

**REPORT NO.337**

**APPLICATION FOR A REDUCTION IN THE RATE OF  
CUSTOMS DUTY ON LEVER-ARCH FILE  
MECHANISMS**

The International Trade Administration Commission herewith presents its Report  
No. 337: **APPLICATION FOR A REDUCTION IN THE RATE OF CUSTOMS DUTY ON  
LEVER-ARCH FILE MECHANISMS**, with recommendations.



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**SIYABULELA TSENGIWE**  
**CHIEF COMMISSIONER**

**PRETORIA**

15-07-2010

**REPUBLIC OF SOUTH AFRICA**  
**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH**  
**AFRICA**

**REPORT NO. 337**

**APPLICATION FOR A REDUCTION IN THE RATE OF  
CUSTOMS DUTY ON LEVER-ARCH FILE MECHANISMS**

**Synopsis**

Lithotech (Pty) Ltd applied for a reduction in the rate of customs duty on lever-arch file mechanisms classifiable under tariff subheadings 8305.10 and 8305.90, from 20% *ad valorem* to free of duty. As reason for the application, the applicant stated that there are no manufacturers of the subject product in the Southern African Customs Union (SACU) and that the current duty of 20% *ad valorem* has an unnecessary cost raising effect. However, the Commission found that lever-arch file mechanisms are manufactured domestically and that the existing duty serves as support and encouragement for further investment and employment in this industry in the face of stiff competition from abroad. The Commission therefore recommended that the application be rejected.

**THE APPLICATION AND TARIFF POSITION**

1. Lithotech (Pty) Ltd, a manufacturer of stationery and paper products situated in Durban, applied for a reduction in the rate of duty on lever-arch file mechanisms classifiable under tariff subheadings 8305.10 and 8305.90, from 20% *ad valorem* to free of duty.
2. As reason for the application, the applicant stated that there are no manufacturers of the subject product in the Southern African Customs Union

(SACU) and that the current duty of 20% *ad valorem* has an unnecessary cost raising effect.

3. The applicant manufactures a comprehensive range of commercial print, stationery and media solutions, including envelopes, diaries, books, files, over-print desk pads, event tickets, photo and rubber stamps.
4. Lever-arch file mechanisms are classifiable under tariff subheadings 8305.10 and 8305.90 as follows:

Tariff Heading	Tariff Sub-heading	Description	Rate of duty			
			General	EU	EFTA	SADC
8305		Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips (for example, for offices, upholstery, packaging), of base metal.				
	8305.10	Fittings for loose-leaf binders or files	20%	5%	20%	Free
	8305.20	Staples in strips	20%	5%	20%	Free
	8305.90	Others, including parts	20%	5%	20%	Free

5. The application was published in the Government Gazette of 23 October 2009.

#### COMMENTS ON THE APPLICATION

6. Two local manufacturers of the subject product that are used in the manufacture of files, namely Press Products (Pty) Ltd and Grip Binders Group (Pty) Ltd objected to the application. It was stated that these mechanisms are manufactured by them and a reduction in the rate of duty would adversely affect their competitive position in the SACU.

## **FINDINGS**

7. The Commission found that lever-arch file mechanisms are manufactured domestically and that the existing duty serves as support and encouragement for further investment and employment in this industry in the face of stiff competition from abroad.

## **RECOMMENDATION**

8. In the light of the above, the Commission recommends that the application for a reduction in the rate of customs duty on lever-arch file mechanisms be rejected.

[T5/2/18/1 (2/2009)]