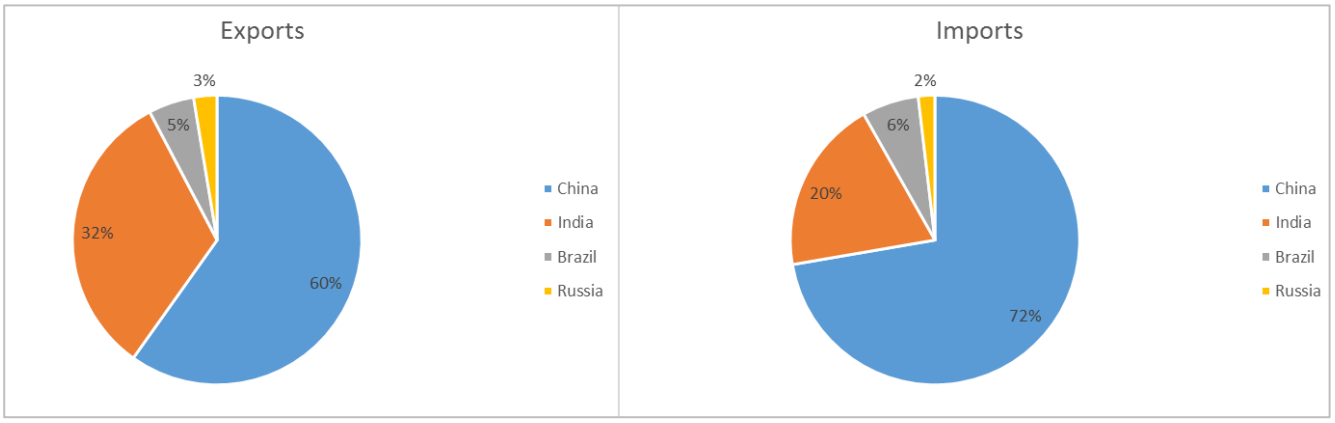
Figure 11: Product group composition of South Africa and BRIC trade (2015)



Source: UN ITC TradeMap database

In terms of trading partners, China dominates trade with South Africa in terms of both imports and exports accounting for 72% and 60% share of trade respectively. India is also a major trading partner coming second after China in terms of both imports and exports with market shares of 20% and 32% respectively (see figure 12).

Figure 12: South Africa's trade share composition with the BRIC



Source: UN ITC TradeMap database

South Africa & the EU

South Africa has a long standing trading relationship with the EU. After the end of apartheid we have witnessed increased trade and the conclusion of a free trade agreement-the Trade Development Cooperation Agreement (TDCA) of 1999. More recently in 2016, South Africa and the so-called SADC-EU Economic Partnership Agreement (EPA) group comprising of the BLNS countries and Mozambique concluded the EPA which includes improvements on the preferences contained in the TDCA.

A lot can be said about the trade relationship and the following can be noted;

- South Africa has a trade deficit with the EU and exports about 22% of its global exports to the EU, having exported goods worth just over US$ 15 billion in 2015.
- Top trading partners within the EU include Germany, UK, Belgium and the Netherlands. These account for a combined 16% share of South Africa's global exports.

Table 4: South Africa's export trade indicators with the EU

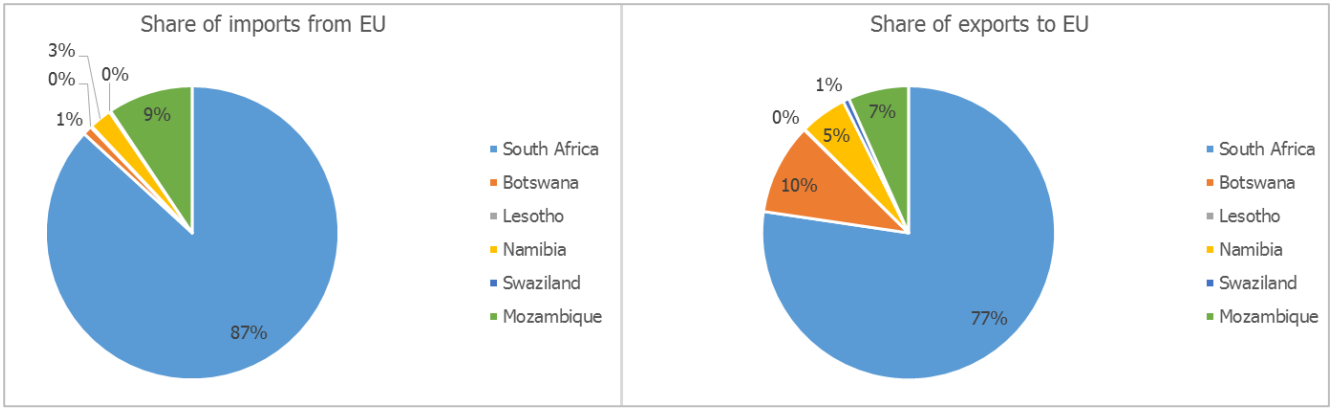
Importers	Trade Indicators				
	Value exported in 2015 (US$ m)	Trade balance 2015 (US$ m)	Share in South Africa's exports (%)	Growth in exported value between 2011-2015 (%, p.a.)	Ranking of partner countries in world imports
World	**69,631**	**-9,960**	**100**	**-9**	
EU 28	**15,150**	**-8,003**	**21.8**		
Germany	4,237	-5,186	6.1	-5	3
UK	3,057	565	4.4	-5	4
Belgium	2,291	1,430	3.3	4	14
Netherlands	1,825	713	2.6	-8	9
Italy	1,115	-905	1.6	-11	11
Spain	948	-296	1.4	-3	15
France	625	-1,037	0.9	-9	6
Sweden	161	-626	0.2	-11	32
Poland	117	-454	0.2	-21	23
Portugal	104	-101	0.1	2	42
Ireland	95	-255	0.1	-11	36
Czech Republic	89	-367	0.1	-18	31
Denmark	89	-170	0.1	-11	34
Hungary	83	-197	0.1	-4	33

