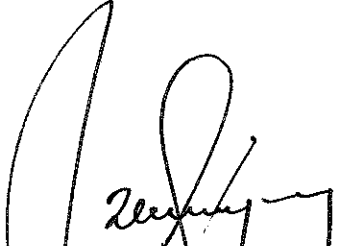


**REPORT NO. 346**

**REDUCTION IN THE DUTY ON STAINLESS STEEL NUTS**

The International Trade Administration Commission herewith presents its  
Report No. 346: REDUCTION IN THE DUTY ON STAINLESS STEEL NUTS,  
with recommendations.



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SIYABULELA TSENGIWE  
CHIEF COMMISSIONER

PRETORIA

21/09/2010

**REPUBLIC OF SOUTH AFRICA**  
**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF**  
**SOUTH AFRICA**  
**REPORT NO. 346**

**REDUCTION IN THE DUTY ON STAINLESS STEEL NUTS**

**Synopsis**

Minox Fasteners (Pty) Ltd applied for a reduction in the duty on stainless steel bolts and nuts classifiable under tariff subheadings 7318.15.90 and 7318.16.90 respectively, from 10% *ad valorem* to free of duty.

The Commission found that there are no integrated manufacturers of stainless steel bolts and nuts in SACU. However, there are companies that are involved in the lower value added activity of threading and finishing stainless steel rods into bolts for certain special applications.

The Commission therefore recommended that the duty on stainless steel nuts be reduced to free of duty as there are no domestic manufacturers of stainless steel nuts, but that the request for a reduction in duty on stainless steel bolts be rejected.

**THE APPLICATION AND THE TARIFF POSITION**

1. Minox Fasteners (Pty) Ltd applied for a reduction in the duty on stainless steel bolts and nuts classifiable under tariff subheading 7318.15.90 and 7318.16.90 respectively, from 10% *ad valorem* to free of duty, through the creation of additional 8-digit tariff subheadings to cater specifically for stainless steel bolts and nuts.
2. As reason for the application, the applicant stated that there are no local manufacturers of stainless steel bolts and nuts.
3. The application was published in the Government Gazette for comments by interested parties.

4. Stainless steel bolts and nuts are classifiable as follows:

Heading	Subheading	Description	Rate of duty			
			General	EU	EFTA	SADC
7318		Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles of iron or steel				
	7318.15	Other screws and bolts, whether or not with their nuts or washers				
	7318.15.26	Socket Screws	Free	Free	Free	Free
	7318.15.33	Bolts (including bolt ends, screw studs, screw studding) identifiable for use in aircraft.	Free	Free	Free	Free
	7318.15.90	Other	10%	2,5%	6,3%	Free
	7318.16	Nuts				
	7318.16.05	Identifiable for use in aircraft	Free	Free	Free	free
	7318.16.90	Other	10%	2,5%	10%	Free

5. The current tariff structure does not differentiate between non-alloy steel and stainless steel bolts and nuts.

**COMMENTS ON THE APPLICATION**

6. Seven firms responded to the publication, i.e. T&I Chalmers Engineering (Pty) Ltd, Winfit Industries (Pty) Ltd, Tel Screw Products (Pty) Ltd, Automatic Mass Production (Pty) Ltd, Impala Bolts and Nuts SA (Pty) Ltd, SA Bolt Manufacturers (Pty) Ltd, as well as the South African Fasteners Manufacturers' Association (SAFMA). All these firms supported the request for a reduction in duty on stainless steel nuts but some opposed the request for a reduction in duty on stainless steel bolts. The Southern Africa Stainless Steel Development Association (SASSDA) supported the application for a reduction in duty on both stainless steel bolts and nuts for the reason that, in their view, there are no domestic manufacturers of stainless steel fasteners.

## **FINDINGS**

7. There are a number of manufacturers of non-alloy steel bolts and nuts. These include manufacturers such as CBC Fasteners, Nedschroef (Pty) Ltd, SA Bolt Manufacturers Company (Pty) Ltd, and Transvaal Bolts and Nuts (Pty) Ltd.
8. The Commission found that there are no integrated manufacturers of stainless steel bolts and nuts in SACU. However there are companies involved in the lower value-added activity of threading and finishing stainless steel rods into bolts for special applications. The fragmented domestic market for fasteners of stainless steel and the capital intensity of fastener manufacture are factors that inhibit domestic manufacture.
9. The Commission also took into consideration that the Southern Africa Stainless Steel Development Association (SASSDA) supported the application for a reduction in duty.
10. The Commission found adequate justification for a reduction in the duty on stainless steel nuts as these products are not manufactured domestically. However, the Commission decided to reject the application for a reduction in duty on stainless steel bolts as there are domestic firms active in the threading of stainless steel rods into bolts.

## **RECOMMENDATION**

11. In light of the foregoing, the Commission recommended that the general rate of duty on stainless steel nuts, classifiable under tariff subheading 7318.16.90 be reduced to free of duty through the insertion of an additional 8-digit tariff subheading.
12. The Commission further recommended that the application for a reduction in the duty on stainless steel bolts be rejected.

[T5/2/16/3/1(01/2009)]