


# **REPORT NO. 402**

**CREATION OF A REBATE FACILITY FOR SPECIFIC MECHANISMS FOR THE  
MANUFACTURE OF LOOSE-LEAF BINDERS OR FILES**

The International Trade Administration Commission of South Africa herewith presents its Report No.402: **Creation of a rebate facility for specific mechanisms for the manufacture of loose-leaf binders or files**, with recommendations.



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**CHIEF COMMISSIONER**

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 402

**CREATION OF A REBATE FACILITY FOR SPECIFIC MECHANISMS FOR THE  
MANUFACTURE OF LOOSE-LEAF BINDERS OR FILES**

**Synopsis**

Bidvest Paper-Plus (Pty) Ltd, trading as Silveray Manufacturing, applied for the creation of a rebate provision for specific mechanisms classifiable at 20% *ad valorem* under tariff subheadings 8305.10 and 8305.90, for the manufacture of loose-leaf binders or files.

The Commission found that the subject mechanisms are not manufactured in SACU; that the domestic industry manufacturing loose-leaf binders or files experiences depressed profit margins and levels of production; and that the customs duty on the subject mechanisms has an unnecessary cost-raising effect. As such, tariff relief for this industry would improve the price-competitive position of the domestic industry.

The Commission therefore recommended that a rebate provision for specific mechanisms for the manufacture of loose-leaf binders or files, be created.

## INTRODUCTION

1. Bidvest Paper-Plus (Pty) Ltd, trading as Silveray Manufacturing, applied for the creation of a rebate provision for specific mechanisms classifiable under tariff subheadings 8305.10 and 8305.90, for the manufacture of loose-leaf binders or files.
2. As motivation for the application, the applicant stated that there are no domestic manufacturers of the subject mechanisms in the Southern African Customs Union (SACU) and as such, the current general customs duty of 20% *ad valorem* has an unnecessary cost-raising effect.
3. The applicant manufactures three different types of loose-leaf binders or files, namely lever arch, ring binder and clip board files. The specific mechanisms include so-called jumbo and teeth clips, compressor bars, ring binder mechanisms, different sizes of lever arch mechanisms, slots and eyelets. These are all used in the manufacture of loose-leaf binders or files of different sizes, varieties and capabilities.
4. The application was published in the Government Gazette on 23 March 2012 for comments by interested parties.

## THE TARIFF POSITION

5. The existing tariff position for the subject mechanisms is as follows:

**Table 1: Tariff structure for the subject mechanisms**

Tariff heading	Tariff subheading	Description	Unit	Rate of duty			
				General	EU	EFTA	SADC
8305		Fittings for loose leaf binders or files letter corners, paper clips, indexing tags and similar strips (for example, for offices, upholstery, packaging), of base metal:					
8305.10	Fittings for loose leaf binders or files	20%	KG	20%	Free	Free	Free
8305.20	Staples in strips	20%	KG	20%	Free	Free	Free
8305.90	Others, including parts	20%	KG	20%	Free	Free	Free

6. The existing tariff position for the end-products, loose-leaf binders or files, is as follows:

**Table 2: Tariff structure for the end product**

Tariff heading	Tariff subheading	Description	Unit	Rate of duty			
				General	EU	EFTA	SADC
4820	4820.30	Binders (excluding book covers), folders and file covers	KG	15%	Free	5.7%	Free

## INDUSTRY AND THE MARKET

7. There are six known local manufacturers of loose-leaf binders or files in SACU, namely, Silveray Manufacturing (Pty) Ltd (i.e. the applicant), Bantex (Pty) Ltd, Slavepak (Pty) Ltd, VersaFile (Pty) Ltd/ CTP Ltd, Freedom Stationery (Pty) Ltd and Impala Stationary (Pty) Ltd. The applicant enjoys the largest market share. The domestic industry has adequate capacity to meet the full SACU demand for loose-leaf binders or files. However, mainly due to weak demand, domestic production levels and capacity utilisation have decreased significantly since 2009 and inventory levels have gone up.
8. The applicant employs a total of 455 workers of which 71 are directly involved in the manufacture of loose-leaf binders or files
9. There are two known local manufacturers of certain mechanisms classifiable under tariff headings 8305.10 and 8305.90, namely, Press Products (Pty) Ltd and Grip Binders Group (Pty) Ltd. However, their product range does not cover the subject mechanisms.
10. Table 3 below shows the trend in imports and exports of all binders, folders and file covers. It should be emphasised that the trade data includes all types of binders and files and not just lever arch, ring binder, and clip board files. In light of the fact that trade data includes a large variety of binders and files not produced domestically, it must be pointed out that imports of the subject end-products tend to be insignificant.