Importers	Trade Indicators				
	Value exported in 2015 (US$ m)	Trade balance 2015 (US$ m)	Share in South Africa's exports (%)	Growth in exported value between 2011-2015 (%, p.a.)	Ranking of partner countries in world imports
Austria	61	-409	0.1	-10	29
Greece	45	2	0.1	-13	49
Lithuania	41	16	0.1	10	66
Slovenia	41	4	0.1	-21	68
Finland	30	-272	0	-38	45
Romania	28	-213	0	-12	41
Malta	28	19	0	92	122
Estonia	12	-19	0	-19	86
Cyprus	8	3	0	0	126
Bulgaria	5	-54	0	-32	63
Luxembourg	5	-42	0	-12	76
Latvia	4	-11	0	0	90
Croatia	4	-10	0	-21	73
Slovakia	1	-131	0	-5	39

Source: UN ITC TradeMap database

A review of trade between the EU and SADC EPA states we note that South Africa is the largest trading partner with the EU followed by Mozambique and Namibia (see figure 13).

Figure 13: proportion of trade between EU and SADC EPA states



Source: UN ITC TradeMap

Brexit implications for SADC EPA

It is envisaged that the Economic Partnership Agreements (EPAs), between EU and SADC EPA[9] would increase trade by not only preserving preferential access to the EU but also increase market access to countries such as South Africa. The continued development cooperation also guaranteed under EPA, will help African countries develop not only their economies through trade facilitation, but also ensure that the EU provides support for poverty reduction programmes. Given the fact that the SADC EPA has been concluded, it is important to understand the implications for SADC EPA members in the wake of Brexit[10].

Important to note is the following under the EPA:

- The EU offers BLNMS[11] full liberalisation (duty-free market access) excluding arms and ammunition;
- The EU offer to South Africa, is full liberalisation on 96.2% of trade, partial liberalisation on 2.5% of trade and 1.3% is excluded; and
- The SACU offer to EU-full liberalisation on 74.1% of trade, partial liberalisation on 12.1% of trade with 13.8% excluded.

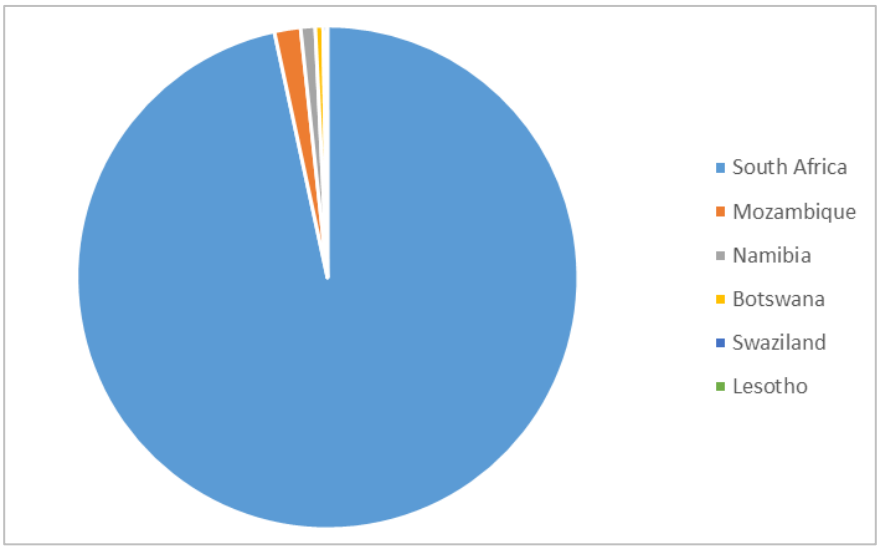
Against this background, as can be expected, South Africa as the largest trading partner to the EU stands to be affected the most, by Brexit. Figure 14 depicts the share of SADC EPA exports to the UK where South Africa accounts for about 97% share and therefore any removal of preferences currently enjoyed under EPAs may have a significant impact in terms of access to the UK market at high tariffs.

