

Presentation to the Portfolio Committee on Trade, Industry and Competition

ITAC's 2023/24 Strategic and Annual Performance Plan (APP)

**Presented by the ITAC Chief Commissioner,
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INTRODUCTION

- The global and domestic economic conditions within which ITAC executes its mandate continue to present challenges.
- Economic growth remains constrained in the current environment, negatively affecting industrial firms and households, and with the persistent energy insecurity, forecasts for growth are set to be revised downward.
- South African firms are under increasing cost pressures, global market distortions and relatively weak global demand and as a result will continue approaching ITAC for support.
- ITAC support must be complemented by measures that seek to address competitiveness constraints and promote exports. Tariffs alone will not be the long-term solution.
- Although the global economy is recovering, supply chains remain constrained and conflicts or the threats of conflict continue to weigh heavily on consumer and business sentiment. The impact has been weakening demand for our exports.
- This necessitates policy interventions that can complement trade policy by addressing domestic challenges such as on the supply side (network industry challenges, loadshedding, rises in intermediate input costs) and the challenges affecting household and firm-level demand .

POLICY DIRECTION

- The NDP provides the long-term vision. However, in addition to the NDP, the execution of ITAC's core functions is subject to other policy imperatives such as, the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP), South Africa's Trade Policy and Strategy Framework (TPSF), the Medium-Term Strategic Framework 2019-2024, the Economic Reconstruction and Recovery Plan (ERRP) and more recently, the Trade Policy for Industrial Development and Employment Growth.
- All the said frameworks are consistent in their call for developmental trade policies and how trade policy should contribute to structural changes in the economy. They further provide clear policy parameters within which to execute ITAC's mandate.
- The NGP places employment creation at the centre of economic policy, which has meant that tariff policy had to be sensitive to employment outcomes.
- The Commission follows a developmental approach to tariff setting for both agricultural and industrial goods. Its recommendations are evidence-based and conducted on a case-by-case basis. In some cases tariffs are increased, in others reduced. Rebates are also created in some instances. The focus of the policy measures is on outcomes: increased domestic production, investment, job retention and creation, as well as international competitiveness.

KEY STRATEGIC OBJECTIVES, PERFORMANCE AREAS & SERVICES

Ensure contribution to employment creating growth and development through effective delivery of international trade instruments

International Trade Instruments

What will be pivotal in improving the provision of customs tariffs, trade remedies, and import and export control will be the quality and turnaround times.

Customs Tariff Investigations
[Increasing Duties, Reducing Duties, & Creation of Rebates]

Trade Remedies Investigations
[Antidumping, Countervailing & Safeguards]

Import & Export Control
[Permits & Enforcement]

Ensure strategic alignment and continued relevance with the Department of Economic Development and national agenda

International Trade Technical Advice

ITAC will become more proactive in the provision of technical inputs and contributions to trade and industrial policy implementation, as well as trade negotiations at bilateral, regional and multilateral levels.

Technical Inputs on Trade and Industrial Policy , including Sector Strategies

Technical Inputs on Trade Negotiations
[WTO, SADC & SACU] ;
Bilateral Agreements
[EU, EFTA, MERCOSUR, & INDIA]

Ensure organisational efficiency and effectiveness of ITAC

Business Support Services

The performance of the institution will be driven through appropriate business solutions, efficient and effective utilisation of material, human and information technology resources.

- Human Resources
- Finance
- Information Technology
- Legal Services
- Policy and Research

CORE BUSINESS UNITS

Tariff
Investigation I
Rika Theart

- Agriculture & Agro-processing
- Chemicals
- Textiles
- Clothing and Footwear

Trade Remedies I
Z. Xabendlini

- Anti-dumping
- Countervailing
- Safeguards

Tariff
Investigation II
Phateka Busika

- Motors
- Metals and Machinery
- Automotive Production Development Programme (APDP)

