



**COSM TRUST**  
**ADMINISTERED BY THE SOUTH AFRICAN IRON AND STEEL INSTITUTE**

**RULES GOVERNING THE FINANCIAL ASSISTANCE  
 TO COSM REGISTERED EXPORTERS**

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**1. PURPOSE OF THE FUND**

The purpose and goal of the COSM Trust Fund as administered by the South African Iron and Steel Institute is to promote the sustained development of the value added steel processing industry in South Africa.

The purpose is achieved by means of the implementation of various incentives to expand the market for locally produced primary steel products in order to:

- enhance South Africa's foreign currency earnings,
- increase employment opportunities in general and
- increase the value added steel industry's export potential in particular.

**2. FUNDING**

The COSM Trust is a privately funded trust. The contributors to the fund of the COSM Trust are participating South African primary carbon steel producers being:

**Cape Gate (Pty) Ltd, ArcelorMittal SA Ltd, Scaw Metals Group, Evraz Highveld Steel and Vanadium Ltd**

The fund is administered by the South African Iron and Steel Institute and controlled by the trustees of the COSM Trust.

The COSM trust is a discretionary trust and it is important to note that all payments made by the fund are done on a discretionary basis. Until the final approval of any payments from the fund, applicants for benefits do not acquire any right or entitlement to any payment(s) from the South African Iron and Steel Institute as designated fund administrators on behalf of the trustees of the COSM Trust.

The COSM rules regarding financial assistance are determined and maintained by the trustees of the COSM trust who have the right to change these rules from time to time.

Correspondence should be addressed to:

**The Secretary  
Committee for Secondary Manufacture  
P O Box 6318  
PRETORIA  
0001**

Contact details:

Financial Manager	(012) 380 0900
Financial Controller (Verification of claims)	(012) 308 0905
Financial Administrator (Processing of claims and Concessions)	(012) 308 0903
Financial Assistant (Claim registration )	(012) 380 0904

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**Note:** The names and email addresses of the persons appointed in these posts are available on SAISI website - link: [www.saisi.co.za/contact.php](http://www.saisi.co.za/contact.php)

### 3. DEFINITIONS

#### 3.1 Definition of assistance

The assistance is defined as the Rand per ton amount (excluding VAT) paid on the South African produced primary net steel content of the exported products.

**Currently R135-00 per ton (VAT exclusive).**

#### 3.2 Definition of mass<sup>1)</sup>

Net mass = Mass of the South African steel content of the final product ex factory gate (excluding any coating)

Product gross mass = Ex factory gate mass (including coating, galvanising and packaging)

Tare mass = Empty mass of container or other packaging that the product could be placed into

Gross mass = Product gross mass + tare mass + packaging

#### 3.3 Definition of FOB value (Refer to example)<sup>2)</sup>

FOB value = Product cost + Other costs

**The following is included in FOB value**

##### 1) Product cost

Product input materials cost (Steel producers/merchant selling price)

+ Conversion costs

+ Profit

**= Product value ex factory gate**

##### 2) Other costs

Certificate of origin cost

Container cost

Documents cost

Export duty charges

Harbour handling charges

Insurance cost to harbour

Loading charges

Packaging costs

Transport costs

**= FOB value**

<sup>1)</sup> Trading Words and Phrases by Phill Doran, first edition 15<sup>th</sup> July 2004, published by Freight Training (Pty) - Page 135

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- 2) **Export Issues for Entrepreneurs** by Andre Gouws, first edition 2004, published by Juta and Co Ltd  
- Page 141

### 3.4 Project definition

A project is defined by virtue of a contract that projects something for execution over a period longer than six months. (i.e. the erection of buildings or establishment of a mine) with a definite date for conclusion of the project and which requires the supply of goods/materials or products for use on the project.

#### **Excluded:**

The following does not constitute a project.

