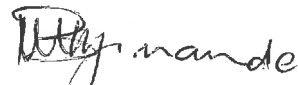


## **REPORT NO. 640**

**CREATION OF A TEMPORARY REBATE FACILITY FOR THE  
IMPORTATION OF TINPLATE**

The International Trade Administration Commission herewith presents its Report No.640:  
**CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF  
TINPLATE**, with recommendations.



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**MELULEKI NZIMANDE**  
**CHIEF COMMISSIONER**

**PRETORIA**

**6/11/.....2020**

# REPUBLIC OF SOUTH AFRICA

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

### REPORT NO. 640

#### CREATION OF A TEMPORARY REBATE FACILITY FOR THE IMPORTATION OF TINPLATE

##### **Synopsis**

On 21 August 2020, the International Trade Administration Commission (“ITAC”) initiated an investigation into the possible creation of a temporary rebate provision for the importation of flat-rolled products of iron or non-alloy steel, clad, plated or coated with tin (“tinplate”), classifiable under tariff subheadings 7210.11, 7210.12.10, 7210.12.90, and 7212.10.

The subject product is a flat-rolled product of iron or non-alloy steel, clad, plated or coated with tin (tinplate). It is an input material and used mainly for the production of packaging materials such as food cans, can ends, larger containers and a range of closures for food processing.

The Commission considered all the relevant information at its disposal. The Commission found that there is currently no manufacturer of tinplate in the SACU region. As such, the applicable customs duty has an unnecessary cost-raising effect on final users of the subject product.

The duty relief, through the creation of a schedule 4 rebate provision, will result in a reduction in production costs and improved competitive position for the domestic industry using tinplate as an input material. The rebate provision will be made subject to an ITAC permit issued in terms of guidelines, rules and conditions.

In light of the foregoing, the Commission recommended that a temporary rebate provision be created for the importation of flat-rolled products of iron or non-alloy steel, clad, plated or coated with tin (tinplate), as outlined in paragraph 16 of this report.

## THE APPLICATION AND TARIFF POSITION

1. On 21 August 2020, ITAC initiated an investigation into the possible creation of a temporary rebate provision for the importation of flat-rolled products of iron or non-alloy steel, clad, plated or coated with tin (“tinplate”), classifiable under tariff subheadings 7210.11, 7210.12.10, 7210.12.90, and 7212.10.
2. The reasons for initiating the investigation are summarised below:
  - The subject products are no longer manufactured in the SACU; and
  - The current duty serves as an unnecessary cost-raising effect on the downstream industry.
3. The current tariff structure of the subject products is shown in table 1 below:

**Table 1: Current tariff structure**

Tariff Heading	Tariff Subheading	Description	Statistical Unit	Rate of duty				
				General	EU	EFTA	SADC	MERCOSUR
72.10		Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated:						
	7210.1	Plated or coated with tin:						
	7210.11	Of a thickness of 0,5 mm or more	kg	10%	Free	Free	Free	10%
	7210.12	Of a thickness of less than 0,5 mm:						
	7210.12.10	Other, of a thickness less than 0,3 mm	kg	10%	Free	Free	Free	10%
	7210.12.90	Other	kg	10%	Free	Free	Free	10%
72.12		Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated:						
	7212.10	Plated or coated with tin	kg	10%	Free	Free	Free	10%

Source: SARS, 2020

4. The subject products attract 10% *ad valorem* and the World Trade Organisation (WTO) bound rate is 10% *ad valorem*.

5. For administrative purposes, the South African Revenue Service (“SARS”) provided the description for requested rebate provisions as follows:

*“Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, of a thickness of 0, 5 mm or more, classifiable in tariff subheading 7210.11, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market;*

*“Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, other, of a thickness less than 0, 3 mm, classifiable in tariff subheading 7210.12.10, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market;*

*“Other flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, other, classifiable in tariff subheading 7210.12.90, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market; and*

*“Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, plated or coated with tin, classifiable in tariff subheading 7212.10, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market.*

6. The application was published in the Government Gazette No. 43632 under Notice No. 446 of 21 August 2020 for interested parties to comment.

## **INDUSTRY AND MARKET**

7. The subject product is a flat-rolled product of iron or non-alloy steel, clad, plated or coated with tin (tinplate). In terms of application, it is an input material, and used mainly for the production of packaging materials, such as food cans, can ends, larger containers and a range of closures for food processing.

8. There is currently no manufacture of the subject product in the SACU region. Up until late 2019, ArcelorMittal Limited (“AMSA”) was the only domestic manufacturer of the subject product, manufacturing the product at its Vanderbijlpark plant in Gauteng province.
9. In December 2019, AMSA ceased its manufacturing of tinplate indefinitely, mainly citing increased low-priced import competition, lack of orders, and unsustainably low levels of capacity utilisation.
10. The known buyers and users of tinplate in the SACU include, amongst others, the following companies:
  - Nampak Divfood, a division of Nampak Products Limited (“Nampak”);
  - Rheem South Africa (Pty) Ltd;
  - SA Steel Pack Solutions (Pty) Ltd;
  - Golden Era Packaging; and
  - Metcan Manufacturing CC.

### **COMPETITIVE POSITION**

11. The temporary rebate provision will contribute to the reduction in the cost of production and improvement in the competitive position of the domestic industry, especially the packaging industry.

### **COMMENTS RECEIVED**

12. Comments in support of the application were received from AMSA, citing that the domestic industry does not manufacture the subject product and, in the event that the subject product becomes available in the domestic market, the rebate provision may be removed.
13. Comments in support of the application were also received from Nampak and Aerosol Manufacturers Association NPC (“Aerosol”). While supporting the application, in principle, these two interested parties maintain that the creation of a rebate provision will add an unnecessary administrative burden to the downstream industry. They are of the opinion that since the subject products are no longer manufactured domestically, the duty should be removed entirely as opposed to the creation of a rebate provision.

## **FINDINGS**

14. The Commission considered all the relevant information at its disposal. The Commission found that there is currently no manufacturer of tinplate in the SACU region. As such, the applicable customs duty has an unnecessary cost-raising effect on final users of the product.
15. The duty relief, through the creation of a schedule 4 rebate provision, will result in a reduction in the cost of production and an improvement in the competitive position of the domestic industry using tinplate as an input material.
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 that a temporary rebate provision be created for the importation of flat-rolled products of iron or non-alloy steel, clad, plated or coated with tin ("tinplate"), classifiable under tariff subheadings 7210.11, 7210.12.10, 7210.12.90, and 7212.10 as follows:
  - *Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, of a thickness of 0, 5 mm or more, classifiable in tariff subheading 7210.11, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market;*
  - *"Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, other, of a thickness less than 0, 3 mm, classifiable in tariff subheading 7210.12.10, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market;*
  - *"Other flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, plated or coated with tin, other, classifiable in tariff subheading 7210.12.90, in such quantities, at such times and subject to such conditions as the International Trade Administration*

*Commission may allow by specific permit, provided the products are not available in the SACU market; and*

- *“Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, plated or coated with tin, classifiable in tariff subheading 7212.10, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, provided the products are not available in the SACU market.*