Market Access Sectoral and Trade Barriers Database

-South Africa-

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GENERAL FEATURES OF TRADE POLICY

The following table is an overview of the tradeflow between the European Union and South Africa

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	119,658,480	96,788,410
	1997	140,294,110	122,485,450
	1998	168,488,910	57,722,510
	1999	188,109,050	74,175,600
	2000	214,994,740	67,555,000
	2001	264,690,320	47,199,900
	2002	272,374,650	45,405,770
	2003	269,647,260	56,190,370
Vegetable products	1996	611,920,540	43,622,860
	1997	694,999,650	76,312,330
	1998	792,939,830	58,103,810
	1999	791,843,140	49,406,150
	2000	783,397,260	59,803,530
	2001	1,001,765,830	43,049,800
	2002	998,511,880	73,415,450
	2003	978,932,830	75,345,920
Animal or vegetable fats	1996	1,977,210	16,448,040
	1997	1,946,120	9,259,990
	1998	3,291,590	12,779,510
	1999	2,800,250	10,861,000
	2000	4,218,770	13,866,440
	2001	3,909,760	14,449,890
	2002	6,102,880	13,576,990
	2003	4,125,330	16,113,880
Prepared foodstuffs	1996	222,388,310	88,580,400
	1997	266,796,420	117,178,990
	1998	302,019,640	145,851,270
	1999	309,709,440	161,189,720
	2000	390,939,240	122,193,090
	2001	464,706,780	133,211,280
	2002	522,892,990	117,897,230
	2003	537,138,680	114,095,410
Mineral products	1996	1,661,515,180	140,700,670
	1997	1,681,169,750	116,757,520
	1998	1,836,386,430	184,172,940
	1999	1,753,082,840	82,324,450
	2000	2,379,936,860	112,414,610
	2001	2,987,122,490	109,829,960

	2002	2,739,456,800	142,873,610
	2003	2,544,190,790	90,312,800
Chemical products	1996	200,629,700	869,045,670
	1997	231,456,350	1,075,404,310
	1998	298,806,970	1,116,517,240
	1999	291,788,290	1,193,955,450
	2000	366,237,520	1,271,235,410
	2001	322,969,710	1,401,483,930
	2002	382,448,800	1,323,411,030
	2003	365,474,340	1,328,719,250
Plastics & rubber	1996	71,826,740	372,520,870
	1997	86,890,230	438,376,250
	1998	105,760,880	432,795,970
	1999	117,101,150	422,483,260
	2000	145,015,240	527,438,890
	2001	149,555,470	531,581,250
	2002	150,827,550	505,431,740
	2003	173,986,080	528,698,600
Hides & skins	1996	130,364,260	32,839,720
	1997	140,027,530	38,997,840
	1998	118,102,270	36,375,160
	1999	92,966,650	36,645,870
	2000	131,140,130	38,896,670
	2001	133,494,150	34,044,560
	2002	130,323,960	35,759,280
	2003	103,431,660	28,729,150
Wood & wood products	1996	40,409,070	40,116,460
	1997	56,284,620	51,299,970
	1998	62,727,890	44,096,210
	1999	86,906,210	45,488,090
	2000	110,973,250	53,661,310
	2001	108,028,600	56,316,910
	2002	115,519,820	58,649,050
	2003	111,748,000	62,467,540
Wood pulp products	1996	128,785,120	296,400,350
	1997	155,192,900	336,713,480
	1998	175,775,640	341,336,300
	1999	184,874,550	327,772,050
	2000	250,942,750	357,844,890
	2001	252,826,380	333,881,340
	2002	265,955,740	318,929,410
	2003	241,107,080	344,604,620
Textiles & textile articles	1996	198,644,870	202,065,410
	1997	208,472,260	201,416,210
	1998	238,732,180	186,636,600
	1999	223,573,450	169,548,580
	2000	255,177,640	199,607,500
	2001	261,804,980	197,079,030
	2002	265,292,150	197,497,550
	2003	275,304,940	178,423,420
Footwear, headgear	1996	11,359,870	25,763,100
	1997	11,215,240	26,698,670
	1998	9,607,440	31,428,970
	1999	10,951,710	24,937,900
	2000	10,560,790	25,286,250
	2001	9,882,490	23,674,230
	2002	12,058,700	18,590,410
	2003	11,352,340	23,861,910
	1996	16,869,270	162,566,200
	1997	24,880,590	181,399,390
	1998	29,306,080	202,439,350

