

Mr Parks Tau
Minister of Trade, Industry and Competition
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PRETORIA
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Dear Minister Tau

ADDENDUM TO REPORT NO. 735: INCREASE IN THE GENERAL RATE OF CUSTOMS DUTY ON CONICAL STEEL DRUMS, OF STEEL, OF A CAPACITY OF 210 LI OR MORE BUT NOT EXCEEDING 234 LI, CLASSIFIABLE UNDER TARIFF SUBHEADING 7310.10.90

INTRODUCTION

1. Peninsula Drums (Pty) Ltd applied for an increase in the general rate of customs duty on conical steel drums, of steel, of a capacity of 210 li or more but not exceeding 234 li, classifiable under tariff subheading 7310.10.90, from free of duty to the WTO bound rate of 15% *ad valorem*.
2. The application also sought the deletion of tariff subheading 7310.10.10 that provides for steel drums of a capacity of 235 li or more, and the creation of a new tariff subheading for conical steel drums of a capacity of 210 li or more.
3. For administration purposes, the South African Revenue Service (“SARS”) initially provided the following description:

“Conical steel drums, of steel, of a capacity of 210 li or more but not exceeding 234 li, classifiable in tariff subheading 7310.10.90, by the deletion of tariff subheading 7310.10.10 that provides for conical steel drums of a capacity of 235 li or more and the creation of a new 8-digit tariff subheading for conical steel drums of a capacity of 210 li or more”.
4. The Commission recommended that the general rate of customs duty on conical steel drums, of steel, of a capacity of 210 li or more but not exceeding 234 li, classifiable under tariff subheading 7310.10.90, be increased from free of duty to the WTO bound rate of 15% *ad valorem*.
5. The Commission arrived at its conclusion based on the tariff description provided to the applicant by SARS as shown in paragraph 4 above.

6. ITAC Report No. 735, containing the Commission's recommendation was forwarded to the Minister of Trade, Industry and Competition ("the Minister") and subsequently, the Minister approved the Commission's recommendation on 29 April 2025.
7. ITAC Report No. 735 was forwarded to the Minister of Finance for consideration and implementation through SARS.
8. Whilst processing the Commission's recommendation for implementation, SARS established that the two tariff subheadings, 7310.10.10 and 7310.10.90 are subject to different liberalisation provisions under the African Continental Free Trade Agreement (AfCFTA).
9. Specifically, Article 7(2) (Import Duties) of Part III (Liberalisation of Trade) of the Agreement on the Liberalisation of Trade states:

"For products subject to liberalisation, State Parties shall not impose any new import duties or charges having equivalent effect on goods originating from the territory of any other State Party, except as provided for under this Protocol."
10. Currently, tariff subheading 7310.10.10 provides for a 9% *ad valorem* duty and tariff subheading 7310.10.90 is free of duty under the respective AfCFTA columns.
11. According to SARS, and in line with the provisions of Article 7(2) referenced above, implementing the Commission's recommendation in its current form would imply that the import duty applicable to imports of the subject product under the AfCFTA column in the newly created 8-digit tariff subheading 7310.10.xx would have to be reduced to free of duty instead of the current 9% duty as under the AfCFTA no new duty may be implemented for products currently classifiable under tariff subheading 7310.10.90.
12. However, during its deliberation, the Commission did not consider and, consequently, did not approve reducing the rate of customs duty applicable under the AfCFTA column for tariff subheading 7310.10.10 from the current 9% *ad valorem* to free of duty, as would be the case should the Commission's recommendation be implemented in its current form.
13. Moreover, the SACU member states did not agree to fully liberalising trade under tariff subheading 7310.10.10 in the tariff offer extended to other trade partners during the negotiations under the AfCFTA.

14. As such, proceeding with the implementation of the Commission's recommendation in its current form may have unintended consequences for future protection of the domestic industry against imports under tariff subheading 7310.10.10 originating from trade partners under the AfCFTA and therefore cannot be implemented in its current form.

15. Consequently, SARS and ITAC worked together to develop a new tariff description to ensure that the Commission's recommendation to increase the rate of customs duty on Conical steel drums of a capacity of 210 li or more but not exceeding 234 li, classifiable under tariff subheading 7310.10.90, from free of duty to 15% *ad valorem*, is implemented without an adverse impact on the existing tariff structure for the products classifiable under tariff subheading 7310.10.10, as outlined above.

16. The updated tariff description provided by SARS is as follows:

“Conical steel drums of a capacity of 210 li or more but not exceeding 234 li, classifiable under tariff subheading 7310.10.90, by the creation of an 8-digit tariff subheading for the said goods”.

FINDINGS

17. During its meeting of 08 July 2025, the Commission considered the updated tariff description provided by SARS in light of the developments regarding the implementation of its recommendation contained in Report No. 735.

18. The Commission found that -

- i. The current tariff structure for tariff subheading 7310.10.10, which provides for “Conical steel drums of a capacity of 235 li or more”, will be maintained as it was not envisaged that deleting this subheading as per the description initially provided by SARS would affect the rate of duty in terms of the AfCFTA.
- ii. The Commission's recommendation in Report No. 735 will be implemented through the creation of a separate 8-digit tariff subheading for Conical steel drums of a capacity of 210 li or more but not exceeding 234 li.
- iii. The updated tariff description fully covers the Commission initial intention to provide protection against imports of Conical steel drums of a capacity of 210 li or more but not exceeding 234 li classifiable under tariff subheading 7310.10.90.

iv. Implementing the Commission's recommendation to increase the rate of customs duty on Conical steel drums of a capacity of 210 li or more but not exceeding 234 li based on the updated description will be done without necessitating the reopening of the investigation.

19. Specifically, the Commission's decision to amend Report No. 735, is in terms of Section 48(a) of ITA Act, which provides that *inter alia* "the Commission may vary or rescind a recommendation or decision in which there is an obvious error or omission, but only to the extent of correcting that error or omission", and support the application for an increase in the general rate of customs duty on conical steel drums, of steel, of a capacity of 210 li or more but not exceeding 234 li, classifiable under tariff subheading 7310.10.90, from free of duty to the WTO bound rate of 15% *ad valorem*, by way of the creation of a new 8-digit tariff subheading. The recommendation contained in Report No. 735 is, therefore, being varied through an addendum to the report.

PROPOSAL

20. In light of the foregoing, it is proposed that the Minister consider the amendment of Report No. 735 to correct a technical error, which varies the Commission's initial recommendation.



Mr. Ayabonga Cawe
Chief Commissioner

Date: 26 September 2025