ANNEX 4 - SOUTH AFRICA

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APPENDIX TABLES

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. South Africa's economy is the second largest in Africa and the most technologically advanced, with a vibrant private sector and relatively high-class infrastructure. It is an upper-middle-income country, and joined the BRIC group to make it the BRICS (Brazil, the Russian Federation, India, China, and South Africa) in 2011. The South African economy contributes to over 90% of SACU GDP and has a relatively large industrial base; it serves as a trade and financial hub in the region.

1.2. The economy is mainly characterized by its duality, with a sophisticated financial and industrial branch coexisting with an underdeveloped informal one. Unemployment, at a rate of 25%, remains the most challenging of South Africa's hurdles; and this challenge remains central to the various national development plans.

1.3. Although noticeable progress has been made by South Africa since the end of apartheid, mainly on the socio-economic front (as the proportion of South Africans living in extreme poverty has fallen in recent years), access to clean water, and healthcare remain challenging.

1.4. The country's HIV infection rate stood at 15.9% in 2013, making it one of the most HIV-affected countries in the world. In addition, income inequality has not improved noticeably, as the poorest 20% of South Africans earn only some 2.3% of national income, while the richest 20% earn 70%.[1]

1.5. Given their multiplier effect on the economy, services, mainly finance together with mining, remain the main pillars of South Africa's economy. Although manufacture continues to account for a significant share of the GDP, its relative importance has decreased over time, reflecting the shift of the economy towards a service-based economy (Table 1.1).

1.6. Trade (imports and exports of goods and services) accounts for some 65% of GDP; and it remains important for South Africa's economic performance as imports continue to provide the country's manufacturers with raw materials and high standards of equipment, while export markets offer increased opportunities to its producers.

Table 1.1 Selected macroeconomic indicators, 2008-14

	2008	2009	2010	2011	2012	2013	2014
GDP at current prices (rand billion)	2,369	2,508	2,748	3,025	3,263	3,534	3,796
GDP at current prices (US$ billion)	287	296	375	417	397	366	350
Nominal GDP per capita	5,751	5,863	7,352	8,068	7,610	6,923	6,525
Population (million)	49.9	50.5	51.1	51.6	52.2	52.9	54
Unemployment, total (% of total labour force)	22.7	23.7	24.7	24.7	25.0	24.9	..
Inflation (CPI)	11.5	7.1	4.3	5.0	5.6	5.7	6.1
GDP by type of expenditure at constant 2010 prices	**(Annual % change)**						
GDP	3.2	-1.5	3.0	3.2	2.2	2.2	1.5
Final consumption expenditure	2.3	-0.8	3.7	4.1	3.4	3.0	1.5
Final consumption expenditure by households	1.2	-2.6	3.9	4.9	3.4	2.9	1.4
Final consumption expenditure by general government	5.8	4.6	3.0	1.7	3.4	3.3	1.9
Gross fixed capital formation	8.6	-8.5	1.1	9.3	5.2	1.5	-0.6
Gross domestic expenditure	3.6	-1.4	3.7	4.9	3.9	1.4	0.6
Exports of goods and services	1.5	-17.0	7.7	4.3	0.1	4.6	2.6
Exports of goods, free on board	2.0	-18.5	8.7	4.7	-1.4	4.5	2.0
Exports of services	-1.3	-8.0	2.4	2.3	8.8	5.1	6.0
Imports of goods and services	2.8	-17.7	10.8	10.5	6.0	1.8	-0.5

[1] Online information. Viewed at: http://da-abroad.org/press-release/challenge-ahead-how-unlock-rapid-economic-growth-south-africa.

	2008	2009	2010	2011	2012	2013	2014
Imports of goods, free on board	4.1	-21.4	9.7	14.0	8.2	2.2	-0.4
Imports of services	-4.2	4.6	15.5	-4.4	-4.7	-0.4	-1.4
GDP by type of expenditure at current prices	**(% of GDP)**						
Final consumption expenditure	78.7	79.4	79.2	79.4	80.5	80.9	80.9
Consumption expenditure by households	60.0	59.5	59.0	59.4	60.5	60.6	60.6
Consumption expenditure by general government	18.7	19.9	20.2	20.0	19.9	20.3	20.3
Gross fixed capital formation	23.2	20.7	19.5	19.1	20.1	20.1	20.4
Gross fixed capital formation	23.5	21.5	19.3	18.7	18.8	20.0	20.3
Change in inventories	-0.4	-0.8	0.2	0.4	1.3	0.1	0.1
Residual item	-0.2	-0.5	0.0	0.6	0.7	1.3	0.6
Exports of goods and services	35.6	27.9	28.6	30.4	29.7	31.0	31.3
Exports of goods, free on board	30.8	23.5	24.3	26.3	25.3	26.4	26.4
Exports of services	4.9	4.4	4.3	4.2	4.4	4.6	4.8
Imports of goods and services	37.2	27.5	27.4	29.6	31.0	33.2	33.1
Imports of goods, free on board	31.4	22.4	22.2	24.6	26.3	28.3	28.2
Imports of services	5.9	5.1	5.2	5.0	4.8	4.9	4.9
	(% of GDP)						
GDP by kind of economic activity (at 2010 constant basic prices)							
Agriculture, forestry and fishing	2.7	2.7	2.6	2.6	2.5	2.5	2.6
Mining and quarrying	9.4	9.0	9.2	8.9	8.5	8.6	8.3
Manufacturing	15.4	14.0	14.4	14.4	14.3	14.1	13.9
Electricity, gas and water	2.7	2.7	2.7	2.7	2.6	2.5	2.5
Construction	3.5	3.9	3.8	3.7	3.7	3.7	3.8
Services	66.2	67.6	67.2	67.7	68.3	68.5	68.9
Wholesale, retail and motor trade; catering and accommodation	14.6	14.6	14.9	15.0	15.2	15.1	15.1
Transport, storage and communication	9.2	9.3	9.2	9.2	9.2	9.2	9.3
Finance, real estate and business services	20.8	21.3	21.0	21.2	21.4	21.5	21.7
General government services	15.5	16.3	16.2	16.4	16.7	16.8	17.0
Personal services	6.1	6.1	6.0	5.9	5.9	5.9	5.9
	(Annual % change)						
Agriculture, forestry and fishing	19.4	-1.9	-0.3	1.3	0.6	1.5	5.6
Mining and quarrying	-5.3	-5.1	5.3	-0.7	-2.9	4.0	-1.6
Manufacturing	2.3	-10.6	5.9	2.9	1.9	0.7	0.0
Electricity, gas and water	-3.5	-1.8	2.4	1.4	-0.1	-0.6	-0.9
Construction	9.9	8.5	0.7	0.4	2.1	2.7	2.9
Services	4.3	0.7	2.3	3.8	3.1	2.5	2.1
Wholesale, retail and motor trade; catering and accommodation	1.8	-1.1	4.4	3.8	3.6	1.9	1.3
Transport, storage and communication	3.5	-0.2	1.7	3.0	2.5	2.0	2.3
Finance, real estate and business services	5.6	1.1	1.2	4.1	3.0	3.0	2.2
General government services	5.6	3.2	2.7	4.5	3.6	3.1	3.0
Personal services	3.8	-0.8	0.4	2.4	2.1	1.8	1.4
	(% of GDP, unless otherwise indicated)						
External sector							
Current account	-5.5	-2.7	-1.5	-2.2	-5.0	-5.8	-5.4
Total reserves (includes gold, current billions of US$)	34.1	39.6	43.8	48.7	50.7	49.7	..
Total reserves in months of imports	3.3	5.2	4.6	4.3	4.5	4.5	..
Terms of trade (percentage change)							
Including gold	1.0	5.3	5.9	4.4	-1.4	-5.4	-1.8
Excluding gold	-0.3	4.5	5.4	3.2	-2.1	-4.6	-1.5
Rand/US$ (annual average)	8.3	8.5	7.3	7.3	8.2	9.7	10.9

	2008	2009	2010	2011	2012	2013	2014
Nominal effective exchange rate (index, 2000=100)[a]	86	88	100	97	88	76	68
Change in nominal effective rate[b, c]	-17.1	2.4	13.7	-2.9	-8.9	-14.4	-10.3
Real effective exchange rate (index, 2000=100) [a]	83	89	100	97	91	82	79
Change in real effective exchange rate[b, c]	-10.4	7.8	12.3	-3.4	-5.7	-10.1	-3.3
Public Finance							
Revenue	25.5	23.2	23.3	24.0	23.9	24.3	24.5
Tax revenue	24.8	22.7	22.8	23.5	23.2	23.6	24.0
of which:							
Taxes on income, profits and capital gains	15.8	14.4	13.5	13.7	13.8	14.0	14.3
Taxes on goods and services	8.4	8.0	8.5	8.8	8.8	9.0	9.2
Taxes on international trade and transactions	1.0	0.8	0.9	1.0	1.2	1.3	1.1
Non-tax revenue	0.7	0.5	0.5	0.5	0.7	0.7	0.5
Expenditure	25.8	27.8	27.9	28.0	29.0	29.0	29.2
Deficit (-) / Surplus (+)	-0.4	-4.6	-4.6	-4.0	-5.1	-4.6	-4.7
National government debt							
Domestic debt	22.3	26.6	31.4	34.5	37.3	40.1	42.8
Foreign debt	4.2	3.5	3.2	3.7	3.6	4.0	4.3
Total debt	26.5	30.1	34.7	38.2	40.9	44.2	47.1

.. Not available.

a Weighted average exchange rate against most important currencies.
b Percentage changes of averages.
c Depreciation (-) and appreciation (+).

Source: South African Reserve Bank, *Quarterly Bulletin March 2015*. Viewed at: https://www.resbank.co.za; Statistics South Africa, *Gross Domestic Product (GDP), 4th Quarter 2014*. Viewed at: http://beta2.statssa.gov.za/?page_id=1854&PPN=P0441; IMF online information, "International Financial Statistics". Viewed at: http://elibrary-data.imf.org/DataExplorer.aspx; and the World Bank's World Development Indicator database. Viewed at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators.

1.2 Recent Economic Developments

1.7. South Africa's current economic development strategy is articulated through a number of initiatives. The New Growth Plan (NGP), which was released in 2010 by the Ministry of Economic Development, aims at reducing unemployment by 10 percentage points by 2020. It prioritizes infrastructural development, agriculture, mining, manufacturing, tourism, and promotion of a green economy, as the main drivers for job creation. In addition, in 2013, the National Planning Commission (NPC) rolled out the 2030 National Development Plan (NDP), with a view to reducing inequality, creating jobs, and promoting inclusive growth by means of, *inter alia*, a minimum annual growth of 5%, the creation of 5 million jobs by 2020 and 11 million jobs by 2030.

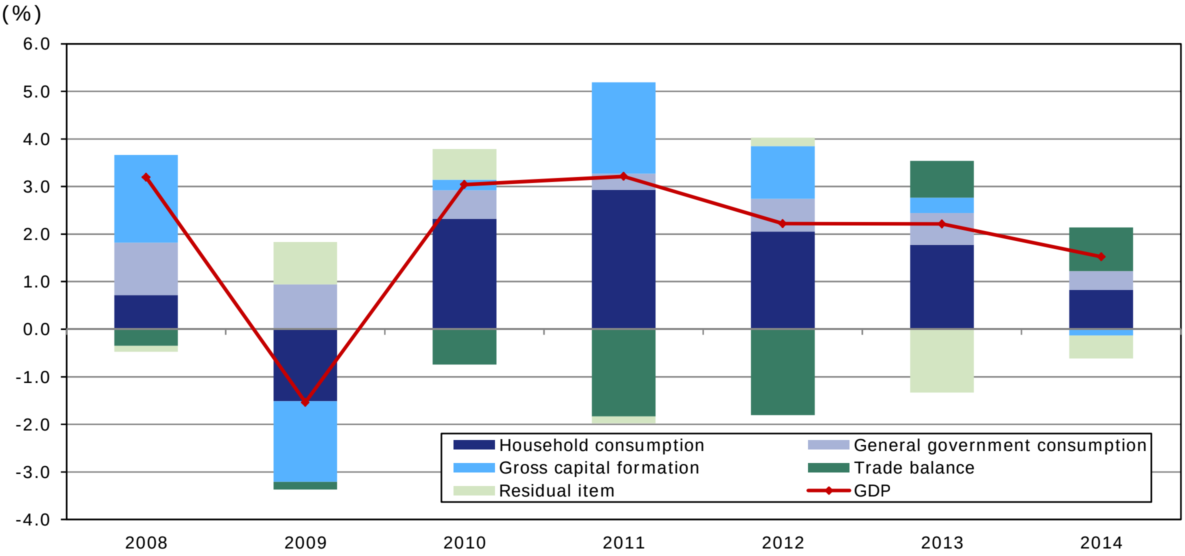
1.8. During the review period, the recovery of South Africa's economy was relatively weak, and its GDP growth rate remained far below the targets under the country's development plans. The GDP contracted by 1.5% in 2009, in the wake of the global economic and financial crisis, and its corollary weaker global demand and low commodity prices including those for South Africa's main exports. A considerable drop in investments in the mining sector, and sluggish household consumption also contributed to the GDP contraction.

1.9. However, GDP growth firmly rebounded in 2010 and 2011 at annual rates of 3% and 3.2% respectively, before resuming a downward trend to 2.2% in 2012 and 2013, and to 1.5% in 2014 (Table 1.1).

1.10. South Africa's economy faces several headwinds that continue to hold it below its growth potential. The ongoing downward trend in its GDP growth rate is mainly driven by a slowdown in household consumption since its initial rebound in 2010-11 (Chart 1.1), reflecting lower net household wealth in a context of falling asset prices (mainly housing and equity prices). In this context, the growth momentum of bank lending has been slower, although South Africa has a robust banking system which has resisted the recent financial crisis well through careful and rigid supervision (Section 4).

1.11. In 2012, South Africa's sovereign credit was downgraded by Moody's (Baa1) and Standard & Poor's (BBB) due to unrest in the mining sector and its detrimental effects on GDP growth. Furthermore, in January 2013, the ratings agency Fitch cut South Africa's sovereign credit rating by one notch to BBB, due to subdued growth prospects, but acknowledged its sound banking system and deep local bond market.

Chart 1.1 GDP growth and contribution, 2008-14



Source: WTO Secretariat estimations, based on data from the South African Reserve Bank, *Quarterly Bulletin March 2015*.

1.12. Household consumption also remains under pressure due to South Africa's high unemployment, as its rate was on an upward trend during the review period, although a slight improvement was recorded between 2012 and 2013 (Table 1.1).

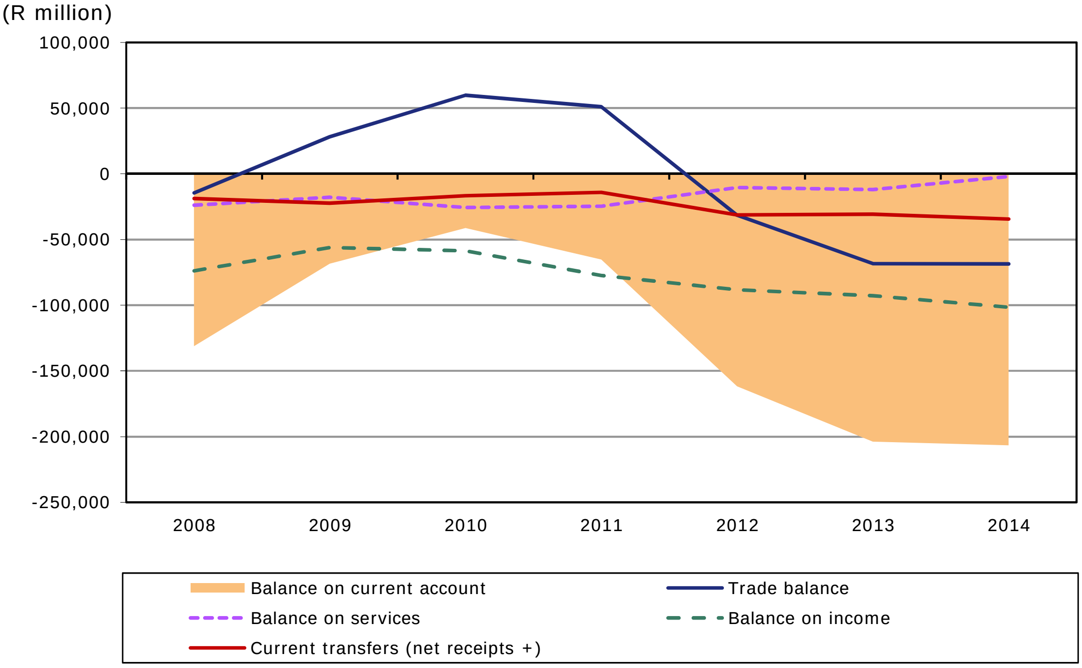
1.13. During the review period, the volatility of the South African rand added to economic uncertainty, and further dampened investors' confidence and their propensity to increase investments. In fact, the rand appreciated by 7.8% and 12.3% in 2009 and 2010 respectively. As a consequence, the country's competitiveness suffered, and exports dropped, particularly in the manufacturing sector. The rand resumed depreciating in 2011 (Table 1.1).

1.14. The primary objective of monetary policy in South Africa is to maintain price stability, with an inflation objective of 3-6% per year. Inflation remained under control during most years of the review period. However, since 2011, the depreciation of the rand, and the following increase in food and fuel prices, as well as unfavourable weather conditions in various key growing areas have exerted upward pressure on inflation. In January 2014, the SARB increased its discount rate from 5% to 5.5%; the inflation rate breached the 6% upper target of the South African Reserve Bank's monetary policy (Table 1.1).

1.15. Since the 1990s, South Africa has maintained a tradition of prudent management of its public finances. However, due to low private demand in the wake of the recent global economic and financial crisis, deficit was allowed with a view to boosting the country's overall demand. The government deficit (as a percentage of GDP) has considerably increased from 0.4% in 2008 to 4.7% in 2014. Despite this increase, the public debt burden remained relatively moderate.[2]

1.16. South Africa's current account remained in deficit during the review period, and income and trade accounts remained its main components (Table 1.2). In 2010 and 2011, the current account balance improved markedly. However, the recent drop in commodity prices has led to its noticeable worsening (Chart 1.2).

Chart 1.2 South Africa's current account and net financial flows, 2008-14



Note: Data for the previous four years are preliminary and subject to revision.

Source: WTO Secretariat estimations, based on data from the South African Reserve Bank, *Quarterly Bulletin March 2015*.

1.3 Trade Performance

1.17. South Africa's merchandise trade (imports and exports) was erratic during the review period, reflecting changes in nominal exchange rates and commodity prices. While the value of exports of goods decreased considerably between 2008 and 2009, in the wake of the global economic and financial crisis, it picked up in 2010 following slight growth of global demand. The same momentum prevailed until 2012, when the rand resumed its downward evolution, and commodity prices in global markets dropped (Table A1.1).

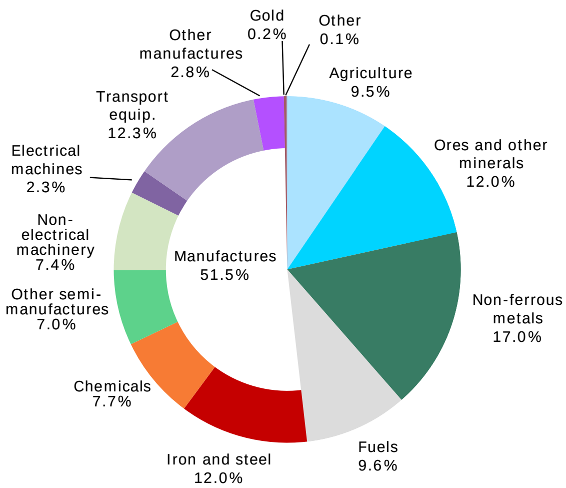
1.18. Manufacturing and mining are the main contributors to merchandise exports. However, their shares were unstable with a downward trend during the review period, while the share of agricultural exports steadily increased (Table A1.1 and Chart 1.3).

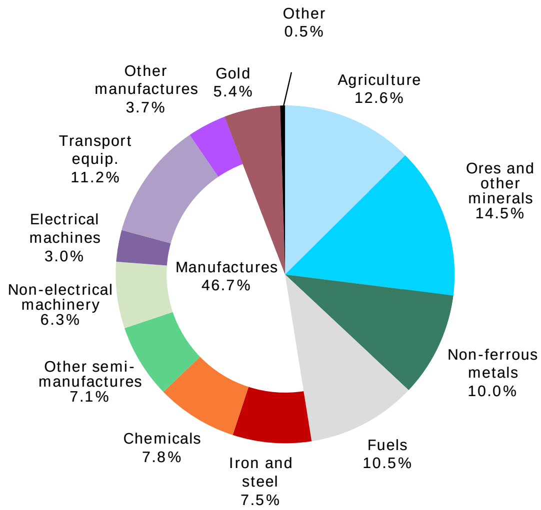
[2] Online information. Viewed at: http://www.oecd.org/eco/surveys/South%20Africa%202013%20Overview%20FINAL.pdf.

Chart 1.3 Product composition of merchandise trade, 2008 and 2014

2008	2014

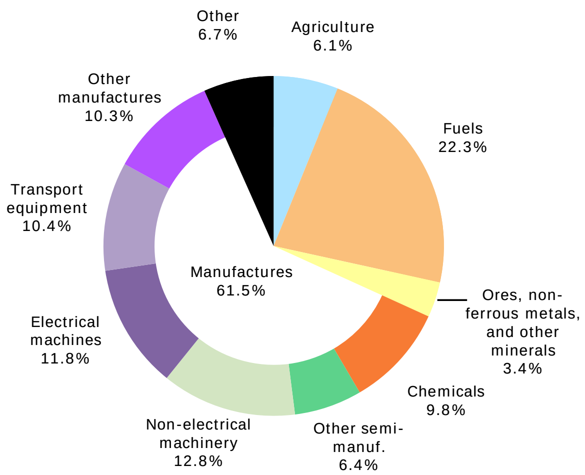
(a) Exports (f.o.b.)

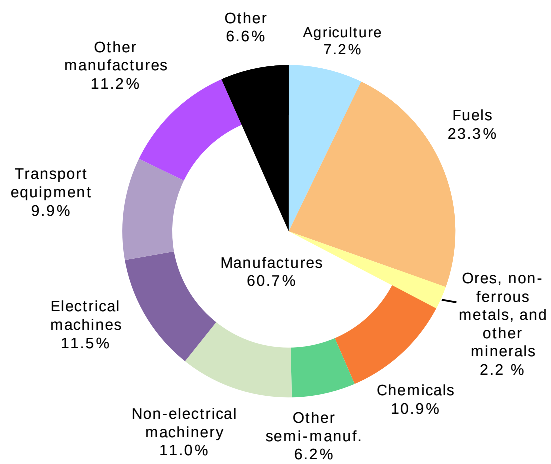




Total: US$74.0 billion | **Total: US$90.6 billion**

(b) Imports (c.i.f.)





Total: US$87.6 billion | **Total: US$99.9 billion**

Source: UNSD Comtrade database (SITC Rev.3).

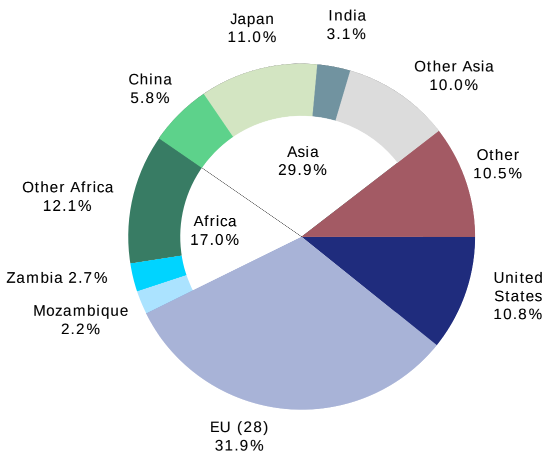
1.19. Imports also suffered from the global economic crisis; but have rebounded since 2011. Their structure is as diversified as exports. However, manufactured products make up over half of total merchandise imports. Fuels are also an important import category (Table A1.2).

1.20. Africa (mainly SACU countries), the EU, China and the United States are the main destinations for South Africa's exports (Table A1.3 and Chart 1.4). Import sources are also diversified, with the EU, the United States, and China being the main suppliers. In recent years, China has become the single top exporter to South Africa (Table A1.4 and Chart 1.4).

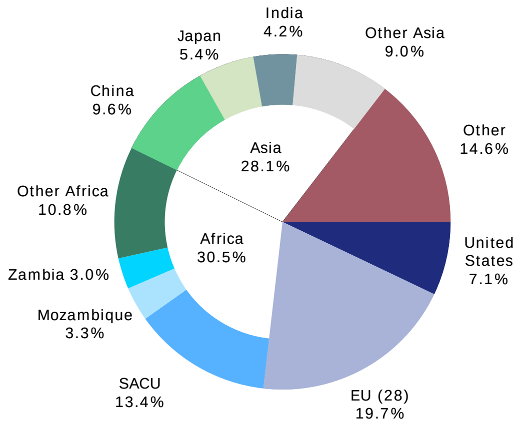
Chart 1.4 Direction of merchandise trade, 2008 and 2014

2008 | **2014**

(a) Exports (f.o.b.)

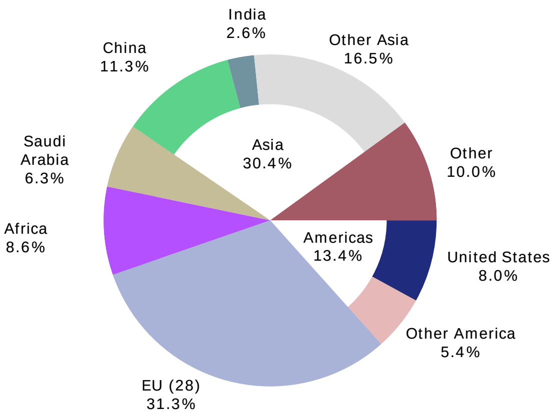


Total: US$74.0 billion

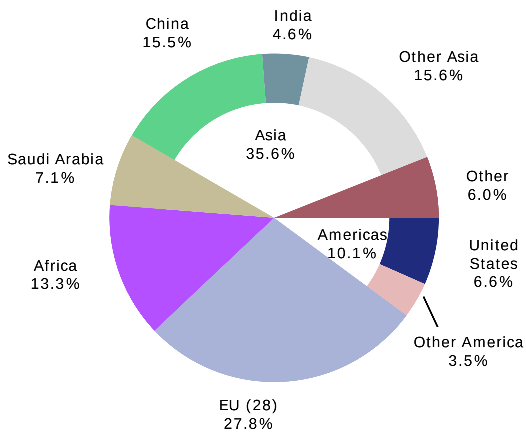


Total: US$90.6 billion

(b) Imports (c.i.f.)



Total: US$87.6 billion



Total: US$99.9 billion

Source: UNSD Comtrade database (SITC Rev. 3).

1.21. Trade in services has expanded since 2009, with a fall in its traditional deficit. In 2014, the deficit in trade in services reached a remarkably low level of US$186 million, down from US$2,889 million in 2008 (Table 1.2).

