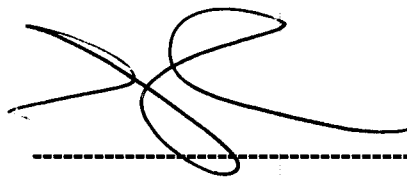


## **Report No. 130**

# **Review of the policy for the issuing of 470.03 and 521.00 rebate permits in respect of carbon black**

The International Trade Administration Commission herewith presents its **Report No. 130**: Review of the policy for the issuing of 470.03 and 521.00 rebate permits in respect of carbon black



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ACTING CHIEF COMMISSIONER

PRETORIA

29/8/

2005

**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH  
AFRICA**

**REPORT NO. 130**

**REVIEW OF THE POLICY FOR THE ISSUING OF 470.03 AND 521.00  
REBATE PERMITS IN RESPECT OF CARBON BLACK**

**Synopsis**

The Commission considered a review of the policy for the issuing of 470.03 and 521.00 rebate permits in respect of carbon black.

The proposed review of the policy was published in Government Gazette No. 27268 on 18 February 2005 for comment by interested parties. The policy not to recommend 470.03 rebate and 521.00 drawback permits in respect of carbon black was adopted by the previous Board on Tariffs and Trade in November 2000. In terms of this policy, importers of carbon black used as an intermediate product in the manufacture of exported final products containing carbon black, such as tyres for motor vehicles, were excluded from participating in the 470.03 rebate and 521.00 drawback schemes.

The objective of the 470.03 and 521.00 rebate and drawback provisions are to promote economic development in general and exports in particular by limiting the anti-export bias created by customs duties on imported products. This is made possible by enabling SACU manufacturers to import input materials used in the manufacture of export products at internationally competitive prices.

In view of the above, the Commission considered that the policy not to recommend 470.03 rebate and 521.00 drawback permits in respect of carbon black could not be justified. The Commission therefore decided to revoke this policy.

However, the Commission recommends that Note 2 and Column III of Schedule 2 of the Customs and Excise Act be amended to make provision for the payment of anti-dumping duties on carbon black imported in terms of the 470.03 and 521.00 provisions. In terms of the amendments under Schedule No. 2, SACU exporters using 470.03 rebate and 521.00 drawback permits would be exempted from ordinary customs duty but not the applicable anti-dumping duty.

# **1. Discussion**

1.1 The Commission considered a review of the policy for the issuing of 470.03 and 521.00 rebate permits in respect of carbon black.

1.2 The tariff structure for carbon black is shown in Table 1 below:

**Table 1: Tariff structure for carbon Black**

Subheading	Description	Rate of Duty		
		General	EU	SADC
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included)	10 %	free	free

- 1.3 The applicable anti-dumping duties in respect of carbon black are shown in Table 2 below:

**Table 2: Antidumping duties in respect of carbon black**

Tariff heading	Description	Rebate Item	Imported from or originating in	Rate of anti-dumping duty
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included)		Egypt	15,7 %
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included), exported by Phillips Carbon Black		India	22,8%
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included), exported by Phillips Carbon Black		India	48,9%
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included)		Republic of Korea	40%
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included)		Australia	97 %
2803	Carbon (Carbon black and Other Forms of Carbon not Elsewhere Specified or Included)		Thailand	21.5%

- 1.4 Rebate provision 470.03 and drawback provision 521.00 read as follows:

**470.03 rebate provision**

*"Goods cleared in terms of a permit issued by the Director-General: Trade and Industry, on recommendation of the Commission for International Trade Administration, for use in the manufacture, processing, finishing, equipping or packing of goods exclusively for export"*

**521.00 drawback provision**

*"Goods used in the manufacture, processing, finishing, equipment or packing of any goods exported, provided that:*

*(1) no drawback in terms of this item shall be granted unless the claim in respect of such drawback is accompanied a permit issued by the Director-General: Trade and Industry, on recommendation of the Commission for International Trade Administration."*

1.5 Following the publication of the review in the Government Gazette of 18 February 2005, a response was received from Algorax (Pty) Ltd who is the only manufacturer of carbon black in the SACU. Algorax (Pty) Ltd supported the change of policy to issue permits in terms of rebate and drawback items 470.03 and 521.00, insofar as it would apply to ordinary customs duty, but not as it would apply to the applicable anti-dumping duty.

1.6 In view of the fact that all other industrial products are allowed under the 470.03 and 521.00 schemes, the Commission found the existing policy not to consider 470.03 and 521.00 rebate and drawback applications in respect of carbon black unjustifiable. The Commission therefore decided that this policy should be revoked. However, it decided that applicable anti-dumping duties should still be payable.

## **2. Recommendation**

The Commission recommends that Note 2 and Column III of Schedule No. 2 of the Customs and Excise Act be amended to make provision for payment of anti-dumping duties on carbon black imported in terms of the 470.03 and 521.00 provisions. In terms of these amendments, SACU exporters using 470.03 and 521.00 rebate and drawback permits would be exempted from the ordinary customs duty but not the applicable anti-dumping duty.