




International Trade Administration Commission of South Africa

Report No. 49

Application for an increase in the rate of duty on gum rosin

**The International Trade Administration Commission (ITAC) of South Africa
herewith presents Report No. 49: APPLICATION FOR AN INCREASE IN
THE DUTY ON GUM ROSIN.**



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CHIEF COMMISSIONER

PRETORIA

.....19.../.....02.../ 2004

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO. 49

APPLICATION FOR AN INCREASE IN THE DUTY ON GUM ROSIN

Synopsis

The Commission considered an application for an increase in the duty on gum rosin, classifiable under tariff subheading 3806.10. The existing rate of duty on gum rosin is free of duty. The request was to increase the duty to 10 per cent ad valorem.

In the light of the industry's competitive position and the adverse cost-raising impact of an increase in the duty, the Commission could not find justification to increase duty on gum rosin.

The Application And Tariff Position

- 1 The Commission considered an application for the increase of the customs duty on gum rosin, classifiable under tariff subheading 3806.10. The existing rate of duty on gum rosin is free of duty. The request was to increase the duty to 10 per cent ad valorem
2. As reason for the application, the applicant stated that they are the only domestic manufactures of gum rosin and needed protection against cheap imports. An increase in the duty would ensure the economic viability of extending the present gum rosin plant
- 3 Gum rosin is generally used by adhesive, ink and paper manufactures.

4. A notice of the investigation was published for comments by interested parties in the Government gazette as follows:

Increase of custom duty on:

“Gum rosin classifiable under tariff subheading 3806.10 for the use in the manufacture of adhesives, bitumen emulsifiers, paper sizing agents, road marking and aggregate binders.”

5. The existing classification of the raw material and the end product is as follows:

RAW MATERIAL:

PRODUCT	TARIFF SUBHEADING	RATES OF DUTY		
		Gen	EU	SADC
Other : Natural gum rosin	1301.90	Free	Free	Free

END PRODUCT

PRODUCT	TARIFF SUBHEADING	RATES OF DUTY		
		Gen	EU	SADC
Rosin and Resin Acids	3806.10	Free	Free	Free

Consideration

6. The Commission found that the natural gum rosin as the raw material was manufactured and available in SACU; the end product (Rosin and resin acids) was not readily importable because of its nature and that there was no threat of cheap imports as far as the final product was concerned.
7. The price information at the Commission’s disposal indicated that there was no significant price disadvantage to the applicant.
8. The application attracted a number of objection as follows:

- The applicant did not have the capacity to supply the whole SACU market.
 - An increase in the duty would be detrimental to the downstream industry, as the applicant informed its customers that it was contemplating manufacturing downstream products as opposed to supplying the gum rosin as the raw material.
9. The Commission found that the industry was competitive and an increase in the duty would not benefit the industry but raise costs unnecessarily.
 10. In view of the above the Commission concluded that an increase in the duty on gum rosin was not justified.

Recommendation

1. The Commission recommends that the application be rejected.