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# TRADE BARRIERS REPORT PREPARATION TRAINING

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This publication was produced for review by the United States Agency for International Development. It was prepared by Lance Graef and Matthew Reisman

# **TRADE BARRIERS REPORT TRAINING**

ASSISTANCE FOR TRADE REFORM

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NATHAN ASSOCIATS

USAID/EGYPT POLICY AND PRIVATE SECTOR OFFICE

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## **DISCLAIMER:**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## Trade Barriers Reports Consultancy

### I. Introduction

From June 18 through June 29, 2006 Matthew Reisman and Lance Graef worked with the staff of the Central Department for Bilateral and Multilateral Agreements (CD/BMA) to prepare reports on trade barriers in countries of export interest to Egypt. The reports were intended to serve two audiences:

- **Policymakers**, including Egyptian trade negotiators, policy analysts from the Ministry of Trade and Industry, sectoral experts from other Ministries, parliamentarians and others involved in trade policy and negotiations; and
- **Egyptian exporters** seeking information on barriers to trade in markets of interest.

The Terms of Reference for the assignment called upon Mr. Graef and Mr. Reisman to work with three groups of CD/BMA staff on three country reports. The assignment was expanded to an additional country shortly before Mr. Graef's and Mr. Reisman's arrival. Each group consisted of four to five CD/BMA staff. The countries included:

1. Algeria
2. Russia
3. South Africa
4. China

### II. Tasks Performed

#### A. Preparatory Work (June 12-15)

Prior to leaving the United States, Mr. Graef and Mr. Reisman collected examples of trade barriers reports prepared by other countries, including the United States (the "National Trade Estimate" or NTE), the European Union, China, and Japan. They also gathered and reviewed additional reports, including "Special 301" reports by the Office of the United States Trade Representative (USTR) and WTO Trade Policy Reviews. In addition, Mr. Reisman visited USTR to gather examples of U.S. private sector complaints about trade barriers.

Mr. Reisman and Mr. Graef also prepared a proposed outline for the trade barriers reports. At the advice of ATR staff, who had consulted with the CD/BMA, Mr. Graef and Mr. Reisman prepared an outline that included:

- a. An introductory section presenting trade and economic data,
- b. The main body of the report, focused on trade barriers that affect Egyptian exports,
- c. Appendices of tariff and trade data of greatest interest to Egyptian exporters and policymakers.

#### B. Assistance to CD/BMA staff on preparation of the reports (June 18-29)

On Sunday, June 18, Mr. Graef and Mr. Reisman presented the proposed report outline to the assembled group of staff assigned to work on the reports. The consultants engaged the staff in a discussion about the importance of such reports and reviewed the proposed outline with them. The group accepted the proposed outline as the guiding framework for their reports. The outline is attached as **Attachment 1**.

Every work day between June 18 and June 29, Mr. Graef and Mr. Reisman circulated from

group to group to advise them on preparation of their reports. The consultants conducted the following tasks with each group:

1. Introduced them to various text and web-based resources they could use in preparation of their country reports, including the trade barriers reports prepared by other countries (mentioned above) and WTO Trade Policy Reviews.
2. Familiarized the staff with the following resources:
  - a. Country tariff schedules, often available from the websites of the Trade Ministries or Customs Departments of the countries under study.
  - b. World Trade Organization documents, including notifications by the countries to the WTO of various types of trade measures. The consultants spent considerable time helping the staff navigate the site, which has exceptionally useful materials but is sometimes difficult to navigate.
  - c. The International Trade Centre's Market Access Map (MAcMap), a database of tariff data covering most countries.
  - d. The International Trade Centre's TradeMap, a database of global trade data. Many of the staff had used TradeMap previously, but they were often unaware of the full range of analytical functions it offers.
3. Conducted intensive discussions with each group about the most important trade barriers in their countries of study. The consultants drew on their own knowledge of those countries' trade policies to highlight particular issues the groups should investigate.
4. Introduced the groups to proper methods for citation of the sources of their data. This was a new skill for many staff, who were accustomed to preparing reports without indicating data sources.
5. Reviewed first drafts of the reports, provided detailed comments, and discussed the comments in detail with each group.

#### *C. Assistance to CD/BMA staff on preparation of presentations (June 25-29)*

Each group was asked to prepare a presentation of no more than fifteen minutes of the major findings from their reports. Mr. Graef and Mr. Reisman provided the groups general advice on preparation of the presentations (e.g., encouraging them to focus on their findings on barriers rather than overview economic information). The consultants also served as an audience for several groups who wished to practice their presentations prior to presenting to their colleagues.

The groups gave their presentations in front of their CD/BMA colleagues as well as the consultants, several members of the ATR staff, and Ms. Manal El-Samadony of USAID.

#### *D. Trade Barriers Presentation/Discussion and TradeMap/MacMap Training (June 27)*

On June 27, 2006, Mr. Graef and Mr. Reisman held two training sessions with the CD/BMA staff. The first was an interactive session in which they reviewed various types of trade barriers – tariff and non-tariff – that the staff might focus on in their reports. The consultants

also challenged the staff to think about issues that they ought *not* address in their reports (e.g. the fact that a country may be more competitive than Egypt in the production of certain goods).

