



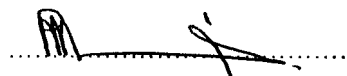
International Trade Administration Commission of South Africa

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## Report No. 11

# Reduction in the duty on valves of aluminium used in automotive airconditioning units

The International Trade Administration Commission herewith presents its Report No.11 :  
Reduction in the duty on valves of aluminium used in automotive airconditioning units,  
with recommendation.



(Ms N.P. MAIMELA)  
CHIEF COMMISSIONER

PRETORIA

07/08 / 2003

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

REPORT NO. 11

REDUCTION IN DUTY ON VALVES OF ALUMINIUM USED IN AUTOMOTIVE AIRCONDITIONING UNITS

**Synopsis**

Eurocontrols (Pty) Ltd applied to have thermostatic aluminium expansion valves used in the manufacturing of automotive airconditioning units exempted from the import duty of 15% imposed on all valves under tariff subheading 8481.80.01. The 15% duty on valves arises from the then Board's recommendation in Report number 3962 that the duty on all valves and similar appliances be equalised at the moderate level of 15% ad valorem, with a limited number of exceptions for products not manufactured within the Southern African Customs Union (SACU) and that can be separately classified.

The Commission considered the application and found that valves of aluminium of a mass of 150g or more but not exceeding 200g and of a capacity of 5.3kW or more but not exceeding 8.4kW, commonly known as thermostatic expansion valves, identifiable for use in automotive airconditioning units are not manufactured in SACU. As a result, the duty does not serve a protective purpose.

The Commission therefore recommends that valves of aluminium of a mass of 150g or more but not exceeding 200g, and of a capacity of 5.3kW or more but not exceeding 8.4kW, commonly known as thermostatic expansion valves identifiable for use in automotive airconditioning units, classifiable under tariff subheading 8481.80.01 at 15% ad valorem, be reduced to free of duty.

**DISCUSSION:**

1. Eurocontrols is a major supplier of thermostatic expansion valves used in the manufacture of automotive airconditioning units. Eurocontrols, with the support of other airconditioning unit manufacturers, applied to have thermostatic aluminium expansion valves used in the manufacturing of automotive airconditioning units, exempted from the import duty of 15% imposed on all valves under tariff subheading 8481.80.01.
2. The reason for the application is that these kind of products are not manufactured in SACU and can be separately classified.
3. The application was published in the Government Gazette for comment on the 7<sup>th</sup> February 2003 as follows:

**“Valves of aluminium, of a mass of 150g or more but not exceeding 200g, and of a capacity of 5.3kW or more but not exceeding 8.4kW, commonly known as thermostatic expansion valves identifiable for use in automotive airconditioning units, classifiable under tariff subheading 8481.80.01 from 15% ad valorem to free of duty”.**

4. No comments were received on publication of the application.
5. The following is an extract of the tariff position:

Rates of duty  
General EU SADC

**8481            Tabs, Cocks, Valves and similar Appliances  
                  for pipes, boiler shells, Tanks, Vats or the like,  
                  including Pressure-Reducing Valves and  
                  Thermostatically Controlled Valves:**

8481.80        Other appliances:

8481.80.01	Pressure or flow control valves, for use with Pipes or piping of an outside diameter not exceeding 32mm	15%	15%	free
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8481.80.90	Other	free	free	free
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6. The applicant contested that due to the specialist technical nature of these valves and the low volumes required locally, there are no South African manufacturers of this range of equipment. This was also confirmed by the South African Valve and Actuator Manufacturers Association (SAVAMA).

**Recommendation:**

7. The Commission recommends that Schedule No 1 to the Customs and Excise Act be amended through the creation of a duty-free provision for valves of aluminium, of a mass of 150g or more but not exceeding 200g, and of a capacity of 5.3kW or more but not exceeding 8.4kW, commonly known as thermostatic expansion valves identifiable for use in automotive airconditioning units.

[T5/2/17/3/1(010002)]