

EXPLANATORY MEMORANDUM

AMENDMENT 2015

Draft amendments of Schedules Nos. 1, 2, 3 and 4 to the Customs and Excise Act, 1964 (the Act), in respect of the phase-down of duties for 2015 in terms of the EFTA Trade Agreement, reports made by the International Administration Commission (the Commission), as well as some technical amendments.

The number of amendments in Part 1 of Schedule No. 1 includes—

Deletions:	40
Substitutions:	1045
Insertions:	160

The proposed amendments for 1 January 2015 are in respect of—

- the phase-down of the rates of duties for 2015 in terms of the EFTA Trade Agreement with Iceland, Norway, Switzerland and Liechtenstein;
- the reduction in the general rate of duty on paper and paperboard in terms of the recommendation made by the Commission in Report No. 151; and
- various technical amendments to Schedules Nos. 1, 2, 3 and 4 to the Act.

The amendments to Schedule No. 1 to insert 8-digit subheadings for fowl of the species *Gallus domesticus* classifiable in tariff subheadings 0207.1 will be implemented with effect from 1 February 2015. The implementation of these amendments is postponed for technical reasons.

1. The phase-down of duties in terms of the EFTA Trade Agreement

In terms of the EFTA Trade Agreement, which entered into force on 1 May 2008, South Africa has an obligation to amend the rates of duties 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 phase-down of duties in terms of the EFTA Trade Agreement for 2015 relates to the following –

- fish and other marine products in Annex IV, Table 3 categorised as List 4;
- industrial products in Annex VII, Table 1 categorised as List 3, List 4 and List 5;
- agricultural products in Annex VII, Table 2 categorised as List 4 and List 5; and
- agricultural products in Annex I of the Agricultural agreement between the SACU States and Switzerland, Table 1 categorised as List 3.

2. Reduction in the rate of duty on paper and paperboard of tariff subheading 4811.41.90

The general rate of duty on paper and paperboard of tariff subheading 4811.41.90 is reduced from 2% to “free” in terms of the recommendation made by the Commission in Report No. 151 dated 8 February 2006.

3. Technical amendments to the Schedules

The technical amendments mentioned in the following paragraphs are in respect of–

3.1 Additional tariff subheadings in Part 1 of Schedule No. 1

Additional tariff subheadings have been added in Chapters 2, 4, 15, 30, 32, 33, 38, 39, 54, 70 and 85 of Part 1 of Schedule No. 1 for the reasons indicated in the following subparagraphs:

3.1.1 Request for separate 8-digit tariff subheadings for fowl of the species *Gallus Domesticus* classifiable in tariff subheadings 0207.1

FC Dubbelman & Associate CC on behalf of South African Poultry Association (SAPA) (the Applicant) submitted a request for the creation of separate tariff subheadings in order to monitor under invoicing by importers in the poultry industry.

The Department of Agriculture was consulted and they confirmed that the creation of separate tariff subheadings will not impact on the issuing of permits for the importation of the products in question.

The creation of separate 8-digit subheadings will assist SARS with implementing effective reference price monitoring system for imports.

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

0207.14.1	Boneless cuts
0207.14.11	Breasts
0207.14.13	Thighs
0207.14.15	Other
0207.14.2	Offal:
0207.14.21	Livers
0207.14.23	Feet
0207.14.25	Heads
0207.14.29	Other
0207.14.9	Other:
0207.14.91	Whole bird cut in half
0207.14.93	Leg quarters
0207.14.95	Wings
0207.14.96	Breasts
0207.14.97	Thighs
0207.14.98	Drumsticks
0207.14.99	Other

3.1.2 Separate 8-digit tariff subheading to provide for filled aerosol products

The Aerosol Manufacturers Association (AMA) applied for the creation of separate tariff subheading for all filled aerosol products. The key categories range from personal care including deodorants, haircare and shaving foams, home care

including polishes and air fresheners, pharmaceuticals, pesticides, food, lubricants and spray paints.

According to the applicant, South African industry is under tremendous pressure as importers misdeclare under the 6-digit international level which is not clear on packaging type.

