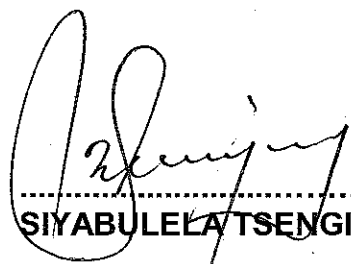


REPORT NO. 304

**REBATE OF THE DUTY ON CARTRIDGE CASES
AND WADS USED IN THE MANUFACTURE OF
INDUSTRIAL CARTRIDGES**

The International Trade Administration Commission herewith presents its Report
No. 304: **REBATE OF THE DUTY ON CARTRIDGE CASES AND WADS USED IN
THE MANUFACTURE OF INDUSTRIAL CARTRIDGES**, with recommendation.



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

21 - 05 - 2009

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA

REPORT NO. 304

REBATE OF THE DUTY ON CARTRIDGE CASES AND WADS USED IN THE
MANUFACTURE OF INDUSTRIAL CARTRIDGES

Synopsis

Industrial Cartridge (Pty) Ltd applied for a rebate of the full duty on cartridge cases and wads used in the manufacture of industrial cartridges.

Cartridge cases and wads are no longer manufactured domestically and the duty payable is a cost burden to the industry. A rebate of the duty on these materials would assist the industry in reducing input costs and enhance the applicant's competitive position.

The Commission therefore recommended that a rebate of the duty on cartridge cases and wads used for the manufacture of industrial cartridges, be introduced.

The application and tariff position

1. Industrial Cartridge (Pty) Ltd, the only domestic manufacturer of industrial cartridges, applied for a rebate of the full duty on cartridge cases and wads used in the manufacture of industrial cartridges. The application was published in the Government Gazette of 24 December 2008 for comment by interested parties.
2. As reason for the application, the applicant stated that cartridge cases and wads are no longer manufactured domestically due to a lack of economies of scale. The existing duty no longer serves a protective purpose, but merely has a cost-raising effect on downstream manufacturers.
3. The cartridge cases and wads are currently classifiable under tariff subheading 9306.29 as follows:

Tariff sub-Heading	Description	Rates of duty			
		GENERAL	EU	EFTA	SADC
93.06	Bombs, grenades, torpedoes, mines, missiles, and similar munitions of war and parts thereof; cartridges and other ammunition and projectiles and parts thereof, including shot and cartridge wads:				
9306.2	-Shotgun cartridges and parts thereof; air gun pellets:				
9306.21	-Cartridges	Free	Free	Free	Free
9306.29	-Other	15%	7,5%	15%	Free
9306.30	-Other cartridges and parts thereof:				
9306.30.10	--For riveting tools with a calibre not exceeding 6,35mm, rimfire type	Free	Free	Free	Free
9306.30.20	--For captive-bolt humane killers or stunners	Free	Free	Free	Free
9306.30.90	--Other	15%	7,5%	15%	Free
9306.90	-Other	15%	7,5%	15%	Free

Findings

4. The applicant, Industrial Cartridge (Pty) Ltd is a domestic manufacturer of industrial cartridges and is situated in Cape Town.
5. Denel and Pretoria Metal Pressings ceased the manufacturing of cartridge cases and wads in the SACU region.
6. The industrial consumers of the industrial cartridges such as steel mills and silicon smelters use these cartridges for removing slag build-up from rotary kilns and the cleaning of tap holes.
7. The Commission found that there are no domestic manufacturers of cartridge cases and wads used in the manufacture of industrial cartridges in the SACU region and that a rebate of the duty would enhance the applicant's competitive position, especially as there is an anomaly in the tariff structure in that the materials (cartridge cases and wads) are dutiable at 15% *ad valorem*, while the end product, the cartridge, is classifiable under tariff subheading 9306.21 at free of duty.

Recommendation

8. In the light of the foregoing, the Commission recommends that a rebate of the full duty provision be introduced in Schedule No.3 to the Customs and Excise Act, as follows:

“Cartridge cases which have a length of 78 mm and wads (power pistons) of 23 mm diameter and a length which can vary from 24 mm to 32 mm depending on the slug loaded (zinc or lead respectively) classifiable under tariff subheading 9306.29 which are used in the manufacture of industrial cartridges, classifiable under tariff subheading 9306.21.”

[T5/2/18/1 (42/2008)]