Table 1.2 Balance of payments, 2008-14[a]

(US$ million)

	2008	2009	2010	2011	2012	2013	2014
Balance on current account	-15,878	-8,074	-5,634	-8,991	-19,696	-21,105	-19,041
Trade balance	-1,758	3,317	8,160	7,022	-3,842	-7,078	-6,325
Merchandise exports, free on board[b]	82,345	63,313	83,232	99,082	91,837	89,974	86,723
Net gold exports[c]	5,875	6,228	8,127	10,370	8,654	6,617	5,773
Merchandise imports, free on board[b]	89,978	66,224	83,198	102,430	104,333	103,669	98,820
Balance on services	-2,889	-2,117	-3,501	-3,408	-1,273	-1,241	-186
Service receipts	13,934	13,061	16,048	17,378	17,636	16,798	16,845
Payments for services	16,824	15,177	19,549	20,786	18,909	18,038	17,031
Balance on income	-8,942	-6,627	-8,004	-10,650	-10,760	-9,610	-9,357
Income receipts	5,841	4,021	4,658	5,250	5,908	6,674	7,577
Income payments	14,783	10,649	12,662	15,900	16,667	16,285	16,934
Current transfers (net receipts +)	-2,289	-2,647	-2,290	-1,955	-3,821	-3,176	-3,174
Capital transfer account (net receipts +)	25	25	31	33	29	25	22
Net lending to (+)/borrowing from (-) rest of world	-15,853	-8,049	-5,603	-8,958	-19,667	-21,080	-19,019
Balance on financial account[d]	8,685	13,487	7,666	9,075	21,102	13,506	14,357
Net direct investment (inflow (+)/outflow (-))	12,343	6,351	3,711	4,500	1,571	1,651	-1,225
Net portfolio investment (inflow (+)/outflow (-))	-16,325	11,065	10,176	4,493	10,243	6,005	4,561
Net financial derivatives (inflow (+)/outflow (-))	0	0	0	1,809	1,751	775	1,512
Net other investment (inflow (+)/outflow (-))	15,823	318	-1,945	2,777	8,627	5,558	11,039
Reserve assets (increase (-)/decrease (+))	-3,155	-4,247	-4,276	-4,504	-1,091	-482	-1,530
Unrecorded transactions[e]	7,168	-5,439	-2,064	-117	-1,435	7,574	4,662

a Data for the previous four years are preliminary and subject to revision.
b Published customs figures adjusted for balance-of-payments purposes.
c Commodity gold.
d A net incurrence of liabilities (inflow of capital) is indicated by a positive (+) sign. A net disposal of liabilities (outflow of capital) is indicated by a negative (-) sign. A net acquisition of assets (outflow of capital) is indicated by a negative (-) sign. A net disposal of assets (inflow of capital) is indicated by a positive (+) sign.
e Transactions on the current, capital transfer and financial accounts.

Source: South African Reserve Bank, *Quarterly Bulletin March 2015*.

1.4 Foreign Direct Investment

1.22. During the review period, annual inflows of foreign direct investment (FDI) into South Africa showed remarkable variability. This reflected the general economic sentiment marked by low confidence of investors. The global economic crisis depressed the good performance recorded during the previous review. However, between 2012 and 2013, an improvement was noticeable as FDI inflows grew from US$4.5 billion to US$8.1 billion (Table 1.3).

1.23. South Africa is also an important investor abroad, mainly in other African countries.

Table 1.3 FDI flow and stock, 2008-13

	2008	2009	2010	2011	2012	2013
	(US$ million)					
Flow						
Direct investment in South Africa	9,209	7,502	3,636	4,243	4,559	8,188
Direct investment abroad	-3,134	1,151	-76	-257	2,988	5,620
Stock						
Direct investment in South Africa	83,649	138,751	179,564	159,391	163,510	140,047

	2008	2009	2010	2011	2012	2013
Direct investment abroad	49,439	70,296	83,248	97,051	111,780	95,760
	(% of GDP)					
Flow						
Direct investment in South Africa	3.2	2.5	1.0	1.0	1.1	2.2
Direct investment abroad	-1.1	0.4	0.0	-0.1	0.8	1.5
Stock						
Direct investment in South Africa	29.2	46.9	47.8	38.3	41.1	38.3
Direct investment abroad	17.2	23.8	22.2	23.3	28.1	26.2

Source: UNCTAD Stat. Viewed at: http://unctad.org/en/Pages/Statistics.aspx; and Central Bank, *Quarterly Bulletin March 2015*.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. The Department of Trade and Industry (DTI) continues to be the main government agency responsible for trade policy formulation, in cooperation with technical ministries such as the departments in charge of, *inter alia*, finance, economic development, agriculture, health, mineral resources, and energy. Various other government agencies have trade policy-related responsibilities (see Sections 3 and 4).

2.2. When formulating trade policy, the DTI also engages in active consultation with domestic interest groups, including business people and labour unions. Public consultations are regularly undertaken prior to the adoption of trade-related laws. Several pieces of legislation are in place in South Africa to regulate trade and related issues (Table A2.1).

2.3. Designated parliamentary committees assist the DTI in carrying out periodic reviews and assessments of trade policies. In addition, the Parliament has important responsibilities in ratifying treaties.

2.4. The International Trade Administration Commission (ITAC) continues, for the time being, to administer issues such as customs duties, duty and tax concessions, import and export controls, and anti-dumping, safeguard, and countervailing measures. However, ITAC is also responsible for some designated SACU-related issues, such as customs, import and export control, and contingency trade remedies (Main Report, Section 2).

2.5. According to the authorities, consultations were undertaken to review the evolution of South Africa's tariff structure and its trade effects since 1994. In light of this, a Trade Policy and Strategy Framework (TPSF) was adopted in 2010 and revised in 2012. It specifies trade-related measures that can contribute to the Government's broad economic development objectives outlined in the NGP and the NDP, with a view to diversifying the economic base, as well as producing and exporting high-value-added products.

2.6. The Framework recommends a "strategic tariff policy" approach, whereby tariff policy is decided primarily on a sector-by-sector basis, and dictated by specific sectoral strategies. For instance, it recommends that tariffs on inputs be reduced or removed to lower production costs for labour-creating manufactures. Furthermore, tariffs on goods produced by South Africa's strategic industries (from an employment or value-addition perspective), may be raised to ensure long-term sustainability and job creation "in the context of domestic production capabilities/potentialities and the degree of trade and production distortions on these products at the global level".[1]

2.7. During the review period, amendments were made to trade and trade-related legislation in several areas, including customs procedures, tariff issues, competition, and intellectual property rights (Section 3).

2.2 Trade Agreements and Arrangements

2.8. South Africa is an original Member of the WTO. It participated actively in the negotiations on the WTO Trade Facilitation Agreement (TFA), and it has yet to notify its category A measures, i.e. TFA provisions that a developing member country designates for implementation upon entry into force of the Agreement. According to the authorities, the ratification process is ongoing.

2.9. South Africa continues to defend its trade interests through the WTO's dispute settlement mechanism (Main Report, Section 2). It continues to make regular notifications to the WTO (Table 2.1). In addition, it submits tariff and trade data annually to the WTO Integrated Database (IDB).

[1] Online information. Viewed at: http://www.itac.org.za/upload/Trade%20Policy%20and%20Strategy%20Framework.pdf.

Table 2.1 Selected notifications, 2009-15

WTO Agreement	Description of requirement	Periodicity	Most recent notification
Agreement on Agriculture			
Article 18.2	Domestic support	Annual since 1996	G/AG/N/ZAF/83, 26 February 2015; G/AG/N/ZAF/77, 14 December 2012; G/AG/N/ZAF/73, 13 May 2011; G/AG/N/ZAF/71, 9 September 2009
Article 18.3	Domestic support exemptions	Annual since 1996	G/AG/N/ZAF/68, 25 May 2005
Articles 10 and 18.2	Export subsidies	Annual since 1996	G/AG/N/ZAF/78, 14 December 2012; G/AG/N/ZAF/74, 13 May 2011; G/AG/N/ZAF/70, 9 September 2009
Article 18.2	Tariff quotas	Annual since 1996	G/AG/N/ZAF/81, 8 October 2014; G/AG/N/ZAF/79, 14 December 2012; G/AG/N/ZAF/75, 13 May 2011
Articles 5.7 and 18.2	Special safeguard provisions	Annual since 1996	G/AG/N/ZAF/80, 14 December 2012; G/AG/N/ZAF/76, 13 May 2011
Article 16.2	Decision on possible negative effects of the reform programme on LDC-NFIDC	Annual since 1996	G/AG/N/ZAF/82, 8 October 2014; G/AG/N/ZAF/72, 13 May 2011; G/AG/N/ZAF/69, 9 September 2009
Agreement on the Implementation of Article VI of the GATT 1994 (Anti-Dumping Agreement)			
Article 18.5	Laws and regulations	Once	G/ADP/N/1/ZAF, 20 January 2014
Article 16.4	Anti-dumping actions taken	Semi-annual	G/ADP/N/265/ZAF, 17 February 2015
Article 16.4	Anti-dumping actions taken	Ad hoc	G/ADP/N/270, 16 April 2015
Agreement on Rules of Origin			
Paragraph 4 of Annex II	Preferential Rules of Origin		G/RO/N/87, 1 November 2012
Agreement on Sanitary and Phytosanitary Measures			
Article 7, Annex B	SPS to be notified promptly	Once	G/SPS/N/ZAF/37, 29 October 2014
Agreement on Safeguards			
Article 12.6	Laws, regulations, and administrative procedures	Once	G/SG/N/1/ZAF/2, 27 September 2004
Agreement on Subsidies and Countervailing Measures			
Article 25.11	Countervailing actions taken	Semi-annual	G/SCM/N/274/ZAF, 27 August 2014
Agreement on Technical Barriers to Trade			
Article 10.6	Information about technical regulations, standards, and conformity assessment	Once	G/TBT/N/ZAF/93-97, 27 January 2009

WTO Agreement	Description of requirement	Periodicity	Most recent notification
General Agreement on Trade in Services (GATS)			
Article III:4 or IV:2	Transparency	Once	S/ENQ/78/Rev.15, 4 February 2015
Agreement on Customs Valuation			
	Checklist of issues		G/VAL/N/2/ZAF/1, 22 December 2014

Source: WTO Secretariat.

2.10. As a SACU member State, South Africa is a signatory to the series of RTAs signed by it (Main Report, Section 2). According to the authorities, the Trade, Development, and Cooperation Agreement (TDCA) concluded in 1999 between South Africa and the EU served as the basis for SACU's market access offer in the recently concluded EPA negotiations (Main Report, Section 2).

2.11. Products originating from South Africa are eligible for non-reciprocal preferences, including lower tariffs or preferential tariff quotas under, *inter alia*, the U.S. African Growth and Opportunity Act (AGOA), and the GSP schemes of Japan, Norway, Switzerland, and the United States.

2.3 Investment Regime

2.12. South Africa's broad foreign investment regime has not changed since the previous review. Sector-specific legislation continues to set conditions for investment in South Africa by overseas persons, as there is no stand-alone foreign investment legislation.

2.13. Pursuant to the Company Act 2008, any foreign company must register with the Company and Intellectual Property Commission within 20 business days of first beginning to conduct business or non-profit activities, as the case may be. A foreign company shall be regarded as conducting business, or non-profit activities, as the case may be, within South Africa if that foreign company: (1) is a party to one or more employment contracts within the Republic; or (2) is engaging in a course of conduct, or has engaged in a course or pattern of activities within South Africa over a period of at least six months.

2.14. South Africa is party to the SADC's 2010 Protocol on Finance and Investment. Under the protocol, signatory countries must give investors "fair and equitable treatment" and pay "prompt, adequate and effective" compensation to foreign investors in the event of expropriation. It also provides for international arbitration for foreign investors.

2.15. On 1 November 2013, the authorities published, for public comment, the Promotion and Protection of Investment Bill. According to the authorities, the purpose of the bill is to ensure that (i) South Africa remains open to foreign direct investment (FDI); (ii) South Africa provides adequate protection to FDI; and (iii) these objectives are balanced with the right of government to regulate in the national and public interest. It includes various provisions on, *inter alia*, security for foreign investors, national treatment, as well as on expropriation, property rights, and dispute settlement.

2.16. The bill provides for a mediation process that can be facilitated via the Department of Trade and Industry (DTI) or a competent body. An investor is not precluded from approaching a competent court to resolve the dispute. As a last resort, under the dispute resolution section, the Government may consent to international arbitration subject to the exhaustion of domestic remedies.

2.17. South Africa is party to numerous bilateral investment treaties (BITs) of which several have not yet entered into force (Table 2.2).

Table 2.2 Overview of South Africa's bilateral investment treaties (BITs)

No.	Partners	Status	Date of signature	Date of entry into force
1	Algeria	Signed (not in force)	24/09/2000	
2	Angola	Signed (not in force)	17/02/2005	
3	Argentina	In force	23/07/1998	01/01/2001
4	Austria	Terminated	28/11/1996	01/01/1998
5	BLEU (Belgium-Luxembourg Economic Union)	Terminated	14/08/1998	14/03/2003
6	Brunei Darussalam	Signed (not in force)	14/11/2000	
7	Canada	Signed (not in force)	27/11/1995	
8	Chile	Signed (not in force)	12/11/1998	
9	China	In force	30/12/1997	01/04/1998
10	Congo, Democratic Republic of the	Signed (not in force)	31/08/2004	
11	Congo	Signed (not in force)	01/12/2005	
12	Cuba	In force	08/12/1995	07/04/1997
13	Czech Republic	In force	14/12/1998	17/09/1999
14	Denmark	In force	22/02/1996	23/04/1997
15	Egypt	Signed (not in force)	28/10/1998	
16	Equatorial Guinea	Signed (not in force)	17/02/2004	
17	Ethiopia	Signed (not in force)	01/01/2008	
18	Finland	In force	14/09/1998	03/10/1999
19	France	In force	11/10/1995	22/06/1997
20	Germany	Terminated	11/09/1995	10/04/1998
21	Ghana	Signed (not in force)	09/07/1998	
22	Greece	In force	19/11/1998	05/09/2001
23	Iran, Islamic Republic of	In force	03/11/1997	05/03/2002
24	Israel	Signed (not in force)	20/10/2004	
25	Italy	In force	09/06/1997	16/03/1999
26	Korea, Republic of	In force	07/07/1995	06/06/1997
27	Libya	Signed (not in force)	14/06/2002	
28	Madagascar	Signed (not in force)	13/12/2006	
29	Mauritius	In force	17/02/1998	07/10/1998
30	Mozambique	In force	06/05/1997	28/07/1998
31	Netherlands	Terminated	09/05/1995	01/05/1999
32	Paraguay	In force	03/04/1974	16/06/1974
33	Qatar	Signed (not in force)	20/10/2003	
34	Russian Federation	In force	23/11/1998	12/04/2000
35	Rwanda	Signed (not in force)	19/10/2000	
36	Senegal	Signed (not in force)	05/06/1998	
37	Spain	Terminated	30/09/1998	23/12/1999
38	Sweden	In force	25/05/1998	01/01/1999
39	Switzerland	Terminated	27/06/1995	29/11/1997
40	Tanzania, United Republic of	Signed (not in force)	22/09/2005	
41	Tunisia	Signed (not in force)	28/02/2002	
42	Turkey	Signed (not in force)	23/06/2000	
43	Uganda	Signed (not in force)	08/05/2000	
44	United Kingdom	In force	20/09/1994	27/05/1998
45	Yemen	Signed (not in force)	01/08/2002	
46	Zimbabwe	Signed (not in force)	27/11/2009	

Source: UNCTAD online information. Viewed at: http://investmentpolicyhub.unctad.org/IIA/CountryBits/195#iiaInnerMenu.

2.18. Following a review in 2010, South Africa notified the following countries that it was terminating its BITs with them: the Belgo-Luxembourg Economic Union, Spain, Netherlands, United Kingdom, France, Germany, Denmark, Switzerland, Austria, Italy and Greece. Sweden and Finland too have been notified of South Africa's intention to terminate its BITs upon expiration of the validity period.

2.19. South Africa has double taxation agreements (DTAs) currently in force with 72 economic partners (Table 2.3).

Table 2.3 Double taxation agreements (DTAs)

Existing comprehensive agreements		
Algeria	Indonesia	Portugal
Australia	Iran	Romania
Australia Protocol (2008)	Ireland Protocol (February 2012)	Russian Federation
Austria Protocol (March 2012)	Israel	Rwanda
Belarus	Italy	Saudi Arabia
Belgium	Japan	Seychelles
Botswana	Korea	Seychelles Protocol (May 2012)
Brazil	Kuwait	Singapore
Bulgaria	Lesotho	Slovak Republic
Canada	Luxembourg	Spain
China (People's Republic of)	Malawi	Swaziland
Croatia	Malaysia Protocol (March 2012)	Sweden Protocol (March 2012)
Cyprus	Malta	Switzerland (New treaty - entry into force 27 January 2009)
Czech Republic	Mauritius	Taiwan
DRC (July 2012)	Mexico	Tanzania
Denmark	Mozambique	Thailand
Egypt	Namibia	Tunisia
Ethiopia	Netherlands	Turkey
Finland	Netherlands Protocol (2008)	Uganda
France	Poland	Ukraine
Germany	New Zealand	United Kingdom[a]
Ghana	Nigeria	United Kingdom Protocol (October 2011)
Greece	Norway	United States of America
Hungary	Oman	Zambia
India	Pakistan	Zimbabwe

a The United Kingdom treaty was extended to Grenada and Sierra Leone. The United Kingdom agreement includes Granada and Sierra Leone at a rate of 12% withholding tax for royalties. For non-treaty countries the withholding tax rate in respect of royalties and know-how payments is currently 12%. This will increase to 15% with effect from 1 January 2015.

Source: information provided by South African authorities

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. Trade activities, including imports, are open to nationals and foreigners. Importers are required to register with the South African Revenue Service (SARS) when the value of traded goods exceeds R 50,000. SARS is responsible for customs procedures. It implements, *inter alia*, border control, administration of trade policy measures including industrial schemes, and revenue collection.

3.2. Import procedures, including customs valuation, and appeal mechanisms against SARS' decisions are regulated by the Customs and Excise Act, 1964 (Act No. 91 of 1964). Customs procedures can be done either by the importer or on his/her behalf by a customs broker. Import clearance documentation must be lodged within seven days of the arrival of goods in South Africa.

3.3. Basic documents required for imports to South Africa include: a commercial invoice which shows the price charged to the importer in addition to the cost of placing the goods on board the ship for export; a bill of lading; insurance documents; and a packing list. Other documentation may be required by customs depending on the product. A single administrative document (SAD 500) is used by SACU countries for customs declaration (Main Report, Section 3.1).

3.4. During the review period, SARS embarked on a wide range of trade facilitation reforms, including legislative changes and modernization of customs procedures in order to further streamline the procedures. The Customs and Excise Act was revised in order to, *inter alia*, give effect to the Revised Kyoto Convention and other existing international instruments, as well as to establish a sound, clear and logical framework. The revised legislation consists of three different legal instruments that are to replace the Customs and Excise Act upon their entry into force:

- the Customs Control Act, which establishes a customs control system for all goods imported into or exported from South Africa, and prescribes the operational aspects of the system;

- the Customs Duty Act, which provides for the imposition, assessment and collection of customs duties; and

- the Excise Duty Bill to provide for the imposition, assessment and collection of excise duties.

3.5. The Customs Control Act, 2014 (Act No. 31 of 2014) and the Customs Duty Act were published in the Government Gazette on 23 July 2014. Upon their entry into force, they will replace the provisions of the current Customs and Excise Act, 1964, in relation to customs only.

3.6. Until the adoption and implementation the Excise Duty Bill, the Customs and Excise Amendment Act, 2014 once implemented will regulate excise duties.

3.7. A customs determination system (binding advance ruling) is in place under the Customs and Excise Act, 1964. According to the authorities, the new Customs Control Act provides for binding advance rulings based on the WTO Trade Facilitation Agreement.

3.8. Complaints against decisions by a customs officer may be referred to the officer's immediate supervisors, and then appeals may be lodged within 30 days of the date of the decision. If unsatisfied with the decision of the appeal committee, the appellant may make use of alternative dispute resolution procedures.

3.9. In 2013, SARS migrated to the interfront integrated customs and border management system. According to the authorities, interfront is used by all customs posts throughout South Africa.

3.10. All imports to South Africa are subject to the SACU Common External Tariff (CET). SACU excise duties apply on, *inter alia*, wine, spirits, beer and other fermented beverages, tobacco, and fuel (Main Report, Section 3.3). Levies are collected on certain agricultural products (Section 4);

and an environmental levy on certain goods. A fuel levy and the road accident fund (RAF) levy are also in place.

3.11. The core VAT regime (rates and product coverage) has not changed in South Africa since 2009. VAT applies to all imported or locally produced goods and services. A standard rate of 14% applies to most goods and services. Zero-rated goods include: exports; certain basic foodstuffs; certain goods used or consumed for agricultural, pastoral or other farming purposes (e.g. animal feed, seed, fertilizers, pesticides, and animal remedies); certain fuels (on lighting paraffin, diesel, and gasoline); and international transport of goods and passengers. Goods and services exempt from VAT include financial services; donated goods or services or any other goods made or manufactured with donated inputs; the supply of residential accommodation; the supply of certain educational services; and the supply of certain transport services.

3.12. The base of the VAT, for local supplies, is the "domestic open-market value".[1] For imports, the taxable value is the f.o.b. customs value plus a 10% mark-up on the customs value, as well as the amount of any duties levied. The 10% mark-up on the customs value is applicable when goods are imported from a country outside SACU.

3.13. Various provisions for rebate of duty and taxes exist for specific materials used in domestic manufacturing (Main Report, Section 3.3).

3.14. Goods temporarily admitted into South Africa for processing, repair, cleaning, reconditioning or for the manufacture of goods exclusively for export, and goods temporarily admitted and then exported in the same state are exempt from duties and taxes. Imports may enter under temporary admission, including for inward processing, or into a bonded warehouse for manufacturing and subsequent exportation; duties and taxes are suspended on such imports. Goods cleared from a bonded warehouse for domestic consumption are subject to import duties and other taxes. Goods imported to be processed in the industrial development zones (IDZs) are also exempt from customs duties and taxes. Imported goods may also be admitted under rebate of duty for use in customs controlled areas (CCAs), bonded areas within the IDZs.

3.15. Until the implementation of the Customs Duty Act, the Customs and Excise Act will continue to regulate rebates on any customs duties, the fuel levy and the road accident fund levy on specific goods imported for, *inter alia*, domestic consumption by diplomats (based on reciprocal treatment), special events such as international exhibitions, relief in cases of natural disasters and famines, and manufacturing and commercial use of goods re-imported into South Africa.

3.1.2 Import prohibitions, restrictions, and licensing

3.16. As at the time of the previous review, imports control is regulated mainly by the International Trade Administration Act (Act No. 71 of 2002). Goods currently subject to import control and for which licences (permits) are required are listed in the Government Gazette.[2] In 2012, South Africa notified its import licensing regime under Article 7.3 of the WTO Agreement on Import Licensing Procedures; import restrictions apply to used goods[3]; goods controlled under the Montreal Protocol; and under the 1998 Convention against chemicals used in illegal drug manufacturing, the Basel Convention.

3.17. Import control is also maintained under, *inter alia*, the Meat Safety Act (Act No. 40 of 2000), the Fertilizers, Farm Feeds, Agricultural Remedies, and Stock Remedies Act (Act No. 36 of 1947), the Agricultural Pests Act (No. 36 of 1983), and associated regulations. The import control regime is implemented for various purposes, including: protection of public morals, compliance with domestic regulations and relevant international conventions, and protection of public health. Controlled imports include live plants and animals and products thereof; drugs and narcotics;

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[1] The open-market value is the amount the goods and/or services would generally fetch if their supply were freely offered, in similar circumstances, between persons who are not connected persons, in South Africa (Section 3, Value-Added Tax Act (Act No. 89 of 1991)).

[2] Online information. Viewed at: http://www.itac.org.za/upload/gg35007_nn91-Import-Control-10-Feb-2012.pdf.

[3] Used goods may be admitted under rebate provisions, as they are used as inputs for some specific industries.

pornographic or objectionable materials; uncut diamonds; and waste and hazardous materials. The regime applies to all imports, including from other SACU countries.

3.18. Applications for import licences are considered by the Import and Export Control Unit of South Africa's International Trade Administration Commission. In the case of some specified goods, applications may be considered by the Departments of Health and Environmental Affairs.

3.19. Tariff quotas (TQs) apply to some agricultural products (Table 3.1). They are administered through import licences issued by the Department of Agriculture on a quarterly or bi-annual basis and applicants need to register with SARS and the DTI. The licence allocation system takes into account: Black Economic Empowerment (BEE) status of the applicants, i.e. eligibility of companies under the Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003); the market share of applicants, derived from historical data for the past three years; the number of applicants; and the quota available. Out-of-quota imports are subject to the SACU CET, while lower (reduced) tariff rates apply to in-quota imports.

Table 3.1 Tariff quotas, 2015

HS code	Product description	Tariff rates 2008		Quota commitment	Fill ratio (%)	
		In-quota (%)	Out-of-quota (% or cents)		2012	2013
0201 and 0202	Meat of bovine animals	13.8; 32	40% or 240 c/kg	26,254	70.2	51.3
0203	Meat of swine	7.4	0%; 15% or 130 c/kg	4,691	100.0	100.0
0204	Meat of sheep	13.2; 16.4; 19	40% or 200 c/kg	6,002	80.3	80.1
0206	Edible offal	7.6	0%; 22% or 240 c/kg; 30% or 130 c/kg	2,544	100.0	100.0
0207	Meat and edible offal of poultry	7.4; 16.4	0%;	29,033	100.0	100.0
0401	Milk and cream, fresh	19.2	0%	53,657	28.4	8.0
0402	Milk powder	19.2	450 c/kg (max. 96%)	4,470	10.5	0.0
0403	Buttermilk and yoghurt	19.2	0%; 450 c/kg (max. 96%)	213	100.0	100.0
0404	Whey	19.2	450 c/kg (max. 96%)	2,786	100.0	100.0
0405	Butter	15.8	500 c/kg (max. 79%)	1,167	13.6	1.7
0406	Cheese	19	500 c/kg (max. 95%)	1,989	0.0	0.9
0407 and 0408	Eggs	3.8	0%; 19%	9,000	0.0	0.0
0701	Potatoes	9.8	0.44 c/kg	48,161	0.1	0.1
070520	Chicory, fresh	6	0%	4	0.0	0.0
0708	Peas and beans, fresh	4.8; 6.6	0%; 15%	263	100.0	100.0
0710	Vegetables, frozen	4.8; 6.6; 7.4; 9.8	0%; 10%; 20%; 24%; 30%	583	0.0	14.1
0712	Dried vegetables	7.4	20%; 4 c/kg	860	74.3	67.2
071320 and 071390	Dried peas	4.8; 6.6	0%; 15%; 24%	5,184	29.6	42.8
071330	Dried beans	4.8	10%; 15%	11,063	81.5	84.7
071340	Lentils	9.8	0%	1,601	8.9	0.0
080620	Grapes, dried	4.6	10%	397	0.0	0.0
0813	Dried fruit	6; 6.6; 8.8; 10.8; 14	10%	349	24.1	18.9
0901	Coffee	23.8	0%; 20%; 6 c/kg; 10 c/kg	15,746	100.0	100.0
0902	Tea	34	0%; 400 c/kg	11,375	100.0	100.0

HS code	Product description	Tariff rates 2008		Quota commitment	Fill ratio (%)	
		In-quota (%)	Out-of-quota (% or cents)		2012	2013
1001 ex 1100	Wheat or wheat equivalent	4.2; 14.4; 19.8	0%; 10%; 20% 46.1 c/kg; 69.2 c/kg	108,279	100.0	100.0
1002	Rye	4.2	0%	83	100.0	100.0
1003	Barley	8.2	0%	14,552	100.0	100.0
ex 1100	Barley equivalent	8.2	0%	96,248	100.0	100.0
1004 ex 1100	Oats or oat equivalent	6.6; 19.8	0%; 2.75 c/kg	7,333	100.0	100.0
1005 ex 1100	Maize or maize equivalent	8.6; 10; 19.8	0%; 5%	269,000	94.3	3.1
1007	Grain sorghum	6.6	3%	21,116	100.0	100.0
1008	Other cereals	6.6; 8.6	0%; 5%	145	100.0	100.0
1201	Soya beans	8	8%	1,717	56.8	100.0
1202	Groundnuts	14	10%	7,908	100.0	100.0
1204	Linseed	9.4	9.4%	202	100.0	100.0
1205	Rapeseed	8.0	10%	871	2.4	9.2
1206	Sunflower seed	9.4	9.4%	14,514	17.5	100
120921	Lucerne seed	5.0	0%	576	35.8	74.7
1507, 1508, 1510-1515	Vegetable oils	9.8; 12.2; 13.4; 16.2	0%; 9.8%; 10%	61,083	100.0	100.0
1701	Sugar	21	207.1 c/kg	62,037	100.0	100.0
1702	Other sugars	13.6	0%	6,391	100.0	100.0
1703	Molasses	13.6	0%	34,533	100.0	100.0
1901	Malt extracts	7.4; 19.2; 19.8	20%; 10% or 55 c/kg less 90%	6,119	3.5	0.3
1902	Pasta	10.8	20%; 30%; 3 c/kg; 40%; 5.5 c/kg	1,749	42.7	33.7
1903	Tapioca	8.6	0%	5,448	71.1	60.9
2008	Preserved fruit and nuts	0; 6.6; 7.4; 8.6; 12; 14	0%; 5%; 20%; 55%; 0.99 c/kg	1,636	100	100
2106	Food preparations	7.4	0%; 5%; 10%; 20%; 154 c/L	3,109	80.5	83.6
2204-2208	Wine and spirits (LI)	13.4; 14.6; 19.6; 24.2; 119.4	25%; 136 c/L; 154 c/L; 317 c/L of absolute alcohol	9,572,405	100	100
2209	Vinegar (LI)	14.6	5 c/L	15,000	100	100
2303	Corn gluten feed	8.6	0%	3,960	96.2	88.7
2304-23.06	Oil-cake	6.6	6.6%	120,667	100	100
2401	Tobacco	8.8	77 c/kg; 15% or 860 c/kg less 85%; 860 c/kg less 85% (max. 44%)	16,773	58.0	64.9
5201	Cotton	12	0%; 15%; 160 c/kg	17,101	100	100

Source: Data provided by the South African authorities.