Table 5 highlights the SADC EPA (excluding South Africa) countries' top 20 exports to the UK and the respective tariffs applied in the event that preferential market access is lost after the UK's exit from the EU. From the table we note the following:

- Meat products (HS0201 and HS0202) which have a combined export share of 27% in 2015 will face the highest tariff which might render the UK market non-accessible. Tariffs that will be applied are 54% (HS0201) and 72% (HS0202). This will have serious implications for Botswana and Namibia that rely on this market for their meat.
- Agricultural products such as citrus; jams; and fruit juices will also face high tariffs.

[9] Angola is not included in the analysis
[10] Named coined after Britain's announcement that it would be exit the European Union following a national referendum to that effect.
[11] BLNMS represents Botswana; Lesotho; Namibia; Mozambique

Figure 14: SADC EPA exports to the UK



Source: UN ITC TradeMap database

Table 5: Top 20 SADC EPA (ex South Africa) exports to the UK

HS4	HS desc	2011	2015	% share (2015)	MFN average	MFN Maximum
	All products	**4,775,150**	**207,906**			
7601	Unwrought aluminium	106,172	73,782	35%	5%	5%
0201	Meat of bovine animals, fresh or chilled	26,994	43,970	21%	54%	54%
0806	Grapes, fresh or dried	10,753	16,612	8%	18%	18%
0202	Meat of bovine animals, frozen	5,322	11,583	6%	72%	72%
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	0	9,288	4%	0%	0%
2401	Unmanufactured tobacco; tobacco refuse	5,623	8,835	4%	9%	9%
4402	Wood charcoal, incl. shell or nut charcoal, whether or not agglomerated (excluding wood charcoal ...	5,685	8,031	4%	0%	0%
2008	Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing ...	7,265	7,591	4%	18%	18%
0709	Other vegetables, fresh or chilled (excluding potatoes, tomatoes, alliaceous vegetables, edible ...	6,622	5,306	3%	10%	10%
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	4,575,193	5,166	2%	0%	0%
0805	Citrus fruit, fresh or dried	7,376	3,374	2%	11%	11%
2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, ...	1,453	2,282	1%	29%	29%
7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap ...	222	1,454	1%	0%	0%

HS4	HS desc	2011	2015	% share (2015)	MFN average	MFN Maximum
8479	Machines and mechanical appliances having individual functions, not specified or included elsewhere ...	17	1,231	1%	1%	1%
2009	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit, ...	191	1,002	0%	29%	29%
9999	Commodities not elsewhere specified	619	597	0%	--	--
8207	Tools, interchangeable, for hand tools, whether or not power-operated, or for machine tools ...	0	511	0%	3%	3%
7326	Articles of iron or steel, n.e.s. (excluding cast articles)	0	476	0%	3%	3%
0902	Tea, whether or not flavoured	32	445	0%	1%	1%
8473	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...	165	438	0%	0%	0%
0304	Fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen	480	426	0%	11%	11%
	Other	**14,966**	**5,506**	**3%**		

Source: UN ITC TradeMap database

South Africa's exports specifically; top export products such as table grapes, wine and citrus will be seriously affected as they will face MFN tariffs of 23%; 86% and 34% respectively (if no preferential agreement is in place). These particular products have a combined export value in 2015 of about US$392 million into the UK under current preferential access. The implications of higher tariffs may mean regrouping and sourcing new markets that could mean additional costs in terms of identifying lucrative and stable markets as well as establishing relations with buyers. For more detail see Table 6 below.

Table 6: South Africa's top 20 exports to United Kingdom

HS4	Product Label	Trade Indicators					
		2015 (US$ m)	% Annual growth (2011-15)	% Share RSA exports	AVE tariff faced by RSA	MFN Average	MFN Maximum
	All products	**3,057**	**-5**	**4**			
7110	Platinum, incl. palladium, rhodium, iridium, osmium and ruthenium, unwrought or in semi-manufactured ...	1,186	1	18	0%	0%	0%
8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	329	29	15	0%	13%	22%
0806	Grapes, fresh or dried	185	19	28	0%	18%	23%
2204	Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual ...	113	-3	17	3%	9%	86%
0805	Citrus fruit, fresh or dried	94	2	9	8%	11%	34%

