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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

SOUTHERN AFRICAN CUSTOMS UNION

This report, prepared for the fourth Trade Policy Review of the Southern African Customs Union, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Southern African Customs Union on its trade policies and practices.

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## SUMMARY

1. Since the last Review in 2009, economic performance has fluctuated in the five countries of the Southern African Customs Union (SACU), i.e. Botswana, Lesotho, Namibia, South Africa and Swaziland, with a downward trend in their consolidated (total) GDP growth rates. The highest growth of their consolidated GDP (3.4%) was recorded in 2011 and the lowest (-1.7%) in 2009; it has been around 2.5% per year since 2012. This performance has largely resulted from the global economic crisis and its impact on the mining and manufacturing sectors. Economic growth has been uneven within SACU but the overall (consolidated) performance largely reflects South Africa's as the latter accounts for about 91% of the region's total GDP.

2. In 2009, SACU countries individually recorded their lowest economic growth, negative in Botswana (-7.8%) and South Africa (-1.5%), but positive albeit weak in Namibia (0.6%) and Swaziland (1.3%). With annual GDP growth rates of respectively 3.4-7.8%, 0.6%-6% over the period, Lesotho and Namibia were the only SACU countries to weather the crisis rather well, without recording negative growth; the growth rates of Botswana and Namibia rebounded sharply after their poor performance in 2009 and have remained high since then. Swaziland's economic performance has been positive albeit moderate (1.3%-3% per year) over the period.

3. As a result, the socio-economic features of the SACU countries have not changed significantly since 2009. Their economies remain dominated by their relatively large services sector (about 60% of their consolidated GDP). However, inequalities between and within the countries are still an issue and continue to be the focus of policy efforts. Botswana and South Africa remain upper middle-income countries – they have been joined by Namibia; Swaziland, a lower middle-income country; and Lesotho, a least developed country. South Africa's highly diversified economy contrasts with the narrow-based ones of its regional counterparts: diamonds and other minerals in Botswana and Namibia; textiles and clothing in Lesotho; and sugar in Swaziland. Intra-country inequalities within SACU are among the highest in the world, with unemployment and poverty common challenges; relatively high inflation during the review period, due to currency depreciation, high food and fuel prices, as well as an increase in the VAT rate in Botswana, has not helped.

4. The SACU agreement does not provide for harmonization of macroeconomic policies. However, by virtue of the membership of Lesotho, Namibia, and Swaziland of the Common Monetary Area (CMA), their currencies are pegged to the South African Rand, and their monetary policies are largely aligned on the policy pursued by the South African Reserve Bank (SARB).

5. SACU countries source some 13% of their imports in the region, and supply the region in the same range. As the largest economy, South Africa is the main investor in the other SACU countries and also dominates regional trade, with over 95% of commercial flows within the customs union involving it as a destination or source. Extra-SACU imports originate mainly from the EU, China, and the United States, which are also among SACU's main export markets. EU countries, United States and China are also the leading investors in the region.

6. All SACU countries are members of SADC and signatories to its Trade Protocol. They have RTAs with the members of the European Free Trade Association (EFTA) and a reciprocal trade agreement, signed but not in force, with the MERCOSUR countries. In 2008, SACU members signed a Trade, Investment, and Development Cooperation Agreement (TIDCA) with the United States, which entered into force immediately. Negotiations with the EU on a SADC-EU Economic Partnership Agreement (EPA) were completed in July 2014.

7. Some SACU countries also maintain bilateral trade agreements, and their consensus to negotiate new trade agreements as a group has not refrained some of them from individually launching bilateral trade negotiations with third countries. Swaziland is the only SACU country that is also a member of COMESA, where it enjoys unilateral preferential market access. SACU members continue to benefit from non-reciprocal preferential treatment under the Generalized System of Preferences (GSP); and, with the exception of Swaziland (since January 2015), under the U.S. African Growth and Opportunity Act (AGOA).

8. The applied MFN customs tariff, excise duties, duty and tax concessions (rebates, refunds and drawbacks), customs valuation, rules of origin, and contingency trade remedies remain

harmonized within SACU. For the time being, in the absence of a regional body, the International Trade Administration Commission (ITAC) of South Africa is responsible for managing the SACU common external tariff (CET); it is also mandated to recommend all rebates, refunds, and drawbacks in SACU. Efforts are ongoing within SACU to facilitate trade by further streamlining customs procedures and documentation.

9. The simple average applied MFN tariff (SACU CET) rate is 8.3% in 2015, slightly up from 8.1% in 2009. The tariff remains complex, still comprising *ad valorem*, specific, mixed, formula (variable) duties, and their combination; non-*ad valorem* duties represent about 3.8% (up from 3.2% in 2009) of total tariff lines. Tariff rates display relatively high dispersion from zero to 624% (an *ad valorem* equivalent). The modal rate (the most frequently applied) is zero and applies to about 57.5% of all tariff lines on, *inter alia*, live animals, products of animal origin, ores, fertilizers, cork, pulp of wood, silk, some minerals (e.g. nickel, lead, and zinc), and other base metals. The highest *ad valorem* rate (96%) applies to 14 tariff lines, including mainly dairy products; and the highest *ad valorem* equivalent (624%) applies to worn clothing and worn textile articles.

10. Agriculture (WTO definition) remains the most tariff-protected sector (9.9% on average, slightly down from 10.1% in 2009), while tariff protection for non-agricultural goods is 8% (slightly up from 7.8% in 2009). Under ISIC (revision 2), manufacturing is the most tariff-protected sector (8.7%, slightly up from 8.5% in 2009), followed by agriculture (3.5%, slightly down from 3.7% in 2009), and mining and quarrying (0.1%, down from 0.8% in 2009). The presence of tariff escalation indicates higher effective protection for processed products.

11. Namibia, South Africa and Swaziland have identical binding commitments (96.6% of all tariff lines), while those of Lesotho (on 100% of its tariff lines) and of Botswana (on 96.6%) are different. All tariff bindings by SACU members are *ad valorem*. Therefore, the imposition of non-*ad valorem* duties under the SACU CET does not ensure compliance with the binding commitments. Contrary to the other SACU members, South Africa's market access commitments include tariff quotas on 53 product groups which actually enter the country at the in-quota tariff rates.

12. Contrary to excise duties, the VAT is not harmonized within SACU, and the taxation bases and the rates are different: the rate is 14% in Lesotho, South Africa and Swaziland; 12% in Botswana; and 15% in Namibia. Namibia is the only SACU country to impose export taxes/levies on selected products (e.g. unprocessed diamonds, raw hides and skins, and goat skins).

13. In addition to duty and tax concessions (rebates, refunds and drawbacks) provided for by the SACU Agreement, country-specific rebates on wheat and dairy products are used by Botswana, Lesotho, Namibia and Swaziland (BLNS). During the review period, the Automotive Production Development Program replaced the Motor Industry Development Programme, and the Textile and Clothing Industry Development Programme was discontinued. National legislations also provide for investment incentives aiming at economic and export diversification in BLNS, and at promoting exports and addressing social concerns in South Africa.

14. As of end 2014, South Africa (on behalf of SACU) maintained definitive anti-dumping measures on imports from 13 WTO Members. In November 2012, the ITAC initiated a safeguard investigation on imports of frozen potato chips, on which it imposed a provisional safeguard measure in July 2013 and a definitive safeguard measure on 11 December 2013.

15. During the period under review, Botswana, Namibia and Swaziland fully enforced their national competition regimes; except for Lesotho, all SACU countries have by now their national competition policies in place. However, a regional competition regime is yet to be adopted. None of the SACU countries is party to the WTO plurilateral Agreement on Government Procurement; their government procurement legislations provide for price preferences to local suppliers/products. Except for Namibia where a new Industrial Property Act was passed in 2012, the national regimes on intellectual property rights in SACU countries have not significantly changed.

16. Although the 2002 SACU Agreement calls for harmonization of agricultural and industrial policies, this has not yet materialized. Therefore, except for customs-related issues, sectoral policies remain country-specific.

17. In Botswana, sectoral policies aim at sustainable economic growth, to be led by diversified production by the private sector which is expected to play an enhanced role in a more competitive environment. The diversification efforts have not been successful as Botswana continues to rely heavily on the mining sector, specifically on diamonds exports (82.3% of total merchandise exports (including re-exports) in 2013). Moreover, the intervention of the State in Botswana's economy continues to be significant. For instance, Botswana's two major export products (diamonds and beef) are traded by state-owned companies. Indeed, Debswana, the diamond mining company (50% state ownership), holds a de facto monopoly over exports of rough diamonds, and the Botswana Meat Commission (BMC), which is fully state-owned, has a statutory monopoly on beef exports. Agriculture remains one of the most important economic activities. Even though the sector's contribution to GDP has decreased from over 40% in 1966 to 2.4% in 2014, it remains the mainstay of the rural economy, where it is the major source of livelihood, and thus plays a major role in poverty reduction. In addition, livestock's contribution to exports is substantial; meat and meat products accounted for 70.3% of the country's agricultural exports. Agriculture continues to be highly protected (by tariff and non-tariff measures) on food security grounds (according to the authorities), one of the country's main socio-economic goals.

18. Lesotho's economy relies mainly on apparel industry (59% of total exports), and on agriculture, the backbone of the rural economy and the main employer. Mining, electricity and tourism have been identified by the government as activities facing significant challenges but with great potential for growth. Accordingly, during the period under review, Lesotho enacted many new laws to modernize its institutional and legal framework on, inter alia, telecommunications, electricity and financial services; their implementation is mostly ongoing. In 2010, it reformed its land system by allowing foreigners to hold a land title subject to certain conditions. In the mining sector (dominated by diamonds) the Government reserves the right to acquire at least 20% ownership in any large-scale mine. Currently, all mines are jointly owned by the state and a foreign company, with the state's participation ranging from 20% to 30%. Although Lesotho has a strong potential for the generation of electricity because of its relatively abundant water, it is obliged to import power from Mozambique and South Africa, its current infrastructure being very limited. The performance of the tourism sector also remains weak due to poor or inexistent infrastructure, poor brand image, and a limited marketing and communication strategy.

19. Namibia's economy is highly dependent on exports of mining products, particularly diamonds. Livestock and fish are also important earners of foreign exchange. In the agricultural sector, Namibia aims to stimulate downstream agro-industries, improve competitiveness of agricultural industries, and increase local products' share of the domestic market and the contribution of agriculture to the national economy. Based on Vision 2030, the industrial policy promotes value addition: it outlines the specific principles and objectives that will guide manufacturing in terms of production structure and standards. Namibia has updated its information and communication technology framework since 2008 in response to growing demand. The penetration rate of telephones has more than doubled since 2008, with the main source of growth being mobile telephony. Namibia has one of the most developed financial systems in Africa, though significant limitations remain. It is among the world's fastest growing tourist destinations and tourism makes a significant contribution to its GDP and employment.

20. South Africa has the most technologically advanced and diversified economy in Africa, with a large services sector generally open to foreign investment. Agriculture is characterized by its dualism, i.e. the coexistence of a well-developed export-oriented system and a subsistence production one. The mining policy has not changed since the last Review; the performance of the sector has been negatively affected mainly by repeated workers strikes. Automotive and textiles are the main manufacturing industries and absorb most of Government incentives. Manufacturing is further protected by the escalatory structure of the SACU CET. However, recent frequent power outages are a challenge to the sector and to the whole economy. South Africa maintains a solid and relatively stable financial services subsector. Tourism is a key foreign exchange earner.

21. In Swaziland, sugar and sugar-based products make up almost 50% of merchandise exports. The country is a net importer of food, fuels and services. Agriculture still provides the livelihood for 80% of the population. The Government seeks to ensure food security, increase productivity, and diversify and enhance commercial agriculture. Land fragmentation, high input costs, poor infrastructure and insufficient access to credit remain major challenges. Swaziland is a net importer of energy and electricity is more expensive than in any other SACU country. Mining has expanded in the past years owing to new iron ore production and improvements in coal

production; this has resulted in increased mineral exports. Under the Mines and Minerals Act passed in 2011, a 50% cap applies on foreign investment in mining activities. Manufacturing remains focused on value-added sugar products (confectionery and soft drinks). In the telecommunications subsector, new legislation was passed in 2013 and an independent regulator was established. This should enable market access for new entrants, thereby promoting competition and price reductions.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Main Features of the Economy

1.1. Botswana, Lesotho, Namibia, South Africa, and Swaziland form the Southern African Customs Union (SACU). With the exception of Botswana, SACU members also participate in a Common Monetary Area (CMA) which integrates Lesotho, Namibia and Swaziland into the South African currency system.

1.2. Since the previous Review in 2009, inequality between SACU countries remains striking in several respects, including the level of development, economic structures, and broad macroeconomic indicators. South Africa has, by far, the largest economy with a nominal GDP of US\$350 billion in 2013, i.e. over 91% of the region's total (US\$380 billion); while, with a nominal GDP of US\$2.1 billion, Lesotho accounted for only 0.6% of the total. In addition, while South Africa, Botswana, and Namibia are upper-middle-income countries, Lesotho and Swaziland are lower-middle-income countries; Lesotho is the only SACU country listed as a least developed country (LDC). Intra-country inequality is also an issue, as SACU members are among those countries with the highest income inequality in the world.<sup>1</sup>

1.3. The economic base of SACU did not significantly change during the review period. Apart from South Africa, which has a large industrial base and serves as a trade hub in the region, the economies of SACU countries are narrow-based and vulnerable. The services sector remains the largest sector of the economies, its share of SACU's GDP averaging over 60% during the review period (Table 1.1).

**Table 1.1 SACU's selected socio-economic indicators, 2008-13**

	2008	2009	2010	2011	2012	2013
Area ('000 sq. km)	2,651	2,651	2,651	2,651	2,651	2,651
Population (million) <sup>a</sup>	56.5	57.3	58.1	59.0	59.9	60.8
Urban (million)	32.8	33.6	34.4	35.2	36.0	36.9
Density (per km <sup>2</sup> )	21.3	21.6	21.9	22.3	22.6	22.9
Growth rate (per year)	1.4	1.4	1.4	1.5	1.5	1.5
Life expectancy	52.4	53.2	54.1	54.9	55.7	56.3
GDP at market price (US\$ billion, current prices)	311	320	406	451	431	401
GDP per capita (US\$, current prices)	5,503	5,579	6,984	7,639	7,198	6,594
Real GDP (constant 2005 US\$ billion)	321	316	326	337	345	354
Annual percentage change	3.3	-1.7	3.3	3.4	2.4	2.6
Per capita GDP	5,683	5,510	5,613	5,717	5,769	5,830
Growth	1.9	-3.0	1.9	1.9	0.9	1.1
Share of GDP (current prices) <sup>b,c</sup>						
Agriculture, forestry and fishing	3.0	2.9	2.6	2.5	2.4	2.2
Mining & quarrying	9.1	8.2	8.9	9.1	8.8	8.7
Manufacturing	14.2	13.6	13.0	12.0	11.9	11.6
Water, electricity, and gas	1.6	2.1	2.4	2.7	3.1	3.2
Construction	3.9	3.9	3.5	3.5	3.5	3.7
Services	58.2	60.0	60.4	60.2	60.6	60.5
Other items <sup>d</sup>	9.8	9.4	9.2	9.8	9.8	10.0
Exports of goods and services (constant 2005 US\$ billion) <sup>c</sup>	92	76	82	87	87	90
Imports of goods and services (constant 2005 US\$ billion) <sup>c</sup>	107	91	99	108	117	118
Trade in goods and services (percentage of GDP) <sup>c</sup>	61.9	53.0	55.4	57.9	58.8	59.3

a Figures from World Development Indicators.

b The definition of agriculture varies according to each country.

c 2013 data do not include Swaziland.

d Including indirect taxes.

Source: World Bank's World Development Indicator database. Viewed at: <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators>; Bank of Botswana (2015), *Botswana Financial Statistics, February Issue*; Lesotho's Central Bank, *Annual Report 2013*; Statistics South Africa, *Gross Domestic Product (GDP), 4th Quarter 2014*. Viewed at: [http://beta2.statssa.gov.za/?page\\_id=1854&PPN=P0441](http://beta2.statssa.gov.za/?page_id=1854&PPN=P0441); and African Development Bank, *African Statistical Yearbook 2014*.

