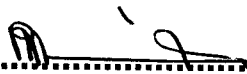


Report No. 150

Reduction in the rate of duty on bearing housings incorporating bearings used in drive and non- drive axles for motor vehicles

The **International Trade Administration Commission of South Africa** herewith presents its Report No: 150: **Application for a reduction in the rate of duty on bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles** with recommendation


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Ms N.P. MAIMELA
CHIEF COMMISSIONER

PRETORIA

07 / 03 / 2006

**INTERNATIONAL TRADE ADMINISTRATION
COMMISSION OF SOUTH AFRICA**

REPORT NO. 150

**REDUCTION IN THE RATE OF DUTY ON BEARING
HOUSINGS INCORPORATING BEARINGS USED IN DRIVE
AND NON-DRIVE AXLES FOR MOTOR VEHICLES**

SYNOPSIS

Hudaco Trading Ltd t/a Bearings International applied for a reduction in the rate of duty on bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles from a rate of duty of 20 per cent ad valorem to free of duty.

The applicant supplies the bearing housings to motor vehicle manufacturers mainly as original equipment components but also to an extent for aftermarket use. The applicant contended that this particular bearing housing incorporating bearings is not made in the Southern African Customs Union (SACU) and there is no substitute for this type of bearing housing.

The Commission found that the product under consideration is not manufactured in the SACU and that there is no substitute product. The Commission therefore recommends that the duty on bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles be reduced from 20 per cent ad valorem to free of duty.

INTRODUCTION

1. Hudaco Trading Ltd t/a Bearings International applied for a reduction in the rate of duty on bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles from 20 per cent ad valorem to free of duty.
2. The applicant is the appointed distributor of an original equipment vehicle manufacturer for certain bearing housings incorporating bearings, suitable for use in motor vehicles. These bearings are supplied to motor vehicle manufacturers mainly as original equipment components (i.e. for assembly into the motor vehicle) but also to an extent for aftermarket use. The applicant contends that this particular bearing is not made in the Southern African Customs Union (SACU) and there is no substitute for this type of a bearing housing.

TARIFF POSITION

3. The tariff classification of bearing housings incorporating bearings is as follows:
 - (i)

| | Description | General | EU | SADC |
|------------|--|---------|-----|------|
| 8705.50.90 | Drive axles with differential, whether or not provided with other transmission components: OTHER | 20% | 20% | Free |
| 8705.60.90 | Non driving axles and parts thereof: OTHER | 20% | 20% | Free |

4. The application was published in the Government Gazette of 15th July 2005 as follows: Reduction in the duty on: "Bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles classifiable under tariff subheading 8708.50.90 and 8708.60.90 respectively at a rate of duty of 20 per cent ad valorem to free of duty".

COMMENTS

5. The SACU manufacturers of the axles and importers of bearings confirmed that the product under consideration is not manufactured domestically.
6. Four companies and the National Association of Automotive Component and Allied Manufacturers (NAACAM) supported the application.

FINDINGS

7. The product under consideration is not made in the SACU, and there is no substitute product.

RECOMMENDATION

8. The Commission therefore recommends that the rate of duty on bearing housings incorporating bearings used in drive and non-drive axles for motor vehicles, classifiable under tariff subheading 8708.50.90 and 8708.60.90 respectively, be reduced from 20 per cent ad valorem to free of duty.