#### *E. Preparation of final drafts of reports (June 25-July 13)*

The groups continued to work on final English drafts of their reports during first two weeks of July. Mr. Reisman remained in Egypt during this time under a second Terms of Reference, and continued to work with the groups as-needed during this time. The final reports produced by the groups broadly followed the outline agreed upon at the beginning of Mr. Reisman's and Mr. Graef's consultancy, although each group did make some adaptations.

### **III. Next steps and recommendations**

- *Translate the reports into Arabic.* Each group completed an English draft of the report. The consultants urge the CD/BMA to translate the reports into Arabic so that they will be accessible to as wide a range of Egyptians as possible.
- *Repeat the reports next year – but make the research period longer, and rely more on primary sources.* Mr. Graef and Mr. Reisman were impressed by the quality of the work that the staff completed in a short period of time. However, they noted that many of the groups relied almost exclusively on secondary sources. Only a few groups attempted to speak directly with Egyptian exporters, although several groups did draw upon complaints that exporters had submitted to the Ministry.

The groups' heavy reliance on secondary sources was partly a function of the short period – several weeks – in which the groups were expected to complete their reports. Staff claimed, with some justification, that it would be difficult to communicate with a critical mass of exporters, and hear back from them, within just a few weeks.

The reports should be an annual exercise – exporters and policymakers need up-to-date information on barriers in markets of interest. Next year, the CD/BMA should launch research efforts at least five to six months in advance of the projected date of publication. Staff should actively solicit input from exporters on barriers they are facing in important markets. The CD/BMA should consider publicizing requests for such submissions via official government publications, the Ministry of Trade and Industry's website, newspapers, and other media.

- *Coordinate more closely with the CD/WTO and the Egyptian Commercial Service.* The consultants encouraged CD/BMA staff to request information from their colleagues in the CD/WTO, as well as representatives of the Egyptian Commercial Service in Egypt and abroad. The staff exhibited a certain reticence towards contacting staff in those units, and noted that cooperation between the CD/BMA, the CD/WTO and ECS is not strong. This is unfortunate, as the staff at CD/WTO and at ECS would be valuable sources of information on barriers. ECS staff abroad could also investigate complaints about barriers that exporters report to the CD/BMA.

## Attachment 1: CD/BMA Country Reports Outline

### BACKGROUND

Sources indicated in **[bolded brackets]**.

#### Country basics

1. Geographic and population information **[World Factbook]**
2. Form of government (e.g. republic, constitutional monarchy, etc.) **[World Factbook]**

#### Overview of the Economy

1. Summary discussion of macroeconomic performance in recent years.
2. Summary discussion of structure of economy (i.e. description of major sectors and products).
3. Core indicators table **[World Bank World Development Indicators Database]**

Indicator	2001	2002	2003	2004	2005
Gross Domestic Product (GDP)					
Average per capita income (US dollar)					
Growth of GDP (%)					
Inflation rate (%)					
Unemployment rate (%)					
Merchandise trade (% of GDP)					
Current Account Balance (% of GDP)					
FDI net inflows					
Services, value added (% of GDP)					
Manufacturing, value added (% of GDP)					
Agriculture, value added (% of GDP)					

#### Trade Overview

1. Institutional and Policy Framework **[WTO TPRM reports]**
2. Bodies involved in trade policymaking **[WTO TPRM reports]**
3. Trade agreements to which the country is party. **[WTO TPRM Reports]**
4. The role of trade in the economy (i.e. small or large % of GDP) **[World Bank WDI]**
5. Chief imports, exports and trading partners **[TradeMap]**
6. Egypt's chief exports to and imports from the country **[TradeMap]**

***Annex to contain detailed analysis on tariff and trade data***

### BARRIERS TO TRADE

1. Import Policies (*overview - deeper statistical data in annex*)
  - a. Tariffs.
  - b. Tariff quotas (TRQs).
  - c. Trade remedies (anti-dumping, countervailing duties, and safeguards)

- d. Quantitative Restrictions.
  - e. Import licensing
  - f. Other customs barriers
2. Standards and phytosanitary regulations
  3. Government Procurement
  4. Export Subsidies
  5. IPR
  6. Services
  7. Investment
  8. Anti-competitive practices, including state-trading enterprises
  9. Other barriers

**Methodological options:**

1. **Collect data rapidly using secondary sources.**
  - For information on policies and institutions: WTO TPR reports; US NTE reports, country policy documents (when available)
  - For tariff data: MacMap
  - For trade data: TradeMap
  - For NTBs: UNCTAD TRAINS or WITS (?)
2. **Consult secondary and primary sources, including:**
  - Egyptian Commercial Service and Embassy staff
  - Business associations and individual importers and exporters (Interviews, roundtables, focus groups, surveys and “public comment” submissions). One could organize “advisory committees” for various sectors.
  - The second method requires more time and money, as well as inter-agency coordination. But it is also likely to generate information of greatest interest to Egyptian exporters and importers.