<sup>1</sup> Online information. Viewed at: <https://www.imf.org/external/pubs/ft/wp/2012/wp12290.pdf>.

1.4. The Common Monetary Area (CMA) agreement provides for free capital movement within the monetary area (with limited exceptions to safeguard domestic prudential requirements, as indicated in the provisions on exchange control) and a right of access by Lesotho, Namibia, and Swaziland (LNS) to South Africa's capital and money markets. The loti (Lesotho's currency), the Namibian dollar, and the lilangeni (the Swazi currency) are pegged to the South African rand (ZAR), and banknotes issued by LNS are freely convertible into the ZAR. LNS must support the peg by maintaining net international reserves (NIRs) equivalent to a minimum of individual member State's money supply. The rand is legal tender in Lesotho, Namibia, and Swaziland, and circulates widely in all three.

1.5. Lesotho, Namibia, and Swaziland have entered into a bilateral monetary agreement with South Africa to supplement the CMA. According to the authorities, this was done mainly for flexibility purposes, and to accommodate country-specific needs. Although they belong to this monetary arrangement, each member is responsible for managing its own monetary policy, and supervising its financial institutions. However, by virtue of their membership of the CMA and pegging their currencies to the rand, effective implementation of monetary policy and its implications for macroeconomic stability depend, to a large extent, on the policies pursued by the South African Reserve Bank (SARB). The administering organ is the Common Monetary Area Commission, comprising a representative of each member country and any advisers the country may appoint.

1.6. SACU members' social indicators continue to present a challenge. The share of the population living below the poverty line in 2009 was 19.3% in Botswana (the lowest), 57.1% in Lesotho (2010), 28.7% in Namibia (2009), 53.8% in South Africa (2011), and 63% in Swaziland (2010) (the highest level).<sup>2</sup>

## 1.2 Recent Economic Developments

1.7. The GDP growth in SACU economies fluctuated during the review period. The recent global economic crisis had a detrimental effect on almost all economic activities, mainly with a significant contraction in the region's aggregate output in 2009 (-1.7%). However, SACU economies collectively grew by 3.4% in 2010 and 3.7% in 2011 (Table 1.1), driven by strong GDP growth rates (over 3%) in Botswana, Namibia, and Lesotho, while South Africa and Swaziland's economies grew by less than 3%. The recovery resulted mainly from a sharp pickup in mining activities throughout the region; the manufacturing sector in Botswana, Namibia, and Lesotho also played its part.

1.8. Over the years following 2011, the resurgence of the debt crisis in the EU (the main trade partner of SACU), coupled with economic uncertainty in several major industrialized countries impaired the continuation of SACU's good economic performance. In the aggregate, the region's GDP growth rate decelerated in 2011 and in 2012; and this weak performance persisted in 2013.

1.9. The core mandate of all the central banks in SACU is price stability, which implicitly contributes to coordinated monetary policies within the region. There is no formal consultation framework in place between monetary authorities; however, they meet from time to time at SADC level.

1.10. Overall, inflation remained relatively high (over 5% per year on average) in all SACU countries. In fact a significant part of inflationary pressure in SACU is from increases in global food and fuel prices, together with currency depreciation. South Africa and Botswana pursue an inflation objective of 3-6% per year. During the review period, inflation, measured as percentage changes in the consumer price index (CPI), remained predominantly erratic, despite efforts from Central Banks to contain it. The noticeable high inflation in Botswana, with rates exceeding the upper band of the inflation target range, was due to an increase in the VAT rate from 10% to 12%, together with an increase in certain administered prices (Annex 1, Section 1.1).

1.11. The SACU agreement does not provide for the harmonization of members' fiscal policies. However the revenue-sharing arrangement has important fiscal implications for BLNS countries, as payments in this respect account for over half of total government income in Lesotho and

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<sup>2</sup> Online information. Viewed at: <http://data.worldbank.org/country>.

Swaziland, while the corresponding figures for Namibia, Botswana, and South Africa are on average in the order of 33%, 30%, and 3%, respectively.

### 1.3 Trade and Investment Performance

1.12. During the review period, SACU's aggregate trade in goods and services as a percentage of its GDP remained high, nearly 60% on average; however, it decreased noticeably from 61.9% in 2008 to 53.0% in 2009 during the economic crisis (Table 1.1).

1.13. SACU continues to display a trade deficit since the previous Trade Policy Review (TPR). The widening deficit is mainly due to declining exports, and high demand for imports of motor vehicles and machinery in connection with South Africa's infrastructural development (Annex 4). Botswana is the only SACU country with trade surpluses throughout the review period, whereas Lesotho, Namibia, South Africa, and Swaziland continued to post deficits.

1.14. The level of intra-SACU trade did not change significantly during the review period. In aggregate, SACU countries sourced some 13% of their imports in the region, and supplied the region in the same range (with an exception in 2009 when intra-SACU exports displayed a considerably weaker ratio). However, significant disparities remain between the countries.

1.15. Over 95% of commercial flows within the customs union involved South Africa as a destination or source. Some 90% (on average) of Lesotho and Swaziland's imports originated from SACU countries (mostly South Africa); while South Africa covered barely 3% of its import demands through regional supply (Tables A1.1, A1.2, and A1.3).

1.16. The direction of extra-SACU trade has not changed since 2009. Imports originate mainly from the EU, China, the United States, Middle East and other African countries. The same countries are also among SACU's main export markets. China was the fastest growing export market; with a share of 13% in 2013, it has become the top single market for SACU's exports (Tables A1.4 and A1.5).

1.17. Imports continue to be dominated by fuels, and machinery and transport equipment. Primary products, mainly minerals and non-ferrous minerals, as well as manufactures are the main export products of SACU (Tables A1.6 and A1.7).

1.18. FDI inflows benefit mainly mining and quarrying, manufacturing (notably the clothing industry), telecommunications, financial services, and retail trade. EU countries are the leading investors in the region followed by the United States, China, and a number of Asian countries (see Annexes). In addition, South Africa is a significant investor in other SACU members. According to the World Bank's report on ease of doing business, the business environments in SACU countries collectively underperformed in 2015 in comparison with 2008 (Table 1.2); this may constrain FDI inflows and the economic performance.

**Table 1.2 Overview of the business environment in SACU countries, 2008 and 2015**

	Namibia		Botswana		Lesotho		South Africa		Swaziland	
	2008	2015	2008	2015	2008	2015	2008	2015	2008	2015
Ease of doing business (rank <sup>a</sup> )	43	88	51	74	124	128	35	43	95	110
Starting a business										
- Rank <sup>a</sup>	101	156	99	149	126	108	53	61	142	145
- Cost <sup>b</sup>	22.3	13.1	9.9	1.0	37.4	9.4	7.1	0.3	38.7	23.3
- Number of days	99	66	108	60	73	29	31	19	61	30
Trading across borders										
Rank <sup>a</sup>	144	136	145	157	129	147	134	100	146	127
Number of export documents	11	8	6	6	6	7	8	5	9	7
Time to export (days)	29	24	33	27	44	31	30	16	21	17
Cost to export <sup>c</sup>	1,539	1,650	2,328	3,145	1,188	1,795	1,087	1,830	1,798	1,980
Documents to import (number)	9	7	9	6	8	7	9	6	11	6

	Namibia		Botswana		Lesotho		South Africa		Swaziland	
	2008	2015	2008	2015	2008	2015	2008	2015	2008	2015
Time to import (days)	24	20	43	35	49	33	35	21	34	23
Cost to import <sup>c</sup>	1,550	1,805	2,595	3,710	1,210	2,045	1,195	2,080	1,820	2,245
Getting credit	36	61	26	61	115	151	26	52	36	61
Registering property										
- Rank	128	173	36	51	132	93	76	97	142	129
- Number of procedures	9	8	4	4	6	4	6	7	11	9
- Cost <sup>d</sup>	9.9	13.8	5.0	5.1	8.2	8.4	8.8	6.2	7.1	7.1

a The 2008 rankings are based on 178 countries and economies, and the 2015 rankings on 189 countries and economies.

b Percentage of income per capita.

c US\$ per container.

d Percentage of property value.

Source: World Bank (2008); and World Bank (2015), "Doing Business". Viewed at: <http://www.doingbusiness.org/reports/global-reports/doing-business-2015>.

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## 2 THE COMMON REGIME

### 2.1 Overview

2.1. The Southern African Customs Union (SACU), the oldest existing customs union in the world, functions mainly on the basis of the 2002 SACU Agreement.

2.2. The objectives of SACU, as contained in Article 2 of the 2002 Agreement are: (a) to facilitate the cross-border movement of goods between the territories of the member States; (b) to create effective, transparent and democratic institutions which will ensure equitable trade benefits to member States; (c) to promote conditions of fair competition in the Common Customs Area; (d) to substantially increase investment opportunities in the Common Customs Area; (e) to enhance the economic development, diversification, industrialization and competitiveness of member States; (f) to promote the integration of its members into the global economy through enhanced trade and investment; (g) to facilitate the equitable sharing of revenue arising from customs, excise and additional duties levied by member States; and (h) to facilitate the development of common policies and strategies.<sup>1</sup>

2.3. Article 31 of the SACU Agreement allows member States to maintain pre-existing preferential trade arrangements; as a consequence, they are also individually members of other preferential trade arrangements. Goods admitted duty-free by a SACU member under its individual trade agreement with a third country, should have the duty imposed when removed to another SACU country. However, this is not always the case in practice; as an example, once goods enter South Africa under the Trade, Development and Cooperation Agreement (TDCA), they may also be removed to BLNS countries duty-free. Swaziland participates in the Common Market for Eastern and Southern Africa (COMESA) (Annex 4), while South Africa and the EU maintain trade preferences under the Trade, Development and Cooperation Agreement (Annex 4) – the trade component of the TDCA is to be replaced by the EPA upon its entry into force. In addition, South Africa has bilateral trade agreements with Malawi and Zimbabwe (Annex 4). Botswana also has bilateral trade agreements with Malawi and Zimbabwe (Annex 1), while Namibia has a bilateral trade agreement with Zimbabwe (Annex 3).

2.4. SACU members are eligible for non-reciprocal preferential treatment under the Generalized System of Preferences (GSP) and, with the exception of Swaziland (since January 2015), under the U.S. African Growth and Opportunity Act (AGOA). None of the SACU members is a signatory to the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP). All SACU countries are members of the Southern African Development Community (SADC), in their respective individual capacities.

2.5. The 2002 SACU Agreement requires member States to develop common policies and strategies with respect to industrial development (Article 38); cooperate in the development of agriculture policies (Article 39); cooperate in the enforcement of competition laws and regulations (Article 40); and develop policies and instruments to address unfair trade practices between member States (Article 41). According to the authorities, the agreement also calls for harmonization of product standards and technical regulations (Article 28).

2.6. SACU member States have initiated work to develop the regional industrial development policy as well as the Annexes on Competition Policy and Unfair Trade Practices. Areas so far harmonized under the SACU Agreement are in general customs related: mainly the tariff, and trade remedies. Non-tariff measures are not harmonized. The 2002 SACU Agreement, while recognizing the need for the Customs Union to be aligned with developments in international trade, is limited to the liberalization of trade in goods. The Agreement does not establish provisions for trade in services. However, in 2012, SACU member States decided to make trade in services a priority area in the Union's work programme. Work in this area is still at infancy stage.

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<sup>1</sup> Online information. Viewed at: <http://www.sacu.int/about.php?id=397>.

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## 2.2 Southern African Customs Union (SACU)

### 2.2.1 Institutional structure

2.7. The 2002 SACU Agreement provides for the establishment of certain designated institutions essential for the implementation of the Customs Union: the Council of Ministers; the Customs Union Commission; the Secretariat; the Tariff Board; the Technical Liaison Committees; and the ad hoc Tribunal. The SACU Agreement was amended during the review period to institutionalize the SACU Summit, through a decision of the Council of Ministers. The amendments were signed by the heads of state and government of SACU on the 12 April 2013, in Gaborone, Botswana.

2.8. In accordance with the amendments, the Summit shall: provide political and strategic direction to SACU; receive reports on the work of the Council; and meet once a year, with the possibility of holding extraordinary meetings at the request of any member. The amendments to the 2002 SACU Agreement will enter into force upon ratification by all SACU member States.

2.9. The Council of Ministers is "responsible for decision-making on the overall policy direction and functioning of SACU institutions, including the formulation of policy mandates, procedures and guidelines for the SACU institutions". The Council consists of at least one Minister from each member State and is chaired in turn by each member State for a period of one year.

2.10. The SACU Tariff Board is responsible for making recommendations to the SACU Council of Ministers on customs tariffs and related issues, such as anti-dumping, countervailing, and safeguard duties on goods imported from outside the Common Customs Area, and rebates, refunds or duty drawbacks, based on directives by the Council. In making its recommendations, the Tariff Board will review the customs tariff investigations initiated by member States' national bodies.

2.11. Efforts are under way to establish the Tariff Board and its national bodies. Since South Africa already has a fully functional National Body, the International Trade Administration Commission (ITAC), the SACU Council has mandated ITAC to act as the interim SACU Tariff Board. In the absence of the SACU Tariff Board, the South African Trade Minister still remains the decision-making authority when it comes to adjusting SACU's customs tariffs and trade remedies.

2.12. Botswana too has legislation that establishes the Botswana Trade Commission (BTC). As of October 2014, BTC was in the process of being established. Lesotho, Namibia and Swaziland are still developing legislation that would establish their national bodies.

2.13. Article 7 of the 2002 SACU Agreement provides for an ad hoc Tribunal. In terms of Article 13, the Tribunal will settle disputes on the interpretation or application of the SACU Agreement. A draft annex on the SACU Tribunal is to operationalize Article 13 of the Agreement, which will address, *inter alia*: the jurisdiction of the Tribunal; the appointment of members of the Tribunal; implementation of the decisions of the Tribunal; and procedures necessary for the functioning of the Tribunal.

2.14. The Customs Union Commission is responsible for the implementation of the SACU Agreement; overseeing the management of the common revenue pool in accordance with the policy guidelines decided by the Council; and supervising the work of the Secretariat.

2.15. The Secretariat is responsible for the day-to-day administration of the Agreement, including implementing the decisions of the Summit, Council and of the Commission, and providing technical support for all SACU initiatives.

2.16. The Technical Liaison Committees (TLCs) are mandated to assist and advise the Commission in its work. There are five TLCs in the areas of: agriculture, customs, trade and industry, transport, and finance.

### 2.2.2 Common revenue pool and revenue-sharing formula

2.17. The SACU revenue-sharing formula and the common revenue pool (CRP) continue to be governed by Articles 32 to 37, and Annex A to the 2002 SACU Agreement. The current formula

was implemented for the first time in December 2004 to calculate revenue shares for 2005/06. Under Article 32, all customs, excise, and additional duties collected in the Common Customs Area are to be paid into the common revenue pool, within three months of the end of each quarter of a financial year (commencing on 1 April).

2.18. Before any sharing of the pooled revenue, the financial needs (budgeted cost of financing) of the Secretariat, the Tariff Board, and the Tribunal must be met. From the remaining net amount, each member's share is calculated and has three basic components. The customs component is allocated on the basis of intra-SACU imports. The excise component is allocated on the basis of each country's share of SACU's gross domestic product (GDP). The development component, which is fixed at 15% of total excise revenue, is distributed according to the reverse of each country's GDP per capita, to guarantee greater benefits to the least developed SACU members.<sup>2</sup>

2.19. On the basis of the current revenue-sharing formula, South Africa receives about 45% of total customs and excise revenues collected, and BLNS the remaining 55%. South Africa receives about 80% of its SACU revenue through the excise component, and BLNS receive about 85% of their revenue from the customs component. This leaves BLNS vulnerable to fluctuations in the customs component of their share of the pooled revenue.<sup>3</sup>

2.20. In 2011, the SACU Council of Ministers launched a regional task force to review the revenue-sharing arrangement in order to identify areas requiring improvement and develop options. In 2012, a statistical database was launched to develop data generating systems with a view to ascertaining data quality and reliability. The statistical database covers merchandise trade, national accounts, balance of payment, government financial statistics, monetary/financial statistics, and consumer price index.<sup>4</sup>

2.21. South Africa is currently the manager of the CRP and provides quarterly reporting of collection and performance of the CRP. The Secretariat has oversight functions over all transactions into and out of the common revenue pool. The pool is also subject to annual statutory audits by South Africa as the manager of the CRP.

