

Report No.780

INVESTIGATION INTO THE EXTENSION OF A SAFEGUARD MEASURE ON IMPORTS OF THREADED FASTENERS OF IRON OR STEEL, CONSISTING OF BOLT ENDS & SCREW STUDS, SCREW STUDDING AND OTHER HEXAGON NUTS (EXCLUDING THOSE OF STAINLESS STEEL AND THOSE IDENTIFIABLE FOR AIRCRAFT PRODUCTS), CLASSIFIABLE IN SUBHEADINGS 7318.15.41, 7318.15.42 AND 7318.16.30: FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 780: INVESTIGATION INTO THE EXTENSION OF A SAFEGUARD MEASURE ON IMPORTS OF THREADED FASTENERS OF IRON OR STEEL, CONSISTING OF BOLT ENDS & SCREW STUDS, SCREW STUDDING AND OTHER HEXAGON NUTS (EXCLUDING THOSE OF STAINLESS STEEL AND THOSE IDENTIFIABLE FOR AIRCRAFT PRODUCTS), CLASSIFIABLE IN SUBHEADINGS 7318.15.41, 7318.15.42 AND 7318.16.30: FINAL DETERMINATION**



AYABONGA CAWE
CHIEF COMMISSIONER

PRETORIA

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**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA**

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IMPORTS OF THREADED FASTENERS OF IRON OR STEEL, CONSISTING OF
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SYNOPSIS

On 27 February 2026, the International Trade Administration Commission of South Africa (“the Commission”) initiated an investigation into the extension of safeguard duty against increased imports of threaded fasteners of iron and steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft products) (“the subject products”) through Notice Number 3802, which was published in *Government Gazette* Number 54221.

The application was lodged by the South African Fasteners Manufacturers’ Association (“SAFMA”) on behalf of its members. SAFMA members constitute more than 80% of the total SACU industry by production volumes.

On initiation of the investigation, the World Trade Organisation (“WTO”) and countries, exporters and importers with a significant interest in the exports/imports of the subject products were notified of the initiation of the investigation.

Interested parties responded by submitting comments on the initiation of the investigation, which were taken into consideration in making a final determination.

On 20 April 2026, the Commission sent out essential facts letter to interested parties, informing them of the “essential facts” which were being considered by the Commission, and invited comments from interested parties on those “essential facts” for the Commission’s consideration prior to making a final determination.

After considering all interested parties’ comments received, the Commission made a final determination that:

- The expiry of the safeguard measure (“the duty”) is likely to lead to the recurrence of serious injury; and
- There is evidence that the SACU industry is adjusting.

The Commission made a final determination to recommend to the Minister of Trade, Industry, Competition (“the Minister”) that the safeguard duty against imports of the subject products be extended for a period of three years as per table 7(b) on page 62 of this report, excluding imports originating from developing WTO member countries that meet the requirements for the exclusion.

The Commission made a final determination to recommend to the Minister that the safeguard duties be phased down by 2% every 12 months over the next three years as per table 7(a) on page 61 of this report.

The Commission made a final determination to recommend to the Minister that the safeguard duties be listed in the “rebate item” column in Schedule No. 2 to the Customs and Excise Act, and therefore may not be imported under rebate of customs duty without the payment of safeguard duties without a recommendation from the Commission, with effect from the date of the publication.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002, the International Trade Administration Commission Amended Safeguard Regulations (“SGR”) and giving due regard to the World Trade Organisation (“WTO”) Safeguard Agreement, as well as the guidelines and conditions relating to the extension of safeguard measures. The guidelines were published in the Government Gazette No. 43636 on 21 August 2020.

1.2 APPLICANT

The application was lodged by the SAFMA, a representative organisation for the SACU industry, on behalf of its members. SAFMA members constitute more than 70% by production volume of the SACU industry. CBC Fasteners (Pty) Ltd, Impala Bolt and Nut (Pty) Ltd, and T&I Chalmers provided serious injury information, together representing more than 50% of the domestic industry’s production volume.

1.3 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that the expiry of the safeguard duty will likely lead to a recurrence of serious injury in the form of:

- Increase in imports;
- Decline in sales volume;
- Declines in gross and net profit;
- Decline in output;
- Decline in market share; and
- Decline in capacity utilisation.

The Applicant further alleged that the SACU industry is adjusting.

1.4 INVESTIGATION PERIOD

The data evaluation for purposes of determining the likelihood of recurrence of serious injury information was from 01 May 2022 to 29 April 2025, plus estimates should the safeguard duty lapse for the periods 01 May 2026 to 30 April 2027 and 01 May 2027 to 30 April 2028, should the safeguard measures lapse.

1.5 INVESTIGATION PROCESS

1.5.1 The serious injury information was verified from 16 – 23 January 2026.

1.5.2 The application was accepted as being properly documented on 20 February 2026.

1.5.3 The investigation was initiated on 27 February 2026.

1.5.4 On 27 February 2026, interested parties were provided with an initiation pack, which included the non-confidential application and the initiation notice. The deadline for responses to the Commission's initiation was 23 March 2026

1.5.5 Interested parties known to the applicant are:

- BMG;
- Bolt fast;
- Boltworld (Pty) Ltd;
- All Trade/Rutherford;
- Fuji Fasteners Manufacturing
- Joes Fasteners;
- National Socket Screws;
- Pro-Tech;
- Screw Distributors;
- Shenka;
- Supa Fix;
- Shanghai Fasteners Manufacturing Co. Ltd;
- Changshu Standard Co Ltd;
- Beilum Hardware Factory;
- Ningbo Ningli High-Strength Fasteners Co Ltd;
- Jiangsu Standard Fasteners Co;

- Shanghai Fasteners Import & Export Co Ltd;
- XYLX Xinghi Fasteners;
- Chite Enterprises Co Ltd, Taiwan;
- Newill Co Ltd, Kaosiung;
- Rei-lin Solid Brass Co Ltd;
- Kaohsiung;
- San Shing Fastech Corp;
- Shih Hsang Ywa Industries; and
- Kao Fen Bolt Co Ltd.

1.5.6 The following countries were identified as having a substantial interest as exporters of the subject products to the SACU:

- Belarus;
- Belgium
- China;
- Germany;
- India;
- Indonesia;
- Singapore;
- Thailand;
- Taiwan;
- Vietnam;
- Malaysia;
- United States of America.
- Turkey;
- Italy
- South Korea
- Spain
- Japan;
- Philippines; and
- France.

1.5.7 The following interested parties responded and provided comments to the initiation notice which were considered for in the preliminary report:

- The Kingdom of Thailand;
- NSS;
- Komatsu;
- FDA; and
- Applicant.

1.5.7.1 Comments from the Kingdom of Thailand

- (i) The Kingdom of Thailand requested that the investigation be conducted in full compliance with the WTO Agreement of Safeguards. It argued that the application to extend the safeguard measures lacks transparency, sufficient data, and a legally sufficient basis for extension, and fails to enable verification or demonstrate that the required conditions for an extension have been met. The application relies on conclusory statements rather than concrete data such as import figures, market share, pricing trends, capacity utilization, profitability, or non-attribution analysis.
- (ii) The Kingdom of Thailand argued that the Applicant's own evidence points to non-import factors such as declining employment during the safeguard period, AMSA's Newcastle plant closure, and thus independent upstream supply side constraints. The industry's difficulties must also be viewed within the broader South African electricity crisis. It contends that these factors should be separately assessed under Article 4.2(b) of the WTO Safeguard Agreement, and that the application does not clearly demonstrate a proper non-attribution analysis, including in relation to imports from Thailand.
- (iii) The Kingdom of Thailand stated that its country's exports to South Africa declined by 21.6% between 2024 and 2025, with market share falling from 4.5% to 2.23%. Thailand's imports represent a small and declining share of the market, so they are unlikely to be causing injury. Other major exporting countries' imports have increased, suggesting that the alleged

injury is thus attributable to imports from these countries rather than imports from Thailand.

- (iv) Based on the lack of concrete evidence, a declining Thai import share, reliance on projections, and failure to account for other factors, the extension of the safeguard measure is unjustified. Thailand requests that the investigation into extending safeguards be terminated.

Commission's consideration

- (i) *The investigation is conducted according to the relevant domestic and international regulatory frameworks. The complete non-confidential application was made available to all interested parties, setting out the full injury trends. The import data clearly indicates that imports of the subject products increased over the period of investigation, while the SACU industry was already experiencing declines in certain injury indicators. This is in contrast to the period following the imposition of the original safeguard measures, during which the SACU industry experienced overall positive growth. Accordingly, the application is based on concrete data, supported by an analysis of broader economic trends in the steel industry.*
- (ii) *Non-import factors cited, such as AMSA's announcement in January 2025, did not materially impact on SACU industry during the period of investigation, as the POI ended in April 2025 and AMSA's plant closure occurred later. The industry's proactive sourcing of alternative suppliers further supports its viability. The application demonstrated that employment declines coincided with periods of increased imports, indicating that reduced employment is attributable to import pressures. While electricity prices rose, this does not undermine the financial evidence of injury or the likelihood of its recurrence*
- (iii) *It should be noted that import trends are assessed on a cumulative or aggregated basis and that ASR 21.18 provides that only developing countries meeting specific criteria may be excluded from the measure. However, whether one country's imports declined, if such imports are still at high levels when cumulatively assessed with all other countries and do*

not meet the criteria for exclusion such imports will be subject to measures.

- (iv) *The Amended Safeguard Regulations require that, in an extension investigation, the Commission assess whether the industry is adjusting and whether serious injury is likely to recur. Injury does not need to be present at the time of assessment, but evidence should indicate its likelihood. Based on the information available, the Commission found that the Applicant provided prima facie evidence showing that the expiration of safeguard duties would likely lead to a recurrence of injury.*

Response by Applicant to comments made by the Kingdom of Thailand

Thailand claims its import share to South Africa declined from 4.52% to 2.23%, but as a developing country under the Safeguard Regulations, it was initially included because its share exceeded the 3% threshold. Once this threshold is met, there is no legal basis to re-exclude a country during a measure's extension. The source of injury is irrelevant, as the SGR preamble mandates that safeguard measures apply to imports from all countries, even if serious harm originates primarily from one.