HS4	Product Label	Trade Indicators					
		2015 (US$ m)	% Annual growth (2011-15)	% Share RSA exports	AVE tariff faced by RSA	MFN Average	MFN Maximum
8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	88	216	2	0%	10%	10%
8421	Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...	85	-21	6	0%	1%	3%
0808	Apples, pears and quinces, fresh	77	-6	16	7%	15%	36%
2601	Iron ores and concentrates, incl. roasted iron pyrites	60	-10	2	0%	0%	0%
2614	Titanium ores and concentrates	34	-3	10	0%	0%	0%
0810	Fresh strawberries, raspberries, blackberries, back, white or red currants, gooseberries and ...	33	11	41	0%	7%	11%
0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	32	35	34	0%	6%	8%
7219	Flat-rolled products of stainless steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	32	13	7	0%	0%	0%
2618	Granulated slag "slag sand" from the manufacture of iron or steel	27		9	0%	0%	0%
4702	Chemical wood pulp, dissolving grades	25	6	4	0%	0%	0%
0809	Apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	20	-7	18	0%	21%	28%
4804	Uncoated kraft paper and paperboard, in rolls of a width > 36 cm or in square or rectangular ...	19	-11	13	0%	0%	0%
8803	Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	18	15	9	0%	1%	3%
3304	Beauty or make-up preparations and preparations for the care of the skin, incl. sunscreen or ...	17	-1	8	0%	0%	0%
7606	Plates, sheets and strip, of aluminium, of a thickness of > 0,2 mm (excluding expanded plates, ...	16	-18	5	0%	8%	8%

Source: UN ITC TradeMap database

South Africa & the US

The US is another of South Africa's main traditional partners with exports to the US exceeding US$ 5 billion in 2015 representing 8% share of South Africa's global exports. Annual growth in South Africa's exports has declined by 10% year on year from 2011-2015. Platinum is the major export to the US accounting for about 23% share of total exports to US and 19% in terms of South Africa's global exports. For the bulk of exports to the US, South Africa enjoys duty free access through the US' Africa Growth Opportunity Act (AGOA). AGOA was renewed in 2015 after serious negotiations that had threatened South Africa's beneficiary status. The contentious issue revolved around concessions on imports of poultry from the US by South Africa. This remains a thorny issue with both businesses

(South African Poultry Association) and political organisations (Economic Freedom Fighters) calling for tariff hikes to protect domestic producers.

Table 7: South Africa's exports to USA

HS4	HS Description	Trade Indicators			
		2015 (US$ m)	% Annual growth (2011-15)	% Share RSA exports	AVE tariff faced by RSA
	All products	**5,248**	**-10**	**8**	
7110	Platinum, incl. palladium, rhodium, iridium, osmium and ruthenium, unwrought or in semi-manufactured ...	1,249	-10	19	0
8703	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	662	-25	14	0
7202	Ferro-alloys	410	-6	15	0
8421	Centrifuges, incl. centrifugal dryers (excluding those for isotope separation); filtering or ...	271	6	20	0
2618	Granulated slag "slag sand" from the manufacture of iron or steel	204		72	0
7606	Plates, sheets and strip, of aluminium, of a thickness of > 0,2 mm (excluding expanded plates, ...	158	-7	46	0
2901	Acyclic hydrocarbons	157	-9	44	0
2614	Titanium ores and concentrates	146	-11	44	0
7102	Diamonds, whether or not worked, but not mounted or set (excluding unmounted stones for pick-up ...	137	2	9	0
2804	Hydrogen, rare gases and other non-metals	103	-2	76	1
7402	Copper, unrefined; copper anodes for electrolytic refining	90		45	0
8409	Parts suitable for use solely or principally with internal combustion piston engine of heading ...	74	-12	25	0
805	Citrus fruit, fresh or dried	60	11	6	0
8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...	55	162	54	0
8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	44	-18	8	0
7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap ...	43	5	17	0
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal ...	42	21	77	0
2707	Oils and other products of the distillation of high temperature coal tar; similar products ...	40	3	26	0
3823	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols	37	-7	58	0
8803	Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	37	10	18	0

Source: UN ITC TradeMap database

South Africa tariff investigations and trade remedies[12]

The International Trade Administration Commission (ITAC) was established through an Act of Parliament, the International Trade Administration Act, 2002 (Act No. 71 of 2002), which came into force on 1 June 2003. According to the Act, ITAC's aim 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: tariff investigations; trade remedies; and import and export control.

Against this background this section reviews the tariff applications and amendments that ITAC processed in 2015/2016 with the aim of highlighting the number of applications, origins of the requests/applications, the basis or justification of such requests and finally the outcome of the investigations and their impact, if any, on the SACU common external tariff (CET). Full details are contained in annexes to this paper.

Tariff investigations

Tariff policy is constrained by the tariff commitments South Africa has undertaken in the WTO and in bilateral trade agreements that set limits to the scope for tariff increases.