### 2.3 Trade Agreements and Arrangements

2.22. No new trade agreements were signed or implemented by SACU countries during the review period.

2.23. In accordance with Article 31 of the 2002 SACU Agreement, no SACU member State can negotiate or amend a trade agreement without consent from the others. SACU members currently have a unified approach towards negotiations with third parties on an ad hoc basis. An annex establishing a Common Negotiating Mechanism (CNM) has been drafted and awaits adoption.

2.24. Since the implementation of the 2002 SACU Agreement, SACU has concluded a free trade agreement with the member States of the European Free Trade Association (EFTA) – Iceland, Liechtenstein, Norway and Switzerland – and a reciprocal trade agreement with the member states of MERCOSUR. In addition, in 2008, SACU member States signed a Trade, Investment and Development Cooperation Agreement (TIDCA) with the United States, which entered into force immediately. Negotiations with the EU on a SADC-EU Economic Partnership Agreement (EPA) were completed in July 2014.

2.25. SACU is currently negotiating a PTA with India. In addition, it is participating in the negotiations on the Tripartite Free Trade Agreement between COMESA, the EAC and SADC.

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<sup>2</sup> For further details, please refer to WTO document WT/TPR/S/222/Rev.1, 14 December 2009.

<sup>3</sup> Flatters and Stern (2005).

<sup>4</sup> Online information. Viewed at:

<http://www.sacu.int/publications/reports/annual/2012/annualreport2012.pdf>.

### 2.3.1 Participation in the WTO

2.26. SACU countries are original WTO Members in their individual capacities. All SACU countries accord at least MFN treatment to all WTO Members. Botswana joined the GATT on 28 August 1987, Lesotho on 8 January 1988, Namibia on 15 September 1992, South Africa on 13 June 1948, and Swaziland on 8 February 1993. Due to its "least developed country (LDC)" status, Lesotho is eligible for the WTO's Enhanced Integrated Framework (EIF). None of the SACU members are signatories or observers to any of the WTO Plurilateral Agreements.

2.27. On 21 June 2012, Brazil requested consultations with South Africa with regard to its preliminary determination and the imposition of provisional anti-dumping duties by South Africa's International Trade Administration Commission (ITAC) (which acts on behalf of SACU) on frozen meat of fowls of the *Gallus Domesticus* species, whole bird and boneless cuts, originating in or imported from Brazil.<sup>5</sup> In addition, in July 2014, South Africa reserved its right to participate as a third party in a complaint by the EU on the Russian Federation's measures on the importation of live pigs, pork and other pig products from the European Union.<sup>6</sup>

2.28. SACU countries continue to fulfil their notification obligations at the WTO; though with varying degrees of regularity (see Annexes).

### 2.3.2 African Union (AU)

2.29. The five SACU countries are members of the AU, which succeeded the Organization of African Unity (OAU) in July 2002. Its organs comprise the Assembly, composed of heads of states and governments (decisional body); the Council of Ministers (executive body); the Pan-African Parliament (consultative body); the Commission (including eight commissioners, each responsible for a portfolio); and the Peace and Security Council (PSC). The aims of the AU include accelerating the political and socio-economic integration of the continent.

2.30. The economic objectives are to be attained through the African Economic Community (AEC), established in Abuja (Nigeria) in June 1991. The AEC was officially brought into operation in May 1994.

2.31. The AEC aims to become a monetary and economic union on a continental scale by 2028. The integration process envisages, firstly, the strengthening of the main regional economic communities (REC), of which eight have been designated as pillars of the AEC. SACU countries are represented through the SADC group.

2.32. Regional economic integration has long been recognized as critical in promoting Africa's endogenous growth and development, particularly in promoting economies of scale, enabling competitiveness, promoting diversification and addressing supply side constraints, through market integration, infrastructure development, and industrial development.

2.33. The regional economic integration agenda of the five countries is being driven through the Southern African Customs Union (SACU), the Southern African Development Community (SADC), and the Tripartite Free Trade Area (T-FTA).

2.34. The New Partnership for African Development (NEPAD) is the AU's programme for economic and social development in Africa. It has its own Agency, based in South Africa. NEPAD aims to address the critical challenges of poverty, development and Africa's marginalization. NEPAD's programmes are aligned with the aspirations of the African Union's Agenda 2063. It recognizes the pivotal role of the private sector in meeting Africa's developmental imperatives.

2.35. NEPAD also aims to promote the regional economic integration priorities of the continent. NEPAD projects are currently in place in the following domains: agriculture and food security; climate change and natural resource management; regional integration and infrastructure; human development; and economic and corporate governance, as well as some cross-cutting issues, such as gender and ICT development.

<sup>5</sup> WTO document WT/DS439/1, G/L/990, G/ADP/D92/1, 25 June 2012.

<sup>6</sup> WTO document WT/DS475/2, 30 June 2014.

### 2.3.3 Southern African Development Community (SADC)

2.36. All SACU members are signatories to the SADC Protocol on Trade, which entered into force on 25 January 2000. The protocol aims to further liberalize intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements. The SADC free trade area (FTA) was launched in August 2008. Article 23 of its Protocol on Trade provides for services liberalization. SADC States have since developed a specific Protocol on Trade in Services. Most member States have now signed the Protocol, with a few having completed the ratification processes.

2.37. SADC has been notified to the WTO under Article XXIV of the GATT 1994, and was considered by Members at the Committee on Regional Trade Agreements (CRTA) on 15 and 16 May 2007.

2.38. The roadmap for SADC as regards regional integration was originally to establish a customs union in 2010, common market in 2015, monetary union in 2016, and an economic union in 2018. To date, except for the progress made towards the free trade area, other integration stages have yet to be brought into operation. In 2007, SACU countries completed their tariff liberalization process in the framework of the SADC free trade area. Although Angola, the Democratic Republic of the Congo and Seychelles are SADC members, they have not yet acceded to the free trade area protocol. Seychelles is in the final stages of its accession. Malawi, Tanzania, and Zimbabwe experience various difficulties in fully complying with the free trade area protocol.

2.39. In 2012, in order to provide for smooth transition towards a customs union, the SADC Ministerial Task Force on Regional Economic Integration recommended actions to further consolidate the SADC FTA in terms of an agreed action plan matrix, as well as to address the issue of overlapping membership of various regional economic communities.

2.40. SADC is involved in negotiations on a tripartite arrangement with COMESA and the EAC, with the main objective of rationalizing the integration processes in the Southern and Eastern Africa region, in line with the African Union Action Plan for the harmonization of regional economic communities throughout the continent. The Tripartite Free Trade Area initiative is working towards establishing a free trade area among the 26 countries of the three regional blocs. The 2<sup>nd</sup> COMESA-EAC-SADC Tripartite Summit of Heads of State and Government was held in Johannesburg in June 2011. It initiated negotiations for the establishment of the Tripartite Free Trade Area, and adopted the roadmap, as well as the negotiating principles, processes, and institutional framework. The Tripartite Free Trade Agreement (TFTA) was signed on 10 June 2015 at the 3<sup>rd</sup> Tripartite Summit of Heads of State and Government in Egypt. Some important work under the phase I negotiations (trade in goods) remains outstanding and will continue after the launch of the legal texts of the agreement. According to the authorities, Phase II (trade in services, as well as other trade-related areas) will follow after substantive completion of the Phase I work.

### 2.3.4 Relations with the European Union

2.41. The EPA negotiations for the SADC region were launched in July 2004, with a view to establishing economic partnership agreements (EPAs) on a bilateral basis. SACU negotiated as part of the SADC configuration, comprising all its members plus Angola and Mozambique.

2.42. The negotiations reached an initial agreement culminating in the initialling of an interim EPA (covering goods only) at the end of 2007. Botswana, Lesotho, and Swaziland (together with Mozambique) signed the interim EPA on 4 June 2009. A final EPA for the SADC Group was expected to be finalized during 2009, but was finally initialled in July 2014, with the SADC EPA Group comprising Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. Angola did not initial the agreement and remains an observer.

2.43. The agreement goes beyond the market access on agricultural and fisheries products offered under the TDCA between South Africa and the EU which was used as the basis for market access negotiations. The authorities indicated that upon entry into force of the agreement, tariff liberalization will take place over a maximum period of 10 years.

2.44. The agreement also covers cooperation on other trade-related issues such as the protection of intellectual property rights, competition, public procurement and tax governance. Botswana, Lesotho, Swaziland and Mozambique have opted to negotiate on trade in services with the EU.

2.45. During the transition period, a "market access regulation" (in place until October 2016) will regulate trade between the EU and BLNS, while the TDCA will continue to govern trade between the EU and South Africa.

### 2.3.5 Relations with the United States

2.46. All SACU countries, except Swaziland, are eligible for trade preferences under the U.S. African Growth and Opportunity Act (AGOA) initiative; Swaziland's eligibility was terminated in 2014, due to issues related to worker rights.

2.47. The Act originally covered October 2000 to September 2008, and was amended in July 2004 to expire on 30 September 2015 (AGOA III). Eligible countries qualify for duty-free and quota-free access to the U.S. market for a range of products, including selected agricultural and textile products (except for "wearing apparel"). To be eligible for AGOA benefits, a number of conditions are laid out, including proven progress in establishing a market-based economy; commitment and action in developing political pluralism and the rule of law; eliminating discriminatory barriers to U.S. trade and investment; adequate protection of intellectual property; combating corruption; and protecting human rights, e.g. those specifically related to labour, particularly the abolition of certain child labour practices.

2.48. Eligibility for the wearing apparel provisions is governed by a separate set of conditions and associated rules of origin. To export apparel (and certain textile items) to the United States under the AGOA, countries must implement a "visa system" (to prevent illegal trans-shipment and use of counterfeit documentation, as well as effective enforcement and verification procedures) to ensure compliance with the required rules of origin.

2.49. The Africa Investment Incentive Act of 2006, AGOA IV, which amended the textile and apparel provisions of the AGOA, provides duty-free and quota-free treatment for eligible apparel articles made in qualifying sub-Saharan African countries. "Lesser developed beneficiary" sub-Saharan African countries may use non-U.S. fabric and yarn in apparel wholly assembled in their countries and still qualify for duty- and quota-free treatment.<sup>7</sup> AGOA IV continues to grant lesser developed beneficiary country status to Botswana, Lesotho, and Namibia, qualifying them for the Special Rule.

2.50. In June 2015, the Trade Preferences Extension Act of 2015 simultaneously extended the GSP programme until 31 December 2017 and AGOA until 30 September 2025. SACU's exports to the United States under preferential regimes (AGOA and GSP) have decreased in recent years, in line with general export trends (Table A2.1).

2.51. A Trade, Investment, and Development Cooperative Agreement (TIDCA) has been in place between the United States and SACU since July 2008. The TIDCA establishes a forum for consultative discussions, cooperative work, and possible agreements on a wide range of trade issues, including customs cooperation, technical barriers to trade, sanitary and phytosanitary measures, capacity building, and trade and investment promotion.

### 2.3.6 Free trade agreement between SACU and EFTA

2.52. The free trade agreement between SACU and EFTA was signed in June 2006 and came into effect on 1 May 2008. Its goods aspect was notified to the WTO Committee on Regional Trade Agreements on 29 October 2008 under Article XXIV of GATT 1994.<sup>8</sup> The factual review took place on 19 and 20 November 2009, and it was considered by Members at the Committee on Regional Trade Agreements (CRTA) on 15 and 16 March 2010.

<sup>7</sup> Lesser developed countries are those with a per capita gross national product of less than US\$1,500 a year in 1998 as measured by the World Bank.

<sup>8</sup> WTO document WT/REG256/N/1, 3 November 2008.

2.53. The agreement covers trade in non-agricultural products, including fish and other sea products, and processed agricultural products. In addition, the individual EFTA States and SACU concluded bilateral agreements on basic agricultural products, which form part of the free trade area package. Since the entry into force of the agreement, EFTA States grant the SACU members duty-free entry for all non-agricultural goods. The SACU States are to dismantle their tariffs progressively over a period not exceeding nine years; 76.8% of their tariff lines were duty-free in 2015.

2.54. The FTA also takes account of the parties' diverse levels of development by allowing for special treatment for Botswana, Lesotho, Namibia and Swaziland, which may temporarily levy duties for the protection of infant industries and can also restrict importation or exportation of goods for purposes of rural development, food security and poverty alleviation. In terms of competition, state trading enterprises, subsidies, investment, services, balance of payments, and government procurement, the parties agreed to cooperate and to some extent also consult with regard to their obligations under the WTO. A Joint Committee supervises the application and implementation of the Agreement.

### **2.3.7 Preferential trade agreement between SACU and MERCOSUR**

2.55. In 2008, SACU and MERCOSUR member States concluded negotiations on a preferential trade agreement (PTA). The agreement was signed by the MERCOSUR member States on 15 December 2008, and by SACU member States on 4 April 2009. The PTA has not yet been notified to the WTO and has not yet entered into force.

2.56. The agreement is aimed at promoting trade between the two parties on a selected number of products. In addition, it contains provisions on rules of origin and methods of administrative cooperation, trade remedies, technical barriers to trade, sanitary and phytosanitary measures, further market access, settlement of disputes, and mutual administrative assistance between customs authorities, as well as legal and institutional provisions. The agreement established a Joint Administrative Committee, which supervises its administration and application.

### **2.3.8 The Generalized System of Preferences**

2.57. In general, SACU countries are eligible for the Generalized System of Preferences (GSP) schemes of developed countries and some developing countries. However, under the EU's new GSP scheme, as from 2014, South Africa is no longer eligible as a beneficiary country. In fact, the new scheme excludes from the beneficiary list, countries that have free trade agreements (FTAs) or other preferential market access arrangements with the EU. As from January 2015, Botswana, Namibia, and South Africa were withdrawn by Canada from its list of GSP beneficiary countries.

2.58. As an LDC, Lesotho is eligible for the European Union's "Everything but Arms" initiative, which allows it to export everything but arms to the EU duty-free and quota-free.

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### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Introduction

3.1. Efforts are ongoing within SACU to further harmonize customs-related issues, including documentation. As at the time of the previous TPR of SACU countries, the applied customs tariff; excise duties; duty rebates, refunds and drawbacks; customs valuation; rules of origin; and contingency trade remedies remain harmonized within SACU.

3.2. Goods entering the SACU area may be declared at the first port of entry into the customs union, or may be removed in bond from the port of entry to another SACU country, where they are cleared for home consumption or for transit to another SACU country. Goods moved within SACU are free of customs duties but customs controls are maintained because of differences in internal tax regimes (i.e. VAT) and in non-tariff measures. In fact, goods traded within the customs union must be declared at each border post and comply with the requirements (e.g. sanitary, phytosanitary, and technical requirements) of each SACU member State. In the cases of Botswana, Swaziland, and Lesotho, which are landlocked, goods are imported (exported) mainly via South Africa (in transit).

#### 3.2 Customs Procedures and Valuation

3.3. Article 23 of the 2002 SACU Agreement calls for appropriate measures, including customs cooperation, to ensure that the provisions of the agreement are applied effectively and harmoniously. Article 22 calls for similar legislation on customs and excise duties. Each member actually has its own legislation modelled on South Africa's Customs and Excise Act. However, customs procedures have not yet been fully harmonized, and some differences remain in the regulations and administrative procedures; documentation requirements also differ.

3.4. In 2009, building upon the three main pillars (trade facilitation, protection of regional economic interests, and border control and the protection of society), SACU launched a customs modernization programme, as a response to issues that emanated from the World Customs Organization (WCO) Columbus Programme Diagnostics. These diagnostics were conducted in the SACU countries between 2006 and 2007. The main aim is to develop and adopt common and harmonized customs policies as well as strengthen the capacity of customs administrations in the region by modernizing and reforming customs processes in line with international instruments, in particular, the WCO safe framework of standards.