1.5.7.2 Comments from the FDA

- (i) The FDA opposes SAFMA's request to extend safeguard duties on imported fasteners, arguing that such measures are intended to provide only temporary relief while an industry adjusts to competition. In this case, the industry has already benefited from roughly six to seven years of protection (seven when provisional payments are taken into account), and the proposed extension would push this to about nine years, which the FDA considers excessive and contrary to the purpose of safeguards. Despite extended protection, the Applicant's submissions indicate that the industry has not adjusted to compete effectively, suggesting the safeguard has become a reliance while underlying inefficiencies and supply constraints remain unresolved.
- (ii) In addition, the FDA highlighted that factors other than imports are contributing significantly to the industry's difficulties. These include

disruptions in raw material supply, particularly following the closure of ArcelorMittal Newcastle, as well as competitive dynamics within the domestic market itself. Performance varies across firms, suggesting that some of the observed “injury” may be due to internal competition rather than import pressure. For example, SA Bolt and Impala B&N recording increases in volumes before moderating, while others like CBC experienced declines, particularly in hexagon nuts. A similar trend is observed in threaded rod, where T&I Chalmers’ volumes increased as SA Bolt and Impala B&N declined. Notably, Impala’s production rose sharply from 100 to 4,272 units before easing to 2,874, coinciding with a decline in T&I Chalmers’ output. This pattern suggests that intra-industry competition, rather than imports alone, has played a significant role in influencing performance outcomes, which weakens the required causal link between imports and harm under WTO rules.

- (iii) Public interest considerations require ITAC evaluating impacts across the full value chain, where downstream industries, such as construction, mining, and manufacturing account for the majority of employment. According to SEIFSA, about 90% of the sector’s 362,871 jobs are in downstream industries, which have also borne over 60% of job losses since the 2008 peak of 577,507. Safeguard duties increase input costs that are passed through the value chain, reducing competitiveness, raising project costs, and risking further job losses in these employment-intensive sectors. Consequently, extending safeguards may disproportionately burden downstream industries, undermining overall economic efficiency and conflicting with the broader public interest.
- (iv) The application revealed that some SAFMA members, particularly Impala Bolt and Nut and Chalmers Industries, also import the subject product, with Impala recording significant increases in import volumes. Although SAFMA characterises these imports as minimal, they are material and should be included in the overall analysis of import trends. This complicates the causation assessment, as the applicants themselves contribute to import volumes, raising questions about attributing injury solely to imports and the fairness of imposing safeguard measures on other market participants for similar conduct. The domestic industry acknowledges that it cannot produce

the full range of fasteners required, with imports necessary to address cost, capacity, and technical limitations. These gaps indicate that certain products cannot realistically be supplied locally. Accordingly, the FDA argues that, if safeguards are extended, product-specific exemptions should be granted for items not manufactured in SACU, as applying duties to such products would raise costs for downstream users without benefiting domestic producers. The FDA is preparing a list of products to be exempted from the safeguard due to domestic production limits and will provide it to ITAC later.

- (v) The FDA proposed expanding Rebate Item 460.15 to cover all fastener products not manufactured locally or unavailable in required specifications, beyond its current narrow scope. This expansion should operate at a broader four-digit tariff level and explicitly include Schedule 2 duties, ensuring effective duty relief where domestic supply is constrained. In its current form, the rebate is limited in scope and application.

Commission's consideration

- (i) *The Commission's Amended Safeguard Regulations (ASR) provide for the extension of safeguard measures for a period of up to six years, where the Commission determines that injury is likely to recur and that the industry is undergoing adjustment, for a total safeguard duty period of 10 years for developing countries. These criteria were met by the Applicant. The SACU industry was on a positive adjustment path following the imposition of the original measures. During the first extension, information available to the Commission indicated that the industry experienced positive financial performance and growth in key adjustment indicators. However, this progress appears to be reversing due to the increase in imports of the subject products. Notwithstanding this, the industry has made significant investments from 2022 to the present to enhance its performance.*
- (ii) *While the closure of AMSA Newcastle posed an additional challenge, it did not significantly affect the industry during the period of investigation ("POI"). Post-POI, the industry has mitigated this challenge by sourcing primarily from alternative local suppliers. Therefore, claims that raw material supply disruptions are the main cause of the SACU industry's situation are unfounded. Intra-industry competition is normal and beneficial, and injury*

assessments are conducted at the aggregate industry level to account for fluctuations and provide an accurate overall trend of industry performance, rather than focusing on individual companies. Furthermore, it is established that the market share of imports increased while that of the SACU industry declined during the POI.

- (iii) It should be noted that public interest considerations were addressed during the original investigation, and such considerations are not a requirement in an extension investigation. While duties generally raise costs for importers, the purpose of safeguard duties is to protect the domestic industry from injury caused by substantial increases in fairly traded imports. Extensions are granted only when the Commission determines that serious injury is likely to recur and that the industry is actively adjusting. The Applicant has met both criteria, prompting the Commission to act accordingly. Concerns about higher costs to downstream industries, although not unjustified, fail to recognize that a weakened domestic fastener sector would ultimately threaten supply stability and economic competitiveness.*
- (iv) SAFMA members' own imports do not negate the need for safeguard measures, and product-specific exemptions can cover items not produced locally. SAFMA has not claimed inability to supply most subject products; only certain Automotive OEM products require advanced specifications that they cannot yet produce, though they are investing in machinery to do so, reflecting the industry's increased investment in these products. The FDA's refusal to support extending safeguard duties on imported fasteners disregards the ongoing challenges faced by the domestic industry. Safeguards are intended to prevent serious injury and recurrence of such injury, and the WTO rules allow extensions when injury persists. The industry has made significant investments in facilities, technology, and efficiency, and while full adjustment has not yet been achieved, removing protection prematurely would jeopardize these gains.*
- (v) There is no evidence that FDA members have made use of the rebate item. However, FDA members are aware that if the local industry cannot produce the relevant products, they are welcome to apply to ITAC for rebates. There are specific guidelines published relating to this rebate that the FDA members can also peruse.*

1.5.7.3 Comments from Komatsu

- (i) Komatsu indicated that it requires specialised threaded rods and nuts for maintenance and aftermarket servicing of large mining machinery, which are bespoke products meeting strict technical and safety standards. These components are not produced domestically, and local manufacturers indicate production would only be viable for annual demand above 1,000 units far exceeding Komatsu's intermittent requirements. Komatsu therefore sources these products from its related manufacturer, as they are tied to proprietary designs and must meet exacting tolerances, metallurgical standards, and performance requirements.
- (ii) Komatsu also highlighted the "contradictions" in the Applicants' case, noting that they are increasingly relying on imports themselves and even indicate plans to expand import dependence in the future. As stated by CBC "we would have to reduce our production and supplement the rest with imports" or "the only option would be to fully import this product range". This, according to Komatsu, undermines the rationale for continued protection and suggests that the domestic industry is not moving toward competitiveness. Despite approximately six years of safeguard measures, the Applicants acknowledge that their adjustment has been insufficient, with projections showing declining profitability, reduced capacity, and job losses. Komatsu argues that this demonstrates a failure to meet the core requirement for extending safeguard measures, which is meaningful industry adjustment.
- (iii) It further contends that extending the safeguard measure would distort the market by protecting firms that are shifting away from domestic production, while imposing higher costs and supply risks on downstream industries. It emphasises the broader public interest, particularly the importance of the mining sector to South Africa's economy and employment. Increased costs or delays in accessing critical components could negatively affect mining operations, investment decisions, and job stability across the value chain.
- (iv) Komatsu proposed expanding and clarifying the existing Rebate Item 460.15/73.18/01.04. Specifically, it recommends that the rebate be broadened to cover all products not manufactured locally or not available in

the required specifications, and that it be extended to include both Schedule 1 and Schedule 2 duties, including safeguard measures. This approach, Komatsu argues would provide a more balanced and targeted solution by allowing necessary imports where local supply is absent, while still preserving the integrity of the safeguard regime and supporting domestic producers where viable.

Commission's consideration

- (i) It is the Commission's practice that, where the domestic industry is unable to produce and supply specific products, a company requiring such products for its local production may apply to the tariff investigations unit for rebates. In this way, the Commission adopts a balanced approach to ensure the uninterrupted supply of raw materials, particularly those not available locally. Komatsu has not provided any evidence to support its claim that local producers require a minimum order of 1,000 units, nor that any local producer was approached. Therefore, this assertion cannot be verified.*
- (ii) As noted earlier, SAFMA members' own imports do not eliminate the need for safeguard measures. Even excluding these imports, overall import volumes continue to rise. The Commission's information shows that the industry was progressing in its adjustment, but this progress is now threatened by increasing imports. References made by CBC's on imports simply sought to illustrate that, if the duties lapse, the industry may be compelled to rely on imports to prevent complete closure.*
- (iii) The SACU industry is not shifting away from local production, as indicated by the volumes imported by two members which are extremely low compared to all imports in the SACU market. Some importation was undertaken for assessment purposes and to alert relevant authorities to subpar products and not for commercial purposes. The Commission fully understands the importance of the mining sector and allows for imports where necessary and where these cannot be supplied by the SACU industry.*
- (iv) There are clear published guidelines relating to the stated rebate item. The SACU industry has invested heavily to produce specifications required by*

local manufacturers. The company is able to contact the relevant tariff investigations unit to solicit the expansion of the rebate item.

Response by the Applicant to comments made by Komatsu

While rebates are legally allowed for products not available domestically, Komatsu's request after nearly six years of safeguard measures raises questions about its timing. The Applicant notes that Komatsu has not previously contacted them, making it unclear whether the specified threaded rods are actually produced locally. Given that demand is only around 1,000 units per year, non-availability and rebate requests are not valid grounds to oppose the safeguard extension, as alternative mechanisms exist to ensure supply of products not made locally. Therefore, we request that the Commission disregard the request to expand Rebate Item 460, and that interested parties follow the proper procedures for such applications.

1.5.7.4 Comments from NSS

- (i) NSS stated that its opposition is based primarily on a legal argument that a second extension is not permitted under South African law or the WTO framework. The submission contends that both the Amended Safeguard Regulations and the International Trade Administration Act only allow for a single extension of a safeguard measure, and that this has already been granted. As the measure will have been in place for approximately six years by its expiry date, granting a further extension would exceed the Commission's legal authority and constitute unlawful administrative action. The submission further argues that the WTO Agreement on Safeguards supports this interpretation, emphasizing that safeguard measures are temporary and do not allow for repeated extensions.
- (ii) NSS calls for more rigorous data disclosure, including separating applicants' own import volumes from injury calculations, disclosing data by individual firms and product types, and providing transparency around dominant players and related-party relationships. Without such disclosure, it argues, any injury determination would be unreliable.

- (iii) SAFMA has repeatedly cited alleged duty circumvention, fraudulent origin declarations, and illicit trade to justify extending safeguards. SAFMA's circumvention claims do not justify extending safeguards, as safeguards target injury from legitimate imports, not enforcement failures. After six years of compliance support, the industry still cannot compete, showing the issue is enforcement, not tariffs. The proper solution is targeted enforcement measures, avoiding harm to legitimate importers and downstream users.
- (iv) NSS emphasizes the negative impact of the safeguard on downstream industries, noting that hundreds of millions of rand have been paid in duties, increasing costs across sectors such as mining, construction, and manufacturing. It argues that continued protection harms competitiveness and employment in these industries while failing to achieve its intended purpose of strengthening the domestic fastener industry. NSS requests that the Commission reject the application on legal grounds, or alternatively on its merits, require fuller disclosure of information, allow the safeguard to expire as scheduled, and instead address enforcement issues through targeted anti-circumvention measures.

