

Based on information collected up to March 2006

1. TARIFF MEASURES

Structure of the tariff schedule

As a member of the Southern African Customs Union, SACU, Lesotho import tariff and trading regime are set externally and in common with the other SACU members namely Botswana, Namibia, South Africa and Swaziland and they use a common customs tariff set by the customs laws of South Africa, and apply an eight-digit tariff nomenclature based on the Harmonized Commodity Description and Coding System which shows in two columns, the general and the MFN rates of customs duty.

Tariff publications

Customs Laws, Customs and Excise Act. Act No.91 of 1964 as amended to goods imported into the common customs area from outside the union.

12 MFN Duties

MFN rates of customs duties are levied on a large range of items imported from most countries, including the United States of America and most signatories to the World Trade Organization. Customs duty comprises the following levies that all bear ad valorem rates, and are assessed between 0% to 55% under SACU's common customs tariff: "mixed duties" levied on fish, beverages, sugar, wool and apparel products; "specific duties" on agricultural products such as products of the milling industry, fishing products, beverages, spirit and vinegar, sugar and sugar confectionery and petroleum products; "formula duties" (which combat disruptive competition) on preserved tomatoes, corn-flour, cherries, tobacco not stemmed or stripped, and tobacco partly or wholly stemmed or stripped; and "compound duties" which apply only to wheat or meslin flour, and mineral water sealed containers.



13 Bound rates

Lesotho and the other SACU countries under the leadership of South Africa bound 96 per of the customs tariff at the HS eight-digit level: chapters of HS 01-24 and HS 25-97, with exceptions according to the country; animals and animal products, dairy products, coffee and tea, cocoa, sugar etc., cut flowers, plants, fruit and vegetables, grains, oil seeds, fats and oils and their products, beverages and spirits, tobacco, wood, pulp, paper and furniture, transport equipment, non-electric machinery, metals, electric machinery, chemicals and photographic supplies, textile and clothing, leather, rubber, footwear and travel goods, mineral products, precious stones and precious metals, fish and fishery products, and petroleum.



16 Temporary reduced duties

Temporary imports of raw materials in the textile garment industry through a customs bonded warehouse facility by export oriented manufacturing, may

be granted after transformation and exportation, duty exemption or claim duty drawback or duty rebate when conditions are met.



Preferential duties under trade agreements

19.1 Interregional agreements

The 1889 customs union which comprised South Africa, Botswana, Lesotho, and Swaziland became after successive amendments and the accession of Namibia on 10 of July 1990, the new SACU agreement on the 21 of October 2002. The SACU agreement signed in Gaborone, Botswana will be effective after its ratification by all member states. The objectives of this new agreement are: free movement of goods within SACU area, to enhance economic development, fair competition and substantial investment, diversification, industrialization and competitiveness of member states, all in the common customs area. However, Lesotho, Namibia and Swaziland are trying to establish a secretariat that will establish transparent and democratic institutions that ensure equitable trade benefits to member states since South Africa dominates SACU established during Apartheid. Goods originating in the SACU area enter duty free in Lesotho.



19.2 Regional and sub-regional agreements

Lesotho, together with the other SACU members belong to the Southern African Development Community (SADC) established on 17 August 1992, it superseded the SADCC, Southern African Development Co-ordination Conference created in 1980.

SADC as an economic grouping brings together fourteen East, Central and Southern African countries such as Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Among its many protocols, the SADC Protocol on Trade signed in Maseru, Lesotho on 24 August 1996 by all members except Angola one of the founding members, aims at the creation of a Free Trade Area.

On September 2000, 11 members ratified the implementation of the protocol based on the principle of reciprocity. To fulfil the conditions of the Free Trade Agreement, products have been distributed as follows: capital goods and equipment have been liberalized the first year; goods constituting important sources of customs revenue will be liberalized gradually by 2008; and products considered as sensitive by many member countries, e.g. sugar for SACU will be liberalized between 2005 and 2012; and a category of goods, excluded from any preferential treatment for general and security reasons in accordance with Articles 9 and 10 of the protocol. These arrangements have been made by SADC in order to achieve a zero tariff rate for 98% of goods by 2012.

Lesotho and the other SACU countries as members of the African Union (AU) established on July 2001 when it replaced the Organization of African Unity (OAU) signed on 25 May 1963, are also signatories to the treaty for the African Economic Community (AEC) set in June 1991 in Abuja; Nigeria, it aims at the creation of a pan-African economic and monetary union over a period of 34 years.



19.3 Bilateral agreements

A joint bilateral trade agreement was signed in South Africa on the 2nd of June 2003, between SACU Lesotho, Botswana, Namibia, South Africa, Swaziland and the United States of America, its objective is to create a comprehensive infrastructure for trade, and build on the success of the African Growth and Opportunity Act (AGOA).

