



BRIEFING ON THE APP (2018/2019)

TO THE PORTFOLIO COMMITTEE ON ECONOMIC DEVELOPMENT

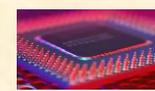
DATE: 24 April 2018

Chief Commissioner: Meluleki Nzimande





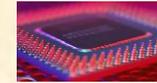
1. Introduction
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Minister Patel in his SONA debate 2018 states:

“Industrial expansion is vital – government will launch a new auto sector scheme this year focusing on jobs and localisation of component manufacturing and greater efforts to expand labour intensive industries such as clothing and textile, agriculture and agro-processing. Trade with the rest of Africa already accounts for more than a quarter-million direct jobs in SA. We will use a combination of the proposed Free Trade Area (FTA), investment and cross-border infrastructure facilities to deepen our economic relations with neighbours”

In his foreword to ITAC’s APP, the Minister says: “Given our focus on industrialization, it is clear that we need policy space on trade matters that enables short and medium term support to be given to industries with growth potential, whilst carefully weighing the costs thereof on consumers and competitiveness.”



Minister Davies in his 2018 March briefing on the SONA debate refers to the following developments (among others) which impact trade policy:

- Disruptions caused by intensifying patterns of automation and digitalization.
- Increase in protectionist measures, especially in developed countries against a backdrop of rising nationalist and populist politics.
- Rise in trade disputes triggering adverse impacts and retaliatory moves along global value chains.
- Possible increase in imports into SA as exporting countries seek alternative markets due to rise in protectionism – need to preserve policy space to protect SA's productive capacity.
- Institutional risk to the WTO and its ability to resolve trade disputes – Appellate body vacancies.
- The T-FTA will form the basis for an Africa-wide FTA (CFTA).

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 with and relevance to the Economic Development Department and national agenda

International Trade Technical Advice

Continue proactively making 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, TFTA & CFTA] ;
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
- Office of the Chief Economist

Tariff Investigation I
Rika Theart

- Agriculture & Agro-processing
- Chemicals
- Textiles
- Clothing and Footwear

Tariff Investigation II
N. Somdaka

- Motors
- Metals and Machinery
- Automotive Production Development Programme (APDP)

Trade Remedies I
Z. Xabendlini

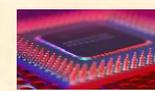
- Anti-dumping
- Countervailing
- Safeguards

Trade Remedies II
C. Van Vuuren

- Anti-dumping
- Countervailing
- Safeguards

Import and Export Control
M. Collins

- Import Permits
- Export Permits
- Enforcement



BASELINE TARGET

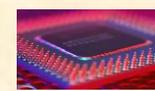
According to the National Treasury's Framework for Strategic Plans and Annual Performance Plans, the baseline target is the level of performance recorded in the year prior to the planning period. At the time of planning, the latest audited figures of 2016/17 were used.

ANNUAL TARGET

The number of investigations conducted by ITAC in any financial year is determined by the number of properly documented applications received by ITAC from industry in that year. ITAC cannot determine this number beforehand. For this reason, the annual target is set as a proportion of the number of investigations actually conducted during the year under consideration. As an example, the target of 80% means that for every 10 investigations conducted in that financial year, 8 should be completed within the prescribed time.

PERFORMANCE INDICATORS

For the same reason mentioned above, performance indicators have been defined in terms of the turnaround times. That is, the "speed of execution and finalisation of a particular investigation"



ANTI-DUMPING INVESTIGATIONS

New anti-dumping investigations are conducted in two phases.

- Phase 1 involves (amongst other things) consideration of the anti-dumping application and compliant responses of those interested parties which responded timeously to ITAC. One of the significant decisions made in Phase 1 is whether or not to grant the SACU industry interim relief in the form of provisional anti-dumping measures whilst Phase 2 of the investigation continues. The ITA Act refers to such decision as the “preliminary determination”.
- Phase 2 involves consideration of compliant responses of those interested parties which responded timeously to ITAC during Phase 1 and 2 of the investigation. Phase 2 culminates in a recommendation to the Minister of Trade and Industry as to whether or not to grant the SACU industry final relief in the form of final or “definitive” anti-dumping measures. The ITA Act refers to such decision as the “final determination”.



