

INDIRECT TAX **CUSTOMS & EXCISE**

MONTHLY NEWSLETTER

ISSUE 04: April 2025

PART A: AfCFTA - WHAT'S NEW?

AFRICA CONTINENTAL FREE TRADE AREA

News on AfCFTA

April 2025 activities

Nigeria's commitment to AfCFTA: A new era for African trade?

On 15 April 2025, Nigeria published the ECOWAS Tariff Schedule, which shows its support of the AfCFTA. This significant move, signed by President Bola Ahmed Tinubu, aims to lower tariffs on 90% of goods, enhancing market access and competitiveness for Nigerian products across the region.

Key aspects of Nigeria's bold step include:

1. **Reduced Tariffs:** Nigeria will implement zero duties on 90% of tariff lines, facilitating broader access and enhancing the competitiveness of local goods.
2. **Enhanced Regional Trade:** This initiative is expected to boost intra-African trade, driving economic transformation and job creation.
3. **Digital Trade Leadership:** Nigeria aims to lead in Africa's digital trade agenda, promoting e-commerce and cross-border payments.
4. **Economic Integration and Investment:** This move is crucial for economic integration, attracting more investment within Africa's single market.

Local businesses, particularly small and medium enterprises (SMEs), are expected to benefit from reduced tariffs and expanded market access, leading to increased exports and profitability.

The AfCFTA seeks to establish a single market for goods and services in Africa, enabling the free movement of capital, labour, and investment. Nigeria is also working to solidify its role in Africa's digital trade, working towards ratifying the Protocol on Digital Trade within the AfCFTA Agreement. Additionally, the country is committed to harmonising policies and enhancing trade facilitation through digital customs processes and e-commerce policies.

Online reference: Nigeria Takes Bold Step to Boost AfCFTA Trade (24 March 2025) [<https://africa.com/nigeria-takes-bold-step-to-boost-afcfta-trade/#:~:text=Nigeria%20has%20officially%20committed%20to,country%20for%20enhanced%20regional%20trade.>]

SAIT customs comment

It is our view that Nigeria's commitment to AfCFTA not only strengthens its position within Africa but also serves as a catalyst for regional economic growth, trade cooperation, and innovation.

This step is vital for fostering a more integrated and prosperous African market.

PART B: AFRICAN BORDERS

News on border traffic

April 2025 activities

High-Tech watch: South Africa enhances border security with drones and body cameras

The Border Management Authority (BMA) is deploying new technologies to manage increased movement during the festive season.

Home Affairs Minister Leon Schreiber announced the deployment of four drones and 40 body-worn cameras at South Africa's borders. The drones, tested last December, improved illegal entry interceptions by 215%. The drones are equipped with night vision and can track individuals and vehicles across large areas.

Eight officers will be trained as drone pilots. The body cameras will record interactions to prevent corruption and have panic buttons for emergencies.

Despite some technical issues during demonstrations, Schreiber warned criminals that the new technology will enhance border security. The initiative cost R150 million and took 23 months to implement.

Online reference: Easter security boost: South Africa deploys drones and body cameras to fortify border management (30 April 2025). [<https://www.dailymaverick.co.za/article/2025-04-10-easter-security-boost-south-africa-deploys-drones-and-body-cameras-to-fortify-border-management/>]

SAIT customs comment

It is our view that as South Africa adopts these advanced technologies, it positions itself alongside developed countries and other African nations that are increasingly leveraging such innovations for border security and law enforcement.

This move highlights the growing importance of technology in enhancing public safety and national security across the continent.

PART C – SARS CUSTOMS NEWS

General updates: Customs

March - April 2025

Legal counsel: Secondary legislation – Tariff amendments 2025

The tables below refer to an increase and/or reduction in the rate of customs duty:

Wheat and wheaten flour:

Date	GG and Notice Number	Description	Implementation date
17 April 2025	GG 52525 R.6129	Amendment to Part 1 of Schedule No. 1, by the substitution of tariff subheadings 1001.91 and 1001.99 as well as 1101.00.10, 1101.00.20, 1101.00.30 and 1101.00.90, to increase the rate of customs duty on wheat and wheaten flour from 18.35c/kg and 27.52c/kg, respectively to 54.95c/kg and 82.42c/kg, in terms of the existing variable tariff formula (ITAC Minute M12/2024) Notice R.6129	17 April 2025

4 April 2025	GG 52448 R.6089	Amendment to Part 1 of Schedule No. 1, by the substitution of tariff subheadings 1001.91 and 1001.99 as well as 1101.00.10, 1101.00.20, 1101.00.30 and 1101.00.90, to reduce the rate of customs duty on wheat and wheaten flour from 42.20c/kg and 63.29c/kg, respectively to 18.35c/kg and variable tariff formula (ITAC Minute M09/2024) Notice R.6089	4 April 2025
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Sugar:

