



International Trade Administration Commission of South Africa

Report No. 57

**Reduction in the rate of duty on
telecommunication apparatus for carrier-current
line systems or digital line systems**



The International Trade Administration Commission herewith presents its Report
No.57: REDUCTION IN THE RATE OF TELECOMMUNICATION APPARATUS
FOR CARRIER-CURRENT LINE SYSTEMS OR DIGITAL LINE SYSTEMS, with
recommendations.


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Ms Nomonde Maimela
CHIEF COMMISSIONER

PRETORIA

15 May 2004

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

REPORT NO. 57

REDUCTION IN THE RATE OF DUTY ON TELECOMMUNICATION APPARATUS
FOR CARRIER-CURRENT LINE SYSTEMS OR DIGITAL LINE SYSTEMS

Synopsis

The International Trade Administration Commission (ITAC) considered an application for a reduction in the rate of duty on carrier-current line systems or digital line systems classifiable under tariff subheadings 8517.30, 8517.50 and 8517.80

The motivation for the application was that the current duty had no protective and developmental purpose. The current duty is also considered to be a cost burden to the industry.

The Commission found sufficient justification for recommending the reduction in the rate of duty on telecommunication apparatus for carrier-current line systems or digital line systems.

The application and the tariff position

1. Telkom SA Ltd applied for a reduction in the rate of duty from 5% ad valorem to free of duty on carrier-current line systems or digital line systems classifiable under tariff subheadings 8517.30, 8517.50 and 8517.80.
2. Telkom has embarked on various cost-cutting initiatives, including the possible elimination of hidden costs on core backbone network equipment purchased and the maintenance thereof.
3. From cost evaluations undertaken by Telkom it appeared that tariff protection by means of duties applied, constitute the single largest statutory input cost applicable to specific types of telecommunication equipment acquired and deployed.
4. The tariff position is as follows:

Tariff heading	Description	General	EU	SADC
85.17	Electrical Apparatus for Line Telephony or Line Telegraphy			
8517.30	- Telephonic or telegraphic switching apparatus	5%	Free	Free
8517.50	- Other apparatus, for carrier-current line systems or for digital line systems	5%	5%	Free
8517.80	- Other apparatus	5%	Free	Free

Consideration

5. The Commission took into consideration that the current duty does not serve to protect Southern African Customs Union (SACU) manufacturing, but is a cost burden to the industry and consumers. Tellumat, a domestic manufacturer of this type of telecommunication equipment did not object to the application, which was published for comment by interested parties on 31st October 2003 in the Government Gazette. Tellumat argued that the duty was not needed to be competitive.

Recommendation

6. The Commission recommended that the rates of duty on telecommunication apparatus classifiable under tariff subheadings 8517.30, 8517.50 and 8517.80, be reduced from 5% ad valorem to free of duty.

[T5/2/16/1 (28/2003)]