The **supply** of goods/products over a period of more than six months (i.e. An order for the delivery of 1.5 million desks and because of production capacity only 100 000 can be supplied per month) [The exclusion and the definition appear on first reading to contradict each other as both carry a 6 month requirement. Consider the following in so far as the exclusion is concerned " A fixed term off-take agreement for the supply of an ordered quantity of goods/products where the supply exceeds a six months period and where the goods./products are to be used as part of a continuous production or manufacturing process. (i.e an 8 (eight) month fixed off-take contract for the supply of steel frames used in the manufacturing of or to manufacturer school desks)

#### 3.4.1 Application to register a project

Any prospective applicant for benefits in terms of this program should complete Annexure 8 with detailed information regarding the awarded contract.

The COSM trustees reserve the right to make further inquiries pertaining to the nature of the contract and the application received as it deems fit.

The COSM trustees will consider project registration applications and registration thereof will be at their discretion.

### 3.5 Partial claim / Part shipment claim definition

A partial claim is defined as an export where the exporter, recognised as the actual claimant, claims a certain portion of the total net tonnage. The remainder of the tonnage is then provisionally ceded to a cessionary, subject thereto that the COSM trustees approve the claim. (See Annexure 4) The tonnage provisionally ceded should be indicated and allocated with a HS Code (Tariff heading).

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The exporter should indicate on Annexure 1 that he is submitting a partial claim. A split regarding the gross tonnage, product gross tonnage, net steel tonnage and FOB value should be made accordingly. (Refer Annexure 1)

The onus vests on the claimant (cedent) to inform the cessionary of the fact that the claim is only provisional and that payment is subject to the discretion of the COSM trustees.

**3.6 Definition of value added percentage**

The value added percentage is defined as the difference between the FOB value per ton (B) and the net input cost of steel per ton (A) expressed as a percentage of the net input cost of steel per ton. (Refer Annexure 7)

**4. EXPORTERS QUALIFYING FOR ASSISTANCE**

The COSM Trust provides financial assistance to exporters of value added products under the following conditions:

- The article(s) exported should be manufactured from South African rolled and/or drawn primary steel.
- Value addition and the exporter's manufacturing facilities must be within the Southern African Customs Union (SACU), i.e. the Republic of South Africa, Botswana, Lesotho, Namibia and Swaziland.
- A minimum of 20% added value to the net steel input material should be attained.
- The products/goods should subject to clause 5 leave the borders of SACU.
- Proof of foreign currency earnings should be submitted.
- Exporters must be registered with the COSM Trust.
- Exporters must adhere to the COSM rules, procedures and conditions.

**NOTE:** A claimant can be an entity or person, which becomes entitled to claim by way of cession after approval of the noted claim. (Refer paragraph 9d)

**5. EXPORTING TERRITORIES THAT QUALIFY FOR ASSISTANCE**

Exports to a geographical area outside the Southern African Customs Union and on compliance with the Rules herein qualify for the assistance except for the following exclusions.

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**Exclusions**

1. All overland exports
2. Sea- and/or air freight exports to Mozambique, Zimbabwe, Zambia and Malawi.

**6. PRODUCTS THAT QUALIFY FOR ASSISTANCE**

Products manufactured from primary carbon steel of South African origin, on which the COSM fund obtains its levy income, qualify for assistance if claims are submitted in accordance with these COSM rules and if payment is approved in terms of the COSM Fund's trustees.

**7. PRODUCTS THAT DO NOT QUALIFY FOR ASSISTANCE**

The following products will not be considered for any assistance:

- a) Blooms, billets and slabs supplied ex local steel producers and ex imports for re-rolling in the works by participating primary steel producers.
- b) Primary steel products (i.e. sheets, coils and profiles)
- c) Products manufactured from :
  - Castings
  - Reinforcing steel
  - Stainless Steel
  - Tinline
  - Forgings, inclusive of forged grinding media
- d) Other:
  - Primary steel products to which limited value has been added by means of cutting, slitting, drilling, bending and coating of primary steel products
  - Products available on the price list of a SAISI member
  - Value added products produced from primary steel on which no COSM levy was paid
  - Products exported overland by road and rail transport

