



MINISTER  
TRADE AND INDUSTRY  
REPUBLIC OF SOUTH AFRICA

Private Bag X274, PRETORIA, 0001 • the dti Campus, 77 Meintjies Street, Sunnyside PRETORIA • Tel: (012) 394 1480 Fax: (012) 394 0337 • www.thedti.gov.za

Private Bag X9047, CAPE TOWN, 8000 • Tel: (021) 461 7191/2/3 Fax: (021) 465 1291

**By Hand**

**Mr. Nhlanhla Nene, MP**  
Deputy Minister of Finance  
Old Reserve Bank Building  
40 Church Square  
PRETORIA  
0001

Dear Colleague

**International Trade Administration Commission Report 336: Amendment to Rebate Item 317.06/00.00/05.00 and the Deletion of Rebate Items 317.06/42.00/01.02 and 317.06/00.00/04.00 of the Customs and Excise Act, Relating to Automotive Leather products.**

I have approved the Commission's attached report and recommendation, and hereby request that you, in terms of section 75 of the Customs and Excise Act, 1964, amend Schedule No.3 to the Act in order to give effect to the recommendation.

Yours sincerely


**Dr Rob Davies, MP**  
**Minister of Trade and Industry**

21/5/2010

## **REPORT NO. 336**

**AMENDMENT TO REBATE ITEM 317.06/00.00/05.00 AND THE  
DELETION OF REBATE ITEMS 317.06/42.00/01.02 AND  
317.06/00.00/04.00 OF THE CUSTOMS AND EXCISE ACT,  
RELATING TO AUTOMOTIVE LEATHER PRODUCTS**

The International Trade Administration Commission of South Africa herewith presents its Report No.336. **AMENDMENT TO REBATE ITEM 317.06/00.00/05.00 AND THE DELETION OF REBATE ITEMS 317.06/42.00/01.02 AND 317.06/00.00/04.00 OF THE CUSTOMS AND EXCISE ACT, RELATING TO AUTOMOTIVE LEATHER PRODUCTS.**



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

**PRETORIA**

**17/05/..... 2010**

**REPUBLIC OF SOUTH AFRICA**  
**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF**  
**SOUTH AFRICA**

**REPORT NO.336**

**AMENDMENT TO REBATE ITEM 317.06/00.00/05.00 AND THE DELETION OF REBATE ITEMS 317.06/42.00/01.02 AND 317.06/00.00/04.00 OF THE CUSTOMS AND EXCISE ACT, RELATING TO AUTOMOTIVE LEATHER PRODUCTS**

**Synopsis**

ITAC considered an application for an amendment to rebate item 317.06/00.00/05.00 and the deletion of rebate items 317.06/42.00/01.02 and 317.02/00.00/04.00 to accommodate certain interior leather products fitted to motor vehicles. The current dispensation does not cover these leather products which are leather cut kits for arm rests, head rests, door panel, steering wheels leather cut kits, leather cut kits for gear lever knobs, gear lever bellows, hand break bellows and leather cut kits for knap pockets attached to either the seats or door panels, all fitted to the interior of motor vehicles.

The Commission recommended an amendment to rebate item 317.06/00.00/05.00 in conjunction with the deletion of rebate items 317.06/00.00/04.00 and 317.06/42.00/01.02 as follows: *"Goods of any description for use in the manufacture of leather covers, trimmings or the like, whether or not combined with backing material, for supply either as made up covers, individual panels or in the form of kits designed for the interior fitment of a motor vehicle, provided that the leather is supplied cut to size and shape".*

## THE APPLICATION AND THE TARIFF POSITION

Currently there are three provisions under rebate item 317.06 that relate to automotive leather products:

- **317.06/00.00/04.00:** *“Goods of any description, for the manufacture of body components covered with leather”.*
- **317.06/00.00/05.00:** *“Goods of any description, for the manufacture of leather seat covers”.*
- **317.06/42.00/01.02:** *“Leather, for the manufacture of leather covered handbrake and gear lever covers”.*

The applicable raw hides, skins and leather are classified in Chapter 41 of the Tariff Book under tariff headings 41.01 and 41.04. The raw hides, skins of bovine or equine animals not tanned or having undergone a pre-tanning process are classifiable under tariff heading 41.01. The tanned or crust hides and skins of bovine (including buffalo) or equine animals, in the wet state and tanned are classifiable under tariff heading 41.04. The two tables below show the tariff position for the raw hides and skins and leather of chapter 41 of the tariff book.