**Compromise Option:**

**Prepare reports using secondary sources, then present them to the private sector and business associations for review (“the laugh test”).**

**STATISTICAL ANNEX**

The Annex will include the following tables:

*A. Egypt's top 50 agricultural and top 50 non-agricultural exports, GLOBAL (HS6)*

HS Number	Description	The Reviewed Country's Bound Tariff	The Reviewed Country's MFN Tariff	The Reviewed Country's Applied Tariff for Egypt	Global Exports (3yrs)	Global Exports to the Reviewed Country (3yrs)	Top three Exporters of the Product to the Reviewed Country	Egypt's share of the Reviewed Country's Imports	Known NTMs
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*B. Egypt's top 50 agricultural and top 50 non-agricultural exports to the country under review (HS6)*

HS Number	Description	The Reviewed Country's Bound Tariff	The Reviewed Country's MFN Tariff	The Reviewed Country's Applied Tariff for Egypt	Global Exports (3yrs)	Global Exports to the Reviewed Country (3yrs)	Top three Exporters of the Product to the Reviewed Country	Egypt's share of the Reviewed Country's Imports	Known NTMs
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*C. Egypt's top 50 agricultural and top 50 non-agricultural imports (HS6) from the country under review.*

HS Number	Description	Egypt's Bound Tariff	Egypt's MFN Applied Tariff	Egypt's Applied Tariff for the Reviewed Country	Total Imports of Product (3yrs)	Imports from the Reviewed Country (3yrs)	The Reviewed Country's Share of Egypt's Total Imports	Top three Exporters of the Product to Egypt	NTMs
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*D. The reviewed country's top 50 agricultural and top 50 non-agricultural exports (HS6).*

HS Number	Description	Egypt's Bound Tariff	Egypt's MFN Applied Tariff	Egypt's Applied Tariff for the Reviewed Country	The Reviewed Country's Total Exports of Product (3yrs)	The Reviewed Country's Exports to Egypt (3yrs)	Egypt's share of the Reviewed Country's Total Exports.	Top three Export destinations	NTMs
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*E. Top 50 Agricultural and Top 50 Non-Agricultural Tariffs in Country Under Review*

HS Number	Description	Bound Tariff	MFN Tariff	The Reviewed Country's Applied Tariff for Egypt	Preferential Tariffs (if any)	Countries Receiving Preferences	Global Imports (3yrs)	From Egypt (3yrs)	Top 3 Sources of Imports	Known NTMs
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# **Report on South Africa**

## Main data about South Africa<sup>1</sup>

Location:	South Africa is located at the southern tip of the continent of Africa with a total area of 1,2 million Km.
Population:	44.1 million
Labor force - by occupation:	<i>agriculture: 30% industry: 25% services: 45% (1999 est.)</i>
Unemployment rate:	25.2% (2005 est.)
Inflation rate (consumer prices):	4.6% (2005 est.)
GDP (purchasing power parity):	\$533.2 billion (2005 est.)
GDP - real growth rate:	4.9% (2005 est.)
Natural resources:	gold, chromium, antimony, coal, iron ore, manganese, nickel, phosphates, tin, uranium, gem diamonds, platinum, copper, vanadium, salt, natural gas.
Agriculture products:	Corn, wheat, sugarcane, fruits, vegetables; beef, poultry, mutton, wool, dairy products.
Industries:	Mining (world's largest producer of platinum, gold, chromium), automobile assembly, metalworking, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs, commercial ship repair.
Exchange rates:	rand per US dollar - 6.3593 (2005)

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<sup>1</sup> <http://www.cia.gov/cia/publications/factbook/geos/eg.html>

## **Major Features of the Economy:<sup>2</sup>**

The Republic of South Africa is the biggest country in southern Africa. It ranks of upper middle income countries with a per capita income of around US\$2,800. The government shows strong commitments to monetary and fiscal discipline and as a result of this year-end inflation decreased from 9.1% in 1998 to 4.6% in 2001.

### **The main economic sectors:**

#### **Agriculture:**

South Africa's economy is relatively diversified, while agriculture remains an important provider of employment, especially in the rural areas. South Africa has a large agricultural sector, and is a net exporter of farming products. There are almost a thousand agricultural cooperatives and agribusinesses throughout the country, and agricultural exports constitute eight per cent of South Africa's total exports for the past five years. However, due to the aridity of the land, only 15% can be used for crop production. The eleventh largest producer of sunflower seed. South Africa is a net exporter of agricultural products and foodstuffs, the largest number of exported items being sugar, grapes, citrus, nectarines, wine and deciduous fruit. The largest locally produced crop is maize, and it has been estimated that 9 million tons are produced every year, with 7.4 million tons being consumed. Livestock are also popular on South African farms, with the country producing 85% of all meat consumed. The dairy industry consists of around 4,300 milk producers providing employment for 60,000 farm workers and contributing to the livelihoods of around 40,000 others.

