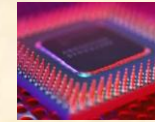


ITAC ANNUAL PERFORMANCE PLAN BRIEFING TO THE PORTFOLIO COMMITTEE ON ECONOMIC DEVELOPMENT

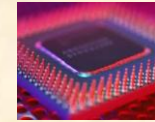
08 July 2014

Siyabulela Tsengiwe
Chief Commissioner

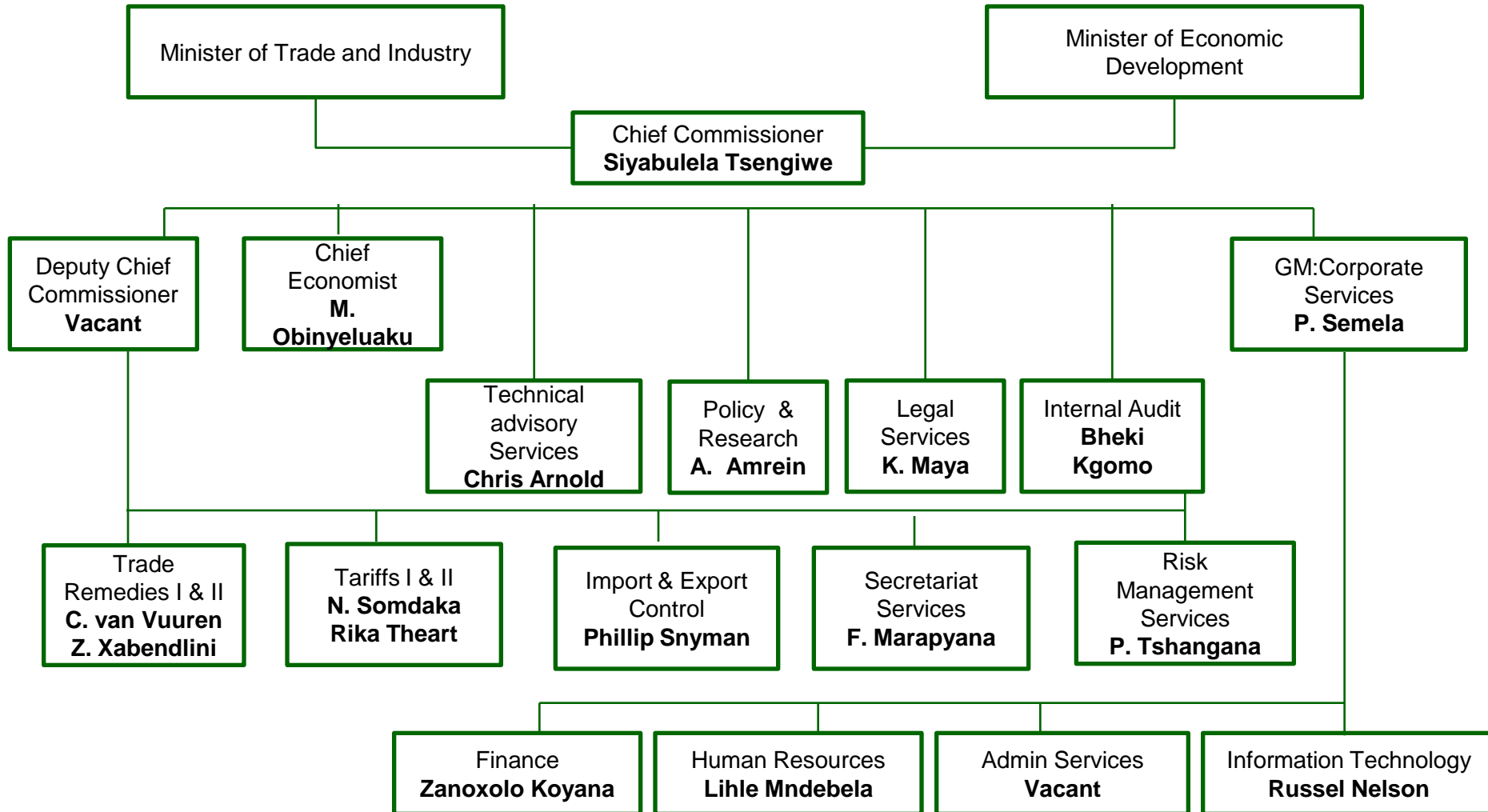


1. Establishment of ITAC.
2. Organisational Structure.
3. Core Business Units.
4. Mandate, Vision, Mission & Key Strategic Objectives.
5. Key Strategic Objectives & Performance Areas & Services.
6. Policy and Legal Framework
7. Import Tariffs and Targets.
8. Trade Remedies and Targets.
9. Import and Export Control and Targets.
10. Judicial Reviews