Articles of stone, plaster, cement, asbestos	1999	32,714,580	198,425,990
	2000	36,785,100	211,428,900
	2001	40,601,870	181,470,340
	2002	51,551,210	162,640,580
	2003	56,963,170	178,385,410
Pearls, (semi-)precious stones, metals	1996	2,804,842,140	108,893,130
	1997	2,896,186,350	124,639,770
	1998	2,550,853,250	133,636,340
	1999	3,122,397,380	123,650,810
	2000	5,268,976,050	381,060,070
	2001	5,074,986,970	418,093,010
	2002	4,645,744,770	252,059,110
	2003	4,583,992,140	529,872,980
Base metals & articles thereof	1996	705,577,280	454,037,490
	1997	727,307,070	448,498,150
	1998	1,031,443,420	460,178,520
	1999	858,776,300	388,667,240
	2000	1,199,993,770	452,772,510
	2001	1,166,203,380	503,297,530
	2002	958,101,120	488,601,770
	2003	1,120,387,750	490,016,710
Machinery & mechanical applicances	1996	317,569,530	2,966,344,720
	1997	446,074,950	3,392,713,090
	1998	561,893,220	4,067,353,670
	1999	722,025,440	3,249,251,930
	2000	1,096,423,630	3,916,501,880
	2001	1,389,271,360	4,078,402,020
	2002	1,230,515,260	4,008,034,070
	2003	1,353,242,640	4,145,426,700
Transportation equipment	1996	151,730,450	766,936,050
	1997	182,946,140	827,372,680
	1998	259,416,890	776,635,990
	1999	275,361,410	737,119,110
	2000	248,333,510	1,226,893,400
	2001	513,431,400	1,517,867,890
	2002	563,240,100	1,334,190,520
	2003	332,026,380	2,006,709,770
Instruments - measuring, musical	1996	17,868,060	316,969,820
	1997	27,112,040	337,474,620
	1998	26,908,550	347,999,900
	1999	37,625,030	341,358,710
	2000	55,883,830	429,839,440
	2001	63,707,680	477,945,550
	2002	59,351,360	483,663,870
	2003	50,578,480	471,251,800
Arms & ammunition	1996	2,608,090	2,927,980
	1997	3,060,440	2,997,270
	1998	3,408,760	2,444,470
	1999	4,674,820	2,467,550
	2000	3,684,430	2,586,400
	2001	5,261,380	6,078,560
	2002	7,638,320	5,920,070
	2003	9,573,020	5,695,100
Miscellaneous	1996	262,590,410	95,735,790
	1997	308,569,510	99,832,090
	1998	364,521,440	109,114,600
	1999	368,303,040	115,394,700
	2000	395,167,720	123,689,390
	2001	401,032,540	138,027,370
	2002	414,519,920	117,387,940
	2003	415,133,020	116,258,490

Works of art	1996	3,901,750	14,390,610
	1997	4,328,300	15,897,580
	1998	10,317,610	17,482,720
	1999	9,965,030	21,893,050
	2000	9,078,610	10,565,280
	2001	7,768,120	9,814,360
	2002	11,455,760	6,773,200
	2003	9,427,080	6,540,760
Other	1996	52,170,410	29,001,650
	1997	185,986,530	24,764,120
	1998	36,802,860	35,296,220
	1999	44,154,650	34,751,010
	2000	45,038,800	29,903,470
	2001	138,701,050	30,986,140
	2002	49,415,440	31,042,570
	2003	48,085,850	43,268,160

Agriculture and Fisheries
last updated on 2001-10-31

Tariff Predictability (Maximum Rates Permitted Under WTO Bindings)

Final bound duties for agricultural produts range from free (live animals, certain nuts. spices and seeds) up to 121%-597% (spirits). For several agricultural products, tariff quotas are established to allow imports of certain quantities at tariff rates of maximum 20% of the corresponding normal bound rates of duty. In addition to the bound duties, products like cereals, groundnuts, tobacco, wool and cotton can be subject to fixed levies (listed in the schedule of commitments under "other charges and duties").

The agricultural offer contained the following commitments: tariffication of all QRs to equivalent ad valorem rates; a reduction in the average level of these tariffs of 36% over six years; a 21% decrease in subsidies, weighted by export volume.

Automotive
last updated on 2002-02-19

The Motor Industry Development Programme (MIDP)

This programme was introduced in September 1995 and aimed at the development in South Africa of an internationally more competitive and growing automotive industry which should be able to provide high quality and affordable vehicles and components to the domestic and international market; provide sustainable employment through increased production, and make a greater contribution to South Africa's economic growth by increasing production and achieving an improved sectoral trade balance.

