



International Trade Administration Commission of South Africa

Report No. 40

Reduction in the duty on aluminium wire

The International Trade Administration Commission herewith presents its Report
No. 40: **Reduction in the duty on aluminium wire**, with recommendation.



CHIEF COMMISSIONER
(Ms NOMONDE MAIMELA)

PRETORIA

18/11/2003

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

REPORT NO. 40

REDUCTION IN THE DUTY ON ALUMINIUM WIRE

Synopsis

The Commission received an application for a reduction in the duty on aluminium wire classifiable under tariff subheadings 7605.21.70, 7605.21.80, 7605.29.05 and 7605.29.80, from 5% ad valorem to free of duty. Special aluminium alloys, such as titanium boron and strontium, are classifiable under these headings. These alloys are not made locally. Wire for overhead aluminium conductors is also classifiable under these headings. This wire is made locally by BHP Billiton, but the latter supported the application for a reduction in the duty. The Commission recommended that the duty on aluminium wire classifiable under tariff subheadings 7605.21.70, 7605.21.80, 7605.29.05 and 7605.29.80 be reduced to free of duty, as the duty is not needed.

The application and the tariff position

1. Bayside Aluminium, in the stable of BHP Billiton, applied for a reduction in the duty on all aluminium wire classifiable under tariff subheadings 7605.21.70, 7605.21.80, 7605.29.05 and 7605.29.80. Aluminium titanium boron wire and aluminium strontium wire are imported in coiled wire or cut wire format. They are used in the aluminium castings industry as grain refiners. They are added to the molten aluminium on a controlled basis just prior to the casting of the aluminium and are completely destroyed in the process. These alloys and other wire products are classifiable under the mentioned tariff headings. The application was published, for general comment, in the Government Gazette on 5 September 2003.

2. As reason for the application for a reduction in the duty on aluminium wire, the applicant stated that the specific alloys are not manufactured in South Africa as the aluminium titanium boron wire and aluminium strontium wire require sophisticated technology which is not currently available in South Africa. There are also no substitute products.

3. Tariff subheadings 7605.21.70 and 7605.21.80 also apply to the redraw wire used for all aluminium electrical conductors. BHP Billiton supported the reduction in import duty to zero for the specific headings 7605.21.70 and 7605.21.80, 7605.29.05 and 7605.29.80, from 5% ad valorem to free of duty.

4. The products are classifiable under tariff subheadings 7605.21.70, 7605.21.80, 7605.29.05 and 7605.29.80 as follows:

Heading	Subheading	Article description	Rates of duty		
			General	EU	SADC
76.05		Aluminium wire:			
7605.2		Of aluminium alloys:			
7605.21		Of which the maximum cross-sectional dimensions exceeds 7 mm:			
	7605.21.05	Circular, in coils without spools, of a mass exceeding 800 kg/coil, of a cross sectional dimension of 9,5 mm or more but not exceeding 14,6 mm, containing,	free	free	free

		by mass, more than 0, 3 per cent of magnesium			
	7605.21.70	Other, circular, in coils without spools, of a mass not exceeding 800 kg/coil	5%	5%	free
	7605.21.80	Other, of a mass exceeding 20kg/coil	5%	5%	free
	7605.21.90	Other	free	free	free
7605.29		Other:			
	7605.29.05	Circular, in coils without spools, of a mass exceeding 800 kg/coil	5%	5%	free
	7605.29.80	Other, of a mass exceeding 20 kg/coil	5%	5%	free
	7605.21.90	Other	free	free	free

5. Some 50 000 tons of aluminium alloy in the form of extrusion ingot or billet and ultimately a further 30 000 tons of aluminium alloy in the form of horizontally cast bar for the wheel sector are produced using the titanium boron and strontium wire. Elements from the wire make up some 0,01% to 0,05% of the final product.

6. Currently, the applicant experiences a negative rate of effective protection, as the raw materials are imported at a rate of duty of 5% ad valorem, while the end product (aluminium ingot) can be imported at free of duty.

7. No objections to the publication were received.

Consideration and recommendation

8. Information at the Commission's disposal indicated that the specific products under discussion namely aluminium titanium boron wire and aluminium strontium

wire are not manufactured in the SACU region and have to be imported. Also, no other type of alloyed wire is manufactured locally and no substitute products are available in SACU. However, redraw wire for overhead aluminium conductors is made locally by BHP Billiton, but the latter is in support of the application for a reduction in the duty, as the duty is not needed.

9. In the light of the foregoing, the Commission recommends that the duty on aluminium wire classifiable under tariff subheadings 7605.21.70, 7605.21.80, 7605.29.05 and 7605.29.80, be reduced to free of duty.

[T5/2/15/4/1(5/2003)]