



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTIONS FOR WRITTEN REPLY

#### QUESTION NO. 711

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

Whether, with reference to the assessment of progress toward impact and reciprocal commitment studies in strategic sectors that was included in the 2023-24 Annual Performance Plan of the International Trade Administration Commission of South Africa, he will furnish Mr M M Mdluli with a list of (a) all reciprocal agreements signed, by investigation, including copies of the agreements, (b) agreements under negotiation, including which (i) companies and (ii) tariffs, (c) all the reciprocal agreements in place and (d) reciprocal studies being conducted; if not, why not; if so, on what date? NW922E

#### REPLY:

I am advised by ITAC of the following.

#### Background:

The genesis of reciprocal commitments by firms in tariff amendment investigations is a 21 April 2016 Trade Policy Directive ('the Directive') from the then Minister of Economic Development [now the Minister of Trade, Industry and Competition (**the dtic**)], issued to ITAC in terms of section 5 of the Act.

The Directive, read with the 2021 Trade Policy for Industrial Development and Employment Growth framework, is aimed at ensuring that 'tariff support (does) not blunt competitive pressures on firms'; and such measures ought to be building firm level capabilities, competitiveness and aligning firm level to national interests. A series of measures and

commitments made by firms have yielded recognisable gains in production, employment, investment, pricing and exports.

The basic idea behind reciprocal commitments is straightforward. Duties are 'economic rents' that firms apply for, to which they are not entitled nor ought to claim a right to. These rents, while they have a targeted firm benefit, visit a 'diffuse set of costs' across different economic actors. As such, those who receive the benefit are 'encouraged' to reciprocate (or align their private benefit with the national interest) through increased production, investment and employment. Not just in their own self-interest, but also in the interests of society. That is, companies make reciprocal commitments based on their financial and market position, existing expansion plans and projected demand growth.

(a) ITAC welcomes the scrutiny of interested members of the South African public. It is important. It keeps us honest and ensures that we continue to discharge our obligations with the greatest sense of duty, professional regard and care.

However, due to the highly sensitive commercial nature of the data disclosed by companies in these reciprocal commitments, which may include investment levels and plans, production costs and other sensitive business information, ITAC is compelled by Section 33(1) of the ITA Act, Act No. 71 of 2002, to not disclose confidential information. Section 33(1) reads as follows:

*"33. Right of informants to claim confidentiality*

*(1) A person may, when submitting information to the Commission, identify information that the person claims to be information that-*

*(a) is confidential by its nature; or*

*(b) the person otherwise wishes to be recognised as confidential".*

(b) Published investigations, which are "in process", where reciprocal commitments form part of the investigation, are listed below:

<b>Applicant &amp; request</b>	<b>Product &amp; Tariffs concerned</b>
STI Electrical (Pty)Ltd Request: Increase (From 5% to 15% - WTO bound rate)	Transformer core 8504.90
Peninsula Drums (Pty) Ltd Request: Increase (From free of duty to the WTO of 15%)	Steel drums 7310.10.90
Lumax Energy (Pty) Ltd Request: Increase (From free of duty to the WTO bound rate of 10%; and free of duty to the WTO bound rate of 30%)	Complete Tracker 8479.89
MCFI INTERNATIONAL (PTY) LTD Request: Increase (From free of duty to 10%)	Aluminium Chlorohydrate (ACH) 2827.32
AMRAS a division of ArcelorMittal South Africa Ltd Request: Increase (From 5% to 10%)	Rails 7302.10
Ministerial directive Request: Review tariff structure	Frozen mixed vegetables 0710.90
Unilever Request: Two Rebates	Palm oils and not its fractions, (Refined, bleached) and (Hydrogenated), for use in the manufacture of soaps 1511.90.90 & 1516.20.90
Defy Appliances (Pty) Ltd Request: Rebate	Cooker hoods for household use 8414.60.20
Guth South Africa (Pty) Ltd Request: Rebate	Stainless-steel tubes 7306.40

- (c) For reasons as set out in (a) above, these cannot be provided.
- (d) As indicated above, reciprocal commitments are made as part of a tariff amendment application submitted. Applications “in process” are as listed in (b) above. These commitments are formalised through the signing of an Irrevocable Undertaking, which is monitored through the submission of bi-annual reports after implementation

of the outcome in the Customs and Excise Act, No. 91 of 1964 through a publication notice in the Government Gazette. In line with ITAC's 2023/24 Annual Performance Plan outcome related to Monitoring and Evaluation, the following impact assessments were concluded:

- i. Impact of the customs duty increase on acrylic resins: A case of Ferro Coating Resins.
- ii. The Impact of rebate item 311.40 ("Certain woven fabrics used for the manufacture of clothing" rebate): A Case of Truworths.

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