



International Trade Administration Commission of South Africa

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## **Report No. 94**

# **Reduction in the rate of duty on air springs**

The International Trade Administration Commission herewith presents its  
Report No. 94: Reduction in the rate of duty on air springs, with a recommendation.

  
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Nomonde Maimela  
CHIEF COMMISSIONER

PRETORIA

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**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF  
SOUTH AFRICA**

**REPORT NO. 94**

**REDUCTION IN THE RATE OF DUTY ON AIR SPRINGS**

**Synopsis**

BPW Axles (Pty) Ltd, applied for a reduction of the duty in air springs from duties ranging between 15 per cent and 20 per cent *ad valorem* to free of duty. According to the applicant, air springs are not manufactured in the Southern African Customs Union (SACU). The applicant also stated that it is not viable to produce air springs in SACU.

The Commission considered the application and found that the duty on air springs does not serve a protective or developmental purpose and therefore recommended that the rate of duty levied on air springs be reduced to free of duty.

**The application**

1. BPW Axles (Pty) Ltd, applied for a reduction in the duty on air springs from duties ranging between 15 per cent and 20 per cent *ad valorem* to free of duty. According to the applicant, the air springs are not manufactured in the Southern African Customs Union (SACU). The applicant also stated that it is not viable to produce air springs in SACU.

**Reason for application**

2. The applicant contended that there was no local manufacturer of air springs and that the duty payable on air springs increased the already high cost of importing the product into SACU. This trend negatively affects SACU importers, distributors and consumers.

**Tariff classification of air springs**

3. Air springs are classifiable under tariff heading 8716.90 and 8708.99.90, as follows:

Tariff Subheading	Description	Rate of duty
87.16	Trailers and semi-trailers, other vehicles not mechanically propelled; parts thereof:	
8716.90	Parts	GENERAL: 15% EU: 15% SADC: FREE
8708	Parts and accessories of the motor vehicles of Headings No's 87.01 to 87.05	
8708.99.90	Other	GENERAL: 20% EU: 20% SADC: FREE

As leaf springs can in certain instances be regarded as substitutes for air springs, their tariff position is as follows:

7320.10	Leaf-spring	GENERAL: 5% EU: 1,65% SADC: FREE
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#### The industry and the market

4. Air springs are used in trailers that are excluded from the Motor Industry Development Programme (MIDP) as well as on heavy motor vehicles. The MIDP for heavy motor vehicles only covers road tractors of a vehicle mass exceeding 1600 kg, buses, trucks for the transport of goods of a G.V.M exceeding 3500 kg and trucks for the transport of goods of a vehicle mass exceeding 1600 kg and with a G.V.M exceeding 3500 kg. SACU truck and bus manufacturers can import air springs with full rebate of duty under item 317.07. Trailer manufacturers that import in order to export can make use of 470.03 rebate and 521 drawback items.
5. The applicant provided the following sales data:

2002 – 4798 units  
2003 – 6900 units  
2004 – 8000 units (Estimate)

The size of the market is estimated at 12 000 units, 33% of this market is served by BPW Axles.

#### Publication of application

6. The application was published for comments by interested parties in the Government Gazette of 10 September 2004, Notice 1931 of 2004. The publication read as follows: "Reduction in the customs duty on air springs, classifiable under tariff subheading 8716.90 and 8708.99.90 from 15% *ad valorem* and 20% *ad valorem* respectively, to free of duty".

### **Comments**

7. A response was only received from one company manufacturing leaf springs. The company is in support of a reduction of duty on air springs as these products are not manufactured in SACU.

### **Consideration**

8. In evaluating the application, the Commission ascertained that air springs were not manufactured in SACU. The duty on air springs does not serve a protective or developmental purpose. The SACU market size at present does not warrant the manufacturing of air springs. The applicant and other truck manufacturers are of the opinion that generally leaf springs are not a direct substitute for air springs in all instances.
10. A reduction in the rate of duty on air springs will contribute to reducing the input costs of manufacturing air suspensions for trailers as well as the cost of replacing air springs when doing maintenance or refurbishing trucks.

### **Recommendation**

11. The Commission recommends that Schedule No.1 to the Customs and Excise Act, 1964, be amended by reducing the rate of duty on air springs, classifiable under tariff subheadings 8716.90 and 8708.99.90, from 15 per cent *ad valorem* and 20 per cent *ad valorem* respectively, to free of duty.

[T5/2/17/3/1 (3/2004)]