

EXPLANATORY MEMORANDUM

TECHNICAL AMENDMENTS TO THE SCHEDULES OF THE CUSTOMS AND EXCISE ACT, 1964

The draft amendments to the Schedules of the Customs and Excise Act, 1964 (the Act), are technical in nature and **will have no effect on the duty structure**. The amendments are as a result of requests by industry, SARS or other government agencies and are scheduled for implementation on the day the approved amendments are published in the Government Gazette.

1. Amendments in Part 1 to Schedule No. 1 of the Act

1.1 Request from Potatoes South Africa (PSA) for the creation of a separate tariff subheading for frozen potato chips

PSA (the applicant) applied for the creation of a separate tariff subheading to identify imported frozen potato chips from other frozen potato products.

The applicant is the official representative of potato producers and potato processors in South Africa. According to the applicant producers in South Africa have been under tremendous pressure from cheap imports and unfair trade practices of frozen potato chips also known as “French fries”.

The applicant motivated that the scope of tariff subheading 2004.10.90 is wide and also covers other frozen potato products. The new 8-digit tariff subheading will enable the industry to monitor imports of frozen potato chips and will assist the International Trade and Administration Commission (ITAC) to review specific trade data and consider appropriate protective measures.

The following new 8-digit subheading is inserted:

2004.10.20	Chips or French fries
------------	-----------------------

1.2 Request from the South African Tyre Manufacturers Conference (Pty) Ltd (SATMC) for the creation of additional 8-digit subheadings to identify tyres with a load index exceeding 121

SATMC (the applicant) submitted a request for additional 8-digit subheadings for tyres to allow for the monitoring of different rim size categories of tyres with a load exceeding 121.

The splitting of the subheadings will allow the industry to collect valuable trade data specific to a certain rim size range. This data can assist with the early detection of possible disruptive imports but it can also assist to improve production planning and business strategy.

The following 8-digit subheading is deleted:

4011.20.25	With a load index exceeding 121
------------	---------------------------------

The following new 7 and 8-digit subheadings are inserted:

4011.20.2	With a load index exceeding 121:
4011.20.22	Having a rim size not exceeding 44 cm (17.5 inches)
4011.20.24	Having a rim size exceeding 44 cm (17.5 inches) but not exceeding 51 cm (20 inches)
4011.20.26	Having a rim size exceeding 51 cm (20 inches)

1.3 Request for separate 8-digit tariff subheadings to provide for certain wood and semi-precious stones subject to export control classifiable in tariff subheadings 4403.99, 4407.99 and 7103.99

SARS has identified the need to create separate 8-digit tariff subheadings to aid with the administration of the export control requirements applicable to certain wood as well as certain semi-precious stones.

The said goods require an export control permit issued by ITAC but not all the goods covered by the current 6-digit subheading structure are subject to the export control requirements.

The creation of separate 8-digit subheadings will assist SARS in lessening the administrative burden and improve trade facilitation.

The following new 8-digit tariff subheadings are created:

4403.99.10	Of Yellowwood (<i>Podocarpus Falcatus</i> , <i>Podocarpus Henkelli</i> , <i>Podocarpus Latifolius</i>)
4403.99.20	Of Black Stinkwood (<i>Ocotea Bullata</i>)
4403.99.30	Of Blackwood (<i>Acacia Melanoxylon</i>)
4403.99.90	Other
4407.99.10	Of Yellowwood (<i>Podocarpus Falcatus</i> , <i>Podocarpus Henkelli</i> , <i>Podocarpus Latifolius</i>)
4407.99.20	Of Black Stinkwood (<i>Ocotea Bullata</i>)
4407.99.30	Of Blackwood (<i>Acacia Melanoxylon</i>)
4407.99.90	Other
7103.10.10	Quartz tiger's eye (also known as tiger's eye)
7103.10.20	Sugilite (also known as lavulite)
7103.10.90	Other

1.4 Request for separate 8-digit tariff subheadings for embroidered toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton and embroidered curtains

SARS finds it increasingly difficult to combat undervaluation of imported clothing and other household textile articles such as toilet linen, kitchen linen, of terry towelling or similar terry fabrics of cotton and curtains.

There is a distinct difference in the value of linen that is plain as opposed to those that are further worked by, for example embroidery or appliqué work.

The provisions for embroidered linen will assist in more effectively monitoring the importation of toilet linen, kitchen linen, towels and curtains.

The following new 8-digit tariff subheadings are inserted:

6302.60.10	Embroidered or incorporating appliqué work
6302.60.90	Other
6302.91.10	Embroidered or incorporating appliqué work
6302.91.90	Other
6302.93.10	Embroidered or incorporating appliqué work
6302.93.90	Other
6302.99.10	Embroidered or incorporating appliqué work
6302.99.90	Other
6303.12.10	Embroidered or incorporating appliqué work
6303.12.90	Other
6303.19.10	Embroidered or incorporating appliqué work
6303.19.90	Other
6303.91.10	Embroidered or incorporating appliqué work
6303.91.90	Other
6303.92.10	Embroidered or incorporating appliqué work
6303.92.90	Other
6303.99.10	Embroidered or incorporating appliqué work
6303.99.90	Other

1.5 Request from Consol for separate 8-digit tariff subheadings for glass containers according to specific capacity

Consol (the applicant) is a significant player in the glass container industry with 5 manufacturing sites. The applicant manufactures a wide range of bottles and jars to supply the local and export market.