In the 2015/2016 financial year the Commission recommended customs duty increases and these were implemented on:

- automotive lead-acid batteries from 5% to 15% ad valorem;
- galvanised/coated & painted flat steel from free to 10% ad valorem;
- certain large bore steel pipes from free & 10% to 15% ad valorem;
- wire rod and reinforcing bar (rebar) from free to 10% ad valorem;
- structural steel from free to 10% ad valorem;
- semi-finished steel, cold rolled steel, steel sections, steel plates, from free to 10% ad valorem; and
- Polyurethane Prepolymers from duty free to 10% ad valorem.

The decision to implement the recommended duty on structural steel was suspended until the local industry started manufacturing the subject products. The Commission also withdrew the rebate

[12] Unless otherwise stated main source is ITAC Annual Report 2016 and ITAC website www.itac.org.za

provision on Plates, Sheets, Film, Foil and Strips of Polymers of Propylene, Biaxially Oriented for the manufacture of Self-Adhesive Tape.

TThe application for an increase of duty on aluminium rolled products was rejected by the Commission as it could not establish evidence of harm caused by imports.

In addition, a number of rebate of duty provisions were recommended and implemented over the past year, such as rebate of duty provisions for:

- woven fabrics used in the manufacture of upholstered furniture, amendment of the wording for qualifying fabrics under rebate item 320.01 classifiable under tariff subheadings 5407.61, 5903.20.90 and 5907.00.90;
- knitted pile polyester fabrics used for the manufacture of certain furnishing articles;
- panels used for the manufacture of raised flooring systems;
- certain components excluding populated or mounted circuit boards used in the manufacture of electricity meters;
- acrylic sheet used in the manufacture of sanitaryware of plastic; and
- components used in the assembly of television sets (semi-knock down units).

Trade Remedies

ITAC is responsible for conducting trade remedy (antidumping, countervailing) and safeguards investigations in accordance with policy, domestic law and regulations and consistent with World Trade Organisation (WTO) rules. Applications to ITAC, in the main, are for antidumping action. Anti-dumping action is a critical trade instrument to protect industries against unfair competition from abroad and to protect jobs.

Final anti-dumping duties were imposed on Portland cement originating in or imported from Pakistan with effect from 18 December 2015. This followed an investigation initiated by the Commission on 1 August 2014 after a number of domestic cement producing companies submitted an application on behalf of the SACU industry.

The other final anti-dumping duties were imposed on Wheelbarrows originating in or imported from the People's Republic of China with effect from 14 September 2015. This followed an investigation initiated on 20 June 2014 after an application was submitted by the SACU producer of the product concerned.

Implications for the CET

With ITAC's ongoing role as administrator of the SACU CET and SACU's tariff board in the absence of the establishment of that institution, it is important to note that other SACU members should expedite the enactment of legislation for the establishment of national bodies in the Member States and also build human capacity to manage the national bodies. This would allow the national bodies to carry out preliminary investigations and recommend to the tariff board any necessary tariff changes. Until the establishment of the SACU tariff board, the interim arrangement whereby the International Trade Administration Commission (ITAC) of South Africa manages the SACU common external tariff (CET), will continue as mandated by the council and might be to the detriment of development of industries in other SACU states.

Foreign Direct Investment in Africa – a snapshot overview[13]

Key points

- Foreign Direct Investment (FDI) flows to Africa fell to $54 billion in 2015, a decrease of 7 per cent over the previous year. An upturn in FDI into North Africa was more than offset by decreasing flows into Sub-Saharan Africa, especially to West and Central Africa.
- Low commodity prices depressed FDI inflows in natural-resource-based economies. FDI inflows to Africa are expected to increase moderately in 2016 due to liberalization measures and planned privatizations of state-owned enterprises.
- To reduce the vulnerability of Africa to commodity price developments, countries are reviewing policies to support FDI into the manufacturing sector. East Africa has already become more attractive in this sector as a source and investment location, especially in light manufacturing.
- Most new investment policy measures continue to be geared towards investment liberalization and promotion. Where new investment restrictions or regulations were introduced, these mainly reflected concerns about foreign ownership in strategic industries. A noteworthy feature in new measures was also the adoption or revision of investment laws, such as the case of South Africa.

[13] Unless otherwise specified, this section is a summary from: UNCTAD 2016. *World Investment Report 2016: Investor Nationality: Policy Challenges*, United Nations Conference on Trade and Development, [online]: http://unctad.org/en/PublicationChapters/wir2016_KeyMessage_en.pdf

- In terms of share, Africa's share of FDI remains significantly low, accounting for a mere 1% of global fdi inflows in 2015. Asia and Europe were the major recipients accounting for 14% and 13% share respectively in the same year (see Figure 15);
- Reflecting recent global trends of rising FDI flows from emerging markets observed in developing countries, half of the top 10 investors in Africa were from developing economies, including three BRICS countries: China, South Africa and India. Developed economies, led by the United Kingdom, the United States and France, remain the largest investors in the continent.