The following 8-digit subheadings are deleted:

3808.50.01	Insecticides [excluding that containing camphechlor (ISO) (toxaphene)]
3808.50.02	Products containing camphechlor (ISO) (toxaphene)
3808.50.03	Fungicides suitable for the treatment of wood, plants, trees or seeds (excluding those containing compounds of copper, chromium and arsenic or metallic compounds of dithiocarbamates or bis-dithiocarbamates as active ingredient but not excluding those fungicides containing manganese ethylenebis (dithiocarbamate) (polymeric) complex with zinc salts as active ingredient)
3808.50.05	Other fungicides
3808.50.06	Herbicides, anti-sprouting products and plant growth regulators with one of the following active ingredients: atrazin; alachlor; 2-methyl-4-chlorophenoxyacetic acid or its derivatives; 2,4-dichlorophenoxyacetic acid or its derivatives; trifluralin
3808.50.07	Other herbicides, anti-sprouting products and plant growth regulators with diuron or simazine as active ingredient
3808.50.08	Other plant-growth regulators and anti-sprouting products
3808.50.09	Disinfectants in immediate packings of a content not exceeding 5 kg or in containers not holding more than 5 li
3808.50.10	Trichlorocyanuric acid (TCIA) containing disinfectants
3808.50.13	Other disinfectants with a coal tar derivative as active ingredient
3808.50.90	Other
3808.91.10	Containing bromomethane (methyl bromide) or bromochloromethane
3808.91.90	Other

3808.92.20	Suitable for the treatment of wood, plants, trees or seed (excluding those containing compounds of copper, chromium and arsenic or metallic compounds of dithiocarbamates or bis-dithiocarbamates as active ingredient but not excluding those containing manganese ethylenebis (dithiocarbamate) (polymeric) complex with zinc salts as active ingredient)
3808.92.30	Other, containing bromomethane (methyl bromide) or bromochloromethane
3808.92.90	Other
3808.93.05	With atrazine as active ingredient
3808.93.10	With alachlor as active ingredient
3808.93.17	With diuron or simazine as active ingredient
3808.93.30	With 2-methyl-4-chlorophenoxyacetic acid or its derivatives as active ingredient
3808.93.35	With 2,4-dichlorophenoxyacetic acid or its derivatives as active ingredient
3808.93.40	With trifluralin as active ingredient
3808.93.80	Other plant-growth regulators and anti-sprouting products
3808.93.81	Other, containing bromomethane (methyl bromide) or bromochloromethane
3808.94.10	In immediate packings of a content not exceeding 5 kg or in containers holding not more than 5 li
3808.94.30	Trichlorocyanuric acid (TCIA) containing disinfectants
3808.94.80	Other, with a coal tar derivate as active ingredient
3808.94.90	Other
3808.99.90	Other
3813.00.15	Preparations in liquid form, containing fluorine compounds or containing protein
3813.00.17	Other, containing bromochlorodifluoromethane, bromotrifluoromethane or dibromo-tetrafluoroethanes
3813.00.19	Other, containing methane, ethane or propane hydrobromofluorocarbons (HBFCs)

3813.00.21	Other, containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs)
3813.00.23	Other, containing bromochloromethane

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

0402.99.10	In aerosol containers
0402.99.90	Other
0410.00.10	In aerosol containers
0410.00.90	Other
1509.10.10	In aerosol containers
1509.10.90	Other
1509.90.10	In aerosol containers
1509.90.90	Other
1510.00.10	In aerosol containers
1510.00.90	Other
3004.10.10	In aerosol containers
3004.10.90	Other
3004.20.10	In aerosol containers
3004.20.90	Other
3004.31.10	In aerosol containers
3004.31.90	Other
3004.32.10	In aerosol containers
3004.32.90	Other
3004.39.10	In aerosol containers
3004.39.90	Other
3004.40.05	In aerosol containers
3004.40.10	Other, containing codeine phosphate
3004.50.10	In aerosol containers
3004.50.90	Other
3004.90.10	In aerosol containers