The major policy instruments to achieve these objectives are a gradual reduction in tariff protection, the encouragement of higher volumes and greater degree of specialisation by allowing exporting firms to earn rebates of automotive import duties, and the introduction of a range of incentives which are designed to upgrade the capacity of the industry.

The provisions of the European Union-South Africa free trade agreement.

Annex II, list 4 of the EU-South Africa Trade, Development and Cooperation Agreement (TDCA) (Official Journal of the European Communities L311 of 4 December 1999) contains products of the automotive sector for which the Community will eliminate duties within a maximum of 10 years after the date of the entry into force of the Agreement. For a certain number of these products (motor-car components), it is further specified that the Community will reduce duties by 50% at the entry into force of the Agreement.

However, the exact schedule for the elimination of duties is not specified. Article 11, paragraph 5 of the TDCA provides in its subparagraph three that "the precise Community basic duties and tariff elimination schedule for the products on this list will be established in the second six months of the year 2000, after both parties have examined the prospects for a further liberalisation of South African imports of automotive products from the Community mentioned in Annex III, lists 5 and 6, in the light of, inter alia, the outcome of the South African motor industry development programme (MIDP) review."

On the other hand, Article 12, paragraph 7, second subparagraph of the TDCA stipulates that South Africa will inform the Community about the outcome of the South African MIDP review. It will present proposals for a further liberalisation of South African imports of automotive products from the Community mentioned in Annex III, lists 5 and 6. The parties will jointly examine these proposals in the second six months of the year 2000.

Expert contacts with a view to implement these provisions were initiated in January 2001. These contacts are still going on.

Applied Tariff Levels

The midterm review.
A midterm review of the MIDP took place in mid 2000. The review was carried out by South Africa's Department of Trade and Industry after consultations with the industry, labor, the Board of Tariffs and Trade (BTT) and SACU members.

The most important amendments to the MIDP, effective from 17 July 2000, are:
- Extending the duration of the MIDP from 2002 to 2007;
- Reducing the rate of duty on light motor vehicles from 40 to 30 per cent ad valorem by 2 percentage points per annum from 2002 to 2007 in line with WTO commitments;
- Reducing the rate of duty on original equipment components from 30 to 25 per cent ad valorem by 1 percentage point per annum from 2002 to 2007 in line with WTO commitments;
- Phasing out the small vehicle incentive (SVI) by 2003;
- The introduction of a production rationalisation Productive Asset Allowance (PAA) to those manufacturers who have invested in productive assets for the assembly of light vehicles and the manufacture of automotive components in accordance with a set of qualifying criteria.

The recommendations as approved are contained in BTT Report n.4045, "Midterm review and extension of the Motor Industry Development Programme for light motor vehicles", of which copies can be obtained from the BTT offices in Pretoria, Republic of South Africa.

With regard to the medium and heavy commercial vehicle industry, it was recommended and accepted that the duty rate on these vehicles will remain at 20 per cent ad valorem, while all original equipment components will be imported free of duty by registered MCV/HCV OEMs, excluding tyres which will attract a duty of 15 per cent ad valorem. The permit system, which provided for rebate of the duty on these imported drive line components, will also be abolished with effect from 1 July 2000.

The recommendations as approved are contained in BTT Report n. 4040, "Amendment of the rebate provisions pertaining to drive train components for medium and heavy motor vehicles falling under the Motor Industry Development Programme", of which copies can be obtained from the BTT offices in Pretoria, Republic of South Africa.

Details

The main items of the MIDP are as follows:
The Duty-Free Allowance (DFA).
All registered vehicle manufactures are entitled to the DFA. The DFA is an amount equal to 27 per cent of the ex-factory value of the vehicles sold in South Africa, net of any

subsequent discounts. Example: If a vehicle manufacturer produces vehicles for a annual value of 1 million ZAR, he is entitled to import components up to a value of 270,000 ZAR, duty-free.

Moreover, registered vehicle manufacturers import components for the manufacture of vehicles into a special manufacturing warehouse without paying duty at the time of importation. At the end of each calendar quarter, a detailed return is submitted to the South African revenue authorities identifying, inter alia, all components used in manufacture or otherwise disposed of, and duty is then payable.

Any other components, such as after-market replacement parts, are subject to the appropriate customs duties immediately at the time of importation.

The Small Vehicle Incentive (SVI).
The SVI is an additional DFA for small vehicles. In 2000, it amounted to an additional 2 per cent of DFA per ZAR 1,000 up to a value of ZAR 44,000 per annum. Under the midterm review amendments, the SVI will be withdrawn on 1st January 2003.

