



UNITED NATIONS  
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
STATISTICS DIVISION

COMMON MARKET FOR EASTERN AND  
SOUTHERN AFRICA



**Workshop on the updated and new recommendations  
for International Merchandise Trade Statistics (IMTS 2010)  
and their implementation in countries of the Sub-Saharan region,  
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Country Note

**South Africa**



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## 1. INTRODUCTION

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The Trade Statistics unit resides within the Customs and Border Management division which is part of the South African Revenue Services.

The team is based at the Head Office of SARS which is in Pretoria, South Africa. The team covers the national trade data for 42 sea, land and air ports in RSA where approximately 2; 2 million declarations are processed for imports and 2, 9 million for exports per annum.

The division consists of 2 Senior Managers, 1 Middle Manager, 1 Economist, 2 Team Leaders, 6 Data Analysts, 19 Data Verification Officers and 2 Administrative Officers as per the organogram below.



## **2. LEGAL ENVIRONMENT**

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The data is compiled and published in terms of the Section 117 of the Customs and Excise Act, No. 91 of 1964. This Act stipulates that statistics on the import and export trade shall be compiled and tabulated by the Commissioner for Customs and Excise (who is, in effect, the Commissioner for the SARS) and published at such times and in such a manner as the Minister may direct. (The Minister determines the broad policy on the manner and intervals of publication based on the recommendations of the Commissioner.)

Section 4(3) of the Customs and Excise Act, No. 91 of 1964 stipulates that a customs officer shall not disclose information to private companies, government entities or individuals relating to specific individuals or entities other than those explicitly mentioned in this section.

## **3. INFORMATION TECHNOLOGY**

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RSA uses in house developed software to receive and process import and export declarations. Various programs within this system were designed for use by the trade statistics division to compile and analyse trade data and ultimately determining the trade balance of RSA.

3.1. Data is submitted as follows:

- Manual data capture;
- Diskette and
- Electronic Data Interchange (EDI)

EDI uses WCO CUSDEC message format for clearance declarations.

3.2. Data Processing:

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

Our plan is to move to a more sophisticated, risk based Customs processing system called TATIS which will be implemented in February 2011.

RSA uses the General Trade System which covers:

- 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

#### **4. DATA SOURCES**

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4.1. Data is submitted to customs as follows:

- Manually; i.e. hard copies handed at a customs branch office
- Electronic submission; i.e. disk; CD; DVD or memory stick
- Electronically by a service provider on behalf of the client

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

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

The above data is submitted to customs on a customs declaration form called the SAD. The data from the SAD is used in the compilation of the trade stats.

The only exclusion to the above is the value for the export of Gold, which is obtained from the South African Reserve Bank. We are currently reviewing this process and it is expected that in January 2011 RSA will use the value for the export of gold from the SAD form.

## 5. DATA COLLECTION: CHALLENGES AND RESOLUTION

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Data collected includes customs values, quantity, country of origin, country of destination, tariff headings, commodity descriptions, client name, client code, basically all data fields on a SAD form. Data submitted by clients via declarations are not always as accurate as it should be. This poses huge challenges when the team verifies the import and export data.

There are generally more challenges with exports than with imports and this is so because as usual almost every Customs Administrations places the utmost emphasis on imports than exports. Reasons behind this are that countries want to protect the economy from prohibited and restricted goods, harmful goods, and to ensure the correct revenue is collected.

We need to move away from this mentality because from a trade stats perspective exports stimulate the country's economy and helps reduce the unemployment rate.

Listed below are some of the **challenges** our administration faces daily:

- Client details not updated on system
- Incorrect tariff headings, rebate items, warehousing particulars
- Capturing errors
- Value declared too high
- Incorrect rate of exchange used
- No quantity declared
- Incorrect country of origin/destination
- Invalid exporters code
- Declaring different commodities under one TH on one line

- Operational policies are developed and implemented without proper consultation with the Trade Stats unit

We are addressing the above challenges with the following **resolutions**:

- 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.
- Client **accreditation status** is **reviewed** and **revoked** if necessary.
- **Enhancement of system rules.**
- **Consultation** between customs operations and trade stats unit in the development of policies and procedures.

## 6. NOMENCLATURE AND VALUATION

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### 6.1. RSA use the following **Commodity classification**

- HSHarmonised Commodity Description and Coding System
- ISIC Standard Industrial Classification
- SITC Standard International Trade Classification
- BEC Broad Economic Categories

The merchandise trade data are collected at the 8-digits level of the Harmonized Commodity Description and Coding System (HS), and cross-classified according to ISIC at the 3-digits level. Exports are further classified into three main ISIC aggregates—mining, agriculture, forestry and fishing, and industrial products. Within each category, for Balance of Payments purposes, ‘traditional’ and ‘non-traditional’ products are identified. Imports (FOB) are also cross-classified by ISIC categories at the 3-digits level. The classification of the direction of trade statistics follows the alphabetic ISO coding at the 2-digits level.

## 6.2. Valuation

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

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.

## 7. PARTNER COUNTRIES AND TRANSPORT CODES

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Data is based on country of origin and destination.