3004.90.90	Other
3209.10.10	In aerosol containers
3209.10.90	Other
3209.90.10	In aerosol containers
3209.90.90	Other
3210.00.10	In aerosol containers
3210.00.90	Other
3213.10.10	In aerosol containers
3213.10.90	Other
3213.90.10	In aerosol containers
3213.90.90	Other
3305.20.10	In aerosol containers
3305.20.90	Other
3305.30.10	In aerosol containers
3305.30.90	Other
3307.10.20	In aerosol containers
3307.20.10	In aerosol containers
3307.20.90	Other
3307.49.10	In aerosol containers
3307.49.90	Other
3405.10.10	In aerosol containers
3405.10.90	Other
3405.20.10	In aerosol containers
3405.20.90	Other
3808.50.21	Insecticides (excluding that containing camphechlor (ISO) (toxaphene)), in aerosol containers
3808.50.23	Insecticides (excluding that containing camphechlor (ISO) (toxaphene)), not in aerosol containers
3808.50.25	Products containing camphechlor (ISO) (toxaphene), in aerosol containers
3808.50.27	Products containing camphechlor (ISO) (toxaphene), not in aerosol containers
3808.50.29	Fungicides suitable for the treatment of wood, plants,

	trees or seeds (excluding those containing compounds of copper, chromium and arsenic or metallic compounds of dithiocarbamates or bis-dithiocarbamates as active ingredient but not excluding those fungicides containing manganese ethylenebis (dithiocarbamate) (polymeric) complex with zinc salts as active ingredient), in aerosol containers
3808.50.31	Fungicides suitable for the treatment of wood, plants, trees or seeds (excluding those containing compounds of copper, chromium and arsenic or metallic compounds of dithiocarbamates or bis-dithiocarbamates as active ingredient but not excluding those fungicides containing manganese ethylenebis (dithiocarbamate) (polymeric) complex with zinc salts as active ingredient), not in aerosol containers
3808.50.33	Other fungicides, in aerosol containers
3808.50.35	Other fungicides, not in aerosol containers
3808.50.37	Herbicides, anti-sprouting products and plant growth regulators with one of the following active ingredients: atrazin; alachlor; 2-methyl-4-chlorophenoxyacetic acid or its derivatives; 2,4-dichlorophenoxyacetic acid or its derivatives; trifluralin, in aerosol containers
3808.50.39	Herbicides, anti-sprouting products and plant growth regulators with one of the following active ingredients: atrazin; alachlor; 2-methyl-4-chlorophenoxyacetic acid or its derivatives; 2,4-dichlorophenoxyacetic acid or its derivatives; trifluralin, not in aerosol containers
3808.50.41	Other herbicides, anti-sprouting products and plant growth regulators with diuron or simazine as active ingredient, in aerosol containers
3808.50.43	Other herbicides, anti-sprouting products and plant growth regulators with diuron or simazine as active ingredient, not in aerosol containers
3808.50.45	Other plant-growth regulators and anti-sprouting products, in aerosol containers
3808.50.47	Other plant-growth regulators and anti-sprouting products, not in aerosol containers
3808.50.49	Disinfectants in aerosol containers
3808.50.51	Other, disinfectants in immediate packings of a content not exceeding 5 kg or in containers not holding more than 5 li
3808.50.53	Trichlorocyanuric acid (TCIA) containing disinfectants, in aerosol containers

3808.50.55	Trichlorocyanuric acid (TCIA) containing disinfectants, not in aerosol containers
3808.50.59	Other disinfectants with a coal tar derivative as active ingredient, in aerosol containers
3808.50.61	Other disinfectants with a coal tar derivative as active ingredient, not in aerosol containers
3808.50.91	In aerosol containers
3808.50.93	Other
3808.91.11	In aerosol containers
3808.91.13	Other
3808.91.91	In aerosol containers
3808.91.93	Other
3808.92.21	In aerosol containers
3808.92.23	Other
3808.92.31	In aerosol containers
3808.92.33	Other
3808.92.91	In aerosol containers
3808.92.93	Other
3808.93.04	With atrazine as active ingredient, in aerosol containers
3808.93.07	With atrazine as active ingredient, not in aerosol containers
3808.93.09	With alachlor as active ingredient, in aerosol containers
3808.93.13	With alachlor as active ingredient, not in aerosol containers
3808.93.16	With diuron or simazine as active ingredient, in aerosol containers
3808.93.19	With diuron or simazine as active ingredient, not in aerosol containers
3808.93.31	With 2-methyl-4-chlorophenoxyacetic acid or its derivatives as active ingredient, in aerosol containers
3808.93.33	With 2-methyl-4-chlorophenoxyacetic acid or its derivatives as active ingredient, not in aerosol containers
3808.93.34	With 2,4-dichlorophenoxyacetic acid or its derivatives as active ingredient, in aerosol containers
3808.93.37	With 2,4-dichlorophenoxyacetic acid or its derivatives as active ingredient, not in aerosol containers
3808.93.41	With trifluralin as active ingredient, in aerosol containers