Trade Remedies II
C. Van Vuuren

- Anti-dumping
- Countervailing
- Safeguards

• Import Permits

• Export Permits

• Enforcement



ANNUAL PERFORMANCE PLAN 2023/24

- ITAC's 2023/24 Annual Performance Plan reflects the continuing efforts of the dtic Group to align our activities around a common purpose; grounded in efforts to support industrialisation to promote jobs and rising incomes, drive transformation to build an inclusive economy, and build a capable state to ensure improved impact of public policies.
- Since the beginning of the 6th Administration, the dtic and all entities in the dtic Group have begun a process of adopting a revised output-driven planning system – grounded in the objective of combining all efforts towards creating real impact for South Africans.
- In 2023/24, the dtic concluded this process by introducing 45 output targets, to which ITAC makes a critical contribution. These include supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black Industrialists to create 20,000 jobs and R36,8 billion in output.
- ITAC has in addition of its normal efficiency measures, incorporating many of the above objectives into its 2023/24 APP.

KEY EFFICIENCY MEASURES

- There has not been any change in the measuring of efficiency measures, save for few indicators where targets have been increased. The following are the key efficiency measures

	Baseline (2021/2022)
Customs Tariff Investigations	Final decisions made within 6 months on Custom Tariffs Reduction Investigations
	Final decisions made within 6 months on Custom Tariffs Increase Investigations
	Final decisions made within 6 months on Custom Tariffs Rebate Investigations
	Customs Duty Rebate and Drawback permits issued within 14 days.
	Eligible Production Certificates (EPCs) issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.
	Company Specific Percentages (CSPs) issued within 10 working days
	Production Rebate Credit Certificates (PRCCs) issued within 30 days.
	APDP Verifications completed within 90 days.
Trade Remedies Investigations	Preliminary determination decisions made within 6 months of initiation of Trade Remedy Investigation
	Final determination decisions made within 10 months of initiation of Trade Remedy Investigation.
Import and Export Control	Number of Import Control Permits issued
	Number of Export Control Permits issued
	Number of Scheduled -Inspections conducted.
	Number of Un-scheduled -Inspections conducted.

KEY EFFICIENCY MEASURES

CUSTOMS TARIFF INVESTIGATIONS

	Baseline (2021/2022)	Annual Target (2023/2024)
Custom Tariffs Reduction	66% of the final decisions within 6 months.	80% of the final decisions within 6 months.
Custom Tariffs Increase	100% of the final decisions within 6 months.	80% of the final decisions within 6 months.
Custom Tariffs Rebate	100% of the final decisions within 6 months.	80% of the final decisions within 6 months.
Customs Duty Rebate and Drawback	94% of the issued permits were within 14 days.	80% of the issued permits were within 14 days.
Eligible Production Certificates (EPCs)	93% of the certificates issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.	80% of the certificates issued within 10 working days after technical working group or factory visit and the submission of all outstanding information.
Company Specific Percentages (CSPs)	93% of the certificates issued within 10 working days	85% of the certificates issued within 10 working days
Production Rebate Certificates (PRCs)	94% of the certificates issued within 30 days.	80% of the certificates issued within 30 days.
APDP Verifications	100% of the verifications completed within 90 days.	80% of the verifications completed within 90 days.

KEY EFFICIENCY MEASURES

TRADE REMEDIES

	Baseline (2021/2022)	Annual Target (2023/2024)
Preliminary determination decisions made within 6 months of initiation of Trade Remedy Investigation.	60% decisions made within 6 months of initiation.	80% decisions made within 6 months of initiation.
Final determination decisions made within 10 months of initiation of Trade Remedy Investigation.	22% decisions made within 10 months of initiation.	80% decisions made within 10 months of initiation.

IMPORT AND EXPORT CONTROL

	Baseline (2021/2022)	Annual Target (2023/2024)
Import Control Permits*	18749	16000
Export Control Permits*	15100	12000
Enforcement* (Scheduled -Inspections)	494	120
Enforcement* (Un-Scheduled -Inspections)	1442	1800

* In Import and Export Control, the measurements is not efficiency but quantities as output.

NEW INDICATORS IN THE 2023/24 APP

- In the 2020/21 financial year, seven KPIs were introduced to focus the actions of the dtic and its entities, in order to achieve a step-change in the performance of the South African economy consistent with the key objectives of the 6th Administration.
- A year later, with the benefit experience since the introduction of the seven KPIs and an evaluation of their impact, those KPIs were consolidated into three. The purpose of this consolidation is to ensure that the sum of the actions of the dtic entities in respect of the three KPIs, must “move the dial” in terms of the pace and nature of economic growth.
- Accordingly, three KPIs which will apply going forward are: i) Integrated Support to Drive Industrialisation and Growth; ii) Actions to Promote Transformation; and iii) Strengthening and Building a Capable State.
- In addition, the dtic has introduced joint performance outcomes which have necessitated that dtic entities revise their annual performance plans to incorporate these jointly pursued outcomes.