The following Transport Codes are used in the RSA Customs Administration:

- Code 1            Sea
- Code 2            Rail
- Code 3            Road
- Code 4            Air
- Code 5            Mail
- Code 6            Other

## 8. CUSTOMS PROCEDURE CODES

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### 8.1. EXPORTS

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.

**8.1.1. CURRENT CODES:**

Code 1 is included in the Trade Statistics of RSA:

- ELG            Export Local Goods
- EIG            Export Imported Goods
- EAS            Export Ship and Aircraft Stores
- XE             Export Ex-Warehouse Imported Goods
- XES            Export Ex-Warehouse Imported Goods for Ship & Air Stores
- ZE             Export Ex-Warehouse Local Goods
- ZES            Export Ex-Warehouse Local Goods for Ship & Air Stores

**8.1.2. FUTURE CODES:**

- The current purpose codes will be replaced with procedure codes with effect from 1 November 2010.
- 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 is making this change.

- **ELG to    H 60 00**      Outright Exports of free circulation goods
- **EIG to    H 60 00**      Outright Exports of free circulation goods
- **EAS to    F 51 - -**      Supply of 'Stores' of goods in free circulation
- **XE to     H 67 40**      Outright Export - under the "Warehouse Procedure"
- **XES to    F 53 40**      Supply of 'Stores' – imported goods –under the  
"Warehouse Procedure"
- **ZE to H 68 46**      Outright Exports – excisable goods for an Excise  
Warehouse
- **ZES to F 52 00**      Supply of 'Stores' – excise products – ex Excise



## Manufacturing Warehouse

### 8.2. IMPORTS

#### 8.2.1. CURRENT CODES:

- **Included in Trade Statistics of RSA:**
  - **DP** Direct Duty Paid
  - **WH** Direct Warehousing
  - **IR** Industrial Rebate
  - **GR** General Rebate (Partial)
  
- **Excluded in Trade Statistics of RSA:**
  - **GR** General Rebate (Partial)
  - **WE** Warehouse For Export
  - **XDP** Ex-Warehouse Duty Paid
  - **XIR** Ex-Warehouse Industrial Rebate
  - **XGR** Ex-Warehouse General Rebate
  - **XIB** Ex-Warehouse In bond Removal
  - **XRW** Ex-Warehouse Re-Warehousing

#### 8.2.2. FUTURE CODES:

- **Included in Trade Statistics of RSA:**
  - **DP to A 10 00** Home use of goods, on imported goods
  - **WH to E 40 00** Clearance of imported goods – under the Warehouse Procedure
  - **IR to K 85 00** Placement of goods under the “Processing for Home Use

Procedure“

- **GR to A 14 00** Home Use under ‘relief of duties’ (Partial)
  
- **Excluded in Trade Statistics of RSA:**
  - **GR to A 14 00** Home Use under ‘relief of duties’ (Partial)
  - **WE to E 42 00** Clearance of imported goods into customs warehouse for exportation
  - **XDP to A 11 40** Home Use of Goods – under the Warehouse Procedure
  - **XIR to K 85 40** Processing for Home Use Goods – under the Warehouse Procedure
  - **XGR to A 14 40** Home Use of goods under ‘relief of duties and taxes
  - **XIB to E 43 40** Clearance for Removal of goods between Customs Warehouses
  - **XRW to E 44 43** Clearance for Re-warehousing of goods under the ‘Warehouse Procedure’

## 9. COVERAGE OF SPECIFIC GOODS

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- **Goods for processing**
  - Considered temporary imports, not included in trade balance
- **Ships & Aircraft Stores**
  - Included under a special chapter (99). No specific TH
  - Alcohol, Cigarettes, spares & equipment, prohibited and restricted goods and fuel are classified according to the TH and are included as such.

- **Electricity**
  - Is included in the trade balance, both imports and exports
- **Bulk water**
  - Currently imported from Lesotho, not included in trade balance
- **Petroleum**
  - Included in trade balance. Temporary imports and export of imported goods not included.

## 10. PERIODICITY

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### Preliminary Data

- Verification of data is completed a month after the transaction date.
- Queries should be resolved within 7 days.
- The import, export trade data and the trade balance is reported a month later (i.e. August 2010 data will be released on 30 September 2010)
- The Senior Manager and the Economist quality assures the data prior to release.
- The trade balance is presented to the Executive Customs Management 3 days prior to release and to the South African Reserve Bank and Statistics SA 2 days before release.
- The Senior Manager: Trade Stats, the Chief Customs Officer and the Commissioner of SARS approve the trade release 2 days before release.
- 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).

### **Audited data**

- Further verification of data is completed two months after the transaction date.
- Amendments are published subsequent to the initial release.
- An advance release calendar that provides a monthly release dates is published on the SA Revenue Service Internet website (<http://www.sars.gov.za>).
- Annual data is finalised 120 days after the calendar year has ended.

## **11. CONCLUSION**

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RSA has been operating in accordance with the IMTS manual and as far as possible have implemented aspects that we were not complying to. Due to the operations of the customs administration we are unable to implement all the guidelines. We aim to implement all outstanding guidelines in the next three years.

In order to achieve these targets we plan to:

- Modernise the Customs systems.
- Audit of Trade Data by SARB; STATS SA or an expert in trade stats (consultant).
- Publish revised trade balance monthly.