

REPORT NO. 690

CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF SHEET PILING OF IRON OR STEEL, WHETHER OR NOT DRILLED, PUNCHED OR MADE FROM ASSEMBLED ELEMENTS EXCLUDING THOSE THAT ARE COLD-ROLLED (COLD-REDUCED), CLASSIFIABLE UNDER TARIFF SUBHEADING 7301.10

The International Trade Administration Commission herewith presents its Report No. 690: **Creation of a temporary rebate facility for the importation of sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements excluding those that are cold-rolled (cold-reduced), classifiable under tariff subheading 7301.10**, with recommendations.



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DEPUTY CHIEF COMMISSIONER

PRETORIA

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06/05/2022

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF SHEET PILING OF IRON OR STEEL, WHETHER OR NOT DRILLED, PUNCHED OR MADE FROM ASSEMBLED ELEMENTS EXCLUDING THOSE THAT ARE COLD-ROLLED (COLD-REDUCED), CLASSIFIABLE UNDER TARIFF SUBHEADING 7301.10

Synopsis

1. Macsteel Service Centres (Pty) Ltd, ("Macsteel") applied for a creation of a temporary rebate facility for the importation of sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements excluding those that are cold-rolled (cold-reduced), classifiable under tariff subheading 7301.10.
2. The International Trade Administration Commission ("ITAC" or "Commission") considered the application in light of the information at its disposal. In particular, the Commission considered the following factors:
 - There are currently no local manufacturers of the subject products in the Southern Africa Customs Union ("SACU") region;
 - The applicable customs duty has an unnecessary cost raising effect on the final users of the subject products; and
 - The subject products are used mainly for permanent and temporary construction applications. The subject products are used mainly for permanent and temporary construction applications. In terms of the permanent applications the subject products are mainly used in the construction of quay walls, and breakwaters in harbour, locks, and river bank reinforcement and canals, flood protection, erosion protection as well as for retaining walls for underpasses or underground car parks. Other applications which are temporary in nature include, amongst others,

cofferdams inlands and rivers, building pits for building construction and shoring activities for underground services.

3. In light of the foregoing, the Commission recommended that a temporary rebate provision be created for the importation of sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements excluding those that are cold-rolled (cold-reduced), classifiable under tariff subheading 7301.10.
4. The temporary rebate provision will be made available subject to a rebate permit issued at such times, in such quantities, and subject to such conditions as the International Trade Administration Commission may allow by specific permit.

THE APPLICATION AND TARIFF POSITION

5. Macsteel Service Centres (Pty) Ltd, ("Macsteel") applied for a creation of a temporary rebate facility for the importation of sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements excluding those that are cold-rolled (cold-reduced), classifiable under tariff subheading 7301.10.
6. In 2021, Macsteel formed a new business unit known as Macsteel Foundations and is based in Kwazulu-Natal (Prospection, Durban). The business unit mainly focuses on engineering of projects, sales, marketing and promotion of steel sheet piling, foundation pipes, tie-rods and anchor systems, combined wall solutions and accessories to the civil/foundations, energy (oil and gas) and water sectors.
7. The applicant cited the following as reasons for the application:
 - The subject products are currently not manufactured in the SACU region; and
 - The applicable duties have an unnecessary cost-raising effect for the end-users of the products.
8. The subject products are hot rolled or cold formed steel sheet pilings. The subject products are used in various applications which can be of a permanent and temporary nature. In terms of the permanent applications the subject products are

mainly used in the construction of quays walls, and breakwaters in harbour, locks, and river bank reinforcement and canals, flood protection, erosion protection as well as for retaining walls for underpasses or underground car parks. Other applications which are temporary in nature include, amongst others, cofferdams inlands and rivers, building pits for building construction and shoring activities for underground services.

9. The selection by the end users of the steel sheet piling is dependent on various factors, such as, the type of sheet piling, site conditions, required depth of piles, bending movement involved as well as the nature of the structure.
10. The subject products are imported in various forms, which can either be Z or U shaped steel sheet pilings as well as cold formed steel sheet piles. Figure 1 below illustrates different types of the subject products

Figure 1: Different types of sheet piles



11. The current tariff structure of the subject products is indicated in Table 1 below:

Table 1: Ordinary Customs duty applicable to the subject products

Tariff Heading	Tariff Subheading	Description	Statistical Unit	Rate of duty					AfCFTA
				General	EU/UK	EFTA	SADC	MERCOSUR	
73.01		Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel:							
	7301.10	Sheet Piling	kg	5%	Free	Free	Free	Free	Free

Source: SARS, 2022

12. The subject products attract a general rate of customs duty of 5 percent *ad valorem* and are free of duty when imported from the European Union/United Kingdom ("EU/UK"), European Free Trade Association ("EFTA"), Southern African Development Community ("SADC") MERCOSUR, and African Continental Free Trade Area ("AfCFTA"). The World Trade Organisation ("WTO") bound rate for the subject products is 10 percent *ad valorem*.

13. The South African Revenue Service ("SARS") provided the wording below for a Schedule 4 temporary rebate for administration purposes.

"Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements, classifiable in tariff subheading 7301.10, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the goods are not available in the SACU market".

INDUSTRY AND MARKET

14. In its analysis of the South African metal fabrication industry, the Industrial Policy Action Plan (IPAP 2018/19-2020/21) notes that the downstream industry in the sector is highly labour intensive and is a critical sector to curb the high unemployment rate in the country.

15. In addition, IPAP notes that the trade deficit in downstream industries continues to worsen while upstream industries have lost some competitive advantage in export markets. This is particularly prominent in the steel sector as the global industry is confronted by overcapacity challenges and low steel prices. The IPAP identified

high volume of imports, uncompetitive input costs, and technological inefficiencies across entire value chains, and unequal trading platforms as some challenges hindering the competitiveness of the industry.

16. There are no known manufacturers of the subject products in the SACU region.

17. The known importers of the subject products in the SACU region include Macsteel; Coega Steels (Pty) Ltd; CSV Constructions (Pty) Ltd; and Onelogix (Pty) Ltd.

COMPETITIVE POSITION

18. The creation of a temporary rebate provision will allow for a waiver of the full customs duty and improve the competitive position of the downstream industry.

COMMENTS RECEIVED

19. Comments in support of the application were received from Arcelor Mittal South Africa Ltd (“AMSA”). Its support for the creation of a rebate provision on steel sheet pilings was mainly due to the fact that, as a local manufacturer of various steel products, it is currently not manufacturing the subject products.

FINDINGS

20. The Commission considered the application in light of the information at its disposal. In particular, the Commission considered the following factors:

- There are currently no local manufacturers of the subject products in the Southern SACU region;
- The applicable customs duty has an unnecessary cost raising effect on the final users of the subject products; and
- The subject products are used mainly for permanent and temporary construction applications. In terms of the permanent applications the subject products are mainly used in the construction of quay walls, and

breakwaters in harbour, locks, and river bank reinforcement and canals, flood protection, erosion protection as well as for retaining walls for underpasses or underground car parks. Other applications which are temporary in nature include, amongst others, cofferdams inlands and rivers, building pits for building construction and shoring activities for underground services.

21. The temporary rebate provision will be made available subject to a rebate permit issued at such times, in such quantities, and subject to such conditions as the International Trade Administration Commission may allow by specific permit.

RECOMMENDATION

22. The Commission recommended the creation of a temporary rebate provision for the importation of sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements excluding those that are cold-rolled (cold-reduced), classifiable under tariff subheading 7301.10.