**QUALIFYING HARBOURS AND AIRPORTS.**

Assistance is paid on sea-born exports via designated harbours and on exports via air transport

Designated harbours:

Cape Town  
Durban  
East London

Designated airports:

Cape Town International Airport  
Durban International Airport  
Port Elizabeth International Airport

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Port Elizabeth  
Richards Bay  
Saldanha Bay  
Walvis Bay

Johannesburg International Airport

**8. CLAIM SUBMISSION QUALIFYING PERIOD**

Claims for assistance will only be considered if claims are submitted **not later than six months (184 days) after the date of shipment**. Date of shipment will be regarded as the date on which the products/ goods were loaded on ship at one of the herein designated harbours.

**9. GENERAL NOTES**

**a. Claimant**

The actual exporter is recognised as the claimant from the COSM Trust unless the claim has been provisionally ceded and approved by the COSM Trust.

**b. Procedures**

Only claims on which the prescribed procedures have been adhered to will be considered for payment.

**c. Cession (Annexure 4)**

Payment of assistance to a party other than the exporter will be made if the cession is substantiated. Claimants are obliged to complete a cession agreement (Annexure 4) for each ceded claim. All original supporting export documentation must be supplied to the party to whom the entitlement has been ceded.

A cession can also be applicable to a partial claim / part shipment claim.

The cession (Annexure 4) must be completed to indicate the relevant DA 550/ SAD 500 number, tariff classification code and corresponding ceded tonnage. The cession must be sign by both parties.

The cedent in the event of a provisional cession approved by the COSM Trust indemnifies the COSM Trust and its designated administrators against any claim for loss, or damage, or otherwise arising out of the payment or non-payment of a provisionally ceded claim to the nominated cessionary.

The onus to inform an prospective cessionary of the fact that payment from the COSM Trust is dependent on the final approval of the COSM Trust and only due for payment after final approval of the claim vests with the cedent/ claimant for payment by he COSM Trust.

The Administrators will not act as arbitrators in any disputes between parties as far as cession agreements are concerned.

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**d. External Authorised Representative (Annexure 5)**

In the event of a third party being designated and authorised by a claimant to prepare and submit claims on his behalf, a duly completed power of attorney signed by the claimant as well as the designated and authorised third party must accompany **each** claim. The appointment must be substantiated by a completed power of attorney. In the event where a claimant should elect to make use of an external authorised representative to administer the claims on its behalf, the claimant indemnifies the COSM Trust against any claims in law or otherwise which may arise as a result of any action of the external authorised representative in administration of the claims on behalf of the claimant. (Refer to Annexure 5)

**e. Audit**

The COSM Trust reserves the rights to audit all export documents pertaining to COSM claims received.

**f. Verification of export documents**

The COSM trustees reserve the right to verify documents at Customs and Excise which forms part of any claim or which may be of assistance in any claim investigation. (Refer Annexure 13)

**10. TAX**

**10.1 Income Tax**

The assistance is in terms of current legislation tax free in terms of the Income Tax act Art. 10(1)(zA), but the COSM Trust reserves the right to amend any of the Rules should statutory provision requires such amendment.

**10.2 Value Added Tax (VAT)**

All South African VAT registered claimants will be paid an additional amount, being VAT, at the prevailing South African VAT rate. Payment of VAT will be included with claim payments on claims submitted subsequent to the notification to SAISI of VAT registration.

**11. AMENDMENTS OR TERMINATION**

Notice of amendments to the rules or termination of the COSM Trust will be given with a minimum of 3 months notice unless shorter notice is required as a result of the

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issuance of new legislative provisions or legal requirements demanding a more expeditious change to the Rules. .

**12. REGISTRATION**

12.1 Value added export claims will be entertained by the COSM Trust subsequent to the registration of the company or entity.

12.2 The following annexures should be completed and submitted for consideration of any claim in terms of the COSM Trust:

Annexure 10 – Claimant registration form

Annexure 11 – Claimant product information

Annexure 12 – Agreement to VAT invoicing

Annexure 13 – Permission to verify documents at Customs and Excise

A copy of the company's/entity's VAT registration certificate (VAT103) should be attached to the claimant registration form (Annexure 10).

