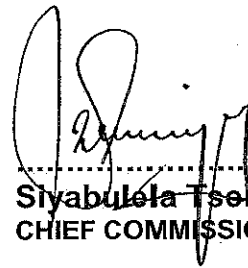


REPORT NO. 275

**REDUCTION IN THE RATE OF DUTY ON
PREPARATIONS CONTAINING BY MASS, 85
PERCENT OR MORE OF METHIONINE**

The International Trade Administration Commission of South Africa (ITAC) herewith presents Report No. 275: REDUCTION IN THE RATE OF DUTY ON PREPARATIONS CONTAINING BY MASS, 85 PERCENT OR MORE OF METHIONINE



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Siyabulela Tsengiwe
CHIEF COMMISSIONER

PRETORIA
30 / 06 / 2008

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 275

REDUCTION IN THE RATE OF DUTY ON PREPARATIONS CONTAINING BY MASS, 85 PERCENT OR MORE OF METHIONINE

SYNOPSIS

The Commission considered the creation of a separate tariff subheading at free of duty for preparations containing by mass, 85 percent or more of methionine. The product concerned is classifiable under tariff subheading 2309.90.92 with a rate of duty of 20% ad valorem in the general column, 10% in the EU column, 20% in the EFTA column and free of duty in the SADC column.

The Commission, after having taken into account all the comments received, decided that a reduction in duty on preparations containing by mass, 85 percent or more of methionine, was justified. It therefore recommended the reduction to free of duty and the creation of a separate tariff subheading for preparations containing by mass, 85 percent or more of methionine.

1. Introduction

- 1.1 Degussa Africa applied for a reduction in the customs duty, through the creation of a separate tariff subheading, for preparations containing by mass, 85 percent or more of methionine.
- 1.2 The product concerned is classifiable under tariff subheading 2309.90.92 with a rate of duty of 20% ad valorem in the general column, 10% in the EU column, 20% in the EFTA column and free of duty in the SADC column.
- 1.3 The reasons for the application are:
 - The product in question is used as a raw material in the animal feed industry and a reduction in customs duty would reduce costs in the animal feed industry;
 - The product in question, or a similar substitute product, is not manufactured in the SACU; and
 - The product adds value to dairy feed to achieve better balanced dairy rations and optimize milk production.

- 1.4 Methionine is one of ten amino acids essential for the dairy cow to maintain optimum health and productivity. Since dairy cows cannot produce essential amino acids, they must get them either from the diet or from digesting microbes washed out of the rumen. Methionine is not only built into body and milk protein but is also an important part of enzyme systems that enable cows to get energy from feed. It is also a component of the immune system, keeping body membranes healthy.
- 1.5 Insufficient methionine can impair herd health and perhaps their reproductive efficiency. This deficiency may also prevent dairy herds from optimizing milk production.
- 1.6 Degussa imports the product, which is produced by coating methionine with a protective coating, and sells it to animal feed manufacturers who use it as a raw material in the manufacture of animal feed for dairy cows. The product is the time-released, rumen-protected source of methionine for dairy herds. The product is included in dairy rations to achieve better balanced dairy rations. A typical inclusion ranges from 10 to 20g per cow per day, depending on performance and ration composition.

2. Tariff position

- 2.1 The tariff structure for preparations containing by mass, 85 percent or more of methionine, is as shown in Table 1 below:

Table 1

| Tariff heading | Tariff subheading | Description | Rate of duty | | | |
|----------------|-------------------|---|--------------|------|-----|------|
| | | | General | EFTA | EU | SADC |
| 23.09 | | Preparations of a kind used in animal feeding | | | | |
| | 2309.90.92 | Other | 20% | 20% | 10% | Free |

(Source: SARS)

- 2.2 The requested tariff structure is as set out in Table 2 below:

Table 2

| Tariff heading | Tariff subheading | Description | Rate of duty | | | |
|----------------|------------------------------|---|--------------|------|------|------|
| | | | General | EFTA | EU | SADC |
| 23.09 | New subheading under 2309.90 | Preparations containing, 85 percent or more of methionine | free | free | free | free |

(Source: SARS)

- 2.3 The application was published in the Government Gazette dated 22 February 2008 for comment as follows:

“Reduction in the rate of duty on preparations containing by mass, 85 percent or more of methionine, classifiable under tariff subheading 2309.90.92, from 20% to free of duty.”

3. **Comments on publication**

- 3.1 Milk SA indicated that they are in support of the reduction of input costs to dairy farmers and is therefore in favour of a reduction on methionine.
- 3.2 SA Bio Products, the only SACU manufacturer of the kind of product in question, confirmed that they do not manufacture methionine and that they would support a reduction.

4. **Findings and recommendation**

- 4.1 The product which the applicant seeks tariff relief on, is not manufactured in the SACU.
- 4.2 The product in question is included into dairy rations to achieve better balanced dairy rations and optimize milk production.
- 4.3 In the light of the foregoing and after having taken all the comments received into account, the Commission decided to recommend a reduction to free of duty on preparations containing by mass, 85 percent or more of methionine.