The Import Rebate Credit Certificates (IRCCs)
The IRCCs are generated by the export of locally produced vehicles and components. They may be used to offset the duty on built up vehicles and components. Presently, the total value of the export performance is eligible to obtain IRCCs. However, under the midterm review amendments, the qualifying value of eligible export performance will be phased down to 70% by the year 2007, according to the following schedule:

2002 – 100%
2003 – 94%
2004 – 88%
2005 – 82%
2006 – 76%
2007 – 70%

As concerns the ratio of exports against imports, it is, and will remain, 100:100 for completely built up (CBU) light motor vehicles exported against CBU light motor vehicles, heavy vehicles or components imported and also as concerns components, heavy vehicles and tooling exported versus components, heavy vehicles and tooling imported. However, for components, heavy motor vehicles and tooling exported versus CBU light motor vehicles imported, the ratio, which is presently 100:70 will be reduced to 100:60 according to the following schedule:

2002 – 100:65
2003 – 100:60
2004 – 100:60
2005 – 100:60
2006 – 100:60
2007 – 100-60

The rebate rate for precious metals in catalytic converters will also be reduced from 80% in 2000 to 40% in 2007, following the phasing down:

2001 – 60%
2002 – 50%
2003 – 40%
2007 – 40%

The Productive Asset Allowance (PAA).
This is a new scheme introduced by the midterm review of the MIDP aimed at encouraging assembly plant modernisation and rationalisation and to encourage further investments in

automotive assembly operations. The PAA represents a non-tradeable (import) duty credit versus CBU car/light vehicle imports only, calculated at 20% of the qualifying investment in productive assets spread, in equal amounts, over 5 years. In order to qualify for the PAA, assemblers will have to submit a detailed business plan to the Director General of the South African DTI.

An example: Assuming that an assembler applies successfully for a PAA based on an approved investment of ZAR 500 million, 20% or ZAR 100 million would be available to the assembler over 5 years (i.e. 20 million per year), to offset, on a Rand basis, the import duty of imported cars or light vehicles.

Services - Communications & Audiovisual
last updated on 2001-10-31

Telecommunication Services

The Ministry of Communications ("the Ministry"), (formerly the Ministry of Posts, Telecommunications and Broadcasting) is responsible for telecommunications. In addition, two independent regulatory authorities have been established: the South African Telecommunications Regulatory Authority ("SATRA") in respect of non-broadcasting telecommunication. South Africa accordingly operates under a dual regulatory system in respect of broadcasting and telecommunication services. Telecommunications are governed by the Telecommunications Act, 1966 ("the Act").
The main areas of competence of the Ministry are as follows: issuing policy directives by means of regulation, including directives relating to the liberalisation of certain telecommunication services (for example, various provisions of the Act provide for certain exclusive areas of activities in favour of Telkom S A Limited, the partly privatised public telecommunications operator ("Telkom") until a date determined by the Minister); and the ministerial prerogative of inviting applications for all telecommunication service licences other than deregulated private telecommunication networks ("PTNs") and value-added network services ("VANS").
SATRA's main areas of competence are as follows: conducting enquiries into relevant telecommunications issues; the general power of control, planning, administration, management and licensing of the radio frequency spectrum; granting, amending and withdrawing telecommunications licences and permits; adjudicating on licence contraventions and breaches of legislation; preparing the frequency band plan for any part of the frequency band spectrum, excluding broadcasting services frequency bands; prescribing guidelines relating to the form and content of interconnection agreements and facilities leasing agreements; deciding on interconnection and facilities leasing disputes; issuing of type-approvals; setting and collection of licence fees, and making certain regulations (for example, relating to limitations on the control of telecommunication services).
SATRA is formally independent of the Ministry and has a statutory obligation of independence and impartiality in the performance of its functions. Nevertheless, it should be noted that the appointment, removal and remuneration of SATRA council members is subject to ministerial control. SATRA is required to make annual written reports to the Minister on its functions, affairs, activities and financial position (section 20 of the Act). A copy of such annual report is tabled before Parliament. SATRA is also required to furnish the Minister with requested information in relation to its activities. In so far as funding is concerned, section 18(1) of the Act provides that the operating and capital costs of SATRA shall be financed from money appropriated by Parliament from time to time for that purpose. The National Assembly would therefore, in practice, vote for the allocation of funds to SATRA. In addition, and perhaps most importantly, SATRA is obliged by section 5 of the Act to perform its functions in accordance with the policy directions of the Minister of Communications ("the Minister").
The Minister , to some extent, performs the function of a regulator. The following two instances are important examples of this in practice:
- although SATRA adjudicates on the granting of telecommunication licences, in most

instances the Minister is required to invite applications for licences prior to any such applications being made to SATRA; and

- SATRA has the power to promulgate guidelines relating to telecommunication. Nevertheless, such guidelines must accord with the policy directives of the Minister.