3.5. The first focus area of the customs modernization programme was the development of a regional customs policy covering the following areas: risk management, trade partnerships, standard operating procedures, IT connectivity and legislation. In 2010, a customs control bill and a customs duty bill were drafted in South Africa. The former is intended to regulate the movement (import and export) of goods, while the latter is intended to regulate the levying, payment, and recovery of customs duties. The bills currently serve as models for the development of SACU member States' national laws which are at different stages.

3.6. A "Regional Customs Policy Document" was adopted by the SACU Council of Ministers at its 25<sup>th</sup> meeting in December 2011. The policy gives effect to, and elaborates on, the common strategic objectives of: facilitating legitimate trade; protecting the fiscal interests of member States and the customs union through the maximization of revenues and the provision of accurate trade data; and protecting society in the member States. The policy document shall continue to provide guidance as SACU pursues the implementation of its specific customs projects.

3.7. During the review period, some progress was achieved in the automation and interconnectivity between the customs systems of SACU members. National customs administrations developed a data exchange standard consistent with the WCO data-sharing approach (the so-called Globally Networked Customs concept). The standard is to be employed through the three IT connectivity pilot projects, i.e. between Namibia and Botswana (under the Trans Kalahari Corridor Initiative), between South Africa and Lesotho, and between South Africa

and Swaziland. The pilot connectivity programmes are to be reviewed and a comprehensive proposal developed for IT connectivity in the union.<sup>1</sup>

3.8. A SACU trade partnership strategy was also developed to, *inter alia*, strengthen the consultation process between customs and business, and develop an Authorized Economic Operator (AEO) programme aligned with the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE). The partnership is between customs administrations and the trading community. It is aimed at rewarding compliance; securing and facilitating legitimate trade; and promoting mutual recognition among member States and third parties.

3.9. While the long-term ambition is to develop the AEO programme for the region, this has been implemented in phases. The first phase consists of the establishment of a Preferred Trader Programme (PTP). The PTP is limited in scope, covering importers' and exporters' compliance only (other supply chain entities are not covered) and it does not include safety and security of the supply chain. Each SACU member has established its national preferred trader project which follows the regionally agreed standards and criteria. The criteria, to be met by traders, include an appropriate record of compliance with customs requirements, a proven record of financial solvency, sufficient knowledge of customs matters, and an adequate computer system.

3.10. Each member State has started to pilot PTP nationally to commence with the testing and validation of the processes required. In 2013, the 27<sup>th</sup> Council of Ministers adopted the set of benefits to be accorded under PTP.

3.11. A manual was adopted in 2011 by the SACU Council of Ministers to provide a uniform interpretation and application of the single administrative document (SAD) adopted at the time of the previous Review. It also provides a standard customs procedure code.

3.12. It appears that Botswana, Namibia and Swaziland use different ASYCUDA systems, while South Africa uses the Interfront Customs and Border Management Solution (ICBS) system. According to the authorities, Lesotho is piloting the ASYCUDA World system.

3.13. The customs valuation regime is still largely based on South Africa's legislation. In 2014, South Africa adopted new customs valuation legislation. Customs valuation is now covered in Chapter 7 (Valuation of Goods) of the Customs Duty Act, No. 30 of 2014, and the Customs Control Act, No. 31 of 2014 (Annex 4, Section 3). The regime derives from the WTO Agreement on Customs Valuation. The customs value of imported goods is the transaction value based on the f.o.b. price of the import.

### 3.3 Rules of Origin

3.14. As at the time of the previous TPR, SACU countries have both non-preferential and preferential rules of origin; and there has been no change to related legislation. The non-preferential rules of origin continue to be set in each member's Customs and Excise Act, modelled on the South African Act. Under the 1964 Customs and Excise Act of South Africa (Section 46), as amended, a good is regarded as having been produced or manufactured in any particular territory if at least 25% (or other percentage as may be determined by the Commissioner for Customs and Excise) of its production cost is represented by materials produced and labour performed in that territory, and if the last process in its production or manufacture has taken place in that territory.

3.15. Preferential rules of origin are applied by all SACU countries under regional trade agreements with EFTA, as well as in the framework of the Southern African Development Community (SADC) Trade Protocol. Preferential rules of origin also apply under individual SACU members' bilateral trade agreements (see Annexes). For goods to meet the basic origin criteria under the SADC Trade Protocol they must have been wholly produced, or have undergone substantial transformation, including change in tariff heading and local content, in that country.

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<sup>1</sup> Online information. Viewed at:  
[http://sacu.unwembi.co.za/docs/reports\\_annual/2012/annualreport2012.pdf](http://sacu.unwembi.co.za/docs/reports_annual/2012/annualreport2012.pdf).

### 3.4 Tariffs and Other Charges

#### 3.4.1 MFN applied tariffs

3.16. The International Trade Administration Commission (ITAC) of South Africa continues to manage the SACU common external tariff (CET). The 2015 tariff is based on the 2012 Harmonized System (HS). It contains 7,426 lines at the HS eight-digit level, of which 283 (3.8%) carry non-*ad valorem* duties, i.e. specific, mixed, and formula (variable) duties (Tables 3.1 and 3.2).

3.17. Specific duties apply mainly to agricultural products, coal, and some textiles. Mixed duties apply to agricultural products, coal, and textiles and footwear products.

3.18. In 2014, South Africa submitted to the WTO a notification on tariff quotas<sup>2</sup>; these WTO market access tariff quotas are South African commitments only. South Africa's market access commitment comprises 53 product groups which enter the country at the in-quota tariff rate (Annex 4).

**Table 3.1 Structure of SACU applied MFN tariffs, 2009 and 2015**

(%)

		2009	2015	Final bound <sup>a</sup>			
				BWA	LSO	NAM and SWZ	ZAF
1.	Bound tariff lines (% of all tariff lines)	n.a.	n.a.	96.6	100.0	96.6	96.6
2.	Simple average tariff rate	8.1	8.3	19.6	78.4	19.9	19.9
	Agricultural products (WTO definition)	10.1	9.9	40.0	198.1	42.0	42.0
	Non-agricultural products (WTO definition)	7.8	8.0	15.9	60.1	15.9	15.9
	Agriculture, hunting, forestry and fishing (ISIC 1)	3.7	3.5	17.7	166.3	19.7	19.7
	Mining and quarrying (ISIC 2)	0.8	0.1	1.5	60.0	1.5	1.5
	Manufacturing (ISIC 3)	8.5	8.7	20.0	73.4	20.2	20.2
3.	Duty-free tariff lines (% of all tariff lines)	54.4	55.7	13.3	0.0	13.3	13.3
4.	Simple average rate of dutiable lines only	17.9	18.9	22.7	78.4	23.1	23.1
5.	Tariff quotas (% of all tariff lines)	n.a.	n.a.	0.0	0.0	0.0	5.6
6.	Non- <i>ad valorem</i> tariffs (% of all tariff lines)	3.2	3.8	0.0	0.0	0.0	0.0
7.	Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	0.8	1.0	0.0	0.0	0.0	0.0
8.	Domestic tariff peaks (% of all tariff lines) <sup>b</sup>	8.5	9.9	3.3	0.0	3.7	3.7
9.	International tariff peaks (% of all tariff lines) <sup>c</sup>	20.8	21.4	41.2	100.0	41.0	41.0
10.	Overall standard deviation of applied rates	11.1	14.1	25.6	47.3	26.0	26.0
11.	Nuisance applied rates (% of all tariff lines) <sup>d</sup>	1.0	1.4	0.0	0.0	0.0	0.0

n.a. Not applicable.

a Final bound rates are based on the CTS schedule in HS 07 nomenclature. Due to different HS nomenclatures between 2014 applied and final bound tariff schedules, the figures are not strictly comparable.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2009 tariff is based on HS 07 nomenclature consisting of 6,695 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on 2006 South African import data at the 8-digit tariff line level. However, there are no AVEs for 55 tariff lines due to no imports in 2006 (0.8% of total tariff lines). In case of unavailability, the *ad valorem* part is used for mixed duty rates. The 2015 tariff is based on HS 12 nomenclature consisting of 7,426 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on 2014 South African import data at the 8-digit tariff line level. However, there are no AVEs for 76 tariff lines due to no imports in 2014 (1.0% of total tariff lines). In case of unavailability, the *ad valorem* part is used for mixed duty rates.

BWA: Botswana; LSO: Lesotho; NAM: Namibia; SWZ: Swaziland; and ZAF: South Africa.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS); and WTO, CTS database.

<sup>2</sup> WTO document G/AG/N/ZAF/81, 8 October 2014.

**Table 3.2 MFN tariff distribution by type of duty, 2009 and 2015**

	2009			2015		
	No of lines <sup>a</sup>	%	HS Chapters	No of lines <sup>a</sup>	%	HS Chapters
<i>Ad valorem</i>	6,483	96.8	All HS chapters	7,143	96.2	All HS chapters
<i>Non-ad valorem</i>	212	3.2		283	3.8	
Specific	109	1.6	02, 07, 09, 11, 12, 16, 19, 20, 21, 22, 24, 27, 38, 52, 63	168	2.3	02, 03, 07, 09, 10, 11, 12, 16, 17, 19, 20, 21, 22, 24, 27, 38, 52, 63
Mixed	98	1.5	02, 04, 07, 16, 19, 20, 27, 63, 64	110	1.5	02, 04, 07, 16, 19, 20, 27, 63, 64
Type 1 (e.g. 40% or 240c/kg)	65	1.0	02, 16, 20, 63, 64	72	1.0	02, 16, 20, 63, 64
Type 2 (e.g. 450c/kg with a maximum of 96%)	33	0.5	04, 07, 16, 19, 20, 27	38	0.5	04, 07, 16, 19, 20, 27
Formula	5	0.1	19, 20, 24	5	0.1	19, 20, 24
Total lines	6,695	100.0	n.a.	7,426	100.0	n.a.

n.a. Not applicable.

a HS eight-digit.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS).

3.19. As at the time of the previous TPR of SACU, variable (formula) duties are levied on corn-flour, preserved tomatoes, cherries, and two kinds of tobacco (Table 3.3). They pursue the objective of maintaining domestic prices above a certain level and protecting local industry against low international prices. They are based on a relationship between the f.o.b. import prices and reference prices. In other words: they are inversely proportional to import prices.<sup>3</sup>

3.20. For the purpose of this tariff analysis, only the *ad valorem* tariffs, the *ad valorem* equivalents (if computable), and the *ad valorem* components of some of the non-*ad valorem* tariffs were used for the calculations. As a result, the analysis may, to a certain extent, be inaccurate.

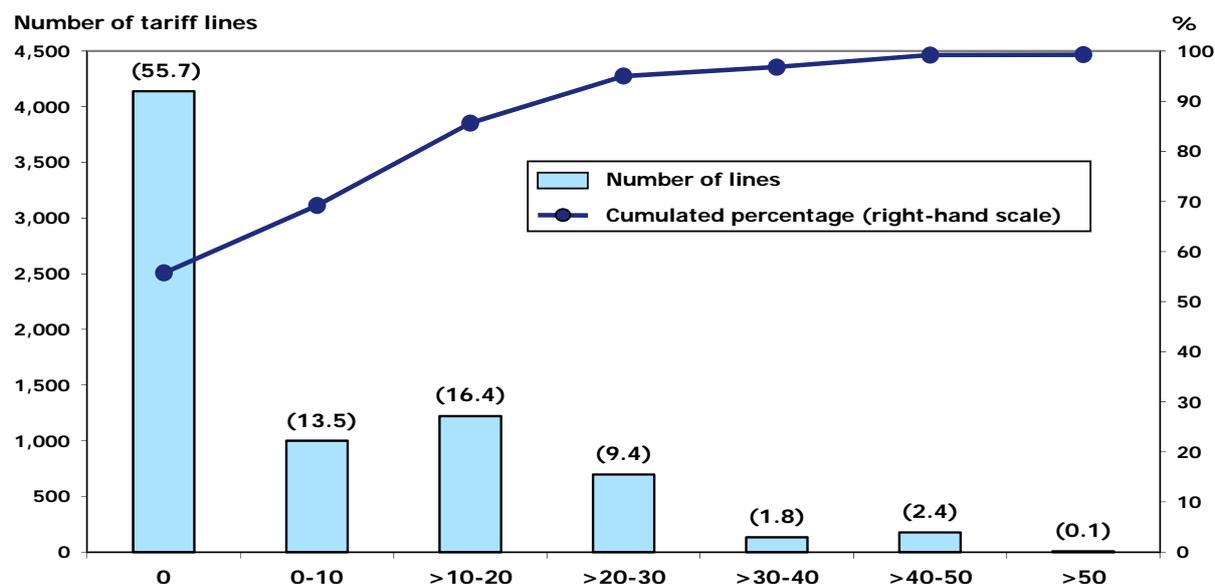
**Table 3.3 Formula (variable) duties, 2015**

HS heading	Product description	Duty
1901.9010	Corn flour	10% or 55c/kg less 90%
2002.1090	Other tomatoes prepared or preserved otherwise than by vinegar or acetic acid	110c/kg less 80% with a maximum of 37%
2006.0030	Cherries, drained or glacé	20% or 215c/kg less 80%
2401.1000	Tobacco, not stemmed or stripped	860c/kg less 85% with a maximum of 44%
2401.2000	Tobacco, partly or wholly stemmed or stripped	15% or 860c/kg less 85%

Source: WTO Secretariat, based on tariff information from the South African Revenue Service (SARS).

3.21. The simple average applied MFN tariff rate is 8.3% in 2015 slightly up from 8.1% in 2009 (Table 3.1); tariff rates continue to display relatively high dispersion (from zero to 96%): the coefficient of variation slightly increased from 1.4 in 2009 to 1.7. The modal rate (the most frequently applied) is zero (some 57.5% of all tariff lines) (Chart 3.1). Duty-free items include live animals, products of animal origin, ores, fertilizers, cork, pulp of wood, silk, some minerals (e.g. nickel, lead, and zinc), and other base metals. The highest *ad valorem* rate (96%) applies to 14 tariff lines including mainly dairy products; and the highest *ad valorem* equivalent (624%) applies to worn clothing and worn textile articles (Table A3.1).

<sup>3</sup> For more details, see WTO document WT/TPR/S/222/Rev.1, 14 December 2009.

**Chart 3.1 Breakdown of applied MFN tariffs, 2015**

Note: Figures in parentheses indicate the share of total lines. Calculations include the *ad valorem* part of mixed duty rates. They do not add up to 100% due to unavailability of AVEs for some tariff lines (representing 0.7% of total tariff lines).

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS).

3.22. The ISIC sector with the highest tariff protection is manufacturing (8.7%, up from 8.5% in 2009), followed by agriculture (3.5%, slightly down from 3.7% in 2009), and mining and quarrying (0.1%, down from 0.8% in 2009) (Table 3.4). Under the WTO definition, agriculture has the highest average tariff protection at 9.6% (10.1% in 2009), against 8.0% (7.8% in 2009) for non-agricultural products.

3.23. In 2015, aggregate tariff figures displayed positive escalation throughout the stages of production from raw materials, with an average tariff rate of 5.0% (up from 3.6% in 2009), to semi-finished products, with an average rate of 5.3% (down from 6.9% in 2009), to fully processed products on which tariffs average 10.7% (up from 6.0% in 2009) (Table 3.4). Further disaggregation of the tariff at ISIC (Revision 2) two-digit level shows positive escalation mainly in some industries such as: food, beverages and tobacco; paper, printing, and publishing; non-metallic mineral products; and metal products. All the other industries show mixed escalation (Table 3.4 and Chart 3.2).