NEW INDICATORS IN THE 2023/24 APP

STRENGTHENING AND BUILDING A CAPABLE STATE

Outputs	Output Indicators	Annual Target (2023/2024)
Assessment of progress toward Impact\ Reciprocal Commitment Studies in strategic sectors	% of tariff investigations with Reciprocal Commitment implemented 4 years ago	10% of tariff investigations with Reciprocal Commitment implemented 4 years ago
Support for sector master plans in the monitoring of Trade flows.	% of sector master plans for which there is monitoring of Trade flows.	40% of sector master plans for which there is monitoring of Trade flows.
Reporting on Trade instruments (tariffs, remedies and permit control) includes data on firm size	Number of reports (both internal and statutory) of trade instruments applied for and issued across firms of different sizes	2
Reporting on Trade instruments (tariffs, remedies and permit control) includes data on spatial and geographic location	Number of reports (both internal and statutory) of trade instruments applied for and issued that are geo-spatially referenced	2
Reporting on Trade instruments (tariffs, remedies and permit control) includes data on demographic features (race, age, gender and other relevant markers)	Number of reports (both internal and statutory) of trade instruments applied for and issued, considering race, gender, age and other relevant demographic markers	2
1000 case studies of firms, workers, entrepreneurs, professionals or communities' individuals impacted by the dtic measures; including 12 local films/documentaries telling the SA story	Number of the ITAC success stories profiled through case studies, advertising campaigns and social media platforms	50
10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies	Number of regulations published & red tape reduction interventions	3

NEW INDICATORS IN THE 2023/24 APP

INTEGRATED SUPPORT TO DRIVE INDUSTRIALISATION AND GROWTH

Outputs	Output Indicators	Annual Target (2023/2024)
Reciprocal commitments on investment in plants, equipment, technology	Value of investment facilitated through ITAC reciprocal commitments of implemented tariff support	R30m
Industrial rebates aimed at facilitating local industrial output.	Value of additional local industrial output as a result of the utilisation of the ITAC rebates: rebate item 311.40 clothing; rebate item 317.04 autos-APDP	R20bn
R248bn manufactured exports facilitated under ITAC rebates	<ul style="list-style-type: none"> Value of manufactured exports facilitated under ITAC rebates 470 and 521 (excluding autos) Value of vehicle exports (ITAC APDP) 	<ul style="list-style-type: none"> R68bn R180bn
R19bn manufactured exports to rest of Africa facilitated under ITAC rebates	Value of vehicle exports to the rest of Africa (ITAC APDP)	R19bn
100 000 jobs supported as a result of ITAC trade policies and instruments (Reported as part of jobs under Autos Masterplan)	Number of jobs supported (direct jobs at the time of application) as a result of implemented tariff increases, rebates, APDP program administered by ITAC	100 000
50 new jobs created as a result of ITAC trade policies and instruments (Reported as part of relevant sectors masterplan)	Number of new jobs committed to by recipients of implemented ordinary tariff increases and rebate provisions created, administered by ITAC	50
10 High impact trade interventions completed	Number of High impact trade interventions including, but not limited to the following: trade disputes, challenges with implementation of trade agreements, ITAC decisions and trade measures, bilateral trade concerns	2
52 community outreach programmes by Dtic and its entities	Number of districts where information and outreach activities have been undertaken	4