3.1.3 Standards and other technical requirements

3.20. The overall structure of South Africa's institutional framework on standards and technical regulations has not fundamentally changed. SABS is South Africa's national enquiry point under the TBT Agreement and the DTI the national notification authority. The main institutions continue to operate under the DTI.

3.21. The Standards Act (Act No. 8 of 2008) establishes the South African Bureau of Standards (SABS) as the primary institution responsible for the development, promotion, and maintenance of standards, and the provision of conformity assessment services.

3.22. Under the Measurement Units and Measurement Standards Act No. 18 of 2006, the National Metrology Institute of South Africa (NMISA) is responsible for administering the International System of Units as well as maintaining and developing primary scientific standards for physical quantities for South Africa and comparing those standards with other national standards to ensure global measurement equivalence. The institute furthermore provide reference analysis in the case of a measurement dispute.

3.23. The Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act No. 19 of 2006) provides a legal basis for the South African National Accreditation System (SANAS) to independently assess and accredit bodies that provide conformity assessment services (testing, inspection and certification). SANAS therefore provides an internationally recognized (by ILAC and IAF) independent third-party examination of the competence of a facility against a specific set of criteria. South Africa has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards under Annex 3 of the WTO Agreement on Technical Barriers to Trade.

3.24. Since 2009, South Africa has notified some 100 technical regulations to the WTO. They cover products in areas such as environmental protection, human health, food standards, and product safety. During the same period, two specific trade concerns were raised by some WTO Members regarding: (i) South Africa's Liquor Products Act of 1989 (by the United States in 2011); (ii) South Africa's requirements on labelling and advertising of pre-packaged foodstuff (by the EU and New Zealand in 2014).

3.25. According to the authorities, the adoption of South African national standards (SANS) continues to involve wide consultation with all parties concerned, including manufacturers, suppliers and consumers; and SANS are aligned with international standards to the greatest extent possible. Since 2009, on average around half of standards published by South Africa are harmonized with international standards (Table 3.2).

Table 3.2 Annual number of standards developed by SABS

Year	Total number	Share harmonized with international standards
2009-10	857	61%
2010-11	833	52%
2011-12	497	40%
2012-13	478	50%

Source: Information provided by the authorities.

3.26. There are over 298 technical committees and subcommittees administered by SABS to develop standards. They are in charge of drafting standards. Draft South African standards (DSS) are made available for public comment, nationally and internationally (public enquiry stage); the comment period is 60 days. The comments are discussed by the committees and, through a consensus, incorporated into the standard prior to finalization. The draft is forwarded to the Standards Approvals Committee (SAC) for ratification before their publication in the Government Gazette as national standards.

3.27. A SANS becomes a technical regulation once referenced; any department with regulatory status may reference a standard. In consequence, various national departments are responsible for developing technical regulations.

3.28. Under the National Regulator for Compulsory Specifications Act, the National Regulator for Compulsory Specifications (NRCS) administers technical regulations with a view to protecting human health, safety and environment, and ensuring fair trade in accordance with government policies and guidelines. In addition, several laws serve as a basis for the imposition of technical regulations (Table 3.3). The NRCS also administers the Legal Metrology Act. The Act and technical regulations set the requirements for measurements of quantity for trade purposes (legal metrology).

Table 3.3 Legislation upon which some technical regulations are based, 2015

Department	Legislation	Products
Agriculture, Forestry and Fisheries		
	Fertilizers, Farm Feeds, Agricultural Remedies, and Stock Remedies Act (Act No. 36 of 1947)	Agricultural remedies, stock remedies, farm feeds, and fertilizers
	Agricultural Product Standards Act (Act No. 119 of 1990) Meat Safety Act (Act No. 40 of 2000)	Fruit, vegetables, flowers, red meat, and poultry, dairy products, grains, processed fruits and vegetables, organically produced products, fresh (raw) meat
	Liquor Products Act (Act No. 60 of 1989)	Wines, spirits, brandies, whiskies, sacramental liquor, sparkling wines, fortified wines, cream liquor, and certain ciders
	Genetically Modified Organisms Act (Act No. 15 of 1997)	GM agricultural crops, plants, and animals
	Agricultural Pests Act, 1983 (Act No. 36 of 1983)	Fruit and vegetables, plants, plant product pathogens, insects, exotic animals (as defined in the Act), growth mediums, infectious items, honey, beeswax and used apiary equipment, and vegetative materials of all fruits and ornamental plants
	Plant Improvement Act (Act No. 53 of 1976) Plant Breeders' Rights Act (Act No. 15 of 1976) Animal Diseases Act, 1984 (Act No. 35 of 1984) NRCS Act, 2008 (Act No. 5 of 2008)	Plant genetic material Any animal, animal product (including meat), parasite Fish and fishery products, canned meats
Health		
	Health Act (Act No. 63 of 1977) Foodstuffs, Cosmetics and Disinfectants Act (Act No. 54 of 1972)	Foodstuffs, food labels, food premises, food irradiation, food biotechnology and toxicology, food additives and contaminants, and safety of street foods
	Hazardous Substances Act (Act No. 15 of 1973) International Health Regulations Act (Act No. 28 of 1974)	Ionizing radiation products and non-ionizing radiation products (e.g. certain electronic products, radioactive materials, and radio nuclides) Medical devices (active electro-magnetic and passive), hazardous, and radioactive substances
	Medicines and Related Substances Control Act (Act No. 101 of 1965)	Medicines and medical devices Food, water, and hazardous by-products
	NRCS Act, 2008 (Act No. 5 of 2008)	Health certification of fish and fishery products, canned meat
Labour		
	Occupational Health and Safety Act (Act No. 85 of 1993)	Workplace products (e.g. driven machinery, general machinery, electrical, vessels under pressure, and chemical substances) Explosives and major hazard installations and construction work
	NRCS Act, 2008 (Act No. 5 of 2008)	Regulation of personal protection equipment
Water Affairs		
	National Water Act (Act No. 36 of 1998) Water Services Act (Act No. 108 of 1997)	Water
Environmental Affairs and Tourism		
	National Environmental Management Act (Act No. 107 of 1998)	Plastic bags, waste tyres, and asbestos products
	National Environmental Management Air Quality Act (Act No. 39 of 2004)	Ambient air quality standards Source emission standards

Department	Legislation	Products
	National Environmental Management Protected Areas (Act No. 57 of 2003 as amended)	Management of national protected areas Restricts activities that can be conducted in protected areas such as mining
	National Environment Management Biodiversity Act (Act No. 10 of 2004)	Ensures equitable and sustainable use of natural resources to contribute to economic development; trade and use of threatened and protected species; access and benefit sharing; draft regulations for international trade in wild fauna and flora cover the import and export of alien species
Transport		
	Merchant Shipping Act (Act No. 57 of 1951) South African Maritime Safety Authority Act (Act No. 5 of 1998)	Sea-going vessels, small craft, leisure craft, navigational aids, buoys for use at sea, breakwater obstacles, maritime safety equipment, safety vests, vessel/personal position distress signalling units, radio communication equipment, and vessel traffic systems
	Aviation Act (Act No. 74 of 1962)	Aircraft and avionics equipment Dangerous goods packaging, packaged goods vehicles, tankers, etc.
	National Road Traffic Act (Act No. 93 of 1996)	Safety, health, and environmental aspects of transport of dangerous goods by roads
	National Railway Safety Regulator Act (Act No. 16 of 2002)	Safety, health, and environmental aspects of transport of dangerous goods by rail
	NRCS Act, 2008 (Act No. 5 of 2008)	Homologation of vehicles, regulation of critical safety components in vehicles
Trade and Industry		
	Standards Act (Act No. 29 of 1993)	Automotive products, food, electrical and electronic equipment, and personal protective items
	Legal Metrology Act (Act No. 9 of 2014	Measuring instruments, and marking of packaging with prescribed mass and volume and ensuring fair trade
	National Building Regulations and Building Standards Act (Act No. 103 of 1977)	Ensuring uniform understanding and application of the Act
	Gambling Act (Act No. 7 of 2004)	Gaming equipment
	Liquor Act (Act No. 59 of 2003)	Liquor products
	Consumer Protection Act (Act No. 68 of 2008)	Consumer products
	NRCS Act, 2008 (Act No. 5 of 2008)	Regulates products and processes relating to public safety, health, and the environment
Energy		
	Mineral and Petroleum Resources Development Act (No. 28 of 2002)	Mining equipment and petroleum products
	Petroleum Products Act (Act No. 120 of 1977)	Petroleum products
	Gas Act (No. 48 of 2001)	Gas
	Nuclear Regulation Act (Act No. 47 of 1999)	Nuclear energy
	Electricity Regulation Act (Act No. 4 of 2006)	Electricity and electrical equipment
Mineral Resources		
	Mineral and Petroleum Resources Development Act (Act No. 28 of 2002)	Mining equipment

Department	Legislation	Products
Telecommunications and Postal services		
	Independent Communications Authority of South Africa Act (Act No. 13 of 2000)	Communication equipment

Source: Information provided by the South African authorities.

3.29. Any person or organization may submit a request, in writing, to the NRCS for the development or amendment of a technical regulation with the necessary justification. The development, amendment and review of a technical regulation require the availability of a national standard that can be referenced. The NRCS may declare a SANS, or a provision of a SANS to be compulsory.

3.30. If a SANS is not available, SABS may be requested to develop or adopt such a standard. In this case, the NRCS can develop or amend a compulsory specification to contain the administrative requirements in the regulation. The process followed involves extensive consultation with all identified stakeholders at all stages in the process.[4] The main steps are:

- Feasibility study to check whether a relevant SANS is available;
- Investigation and research by a nominated technical expert group;
- Impact assessment;
- Drafting of proposed regulation;
- Approval by the relevant committee;
- Publication in the Government Gazette for public scrutiny, comments and objections during a period of not less than 2 months (any person or body including WTO Member States may comment on or object in writing);
- Notification to the WTO;
- Consideration of submissions by a review committee (the committee may recommend changes based on the submissions received);
- Ministerial approval; and
- Promulgation in the Government Gazette.

3.31. Technical regulations apply equally to imports and locally produced goods. Conformity assessment is undertaken by service providers that comply with the NRCS' policy on conformity assessment. The NRCS approves products to be released into the market when it is satisfied that the products are compliant with the technical requirements. Products (imported or produced locally) are tested or inspected by various laboratories or inspection bodies.

3.32. New or amended compulsory specifications take effect at least 2 months after the date of their promulgation. The period may be extended where justified by market conditions, costs of new investment by industry and many other factors including impact on SMEs and exports. Compulsory specifications are periodically reviewed for continued relevance and applicability in line with national interests.

[4] Online information. Viewed at: http://www.nrcs.org.za/content_main.asp?menuID=28#1.

3.1.4 Sanitary and phytosanitary requirements

3.1.4.1 Legal and institutional framework

3.33. South Africa's SPS regime pursues the objectives of enhancing and strengthening its ability to satisfy its obligations under the WTO SPS Agreement; providing adequate protection against risks threatening human, animal and plant life and health; and enhancing its competitiveness to fully benefit from market access opportunities. A comprehensive strategy was rolled out in 2014, with a view to providing an overarching framework that aims to support those objectives.

3.34. The legislative framework is characterized by a large number of laws and regulations (Table 3.4). This situation bears the risk of overlapping jurisdictions and may lead to unnecessary complexity. The authorities indicated that several pieces of SPS legislation are under review to ensure consistency with good practices.

Table 3.4 List of applicable SPS legislation

Act	Act No. and year promulgated	Administering		Summary
		Dept./Agency	Directorate/ Cluster	
Agricultural Pests Act	Act No. 36 of 1983	DAFF	DPH	Provides for measures by which agricultural pests may be prevented and combated
Agricultural Product Standards Act	Act No. 119 of 1990	DAFF	FSQA	Provides control over the sale and export of certain agricultural products
Animal Diseases Act	Act No. 35 of 1984	DAFF	DAH	Provides for the control of animal diseases and parasites and provides measures for the promotion of animal health
Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act	Act No. 36 of 1947	DAFF	DAIC	Provides for the registration of fertilizers, farm feeds, agricultural remedies, sterilizing plants, and pest control operators among others
Foodstuffs, Cosmetics and Disinfectants Act	Act No. 54 of 1972	DoH	Food Control	Controls the sale, manufacture and importation and exportation of foodstuffs, cosmetics and disinfectants
Liquor Products Act	Act No. 60 of 1989	DAFF	FSQA	Provides for control over the sale of certain alcoholic products
Meat Safety Act	Act No. 40 of 2000	DAFF	Veterinary Public Health	Provides for measures to promote meat safety and the safety of animal products
Medicines and Related Substances Act	Act No. 101 of 1965	DoH	Medicines Regulatory Affairs	Provides for the registration of medicines intended for human and animal use
National Regulator for Compulsory Specifications Act	Act No. 5 of 2008	DTI	NRCS	Provides for the existence of the NRCS, which is responsible for compulsory standards regarding certain forms of meat and fish

Source: Department of Agriculture, Forestry and Fisheries (2014).

3.35. SPS issues are the responsibility of the Department of Agriculture, Forestry, and Fisheries (DAFF), together with the Department of Health (DoH), and the National Regulator for Compulsory Specifications (NRCS). The Directorate of Animal Health (DAH) is the national contact point for the OIE, the Directorate of Plant Health (DPH) for the IPPC, and the Directorate of Food Safety and Quality Assurance (FSQA) for the Codex Alimentarius. According to the authorities, when developing its SPS measures, South Africa relies mostly on science and harmonization with existing international standards.

3.36. Imported food products are subject to a large number of regulations under the Foodstuffs, Cosmetics, and Disinfectants Act. The regulations cover issues such as contaminants, microbiological standards, hazard analysis and critical control point systems (Table A3.1).

3.37. Monitoring and surveillance activities are implemented by the DAFF, and specific programmes are in place for fruit fly to ensure early detection of the pest at the border and in fruit producing areas. Similar programmes are also in place to counter foot-and-mouth disease (FMD).

3.38. South Africa runs an extensive network of laboratory services, under the auspices of the DAFF and the DoH. Their domains of responsibility cover detection of diseases and pests, chemical residues, additives and microbiological contaminants. In principle, laboratory services provided by DAFF and DoH are sub-contracted to authorized testing facilities at various parastatal institutions and universities, as well as in the private sector.

3.39. In order to provide coordinated border inspection by the DAFF and DoH's competent services, South Africa has established the Border Control Operational Coordinating Committee (BCOCC), a coordination platform which includes South Africa Police Services (SAPS) and South Africa Revenue Services (SARS). South Africa has not entered into any formal equivalence agreements with its trading partners.

3.1.4.2 Main SPS requirements

3.40. All imported animal, plant, and food products, including those from other SACU countries, must meet South Africa's sanitary and phytosanitary requirements. If a consignment does not meet the import requirements, risk management measures will be undertaken, i.e. the consignment may be treated and released, sent back to the country of origin, or destroyed. An extensive appeal system is available under most of the SPS laws.

3.41. Importation of controlled goods as listed in the Agricultural Pests Act (i.e. any live or dead part of a plant, pathogen, insect, exotic animal, growth medium, infectious material, honey, beeswax, used apiary equipment, or anything determined by the Department of Agriculture, Forestry, and Fisheries by notice in the Gazette) requires a permit issued by the DAFF. According to the authorities, any determination by the Department of Agriculture should be based on risk assessment. The importation of controlled goods may also be subject to specific phytosanitary measures as indicated on the permit or as published in the Government Gazette (fumigation, for instance). A permit may be denied if a pest risk analysis (PRA) has not yet been concluded, or negotiations on risk mitigation measures have not yet been concluded with the competent authorities in the country of production.

3.42. The Minister may, by notice in the Gazette, determine that any controlled good or class of controlled good may be imported into South Africa without a permit, subject to conditions set out in that notice.

3.43. Under the Animal Diseases Act (Act No. 35 of 1984) any animal or animal product (including meat, but excluding invertebrates) may only be imported into South Africa once a permit and a veterinary certificate have been issued by the Directorate of Animal Health, and the conditions stipulated in both documents have been complied with. The conditions stipulated on the permit and veterinary health certificates vary according to the risk of importing the different commodities from individual exporting countries. The decision on whether to issue these documents is based on information provided by World Organisation for Animal Health (OIE) and information received from the exporting country, as well as the risk assessment outcome. The permit defines the "place of entry" and the period within which the importation is to take place.

3.44. The Act contains a list of controlled diseases. Once animals have tested positive for one of these diseases, the Act prescribes specific measures that should be taken. Diseases on this list include foot-and-mouth disease (cloven hoofed animals), Newcastle disease (poultry and birds), rabies (all animals), salmonella (poultry and birds), rinderpest (cloven hoofed animals, especially cattle), and tuberculosis (all animals except fish, reptiles and amphibians).

3.45. For meat products, additional import requirements set by the Directorate of Veterinary Public Health with respect to the slaughtering procedures and abattoirs of the exporting country must be complied with. Permits for meat products may only be issued if they are imported from a place approved by the National Executive Officer by notice in the Gazette. Meat must be stored at an approved facility until the prescribed veterinary procedures are performed, and the meat is inspected, sampled, and/or tested. These procedures vary according to the origin of the meat. The executive officer might in the "public interest" suspend or withdraw a permit, or impose new or additional conditions on a permit.

3.1.4.3 Genetically modified organisms (GMOs)

3.46. The regulatory framework for GMOs is the Genetically Modified Organisms (GMO) Act, 1997 (No. 15 of 1997) and its Regulations. The legislation provides that safety assessments should be conducted for every proposed GMO activity. The Act provides a framework to ensure that all activities involving the use of GMOs are carried out in a responsible way while limiting possible adverse impacts on the environment, and on human and animal health. In addition to the GMO Act, the following pieces of legislation also consider biosafety issues: National Environmental Management Act of 1998, National Environmental Management Biodiversity Act No. 10 of 2004, and Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972.

3.47. In order to give effect to the 2000 Cartagena Biosafety Protocol, the Genetically Modified Organisms (GMO) Act was amended in 2006; and the Amendment Act, as well as related regulations came into operation in February 2010. The new legislation seeks to provide for the "responsible development, production, use and application of GMOs", as well as an "adequate level of protection" during all activities involving GMOs that may have an adverse impact on the conservation and sustainable use of biological diversity, and human and animal health. In addition, it seeks to ensure that, *inter alia*, GMOs do not present a hazard to the environment, and to establish appropriate procedures for the notification of specific activities involving the use of GMOs.

3.48. Under the new legislative framework, any activity with GMOs, including importation, exportation, transit, development, production, release, and distribution, is not allowed in South Africa without a permit for that activity. However, an import permit is not required for organisms that are used under conditions of contained use, i.e. within a facility, installation or other physical structure, and that are controlled by specific measures that effectively limit contact of the GMOs with humans, animals and the external environment and their impact on humans.

3.49. The GMO Act makes provision for the appointment of a Registrar, inspectors and two regulatory bodies i.e. the Advisory Committee and Executive Council. The Registrar receives all applications for activities with GMOs and examines the applications for conformity to the requirements of the GMO Act. The Registrar also has the responsibility of ensuring that all users apply appropriate measures to protect the environment as well as human and animal health during activities involving GMOs. The Advisory Committee (AC) is responsible for the assessment of all compliant applications with regard to food, feed and environmental impact, following which a recommendation is submitted to the Executive Council (EC). Furthermore the AC acts as a national advisory body on all matters involving GMOs; and also advises the Minister, the Executive Council, the Registrar and other ministries or appropriate bodies on matters concerning GMOs.

3.50. The EC is the ultimate decision-making body and it consists of members from different government departments appointed by the Minister of Agriculture, Forestry and Fisheries. Before taking a decision to permit an activity or not the Council considers, amongst other factors, a scientifically based risk assessment, the proposed risk management measures and the recommendation of the AC. In addition, the Council advises the Minister on all aspects concerning activities relating to GMOs, and ensures that such activities are performed in accordance with the GMO Act.

3.51. Permit applications have to be submitted to the Registrar in hard and electronic formats. The application must include:

- a scientifically based risk assessment;
- proposed risk management measures;
- a copy of the public notice as required under the GMO Regulations; and
- an assessment of the impact of the proposed activity on the environment and the socio-economic benefits of the activity, if required by the Executive Council.

3.52. The application must be accompanied by the prescribed application fee, and the Registrar is required to examine it for conformity with the requirements of the GMO Act.

3.53. South Africa has approved GMO permits for herbicide-tolerant soybean, maize, and cotton, insect-resistant maize and cotton, as well as stacked insect-resistant and herbicide-tolerant maize and cotton for commercial release and/or for food and animal feed**.**

3.1.4.4 Marking, labelling, and packaging

3.54. Marking, labelling, and packaging are regulated through several pieces of legislation, mainly the Agricultural Product Standards Act, the Liquor Products Act, the Merchandise Marks Act, the Intellectual Property Laws Amendment Act (No. 38 of 1997), and the Explosives Act.

3.55. Marking, labelling, grading and packaging requirements for imported and domestically produced agricultural products are in force under various regulations of the Agricultural Product Standards Act of 1990.

3.56. The Minister in charge of agriculture may prescribe the use of a "distinctive mark" on locally produced and export products to certify the class or grade (quality and calibration, for example) or, in the case of organically produced products, the production method concerned and/or a particular management control system. The distinctive marking process is compulsory for some agricultural products (as specified in the Agricultural Product Standards Act).

3.57. In general, the information to appear on any label shall be in at least one official language of the Republic of South Africa. A container of food or agricultural products shall be clearly and legibly marked with the following information: the name of the product; the class of the product; the name and full physical address of the manufacturer, producer, or controlling company; the mass of the contents as prescribed under the Trade Metrology Act; and the names and quantities of nutrients as identified in the food fortification programmes and as prescribed under the Foodstuffs, Cosmetics and Disinfectants Act.

3.58. Labelling requirements are for consumer protection and information, and for standardization purposes. For instance, nutrition labelling must have the heading "Nutrition Information", and should indicate information on the serving size for certain products and the energy, protein, carbohydrate, fat, dietary fibre, and sodium contents, as well as the reference daily intake (RDA). Foods for special medical purposes are subject to additional labelling requirements such as nutritional information on amino acid, fat acid, and carbohydrate profile.

3.59. The date of manufacture, the identity of the factory in which the product was packed, as well as the country of origin must be stated on the label.

3.60. Labelling of GMOs is mandatory only in some specified cases, such as when allergens or human/animal proteins are present, and when a GM food product "differs significantly" from a non-GM equivalent.

3.61. Foodstuffs which need not bear a list of ingredients include water to which carbon dioxide has been added and which has a name indicating that it has been carbonated; vinegars fermented exclusively from a single basic product; dairy products containing only milk, or with only starter culture or rennet added; any drink under the Sorghum Beer Act, or beer as described in the Liquor Act.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.62. In general, customs requirements and procedures for importers also apply to exporters (Section 3.1.1). Exporters must be registered with the Department of Trade and Industry (DTI) to receive export incentives.

3.2.2 Export taxes, charges, and levies

3.63. South Africa collects an export tax of 5% based on the value of exported unpolished diamonds, with a view to developing local skills and promoting the domestic industry. Levies also apply to domestically produced goods (including those destined for export) on a list of agricultural products (Section 4.1).

3.2.3 Export prohibitions, restrictions, and licensing

3.64. South Africa maintains export control, including export permits (licences) and prohibitions on grounds of safety, security, and the environment, and to ensure compliance with international obligations under treaties and conventions to which it is a signatory. Export prohibitions apply only to ozone-depleting substances in accordance with the Montreal Protocol. Goods currently subject to export control are published in the Government Gazette.[5] Applications are to be filed with the ITAC, or the government agency that controls the specific permit in question.

3.65. Restrictions on exports are also in place, mainly on SPS grounds, pursuant to, *inter alia*, the Livestock Improvement Amendment Act (Act No. 60 of 1997), the Meat Safety Act (Act No. 40 of 2000), and the Liquor Products Act (Act No. 60 of 1989).

3.66. According to the authorities, for data collection purposes, all sugar exporters must apply for an export permit with the Department of Trade and Industry; permits are generally issued automatically within 24 hours.

3.2.4 Export subsidies, finance, and assistance

3.67. Since its previous review, South Africa's drawback regime (within the SACU framework) has not changed. Importers can claim a refund of duties on imports of certain goods incorporated or used in goods to be exported.

3.68. Industrial Development Zones (IDZs) are important vehicles used by South Africa to facilitate investment, create jobs and boost exports, mainly in the manufacturing sector (Table A3.2). The IDZs are regulated through the Manufacturing Development Act, under the responsibility of the DTI. The DTI defines IDZs as "purpose built industrial estates, linked to an international port or airport, specifically designated for new investment in export-oriented industries and related services". Five IDZs are currently in operation: Port Elizabeth (Coega), East London, Richards Bay, and Gauteng (Tambo International Airport), and the Dube Trade Port. Each IDZ contains at least one customs control area (CCA) for manufacturing and storage.

3.69. The location of the zones is aligned with the Spatial Development Initiative (SDI) programme. The SDI programme, adopted in 1995, aims to decentralize development by promoting investment in remote areas of the country with potential for development.

[5] Online information. Viewed at: http://www.itac.org.za/upload/gg35007_nn92-Export-control-10-Feb-2012.pdf.

3.70. The IDZ regime in South Africa offers the following incentives:

- Tax incentives: Investors in the zone are permitted to import inputs and equipment duty-free and exempted from value added tax (VAT). In addition, no VAT is payable on electricity and water.

- Provision of reliable infrastructure and utilities: water, electricity, roads, sewerage, and telecommunication.

- Streamlined administration and less bureaucracy for investors.

3.71. Under the DTI, the Export Marketing and Investment Assistance (EMIA) scheme compensates exporters for the costs involved in developing export markets for South African products and services. It aims to assist South African exporters gain access to new markets. The scheme is administered by Trade and Investment South Africa's (TISA) export promotion unit. The EMIA offers exporters incentives and financial assistance with market research, trade missions, and showcasing products and services at international exhibitions, among other activities. Costs covered can include exhibition fees, stand construction, travel and daily allowances.

3.72. Several other incentive schemes remain available to South African exporters for the promotion and development of exports and export markets (Table A3.2).

3.73. The Export Promotion Directorate of the DTI is responsible for supporting South Africa's exports of goods and services by providing information on export markets and opportunities, and issuing country reports, market surveys, and booklets on the export process, quality and other standards, and e-commerce.

3.74. Under the Export Credit and Foreign Investment Re-Insurance Amendment Act, 1957 (Act No. 78 of 1957), the Export Credit Insurance Corporation of South Africa (ECIC) provides export credit insurance for goods and services.

