

REPORT NO: 469

**REBATE OF DUTY ON METHYL ESTER SULPHATE
FOR THE MANUFACTURE OF WASHING
PREPARATIONS**

The International Trade Administration Commission of South Africa herewith presents its Report No. 469: **Rebate of duty on methyl ester sulphate for the manufacture of washing preparations.**



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CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 469

**REBATE OF DUTY ON METHYL ESTER SULPHATE FOR THE MANUFACTURE
OF WASHING PREPARATIONS**

Synopsis

The Commission received an application by Unilever South Africa (Pty) Ltd (Unilever), for a rebate of duty on methyl ester sulphate classifiable under tariff subheading 3402.11, for the manufacture of washing preparations (detergents) classifiable under tariff heading 34.02

The Commission found that methyl ester sulphate is not manufactured in the SACU and that the duty has an unnecessary cost-raising impact.

The Commission recommended that a rebate of duty provision be created for methyl ester sulphate, classifiable under tariff subheading 3402.11, for the manufacture of washing preparations (detergents) classifiable under tariff heading 34.02.

THE APPLICATION

The Commission received an application by Unilever South Africa (Pty) Ltd (Unilever), for a rebate of duty on methyl ester sulphate (MES), classifiable under tariff subheading 3402.11, for the manufacture of washing preparations (detergents) classifiable under tariff heading 34.02.

As reason for the application, the applicant stated that MES is not manufactured in the SACU and that the duty has a cost-raising effect.

The application was published in the Government Gazette of 18 October 2013, for comment by interested parties.

TARIFF POSITION

The current tariff position for methyl ester sulphate is shown in the table below:

Tariff heading	Tariff sub-heading	Description	Rate of duty			
			General	EU	EFTA	SADC
34.02		Organic surface-active agents(Excluding soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap (excluding those of heading 34.01)				
	3402.11.20	In immediate packings of a content exceeding 10kg	15%	free	1.9%	free

INDUSTRY AND MARKET

Unilever manufactures a wide range of household products from cosmetics and washing preparations to edible products, and it has made significant investments in the manufacture of laundry detergents and washing preparations. It holds more than 80% of the SACU market for washing preparations

The intermediate input product under consideration, MES, is an anionic surfactant derived from renewable natural resources, namely palm oil, through esterification and sulphonation. It offers an environment-friendly alternative to a widely used petrochemical-based surfactant, namely linear alkyl benzene (LAB), due to low toxicity, improved calcium hardness tolerance, and biodegradability, which contributes to the reduction of organic load in wastes discharged in the natural environment.

Unilever South Africa (Pty) Ltd, currently uses LAB as an input product in the manufacturing of laundry detergent and washing preparations. However, the company is in a process of adjusting its manufacturing process to allow the use of MES in the manufacturing of laundry detergent and washing preparations. Unilever manufactures products such as Omo, Skip, Surf and Sunlight, that all require surfactants in its production processes.

COMMENTS ON THE APPLICATION

There were no objections to the application. The Republic of Botswana supported the application.

FINDINGS

The Commission found that methyl ester sulphate is not manufactured in the SACU and that the existing duty has an unnecessary cost-raising impact.

RECOMMENDATION

In view of the above, the Commission recommends that a rebate of duty provision be created for methyl ester sulphate classifiable under tariff subheading 3402.11, for the manufacture of washing preparations (detergents) classifiable under tariff heading 34.02.

(16/2013)