- ITAC is a relatively new institution established by an **Act of Parliament, ITA Act of 2002**, which came into effect in June 2003. The predecessors of ITAC are the Board of Tariffs and Trade (BTT) and the Board of Trade and Industry (BTI) which dates back to 1923.
- ITAC was established to streamline, rationalise and modernise an institution with a long history dating back to 1923.
- **Structure:** The Commission is constituted of 2 Full- time Commissioners (Chief Commissioner and Deputy Chief Commissioner) and 9 Part-time. The Commission is a body of experts that meets monthly to evaluate investigations and make recommendations to the Minister of Trade and Industry. The administrative arm of the Commission has a staff complement of 131.
- **Reporting Lines:** The administration of the ITA Act was transferred to the Minister of Economic Development (Policy and Oversight) except for decision making powers on individual tariff and trade remedy investigations that have been retained by the Minister of Trade and Industry.
- **Core Functions:** Tariff Investigations; Trade Remedies; Import and Export Control.



Tariff Investigation I
Rika Theart

- Agriculture & Agro-processing
- Chemicals
- Textiles
- Clothing and Footwear
- Textiles and Clothing Industrial Development Programme (TCDIP)

Tariff Investigation II
N. Somdaka

- Motors
- Metals and Machinery
- Motor Industry Development Programme (MIDP)

Trade Remedies II
Z. Xabendlini

- Anti-dumping
- Countervailing
- Safeguards

Trade Remedies I
C. Van Vuuren

- Anti-dumping
- Countervailing
- Safeguards

Import and Export Control
P. Snyman

- Import Permits
- Export Permits
- Enforcement

Mandate

The aim of ITAC, as stated in the Act, is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Union Area by establishing an efficient and effective system for the administration of international trade subject to this Act and the SACU Agreement.

Vision

An institution of excellence in international trade administration, enhancing economic growth and development.

Mission

ITAC aims to create an enabling environment for fair trade through: efficient and effective administration of its trade instruments; and technical advice to the Economic Development Department and thedti.

Strategic Objectives

Ensure appropriate contribution to employment creating growth and development through provision of its international trade instruments.

Ensure strategic alignment and continued relevance within the Economic Development Department and national agenda.

Ensure organisational efficiency and effectiveness through business support services.

Ensure contribution to employment creating growth and development through effective delivery of international trade instruments

International Trade Instruments

What will be pivotal in improving the provision of customs tariffs, trade remedies, and import and export control will be the quality and turnaround times.

Customs Tariff Investigations
[Increasing Duties, Reducing Duties, & Creation of Rebates]

Trade Remedies Investigations
[Antidumping, Countervailing & Safeguards]

Import & Export Control
[Permits & Enforcement]

Ensure strategic alignment and continued relevance with the Department of Economic Development and national agenda

International Trade Technical Advice

ITAC will become more proactive in the provision of technical inputs and contributions to trade and industrial policy implementation, as well as trade negotiations at bilateral, regional and multilateral levels.

Technical Inputs on Trade and Industrial Policy including Sector Strategies

Technical Inputs on Trade Agreements
[WTO, SADC & SACU];
Bilateral Agreements
[EU, EFTA, MERCOSUR, & INDIA]

Ensure organisational efficiency and effectiveness of ITAC

Business Support Services

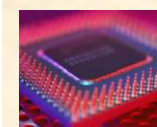
The performance of the institution will be driven through appropriate business solutions, efficient and effective utilisation of material, human and information technology resources.