3.75. Insurance cover is provided for losses arising from political risk, expropriation, loss incurred due to any action taken by the host government that prevents the conversion of a local currency, war and civil disturbance, breach of contract, protracted default, and insolvency. The ECIC provides insurance for credits of a minimum of two years, up to a maximum of ten years. Credit insurance covers up to 90% of the contract value, but it is contingent on a national content of at least 50% of the value of the export.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.76. South Africa's core incentives policy seeks to promote, *inter alia*, broad economic participation by all South Africans, in particular by providing historically disadvantaged persons (HDPs) with opportunities, and economic competitiveness. The Government offers various incentive programmes targeted at specific sectors or types of business activities (Table A3.2). South Africa's incentives regime is managed through a multi-level (national and provincial) approach, involving the DTI, the Industrial Development Cooperation (IDC), the Small Enterprise Development Agency (SEDA), and the Development Bank of Southern Africa (DBSA). Under the DTI, the Enterprise Organization is in charge of managing incentives for the development of competitive enterprises in line with national priorities. The DTI coordinates incentives programmes nationally and provincially between the various government agencies.

3.77. The incentives are largely provided under the Small, Medium and Micro-sized Enterprises (SMME) and the Industrial Development Financial Assistance (IDFA) schemes. Programmes under the SMME mostly contribute to the implementation of the Broad-Based Black Economic Empowerment Act (BBBEE Act). The BBBEE Act seeks to correct non-participation in the economy by historically disadvantaged communities.

3.78. An important sub-component of the IDFA is the Industrial Development Zones (IDZs) incentives (Section 3.2).

3.3.2 Competition policy and price controls

3.3.2.1 Competition policy

3.79. South Africa's competition regime is governed by the Competition Act of 1998, as amended. The institutional structure of the competition policy comprises: the Competition Commission (CCSA), the Competition Tribunal, and the Competition Appeal Court. The Commission is in charge of investigating, controlling and evaluating restrictive business practices, abuse of dominant positions and intermediate mergers. The Tribunal is the adjudicative body; it adjudicates on complaints of prohibited conduct, authorizes or prohibits large mergers, and adjudicates on appeals against the Commission's decisions on intermediate mergers and exemptions. The Competition Appeal Court considers appeals against decisions of the Tribunal.

3.80. South Africa's competition regime seeks to: promote economic efficiency, adaptability, and development; provide consumers with competitive prices and product choices; promote employment and general socio-economic welfare; promote a greater spread of ownership within the economy, in particular by increasing ownership by historically disadvantaged individuals; ensure that small businesses have an equitable opportunity to participate in the economy; and expand opportunities for South African participation in world markets, while recognizing the role of foreign competition within South Africa.

3.81. The Act applies broadly across the economy, including the public sector; however, the Competition Commission has the right to exempt firms from the application of the Competition Act. Exemptions are granted by the Commission if an agreement or practice contributes to the following objectives: export promotion; assisting SMEs and historically disadvantaged persons to become competitive; stopping the decline of an industry; or protecting the stability of any industry designated by the Minister in charge of industry.

3.82. The Act regulates various anti-competitive behaviours, including restrictive practices (such as price fixing, predatory pricing and collusive tendering), and abuses by dominant firms (firms with a market share of 35% or more). A firm with a market share of over 45% is conclusively considered dominant. A firm with a market share of between 35% and 45% is presumed to be dominant, but the firm may rebut that presumption by showing it does not have market power. If the firm's share is below 35%, the enforcer has the burden of showing that it has market power. Any firm that actually has market power, i.e. the power to control prices, or to exclude competitors or to behave to an appreciable extent independently of its competitors, customers or suppliers is considered dominant, regardless of its market share. The Act also establishes a notification and prior approval procedure for certain mergers and acquisitions, and imposes penalties for breaching the law. It covers economic activities in South Africa, as well as those overseas with an effect in the country.

3.83. Intermediate and large merging parties must notify the Commission of a merger before it is implemented. A merger is considered as intermediate, if the value of the proposed merger equals or exceeds R 560 million (calculated by either combining the annual turnover of both firms or their assets), and the annual turnover or asset value of the transferred/target firm is at least R 80 million. If the combined annual turnover or assets of both the acquiring and transferred/target firms are valued at or above R 6.6 billion, and the annual turnover or asset value of the transferred/target firm is at least R 190 million, the merger must be notified to the Competition Commission as a large merger. Small mergers may be notified voluntarily or upon the CCSA's instruction.

3.84. Between April 2013 and March 2014, 320 mergers were notified, of which 65% were intermediate mergers, 5% were small mergers, and the remaining 30% were large mergers. 302 mergers were approved unconditionally, while the remainder were subject to conditions to address public interest concerns, mainly protection of employment. No mergers were prohibited by the Tribunal.[6]

3.85. The prohibition on the abuse of a dominant position targets a list of prohibited practices (abuses). Two of those practices are prohibited *per se*, without considering net competitive effects:

[6] Online information. Viewed at: http://www.competitionchronicle.com/2015/02/2014-south-african-antitrustcompetition-marketing-law-year-in-review/.

(a) charging an "excessive price" that harms consumers; and (b) refusing a competitor access to an essential facility (provided it is economically feasible to grant access). The other forbidden practices might be permitted if the terms for exemption under the Competition Act are met.

3.86. South Africa's Competition Commission is involved in international frameworks such as the International Competition Network (ICN), the Competition Committee of the OECD, and UNCTAD. In addition, it participates in a collaborative framework between SACU members' national competition authorities.

3.87. The Competition Amendment Act of 2009 was brought into force in 2013. It introduces new measures such as, criminal sanctions against directors and managers who participate in cartel conduct, a market inquiry provision to allow the Competition Commission to conduct formal enquiries into the state of competition in a particular market, a provision to investigate and prohibit "complex monopoly conduct", and leniency provisions to protect whistle-blower firms or individuals.

3.88. The provision on "complex monopoly" conduct is intended to combat the anti-competitive behaviour of firms in highly concentrated markets such as cement, telecommunications, fertilizers, or chemicals. The need for this provision arose because the Competition Act only targets specific violations and does not address the results of anti-competitive behaviour not considered as an infringement in the Act.

3.89. Complex monopoly occurs where two or more firms act in a cooperative manner or conduct their business affairs in a coordinated way without specific contact or agreement e.g. parallel pricing, common trading policies, exploitative pricing to downstream players/consumers.

3.90. Under the amendments to the Act, complex monopoly conduct exists in a market if: (a) at least 75% of the goods or services in that market are supplied to, or by, five or fewer firms; (b) any two or more of the firms conduct their respective business affairs in a parallel conscious manner or co-ordinated manner, without agreement between or among themselves; and (c) the conduct contemplated in paragraph (b) has the effect of substantially preventing or lessening competition in that market, unless a firm engaging in the conduct can prove that any technological, efficiency or other pro-competitive gain resulting from it outweighs that effect.

3.91. The Commission is empowered to initiate an investigation into what it believes to be complex monopoly conduct without having received a complaint from a customer or competitor.

3.92. The Commission is also granted the power by the Amendment Act to undertake a market enquiry in a specific sector. Additionally, it is empowered to conduct dawn raids in relation to a market inquiry. Such an inquiry may be initiated in response to a request by the Minister, or the Commission can decide to undertake a market inquiry by simply publishing a notice in the Government Gazette, even without having received any complaints.

3.93. A market enquiry may lead to a complaint being settled with the Commission or immediately referred to the Tribunal, or to a change/amendment to legislation in the sector reviewed.

3.94. A competitive neutrality framework is in place in South Africa, as the Competition Act applies to all economic activities within, or having an effect within South Africa . In addition, enforcement actions by the Competition Commission and the Competition Tribunal imply the relative effectiveness of South Africa's competitive neutrality framework. A number of cases recently investigated by the competition authorities support the argument. In 2012, for example, the Competition Tribunal found that Telkom contravened sections 8(b) and 8(d)(i) of the Competition Act by not supplying access to an essential facility to value-added network service providers and inducing customers not to deal with Telkom's competitors. The Tribunal imposed an administrative penalty of R 449 million on Telkom for the contraventions.[7]

[7] Online information. Viewed at: http://www.compcom.co.za/wp-content/uploads/2014/09/State-owned-entities-and-competition-8th-Annual-Competition-Conference-2014-Aproskie-Hendriksz-and-Kolobe.pdf.

3.3.2.2 Price control

3.95. In general, prices in South Africa are market-determined. Guideline prices, for agricultural products subject to levies, continue to be determined under the Marketing of Agricultural Products Act (Act No. 47 of 1996), to ensure that the levy does not exceed 5% of the actual price. Guideline prices are determined for the wine industries, milk and dairy products, as well as cotton lint.

3.96. Pricing of services provided by state-owned companies such as electricity, reserved postal services, water supply, as well as interconnection services in telecommunication, and marketing of fuel are also regulated in South Africa (Section 4).

3.3.3 State trading, state-owned enterprises, and privatization

3.97. According to South Africa's latest notification, submitted to the WTO in 2014, there are no state-trading enterprises (STEs) in operation in South Africa, pursuant to the provisions of Article XVII:4(a) of the GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII.[8]

3.98. State-owned enterprises (SOEs) continue to play a pivotal role in South Africa's economy (Table 3.5). Eight major SOEs (Alexkor, Broadband Infraco, Denel, Eskom, South African Forestry Company, South African Airways, South African Express, and Transnet) fall under the jurisdiction of the Department of Public Entities (DPE). The oversight of the remaining SOEs is dispersed across a number of line ministries including telecommunications, agriculture, transport, water affairs, defence, trade and industry, minerals and energy, and finance. The DPE is responsible for reporting to the Cabinet which in turn reports to the Parliament. The Ministry of Finance and Treasury plays a financial oversight role.

Table 3.5 State-owned enterprises, 2015

SOE	Activity	Share owned by the State (%)
Air Traffic and Navigation Services Company Ltd.	Air transport control	..
Airports Company South Africa (ACSA)	Air transport services	..
Alexkor[a]	Alluvial diamond mining	100
Arivia	IT provider	..
Armaments Corporation of South Africa Ltd. (ARMSCOR)	Armament procurement	100
Aventura	Holiday resorts	..
Broadband Infraco[a]	Telecom	..
Central Energy Fund (CEF)	Energy	100
Denel[a]	Defence-related manufacturing	100
Electricity Distribution Industry Holdings (EDI)	Electricity	..
Eskom[a]	Electricity supply	100
Industrial Development Corporation (Ltd.) (IDC)	Industrial development	..
Ithala Development Finance Corporation (Ltd.)	Financial and property services	..
Land and Agricultural Development Bank of South Africa (Land Bank)	Financial services	..
Limpopo Economic Development Enterprise (Limdev)	Financial services	..
National Energy Regulator (NERSA)	Electricity, gas pipes, and petroleum pipeline	..
National Housing Finance Corporation (NHFC)	Financial services	..
Pebble Bed Modular Reactor (Pty) Ltd. (PBMR)[a]	Nuclear power generation	64
Petroleum, Oil, and Gas Corporation of South Africa (Pty) Ltd. (PetroSA)	Hydrocarbons provider	..

[8] WTO document G/STR/N/15/ZAF, 17 March 2014.

SOE	Activity	Share owned by the State (%)
Public Investment Corporation (PIC)	Investment management	100
SA Express (SAX)[a]	Air transport	100
South African Forestry Company Ltd. (SAFCOL)[a]	Forestry	100
Small Enterprise Development Agency (SEDA)	Enterprise support	..
South African Airways (SAA)[a]	Air transport	95
South African Broadcasting Corporation (SABC)	Broadcasting	..
South African Post Office (SAPO)	Postal services	..
South African Rail Commuter Corporation (SARCC)	Rail commuting	..
Telkom	Telecoms	38.9
Transnet[a]	Port and rail infrastructure	100

.. Not available.

a Managed by the Department of Public Enterprises.

Source: WTO document WT/TPR/S/222/ZAF, 14 December 2009; and information provided by the South African authorities.

3.99. SOEs are regulated through various pieces of legislation, including mainly: the Companies Act, the Public Finance Management Act (PFMA) (1999), Treasury Regulations (TR), sector-specific legislation (e.g. Electricity Act, Electronic Communications Act), and the Public Audit Act. The PFMA provides the financial framework that gives managerial and operational autonomy to SOEs. It also establishes "the shareholder compact", a reporting mechanism to strengthen the accountability of the board of directors to the shareholders. Depending on their commercial or non-commercial objectives, the PFMA categorizes SOEs according to "Schedules".

3.100. Schedule 1 of the PFMA lists constitutional institutions, such as the Municipal Demarcation Board or the Commission for Gender Equality; "government business enterprises" are listed in Schedule 2, and mainly comprise SOEs in which the State is the sole shareholder, for example Transnet and ESKOM, as well as companies in which the State owns a partial share, for example, Telkom, the Development Bank of Southern Africa or the Industrial Development Corporation; and Schedule 3A lists public entities such as service delivery entities, stewardship bodies, regulators and advisory bodies, for example, museums, the National Energy Regulator and the Human Sciences Research Council, as well as statutory corporations such as Rand Water and the South African Bureau of Standards.

3.101. There is no clear privatization programme in place. Emphasis is rather placed on efforts to make SOEs more efficient and financially sustainable. In 2010, a Presidential SOE Review Committee (PRC) was established with the aim of strengthening the role of SOEs to ensure that they respond to a clearly defined public mandate, as well as to support the developmental ambitions of the Government. As a consequence, the long-term National Development Plan and the Medium-Term Strategic Framework for 2009-14 place SOEs and state-owned development finance institutions at the heart of the economic development agenda.

3.3.4 Government procurement

3.102. In 2012, public procurement accounted for 7.4% of GDP.[9] During the review period, the government procurement regime did not undergo substantial changes in South Africa. The regime attaches considerable importance to preferences for domestic suppliers, in particular the previously disadvantaged groups of the population. Foreign firms may only bid through a local agent.

3.103. The overall public procurement system remains largely decentralized, as government departments or public entities determine and regulate their own procurement systems. However, such regulations must be in compliance with a number of overriding requirements enshrined in various pieces of legislation (Table 3.6). Since 2003, South Africa has maintained a public sector

[9] Online information. Viewed at: https://www.thedti.gov.za/industrial_development/docs/nipp/Nip_Guidelines2013.pdf.

supply chain management (SCM) system to ensure uniformity in bidding, contract documentation, and procedure standards, with a view to adding value at each stage of the procurement process.

Table 3.6 Main procurement legislation

Act	Objectives
Public Finance Management Act 1 of 1999	Establishes a regulatory framework for SCM, which includes procurement in national and provincial departments and state-owned enterprises.
Promotion of Administrative Justice Act 3 of 2000	Establishes fair administrative procedures, permits those affected by unfair administrative action to request reasons for such administrative action and requires administrators to respond to such requests. (Administrative actions are presumed to have been taken without good cause where an administrator fails to respond within the prescribed period). Provides for procedures for the judicial review of administrative actions and remedies in proceedings for judicial review, including the prohibition of an administrator from acting in a particular manner, setting aside the administrative action, correcting the defective action and ordering the administrator to pay compensation.
The Promotion of Equality and the Prevention of Unfair Discrimination Act 4 of 2000	Prohibits the State or any person from discriminating unfairly against any person on the grounds of race or gender through the denial of access to contractual opportunities for rendering services or by failing to take steps to reasonably accommodate the needs of such persons.
Preferential Procurement Policy Framework Act 5 of 2000	Establishes the manner in which preferential procurement policies are to be implemented.
Construction Industry Development Board Act 38 of 2000	Establishes the means by which the Board can promote and implement policies, programmes and projects, including those aimed at procurement reform, standardization and uniformity in procurement documentation, through the establishment of: 1. a national register of contractors (and if required, consultants and suppliers) to manage public sector procurement risk and facilitate public procurement; 2: a register of projects above a financial value with data relating to contracts awarded and completed and a best practice assessment scheme; 3. best practices. Establishes a code of conduct for the parties engaged in construction procurement.
Broad-Based Black Economic Empowerment Act 53 of 2003	Establishes a code of good practice to inform the: • development of qualification criteria for the issuing of licences or concessions, the sale of state-owned enterprises and for entering into partnerships with the private sector; and • development and implementation of a preferential procurement policy.

Act	Objectives
Local Government: Municipal Finance Management Act 56 of 2003	Establishes a regulatory framework for SCM which includes procurement in municipalities and municipal entities.
Prevention and Combating of Corrupt Activities Act 12 of 2004	Makes corruption and related activities an offence; establishes a Register in order to place certain restrictions on persons and enterprises convicted of corrupt activities relating to tenders and contracts; and places a duty on certain persons holding a position of authority to report certain corrupt transactions.

Source: Intaher M. Ambe and Johanna A. Badenhorst-Weiss (2012), "Procurement Challenges in the South African Public Sector", *Journal of Transport and Supply Chain Management*, Vol. 6, No. 1, pp. 242-261.

3.104. Public procurement rules apply to commercial contracts concluded by organs of state, as defined in the Constitution, for the acquisition of goods and services, and the disposal and letting of state assets. Competitive bidding is largely the most used procuring method. Procurement may take place by other means, such as price quotations or a limited bidding process, provided that a record is kept of the reasons for deviating from an invitation for competitive bids and such reasons are approved by the relevant authority. Tenders are published in the Government Tender Bulletin, on ministry websites, and sometimes in local newspapers.

3.105. The Constitution of the Republic of South Africa 1996 requires that when an organ of state contracts for goods and services, it must follow the principles of fairness, equitability, transparency, competitiveness and cost-effectiveness. Procurement in South Africa is mainly regulated by the State Tender Act (Act No. 86 of 1968), and the Public Finance Management Act (PFMA). The PFMA is implemented through the regulations published under it, namely the National Treasury Regulations (Treasury Regulations), which introduce norms and standards for transparency and expenditure control measures, including best practices to regulate financial management in the national and provincial spheres of government. Under the National Treasury Regulations, government agencies must establish three kinds of committee: bid specification, bid evaluation, and bid adjudication committees. The bid specification committee is in charge of elaborating: the terms of reference, evaluation criteria, and special conditions of procurement contracts. The bid evaluation committee evaluates bids and makes recommendations to the bid adjudication committee, which usually follows them; otherwise it must submit a report within ten working days to the National Treasury and the Auditor-General. The Municipal Finance Management Act (MFMA) extends the same principles to municipalities.

3.106. The Constitution provides for preferences to previously disadvantaged persons; as a consequence, the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and its 2011 revised regulations prescribe requirements regarding Black Economic Empowerment (BEE) considerations for government procurement. All procurement contracts must comply with the PPPFA regardless of value.

3.107. In evaluating a tender, out of 100 points, government agencies must allocate 90 to the reference price submitted by the tenderer. This is in line with what procurement seeks to achieve, namely getting best value for money. The 10 remaining points are allocated in respect of previously disadvantaged persons in accordance with the Black Economic Empowerment (BEE) programme depending on ownership, management, and employment goals. Where the contract is below a prescribed threshold value (currently 1 million rand), the preference system operates on the basis of 80/20 split. The award of preference points is tied to a supplier's certified broad-based black economic empowerment (BBBEE) status in accordance with the Broad-Based Black Economic Empowerment Act. The higher the BBBEE rating of a supplier, the higher the number of preference points awarded. The regulations to the PPPFA give guidance on how to calculate the points for price and categories of preference. The regulations then require the tender to be awarded to the bidder that scores the highest number of points. Exemption from provisions of the PPPFA might be justified on grounds of public or national security interests.

3.108. A Local Procurement Accord was signed on 31 October 2011 under the New Growth Path (NGP) adopted by the Government. The Accord has a target of 75% localization of public and private procurement to accelerate job creation and meet the goals of the Industrial Policy Action

Plan. The Accord is a pact that seeks to boost local industry and create more jobs through localized procurement. It was signed by the Government, businesses, and labour unions. Under the Accord, the Government is to, *inter alia*, identify goods (designated products) for local procurement in the Preferential Procurement Regulations, add more products to the designated list, and establish standards to measure local content.

3.109. In December 2011, the Preferential Procurement Regulations came into effect; they require all public entities to procure designated goods only from South African manufacturers. Designated products include: bus bodies, power pylons, rolling stock, canned vegetables, clothing, textiles, footwear, leather, set-top boxes and oral solid pharmaceuticals.

3.110. Under the National Industrial Participation Programme (NIPP), all purchases or lease contracts for goods and services by Government and SOEs, with an import content equal to or exceeding US$10 million or equivalent value, are subject to an industrial participation (IP) obligation. This obligation requires the seller/supplier to engage in commercial or industrial activity equal to or exceeding 30% of the import content of total goods purchased under the government tender, with the exception of defence-related contracts.[10] The obligation may take the form of investments, joint-ventures, sub-contracting, licensed production, export promotion, sourcing arrangements, and research and development collaboration. Bidders must submit their projects, which should be beneficial to the South African economy, to the Industrial Participation Secretariat at the Department of Trade and Industry for approval before implementation. Projects are evaluated by two committees: one assesses the technical merit of the proposal and determines whether it meets the DTI's and the industry's objectives, and the other ensures adherence to the principles of the NIPP. Any company is free to object to a decision, and a project can be reconsidered based on new information.

3.111. The Promotion of Administrative Justice Act 3 of 2000 (PAJA) allows any person to file a case before the High Court for the review of an administrative action. The decision to award a public contract to a particular party, being an administrative action, is governed by the principles of administrative justice and an unfair decision can be taken to the High Court for review. The court cannot review an administrative decision until all internal remedies provided for under the applicable legislation have been exhausted. The regulated authority concerned will have to be a party to the litigation.

3.112. There is no designated body that reviews claims of non-compliance with procurement legislation. However, the National Treasury, the Auditor-General and the Public Protector may investigate such claims.

3.113. A party can apply for and be granted an injunction to stop the organ of state from contracting with another party or to prevent the implementation of the contract, pending the review of the decision to grant the contract. In many circumstances, if it is found that there has been non-compliance with procurement legislation, the court may require the regulated authority to re-open the procurement procedure. However, this would depend on the consequences of re-opening the procurement for the delivery of the relevant service by the State. The review of a tender can take on average from six months to two years.

3.114. South Africa is neither a signatory nor an observer to the WTO Plurilateral Agreement on Government Procurement.

3.3.5 Intellectual property rights

3.115. In 2011, the Companies and Intellectual Property Registration Office (CIPRO) and the Office of Company and Intellectual Property Enforcement (OCIPE) merged to form the Companies and Intellectual Property Commission (CIPC). The CIPC administers South Africa's IPR regime. It is responsible for the registration of all IPRs. It keeps records of all patents, trademarks, designs and copyrights that are lodged in South Africa, including details of the owners/proprietors.

[10] In the case of defence contracts, an additional 50% of the import content (referred to as DIP – defence IP) is required.

3.116. In addition, the CIPC administers treaties and agreements to which South Africa is a signatory. These include: the TRIPS Agreement, the World Intellectual Property Organization (WIPO) treaties and conventions, the Paris Convention, the Patent Cooperation Treaty, the Berne Convention, and the Budapest Treaty. South Africa has not yet concluded its accession to the Hague Agreement and the Madrid Protocol.

3.117. In 1998, South Africa notified its Checklist of Issues on Enforcement. Various courts have jurisdiction over IPR infringement cases. These include the various provincial and local divisions of the High Court of South Africa (in cases of trademark, copyright and design infringement); the Court of the Commissioner of Patents (in cases of patent infringement); and the local and regional magistrates' courts of South Africa.[11]

3.118. IPRs are regulated through several pieces of legislation in South Africa (Table 3.7).

Table 3.7 Legislation on intellectual property rights, 2015

Subject and main legislation	Coverage	Duration	Selected exclusions and limitations
Copyright and related rights			
Copyright Act (Act No. 98 of 1978) as amended in 2002	Literary works, musical works, artistic works, cinematograph films, sound recordings, broadcasts, programme-carrying signals, published editions and computer programs.	**Moral rights**: non-transmissible during the author's life; **Economic rights**: the author's life plus 50 years (for literary or musical works or artistic works other than photographs); **Related rights:** 50 years from the end of the year in which it was first published or made available to the public.	Copyright shall not be infringed by any fair dealing for the purposes of research, private study and use, criticism or review, reporting current events, or judicial proceedings provided that the source is mentioned as well as the name of the author. Copyright which is lawfully available to the public shall not be infringed by any quotation therefrom. The copyright in a lecture or address which is delivered in public shall not be infringed by reproducing it in the press or by broadcasting it for informative purposes.
Performers Protection Act (Act No. 11 of 1967) as amended in 2002	Performances taking place, broadcast without a fixation or first fixed in South Africa or in a country which is a Member of the WTO.	50 years calculated from the end of the calendar year in which the performance took place	A performance, a fixation of a performance or a reproduction of such a fixation may be used without consent being required if it is for the purposes of private study or personal use; criticism or review; reporting on current events; teaching or scientific research; or legal proceedings.
Registration of Copyright in Cinematographic Films Act (Act No. 62 of 1977), as amended by Government Notice R1183 in 2006	Registration of copyright in cinematograph films on a voluntary basis		

[11] WTO document IP/N/6/ZAF/1, 23 February 1998.

Subject and main legislation	Coverage	Duration	Selected exclusions and limitations
Trademarks			
Trade Marks Act (Act No. 194 of 1993)	A trademark shall be capable of distinguishing the goods and services of a person in respect of which it is registered from the goods and services of another person	10 years, but may be renewed from time to time	Marks that consist exclusively of a sign or an indication which has become customary in the current language or established practices of the trade; if the applicant for registration of the mark has no claim to proprietorship; trademarks that constitute a reproduction, imitation or translation of a trademark which is entitled to protection under the Paris Convention as a well-known trademark; if the application was made *mala fide*; marks that contain the coat of arms, seal or national flag of the South African Republic or of any convention country; marks that are identical to a registered trademark belonging to a different proprietor.
Merchandise Marks Act (Act No. 17 of 1941), as amended in 2002	Marking of merchandise and of coverings in or with which merchandise is sold, and the use of certain words or emblems in connection with business; outlaws false description of goods as to quality, kind, origin, measure, ownership, etc.		
Liquor Products Act (Act No. 60 of 1989)	Control over the sale and production for sale of certain alcoholic products, control over the import and export of certain alcoholic products		
Geographical indications (GIs)			
Sections 42 and 43 of the Trade Marks Act (Act No. 194 of 1993)	Protection of registered certification trademarks and collective trademarks		
Sections 6 and 7 of the Merchandise Marks Act (Act No. 17 of 1941) as amended in 2002	Section 6 outlaws the false application of a trade description; GIs inherently describe the quality of goods and, thus, if they are falsely applied to goods, that is an offence. Section 7 outlaws the sale of goods with false descriptions.		
Section 12 of the Liquor Products Act (Act No. 60 of 1989)	Prohibition of false or misleading descriptions for liquor products		

Subject and main legislation	Coverage	Duration	Selected exclusions and limitations
Industrial designs			
Designs Act (Act No. 195 of 1993)	Registration of industrial designs, which are divided into aesthetic designs (any design applied to any article, whether for the pattern or the shape or the configuration or the ornamentation) and functional designs that include integrated circuit topographies and mask works.	For an aesthetic design - 15 years; for a functional design - 10 years from the date of registration or from the release date, whichever date is earlier	Designs for articles which are not intended to be multiplied by an industrial process shall not be registered. Main criteria for registration: • an aesthetic design should be new and original; • a functional design should be new and not commonplace in the art in question. A design is deemed to be new if it is different from or if it does not form part of the state of the art immediately before the date of application for registration or the release date, whichever is earlier.
Patents			
Patents Act (Act No. 57 of 1978) as amended in 2005	A patent may be granted for any new (1) invention which involves an inventive step (2) and which is capable of being used or applied (3) in trade or industry or agriculture	20 years from the date of application, subject to payment of the prescribed renewal fees. Patent takes effect from the date of publication.	The following are not patentable inventions: a scientific theory; a mathematical method; a literary, dramatic, musical or artistic work or any other aesthetic creation; a scheme, rule or method for performing a mental act, playing a game or doing business; a program for a computer; the presentation of information; an invention or exploitation which encourages offensive or immoral behaviour; and any variety of animal or plant or any essentially biological process for the production of animals or plants, not being a microbiological process or the product of such a process.
Nuclear Energy Act (Act No. 131 of 1993)	Patenting of inventions in respect of nuclear material, restricted material, nuclear energy and nuclear related equipment and material		

Subject and main legislation	Coverage	Duration	Selected exclusions and limitations
Plant Breeders' Rights Act (Act No. 15 of 1976) as amended in 1996	Every variety of any prescribed kind of plant if it is new, distinct, uniform and stable.	25 years, in the case of vines and trees; and 20 years, in all other cases, calculated from the date on which a certificate of registration is issued.	A person who procured any propagating material of a variety in a legitimate manner shall not infringe the plant breeder's right in respect of the variety if he or she: a) resells that propagating material b) uses or multiplies that propagating material in the development of a different variety c) uses that propagating material for purposes of bona fide research d) uses that propagating material for private or non-commercial purposes e) is a farmer who on land occupied by him or her uses harvested material obtained on such land from that propagating material for purposes of propagation: provided that harvested material obtained from the replanted propagating material shall not be used for purposes of propagation by any person other than that farmer.

