

Local and Imported content – Important things you need to know

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South Africa needs to create new jobs. One way to do this is by ensuring that the manufacturing sector is constantly growing. To encourage economic growth and to stimulate job creation the Department of Trade and Industry (the DTI) has designated industries, sectors and sub-sectors for local production at a specified level of local content You can find out which these sectors are by visiting their website at www.dti.gov.za.

But what is Imported Content and why must we know what Local Content is? For you to understand this better here are eight important things you need to know about Imported Content:

1. According to SATS 1286:2011 (SATS stands for South African Technical Specification and SATS1286:2011 specifically deals with preferential procurement and the measurement and verification of Local Content), the local content of a product is the tender price less the value of imported content, expressed as a percentage.
2. It is, therefore, necessary to first calculate the imported value of a product to determine the local content of a product.
3. Identify the imported content, if any, by value for components or material or services (Goods).
4. In the case of Goods sourced from a South African manufacturer, agent, supplier or subcontractor (i.e. third party), obtain that information and Declaration D (This is the imported content declaration (Annexure D) that must be completed during the tender process) from the third party.
5. Especially important to know as stated in clause 3.2.4 of SATS 1286:2011: “If information on the origin of the Goods is not available, it will be deemed to be imported content”.
6. Imported content of Goods are separated into two categories, namely:
 - a. Goods imported directly by the tenderer; and
 - b. Goods imported by a third party and supplied to the tenderer.
7. When the tenderer supplies Goods that are imported by any third party (for example, a domestic manufacturer, agent, supplier, or subcontractor in the supply chain), the onus is on the tenderer to obtain verifiable evidence from the third party.
8. Exemptions, if any, are granted by the Department of Trade and Industry (the DTI). Evidence of the exemptions must be provided and included in Annexure D.

Once you have determined the Important Content of your goods you can determine if you are within the Local Content limits set out in the Designated Sector list.

Remember that when you respond to a tender and your product has to comply with Local Content then you will have to complete Standard Bidding Document 6.2 as well as Annexures C, D and E. Failure to complete these Annexures (Declarations) will lead to disqualification of your tender.

How to Tender present a “Local Content Specialist” workshop which teaches the bidder how to complete the Local Content Documents (SBD 6.2 and Annexures C, D & E) correctly. You can book and pay online at <https://howtotender.co.za/local-content-specialist/>.

To learn more about tenders, attend our “Become a Tender Expert” 2-Day workshops presented in Johannesburg, Pretoria, Durban, Port Elizabeth, and Cape Town. Book and pay online at <https://howtotender.co.za/tender-expert-form/>

Contact us at estelle@howtotender.co.za should you require more information.

You can also purchase a Tender Manual (Handbook) on our website <https://howtotender.co.za/> which is a step by step guide how to respond to a South African Tender. It includes examples of completed SBD forms.