No person may provide a telecommunication service unless such person does so in accordance with the relevant licence under Chapter V of the Act. Chapter V sets out the categories of telecommunication service licence and the telecommunication services which the Minister may prescribe. The listed categories are as follows:

- public switched telecommunication services ("PSTS"), which are deemed to include the national long distance telecommunication services, the international telecommunication services, the local access telecommunication services and the public pay-telephone services;
- the mobile cellular telecommunication services;
- VANS (which are defined as including electronic data interchange, e-mail, protocol conversion, access to a database or a managed data network service
- Private telecommunication networks ("PTNs").

Telkom's exclusivity

Section 36 of the Act grants Telkom an exclusive right to provide PSTS in South Africa which, for the purposes of this section, expressly includes national long-distance and international telecommunication services. Telkom has accordingly been issued with an exclusive PSTS licence, along with a non-exclusive radio and VANS licence. Telkom's exclusivity period in terms of its licence runs for a period of 5 years from the effective date of 7 May 1997, and may be extended for a further and final year if Telkom meets its roll out obligations as well as its obligations in relation to under-serviced lines as set out in its licence. There is nothing to suggest that Telkom will not meet its obligations, in which case, the exclusive period will expire on 7 May 2003.

There is at present a duopoly in respect of domestic mobile voice services, in favour of Vodacom (Pty) Limited ("Vodacom") and Mobile Telephone Networks Limited ("MTN"). SATRA is currently in the process of adjudicating on a third cellular operator licence.

All telecommunication services, other than those falling within Telkom's monopoly, may be provided by foreign telecommunication operators or service providers. Nevertheless, SATRA in practice requires that a licensee must be a company registered in South Africa.

Information Services

Information Services (including the Internet) are liberalised, save to the extent that they can only be provided using Telkom's infrastructure and transmission facilities.

Audiovisual Services

Broadcasting is governed by the Independent Broadcasting Authority Act, 1993 ("the IBA Act") as amended by the recently enacted Broadcasting Act, 1999 ("the Broadcasting Act") which came into force on 30 June 1999.

Broadcasting transmission via satellite is partly liberalised with two satellite broadcasting signal distribution operators licensed at present.

Other Communication Services

radio telecommunications

The general rule is that no person may transmit any signal by radio or use radio apparatus to receive any signal by radio or engage in broadcasting, unless such person does so in accordance with the relevant licence under Chapter IV of the Act.

Other radio-based services (such as radio-paging) are partly liberalised. Satellite radio-based services are, however, not liberalised.

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TARIFFS AND DUTIES

Agriculture and Fisheries

Other Tariffs and Duties

030005-*EC exports of cheese* [2003-04-04]

The Trade and Development Cooperation Agreement (TDCA) with South Africa foresees a 50% tariff rate quota for EU exports of cheese.
As the EU subsidizes its exports of cheese, South Africa has introduced a “no export refund” condition, which EU exports of cheese have to fulfil if they are to benefit from the 50% tariff rate quota. This appears to contradict the TDCA, which does not cover the issue of export refunds.

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NON TARIFF BARRIERS

Agriculture and Fisheries

Sanitary and phytosanitary measures

040081-*South Africa- Live ruminants, their products and derivates* [2004-10-01]

Import ban on Live ruminants, their products and derivates (excluding milk, semen and embryos) because of BSE

- General statement on BSE to all Third Countries at the XXiX th and XXXth SPS Committees (March and June 2004).

040019-*South Africa- Frozen and chilled meat* [2004-09-27]

EU meat establishments (abbatoirs and cutting plants) needs an export approval by Vet. Services of South Africa; the administartive procedure for obtaining such approval takes a long time

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INVESTMENT RELATED BARRIERS

Agriculture and Fisheries

Tax Discrimination

020028-*discriminatory tax treatment of canned sardines* [2002-02-28]

Canned sardines exported to South Africa are subject to 14% VAT while local ones are not.

Automotive

Trade Related Investment Measures

030062-*Import duties in the automotive sector* [2004-01-26]

Within the framework of the Motor Industry Development Program (MIDP), car manufacturers not established locally do not benefit from a fair access to the South African market. Those established in South Africa have the opportunity to import at zero or reduced duty, vehicles and/or components by the export of build up vehicles/components from South Africa.