On the 16th of December 2004 was signed in Belo Horizonte, Brazil a Preferential Trade Agreement (PTA) between the five SACU members and the MERCOSUR namely Argentine, Brazil, Paraguay and Uruguay. It aims at creating a legal framework for improved and expanded trade relations on preferential basis between the two economic groupings; in addition, it addresses other important trade-related issues like customs cooperation, phyto-sanitary measures and larger product coverage for preferential treatment.

Lesotho is a member of the Cotonou Agreement signed on 23 June 2000 superseding the fourth Lomé Convention which expired on February 2000; it is a bilateral agreement between the EU and 77 countries in Africa, the Caribbean and the Pacific (ACP); under the agreement, the EU maintains non-reciprocal trade preferences to most imports from the ACP but applies safeguard clause and rules of origin to goods such as bananas, beef veal and sugar. In addition, as a least developed country, Lesotho benefits from unilateral duty-free access to the programme EU-EBA "everything but arms".

The Lomé Convention is valid for 20 years and is subject to revision every five years.



2. PARA-TARIFF MEASURES

Internal taxes and charges levied on imports

21 Customs surcharges

22 Additional taxes and charges

As a rule SACU countries such Lesotho applies duties related to laws set by South Africa. As an individual country, most imported goods are subject to customs surcharges.



23.1 General sales taxes

Under the Sales Tax Act of 1995, a general ad valorem rate of 10% is levied on all commercial transactions. A rate of 20% is assessed on alcoholic beverages, and a 5% levy is set on electricity and telecommunications.



23.2 Excise taxes

Excise tax is levied on both imported goods at the time of clearance of the goods from customs, and on locally produced goods; it is set on tobacco, vinegar, alcohol and petroleum products.



3. PRICE CONTROL MEASURES

Automatic licence

- 34 Antidumping measures
- 35 Countervailing measures
- 39 Price control measures n.e.s.

On behalf of the common policy, Lesotho and other SACU members apply the same South African rules and regulations regarding anti-dumping, countervailing and safeguards duties set on imports of goods originating in areas not belonging to the SACU customs region.



4. FINANCE MEASURES

43.2 Bank authorization

External currency transactions and commercial bank activities including modes of payments and the permitted amounts are under the supervision of the Central Bank of Lesotho.



45 Regulations concerning terms of payment for imports

According to the rule, advance payment of goods before shipment is not allowed, yet under special circumstances, and without prior approval from the central bank, some authorized dealers may pay in advance up to 33.3 percent of the value of capital goods, ex-factory.



49 Finance measures n.e.s.

Lesotho and other SACU countries belong to the Common Monetary Area established in 1986, also called the Multilateral Monetary Agreement through which SACU members attempt to achieve monetary stability in the region; it provides for free flow of funds within the area, allowing Lesotho and the other BNS currency to be pegged to the South African Rand.



6. QUANTITY CONTROL MEASURES

61.1 Licence with no specific ex-ante criteria

Registration requirement for all importers, with the Ministry of Trade and Industry (MITI) to apply for imports permits or licences. Issued permits are valid for one year.



61.4 Licence linked with local production

The importation of the following goods requires an import license since they are produced locally: beer, eggs, raw meat, milk and sugar, vegetables and fruits.



61.6 Licence combined with or replaced by special import authorization

The Department of Customs and Excise issues import licences, and licensing may be in force for statistical reasons or cases for imports not clearly destined for final use. In addition an import restriction is set on some food items coming from any SACU countries.



61.71 To protect human health

Issuance of special permission from the Ministry of Health for the importation of brand and generic names and required quantity of sera, vaccines and drugs for human and veterinary use, by a licensed pharmacist only.



61.72 To protect animal health and life

Importation of livestock and livestock products, live poultry, poultry meat and eggs are governed by rules and regulations, and requires an import permit issued by the Department of Livestock Services.



63.7 Prohibition for sensitive product categories

An import ban is set on ammunition, certain flora and fauna, and illegal drugs from any country.



8. TECHNICAL MEASURES

Technical regulations

81 Technical regulations

Under the 2002 SACU agreements, harmonization of product standards and technical regulations within the common customs area is in process. However, South African standards are widely applied in Lesotho. As for sanitary and phytosanitary issues, each member is free to apply measures preventing the spread of animal and plant diseases, according to their national SPS interests and laws in compliance with international standards.



81.1 Product characteristics requirements

Information on Lesotho standards is available at the Standards and Quality Assurance Section,
Ministry of Industry, Trade, and Marketing,
P.O. Box 747 Maseru 100,
Telephone: (266) 223 12 802
Fax: (266) 223 10 326



81.12 To protect animal health and

Special requirements apply to the importation of lard, bacon, ham, hides and skins, sausage casings, animal hair and bristles, honey and products containing honey.



81.13 To protect plant

The importation of living plants, seeds, fresh fruits and vegetables must be accompanied by a phytosanitary certificate.



81.5 Testing, inspection and quarantine requirements

Inspection of Livestock to prevent the introduction of disease outbreaks is carried out by the Ministry of Agriculture through the Stock Diseases Amendment Act of 1984.

