




International Trade Administration Commission of South Africa

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## **Report No. 98**

# **Reduction in the rate of duty on polyether polyol**

The International Trade Administration Commission herewith presents its Report  
No. 98: REDUCTION IN THE RATE OF DUTY ON POLYETHER POLYOL



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CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH  
AFRICA

REPORT NO. 98

REDUCTION IN THE RATE OF DUTY ON POLYETHER POLYOL

**Synopsis**

Dow SA (Pty) Ltd (Dow) applied for reduction in the rate of the duty on polyether-polyol classifiable under tariff subheading 3907.20.05 from 5 % *ad valorem* to free of duty.

Dow is an importer of polyether polyol who supplies the product to the manufacturers of polyurethane foam. As reason for the application, the applicant stated that polyether-polyol is no longer manufactured in SACU and that there is no justification for the 5 per cent *ad valorem* duty. Polyether-polyol was previously manufactured by Polyol Chemicals, which was a joint venture between Dow (Pty) Ltd and Industrial Urethane (Pty) Ltd. In 2003, Polyol Chemicals ceased the manufacture of polyether polyol in the SACU.

The Commission concluded that the duty on polyether polyol should be reduced as there is no SACU manufacturer of polyether polyol and that the reduction would enhance the competitiveness of polyurethane manufacturers.

**Application and tariff position**

1. The Commission considered the application for a reduction in the rate of duty on polyether polyol, classifiable under tariff subheading 3907.20.05 from 5 % *ad valorem* to free of duty.
2. As reason for the application, the applicant stated that polyether-polyol is no longer manufactured in SACU and that there is no justification for the 5 per cent *ad valorem* duty.

3. The tariff structure of polyether polyol is as follows:

**Table 1: Tariff structure of polyether polyol**

Subheading	Description	Rate of Duty		
		General	EU	SADC
3907	Polycetals, Other Polyethers and Epoxide Resins, in Primary Forms; Polycarbonates, Alkyd Resins, Polyallyl Esters and Other Polyesters in Primary Forms			
3907.20 3907.20.05	-Other polyethers =Polyethers-polyol, containing 2 or more hydroxyl groups, liquids or pastes, with a hydroxyl number of 20 mg KOH/g or more but not exceeding 100 mg KOH/g (excluding those produced with ethylene oxide or capped with ethylene oxide and having a primary hydroxyl content of 20 per cent or more)	5 %	5 %	free

4. Following the publication in the Government Gazette, six responses were received from interested parties. All six companies who are manufacturers of polyurethane foam supported the application on the basis that the polyether polyol is not manufactured in the SACU and that no justification exists for the current rate of duty.

#### **Recommendation**

5. The Commission considered that polyether polyol is not manufactured in the SACU. The Commission concluded that no justification exists for the current rate of duty on polyether polyol. The Commission therefore, recommended that the duty on polyether-polyol classifiable under tariff subheading 3907.20.05 be reduced to free of duty.

**(31/2004)]**