

**REPORT NO. 385**

**REDUCTION IN DUTY ON PISTONS FOR DIESEL ENGINES**

The International Trade Administration Commission of South Africa herewith presents its Report No 385: **REDUCTION IN DUTY ON PISTONS FOR DIESEL ENGINES**, with recommendations.



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

**PRETORIA**

*15/11/*.....2011

**REPUBLIC OF SOUTH AFRICA**  
**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**  
**REPORT NO.385**

**REDUCTION IN DUTY ON PISTONS FOR DIESEL ENGINES**

**Synopsis**

The Commission considered an application by Masterparts (Pty) Ltd for a reduction in duty on pistons for diesel engines classifiable under tariff subheading 8409.99.30, from 20% *ad valorem* to free of duty.

The Commission found that pistons for diesel engines are no longer manufactured domestically and that the duty has an unnecessary cost-raising effect. The Commission therefore recommended that the duty applicable to pistons be reduced to free of duty.

**The application and tariff position**

1. Masterparts (Pty) Ltd applied for a reduction in duty on pistons for diesel engines from 20% *ad valorem* to free of duty.
2. As reason for the application, the applicant stated that the duty has an unnecessary cost-raising effect as there are no local manufacturers of pistons for diesel engines within the Southern Africa Customs Union (SACU).
3. The application was published in the Government Gazette for comments by interested parties as follows: *“Reduction in the duty on pistons, with an outside diameter not exceeding 155mm, whether or not fitted with gudgeon pins, pistons rings or cycling lines or sleeves, for motor vehicle engines classifiable under tariff subheading 8409.99.30”*.
4. The existing tariff position of pistons for diesel engines is as follows:

Tariff Heading	Tariff Subheading	Description	Statistical Unit	Rate of duty			
				General	EU	EFTA	SADC
8409		<b>Parts suitable for use solely or principally with the engines of heading 84.07 or 84.48</b>					
	8409.99.30	<i>Pistons, with an outside diameter not exceeding 155mm, whether or not fitted with gudgeon pins, pistons rings or cycling lines or sleeves, for motor vehicle engines</i>	kg	20%	15%	Free	Free

## **Industry and market**

5. Pistons for diesel engines are no longer manufactured within the SACU. The companies that previously manufactured pistons, Federal Mogul (Pty) Ltd and Kolbenco (Pty) Ltd, closed down their piston manufacturing operations in 2007 and 2008 respectively.
6. Currently, a number of companies are involved in the business of importing pistons, for after market sales including Alert Engine Parts, AutoZone, Midas (Pty) Ltd and Turbochargers (Pty) Ltd.

## **Comments on the application**

7. The following are firms and associations that have commented in support of the duty reduction application:
8. Kolbenco (Pty) Ltd, Federal Mogul (Pty) Ltd, National Association of Automotive Components and Allied Manufacturing (NAACAM), Retail Motor Industry Organisation (RMI), National Association of Automobile Manufacturers of South Africa (NAACAM), Alert Engine Parts (Pty) Ltd Turbochargers (Pty) Ltd and Midas (Pty) Ltd. There were no objections to the application.
9. The support for the application was based on the fact that pistons for motor vehicle engines are no longer manufactured domestically.
10. It was stated that the domestic fragmented demand for pistons does not warrant the substantial investment required in a capital intensive industry where large volume production is essential.

## **Findings**

11. The Commission found that, as pistons for diesel engines are no longer manufactured domestically, the existing duty has an unnecessary cost-raising effect.

## **Recommendation**

12. In light of the foregoing, the Commission recommended that the rate of duty on pistons for diesel engines, classifiable under tariff subheading 8409.99.30, be reduced from 20% to free of duty.