Source: WTO Secretariat, based on information provided by the South African authorities.

3.119. The main legislative development during the review period was the approval by the President of the Intellectual Property Laws Amendment Act 2013 (Act No. 28 of 2013; it was published in the Government Gazette on 10 December 2013. It amends the Performers' Protection Act 1967 (Act No. 11 of 1967), the Copyright Act 1978 (Act No. 98 of 1978), the Trade Marks Act 1993 (Act No. 194 of 1993); and the Designs Act 1993 (Act No. 195 of 1993), to provide for effective protection mechanisms for indigenous knowledge as a form of intellectual property in South Africa.

3.120. A draft IP policy was published in 2013 for public comments. The main objectives of the draft policy include: the development of a framework that should empower all stakeholders, the improvement of IP enforcement, the promotion of research and development, the improvement of national compliance with treaties, the introduction of a public health aspect perspective into national IP laws, the establishment of confidence to attract investments, and the promotion of public education and awareness of IP in South Africa.

3.121. In accordance with the Patent Act, at any time after the expiration of 3 years from the date of the grant of a patent or 4 years from the date of filing a patent, whichever is later, any interested person may apply to the CIPC for the grant of a licence under the patent, provided that a market for the patented invention is not being supplied, is not being supplied on reasonable terms in South Africa, or it is in the public interest that a licence or licences should be granted. The Patent Act does not cover parallel imports, while the Medicines and Related Substances Act does include enabling provisions for parallel importation but these have never been used. Some stakeholders in health sector find that this is due to highly cumbersome procedures.[12]

3.122. The Counterfeit Goods Act (Act No. 37 of 1997) is the main piece of legislation on the criminalization of dealing in counterfeits and pirated goods. In addition, some provisions contained in the Trade Marks Act (Act No. 194 of 1993), the Copyright Act (Act No. 9 of 2002), and the Patents Act (No. 57 of 1978) as amended, also provide the legal basis for sanctions against the various IPR offences.

[12] Online information. Viewed at: http://www.pharmatimes.com/article/13-11-07/S_Africa_pledges_action_on_compulsory_licenses_parallel_imports.aspx.

3.123. The maximum fine for first-time violations is up to R 5,000 per item and/or imprisonment for up to three years; and the maximum fine for second-time offences is up to R 10,000 and/or imprisonment for up to five years. Civil suits for damages may also be brought. The Copyright Act (Act No. 98 of 1978) also provides for similar penalties for copyright infringement.

3.124. The Counterfeit Goods Act allows the Commissioner for Customs and Excise, upon application by the property right owner, to seize and detain counterfeit goods or suspected counterfeit goods imported into South Africa.

3.125. SARS officials may, under the Customs and Excise Act, detain any goods upon importation into South Africa to ascertain whether the goods are indeed counterfeit goods. These actions are carried out on behalf of the DTI under whose authority the Counterfeit Goods Act, 1997 is administered.

3.126. Enforcement of IP laws is executed mainly through the Companies and Intellectual Property Commission, the DTI's enforcement unit, and commercial crime courts in several cities. In addition, the Government has an interagency counterfeit structure including the DTI, the South African Revenue Service, and the South African Police Service to improve coordination of IPR enforcement.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. Agriculture (including livestock, forestry, and fisheries) contributes to some 2.7% of GDP in South Africa. Despite its low contribution to the country's GDP, the sector plays an important role in terms of employment and livelihood in rural areas. Farming remains vitally important to the economy with 638,000 people formally employed in 2012, and around 8.5 million people directly or indirectly dependent on agriculture.

4.2. South Africa's agricultural sector is basically peri-urban and rural; it is characterized by dualism, i.e. well-developed commercial farming, occupying some 86% of agricultural land, with an established supply chain; and a small subsistence-based production system. According to the OECD, there are less than 40,000 commercial farms overall (less than 2,500 of them produce more than half of the total agricultural output), and 1.2 million subsistence farmers.[1]

4.3. The conditions for agricultural production are not favourable in most regions due to poor land quality, highly variable climatic conditions, and scarce water. While 12% of South Africa's land can be used for crop production, only 22% of this is high-potential arable land. Around 69% of the country is covered in permanent meadows and pastures used for grazing. The greatest limitation is the availability of water, with uneven and unreliable rainfall. Around 1.3 million hectares are under irrigation, and around 50% of South Africa's water is used for agriculture.

4.4. Agriculture is one of South Africa's main sources of foreign earnings, with a contribution of about 11% of total exports of goods during the review period. In fact, over one third of total agricultural production is exported. South Africa is a net food exporter.

4.5. The sector is increasingly facing various challenges, including high input costs, and poor information and knowledge management hindering the improvement of farming practices among small farmers. In addition, subsistence and smallholder farmers are poorly skilled and marginalized in terms of accessibility of natural resources (water and productive land); this translates into low productivity, asset loss and land degradation.

4.1.2 Policy

4.6. The Department of Agriculture, Forestry and Fisheries (DAFF) is responsible for the agricultural sector. DAFF was established in 2009 as a result of a merger between the Department of Agriculture, Water Affairs and Forestry, and the Department of Environmental Affairs and Tourism. Other departments intervening in the sector include the Department of Rural Development and Land Reform, the Department of Labour, and the DTI.

4.7. The DAFF pursues the strategic objectives of alleviating poverty, creating employment and improving food security. In addition, it attaches high importance to the conservation and sustainable use of natural resources in the agricultural sector.

4.8. The Department's overall responsibilities include agricultural support services, trade promotion in agriculture, and food safety and biosecurity.

4.9. Several laws regulate South Africa's agricultural sector (Table 4.1). The Marketing of Agricultural Products Act (Act No. 47 of 1996 as amended) remains the main law on agriculture; it aims at, *inter alia*, improving market access and promoting agricultural exports.

[1] Online information. Viewed at: http://www.oecd.org/site/tadicite/48707890.pdf.

Table 4.1 Selected legislation on agriculture, 2015

Legislation	Act No.	Description
Agricultural Credit Amendment Act	65 of 1995	Provides for assistance to persons carrying on, or undertaking to carry on, farming operations, and for the control of the assistance rendered
Marketing Amendment Act	188 of 1993	Provides for the introduction of a control system for the marketing of agricultural products; regulates quantitative controls over the import or export of these products
Marketing of Agricultural Products Act	47 of 1996	Establishes and enforces regulatory measures to intervene in the marketing of agricultural products, including the introduction of levies on agricultural products; establishes a National Agricultural Marketing Council
Wine and Spirit Control Amendment Act	25 of 1998	Regulates the control and management of the wine and spirit industry by the Kooperatieve Wijnbouwers Vereniging van Zuid-Afrika (KWV)
Subdivision of Agricultural Land Act	70 of 1970	Regulates the subdivision of agricultural land and its use for purposes other than agriculture
Livestock Improvement Amendment Act	60 of 1997	Regulates the collection and sale of semen and ova, and the artificial insemination and inoculation of certain animals; provides for the establishment of a system for the evaluation and certification of the performance of certain animals, and quality control with regard to the import and export of certain animals, semen, ova, and eggs; and provides for the incorporation of livestock breeders' societies and the maintenance of their legal personality, and the granting of certain exclusive powers relating to the registration of pedigrees of certain livestock to the South African Stud Book and Livestock Improvement Association (SASBLIA)
Co-operatives Amendment Act	6 of 2013	Amends the accounting practices and requirements for cooperatives by providing for audit and independent review of cooperatives; provides for the voluntary winding up of cooperatives by special resolution; provides for the annual submission of information to the registrar; substitutes the Advisory Board with the Advisory Council
Veterinary and Para-veterinary Professions Amendment Act	16 of 2012	Provides for the establishment of an appeal committee and its functions; provides for the performance of compulsory community service; provides for registered foreign veterinarians to continue practising by attaining either citizenship or permanent residency; provides for the appointment and powers of inspection officers, the investigation of complaints and cost orders
Perishable Products Export Control Act	9 of 1983	Provides for the control of perishable products intended for export from South Africa and the continued existence of a statutory board to bring about the orderly and efficient export of perishable products from South Africa
Agricultural Research Amendment Act	27 of 2001	Establishes the Agricultural Research Council (ARC) to undertake agricultural research; regulates matters with regard to ARC's proceedings, powers, duties, management, control, employees, financing, and related matters
Agricultural Produce Agents Amendment Act	47 of 2003	Provides for the establishment of an Agricultural Produce Agents Council and fidelity funds in respect of agricultural produce agents, and the control of certain activities of agricultural produce agents
South African Abattoir Corporation Act Repeal Act	17 of 2005	Provides for the privatization of the South African Abattoir Corporation
Agricultural Development Fund Act	175 of 1993	Provides for the establishment of, and control over, an agricultural development fund for the handling of money received for development

Source: Information provided by the authorities.

4.10. Agricultural finance involves various public entities, such as the Land and Agricultural Development Bank of South Africa (the Land Bank). The Land Bank operates under a government mandate to provide financial services to the commercial farming sector and agribusiness, and provide financial products to new entrants with historically disadvantaged backgrounds. The Development Bank of Southern Africa (also state-owned) with a mandate to finance development in all economic sectors, as well as the Industrial Development Corporation (IDC), maintains an agricultural financing programme.

4.11. The Micro-Agricultural Financial Institutions of South Africa (Mafisa) is a scheme that provides production loans of up to R 500,000 per person to smallholders operating within the agriculture, forestry and fisheries sector. Mafisa loans were initially restricted to farming enterprises; however, its credit policy was revised to include the forestry and fisheries subsectors. The scheme is open only to eligible South African citizens. To be eligible, farmers must, *inter alia*, be from historically disadvantaged groups, have legal access to land or production facilities, have a gross household non-farm income not exceeding R 20,000 per month, and have a viable business (ability to repay). Livestock, sugar cane and grain crops are the main beneficiary subsectors.

4.12. Other key institutions in South Africa's agricultural sector include the Agricultural Research Council, the main research entity in the sector; the National Agricultural Marketing Council (NAMC) in charge of supporting domestic producers to tap export markets; Agri South Africa (AgriSA), the South African Agricultural Union which provides input in national agricultural policies on behalf of its members (some 70,000 large and small commercial farmers); and the Agricultural Business Chamber, a voluntary private association of agribusinesses.

4.13. South Africa's National Development Plan (NDP), which was rolled out in 2012, considers agriculture to be a key driver of economic performance, including employment and rural development. Under the NDP, the Government plans to create one million jobs in agriculture by 2030 through increased irrigation plans, and the transfer of 20% of all commercial agricultural land to black farmers. In fact, land reform is the core element of South Africa's agricultural development policies. The Land Reform Programme has three main components: restitution of land unjustly taken from people and communities; land redistribution; and land tenure reform. Under the programme, grants are given to the black disadvantaged population to acquire land or for other forms of on-farm participation. However, the Land Reform Programme is financially costly, and budget limits have become a constraint to further progress. Only one-third of the original goal of 30% of the white-owned land was transferred under the programme.

4.14. Agriculture also remains central to several other development plans in South Africa. As an example, the New Growth Plan (NGP), launched in 2011, also focuses on promoting job creation in the sector. A National Policy on Food and Nutrition Security, launched in 2013, pursues the goals of boosting food security and supporting subsistence farmers.

4.15. Tariff protection of agriculture, hunting, forestry, and fishing (ISIC Rev.2, 1) stood at 3.7%, down from 5.5% in 2002, with tariffs ranging from zero to 44%. Both *ad valorem* and specific tariffs (and a combination of both) are applied to agriculture and agro-food products; however, most tariff lines 95.7% bear *ad valorem* duties. Variable (formula) duties are still levied on cornflour, preserved tomatoes, cherries, and two kinds of tobacco (Main Report, Section 3.1).

4.16. The lowest tariff rates (mostly zero) apply to staple products (mainly maize, or live animals), while rates higher than the overall average rate apply to selected products such as sugar, tobacco, dairy products, fruit, and vegetables. In addition, VAT applies to domestically produced and imported agricultural goods at a standard rate of 14%, while basic foodstuffs (e.g. brown bread, maize meal, eggs, milk, fruit, and vegetables) are zero-rated.

4.17. During the review period, South Africa notified to the WTO that it didn't subsidize its exports of agricultural goods for the period 2006-10.[2] It also notified that during calendar years 2004-10, all domestic support related to Green Box measures.[3] The main areas of public support were development aid; research; the National School Nutrition Programme; veterinary and phytosanitary services, and quality control; and resource conservation and environmental management.

[2] WTO documents G/AG/N/ZAF/78, 14 December 2012; G/AG/N/ZAF/74, 13 May 2011; and G/AG/N/ZAF/70, 9 September 2009.

[3] WTO documents G/AG/N/ZAF/73, 13 May 2011; G/AG/N/ZAF/77, 14 December 2012; G/AG/N/ZAF/58/Rev.1, 25 May 2009; G/AG/N/ZAF/65/Rev.1, 25 May 2009; and G/AG/N/ZAF/71, 9 September 2009.

4.18. Tariff quotas apply to agricultural products, including animal products, potatoes, vegetables, fruit, cereals, coffee, tea, oil seeds, sugar, food preparations, wine and spirits, vinegar, tobacco, and cotton (Section 3.1). The TDCA preferential agreements concluded with EFTA include preferential tariff quotas covering cheese products (Table 4.2).

Table 4.2 Quota usage for imported cheese

('000 kg)

Quota usage for imported cheese under the TDCA		
Year	**Quota**	**Usage**
2011	6,650	3,622
2012	6,850	8,735
2013	6,950	5,513
2014	7,100	6,995
2015	7,250	1,786
Quota usage for imported cheese under the EFTA-SACU		
Year	**Quota**	**Usage**
2012	200	26
2013	200	26
2014	200	22
2015	200	4

Source: Provided by the Authorities.

4.19. Levies continue to apply to the export and/or production of the following products: citrus, cotton, certain dairy products, deciduous fruits, dried fruits, fynbos (protea), lucerne, mango, olive, pecan nut, potato, pork, poultry, red meat, sorghum, table grape, wine and grapes, and winter cereals. Levies are collected at the first point of sale by the various agricultural associations to fund their activities; the rates are published on a regular basis in the Government Gazette. Under the Marketing of Agricultural Products Act (Act No. 47 of 1996) guideline prices are established based on average market prices for all products to which levies are applicable. These prices are for administrative purposes and to ensure the levy does not exceed 5% of the actual price. According to the authorities, the guideline price is the average price at the first point of sale and has no impact on the market price.

4.1.3 Key subsectors

4.1.3.1 Crops

Grains

4.20. Maize is the largest locally produced field crop, with production averaging about 10.4 million tonnes a year over the past 10 years. It is estimated that over 8,000 commercial maize producers are responsible for most of the South African crop. Thousands of small-scale producers also operate in the subsector. Some 11.5 million tonnes of maize were commercially produced in 2012/13 on 2.8 million hectares of land.

4.21. Wheat is produced mainly in the winter rainfall areas of the Western Cape and the eastern parts of the Free State. In 2012, 1.9 million tonnes were produced on 511,200 hectares of land. Malting barley is produced mainly on the southern coastal plains of the Western Cape. The area of barley planted totalled 84,940 hectares in 2012, and production totalled 298,000 tonnes. Sorghum is cultivated mostly in the drier parts of the summer rainfall areas such as Mpumalanga, the Free State, Limpopo and North West. In 2012/13, an estimated 62,620 hectares were planted, with production totalling 154,494 tonnes.

Sugar

4.22. South Africa's sugar sector is diversified, combining the agricultural activities of sugar-cane cultivation with the industrial factory production of raw and refined sugar, syrups and specialized sugars. The cane-growing sector comprises about 29,130 registered sugar-cane growers farming predominantly in KwaZulu-Natal, with a substantial investment in Mpumalanga and the Eastern Cape.

4.23. Sugar is manufactured by milling companies with 14 sugar mills operating in the cane-growing regions. About 430,000 hectares are under sugar cane production, with 68% grown within 30 km of the coast and 16% in the high rainfall areas of KwaZulu-Natal. The remainder is grown in the northern irrigated areas that comprise Pongola and Mpumalanga lowveld. Approximately half of the 2.5 million tonnes of sugar produced in South Africa per season is marketed within SACU. The remainder is exported to various markets in Africa, the Middle East, the Far East (Korea and Japan), North America, and Asia.[4]

4.24. The sugar industry provides direct employment in cane production and processing, and indirect employment in numerous support industries in South Africa. Direct employment within the sugar industry is approximately 79,000 jobs, while indirect employment is estimated at 350,000.[5]

4.25. The industry consists of the sugar cane production and sugar milling industry. The primary production sector is represented by the South African Cane Growers' Association (SACGA), and the millers by the South African Millers Association (SASMA). The two organizations cooperate in a partnership in and with the South African Sugar Association (SASA).

4.26. In April 2014, South Africa increased the dollar-based reference price of beet and cane sugar from US$358 to US$566 per tonne, based on a recommendation of the country's International Trade Administration Commission.[6]

4.27. Whenever the import value of sugar falls below the reference price, the SARS will impose an additional duty, which is applied by the Southern African Customs Union (SACU). In April 2014, an additional duty of 132 c/kg was introduced. On 27 June 2014, Notice R.501 reduced the duty to 92.6 c/kg, which was increased again to 142.5 c/kg through Notice R.743, and to 207.1 c/kg, through Notice R.173 on 27 February 2015.

Wine

4.28. South Africa is a major wine producer in the world. The UK remains South Africa's single largest export market by far, taking some 25% of the total wine exports. However, this is a significant drop from 53% in 2002.

4.29. Over 3,323 farmers cultivate some 99,680 hectares of land under vines. Some 300,000 people are employed both directly and indirectly in the wine industry. The annual harvest in 2013 amounted to 1.5 million tonnes (1,156.5 million litres), of which 79% was used for wine. The annual harvest in 2014 amounted to 1,520,096 tonnes (1,171.9 million litres), of which 81% was used for wine.[7]

4.30. Wines of South Africa (WOSA) represents all local wine exporters. It aims to promote the export of South African wines. WOSA is funded from two sources: a levy per litre collected on all wines exported, and contributions from the South African Wine Industry Trust, which was established in 1999 by the industry.

4.31. WOSA participates in several trade shows and wine fairs throughout the world. It also hosts the Cape Wine Expo held biennially at the end of March. It is currently engaged in the dynamic marketing of South African wines, mainly in China. Packaged exports (bottled or boxed wine) to China have significantly increased in recent years.

4.32. All wines for export must be certified by the DAFF to ensure compliance with health and certain quality requirements. The Wine and Spirit Board administers the South African Wine of Origin Scheme. Wines that qualify under the scheme are certified by the Board following a tasting and chemical analysis.

4.33. South Africa's wine industry is currently challenged by the impact of a decision by UK retailers to import South African wine in bulk, and bottle it in the UK, for environmental

[4] Online information. Viewed at: http://www.nda.agric.za/docs/FactSheet/Sugar06.pdf.

[5] Online information. Viewed at: http://www.sasa.org.za/sugar_industry/IndustryOverview.aspx.

[6] Online information. Viewed at: http://www.globaltradealert.org/measure/sacu-reference-prices-sugar-increased-import-tariff-introduced.

[7] Online information. Viewed at: http://www.wosa.co.za/The-Industry/Overview/.

reasons. The decision is likely to affect the development of other related industries such as the glass bottle industry. Exports of wine in bulk increased by 43.9% and exports of packaged natural wine decreased by 8.7% for the period 2011 to 2012.

Horticulture

4.34. Horticulture is an important sector within South African agriculture. Fresh fruit in particular is a prominent export sector, whilst vegetable production is largely for the domestic market. Major horticultural crops in South Africa include citrus fruits, grapes, apples, pears, and quince.

4.35. The citrus industry is largely export-oriented, with around 62% of overall production being exported in 2012/13. Due to the occurrence of citrus black spot in South Africa, stricter safety rules apply to exports to the European Union; as a consequence, in 2014, South Africa raised the issue of the European Union's regulations on citrus black spot as a trade concern at the WTO Committee on Sanitary and Phytosanitary Measures.

4.36. South Africa is a major producer and exporter of deciduous fruits, mainly apples, pears, table grapes, peaches, apricots, and plums.

4.1.3.2 Livestock

4.37. Livestock production remains the single most important agricultural activity in South Africa. Animal production contributes to approximately 48% of the country's agricultural output value. The industry employs about 500,000 people.

4.38. The dairy industry is relatively small. However, a significant amount (more than half) of domestic milk consumption is met by local production.

4.39. The ARC is involved in a Livestock Development Programme, to introduce and expand the dissemination of technologies, such as artificial insemination and embryo transfer. Under the National Red Meat Development Programme (NRMDP), the National Agricultural Marketing Council (NAMC) is also actively engaged in a programme to train farmers in the structure, operation and requirements of the formal red meat market. It works with emerging and communal farmers to increase the income earned from raising cattle, through greater and more beneficial participation in formal red meat markets.

4.40. The National Livestock Development Strategy aims to enhance the sustainability of the sector in South Africa across the entire production, processing and supply chain.

4.1.3.3 Forestry

4.41. Forestry and forest products contribute about 1% to GDP. South Africa's forest resources cover over 40 million hectares of the country's land surface. The sector employs around 165,900 workers and provides about 62,700 direct jobs and 30,000 indirect jobs. Forestry provides livelihood support to 652,000 people of the country's rural population. The pulp and paper industry provides about 13,200 direct and 11,000 indirect employment opportunities. Some 20,000 workers are employed in sawmilling, and 6,000 in the timber board and 2,200 in the mining timber industries, while a further 11,000 workers are employed in miscellaneous jobs in forestry.[8] The forestry industry was a net exporter of over R 2.2 billion worth of goods in 2012, of which more than 99% was transformed.

4.42. The DAFF administrates a Forestry Livelihood Programme to eradicate poverty in rural areas. Firewood, construction poles, medicinal plants and edible fruits are also critical to the livelihoods of the rural poor.

4.43. The National Forest Advisory Council (NFAC) advises the Minister of Agriculture, Forestry and Fisheries on all aspects of forestry in the country. It is also involved in developing local criteria, indicators and standards for sustainable forest management. South African Forestry

[8] Online information. Viewed at: http://www.gov.za/about-sa/forestry.

Company Limited (Safcol) is the Government's forestry company, conducting timber harvesting, timber processing and related activities, both domestically and internationally.

4.44. Protected trees may not be cut; damaged, destroyed or possessed; collected; removed; transported; exported; purchased; sold; donated or in any other way acquired or disposed of except under a licence granted by the Minister or in terms of an exemption. In accordance with the National Forests Act of 1998, all natural forests are protected.

4.1.3.4 Fisheries

4.45. The fisheries industry's contribution to GDP is marginal (around 1% in recent years). However, it remains critical in ensuring livelihood for the poorest segment of the South African population. According to the FAO, the main commercial stocks fished in South Africa are sardine and anchovy, Cape hake, horse mackerel, rock lobster ("west" and "south" coast species), tuna and shark, loligo squid and a large group collectively referred to as "linefish".[9]

4.46. The fisheries sector is worth around R 6 billion per annum and directly employs some 27,000 people in the commercial sector. Thousands more and their families depend on its resources for food and the basic needs of life. The Western Cape fisheries account for about 90% of the total South African fisheries value. Europe is South Africa's leading market for exported fisheries products. Other countries include the United States, Australia, and Japan.

4.47. South Africa's fisheries policy seeks to maximize the social and economic potential of the industry while protecting the integrity and quality of the country's marine and coastal ecosystems. The industry is regulated by the Marine Living Resource Act of 1998 (MLRA). Under the MLRA, DAFF regulates the industry by issuing fishing rights for each fish sector for commercial, subsistence and recreational fishing in South African waters. DAFF allocates separate fishing rights to each operator. A fishing right is granted to a person or entity and may not be transferred without the approval of the Minister.

4.48. Fishing rights are allocated for long-term periods of between 8-20 years after which the bidding process for the rights is reopened. In 2005, a competitive rights allocation process was conducted which resulted in the awarding of long-term fishing rights (up to 20 years) across 22 fish categories (such as hake, south coast rock lobster, small pelagic fish, horse mackerel, etc.).[10]

4.49. Restrictions are also in place in the sector in terms of total allowable catch (TAC), i.e. total volumes of the resource (i.e. a particular fish category) that may be harvested in a particular season; total allowable effort (TAE), which refers to the number of fishing days allowed in a given season for a specific fish category; and restrictions on the vessel type to be used (i.e. engine capacity, etc.) and the number of vessels/trawlers allowed for each fish category. The TAC is determined following scientific and environmental studies into the sustainability of each fish category, and may fluctuate from year to year depending on scientific recommendations.

4.50. The TAC for the west coast rock lobster 2013/14 fishing season was set at 2,167,06 tonnes, of which 1,356,56 tonnes were apportioned to the commercial offshore subsector and 451 tonnes to the commercial near-shore subsector. The total allowable catch for the subsistence (small-scale/interim relief) subsector was set at 276 tonnes (138 kg per fisher). The apportionment for recreational fishing was set at four west coast rock lobsters per person per day for the duration of the fishing season. The number of fishing days for the 2013/14 recreational fishing season was set at 26 days.[11]

4.51. The size restriction remains at 80 mm carapace length and recreational fishing permits will only be issued to persons above the age of 12 years. Any west coast rock lobster caught, collected or transported shall be kept in a whole state. West coast rock lobster caught with a recreational permit must not be sold. Recreational west coast rock lobster permits are obtainable at post offices, at a cost of R 92 per permit and are valid for the entire recreational fishing season.

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[9] Online information. Viewed at: ftp://ftp.fao.org/fi/document/fcp/en/FI_CP_ZA.pdf.

[10] Online information. Viewed at: http://www.compcom.co.za/wp-content/uploads/2014/09/Competition-Policy-Perspective-the-misregulation-of-the-South-African-Fishing-Industry-15-August-2014FV.pdf.

[11] Online information. Viewed at: http://www.gov.za/about-sa/fisheries.

4.52. A Small-Scale Fisheries Policy was adopted in 2012 to address imbalances of the past and ensure that small-scale fishers are accommodated and properly managed. Under the policy, fishing rights will be allocated on a group basis, rather than on an individual basis. The policy further aims to support investment in community entities to take joint responsibility for sustainably managing the fisheries resources and to address the depletion of critical fisheries stocks.

4.2 Mining and Energy

4.2.1 Mining

4.2.1.1 Overview

4.53. The mining sector accounted for 8.3% of GDP in 2013 and employed 550,099 workers (about 8% of total employment).[12] In the same year, the sector generated 12.2% of total fixed investment (19.4% of total private-sector investment), despite weak growth of global demand, regulatory uncertainty and infrastructural constraints. The mining sector also contributed to 30.5% of South Africa's total merchandise exports.

4.54. The Department of Minerals and Energy has embarked on a 2015-20 Strategic Plan aimed at promoting energy security through reliable, clean, and affordable sources, universal access to energy sources, and transformation of the energy sector, as well as developing a national coal policy with regulations that will include a strategy to secure coal supply and which will have been aligned with the Mining Beneficiation Action Plan by July 2016.[13]

4.55. Mining taxation in South Africa consists of corporate income tax and mineral royalties. Mining companies extracting diamonds and other minerals and base metals, except gold, are levied an income tax at a flat rate of 28%, and a dividends tax at 15%. Income derived from gold mining is taxed on the basis of a formula. Mining companies are liable for value-added tax on goods and services supplied to them; however, exports of mining products are zero-rated.