TRADE REMEDIES (ANTI-DUMPING INVESTIGATIONS)



enabling
FAIR TRADE

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised anti-dumping investigations, including the recommendation whether or not duties should be imposed.
	New investigations initiated	Initiation of investigations by publishing a notice in the Government Gazette.
PERFORMANCE INDICATORS	Turnaround times of Anti-Dumping investigations	Speed of execution and finalisation of anti-dumping investigations measured using the following indicators: (i) Completion of Phase 1 of the investigation – decision on whether provisional measures should be imposed whilst the investigation is continuing; (ii) Completion of Phases 2 of the investigation - decision on whether final/definitive anti-dumping measures should be imposed.
	Turnaround time from acceptance of properly documented application to initiation of Anti-Dumping investigation.	Time taken to initiate a new investigation in the government gazette after an application is deemed to be properly documented.
BASELINE TARGETS	No preliminary determinations were made within 6 months of initiation. No final determinations were made within 10 months of initiation.	No new anti-dumping investigation was conducted during the 2016/17 financial year. Accordingly, there is nothing to report under this indicator for the 2016/2017 financial year.
	No new investigation initiated during 2016/17 financial year.	No new investigation was initiated during 2016/17 financial year. Accordingly, there is nothing to report under this indicator for the 2016/2017 financial year.
ANNUAL TARGETS	80% of Preliminary determination within 6 months of initiation.	The following targets should be reached: (i) Phase 1 of the anti-dumping investigation should be finalised within 6 months of initiation in 80% of the cases investigated; (ii) Phase 2 of the anti-dumping investigation should be completed within 10 months of initiation in 80% of the cases investigated.
	80% of Final determinations within 10 months of initiation.	
	80% of properly documented application accepted, initiated within 2 months.	Initiate an investigation in the government gazette within 2 months after an application is deemed to be properly documented for 80% of those applications.



TRADE REMEDIES (COUNTERVAILING INVESTIGATIONS)



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FAIR TRADE

	2018/2019 Annual Performance Plan- Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised countervailing investigations, including the recommendation whether or not duties should be imposed.
	New investigations initiated	Initiation of investigations by publishing a notice in the Government Gazette.
PERFORMANCE INDICATORS	Turnaround times of countervailing investigations	Speed of execution and finalisation of countervailing investigations measured using the following indicators: (i) Completion of Phase 1 of the investigation – decision on whether provisional measures should be imposed whilst the investigation is continuing; (ii) Completion of Phases 2 of the investigation - decision on whether final/definitive anti-dumping measures should be imposed.
	Turnaround time from acceptance of properly documented application to initiation of countervailing investigation.	Time taken to initiate a new investigation in the government gazette after an application is deemed to be properly documented.
BASELINE TARGETS	No preliminary determinations were made within 6 months of initiation. No final determinations were made within 10 months of initiation.	No new countervailing investigation was conducted during the 2016/17 financial year. Accordingly, there is nothing to report under this indicator for the 2016/2017 financial year.
	No new investigation initiated during 2016/17 financial year.	No new investigation was initiated during 2016/17 financial year. Accordingly, there is nothing to report under this indicator for the 2016/2017 financial year.
ANNUAL TARGETS	80% of Preliminary determination within 6 months of initiation.	The following targets should be reached: (i) Phase 1 of the countervailing investigation should be finalised within 6 months of initiation in 80% of the cases investigated; (ii) Phase 2 of the countervailing investigation should be completed within 10 months of initiation in 80% of the cases investigated.
	80% of Final determinations within 10 months of initiation.	
	80% of properly documented application accepted, initiated within 2 months.	Initiate an investigation in the government gazette within 2 months after an application is deemed to be properly documented for 80% of those applications.

Sunset review investigations are conducted in a single phase. The outcome determines whether anti-dumping duties will be re-imposed for another five year period.

	2018/2019 Annual Performance Plan- Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised sunset review investigations, including the recommendation whether or not duties should be re-imposed.
	New investigations initiated	Initiation of investigations by publishing a notice in the Government Gazette.
PERFORMANCE INDICATORS	Turnaround times of Sunset Review investigations	Speed of execution and finalisation of sunset review investigations pursuant to which anti-dumping duties may be re-imposed for a further period of five years or terminated.
	Turnaround time from acceptance of properly documented application to initiation of Sunset Review investigation	Time taken to initiate a sunset review investigation in the government gazette after an application is deemed to be properly documented.
BASELINE TARGETS	100% of Final determinations were made within 10 months of initiation.	All (i.e. 100%) Sunset Review Investigations conducted in the 2016/2017 financial year were finalised within 10 months of initiation.
	100% of new investigations were initiated within 2 months.	All (i.e. 100%) of the sunset review investigations conducted in the 2016/2017 financial year were initiated within 2 months from the date on which each application was deemed to be properly documented.
ANNUAL TARGETS	80% of Final determinations within 10 months of initiation.	The Sunset Review Investigations should be completed within 10 months of initiation in 80% of the cases investigated.
	80% of properly documented application accepted, initiated within 2 months.	A notice initiating a sunset review investigation should be published in the Government Gazette within 2 months from the date on which the underlying application was deemed to be properly documented in 80% of the investigations initiated.