**Table 3.4 SACU's applied MFN tariff summary, 2015**

	Number of lines	Simple average (%)	Tariff range (%)	SD <sup>a</sup>	Share of duty-free lines (%)	Share of non- <i>ad valorem</i> tariffs (%)
<b>Total</b>	7,426	8.3	0-624.0	14.1	55.7	3.8
<b>HS 01-24</b>	1,365	9.7	0-96	12.8	41.3	18.4
<b>HS 25-97</b>	6,061	8.0	0-624.0	14.3	59.0	0.5
<b>By WTO category</b>						
<b>WTO agricultural products</b>	1,113	9.9	0-96	12.8	40.3	15.6
Animals and products thereof	151	15.1	0-82	18.1	49.7	37.1
Dairy products	40	12.7	0-96	24.3	32.5	67.5
Fruit, vegetables, and plants	310	9.3	0-55	9.9	31.9	9.0
Coffee, tea, and cocoa and cocoa preparations	33	8.3	0-25	10.1	45.5	18.2
Cereals and preparations	152	8.1	0-40	9.7	35.5	15.8
Oil seeds, fats, oil and their products	104	7.9	0-20	4.1	18.3	0.0
Sugars and confectionary	17	12.6	0-39.9	15.6	58.8	29.4
Beverages, spirits and tobacco	106	20.4	0-45	13.7	4.7	25.5

	Number of lines	Simple average (%)	Tariff range (%)	SD <sup>a</sup>	Share of duty-free lines (%)	Share of non-ad valorem tariffs (%)
Cotton	7	5.5	0-15	6.7	57.1	14.3
Other agricultural products, n.e.s.	193	3.1	0-25	6.8	79.8	0.0
<b>WTO non-agricultural products</b>	<b>6,313</b>	<b>8.0</b>	<b>0-624.0</b>	<b>14.3</b>	<b>58.5</b>	<b>1.7</b>
Fish and fishery products	347	7.2	0-51.8	11.7	53.9	22.5
Minerals and metals	1,193	4.8	0-30	7.3	64.7	0.2
Chemicals and photographic supplies	1,377	3.0	0-20	5.8	76.5	0.2
Wood, pulp, paper and furniture	340	6.1	0-45	8.8	62.4	0.0
Textiles	765	16.9	0-624.0	25.8	21.2	0.5
Clothing	269	40.6	0-45	8.9	3.3	0.0
Leather, rubber, footwear and travel goods	258	12.9	0-43	12.1	38.0	3.9
Non-electric machinery	640	2.7	0-30	6.1	82.0	0.0
Electric machinery	400	5.9	0-25	7.9	56.8	0.0
Transport equipment	233	9.9	0-30	10.3	47.2	0.0
Non-agricultural products, n.e.s.	463	5.1	0-30	7.9	69.5	0.0
Petroleum	28	2.3	0-15	5.1	42.9	42.9
<b>By ISIC sector<sup>b</sup></b>						
ISIC 1 - Agriculture, hunting and fishing	442	3.5	0-35	6.8	69.0	4.3
ISIC 2 - Mining and quarrying	104	0.1	0-10	1.0	99.0	0.0
ISIC 3 - Manufacturing	6,879	8.7	0-624.0	14.4	54.2	3.8
<b>By stage of processing</b>						
First stage of processing	905	5.0	0-624.0	23.8	70.9	2.4
Semi-processed products	2,366	5.3	0-39.9	8.0	64.9	1.1
Fully processed products	4,155	10.7	0-96	13.4	47.2	5.7

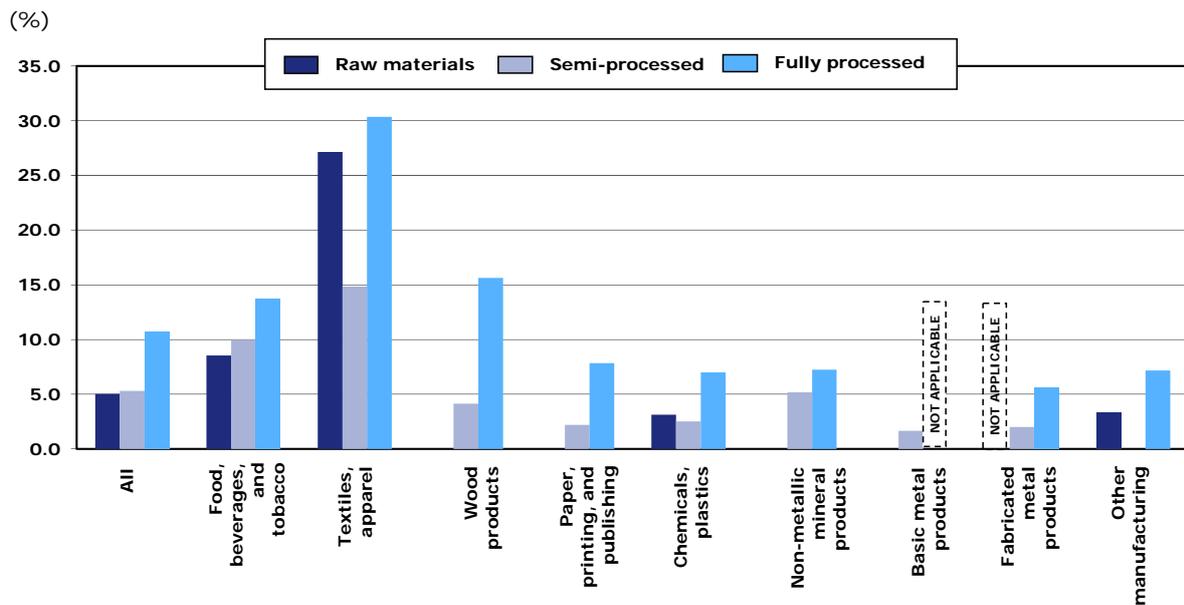
a Standard deviation.

b International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: Calculations for averages are based on the national tariff line level (8-digit), excluding in-quota rates. The tariff schedule is based on HS 2012. *Ad valorem* equivalents (AVEs) were estimated based on 2014 South African import data at the 8-digit tariff line level. In case of unavailability, the *ad valorem* part is used for mixed rates.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS); and WTO, CTS database.

**Chart 3.2 Tariff escalation, ISIC 2-digit industry, 2015**



Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS).

### 3.4.2 Bindings

3.24. Tariff bindings by SACU countries have not changed since the previous Review in 2009 (see Annexes for further details). Namibia, South Africa, and Swaziland have identical binding commitments, which covered 96.6% of the tariff lines at the HS eight-digit level. Lesotho has bound 100% of its tariff lines (Table 3.1). Botswana's bindings (96.6% of tariff lines) are slightly different from South Africa's concessions. For instance, on agricultural products, the differences are on, *inter alia*, dairy products (HS 04); wheat, maize, and rice (HS 1001, 1005, and 1006); groundnuts and sunflower oil-seed (HS 1202 and 1206); and raw cotton (HS 5201); and in the non-agricultural sector on, *inter alia*, small tractors (ex HS 8701) (Annex 1).

3.25. All tariff bindings are *ad valorem*, including lines to which specific, mixed, or formula duties apply. Therefore, the imposition of non-*ad valorem* duties, including specific, mixed, and formula does not ensure compliance by the countries with their binding commitments (Table 3.5). Tariff quotas were included in the commitments made by South Africa and apply to imports of selected agricultural products.

3.26. During the Uruguay Round, Lesotho bound other duties and charges (ODCs) on all tariff lines at zero; Botswana, Namibia, South Africa, and Swaziland bound them for all tariff lines at zero, with the exception of 50 tariff lines (at the eight-digit level) that have higher bound rates.

**Table 3.5 Tariff lines where the applied MFN rate might be higher than the bound rate, 2015**

Tariff code	Product descriptions	MFN applied rates		Bound rates (%)
		As specified	2015 AVEs (based on 2014 import prices) <sup>a</sup>	
<b>Botswana</b>				
04029100	Milk and cream, not containing added sugar or other sweetening matter	450c/kg with a maximum of 96%	24.0	20.0
04029910	Milk and cream, in aerosol containers	450c/kg with a maximum of 96%	96.0 <sup>b</sup>	20.0
04029990	Milk and cream, other than in aerosol containers	450c/kg with a maximum of 96%	96.0 <sup>b</sup>	20.0
04069011	Cheddar, imported from Switzerland	500c/kg with a maximum of 95%	95.0 <sup>b</sup>	20.0
12119020	Basil, borage, hyssop, mint, rosemary, rue and sage, neither ground nor crushed	0.45c/kg	0.01	0.0
12119030	Basil, borage, hyssop, mint, rosemary, rue and sage, ground or crushed	4c/kg	0.1	0.0
ex 16010090	Sausages and similar products, of meat (other than paté de foie gras and foie gras)	40% or 240c/kg	40.0	37.0
ex 16010090	Sausages and similar products, of meat (other than paté de foie gras and foie gras)	40% or 240c/kg	40.0	60.0
19059010	Gluten bread	3.6c/kg with a maximum of 25%	0.1	0.0
20060040	Sweet corn ( <i>zea mays var. saccharata</i> )	30% or 7.25c/kg	30.0 <sup>b</sup>	22.0
22021010	Waters, containing added sugar or other sweetening matter or flavoured, in sealed containers holding 2.5 L or less	4.36c/L	0.4	0.0
22021090	Waters, containing added sugar or other sweetening matter or flavoured, in sealed containers holding more than 2.5 L	3.3c/L	0.7	0.0
ex 73202010	Helical springs	30.0	n.a.	15.0
ex 73202010	Helical springs	30.0	n.a.	30.0
ex 84212330	Oil or petrol-filters for internal combustion engines; suitable for use with motor vehicle engines	16.0	n.a.	15.0
ex 84212330	Oil or petrol-filters for internal combustion engines; suitable for use with motor vehicle engines	16.0	n.a.	30.0
84501290	Other machines, with built-in centrifugal drier	30.0	n.a.	20.0

Tariff code	Product descriptions	MFN applied rates		Bound rates (%)
		As specified	2015 AVEs (based on 2014 import prices) <sup>a</sup>	
84502010	Household or laundry-type washing machines	30.0	n.a.	0.0
85285190	Other monitors, of a kind solely or principally used in an automatic data processing system	25.0	n.a.	0.0
<b>Lesotho</b>				
63090013	Worn overcoats, car-coats, raincoats, anoraks, ski-jackets, duffle-coats, mantles, etc.	60% or 2,500c/kg	274.2	60.0
63090017	Other worn clothing	60% or 2,500c/kg	624.1	60.0
<b>Namibia, South Africa, and Swaziland</b>				
12119020	Basil, borage, hyssop, mint, rosemary, rue and sage, neither ground nor crushed	0.45c/kg	0.01	0.0
12119030	Basil, borage, hyssop, mint, rosemary, rue and sage, ground or crushed	4c/kg	0.1	0.0
ex 16010090	Sausages and similar products, of meat (other than paté de foie gras and foie gras)	40% or 240c/kg	40.0	37.0
ex 16010090	Sausages and similar products, of meat (other than paté de foie gras and foie gras)	40% or 240c/kg	40.0	60.0
19059010	Gluten bread	3.6c/kg with a maximum of 25%	40.0	0.0
20060040	Sweet corn ( <i>zea mays var. saccharata</i> )	30% or 7.25c/kg	30.0 <sup>b</sup>	22.0
22021010	Waters, containing added sugar or other sweetening matter or flavoured, in sealed containers holding 2.5 L or less	4.36c/L	0.4	0.0
22021090	Waters, containing added sugar or other sweetening matter or flavoured, in sealed containers holding more than 2.5 L	3.3c/L	0.7	0.0
ex 73202010	Helical springs	30.0	n.a.	15.0
ex 73202010	Helical springs	30.0	n.a.	30.0
ex 84212330	Oil or petrol-filters for internal combustion engines; suitable for use with motor vehicle engines	16.0	n.a.	15.0
ex 84212330	Oil or petrol-filters for internal combustion engines; suitable for use with motor vehicle engines	16.0	n.a.	30.0
84501290	Other machines, with built-in centrifugal drier	30.0	n.a.	20.0
84502010	Household or laundry-type washing machines	30.0	n.a.	0.0
85285190	Other monitors, of a kind solely or principally used in an automatic data processing system	25.0	n.a.	0.0

n.a. Not applicable.

a *Ad valorem* equivalents (AVEs) were estimated based on 2014 South African import data at the HS 8-digit level.

b The *ad valorem* part is used for mixed duty rates if no AVEs are estimated.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS); and WTO, CTS database.

### 3.4.3 Tariff preferences

3.27. During the period under review, SACU countries together with Mozambique concluded an economic partnership agreement with the EU, which is to result in tariff liberalization. In addition, tariff preferences continue to be provided under the SACU-EFTA agreement, and under SADC (Table 3.6). Under the SADC Trade Protocol, all SACU countries grant duty-free access to imports from the other SADC FTA members.

3.28. SACU countries also grant tariff preferences under trade agreements in which they participate individually, in which case, when goods imported from outside SACU under a preferential agreement are exported to another member State (not party to the agreement), the normal import duty is charged.

**Table 3.6 Preferential tariff rates, 2015**

(%)

	Simple average (%)			Share of duty-free lines (%)			Share of non- <i>ad valorem</i> tariffs (%)		
	Applied MFN	EFTA	SADC	Applied MFN	EFTA	SADC	Applied MFN	EFTA	SADC
<b>Total</b>	8.3	3.6	0.1	55.7	76.8	99.9	3.8	2.0	0.1
HS 01-24	9.7	6.6	0.1	41.3	61.2	99.6	18.4	9.9	0.4
HS 25-97	8.0	2.9	0.2	59.0	80.3	99.9	0.5	0.3	0.1
<b>WTO agricultural products</b>	9.9	8.1	0.1	40.3	52.1	99.6	15.6	12.2	0.4
Animals and products thereof	15.1	14.9	0.0	49.7	51.0	100.0	37.1	35.8	0.0
Dairy products	12.7	12.3	0.0	32.5	35.0	100.0	67.5	65.0	0.0
Fruit, vegetables, and plants	9.3	8.2	0.0	31.9	38.4	100.0	9.0	6.8	0.0
Coffee, tea, and cocoa and cocoa preparations	8.3	4.1	0.0	45.5	75.8	100.0	18.2	6.1	0.0
Cereals and preparations	8.1	3.9	0.0	35.5	57.9	100.0	15.8	12.5	0.0
Oil seeds, fats, oil and their products	7.9	6.8	0.0	18.3	28.8	100.0	0.0	0.0	0.0
Sugars and confectionary	12.6	12.6	8.9	58.8	58.8	70.6	29.4	29.4	29.4
Beverages, spirits and tobacco	20.4	15.7	0.0	4.7	38.7	100.0	25.5	7.5	0.0
Cotton	5.5	5.5	0.0	57.1	57.1	100.0	14.3	14.3	0.0
Other agricultural products, n.e.s.	3.1	1.9	0.0	79.8	89.1	100.0	0.0	0.0	0.0
<b>WTO non-agricultural products</b>	8.0	2.8	0.1	58.5	81.2	99.9	1.7	0.3	0.1
Fish and fishery products	7.2	0.1	0.0	53.9	99.4	100.0	22.5	0.0	0.0
Minerals and metals	4.8	1.9	0.0	64.7	89.7	100.0	0.2	0.0	0.0
Chemicals and photographic supplies	3.0	0.0	0.0	76.5	99.6	100.0	0.2	0.0	0.0
Wood, pulp, paper and furniture	6.1	0.9	0.0	62.4	95.6	100.0	0.0	0.0	0.0
Textiles	16.9	7.2	1.2	21.2	36.6	99.3	0.5	0.5	0.5
Clothing	40.6	17.9	0.0	3.3	10.0	100.0	0.0	0.0	0.0
Leather, rubber, footwear and travel goods	12.9	4.9	0.0	38.0	70.9	100.0	3.9	0.0	0.0
Non-electric machinery	2.7	0.8	0.0	82.0	94.8	100.0	0.0	0.0	0.0
Electric machinery	5.9	1.3	0.0	56.8	91.3	100.0	0.0	0.0	0.0
Transport equipment	9.9	6.5	0.0	47.2	60.9	100.0	0.0	0.0	0.0
Non-agricultural products, n.e.s.	5.1	2.2	0.0	69.5	85.7	100.0	0.0	0.0	0.0
Petroleum	2.3	2.3	0.0	42.9	42.9	100.0	42.9	42.9	0.0

Note: The 2015 tariff is based on HS 12 nomenclature consisting of 7,426 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on 2014 South African import data at the 8-digit tariff line level. In case of unavailability, the *ad valorem* part is used for mixed rates.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS).

