

REPORT NO.475

**REDUCTION IN THE RATE OF CUSTOMS DUTY ON STRANDED WIRE, OF
WIRE WHICH IS PLATED, COATED, OR CLAD WITH BRASS**

The International Trade Administration Commission of South Africa herewith presents its Report No. 475: **REDUCTION IN THE RATE OF CUSTOMS DUTY ON STRANDED WIRE, OF WIRE WHICH IS PLATED, COATED, OR CLAD WITH BRASS**, with recommendations.



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Siyabulela Tsengiwe
CHIEF COMMISSIONER

PRETORIA

11.../06/...2014

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO.475

REDUCTION IN THE RATE OF CUSTOMS DUTY ON STRANDED WIRE, OF WIRE WHICH IS PLATED, COATED, OR CLAD WITH BRASS

Synopsis

The Commission considered an application by Apollo Tyres South Africa (Pty) Ltd for a reduction in the rate of customs duty on stranded wire, of wire which is plated, coated, or clad with brass, classifiable in tariff subheading 7312.10.20, from 5% *ad valorem* to free of duty, through the creation of an additional 8-digit tariff subheading.

The Commission found that there are no domestic manufacturers of the subject product within the SACU region and that the existing tariff structure places an unnecessary cost burden on the tyre manufacturing industry.

The Commission recommended that the rate of customs duty on stranded wire, of wire which is plated, coated, or clad with brass, classifiable in tariff subheading 7312.10.20, be reduced from 5% *ad valorem* to free of duty, through the creation of an additional 8-digit tariff subheading.

THE APPLICATION AND THE TARIFF POSITION

1. Apollo Tyres SA (Pty) Ltd, a domestic manufacturer of pneumatic tyres, applied for a reduction in the rate of customs duty on stranded wire, of wire which is plated, coated, or clad with brass (also known as steel cord wire), classifiable in tariff subheading 7312.10.20, from 5% *ad valorem* to free of duty, through the creation of an additional 8-digit tariff subheading.

2. As reason for the application, the applicant stated that there are no local manufacturers of the subject product in the SACU region.
3. The application was published in the Government Gazette on 20 March 2014 for comments by interested parties as follows:

“REDUCTION IN THE RATE OF DUTY ON:

Stranded wire, of wire which is plated, coated, or clad with brass, classifiable in tariff subheading 7312.10.20, from 5% *ad valorem* to free of duty, through the creation of an additional 8-digit tariff subheading.”

4. Table 1: the existing tariff structure for stranded wire is as follows:

Tariff heading	Tariff subheading	Description	SU*	Rate of duty			
				General	EU	EFTA	SADC
7312		Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated:					
	7312.10	Stranded wire, ropes and cables:					
	7312.10.15	-Stranded wire, of wire which is plated, coated or clad with tin	kg	free	free	free	free
	7312.10.20	-Other stranded wire	kg	5%	free	free	free

5. As shown in the table above, stranded wire under tariff subheading 7312.10.20 attracts a general customs duty of 5% *ad valorem*. The subject products do not attract duties when they are imported from the EU and SADC regions
6. The subject product can already be imported at free of duty under rebate item 307.08/73.12/01.00 of schedule No. 3. This rebate item reads as follows:

- “Stranded wire, cables, cordage and ropes, of iron or steel wire plated, coated or clad with copper, for the manufacture of pneumatic tyres and tyre cases”.

7. However, there are costs involved for the applicant, such as the maintenance of a rebate store and other administrative costs that would be eliminated once the subject product is zero-rated in schedule No. 1.
8. The proposed new 8 digit tariff subheading for stranded wire, of wire which is plated, coated or clad with brass is shown in table 2 below.

Table 2: the requested tariff structure

Tariff heading	Tariff subheading	Description	U	Rate of duty			
				General	EU	EFTA	SADC
7312		Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated:					
	7312.10	Stranded wire, ropes and cables:					
	7312.10.15	-Stranded wire, of wire which is plated, coated or clad with tin	kg	free	free	free	free
	7312.10.17	-Stranded wire, of wire which is plated, coated or clad with brass	kg	free	free	free	free
	7312.10.25	Other stranded wire	kg	5%	free	free	free

INDUSTRY AND MARKET

9. The subject product is one of the inputs used in the manufacturing of pneumatic tyres. During the manufacturing process, the subject product is passed between large heated rolls of a calendering machine. A woven fabric is similarly prepared and calendered for the anti-chafing strips. Since rubber will not adhere to bare steel, the steel cord wires for the steel belts are coated with a very thin layer of brass. The subject product passes from the creel room on rollers through aligning combs into the calender where the wires are coated with a thin sheet of skim stock rubber. The rubber also penetrates the steel cords for maximum adhesion. Both the polyester cords and steel cords are cut at specified angles and widths for use in tyre building.

10. There are no known local manufactures of stranded wire, of wire which is plated, coated, or clad with brass in the SACU region. Prominent importers of the subject product in SACU include Apollo Tyres South Africa (Pty) Ltd, Bridgestone South Africa (Pty) Ltd, Continental Tyre South Africa (Pty) Ltd and Goodyear South Africa (Pty) Ltd.

COMMENTS

11. Comments in support of the application were received from all the local manufacturers of pneumatic tyres. In addition, the South African Tyre Manufacturers Conference (SATMC), the South African Wire Association (SAWA) and the Botswana Ministry of Trade and Industry also supported the application.

FINDINGS

12. The Commission found that there are no local manufacturers of stranded wire, of wire which is plated, coated or clad with brass within the SACU region and that the existing tariff structure places an unnecessary cost burden on the industry manufacturing pneumatic tyres.

RECOMMENDATION

13. In light of the foregoing, the Commission recommended that the rate of customs duty on stranded wire, of wire which is plated, coated, or clad with brass, classifiable in tariff subheading 7312.10.20, be reduced from 5% *ad valorem* to free of duty, through the creation of an additional 8-digit tariff subheading.