UNSD – SACU

WORKSHOP

JUNE 2012

SOUTH AFRICA

LEGAL ENVIRONMENT

The Customs and Excise Act, No. 91 of 1964

- Section 117

  - Compilation and dissemination of Trade Data

- Section 4(3)

  - Confidentiality of Information

INFORMATION TECHNOLOGY

Data Submission:

- Manual data capture and Electronic Data Interchange (EDI). EDI uses WCO CUSDEC message format for clearance declarations.

Data Processing:

- **Exports**
  In-house developed software in Natural, runs on an Adabas Natural Database (IBM).
- **Imports**
  In-house developed software in Cobal, and runs on an HP Itanium Server.

NATIONAL SYSTEM

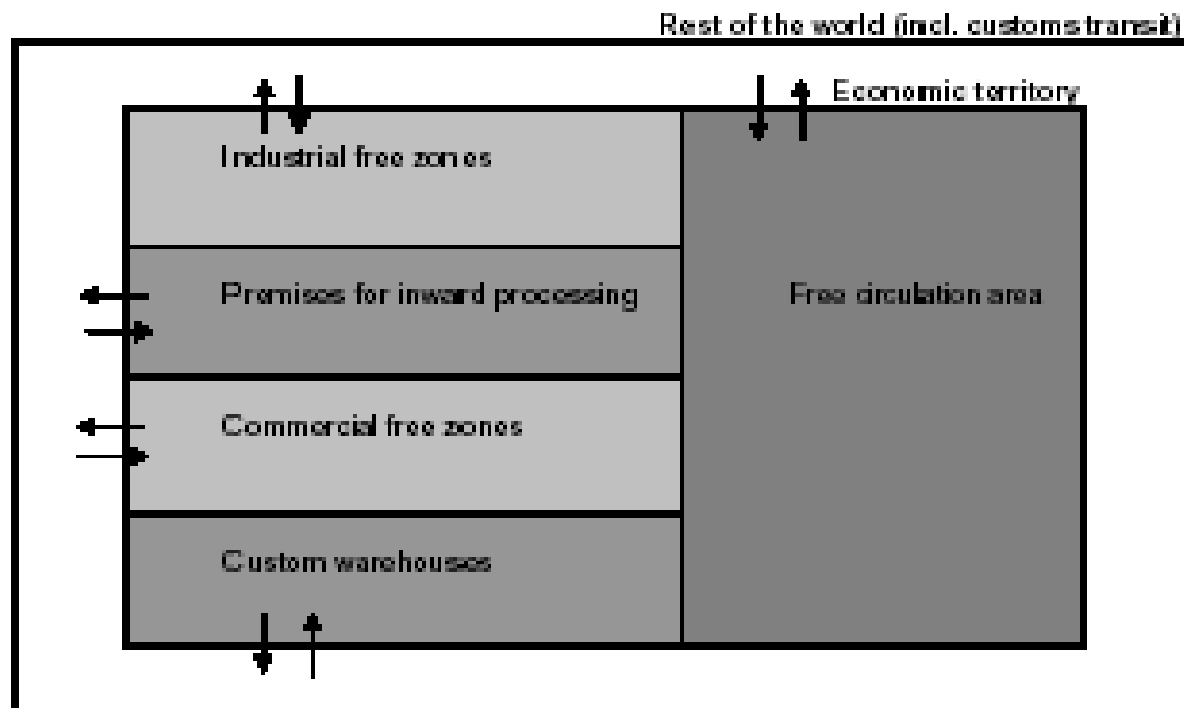## RSA uses the General trade system

Imports of foreign goods
Re-imports of domestic goods
Exports of domestic goods
Re-exports of foreign goods
Goods are recorded when they enter or leave the economic territory

DATA SOURCES

- Data is submitted to customs as follows:
    - Manually; i.e. hard copies handed at a customs branch office
    - Electronic submission; i.e. CD or memory stick
    - Electronically by a service provider on behalf of the client

- Manual declarations are captured on the customs systems by the customs officer.

- Electronic declarations are verified by a customs officer before it is accepted.

- The only exclusion to the above is the value for the export of Gold, which is obtained from the South African Reserve Bank.

DATA COLLECTION

Statistical information is sourced from the customs declarations

- **Challenges**
  - Incorrect tariff headings, rebate items & warehousing particulars
  - Capturing errors
  - Value declared incorrectly
  - Incorrect rate of exchange used
  - No or incorrect quantity declared
  - Incorrect country of origin / destination
  - Invalid exporters code

RESOLUTION

- Customs **verification process at time of clearance** and post clearance.

- **Communication** with customs staff and clients.

- **Penalties** issued to clients for contraventions on both import and export.

- **Enhancement of system rules**.

