

Regulations for importers

South Africa is a member of the World Trade Organization (WTO) and follows the Harmonized System (HS) of import classification.

Traders are subject to exchange control approval, administered by the South African Reserve Bank. The Department of Trade and Industry is also empowered to regulate, prohibit or ration imports to South Africa in the national interest but most goods may be imported into South Africa without restrictions.

Import permits are required only for specific categories of goods and are obtainable from the Director of Import and Export. Importers must possess an import permit prior to the date of shipment. Failure to produce a required permit could result in the imposition of penalties. A summary of main import regulations are:

- Certain goods imported into South Africa require an import permit, which may be obtained from the Director of Imports and Exports Control- Department of Agriculture.
- Permits are valid for imports from any country.
- South Africa uses the Harmonised System of Classification.
- South African banks can accommodate all international transactions and are situated throughout the country.
- Some imports may require permission from the Department of Agriculture and Health.

Specific South African Documentary Requirements

Examples of South African documentation that may be required depending on the product being imported include:

Import permits: Import permits are required for certain goods and commodities as specified in Schedule 1 of the Import Control Regulations Act. Permits are obtainable from the controlling authority, which includes:

- Department of Agriculture
- Department of Trade and Industry
- Department of Health

Phytosanitary certificate: South Africa requires these certificates for imports of plant and plant products e.g. seeds, bulbs, cut flowers, etc. The Ministry/Department of Agriculture in the country of origin usually issues Phytosanitary certificates. A copy of the import permit should be forwarded to the exporter as conditions regarding the importation of plants are stipulated in the permit.

Fumigation certificate: This document is required as proof that the packing materials e.g. wooden crates, wood, wool etc), second-hand clothing or certain commodities have been fumigated or sterilized. Certificates are issued by specialists and contain details such as purpose of treatment, articles concerned, temperature range used, chemicals and concentration used etc.

It is important that shipments be packed in cases or crates that are free of insect or fungus infestation. If these requirements have not been met the consignee may be required to apply treatment to the wood at his own expense in a manner indicated by the authorities.

There are numerous other documentary requirements depending on the product concerned, and the importer and exporter should always conduct a thorough investigation into the documentary requirements before shipping consignments.

Customs Procedure for Imports

All goods declared for consumption must be landed and entered within 7 days after the arrival of the importing ship or within such additional time as allowed by Customs. Failure to do so will result in goods being conveyed to a custom warehouse. If the goods are not properly entered and all duties and charges are not paid within 3 months after the goods have been placed in a customs warehouse, they may be sold at public auction.

Goods may be stored in bond, without payment of duties, in any bonded warehouse or in an unbonded warehouse approved by Customs.

Irrespective of the mode of transport used when importing goods, the importer or his freight forwarder is required to present relevant documentation to the customs authorities in order to clear the goods/ products.

If all documentation is in order, the documents will be stamped by customs and excise and, once the import duties, excise duties (if applicable), and VAT have been paid, the goods will be cleared through customs.

Distribution & sales in South Africa

South Africa offers foreign suppliers a variety of methods to distribute and sell their products, including using an agent or distributor, selling through established wholesalers or dealers, selling directly to department stores or other retailers, or establishing a branch or subsidiary with its own sales force.

Wholesalers

Consumer goods requiring maintenance of stocks and industrial raw materials are often exported to South Africa through established wholesalers.

Retail organizations

Many exporters of consumer goods sell directly to South African retail organizations - including consumer corporations, department stores, chain stores, and co-operative groups of independent retailers - which assume the functions of wholesale buying, selling and warehousing.

Consumer retail

South Africa offers the full spectrum of retail outlets: neighborhood convenience stores; small general dealers; specialty stores handling a single product line (such as clothing, electronics, or furniture); exclusive boutiques; chain stores (groceries, clothing, toiletries, household goods); department stores; cash and carry wholesale-retail outlets; and co-operative stores serving rural areas.

A major phenomenon in South Africa has been the evolution of supermarkets or hypermarkets, which sell large quantities of almost all consumer goods on a self-serve basis.

The hypermarkets, located in suburban shopping centres, have disrupted the traditional distribution chain by purchasing directly from manufacturers and bypassing the wholesaler, with low margins achieving high turnover, thereby placing price pressure on all competing outlets.

Agents & distributors

In South Africa, the terms "agent" and "distributor" have a very specific meaning.

(1) Agents

In the strict legal sense, "agent" means a person who, for and on behalf of a principal, either introduces a third party to the principal by soliciting orders from the third party, or concludes contracts with the third party on behalf of the principal. The normal reward for an agent is a commission, which is received from the principal.

Key considerations in appointing an agent in South Africa are:

- You need to appoint an agent who knows the market well. The South African business sector is relatively small, and companies have established methods of procurement that differ from sector to sector.
- You need to consider national distribution. South Africa is a large country, with nine provinces. Smaller agents tend to operate provincially, as they do not have the infrastructure to support operations in other provinces. You may need to appoint an agent in each of the larger cities - Johannesburg, Cape Town, Port Elizabeth and Durban - to cover each of the respective provinces. Larger companies who take on agencies often have an office in each of the major centres, making any agency agreement easier to control.
- For certain products, South Africa is a trading hub for the southern African region, and you need to consider whether your South African agent should handle business in these countries on your behalf.

(2) Distributors

A distributor buys and holds stock of a product. In return, s/he is usually granted an exclusive right to sell the product in a particular area or to a particular type of customer. An agreement with a distributor is similar to an agreement with an agent, except that price and delivery terms will differ because the distributor is a principal. When appointing a distributor in South Africa, the same considerations apply as when appointing an agent

Legislation:

Foodstuff, cosmetics and disinfectant Act no: 54 of 1972.

Agricultural Products Standard Act no 119 of 1990.

www.itac.org.za

www.doa.agric.za

www.doh.gov.za