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TIASA MAKING INROADS INTO IMPORTANT INDUSTRY ISSUES

MEMBER BENEFITS OUTLINED



Conventional wisdom has it that necessity is the mother of invention. Enter TIASA (Tyre Importers Association of South Africa) a dedicated umbrella body to cater for the needs and concerns of bona fide tyre importers. Six years have passed since TIASA was first established in 2012 and in that time, the Association has made great strides in addressing the needs of its members, who much like its founder and former Chairman Charl de Villiers, are desperately seeking solutions to the daily challenges their businesses are encountering. Topping the list of concerns are stoppages at Customs coupled with mounting demurrage fees which are not only crippling their bank balances but preventing them from delivering an efficient service to their customers.

Prior to TIASA, de Villiers had made several attempts to secure a meeting with the relevant authorities to discuss his concerns. The only problem was, SARS, NRCS, DEAT and DTI were unwilling to liaise with individual companies. And this was when the idea was borne to form an official organisation to address and hopefully resolve, important issues such as these.

Container stoppages – the lowdown

The inspection of tyre containers is complex. Stoppages can be initiated for a variety of reasons by three separate departments, SARS, NRCS or SAPS. Whilst SARS is primarily responsible for ensuring that the shipment correlates with the documentation that is presented and that the consignment has not purposely been devalued in a bid to avoid paying import duties, NRCS is preoccupied with tyre homologation. And to add fuel to the fire the role of the South African Police Service is to intercept illegal practices such as drug trafficking. Unscrupulous offenders have been known to smuggle illegal substances by hiding them among what appears to be a legitimate tyre shipment. Should a container be stopped for any of these reasons and should this occur prior to a weekend or holiday period, demurrage fees can mount very quickly. To make matters worse, whilst tyre consignments are insured



Pieter Kruger, Charl de Villiers and Alida Mouton sit on the TIASA board.

against possible hi-jacking, no insurer currently will cover downtime and the ensuing charges in the event of a stoppage.

Sometimes, a container will be put through a scanning process but should further inspection be deemed necessary, the consignment will undergo a 'tailgate inspection' or even a full unpack in many cases. This is a nightmare scenario for importers as tyres are packed in a specific way at point of origin.

"Customs officials cannot be expected to know the correct procedure for packing tyres into a container which usually means that they are unable to fit the entire tyre consignment back into the container after inspection," explains Pieter Kruger, current Chairman of TIASA.

Through the efforts of TIASA, reputable importers are now able to apply for an Embargo Release in a case like this which will allow the container to be transported to their premises after which the inspection can be carried

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Pieter Kruger, Chairman TIASA

out. Whilst the system is not perfect and the application can take up to 48 hours to process, it does offer some relief to importers.

Clearing agent, (also known as a customs broker), Savino del Bene, are further spearheading and facilitating the process with both and Treasury



