

DEPARTMENT OF TRADE AND INDUSTRY
NOTICE 709 OF 2015

INTERNATIONAL TRADE ADMINISTRATION COMMISSION
CUSTOMS TARIFF APPLICATIONS
LIST 10/2015

The International Trade Administration Commission (herein after referred to as ITAC or the Commission) has received the following applications concerning the Customs Tariff. Any objection to or comments on these representations should be submitted to the Chief Commissioner, ITAC, Private Bag X753, Pretoria, 0001. Attention is drawn to the fact that the rate of duty mentioned in this application is that requested by the applicant and that the Commission may, depending on its findings, recommend a lower or higher rate of duty.

CONFIDENTIAL INFORMATION

The submission of confidential information to the Commission in connection with customs tariff applications is governed by section 3 of the Tariff Investigations Regulations, which regulations can be found on ITAC's website at <http://www.itac.org.za/documents/R.397.pdf>.

These regulations require that if any information is considered to be confidential, then a non-confidential version of the information must be submitted, simultaneously with the confidential version. In submitting a non-confidential version the regulations are strictly applicable and require parties to indicate:

- Each instance where confidential information has been omitted and the reasons for confidentiality;*
- A summary of the confidential information which permits other interested parties a reasonable understanding of the substance of the confidential information; and*
- In exceptional cases, where information is not susceptible to summary, reasons must be submitted to this effect.*

This rule applies to all parties and to all correspondence with and submissions to the Commission, which unless clearly indicated to be confidential, will be made available to other interested parties.

The Commission will disregard any information indicated to be confidential that is not accompanied by a proper non-confidential summary or the aforementioned reasons.

If a party considers that any document of another party, on which that party is submitting representations, does not comply with the above rules and that such deficiency affects that party's ability to make meaningful representations, the details of the deficiency and the reasons why that party's rights are so affected must be submitted to the commission in writing forthwith (and at the latest 14 days prior to the date on which that party's submission is due).

Failure to do so timeously will seriously hamper the proper administration of the investigation, and such party will not be able to subsequently claim an inability to make meaningful representations on the basis of the failure of such other party to meet the requirements.

1. APPLICATION FOR A REDUCTION IN THE RATE OF CUSTOMS DUTY ON OTHER CANNED MUSSELS IN AIRTIGHT METAL CONTAINERS

The reduction in the rate of customs duty of other canned mussels in airtight metal containers will be through the deletion of tariff subheading 1605.53.20 and the creation of two new tariff subheadings for "smoked" and "other" mussels in airtight metal containers under tariff subheading 1605.53.

APPLICANT:

**M&L Distributors (Pty) Ltd on behalf of:
Shoprite Checkers (Pty) Ltd, Pick n' Pay (Pty) Ltd and
Spar South Africa (Pty) Ltd**
7 Rainbow Close
Rainbow Park
Racecourse Road
Macroni Beam Industria
Cape Town

[Enquiries: Ms. Amina Varachia, Tel: (012) 394 3732, Fax: (012) 934 4732, E-mail: avarachia@itac.org.za or Ms. Khosi Mzinjana, Tel: (012) 394 3664, Fax: (012) 934 4664, E-mail: kmzinjana@itac.org.za]

REASONS FOR THE APPLICATION AS SUBMITTED BY THE APPLICANT:

- There is no local production of canned smoked mussels and the duty brings additional hardship on the smoked mussel consumer.
- The increase in the rate of customs duty has the effect of increasing the retail price of smoked canned mussels. The average selling price will increase by approximately 27% per unit (including VAT), thus making the subject product an expensive protein.
- The tariff amendment for an increase of duties from 5.5c/kg to 25% ad valorem was incorrect in its application.

PUBLICATION PERIOD:

Representations should be submitted to the above address within **four (4) weeks** of the date of this notice.

2. INCREASE IN THE GENERAL RATE OF CUSTOMS DUTIES ON:

"Aluminium extrusions classifiable under tariff heading 7604.21.15; 7604.29.15; and 7604.29.65, from 5% *ad valorem* to 15 % *ad valorem*"

APPLICANT:

Hulamin Extrusions (Pty) Ltd
P O Box 25
Olifansfontein
1665

Enquiries: ITAC Ref: 12/2015, Enquires: Ms Lufuno Maliaga/ Mr Pfarelo Phaswana, Tel: 012 394 3835/3628 or email lmaliaga@itac.org.za/ pphaswana@itac.org.za.

REASONS FOR THE APPLICATION:

The applicant cited, *inter alia*, the following reason:

- i) Eroded local share of extrusion market as imports of the subject products have increased dramatically.
- ii) The import of low priced extrusion products has had a significant impact on the local extrusion manufacturing and this has forced downsizing of local production;
- iii) Since ITAC implemented the 5% *ad valorem* duty in 2011, the domestic capacity has been eroded; and
- iv) Imports are largely high volume fast moving aluminium extrusion sections. The local extruder is left with low volume, slow moving and more complex extrusions to produce, diminishing their ability to achieve economies of scale and optimum manufacturing cost.