**It is the claimant's responsibility to inform SAISI of any changes in:**

- a. **Company details**
- b. **Company bank details (on company letterhead)**
- c. **Change of VAT status**
- d. **Contact details**
- e. **Change of authorised representative**

**The COSM Trust will not be held liable if the abovementioned are incorrect or not updated.**

**12.2.1 Claimant product information (Annexure 11)**

The exporter must disclose his export product range with the applicable tariff classification codes to the COSM Trust by completing Annexure 11.

**12.2.2 Agreement to VAT invoicing (Annexure 12)**

The agreement permitting the COSM Trust to do invoicing of the COSM rebate on behalf of a claimant should be completed and signed by the Owner / Director / Member / Senior person with management responsibility.

In terms of Practice note 2 of the VAT Act the claimant needs to provide the COSM Trust with a written confirmation that the claimant will comply with the requirements of Practise note 2 of the said Act.

**12.2.3 Permission to verify documents at Customs and Excise (Annexure 13)**

Claimants must complete Annexure 13 and it must be signed by the Owner / Director / Member / Senior person with management responsibility.

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**13. CLAIMS**

**13.1 Documents required for processing a consignment for value added products, new filled drums and shipbuilding**

The following **original documents** should be submitted in support of a claim.

- Applicable claim form (Annexure 1, Annexure 2 or Annexure 3)
- Bill of Entry Export (DA 550) or Customs Declaration form (SAD 500)  
**Customs exporters code must be disclosed on the DA 550/SAD 500 or DA 554/SAD 554 (VOC)**  
**The physical address of the exporter and consignee must be disclosed on the DA 550/SAD 500 or DA 554/SAD 554 (VOC)**  
**NB:** In situations where a DA 554/SAD 500 "Voucher of Correction" (VOC) is submitted, the original DA 550's or SAD 500 must be attached to the VOC.
- A SARS Release Notification must be submitted with the DA 550/SAD 500 or DA 554/SAD 554 if the DA 550/SAD 500 or DA 554/SAD 554 or SAD 500 is not marked (stamped or numbered). **A SARS Release Notification without a DA 550/SAD 500 or DA 554/SAD 554 will not be acceptable.**
- An Affidavit (Annexure 14) stating that this particular DA 554/SAD 554 (VOC) is the last Voucher of Correction according to the claimant's information, must be submitted. If a necessary change warrants another VOC to be issued after the initial affidavit date then the claimant is required to replace the previous affidavit.
- An Exchange Control Declaration: Form F178. The FOB value must correspond with the FOB value on the DA 550/SAD 500 or DA 554/SAD 554
- Proof of export, being:
  - Bill of Lading or, Mate's receipt or, Airway Bill
  - The above mentioned documents must be signed by the shipping agent.
  - A foreign exchange contract should be submitted if prices are quoted CIF or C&F,
  - Proof of shipping and insurance costs must be provided if prices are quoted CIF or C&F
- A commercial invoice
- An affidavit (Refer on Annexure 1)
- A declaration of steel product (Annexure 6) where applicable
- The calculation of the average price of primary steel input and value added percentage (Annexure 7)
- A cession where applicable (Agreement to cession of claim) (Annexure 4)

**Notes:** 1. **The documents must be original and eligible**  
2. **Each consignment must be supported by all required documents. Claims will not be entertained because of**

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incompleteness or omissions. Incomplete claims will be returned to the claimant.

- 3. V225 (ArcelorMittal) Reconciliation of price concession forms should, where applicable, accompany the above documents.**

**14. CLAIMING PROCEDURE FOR VALUE ADDED PRODUCTS**

This claiming procedure is in respect of assistance for the export of value added products manufactured from South African steel.