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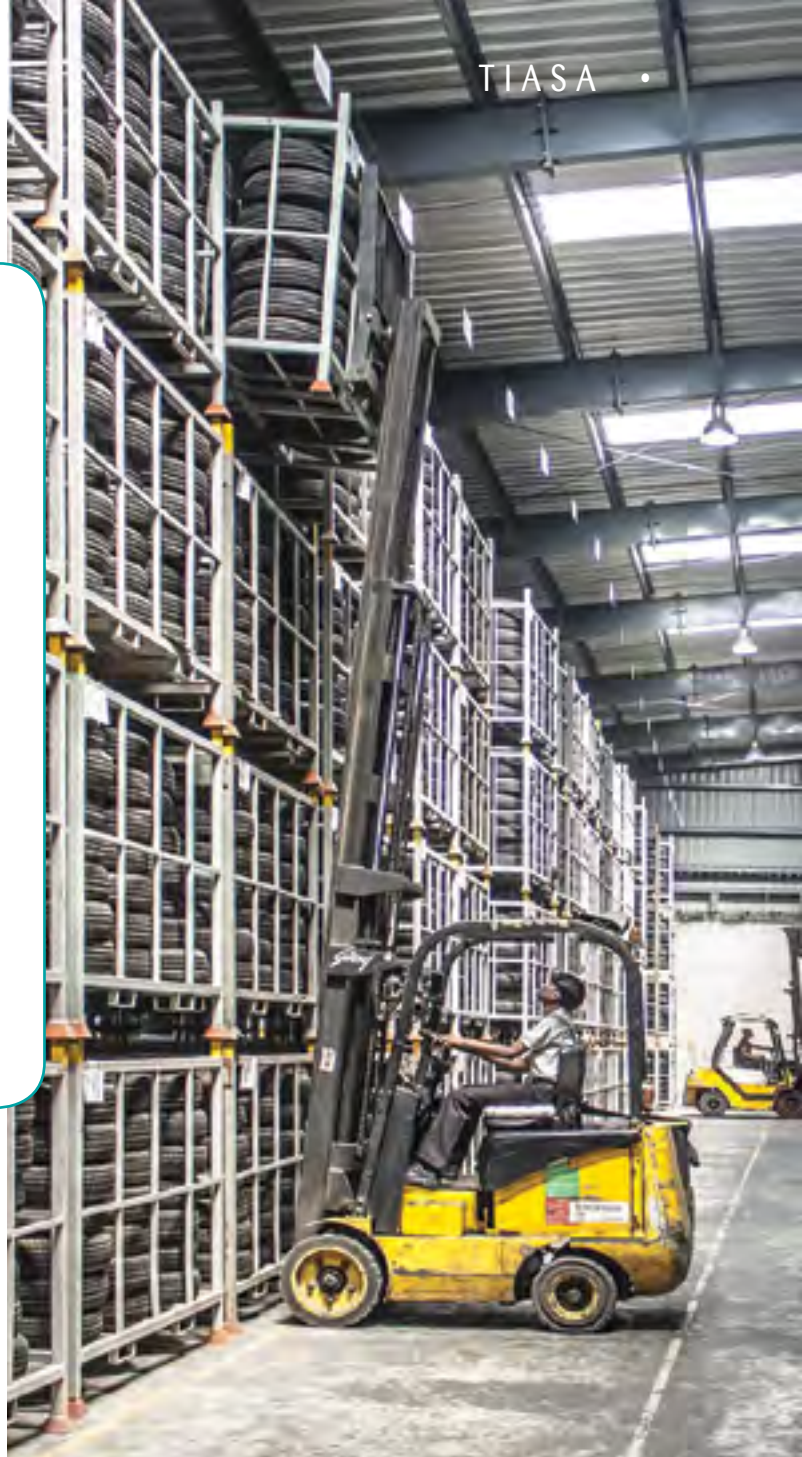
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and Academia (University of the North West), alongside the South African Freight Forwarding Association to try to find long-term solutions to these issues. Savino del Bene, described by board members as a reputable and professional logistics company, services close on 75% of the tyre imports coming into South Africa.

Savino del Bene recently embarked on a 25-month Risk Management Study in a bid to minimize disruption to the supply chain, findings of which were subsequently submitted to SARS. Of the 3.5 million transactions carried out by 35 000 tyre importers, 78.3% of these were



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Stoppages at Customs can result in heavy demurrage fees.

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21.7% of declarations delayed were mostly due to admin or freight flaws.

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Pieter Kruger, Chairman TIASA

processed without incident. The balance (21.7%) of declarations that were delayed was mostly due to administration or freight flaws on the documentation, with only 0.72% of these as a result of industry mistakes which needed correction. Whilst these were mostly minor infractions, the final processing of these containers was considerably delayed resulting in sizeable losses for the importers. Savino del Bene, TIASA and SARS are now working on implementing a more scientific approach for the Tyre Vertical Market as a way to ensure efficiencies and minimize risk.

