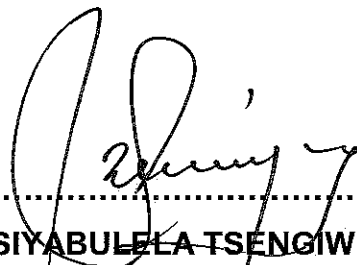


REPORT NO: 312

REDUCTION IN THE RATE OF DUTY ON ROPE LIGHTS

The International Trade Administration Commission herewith presents its Report
No. 312: **REDUCTION IN THE RATE OF DUTY ON ROPE LIGHTS** with
recommendations.



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

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22 / 10 / 09
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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 312

REDUCTION IN THE RATE OF DUTY ON ROPE LIGHTS

Synopsis

Masstores (Pty) Ltd applied for a reduction in the rate of duty on rope lights and christmas decorations, such as christmas trees, tinsel strands, round balls and similar decorations. As reason for the application, the applicant stated that there are no local manufacturers of rope lights and christmas decorations in the Southern African Customs Union (SACU).

The Commission found that rope lights are not manufactured in the SACU region and recommended a reduction in the rate of duty on rope lights through the creation of a new eight-digit tariff subheading at free of duty. With regards to christmas decorations, the Commission found that there are domestic manufacturers of these products and that the competitive position of the domestic manufacturers would be adversely affected should the duty be removed. The Commission therefore recommended that the duty on christmas decorations be maintained.

INTRODUCTION

1. Masstores (Pty) Ltd applied for a reduction in the customs duty on rope lights and christmas decorations such as christmas trees, tinsel strands, round balls and similar decorations, classifiable under tariff subheadings 9405.40.90 and 9505.10, at 20 per cent *ad valorem* and 30% *ad valorem*, respectively.
2. As reason for the application, Masstores stated that there are no local manufacturers of rope lights and christmas decorations in the Southern

African Customs Union (SACU). The applicant maintained that the customs duties applicable to these products serve to raise prices unnecessarily.

TARIFF STRUCTURE

3. Table 1 below sets out the current tariff position for rope lights (9405.40.90) and the requested tariff subheading (9405.40.70) in bold.

Table 1: Tariff position - rope lights

Tariff heading	Tariff subheading	Description	Rate of duty			
			General	EU	EFTA	SADC
9405		Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included: illuminated signs, illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included				
	9405.40	Other electric lamps and lighting fittings	free	free	free	free
	9405.40.17	Ships navigation lamps	free	free	free	Free
	9405.40.47	Shadowless, commonly used in operating theatres or by dental surgeons	free	free	free	free
	9405.40.60	Floodlights and spotlights designed for use solely or principally with theatre, stage, television or film productions	free	free	free	free
	9405.40.70	Rope lights, having a casing of polymers of vinyl (chloride) with an outside diameter of 13mm or more but not exceeding 15mm, internally fitted with interconnected lamps	free	free	free	free
	9405.40.90	Other	20%	8%	17%	free

4. The current tariff position for christmas decorations (9505.10) and the requested tariff subheading (9505.10.10) in bold, is set out in Table 2.

Table 2: The tariff position - Christmas decorations

Tariff heading	Tariff subheading	Description	Rates			
			General	EU	EFTA	SADC
9505		Festive, Carnival or other entertainment articles, including conjuring tricks and novelty jokes				
	9505.10	Articles for Christmas festivities	30%	11.4%	30%	Free
	9505.10.10	Christmas crackers and tinsel strands	Free	Free	Free	Free
	9505.90	Other	Free	Free	Free	Free

COMMENTS ON THE APPLICATION

5. The application was published in the Government Gazette of May 22, 2009 for comments by interested parties. Comments were received from Display Solutions, CPS Promotions, Hillcrest Aids Centre, Centillion Trading, Tinsel Town Creations and Shoprite Checkers.
6. One domestic manufacturer of christmas decorations did not object to the requested reduction in duty on christmas decorations because they serve a niche market (by producing large christmas trees used to decorate shopping malls), unaffected by foreign competition. However, all other manufacturers of christmas decorations opposed the requested reduction. According to them, their operations would be adversely affected by low-priced imports from China.
7. All the respondents supported the requested reduction in duty on rope lights.

FINDINGS

8. The Commission found that there are no domestic manufacturers of rope lights in the SACU. However, the Commission established that there are a number of domestic manufacturers of christmas decorations. These are mainly manufactured by small and medium enterprises (SMMEs), non-profit organizations and informal sector businesses. The Commission found that a

reduction in duty as requested would adversely affect these small enterprises as they are experiencing fierce competition, especially from Chinese exporters.

RECOMMENDATION

9. In light of the foregoing, the Commission recommended that:

- The duty on rope lights classifiable under tariff subheading 9405.40.90 be reduced to free of duty, through the creation of a new eight-digit subheading as follows:
“ Rope lights, having a casing of polymers of vinyl (chloride) with an outside diameter of 13mm or more but not exceeding 15mm, internally fitted with interconnected lamps”; and
- the duty on christmas decorations classifiable under tariff subheading 9505.10 at 30 per cent *ad valorem*, be maintained.