- Human Resources
- Finance
- Information Technology
- Legal Services
- Policy and Research



- The National Development Plan (NDP) provides a long-term vision with implementation driven through the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the South African Trade Policy and Strategy Framework (South African TPSF). The NGP places employment creation at the centre of economic policy.
- In light of the unacceptable high levels of unemployment, huge inequalities and poverty, the NGP places job creation at the centre of economic policy.
- Importantly for ITAC is the direction of trade policy and sectors that have been prioritised for job creation (Jobs Drivers).
- The NGP advocates Developmental trade policies:
 - Promoting exports of value added manufacturing.
 - Addressing unfair competition against domestic manufacturers.
 - Active support for new trade opportunities including newly established industries.
 - Reciprocal commitments on applicants for tariff changes & rebates addressing areas of investment and employment creation.
 - Pragmatic and evidenced based approach in pursuing socio-economic objectives.
 - Unnecessary accession to narrow interests or failure to respond to real economic needs.





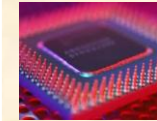
- Sectors of particular relevance to ITAC that have been prioritised for job creation (Jobs Drivers):
 - **Infrastructure** (New industries may emerge to supply inputs into infrastructure development and may require developmental tariffs thus reducing import leakage).
 - **Green Economy** (Analysis of the tariff regime for green goods to identify opportunities for local manufacturing and tariff support. Green goods include: solar and wind energy goods, batteries for electric vehicles, machinery & equipment for waste management).
 - **Agriculture value chain** (Recognition of the uniqueness of the agriculture sector given the global distortions. Tariff support for agro-processing. Food security considerations).
 - **Mining value chain** (Export Controls will be positioned to give support to the dti and Mineral Resources to promote local beneficiation)
 - **Manufacturing sectors**, which are included in IPAP 2.





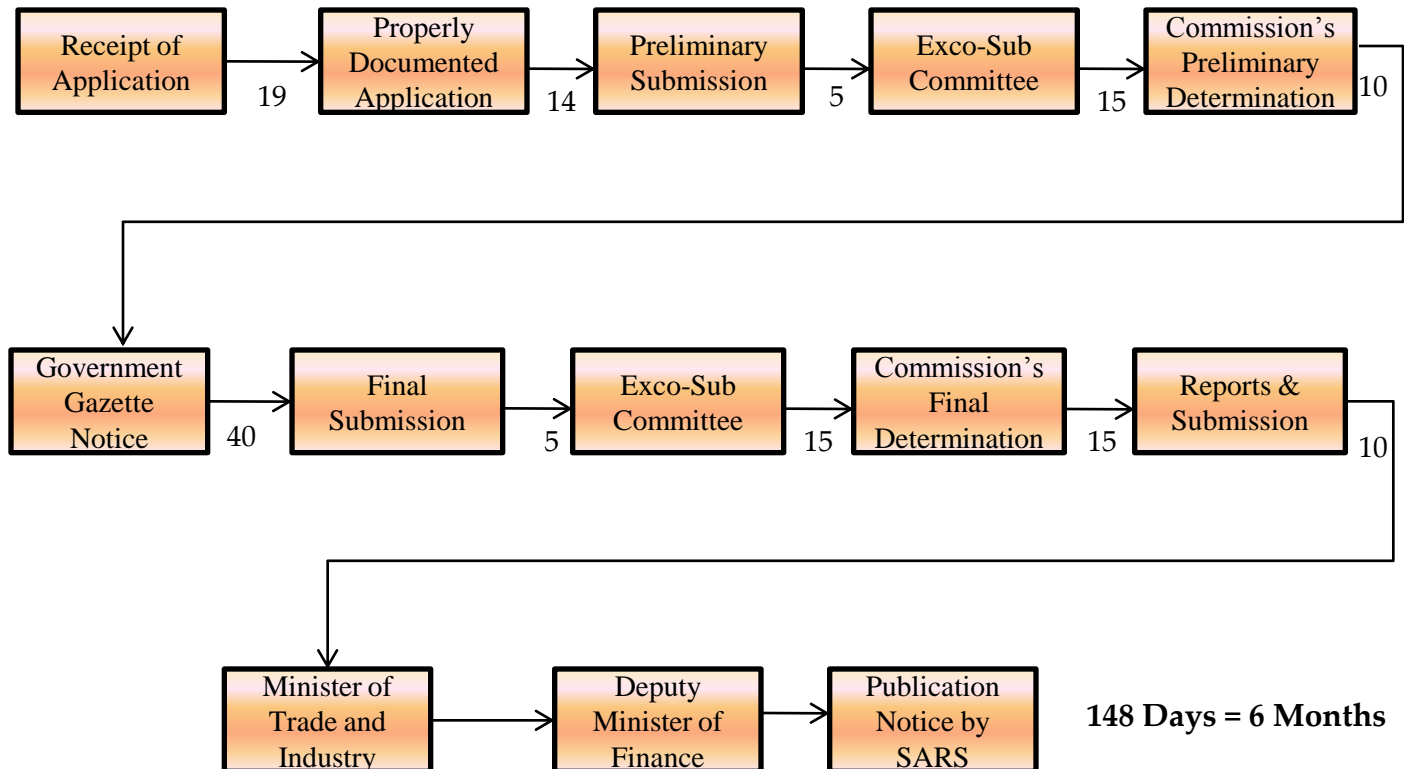
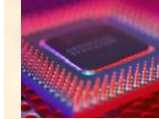
- Domestic Law: ITA Act; Customs and Excise Act; Regulations; PAJA; Constitution
- International Agreements (WTO)
- Regional Integration (SACU and SADC)
- Bilateral Agreements (EU; EFTA; & MERCOSUR)

