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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1544

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

Whether, with reference to his reply to question 711 on 10 October 2024, he will furnish Mr M M Mdluli with (a) copies of reciprocal agreements that are redacted with regard to the number of jobs and values of investment, (b) copies of impact assessments, with confidential information redacted, (c) confirmation from the International Trade Administration Commission of South Africa that reciprocal agreements are not required for duty reductions and/or rebates, (d) details on the rationale, if required, and (e) a list of investigations for duty relief requested, outlining both locally made and international products; if not, why not; if so, what are the relevant details?

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Reply:

I am informed by the International Trade Administration Commission (ITAC) of the following:

(a) The Commission (ITAC) indicates that it would not be in a position to share a non-confidential or redacted version. Should it be provided with an understanding of the purpose accessing such information would serve, it would then convey that to the respective applicants. In the absence of that, however, it cannot share firm-level information contained in these irrevocable undertakings.

(b) Impact assessments since 2019: **Annexes A.1 to A.4**, supplied by ITAC - refer to links below.

(c) This is not the case. The 21 April 2016 trade policy directive issued in line with section 5 of the International Trade Administration Act 71 of 2002, by the then Minister of Economic Development requires that the 'Commission shall have regard to (reciprocal commitments)' in relation to an application for the investigation of an amendment of customs duties in line with section 26(1)c of the Act. The directive further suggests that, 'in appropriate cases, it is preferable that the Commission should consult with the applicant with regard to these matters before making its recommendation'. In this regard, arising from the use of these reciprocal commitments to improve firm-level competitiveness and to undertake structural change, the Commission will continue, where it deems it desirable, to expect an applicant to make an 'objectively verifiable and binding commitment'. In this regard, the Commission will continue to have regard for job creation (and/or retention), industrial output, investments in plant, equipment, skills and research and development, economic investment in support of the participation in manufacturing and related activities by small business, black owned or black managed enterprises and SACU supply chains and the pricing of outputs. In so doing the Commission is expected to continue to exercise

its discretion to decide to apply one or any more of these considerations with respect to any particular application.

The trade policy directive of 21 April 2016 is attached as **Annex B** - refer to link below.

(d) All applicants, when they apply to the Commission for an amendment to customs duties, ostensibly make the case for the desirability of such a change to the tariff schedule. Often applicants make the case that such changes may give rise to greater plant capacity utilisation, greater employment or any other similar benefit to customers or downstream users and so on. Reciprocal commitments in such instances seek to make these envisaged benefits an objectively verifiable element that the Commission may consider (along with other important elements of the case) in arriving at its recommendation. This is made more important by the 'design' of tariffs as policy instruments, with 'concentrated benefits' but often, very 'diffuse costs' spread among a wide array of economic actors, least of all those who can afford the 'price adjustments' associated with tariff support.

(e) It is assumed that the duty relief spoken of here is what is referred to in the Act as 'rebates of customs duties'. These measures have been, at least since 1925 in South Africa been used to allow for the import (without paying the associated customs duty) for industrial policy reasons, of raw and manufactured materials and articles that are either not produced in South Africa, or whose cost constitutes a considerable portion of the ex-factory selling price of a good used in the manufacture or processing of output in priority sectors. Since 2010, around 70 such measures have been instituted covering a wide array of industrial sectors, as can be seen in **Annex C** - refer to link below.

LINKS:

Annexes A.1 to A.4: <https://dtishare.thedti.gov.za/filr/public-link/file-download/8a8b4b7e92d1e3470193485a16ac4b79/25759/7782262780467476619/PQ%201544%20ANNEX%20A.zip>

Annex B:

<https://dtishare.thedti.gov.za/filr/public-link/file-download/8a8b4b7e92d1e3470193485a17af4b7d/25760/535914481682940584/PQ%201544%20ANNEX%20B.zip>

Annex C: <https://dtishare.thedti.gov.za/filr/public-link/file-download/8a8b4b7e92d1e3470193485a1bde4b81/25761/7121291149065219054/PQ%201544%20ANNEX%20C.zip>

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