

REPORT NO. 567

**CREATION OF A TEMPORARY REBATE FACILITY FOR THE
IMPORTATION OF CERTAIN STAINLESS STEEL FASTENERS,
CLASSIFIABLE UNDER TARIFF HEADING 73.18**

The International Trade Administration Commission herewith presents its **Report No. 567: CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF CERTAIN STAINLESS STEEL FASTENERS, CLASSIFIABLE UNDER TARIFF HEADING 73.18**, with recommendations.



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SIYABULELA TSEGIWE
CHIEF COMMISSIONER

PRETORIA
19/10/2017

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 567

CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF CERTAIN STAINLESS STEEL FASTENERS, CLASSIFIABLE UNDER TARIFF HEADING 73.18

Synopsis

Fastenright (Pty) Ltd applied for the creation of a temporary rebate provision on certain stainless steel fasteners, classifiable under tariff heading 73.18. The subject products are stainless steel fasteners that include, amongst others, stainless steel screws, bolts, coach screws, rivets, cotters, cotter-pins and washers.

The Commission found that the domestic steel fastener industry manufactures predominantly mild steel fasteners and do not currently manufacture the products in question.

The rebate provision recommended below will be made subject to an ITAC permit issued in terms of guidelines, rules and conditions.

In light of the foregoing, the Commission recommends the creation of a temporary rebate provision for:

“Screws, bolts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of stainless steel, classifiable in tariff heading 73.18, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the Commission is satisfied that the subject goods are not available in the SACU region”.

THE APPLICATION AND TARIFF POSITION

1. Fastenright (Pty) Ltd applied for the creation of a temporary rebate provision on certain stainless steel fasteners, classifiable under tariff heading 73.18. The subject products are stainless steel fasteners that include, amongst others, stainless steel screws, bolts, coach screws, rivets, cotters, cotter-pins and washers.
2. The applicant is an importer of stainless steel fasteners, with its warehouse facilities and offices located in the Western Cape (Cape Town).
3. As motivation for the application, the applicant, among others, stated that there are no local manufacturers of the subject products in the SACU region. The duties imposed on fasteners by ITAC in its report 545, therefore, are having an unintended negative impact on importers of the subject products.
4. The existing tariff structure for the subject products is as follows:

Table 1: Current tariff structure for the subject products

Tariff heading/ subheading	Description	Unit	Rate of duty				MERCOSUR
			General	EU	EFTA	SADC	
73.18	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel:						
7318.1	Threaded articles:						
7318.11	Coach screws	kg	15%	Free	Free	Free	15%
7318.12	Other wood screws	kg	Free	Free	Free	Free	Free
7318.13	Screw hooks and screw rings	kg	15%	10%	Free	Free	15%
7318.14	Self-tapping screws	kg	Free	Free	Free	Free	Free
7318.15	Other screws and bolts, whether or not with their nuts or washers:						
7318.15.26	Socket screws	kg	30%	Free	Free	Free	30%
7318.15.33	Bolts (including bolt ends, screw studs and screw studding) identifiable for use on aircraft	kg	Free	Free	Free	Free	Free
7318.15.35	Other screws and bolts (including bolt ends, screw studs and screw studding), of stainless steel (excluding those that are fully threaded	kg	30%	Free	Free	Free	30%