**Table 3: SACU total imports and exports of the final product (TH4820.30)**

Year	Rand value		Volume units (Kg)	
	Imports	Exports	Imports	Exports
2009	20 313 926	6 723 143	742 109	374 813
2010	14 835 426	10 865 233	605 839	514 987
2011	16 421 751	14 549 246	711 001	594 255
% change 2009-2011	-19.2	+116.4	-4.2	+58.4

Source: SARS 2012

11. The volume of imports declined by 4.2% between 2009 and 2011 while that of exports increased significantly by 58.4%. The Rand value of imports declined by 19.2% while the value of exports increased by 116.4% during the same period. Exports are predominantly destined for the SADC region.
12. Total import volumes and values of mechanisms classifiable under tariff subheadings 8305.10.00 and 8305.90.00 are set out in table 4 below:

**Table 4: SACU total imports of the subject mechanisms (TH 8305.10 and 8305.90)**

Year	Import Volume (kg)	Import Value (Rand)
2009	1 686 950	39 208 816
2010	2 068 560	44 537 089
2011	1 826 819	40 073 323
% change 2009-2011	8%	2%

Source: SARS 2012

13. Imports of the subject mechanisms are predominantly from the Peoples Republic of China, Turkey, India, and Malaysia. Over the period 2009-2011, import volumes increased by 8% while the import value increased by 2%.

#### **COMMENTS RECEIVED**

14. Comments in support of the application were received from Press Products (Pty) Ltd and Grip Binders Group (Pty) Ltd. The product range of mechanisms manufactured by these manufacturers has been excluded from the proposed rebate provision.
15. No objections to the application were received.

#### **FINDINGS**

16. The Commission found that the subject mechanisms are not manufactured in SACU; that the domestic industry manufacturing loose-leaf binders or files experiences depressed profit margins and levels of production; and that the customs duty on the

subject mechanisms has an unnecessary cost-raising effect. As such, tariff relief for this industry would improve the price-competitive position of the domestic industry.

## RECOMMENDATION

17. In light of the foregoing, the Commission recommended that a rebate of duty provision for specific mechanisms classifiable under tariff subheadings 8305.10 and 8305.90, for the manufacture of loose-leaf binders or files be created as follows:

### REBATE OF THE DUTY ON:

#### **310.06 Industry: Binders (loose-leaf or other), folders, file covers and files, of paper or paperboard**

- 83.05/01.04 Lever arch binding mechanisms for the manufacture of lever arch files by means of permanently riveting the mechanism to the file form; compression bars with a length of 122 mm or more designed for use with lever arch mechanisms and slotted for lever arch files with an opening of 41,5 mm or more designed to hook onto the arch of the mechanism slotted through the file form
- 83.05/02.04 Ring binding mechanisms with a diameter of 25 mm or more for the manufacture of ring-binder files by means of permanently riveting the mechanism to the file form
- 83.05/03.04 Clip mechanisms with a length of 110 mm or more for the manufacture of clipboard files or binders by means of permanently riveting the mechanism to the file or binder form

#### **307.06 Industry: Binders (loos-leaf or other), folders, file covers and files, of plastics**

- 83.05/01.04 Lever arch binding mechanisms for the manufacture of lever arch files by means of permanently riveting the mechanism to the file form; compression bars with a length of 122 mm or more designed for use with lever arch mechanisms and slotted for lever arch files with an opening of 41,5 mm or more designed to hook onto the arch of the mechanism slotted through the file form
- 83.05/02.04 Ring binding mechanisms with a diameter of 25 mm or more for the manufacture of ring-binder files by means of permanently riveting the mechanism to the file form
- 83.05/03.04 Clip mechanisms with a length of 110 mm or more for the manufacture of clipboard files or binders by means of permanently riveting the mechanism to the file or binder form

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