PUBLICATION PERIOD:

Representation must be made within **four (4)** weeks of the date of this notice.

3. INCREASE IN THE GENERAL RATE OF CUSTOMS DUTY ON:

"Steel wire rod classifiable under tariff subheadings 7213.91 and 7227.90, from free of duty to 10% *ad valorem*."

APPLICANT:

South African Iron and Steel Institute ("SAISI")
P.O. BOX 6318
Pretoria
0001

Enquiries: ITAC Ref: 09/2014, Enquires: Ms Lufuno Maliaga/ Mr Daniel Thwala, Tel: 012 394 3835/5162 or email lmaliaga@itac.org.za/dthwala@itac.org.za.

REASONS FOR THE APPLICATION:

The applicant submitted, *inter alia*, the following reasons for the application:

- i) Chinese wire rod capacity has continued to expand and it is far outstripping local demand;
- ii) Third-country markets are increasingly unavailable to the Chinese product due to their own domestic oversupply and trade measures against Chinese imports;
- iii) Without any immediate action being taken, the increase in imports from China experienced in the market will increase exponentially. This will further exacerbate the injury already being experienced by the domestic manufacturers;
- iv) The local industry wire rod producers (all primary steel manufacturers) have been at a significant competitive disadvantage compared to the imported product thereby incurring significant injury due to low-priced imports; and
- v) The imposition of tariff protection will assist to restore the competitive position of the local manufacturers, ensuring that end-users have a reliable environmentally sustainable local source of wire rod supply. Also it will curb job losses and restore the economic and financial stability within the value chain.

PUBLICATION PERIOD:

Written representations must be made within **two (2)** weeks of the date of the notice. ITAC has elected to expedite this investigation based on the fact that the steel industry has been designated as an industry in distress by the Minister of Trade and Industry.

4. INCREASE IN THE GENERAL RATE OF CUSTOMS DUTY ON:

Structural steel, classifiable under tariff subheadings 7216.31, 7216.32, 7216.33, and 7216.50, from free of duty to 10% *ad valorem*.

APPLICANT:

Evrax Highveld Steel and Vanadium Corporation (Pty) Ltd
P.O. BOX 111
Emalahleni
1035

Enquiries: ITAC Ref: 13/2015, Enquires: Mr Njabulo Mahlalela/ Mr Pfarelo Phaswana, Tel: 012 394 3684/3628 or email nmahlalela@itac.org.za/ pphaswana@itac.org.za.

REASONS FOR THE APPLICATION:

The applicant submitted the following reasons for the application:

- i) The domestic market is experiencing an increase in low priced imports, forcing the average market price to drop below profitable returns for domestic steel makers;

- ii) The south African steel market is currently facing the worst domestic demand seen in the last 10 years; and
- iii) Primary steel producers in the country are facing increased cost pressures in an already depressed domestic market.

PUBLICATION PERIOD:

Written representations must be made within **two (2)** weeks of the date of the notice. ITAC has elected to expedite this investigation based on the fact that the steel industry has been designated as an industry in distress by the Minister of Trade and Industry.

5. INCREASE IN THE GENERAL RATE OF CUSTOMS DUTY ON:

Steel reinforcing bar classifiable under tariff subheadings 7214.20, 7228.30, and 7228.60, from free of duty to 10% *ad valorem*.”

APPLICANT:

South African Iron and Steel Institute (“SAISI”)
P.O. BOX 6318
Pretoria
0001

Enquiries: ITAC Ref: 10/2015, Enquires: Ms Lufuno Maliaga/ Mr Phaswana Pfarelo, Tel: 012 394 3835/3628 or email lmaliaga@itac.org.za/pphaswana@itac.org.za.

REASONS FOR THE APPLICATION:

The applicant submitted, *inter alia*, the following reasons for the application:

- i) The main aim of the application is to improve the local manufacturers’ competitive position against low-priced imports, especially imports originating from East Asian countries;
- ii) Tariff support would curb further job losses as large retrenchments have already taken place in the industry;
- iii) Tariff support would encourage the local manufactures to continue investing in the local industry and create further employment;
- iv) It would also assist upstream and downstream service and product providers and enable further investment into the industry value chain; and
- v) The total value chain cannot exist without a primary steel producer. It is essential for South Africa to have the benefits of a fully integrated value chain. Without a primary steel producer the iron ore will be exported and the downstream industry will be exposed to international price fluctuations and supply distortions.

PUBLICATION PERIOD:

Written representations must be made within **two (2)** weeks of the date of the notice. ITAC has elected to expedite this investigation based on the fact that the steel industry has been designated as an industry in distress by the Minister of Trade and Industry.

LIST 09/2015 WAS PUBLISHED UNDER NOTICE 909 OF 11 SEPTEMBER 2015.