

Mr Ebrahim Patel, MP
Minister of Trade and Industry
Private Bag X84
Pretoria
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Dear Minister

MINUTE M11/2019: AMENDMENT OF THE EXISTING SAFEGUARD DUTY ON OTHER SCREWS FULLY THREADED WITH HEXAGON HEADS MADE OF STEEL TO INCLUDE IMPORTS OF OTHER SCREWS FULLY THREADED WITH HEXAGON HEADS MADE OF STEEL ORIGINATING IN OR IMPORTED FROM THAILAND

On 20 April 2018, the Commission initiated an investigation for remedial action in the form of a safeguard measure against the increased imports of other screws fully threaded with hexagon heads made of steel (the subject product) through Notice No.199 of *Government Gazette* No. 40585 dated 20 April 2018 (the "Initiation Notice").

The Commission made a final determination to recommend to the Minister of Trade and Industry that it will be in the public interest to impose a safeguard duty of 50.54 percent *ad valorem* on other screws fully threaded with hexagon heads made of steel for all exporters, excluding imports originating from certain developing country members (list provided below) that meet the requirement for exclusion. The Commission further recommended that the duty be imposed for a period of three years and be liberalised over this period as follows:

Period	Rate of safeguard measure
19 Feb 2019 – 02 Aug 2019	50.54%
03 Aug 2019 – 02 Aug 2020	48.01%
03 Aug 2020 – 01 Aug 2021	45.61%

The Minister approved the Commission’s recommendation and on 22 February 2019 a final safeguard measure was imposed on other screws fully threaded with hexagon heads made of steel imported under tariff subheading 7318.15.39 originating from all countries, excluding imports originating from certain developing country members that meet the requirements for exclusion.

Thailand was amongst the developing countries with exports less than 3 per cent of total imports into SACU and therefore excluded from the safeguard measures, in accordance with Section 21:20 of the International Trade Administration Commission of South Africa Amended Safeguard Regulations (SGR) which states that, *“A developing country exempted from the application of a safeguard measure in terms of subsection 18 may become subject to such safeguard measure without a new investigation being conducted if, subsequent to the imposition of the safeguard measure, its share of the imports increases to a level that exceeds three percent of the total import volume in the original investigation period”*.

On 16 September 2019, the South African Iron and Steel Institute (“SAISI” or the “Applicant”) on behalf of South African Fasteners Manufacturers’ Association (“SAFMA”) and its members CBC Fasteners (PTY) Ltd (“CBC”) and Transvaal Pressed Nuts Bolts and Rivets (Pty) Ltd (“TPN”) lodged an application for an amendment of the existing safeguard duty on other screws fully threaded with hexagon heads made of steel to include imports of other screws fully threaded with hexagon heads made of steel from Thailand. The Applicant indicated that the exclusion of developing countries is not permanent in nature. It further indicated that if any of the excluded developing countries imports move above the 3% threshold after the imposition of the safeguard duty, they should be removed from the list of excluded countries and the safeguard duty should apply.

The International Trade Administration Commission of South Africa Amended Safeguard Regulations (SGR) provides as follows in Section 21:20:

“A developing country exempted from the application of a safeguard measure in terms of subsection 18 may become subject to such safeguard measure without a new investigation being conducted if, subsequent to the imposition of the safeguard measure, its share of the imports increases to a level that exceeds three percent of the total import volume in the original investigation period”.

Import trend analysis for Thailand:

The imports in the original investigation period (1 July 2016 to 31 July 2017) were used to determine whether the current imports of other screws fully threaded with hexagon heads made of steel from Thailand for 1 March 2019 to July 2019, increased to a level higher than 3 per cent of total imports in the original investigation period.

The following table shows the import volume from Thailand for the period 1 March 2019 to July 2019 versus the total import volumes during the original period of investigation 1 July 2016 to 31 July 2017:

Table 2(b): import volumes (original period of investigation and after imposition of the duty)

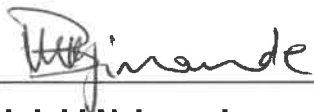
Kilogram	Original period of investigation	Imports after the imposition of the duty
	July 2016 – June 2017	March 2019 – July 2019
Imports from Thailand (kg)	34,840	241,372
Total imports for POI (kg)	7,869,028	568,639
Thailand imports as a % of total imports during the original period of investigation	0.44%	3.07%

Therefore, in terms of the SGR, Thailand’s share of the imports increased to a level exceeding 3 percent of the total import volumes for the original investigation period.

The Commission therefore decided to recommend to the Minister of Trade and Industry to make imports of the subject product from Thailand subject to the safeguard measures, for the remainder of the period that the safeguard duty is in place (until 01 August 2021) in terms of Section 21.20 of the SGR.

Proposal:

It is proposed that the Minister approves the Commission's recommendation that the imports of the subject product from Thailand be made subject to the safeguard measure for the remainder of the period that a safeguard duty is in place (until 01 August 2021) in terms of Section 21.20 of the SGR.



Meluleki Nzimande

Chief Commissioner

Date: 18/11/2019