Commission's consideration

- (i) *The ASR provide for an extension of safeguard measures for a period of up to six years but do not specify whether such extensions may be granted once or multiple times. Accordingly, the Applicant is entitled to request more than one extension, provided that the total period remains within the six-year limit and the criteria for extension are satisfied. There is also clear international precedence in this instance.*
- (ii) *Information on the industry is assessed on a cumulative basis, rather than at the level of individual companies, since injury determinations and industry adjustments relate to the industry as a whole. This approach ensures that internal fluctuations are captured in the overall assessment, providing a comprehensive and accurate picture of industry trends.*
- (iii) *Claims of circumvention do not change the fact that imports of the subject product continue to enter the SACU market in volumes sufficient to cause serious injury. While allegations of circumvention have been submitted to*

the relevant authorities for enforcement, asserting that the injury stems from circumvention rather than imports is unsubstantiated, and no evidence has been provided to support this claim.

- (iv) *Regarding NSS' requests that the Commission reject the application, the Commission was satisfied that the application met all the statutory requirements and thus requires the Commission to investigate and make a final determination.*

Response by the Applicant on NSS's comments

NSS claims that Ebenhaeser and Hi-Tech (Pro-Tech) must disclose separate market share information, asserting 90% and over 50% shares, respectively. These claims are unfounded. Ebenhaeser cannot hold a 90% share in specialised products, as a significant portion of national B7/B8 consumption is met through imported project-based consignments, which do not compete with the subject product. Regarding Hi-Tech, NSS's estimate is hearsay and contradicted by ITAC's neutrality letter; the industry collectively represents over 70% of domestic production, meeting the Safeguard Regulations' threshold that at least 50% of supporting producers represent the total volume and a minimum of 25% of the industry must support the application. Even if Hi-Tech hypothetically held 50% in nuts, they do not produce threaded rod, so overall volumes remain below 50%, satisfying the injury standard. NSS's request to split products is unnecessary, as threaded rod and nuts are confirmed "like products" and disaggregated trends are already disclosed. Therefore, the Application's information is accurate, verifiable, and all procedural requirements have been met, with no additional data required.

1.5.7.5 General comments from the Applicant

- (i) Interested parties contend that employment declined during the safeguard period indicating that other factors are causing injury. However, the 74% resurgence in import volumes, accompanied by sharp price drops, particularly from Asia, has forced the industry to absorb costs and suppress prices, leaving it vulnerable. In an extension application, the causal link between imports and injury is already established, and slight employment declines reinforce the need for additional adjustment

time, supporting the likelihood that serious injury will recur if safeguards are not extended.

- (ii) Interested parties have requested full disclosure of applicant imports, which is already provided in Table F3.3 of the application. Market share calculations used production volumes, with Ebenhaeser's limited imports not competing with its domestic output, as detailed in its response. If duties lapse, own imports are expected to rise because manufacturing would become nearly impossible under deteriorating market conditions, potentially forcing the industry to cease production in favour of imports. This would result in significant job losses, the collapse of South Africa's downstream industry, and higher import prices to recoup lost margins an outcome that poses a greater risk to the country's industrial sovereignty than extending the safeguard duties.
- (iii) interested parties argue that higher import prices mean fairly traded imports are not causing serious injury. However, this overlooks that the safeguard is volume-based, designed to address a recurring surge in imports. The industry must compete with the lowest comparable prices, not average prices, and low-priced imports from China and elsewhere, now cover 75% of total imports distorting the market. This persistent distortion has impeded adjustment, making the safeguard extension necessary to ensure the industry's long-term sustainability.
- (iv) Interested parties claim that illicit trade and competition among SAFMA members causing serious injury. However, domestic competition is not the main source of industry impairment, and while enforcement challenges exist, they highlight the need to extend the safeguard. Illicit trade has prevented the domestic industry from fully benefiting from existing measures, as surging illegal imports displace local production and disrupt consistent orders needed for efficient operations. Removing the safeguard due to policing difficulties would exacerbate import surges, whereas industry efforts to address these issues demonstrate a proactive approach to leveling the playing field and supporting adjustment.
- (v) The current market volatility, ongoing instances of unfair trade, and prevailing geopolitical factors put the industry at risk of recurring serious injury. Interested parties' challenges to this analysis are unspecific and

unsupported, whereas the industry's position is grounded in verified, real-world data, and therefore the opposing claims should be dismissed.

- (vi) Interested parties claim that ITAC lacks legal authority to extend the safeguard, asserting that the Regulations allow only a single extension. This is a misinterpretation. Regulation 21.7 and the SGR preamble clarify that while a safeguard measure may not exceed six years in total, there is no limit on the number of extension applications. The duration limit governs total protection, not the number of filings, and it would be unreasonable to interpret the law as restricting ITAC to a single extension. Section 26 of the ITA Act and Regulation 21.7 explicitly empower ITAC to investigate and extend safeguards. References to Regulation 21.17 regarding preliminary measures are irrelevant to the current extension application. International practice also confirms that multiple extension applications are permissible, provided the total duration remains within the 8–10-year limit. Thus, both the legislative and regulatory framework clearly authorizes ITAC to extend safeguard measures. Allegations that ITAC has acted *ultra vires* are unfounded and should be dismissed.
- (vii) ITAC previously invited public interest submissions on 10 August 2018 under Regulation 20.2, which confirmed the need for protection and led to definitive measures. Reopening this process would serve no purpose, and requests for a new public interest hearing are simply delaying tactics, as the primary investigation already addressed public interest and no provision allows reconsideration during an extension. Current geopolitical developments including the Middle East conflict, are raising oil prices, fuel costs, freight, and marine insurance, driving up import costs and posing inflation risks if South Africa relies solely on imports. Supply chain bottlenecks and transit delays further exacerbate these issues. The original trade distortion has intensified, with excess steel flooding SACU, depressing prices and harming the entire value chain. Alleged downstream harm claims by NSS fail to explain why imports, rather than local sourcing, would have caused more harm. Given the high likelihood of recurrence of serious injury, extending the safeguard is critical to protect the value chain, downstream customers, and supply of the subject

product. Public interest considerations thus support the extension, rather than serving private or self-interested claims.

- (viii) The criteria for extending the Safeguard under Regulation 21.7(a) and (b) are clearly satisfied. Serious injury is likely to recur, with imports projected to exceed 10,000 tonnes if the measure lapses, while the domestic industry has undertaken substantial adjustment efforts despite ongoing trade distortions, geopolitical pressures, and enforcement challenges. Objections from interested parties rely on conjecture, hearsay, and procedural tactics rather than verified evidence. Their legal claims that ITAC lacks authority or that only a single extension is permitted are inconsistent with the Regulations and WTO practice. Procedural complaints regarding market share, product classification, and information disclosure are unfounded, and public interest or rebate concerns are either already addressed, self-serving, or commercially insignificant. Therefore, ITAC should dismiss these comments, reject requests for oral hearings, and recommend extending the Safeguard to protect this critical segment of South Africa's steel value chain.
- (ix) T& I Chalmers and CBC stated that they have never been approached by Komatsu and have no knowledge that the requirement to manufacture should be a min quantity of 1000 pieces per annum. They stated that Komatsu should have not submitted the submission, and as it has no grounds to object to a Safeguard application. It further indicated that Komatsu should apply for a 460 rebate if they wish to do so on this limited amount of highly specified Threaded rod.
- (x) Ebenhaeser stated that several statements contained in the NSS submission are factually inaccurate, incomplete, or materially misleading. If not corrected, would distort the Commission's understanding of the B7/B8 market and the competitive environment in which Ebenhaeser operates. The corrected, evidence-based perspective and requests that the Commission disregard the erroneous claims made by NSS. NSS claims that Dividend Payments Are Irrelevant to Injury Findings. The argument that dividend payments negate injury is legally and economically incorrect. Dividend distributions reflect historical performance, shareholder obligations, or governance requirements, and

are not recognised injury indicators under the WTO Agreement on Safeguards or the South African Safeguard Regulations. It further stated that the dividend payments have no causal relationship with import volumes, import prices, or the erosion of market share caused by project-based imports and domestic competition. The Commission is therefore requested to disregard NSS's argument as irrelevant to the safeguard injury analysis. NSS asserts that Ebenhauser Engineering occupies a dominant position, estimated at greater than 90% market share in the high-value, specialist B7 and B8 threaded rod segments. It indicated that this must be rejected for the reasons set out below. Staged Consignment Project Imports Are Excluded from NSS's Calculation. A substantial portion of national B7/B8 consumption is fulfilled through fully imported, project-based consignments, including:

- Petrochemical shutdown packages, Power-station refurbishment consignments, EPC contractor bulk imports, OEM-specified bolt-up systems.
- It stated that the above consignments bypass domestic producers entirely and are not reflected in SAFMA's domestic sales data. It further stated that when the volumes are included in total market consumption, Ebenhaeser's market share is materially lower than the 90% figure claimed by NSS. The claim that Ebenhaeser holds 90% of the market is therefore commercially and mathematically impossible.

Final before essential facts determination

Based on the comments received on initiation of the investigation, the Commission, on 28 February 2026, made a final determination before "essential facts" that the expiry of the safeguard measure is likely to lead to the recurrence of serious injury and that there is evidence that the SACU industry is adjusting.

1.5.8 On 20 April 2026 “essential facts” letters were sent out to interested parties informing them of the “essential facts” which were being considered by the Commission and invited comments from interested parties on those “essential facts”.

1.5.9 The following interested parties responded and provided comments to the essential facts letter:

- NSS;
- Komatsu;
- FDA; and
- The Applicant

NSS, Komatsu, and FDA resubmitted portions of their original comments on the basis that they believed their submissions on the Initiation Notice and supplemental comments had not been adequately considered by the Commission in reaching its preliminary determination prior to the Essential Facts Letter. In several instances, the three interested parties raised substantially similar comments and arguments. To avoid repetition, these common issues are addressed collectively under the submissions of a single interested party rather than repeated separately for each party.

1.5.9.1 Comments by NSS

- (i) NSS submitted that several material issues raised in its submissions appear not to have been considered by the Commission, and requests that each be expressly addressed in the final determination. In particular, NSS relies on the High Court judgment in *Hi Tec Nuts (Pty) Ltd and Pro-Tech Fasteners (Pty) Ltd Commissioner for SARS* (Case No. 34051/2021, Gauteng Division, delivered 11 March 2024), which held that blank (untapped) nuts fall within tariff sub-heading 7318.16. NSS argues that this judgment is directly relevant to the integrity of the data used in the investigation, as it allegedly confirms that certain SAFMA members engaged in conduct resulting in underpayment of customs and safeguard duties during the period of investigation. NSS contends that, despite this, the Commission did not refer

to the judgment or address its implications, nor did it engage with NSS's related requests. These include a request that SAFMA be required to restate POI financial, production, and import data to reflect correct duties, disclose imports of unthreaded nuts by members, and clarify whether an "import-and-finish" model qualifies as domestic manufacturing under SGR 21. NSS further argues that the Commission's failure to address these issues is inconsistent with its reliance in the Essential Facts Letter on SAFMA's claimed cooperation with customs authorities. NSS therefore requests that the Commission explicitly deal with the judgment in its final determination and indicate what steps, if any, were taken to verify the integrity of the underlying data.