3808.93.43	With trifluralin as active ingredient, not in aerosol containers
3808.93.77	Other plant-growth regulators and anti-sprouting products, in aerosol containers
3808.93.79	Other plant-growth regulators and anti-sprouting products, not in aerosol containers
3808.93.83	Other, containing bromomethane (methyl bromide) or bromochloromethane, in aerosol containers
3808.93.85	Other, containing bromomethane (methyl bromide) or bromochloromethane, not in aerosol containers
3808.93.91	In aerosol containers
3808.93.93	Other
3808.94.11	In aerosol containers
3808.94.13	Other
3808.94.31	In aerosol containers
3808.94.33	Other
3808.94.41	In aerosol containers
3808.94.43	Other
3808.94.81	In aerosol containers
3808.94.83	Other
3808.94.85	Other, containing bromomethane (methyl bromide) or bromochloromethane, in aerosol containers
3808.94.91	In aerosol containers
3808.94.93	Other
3808.99.11	In aerosol containers
3808.99.13	Other
3808.99.91	In aerosol containers
3808.99.93	Other
3813.00.25	Preparations in liquid form, containing fluorine compounds or containing protein, in aerosol containers
3813.00.27	Preparations in liquid form, containing fluorine compounds or containing protein, not in aerosol containers
3813.00.29	Other, containing bromochlorodifluoromethane, bromotrifluoromethane or dibromo-tetrafluoroethanes, in aerosol containers
3813.00.31	Other, containing bromochlorodifluoromethane, bromotrifluoromethane or dibromo-tetrafluoroethanes,

	not in aerosol containers
3813.00.33	Other, containing methane, ethane or propane hydrobromofluorocarbons (HBFCs), in aerosol containers
3813.00.35	Other, containing methane, ethane or propane hydrobromofluorocarbons (HBFCs), not in aerosol containers
3813.00.37	Other, containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), in aerosol containers
3813.00.39	Other, containing methane, ethane or propane hydrochlorofluorocarbons (HCFCs), not in aerosol containers
3813.00.41	Other, containing bromochloromethane, in aerosol containers
3813.00.43	Other, containing bromochloromethane, not in aerosol containers

3.1.3 Request from Plastics South Africa for the creation of additional 8-digit subheadings for plastics classifiable in Chapter 39

Plastic South Africa (the applicant) submitted a request for additional 8-digit tariff subheadings for plastics classifiable in Chapter 39.

The applicant motivated that there are product imported into South Africa in wrong tariff code or hidden under tariff subheading for “other” The splitting of the subheadings will allow the industry to monitor and evaluate import/export of plastic products.

The following 8-digit subheadings are deleted:

3902.10.90	Other
3920.20.90	Other
3923.50.90	Other

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

3901.10.10	Virgin
3901.10.90	Other
3901.20.10	Virgin
3901.20.90	Other
3902.10.9	Other
3902.10.91	Virgin
3902.10.99	Other
3903.19.10	Virgin
3903.19.90	Other
3903.30.10	Virgin
3903.30.90	Other
3904.21.10	Virgin
3904.21.90	Other
3904.22.10	Virgin
3904.22.90	Other

3.1.4 Request for the creation of 8-digit tariff subheadings for solar glass product

PFG Building Glass, a division of the PG Group (Pty) Ltd (the applicant) applied for the creation of 8-digit tariff subheading for solar glass.

The applicant is the only manufacturer of solar glass in the SACU region and a potential major supplier of solar glass to the downstream industry.

The applicant motivated that the scope of glass is too wide. The new 8-digit tariff subheadings will enable the industry to identify and monitor the imports/exports of solar glass, to monitor the market growth, and to support new investment decisions.

Additional Note 2 has been added to read “for the purpose of this Chapter, the expression solar glass has been included to mean glass sheets with an iron content of less than 300ppm and a solar transmittance of more than 88% (measured according to ISO 9050: AM1,5”.

