

GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

GENERAL NOTICE 1881 OF 2023

OUTCOME OF TARIFF AMENDMENT INVESTIGATION

RE: APPLICATION FOR AN INCREASE IN THE RATE OF CUSTOMS DUTY ON FROZEN MIXED VEGETABLES CLASSIFIABLE UNDER TARIFF SUBHEADING 0710.90 LODGED BY NATURE'S GARDEN ("THE NATURES GARDEN APPLICATION")

The Commission considered an application by Nature's Garden (Pty) Ltd ("Nature's Garden") for an increase in the rate of customs duty on frozen mixed vegetables classifiable under tariff subheading 0710.90 from 10% *ad valorem* to the WTO bound rate of 37% *ad valorem*. The investigation was initiated on 22 February 2019 as per Government Gazette Notice No. 42240. A full-scale investigation culminated in the Commission's final recommendation on Nature's Garden's Application, which recommendation was subsequently forwarded to the Honourable Minister of Trade, Industry and Competition (the "Minister"), for his consideration. The Minister referred the matter back to the Commission subsequent to which the Commission provided clarification and expanded on certain aspects relating to the proposed increase in the rate of customs duty on frozen mixed vegetables.

The Minister raised concerns with regard to the matter of pricing. In particular, the Minister remained concerned that an increase in the rate of customs duty on frozen mixed vegetables may have a detrimental impact on South African consumers.

Given the negative impact that food price inflation can have on the South African economy and on financially hard-pressed consumers, the Minister requested the Commission to investigate his concerns relating to the impact of any potential increase in the duty on the Lower Segment Market and the possible impact on food inflation. ITAC's findings were submitted to the Minister, for his consideration.

The Minister subsequently communicated to ITAC that he took into account a number of issues, such as the current context of high food prices that affects both poor and middle-class consumers, continuing pressures on household incomes from external shocks to the economy,



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the decline in the level of imports of frozen vegetables from 2020 onwards, the likely impact on aggregate jobs and industrial output in the economy, in deciding whether to impose or decline a tariff increase weighed against other policy objectives.

The Minister also took into account the fact that food prices in South Africa, and globally, are currently rising rapidly and that the impact of the rise in inflation on not only the poor but also the middle class is well documented.

Taking into account all information at his disposal, the Minister also considered various options that may mitigate the impact of a tariff increase on consumers but, weighing up all the circumstances, decided to reject the application for an increase in the duty on frozen mixed vegetables classifiable under tariff subheading 0710.90.

However, the Minister acknowledged that circumstances may change in the future, in particular if current geo-political tensions subside and food prices stabilise as the global economy recovers from the impact of COVID-19.

In light of the aforementioned, the Minister directed ITAC, in terms of section 16(1)(d)(ii) of the International Trade Administration Act, Act 71 of 2002, to review the custom duty on frozen mixed vegetables classifiable under tariff subheading 0710.90 in nine (9) months and submit a report with recommendations for his consideration.

Enquiries may be directed to the investigating officers, Ms Amina Varachia at avarachia@itac.org.za or Ms Khosi Mzinjana at kmzinjana@itac.org.za.

