





Presentation to the Portfolio Committee on Trade and Industry

NRCS: Impact on international trade

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Agenda



- Introduction: SAAFF – Who we are?
- SARS customs: agent of other state departments
- How the NRCS exercises control
- How other State Departments exercise control
- Challenges to traders
- Costs to traders
- Impact on international trade
- Possible solutions
- NRCS presentation to Portfolio Committee: DTI
- Summary
- Case study: Tyre Industry
- Q & A

Introduction: SAAFF – Who we are

- SAAFF is a non-profit association representing the freight forwarding and customs clearing industry in South Africa.
- Established in the 1920's.
- It was established with the object of promoting common interests of members who carry on the business of international freight forwarding by sea, land or air and related activities.
- SAAFF has approximately 350 members nationally and 90 in the Western Cape.
- SAAFF is widely recognized as the official representative body of the Forwarding and Clearing Industry.
- Recognition from inter alia SARS, DAFF, Ports Regulator, NRCS and TETA

SARS Customs: Agent of other State departments



- Customs acts as an agent for other state departments.

- When a customs declaration is made to Customs, the SARS customs declaration system detains the declaration for other state departments.

- Examples:
 - ❖ Port Health – foodstuffs, cosmetics, etc.
 - ❖ Medicines Control Council – medicaments
 - ❖ Plant Inspection Services – plants, wood, and products thereof
 - ❖ State Veterinarian – live animals, meat products, etc.
 - ❖ ITAC – import permits (used and second hand goods)

How all other State Departments exercise control



- Customs will detain goods on the customs declaration for the relevant State department(s), releasing the goods from customs control
- The clearing agent takes the customs declaration with the permit or other supporting documents to the other State Departments for inspection and release.
- If the State Department is satisfied, it will endorse the customs declaration with its own release stamp and signature.
- The customs declaration with the releases thereon is then presented to the shipping line for final release of the goods.

How the NRCS exercises control

- The NRCS operates with a policy: furnished to shipping lines and clearing agents
- Shipping lines makes manifests available separately to the NRCS; clearing agents provides import documents separately on request; the afore-said documents having already been provided to SARS Customs.
- Complete departure from how any other State Departments act and enforce their respective provisions.
- NRCS randomly stops containers for inspection regardless of whether or not SARS has stopped or detained the same containers.

How the NRCS exercises control (continued)



- The SARS customs declaration system is very capable of identifying all goods that ought to be subject to NRCS requirements and to detain such goods for release by NRCS.
- Duplication
- Refuses to allow goods to be conditionally released to importer's premises for inspection as other State Departments routinely do, insisting on costly inspection at container depots instead.
- Why?

Challenges to traders

- Goods not listed by Customs as requiring a LOA may require an LOA if incorporating products that require an LOA: NRCS position.
- Descriptions of goods subject to NRCS specifications are too broad and may be interpreted differently by different parties.
- The NRCS regulations cover components that are commonly used in the manufacture of articles that are subject to NRCS control, potentially leading to a system of double control and double levy payments

Challenges to traders (continued)

- Widespread non-compliance with the NRCS Act, which leads to random targeting by the NRCS, instead of addressing the root of the problem.
- Unequal trader treatment.
- Double administration.
- Unpredictable: not in accordance with internationally accepted standards.

Costs to traders

- NRCS levies
- Storage costs; Costs of transport to Pretoria and testing
- Loss of sales
- Undue delays in service delivery
- Loss of market share and competitiveness
- Black sheep branding

Possible solutions

- Amendments to the NRCS legislation:
 - ❖ Accept international certificates rather than issue LOA's
 - ❖ Online registration of products through an NRCS EDI portal (i.e. empower the public by creating a system of self-assessment and self-registration)
 - ❖ Create enabling flexible provisions , e.g.
 - ✓ Penalize non-compliant parties rather than seize goods;
 - ✓ Provide proof of online registration of products with supporting international standards, in order to obtain release of the shipment

Possible solutions (continued)

- Fair and equal treatment of all importers, without any form of discrimination or selective targeting: Allowing SARS Customs to act as a non-discriminatory agent for the NRCS by detaining all shipments subject to NRCS control for the NRCS, as SARS does for other State Departments.
- NRCS should make available an office and / or provide online solutions to handle the SARS customs detentions and to release goods in a timely manner.

NRCS presentation to PCOTI, 21 April 2015



- “Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner”. Is selective manifest targeting fair?
- “Innovative - NRCS will be proactive and respond rapidly, intelligently and appropriately to the consumer and market needs”. Is 120 working days “rapid” and “proactive”?
- “Effective risk profiling through SARS platform reducing delays at ports”. The NRCS does not currently use the SARS platform.

NRCS presentation to PCOTI, 21 April 2015 (continued)



- “NRCS will process approvals within 120 days from the date of receipt”. These are working days, so effectively 180 days. We find that within 120 working days is the exception rather than the rule.
- “Foods and associated products: NRCS will inspect 100% of all declared productions and consignments”. This is impossible and impractical, given the limited NRCS workforce and given the limitations of any workforce.