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<sup>2</sup> Ibid

## **Industry:**

With manufacturing and services contributing a sizeable share of total GDP, the main industries are automobile assembly, metalworking, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs, commercial ship repair. The agricultural industry contributes to around 30% of formal employment, relatively low compared to other parts of Africa, as well as providing work for casual labourers and contributing towards around 3.4% of GDP for the nation. It is the eighth largest wine producer in the world.

## **Services:**

Mining and Quarrying: - mining and quarrying account for a large part of South Africa's total exports the main industries are mining (world's largest producer of platinum, gold, chromium).

## **Trade overview <sup>3</sup>**

### **Institutional and policy framework:**

The Department of Trade and Industry (DTI) formulate and coordinate the country's trade and industrial policies.

Initiatives on trade and investment may also come from other departments and agencies, such as the Departments of Finance, Agriculture, Health, Mineral and Energy Affairs, as well as from the South African Reserve Bank.

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<sup>3</sup>WTO Trade Policy Review of SACU, 2003: Report by the Secretariat. WT/TPR/S/114, Annex 4.

## **Trade agreements to which the country is party:**

Over the past four years, South Africa has further integrated into the global trading system by concluding free trade agreements with the EU, by far the largest trading partner of South Africa, and its neighbors in the Southern Africa Development Community (SADC), The Southern African Customs Union (SACU) agreement with Botswana, Namibia, Lesotho, and Swaziland.

In addition to the following trade agreements

- South Africa is an original Member of the WTO in January 2003.
- South Africa participates in the Southern African Development Community (SADC).
- South Africa has a bilateral trade agreement with Zimbabwe, and grants non-reciprocal preferential treatment to Malawi, and to a list of products from Mozambique.
- South Africa participates in the Southern African Customs Union (SACU).

## **The trading partners for South Africa in 2004<sup>4</sup>**

### **Export partners**

US 10.2%, UK 9.2%, Japan 9%, Germany 7.1%, Netherlands 4% (2004)

### **Import partners**

Germany 14.2%, US 8.5%, China 7.5%, Japan 6.9%, UK 6.9%, France 6%, Saudi Arabia 5.6%, Iran 5% (2004).

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<sup>4</sup> <http://www.cia.gov/cia/publications/factbook/geos/eg.html>

## Egypt Trade with South Africa<sup>5</sup>

### Egypt – South Africa trade relations.

(million dollars)

	2003	2004	2005
<b>Trade balance</b>	12.4	-8	-10.8
<b>Exports</b>	47.7	16.8	27.5
<b>Imports</b>	35.3	24.8	38.3

### Chief Egyptian exports to South Africa in 2004

H.S	product	Value In Million \$
<b>total</b>	<b>all products</b>	<b>16.25</b>
2523100000	Cement clinkers	3.75
3404909000	WAXES, ARTIF.& PREPD. WAXES, OTHER	1.64
2712900000	WAX, OTH. MINERAL & SIMILAR PROD.	1.63
6910100000	SINKS CERA & SIMILAR OF PORCELAIN OR CHINA	0.99
2522100000	Quicklime	0.66
5201000026	RAW COTTON,NOT MIXED GIZA 70	0.65
4011200000	New pneumatic tires, of rubber of a kind used on buses or lorries	0.52
2004100000	POTAT.,PREP.OR PRS.NOT BY VINEGAR	0.52

<sup>5</sup> Trade Map

2523291000	CEMENT,PORTLAND OTHER THAN WHITE PACKED	0.44
2704000020	COAL, COKE OF LIGNITE OR PEAT	0.40
8485900000	MCH. PARTS NOT CONT.ELECT.CONNECT.OR OTH.ELECT.F	0.33
6813100000	BRAKE LINING & PADS OF ROLLS OF ASBESTO.	0.28
6813900000	OTHER FRICTION ARTICLES OF ASBESTOS	0.27
3901901000	POLYMERS OF JOINT ETHLYENE	0.22
3901100010	LIQUIDE & PASTES OF POLYTHYLN A GRAVITY OF <0.94	0.22
2005200000	POTAT.,PREP.OR PRSVD.NOT BY VINEGAR,NOT FRZN	0.20
2710002010	OILS,LUBRICATING & LUBRICATING PREP.	0.20

