

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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SOUTH AFRICA - TEMPORARY IMPORT DEPOSIT

The following communication, dated 3 August 1976, has been received from the Permanent Mission of South Africa.

During the past year the anticipated cyclical improvement in South Africa's balance of payments has been delayed by a series of unexpected adverse developments, including the sharp decline in the gold price since August 1975, the abnormal duration and depth of the world economic recession of 1973-75, and the more recent decline in the net inflow of foreign capital. Against this background the authorities have introduced a series of fundamental monetary and fiscal measures designed to strengthen the balance of payments and at the same time to contribute to a further reduction in the rate of inflation. These measures include higher liquid asset requirements for banking institutions, ceilings on bank credit to the private sector and the recent conservative budget which is likely to show its full effect from the third quarter of 1976 onwards.

It is confidently expected that these monetary and fiscal policies will attain their objectives. In recent months there has already been evidence of an improvement in the balance of payments on current account. Exports have begun a new upward movement and during May there was a particularly sharp fall in imports. Moreover, in the period ahead the process of balance-of-payments recovery should be assisted by the current economic upswing in the major industrial countries, as well as by the beneficial effects on the current account of the devaluation of September 1975, which, after the usual time lag, are now felt to an increasing extent. Given the present reduced rate of increase of total public and private spending, the current account also stands to benefit from a natural reduction in inventories of imported goods, which were built up to an abnormally high level during the first quarter of 1976.

For the time being, however, the current deficit is still unduly large, and since it has not in recent months been adequately covered by a net inflow of foreign capital, the official gold and other foreign reserves have shown a considerable decrease since the end of the first quarter of 1976. Moreover, even with a declining

current deficit, the reserves will probably remain under pressure for some months before entering their next upward phase. Account must naturally also be taken of the considerable increasing during the past fifteen months in the external short-term debt of the official and banking sector, which will have to be refinanced or repaid in the period ahead.

In view of these considerations, the Government has therefore decided to supplement the existing fundamental monetary and fiscal policies by the imposition of a temporary import deposit scheme. The main purpose of this additional measure is to accelerate the expected improvement in the balance of payments and to ensure that the economy derives the full benefit from the economic upswing now in progress in the major industrial countries.

The new scheme will take effect from 2 August 1976 and will operate as follows:

According to a Proclamation which will be published in the Government Gazette on 23 July 1976, a deposit of 20 per cent, calculated to the nearest rand of the free-on-board price of such goods, will be payable on all goods imported into the Republic and cleared with effect from 2 August 1976, except in respect of those categories of goods which have specifically been exempted from the payment of such a deposit in the Proclamation.

The deposit will have to be paid in cash or per bank guaranteed cheque to the Controller of Customs and Excise at the time of direct entry of the goods for home consumption or entry for storage in a customs and excise warehouse. No interest will be payable on such deposits, which will be repaid to the importer after a period of six months by the South African Reserve Bank.

If the importer fails to pay to the Controller of Customs and Excise the required deposit, entry of such goods will be refused.

The goods which are exempted from the payment of the deposit are as follows:

- (a) Mineral fuels, mineral oils and products of their distillation, bituminous substances and mineral waxes provided for in Chapter 27 of Schedule No. 1 to the Customs and Excise Act, 1964;
- (b) State importations and certain other goods specified in the Proclamation and entered in terms of Schedule No. 4 to the Customs and Excise Act 1964;
- (c) any goods the free-on-board price of which exceeds R10,000 and in respect of which there is at the time of entry furnished to the Controller of Customs and Excise a certificate, issued by the Secretary for Industries, declaring that the goods are essential capital goods or equipment required in connexion with the carrying out of a development project for purposes other than replacement of existing goods or equipment. The Secretary for Industries may at his discretion grant or refuse such a certificate;

- (d) goods imported exclusively for re-export in their original form to a country other than Botswana, Lesotho or Swaziland;
- (e) goods the free-on-board price of which amounts to R 100 or less; and
- (f) goods imported into or destined for Botswana, Lesotho and Swaziland on the presentation of a certificate issued by the responsible authorities in those countries.

ANNEX

Proclamation Dated 23 July 1976

Deposits Payable in Respect of Imported Goods

By virtue of the powers vested in me by section 9 of the Currency Exchanges Act, 1933 (Act 9 of 1933), I hereby make the following regulations:

1. Any person importing any goods into the Republic of South Africa or the Territory of South-West Africa shall, at the time of entry of such goods in terms of the provisions of the Customs and Excise Act, 1964 (Act 91 of 1964), for home consumption (except entry ex a customs and excise warehouse) or for storage in a customs and excise warehouse, pay to the Controller of Customs and Excise by way of deposit an amount equal to 20 per cent, calculated to the nearest rand, of the free-on-board price of such goods.
2. Such deposit shall be transferred to the South African Reserve Bank and shall be repaid without interest by the said bank to the importer at such time as the said bank may consider expedient, not being later than six months after the date of payment thereof to the Controller of Customs and Excise.
3. If the importer fails to pay to the Controller of Customs and Excise the deposit prescribed in regulation 1 the said Controller shall refuse entry of such goods.
4. The following goods are, subject to the conditions specified, exempted from the payment of the deposit:
 - (a) Mineral fuels, mineral oils and products of their distillation, bituminous substances and mineral waxes provided for in Chapter 27 of Schedule 1 to the Customs and Excise Act 1964;
 - (b) goods entered in terms of the undermentioned items of Schedule 4 to the Customs and Excise Act 1964:

Item 401.00	Item 412.03
Item 405.07	Item 412.11
Item 406.00	Item 412.12
Item 407.00	Item 470.00
Item 408.00	Item 480.00
Item 409.00	Item 490.00
Item 412.02	

- (c) (i) any goods the free-on-board price of which exceeds R10,000 and in respect of which there is at the time of entry furnished to the Controller of Customs and Excise a certificate issued by the Secretary for Industries declaring that such goods are essential capital goods or equipment required in connexion with the carrying out of a development project for purposes other than replacement of existing goods or equipment;
- (ii) the Secretary for Industries may, at his discretion, grant or refuse the granting of a certificate contemplated in sub-paragraph (i);
- (d) goods imported exclusively for re-export in their original form to a country other than Botswana, Lesotho or Swaziland; and
- (e) goods the free on board of which amounts to R100 or less.

5. The provisions of these regulations shall apply also to imports through the post and for that purpose any reference therein to Controller of Customs and Excise shall be construed as including a reference to Postmaster-General.

6. These regulations shall come into operation on 2 August 1976.

Given under my hand and the seal of the Republic of South Africa at Hoedspruit this nineteenth day of July, one thousand nine hundred and seventy-six.

N. DIEDERICHS, State President.
By Order of the State President-in-Council:
O.P.F. HORWOOD.