TRADE REMEDIES (SAFEGUARD INVESTIGATIONS)



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FAIR TRADE

The structure of Safeguard Investigations is similar to that of Anti-Dumping Investigations

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised Safeguard investigations, including the recommendation whether or not duties should be imposed.
	New investigations initiated	Initiation of investigations by publishing a notice in the Government Gazette.
PERFORMANCE INDICATORS	Turnaround times of Safeguard investigations	Speed of execution and finalisation of Safeguard investigations measured using the following indicators: (i) Completion of Phase 1 of the investigation – decision on whether provisional measures should be imposed whilst the investigation is continuing; (ii) Completion of Phases 2 of the investigation - decision on whether final/definitive anti-dumping measures should be imposed.
	Turnaround time from acceptance of properly documented application to initiation of Safeguard investigation.	Time taken to initiate a new investigation in the government gazette after an application is deemed to be properly documented.
BASELINE TARGETS	100% of Preliminary determinations were made within 6 months of initiation. No final determinations were made within 10 months of initiation.	Phase 1 of all (ie 100%) of safeguard investigations conducted in the 2016/2017 financial year were finalised within 6 months of initiation. Phase 2 of the investigation was still on-going as at 31 March 2017.
	No new investigation initiated during 2016/17 financial year.	All (ie 100%) of properly documented applications for Safeguard accepted in the 2016/2017 financial year were initiated within 2 months of initiation.
ANNUAL TARGETS	80% of Preliminary determination within 6 months of initiation.	(i) Phase 1 of the safeguard investigation should be finalised within 6 months of initiation in 80% of the cases investigated;
	80% of Final determinations within 10 months of initiation.	(ii) Phase 2 of the safeguard investigation should be completed within 10 months of initiation in 80% of the cases investigated.
	80% of properly documented application accepted, initiated within 2 months.	Initiate a new investigation in the government gazette after an application is deemed to be properly documented within 2 months in 80% of those applications.

CUSTOMS TARIFF REDUCTION INVESTIGATIONS

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised Customs Tariff Reduction investigations, including the recommendation whether or not duties should be imposed.
PERFORMANCE INDICATORS	Turnaround times of Customs Tariff Reduction Investigations	Speed of execution and finalisation of Customs Tariff Reduction investigations.
BASELINE TARGETS	80%	80% of the final decisions were made within 6 months.
ANNUAL TARGETS	80% of the final decisions within 6 months.	80% of the final decisions to be made within 6 months.

CUSTOMS TARIFF INCREASE INVESTIGATIONS

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised Customs Tariff Increase investigations, including the recommendation whether or not duties should be imposed.
PERFORMANCE INDICATORS	Turnaround times of Customs Tariff Increase Investigations	Speed of execution and finalisation of Customs Tariff Increase investigations.
BASELINE TARGETS	50%	80% of the final decisions were made within 6 months.
ANNUAL TARGETS	80% of the final decisions within 6 months.	80% of the final decisions to be made within 6 months.

CUSTOMS TARIFF REBATES INVESTIGATIONS

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Investigations under consideration	Finalised Customs Tariff Rebates investigations, including the recommendation whether or not duties should be imposed.
PERFORMANCE INDICATORS	Turnaround times of Customs Tariff Rebates Investigations	Speed of execution and finalisation of Customs Tariff Rebates investigations.
BASELINE TARGETS	70%	70% of the final decisions were made within 6 months.
ANNUAL TARGETS	80% of the final decisions within 6 months.	80% of the final decisions to be made within 6 months.

CUSTOMS DUTY REBATES AND DRAWBACK PERMITS

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Rebate and drawback permits	Finalised Customs Duty Rebate and Drawback permits.
PERFORMANCE INDICATORS	Turnaround times of Rebate and drawback permits	Speed of execution and finalisation of Customs Duty Rebate and Drawbacks permits.
BASELINE TARGETS	99%	99% of the permits were issued to be within 2 weeks.
ANNUAL TARGETS	80% of the permits issued within 2 weeks.	80% of the permits to be issued within 2 weeks.