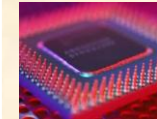




- Basic chemicals (polymers).
- Aluminium and Power pylons.
- Capital equipment and machinery.
- Textiles for Clothing; Fabrics for Home Textiles.
- Clothing.
- Plastic products.
- Self copy paper.
- Automotive components, set top boxes, windscreens, taps and mixers, kitchen sinks.
- Spades and shovels; gas cylinders.
- Chicken, Pasta and Mussels.
- Wheat; Sugar; Soya bean oil cake; and Pineapples and Juice concentrates.



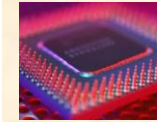




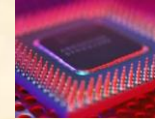
The Commission has set the following Import Tariff targets for the period 2014/15:

- 85% of Final decisions should be made within 6 months of initiation.



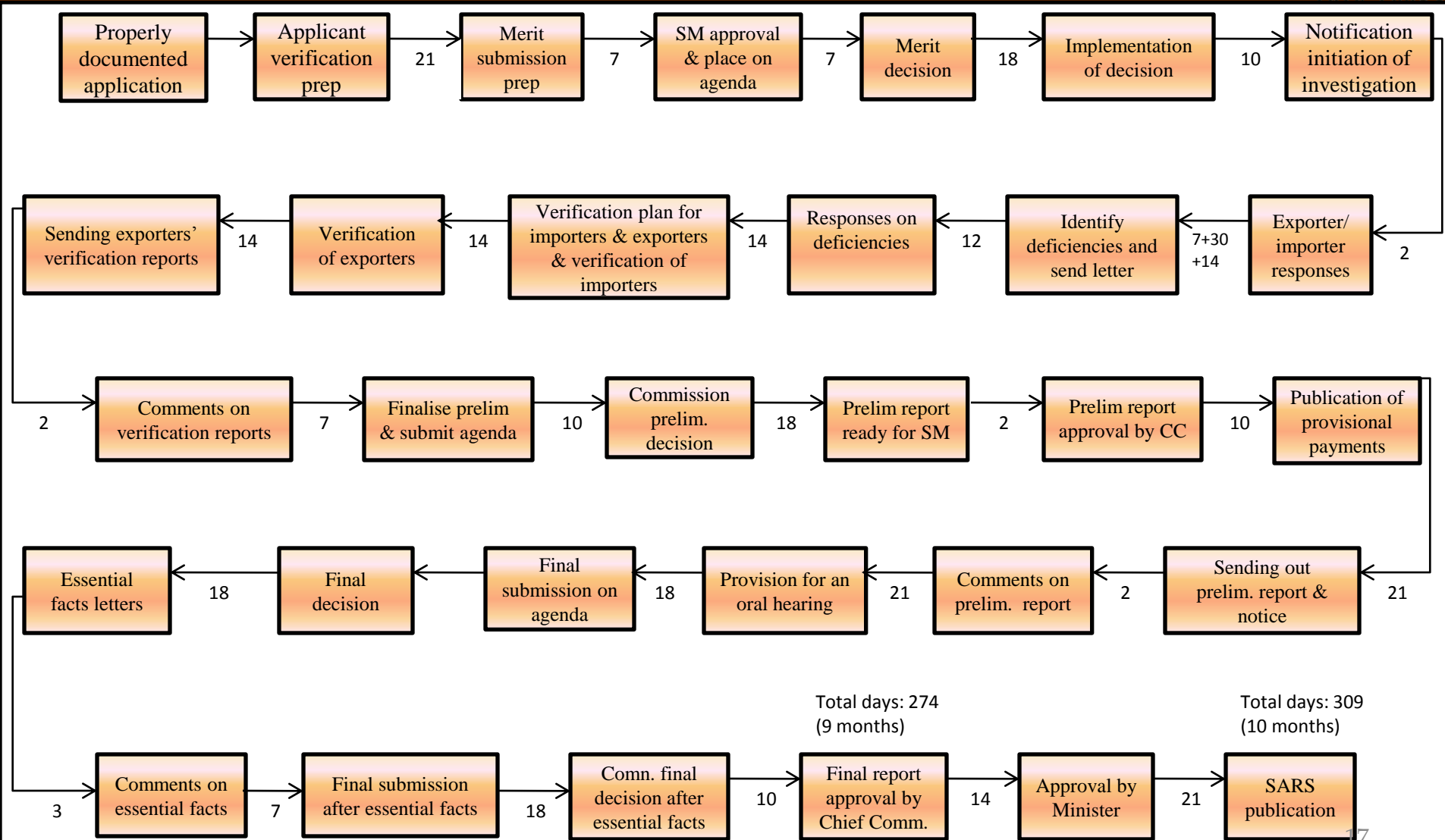


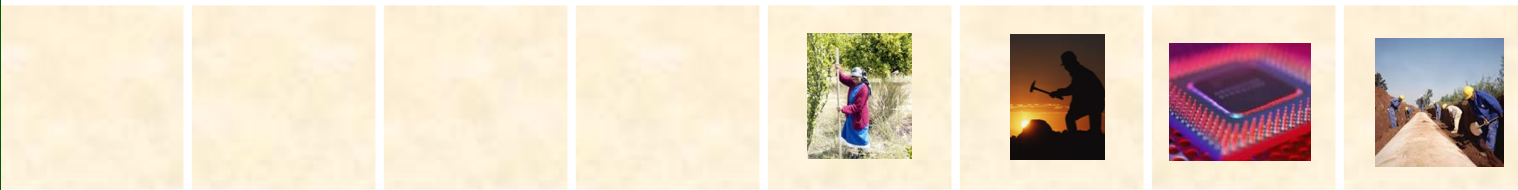
- **Objectives:** Enable fair trade in order to sustain domestic production, retain and create jobs and promote international competitiveness.
- **Anti-dumping** measures are taken against injurious dumped imports. **Dumping** is used to refer to a situation where goods are sold to a foreign market at prices less than the country of origin.
- **Countervailing** measures are used against subsidised imports that threaten and/or cause injury (i.e. decrease in prices; loss of market share; decrease in profits; decrease in sales volumes; job losses etc.) to the domestic manufacturer.
- **Safeguards** are actions against trade that may be regarded as fair but overwhelms domestic producers. Safeguards are used against an unforeseen surge of imports that threatens and/or causes injury to the domestic producers.



- Dumping: Selling goods at a lower price in the export than the domestic market.
- Firms engage in geographical price discrimination to maximise profits.
- The problem arises when dumping threatens and/or causes injury to domestic manufacturers (Decline: Prices; Sales Volumes; Profits; Market shares; Job losses etc.)
- Since Dumping is regarded as an unfair trade practice the WTO AD Agreement sets out the rules for acting against dumping that causes injury.
- South Africa is an old and active user of the instrument with the first law on AD having been enacted in 1914.