Summary

- Industry acknowledges the need for an organization like NRCS to prevent South Africa becoming a dumping ground for inferior products.
- Products imported into S.A. must undergo registration and/or testing by NRCS against South African National Standards.
- Many of the SANS standards are copied from the international standards making this a futile exercise.

Summary (continued)

- Every item requires a separate LOA, at a fee and must be renewed every three years. A costly exercise.
- NRCS is a stumbling block, not facilitating legitimate importers.
- A disconnect between the requirements of NRCS and the priorities of commerce.

Case study: Tyre Industry

- NRCS has no local test facility.
- NRCS exports tyres back to Europe for testing.
- The Tyre Industry Association has even offered to fund the building of a South African NRCS test facility, which the NRCS refuses.
- SACU manufacturers have test facilities, which the NRCS refuses to use. Some merit: It seems there may be a potential conflict if imported tyres were to be tested at any facility that may be regarded as “not independent”.

Port Health Release



CUSTOMS EDI NOTIFICATION IMPORTS

| | | | |
|--------------------|---|-----------------------------------|----------------------------|
| Agent Code | : | 01871019 | CEVA LOGISTICS SA (PIY)LTD |
| User Code | : | CLIFFORD EVANS | CPTCICE |
| LRN Number | : | 01871019CTN20150804301514 | |
| MRN Number | : | CTN201508045003191 | |
| File Number | : | DF60-005998 | |
| Serial Number | : | 301514 | |
| Purpose Code | : | X(IR) | |
| Place of entry | : | CTW | |
| Transport doc no | : | MSC MSCUPT206732 | |
| Transport doc date | : | 2015/06/14 | |
| House Maybill no | : | | |
| Sub House Number | : | | |
| House waybill date | : | | |
| Container number | : | See attached list | |
| Voyage/flight | : | NZ528A ATHENS528A | MSC ATHENS |
| Voyage/flight ETA | : | 2015/08/05 | |
| Sub-Master | : | | |
| Depot/terminal | : | D4 - CAPE TOWN CONTAINER TERMINAL | |
| Customs status | : | 4 -- DETAIN FOR PORT HEALTH | |
| Registration no | : | | |
| Bill of entry no | : | 5003191 | Can Not |
| Bill of entry date | : | 2015/08/04 | HEALTH OFFICER |
| Assessment Date | : | 2015/08/04 | 2015-08-17 |
| ECR Number | : | | |
| No. of packages | : | 3 | |
| Kilograms | : | 74210.00 | |
| Part clearance | : | 1 of 1 | |
| Customs Value | : | 64113 | |

| | | | |
|-------------------------|---|---------------------------------------|--|
| Remover Code | : | | |
| Remover Name | : | | |
| Supplier/Consignee Code | : | LOS | |
| Supplier/Consignee Name | : | LOS GAYOS TOMATO PRODUCTS, HURON, U.S | |



Paperless Release
 Customs Notification Date/Time 2015/08/04 13:10

Plant Inspector: Release

CUSTOMS EDI NOTIFICATION IMPORTS

| | | | |
|--------------------|---|---------------------------|--------------------------------|
| Agent Code | : | 01871019 | CEVA LOGISTICS SA (PTY)LTD |
| User Code | : | CLIFFORD EVANS | CPTCICE |
| LRN Number | : | 01871019CTW20150817302423 | |
| SRN Number | : | CTW201508175017767 | |
| File Number | : | CP60-004029 | |
| Serial Number | : | 302423 | |
| Purpose Code | : | A(DP) | |
| Place of entry | : | CTN | |
| Transport doc no | : | MAEU60406885 | |
| Transport doc date | : | 2015/07/19 | |
| House Waybill no | : | 00101566BRPNG4015500425 | |
| Sub House Number | : | | |
| House waybill date | : | 2015/07/19 | |
| Container number | : | See attached list | |
| Voyage/Flight | : | 5248(LER0524E) | MARSA LEBU |
| Voyage/Flight STA | : | 2015/08/16 | |
| Sub-Master | : | | |
| Dapot/terminal | : | 04 | -CAPE TOWN CONTAINER TERMINAL |
| Customs status | : | 4 | --DETAIN FOR PLANT INSPECTION! |
| Registration no | : | | |
| Bill of entry no | : | 5017787 | Case No: |
| Bill of entry date | : | 2015/08/17 | |
| Assessment Date | : | 2015/08/17 | |
| OCR Number | : | | |
| No. of packages | : | 8 | |
| kilograms | : | 214597.00 | |
| Port clearance | : | 1 of 1 | |
| Customs Value | : | 1530672 | |

| | | | |
|-------------------------|---|-------------------------------------|--|
| Remover Code | : | | |
| Remover Name | : | | |
| Supplier/Consignee Code | : | GUARA | |
| Supplier/Consignee Name | : | INDUSTRIA DE COMPENSADOS GUARARAPES | |



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Thank you for your attention

Q & A