

REPORT NO. 488

**INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN HELICAL  
SPRINGS**

The International Trade Administration Commission of South Africa herewith presents its Report No. 488: **INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN HELICAL SPRINGS**, with recommendations.



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

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**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**

**REPORT NO. 488**

**INCREASE IN THE RATE OF CUSTOMS DUTY ON CERTAIN HELICAL SPRINGS**

**Synopsis**

Bedding Component Manufacturers (Pty) Ltd applied for an increase in the rate of customs duty on certain helical springs, classifiable under tariff subheading 7320.20, from 5% ad valorem to the WTO-Bound rate of 30% ad valorem.

The Commission considered the application in light of the information at its disposal and found that the domestic industry manufacturing helical springs experiences significant price disadvantages vis-à-vis foreign producers exporting the product to SACU.

The Commission found that the domestic industry suffered a considerable decline in production and market share, profit levels and capacity utilisation.

The Commission concluded that tariff support to the level of 30% *ad valorem* for the domestic industry manufacturing helical springs would considerably improve its competitive position and would enable it to utilise its under-utilised production capacity resulting in security of volumes and economies of scale. Following the tariff support, the Commission will conduct a review of the duty structure, three (3) years from the date of implementation.

**THE APPLICATION AND TARIFF POSITION**

1. Bedding Component Manufacturers (Pty) Ltd applied for an increase in the rate of customs duty on certain helical springs, classifiable under tariff subheading 7320.20, from 5% *ad valorem* to the WTO-Bound rate of 30% *ad valorem*.

2. The applicant is a Johannesburg-based company that specialises in the manufacturing of products for the bedding industry such as inner-spring mattress units, sprung foundations, glides and corner guides, and bedding parts.
  
3. As reasons for the application, the applicant stated the following:
  - Customers are importing the subject products at very low prices;
  - The raw material costs are higher than the imported final product, making the industry uncompetitive; and
  - In 2008, the applicant employed 500 people in its Johannesburg and Durban branches. However, due to low-priced imports and lost customers, the Durban branch had to be closed. This resulted in retrenchments of 250 employees. The employment numbers have since been further reduced to 145 due to the company's inability to compete with low-priced imports.
  
4. The application was published in the Government Gazette for comments by interested parties, as follows:

**Increase in the rate of customs duty on:**

*“Helical springs classifiable under tariff subheading 7320.20 from 5% to 30% ad valorem, by way of creating an additional 8-digit tariff subheading under 7320.20 for: Helical springs with a wire diameter of more than 1.32mm but not exceeding 2.43mm.”*

5. The tariff structure for the subject product is as follows:

**Table 1: Current tariff structure**

Tariff heading	Tariff subheading	Description	Stats unit	Rate of duty			
				General	EU	EFTA	SADC
73.20		Springs and leaves for springs, of iron or steel:					
	7320.20	Helical springs	Kg	5%	Free	1.5%	Free

Source: SARS