- (ii) NSS submitted that the Commission failed to properly consider other issues such as, the acquisition activities of Impala Bolt and Nut, possible dividend payments by applicants, Ebenhauser's dominant market position in the B7/B8 segment, the need for product-specific analysis, structural constraints affecting local manufacturing, the higher pricing of imports relative to domestic products, and the downstream economic burden imposed by safeguard duties. NSS argues that these matters are directly relevant to the integrity of the injury analysis, causation assessment, and the credibility of the applicants' claims of vulnerability, yet were either ignored or addressed superficially in the essential facts letter. NSS further contends that the Commission failed to investigate or disclose important information, including acquisition values, audited financials, import volumes, dividends, pricing data, and the treatment of applicants' own imports in the injury calculations.
- (iii) NSS argued that the adjustment plan contained in the EFL is fundamentally deficient because it is entirely retrospective and contains no specific, measurable, time-bound, or forward-looking commitments for the proposed three-year extension period. According to NSS, the plan refers only to past investments, raw material rationalisation efforts, training initiatives, and existing local content measures, while failing to commit to defined capital expenditure, employment targets, capacity utilisation goals, reduced reliance on imported raw materials, timelines for supplying Automotive OEM products, or any reporting and monitoring framework. NSS submits that this approach is inconsistent with both the Guidelines on the Extension of

Safeguard Measures and the WTO Agreement on Safeguards, which contemplate safeguard extensions as exceptional measures linked to progressive adjustment and liberalisation. NSS further contends that, without enforceable benchmarks, the Commission cannot meaningfully assess whether the industry is genuinely adjusting, particularly where the EFL itself records declining employment, stagnant output, and unsustainable production levels despite six years of protection. NSS contrasts its own verified R17.9 million investment with the applicants' vague claims of investment and argues that applicants seeking continued protection should be required to make quantified and verifiable commitments subject to annual audited reporting and consequences for non-compliance. NSS therefore submits that the absence of such commitments demonstrates that the industry is not genuinely adjusting within the meaning of SGR 21.7(b) and that a further extension cannot lawfully be granted on the basis of vague aspirational undertakings.

- (iv) NSS further argued that the proposed liberalisation schedule does not satisfy the requirement of “progressive liberalisation” under Article 7.4 of the WTO Agreement on Safeguards. NSS notes that the proposed safeguard duty reductions continue at only 2 percentage points per year, resulting in a decline from 52.04% in 2020 to only 38.04% by 2029, which NSS characterises as merely symbolic or “decorative” liberalisation. NSS submits that, at this pace, safeguard protection could effectively continue until approximately 2045. NSS contends that Article 7.4 requires both meaningful liberalisation and a mandatory mid-term review for measures extending beyond three years, yet the EFL neither conducts such a review nor considers whether the measure should be withdrawn or liberalisation accelerated. NSS argues that the SGR and safeguard extension guidelines similarly contemplate meaningful reductions that demonstrate a path toward competitiveness without protection. According to NSS, the combination of weak liberalisation and the absence of measurable adjustment commitments leave the industry insulated from meaningful competition without enforceable obligations, contrary to the purpose of Article 7.4. NSS therefore submits that the proposed liberalisation schedule is legally inadequate and that any extension should only follow a proper Article 7.4 review, materially

accelerated liberalisation, and published reasons explaining compliance with the obligation to progressively liberalise. NSS accordingly requests that the Commission reject the safeguard extension application on jurisdictional or substantive grounds, alternatively require full disclosure and a revised adjustment plan with measurable commitments, allow the safeguard measure to expire on 23 July 2026 without provisional measures, and instead pursue targeted anti-circumvention and customs-enforcement measures.

Commission's consideration

- (i) *The Essential Facts Letter makes it clear that the Commission considered all comments and submissions received during the course of the investigation prior to its final before essential facts determination. It further states that certain key issues were expressly addressed in the Essential Facts Letter, but that this should not be interpreted as disregarding other inputs, all of which were taken into account in reaching the Commission's determination. The Commission noted the judgment cited by NSS and believes that its findings do not impact the investigation in the manner alleged. The Application, Initiation Notice, and Essential Facts Letter make clear that the data relied upon in the investigation was sourced from SAFMA member companies. Hi-Tech and Pro-Tech are not SAFMA members; Hi-Tech participated only in a limited capacity as a manufacturer by providing only production volumes and not imports and adopted a neutral stance in the investigation. SAFMA members were determined to have sufficient industry standing and accounted for the major proportion of production in SACU. The serious injury analysis was likewise derived from information provided by SAFMA producers, namely CBC, Impala, and T&I Chalmers. This information was verified prior to the initiation of the investigation. On this basis, the Investigators maintains that the integrity of the information used in the investigation was not compromised by the issues raised in relation to the cited judgment. The investigators also note that the tariff determinations cited in the High Court Judgement do not at all relate to the products under this investigation. The tariff determinations cited were 7318.26.20 and 7318.16.90 for Hi-Tech and 7318.16.20 for Pro-Tech.*

- (ii) *The Commission initiated the investigation on the basis of verified financial information submitted by local manufacturers representing the SACU industry. The scope of the investigation is confined to the subject products, and all information considered relates specifically to those products. Impala is a diversified company with operations and products extending beyond the subject products. Consequently, activities such as acquisitions, business expansion, or other corporate developments do not negate the adverse effects experienced within the threaded fasteners industry in respect of the subject products. Similarly, decisions relating to dividend payments are generally based on the company's overall historical performance and are not product specific. For the purposes of a trade remedy investigation, however, the analysis is conducted on a product-specific basis. The application clearly demonstrates that the information was submitted and assessed on a disaggregated basis before being consolidated. This approach is consistent with the Commission's original investigation and subsequent extension, in which it determined that the subject products are threaded fasteners imported under tariff subheadings 7318.15.41, 7318.15.42, and 7318.15.30.*
- (iii) *The industry submitted a detailed adjustment plan during the original investigation, and its performance has been assessed against the objectives and commitments contained in that plan. In the context of an extension investigation, the Commission evaluates the extent to which the Applicant has implemented the commitments and achieved the objectives set out in the original adjustment plan, which necessarily involves a retrospective assessment of investments and other key activities undertaken during the period of application of the safeguard measure. An extension investigation does not require the industry to make entirely new commitments. Nevertheless, during the verification process, the Commission proactively examines the industry's future investment plans and assesses how these will support the fulfilment of the original commitments over the extension period. Verified industry information indicates that investment levels during the extension period increased beyond those recorded during the initial safeguard period, demonstrating continued adjustment efforts by the industry.*

- (iv) *Article 7.4 of the World Trade Organisation Agreement on Safeguards requires that safeguard measures applied for more than one year be progressively liberalised during their period of application. Although the Agreement does not prescribe a specific rate or formula for liberalisation, WTO jurisprudence has clarified that liberalisation must occur at regular or uniform intervals and must result in the measure becoming progressively less restrictive over time.*

Taking these principles into account, as well as the rate at which imports entered the SACU market, with imports increasing by 87% during the POI, it was determined that an annual liberalisation rate of 2% would constitute adequate progressive liberalisation. The reduction ensures that the safeguard measure becomes continuously less restrictive over its duration when compared to the level originally imposed. Accordingly, the duty would decrease from 52.04% to 38.04% over the life of the measure, representing an overall reduction of 14 percentage points. NSS's assertion that, at this rate, the safeguard measure could remain in place until 2045 is incorrect. The Commission does not agree with NSS's assertion and notes that safeguard measures applicable to developing countries may only remain in force for a combined maximum period of ten years.

1.5.9.2 Comments by Komatsu

- (i) Komatsu emphasised the importance of considering the operational realities of downstream users where highly specialised and critical products are involved. While the Commission noted the industry's position that Komatsu had not approached local manufacturers and further indicated that insufficient substantiating evidence of engagement had been provided, Komatsu submits that these conclusions do not fully reflect the nature of its procurement procedures or the engagements already undertaken. Komatsu argues that the comments relied upon from CBC and T&L Chambers represent only a limited portion of the applicant industry and should not be generalised as evidence that no engagement has occurred. Komatsu confirms that engagement has in fact commenced with at least one local manufacturer and explains that its procurement procedures involve

extensive technical verification and approval processes, including oversight by its headquarters in Japan, which necessarily lengthen engagement timelines. It further notes that visits to two local suppliers are scheduled for 14 May for fit trials and preliminary assessments of production and quality capability, demonstrating that its local sourcing evaluation remains ongoing. Komatsu therefore requests that the Commission take into account that the procurement process has not yet been finalised and refrain from concluding the investigation before these assessments are completed.

- (ii) In addition, Komatsu clarified that its request regarding rebates does not seek the creation of a new rebate provision, but rather the extension of an existing rebate item under Schedule 1 to also apply under Schedule 2. It submits that rebate mechanisms have previously been considered alongside trade remedies, including in ITAC Report No. 596, and that any extension would remain subject to existing permit requirements and regulatory oversight, thereby addressing concerns relating to circumvention. Komatsu further submits that there is no prohibition against advocating for rebate mechanisms within trade remedy proceedings and that such interventions form part of the broader assessment of appropriate and proportionate measures.
- (iii) Komatsu reiterates that the fasteners concerned are highly specialised and application-specific products designed for integrated machinery systems and subject to stringent technical and safety requirements. It submits that imported and locally produced fasteners are not necessarily interchangeable where products differ in design, specification, and end-use, and that these limitations should be taken into account in assessing both injury and the appropriateness of safeguard measures, particularly in OEM and heavy machinery applications.
- (iv) Although Komatsu does not dispute the Commission's interpretation that safeguard extensions may be granted for up to six years, it submitted that the application of safeguard measures must remain consistent with the broader objectives and principles of the International Trade Administration Act and the Safeguard Regulations, including broader public interest considerations and the impact on downstream industries. Komatsu argues that the Essential Facts Letter focuses predominantly on upstream industry

indicators without meaningfully assessing the impact of the safeguard measure on downstream users or access to appropriately specified products. It submits that this is particularly significant given the specialised and non-substitutable nature of the products concerned and the importance of sectors such as mining to the broader economy. Komatsu submits that the Commission's final evaluation should properly account for the practical realities faced by downstream users, including the need for reliable and technically compliant supply.