- Complete Annexure 1
- Ensure that the Annexure discloses the following information
  - The exporter's customs code number
  - The name of the exporter
  - The name of the claimant
  - The consignment number (sequential consignment number as reference to track consignments (i.e. Invoice number)
  - The final destination (country to where products were exported)
  - The DA 550/SAD 500 or DA 554/SAD 554 number (the Customs issued number)
  - Indication if SARS Release Notification is attached
  - The tariff classification code (Harmonised System Code)
  - Indication if claiming partially (Refer paragraph 3.4)
  - The gross mass (Refer paragraph 3.2)
  - The tare mass (Refer paragraph 3.2)
  - The product gross mass (Refer paragraph 3.2)
  - The net mass (Refer paragraph 3.2)
  - The FOB value (Refer paragraph 3.3)
- The Annexure should be signed by an authorised person and be certified by a Commissioner of Oaths.
- Substantiate each consignment with proof of export documentation as listed in paragraph 13.1
- Submit within 6 months after export date

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**15. NEW FILLED DRUMS**

This claiming procedure is in respect of assistance for the export of new filled drums fabricated from South African steel.

**15.1 Documents required for processing a consignment for new filled drums**

As listed in paragraph 13.1

Additional to paragraph 13.1 for new filled drums

- Submit an affidavit of the drum manufacturer

**15.2 Claim procedure for new filled drums**

- Complete Annexure 2
- Ensure that the Annexure disclose the following information
  - The name of the exporter
  - The exporter's customs code number
  - The name of the claimant
  - The consignment number (sequential consignment number as reference to track consignments (i.e. Invoice number)
  - The DA 550/SAD 500 or DA 554/SAD 554 number (the Customs issued number)
  - Tariff classification code – Standard code for drums - 73101000
  - The final destination (country to where drums were exported)
    - Drum specifications
      - The type of steel used
      - The size of the drum (mm)
      - The capacity of the drum (litres)
    - Drum thickness of:
      - The body (mm)
      - The top (mm)
      - The bottom (mm)
  - The net mass of the steel content per drum (kg) as declared on drum manufacturers affidavit
  - The number of drums exported
  - The net mass (Net mass = number of drums x net kg)
  - The gross mass (the gross mass will be equal to the net mass)
  - Calculate the FOB value per ton as follows

FOB value per ton = Number of drums x net mass (kg) x FOB applicable to port of loading (Refer to drum manufacturer's affidavit) ÷ 1000

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The Annexure should be signed by an authorised person and be certified by a Commissioner of Oaths.

- Substantiate each consignment with proof of export documentation as explained in paragraph 13.1
- Submit within 6 months after export date

**15.3 Drum information – Affidavit content**

The affidavit should disclose the following information:

- The type of drum
- Type of steel
- The actual size
- The capacity
- The thickness of the top
- The thickness of the bottom and
- The thickness of the body
- The average net mass per kg of the said container
- FOB value relating to port of loading is only valid for a period of 6 to 12 months

The affidavit must be signed by the drum manufacturer, authenticated with a company stamp and dated.

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**16. LOCAL SHIPBUILDING**

This claiming procedure is in respect of assistance paid on the use of South African steel in the construction or repair of foreign owned or registered ships.

**16.1 Documents required for processing a consignment for shipbuilding**

As listed in paragraph 13.1

Additional to paragraph 13.1 for shipbuilding:

- Submit proof of foreign currency income when paid by local agent in local currency

**Claim procedure for shipbuilding**

Complete Annexure 3

- Ensure that the annexure discloses the following information
  - The exporters customs code number
  - The name of the exporter
  - The name of the claimant
  - The claimants contract number (to reference and track consignments
  - The name of the ship
  - The name of the registered owner of the ship
  - The country where the ship is registered
  - The invoice date
  - The invoice value
  - The gross mass of the steel used
  - The net mass of the steel used
  - The bank deposit slip number or proof of electronic transfer or F178
- The Annexure should be signed by an authorised person and be certified by a Commissioner of Oaths.
- Substantiate each consignment with proof of export documentation as explained in paragraph 13.1
- Submit within 6 months after export date