Table 1

Heading	Sub-Heading	Article Description	Statistical Unit	Rate of duty			
				General	EU	EFTA	SADC
41.01		Raw hides and skins of bovine (including buffalo) or equine animals (fresh or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split:					
	4101.20	-Whole hides and skins, of a mass per skin not exceeding 8 kg when simply dried, 10 kg when dry-salted, or 16 kg when fresh, wet-salted or otherwise preserved:					
	4101.20.10	-Of bovine animals of a unit surface area exceeding 2,15 m <sup>2</sup> which have undergone a tanning process (including a pre-tanning process) which is reversible	kg	10%	free	5%	free
	4101.20.90	-Other	kg	free	free	free	free
	4101.50	-Whole hides and skins, of a mass exceeding 16 kg:					
	4101.50.10	-Which have undergone a tanning process (including a pre-tanning process) which is Reversible	kg	10%	free	5%	free
	4101.50.90	-Other	kg	free	free	free	free
	4101.90	-Other, including butts, bends and bellies:					
	4101.90.10	-Which have undergone a tanning process (including a pre-tanning process) which is Reversible	kg	10%	free	5%	free
	4101.90.90	-other	kg	free	free	free	free

Table 2

Heading	Sub-Heading	Article Description	Statistical Unit	Rate of duty			
				General	EU	EFTA	SADC
41.04		Tanned or crust hides and skins of bovine (including buffalo) or equine animals without hair on, whether or not split, but not further prepared:					
	4104.1	In wet state (including wet-blue):					
	4104.11	Full grains, unsplit; grain splits					
	4104.11.10	Full grains, of bovine animals, unsplit; of a unit surface area of less than 2,15m <sup>2</sup>	kg	free	free	free	free
	4104.11.90	other	kg	10%	1%	free	free
	4104.19	other					
	4104.19.10	whole bovine hides and skins of a unit surface area of less than 2.15m <sup>2</sup> (excluding flesh splits)	kg	free	free	free	free
	4104.19.90	other	kg	10%	1%	free	free
	4104.4	In the dry state (crust)					
	4104.41	Full grains; unsplit; grain splits					
	4104.41.10	whole bovine hides and skins of a unit surface area of less than 2.15m <sup>2</sup>	kg	free	free	free	free
	4104.41.90	other	kg	10%	1%	5%	free
	4104.49	other					
	4104.49.10	whole bovine hides and skins of a unit surface area of less than 2.15m <sup>2</sup>	kg	free	free	free	free
	4104.49.90	Other	kg	10%	1%	5%	free

As motivation for the application, the applicant, Bader SA (Pty) Ltd, stated that the application is meant to open up the limited scope of rebate item 317.06 to include other products of automotive leather, which are and may be manufactured in South Africa in future for the worldwide automotive industry.

The application was published in the Government Gazette of 18 December 2009 for comment by interested parties as follows: ***“Deletion of rebate items 317.06/00.00/04.00 and 317.06/42.00/01.02 and amendment to rebate item 317.06/00.00/05.00 as follows: “Goods of any description for use in the manufacture of leather covers, trimmings or the like, whether or not combined with backing material, for supply either as made up covers, individual panels or in the form of kits designed for the interior fitment of a motor vehicle, provided that the leather is supplied cut to size and shape”.***

### **INDUSTRY AND MARKET**

The following are the South African manufacturers that supply automotive leather product to OEMs: Seton SA (Pty) Ltd, Zenda South Africa and Mario Levy Manufacturing South Africa (Pty) Ltd, as well as the applicant, Bader SA (Pty) Ltd.

### **COMMENTS**

Comments were received from one company - Seton South Africa (Pty) Ltd. Seton argued for the inclusion also of finished leather hides.

### **FINDINGS**

The Commission could not support Seton's request as the inclusion of finished leather hides is impracticable as these products cannot be identified as destined exclusively for use as automotive components.



The Commission found justification for augmenting the rebate provision to include a range of leather products for fitment in a motor vehicle. By enabling the industry to import leather at world competitive prices to supplement domestically sourced leather, the recommended rebate provision would increase employment opportunities and the competitive position of the industry manufacturing automotive leather products.

### **RECOMMENDATION**

In the light of the above, the Commission recommended the deletion of rebate items 317.06/00.00/04.00 and 317.06/42.00/01.02 and amendment to rebate item 317.06/00.00/05.00 of the Customs and Excise Act, 1964 as follows: *“Goods of any description for use in the manufacture of leather covers, trimmings or the like, whether or not combined with backing material, for supply either as made up covers, individual panels or in the form of kits designed for the interior fitment of a motor vehicle, provided that the leather is supplied cut to size and shape”.*