SARS has implemented the Preferred Trader programme to minimise the cost of potential stops which although lengthy and somewhat tedious, is highly recommended according to TIASA. The process will involve an



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Currently, imported tyres account for more than 60% of total sales in SA.

initial audit of the applicant company carried out by SARS. The down side is that this may result in penalties should the paperwork found not be in order. And it may require time and resources to bring it up to standard. But when done, it would go a long way towards speeding up the clearing of their consignments.

Of course, the importance of Customs involvement in identifying and revealing under-declaration practices cannot be emphasised enough as these illicit actions impact adversely on the market, making it impossible for reputable importers of tyres, or even local new tyre producers for that matter, to compete on a level playing field.

The challenge lies in streamlining the process so that random inspections are minimized and container stoppages are processed more timeously and this is where TIASAs efforts over the years have borne fruit, with two dedicated SARS officials now working closely with both TIASA and Savino del Bene to find workable solutions. What is more, members can now email their individual issues and concerns directly to SARS personnel to follow up.

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As to the reason why some containers are stopped while others sail straight through, it would be difficult to speculate. As already mentioned, incorrect documentation may play a significant role in this as would switching clearing agents as this is said to send out alarm bells to SARS personnel. Allegedly, less reputable clearing agents are more likely to be complicit in supporting or concealing illicit practices than their honourable counterparts. Other reasons can be put down to random searches or a tip-off that a container load posing for new tyres may in fact contain worn tyres for resale to the replacement market.

Through a specially set up Tyre Forum, TIASA has also been working closely with all relevant government bodies as well as SARS in an attempt to problem solve for its members. As an example, TIASA board members (elected by the members), engage with NRCS by way of quarterly meetings, to iron out problems being experienced with the length of time the homologation process typically takes.

In addition, they are successfully engaging in a training programme with NRCS to provide their members with a better understanding of the homologation process. According to the NRCS, the major problem with processing lies with documentation not being presented in full or correctly, thus causing delays. Currently, the process can take up to 120 days which is within keeping of the global norm. NRCS are developing a new programme whereby applications can be done online and this would go a long way towards speeding up the process, however, the online programme is still in its infancy stage which means that for the time being, TIASA will need to continue assisting its members with respect to the correct required procedures and documents to submit in order to alleviate frustration.

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Claiming back of the recycling fee for exports is being addressed with SARS by TIASA.

Of course, establishing a similar working platform with the SAPS presents a bigger challenge but one that TIASA is willing to explore further.

Membership benefits summed up

Without an organisation like TIASA, importers would have no say or representation at SARS, NRCS, ITAC, DEA and DTI. Any problems they may be experiencing would remain unresolved.

Another form of protection that TIASA offers its members is in the area of waste tyre management and disposal. During the last few years TIASA has worked closely with DEA and SATMC to bring an end to the REDISA era. Action plans were discussed before being implemented with TIASA and the SATMC both joining the minister in the legal proceedings against REDISA.

“Collectively, we did everything in our power to support the minister in bringing about the demise of the corrupt entity that was Redisa,” claims Kruger. “TIASA will further attend the next meeting with DEA and other stakeholders in Pretoria in May where after the DEA will embark on a roadshow to all the various provinces. The purpose of this meeting is to establish a Waste Tyre Forum together with a potential CEO, to obtain industry comment and to receive an update on the liquidation and legal process.

“Also on our agenda is the claiming back of the recycling fee for exports which we will be taking up with SARS next week in order to establish the claiming back procedure.

“Our role as TIASA is to resolve our members’ problems as quickly as possible by pointing them to the correct respective person within these government bodies,” says Kruger, who further states that the financial savings alone for some members far exceed the annual membership fee (Registration fee: R15 000, plus R12 000 per annum).

Given the extensive relationship building that has been invested over the past six years, membership to TIASA serves as an accreditation of sorts in the eyes of the relevant government departments. In turn, TIASA, in its Constitution, calls for its members to be transparent and of good standing if they are to qualify and benefit from its service offering.

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Our role as TIASA is to resolve members’ problems as quickly as possible.

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Pieter Kruger, Chairman TIASA

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