COUNTRY/CUSTOMS TERRITORY	PRODUCT	SACU INDUSTRY	DATE OF ORIGINAL IMPOSITION
Brazil	Frit		15/02/13 G G36147
People's Republic of China	Blankets	Texfed	18/06/99, G G20226
	Bolts and nuts of iron or steel	SAFMA	06/08/99, G G20363
	Garlic	SA Garlic Ass	20/10/00, G G21650
	Stainless steel sinks	Franke	06/11/09, G G32606
	Unframed Mirrors	PFG	26/07/13 G G36684
	Garden picks	Lasher	03/12/93, G G15291
	Spades, shovels, rakes, forks	Lasher	03/12/93, G G15291
	Float and Flat glass	PFG	28/05/99, G G20126
	Welded link steel chain	SCAW	09/05/08, G G31048
	PVC Rigid	Turbo Plastics	25/04/08, G G31012
	Wire ropes	SCAW	28/08/02, G G23790
	Threaded Screws	SA Fastners Association	16/11/12 G G35879
Staple Polyester Fibre	Texfed	28/05/10, G G33211	
Chinese Taipei	Polyethylene terephthalate (PET)	Hosaf	30/05/06, G G28887
	PVC Rigid	Turbo Plastics	25/04/08, G G31012
Germany	Wire ropes	SCAW	28/08/02, G G23790
India	Polyethylene terephthalate (PET)	Hosaf	30/05/06, G G28887
	Unframed glass mirrors	PFG	25/10/06, G G29329
	Paper insulated lead covered electric cable	Association of Electric Cable Manufacturers	31/03/00, G G21036
	Float and Flat glass	PFG	28/05/99, G G20126
Indonesia	Gypsum Plasterboard	St Gobain	02/07/04, G G26533
	Drawn and float glass	PFG	03/10/06, G G29272
	Unframed glass mirrors	PFG	25/10/06, G G29329
Korea, Republic of	Polyethylene terephthalate (PET)	Hosaf	30/05/06, G G28887
	Wire ropes	SCAW	28/08/02, G G23790
Malaysia	Stainless steel sinks	Franke	06/11/09, G G32606
Sweden	Tall Oil Fatty Acid	IOP	05/06/09, G G32297
Thailand	Carbon black	Algorax	13/10/00, G G21658
	Gypsum Plasterboard	St Gobain	13/02/04, G G26022
Turkey	Blankets	Texfed	18/06/99, G G20226
United Kingdom	Wire ropes	SCAW	28/08/02, G G23790
USA	Chicken meat portions	SA Poultry Association	27/12/00, G G21947





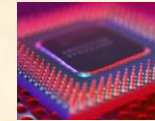
The Commission has set the following Trade Remedies targets for the period 2014/15:

- 85% of Preliminary determination should be completed within 6 months of initiation.
- 85% of Final determinations should be completed within 10 months of initiation.
- **Comparison with other Jurisdictions**



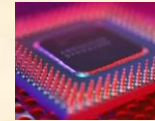
South Africa	US	EU	Canada	India	Brazil	Australia
10 Months	9 Months	14 Months	7 Months	12 Months	12 Months	5 Months

Import Control (New and 2nd hands)



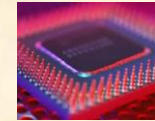
- Objective: To enforce health, safety, environmental, and technical standards that arise from domestic law and international agreements.
- Partnerships with government departments and institutions.
- New Goods: Radioactive chemicals; Pneumatic tyres; Chemicals 1988 Convention; Fossil fuels; Arms and ammunition.
- 2nd hands: Clothing; Motor vehicles; Electronic equipment; Waste and scrap; medical equipment; Aircraft.





- Objective: Health; safety, environmental and technical standards.
- 177 tariff subheadings are under export control.
- Minerals including tiger's eye.
- Raw materials (waste and scrap metals).
- Motor vehicles
- International agreements: Montreal Protocol, Basel Convention, and 1998 UN Convention.
- Enforcement of the Regulations.

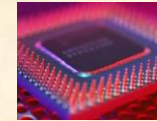




The Commission has set the following Import and Export Control for the period 2014/15:

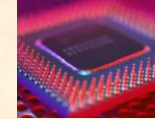
- Import Control Permits - **13500**
- Export Control Permits - **7500**
- Scheduled Import and Export Control Permit inspections - **500**
- Unscheduled Import and Export Control Permit inspections - **500**
- Number of Import and Export Control Investigations - **16**





- Different and opposing interest in the value chain.
- WTO Dispute Settlement Mechanism.
- Litigation in other Jurisdictions.
- Court Cases.





Thank You

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