4.56. The mineral royalty system was introduced in 2010 under the Mineral and Petroleum Resources Royalty Act, No. 28 of 2008 (MPRRA). The royalty is based on the value of minerals. The MPRRA distinguishes between a refined mineral resource and an unrefined mineral resource, and separate calculations are performed for the two categories.[14] A mineral resource is described as refined when it is in readily saleable refined condition, following a beneficiation, smelting and refining process. Refined minerals are listed in Schedule 1 of the MPRRA, and unrefined minerals are listed in Schedule 2.

4.57. The rate to be applied is determined by a formula taking into account the company's "profitability ratio". It is capped at 5% for refined mineral resources and 7% for unrefined ones, and the minimum rate is 0.5%.

4.58. Small mining businesses are exempted from a royalty if their gross sales do not exceed R 10 million in the year of assessment and the amount of the royalty (that would be paid if there were no exemption) is below R 100,000.

4.59. Average tariff protection for mining and quarrying is low (0.1%), with rates ranging from zero (salt mining) to 10% (mica waste) (Main Report, Table A3.2).

4.60. Under the Mineral and Petroleum Resources Development Act (MPRDA) (Act No. 28 of 2002, as amended), foreigners and nationals may apply for a prospecting right, mining permit, reconnaissance permit, beneficiation right, exploration right, and/or mining right as long as they comply with the requirements set out in the law.

4.61. Applications are assessed according to a "first-in, first-assessed" principle. However, preference may be accorded to applications from historically disadvantaged peoples when

[12] Chamber of Mines of South Africa (2015).
[13] Department of Minerals and Energy (2015).
[14] Online information. Viewed at: http://pmg-assets.s3-website-eu-west-1.amazonaws.com/131106mining.pdf.

considering applications received on the same date. The Mineral Regulation and Administration Branch within the Department of Mineral Resources is responsible for processing the applications. Applications must be lodged with the regional office where the land is situated, with all the required documents, including farm name and number, title deed, applicants' details, company name and registration number, proof of technical and financial ability, and type of mineral. The applicant must pay a non-refundable application fee, which varies according to activity. Turnaround times are six months for a prospecting right and 12 months for a mining right. The rights are non-transferable and are usually for two years, renewable in certain cases.

4.62. On 27 December 2012, a Mineral and Petroleum Resources Development Draft Amendment Bill was introduced in Parliament to amend the Mineral and Petroleum Resources Development Act of 2002, in order to, *inter alia*, provide for the regulation of associated minerals, promote national energy security, streamline administrative processes, and align the Mineral and Petroleum Resources Development Act with the Geoscience Amendment Act, 2010 (Act No. 16 of 2010).

4.63. On 15 November 2013, the Mine Health and Safety Amendment Bill was introduced in Parliament by the Minister of the Department of Mineral Resources. The aim is to amend the Mine Health and Safety Act of 1996, in order to, *inter alia*, streamline administrative processes (for instance, appointment of chief executive officers), to strengthen enforcement provisions, and to reinforce offences and penalties.

4.2.1.2 Key subsectors

4.2.1.2.1 Coal

4.64. South Africa has the world's 8th largest coal reserves (around 30 billion tonnes) and ranked 7th in terms of coal production.[15] There are 19 official coal fields with 70% of the reserves lying in three fields (Highveld, Waterberg, and Witbank). In 2013, the coal industry employed around 87,768 workers. Production totalled 256.3 million tonnes (0.9% decrease compared with 2012).

4.65. Total coal sales by value increased by 4% from 2012 to an amount of R 100.4 billion. Approximately 71% of production was sold locally, whilst 29% was exported, mainly through the Richards Bay Coal Terminal (RBCT).[16] The RBCT achieved a record-breaking 70.2 million tonnes of coal in 2013. The RBCT is now focused on pushing forward its Phase VI expansion plan, which will increase its capacity from 91 to 110 million tonnes per annum. Total exports through the RBCT increased by 3% in 2013 from 68 million tonnes in 2012, still short of its full potential.[17]

4.66. Production of coal is highly concentrated with five companies accounting for 85% of saleable coal production (Ingwe Collieries Limited, a BHP Billiton subsidiary; Anglo Coal; Sasol; Eyesizwe; and Kumba Resources Limited).[18]

4.67. Coal provides 77% of South Africa's primary energy needs. Over 30% of South Africa's liquid fuels are produced within the country from locally mined coal and 95% of electricity is generated in power plants that use locally mined coal. Most domestic chemicals, fertilizers, waxes, polymers and plastics are fabricated using locally mined minerals and coal. Liquefied coal is produced by Sasol[19], the world's largest liquefied coal manufacturer. Imports of coal products enter South Africa duty-free (Main Report, Table A3.2).

4.2.1.2.2 Diamonds and precious metals

4.68. As at the time of the previous review, the South African Diamond and Precious Metals Regulator (SADPMR) regulates the diamond and precious metals (gold and platinum group metals)

[15] Department of Minerals and Energy online information. Viewed at: www.dme.gov.za.
[16] Chamber of Mines of South Africa, Facts & Figures 2013.
[17] Department of Minerals and Energy online information. Viewed at: http://www.energy.gov.za/files/coal_frame.html.
[18] Department of Minerals and Energy online information. Viewed at: http://www.energy.gov.za/files/coal_frame.html.
[19] Sasol was established by the Government in 1950 to manufacture fuels from indigenous raw materials.

industries, as stipulated in the Diamond Act (Act No. 56 of 1986), as amended[20], and the Precious Metals Act (Act No. 37 of 2005). The SADPMR administers and controls the purchase, sale, beneficiation, import, and export of diamonds. It also administers and controls the acquisition, possession, smelting, refining, fabrication, use, and disposal of precious metals. The SADPMR issues licences, permits, and certificates for all activities related to diamonds and precious metals. The SADPMR also ensures that all diamond dealers comply with the Kimberley Process Certification Scheme.[21]

4.69. The Diamond Exchange and Export Centre (DEEC) is in charge of facilitating domestic and international trade in diamonds. The Centre organizes auctions for mines and allows any person holding a permit or licence to buy rough diamonds to participate. The State Diamond Trader (SDT) was created in 2007 to promote "equitable" access to diamonds and develop South Africa's diamond cutting and polishing industries. The SDT buys up to 10% of South Africa's diamond production and sells it to small-to-medium-sized local cutters and polishers[22]; in 2007, only 5% of South Africa's rough diamonds were cut and polished locally.[23] An additional service for the facilitation of polished diamonds was launched on 15 February 2013 by the DEEC and the first tenders were facilitated from 11-15 March 2013.[24]

4.70. Around 41% of South Africa's diamonds are of gem quality; the rest are of industrial quality. In 2013, production of rough diamonds totalled 7.5 million carats (up from 7.2 million in 2012). Exports totalled 8.6 million carats valued at US$1.5 billion (down from 8.7 million carats in 2012). Exports to Botswana grew significantly while exports to the EU decreased because their aggregation as part of De Beers' global diamond production was relocated to Gaborone (Botswana).[25]

4.71. In 2013, the DEEC recorded an increase in polished diamond imports which totalled 864,083 carats to the value of US$743.8 million. Some of these polished diamonds were imported to South Africa for consultation and certification purposes at local laboratories and were re-exported to their countries of origin. A significant increase in the import of synthetic diamonds was recorded in 2013 (113 million carats valued at approximately US$10 million), mainly for the manufacturing of diamond tools. Imports of diamonds are duty-free.[26] In 2013, the number of people employed in the local diamond mining industry increased by 11.3% to 13,547.

4.72. In October 2013, the first National Jewellery Forum was held in Johannesburg. The forum brought together mining and jewellery manufacturing associations and government to create entrepreneurs with the requisite skills to enable South Africa to become a global jewellery hub.

4.73. There is considerable state intervention in the diamond market. It is regulated by the Diamond Export Levy (Administration) Act, 2007 (Act No. 14 of 2007) and the Customs and Excise Act, 1964 (Act No. 91 of 1964). Even though imports of diamonds bear a zero tariff, import prohibitions are maintained for uncut diamonds; while exports of unpolished diamonds continue to be prohibited except when carried out by a producer, a manufacturer (if it is a synthetic diamond), a dealer, or a holder of an export permit. Unpolished diamonds must be sold at the diamond exchange and export centres. In addition, in order to promote the development of the local economy, develop skills, and create employment, South Africa still levies a tax on exports of unpolished diamonds (Section 31).

[20] Diamonds Amendment Act (Act No. 29 of 2005) and Diamonds Second Amendment Act (Act No. 30 of 2005).

[21] South African Diamond and Precious Metals Regulator (2015).

[22] Initially, SDT bought rough diamonds exclusively from De Beers. It has now signed supply agreements with smaller mining operations. ("South Africa's Acting State Diamond Trader Shows Goods to Clients", *Rapaport News*, 21 January 2009. Viewed at: http://www.diamonds.net/news/NewsItem.aspx?ArticleID=25009)

[23] "State Diamond Trader Officially Launched", *Mining Weekly*, 29 February 2008; and "South Africa's Acting State Diamond Trader Shows Goods to Clients", *Rapaport News*, 21 January 2009. Viewed at: http://www.diamonds.net/news/NewsItem.aspx?ArticleID=25009.

[24] South African Diamond and Precious Metals Regulator online information. Viewed at: http://www.sadpmr.co.za/pages/about-us/overview.

[25] South African Diamond and Precious Metals Regulator (2015).

[26] Chamber of Mines of South Africa (2015).

4.74. In 2013, South Africa produced 167 tonnes of gold and was ranked the world's 6th largest gold producer with a 6.6% share of the global total. In 2013, the gold mining industry was the second largest mineral exporter after platinum group metals. Approximately 6% of production was sold locally, while 94% was exported. In 2013, the local gold mining industry employed 131,591 people. South Africa processes gold for jewellery and for minting coins.[27] Its gold reserves have been estimated at 31,000 tonnes, some 30% of the world's reserves.[28]

4.75. South Africa has about 87% of the world's platinum group metal (PGM) reserves.[29] The South African PGM industry is one of the largest components of the South African mining sector on the basis of GDP and export earnings, and is a significant contributor to the South African economy. In 2013, the PGM industry generated R 84 billion in sales, a 21.7% increase from sales of R 69 billion in 2012. This was in spite of the wildcat strikes of 2012 which continued into 2013.

4.76. The industry has been hit by the combined impact of slowing global demand, falling prices, rapidly escalating domestic production costs (that have added to the high cost structure of the industry) and the impact of the wildcat strikes that hit the industry in 2012, and continued into 2013. In 2013, PGM mining employed around 191,216 workers. Production totalled 264.2 tonnes (254.3 tonnes in 2012); platinum accounted for over half of PGM production (137 tonnes in 2013).

4.77. The increase in platinum supply was on the back of a recovery in mine production following major disruptive strike actions in South Africa in 2012. Industrial demand in 2013 increased by 11.4% to 54.9 tonnes from 49 tonnes in 2012, mostly due to a recovery in the demand for glass, chemicals and electronics, whilst investment demand rose by a staggering 67.6% from 14.2 tonnes in 2012 to 23.8 tonnes. The launch of Absa's new platinum exchange traded funds (ETF) in South Africa attracted strong investment during the review period.

4.2.2 Petroleum and gas

4.78. The Petroleum Agency of South Africa (PASA) regulates oil and natural gas exploration and production. The upstream segment of petroleum and gas is mainly managed by the State. The Petroleum Oil and Gas Corporation of South Africa PetroSA, a state-owned company, operates upstream oil and natural gas producing infrastructures in South Africa, along with the GTL plant in Mossel Bay. Sasol, a privately-owned company based in South Africa, operates the Secunda CTL plant; it also has the majority share in the Natref oil refinery, partially owns the pipeline transporting natural gas from Mozambique to South Africa, and is involved in coal mining. The downstream oil sector is more diversified and includes companies such as BP, Sasol, Shell, Chevron, Total, and Engen, which are in charge of importation and distribution. Smaller independent operators also operate service stations.

4.79. South Africa's crude oil reserves are estimated at 15 million barrels.[30] They are located in the offshore southern part of the country in the Bredasdorp Basin and off the west coast of the country near the maritime border with Namibia. South Africa's petroleum and other liquids (total oil) production was about 160,000 barrels per day in 2014. Synthetic fuels, derived from coal and natural gas, accounted for more than 90% of the country's domestic petroleum supply. In 2009, Shell acquired exploration rights over a large block in the Bredasdorp basin. However, its exploration activities have not yet started.

4.80. South Africa consumes the second-largest amount of petroleum in Africa. The petroleum consumed in South Africa comes mostly from its domestic refineries that import crude oil, and from its CTL and GTL plants. South Africa imports crude oil mostly from OPEC countries. The Government has proposed plans to implement new, tighter fuel standards that would require upgrades at all refineries; the plan is to be implemented as of 2020.

[27] Chamber of Mines of South Africa (2015); and South African Diamond and Precious Metals Regulator (2008).

[28] Mbendi online information, "Gold Mining in South Africa: Overview". Viewed at: http://www.mbendi.com/indy/ming/gold/af/sa/p0005.htm.

[29] PGM includes platinum, palladium, rhodium, iridium, ruthenium, and osmium.

[30] "Worldwide Look at Reserves and Production", *Oil & Gas Journal*, 1 January 2015. Viewed at: http://www.ogj.com/articles/print/volume-112/issue-1/drilling-production/worldwide-look-at-reserves-and-production.html.

4.81. The retail price of gasoline is regulated and adjusted on a monthly basis. This price is calculated by the Central Energy Fund (CEF) on behalf of the Department of Minerals and Energy (DME), and takes into account: the basic fuel price (BFP) derived from a formula that uses the import price of refined oil put in at the South African shores (53.1% of the price); transport cost from the refinery to the pump (2.4%); a wholesale margin also determined by a formula (7%); the retail margin also fixed by DME and based on actual cost (8.4%); the cost of delivery (1.2%); and taxes (i.e. tariffs and excise duties, contribution to the road accident fund (RAF), and the fuel levy) (27.9%). The BFP is adjusted monthly and is the result of negotiations between the African Minerals and Energy Forum (AMEF) and the South African Petroleum Industry Association (SAPIA).

4.82. South Africa imports natural gas from Mozambique via pipeline to supply Sasol's Secunda CTL plant and to fuel some gas-fired power plants. South Africa produces a small volume of natural gas offshore, and it is mainly used to supply the Mossel Bay GTL plant.[31]

4.2.3 Electricity

4.83. South Africa's nominal installed electricity capacity is about 45,645 megawatts (MW). Eskom, a wholly state-owned company, supplies roughly 95% of South Africa's electricity; and the balance is provided by independent power producers (IPPs), or imported from the region. Eskom buys electricity from and sells it to countries in the region. South Africa is a member of the Southern African Power Pool (SAPP), which aims to provide reliable and efficient electricity supply to consumers in its member countries. Eskom exports electricity to Lesotho, Namibia, Botswana, Zimbabwe, Mozambique, Swaziland, and Zambia; it also sources part of its electricity from the SAPP.

4.84. Electricity transmission is under ESKOM's monopoly. Eskom and 187 licensed municipalities distribute electricity. This dual system has led to inefficiencies, disparities in tariffs, unequal treatment of customers, and inadequate network maintenance.

4.85. The Department of Energy (DoE) is responsible for formulating and implementing policies for efficient exploitation of South Africa's mineral resources, and provides all citizens with energy. As an SOE, Eskom reports to the DoE. Electricity tariffs are regulated by the National Energy Regulator of South Africa (NERSA).

4.86. Around 84% of South African households are electrified. Under the Integrated National Electrification Programme (INEP), the authorities pursue the objective of universal access to electricity by 2025. About 85% of South Africa's installed electricity capacity derives from coal-fired power stations, 10% from hydroelectric plants, 4% from a nuclear power plant, and 1% from non-hydro renewable energy.[32] South Africa plans to diversify its electricity generation mix. In an effort to reduce dependence on coal and improve energy security, the Government adopted a 20-year Integrated Resource Plan (IRP) in 2010, as part of the economy-wide National Development Plan (NDP). In addition, the authorities strive to expand South Africa's renewable electricity capacity through its Renewable Independent Power Producer (IPP) Procurement Programme.

4.87. South Africa's electricity system continues to face serious challenges that have resulted in frequent power disruption since 2008. In fact, the margin between peak demand and available electricity supply has been precariously narrow. As a consequence, some coal mines had to halt operations because of power blackouts, and Eskom requested that its largest industrial customers cut their consumption by 10% during peak demand times to avoid unexpected blackouts or load-shedding (scheduled power cuts). South Africa's electricity system remains fragile and poses a serious risk to the country's future economic performance, as the vast majority of coal power plants are outdated, poorly maintained, and pushed to their maximum working capacity. Lack of investments, as well as rising electricity demand, have contributed to the power failures.

4.88. The 2010 IRP is also expected to address South Africa's current energy crisis by building 9,600 MW of additional nuclear base load capacity; generating 3,900 MW through open-cycle gas turbines during peak demand periods; and importing 2,600 MW of hydroelectric power and 2,400 MW of natural gas.

[31] Online information. Viewed at: http://www.eia.gov/countries/cab.cfm?fips=sf.
[32] Online information. Viewed at: http://www.eia.gov/countries/cab.cfm?fips=sf.

4.3 Manufacturing

4.89. South Africa has a relatively well-established and diversified manufacturing base. The sector's contribution to GDP continued its slight and steady decrease during the review period from 15.4% in 2008 to 13.9% in 2014 (Table 1.1). This pattern was reflected in South Africa's performance in manufacturing exports (Table A1.1). Manufacturing is dominated by the agri-processing, automotive, chemicals, electronics, metal, and textile and clothing industries.

4.90. South Africa's New Growth Path (NGP) and the Industrial Policy Action Plan (IPAP) are the main policy actions with significant focus on the manufacturing sector. Administrated by the DTI, IPAP is at the core of South Africa's industrial policy. It is implemented on three-year basis. The current IPAP covers the period from 2014 to 2017. It places greater emphasis (increased incentive packages) on competitiveness of manufacturing exports, especially for industries with high expansion potential. South Africa maintains an extensive list of incentive schemes in the manufacturing sector (Table A3.2).

4.91. During the previous review the high cost of inputs and intermediate goods was pointed out as a key constraint to the development of manufacturing, due to lack of competition in a number of key intermediate industries, and to import duties; to this end, a new competition policy was adopted (Section 3.3).

4.92. South Africa's manufacturing sector remains highly protected compared to other economic sectors. This protection pattern is more noticeable for industries that supply the domestic market. The average tariff rate in manufacturing stood at 8.7% in 2015, slightly up from 8.5% in 2009 (Main Report). The highest rate of protection continues to apply to the textiles, wearing apparel, and leather industries. Tariff protection in several industries shows mixed (with high protection for final products) or positive escalation, as some industries such as food processing, and textiles and clothing are protected.

4.3.1 Key subsectors

4.3.1.1 Automotive industry

4.93. The automotive industry is South Africa's largest and leading manufacturing subsector, both in terms of its contribution to the country's GDP (6% in 2010), and its share in exports of goods (12% in 2014) (Table A3.1). It has strong linkages with other industries including steel, metal, plastic and leather products (backward linkage); and financial services, motor retail and advertising (forward linkage).

4.94. The industry has a high positive multiplier effect on the rest of the economy in terms of value-addition, employment, investment, balance of payments and net revenue generation. Over 28,000 people are directly employed in automotive manufacturing, and 65,000 are employed in the component manufacturing industry. About 200,000 persons are employed in retail and aftermarket activities, with 6,600 employed in the tyre manufacturing industry.[33]

4.95. Several multinational firms, including BMW, Ford, Volkswagen, Daimler-Chrysler and Toyota, use South Africa to source components and assemble vehicles for the local and international markets. In addition, component manufacturers (Arvin Exhust, Bloxwitch, Corning, Senior Flexonics) have established production bases in the country.

4.96. Since the inception of the Motor Industry Development Programme (MIDP) in 1994, the industry has enjoyed large expansion, doubling in size. However, the review of the MIDP has revealed the need for more ambitious efforts to exploit additional opportunities. As a consequence, in 2013, the Automotive Production and Development Programme (APDP) replaced the MIDP and aims to stimulate the expansion of local production to 1.2 million vehicles a year by 2020, while significantly increasing local content. A key difference between the MIDP and the APDP is that the APDP is focused on production, not export alone.

[33] Online information. Viewed at: http://www.southafrica.info/business/economy/sectors/automotive-overview.htm.

4.97. The APDP has four key elements: (a) tariff measures, i.e. stable import tariffs set at 25% for completely built up vehicles (CBVs) and 20% for components used by vehicle assemblers; (b) a local assembly allowance (LAA); (c) production incentives (PI); and (d) an Automotive Investment Scheme (AIS). The LAA allows vehicle manufacturers with a plant volume of at least 50,000 units per annum to import a percentage of their components duty-free. The PI consists in an allowance for duty-free imports of vehicles or components, calculated as a percentage of manufacturing value addition (MVA) in South Africa's supply chain. The AIS provides for a non-taxable cash grant of 25% of the value of qualifying investment in productive assets by component manufactures and tooling companies. An additional a non-taxable cash grant of 5 to 10% may be made available for projects that meet a list of economic benefit criteria.

4.98. In addition, the Automotive Supply Chain Competitiveness Initiative (ASCCI) was launched in 2013 to enhance production and supplier capabilities, as well as regional development.

4.3.1.2 Textiles and clothing

4.99. The clothing and textile industry is the most labour intensive subsector of manufacturing in South Africa, as it accounts for some 14% of total manufacturing employment, particularly in many poor communities and among low-skilled workers.

4.100. While the industry enjoys a number of advantages such as domestic availability of raw material (cotton, leather, vegetable fibres, wool and mohair) which South Africa produces in significant quantity, it continues to face a surge of cheaper imports.

4.101. Under the Customized Sector Programmes (CSP) for the clothing and textile industries, the Clothing and Textile Competitiveness Programme (CTCP) was introduced in 2010 to help South Africa's clothing and textile industry upgrade its processes and products to compete effectively both domestically and globally.

4.102. Its main pillars are: the Capital and Technology Upgrading Programme, the Preferential Financing Scheme, the Competitiveness Improvement Programme, and the Production Incentive (its core funding mechanism).

4.103. The CTCP is aimed at structurally changing the clothing, textiles, footwear, leather and leather products industries by providing funding assistance for these sectors for investment in competitiveness improvement interventions.

4.4 Services

4.104. The contribution of services to South Africa's GDP grew from 66.2% in 2008 to 68.9% in 2014. Finances, tourism, wholesale and retail services, as well as transport and communication are the largest services subsectors (Section 1).

4.105. South Africa's specific commitments in the Uruguay Round covered business services; communication services (courier services and telecommunication services); construction and related engineering services; distribution services; environment services; financial services (insurance and insurance-related services, and banking and other financial services); tourism and travel-related services; and transport services. The horizontal commitments on market access contain a limitation on temporary presence for up to three years for those engaged in the supply of certain services, without requiring compliance with an economic needs test; limitations on national treatment relate to local borrowing. South African registered companies with a non-resident shareholding of 25% or more have unspecified limits on local borrowing.[34]

4.4.1 Telecommunications

4.106. The Department of Communications (DoC) is in charge of, *inter alia*, policies and legislation related to information and communications technology (ICT), ensuring reliable and affordable ICT infrastructure, overseeing state-owned enterprises (SOEs) in the ICT industry, and fulfilling South Africa's international ICT responsibilities. The Independent Communications

[34] WTO document WT/TPR/S/222/ZAF, 6 November 2009.

Authority of South Africa (ICASA), the regulator, provides consumer protection, and oversees competition in the sector.

4.107. The SOEs that operate under the DoC are: the Independent Communications Authority of South Africa (ICASA), the South African Post Office, the South African Broadcasting Corporation, Sentech Ltd., the National Electronic Media Institute of South Africa, the Universal Service and Access Agency of South Africa, and the za.com Domain Name Authority. The SOE Broadband Infraco was created under the Department of Public Enterprises portfolio to provide "affordable" broadband services, particularly in underdeveloped and underserviced areas, and ensure that bandwidth requirements for projects of national interest are met. Infraco owns the network infrastructure that was previously operated by Eskom.

4.108. South Africa's licensing regime in telecommunications is technologically neutral under the Electronic Communications Act (Act No. 36 of 2005). The Act facilitates synergies between telecom, broadcasting, and information technology services, while promoting competition in the sector through, *inter alia*, facilitating access to networks. Pursuant to the provisions of the Act, the Competition Act applies to the telecom subsector; ICASA cooperates with the Competition Commission in any type of investigation.

4.109. In 2014, the ICASA Amendment Act, together with The Electronic Communications Amendment Act was passed to clarify ICASA' responsibilities, align the legislation with the broad-based black economic empowerment initiatives, and refine the licensing regime.

4.110. Competition in the fixed line segment was introduced in 2006 when Neotel was licensed to compete against Telkom (which used to have monopoly power in the sector). Telkom was wholly government owned until 1997, when TeleKom Malaysia and SBC Communications bought a 30% share. The Government continues to have a majority share of Telkom. It continues to operate in both fixed-line and mobile segments.

4.111. Five operators provide mobile services: Vodafone (43% of the market), MTN (36.8%), Cell C (17.2%), Telkom Mobile (2.3%) and Virgin mobile (0.7%). South Africa's mobile penetration rate stood at 135% in 2014.

4.112. ICASA is in charge of regulating mobile termination rates (MTRs) in South Africa. Interconnections are governed by the Interconnection Regulations (Regulation Gazette No. 9263 of 9 April 2010). They set out, *inter alia*, agreement principles; the timeframe and process to be followed by parties; and the procedures for the submission, review and filing of agreements.

4.113. In June 2014, following several reported contentious issues relating to MTRs between the two small mobile operators (Cell C and Telkom Mobile) and MTN and Vodafone, ICASA announced that MTRs were set to halve to R 0.10 by March 2016, after having already been cut from R 0.40 to R 0.20 in March 2014. However, this decision by ICASA was challenged by Vodafone and MTN before the South Gauteng High Court, as they see the new MTR structure as a subsidy to their competitors. The Court deemed the new MTR structure invalid and unlawful. In September 2014, ICASA published a new MTR structure. MTRs were set at R 0.16 until 2015, they are planned to drop to R 0.13 by 2016.

4.114. Internet development has been slow and the penetration rate is low (9%). South African internet user numbers have increased at a much slower pace than in other African countries; in 2008, they represented only 9% of Africa's total internet users. In 2007, 90% of ADSL subscriptions were provided by Telkom, Vodacom, and MTN. Other internet providers include Internet Solutions, Neotel, MWeb, Vox Telecom, Cell C, iBurst, Sentech, Verizon Business, and Data Pro. Many remote villages are now connected to the internet through public terminals in 700 post offices. Some 3.9 million active unique browsers were registered in South Africa in May 2007

4.115. The South African Post Office (SAPO) provides postal and related services in 2,250 offices. SAPO has a universal service obligation (providing services even though they are not commercially viable; hence giving citizens equal access to a basic letter service). It was granted exclusive rights and privileges, including a monopoly on letters up to 1 kg. SAPO operates under a 25-year licence.

4.4.2 Financial services

4.116. South Africa has a relatively well-developed financial services framework. The South African Reserve Bank (SARB) is responsible for commercial bank regulation and supervision, and the Financial Services Board (FSB) regulates insurance activities. The National Credit Regulator (NCR), established under the National Credit Act (Act No. 34 of 2005), regulates the activities of credit providers.

4.117. The Financial Sector Regulation Bill (FSRB), due to be adopted in 2015, seeks to establish a new regulatory oversight system in South Africa. Under the new system (referred to as the twin peaks model), prudential and market conduct regulation will be split between the SARB and the Financial Services Board (FSB) respectively. Pursuant to the FSRB, a newly created Prudential Authority within the SARB will be responsible for the prudential supervision of banks, insurers, financial conglomerates and financial market infrastructures. A standalone market conduct authority (the Financial Sector Conduct Authority – FSCA) will be established with a mandate to ensure the fair treatment of customers by financial institutions, and enhance the efficiency and integrity of the financial system. The FSCA will replace the current Financial Services Board.