Commission's consideration

- (i) *The SACU industry manufacturers indicated that they had never been approached by Komatsu to assess their ability to supply the subject products in the specifications required by Komatsu. Although Komatsu submitted information suggesting that engagements with local industry were underway to evaluate potential supply capabilities, the investigators noted that the only evidence provided was an email exchange between Komatsu and its consultants referring to a "letter from the bolt/screw manufacturers" and proposed visits to two suppliers' facilities. Neither the referenced letter nor any further communication or records relating to the visits were submitted to the Commission. The email correspondence was also dated one day before the submission deadline for comment to the essential facts letter.*

In these circumstances, it is unreasonable to expect the Commission to postpone its determination pending confirmation of local sourcing arrangements, particularly where no clear evidence was provided regarding when the sourcing efforts commenced or the substance of the engagements. Nevertheless, the Commission cannot delay its investigation while parties continue engaging on supply-related issues. Accordingly, Komatsu's request is likely to result in an extension of the investigation period. Especially given that Komatsu had been afforded sufficient opportunity since initiation to make meaningful representations. It is also noted that the safeguard duties have been in place for more than five years,

which would have provided adequate time for alternative local sourcing arrangements to be explored if required.

- (ii) It is acknowledged that in both tariff and trade remedy investigations the Commission considers the application of existing rebate provisions on a case-by-case basis to address local supply shortages of input materials or products. Such consideration is generally given where parties demonstrate that certain products are either unavailable in the domestic market or not manufactured locally and therefore need to be imported in order to avoid adversely affecting downstream manufacturing industries.*

In this regard, Komatsu has, since its initial submission, indicated that it was preparing a list identifying the specific products allegedly not capable of being manufactured locally. However, the Commission notes that this information has still not been submitted. In the absence of detailed information identifying the products concerned and the extent of the alleged local supply constraints, the Commission cannot reasonably be expected to make a determination regarding the application of rebates in relation to the extension of this safeguard measure.

- (iii) Komatsu has not provided the Commission with any information identifying the precise differences between locally produced products and the imported products it uses, nor has it demonstrated why such products are allegedly not substitutable. Since the original comment period, no supporting documentation or substantiating evidence has been submitted to justify the claimed differences or the asserted lack of interchangeability between the products.*
- (iv) The Commission notes that the regulatory framework for extension investigation, the SGR and the guidelines, does not provide for a separate public interest inquiry equivalent to that required in an original investigation in terms of SGR 20.1(F). It is noted that, in an extension investigation, the Commission is not determining whether to impose a new measure, but rather whether to extend an existing safeguard duty that has already been in place for six years. In reaching its decision, the Commission is required to assess whether the expiry of the measure would likely lead to the*

recurrence or continuation of serious injury to the SACU industry, and whether the industry is in the process of adjusting.

1.5.9.3 Comments by FDA

- (i) FDA requested termination of the investigation on two main grounds. First, it argued that ITAC failed to self-initiate a mid-term review as required under Regulation 21.10 of the SGR's and Article 7.4 of the World Trade Organization Agreement on Safeguards ("AGS"). Second, FDA submitted that if no mid-term review was required, then the original measure and subsequent extensions cannot be treated as a continuous safeguard regime. On that basis, once the original measure lapsed, it could not lawfully be extended for a further two years under Regulation 21.16 and Article 7.5 of the AGS. FDA contended that the measure must either have lapsed or been extended, but not both, and therefore should be terminated. FDA further stated that while ITAC may impose safeguard measures for a maximum cumulative period of ten years under Regulations 21.6 and 21.7 of the SGR and Articles 7.2, 7.3, and 9.2 of the AGS, any extension must meet strict requirements. Regulation 21.6 permits a safeguard measure to remain in force for up to four years unless extended under Regulation 21.7, which allows extension only where ITAC finds that expiry would likely lead to a recurrence of serious injury and that the industry is adjusting. Regulations 21.8 and 21.9 further require progressive liberalisation during any extended period.

FDA relied on WTO jurisprudence, including the Panel Report in *Ukraine – Passenger Cars*, which interpreted "regular intervals" under Article 7.4 as "uniform intervals" and emphasised that liberalisation cannot be back-loaded, although no specific timing is prescribed. It also referred to *Argentina – Footwear*, which held that Article 7.4 only allows modifications that reduce restrictiveness, not increase it. FDA argued that Regulation 21.10 requires a mid-term review where a safeguard is extended beyond the initial period, and that such a review should have been conducted before extending the measure firstly to six years and subsequently to nine years. It further relied on Article 7.1 of the AGS, which limits safeguard measures to

the period necessary to prevent or remedy serious injury and facilitate adjustment, subject to a maximum of four years unless extended under Article 7.2 following a proper determination that the measure remains necessary, that the industry is adjusting, and that Articles 8 and 12 are observed.

FDA also submitted that although the AGS sets maximum durations without prescribing fixed extension periods, ITAC cannot structure extensions in a manner that circumvents Article 7 requirements, including those on review and liberalisation. It pointed to the proposed Amended Safeguard Regulations of 2026, particularly Regulations 24.12–24.14, as evidence that ITAC itself recognises the need for mid-term review procedures, including a public consultation process not currently provided for. FDA concluded that the safeguard measure is invalid and that all duties collected since the extension beyond the initial three-year period should be refunded. It further argued that the same defects apply to the proposed extension, and that once the measure lapses on 23 July 2026, it cannot be reimposed for at least three years. Accordingly, FDA requested immediate termination of both the existing safeguard measure and the proposed extension due to alleged non-compliance with mid-term review requirements and reimposition restrictions under the SGR and AGS.

- (ii) The FDA also disputed the Commission's injury and causality findings, arguing that improvements in production volumes, productivity, and capacity utilisation demonstrate operational strengthening rather than continuing vulnerability. FDA submits that the Commission selectively relied on negative indicators such as profitability, sales, and employment declines without adequately examining alternative causes, including pricing pressures, operational inefficiencies, raw material shortages, intra-industry competition, and cost structures. FDA further argues that injury data across firms and product categories reflects uneven performance rather than consistent industry-wide serious injury and requests a more vigorous injury, causality, and non-attribution analysis.
- (iii) The FDA additionally argued that the integrity of the investigation is undermined by alleged self-importation and tariff misdeclaration practices

by SAFMA members, including the importation and alleged misclassification of untapped nuts, as confirmed in the High Court judgment involving Hi Tec Nuts (Pty) Ltd and Pro-Tech Fasteners (Pty) Ltd. FDA contends that these practices distort official import data and undermine the credibility of the applicant industry's injury claims.

- (iv) It further submits that materially changed circumstances, particularly the closure of ArcelorMittal South Africa's Newcastle facility, have fundamentally altered the rationale for the safeguard measure, as downstream manufacturers are now compelled to import raw materials rather than source them locally. FDA argues that the safeguard has therefore lost its original purpose and now functions primarily as a cost burden on downstream manufacturers without delivering meaningful industrial benefits. The FDA also highlights the disparity between the approximately R790 million collected in safeguard duties and the comparatively limited reinvestment by the domestic industry, arguing that the safeguard has failed to facilitate meaningful restructuring or competitiveness improvements. According to the FDA, the continued reliance on protection after six years demonstrates that the measure is sustaining rather than adjusting the industry, while imposing disproportionate costs on downstream users and consumers. The FDA therefore requests that the Commission refuse the extension and terminate the investigation.

Commission's consideration

- (i) *SGR 21.10 provides that "[w]here a definitive safeguard measure is imposed for a period exceeding three years the Commission shall self-initiate a review ...". The Regulation thus creates a review obligation where a measure "is imposed for a period exceeding three years", but it does not prescribe how that obligation should operate in circumstances involving later extensions. Properly construed, the trigger for the obligation is the initial decision imposing the safeguard measure for a period exceeding three years (a safeguard measure may initially be imposed for a maximum of four years).*

In the present matter, the safeguard measure was initially imposed in January 2020 for a period of three years. As that period did not exceed the threshold in SGR 21.10, no mid-term review obligation arose at that stage. The subsequent extension of the measure to 23 July 2026 does not retrospectively alter the duration for which the measure was originally imposed. An extension constitutes a separate decision taken under SGR 21.9 following a reassessment of the continued necessity of the measure. Had SGR 21.10 intended the review obligation to arise whenever the cumulative duration of a measure, including extensions, exceeded three years, it would have said so expressly. Instead, the Regulation links the obligation to the point at which the measure “is imposed”.

This interpretation is also the only one that produces a coherent and workable system. Where a safeguard measure is initially imposed for three years, the Commission cannot know at that stage whether an extension application will later be brought, whether an extension will be granted, or what the duration of any extension may be. Yet the contrary interpretation would make the lawfulness of the Commission’s conduct depend retrospectively on future events. It would also create uncertainty as to when a mid-term review must occur, since the “midpoint” could only be identified once the ultimate duration of the measure became known. SGR 21.10 does not contemplate such a contingent or retrospective obligation. By contrast, where a measure is initially imposed for more than three years, the review obligation operates predictably and prospectively because the midpoint is ascertainable from the outset. Thus, if a measure were imposed for four years, the Commission would know at inception that the mid-term review must occur at approximately year two.

Nor does SGR 21.10 contemplate successive mid-term reviews following each extension of a safeguard measure. The Regulation is silent on any requirement for repeated mid-term reviews and, read in context, such a requirement would be unnecessary and duplicative. This is because the matters ordinarily examined in a mid-term review are substantively reconsidered during extension proceedings under SGR 21.9. In determining whether a safeguard measure should be extended, the Commission must

consider further liberalisation of the measure. That inquiry necessarily requires the Commission to assess whether liberalisation can proceed at an increased pace, whether the continued application of the measure remains necessary, and whether the existing level and rate of liberalisation remain appropriately calibrated. Those considerations also require an assessment of the SACU industry's implementation of its adjustment programme and the extent to which the industry has adapted to import competition during the period of application of the safeguard measure. The pace and scope of any further liberalisation would necessarily be informed by that assessment.

Accordingly, the extension review process performs the substantive evaluative function that a mid-term review would otherwise serve. Requiring additional or successive mid-term reviews after each extension would therefore result in unnecessary duplication of overlapping inquiries without any indication in the text of SGR 21.10 that such a regime was intended.

- (ii) It is noted that a causal link analysis is not a requirement in an extension investigation, similar to a sunset review investigation. In accordance with the applicable Guidelines, the Commission's determination is based on whether the Applicant has provided sufficient evidence demonstrating that the SACU industry is adjusting and whether the expiry of the safeguard measure would likely result in the continuation or recurrence of serious injury. In this regard, the Commission conducted an analysis which showed that imports increased by nearly 90% during the investigation period, resulting in erosion of the Applicant's market share and other indicators. This trend was considered indicative of the likelihood that, should the safeguard measure expire, the SACU industry would again be exposed to serious injury. The Commission therefore found that the requirements for an extension of the safeguard measure were satisfied in this instance.*
- (iii) As previously noted in relation to NSS's submissions, the issue concerning the importation of unthreaded nuts relates to Hi-Tech and Pro-Tech, which are not members of SAFMA. In addition, the products referenced in the High Court judgment relied upon by the interested parties do not form part of the product under investigation in this matter. Thus, the integrity of the investigation nor injury analysis has not been at all undermined. The*

Commission further notes that imports of the subject products by SAFMA members during the POI were minimal.