High volumes of glass bottles and jars are imported but due to the current structure of heading 7010.90 the applicant is unable to determine the exact effect these imports have on its business.

A more refined structure according to specific capacity will enable the industry to monitor imports effectively and adjust price specific activity like the size of bottles and sources of supply to be more competitive.

The following 8-digit subheading is deleted:

7010.90.10	Syphon vases; preserving jars
------------	-------------------------------

The following new 7 and 8-digit tariff subheadings are inserted:

7010.90.20	Syphon vases
7010.90.3	Preserving jars:
7010.90.31	Of a capacity not exceeding 250 ml
7010.90.33	Of a capacity exceeding 250 ml
7010.90.4	Other jars and pots:
7010.90.41	Of a capacity not exceeding 300 ml
7010.90.43	Of a capacity exceeding 300 ml but not exceeding 500 ml
7010.90.45	Of a capacity exceeding 500 ml but not exceeding 750 ml
7010.90.47	Of a capacity exceeding 750 ml but not exceeding 1 100 ml
7010.90.49	Of a capacity exceeding 1 100 ml
7010.90.5	Bottles:
7010.90.51	Of a capacity not exceeding 250 ml
7010.90.53	Of a capacity exceeding 250 ml but not exceeding 330 ml
7010.90.55	Of a capacity exceeding 330 ml but not exceeding 500 ml
7010.90.57	Of a capacity exceeding 500 ml but not exceeding 750 ml
7010.90.58	Of a capacity exceeding 750 ml but not exceeding 1 100 ml
7010.90.59	Of a capacity exceeding 1 100 ml

1.6 Request for the amendment of artificial turf description classifiable in tariff subheading 9506.99.20 and the insertion of an additional note clarify the scope of sports fields classifiable in heading 95.06

A judgement handed down in High Court, classified “unassembled” artificial sport fields in heading 95.06 and currently provision is made for artificial turf in tariff subheading 9506.99.20. To ensure that only the goods ruled by High Court to be classified in heading 95.06, SARS is inserting an Additional Note to heading 95.06 for the following:

“Additional Note: Artificial turf presented as unassembled playing surfaces for sports fields, complete with provision for line markings, is classified within tariff heading 95.06 and artificial turf otherwise presented as production material is excluded from Chapter 95.”

The additional note for artificial turf will provide adequate clarity on the intentions of the legislator and ITAC supported the request from a trade policy perspective.

The wording of subheading 9506.99.20 is also amended to reflect only the “unassembled” sports fields that will qualify in terms of the additional note to heading 95.06, as follows:

9506.99.20	Artificial turf, in the form of sports field playing surfaces including marking lines, presented unassembled
------------	--------------------------------------------------------------------------------------------------------------

1.7 Request from ITAC for separate 8-digit tariff subheadings for frozen mussels

ITAC (the applicant) requested the creation of separate 8-digit subheading for frozen mussels classifiable in subheading 0307.39.

The applicant received a request for an increase in the rate of duty on frozen mussels that included the creation of separate 8-digit subheadings for frozen mussels not shelled, shelled and half shelled. However, the applicant did not at the time include the new tariff lines in its recommendation.

The applicant is of the view that the requested subheadings will assist industry to monitor the importation of frozen mussels and has subsequently made a request to SARS on behalf of the industry.

The following new 8-digit subheadings are inserted:

0307.39.20	Frozen, not shelled (excluding smoked)
0307.39.30	Frozen, in half shells (excluding smoked)
0307.39.40	Frozen, shelled meat (excluding smoked)

1.8 Request from PricewaterhouseCoopers Tax Services (Pty) Ltd (PWC) for separate 8-digit tariff subheadings for welded link chain of different sizes

PWC (the applicant) requested the creation of separate 8-digit subheadings for welded link chain that are currently classifiable in tariff subheading 7315.82.

The reason for the application is that there is currently anti-dumping duty applicable to welded link chain with a diameter between 4mm and 10mm and a more refined subheading structure would assist in isolating the chain subject to the anti-dumping duty. Furthermore, a more refined structure will also provide valuable trade data that will enable industry to monitor the importation of specific sizes of welded link chain.

The following 8-digit tariff subheadings are inserted:

7315.82.01	The links of which are manufactured from round section iron or steel wire, bars or rods of a diameter not exceeding 4 mm
------------	--------------------------------------------------------------------------------------------------------------------------

7315.82.03	The links of which are manufactured from round section iron or steel wire, bars or rods of a diameter exceeding 4 mm but not exceeding 10 mm
7315.82.07	The links of which are manufactured from round section iron or steel wire, bars or rods of a diameter exceeding 20 mm but not exceeding 36 mm
7315.82.90	Other

2. Amendment of Schedule No. 2

2.1 Typographical error in anti-dumping item 206.04

The opportunity is also used to correct typographical errors in anti-dumping item 206.04. Draft Notice to effect this amendment is only done in the particular language where the errors were found.

3. Amendment of Schedule No. 3

3.1 Deletion of duplicate rebate item

Rebate item 317.02/00.00/06.00 is deleted as it is a duplicate of rebate item 317.02/00.00/05.00 with the same description and extent of rebate.