Figure 15: FDI inflows and share by region 2013-2015 (US$ billions)

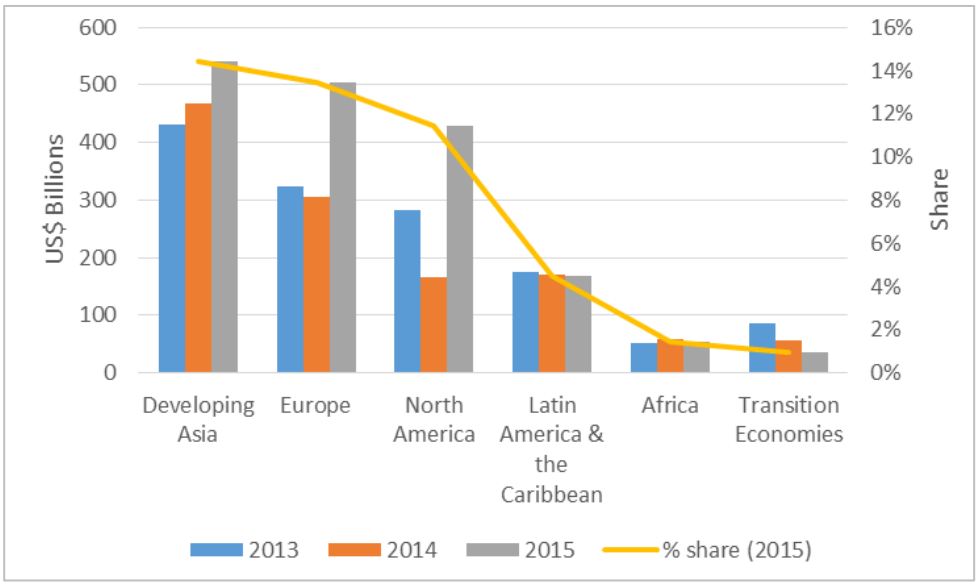
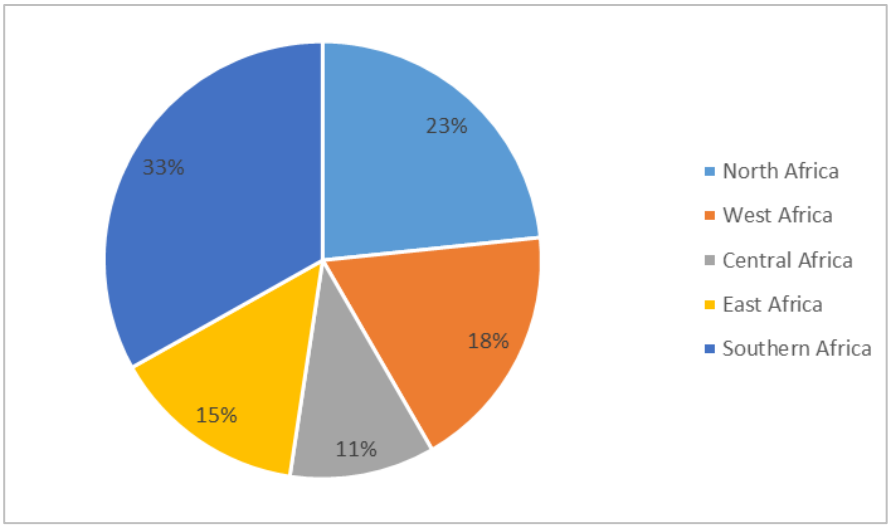


Figure 16: Share of Africa FDI inflows by region



Source: UNCTAD World Investment Report 2016

Looking at Africa by region, the largest recipient of FDI was Southern Africa followed by North Africa which accounted for a combined 56% share of FDI inflows (see figure 16).

Southern Africa, FDI flows were US$ 17.9 billion having increased by 2% from previous year, largely driven by investments into Angola which became the largest recipient of FDI in Africa with a record US$ 8.7 billion of FDI in 2015. South Africa on the other hand decreased markedly by 69% to US$ 1.8 billion-a 10 year record low, mainly attributed to factors such as poor economic performance, lower commodity prices and higher electricity costs.

North Africa FDI flows were US$12.6 billion in 2015-an increase of 9% from previous year buoyed by investments in Egypt, where FDI flows increased by 49% to $6.9 billion, driven mainly by the expansion of foreign affiliates in the financial industry (CIB Bank and Citadel Capital) and pharmaceuticals (Pfizer).

West Africa FDI flows declined by 18 per cent to $9.9 billion, largely because of a slump in investment to Nigeria, the largest economy in the continent. This was mainly due to lower commodity prices, a faltering local currency and some delays in major projects (such as Royal Dutch Shell's multibillion-dollar offshore oil operations), FDI flows to the Nigeria fell from $4.7 billion in 2014 to $3.1 billion in 2015;

Central Africa FDI flows to fell by 36 per cent to $5.8 billion, as flows to the two commodity rich countries declined significantly with Congo declining to US$1.5 billion from a high of US$5.5 billion value recorded in 2014. The Democratic Republic of the Congo, flows declined by 9 per cent to $1.7 billion, as large investors such as Glencore (Switzerland) suspended their operations.

