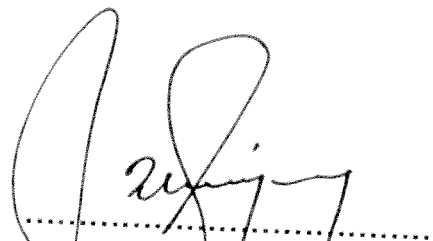


REPORT NO: 383

**Application for a reduction in the rate of duty on
photographic plates and film for X-ray**

The International Trade Administration Commission of South Africa herewith presents its Report No. 383: **Application for a reduction in the rate of duty on photographic plates and film for X-ray.**

A handwritten signature in black ink, appearing to read 'Siyabulela Tsengiwe', written over a horizontal dotted line.

Siyabulela Tsengiwe

CHIEF COMMISSIONER

PRETORIA

...15.../.../2011

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA
REPORT NO. 383
APPLICATION FOR A REDUCTION IN THE RATE OF DUTY ON
PHOTOGRAPHIC PLATES AND FILM FOR X-RAY

Synopsis

Africa X-Ray Industrial and Medical (Pty) Ltd applied for a reduction in the rate of duty on photographic plates and film for X-ray, classifiable under tariff sub-heading 3701.10.90, from 15 per cent *ad valorem* to free of duty.

As reason for the application, the applicant stated that the current rate of duty serves to protect the local slitting of X-ray film done by Slit Techniques (Pty) Ltd on behalf of AGFA Health Care SA (Pty) Ltd. However, AGFA ceased to utilize this slitting plant as from 31 August 2011.

The Commission found that facilities to slit X-ray film are available in the SACU and that Slit Techniques has made a significant investment in the business of slitting X-ray films.

In light of the fact that Slit Techniques is not currently slitting X-ray films under contract, a review of the tariff structure in the light of demand and supply conditions in this sector and the activities of this company, will be undertaken after a period of twelve months.

The Commission recommended that the application for a reduction in the rate of duty on photographic plates and film for X-ray, classifiable under tariff sub-heading 3701.10.90, be rejected.

THE APPLICATION AND TARIFF POSITION

Africa X-Ray Industrial & Medical (Pty) Ltd applied for a reduction in the rate of duty on photographic plates and film for X-rays, classifiable under tariff sub-heading 3701.10.90, from 15 per cent *ad valorem* to free of duty.

As reason for the application, the applicant stated that the current rate of duty serves

to protect the local slitting of X-ray film done by Slit Techniques (Pty) Ltd on behalf on AGFA Health Care SA (Pty) Ltd. However, AGFA ceased to utilize this slitting plant as from 31 August 2011.

The application was published in the Government Gazette for comments by interested parties.

The existing tariff structure for photographic plates and film in the flat, reads as follows:

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
37.01		PHOTOGRAPHIC PLATES AND FILM IN THE FLAT, SENSITISED, UNEXPOSED, OF ANY MATERIAL (EXCLUDING PAPER, PAPERBOARD OR TEXTILES); INSTANT PRINT FILM IN THE FLAT, SENSITISED, UNEXPOSED, WHETHER OR NOT IN PACKS:				
	3701.10	For X-ray:				
	3701.10.10	Fluorographic plates and film in the flat	Free	Free	Free	Free
	3701.10.90	Other	15%	1.95%	7.5%	Free

THE INDUSTRY AND MARKET

AGFA Health Care SA (Pty) Ltd (AGFA) is a major distributor of X-ray films in the SACU. It imports X-ray films in rolls from its parent company. These rolls are imported free of duty under tariff subheading 3702.10 to AGFA's requirements for specific sizes of X-ray films. The further slitting or cutting of X-ray film had, until 31 August 2011, been outsourced to a slitting company, Slit Techniques (Pty) Ltd.

Slit Techniques used to be the sole supplier of slit X-ray films to AGFA, which were cut from imported rolls. However, AGFA decided to terminate the contract with effect from 31 August 2011.

COMMENTS ON THE APPLICATION

AGFA and Fuji Film (from whom the applicant imports the final slit product) supported the application on the basis that the current rate of duty has an adverse impact on the cost of the provision of healthcare. AGFA stated that the usage of film is declining annually on the basis of technology transformation from analogue to digital and computerized image capturing. The decline in film usage no longer

warrants the minimal job opportunities in toll manufacturing when measured against the higher cost of healthcare.

Slit Techniques objected to the requested reduction in duty as it is the only slitting company in the SACU. It is currently investing in plant and machinery to slit as per specification.

FINDINGS

The Commission found that facilities to slit X-ray film are available in the SACU and that Slit Techniques has made a significant investment in its business of slitting X-ray films.

In light of the fact that Slit Techniques is not currently slitting X-ray films under contract, a review of the tariff structure in the light of demand and supply conditions in this sector and the activities of this company, will be undertaken after a period of twelve months.

RECOMMENDATION

The Commission recommended that the application for a reduction in the rate of duty on photographic plates and film for X-ray, classifiable under tariff subheading 3701.10.90, be rejected.

(13/2011)