REPORT NO. 769

CREATION OF A TEMPORARY REBATE PROVISION FOR THE IMPORTATION OF NEW PNEUMATIC TYRES OF A KIND USED ON AGRICULTURAL OR FORESTRY VEHICLES AND MACHINES, HAVING A RIM SIZE OF LESS THAN 91 CM, CLASSIFIABLE UNDER TARIFF SUBHEADING 4011.70.10

The International Trade Administration Commission herewith presents its Report No. 769: **Creation of a temporary rebate provision for the importation of new pneumatic tyres of a kind used on agricultural or forestry vehicles and machines, having a rim size of less than 91 cm, classifiable under tariff subheading 4011.70.10,** with recommendations.

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CHIEF COMMISSIONER

PRETORIA
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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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Synopsis

ITAC received an application from Tubestone (Pty) Ltd (herein referred to as “Tubestone” or “the applicant”), for the creation of a temporary rebate provision for the importation of new pneumatic tyres of a kind used on agricultural or forestry vehicles and machines, having a rim size of less than 91cm, classifiable under tariff subheading 4011.70.10 citing that the subject products are not manufactured in the domestic industry.

The Commission considered the application in light of all the relevant information available at its disposal. In particular, the Commission took the following factors into account:

- The subject product forms part of the automotive industry which remains an important pillar of South Africa’s industry landscape and contributes immensely to job creation as well as economic growth;

- Under the SAAM 2035, government’s vision for the domestic automotive industry is for it to become globally competitive and transformed and for the industry to actively contribute to the sustainable development of South Africa’s productive economy, creating prosperity for industry stakeholders and broader society;

- The subject pneumatic tyres are mainly used for fitment on tractors and harvesters in the agricultural and forestry sectors;

- The applicant previously applied for a reduction in the general rate of customs duty on the subject products and was advised to consider applying for the creation of a temporary rebate provision instead. This was intended to preserve the potential for future manufacturing activity of the subject tyres in the SACU region;

- There are currently no known manufacturers of tyres of a kind used on agricultural or forestry vehicle and machines in the SACU region. The duty serves as an unnecessary cost-raising effect to users of the subject products in the agricultural sector;

- Should the creation of a rebate provision be provided, the duty savings will be passed down to the end-consumer in the form of price reductions;

- The Commission determined that all parties applying for a rebate permit must submit price undertaking to ensure that tariff relief results in price reduction for the agricultural sector; and

- The temporary rebate provision will be made available subject to a rebate permit issued at such times, in such quantities, and subject to such conditions as ITAC may allow by permit, provided the products are not available in the SACU market.

The Commission concluded that the creation of the proposed temporary rebate provision would not harm the domestic industry manufacturing tyres given that it does not manufacture new pneumatic tyres of a kind used in agricultural or forestry vehicles and machines, having a rim size of less than 91 cm. The Commission recommended the creation of a temporary rebate provision for the importation of the subject products.

THE APPLICATION AND TARIFF POSITION

1. ITAC received an application from Tubestone (Pty) Ltd (herein referred to as "Tubestone" or "the applicant"), for the creation of a temporary rebate provision for the importation new pneumatic tyres of a kind used on agricultural or forestry

vehicles and machines, having a rim size of less than 91cm, classifiable under tariff subheading 4011.70.10.

2. The applicant is an importer and a distributor of tyres for passenger cars and medium and heavy vehicles. Tubestone is headquartered in Bellville, in the Western Cape Province, with branches throughout the country including Durban, Gqeberha, Kempton Park, and Bloemfontein, and a presence in Namibia and Zimbabwe.

3. The company was established as an importer and distributor of tubes and flaps. The product range offering was extended to include off-the-road (“OTR”), industrial, agricultural, implement, truck and passenger tyres.