### Chief Egyptian imports from South Africa in 2004

H.S	product	Value In Million \$
<b>total</b>	<b>all products</b>	<b>7.69</b>
2301100000	FLOURS,MEALS OF MEAT & MEAT OFFAL INEDIBLE	0.76
4810910000	OTH.PAPER & PAPERBO.MULTIPLY LAYERS	0.64
2914120000	BUTANONE (METHYL ETHYL KETONE)	0.58
6113001000		0.35
2905120000	PROPAN-1-O1 & PROPAN-2.O1 (ISOPROPYL ALCOHOL)	0.34
7019900000	OTH. ARTICLES OF GLASS FIBR. & WOOL.	0.33
0404101000	WHEY IN POWDER>=20 K.G.	0.23
9405400000	OTHER ELEC.LAMPS &LIGHTING FITTINGS	0.21
0904110000	PEPPER , NEITHER CRUSHED NOR GROUND	0.15
7411100000	TUBES & PIPES OF REFND. COPPER	0.14
7205100000	GRANULES OF PIG IRON OR SPIEGELEIEN	0.14
2849100000	CARBIDES OF CALCIUM.	0.13
2817000020		0.13
2309100000	FOOD,DOGS OR CATS F.R.S	0.13
2907110000	PHENOL (HYDROXYBENZENE) & ITS SALTS	0.11
2905140000	BUTANOLS OTHER	0.11
8485900000	MCH. PARTS NOT CONT.ELECT.CONNECT.OR OTH.ELECT.F	0.11
8112990000	ARTICLES OF GALLIUM,HAFINUM,INDIUM	0.11
3907200010	LIQUIDS & PASTES OF OTH.POLYETHERS.	0.10

## Egyptian Products with high export potential <sup>6</sup>

HS no.	Product	general tariff	sadc tariff	EU tariff
50400	Guts, bladders and stomachs of animals except fish whole or in pieces	free	free	free
100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	free	free	free
210690	Food preparations nes	free	free	free
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	free	free	free
270900	Petroleum oils and oils obtained from bituminous minerals, crude	free	free	free
271000	Petroleum oils&oils obtained from bituminous minerals,o/than crude etc	free	free	free
271290	Mineral waxes nes and similar products obtained by synthesis etc	free	free	free
390110	Polyethylene having a specific gravity of less than 0.94	10%	8.80%	free
390120	Polyethylene having a specific gravity of 0.94 or more	10%	8.80%	free
610910	T-shirts, singlets and other vests, of cotton, knitted	40%	26%	10%
611030	Pullovers, cardigans and similar articles of man-made fibres, knitted	40%	26%	10%
620342	Men's/boys trousers and shorts, of cotton, not knitted	40%	26%	10%
620462	Womens/girls trousers and shorts, of cotton, not knitted	40%	26%	10%
740811	Wire of refind copper of which the max cross sectional dimension > 6mm	free	free	free
620520	Mens/boys shirts, of cotton, not knitted	40%	26%	10%
310210	Urea,wthr/nt in aqueous solution in packages weighg more than 10 kg	free	free	free

<sup>6</sup> Trade map & macmap

940360	Furniture, wooden, nes	20%	14%	free
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## **Barriers to Trade**

### **Tariffs and Non Tariffs Barriers<sup>7</sup>**

#### **A- Tariffs**



- ❖ Notwithstanding the reform of the tariff schedule that took place since 1994 in South Africa, importers have complained that South Africa's tariff schedule remains complex and can create uncertainty. Tariff rates mostly fall within eight levels ranging from 0 percent to 30 percent, but some are higher, such as for specific textile and apparel items.
- ❖ The WTO has reported that tariff protection for agricultural products has actually increased slightly since 1997. Duty rates on cars, light goods, vehicles and minibuses are still at the high level of 38 percent, while the rate of duty on original motor parts is 29 percent. In early 2004, ITAC also increased the MFN applied duty on imports of poultry.
- ❖ South Africa has concluded a number of FTAs with EU and SACU which means that Egyptian products will be less competitive because of the preferences given to both EU.
- ❖ South Africa is a member of the Southern African Customs Union. The SACU Agreement was negotiated among Botswana, Swaziland, and Lesotho. Namibia joined SACU in 1990. There are currently no internal tariff barriers between SACU members but some companies have cited protective tariffs as a barrier to trade. Under SACU, products from Botswana, Lesotho, Swaziland, and Namibia enter South Africa duty-free. In a few cases, products from these countries compete directly with U.S. goods.

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<sup>7</sup> TPR

## **B- Non – Tariff Barriers:**



*The main categories of controlled imports and the objectives of control are as follows:*

- **Secondhand goods:** Import permits are granted only if such goods or substitutes are not manufactured domestically, constituting a de facto ban on such goods. These restrictions are designed to protect domestic industries such as clothing, motors, machinery and plastics, but also serve to discriminate against low-cost secondhand goods from other countries.
- **Waste, scrap, ashes, and residues (Basil Convention):** The objective of import controls of these goods is to protect human health and the environment.
- **Other harmful substances:** Imports of substances such as ozone depleting chemicals (Montreal Convention) and chemicals used in illegal drug manufacturing are controlled for environmental, health and social reasons.
- **Goods subject to quality specifications, such as tires:** This restriction permits monitoring of manufacturer adherence to specifications that enhance vehicle safety or protect human life.

The importation of the goods listed in the following table is subject to import permits under the 1963 Import and Export Control Act. Applications for import permits must be made by importers at least two weeks prior to the date of shipment. Import permits are issued free of charge by the Import and Export Control Directorate of the Department of Trade and Industry (DTI). The average time taken to issue of a permit is three days. Permits are valid for a calendar year, and they are non-transferable. They may prescribe conditions for import, or the use of the goods to be imported; these may include the quantity or value/price and the origin of the goods.

