

ITAC'S CONTRIBUTION TO GOVERNMENT'S COVID-19 RESPONSE

Committee: The Portfolio Committee and the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour

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ABBREVIATIONS/ACRONYMS

Item	Acronym	Description
1.	COVID-19	Corona Virus Disease
2.	DMA	Disaster Management Act, 2002
3.	DMA Regulations	Regulations promulgated under section 27(2) of the DMA
4.	EU	European Union
5.	EPA	Economic Partnership Agreement
6.	ITA Act	International Trade Administration Act, 2002
7.	ITAC	International Trade Administration Commission of South Africa
8.	SACU	Southern African Customs Union
9.	SADC	Southern African Development Community
10.	PAJA	Promotion of Administrative Justice Act, 2000
11.	PFMA	Public Finance Management Act, 1999
12.	SARS	South African Revenue Service
13.	VAT	Value-Added Tax (Currently set at 15%)
14.	WTO	World Trade Organisation

MANDATE, VISION, MISSION, AND CORE FUNCTIONS

Mandate

The aim of ITAC, as stated in the ITA 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 the ITA Act and the SACU Agreement.

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 Department of Trade, Industry and Competition.

Core Functions

Tariff Investigations, Trade Remedies, Import and Export.

LEGAL FRAMEWORK RELEVANT TO COVID-19

General: ITAC is a PFMA Schedule 3A public entity established in terms of section 7 of the ITA Act. ITAC reports to Minister of Trade and Industry. PAJA gives effect to the right to fair administrative action. The WTO Agreement, 1994 provides for the principle of non-discrimination (GATT Article I: *General Most-Favoured-Nation Treatment* & Article III: *National Treatment on Internal Taxation and Regulation*) and no restrictions in international trade (GATT Article XI: General Elimination of Quantitative Restrictions).

DMA Regulations: Declaration of a National State of Disaster (Regulations were promulgated in terms of section 27(2) of the Disaster Management Act, 57 of 2002 and the Declaration was published in Government Gazette No. 43096 on 15 March 2020)

LEGAL FRAMEWORK RELEVANT TO COVID-19

IMPORT FACILITATION

Duty Rebates: Section 15 of the ITA Act read in conjunction with Rebate Item 412.11/00.00.01.00 contained in Schedule 4, Part 1 to the Customs & Excise Act, 1964 provides for rebate of duty in respect of goods imported to mitigate national disaster. Rebate Item 405 provides for the importation of certain donated goods to support charitable organisations such as orphanages (Item 405.04: “Goods ... forwarded unsolicited and free to any organisation registered in terms of the National Welfare Act, 1978 ... for the official use by such organisation”).

VAT Exemption: Schedule 1(8) to the Value-Added Tax Act, 89 of 1991, Item No. 412.11 provides for a VAT exemption for “Goods imported ... for the relief of distress of persons in cases of famine or other national disaster”).

LEGAL FRAMEWORK RELEVANT TO COVID-19

EXPORT RESTRICTIONS – goods required to curb the spread of Covid-19 and to combat infection.

Export Regulations (Covid-19 Export Control Regulation, promulgated in Government Gazette No. 43177, Notice No. R. 424 of 27 March 2020: “goods described in Schedules 1, 2, 3 and 4 shall not be exported from the Republic of South Africa except by virtue of an export permit ...”

WTO Agreement Article XX(b) Exception - Non-Discrimination and no restriction on international trade save where necessary to protect human life or health.

Regional Agreements (SACU Agreement, Article 18.2(a); SADC Protocol on Trade, Article 9(b) – exception which permits export controls)

Bilateral Agreements (e.g. EU-[SACU+Mozambique] EPA, Article 97(b) exception which permits export controls).

PURPOSE OF THE COVID -19 INTERVENTIONS

To ensure that there are adequate and affordable supplies of certain products needed to curb the spread of Covid-19 and to treat patients afflicted with the virus during the national state of disaster by:

- i) waiving the customs duties applicable to products such as hand sanitisers, face masks, medical equipment and medicines; and
- ii) controlling the exportation of critical goods mentioned above.

To ensure that the manufacturing industry that benefits from a number of policy interventions administered by ITAC is able to access the relevant benefits in order to quickly recover from the effects of Covid-19.

To ensure that aid to vulnerable people is available.

Areas prioritised: South Africa, SACU and SADC, Rest of African Continent.

NATURE OF INTERVENTIONS

Contribute to the development of Critical Goods List and Global VAT Certificate

Issuing rebate certificates to facilitate the duty free importation of certain goods that are: i) linked to the fight against Covid-19 (Rebate Item 412.11); ii) donations, such as food for orphanages (Rebate Item 405).

Issuing export permits to control the exportation of products necessary to fight Covid-19.

Considering applications for extending the validity period of the permits issued to domestic producers in order to reduce the impact of the lockdowns on domestic firms.

STATISTICAL INFORMATION

EXPORT PERMITS (As at 11 May 2020)

Some 3 974 export applications permits were received and 93% (3 694) were granted.

Three out of four export applications received were for medicine (76% or 3 007), and three out of four of all permits granted were for medicine (77% - 2 839). Almost all export permits granted (99.3% or 2 819) for medicine have been for medicine destined for other countries in Africa.

14% of export applications received were for sanitisers (562) and 506 permits were granted (14% of all permits granted).

STATISTICAL INFORMATION

Export Permits Issued

PRODUCTS	NUMBER OF PERMITS GRANTED (11 MAY 2020)	PERMITS GRANTED PER CATEGORY OF APPLICATIONS
Medicine	2 839	94%
Sanitiser	506	90%
PPE	320	88%
Disinfectants	29	100%
Total	3 694	93%

CONCLUSION

ITAC has to monitor imports and exports of products that are essential in the fight against Covid-19 in order to enable policy makers to make informed decisions.

ITAC will continue to administer trade instruments to ensure the availability of supplies needed to curb the spread Covid-19 and to treat related infections.

ITAC will monitor global trade patterns in order to respond timeously to possible unfair trade practices that may emerge as a result of Covid-19.

ITAC needs more financial resources.

THANK YOU

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