

REPORT NO. 473

**REDUCTION IN THE RATE OF CUSTOMS DUTY
ON GRAPHITE ELECTRODES**

The International Trade Administration Commission of South Africa herewith presents Report No. 473: **REDUCTION IN THE RATE OF CUSTOMS DUTY ON GRAPHITE ELECTRODES**, with recommendations



.....
SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

...23... / 07 / 2014

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 473

REDUCTION IN THE RATE OF CUSTOMS DUTY ON GRAPHITE
ELECTRODES

Synopsis

ITAC initiated an investigation of a reduction in customs duty on graphite electrodes classifiable under tariff subheading 8545.11, from 10% *ad valorem* to free of duty.

The Commission found that graphite electrodes are no longer manufactured domestically and that the current duty has an unnecessary cost-raising impact on the downstream users of electrodes i.e. the minerals and metals beneficiation and fabrication industries.

The Commission recommended that the rate of customs duty on graphite electrodes classifiable under tariff subheading 8545.11, be reduced from 10% *ad valorem* to free of duty.

THE APPLICATION AND THE TARIFF POSITION

1. ITAC initiated an investigation of a reduction in customs duty on graphite electrodes classifiable under tariff subheading 8545.11, from 10% *ad valorem* to free of duty.
2. The investigation followed the decision by GrafTech South Africa (Pty) Ltd (GrafTech SA) to terminate the production of graphite electrodes in SACU.

3. The withdrawal of duty was published on 20 March 2014 in the Government Gazette as follows:

“REDUCTION OF THE GENERAL RATE OF CUSTOMS DUTY ON:

Graphite electrodes classifiable under tariff subheading 8545.11, from 10% *ad valorem* to free of duty.”

4. In the table below the existing tariff structure of graphite electrodes is shown.

Table 1: Graphite electrodes tariff structure

Heading/ Sub- heading	Article Description	Statistical Unit	Rate of Duty			
			General	EU	EFTA	SADC
85.45	Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes:					
8545.1	Electrodes:					
8545.11	Of a kind used for furnaces	kg	10%	free	3.8%	free

INDUSTRY AND MARKET

5. Graphite electrodes are used as electricity conductors in electric arc furnaces, generating sufficient heat to melt scrap metal or other materials such as ferro-alloys to produce iron, steel and other base metals. The electrodes are depleted in the smelting process. Pitch and petroleum coke are the major raw materials used in the production of graphite electrodes and were domestically sourced.
6. The downstream users of the graphite electrodes include Silicon Smelters (Pty) Ltd, the Scaw Metals Group, Lonmin Ltd, and Columbus Stainless (Pty) Ltd.

COMMENTS ON THE INVESTIGATION

7. Comments supporting the withdrawal of duty were received from the Ministry of Trade and Industry in the Republic of Botswana and a number of importers of graphite electrodes.

8. No objections to the withdrawal of duty were received.

FINDINGS

9. The Commission found that graphite electrodes are no longer manufactured domestically and that the current duty has an unnecessary cost-raising impact on the downstream users of graphite electrodes i.e. the minerals and metals beneficiation and fabrication industries.

RECOMMENDATION

10. In light of the foregoing, the Commission recommends that the rate of customs duty on graphite electrodes classifiable under tariff subheading 8545.11, be reduced from 10% ad valorem to free of duty.