4. As motivation for the application, the applicant cited, *inter alia*, the following:

   - There are no local manufacturers of the subject products nor any other suitable substitutes in SACU with the last domestic manufacturer ceasing the manufacture of agricultural tyres in 2020;

   - Consequently, local demand for the subject products is satisfied through imports. The customs duty applicable to the subject products results in additional cost to the agricultural sector as agricultural tyres are mainly used for off-road tractors, which in turn adds needless cost to consumers of foodstuffs; and

   - The duty also erodes the competitiveness of food products for the export market. This is especially relevant in the current economic climate. The duty also disproportionately impacts on the most vulnerable consumers in the SACU region.

5. The application was published in the Government Gazette No. 53364 under Notice No. 3497 of 2025 on 18 September 2025 for a period of four (4) weeks for interested parties as follows:

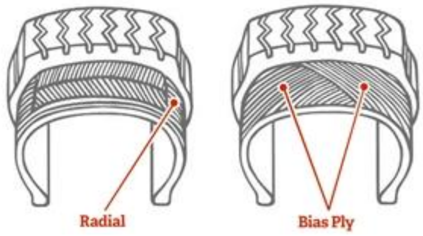
   “Creation of a temporary rebate provision on: New pneumatic tyres of a kind used in agricultural or forestry vehicles and machines, having a rim size of less than 91 cm, classifiable under tariff subheading 4011.70.10, in such

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.”

DISCUSSION

6. The products subjects to the investigation are new pneumatic tyres of a kind used on agricultural or forestry vehicles and machines, having a rim size less than 91 cm. The products subject to the investigation include both radial and bias tyres.

7. Figures 1, 2 and 3 below depict examples of the subject products.

Figure 1: Example of subject product	**Figure 2: Example of subject product**	**Figure 3: Example of subject product fitted on vehicle**
		
Source: Applicant, Pinehill trailers, (2025)		

8. The raw materials used in the manufacture of the subject products include synthetic rubber, natural rubber, fabric, wire, carbon black and other compound chemicals. Contained in the tyre are a series of plies of cords that act as enforcement. Without this, a tyre would be flexible and weak.

9. The difference between radial and bias tyres is that the construction of a radial tyre allows the sidewall and the tread to function as two independent features of the tyre. As a result, radial tyres have less soil compaction, run cooler, have a longer tread life, and have a stronger overall construction.

10. By contrast a bias tyre consists of multiple rubber plies overlapping each other. The crown and sidewalls are interdependent. The tyre is less flexible and more sensitive to overheating but has a stronger sidewall and is the preferable choice for rocky and uneven surfaces. Bias tyres are usually less expensive.

11. The subject products are mainly used for fitment on agricultural machinery such as tractors and harvesters.

12. Table 1 below shows the current tariff structure of the subject products.

Table 1: Current tariff position for the subject product

Tariff heading	Tariff subheading	Description	UoM	Rate of duty					
				General	**EU/UK**	**EFTA**	**SADC**	**MERCOSUR**	**AfCFTA**
40.11		**New pneumatic tyres, of rubber:**							
	4011.70	**Of a kind used on agricultural or forestry vehicles and machines**							
	4011.70.10	Having a rim size of less than 91 cm	u	20%	10%	10%	free	20%	10%

Source: SARS, 2026

13. The subject products attract an ordinary rate of customs duty of 20% *ad valorem* when imported under general and the MERCOSUR region. The products attract a duty of 10% *ad valorem* imported under the AfCFTA, the EU/UK and EFTA regions and free of duty from SADC. The WTO bound rate is 20% *ad valorem.*

14. The subject products reside in the automotive sub-sector of the economy. In terms of industrial policy, the automotive industry remains an important pillar of South Africa's industry landscape, which contributes to job creation as well as economic growth. According to the SA Automotive Trade Manual, (2025) the total automotive sector contributed about 5.2% of GDP in 2024 and 22.6% to the manufacturing output.