### 3.4.4 Excise duties

3.29. Excise duties are harmonized within SACU. They are specific on prepared foodstuffs, alcohol beverages and spirits, tobacco, mineral products, and products of the chemical or allied industries; and *ad valorem* on perfumes and certain electronic apparatuses (Table A3.2). Excise formula duties are levied on motor vehicles and their components.

3.30. The base for the imposition of *ad valorem* excise duties on locally produced goods is the ex-factory price, whereas the base for imported excisable products is the customs value plus the duties and taxes collected by customs.

### 3.4.5 VAT

3.31. The SACU agreement does not provide for harmonization of value-added tax (VAT). Each SACU country continues to set its own VAT (Annexes). Differences are significant in respect of tax bases and rates, as well as in experience with VAT: all SACU countries levy VAT at different rates, thus Lesotho, South Africa and Swaziland levy VAT at 14% whilst Botswana and Namibia at 12% and 15%, respectively. Lesotho and Swaziland have bilateral agreements with South Africa on VAT refund.

### 3.4.6 Duty and tax concessions and exemptions

3.32. The 2002 SACU Agreement provides for rebates, refunds or drawbacks of customs duties and excise taxes under specified conditions. In the interim, the South Africa ITAC is mandated to recommend all rebates, refunds, and drawbacks, as specified in Schedules Nos. 3 to 6 to South Africa's Customs and Excise Act.<sup>4</sup>

3.33. There are rebates as prescribed under Schedules Nos. 3 (industrial rebates) and 4 (general rebates) of the SACU tariff. The rules governing classification of goods specify which categories of people or industry qualify for each rebate scheme and the eligibility criteria. Industrial rebates usually pursue specific policy objectives, and they cover goods used in the manufacture or production of other goods. The "extent of the rebate" is in line with policy objectives; hence some goods are fully rebated while for others only a certain value or amount of duty is rebated.

3.34. The general rebates under Schedule 4 cover mostly non-commercial purposes (e.g. national disasters, donations, international and diplomatic arrangements). However, there are rebates of a commercial nature in this schedule and they include rebates covering goods admitted temporarily. An example of a temporary rebate is a rebate on goods temporarily admitted for processing, repair, cleaning, reconditioning or for the manufacture of goods exclusively for export. In addition, as part of "general rebates", item 470.03 of the schedule provides for duty-free entry of goods for use in manufacture and associated activities, where these are related exclusively to export. In general, these rebates are used by all the SACU member States. Applications for temporary rebates are submitted twice a year (in January and July); and once accepted, they are valid for six months, renewable.

3.35. The only country-specific rebates are those for wheat (HS 1011) and dairy products (HS 04), which are used only by BLNS. The Textile and Clothing Industry Development Programme (TCIDP) was discontinued in 2012. The Motor Industry Development Programme (MIDP) was replaced by the Automotive Production Development Program (APDP).

### 3.4.7 Contingency trade remedies

#### 3.4.7.1 Anti-dumping and countervailing measures

3.36. The International Trade Administration Act, No. 71 of 2002, the Customs and Excise Act, No. 91 of 1964, as amended, the Anti-Dumping Regulations of 14 November 2003, and the Countervailing Regulations of 30 March 2005 continue to provide the legal basis for investigating dumping and subsidization, and for the imposition of anti-dumping and countervailing duties in South Africa, and by extension in BLNS. The Trade Remedies Unit of ITAC investigates applications for anti-dumping and countervailing action (acceptance of a complaint by producers, on behalf of the SACU industry, initiation of an investigation and recommendation to the South African Minister of Trade and Industry).

3.37. During the period under review, there have been no significant changes to the legal and institutional framework of anti-dumping, countervailing and safeguard measures. All SACU

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<sup>4</sup> Online information. Viewed at <http://www.sars.gov.za/Legal/Primary-Legislation/Pages/Schedules-to-the-Customs-and-Excise-Act.aspx>.

members apply anti-dumping, countervailing or safeguard measures imposed by South Africa upon recommendation by ITAC and approval by the South African Minister of Trade and Industry. The 2002 SACU Agreement provides for the creation of national bodies in each of the BLNS countries to enable them to conduct their own investigations. In the interim, the ITAC of South Africa has been given a mandate to handle SACU customs tariff applications, in terms of the relevant legislation, and in consultation with SACU member States, until the national bodies and the SACU Tariff Board are operational.

3.38. Anti-dumping or countervailing investigations are in general initiated upon receipt of a properly documented application by or on behalf of a SACU industry. Prior to the initiation of a countervailing investigation, a notification must be forwarded to the foreign country, inviting it for consultations with the aim of clarifying the situation and arriving at a mutually agreed solution. An investigation is formally initiated through publication of an initiation notice in the Government Gazette. All investigations and reviews must be finalized within 18 months of initiation.

3.39. New exporters from a country against which an anti-dumping or countervailing duty has been imposed may be excluded from payment of anti-dumping duties, if it can be proved that they did not export the product in question to SACU during the original investigation period and they are not related to a party on which the duty is imposed.

3.40. Since 2009, South Africa has initiated 13 anti-dumping investigations (on frozen potato chips from Belgium and the Netherlands; frozen chicken meat and frit from Brazil; staple polyester fibre, shock tubes, screw studding, fully threaded screws, unframed mirrors, and coated paper from China; garden picks from India; coated paper from the Republic of Korea; and soda ash from the United States). Four of these investigations have so far resulted in final measures (frit from Brazil; and staple polyester fibre, unframed mirrors and fully threaded screws from China). The investigations on picks from India and frozen chicken meat from Brazil were terminated without measures being imposed.

3.41. As of end 2014, South Africa (on behalf of SACU) maintained definitive anti-dumping measures against 12 WTO Members (Table 3.7).

**Table 3.7 Definitive anti-dumping measures in force, as of 31 December 2014**

Country/ customs territory	Product, investigation ID number	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Brazil	Frit 230911A	15/02/13, GG36147	
China	Blankets 180699/A	18/06/99, GG20226	15/06/05, GG27691 04/02/11, GG33983
	Bolts and nuts of iron or steel 060899/A	06/08/99, GG20363	03/06/05, GG27614 06/05/11, GG34254
	Garlic 201000/SNR	20/10/00, GG21650	10/03/06, GG28583 26/03/10, GG33042
	Unframed mirrors 021112	26/07/13, GG36684	
	Stainless steel sinks 250708/A	06/11/09, GG32606	
	PVC rigid 250408/A	25/04/08, GG31012	10/05/13, GG36432
	Garden picks, spades, shovels, rakes, forks 080302/SNR	03/12/93, GG15291	08/03/02, GG23180 02/11/07, GG30413 18/10/13, GG36924
	Float and flat glass 280599/A	28/05/99, GG20126	05/11/04, GG26937 26/03/10, GG33042 & GG33102
	Wire ropes 170807/A	28/08/02, GG23790	13/02/09, GG31892
	Staple polyester fibre 230109/AD	28/05/10, GG33211	
	Fully threaded screws with hexagon heads (set screws) 181111	16/11/12, GG35879	

Country/ customs territory	Product, investigation ID number	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Germany	Wire ropes 170807/B	28/08/02, GG23790	13/02/09, GG31892
India	Polyethylene terephthalate (PET) 300506/B Unframed glass mirrors 251006/A Paper insulated lead covered electric cable 310300 Float and flat glass 280599/B	30/05/06, GG28887 25/10/06, GG29329 31/03/00, GG21036 28/05/99, GG20126	04/03/11, GG34051 04/03/11, GG34051 11/11/05, GG28229 08/04/11, GG34185 05/11/04, GG26937 26/03/10, GG33042 & GG33102
Indonesia	Gypsum plasterboard 020704/A Drawn and float glass 031006 Unframed glass mirrors 251006/B	02/07/04, GG26533 03/10/06, GG29272 25/10/06, GG29329	06/03/09, GG31958 20/04/12, GG35258
Korea, Rep. of	Polyethylene terephthalate (PET) 300506/C	30/05/06, GG28887	04/03/11, GG34051
Malaysia	Stainless steel sinks 250708/B	06/11/09, GG32606	04/05/12, GG35312
Sweden	Tall oil fatty acid 200608/A	05/06/09, GG32297	
Chinese Taipei	PVC rigid 250408/B Polyethylene terephthalate (PET) 300506/A	25/04/08, GG31012 30/05/06, GG28887	10/05/13, GG36432 04/03/11, GG34051
Thailand	Gypsum plasterboard 020704/B	13/02/04, GG26022	06/03/09, GG31958
Turkey	Blankets 180699/B (tariff heading 6301.40)	18/06/99, GG20226	15/07/05, GG27773 04/02/11, GG33983
United Kingdom	Wire ropes 170807/D	28/08/02, GG23790	13/02/09, GG31892
United States	Chicken meat portions 271200/AD Soda ash 210613/C	27/12/00, GG21947 19/06/14, GG37756	27/10/06, GG29319 05/04/12, GG35238

Source: WTO document G/ADP/N/265/ZAF, 17 February 2015.

3.42. SACU countries did not impose any countervailing measures during the review period.

### 3.4.7.2 Safeguard measures

3.43. The investigation and application of safeguards are regulated by the International Trade Administration Act, No. 71 of 2002, the Customs and Excise Act, No. 91 of 1964, as amended, and the International Trade Administration Commission Safeguard Regulations of 8 July 2005.

3.44. Investigations and impositions of safeguard measures are implemented in accordance with the International Trade Administration Act, 2002, and the International Trade Administration Commission Safeguard Regulations (SGR).

3.45. As stated in the previous Review of SACU countries, safeguard measures may be imposed in the context of an unforeseen development, against imports, causing serious injury to the SACU industry producing the like or directly competitive product. In determining serious injury or threat thereof to the SACU industry, the ITAC must consider: the rate and volume of the increase in imports of the product concerned (in absolute terms or relative to the production and demand in SACU); and whether there have been significant changes in the performance of the SACU industry

in respect of sales volume, profit and loss, output, market share, productivity, capacity utilization, and employment.

3.46. Investigations are formally initiated through publication of a notice in the Government Gazette. All interested parties have 20 days from the initiation of an investigation to comment on the application. The ITAC may request the SARS to impose a provisional payment as soon as the ITAC has made a preliminary determination that there are critical circumstances where a delay would cause damage that would be difficult to repair, and there is clear evidence that increased imports have caused or are threatening to cause serious injuries.

3.47. A definitive safeguard measure may be applied as a customs duty and/or a quantitative import restriction. If a quantitative import restriction is used, it should not reduce imports below the average level during the preceding three years. A safeguard measure must be liberalized progressively at regular intervals throughout its period of validity.

3.48. Safeguards may be in place, in general, only for four years. This can be extended for six years (for a maximum of ten years) where the ITAC deems that the lapse of the safeguard measure is likely to lead to the recurrence of serious injuries and there is evidence that the SACU industry is adjusting; if extended, the measure must be further liberalized. Safeguard measures imposed for a period exceeding three years must be reviewed at their halfway point. The ITAC's decisions may be challenged in a court of law.

3.49. Safeguard measures are applied to all imports of the product concerned, irrespective of its source, with the exception of imports originating in a developing country if their share in imports of the product concerned in SACU does not exceed 3%, provided that developing country Members with less than a 3% import share collectively account for not more than 9% of total imports of the product concerned.

3.50. SACU is not a major user of safeguard measures, as it appeared during the period under review; one safeguard measure has been in force since 2009. In November 2012, following a request from major producers of frozen potato chips, the International Trade Administration Commission of South Africa (on behalf of SACU) initiated a safeguard investigation on imports of frozen potato chips, on which ITAC imposed a provisional safeguard measure in July 2013. The measure consisted of a safeguard duty of 61.42%.<sup>5</sup>

3.51. On 11 December 2013, ITAC decided to impose a definitive safeguard measure. This definitive safeguard measure replaces the provisional safeguard measure imposed, and it consists of a safeguard duty of 61.42% until 4 July 2014, then reduced to 40.92% until 4 July 2015 and further reduced to 20.45% until 5 June 2016. It will terminate on 5 June 2016.<sup>6</sup>

3.52. Botswana, Namibia, Swaziland, and South Africa have retained the right to use the special safeguard under Article 5 of the WTO Agreement on Agriculture, but have so far not invoked this.

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<sup>5</sup> Online information. Viewed at: <http://www.globaltradealert.org/measure/south-africa-definitive-safeguard-measure-imports-frozen-potato-chips>.

<sup>6</sup> Further information is available in WTO documents, G/SG/N/8/ZAF/2, G/SG/N/10/ZAF/2, G/SG/N/11/ZAF/2/Suppl.2, 16 December 2013.

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## 4 APPENDIX TABLES

Table A1.1 SACU trade, 2008-13

(US\$ million and %)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Imports</b>						
<b>SACU</b>	<b>99,789</b>	<b>77,490</b>	<b>97,886</b>	<b>119,887</b>	<b>122,713</b>	<b>120,246</b>
Extra (%)	89.8	86.1	85.8	86.9	86.5	87.7
Intra (%)	10.2	13.9	14.2	13.1	13.5	12.3
<b>Botswana</b>	<b>5,211</b>	<b>4,728</b>	<b>5,657</b>	<b>7,272</b>	<b>8,025</b>	<b>7,433</b>
Extra (%)	22.1	23.3	25.9	33.3	31.3	27.2
Intra (%)	77.9	76.7	74.1	66.7	68.7	72.8
<b>Lesotho</b>	<b>972</b>	<b>1,356</b>	<b>1,277</b>	<b>1,460</b>	<b>1,594</b>	..
Extra (%)	4.9	4.8	20.8	3.4	11.0	..
Intra (%)	95.1	95.2	79.2	96.6	89.0	..
<b>Namibia</b>	<b>4,689</b>	<b>6,208</b>	<b>5,980</b>	<b>6,457</b>	<b>7,132</b>	<b>7,575</b>
Extra (%)	31.6	29.5	27.0	23.4	28.5	35.5
Intra (%)	68.4	70.5	73.0	76.6	71.5	64.5
<b>South Africa</b>	<b>87,593</b>	<b>63,766</b>	<b>82,949</b>	<b>102,699</b>	<b>104,144</b>	<b>103,441</b>
Extra (%)	99.2	99.8	97.0	97.4	97.3	97.2
Intra (%)	0.8	0.2	3.0	2.6	2.7	2.8
<b>Swaziland</b>	<b>1,325</b>	<b>1,431</b>	<b>2,024</b>	<b>2,000</b>	<b>1,817</b>	<b>1,796</b>
Extra (%)	6.1	9.3	8.7	11.1	11.1	10.8
Intra (%)	93.9	90.7	91.3	88.9	88.9	89.2
<b>Exports</b>						
<b>SACU</b>	<b>85,725</b>	<b>65,384</b>	<b>95,634</b>	<b>122,188</b>	<b>112,660</b>	<b>110,939</b>
Extra (%)	95.7	94.4	84.4	86.8	85.8	85.1
Intra (%)	4.3	5.6	15.6	13.2	14.2	14.9
<b>Botswana</b>	<b>4,951</b>	<b>3,456</b>	<b>4,693</b>	<b>5,882</b>	<b>5,971</b>	<b>7,573</b>
Extra (%)	80.5	84.7	86.7	85.9	85.0	86.9
Intra (%)	19.5	15.3	13.3	14.1	15.0	13.1
<b>Lesotho</b>	<b>727</b>	<b>628</b>	<b>503</b>	<b>770</b>	<b>678</b>	..
Extra (%)	60.1	51.0	24.9	54.1	51.7	..
Intra (%)	39.9	49.0	75.1	45.9	48.3	..
<b>Namibia</b>	<b>4,729</b>	<b>5,871</b>	<b>5,848</b>	<b>5,901</b>	<b>5,377</b>	<b>6,337</b>
Extra (%)	67.6	65.2	70.3	70.2	75.8	59.6
Intra (%)	32.4	34.8	29.7	29.8	24.2	40.4
<b>South Africa</b>	<b>73,966</b>	<b>53,864</b>	<b>82,626</b>	<b>107,946</b>	<b>98,872</b>	<b>95,112</b>
Extra (%)	100.0	100.0	86.6	88.9	87.6	87.6
Intra (%)	0	0.0	13.4	11.1	12.4	12.4
<b>Swaziland</b>	<b>1,352</b>	<b>1,566</b>	<b>1,964</b>	<b>1,689</b>	<b>1,761</b>	<b>1,917</b>
Extra (%)	31.5	48.1	40.8	34.4	29.2	36.1
Intra (%)	68.5	51.9	59.2	65.6	70.8	63.9

.. Not available.

a Excluding Lesotho.

