

INDIRECT TAX **CUSTOMS & EXCISE**

MONTHLY NEWSLETTER

ISSUE 03: March 2025

PART A: AfCFTA - WHAT'S NEW?

AFRICA CONTINENTAL FREE TRADE AREA

News on AfCFTA

March 2025 activities

Trade collaboration between AfCFTA and the EU

On 24 March 2025 the Secretary-General of the AfCFTA Secretariat, H.E. Wamkele Mene, met with the European Union (EU) Ambassador to the African Union Commission, H.E. Javier Niño Pérez, along with his team, at the AfCFTA Secretariat in Accra, Ghana.

The focus of their meeting was to enhance trade relations between the EU and Africa and explore areas for collaboration within the AfCFTA framework.

During their discussions, they looked for ways to engage strategically, aiming to support the creation of a unified African market and encourage inclusive, sustainable trade between Africa and the EU.

This visit underscores a shared commitment to strengthening cooperation and building mutually beneficial trade and investment partnerships.

Online reference: AfCFTA Secretary-General Receives EU Ambassador for Discussions on Trade Collaboration (24 March 2025) [<https://au-afcfta.org/2025/03/afcfta-secretary-general-receives-eu-ambassador-for-discussions-on-trade-collaboration/>]

SAIT customs comment

It is our view that trade collaboration is crucial as it fosters economic growth, creates jobs, and enhances the overall prosperity of both regions.

By working together, the EU and Africa can tap into each other's markets, leverage resources, and promote innovation. Strengthening trade ties can also help address challenges such as poverty and inequality, ultimately leading to a more stable and prosperous future for both Africa and Europe.

PART B: AFRICAN BORDERS

News on border traffic

March 2025 activities

Home Affairs Minister launches a new initiative to tackle border corruption in South Africa

South Africa faces challenges with porous borders and inadequate enforcement, making it vulnerable to transnational criminal networks. Corruption within the Border Management Authority (BMA) and the Department of Home Affairs (DHA) allows these networks to operate freely.

To address this issue, the Border Management and Immigration Anti-Corruption Forum (BMIACF) has been established by Home Affairs Minister Leon Schreiber in collaboration with the Special Investigating Unit (SIU) and BMA.

Minister Schreiber emphasised the need for accountability and system reform to combat corruption. National Director of Public Prosecutions, Shamila Batohi, stressed that corruption weakens governance and complicates border management. She noted that organised crime is facilitated by individuals within the DHA and BMA, and tackling corruption at its root is essential.

Minister Schreiber stated that the BMIACF aims to assess progress in combating corruption in the sector. Since 27 July 2024, certain DHA officials have been dismissed for various offences, with additional prosecutions ongoing. Major General David Chilemba noted that the BMIACF's launch marks a significant step in fighting corruption.

Willem Els from the Institute for Security Studies emphasised that compromised officials make it easier for organised crime networks to operate, citing the illicit cigarette trade as an example. He also explained that legal cigarette companies sometimes exploit system gaps by falsely marking cigarettes for export to avoid taxes.

Corrupt officials facilitate smuggling by accepting bribes and signing off on false freight documents. Mr Els noted that these officials are often deeply embedded in organised crime networks, and the launch of the BMIACF shows the political will to combat corruption and cross-border crime.

Online reference: Home Affairs Minister Launches New Body to Combat Corruption at South Africa’s Borders (25 March 2025). [<https://www.dailymaverick.co.za/article/2025-03-25-home-affairs-minister-launches-new-body-to-combat-corruption-at-south-africas-borders/>]

SAIT customs comment

It is our view that to address border corruption, government agencies involved at the borders should implement anti-corruption strategies guided by, for instance, the World Customs Organisation’s (WCO) collective action approach.

The “collective action” process involves collaboration among stakeholders to tackle integrity issues through shared commitments and resources. By fostering partnerships and engaging in integrity assessments, countries can enhance transparency and accountability, ultimately reducing corruption at borders.

Hopefully, the BMIACF will apply the collective action approach to combat border corruption.

PART C – SARS CUSTOMS NEWS

General updates: Customs

February - March 2025

Prohibited and Restricted Imports and Exports list

The tables below refer to the latest Prohibited and Restricted Imports and Exports list:

Table 1:

Date	Theme	Description
26 February 2025	Prohibited and Restricted Imports and Exports list	Tariff headings 8422.90 and 8471.49.90 do not require a Letter of Authority for *NRCS.

*Note: NRCS: National Regulator for Compulsory Specifications.

Table 2:

Date	Theme	Description
7 March 2025	Prohibited and Restricted Exports list	The following tariff headings require export permits: <ul style="list-style-type: none">Tariff subheadings 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.29.

Legal Counsel: Secondary Legislation – Rule Amendments 2025

The table below refers to Excise:

Table3:

Date	Theme	Description
11 March 2025	Anti-forestalling measures: Excise Duties	Rule amendments notice R5974, published in Government Gazette 52255 of 11 March 2025: *Anti-forestalling measures in respect of anticipated increases in excise duties (DAR260) (with retrospective effect from 19 February 2025).

*Note: These anti-forestalling rules are designed to prevent businesses or individuals from making purchases or stockpiling goods in anticipation of an upcoming tax increase. The goal is to ensure fair practices and that everyone pays the correct amount of duty based on the new rates once they are applied.