15. Government's policy for the automotive sector is expressed through the South African Automobile Master Plan 2035 ("SAAM 2035") and its vision intends to achieve a globally competitive and transformed industry that actively contributes to the sustainable development of South Africa's productive economy, creating prosperity for industry stakeholders and broader society.

16. However, the products subject to the investigation are currently not catered for under the Automotive Production and Development Programme Phase 2 (APDP2) as they are for fitment on vehicles that do not qualify in terms of the programme.

17. There are currently no known manufacturers of tyres of a kind used on agricultural or forestry vehicles and machines in the SACU region. Bridgestone closed down its operations in Gqeberha in the Eastern Cape in 2020, where it manufactured bias tyres for medium and heavy motor vehicles including the subject product.

18. The production line was stopped due to Bridgestone having a reduced domestic market share as a result of a shift to modern technologies in the tyre production industry and changes in local demand pattern.

19. The known importers of the subject products include: Treadzone (Pty) Ltd; Reivilo Industrieel (Pty) Ltd; Apollo Tyres Africa Pty Ltd; Yokohama South Africa; Tubestone (Pty) Ltd; Auto & Truck Tyres (Pty) Ltd; Mazeppa Export Corporation (Pty) Ltd; John Deere Pty Ltd; Valley Irrigation of Southern Africa ("Valley Irrigation").

20. Domestic demand for the subject product fluctuated during the period of investigation (2022 to 2024) initially declining in 2023 due to persisting drought conditions in parts of the Eastern Cape, Western Cape, Free State and North West regions. These led to lower consumption of capital inputs.

21. The domestic industry importing the subject product also experienced increased competition from low-priced imports originating from Asia.

22. Imports of the subject product mainly originated from India and China which accounted for an average of 89 per cent of total imports while those from the United States of America accounted for an average of 2 per cent total imports. Imports originating from the rest of the world accounted for approximately 9 per cent of total imports.

23. During the period under review, imports of the subject products increased in overall with a decline in 2023 due to droughts that led to lower consumption of capital inputs.

24. The applicant invested in equipment and machinery such as forklifts, storage shelfs, tyre storage cages and tools required for wheel alignment.

25. Should the rebate be supported, the applicant committed to pass the duty savings to consumers by reducing selling prices of the subject products.

26. The Commission will require that all parties applying for a rebate permit must submit pricing commitments to ensure that ITAC secures price reduction commitments from the entire industry and that tariff relief has the effect of reducing prices for agricultural industry.

Comments received

27. Previously, ITAC considered an application for the reduction in customs duties on the subject product. The investigation was withdrawn, and the applicant opted to submit a rebate application.

28. During the investigation for the reduction of customs duties, comments were received from Grain SA; National Association of Automotive Component and Allied Manufacturers (“NAACAM”); National Association of Automobile Manufacturers of South Africa (“NAAMSA| the Automotive Business Council)”; Goodyear SA; and South African Tyre Manufacturers Conference (“SATMC“).

29. The comments had no objections to the reduction in duties citing *inter alia* that there is no local manufacturing of tractor tyres. The tariffs place an unnecessary burden on consumers and raise staple food production costs. Requests were made for periodic reviews to assess the impact on market, jobs, investment, and sector growth and for reciprocity commitments from beneficiaries of the tariff reduction.

30. NAACAM and SATMC did not submit any comments to the application for the creation of a temporary rebate provision.

31. Folloowing the publication comments supporting the creation of a temporary rebate provision were received from Valley Irrigation (Pty) Ltd and Grain SA which centred around that the imports of pneumatic tyres are used for assembly of precision irrigation systems and in the agricultural industry. The rebate in customs duty would lower input costs, enabling savings to be passed on to the agricultural industry.

32. Bridgestone submitted comments objecting to the creation of a rebate provision citing that the rebate provision would create a competitive distortion; that there is lack of reciprocity between India and South Africa; and that the rebate has the potential to affect local manufacturing activity.