Note: 0.0 refers to &gt;0 and &lt;0.05.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.2 Intra-SACU imports by origin, 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013
<b>Botswana's imports from other SACU members (US\$ million)</b>	<b>4,060</b>	<b>3,628</b>	<b>4,193</b>	<b>4,851</b>	<b>5,510</b>	<b>5,415</b>
Shares						
Lesotho	0.0	0.0	0.0	0.2	0.2	0.1
Namibia	0.7	0.8	1.6	1.3	8.2	9.5
South Africa	99.2	99.1	98.2	98.5	91.5	90.3
Swaziland	0.0	0.1	0.1	0.0	0.1	0.1
<b>Lesotho's imports from other SACU members (US\$ million)</b>	<b>924</b>	<b>1,292</b>	<b>1,011</b>	<b>1,410</b>	<b>1,419</b>	<b>..</b>
Shares						
Botswana	0.0	0	0.3	0.1	0.0	..
Namibia	0.1	0	0.0	0	0.0	..
South Africa	99.6	100.0	99.5	99.8	99.9	..
Swaziland	0.3	0.0	0.1	0.1	0.0	..
<b>Namibia's imports from other SACU members (US\$ million)</b>	<b>3,206</b>	<b>4,374</b>	<b>4,366</b>	<b>4,944</b>	<b>5,102</b>	<b>4,882</b>
Shares						
Botswana	0.5	0.5	0.4	0.6	2.2	3.8
Lesotho	0.0	0.0	0.0	0.0	0.0	0.0
South Africa	99.2	99.1	99.2	99.0	97.4	95.8
Swaziland	0.3	0.4	0.4	0.4	0.4	0.4
<b>South Africa's imports from other SACU members (US\$ million)</b>	<b>728</b>	<b>151</b>	<b>2,515</b>	<b>2,717</b>	<b>2,862</b>	<b>2,936</b>
Shares						
Botswana	25.1	69.0	11.8	12.4	14.1	17.9
Lesotho	0.0	0.0	10.5	9.9	9.1	8.1
Namibia	11.2	30.9	27.1	27.0	22.7	23.5
South Africa <sup>a</sup>	63.7	0	11.4	16.3	13.7	10.8
Swaziland	0.0	0.1	39.3	34.4	40.4	39.7
<b>Swaziland's imports from other SACU members (US\$ million)</b>	<b>1,243</b>	<b>1,298</b>	<b>1,848</b>	<b>1,777</b>	<b>1,614</b>	<b>1,603</b>
Shares						
Botswana	0.0	0.0	0.0	0.1	0.0	0.0
Lesotho	0.0	0.0	0.0	0.0	0.1	0.6
Namibia	0.1	0.2	0.1	0.1	0.0	0.1
South Africa	99.8	99.7	99.9	99.8	99.9	99.3

.. Not available.

a Re-imports.

Note: 0.0 refers to &gt;0 and &lt;0.05.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.3 Intra-SACU exports by destination, 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013
<b>Botswana's exports to other SACU members (US\$ million)</b>	<b>965</b>	<b>527</b>	<b>625</b>	<b>831</b>	<b>896</b>	<b>993</b>
Shares						
Lesotho	0.1	0.1	0.1	0.1	0.1	0.2
Namibia	5.9	3.5	2.7	3.8	12.4	18.6
South Africa	93.9	96.1	97.0	95.6	87.3	81.1
Swaziland	0.1	0.3	0.2	0.5	0.2	0.1
<b>Lesotho's exports to other SACU members (US\$ million)</b>	<b>290</b>	<b>308</b>	<b>378</b>	<b>353</b>	<b>328</b>	<b>..</b>
Shares						
Botswana	0.0	0	0	0.5	0.5	..
Namibia	0	0	0	0	0.0	..
South Africa	99.9	99.8	99.7	98.0	98.0	..
Swaziland	0.1	0.2	0.3	1.5	1.5	..
<b>Namibia's exports to other SACU members (US\$ million)</b>	<b>1,534</b>	<b>2,043</b>	<b>1,739</b>	<b>1,760</b>	<b>1,302</b>	<b>2,562</b>
Shares						
Botswana	1.6	2.5	2.3	2.3	28.0	33.9
Lesotho	0.1	0.1	0.1	0.1	0.1	0.0
South Africa	98.1	97.2	97.4	97.6	71.7	66.0
Swaziland	0.2	0.2	0.3	0.1	0.1	0.1
<b>South Africa's exports to other SACU members (US\$ million)</b>	<b>0</b>	<b>0.0</b>	<b>11,059</b>	<b>12,023</b>	<b>12,239</b>	<b>11,764</b>
Shares						
Botswana	0	0	37.7	38.0	41.2	39.1
Lesotho	0	0	11.7	13.2	13.1	12.0
Namibia	0	0	35.0	35.7	33.4	36.0
Swaziland	0	100.0	15.5	13.1	12.3	12.9
<b>Swaziland's exports to other SACU members (US\$ million)</b>	<b>926</b>	<b>813</b>	<b>1,162</b>	<b>1,107</b>	<b>1,247</b>	<b>1,225</b>
Shares						
Botswana	0.5	1.0	0.8	0.5	0.4	0.4
Lesotho	0.8	0.1	0.3	0.4	0.3	0.5
Namibia	0.6	0.4	1.4	1.7	0.8	1.2
South Africa	98.0	98.4	97.6	97.4	98.5	97.9

.. Not available.

Note: 0.0 refers to &gt;0 and &lt;0.05.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.4 Extra-SACU merchandise imports by origin, 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Total (US\$ million)	89,628	66,746	83,952	104,189	106,206	105,410
	(% of total)					
America	13.4	12.7	11.9	12.5	11.7	10.6
United States	8.1	7.7	7.3	7.9	7.2	6.5
Other America	5.3	5.0	4.6	4.6	4.4	4.1
Brazil	1.9	1.9	1.7	1.6	1.6	1.5
Europe	34.0	34.9	34.4	33.1	31.4	31.5
EU(28)	32.1	33.0	32.6	31.0	29.6	29.4
Germany	11.2	11.6	11.1	10.4	9.8	10.3
United Kingdom	4.7	4.7	4.7	4.8	4.7	3.8
Italy	2.4	2.5	2.4	2.6	2.5	2.6
France	2.8	3.1	2.9	2.7	2.4	2.2
Spain	1.2	1.2	1.6	1.4	1.2	1.8
The Netherlands	1.5	1.9	1.8	1.4	1.8	1.6
Belgium	1.4	1.5	1.4	1.3	1.3	1.5
Sweden	1.8	1.9	1.7	1.6	1.4	1.0
EFTA	1.1	1.3	1.5	1.5	1.3	1.4
Switzerland	0.9	1.2	1.4	1.4	1.2	1.3
Other Europe	0.8	0.5	0.3	0.6	0.5	0.6
Commonwealth of Independent States (CIS)	0.4	0.7	0.2	0.3	0.4	0.6
Africa	7.7	7.2	7.2	7.3	9.3	9.2
Nigeria	2.1	2.8	2.6	3.0	3.5	3.4
Angola	3.0	2.1	2.4	1.5	2.6	1.9
Mozambique	0.4	0.6	0.6	1.1	1.3	1.2
Middle East	13.7	11.4	10.2	10.9	11.1	9.9
Saudi Arabia	6.2	4.8	3.9	4.3	7.5	7.6
Asia	30.6	32.4	35.1	35.2	35.5	37.7
China	11.4	13.2	14.3	14.7	14.3	15.6
Japan	5.5	4.8	5.1	4.6	4.4	3.9
Six East Asian Traders	7.5	7.7	8.5	8.2	8.7	8.8
Thailand	2.0	2.1	2.2	2.2	2.5	2.6
Singapore	1.0	0.9	1.1	1.1	1.2	1.9
Korea, Republic of	1.6	1.7	2.1	2.2	2.1	1.8
Chinese Taipei	1.2	1.2	1.2	1.2	1.2	1.3
Other Asia	6.2	6.7	7.2	7.7	8.1	9.4
India	2.8	3.0	3.6	4.1	4.5	5.2
Australia	1.8	1.7	1.6	1.6	1.4	1.3
Other	0.2	0.8	0.9	0.7	0.6	0.6

a Excluding Lesotho.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.5 Extra-SACU merchandise exports by destination, 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Total (US\$ million)	82,009	61,693	80,671	106,114	96,648	94,395
	(% of total)					
America	13.4	11.3	12.6	11.4	11.6	10.1
United States	10.7	8.9	9.6	8.5	8.8	7.7
Other America	2.7	2.5	2.9	2.9	2.8	2.4
Europe	37.5	34.3	33.7	29.0	27.2	28.7
EU(28)	34.1	29.2	29.3	25.1	23.9	24.3
United Kingdom	10.2	8.9	8.7	8.0	7.9	7.6
Germany	7.1	5.9	7.0	5.3	4.3	4.1
Belgium	2.8	2.4	2.5	2.5	2.7	3.3
The Netherlands	4.3	3.5	3.1	2.9	2.9	3.3
France	1.9	1.6	1.5	1.0	1.2	1.3
Italy	2.0	1.9	2.1	1.9	1.6	1.3
Spain	2.6	2.3	1.7	1.3	1.2	1.1
EFTA	2.7	4.7	3.9	3.3	2.7	3.7
Switzerland	2.2	3.8	3.0	2.8	2.0	3.0
Other Europe	0.6	0.4	0.5	0.5	0.7	0.7
Commonwealth of Independent States (CIS)	0.5	0.4	0.5	0.4	0.5	0.5
Africa	16.5	19.6	16.9	15.0	17.2	18.0
Mozambique	2.1	2.8	2.4	2.4	2.6	3.2
Zambia	2.5	2.5	2.3	2.3	2.9	3.1
Zimbabwe	2.3	2.9	2.9	2.5	2.7	2.7
D.R. Congo	1.4	1.1	1.2	1.1	1.6	1.6
Angola	1.6	2.2	1.6	1.3	1.6	1.6
Middle East	3.3	3.5	3.4	2.7	3.2	3.2
United Arab Emirates	1.0	1.0	1.1	0.9	1.1	1.4
Asia	27.9	29.8	32.0	30.9	29.9	31.4
China	5.9	9.9	10.3	11.9	10.9	13.0
Japan	9.9	6.7	8.0	7.2	5.9	5.9
Six East Asian Traders	6.2	6.6	6.5	6.2	6.9	6.7
Hong Kong, China	0.8	1.6	1.2	1.2	1.5	1.6
Korea, Republic of	1.9	1.5	2.1	2.1	1.6	1.3
Singapore	0.7	0.5	0.4	0.4	1.0	1.2
Chinese Taipei	1.4	1.3	1.3	1.1	1.1	1.2
Other Asia	5.9	6.6	7.1	5.5	6.3	5.8
India	2.8	3.4	3.8	3.3	4.0	3.4
Other	0.9	1.1	1.0	10.7	10.3	8.0

a Excluding Lesotho.

Source: UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.6 Merchandise imports by product group (extra-SACU), 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Total (US\$ million)	89,628	66,746	83,952	104,189	106,206	105,410
	(% of total)					
Total primary products	31.7	30.2	28.1	30.0	31.4	30.6
Agriculture	6.2	7.4	6.7	7.0	7.1	6.6
Food	5.3	6.5	5.8	6.0	6.3	5.8
Agricultural raw material	0.9	0.9	0.9	1.0	0.8	0.8
Mining	25.5	22.8	21.4	23.0	24.3	24.0
Ores and other minerals	2.3	1.0	1.1	1.3	1.4	1.5
Non-ferrous metals	1.0	0.9	1.2	1.2	1.2	1.2
Fuels	22.2	20.9	19.1	20.5	21.7	21.3
Manufactures	61.8	64.4	65.5	64.1	62.5	63.5
Iron and steel	1.7	1.6	1.6	1.8	1.7	2.0
Chemicals	9.8	10.4	10.7	10.1	10.2	10.1
Other semi-manufactures	6.6	6.9	7.4	7.1	7.5	7.2
Machinery and transport equipment	35.0	35.2	35.4	35.4	33.8	34.6
Power generating machines	2.2	1.9	2.3	2.4	1.9	1.9
Other non-electrical machinery	10.6	10.1	8.7	9.6	9.8	10.0
Agricultural machinery and tractors	0.7	0.7	0.5	0.7	0.8	0.8
Office machines & telecommunication equipment	8.4	9.4	9.8	8.7	7.9	8.6
Other electrical machines	3.4	4.0	3.6	3.3	3.1	3.4
Automotive products	7.1	6.9	8.4	8.6	8.4	8.4
Other transport equipment	3.4	3.0	2.6	2.8	2.6	2.2
Textiles	1.2	1.4	1.5	1.4	1.4	1.4
Clothing	1.1	1.6	1.8	1.7	1.6	1.7
Other consumer goods	6.2	7.3	7.0	6.6	6.4	6.5
Other	6.6	5.4	6.5	5.9	6.1	5.9

a Excluding Lesotho.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A1.7 Merchandise exports by product group (extra-SACU), 2008-13**

(US\$ million and %)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
Total (US\$ million)	82,009	61,693	80,671	106,114	96,648	94,395
	(% of total)					
Total primary products	46.9	51.3	51.5	48.5	46.9	49.5
Agriculture	9.7	12.9	11.2	9.3	9.6	10.8
Food	7.7	10.8	9.1	7.4	7.9	8.9
Agricultural raw material	2.0	2.1	2.0	1.9	1.8	1.9
Mining	37.2	38.4	40.4	39.2	37.2	38.7
Ores and other minerals	12.7	13.7	15.8	16.4	16.6	18.0
Non-ferrous metals	15.8	14.8	15.5	13.7	10.9	12.0
Fuels	8.7	9.8	9.1	9.0	9.7	8.6
Manufactures	52.7	48.1	47.3	41.0	43.3	42.8
Iron and steel	10.8	8.3	9.6	7.2	6.6	6.3
Chemicals	7.2	7.3	6.8	6.0	6.7	6.4
Other semi-manufactures	11.2	11.0	11.3	10.3	10.6	11.4
Machinery and transport equipment	20.1	18.1	16.9	15.1	17.0	16.5
Power generating machines	0.3	0.3	0.2	0.2	0.3	0.3
Other non-electrical machinery	6.4	5.5	5.4	5.1	5.3	5.1
Agricultural machinery and tractors	0.1	0.1	0.1	0.1	0.1	0.1
Office machines & telecommunication equipment	1.1	1.2	0.9	0.8	0.9	1.0
Other electrical machines	1.0	1.1	0.9	0.9	1.0	1.0
Automotive products	9.6	8.5	8.4	7.0	8.0	7.5
Other transport equipment	1.7	1.4	1.1	1.2	1.4	1.6
Textiles	0.4	0.4	0.3	0.3	0.3	0.3
Clothing	0.8	0.7	0.3	0.5	0.5	0.2
Other consumer goods	2.1	2.3	2.1	1.7	1.7	1.7
Other	0.3	0.4	1.0	10.5	9.8	7.7

a Excluding Lesotho.

Source: WTO Secretariat estimates, based on UNSD, Comtrade database; and data provided by the authorities of the SACU members.

