

PRESENTATION TO THE INDUCTION OF THE PORTFOLIO COMMITTEE ON "INDUSTRIAL DEVELOPMENT DIVISION"

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Chief Commissioner ITAC
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STRUCTURE OF KEY PERSONNEL AND CONTACT DETAILS

CHIEF COMMISSIONER

Meluleki Nzimande

012 – 394 3681

DEPUTY CHIEF COMMISSIONER

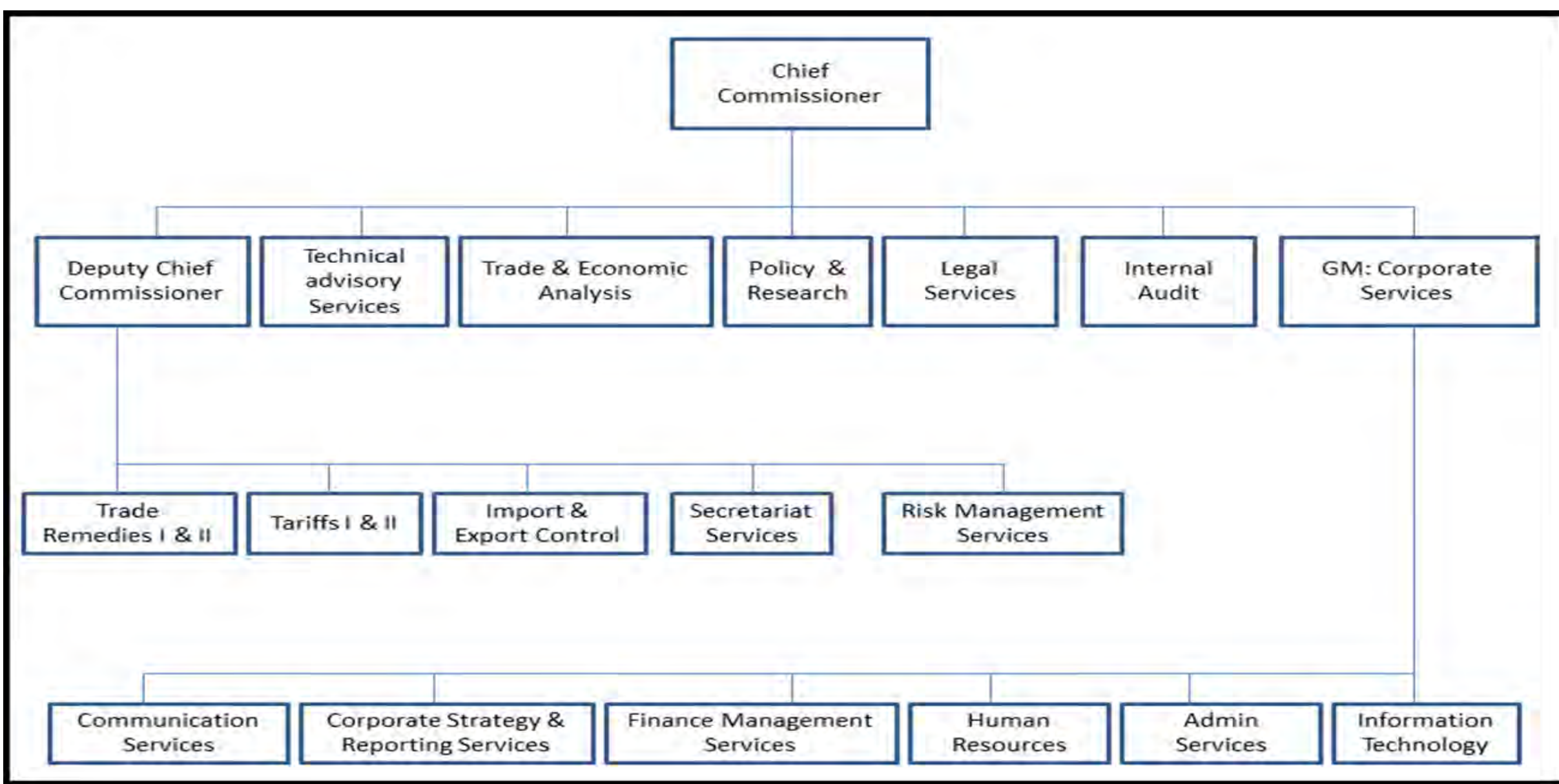
Dumisani Mbambo

012 – 394 3743

GENERAL MANAGER: CORPORATE SERVICES

Phillip Semela

012 – 394 3734



BACKGROUND ON ITAC

- ITAC is a public entity established in terms of the ITA Act that came into force on 1 June 2003. ITAC replaced its predecessor, the Board of Tariffs and Trade (BTT) that was established in 1986. The predecessor of the BTT is the Board on Trade and Industries (BTI) that dated back to 1924.
- **Structure:** The Commission is constituted of 2 full-time Commissioners (Chief Commissioner and Deputy Chief Commissioner) and 10 Part-time. The Commission meets monthly to evaluate investigations and make recommendations to the Minister of Trade and Industry. The administrative arm of the Commission has a staff compliment of 131.
- **Reporting Lines:** The administration of the ITA Act was transferred through Presidential Proclamation to the Minister of Economic Development (Policy and Oversight) except for decision making powers on individual tariff and trade remedy investigations that have been retained by the Minister of Trade and Industry. The withdrawal of the proclamation is awaited in order for ITAC to report only to Minister of Trade and Industry following the announcement by the President, incorporating EDD into the DTI.

MANDATE, VISION, MISSION, AND CORE FUNCTIONS

Mandate

The aim of ITAC, as stated in the 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 this 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 Economic Development Department and the dti.

Core Functions

Tariff Investigations, Trade Remedies, Import and Export.



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 Economic
Development Department 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 Agreements
[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
- ❖ Office of the Chief Economist

LEGAL FRAMEWORK

- **Domestic Law:** International Trade Administration Act, 2002 (ITA Act, Tariff Investigations Regulations, Anti-Dumping Regulations, Countervailing Regulations, Safeguard Regulations, Customs & Excise Act, and Promotion of Administration Justice Act (PAJA).