4.4.2.1 Banking and other credit institutions

4.118. Although South Africa's economy was noticeably affected by the global economic crisis (Section 1.1), its banking industry, the biggest and the most developed in Africa, was relatively well buffered. In fact, although banking activities were weaker due to low GDP growth, a bank crisis was avoided in South Africa as the country's banks have limited foreign exposure, and the regulatory framework is relatively solid.

4.119. South Africa's banking industry comprises 34 commercial banks (including three mutual banks) and 43 international banks with authorized representative offices in South Africa. Four large banks, i.e. Standard Bank, FirstRand, Barclays Africa Group and Nedbank collectively account for some 83% of total banking assets.

4.120. Bank penetration pursued its steady growth during the review period. The proportion of the population with access to financial services grew from 63% in 2008 to 75% in 2013. The recent establishment of the Social Security Agency has played a significant role in this performance, as a bank account is required for social security payments.

4.121. The business of banking (including other related financial institutions) is regulated through the Banks Act, the Mutual Banks Act (Act No. 124 of 1993), and the Co-operative Banks Act (No. 40 of 2007). The minimum capital requirements, for establishing a domestic or foreign bank, are: R 250 million for commercial banks and R 10 million for mutual banks. The two forms of banks may provide the same services. Branches and subsidiaries of foreign-owned banks are subject to the same supervisory requirements as domestic banks.

4.122. Under the Co-operative Banks Act (No. 40 of 2007), deposit-taking financial services co-operatives may register as banks. Hence, they would be under the supervision of the Central Bank giving depositors with co-operative banks the same level of protection as depositors with formal commercial banks.

4.123. In 2012, the Minister of Finance approved the SARB Bank Supervision Department's amended regulations, to implement the Basel III standards. According to the authorities, the phase-in period for the Basel III requirements began on 1 January 2013 and is anticipated to last through 2019.

4.4.2.2 Insurance

4.124. South Africa's insurance activities faced noticeable challenges in recent years, as the industry's overall claims ratio increased steadily from 62% in 2011, to 66% in 2012, and 68% in 2013. The increase was attributed to weather-related claims (which include the record-breaking Gauteng hail damage of November 2013). In addition, the recent weakening of the rand also affected the cost of motor claims, as between 65% and 70% of motor repair costs largely relate to imported parts.[35]

4.125. In 2013, there were 78 long-term insurers, 87 short-term insurers, 6 reinsurers and 11 captive insurers (excluding cell captive insurers).[36]

4.126. South Africa's legislative framework of insurance activities did not change significantly during the review period. Insurance activities are regulated mainly by the Long-Term Insurance Act (Act No. 52 of 1998) and the Short-Term Insurance Act (Act No. 53 of 1998). In 2008, the Insurance Laws Amendment Bill, 2008 was approved and the Insurance Laws Amendment Act (Act No. 27 of 2008) (ILAA) was signed by the President. The ILAA addresses technical and regulatory issues in both Acts, closes certain regulatory gaps, improves certain provisions and updates outdated references.

4.127. The FSB is in charge of regulating insurance activities in South Africa. Any person carrying on insurance or reinsurance business is required to be registered for a specific class or classes of business. Registration criteria did not change during the review period; the requirements are the same for national and foreign companies. Foreign insurers/reinsurers must be incorporated in South Africa and be registered with the supervisory authority to carry on insurance business in South Africa. Insurance companies in South Africa are allowed to insure risk located abroad.

4.128. Any sale or transfer of 25% of the shares in a local insurer or reinsurer or its holding entity requires regulatory approval. The FSB evaluates whether the transaction is in the best interests of the public.

4.129. The minimum capital requirements are R 10 million for long-term insurers, and R 5 million for short-term insurers. The Registrar may, however, relax the minimum capital adequacy requirement for a specific insurer upon conditions and for the duration that the Registrar determines necessary. The actual capital will, however, be dictated by the type and volume of business to be conducted, as set out in the five-year projections submitted with the application. Before the applicant is registered as a long-term or short-term insurer, the company auditors must confirm that the required capital has been paid. The Registrar must be satisfied that the proposed shareholders have the financial means to provide the minimum start-up capital as well as the ability to provide further capital to the insurer when required.

4.130. Compulsory insurances in South Africa consist of motor third-party bodily injury or death cover, and workers' compensation insurance, and they are both government-owned.

4.4.3 Transport

4.131. Transport, storage, and communication accounted for 9.2% of GDP in 2014 (Table 1.1). The subsector comprises a wide range of service providers, covering all modes of transport (air, road, rail, sea).

4.132. Transnet, a state-owned enterprise is the main player in the sector, operating and controlling South Africa's freight infrastructure through its five subdivisions: Transnet Freight Rail (freight rail), Transnet Rail Engineering (rolling stock maintenance), Transnet National Ports Authority (formerly the National Port Authority (NPA), in charge of the landlord function for ports), Transnet Port Terminals (port and cargo terminals management), and Transnet Pipeline (petroleum and gas products storage).

4.133. The Department of Transport (DoT) develops, coordinates, and implements transport policies. It has established several public entities that are in charge of transport services. These include the: South African National Roads Agency Ltd.; Cross-Border Road Transport Agency; Passenger Rail Agency of South Africa; South African Civil Aviation Authority; Airports Company South Africa Ltd.; Air Traffic and Navigation Services Company Ltd.; and South African Maritime Safety Authority.

[35] Online information. Viewed at: http://www.pwc.co.za/en/assets/pdf/insurance-industry-analysis-march-2014.pdf.

[36] Online information. Viewed at: http://www.imf.org/external/pubs/ft/scr/2015/cr1556.pdf.

4.134. The vision of the Department of Transport, as expressed in their Public Transport Strategy (2007), is to phase in a lasting legacy of integrated rapid transport service networks in metropolitan cities, smaller cities and rural districts that will ensure sustainable, equitable and uncongested mobility in liveable cities and districts. According to this strategy, metropolitan cities aim to achieve a significant shift of work trips from cars to public transport networks by 2020.

4.135. South Africa's transport sector faces several challenges, including high logistics costs, poor conditions of the secondary road network, and the skills shortage in the sector.

4.136. The transport sector is central to South Africa's most important national development plans, i.e. the National Development Plan (NDP) and the New Growth Path (NGP). The NDP aims to develop a safe and affordable public transport network to fight urban poverty, while the NGP seeks to drive job creation through large investments in transport infrastructure.

4.137. In 2013, the National Transport Master Plan (Natmap) was launched, aiming to position transport as an enabler for social and economic development by rolling out infrastructure and services that respond to the needs of all South Africans and ensure the country meet its millennium development goals. The initiative addresses potential long-term plans for freight and passenger services across all transport segments. It also includes components related to pipeline development, financing fuel supply, environmental issues, and regulatory issues.

4.138. Several pieces of legislation regulate transport services in South Africa. Among legislative steps taken during the review period, the Transport Laws and Related Matters Amendment Act, 2013 (Act No. 3 of 2013) aims, *inter alia*, to allow the Cross-Border Road Transport Agency to collect tolls on behalf of Sanral.

4.139. The Civil Aviation Act (2009) was promulgated to harmonize and rationalize safety and security legislation for aviation to ensure compliance with International Civil Aviation Organization standards, and the Air Service Licensing Amendment Act (2008) addresses corporate governance issues relating to the Air Services Licensing Council.[37]

Air transport

4.140. South Africa's three main airports (Johannesburg's OR Tambo, Cape Town International, and Durban's King Shaka International)[38] are key points of entry for visitors and investors. They are a fundamental factor for the performance of the tourism sector in South Africa.

4.141. State-owned companies (South African Airways (SAA), and SA Express) and privately owned airlines (Comar, Interair, 1 Time, Airlink, Airlink Regional, and Pelican Air Services) operate in South Africa. SAA, which is wholly owned by Transnet, serves more than 700 world destinations and 20 domestic routes. In 2009, 107 international carriers were operating from South Africa under bilateral air service agreements. Cabotage is not allowed. South Africa does not have any open skies agreements, but has started to renegotiate and review existing agreements in line with the key principles of the Yamoussoukro Decision (YD) within the continent.

4.142. Airports Company South Africa (ACSA) is a major public entity in terms of Schedule 2 of the Public Finance Management Act (PFMA) (Section 3.3). ACSA is majority owned i.e. 70% is owned by the South African Government through the Department of Transport (DoT); the Public Investment Corporation (PIC) owns 20%; whilst black economic empowerment shareholders and employees hold the remainder. The company is legally and financially autonomous and operates under commercial law. ACSA aims to ensure airport capacity, and to facilitate the movement of passengers and goods; this involves management of transport costs and infrastructure to contribute to growth and development programmes.

4.143. Air Traffic and Navigation Services (ATNS) is established under the Air Traffic and Navigation Air Services Company Act, 1993 (Act No. 45 of 1993), and listed in Schedule 2 of the PFMA. ATNS is responsible for providing safe, efficient and cost effective air traffic management

[37] Online information. Viewed at: http://www.transport.gov.za/Portals/0/Annual%20Reports/12%20DoT%20Annual%20Report.pdf.

[38] Seven others are for domestic use only: Bloemfontein, East London, George, Kimberley, Pilanesburg, Port Elizabeth, and Upington.

solutions and associated services on behalf of the State in accordance with the International Civil Aviation Organization (ICAO) Standards and Recommended Practices, and the South African Civil Aviation Regulations.

4.144. During 2014-15, ACSA's airports handled 35.7 million passengers. OR Tambo International Airport, the main international air gateway into South Africa and the SADC region, processes some 19 million passengers and over 200,000 air traffic movements a year and also facilitates over 300,000 tonnes of cargo a year. It is projected to handle 30 million passengers and 360,000 air traffic movements by 2024.[39]

4.145. According to the authorities, South Africa only allows foreign ownership in one of its designated national airlines, up to a maximum of 25% of the equity of the company.

4.146. In 2013, South African Airlines and Jet Airways, India's premier international airline, announced a code sharing agreement that would enable seamless air travel connectivity to several business centres in India and South Africa.

Maritime services

4.147. The development of South Africa's ports is a key component of the National Growth Path (NGP). Several challenges continue to face port activities. These include domestic transit, trans-shipment activities, costs and wait times for importers and exporters. The Government policy is aimed at increasing South Africa's presence in international maritime transport services, by increasing the number of vessels sailing under South Africa's national flag, and providing a clear framework for investors.

4.148. The country's ports handle over 430 million tonnes of varied cargo types, carried on over 9,000 ship calls a year. The nine commercial ports are crucial to South Africa's transport, logistics and socioeconomic development. About 98% of South Africa's exports are conveyed by sea.

4.149. The National Ports Act (Act No. 12 of 2005) enacted in 2005 provides for the establishment of the National Ports Authority and an independent National Port Regulator, and stipulates that certain ports should be administered by the National Ports Authority. It is not clear which provisions of this law have been implemented.

4.150. The National Port Regulator is mandated to ensure "equal" access, and monitor Transnet NPA activities. It has the responsibility to, *inter alia*, exercise economic regulation of the ports system in line with the Government's strategic objectives; promote equity of access to ports and to facilities and services provided in ports; monitor the activities of the National Ports Authority to ensure compliance with the Act; adjudicate complaints and appeals against the Port Authority; approve or reject the tariffs set by the Port Authority; promote and regulate competition; and regulate the provision of adequate, affordable and efficient port services and facilities.

4.151. Transnet National Ports Authority (NPA) controls South Africa's eight commercial ports: Cape Town, Durban, East London, Mossel Bay, Port Elizabeth, Richards Bay, Saldanha and Ngqura. The eighth port, Ngqura, officially opened on 16 March 2012 and has a current capacity of 1.2 million TEUs for 3 berths which will later increase to a 2.8-million-TEU capacity for 4 berths.[40] Each port handles different commodities, and offers different types of services and facilities (Table 4.3). Tariffs are also set by Transnet.

[39] Online information. Viewed at: http://www.gcis.gov.za/sites/www.gcis.gov.za/files/docs/resourcecentre/yearbook/2013-4Transport.pdf.

[40] Transnet official site online information. Viewed at: http://www.transnetnationalportsauthority.net/OurPorts/Ngqura/Pages/Overview.aspx.

Table 4.3 Port activities, 2015

Port	Activity
Cape Town	A full service, general cargo port; dry docks and syncrolift available for ship repairs; extensive pre-cooling facilities at the fruit terminal to cater for deciduous fruit exports
Durban	South Africa's main general cargo, bulk liquid, and container port for a wide range of commodities (e.g. coal, mineral ores, granite, chemicals, petrochemicals, steel, forest products, citrus products, sugar, and grain); also has a dry dock for ship repair
East London	The only river-based port in South Africa; offers container, automotive, break bulk, bulk grain, and bulk liquid (refined petroleum products) facilities; imports are mainly containerized vehicle components, vehicles, wheat, timber, and petroleum; exports are mainly motor vehicles, steel, maize, and agricultural products
Mossel Bay	Provides off-shore handling facilities that enable import and export of refined products and servicing the local fishing industry
Ngqura	A world class deep water transhipment hub offering an integrated, efficient and competitive port service for containers on transit to the global market and within the Sub-Saharan Africa region. It is the only one in South Africa that has an environmental authorization (Record of Decision) for its construction and operation
Port Elizabeth	Handles imports of containerized components and raw materials for the vehicle manufacturing industry; also handles exports of agricultural products, timber, wool, citrus and deciduous fruit, manganese ore, motor-vehicle-related products, and steel
Richards Bay	Has four cargo terminals: (i) the dry bulk terminal handles imports and exports of ores, minerals, and woodchips; (ii) the multi-purpose terminal handles break bulk cargoes, including ferrochrome, pig iron, steel, forest products, granite, aluminium, bagged cargo, containers, heavy lifts, and abnormal loads; (iii) a coal terminal, one of the largest in the world, with a current capacity to export 71 million tonnes per annum; and (iv) a chemical tank farm for liquid bulk products stored in tanks
Saldanha	The only iron-ore handling port in South Africa; also handles base metals, steel, mineral sands, granite, and crude oil

Source: Government Communication and Information System (2008), *South Africa Yearbook 2007/08*, March; Department of Transport (2008), *Economic Analysis: Transport Picture*, First Quarter, May; National Ports Authority online information. Viewed at: http://www.transnetnationalportsauthority.net; and information provided by the South African authorities.

4.152. In 2013, South Africa processed 152 million tonnes (an increase of 9% compared to 2012) of cargo through its primary seaport at Durban, Richards Bay, and other ports along the country's coast.

4.153. The South African Maritime Safety Authority (SAMSA) is responsible for maritime safety issues (e.g. ship registration, marine incidents, and vessel traffic). In 2008 SAMSA's mandate was expanded to include the regulation of marine activities on South Africa's inland waters.

4.154. Cabotage is allowed. South Africa allows local and foreign-owned vessels on international trade routes to carry its coastal cargoes.

4.155. South Africa is a member of the International Maritime Organization. It has signed several international maritime agreements, including the Indian Ocean Memorandum of Understanding (MoU) on Port State Control and the West and Central Africa MoU on Port State Control (Abuja MoU). South Africa signed an agreement to establish the subregional Maritime Rescue Coordination Centre (MRCC) in South Africa and subregional maritime subcentres in the Comoros, Madagascar, Mozambique and Namibia.

Land transport

4.156. Land transportation plays an important role in the transport of passengers and merchandise in South Africa. The South African National Roads Agency (SANRAL) is in charge of national road maintenance; other roads are maintained by provincial and municipal governments.

4.157. South Africa has a 750,000 km-long road network, of which SANRAL manages 19,667 km of paved roads. National roads comprise tolled and non-tolled roads. Tolling provides SANRAL with funding to maintain and upgrade roads; some 1,300 km of its 2,400 km tolled roads have been given in concession to private companies, through public-private partnership. Road infrastructure is important as some 1.4 billion tonnes of merchandise are carried by road each year.[41]

4.158. The non-toll road network accounted for 83.1% of the national network. Public funds are allocated to SANRAL to maintain the non-tolled roads. In 2013, SANRAL awarded 202 contracts for new works, rehabilitation, improvement and routine development. Between 2010 and 2015, R 75 billion was used for road infrastructure, maintenance and upgrading; as part of rural development, roads in five rural development nodes – Magaliesburg, Winterveld, Hammanskraal, Rust de Winter and Bantu Bonke – were upgraded.

4.159. Given the importance of cross-border transport in South Africa and for SACU as a whole, since 1998 the Cross-Border Road Transport Agency (C-BRTA) has been in charge of improving cross-border merchandise and passenger road traffic, introducing competition, and reducing constraints to traffic. The agency is financed by fees charged for issuing cross-border permits. South Africa has signed multilateral and bilateral agreements to facilitate and encourage cross-border road flow of merchandise and passengers.[42]

4.160. Although South Africa does not allow cabotage in road transport, the prohibition may be lifted under certain conditions, such as cases where there is no South African carrier who can provide a similar service and where lifting the prohibition is in the best interest of South Africa.

4.161. Some 180 million tonnes of merchandise are carried by rail annually. The railway sector continues to be dominated by the State. The state-owned company Transnet Freight Rail manages the largest railroad system in Southern Africa; a network (around 22,000 km) connects South Africa's ports and the hinterland with other sub-Saharan networks; 1,500 km are heavy-haul lines.[43] Transnet Freight Rail operates mainly general freight business and the transport of iron and coal.

4.162. In March 2013, Transnet signed an agreement with the China Development Bank that is expected to yield a loan of about US$5 billion to finance the country's massive rail infrastructure upgrade programme. In 2013, Transnet Freight Rail upgraded its iron ore line to move 60 million tonnes a year of the steelmaking material from mines in the Northern Cape to the Saldanha Bay port for export.

4.163. South Africa's passenger rail companies (South African Rail Commuter Corporation, Metrorail, and Shosholoza Meyl) merged into the Passenger Rail Agency of South Africa (PRASA).[44] PRASA provides commuter rail services in urban metropolitan areas, and regional and long-distance passenger services. The Government is implementing the National Passenger Rail Plan to improve passenger rail infrastructure. In addition, the construction of the 80-kilometre Gautrain Rapid Rail Link, connecting Johannesburg, Pretoria, and O.R Tambo International Airport, was completed in 2012 to improve passenger rail services.

4.4.4 Tourism

4.164. Tourism remains a main contributor to South Africa's GDP and foreign income; and it is positioned as one of the six core pillars of growth in South Africa's New Growth Path (NGP) framework. The Industrial Policy Action Plan (IPAP2) has identified the sector as one of the areas expected to contribute to the development of rural areas.

4.165. In 2013, South Africa recorded 9.6 million tourist arrivals, an increase of 4.7% over 2012. Africa and Europe are the main origins for tourists arriving to South Africa.

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[41] The main road freight corridors are Gauteng-Durban, Gauteng-Cape Town, and Gauteng-Maputo.

[42] Multilateral agreements include the SADC Protocol on Transport, Communications, and Meteorology, and the SACU Memorandum of Understanding (MoU). South Africa signed bilateral agreements with Mozambique, and an MoU with Namibia and Botswana (Government Communication and Information System, 2008).

[43] SAinfo online information, "South Africa's transport network". Viewed at: http://www.southafrica.info/business/economy/infrastructure/transport.htm.

[44] Department of Transport (2015).

4.166. In 2014, travel and tourism contribution to GDP was R 357 billion (9.4% of GDP) and created 1,497,500 jobs (9.9% of total employment).

4.167. The hosting of the 2010 International Football Federation (FIFA) World Cup has boosted the tourism industry in South Africa by attracting visitors, expanding tourism and other infrastructure, and showcasing the South African destination to the world.

4.168. With a view to realizing South Africa's tourism potential and ensuring that the country's investment in the 2010 World Cup is fully leveraged, the National Department of Tourism (NDT), under the Ministry of Tourism (established during the review period), initiated and managed in 2010 an inclusive process to draft a National Tourism Sector Strategy (NTSS) to inspire and accelerate the responsible growth of the tourism industry from 2010 to 2020. Various incentive schemes are available to promote tourism services (Section 3, Table A3.4).

4.169. The World Economic Forum's Travel and Tourism Competitiveness Report of 2013 indicated that the strengths of South Africa's tourism industry lie in its natural sites and cultural resources, price competitiveness for hotel rooms, a favourable tax regime, good air transport infrastructure, and favourable policy rules and regulations. In fact, the tourism legislative framework is conducive to the sector's development as the country has improved its laws and regulations, with well-protected property rights and few visa requirements for visitors. In addition, tourism continues to be one of the five priority sectors in the country's growth plan, and the Government has reviewed tourism legislation in an effort to streamline it further.[45] However, poor safety and security conditions together with lack of qualified human resources remain among the challenges in South Africa's tourism industry.

4.170. The Tourism Act (Act No. 72 of 1993) is the main piece of legislation regulating tourism and related activities. The Act aims to regulate the subsector by coordinating the activities of those engaged in tourism and establishing standards for tourism facilities and other services provided to tourists.

4.171. The Tourism Grading Council of South Africa assesses and accredits accommodation and food and beverage outlets on a voluntary basis, to award star grading. The Act also established the South African Tourism Board (SATOUR), and introduced provisions on the membership and composition of the Board, and on training and registration of tourist guides.

4.172. Requirements for tourism operators did not change during the review period. All tourist guides must be registered in each province in which they wish to work as guides. There is also a national Registrar of Tourist Guides. Foreigners may only register as tour guides if they have a valid work permit or have obtained South African residency, completed the relevant accredited guiding training, and are registered with the provincial registrar of tour guides in the province in which they wish to operate.

4.173. Foreign travel agents must register (like most other businesses) under the South African Companies Act, and comply with any relevant regulations including those of the IATA. Most travel agencies in South Africa are members of the Association of South African Travel Agents (ASATA); membership is voluntary. However, for a foreign-owned travel agent to be registered as a member, ASATA requires the operating enterprise to be registered in South Africa (under the Companies Act), and all foreign directors to have a South African Bank Account; and a letter of "comfort" from the parent company, if based outside South Africa, as a type of insurance should the local-based operation default on its contracts.

[45] Online information. Viewed at: http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013.pdf.

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5 APPENDIX TABLES

Table A1.1 Merchandise exports by product group, 2008-14

(US$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US$ million)	73,966	53,864	82,626	107,946	98,872	95,112	90,612
			(% of total)				
Total primary products	48.2	52.8	50.9	48.7	47.2	50.1	47.5
Agriculture	9.5	12.4	12.0	10.3	10.6	11.7	12.6
Food	7.3	10.1	10.0	8.3	8.8	9.8	10.4
1121 Wine of fresh grapes (including fortified wine)	1.0	1.3	1.0	0.7	0.8	0.9	0.9
0571 Oranges, mandarins, citrus hybrids, fresh or dried	0.7	0.9	0.8	0.6	0.7	0.8	0.8
Agricultural raw material	2.2	2.3	2.1	1.9	1.8	1.9	2.1
2513 Chemical wood pulp, dissolving grades	0.5	0.7	0.7	0.7	0.6	0.6	0.8
Mining	38.7	40.4	38.9	38.4	36.6	38.3	34.9
Ores and other minerals	12.0	13.2	13.8	15.1	14.9	16.2	14.5
2816 Iron ore agglomerates (sinters, pellets, briquettes, etc.)	3.2	5.4	6.2	6.2	5.5	6.1	4.9
2815 Iron ores and concentrates, not agglomerated	0.1	0.4	0.5	2.1	2.3	2.8	2.5
2877 Manganese ores and concentrates	2.6	1.0	1.7	1.1	1.2	1.6	1.8
2879 Other non-ferrous base metals, ores and concentrates	1.3	1.3	1.5	1.6	1.3	1.5	1.5
2878 Ores and concentrates of molybdenum, niobium, etc.	0.9	1.2	1.0	1.1	1.3	1.1	1.0
Non-ferrous metals	17.0	16.0	14.4	12.9	10.3	11.5	10.0
6812 Platinum unwrought, unworked or semi-manufactured	13.3	12.6	11.3	10.2	8.0	8.8	7.2
6841 Aluminium and aluminium alloys, unwrought	1.8	1.9	1.5	1.3	1.0	1.2	1.2
6842 Aluminium and aluminium alloys, worked	1.0	0.9	0.8	0.7	0.7	0.6	0.7
Fuels	9.6	11.2	10.7	10.5	11.4	10.6	10.5
3212 Other coal, whether or not pulverized, not agglomerated	6.3	7.7	6.6	6.8	6.7	6.0	5.5
Manufactures	51.5	46.8	48.1	41.0	43.2	42.3	46.7
Iron and steel	12.0	9.5	9.7	7.3	6.8	6.5	7.5
6715 Other ferro-alloys (excl. radio-active ferro-alloys)	6.1	4.4	4.8	3.6	3.0	3.2	3.9
Chemicals	7.7	7.6	7.4	6.7	7.4	7.2	7.8
Other semi-manufactures	7.0	6.6	7.3	6.1	6.4	6.4	7.1
6672 Diamonds (excl. industrial, sorted) not mounted/set	3.1	2.4	2.3	2.0	2.0	2.2	2.7
Machinery and transport equipment	21.9	20.0	19.7	17.6	19.3	18.8	20.6
Power generating machines	0.3	0.4	0.3	0.3	0.4	0.4	0.5
Other non-electrical machinery	7.0	6.2	6.1	5.8	6.1	5.8	5.9
7436 Filtering and purifying machines for liquids/gases	4.2	3.0	2.6	2.6	2.2	2.1	2.1
Agricultural machinery and tractors	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Office machines & telecommunication equipment	1.2	1.3	1.3	1.1	1.2	1.3	1.7
Other electrical machines	1.1	1.2	1.4	1.3	1.4	1.4	1.4
Automotive products	10.5	9.4	9.4	7.9	8.7	8.4	9.6

	2008	2009	2010	2011	2012	2013	2014
7812 Motor vehicles for the transport of persons, n.e.s.	6.1	5.7	5.6	4.4	4.1	3.9	4.8
7821 Goods vehicles	2.2	1.6	1.8	2.0	3.1	3.1	3.3
7843 Other motor vehicle parts and accessories of 722, 781 to 783	1.2	1.2	1.2	1.1	1.1	1.0	0.9
Other transport equipment	1.8	1.5	1.3	1.3	1.5	1.5	1.6
Textiles	0.4	0.4	0.5	0.4	0.4	0.4	0.4
Clothing	0.2	0.2	0.5	0.5	0.5	0.5	0.5
Other consumer goods	2.2	2.4	3.0	2.4	2.4	2.4	2.7
Other	0.3	0.4	0.9	10.3	9.5	7.6	5.8
Gold	0.2	0.4	0.3	9.9	9.0	7.2	5.4
9710 Gold, non-monetary (excl. gold ores and concentrates)	0.2	0.4	0.3	9.9	9.0	7.2	5.4

Source: UNSD Comtrade database, SITC Rev.3.