Failure to produce the permit may result in a fine of up to R 40,000 and/or imprisonment for a period not exceeding ten years.

Goods subject to import control, January 2003<sup>8</sup>

Description	Tariff heading	Purpose of control
All used goods, waste and scrap	Various	Health, environmental reasons and in terms of the Basel Convention
Fish, fresh or frozen, crustaceans and molluscs	03.01 to 03.07	Health reasons, no quantitative restrictions
Sugar and coffee from Malawi	0901, 17.01	In terms of the trade agreement between South Africa and Malawi
Mineral fuels, mineral oils and products of their distillation	27.07 to 27.15	Strategic reasons
Radioactive chemical elements and radioactive isotopes	28.44, 28.45	Health and environmental reasons
Chemicals used in drug manufacturing	2806.10, 2807.00, 2841.61, 2902.30, 2909.11, 2914.11, 2914.12, 2914.31, 2915.24, 2916.34, 2922.43, 2932.92, 2932.93, 2932.94, 2933.32, 2939.42, 2939.61, 2939.62, 2939.63	1998 Convention against chemicals used in illegal drug manufacturing
New pneumatic tyres	40.11	Monitoring for quality specification
Gold and coins	71.08	Monetary policy

<sup>8</sup> TPR

Cobalt, cadmium antimony, manganese diromium, germanium, vanadium, gallium, hafnium, indium, rhenium, and thallium	81.05; 81.07; 81.10; 81.12	Health and environmental reasons
Revolvers and pistols, other firearms, parts, ammunition and parts	93.03 to 93.06	Security reasons
Gambling machines	ex 9504.30	Quality specifications and public interest
Ozone-depleting substances	ex 2903.10, 2903.30.10, 2903.45.90, ex 2903.49.10, 2903.41- 2903.44, 2903.45.05, 2903.46, 3824.71.10, 3824.71.90	Montreal Protocol

*Source:* WTO document G/LIC/N/3/ZAF/3/Rev.1, 20 August 2001, and information provided by the authorities.

### **Import restrictions<sup>9</sup>**

Imports such as waste products are subject to licensing from the Import and Export Administration Bureau under South Africa's Department of Trade and Industry, which should seek the agreement of the relevant competent departments involved prior to the issuance of an import license. Firms report that they often have to face frequent delays in getting licenses issued when exporting related products to South Africa, which adversely affects their normal export to the country.

All imports of live animals (including exotic animals) and animal products, plants, pathogens, insects, growth medium, any infectious item, honey, beeswax used as apiary equipment, and genetically modified organisms, continue to be subject to import

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<sup>9</sup> Ibid

permits issued by the Directorates of Animal Health, Plant Health and Quality of the National Department of Agriculture; such imports remain under continuous review due to changes in disease status. A list of other agricultural products subject to import control, is determined by the Minister of Agriculture.

### **Technical barriers to trade**

According to the new trademark regulation promulgated by South Africa's International Trade Administration Commission, as from 23 May 2005, foreign textile products, clothing and footwear can be imported into the country and sold on the domestic market only if they satisfy all the following six stipulations on trademarks:

- 1) Designating the country of manufacturing, the registration number of the manufacturer and/or the import registration number of the importer, and the degree of product processing,
- 2) Complying to South African Standardization Bureau's identification and marking standards regarding Universal Product Code (UPC) of textile products and clothing (SANS011) and UPC of synthetic and natural fibers (SANS0235),
- 3) Itemizing the composition of raw materials by weight or by quantity and their respective percentages,
- 4) Stating specifically as such, if the products have been reprocessed and re-treated,
- 5) Specifying the names of the fibers in the order of their weight or quantity, in the case of a fiber product made through plastic spraying by two or more fibers differentiable by chemical means,
- 6) Indicating the ratio of labor cost to raw material cost of the product.

The mandatory provision of the South African government requiring all the above mentioned products to spell out the ratio of labor cost to raw material cost adds production processes and operation costs to foreign textile, clothing and footwear enterprises. As one of the major exporters of these products to South Africa, China is watching with concern the enforcement of the new trademark regulation.

Agricultural products to which quality standards apply<sup>10</sup>

Product description	Quality standards
Animal products	
Dairy products	local & export
Eggs	local & export
Fat spreads	local
Mohair	local
Imitation dairy products	local
Meat (carcasses)	local & export
Poultry meat	local & export
Processed products	
Apricot and peach kernels	export
Canned fruit	local & export
Canned mushrooms	local & export
Canned vegetables	local & export
Dehydrated vegetables	local
Dried fruit	local & export
Frozen fruit and vegetables	local & export
Fruit juices	local
Honey	local
Canned Pasta	local & export
Rooibos tea	local & export
Vinegar	local
Deciduous fruit	
Apples	local & export
Apricots	export
Cherries	export
Grapes	local & export