CUSTOMS TARIFF INVESTIGATIONS

AUTOMOTIVE PRODUCTION DEVELOPMENT PROGRAMME (APDP)



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ELIGIBLE PRODUCTION CERTIFICATES (EPCs).

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Eligible Production Certificates (EPCs)	Finalised Eligible Production Certificates (EPCs).
PERFORMANCE INDICATORS	Turnaround times of EPCs	Speed of execution and finalisation of EPCs.
BASELINE TARGETS	94%	94% of the certificates were issued within 10 days after technical working group or factory visit and all outstanding information is submitted.
ANNUAL TARGETS	80% of the certificates issued within 10 days after technical working group or factory visit and all outstanding information is submitted.	80% of the certificates to be issued within 10 days after technical working group or factory visit and all outstanding information is submitted.

PRODUCTION REBATE CREDIT CERTIFICATES (PRCCS).

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	Production Rebate Credit Certificates (PRCCs)	Finalised Production Rebate Credit Certificates (PRCCs)
PERFORMANCE INDICATORS	Turnaround times of PRCCs	Speed of execution and finalisation of PRCCs.
BASELINE TARGETS	99%	99% of the certificates were issued within 30 days
ANNUAL TARGETS	80% of the certificates issued within 30 days.	80% of the certificates to be issued within 30 days.

APDP VERIFICATIONS CONDUCTED

	2018/2019 Annual Performance Plan - Current	Explanation of 2018/2019 Annual Performance Plan
OUTPUT	APDP Verifications conducted to ensure compliance to the programme	Finalised APDP Verifications conducted to ensure compliance to the programme.
PERFORMANCE INDICATORS	Turnaround times of APDP Verifications	Speed of execution and finalisation of APDP Verifications conducted.
BASELINE TARGETS	99%	99% of the verifications were completed within 3 months.
ANNUAL TARGETS	80% of the verifications completed within 3 months.	80% of the verifications to be completed within 3 months.



IMPORT AND EXPORT CONTROL

There are no changes made to Import and Export Control Indicators.



STRATEGIC OBJECTIVE 2: (Ensure strategic alignment and continued relevance to Economic Development Department and the national agenda, particularly the New Growth Path)

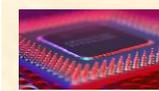
There are no changes made to Indicators in this Strategic Objective.



STRATEGIC OBJECTIVE 3: (Ensure organisational efficiency and effectiveness of ITAC)

There are no changes made to Indicators in this Strategic Objective.

HUMAN RESOURCES

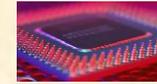


- ITAC has a total of 131 funded positions within its establishment.
- This number excludes 14 contract and internship positions categorised as follows:
 - PPS Contractors: x 8 (2 x Administrators ; 2 x Assistant Managers; 4 x Senior Investigators)
 - Internal Audit Contractors: x 3 (2 Administrators; 1 Assistant Managers)
 - Finance x 1 (Administrator)
 - HR x 1 (Administrator)
 - Trade Remedies x 1 (Administrator)
- The staff complement as at March 2018 is 119 with twelve vacant positions, excluding contract positions. Of the 119 employees, 66 are in core business; and 50 in support services. There are 3 executive management positions.
- The following is the break down in terms of the employee profile:
 - Gender: Males (43%); and Females (57%).
SMS (13): 6 Females; and 7 Males.
 - Race: African (86%); Whites(8%); Coloured (2%); and Indians (5%).

FINANCIAL RESOURCES



- ITAC's grant from National Treasury over the past 3 years increased (on average) by 4.7% annually, while employee related costs increased (on average) by 7% annually as per the previous multi-year salary adjustment agreement. Rental costs increased by 56% in 15/16, and by 10% annually from then.
- During the 2014 MTEF period, ITAC's baseline budget for 2015/16 and 2016/17 financial years was reduced by R4.8 million and R7.3 million respectively, resulting in a total reduction of R12.1 million.
- The shortfall caused by that reduction was financed from ITAC's accumulated surpluses, which are now depleted.
- ITAC's budget allocation was further reduced during the 2018 MTEF period by R8.3 million.
- The total budget for the 2018/19 financial year amounts to R104 million.
- For the 2018/19 financial year, employee related costs account for 90% of the total budget and ITAC anticipates a shortfall of R3.3m.
- Over the past years, other operating expenditure such as office rent and legal fees have increased significantly.



The following are the priority projects for the 2018/19 financial year:

- ITA Amendment Bill;
- Finalising the Review of AD Regulations;
- Strengthening Reciprocal Commitments; and
- Impact Assessments.





Thank You

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