PARTNER COUNTRIES TRANSPORT CODES

- **Partner Countries**

    - Data is based on country of origin and destination

- **Transport Codes**
    - Code 1   Sea
    - Code 2   Rail
    - Code 3   Road
    - Code 4   Air
    - Code 5   Mail
    - Code 6   Other (unknown)

NOMENCLATURE & VALUATION

- **Commodity classification**
  - HS   Harmonised Commodity Description and Coding System
  - ISIC   Standard Industrial Classification
  - SITC   Standard International Trade Classification
  - BEC   Broad Economic Categories

- RSA currently applies HS 2012.

- **Valuation**
  - Exports and imports are valued free on board (FOB).

  - RSA currently does not intend to move to the CIF & C valuation method.

  - ZA Rand and the foreign currency are declared on the SAD form but for purposes of verification and publication of trade data ZA Rand are used.

EXPORTS CUSTOMS PROCEDURE

The purpose of coding export declarations is to assist SARS to compile the trade statistics for South Africa, as accurately as possible:

- **Code 1**: The value of these goods will be taken into account when determining the trade balance of RSA.

- **Code 2**: The value of these goods will not be taken into account when determining the trade balance of RSA. These are goods with no commercial value; no exchange of currency takes place between parties.

o RSA moved to new procedure codes with effect from 1 November 2010.

o The World Customs Organisation (WCO) requires its members to have all customs information requirements aligned with version 3 of the WCO Customs Data Model, therefore RSA has made this change.

EXPORTS CUSTOMS PROCEDURE

Customs procedure codes:

- **H 60 00**   Outright Exports of free circulation goods
- **H 60 00**   Outright Exports of free circulation goods
- **F 51 - -**   Supply of 'Stores' of goods in free circulation
- **H 67 40**   Outright Export - under the "Warehouse Procedure"
- **F 53 40**   Supply of 'Stores' – imported goods –under the "Warehouse Procedure"
- **H 68 46**   Outright Exports – excisable goods for an Excise Warehouse
- **F 52 00**   Supply of 'Stores' – excise products – Excise Manufacturing Warehouse

IMPORT CUSTOMS PROCEDURE

- **Included when determining the monthly Trade Balance of RSA:**
  - **A 10 00**   Home use of goods, on imported goods
  - **E 40 00**   Clearance of imported goods – under the Warehouse Procedure
  - **K 85 00**   Placement of goods under the "Processing for Home Use Procedure "
  - **A 14 00**   Home Use under 'relief of duties' (Partial)

- **Excluded when determining the monthly Trade Balance of RSA:**
  - **A 14 00**   Home Use under 'relief of duties' (Partial)
  - **E 42 00**   Clearance of imported goods into customs warehouse - for exportation
  - **A 11 40**   Home Use of Goods – under the Warehouse Procedure
  - **K 85 40**   Processing for Home Use Goods – under the Warehouse Procedure
  - **A 14 40**   Home Use of goods under ' relief of duties and taxes
  - **E 43 40**   Clearance for Removal of goods between Customs Warehouses
  - **E 44 43**   Clearance for Re-warehousing of goods under the 'Warehouse Procedure'

PROCEDURE CODES FOR SACU

Customs procedure codes:

- **H 61.00**   Permanent Export (EX1)
- **I 76.00**   Temporary Export (EX 2)
- **D 38.37**   Re - Export (temp admission) (EX 3)
- **H 66.12**   Re - Export (goods returned) (EX 3)
- **A 12.00**   Permanent Import (IM 4)
- **D 37.00**   Temporary Import (IM 5)
- **I 78.76**   Re – Import (IM 6)
- **B 22.00**   In- Transit (IM 8)

COVERAGE OF SPECIFIC GOODS

- **Goods for processing**

    o Considered temporary imports, not included in trade balance

- **Ships & Aircraft Stores**

    o Included under a special chapter (99). No specific TH

    o Alcohol, Cigarettes, spares & equipment, prohibited and restricted goods and fuel are classified according to the TH and are included as such.

- **Electricity**

    o Is included in the trade balance, both imports and exports

- **Bulk water**

    o Currently imported from Lesotho, not included in trade balance

- **Petroleum**

    o Included in trade balance. Temporary imports and export of imported goods not included.

PERIODICITY

- Verification of data is completed one day after the transaction date.

- Queries should be resolved within 3 days.

- The import, export trade data and the trade balance is reported a month later (i.e. January 2012 data will be released on 29 February 2012)

- The Managers of the trade stats division quality assures the data prior to release.

- The trade balance is presented to the Executive Customs Management 5 days prior to release and to the South African Reserve Bank (SARB) and Statistics SA (STATS SA) 2 days before release.

- The Chief Financial Officer; the Chief Operating Officer and the Commissioner of SARS approve the trade book, 2 days before release.