- **Multilateral Agreements (WTO):** Bound rates, Anti-Dumping Agreement, Countervailing Agreement, Safeguards Agreement .
- **Regional Agreements (SACU and SADC).**
- **Bilateral Agreements (EU/EPA, EFTA & MERCOSUR).**

CORE BUSINESS UNITS

Tariff Investigation I

Rika Theart

- Agriculture & Agro-processing
- Chemicals and plastics
- Textiles and clothing
- Leather, Footwear and pharmaceuticals

Tariff Investigation II

N. Somdaka

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

Trade Remedies I

Z. Xabendlini

- Anti-dumping
- Countervailing
- Safeguards

Trade Remedies II

C. Van Vuuren

- Anti-dumping
- Countervailing
- Safeguards

Import and Export Control

M. Collins

• Import Permits

• Export Permits

• Enforcement

POLICY FRAMEWORK

- The NDP provides the long-term vision.
- The NGP, IPAP and the South African Trade Policy and Strategy Framework provide clear policy parameters within which to execute our mandate.
- 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.
- The NGP places employment creation at the center of economic policy, which has meant that tariff policy has to be sensitive to employment outcomes.
- The Commission follows a developmental approach to tariff setting for both agricultural and industrial goods.

- It is neither a rigid blanket increase nor blanket reduction in tariffs. Tariffs are instruments of industrial policy. The Commission's recommendations are evidence-based and conducted on a case-by-case basis. In some cases tariffs are increased, in others reduced and also rebates are created. The focus is on the outcomes: increased domestic production, investment, job retention and creation, as well as international competitiveness.
- The ITAC strategy also highlights the approach ITAC has taken and will take on the relevant "jobs drivers" (Infrastructure; Agriculture; Mining; Green Goods; Manufacturing)
- ITAC is placing more focus on measuring the outcomes of its interventions through impact assessments. Putting more emphasis on trade monitoring, conditionalities, proactive initiatives and coordination with relevant government agencies.
- The principle of reciprocity – the tariff amendments are conditional, beneficiaries have to commit on how they will perform against the government's set policy objectives, including plans to improve competitiveness, increase in production and employment creation and retention.