- (iv) *It is noted that the source of raw materials as input for the subject products is not the sole basis upon which safeguard measures are imposed. Accordingly, the assertion that the closure of ArcelorMittal South Africa's Newcastle facility fundamentally altered the rationale, or "original purpose" of the safeguard measure is considered misleading. Safeguard measures are imposed to remedy serious injury to the domestic industry, irrespective of the source of its raw materials. It is further noted that, following the closure of the Newcastle facility, the SACU industry has primarily sourced raw materials from alternative local suppliers. In addition, the substantial amount reportedly paid in safeguard duties demonstrates that imports continue to enter the SACU market at significant levels despite the existence of the safeguard measure. This thus indicates that import pressure continues to impede the domestic industry's ability to adjust effectively.*

1.5.9.4 Comments by the Applicant

SAFMA fully supported the extension of the safeguard measures but objected to the proposed exemption of developing WTO member countries listed in Table 7(b) under SGR 21.18. It argued that similar exemptions during the initial safeguard period were historically abused, allowing importers to circumvent the measure by routing products through exempt countries, which undermined the effectiveness of the duty and contributed to continued serious injury to the SACU industry and disruption of its adjustment plans. SAFMA further noted that the Commission previously investigated this issue and ultimately removed all countries from the exemption list due to its findings on circumvention. In light of this precedent, SAFMA submits that reintroducing such exemptions would recreate known loopholes and risk undermining the effectiveness of the extended measure, and therefore requests that the Commission exclude all listed developing countries from the exemption in the final determination to ensure the continued effectiveness of the safeguard measure.

Commission's consideration

No record could be found of any determination by the Commission in which all developing countries were made subject to the safeguard measure.

1.6 FINAL DETERMINATION

After considering all interested parties' comments received, the Commission made a final determination that:

- The expiry of the safeguard measure ("the duty") is likely to lead to the recurrence of serious injury; and
- There is evidence that the SACU industry is adjusting.

In light of the above, the Commission made a final determination to recommend to the Minister of Trade, Industry, Competition ("the Minister") that:

- the safeguard duty against imports of the subject product be extended for a period of three years as per table 7(b) in page 62 of this Report, excluding imports originating from developing WTO member countries that meet the requirements for exclusion.
- the safeguard duties be phased down at regular intervals by 2% every 12 months over the next three years as per table 7(a) in page 61 of this report.
- the recommended safeguard duties be listed in the "rebate item" column in Schedule No. 2 to the Customs and Excise Act, and therefore may not be imported under rebate of customs duty without the payment of safeguard duties without a recommendation from the Commission, with effect from the date of the publication.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as hexagon nuts made of steel and steel threaded rod. Steel threaded rod is a certain threaded rod, bar or studs of carbon quality steel having a solid circular cross section of any diameter in any straight length that have turned, cold-drawn, cold rolled, machine straightened or otherwise cold-finished and into which grooves have been applied. In addition, the steel threaded rod, bar or studs subject to this investigation are non-headed. A variety of finishes such as zinc coating (galvanised whether electroplating or hot dipping) may be applied to the products.

2.1.2 Tariff Classification

The following table indicates customs duty applicable to the subject product:

Table 2.1.2: Applicable duties

Tariff heading	Tariff subheading	Description	Stat unit	Customs Duty				Merco sur	AfCFTA
				General	EU	EFTA	SADC		
7318		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:							
7318.15		Other screws and bolts, whether or not with their nuts or washers							
	7318.15.41	Bolt ends and screw studs (excluding those of stainless steel and those identifiable for aircraft)	Kg	30%	Free	Free	Free	30%	12%
	7318.15.42	Screw studding (excluding those of stainless steel and those identifiable for aircraft)	Kg	30%	Free	Free	Free	30%	12%
7318.16		Nuts:							
	7318.16.30	Other hexagon nuts	Kg	30%	Free	10%	Free	30%	12%

Source: SARS

2.1.3 Production process

The Applicant stated the production process to be as follows:

The manufacturers purchase wire rod/bar from steel merchants. The steel is cut to size. Steel rod is fed into a thread rolling machine by hand or by automated bar feeder. Threaded rod is then counted and bundled for black stock or sent to electro-galvanizers for plating. Threaded rod is then bundled and counted and put into stock.

Raw steel coils are received from the supplier. The steel coil goes through the steel preparation process which includes acid cleaning and the addition of a phosphate coating to allow for easier forging. Once cleaned, the forging of the steel into a hexagon nut takes place on a forging machine. The cut-off coil pieces move through various stages from forging to shaping. The heads are then cut into a hexagonal shape. Threading is done on a separate thread tapper machine.

2.1.4 Raw material used

The applicant stated that the main raw materials used in the production of threaded rods are hot rolled bars and rods and the main raw materials used in the production of hexagon nuts are steel coils.

2.1.5 Application or end use

The applicant stated that the subject product is used for joining materials, clamping/fastening or interference-fit type and is used in the building, mining, construction, utilities, process industries, automotive industry, general engineering, agricultural industries and do-it-yourself market.

2.1.6 Technical characteristics

Steel threaded rod is certain threaded rod, bar, or studs of carbon quality steel having a solid circular cross section of any diameter in any straight length that have been turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied.

In addition, the steel threaded rod, bar or studs subject to this investigation are non-headed. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (i.e., galvanized, whether by electroplating or hot-dipping) may be applied to the products. Specific technical specifications pertaining to hexagon nuts are not known to the applicant, other than to state that on appearance there do not seem to be any differences between the imported product and the domestically produced product.

2.1.7 Substitutability

The applicant indicated that the imported subject product and the SACU produced subject product are fully substitutable.

2.2 SACU PRODUCT

2.2.1 Description

The applicant described the imported products as hexagon nuts made of steel and steel threaded rod. Steel threaded rod is certain threaded rod, bar or studs of carbon quality steel having a solid circular cross section of any diameter in any straight length that have been turned, cold-drawn, cold-rolled, machine straightened or otherwise cold-finished and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to this investigation are non-headed. A variety of finishes or coatings such as plain oil finish as a temporary rust protectant, zinc coating (i.e., galvanized, whether by electroplating or hot-dipping) may be applied to the products.

2.2.2 Production process

The applicant stated the production process to be as follows:

The manufacturers purchase wire rod/bar from steel merchants. The steel is cut to size. Steel rod is fed into a thread rolling machine by hand or by automated bar feeder. Threaded rod is then counted and bundled for black stock or sent to electro-galvanizers for plating. Threaded rod is then bundled and counted and put into stock.

Raw steel coils are received from the supplier. The steel coil goes through the steel preparation process which includes acid cleaning and the addition of a phosphate

coating to allow for easier forging. Once cleaned, the forging of the steel into a hexagon nut takes place on a forging machine.

The cut-off coil pieces move through various stages from forging to shaping. The heads are then cut into a hexagonal shape. Threading is done on a separate thread tapper machine.

2.2.3 Raw Material used

The applicant stated that the main raw materials used in the production of threaded rods are hot rolled bars and rods and the main raw materials used in the production of hexagon nuts are steel coils.

2.2.4 Application or end use

The applicant stated that the subject product is used for joining materials, clamping/fastening or interference-fit type and is used in the building, mining, construction, utilities, process industries, automotive industry, general engineering, agricultural industries and do-it-yourself market.

2.2.5 Technical characteristics

Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to this investigation are non-headed. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (i.e., galvanized, whether by electroplating or hot-dipping) may be applied to the products. Specific technical specifications pertaining to hexagon nuts are not known to the applicant, other than to state that on appearance, there does not seem to be any differences between the imported product and the domestically produced product. Various technical specifications of DIN, ISO, EN and SABS.

2.2.6 Substitutability

The applicant indicated that the imported subject product and the SACU produced subject product are fully substitutable.

After considering all of the above, the Commission made a final determination that the SACU product and the imported products are “like products”, for purposes of comparison, in terms of the definition of “like product” in Section 2 of the Amended Safeguard Regulations.

3. INDUSTRY STANDING

The application was lodged by SAFMA on behalf of its members. SAFMA's members constitute more than 70% of the total SACU industry by production volumes. CBC Fasteners (Pty) Ltd, Impala Bolt and nut (Pty) Ltd, and T&I Chalmers provided serious injury information, together representing more than 50% of the domestic industry's production volume.

After considering the above, the Commission made a final determination that the application can be regarded as being made "by or on behalf of the SACU industry" in terms of Regulation 7.2 of the Amended Safeguard Regulations ("SGR").

4. RECURRENCE OF SERIOUS INJURY

4.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The serious injury analysis relates to the consolidated financial information of CBC, Impala, and T & I Chalmers, together representing approximately 50 percent of the domestic industry by production volume.

The Commission made a final determination that this constitutes “a major proportion” of total domestic production, in accordance with Regulation 7.2(b) of the SGR.

4.2 IMPORT VOLUMES

The Commission considered the following information on imports to determine an increase in import volumes.

The table below indicates the import volumes of the subject product in the original investigation, as sourced from South African Revenue Service (“SARS”) for the period 01 July 2014 to 30 June 2018.

Table 4.2(a): import volumes

Tons	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Total imports	6 609	5 545	8 697	6 418

Table below shows the import volumes of the subject product during the period of investigation, as sourced from SARS for the period 01 May 2022 to 30 April 2025 and estimates should the duty lapse for the periods 01 May 2026 to 30 April 2027 and 01 May 2027 to 30 April 2028.

Table 4.2(b): Import volumes

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 -Apr 2028 (Estimates)
Imports (ton)	2 385	2 569	4 465	9 555	10 267

Tables 4.2(a) and 4.2(b) above shows that after the imposition of the safeguard duties, imports decreased significantly from 6 418 tonnes in the last year of the POI in the original investigation, to 2 385 tonnes during the first year of the POI, representing a decline of 63 percent.

Table 4.2(b) shows that from the 2 385 tonnes in 2022/2023, imports started to increase in 2023/2024 and registered 2569 tonnes, representing an increase of 8 percent. According to the Applicant, this increase was mainly due to the subject product being imported through exempted developing WTO country members. Imports reached 4 465 by the end of the POI and increase of 87%.

Based on the information, the Commission made a final determination that the information indicates that there is likelihood of recurrence of serious injury to the SACU industry should the safeguard duty lapse.