Legal counsel: Secondary legislation – Tariff amendments 2025

The table below refers to anti-dumping duties:

Date	GG and Notice Number	Description	Effective Date
14 March 2025	GG 52263 R.5978	Imposition of provisional payment in relation to anti-dumping duties against the increased imports of other screws fully threaded with hexagon heads and other bolts with hexagon heads excluding bolt ends, screw studs and screw studding, classifiable under tariff subheadings 7318.15.39 and 7318.15.43 respectively, originating in or imported from the People’s Republic of China (ITAC Report No. 745)	14 March 2025 up to and including 13 September 2025

SAIT customs comment

The ITAC report 745 can be summarized as follows:

- On 26 July 2024, ITAC started an investigation into low-priced screws and bolts from China, following a complaint from the South African Fastener Manufacturers Association (SAFMA).
- Its members include CBC Fasteners, Transvaal Pressed Nuts Bolts and Rivets, Impala Bolt and Nut, and Tel-Screw. Together, these companies make all the domestic production of the products in SACU.
- There was prima facie evidence to show that the products were imported at dumped prices, threatening to cause material injury to the SACU industry.
- The Commission found evidence of dumping by Chinese exporters and requested provisional payments to protect South African manufacturers during the investigation.

Confirmation of Access to Customs Amendments:

All Customs amendments and proposed amendments were accessed from the specified web address:

Online reference: SARS: What's new at SARS (30 March 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

The 2025 budget – everything you need to know regarding Customs and Excise

In summary, the Finance Minister, Enoch Godongwana, proposed a 6.8% increase in excise duties on alcoholic beverages and tobacco, and a 4.8% rise for cigarettes and vaping products starting April 1, 2025.

He also announced that the general fuel levy and Road Accident Fund levy will remain frozen for another year, providing R4 billion in relief, despite a significant increase in the carbon fuel levy.

Online reference: South Africa's 2025 budget – everything you need to know (12 March 2025) [<https://businesstech.co.za/news/budget-speech/816538/south-africas-2025-budget-in-a-nutshell/>].

PART D – GENERAL MATTERS OF INTEREST

MSC wins appeal: Key lessons in Customs Compliance

In June 2024, we were informed of the MSC legal matter related to the release of imported goods to an importer.

The outcome of the case was that MSC won an appeal against a R521,442 penalty imposed by the South African Revenue Service (SARS) regarding the release of goods.

The case highlighted significant issues in customs compliance and the necessity for clear procedures:

- Initially, SARS claimed that MSC had illegally released a container to a clearing agent despite a detention notice, which SARS argued constituted a breach of the Customs and Excise Act, 1964 (the Customs Act).
- MSC contended that they had adhered to proper protocols and that SARS had wrongly penalised them.
- The KwaZulu-Natal High Court ultimately ruled in favour of MSC, emphasising the importance of SARS considering all relevant information before making decisions.

This ruling brings to light several key lessons for the customs industry. First, it's crucial for companies to maintain strict compliance with customs procedures to avoid penalties and potential forfeiture of goods. All communication related to stops and releases should be thoroughly documented and be made accessible to all relevant parties to prevent misunderstandings.

Additionally, companies should keep a detailed chronological record of events to provide clarity if disputes arise. This information can be vital in demonstrating mitigating factors when facing penalties. It's also essential for SARS to provide adequate reasons for its decisions, as any failure to do so can render those decisions open to review.

Overall, the MSC vs SARS case serves as a reminder of the importance of effective communication and adherence to customs regulations. By following these practices, companies can navigate the complexities of customs compliance more efficiently and minimise the risk of costly disputes.

PART E – CONCLUSION

Understanding President Trump's tariffs: A trade war or a strategic shift?

To make sense of President Donald Trump's tariffs, we need to consider the underlying economic challenges faced by a developed nation like the United States of America (America).

Over the years, America has seen a significant decline in the export of locally manufactured goods, leading to a trade deficit where imports exceed exports in dollar value. The question arises: how does a country initiate a process to attract foreign investment for manufacturing while encouraging its citizens to buy local products?

There are various strategies to address a trade deficit and potentially shift towards a trade surplus. However, the Trump administration opted for tariffs as a means to stimulate change. This approach appears more focused on "saving" America than simply making it great again. The tariffs seem designed to provoke reactions from other countries, encouraging them to engage in direct discussions with America to negotiate tariff removals or reductions and put in place bilateral trade agreements which benefit both countries.

Responding to these reciprocal tariffs with further retaliatory measures may overlook the larger goal of understanding America's current strategy. For countries like South Africa, this poses a crucial decision: should America remain a key political and trade partner? If not, it may be time to explore alternative partnerships that can drive economic relief and attract foreign investment.

The goal for South Africa should be to enhance local manufacturing, reduce unemployment, and ensure exports outnumber imports, fostering a culture of buying local products. Interestingly, this mirrors America's objectives. So why do we often perceive America's trade strategy as nonsensical? It may stem from a misunderstanding of the necessity for such measures when a country's currency is under pressure and its ability to export finished goods diminishes.

The way nations respond to shifting trade dynamics will play a crucial role in determining whether their trade is based on *competitive advantages or if they risk regression or staying a developing country, unable to address their trade deficits in a meaningful and lasting way (*competitive advantage refers to the ability of a country to produce goods more efficiently or at a lower cost than others, making its exports more attractive).

In conclusion, while the current tariffs initiated by America may seem drastic, they reflect a broader strategy to revitalise domestic manufacturing and reshape trade relationships in response to evolving economic realities.

Understanding these motivations can lead to more constructive discussions about global trade and partnerships.

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