NEW INDICATORS IN THE 2023/24 APP

ACTIONS TO PROMOTE TRANSFORMATION

Outputs	Output Indicators	Annual Target (2023/2024)
Percentage (%) of BBBEE preferential procurement spend	Percentage (%) of BBBEE preferential procurement spend	75%
Number of small firms are accessing our services (SMMEs)	Number of small firms are accessing our services (SMMEs)	40
Number of firms accessing our services from non-metro areas	Number of firms accessing our services from non-metro areas	40
Trade adjustment measures enable workers displaced by trade policy reform and other related developments to access responsive social protection mechanisms and training to facilitate entry into growing sectors of the economy	Import Sensitivity Index developed and published by ITAC to map, track and consider developments in key 'import vulnerable' sectors (poultry, steel, glass inter alia)	4
	Trade Adjustment Assistance Programme is piloted (alongside the UIF) and an early iterative review undertaken	1
	Number of assessments of investigations related to labour intensive sectors -Clothing, Textile Footwear and Leather -Furniture -Construction -Wholesale and retail trade	2
	Number of High impact trade interventions related to labour intensive sectors	1

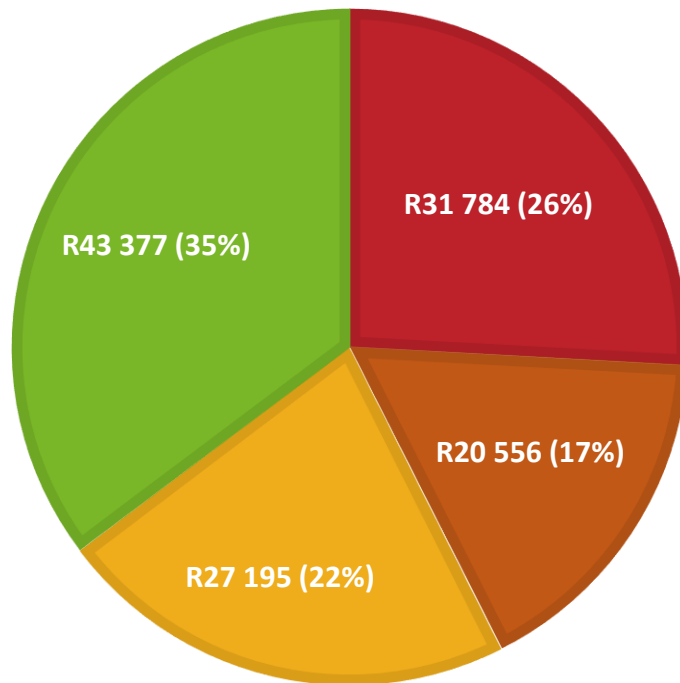
BUDGET – 2023/24 to 2025/26

Description	2023/24 R'000	2024/25 R'000	2025/26 R'000	2019/20 – 2022/23 Growth rate (Avg)
REVENUE				
Transfers received	121 427	118 450	123 682	-0.9%
Interest and other income	1 485	1 551	2 409	-3.8%
Total	122 912	120 001	126 091	-0.9%
EXPENDITURE				
Compensation of employees	97 974	102 625	104 207	1,6%
Goods and services	24 938	17 376	21 884	-7%
Total	122 912	120 001	126 091	0.2%

BUDGET 2023/24

PROGRAMMES (R'000)

■ Tariff investigations ■ Trade remedies
■ Import and export control ■ Administration



- Expenditure is expected to increase at an average annual rate of 4.7 per cent, from R110 million in 2022/23 to R126.1 million in 2025/26.
- 80 per cent (R98 million) of total budget earmarked for compensation of employees.
- Transfers from the department account for an estimated 98.6 per cent (R121.4 million) of the commission's revenue over the period.
- An additional allocation of R11.8 million was received for the 2023/24 financial year towards the development, establishment and

HUMAN RESOURCES

- ITAC has a total of 131 funded positions within its establishment.
- This number excludes 15 contract and internship positions categorised as follows:
 - **Import and Export:** x 4 (Administrators), x 3 (Assistant Managers) and x 5 (Senior Investigators)
 - **Internal Audit:** x 2 (Interns)
 - **Communication:** x 1 (Intern)
- The staff complement as at 31 March 2023 is 99 with 32 vacant positions, excluding contract positions.
- Of 119 employees, 52 are in core business; and 45 in support services. There are 2 executive management positions.
- The following is the break down in terms of the employee profile:
 - **Gender:** Males (38%); and Females (62%).
 - **SMS** (13): Males (54%); and Females (46%)
 - **Race:** African (89%); Whites(4%); Coloured (3%); and Indians (4%).

Thank you