Date	GG and Notice Number	Description	Implementation date
11 April 2025	GG 52491 R.6108	Amendment to Part 1 of Schedule No. 1, by the substitution of tariff subheadings 1701.12, 1701.13, 1701.14, 1701.91, and 1701.99, to increase the rate of customs duty on sugar from 286.25c/kg to 377.35c/kg in terms of the existing variable tariff formula (ITAC Minute 14/2024) Notice R.6108	11 April 2025
4 April 2025	GG 52448 R.6088	Amendment to Part 1 of Schedule No. 1, by the substitution of tariff subheadings 1701.12, 1701.13, 1701.14, 1701.91, and 1701.99, to increase the rate of customs duty on sugar from 234.89c/kg to 286.25c/kg in terms of the existing variable tariff formula (ITAC Minute 13/2024) Notice R.6088	4 April 2025

The tables below refer to an increase in the rate of environmental levy:

Carbon dioxide equivalent:

Date	GG and Notice Number	Description	Implementation date
11 April 2025	GG 52491 R.6109	Amendment to Part 3F of Schedule No. 1, by an increase of R46 per ton in the rate of environmental levy on carbon dioxide equivalent from R190 to R236 per ton to give effect to the Budget proposals announced by the Minister of Finance on 12 March 2025 Notice R.6109	With retrospective effect from 1 January 2025
11 April 2025	GG 52448 R.6088	Amendment to Part 5A of Schedule No. 1, by the substitution of Notes 7(b) to provide for the newly inserted items included under item 195.13 in Part 5A of Schedule No. 1 as promulgated in the Taxation Laws Amendment Act, 2025 in Government Gazette No. 51829 on 24 December 2024 Notice R.6110	With retrospective effect from 1 January 2002

The table below refers to deletion and insertion of various tariff subheadings under tariff heading 44.11 as well as the insertion of Additional Note 1 to Chapter 44:

Wood and articles of wood:

Date	GG and Notice Number	Description	Implementation date
4 April 2025	GG 52448 R.6090	Amendment to Part 1 of Schedule No. 1, by the deletion and insertion of various tariff subheadings under tariff heading 44.11 as well the insertion of Additional Note 1 to Chapter 44 to provide for ad hoc technical amendments Notice R.6090	4 April 2025

The table below refers to an amendment in relation to smartphones with a price greater than R2 500:

Smartphones:

Date	GG and Notice Number	Description	Implementation date
1 April 2025	GG 52436 R.6079	Amendment to Part 1 of Schedule No. 1, by the substitution of tariff subheadings 8517.13.10, 8517.14.10, 8517.62.20 and 8517.69.10 to provide for a flat rate of 9% on smartphones with a price greater than R2 500 to give effect to the Budget proposals announced by the Minister of Finance on 12 March 2025 Notice R.6079	1 April 2025
1 April 2025	GG 52436 R.6080	Amendment to Part 2B of Schedule No. 1, by the substitution of tariff items 124.37.05/8517.13.10, 123.37.07/8517.14.10, 124.37.11/8517.62.20 and 124.37.15/8517.69.10, to provide for a flat rate of 9% on smartphones with a price greater than R2 500 to give effect to the Budget proposals announced by the Minister of Finance on 12 March 2025 Notice R.6080	1 April 2025

The table below refers to an increase in the carbon fuel levy:

Petrol and diesel:

Date	GG and Notice Number	Description	Implementation date
1 April 2025	GG 52436 R.6078	Amendment to Part 5A of Schedule No. 1, by substitution to Note 8 for an increase of 3c/li in the carbon fuel levy from 11c/li to 14c/li for petrol and from 14c/li to 17c/li for diesel, respectively, to give effect to the Budget proposals announced by the Minister of Finance on 12 March 2025 Notice R.6078	2 April 2025

The table below refers to a rebate facility on solid sodium hydroxide:

Caustic soda:

Date	GG and Notice Number	Description	Implementation date
4 April 2025	GG 52448 R.6087	Amendment to Part 1 of Schedule No. 3, by the insertion of rebate item 306.01/2815.11/03.06 to provide for a rebate facility on solid sodium hydroxide (caustic soda), classifiable under tariff subheading 2815.11, for conversion into sodium hydroxide in aqueous solution, classifiable under tariff subheading 2815.12 – ITAC Report 731 Notice R.6087	4 April 2025

SAIT customs comment

The ITAC report 731 can be summarised as follows:

- The Commission reviewed an application by African Chemicals (Pty) Ltd (Africhem) for a rebate facility on solid sodium hydroxide (caustic soda) for conversion into liquid soda.
- Import Product: Solid sodium hydroxide (caustic soda), classifiable under tariff subheading 2815.11
- Manufactured Product: Sodium hydroxide in aqueous solution, classifiable under tariff subheading 2815.12
- They found that South Africa’s domestic production of caustic soda has declined while demand has increased, leading to a greater reliance on imports.
- Consequently, the Commission approved the rebate facility, allowing imports under specific conditions, and stated that the facility will be reviewed three years after implementation to assess its effectiveness.