Table A1.2 Merchandise imports by product group, 2008-14

(US$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US$ million)	87,593	63,766	82,949	102,699	104,144	103,441	99,893
	(% of total)						
Total primary products	31.8	30.7	28.9	31.0	32.3	31.2	32.7
Agriculture	6.1	7.4	7.6	7.9	8.1	7.4	7.2
Food	5.2	6.5	6.6	6.8	7.2	6.6	6.3
0412 Other wheat (including spelt) and meslin, unmilled	0.5	0.4	0.3	0.6	0.4	0.4	0.5
0423 Rice, milled, semi-milled	0.5	0.7	0.5	0.5	0.7	0.6	0.4
Agricultural raw material	0.9	0.9	1.0	1.0	0.9	0.9	0.9
Mining	25.7	23.3	21.3	23.2	24.2	23.7	25.5
Ores and other minerals	2.4	1.0	1.3	1.4	1.1	1.2	0.9
2852 Alumina (aluminium oxide)	0.7	0.6	0.6	0.6	0.4	0.5	0.5
Non-ferrous metals	1.0	0.9	1.1	1.1	1.1	1.0	1.3
Fuels	22.3	21.4	19.0	20.7	22.0	21.5	23.3
3330 Crude oils of petroleum and bituminous minerals	17.1	16.1	13.5	13.7	15.2	14.2	16.2
Manufactures	61.5	63.8	64.6	63.0	61.6	62.8	60.7
Iron and steel	1.8	1.6	1.6	1.8	1.6	2.0	1.6
Chemicals	9.8	10.5	11.1	10.6	10.7	10.6	10.9
5429 Medicaments, n.e.s.	1.3	1.7	1.6	1.4	1.5	1.5	1.3
5514 Mixtures of odoriferous substances, industrial use	0.1	0.2	0.3	0.3	0.4	0.5	0.5
5989 Chemical products and preparations, n.e.s.	0.2	0.3	0.3	0.3	0.4	0.4	0.5
Other semi-manufactures	6.4	6.5	6.5	6.1	6.0	6.2	6.2
6672 Diamonds (excl. industrial, sorted) not mounted/set	1.0	0.7	0.7	0.7	0.6	0.6	0.6
Machinery and transport equipment	35.0	34.8	35.0	34.7	33.6	34.3	32.5
Power generating machines	2.2	1.9	2.2	2.1	1.9	2.0	2.1
7165 Generating sets	0.5	0.4	0.1	0.1	0.2	0.7	0.9
Other non-electrical machinery	10.6	10.0	8.5	9.4	9.8	9.9	8.9
7232 Mechanical shovels, etc., self-propelled	0.9	0.4	0.4	0.7	0.8	0.7	0.6
7239 Parts n.e.s., of machinery of 723 and 744.3	0.6	0.5	0.5	0.6	0.6	0.7	0.6
7284 Machinery and appliances for particular industries, n.e.s.	0.6	0.6	0.4	0.5	0.5	0.6	0.5
Agricultural machinery and tractors	0.7	0.7	0.5	0.7	0.8	0.8	0.8
Office machines & telecommunication equipment	8.4	9.4	9.9	8.7	7.9	8.6	8.3
7643 Radio or television transmission apparatus	1.7	1.9	2.2	2.1	1.9	2.2	2.0
7522 Data processing machines, with at least processing, imput and output units	0.6	0.7	0.9	1.0	1.0	1.1	1.1

	2008	2009	2010	2011	2012	2013	2014
7649 Parts and accessories for apparatus of division 76	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Other electrical machines	3.4	3.9	3.6	3.2	3.2	3.5	3.2
Automotive products	7.0	6.8	8.3	8.5	8.4	8.4	7.8
7812 Motor vehicles for the transport of persons, n.e.s.	3.1	3.7	4.9	4.9	5.0	5.3	4.7
7843 Other motor vehicle parts and accessories of 722, 781 to 783	1.4	1.5	1.4	1.3	1.2	1.2	1.3
7821 Goods vehicles	1.3	0.6	1.0	1.4	1.6	1.2	1.1
Other transport equipment	3.3	2.9	2.5	2.7	2.4	1.8	2.2
Textiles	1.2	1.4	1.4	1.4	1.3	1.3	1.3
Clothing	1.1	1.7	2.0	1.9	1.7	1.8	1.9
Other consumer goods	6.3	7.3	7.0	6.6	6.5	6.5	6.4
8722 Instruments used in medical, surgical or veterinary sciences	0.5	0.6	0.5	0.5	0.5	0.5	0.5
Other	6.7	5.5	6.5	6.0	6.2	6.1	6.6

Source: UNSD Comtrade database, SITC Rev.3.

Table A1.3 Merchandise exports by destination, 2008-14

(US$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US$ million)	73,966	53,864	82,626	107,946	98,872	95,112	90,612
	(% of total)						
Americas	13.4	11.1	11.2	10.1	10.4	9.4	9.3
United States	10.8	9.0	8.7	7.6	7.9	7.2	7.1
Other America	2.6	2.1	2.5	2.5	2.5	2.1	2.2
Europe	35.0	31.7	26.0	22.4	19.9	20.9	22.2
EU(28)	31.9	26.6	22.4	19.0	17.2	17.7	19.7
Germany	7.8	6.5	6.6	5.1	4.1	4.0	4.7
United Kingdom	6.6	5.6	4.4	3.6	3.4	3.5	3.8
The Netherlands	4.7	3.8	2.7	2.7	2.8	3.2	3.3
Belgium	2.8	2.4	2.1	2.0	1.9	2.1	2.7
Italy	2.2	2.0	1.7	1.6	1.4	1.1	1.2
EFTA	2.4	4.6	3.1	2.8	2.0	2.5	1.8
Switzerland	2.1	4.2	2.8	2.6	1.7	2.2	1.6
Other Europe	0.7	0.5	0.5	0.5	0.7	0.7	0.7
Commonwealth of Independent States (CIS)	0.5	0.5	0.5	0.4	0.5	0.5	0.6
Africa	17.0	19.5	28.2	24.7	27.9	28.8	30.5
Botswana	0.0	0.0	5.1	4.2	5.1	4.8	5.3
Namibia	0.0	0.0	4.7	4.0	4.1	4.5	5.0
Mozambique	2.2	3.0	2.3	2.2	2.4	3.0	3.3
Zambia	2.7	2.6	2.1	2.2	2.7	2.8	3.0
Zimbabwe	2.3	3.0	2.6	2.3	2.4	2.5	2.5
Swaziland	0.0	0.0	2.1	1.5	1.5	1.6	1.7
Lesotho	0.0	0.0	1.6	1.5	1.6	1.5	1.5
D.R. Congo	1.5	1.1	1.0	1.0	1.5	1.4	1.4
Angola	1.2	1.3	0.9	0.8	1.0	1.1	1.2
Middle East	3.3	3.7	2.9	2.3	2.7	2.6	3.2
United Arab Emirates	1.0	1.1	1.0	0.9	1.0	1.3	1.5
Asia	29.9	32.5	30.6	30.0	28.7	30.2	28.1
China	5.8	10.5	9.8	11.6	10.5	12.7	9.6
Japan	11.0	7.6	7.8	7.1	5.8	5.9	5.4
Six East Asian Traders	6.6	7.1	6.3	6.0	6.5	6.3	6.7
Hong Kong, China	0.9	1.8	1.2	1.2	1.5	1.5	2.1
Korea, Republic of	2.0	1.7	2.0	2.1	1.5	1.3	1.5
Other Asia	6.5	7.3	6.7	5.3	6.0	5.4	6.5
India	3.1	3.8	3.7	3.1	3.8	3.2	4.2
Other	0.9	1.0	0.6	10.3	9.8	7.7	6.1
Areas n.e.s	0.2	0.0	0.4	10.1	9.7	7.5	6.0
Memo:							
SACU	0.0	0.0	13.4	11.1	12.4	12.4	13.4

Source: UNSD Comtrade database.

Table A1.4 Merchandise imports by origin, 2008-14

(US$ million and %)

	2008	2009	2010	2011	2012	2013	2014
Total (US$ million)	87,593	63,766	82,949	102,699	104,144	103,441	99,893
	(% of total)						
Americas	13.4	12.8	11.7	12.3	11.7	10.2	10.1
United States	8.0	7.8	7.2	7.8	7.2	6.3	6.6
Other America	5.4	5.1	4.5	4.5	4.5	3.9	3.5
Brazil	1.9	1.9	1.7	1.6	1.6	1.6	1.4
Europe	33.2	34.1	32.9	31.9	29.4	30.0	29.4
EU(28)	31.3	32.2	31.1	29.9	28.0	28.4	27.8
Germany	11.3	11.7	10.9	10.4	9.8	10.3	10.0
United Kingdom	4.1	4.0	3.7	4.0	3.4	3.2	3.3
Italy	2.4	2.5	2.4	2.6	2.5	2.6	2.6
France	2.9	3.1	2.9	2.7	2.4	2.2	2.2
Spain	1.2	1.2	1.5	1.3	1.2	1.8	1.7
The Netherlands	1.4	1.8	1.7	1.4	1.7	1.6	1.4
Belgium	1.3	1.5	1.4	1.2	1.2	1.1	1.1
EFTA	1.1	1.3	1.4	1.5	0.9	1.0	0.9
Other Europe	0.8	0.5	0.3	0.6	0.5	0.7	0.7
Commonwealth of Independent States (CIS)	0.4	0.7	0.2	0.3	0.4	0.6	0.6
Africa	8.6	7.5	10.0	9.6	11.9	11.8	13.3
Nigeria	2.2	2.9	2.7	3.0	3.6	3.5	5.1
Angola	3.1	2.1	2.4	1.5	2.7	1.9	2.0
Swaziland	0.0	0.0	1.2	0.9	1.1	1.1	1.1
Mozambique	0.5	0.7	0.6	1.0	1.2	1.2	1.0
Middle East	13.9	11.7	10.1	10.9	11.2	9.9	10.5
Saudi Arabia	6.3	5.0	3.9	4.3	7.6	7.8	7.1
United Arab Emirates	1.0	0.7	1.1	0.9	1.0	0.9	1.5
Asia	30.4	32.4	34.2	34.2	35.1	37.1	35.6
China	11.3	13.1	13.8	13.8	14.0	15.5	15.5
Japan	5.6	4.9	5.1	4.6	4.4	3.9	3.8
Six East Asian Traders	7.5	7.8	8.2	8.2	8.6	8.6	8.0
Thailand	2.0	2.1	2.2	2.2	2.6	2.7	2.4
Singapore	1.0	0.9	1.0	1.1	1.2	1.9	1.8
Korea, Republic of	1.6	1.8	2.1	2.2	2.2	1.8	1.5
Other Asia	6.0	6.7	7.0	7.6	8.0	9.0	8.3
India	2.6	2.8	3.4	3.9	4.4	5.2	4.6
Australia	1.9	1.7	1.6	1.5	1.4	1.3	1.1
Viet Nam	0.2	0.3	0.4	0.4	0.6	1.0	1.1
Other	0.2	0.8	0.9	0.7	0.4	0.3	0.4
Memo:							
SACU	0.8	0.2	3.0	2.6	2.7	2.8	2.7

Source: UNSD Comtrade database.

Table A3. 1 Technical regulations on foodstuffs, 2009

Regulation (Government Notice No.)	Product or activity
Regulations related to powers and duties of inspectors/analysts: final (R.328/2007)	Inspectors duties
Regulations relating to food-grade salt (R.184/2007)	Salt
Regulations relating to all bottled waters (R.718/2006)	Bottled waters
Regulations relating to objects intended for children in foodstuffs (R.28196/2005)	Objects
Regulations relating to marine biotoxins (R.491/2005)	Marine toxins
Regulations governing tolerance for fungus-produced toxins in foodstuffs (R.1145/2004)	Mycotoxins
Regulation relating to maximum levels for metals in foodstuffs (R.500/2004)	Metals
Regulations governing the labelling of foodstuffs obtained through certain techniques of genetic modification (R.25/2004)	GMO labelling
Regulations relating to the prohibition of the sale of comfrey, foodstuffs containing comfrey, and jelly confectionery containing konjac (R.1408/2003)	Comfrey food
Regulations relating to the application of the Hazard Analysis Critical Control Point (HACCP) system (R.908/2003)	HACCP
Regulations regarding processed foodstuffs (R.723/2003)	Processed foods
Regulations relating to the fortification of certain foodstuffs (fortification mix suppliers) (R.504/2003)	Fortification
Regulations governing the tolerances for certain seeds in certain agricultural products (R.1225/2002)	Toxic seeds
Regulations governing certain solvents in foodstuffs (R.911/2001)	Solvents
Regulation relating to perishable foodstuffs: definition and declaration of certain perishable foodstuffs (R.952/1999)	Perishable foodstuffs
General hygiene requirements for food premises and the transport of food (R.918/1999), as corrected by R.723/2002 and amended by R.1125/2003	Hygiene/transport
Regulations relating to milk and dairy products (R.1555/1997)	Milk/dairy
Regulation governing microbiological standards for foodstuffs and related matters (R.692/1997)	Micro-biological standard food
Regulation relating to edible fats and oils (R.1316/1996)	Edible fats/oils
Regulation relating to food colorants (R.1008/1996)	Colorants
Regulations governing the maximum limits for pesticide residue that may be present in foodstuffs (R.246/1994), as amended by R.1047/2006	Maximum residue limits (MRLs) for pesticide
Labelling and advertising of foodstuffs (R.2034/1993)	Labelling/advertising
Regulation governing the maximum limits for veterinary medicine and stock remedy residues that may be present in foodstuffs (R.1809/1992)	MRLs for vet medicines
Regulation relating to the use of sweeteners in foodstuffs (R.3128/1991)	Sweeteners
Regulations prohibiting guar gum as a foodstuff (R.2554/1991)	Guar gum
Regulations governing the composition and labelling of raw boerewors, raw species sausage, and raw mixed-species sausage (R.2718/1990)	Meat
Regulations relating to baking powder and chemical leavening substances (R.2486/1990)	Leavening substances
Regulation governing radio activity in foodstuffs (R.1931/1990)	Radio activity
Regulation governing emulsifiers, stabilizers and thickeners and the amounts thereof that foodstuffs may contain (R.2527/1987)	Emulsifiers stabilisers
Use of certain food additives in certain foods when wheaten products (R.2417/1987)	Additives
Regulations: jam, conserve, marmalade, and jelly (R.2627/1986)	Jams
Regulations relating to milking sheds and the transport of milk (R.1256/1986)	Milking sheds
Acids, bases, and salts: amounts thereof that foodstuffs may contain (R.115/1986)	Salts
Regulations relating to mayonnaise and other salad dressings (R.92/1986)	Mayonnaise
Regulations: soft drinks (R.1769/1985)	Soft drinks
Regulations relating foods for infants, young children, and children (R.1130/1984), as amended by R.734/2006	Children's food
Regulations relating to irradiated foodstuffs (R.1600/1983)	Irradiated foodstuffs

Regulation (Government Notice No.)	Product or activity
Regulation relating to anti-caking agents: amounts that may be used in foodstuffs (R.2507/1982)	Anti-caking agents
Regulations governing substances in wine, other fermented beverages, and spirits: additives, amounts, and tolerances (R.2870/1981)	Wine/spirits additives
Regulations: preservatives and antioxidants (R.965/1977)	Preservatives/antioxidants
Regulation: mineral hydrocarbons in foodstuffs (R.230/1977)	Hydrocarbons
Regulations: restriction on the sale of food additives containing nitrite and/or nitrate and other substances (R.219/1975)	Nitrite/nitrate additives
Regulation: marine food (R.2064/1973)	Marine food
Regulations relating to food and water vessels (Act No. 36 of 1919) (R.1575/1971)	Food/water vessels
General regulations promulgated in terms of the Public Health Act, 1919 (Transportation of Meat) (180 of 1967)	Transport of meat
Regulations (R.575/1930)	
Edible gelatine	Gelatine
Unwholesome or poisonous substances in food	Packaging
Ice-cream and ice-cream products	Ingredients
Meat and fish, and their preparations: edible fats and edible oils	Meat/fish
Tea	Tea
Coffee, coffee mixtures, and preparations of coffee	Coffee
Chicory	Chicory
Cocoa and chocolate	Cocoa and chocolate
Sugar, confectionary, dextrose, and icing sugar	Sugar

Note: Enforcing bodies are provinces for imports and municipalities for local production.

Source: Provided by the South African authorities.

Table A3. 2 Incentive schemes, 2015

Scheme: objective	Criteria	Type of incentive
Investment support		
Black Business Supplier Development Programme (BBSDP): to provide majority black-owned enterprises with access to business development services	Majority black-owned (51% shareholding) enterprises; a significant representation of black managers in the management team; maximum annual turnover: R 12 million; minimum trading history of one year; if the enterprise is registered for less than a year, but has been operating previously, registration with local municipality and VAT registration or invoices must be submitted to confirm trade activity; compliance with commercial regulatory requirements	50% grant for the cost of approved tools, machinery and equipment to a maximum of R 800,000; and 80% grant for approved training and business development services to a maximum of R 200,000.
Business Process Services (BPS) Incentive: to attract investment and create employment *via* offshoring activities	The applicant: must be a registered legal entity in South Africa performing BPS activities; must, by the end of three years from the start of operation of the new project or the expansion, have created at least 50 new offshore jobs in South Africa; must commence its commercial operations no later than six months from the date on which the BPS incentive grant was approved.	A base incentive as a tax exempt grant paid over three years for each offshore job created; A graduated bonus incentive paid as follows: • 20% bonus for more than 400 but less than 800 offshore jobs; • 30% bonus for more than 800 offshore jobs.
Cooperative Incentive Scheme (CIS): to help cooperative enterprises to acquire competitive business development services	Incorporation and registration in South Africa under the 1991 Co-operatives Act; operate in an emerging sector; must be an emerging cooperative owned by historically disadvantaged persons (HDPs); be established in rural or semi-urban areas; employ women, youth, and people with disability	Maximum grant of R 350,000; 90:10 matching grant; the DTI contributes 90% and the enterprise contributes 10%
Critical Infrastructure Programme (CIP): to support the construction of infrastructure to enable investment project or to expand existing investment in infrastructure or for new investment	Private sector and public sector enterprises Private/public partnership (PPP)	Non-refundable cash grant; cover between 10% and 30% of the total development costs of the qualifying infrastructure
Employment Creation Fund (ECF): to develop the 'green economy,' the agriculture and agro-processing value-chain, technology diffusion and commercialization, public employment creation, rural development and the business environment	Private sector enterprises, non-governmental organisations (NGOs,) non-profit organizations, community-based organizations, industry associations, co-operatives, national, provincial and local government departments and agencies	Funding is available for innovative and relatively higher risk projects that are not likely to be funded through government's normal budget processes and or where the commercial financial sector is unable or unwilling to provide financial services

Scheme: objective	Criteria	Type of incentive
Enterprise Investment Programme (EIP): to stimulate growth and employment; and broaden participation. Two sub-programmes: (i) Manufacturing Investment Programme (MIP) to stimulate growth; and (ii) Tourism Support Programme (TSP) to stimulate employment and broaden participation	Local and foreign-owned entities	Investment grant of 15% to 30% towards qualifying investment in plant, machinery and equipment, and customized vehicles required for establishing or expanding production facilities or upgrading production capacity in clothing and textiles operation or to ensure that tourism projects create employment and promote tourism in new areas; investment of less than R 5million qualifies for a 30% grant; investment of R 5 million-R 30 million for 30%-15%; and investment of R 30 million-R 20 million for 15% grant; maximum qualifying investment: R 200 million; maximum qualifying grant: R 30 million
Foreign Investment Grant (FIG): to assist foreign investors in investing in manufacturing by compensating them for the cost of relocating new machinery and equipment to South Africa from abroad	Majority foreign-owned company investing in South Africa for the first time, provided it is a registered incorporated legal entity in South Africa	A cash grant, calculated as the lesser of: 15% of the value of new machinery and equipment; or the actual relocation cost of new machinery and equipment; to a maximum of R10 million
Industrial Development Zones Programme (IDZs): to provide industrial infrastructure linked to international sea- or airports for fixed direct investment into value-added and export-oriented manufacturing industries	All industries (zones to be designated first) located next to an international port	VAT exemptions under special conditions for supplies procured in SA. Duty suspensions on imports of certain production-related supplies, including assets used in export-focused production. Dedicated SARS officials to provide customs and VAT support. World-class industrial infrastructure linked to an international port of entry.
Isivande Women's Fund: to provide more affordable, usable and responsive finance to enterprises and thus accelerate the economic empowerment of women	Formally registered enterprises that are 50% + 1 share owned and/or managed by women. The fund supports start-up enterprises and expansions.	User-friendly, customised loans within a range of R 30,000 to R 2 million.
Sector Specific Assistance Scheme (SSAS): to develop an industry sector and new export markets; broaden the export base; and propose solutions to factors inhibiting export growth, stimulating the participation of SMEs, promote black economic empowerment and women empowerment in the export sector	Non-profit business sector organisations, such as Export Councils, Joint Action Groups and industry associations. Qualifying sectors are as follows: aerospace, rail and marine; agro-processing; automotive; business process outsourcing services; capital equipment and allied services; chemical and allied industries; creative industries; electro-technical; film production; metals and allied industries; pre-qualified ICT services; pre-qualified tourism services; textiles and clothing.	**Generic Funding** – R 50,000 grant for establishing export council. Grant for marketing, advertising and publicity costs on a 2:1 basis, to a maximum of R 1 million. **Project Funding** – 80:20 cost-sharing grant for projects to develop particular sectors, find new export markets and promote black SMMEs, women, youth and people with disabilities. **Project Funding for Emerging Exporters** – Travel & accommodation, exhibition costs, transport of samples and marketing materials, to a maximum of R 1.5 million.

Scheme: objective	Criteria	Type of incentive
Small business support		
Regional equity funds: to support SMEs	SMEs, in particular those sponsored by historically disadvantaged entrepreneurs	Investment between R 250,000 and R 2.5 million in enterprises that have high potential growth and returns
SEDA Technology Programme: to develop and support innovative technology-based platforms that result in the creation and development of sustainable, globally competitive SMMEs	Consortiums within a given sector including academia, private sector, provincial or local government, science councils, NGOs, financial institutions that establish and support SMMEs	50% grant for the cost of approved tools, machinery and equipment to a maximum of R 800,000; and 80% grant for approved training and business development services to a maximum of R 200,000.
Export Marketing and Investment Assistance Scheme		
Individual exhibitions and in-store promotions: assistance granted to exhibit products at recognized exhibitions where the DTI does not provide for a national pavilion	Individual exporters	Cost sharing reimbursable grant
Individual inward bound mission: organized by individual entrepreneurs where prospective buyers or investors seek to conclude export orders or attract FDI	South African entities that organize export oriented activities	Cost sharing reimbursable grant
Inward buying trade missions: the DTI provides assistance to organizers of inward buying trade missions, which seek to enable the conclusion of export orders between South African exporters and prospective foreign buyers. Missions are organised by export councils, chambers of commerce, PIPAs or the DTI	Organizers of "inward buying" trade missions for prospective foreign buyers to contact South African exporters and companies who fall under the services sectors the group mission must be organized by a qualifying organization, export council or the DTI	Cost sharing reimbursable grant
National pavilions: assistance provided to introduce South African products into foreign markets by participating in foreign exhibitions	South African manufacturers of products including SMMEs, historically disadvantaged individuals (HDIs); South African trading house (representing at least three SMMEs or HDI entities, Commission agents (representing at least three SMMEs or HDI entities; South African export councils, industry associations and joint action groups (representing at least five South African entities)	Cost sharing reimbursable grant
Outward selling trade missions: the DTI provides assistance to South African exporters who seek to conclude export orders with foreign buyers. Missions are organized by export councils, chambers of commerce, provincial investment promotion agencies (PIPAs) or the DTI	South African exporters who wish to make contact with foreign buyers or investors; the group mission must be organized by a qualifying organization, export council or the DTI	Cost sharing reimbursable grant
Primary export market research: assistance provided for costs incurred in finding and entering new exporting markets	Partially compensate exporters	Cost sharing reimbursable grant

Scheme: objective	Criteria	Type of incentive
Innovation/technology, and competitiveness		
Clothing and Textiles Competitiveness Programme (CTCP): to grow and develop the clothing, textiles, footwear, leather and leather goods manufacturing sectors. It is divided into the Improvement Programme (CTCIP) and the Production Incentive (PI).	Manufacturers in the South African clothing, textiles, footwear, leather and leather goods sectors.	The CTCIP makes 65% grants to individual companies and 75% grants to company clusters. The PI makes grants pegged at 7.5% of individual company manufacturing value addition. Grants may be used for interventions that improve competitiveness, including upgrades and expansion of capital equipment, increasing productivity, enhancing employee skills, improving products and processes, reducing costs and subsidising interest payments on debt.
Film Production Incentive: to attract foreign-based film productions to shoot films and TV productions in South Africa and assist local film producers in the production of local content.	Foreign-owned production companies with Qualifying South African Production Expenditure (QSAPE) of R 12 million+. At least 50% of principal photography must be in South Africa, for a minimum of 4 weeks South African productions and co-productions with QSAPE of R 2.5 million+.	Foreign Incentive - a grant of 15% of QSAPE. Local Incentive - a grant of 35% on the first R 6 million of QSAPE; thereafter 25% of QSAPE.
Research and Development: promote research and innovation	..	Tax deduction for operating costs related to R&D of 25% of the cost of capital expenditure approved by the Council for Scientific and Industrial Research
Manufacturing Competitiveness Enhancement Programme (MCEP): to raise manufacturing companies competitiveness and retain jobs	There are two components to the MCEP: the production incentive (PI); and the industrial financing loan facilities. Applicants may apply for one or a combination of these components at either company- or cluster-level, as well as engineering services and other businesses that support the manufacturing industry.	....
Technology and Human Resources for Industry Programme (THRIP): enhance the competitiveness of industry through developing skills and technology, and encouraging long-term strategic partnerships between industry, research and educational institutions, and the Government	All companies undertaking science, engineering and technology (SET) research, in collaboration with educational institutions, and with the aim of addressing the participating firms' technology needs.	Industry and Government contribute to finance the research efforts providing that projects involve training of students; R 1 for every R 2 from industry, to a maximum of R 8 million per annum, across any number of projects.
Technology Venture Capital Fund: to increase the number of economically-productive companies in SA, and thus contribute to economic growth and international competitiveness through innovation and technological advancement.	South African SMME companies.	Financial assistance to qualifying companies that wish to commercialize innovative products.
Sector specific		
Aquaculture		
Aquaculture Development and Enhancement Programme (ADEP): to stimulate investment in the aquaculture sector	Primary, secondary and ancillary aquaculture operations under the following Standard Industrial Classification (SIC) Codes: SIC 132: Fish hatcheries and fish farms; and SIC 301 and 3012: Production, processing and preserving of aquaculture fish	A cost-sharing grant of up to a maximum of R 40 million for investment in: machinery and equipment (owned or capitalised financial lease); bulk infrastructure; owned land and/or buildings; leasehold improvements; competitiveness improvement activities and commercial vehicles and work boats (owned or capitalised financial lease)

Scheme: objective	Criteria	Type of incentive
Automotive industry		
Automotive Investment Scheme (AIS): to support the growth and development of the automotive sector	Light motor vehicle or component manufacturers that are investing in their productive capacity. Contributions to the tooling industry and to own R&D activity, enhance the benefit.	The AIS provides for a grant of twenty to thirty percent (20-30%) of the value of qualifying investment in productive assets, as approved by the DTI.
People-Carrier Automotive Investment Scheme (P-AIS): to stimulate growth in the people-carrier vehicles industry through investment in new and/or replacement models and components	Semi knocked down and completely knocked down automotive manufacturers of people-carriers and manufacturers of components of people-carriers	A cash grant of between 20 – 35% of qualifying investments
Manufacturing		
Capital Projects Feasibility Programme (CPFP): contribute to the cost of feasibility studies into projects outside South Africa that are likely to increase local exports for South African capital goods and services.	South African registered companies conducting feasibility studies on projects outside SA, whether new, expansions or rehabilitation of existing projects.	A grant of between R 100,000 and R 5 million.
Industrial Policy Projects – S12I of the income tax act: to support Greenfield investments (new industrial projects that utilise only new and unused manufacturing assets and Brownfield investments (expansions or upgrades). The incentive supports both capital investment and training.	**Greenfields:** New manufacturing projects. Minimum investment R 200 million. **Brownfields** Manufacturing expansions & upgrades. Minimum investment R 30 million.	Additional depreciation allowance of up to 55%. Additional training allowance. Maximum investment deduction R 900million for greenfields and R 550 million for brownfields. Maximum training deduction R 30million.
Others		
Bavumile: to ensure the quality production of commercially-viable crafts and products that promote South African culture and heritage, for local and international retail and consumption.	Women involved in creative industries and clothing and textiles, with skills in embroidery, weaving, netting, sewing and beading.	Provision of specialist skills training and assistance in establishing own enterprises and co-operatives. Provision of additional training in packaging, customer service, bookkeeping and establishing own businesses and co-operatives.

Source: Online information. Viewed at: https://www.thedti.gov.za/financial_assistance/docs/thedti_Incentive_Guide2014_2015.pdf.