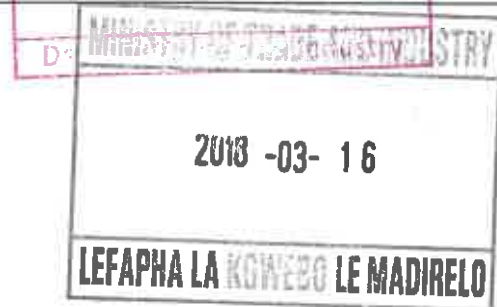


Dr Rob Davies, MP
Minister of Trade and Industry
Private Bag X84
Pretoria
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Dear Minister

M02/2018: Amendment of Report No 571: Review of the rate of customs duty on stranded wire, ropes and cables.

The purpose of the minute is to request the minister's approval to amend paragraph 38 of Report No 571: Review of the rate of customs duty on stranded wire, ropes and cables to reflect the intention of the Commission to increase the duty on certain products classifiable under tariff subheadings 7312.10.20; 7312.10.25 and 7312.10.40 from 5% *ad valorem* to 15% *ad valorem*, by way of creating additional 8 digit tariff subheadings.

ITAC initiated a review of the customs duty on a number of downstream steel industry products as a result of a significant number of SACU downstream steel industry role players raising concerns on the lack of tariff support on finished products. The review included stranded wire, ropes and cables classifiable under tariff headings 73.12.

The Commission concluded that tariff support should enable the industry manufacturing stranded wire, ropes and cables to utilise its existing under-utilised production capacity, achieve economies of scale, resulting in security of volumes and reduction in the unit cost of production. Where products are not manufactured in the SACU region, the Commission concluded that the creation of rebate provisions and additional 8 digit tariff subheadings should enable domestic importers to source the products at world prices.

The South African Revenue Services (SARS) highlighted that Paragraph 38 of Report No 571: Review of the rate of customs duty on stranded wire, ropes and cables (**See Annexure A**), does not accurately capture the Commission's intention to increase the rate of customs duty on certain products classifiable under tariff subheadings 7312.10.20; 7312.10.25 and 7312.10.40 from 5% *ad valorem* to 15% *ad valorem*. According to SARS, the recommendation of the Commission as it stands, will result in an increase in the rate of customs duty on all products classifiable under the respective tariff subheadings, including those products which are currently not manufactured

domestically. As such, the purpose of this minute is to clarify the Commission's recommendation by clearly indicating that the proposed duty increase will be limited only to products which are currently manufactured locally, by way of creating additional 8 digit tariff subheadings under tariff heading 73.12. Following engagements with SARS it was concluded that paragraph 38 of the initial report should be amended by deleting the 2 bullet points.

Kindly find attached **Annexure B**, an amended public report wherein the relevant paragraph 38 is amended to accurately reflect the Commission's intention to increase the rate of customs duty on certain products classifiable under tariff subheadings 7312.10.20; 7312.10.25 and 7312.10.40 from 5% *ad valorem* to 15% *ad valorem*, by way of creating additional 8 digit tariff subheadings under tariff heading 73.12.



Dumisani Mbambo

Deputy Chief Commissioner

Date: 12/03/2018

Recommended/Not Recommended



Mr Llonel October

Director-General

Date: 16.03.18

Approved/Not Approved



Dr Rob Davies, MP

Minister of Trade and Industry

Date: 26/3/18