SWOT ANALYSIS

Strengths	Weaknesses
Technical expertise & experience Tested procedures & systems in Tariff Investigations; Trade Remedies and Import Export control Decision making systems	Lack of sufficient resources Time Frames of investigations
Opportunities	Threats
Multilateral and preferential trade agreements with SACU, SADC, EU, WTO Proactive approach Opportunity to review policy Alignment with Dti goals and objectives Unique nature of the business ITA Act – Legislative framework & committees	Budget constraints International political developments & economic environment SARS's inability to implement ITAC's recommendations



BUDGET ALLOCATION

Revenue

	2019/20	2020/21	2021/22
Interest received	1 745 000	1 279 000	1 343 000
Transfers - EDD	106 928 000	112 814 000	119 019 000
Other income	227 000	238 000	250 000
Total revenue	108 900 000	114 331 000	120 612 000

BUDGET ALLOCATION

Expenses

	2019/20	2020/21	2021/22
Salaries and wages	86 978 000	91 329 000	95 772 000
Employee wellness	131 859	139 111	146 762
Training and bursaries	160 000	168 800	178 084
Audit and risk committee	203 962	215 180	227 015
Advertising	294 927	311 148	328 261
Admin expenses	1 556 757	1 642 379	1 882 709
Communication costs	744 842	785 808	829 028
Travel and subsistence	2 941 828	3 103 629	3 274 328
Lease payments	8 503 076	8 845 035	9 331 512

BUDGET ALLOCATION

Expenses (continued)

	2019/20	2020/21	2021/22
Insurance	441 000	465 255	490 844
Repairs and maintenance	76 293	80 489	84 916
Audit costs	1 726 030	1 820 962	1 921 115
Consulting fees	485 100	511 781	662 818
Legal fees	3 300 000	3 481 500	3 972 983
Subscriptions	937 377	988 933	1 043 324
Publications	88 199	93 050	98 167
Part-time commissioners	330 750	348 940	368 134
Total expenditure	108 900 000	114 331 000	120 612 000

BUDGET ALLOCATION

- ITAC has an approved establishment of 131 posts.
- ITAC's workforce as at 31 March 2019 was 110 with 60 in core functions and 47 in support and 3 executives (Chief Commissioner, Deputy Chief Commissioner and the General Manager: Corporate Services).
- There were 21 vacant positions, excluding contract positions and the vacancy rate was 16.03% as at 31 March 2019.
- Employee related costs account for 80% of the total budget.
- In an effort to manage costs, a decision was taken not to fill vacant positions, until such time the entity is financially stable, unless operational requirements dictate otherwise.
- The saving from employee related costs was reprioritised to ease off the severely strained goods and services budget. Other cost containment measures were also implemented in relation to the goods and services budget.
- ITAC will continue its workplace planning with 131 positions and committed to employ a highly capable workplace.

PLANNED IMPACT OF ENTITIES PROGRAMMES

- Government's outcomes approach provides a framework for the enhanced monitoring of service delivery, including guidelines for results-driven performance. This will require funding to establish a dedicated unit headed by a Chief Economist.
- To ensure continued relevance and alignment to both thedti and EDD, the Commission continues to gauge the performance of the beneficiaries of its instruments against the policy objectives set out in the NGP, IPAP and TPSF.
- Whether or not ITAC's instruments have made a positive impact depends on the extent to which the support has resulted in increased domestic manufacturing, investment, employment, value addition and competitiveness after the support was given compared to the period before support was given. Firm-level data is used for such assessments.
- A co-ordinated inter-departmental/Agency approach will continue and be intensified to enhance the impact of ITAC's work.

THANK YOU

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