

# What May be the Impact of South Africa's Fastener Safeguard Measure Investigation over Germany, USA, and China?

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According to an announcement of the World Trade Organization (WTO) released on May 21st, the South African International Trade Administration Commission has initiated a safeguard measure investigation against certain imported iron and steel hexagonal bolts falling within HS code 73181543. South Africa once launched similar investigations in 2018 and the March of 2019, which involved certain fasteners falling within HS codes 73181539, 73181541, 73181542, and 73181630, and which resulted in 3-year protective measures imposing the tariff rates of 45-55%.

The statistics of South African Revenue Service (SARS) shows that, as of the end of March 2020, the top 3 trade partners of South Africa are Germany, China, and USA. Although South Africa is not a major fastener export destination of these countries, it may still cause some slight impact on the exporters from the top 3 countries who sell fasteners to South Africa.

For Germany, South Africa represents around 2.4% of its total fastener export and is its 9th largest trade partner in terms of export. As a result, South Africa is one of the important trade partners for German fastener enterprises. Chart 1 shows that in 2017 the value of Germany's fastener export to South Africa reached its peak and reached the level close to around EUR 60 million. In addition, the average price of Germany's fastener export to South Africa was really high in 2017, though later it gradually declined and reached EUR 5.9 per KG in 2019. The initiation of the investigation may cause some impact on Germany's fastener export.

As shown in Chart 2, South Africa is the 26th largest fastener export destination for the U.S. and represents less than 1% of U.S. total fastener export. However, the chart also shows that the value of U.S. fastener export to South Africa in 2019 appeared a

significant decline, which might have been influenced by the 1st and 2nd protective measures imposed by South Africa. However, it will still take time to determine whether the latest investigation will cause the 2nd wave of significant impact or not.

The data from Chinese Customs also show that in 2019 China exported USD 24.208 million worth of fasteners falling within HS code 731815 to South Africa. China is also one of the countries especially referred to in this investigation, as its strong capacity and low prices have formed a big threat to the member countries of Southern African Customs Union (SACU).

As for Taiwan, it exported USD 17.271 million of fasteners to South Africa in 2019, representing only 0.4% of its total fastener export. As South Africa is the 30th largest fastener export destination of Taiwan, it is estimated that the investigation this time will only cause very limited impact on Taiwan. However, South Africa is still a very critical importer within the entire African region, so for companies exporting their products to South Africa, they may still be influenced.

The investigation this time was initiated based on the complaint lodged by SACU, which consists of Botswana, Lesotho, Namibia, South Africa, and eSwatini. Some think that the investigation will not only impact the fastener export to South Africa, but will also impact the export to the other member countries of SACU. ▣

	2015	2016	2017	2018	2019
Export (EUR)	53,218,509	51,912,727	59,131,782	54,189,766	54,232,014
Share	2.98%	2.75%	2.79%	2.41%	2.41%
Export (KG)	8,077,000	8,363,000	8,825,000	8,744,000	9,181,000
Share	3.43%	3.39%	3.14%	3.00%	3.30%
Average Price	6.59	6.21	6.70	6.20	5.91

Source: European Commission

Chart 1. Germany's Fastener Export to South Africa

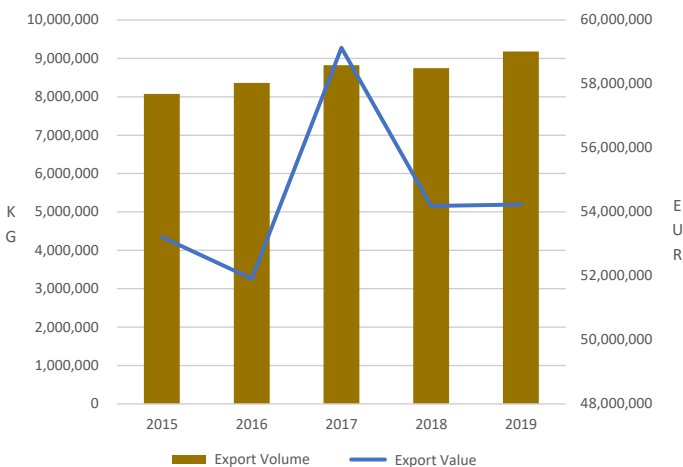
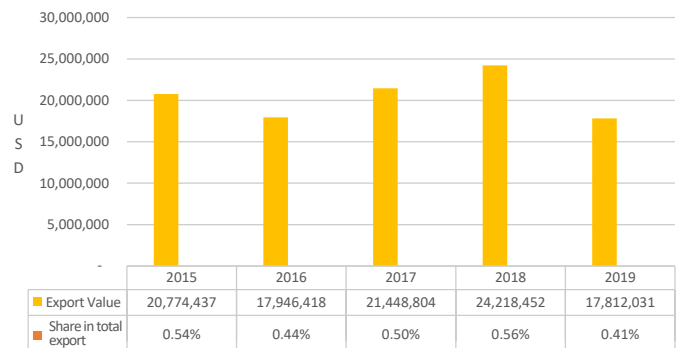


Chart 2. U.S. Fastener Export to South Africa



Source: ITA