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 (23 April 2025) [<https://www.sars.gov.za/whats-new-at-sars/>]

PART D – GENERAL MATTERS OF INTEREST

Strengthening trade in Africa: The role of Customs in the AfCFTA

The AfCFTA represents a significant step towards economic integration across the continent. As African nations seek to boost intra-African trade, the support from the World Customs Organisation (WCO) is essential in rolling out this agreement effectively.

The recent training workshop held in Ghana under the EU-WCO Rules of Origin Africa Programme illustrates the commitment to enhancing knowledge and application of preferential rules of origin among stakeholders. While Ghana served as a host for the AfCFTA Secretariat, the initiative's impact extends across Africa, fostering collaboration among customs administrations, trade associations, and various public and private sectors.

For the AfCFTA to reach its full potential, it is crucial for all African countries to understand and implement the rules of origin effectively. Proper origin determination is vital for ensuring that goods qualify for preferential treatment under the trade agreement. This not only facilitates trade but also promotes fair competition among African businesses. With the low level of knowledge and utilisation of Free Trade Agreements (FTAs) noted by participants in the training workshops, there is a clear need for ongoing education and capacity building.

The challenges faced by stakeholders in importing and exporting goods must be addressed collectively. Customs administrations play a fundamental role in this process, as they are responsible for enforcing rules, certifying origins, and ensuring compliance with trade regulations. By working together, customs authorities across Africa can streamline processes, enhance transparency, and build trust between the public and private sectors. This collaboration is essential for transforming Africa into a competitive trade hub.

The successful implementation of the AfCFTA will have far-reaching implications for the continent. It has the potential to create a larger market for African goods, attract foreign investment, and promote economic growth. However, realising these benefits requires a concerted effort from all stakeholders involved in the trade ecosystem. Customs administrations must prioritise collaboration, share best practices, and utilise technology to improve efficiency.

Looking ahead, the future of the AfCFTA depends on the commitment of African nations to work together. By enhancing knowledge of rules of origin and addressing existing challenges, Africa can position itself as a formidable player in global trade, competing effectively with established customs unions like the European Union. As the WCO continues to support these initiatives, it is essential for all stakeholders to engage actively and contribute to a robust framework that will benefit the entire continent.

PART E – CONCLUSION

Building capacity for effective customs: The role of the WCO in AfCFTA implementation

The WCO has developed a comprehensive capacity-building strategy to support customs administrations worldwide. This strategy aims to meet the demands of member governments in the 21st century, focusing on the sustainable development of customs and border management services. Approved in 2003, the strategy recognises the significant economic role of customs in managing international supply chains, ensuring revenue collection, and providing social protection.

Capacity building is defined by the WCO as equipping all member countries with the ability to develop and manage policies that meet national, regional, and international obligations. It involves several steps, including diagnostics, strategic planning, project development, and ongoing monitoring and evaluation. The WCO emphasises that successful implementation requires a structured approach, addressing the specific needs of each customs service.

Key principles of the WCO's capacity-building strategy include political will and leadership, holistic development, and the empowerment of customs services. Customs administrations must take ownership of their capacity-building programmes, supported by a clear vision of desired outcomes and measurable targets. Integrity is also crucial, ensuring that capacity-building efforts are trustworthy and effective. Furthermore, collaboration between customs, trade stakeholders, donors, and academic institutions is vital for successful capacity building.

One area where the WCO's capacity-building strategy plays a significant role is in the implementation of the AfCFTA. Understanding and applying the rules of origin is essential for the effective functioning of the AfCFTA. The WCO assists customs administrations in developing the skills necessary to navigate these rules, which in turn supports other government agencies and facilitates trade for businesses.

By strengthening customs administrations, the WCO helps create an environment where trade can flourish. This is particularly important for Africa, where intra-continental trade can drive economic growth and development. When nations collaborate through trade, they foster relationships that reduce the likelihood of conflict. The WCO's capacity-building efforts contribute to a more interconnected Africa, where countries can work together for mutual benefit.

In conclusion, the WCO's capacity-building strategy is crucial for the effective functioning of customs administrations, particularly in the context of the AfCFTA. By supporting these administrations, the WCO enhances trade facilitation, which ultimately contributes to peace and stability among nations. Countries that engage in trade are less likely to engage in conflict, highlighting the importance of customs capacity building in promoting harmony and cooperation.

Author of the Newsletter:

Dr. Rodrick (Ronnie) van Rooyen

PD International Business and Trade and PhD Maritime and Customs Management; LLM Maritime Law and MPhil Maritime Studies