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<sup>10</sup> TPR

Product description	Quality standards
Peaches and nectarines	local & export
Pears	local & export
Plums and prunes	local & export
Subtropical crops and flowers	
Avocados	local & export
Chincherinchees	export
Citrus fruit	local & export
Flowers	export
Green bananas	local
Kiwifruit	export
Litchis	export
Mangoes	export
Melons and watermelons	export
Pineapples	export
Strawberries	export
Subtropical fruit	export
Cereals and vegetables	
Buckwheat	Export
Dry beans	local & export
Feed products	Export
Grain sorghum	Export
Grass seeds	Export
Groundnuts	Export
Leguminous seeds	Export
Lesser known types of maize	Export
Maize	Export
Maize products	local & export
Oilseeds	Export
Onions	local & export
Potatoes	local & export
Tobacco	Export
Tomatoes	Local
Vegetables (other than potatoes and onions)	Export
Wheat	Export
Wheaten products	Local
Liquor products	

Product description	Quality standards
All liquor products (excluding beer and sorghum beer)	local & export

*Source:* Information provided by the South African authorities.

Special labeling requirements also apply to products such as drugs, wine, mouthwashes, foodstuffs, cosmetics, and textile goods containing sheep's wool. Packaging made from natural materials and fibers must be accompanied by an official certificate stating that the material has been fumigated.

### **Trade remedies**

South Africa is among the countries that most frequently subject exports to anti-dumping investigations. In 2005, the South African authorities initiated a number of anti-dumping investigations. There were a number of anti-dumping cases imposed by South Africa against Egypt. One of them is the stainless steel case which was resolved recently. Another case which is still unresolved is carbon black.

### **OTHER BARRIERS**

- Transparency, Corruption and Crime.

South African law provides for prosecution of government officials who solicit or accept bribes. Penalties for offering or accepting a bribe may include criminal prosecution, monetary fines, dismissal for government employees, or deportation for foreign citizens. South Africa boasts no fewer than ten agencies engaged in anti-corruption activities.

Some other NTB are port delays and congestion, customs valuation above invoice prices, theft of goods, import permits, antidumping

measures, IPR crime, an inefficient bureaucracy and excessive regulation.

### **EXPORT SUBSIDIES:**

In September 1995 the South African government established the Motor Industry Development Program (MIDP) in order to assist the South African auto industry. It also enables assemblers to use import credits to source components at close-to international prices. In late 2002, the government extended the program from 2007 to 2012.

### **Barriers to investments:-**

A South African company that is 75% or more foreign owned, is known as an "affected company" and the amount that it may borrow or have access to from South African lenders is restricted. The borrowing or facility limit, known as the local financial assistance limit, is based on a formula. For companies that are 100% foreign owned, the local financial assistance limit is 100% of the effective capital of the South African company. Effective capital includes paid-up equity capital, preferences shares, undistributed earned profits, shareholders' loans from abroad, and in certain instances, the hard core shareholders' trade credit.

Royalties, license and patent fees to non-residents, where no local manufacturing is involved, require the approval of the South Africa Reserve Bank (SARB). Manufacturing royalties (as opposed to sales/marketing royalties) are subject to approval by the Department of Trade and Industry (DTI); the DTI communicates its decision to the licensee or the Executive Control Department where applicable, which will enable a bank to directly transfer the royalty payments. Current account payments (e.g. management fees and other fees for services provided), may be paid by authorized dealers on production of an invoice, provided that such payments are not calculated as a percentage of sales, profits, purchases or income.

## Annexes



### Chief exports of South Africa to the world in 2004<sup>11</sup>

HS	Product	Value 2004 in US\$ thousand
<b>total</b>	<b>All products</b>	<b>40,206,116</b>
711019	Platinum in other semi-manufactured forms	2,560,095
711019	Bituminous coal, whether or not pulverized but not agglomerated	2,346,810
711019	Automobiles w reciprocating piston engine displacement > 1500 cc to 3000 cc	1,917,538
711019	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	1,490,188
711019	Ferro-chromium containing by weight more than 4% of carbon	1,489,567
711019	Filtering or purifying machinery and apparatus for gases	1,321,782
711019	Platinum unwrought or in powder form	1,120,641
711019	Petroleum oils & oils obtained from bituminous minerals, other than crude etc	1,048,192
711019	Aluminium unwrought, not alloyed	950,207
711019	Plates, sheet, strip and foil, nickel, not alloyed	626,375
711019	Iron ores & concentrates, other than roasted iron pyrites, agglomerated	567,442
711019	Diamonds non-industrial excluding mounted or set diamonds	508,308
711019	Parts of seats other than those of heading No 94.02	491,437
711019	Grape wines, including fortified & grape must, unfermented by addition of alcohol	432,919
711019	Ferro-manganese, containing by weight more than 2% of carbon	342,487
711019	Chemical wood pulp, dissolving grades	312,097
711019	Palladium in other semi-manufactured forms	296,833
711019	Hot roll iron/steel, coil >600mm x <3mm	292,422