33. Bridgestone submitted that removing all duties would erase the price differential between European and Indian exporters, disadvantaging companies sourcing the subject product from Europe and distorting the existing market balance.

34. In this regard, duty rebates for Indian-manufactured tyres could reduce domestic profitability, discourage future investment potential and threaten long-term sustainability of South Africa’s tyre manufacturing sector.

35. Furthermore, allowing duty-free Indian tyres into South Africa without reciprocal access undermines fair-trade principles and disadvantages South African manufacturers.

36. During stakeholder engagements, Bridgestone reiterated that its overall performance in the country, and by extension the performance of its domestic production, is dependent on its ability to offer a competitively priced basket of tyre products to its retail clients. In this regard, its strategy includes sourcing tyres that it does not produce domestically from the EU at 10% duty and using these to offer a lower priced basket of tyres, which basket includes locally manufactured tyres.

37. Bridgestone highlighted that reducing the duties on tyres that are not manufactured locally, would make imports from other regions more competitive as their duty savings would be higher. This improvement in competitiveness would lower its basket’s relative-competitiveness and ultimately result in lower sales including sales of locally manufactured tyres.

38. The applicant responded to assertions by Bridgestone contending that their comments had no substantive merits and only sought to ensure that it has more favourable terms for its own imports compared to competing imports and presented no verifiable evidence on how this would support its domestic manufacturing activities.

39. Furthermore, introducing the rebate provision would level the playing field and reduce the cost of agricultural tyres in an environment where no local alternatives exist, thereby easing cost pressures on the agricultural sector, supporting food security, and protecting vulnerable consumers in SACU from unnecessary price inflation.

40. The Commission concluded that since agricultural tyres are not manufactured in the SACU region, and the industry showed no short-term prospect of future

manufacturing activity, the duty has an unnecessary cost raising effect on agricultural producers.

FINDINGS

41. The Commission considered the application in light of all the relevant information available at its disposal. In particular, the Commission took the following factors into account:

- The subject product forms part of the automotive industry which remains an important pillar of South Africa's industry landscape and contributes immensely to job creation as well as economic growth;

- Under the SAAM 2035, government's vision for the domestic automotive industry is for it to become globally competitive and transformed and for the industry to actively contribute to the sustainable development of South Africa's productive economy, creating prosperity for industry stakeholders and broader society;

- The subject pneumatic tyres are mainly used for fitment on tractors and harvesters in the agricultural and forestry sectors;

- The applicant previously applied for a reduction in the general rate of customs duty on the subject products and was requested to consider applying for the creation of a temporary rebate provision instead. This was intended to preserve the potential for future manufacturing activity of the subject tyres in the SACU region;

- There are currently no known manufacturers of tyres of a kind used on agricultural or forestry vehicle and machines in the SACU region. The duty serves as an unnecessary cost-raising effect to users of the subject product in the agricultural sector;

- Should the creation of a rebate provision be provided, the duty savings will be passed down to the end-consumer in the form of price reductions;

- The Commission determined that all parties applying for a rebate permit must submit price undertaking to ensure that tariff relief results in price reduction for the agricultural sector; and

- The temporary rebate provision will be made available subject to a rebate permit issued at such times, in such quantities, and subject to such conditions as ITAC may allow by permit, provided the products are not available in the SACU market.

42. The Commission concluded that the creation of the proposed temporary rebate provision would not harm the domestic industry manufacturing tyres given that it does not manufacture new pneumatic tyres of a kind used in agricultural or forestry vehicles and machines, having a rim size of less than 91 cm and would preserve the potential for future manufacturing activity of the subject tyres in the SACU region.

RECOMMENDATION

43. In light of the foregoing, the Commission recommended the creation of a temporary rebate provision on new pneumatic tyres of a kind used in agricultural or forestry vehicles and machines, having a rim size of less than 91 cm, classifiable under tariff subheading 4011.70.10.