4.3 Serious injury indicators

4.3.1 Actual and potential decline in sales

The following table shows the applicant's SACU sales volumes of the subject product for the period of investigation:

Table 4.3.1: Sales volumes

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 - Apr 2028 (Estimates)
Sales (ton)	100	112	97	45	44

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that sales volumes decreased throughout the period when the duty was in place, with an overall increase of (3) index points. The estimate for sales if the duty is not extended shows a decrease of 65 index points from the base year.

4.3.2 Profit

The following tables show the applicant's profit situation during the period of investigation:

Table 4.3.2: Profits

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 -Apr 2028 (Estimates)
Total net profit R'000	100	196	31	(216)	(206)

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that profits increased from 2023 to 2024 followed by a decline in 2025. Overall, profit decrease of (69) index points over the POI. Furthermore, the projected figures indicate that, should the duty lapse, the industry's position would shift from profitability to incurring losses.

The Applicant stated that without an extension of the safeguard duties duty, the industry will again experience declining sales, and a sharp drop in profitability. As sales fall, overhead costs remain constant or rise due to inflation, while price undercutting by imports forces local prices down, placing further pressure on margins. If the effectiveness of the safeguard duty is reversed, profitability is expected to deteriorate rapidly, returning to the losses experienced prior to the imposition of the measure, at a time when overall economic activity and demand are already weak. Forecasts indicate that without an extension of the safeguard duties, the industry will become unviable, allowing imports to dominate the market and displace local producers.

4.3.3 Output

The following table shows the applicant's domestic output of the subject products for the period of investigation:

Table 4.3.3: Output

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 - Apr 2028 (Estimates)
Output (ton)	100	138	109	40	30

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that production volumes increased from 2023 to 2024, then decreasing from 2024 to 2025, with an overall increase of 9 index point over the POI. The estimate for output if the duty lapses show a decrease of (60) and (70) index point in 2027 and 2028, respectively.

The Applicant indicated that the projected decline in production is directly linked to a sharp increase in estimated imports once the safeguard duty lapses. The anticipated production losses from May 2026 to April 2027 reflect increased import penetration, particularly from China, following the expiry of safeguard protection.

4.3.4 Market share

The following table shows the market share for the subject products based on sales and import volumes.

Table 4.3.4: Market share

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 -Apr 2028 (Estimates)
Applicant sales (ton)	100	112	97	92	45
Other SACU producers (ton)	100	85	82	37	36
Total imports (ton)	100	(108)	(187)	(401)	(430)

Total Market (Ton)	100	103	114	119	125
Applicant's markets share as % of total market	100	109	86	77	36
Other SACU markets share as % of total market	100	83	72	30	28
Imports markets share as % of total market	100	105	165	320	327

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the above table indicates that the Applicant's market share declined over the POI by 14 index points. The estimate for sales if the duty is not extended shows a significant decrease of 55 index points from the base year

The Applicant stated that imports will again increase significantly if the safeguard duty lapses. This will result in imports increasing their share of the market significantly, whilst at the same time local manufacturers will lose sales volume and market share to levels that cannot be sustained. This is indicative of an expected and foreseeable recurring serious injury on loss in sales volume and market share by the local industry if the safeguard duty lapses.

4.3.5 Productivity

Using the applicant's production and employment figures, its productivity in respect of the subject products is as follows:

Table 4.3.5: Productivity

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 -Apr 2028 (Estimates)
Output (tons)	100	138	109	40	30
No. of employees (production)	100	(96)	(91)	(65)	(52)
Output per employee	100	145	117	(62)	(60)

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that production volumes increased from 2023 to 2024, then decreasing from 2024 to 2025, with an overall increase of 9 index point over the POI. The estimate for output if the duty lapses show a decrease of 38 and 40 index point in 2027 and 2028, respectively.

4.3.6 Utilisation of production capacity

The following table provides the applicant's capacity utilisation, using plant capacity and output for the subject products:

Table 4.3.6: Utilisation of production capacity

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 - Apr 2028 (Estimates)
Capacity (tons)	100	100	100	100	95
Output (tons)	100	138	109	40	30
Capacity utilisation	100	137	109	40	(33)

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that production volumes increased from 2023 to 2024, then decreasing from 2024 to 2025, with an overall increase of 9 index point over the POI. The estimate for output if the duty lapses show a decrease of (60) and 67 index point in 2027 and 2028, respectively.

The Applicant indicated that the industry is already operating at approximately 50% capacity utilisation, well below the 80% benchmark considered necessary for sustainability in the steel sector, as noted by the OECD. If production throughput declines further, particularly due to increased imports following the lapse of safeguard duties, capacity utilisation and production efficiency will deteriorate further. The expected rise in imports would therefore directly erode capacity utilisation, reinforcing a pattern of declining production and increasing import penetration. This loss of capacity utilisation is a clear indicator of a recurrence of serious injury to the industry.

4.3.7 Employment

The following table provides the applicant's total employment figures:

Table 4.3.7: Employment

	During safeguard duty			Post safeguard if extension not granted	Post safeguard if extension not granted
	May 2022 - Apr 2023	May 2023 – April 2024	May 2024 – April 2025	May 2026 – Apr 2027 (Estimates)	May 2027 -Apr 2028 (Estimates)
No. of employees (production)	100	96	95	65	52
No. of employees (admin)	100	(105)	98	118	90
Total No. of employees	100	(101)	97	81	74

These figures were indexed due to confidentiality using 2022/23 as a base year

The information in the table above indicates that the employment headcount increased throughout the period when the duty was in place, with an overall decrease of 35 index points for employees involved in the production of the subject product. The estimate for employment if the duty is not extended shows a decrease of 48 and 26 index points from the base year for production employees and total employees respectively.

The Applicant indicated that a decline in production following a lapse in the safeguard duty would lead directly to job losses as imports increase. Even with safeguard measures in place, rising imports have already placed pressure on employment. Maintaining the existing safeguard duties is therefore essential to protect current jobs; without them, the industry would suffer a recurrence of serious injury and unavoidable further job losses.

4.3.8 Summary

Based on the above information, the evaluation of the injury information of the Applicant for the periods May 2022 to April 2025, May 2026 to April 2027 and May 2027 to April 2028 is shown in Table 4.3.8 below.

Table 4.3.8: Serious Injury

Injury indicators	Change from 2022 to 2025	Change should the duty lapse (2027)	Change should the duty lapse (2028)
Imports volumes	Increased	Increase	Increase
Sales volumes	Decreased	Decrease	Decrease
Output	Increased	Decrease	Decrease
Profits	Decreased	Decrease	Decrease
Applicant's market share	Decreased	Decrease	Decrease
Capacity utilisation	Increased	Decrease	Decrease
Employment	Decreased	Decrease	Decrease

Table 4.3.8 above shows the likelihood of the domestic industry suffering serious injury as a result of expected increase in imports should the safeguard duty not be extended.

The Commission made a final determination that the expiry of the safeguard duty will likely lead to a recurrence of serious injury.

4.3.9 Comments from NSS

Impala Bolt and Nut's substantial acquisitions during the safeguard period purchasing SA Bolt and Nut, Accuthread, Accorn Fasteners, and Boltfast for an estimated R200 million undermine its claim of serious injury, as a company consolidating the market cannot credibly claim existential vulnerability to imports. The Commission should independently verify the Applicants' audited financials, acquisition costs, and dividend payments, as distributing profits while claiming financial distress contradicts injury claims. Furthermore, current import prices are significantly higher than domestic prices, indicating that legitimate imports are not causing price undercutting or depression. Any alleged injury instead stems from intra-industry competition or illicit trade, meaning extending the safeguard duty would not address the real sources of injury.

Commission's consideration

NSS appears to misunderstand the context of a safeguard investigation. Such an investigation is volume-based and evaluates injury using quantitative indicators, including import volumes, sales volumes, output, profits, the applicant's market share, capacity utilization, and employment. The data show that several of these indicators

have declined alongside rising imports, signalling a likelihood of recurrence of serious injury, particularly given that these indicators were improving during the three years following the implementation of the original safeguard duties. This demonstrates a clear trend of increasing imports and a corresponding risk of recurring injury to the SACU industry. The Commission bases its injury assessment on verified data from each company, which is then consolidated to provide an overall view of the industry's performance.

Comments from the Applicant

Interested parties have questioned whether the requirements of Article 7.1 and 7.2 of the SGA and Regulation 21.7(a) have been met, arguing that no adequate explanation has been provided to show a likely recurrence of serious injury. In assessing a safeguard extension, the authority must determine whether the lapse of the measure is likely to lead to renewed serious injury, based on forward-looking projections rather than certainty.

Safeguard investigations, being largely volume-based, focus on the impact of surges in imports on the domestic industry. According to the application, if protection lapses, imports are expected to rise above 10,000 tonnes, capturing the majority of market share and potentially forcing the industry out of the market.

Contrary to Thailand's claim regarding US-Lamb, no WTO Panel or Appellate Body has ruled on the interpretation of Article 7.2 of the Safeguards Agreement, leaving the decision to extend safeguards within ITAC's discretion. The relevant question is not how much protection benefits the domestic industry, but how much its removal would harm the industry; only if the industry is thriving and unlikely to be seriously affected would a measure be considered unnecessary. The application's analysis relies on verified industry data and quantifiable financial projections, showing that serious injury is likely to recur due to real-world economic and geopolitical factors affecting the steel value chain. Protecting the steel industry, particularly downstream sectors, is therefore critical to South Africa's national interests, as noted in ITAC's preliminary findings.

5. PROGRESS IN ADJUSTMENT PLAN

5.1 Commitments made in the original investigation

In accordance with the SGR, the Applicant provided a development plan that it indicated it will implement to be competitive and efficient. The plan is meant to detail how the Applicant will adjust, while the safeguard measures are in place, and therefore be able to compete with imports when safeguards measures expire.

The development plan that was submitted by the domestic industry highlighted the following measures it will put in place to improve the competitiveness of the industry:

- Investment in new equipment and technology;
- Product development to rationalize the input material;
- Job creation;
- Support the introduction of a prior import surveillance system;
- Continuous training of SARS to improve customs control; and
- Support higher level designation/localization.

5.2 Evidence of industry's adjustment progress

The Applicant alleged that the industry is adjusting in terms of its adjustment plan and submitted the following information to demonstrate that.

(a) Investment in new equipment and technology

Considerable investments (over R10 million over the last 3 years) were made by the industry players to improve their technological abilities to increase efficiencies and thereby be able to compete more equally with the imported product.

(b) Job creation

All member companies remain committed to retaining skilled and semi-skilled staff and, where possible, expanding employment in technical areas such as toolmaking, quality control, and production management. However, it is noted that employment levels declined slightly during the period of investigation. The safeguard duties have been essential in supporting job stability and skills development, providing the market protection needed to maintain operations and prevent significant job losses

despite import competition. Their continued extension is crucial to preserve the momentum made since the introduction of the duties.