**Table A2.1 SACU country exports to the United States under the preferential regimes, 2008 and 2014**

(US\$ million)

	2008						2014					
	Total	AGOA	GSP	No programme claimed (applied MFN entry)		Other <sup>a</sup>	Total	AGOA	GSP	No programme claimed (applied MFN entry)		Other <sup>a</sup>
				All	of which: duty-free					All	of which: duty-free	
Botswana	218.8	15.8	0.1	202.9	201.7	0	318.0	9.5	0.0	308.5	307.7	0.0
Lesotho	374.1	338.8	0.1	35.2	30.6	0	361.2	288.9	0.1	72.2	69.8	0
Namibia	301.2	0.0	3.4	297.9	291.3	0	256.2	0	0.4	255.8	254.1	0.0
South Africa	9,958.7	2,427.7	1,456.8	6,056.7	5,718.1	17.5	8,269.6	1,747.6	1,356.2	5,147.0	4,838.5	18.7
Swaziland	133.9	125.4	0.2	8.3	2.2	0.0	81.4	59.1	18.1	4.2	1.4	0.1
<b>SACU</b>	<b>10,986.7</b>	<b>2,907.7</b>	<b>1,460.6</b>	<b>6,600.9</b>	<b>6,243.8</b>	<b>17.5</b>	<b>9,286.3</b>	<b>2,105.1</b>	<b>1,374.8</b>	<b>5,787.6</b>	<b>5,471.4</b>	<b>18.8</b>

a Civil aircraft and pharmaceuticals.

Note: 0.0 refers to >0 and <0.05.

Source: WTO Secretariat estimates, based on data from USITC database.

Table A3.1 MFN tariff averages by HS 2-digit level, 2015

HS	Description	No. of lines	Averages (%)	Ranges (%)	Shares of duty-free lines (%)	Shares of non-ad valorem tariffs (%)
	<b>Total</b>	7,426	8.3	0-624.0	55.7	3.8
01	Live animals	35	0.0	0.0	100.0	0.0
02	Meat and edible meat offal	95	20.7	0-82	33.7	49.5
03	Fish and crustaceans, molluscs and other aquatic invertebrates	251	7.6	0-30	62.9	9.6
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	59	10.6	0-96	44.1	45.8
05	Products of animal origin, not elsewhere specified or included	25	0.0	0.0	100.0	0.0
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	18	12.2	0-20	38.9	0.0
07	Edible vegetables and certain roots and tubers	101	9.4	0-30	34.7	4.0
08	Edible fruit and nuts; peel of citrus fruit or melons	87	6.1	0-35	37.9	0.0
09	Coffee, tea, maté and spices	46	2.8	0-25	78.3	10.9
10	Cereals	27	1.2	0-5.3	70.4	7.4
11	Products of the milling industry; malt; starches; inulin; wheat gluten	55	6.1	0-20	36.4	21.8
12	Oil seeds and oleaginous fruits; misc. grains, seeds and fruit; industrial or medicinal plants; straw and fodder	57	7.1	0-20	38.6	3.5
13	Lac; gums, resins and other vegetable saps and extracts	16	6.0	0-25	56.3	0.0
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	7	2.1	0-15	85.7	0.0
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	69	7.5	0-10	24.6	0.0
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	109	8.9	0-51.8	26.6	57.8
17	Sugars and sugar confectionery	17	12.6	0-39.9	58.8	29.4
18	Cocoa and cocoa preparations	12	9.3	0-21	50.0	0.0
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	31	18.5	0-40	3.2	16.1
20	Preparations of vegetables, fruit, nuts or other parts of plants	92	15.9	0-55	7.6	23.9
21	Miscellaneous edible preparations	34	12.1	0-30	14.7	14.7
22	Beverages, spirits and vinegar	61	16.0	0-40.7	3.3	37.7
23	Residues and waste from the food industries; prepared animal fodder	39	4.8	0-20	59.0	0.0
24	Tobacco and manufactured tobacco substitutes	22	34.8	0-45	4.5	22.7
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	74	0.1	0-10	98.6	0.0
26	Ores, slag and ash	37	0.0	0.0	100.0	0.0
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	78	3.4	0-20	59.0	17.9
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	180	0.8	0-20	93.3	0.0
29	Organic chemicals	494	0.6	0-15	94.1	0.0
30	Pharmaceutical products	44	0.5	0-20	97.7	0.0
31	Fertilizers	23	0.0	0.0	100.0	0.0

HS	Description	No. of lines	Averages (%)	Ranges (%)	Shares of duty-free lines (%)	Shares of non-ad valorem tariffs (%)
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	58	2.7	0-10	72.4	0.0
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	60	12.3	0-20	31.7	0.0
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis	28	12.1	0-20	28.6	0.0
35	Albuminoidal substances; modified starches; glues; enzymes	20	2.8	0-20	75.0	0.0
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	8	3.1	0-15	75.0	0.0
37	Photographic or cinematographic goods	47	5.4	0-15	59.6	0.0
38	Miscellaneous chemical products	188	1.9	0-10	79.8	1.6
39	Plastics and articles thereof	334	6.5	0-20	47.3	0.0
40	Rubber and articles thereof	143	9.5	0-43	44.8	0.0
41	Raw hides and skins (other than furskins) and leather	53	3.4	0-10	66.0	0.0
42	Articles of animal gut (other than silk-worm gut)	25	26.4	0-30	4.0	0.0
43	Furskins and artificial fur; manufactures thereof	14	12.9	0-30	42.9	0.0
44	Wood and articles of wood; wood charcoal	94	6.4	0-30	55.3	0.0
45	Cork and articles of cork	7	0.0	0.0	100.0	0.0
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	12	18.3	0-20	8.3	0.0
47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper and paperboard	21	0.0	0.0	100.0	0.0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	153	4.0	0-20	71.9	0.0
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	27	4.3	0-15	66.7	0.0
50	Silk	9	0.0	0.0	100.0	0.0
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	52	7.9	0-22	55.8	0.0
52	Cotton	126	18.4	0-22	3.2	0.8
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	23	3.8	0-22	82.6	0.0
54	Man-made filaments	88	11.9	0-22	37.5	0.0
55	Man-made staple fibres	108	16.1	0-22	15.7	0.0
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	40	13.8	0-20	10.0	0.0
57	Carpets and other textile floor coverings	21	26.4	5-30	0.0	0.0
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	44	16.0	0-25	27.3	0.0
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	64	10.3	0-25	43.8	0.0

HS	Description	No. of lines	Averages (%)	Ranges (%)	Shares of duty-free lines (%)	Shares of non-ad valorem tariffs (%)
60	Knitted or crocheted fabrics	59	16.7	0-22	13.6	0.0
61	Articles of apparel and clothing accessories, knitted or crocheted	125	41.3	0-45	2.4	0.0
62	Articles of apparel and clothing accessories, not knitted or crocheted	144	40.0	0-45	4.2	0.0
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	84	36.3	0-624.0	3.6	4.8
64	Footwear, gaiters and the like; parts of such articles	57	22.2	0-30	19.3	17.5
65	Headgear and parts thereof	11	18.6	0-30	9.1	0.0
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	6	25.8	20-30	0.0	0.0
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	8	12.5	0-20	37.5	0.0
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	61	6.1	0-15	59.0	0.0
69	Ceramic products	29	8.6	0-30	62.1	0.0
70	Glass and glassware	128	7.7	0-30	27.3	0.0
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	60	4.3	0-20	78.3	0.0
72	Iron and steel	168	0.1	0-10	98.8	0.0
73	Articles of iron or steel	207	7.6	0-30	34.8	0.0
74	Copper and articles thereof	65	5.3	0-20	52.3	0.0
75	Nickel and articles thereof	17	0.0	0.0	100.0	0.0
76	Aluminium and articles thereof	64	3.6	0-30	67.2	0.0
78	Lead and articles thereof	8	0.0	0.0	100.0	0.0
79	Zinc and articles thereof	9	0.0	0.0	100.0	0.0
80	Tin and articles thereof	5	0.0	0.0	100.0	0.0
81	Other base metals; cermets; articles thereof	48	0.0	0.0	100.0	0.0
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	117	10.3	0-30	47.0	0.0
83	Miscellaneous articles of base metal	48	12.3	0-20	22.9	0.0
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	623	2.5	0-30	83.5	0.0
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	423	5.7	0-25	58.4	0.0
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	24	0.4	0-10	95.8	0.0
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	186	12.3	0-30	36.0	0.0
88	Aircraft, spacecraft, and parts thereof	15	0.0	0.0	100.0	0.0
89	Ships, boats and floating structures	19	2.6	0-10	73.7	0.0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	149	0.5	0-20	96.6	0.0

HS	Description	No. of lines	Averages (%)	Ranges (%)	Shares of duty-free lines (%)	Shares of non- <i>ad valorem</i> tariffs (%)
91	Clocks and watches and parts thereof	49	0.0	0.0	100.0	0.0
92	Musical instruments; parts and accessories of such articles	17	0.0	0.0	100.0	0.0
93	Arms and ammunition; parts and accessories thereof	66	13.4	0-15	10.6	0.0
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates	56	14.3	0-20	28.6	0.0
95	Toys, games and sports requisites; parts and accessories thereof	36	1.9	0-30	88.9	0.0
96	Miscellaneous manufactured articles	66	11.5	0-45	39.4	0.0
97	Works of art, collectors' pieces and antiques	7	0.0	0.0	100.0	0.0

Note: Calculations for averages are based on the national tariff line level (8-digit), excluding in-quota rates. The tariff schedule is based on HS 2012. *Ad valorem* equivalents (AVEs) were estimated based on 2014 South African import data at the 8-digit tariff line level. In case of unavailability, the *ad valorem* part is used for mixed rates.

Source: WTO Secretariat calculations based on tariff information from the South African Revenue Service (SARS); and WTO, CTS database.

Table A3.2 Excise duties, 2015

Tariff heading	Product descriptions	Rate
<b>Specific excise duties</b>		
<b>Prepared foodstuffs</b>		
1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40% by mass of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5% by mass of cocoa calculated on a totally defatted basis not elsewhere specified or included: Traditional African beer powder as defined in Additional Note 1 to Chapter 19	R 0.347/kg
<b>Beverages and spirits</b>		
2203	Beer made from malt: Traditional African beer as defined in Additional Note 1 to Chapter 22 Other	R 0.0782/L R 73.05/L <sup>a</sup>
2204	Wine of fresh grapes, including fortified wines; grape must (excluding that of heading 20.09): Sparkling wine Unfortified wine With an alcoholic strength of at least 4.5% by volume but not exceeding 16.5% by vol. Other Fortified wine With an alcoholic strength of at least 15% by volume but not exceeding 22% by vol. Other	R 9.75/L R 3.07/L R 149.23/L <sup>a</sup> R 5.46/L R 149.23/L <sup>a</sup>
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances: Sparkling Unfortified With an alcoholic strength of at least 4.5% by volume but not exceeding 15% by vol. Other Fortified With an alcoholic strength of at least 15% by volume but not exceeding 22% by vol. Other	R 9.75/L R 3.07/L R 149.23/L <sup>a</sup> R 5.46/L R 149.23/L <sup>a</sup>
2206	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included: Sparkling fruit beverages and sparkling mead Traditional African beer Other fermented beverages, unfortified Other fermented beverages of non-malted cereal grains, unfortified Other fermented apple or pear beverages, unfortified Other fermented fruit beverages and mead beverages, unfortified Other fermented apple or pear beverages, fortified Other fermented fruit beverages and mead beverages, fortified Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, unfortified Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, fortified Other	R 9.75/L R 0.0782/L R 73.05/L <sup>a</sup> R 73.05/L <sup>a</sup> R 3.65/L R 3.65/L R 60.97/L <sup>a</sup> R 60.97/L <sup>a</sup> R 3.65/L R 60.97/L <sup>a</sup> R 73.05/L <sup>a</sup>
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength:	R 149.23/L <sup>a</sup>
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages: Spirits obtained by distilling grape wine or grape marc: Whiskies Rum and other spirits obtained by distilling fermented sugarcane products Gin and Geneva	R 149.23/L <sup>a</sup> R 149.23/L <sup>a</sup> R 149.23/L <sup>a</sup> R 149.23/L <sup>a</sup>

Tariff heading	Product descriptions	Rate
	Vodka	R 149.23/L <sup>a</sup>
	Liqueurs and cordials	
	With an alcoholic strength by volume exceeding 15% by vol. but not exceeding 23% by vol.	R 60.97/L <sup>a</sup>
	Other	R 149.23/L <sup>a</sup>
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:	
	Cigars, cheroots and cigarillos, containing tobacco	R 2 824.55/kg net
	Cigarettes containing tobacco	R 6.21/10 cigarettes
	Cigars, cheroots and cigarillos of tobacco substitutes	R 2 824.55/kg net
	Cigarettes of tobacco substitutes	R 6.21/10 cigarettes
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences:	
	Smoking tobacco, whether or not containing tobacco substitutes in any proportions	R 155.54/kg net
	Cigarette tobacco	R 278.82/kg
	Other:	
	Other cigarette tobacco substitutes	R 278.82/kg
	Other pipe tobacco substitutes	R 155.54/kg net
<b>Mineral products</b>		
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations not elsewhere specified or included, containing by mass 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:	
	Light oils and preparations:	
	Petrol	R 0.03909/L
	Aviation kerosene	free
	Illuminating kerosene, marked	free
	Illuminating kerosene, unmarked	R 0.03817/L
	Distillate fuel	R 0.03817/L
	Specified aliphatic hydrocarbon solvents, marked	free
	Specified aliphatic hydrocarbon solvents, unmarked	R 0.03817/L
<b>Products of the chemical or allied industries</b>		
2903	Halogenated derivatives of hydrocarbons:	
	Carbon tetrachloride	R 5/kg
	1,1,1-Trichloroethane (methyl chloroform)	R 5/kg
	Bromochlorodifluoromethane, bromotrifluoromethane and dibromotetrafluoroethanes	R 5/kg
	Trichlorofluoromethane	R 5/kg
	Dichlorodifluoromethane	R 5/kg
	Trichlorotrifluoroethanes	R 5/kg
	Dichlorotetrafluoroethanes and chloropentafluoroethane	R 5/kg
	Chlorotrifluoromethane	R 5/kg
	Pentachlorofluoroethane	R 5/kg
	Tetrachlorodifluoroethanes	R 5/kg
	Heptachlorofluoropropanes	R 5/kg
	Hexachlorodifluoropropanes	R 5/kg
	Pentachlorotrifluoropropane	R 5/kg
	Tetrachlorotetrafluoropropanes	R 5/kg
	Trichloropentafluoropropanes	R 5/kg
	Dichlorohexafluoropropanes	R 5/kg
	Chloroheptafluoropropanes	R 5/kg

Tariff heading	Product descriptions	Rate
3824	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included	R 5/kg
3826	Biodiesel and mixtures thereof, not containing or containing less than 70% by mass of petroleum oils or oils obtained from bituminous minerals	R 0.03817/L
<b>Ad valorem excise duties</b>		
3303	Perfumes and toilet waters: Other	7.0%
3304	Beauty or make-up preparations and preparations for the care of the skin (excluding medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	5.0%
3604	Fireworks	7.0%
4303	Articles of apparel and clothing accessories and other articles of fur skin	7.0%
4304	Artificial fur and articles of apparel and clothing accessories	7.0%
8415	Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated	7.0%
8517	Telephone sets, including telephones for cellular networks or for other wireless networks	7.0%
8518	Microphones, loudspeakers, amplifiers	7.0%
8519	Sound recording or reproducing apparatus:	
8521	Video recording or reproducing apparatus	7.0%
8525	Television cameras, digital cameras and video camera recorders	7.0%
8527	Reception apparatus for radio-broadcasting	7.0%
8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television	7.0%
8702	Motor vehicles for the transport of ten or more persons, including the driver:	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8703	Vehicles specially designed for travelling on snow; golf cars and similar vehicles	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8704	Motor vehicles for the transport of goods:	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8706	Chassis	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without sidecars; sidecars	5.0% <sup>d</sup>
8903	Water scooters and the like	7.0%
9302	Revolvers and pistols	7.0%
9303	Other firearms and similar devices	7.0%

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Tariff heading	Product descriptions	Rate
9304	Other arms	7.0%
9506	Golf balls	7.0%

- a Absolute alcohol.
- b Vehicles manufactured in the Republic of South Africa.
- c Vehicles imported into the Republic of South Africa.
- d Except for HS 871150 and 87119030: 7%.

Source: Schedules to the Customs and Excise Act, 1964 (Tariff Book), Schedule 1, Part 2A and 2B.