

**REPORT NO. 487**

**INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN WIRE  
PRODUCTS**

The International Trade Administration Commission herewith presents its Report No. 487:  
**INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN WIRE PRODUCTS**, with  
recommendations.



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**SIYABULELA TSENGIWE**  
**CHIEF COMMISSIONER**

**PRETORIA**

**25/11/2014**

# REPUBLIC OF SOUTH AFRICA

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

### REPORT NO. 487

#### INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN WIRE PRODUCTS

##### Synopsis

Hendok Wire (Pty) Ltd, applied for an increase in the rate of customs duty on galvanised wire, barbed wire, welded wire mesh and hexagonal wire netting, classifiable under tariff subheadings 7217.20, 7313.00, 7314.31 and 7314.41. The application is for an increase in the customs duty from free of duty to 10% *ad valorem* on galvanised wire and from 5% *ad valorem* to 15% *ad valorem* on barbed wire, wire mesh, and hexagonal wire netting.

The Commission considered that galvanised wire is widely used as an intermediate input in a diverse range of industries, including the manufacture of value-added wire products. The Commission found that import volumes for galvanised wire declined while export volumes increased over the three year period under investigation. During the same period, the applicant's production and sales volumes increased. The Commission also found that the industry is price-competitive vis-à-vis foreign, especially East Asian manufacturers of galvanised wire. Also in the light of the objections received and the unnecessary cost-raising impact of an increased duty on galvanised wire, the Commission recommends below that the duty on galvanised wire be maintained at the existing free of duty level.

With regard to barbed wire, welded wire mesh, and hexagonal wire netting, the Commission found that import volumes for these products increased significantly during the three year period from 2011 to 2013 and that the domestic industry is not price competitive against imports of these products.

The Commission concluded that additional tariff support for the industry manufacturing barbed wire, wire mesh, and hexagonal wire netting would significantly improve the

competitive position of the domestic industry in the face of low-priced competition from abroad.

The support should enable the industry to utilise its existing under-utilised production capacity and achieve economies of scale through longer production runs, resulting in security of volumes with a reduction in the marginal cost of production.

The Commission recommended that:

- The rate of customs duty on galvanised wire (i.e. wire of iron or non-alloy steel: Plated or coated with zinc), classifiable under tariff subheading 7217.20, be maintained at the existing free of duty level.
- The rate of customs duty on the other subject products, classifiable under tariff subheadings 7313.00 (i.e. wire of iron or non-alloy steel: Barbed wire of iron or steel; twisted hoop or single flat wire, barbed or not, and loosely twisted double wire, of a kind used for fencing, of iron or steel), 7314.31 (i.e. other grill, netting and fencing, welded at the intersection: Plated or coated with zinc), and 7314.41 ( i.e. other cloth, grill, netting and fencing: Plated or coated with zinc), be increased from 5% *ad valorem* to 15% *ad valorem*.

## **THE APPLICATION AND TARIFF POSITION**

1. Hendok Wire (Pty) Ltd, applied for an increase in the rate of customs duty on galvanised wire, barbed wire, welded wire mesh and hexagonal wire netting, classifiable under tariff subheadings 7217.20, 7313.00, 7314.31 and 7314.41. The application is for an increase in the customs duty from free of duty to 10% *ad valorem* on galvanised wire and from 5% *ad valorem* to 15% *ad valorem* on barbed wire, wire mesh, and hexagonal wire netting.
2. Galvanized wire refers to steel wire coated with a thin layer of zinc to provide corrosion resistance. It is used, among others, in the manufacture of other wire