PERIODICITY

- The trade balance in the form of a press release and detailed data is published on the SARS internet at 2pm on the last day of the month and in the case of December, the second last day of the month (working day).

- Further verification of data is completed one month after the transaction date.

- Amendments are published subsequent to the initial release.

- An advance release calendar that provides monthly release dates is published on the SA Revenue Service Internet website (http://www.sars.gov.za).

- Annual data is finalized 120 days after the calendar year has ended.

PUBLICATION

Web site

- **Unaudited data:**
  - Preliminary Trade Statistics - 23 Sections and Trade Balance (Monthly)
  - 23 sections are unique to RSA
    - Other unclassified goods (Section 22)
    - Motor industry development plan (Section 23, chapter 98)

- **Audited data:**
  - Bilateral Trade Statistics(Monthly)
  - World Zone information (Monthly)
  - Audited trade balance graphs (Monthly)
  - Main Trading partners (Annually)

DATA DISSEMINATION

- Data is disseminated electronically via e-mail, CD, DVD or uploaded onto a secured portal.

- It is submitted in an excel format or text format.

- Data is submitted monthly to subscribers who have paid for specific data.

- General data can be found on the SARS internet (www.sars.gov.za; customs; trade data)

DATA DISSEMINATION

- All trade data is submitted monthly to the South African Reserve Bank and Statistics South Africa.

- General trade data is submitted to the department of trade and industry on a monthly basis.

- Traders are given general data monthly, which is found on a specific site on the SARS web.

- Ad hoc data is submitted to government departments and the general public as and when required.

DATA ANALYSIS

- Data is analysed monthly to ensure the trade balance is correctly stated.

- Data submitted to clients are also analysed to ensure credibility of the data.

- Country comparisons have commenced using the COMTRADE data of various countries.

- Analysis of information is also conducted on a risk basis to assist the customs administration with compliance issues it faces.

SUCESSES

- **Close partnership with SARS and the following entities**:
  - South African Reserve Bank
  - Statistics South Africa
  - South African Freight Forwarders Association
  - Other Government & Public entities

SUCESSES

- 559 Statistics records on imports were created during this period January 2011 to May 2012 for the declaration of the incorrect customs value and quantities as detailed below:

Customs Value			
Date	Original Declaration	Stats Records	Difference
Jan 2011 to May 2012	R 4,840,976,658	R 3,370,635,947	R 1,470,340,711

Quantity			
Date	Original Quantity	Stats Records	Difference
Jan 2011 to May 2012	860,636,539	439,675,011	420,961,528

SUCESSES

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- 1045 Statistics records on exports were created during this period January 2011 to May 2012 for the declaration of the incorrect customs value and quantities as detailed below:

Customs Value			
Date	Original Declaration	Stats Records	Difference
Jan 2011 to May 2012	R 33,098,143,609	R 7,398,180,190	R 25,699,963,419

Quantity			
Date	Original Quantity	Stats Records	Difference
Jan 2011 to May 2012	5,344,284,744	5,395,702,677	51,417,933

SUCESSES

Case 1

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One consignment containing methyl kraftliner was exported in November 2011. The total export value was R 7,690,0557. After querying the issue with the company it was found that the value on the original declaration was incorrectly declared. The correct value should have been R 129,929. The stats record created prevented a total value of R 7,560,628 from being included in the October trade stats.

Case 2

One consignment containing preparations of perfuming was exported in November 2011. The total export value was R 211,063,668. After querying the issue with the company it was found that the value on the original declaration was incorrectly declared. The correct value should have been R 28,173. The stats record created prevented a total value of R 211,035,495 from being included in the October trade stats

Case 3

One consignment containing organic surface active was exported in November 2011. The total export value was R 1,082,846,631. After querying the issue with the company it was found that the value on the original declaration was incorrectly declared. The correct value should have been R 45,712. The stats record created prevented a total value of R 1,082,800,919 from being included in the October trade stats.

SUCESSES

Case 4

One consignment containing petroleum products was exported in January 2012. The total export value was R 1,388,345,864. After querying the issue with the company it was found that the value on the original declaration was incorrectly declared. The correct value should have been R 5,963,466. The stats record created prevented a total value of R 1,382,382,398 from being included in the December trade stats.

Case 5

One consignment containing preparations of crude oil was imported in October 2011. The total export value was R 1,800,000,000. After querying the issue with the company it was found that the value on the original declaration was incorrectly declared. The correct value should have been R 907,547,961. The stats record created prevented a total value of R 892,452,039 from being included in the September trade stats

FUTURE PLAN

- Modernisation of Customs systems

- Improve customs processes

- Implement the new customs control bill

- Publish revised trade balance monthly

- Improve on data dissemination by improving data content on the web

- Improve on data quality

- Create data quality reports

- Conduct surveys of traders and enterprises to collect trade data.

THANK YOU