



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

4333. Mr M K Montwedi (EFF) to ask the Minister of Trade, Industry and Competition:

(a) How are existing trade agreements structured to protect the local industries by ensuring that quotas are applied to specific imported products and (b) what (i) mechanisms have been embedded in the specified agreements to prioritise local suppliers in supplying such products to the domestic market, (ii) are the full details of key products that are currently subject to import quotas and/or safeguard measures under international or regional trade agreements and (iii) enforcement and monitoring tools does his department use to (aa) ensure compliance with the specified provisions and (bb) prevent unfair competition against local industries? NW4867E

REPLY

- (a) Quantitative restrictions, such as quotas, are in contradiction with the rules of the multilateral trade system, and they are explicitly also prohibited in some trade agreements, for example in the SADC Trade Protocol. Some agreements do however provide for tariff rate quotas (TRQs), which would mean that only a defined volume of the product concerned may enter South Africa at the preferential rate of import duty, while imports above the quota volume will subject to a higher import duty.
- (b) (i) Trade agreements manage the trade relations between the parties to the agreement, as opposed to regulating domestic policy matters. Designated products in South Africa are protected through the localisation programme

of **the dtic**, which designated¹ a number of industries, sectors and sub-sectors for local production with minimum local content thresholds.

(ii) The tariff rate quotas under the various trade agreements are defined in the notes to Schedule 1 of the Customs & Excise Act. This may be found at <https://www.sars.gov.za/wp-content/uploads/Legal/SCEA1964/Legal-LPrim-CE-Sch1Gen-General-Notes-to-Schedules-to-Customs-and-Excise-Act.pdf>

Safeguard duties currently in force are listed in part 3 of Schedule 2 of the Customs & Excise Act. This is published at <https://www.sars.gov.za/wp-content/uploads/Legal/SCEA1964/Legal-LPrim-CE-Sch2-Schedule-No-2.pdf>

(iii)(aa) Tariff rate quotas are generally administered by SARS, in some cases in terms of allocation rules defined in the relevant agreement, and in other cases on a first come first served basis.

The International Trade Administration Commission (ITAC) is responsible for trade remedies in South Africa – this includes safeguard duties. The Trade Remedies Unit of ITAC administers the trade remedies instruments through investigation of alleged dumping, subsidised imports and a surge of imports into the SACU, in accordance with domestic legislation and consistent with WTO Rules.

(iii)(bb) The trade remedy measures listed above, as well as limitations placed by tariff rate quotas on preferential trade, are designed to create a level playing field where South African industries can compete in a fair way.

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¹ <https://www.thedtic.gov.za/sectors-and-services-2/industrial-development/industrial-procurement/>