



International Trade Administration Commission of South Africa

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## Report No. 28

# **Rebate of the duty on alkyl ketene dimer, used for the manufacture of keydime**

The International Trade Administration Commission herewith presents its Report No. 28: Rebate of the duty on alkyl ketene dimer, classifiable under the tariff subheading 3404.90.90, for the manufacture of key-dime with recommendation

  
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**(Ms N P MAIMELA)**  
**CHIEF COMMISSIONER**

**PRETORIA**

**18/09/.....2003**

**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA**

**REPORT NO. 28**

**REBATE OF THE DUTY ON ALKYL KETENE DIMER, FOR THE MANUFACTURE OF KEYDIME.**

**Synopsis**

The Commission considered an application for the creation of a rebate provision under the third schedule of the Customs and Excise Act, 1964. The application was for the creation of a rebate of duty provision for alkyl ketene dimer classifiable under tariff subheading 3404.90.90, at 15% *ad valorem* for the manufacture of key-dime.

Alkyl ketene dimer is the raw material that is used in the manufacture of key-dime. Key-dime is used in the paper industry as a sizing agent to improve printability and liquid hold of the paper.

The Commission found that the applicant is not experiencing price disadvantages against foreign competition and that a rebate provision would unnecessarily complicate the tariff structure. The Commission decided that the application be rejected.

**The application and the tariff position**

SA Paper Chemicals (Pty) Ltd hereafter referred to as the applicant, applied for a rebate of duty on alkyl ketene dimer. Reasons put forward by the applicant which were considered by the Commission were:

- The 15% duty will have a major impact on the company's profitability.
2. The raw material is not manufactured in the SACU.
3. Few companies in the world manufacture the raw material concerned.
4. Competitors are importing the same product using different tariff lines to try and evade the duty, and this is creating unfair competition.

Alkyl ketene dimer was originally cleared by the applicant under tariff subheading 3809.92, which was duty free. On the 3<sup>rd</sup> October 2002 SARS informed the applicant that the product should be cleared under the correct classification, namely 3404.90.90. The classification of the raw material and the end product is as follows:

**Table 1: RAW MATERIAL: ALKYL KETENE DIMER**

PRODUCT	TARIFF HEADING	RATES OF DUTY		
		Gen	EU	SADC
Other: Alkyl Ketene Dimer	3404.90.90	15%	15%	Free

**Table 2: Tariff Position: (FINAL PRODUCT): KEYDIME**

PRODUCT	TARIFF HEADING	RATES OF DUTY		
		Gen	EU	SADC
Of a kind used in the paper or like industries: Key-dime	3809.92	Free	Free	Free

The application was published in the Government Gazette, on the 16 May 2003 as follows “Rebate of duty on artificial waxes falling within heading 34.04, for the manufacture of products and preparations of a kind used in the paper industry, falling within heading 38.09.” No comments or objections were received.

The fact that the raw material was not available in the SACU was seen by the Commission as not sufficient justification to create a rebate of the duty, as the applicant was not experiencing any competition from foreign manufacturers exporting the final product to SACU.

The final product is an emulsion, which consists of 12% solids, and 82% water. The composition of the final product makes the final product not readily importable.

### **Consideration**

The Commission found that the applicant is not experiencing price disadvantages against foreign competitors. A rebate of the duty provision would in Commission’s view, unnecessarily complicate the tariff structure.

### **Recommendation**

In view of the above, the Commission recommended that the application for a rebate provision for alkyl ketene dimer for the manufacture of key-dime be rejected.

[T5/2/3/2/1(03004)]