

EXPLANATORY MEMORANDUM

AMENDMENT FOR IMPLEMENTATION ON 1 JANUARY 2018

The draft amendments of the Schedules to the Customs and Excise Act, 1964, Act No. 91 (the Act), are implemented **with effect from 1 January 2018**.

The amendment in Part 1 of Schedule No. 1 include –

Deletions:	5
Substitutions:	71
Insertions:	18

The proposed amendments are in respect of –

- the changes to the rates of duty for 2018 in terms of the Economic Partnership Agreement (EPA) between the European Union (EU) and the Southern African Development Community (SADC) EPA States in Part 1 of Schedule No. 1; and
- miscellaneous technical amendments in Part 1 of Schedule No. 1 to the Act.

1. The phase-down of duties in terms of EPA

In terms of the EPA, which entered into force on 10 October 2016, South Africa has an obligation to amend the rates of duty on certain products listed in Part 1 of Schedule No. 1 to the Act on an annual basis, with effect from 1 January of a particular year.

The changes to the rates of duties in terms of EPA for 2018 relates to the following:

- 1.1 Fish classifiable in tariff subheadings 0302.13, 0302.14, 0303.14 and 0305.41, in Section A, Annex II, listed as staging category “B*” is reduced to a preference margin of 50 per cent of the most favoured nation (MFN) rate of duty;



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- 1.2 Fish in Chapters 3 and 16, in Section A, Annex II, listed as staging category “C*” is reduced to a preference margin of a 70 per cent of the MFN rate of duty; and
- 1.3 Textile and clothing classifiable in tariff subheadings 6103.43.10, 6103.43.20 and 6103.43 .90, respectively, in Section A, Annex II, listed as staging category “PM40*” are increased with a preference margin of 40 per cent compared to MFN rate of duty.

2. Technical amendment to the Schedules of the Act

2.1 Amendments in Part 1 to Schedule No. 1

2.1.1 Request from Glo Pro signage manufacturers for the inclusion of photoluminescent self-adhesive plates in a separate 8-digit tariff subheadings

Traffic Signs & Marketing trading as Glo Products (Glo Products) is a company that specialises in photoluminescent safety signs. Tariff heading 39.19 provides for self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls. Currently the goods are classified in tariff subheadings 3919.10.03, 3919.10.40, 3919.90.03 and 3919.90.37, respectively. The aforementioned subheadings, however, cover all self-adhesive sheets of acrylic polymers or polyethylene terephthalates (PET).

Glo Products requested SARS to include a separate 8-digit tariff subheading for photoluminescent film of acrylic polymers and PET. The separate subheadings will assist industry to monitor volumes of imports and collect statistical data, for purposes of identifying materials used in the manufacture of safety signs for buildings and the like and a possible request to the International Trade Administration Commission for a reduction in the rate of duty.

The following tariff subheadings are deleted:

3919.10.03	Of polyethylene terephthalates
3919.90.03	Of polyethylene terephthalates
3919.90.37	Of other acrylic polymers

The following tariff subheadings will be inserted:

3919.10.02	Of polyethylene terephthalates, photoluminescent
3919.10.04	Other, of polyethylene terephthalates
3919.10.38	Of acrylic polymers, photoluminescent

3919.90.02	Of polyethylene terephthalates, photoluminescent
3919.90.04	Other, of polyethylene terephthalates
3919.90.38	Of other acrylic polymers, photoluminescent
3919.90.39	Other, of other acrylic polymers

The following tariff subheadings are substituted:

3919.10.39	Other, of acrylic polymers, coated with microspheres or microprisms
3919.10.40	Other, of acrylic polymers

2.1.2 Request from AR Industries for the creation of 8-digit tariff subheadings for peanut butter packed for retail sale or having a smooth texture

AR Industries requested the insertion of 8-digit tariff subheadings to make a distinction between bulk peanut butter and those packed for retail sale.

AR Industries are considering the establishment of a peanut butter production line, but need specific trade data to determine the import market. Peanut butter is classifiable in tariff subheading 2008.11.10, but there is no distinction between products supplied packed for retail sale or supplied in bulk. There is also no distinction between smooth and crunchy textured peanut butter.

Separate 8-digit tariff subheadings are inserted to provide for smooth peanut butter and peanut butter packed for retail sale.

The following tariff subheading is deleted:

2008.11.10	Peanut butter
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The following tariff subheadings are inserted:

2008.11.1	Peanut butter:
2008.11.11	Smooth, put up in packaging for retail sale
2008.11.15	Other, put up in packaging for retail sale
2008.11.19	Other

AR Industries also requested the creation of separate 8-digit tariff subheadings for mayonnaise. There is no tariff subheading that provides for mayonnaise specifically. Mayonnaise is currently classified under a residual tariff subheading 2103.90.90, which provides for "other".



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The following tariff subheading is deleted:

2103.90.90	Other
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The following tariff subheadings are inserted:

2103.90.9	Other:
2103.90.91	Mayonnaise, put up in packaging for retail sale
2103.90.95	Other mayonnaise
2103.90.99	Other

2.1.3 Request from Chemical Initiatives (Pty) Ltd for the creation of 8-digit tariff subheadings under 2809.20

Xikhovha Advisory (Pty) Ltd acting on behalf of Chemical Initiatives (Pty) Ltd requested a tariff split under tariff subheading 2809.20. The subheading covers phosphoric acid and polyphosphoric acids. Phosphoric acids can, however, be classified according to food grade, technical grade and fertiliser grade. The fertiliser grade is not manufactured locally.

A separate 8-digit tariff subheading is created to include the phosphoric content of 78 per cent or more in order to identify the food grade and technical grade phosphoric acids that are manufactured locally.

The following tariff subheadings are inserted:

2809.20.10	Of a phosphoric content of 78 per cent or more
2809.20.90	Other

The following tariff subheading is substituted:

2809.20	Phosphoric acid and polyphosphoric acids:
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