(c) Product development

The industry, together with AMSA have worked on rationalising raw material qualities thereby allowing AMSA higher production volumes on a narrower product range. The industry was making progress toward achieving reasonable production volumes following the safeguard duties but has not yet reached fully sustainable levels. The closure of AMSA Newcastle has highlighted the need to secure alternative raw material sources to meet customer demand and avoid capacity constraints. As a result, manufacturers have diversified their supply, sourcing from other local suppliers. While supply diversification is a standard business practice, it has become increasingly critical since AMSA announced its planned facility closure in January 2025.

(d) Continuous training of SARS to improve customs control

SAFMA has contracted the services of IS Training, a certified customs training consultancy, to assist in this regard. This contract is still ongoing.

In addition, SAFMA has attended all Downstream Steel Forums under the umbrella of SARS which deals with circumvention and import monitoring. SAFMA has actively contributed to key policy initiatives, including ITAC's Steel and Renewable Energy Reviews, the SA Renewable Energy Masterplan, and the creation of the Local Content Compliance Unit under the Steel Fund. It provided input on trade standards, fair trade enforcement, and import monitoring, including reference pricing and examples of duty circumvention. This monitoring role has since been assumed by the Local Content Compliance Unit, which works with SARS to track and address illicit activity.

(e) Support Higher levels of Designation and localisation

The industry has maintained a strong level of local content and is investing in new product testing equipment to comply with new product applicable standards and support further Localisation.

The Commission made a final determination that the SACU industry is adjusting.

5.3 Comments from the Kingdom of Thailand

The Kingdom of Thailand notes that the application mentions qualitative measures (investment, product development, localization) but provides no concrete evidence of improved competitiveness or productivity. It is unclear why the industry still needs protection after years of safeguard measures.

Commission's consideration

The non-confidential application provided to interested parties clearly outlines the adjustment criteria used to assess industry progress. While investment figures are indexed for confidentiality, the application demonstrates that the industry has been adjusting since the safeguard measures were imposed. Despite this, import volumes continue to rise significantly, with some injury indicators already showing negative impacts and others expected to deteriorate further if the duties are removed.

5.4 Comments from NSS

NSS stated that beyond the legal objection, the submission argues that the domestic industry has failed to demonstrate meaningful adjustment despite prolonged protection. Even if the Commission had jurisdiction to consider a second extension, SAFMA's application fails on substantive grounds. Under SGR Regulation 21.7, both the likelihood of recurring serious injury and evidence of industry adjustment must be demonstrated, yet the industry has not shown genuine adjustment. Investment over six years of protection totals only R10 million, negligible for an industry representing over 70% of domestic production. Employment has declined throughout the safeguard period, directly contradicting adjustment requirements. Applicants have shifted to sourcing raw materials from China, benefiting from the same pricing advantage they claim harms them. Moreover, production remains below sustainable levels, indicating that continued protection is unlikely to achieve meaningful adjustment.

5.5 Comments from FDA

The adjustment plan shows uneven and insufficient progress over time, with key objectives such as employment stability, sustainable production, competitiveness, export growth, localisation, and capacity utilisation largely unmet. While there were

some initial improvements, these were not sustained, and the industry continues to underperform and rely on safeguard protection. The Applicant's own submissions acknowledge ongoing challenges, including declining employment, low-capacity utilisation, lack of competitiveness against imports, failed export ambitions, and disruptions in local raw material supply. Overall, the evidence suggests that the industry has not achieved meaningful structural adjustment despite prolonged protection, raising serious doubts about the justification for any further extension of safeguard measures.

Commission's consideration

The SACU industry has maintained substantial investment in the subject products, with total investments approximately R10 million, but actual figures are significantly higher. Employment declines correspond with reductions in industry metrics such as sales and production volumes, while imports have simultaneously increased amid global overcapacity, contributing to additional pressure on the SACU market. Furthermore, the employment declines during the period of investigation accounted for less than 5% of total employment created and sustained by the industry. As such, the reduction represents a relatively minor proportion and does not, on its own, justify a finding of failure to adjust. Production and capacity utilisation levels improved during the period of investigation, indicating positive adjustment within the industry. In addition, raw material imports remain very low, with the majority of inputs being sourced locally.

Comments from the Applicant

- (i) The industry has demonstrated clear evidence of adjustment, contrary to allegations that it fails to meet Regulation 21.7(b), which requires only that there be evidence that the SACU industry is adjusting. Over the safeguard period, the industry has made substantial investments, undertaken structural adjustments, improved throughput, reduced cycle times, replaced imports with locally produced products, and enhanced operational efficiencies, as detailed in Annexure S3. Employment declines during the period of investigation were largely due to the resurgence of imports and unavoidable retrenchments, but protection prevented a worse outcome, and employment increased in earlier phases.

- (ii) Claims regarding raw material sourcing from China, insufficient investment, and production sustainability are overstated or misconstrued. Alternative sourcing was only necessitated by the closure of Newcastle, and importing does not equate to parity with Chinese manufacturers due to higher shipping costs and lack of subsidies. Investment evidence, including acquisitions such as Boltfast by Impala, and simultaneous dividend payments demonstrate both financial strength and commitment to adjustment. Production levels, while not fully sustainable, increased over the period, showing continued progress.
- (iii) Audited financial statements have already been reviewed by ITAC, and requests for further interrogation should not delay the process. Dividend payments, made in compliance with the Companies Act, reflect operational capacity rather than a diversion of resources.
- (iv) In conclusion, the industry has provided ample evidence of structural adjustment, investment, and operational improvements, meeting the requirements of SGR 21.7(b). The domestic industry has shown commitment to adjustment, localisation, and supporting the South African steel value chain, justifying the extension of safeguard measures to protect it against ongoing and future import surges.

6. SUMMARY OF FINDINGS

The Commission made the following findings:

6.1 Continuation or recurrence of serious injury

Table 6.1: The Commission considered the following injury indicators:

Injury indicators	Change from 2022 to 2025	Change should the duty lapse (2027)	Change should the duty lapse (2028)
Imports volumes	Increased	Increase	Increase
Sales volumes	Decreased	Decrease	Decrease
Output	Increased	Decrease	Decrease
Profits	Decreased	Decrease	Decrease
Applicant's market share	Decreased	Decrease	Decrease
Capacity utilisation	Increased	Decrease	Decrease
Employment	Decreased	Decrease	Decrease

Table 6.1 above shows the likelihood of the domestic industry suffering serious injury as a result of expected increase in imports should the safeguard duty not be extended.

The Applicant stated that the import-dampening effects of the introduction of safeguard duty in 2022 can be seen as equivalent to the import-boosting effects of removing the same duty in 2025.

The Commission made a final determination that the expiry of the safeguard duty will likely lead to a recurrence of serious injury.

6.2 Evidence that the SACU industry is adjusting

The Commission considered the following efforts and/or measures taken by the SACU industry in order to adjust in line with its Adjustment Plan in the original safeguard investigation of the subject product:

- This resulted in higher demand for raw materials, with more orders being placed upstream;
- Consequently, production volumes increased, leading to improved capacity utilisation;

- Although there was a slight decline in employment, overall employment levels were largely maintained, and previously mothballed machines were brought back into operation;
- New investments are either being planned or have already been implemented; and
- Positive spillover effects have continued for related industries, including galvanising and heat treatment services.

The Commission found the above efforts and/or measures taken by the SACU industry as sufficient evidence demonstrating that the SACU industry is adjusting. Accordingly, the Commission made a final determination that the SACU industry is adjusting.

7. DEFINITIVE SAFEGUARD DUTY

The Commission made a final determination to make the following recommendations to the Minister that:

- safeguard duty on the imports of threaded fasteners be extended for a period of three years as per table 7(a) below;
- The safeguard measure be liberalized by 2% every 12 months over the period of three years as per table 7(a) below;
- The safeguard duties be listed in the “rebate item” column in Schedule No.2 and therefore may not be imported under rebate of customs duty without payment of safeguard duties without a recommendation from the Commission, with effect from the date of the publication.
- All developing WTO member countries (see table 7(b) below) with imports that do not exceed 3 per cent, and that collectively with other developing countries with less than a 3 per cent import share do not collectively account for more than 9 per cent of total imports, be exempted from the application of the extended safeguard duty.

Table 7(a): Recommended duties and liberalization schedule

Period	Rate of safeguard measure
24 July 2026 to 23 July 2027	42.04
24 July 2027 to 23 July 2028	40.04
24 July 2028 to 23 July 2029	38.04

Table 7(b): Developing WTO member countries

Name	Name	Name	Name
Afghanistan	El Salvador	Lebanon	Serbia
Albania	Eritrea	Mali	Slovakia
Algeria	Eswatini	Maldives	South Sudan
American Samoa	Equatorial Guinea	Mauritius	Sri Lanka
Angola	Ethiopia	Marshall Islands	Sudan
Antigua and Barbuda	Faroe Islands	Mauritania	Suriname
Argentina	Fiji	Mexico	Syrian Arab Republic
Armenia		Micronesia	Sweden
Azerbaijan	Gabon	Moldova, Republic of	Tajikistan
Bangladesh	The Gambia	Mongolia	Tanzania
Bahrain	Georgia		Timor-Leste
Belarus	Ghana	Montenegro	Togo
Belize	Grenada	Morocco	Thailand
Benin	Guatemala	Mozambique	Tonga
Bhutan	Guinea	Myanmar	Trinidad and Tobago
Brunei Darussalam	Guinea-Bissau	Namibia	Tunisia
Bolivia	Guyana	Nepal	Indonesia
Bosnia & Herzegovina	Ireland	Nicaragua	Turkmenistan
Botswana	Haiti	Niger	Turkey
Brazil	Honduras	Nigeria	Tuvalu
Bulgaria	Hungary	North Macedonia	Uganda
Burkina Faso	St. Lucia	Oman	Ukraine
Burundi	Iran, Islamic Rep. of	Pakistan	United Arab Emirates
Cabo Verde	Iraq	Palestine	Uruguay
Cambodia	Jamaica	Palau	Uzbekistan
Cameroon	Jordan	Panama	Vietnam
Central African Republic	Kazakhstan	Papua New Guinea	Vanuatu
Chad	Kenya	Paraguay	Venezuela
Chile	Kiribati	Peru	West Bank and Gaza*)
Colombia	Korea	Philippines	Yemen
Comoros	Kyrgyz Republic	Qatar	Zambia
Costa Rica	Kosovo	Romania	Zimbabwe
Côte d'Ivoire	Kuwait, the State of	Russian Federation	
Cuba	Loa People's Dem Republic	Rwanda	
Democratic Republic of the Congo	Lebanon	Saudi Arabia	
Congo	Lesotho	Saint Vincent and the Grenadines	
Djibouti	Liberia	Sao Tome & Principe	
Dominican Republic		Samoa	
Ecuador	Libya	Senegal	
Egypt, Arab Rep.	Lithuania	Seychelles	
	Madagascar	Sierra Leone	
	Malawi	Singapore	
	Latvia	Solomon Islands	