The following new 8-digit subheadings are inserted:

7003.12.20	Solar glass
7003.19.20	Solar glass
7005.10.20	Solar glass
7005.29.05	Solar glass
7007.19.10	Solar glass
7007.19.90	Other

The following subheadings are substituted:

7005.29.13	Of a thickness not exceeding 2 mm (excluding solar glass and optical glass)
7005.29.15	Of a thickness exceeding 2 mm but not exceeding 2,5 mm (excluding solar glass and optical glass)
7005.29.17	Of a thickness exceeding 2,5 mm but not exceeding 3 mm (excluding solar glass and optical glass)
7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)
7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)
7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)
7005.29.45	Of a thickness exceeding 6 mm but not exceeding 8 mm (excluding solar glass and optical glass)

3.1.4 Request for the creation of 8-digit tariff subheadings for plugs and sockets

International Trade Advisors trading as XA on behalf of Lesco Manufacturing (Pty) Ltd applied for the creation of 8 digit tariff subheadings on plugs and sockets.

The reason for the application is that import statistics and market share information suggest that many importers are using incorrect tariff subheadings for plugs and sockets in order to circumvent duty liabilities.

The following 8-digit subheadings are deleted:

8536.69.60	Other sockets, for a voltage of less than 500 V
8536.69.65	Other, for a voltage of less than 500 V

The following new 8-digit subheadings are inserted:

8536.30.40	Other, surge protection/suppression plugs and sockets for a voltage not exceeding 250 V
8536.69.61	Other, sockets for a voltage not exceeding 250 V
8536.69.63	Other, sockets for a voltage less than 500 V
8536.69.67	Other, plugs for a voltage not exceeding 250 V
8536.69.69	Other, for a voltage exceeding 250 V but less than 500 V

3.2 Amendment of Schedule No. 2

Anti-dumping item 201.02/0207.14.90/01.06 is deleted with effect from 1 February 2015 as a consequence to a deletion in Part 1 of Schedule No. 1.

The following anti-dumping item is deleted

201.02/0207.14.90/01.08	Frozen meat of fowls of the species <i>Gallus domesticus</i> , cut in pieces with bone-in:
-------------------------	--

The following anti-dumping items are inserted

201.02/0207.14.91/01.08	Whole bird cut in half
201.02/0207.14.93/01.08	Leg quarters
201.02/0207.14.95/01.08	Wings
201.02/0207.14.96/01.08	Breasts
201.02/0207.14.97/01.08	Thighs
201.02/0207.14.98/01.08	Drumsticks
201.02/0207.14.99/01.08	Other

The following anti-dumping items are substituted as a consequence to a substitution in Part 1 of Schedule No. 1 to include solar glass.

213.02/7005.29.17/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but otherwise not worked, of a thickness exceeding 2,5 mm but not exceeding 3 mm (excluding solar glass and optical glass)
213.02/7005.29.17/02.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but otherwise not worked, of a thickness exceeding 2,5 mm but not exceeding 3 mm (excluding solar glass and optical glass)
213.02/7005.29.17/03.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 2,5 mm but not exceeding 3 mm (excluding solar glass and optical glass)
213.02/7005.29.23/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but otherwise not worked, of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)
213.02/7005.29.23/02.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but otherwise not worked, of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)
213.02/7005.29.23/03.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass) (excluding that manufactured by PT Muliaglass Industrino and PT Abdi Rakyat Bakti)

213.02/7005.29.25/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass) (excluding that manufactured by PT Muliaglass Industrino and PT Abdi Rakyat Bakti)
213.02/7005.29.25/02.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass) (excluding that manufactured by PT Muliaglass Industrino and PT Abdi Rakyat Bakti)
213.02/7005.29.35/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but otherwise not worked, of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)
213.02/7005.29.35/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)
213.02/7005.29.35/01.08	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked, of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)

The opportunity is also used to delete countervailing items 235.00 and 235.01 which are not being utilised at the moment.

3.3 Amendment of Part 1 of Schedule No. 3

Rebate item 306.02/7010.90/01.05 is deleted in order to insert the correct rebate code applicable to a six digit tariff subheading.

The following rebate item is deleted

306.02/7010.90/01.05	Cartridges of glass, for the packing of anaesthetics
----------------------	--

The following rebate item is inserted

306.02/7010.90/01.06	Cartridges of glass, for the packing of anaesthetics
----------------------	--

Rebate item 306.14/12.01/01.04 is deleted as the expiry date is 30 June 2011.

Due to an oversight, rebate item 311.03 is substituted to read “Industry: Textile weaving” with retrospective effect from **7 December 2012**.

3.4 Amendment of Schedule No. 4

The opportunity is also used to delete rebate items 497.01, 498.01 and 498.02 which are empty.

This will not affect active rebate items.