<sup>11</sup> Trade map

711019	Grapes, fresh	283,507
711019	Automobiles w reciprocating piston engine displacg > 1000 cc to 1500 cc	278,264
711019	Oranges, fresh or dried	271,357
711019	Plate, sheet or strip, aluminium alloy, rect or sq, exceeding 0.2mm thick	268,576
711019	Wood in chips, non-coniferous	264,327
711019	Flat rolled prod, stainless steel, hr in coil, w >= 600mm, 3 < FONT >	261,935
711019	Waste & scrap of gold, incl met clad w gold exc sweepgs contg/o prec met	249,029
711019	Ferro-manganese, nes	239,766
711019	Titanium oxides	231,413
711019	Ferro-vanadium	230,799
711019	Rhodium unwrought or in powder form	224,975
711019	Palladium unwrought or in powder form	207,282
711019	Ferro-silico-manganese	186,581
711019	Manganese ores and concentrates etc	184,307
711019	Apples, fresh	181,482
711019	Engines, spark-ignition reciprocating displacing more than 1000 cc	174,062
711019	Motor vehicle parts nes	159,883
711019	Phosphoric acid and polyphosphoric acids	152,407
711019	Rhodium in other semi-manufactured forms	149,180
711019	Semi-fin prod, iron/n-al steel, rect/sq cross sect, cntg by wgt < .25% carb	144,435
711019	Titanium ores and concentrates	144,382
711019	Unsaturated acyclic hydrocarbons nes	141,301
711019	Flat rolled prod, stainless steel, cr, 600mm wide, 1mm < FONT	140,777
711019	Raw sugar, cane	137,145
711019	Zirconium ores and concentrates	135,176
711019	Hot rolled bar/rod, irregular coils, < 14mm diam	134,763
711019	Parts and accessories of bodies nes for motor vehicles	134,237
711019	Flat rolled prod, stainless steel, hr in coil, w >= 600mm, thk < 3mm	133,437
711019	Flat rolled prod, i/nas, plated or coated with zinc, >= 600mm wide, nes	131,393

## Chief imports of South Africa from the world in 2004<sup>12</sup>

HS rev. 1	Product	Value 2004 in US\$ thousand
<b>TOTAL</b>	<b>All products</b>	<b>47,794,334</b>
270900	Petroleum oils and oils obtained from bituminous minerals, crude	5,937,562
9999AA	National Chapter 99 data	4,073,813
880240	Aircraft nes of an unladen weight exceeding 15,000 kg	1,255,748
870323	Automobiles w reciprocating piston engine displacg > 1500 cc to 3000 cc	1,191,548
852520	Transmission apparatus, for radioteleph incorporating reception apparatus	1,150,680
847330	Parts & accessories of automatic data processing machines & units thereof	824,074
300490	Medicaments nes, in dosage	650,612
870324	Automobiles with reciprocating piston engine displacing > 3000 cc	644,426
271000	Petroleum oils & oils obtained from bituminous minerals, other than crude etc	606,854
710231	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	590,477
890600	Warships, lifeboats, hospital ships and vessels nes	468,004
281820	Aluminium oxide nes	427,462
847160	Computer input/outputs, with/without storage	382,058
841112	Turbo-jets of a thrust exceeding 25 KN	312,489
880330	Aircraft parts nes	295,179
851750	Apparatus for carrier-current/digital line systems	289,551
847130	Portable digital computers <10kg	235,510
870333	Automobiles with diesel engine displacing more than 2500 cc	232,793
870322	Automobiles w reciprocating piston engine displacg > 1000 cc to 1500 cc	222,089

<sup>12</sup> Ibid

100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	203,716
100190	Wheat nes and meslin	194,932
901890	Instruments and appliances used in medical or veterinary sciences, nes	190,551
870899	Motor vehicle parts nes	187,400
870190	Wheeled tractors nes	184,689
260400	Nickel ores and concentrates	182,091
880230	Aircraft nes of an unladen weight > 2,000 kg but not exceedg 15,000 kg	180,976
750210	Nickel unwrought, not alloyed	167,377
230400	Soya-bean oil-cake&oth solid residues,whether or not ground or pellet	166,225
490199	Books, brochures, leaflets and similar printed matter, nes	160,074
640299	Footwear, outer soles/uppers of rubber or plastics, nes	154,330
847170	Computer data storage units	146,145
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	139,286
847989	Machines & mechanical appliances nes having individual functions	134,015
390110	Polyethylene having a specific gravity of less than 0.94	133,966
852990	Parts suitable f use solely/princ w the app of headings 85.25 to 85.28	132,632
847180	Units of automatic data processing equipment nes	131,365
270400	Coke&semi-coke of coal,lignite o peat,agglomeratd o not,retort carbon	131,091
842952	Shovels and excavators with a 360 revolving superstructure	124,291
310210	Urea,wthr/nt in aqueous solution in packages weighg more than 10 kg	123,831
852731	Radio broad rece combin with sound recordg or reproducg apparatus nes	123,392
151190	Palm oil and its fractions refined but not chemically modified	123,158
870421	Diesel powered trucks with a GVW not exceeding five ones	121,601

520100	Cotton, not carded or combed	117,418
870410	Dump trucks designed for off-highway use	117,097