East Africa received US$7.8 billion in FDI in 2015-a 2 per cent decrease from 2014. FDI flows to Kenya reached a record level of $1.4 billion in 2015, resulting from renewed investor interest and confidence in the country's business climate and booming domestic consumer market. Textile and garments firms from Bangladesh, China and Turkey seeking alternative production bases for export to the EU (EPAs) and US (AGOA) invested $2.2 billion in Ethiopia last year.

FDI outflows from Africa fell by 25% to US$11.3 billion as investors from South Africa, Nigeria and Angola were affected by lower commodity prices, weaker demand from main trading partners and depreciating national currencies. South Africa, which continues to be the continent's largest investor, reduced its FDI outflows by 30% to US$5.3 billion, while investors from Angola reduced their investment abroad by 56% to US$1.9 billion, down from US$4.3 billion in 2014.

- - -

Annex 1: List of Reports issued by ITAC in 2016

Report No.	Report Tittle
515	Creation of a rebate provision on Acrylic Sheet used in the manufacture of Sanitaryware of Plastic.
516	Review of rebate item 316.23/85.29 governing the Monitors Assembly Industry.
517	Increase in the rate of customs duty on Semi-Finished Steel, Steel Plates, Cold-Rolled Steel and Steel Sections.
518	Withdrawal of the rebate provision on Plates, Sheets, Film, Foil and Strips of Polymers of Propylene, Biaxially Oriented for the manufacture of Self-Adhesive Tape.
519	Reduction in the rate of customs duty on diesel, petrol and electric passenger vehicles not exceeding 800kg, diesel goods vehicles not exceeding 1100kg and petrol and electric goods vehicles not exceeding 800kg
521	Increase in the rate of customs duty on adhesive bandages
522	Creation of a rebate provision for woven fabrics used in the manufacture of shirts
523	Reduction in the rate of customs duty on aluminium printing plates
524	Increase in the rate of customs duty on hot-rolled steel
525	Increase in the customs duty on acrylic sanitaryware
526	Increase in the rate of customs duty on other bars and rods and forges
527	Application for an increase in the rate of customs duty on tinplate
532	Creation of a rebate facility for the importation of flat-rolled or non-alloy steel classifiable under tariff subheadings 7210.61 and 7210.70
539	Application for rebate of duty on yarn of polyester staple fibres used in the manufacturing of knitted fabrics

Source: ITAC, 2016

Annex 2: Summary of tariff increase requests for 2016

Title	Description/ Applicant	Tariff lines affected	Import Orig Countries affected	Outcome or decision by commission
1. Application for an increase in the rate of customs duty on tinplate (report 527)	- ArcelorMittal South Africa Limited (AMSA) applied for tariff increase from duty free to 10% ad valorem; - Reason is oversupply of steel products in the world and domestic manufacturers at price disadvantage compared to the imported product causing significant injury;	7210.11 7210.12 7212.10	World	- Commission carefully considered the applications against the background of pertinent technical and competitive issues related to the applicant's inability to manufacture double-reduced tinplate which forces AMSA's largest customer-Nampak to import; - Demand for technologically superior double reduced tinplate is increasing globally and the applicant is planning to invest in the technology in order to meet domestic demand; - Therefore applicant decided to withdraw the application. Subsequently the Commission recommended investigation to increase the duty be terminated
2. Increase in the rate of customs duty on other bars and rods and forges (report 526)	- ArcelorMittal South Africa (AMSA) applied for a tariff increase from duty free to 10% ad valorem; - Reason is oversupply of steel products in the world and domestic manufacturers at price disadvantage compared to the imported product causing significant injury; - Imposition of tariff will assist in restoring the competitive position of local manufacturers and in process curb job losses and restore economic and financial stability in the steel value chain	9 tariff lines affected in Chapter 72	China	- Commission noted that low priced imports caused material injury to the domestic market; - Commission concluded that tariff support should enable the industry manufacturing other bars and rods and forges to utilise its existing under-utilised production capacity; - Commission recommended that the rate of customs be increased from free to 10% ad valorem subject to conditions listed in paragraph 24 of the report which include; a review of the duty structure to determine its impact on the industry value chain 3 years after the date of implementation;
3. Increase in the customs duty on acrylic sanitaryware (report 525)	- Libra Bathrooms (Pty) Ltd applied for an increase in duty from 20% ad valorem to 30% ad valorem; - Main reason being that low priced imports were affecting domestic market	3922.10	East Asian countries	- Domestic manufacturers are in a position to meet full market requirements; - Imports were reducing applicant's market share and also resulting in applicant's decline in level of production, sales, profitability and capacity utilisation; - Commission recommended that duty structure should enable the domestic manufacturing industry to return to profitability, utilise its existing under-utilised production capacity and achieve economies of scale; - An increase from 20% ad valorem to 30% ad valorem was therefore approved subject to review after 3 years from date of implementation;