	with hexagon heads)						
7318.15.37	Other screws and bolts, fully threaded with hexagon heads, of stainless steel	kg	10%	Free	Free	Free	10%
7318.15.39	Other screws, fully threaded with hexagon heads (excluding those of stainless steel)	kg	30%	Free	Free	Free	30%
7318.15.41	Bolt ends, screw studs and screw studding (excluding those of stainless steel and those identifiable for aircraft)	kg	30%	Free	Free	Free	30%
7318.15.43	Other bolts (excluding bolt ends, screw studs and screw studding) with hexagon heads	kg	30%	Free	Free	Free	30%
7318.15.90	Other	kg	30%	Free	Free	Free	30%
7318.16	Nuts:						
7318.16.05	Identifiable for use on aircraft	kg	Free	Free	Free	Free	Free
7318.16.10	Of stainless steel	kg	Free	Free	Free	Free	Free
7318.16.20	Hexagon dome nuts, hexagon nuts with non-metallic inserts, hexagon collared nuts and hexagon self-locking nuts	kg	10%	Free	10%	Free	10%
7318.16.30	Other, hexagon nuts	kg	30%	Free	10%	Free	30%
7318.16.90	Other	kg	30%	Free	10%	Free	30%
7318.19	Other	kg	15%	Free	Free	Free	15%
7318.2	Non-threaded articles:						
7318.21.10	Spring washers, split or double coiled	kg	10%	Free	10%	Free	10%
7318.21.90	Other	kg	Free	Free	Free	Free	Free
7318.22	Other washers	kg	Free	Free	Free	Free	Free
7318.23	Rivets	kg	30%	Free	Free	Free	30%
7318.24	Cotters and cotter-pins	kg	30%	Free	Free	Free	30%
7318.29	Other	kg	15%	Free	Free	Free	15%

Source: SARS, 2017

5. As shown in Table 1 above, the applied customs duty on the subject products range from free of duty to 30% *ad valorem*.

6. The application was published in the Government Gazette for interested parties to comment on 25 August 2017, as follows:

“Screws, bolts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of stainless steel, classifiable in tariff heading 73.18, in such quantities, at such times and subject to such conditions as the International Trade

Administration Commission may allow by specific permit, provided the Commission is satisfied that the subject goods are not available in the SACU region”.

INDUSTRY AND MARKET

7. The subject products have excellent corrosion resistance, which improves their dependability, compared to carbon steel fasteners. They are corrosion resistant to foodstuffs, sterilizing solutions, most organic chemicals and dyestuffs, and a wide variety of inorganic chemicals. As a result, they are mainly used in highly humid and corrosive environments as in the food production industry, pharmaceutical and electronic industries since they maintain product purity with none or very minimal contamination. They are also used in the boat building industry.
8. The importers of stainless steel fasteners into the SACU market include, amongst others, Fastenright (the applicant) and Rutherford, a subsidiary of Hudaco trading (Pty) Ltd.
9. The domestic manufacturers of carbon steel fasteners in the SACU are also involved in the manufacturing of screw studs and screw studding of stainless steel locally. They include, amongst others, Tel-Screw Products (Pty) Ltd and Ebenhaeser Engineering (Pty) Ltd.
10. The subject products are not manufactured locally.

COMMENTS RECEIVED

11. Support for the application was received from CBC Fasteners (Pty) Ltd, a local manufacturer of carbon steel fasteners, citing that the duty relief sought by the applicant does not affect its business.
12. Support for the application was also received from the Botswana Ministry of Investment, Trade and Industry.

13. The South African Fasteners Manufacturers Association (SAFMA) and the South African Iron and Steel (SAISI) also supported the application, citing that stainless steel fasteners are not manufactured locally, with the exception of screw studs or screw studding, classifiable under tariff subheading 7318.15.35 and 7318.15.37.

FINDINGS

14. The Commission found that the domestic steel fastener industry manufactures predominantly mild steel fasteners and do not currently manufacture the products in question.

15. The duty relief will contribute to a reduction in the cost of manufactured downstream products.

16. The rebate provision will be made subject to an ITAC permit issued in terms of guidelines, rules and conditions.

RECOMMENDATION

17. In light of the foregoing, the Commission recommends the creation of a temporary rebate provision on certain stainless steel fasteners, classifiable under tariff heading 73.18, as follows:

“Screws, bolts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of stainless steel, classifiable in tariff heading 73.18, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the Commission is satisfied that the subject goods are not available in the SACU region”.