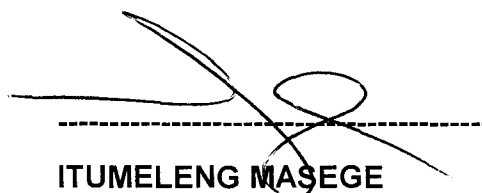


Report No. 256

Amendment of rebate of the duty provision in terms of rebate item 303.01 on palm stearin for blending with paraffin wax

The International Trade Administration Commission herewith presents its
**Report No. 256: AMENDMENT OF REBATE OF DUTY PROVISION IN
TERMS OF REBATE ITEM 303.01 ON PALM STEARIN FOR BLENDING
WITH PARAFFIN WAX**

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a dashed line.

ITUMELENG MASEGE

ACTING CHIEF COMMISSIONER

PRETORIA

8/10/-----2007

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 256

AMENDMENT OF REBATE OF DUTY IN TERMS OF REBATE ITEM 303.01 ON PALM STEARIN FOR BLENDING WITH PARAFFIN WAX

Synopsis

Morlite Industries (Morlite) applied for an amendment to the rebate provision in terms of item 303.01 on palm stearin classifiable under tariff subheading 1511.90. Palm stearin which is derived from the fruit of the palm tree is used to manufacture various waxes which are heated by blending with paraffin wax to, among others, manufacture candles.

Rebate provision 303.01/1511.90/02.06 was created upon recommendation by the Commission in 2003. What was recommended was the creation of a rebate of duty provision on palm stearin for dehydrating and blending with paraffin wax of which the palm stearin content is 20 per cent or more by mass.

The reason for the current application was that in terms rebate provision 303.01/1511.90/02.06, it is not economically viable to import palm stearin in liquid form for dehydration as the application caters for the lower end of the market and the current rate of duty increases the cost of manufacturing candles.

The application was published in the Government Gazette No 29971 on 15 June 2007 for interested parties to comment. Price Candles (Pty) Ltd who is the SACU manufacturer of candles submitted its support for the application.

The Commission found that palm stearin is not manufactured in the SACU and that the importation of palm stearin in liquid form would increase the cost associated with the manufacturing of candles. In light of the foregoing, the Commission

recommends that the rebate provision be amended to also enable palm stearin in a dehydrated form to be imported for blending with paraffin wax.

The application and the tariff position

Morlite Industries (Morlite) applied for an amendment to the rebate provision in terms of item 303.01 on palm stearin classifiable under tariff subheading 1511.90. Palm stearin which is derived from the fruit of the palm tree is used to manufacture various waxes which are heated by blending with paraffin wax to, among others, manufacture candles.

The reason for the current application was that in terms rebate provision 303.01/1511.90/02.06, it is not economically viable to import palm stearin in liquid form for dehydration as the application caters for the lower end of the market and the current rate of duty increases the cost of manufacturing candles.

The tariff structure of palm stearin is shown in Table 1 below:

Table 1: Existing tariff position of palm stearin

Tariff Heading	Description	Rate of Duty			
		General	EU	EFTA	SADC
1511	Palm Oil and its fractions, whether or not refined, but not chemically modified:				
1511.10	Crude oil	10%	free	10%	free
1511.90	Other	10%	free	10%	free

The existing rebate provision for palm stearin used for the manufacture of paraffin wax is as shown in Table 2 below:

Table 2: Rebate provision: Palm stearin

Rebate item	Tariff Heading	Rebate code	Description	Extend of duty
303.01			INDUSTRY: ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCT, AND PREPARED EDIBLE FATS AND ANIMAL OR VEGABLE WAX	
	1511.90	02.06	Palm stearin, not chemically modified or dehydrated, for dehydrating and blending with paraffin wax, of which the palm stearin content is 20 per cent or more by mass	Full duty

The application was supported by Price Candles (Pty) Ltd.

The Commission found that palm stearin is not manufactured in the SACU and that the importation of palm stearin in a liquid form would increase the cost associated with the manufacturing of candles.

In light of the foregoing, the Commission recommends that the rebate provision be amended to also enable palm stearin in a dehydrated form to be imported at free of duty for blending with paraffin wax.

Recommendation

In view of the above, the Commission decided to recommend an amendment of the wording of the rebate of duty provision in terms of rebate item 303.01 to make provision for the duty-free importation of palm stearin, refined but not chemically modified for blending with paraffin wax, of which the palm stearin content is 20 per cent or more by mass,

(13/2007)]