4.	Increase in the rate of customs duty on hot-rolled steel (Report 524)	- ArcelorMittal South Africa Limited (AMSA) applied for an increase in tariff from duty free to 10% ad valorem; - Reason provided was that there is an oversupply of steel and steel products in the world which is dampening prices in SACU and that domestic manufacturers are at a price disadvantage from imports;	17 tariff lines affected in Chapter 72	China	- Hot rolled Steel is critical in AMSA's product mix with the sustainability of its Vanderbijlpark operations largely contingent on this product; - Low-priced Chinese imports have resulted in price disadvantages for domestic producers and applicant market share has declined; - Commission concluded that tariff support should enable the domestic industry to utilise its existing under-utilised capacity and therefore recommended a tariff increase to 10% ad valorem, subject to: a duty structure review to determine its impact on the industry chain 3 years from date of implementation as well as other conditions listed in paragraph 25 of the report
5.	Increase in the rate of customs duty on adhesive bandages (Report 521)	- BNS Medical (Pty) Ltd applied for an increase in duty from duty free to 20% ad valorem through creation of an additional 8 digit tariff subheading; - Reason to support increase was based on fact that company was the sole manufacturer in SACU and facing stiff competition from imports which account for 84% of the market	3005.10	World	- Domestic supplier can meet full requirements of domestic market; - Domestic industry suffers price disadvantages from foreign competitors; and - A duty of 20% as requested would have unnecessary cost raising impact on consumers; - Therefore, a duty of 10% was recommended which would provide adequate protection in light of the price disadvantage experienced

Source: ITAC, 2016

Annex 3: Summary of rebate provision requests 2016

Title	Description	Tariff lines affected	Outcome
1. Application for rebate of duty on yarn of polyester staple fibres used in the manufacturing of knitted fabrics (Report 539)	- DesleeMattex (Pty) Ltd applied for the creation of a rebate provision with a rate of 15% ad valorem duty; - Reason provided are that local suppliers are inconsistent on yarn quality and therefore forced to import from reputable suppliers from the East	5509.21	- The Commission found that the product in question is manufactured locally and a potential manufacturer also exists; - Commission concluded that existing duty serves as protection for the encouragement to the domestic industry, employment and investment opportunities available in this sector and therefore rejected the application
2. Creation of a rebate facility for the importation of flat-rolled or non-alloy steel classifiable under tariff subheadings 7210.61 and 7210.70 (Report 532)	- Defy Appliances (Pty) Ltd applied for a rebate on said products of a width of 600mm or more, painted or coated with aluminium-zinc alloys; - Reason is that the aluminium zinc coated steel and painted steel that it imports for the manufacture of domestic household appliances are not manufactured locally	7210.61 7210.70	- The Commission found that the domestic producers cannot currently manufacture the products in question on a sustainable basis; - The Commission recommended the creation of a rebate provision for aforesaid products of a width of 600mm or more classified under the tariff heading highlighted here.
3. Creation of a rebate provision for woven fabrics used in the manufacture of shirts (Report 522)	- Pep Clothing applied for the creation of a rebate facility with a customs duty of 22% ad valorem used in the manufacture of shirts; - As reason for rebate Pep noted that there are no local manufacturers of the product in SACU at the required technical specification, laboratory performance, volume and price; - Pep as the largest supplier of school uniforms is under threat of losing more market share to imported finished garments unless relief in form of duty rebate on shirt fabric is offered	62.05 62.06 5513.21	- Commission found that although the industry has the capacity to dye and finish greige fabric into subject fabric, the industry did not meet the technical specification and laboratory performance of the product required by Pep Clothing; - Therefore duty relief in form of rebate would improve applicant competitive position, enable it to utilise its installed production capacity and achieve economies of scale; - The Commission recommended the creation of the rebate
4. Creation of a rebate provision on acrylic sheet in the manufacturing on sanitaryware of plastic	- Libra Bathrooms (Pty) Ltd applied for the creation of the rebate provision; - Reason given is that there are no local manufacturers of the subject product. Last manufacturer Perspex SA (Pty) Ltd ceased production in 2012; - The 10% ad valorem duty on imports on the main raw material makes it very difficult to compete with low priced imports from East Asia which are gaining substantial market share on an annual basis; - The amended tariff structure will bring the total cost to the company down since acrylic sheet is a major input in manufacture of product in question	3920.51 39.22	- The commission recommended the creation of a rebate provision on acrylic sheet; - The rebate facility will be subject to a permit issued by ITAC

Source: ITAC, 2016