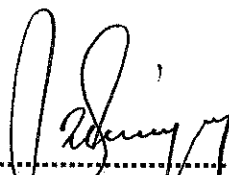


REPORT NO. 269

**INCREASE IN THE RATE OF DUTY ON
COLLAPSIBLE SWIMMING POOLS AND PADDLING
POOLS AND REBATE OF THE DUTY ON PVC
SHEETING USED IN THE MANUFACTURE OF
COLLAPSIBLE SWIMMING POOLS AND PADDLING
POOLS**

The International Trade Administration Commission herewith presents its Report
No. 269: INCREASE IN THE RATE OF DUTY ON COLLAPSIBLE SWIMMING
POOLS AND PADDLING POOLS AND REBATE OF THE DUTY ON PVC SHEETING
USED IN THE MANUFACTURE OF COLLAPSIBLE SWIMMING POOLS AND
PADDLING POOLS, with recommendations.



.....
Siyabulela Tsengiwe
CHIEF COMMISSIONER

PRETORIA

05 / 06 / 08

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 269

INCREASE IN THE RATE OF DUTY ON COLLAPSIBLE SWIMMING POOLS AND PADDLING POOLS AND REBATE OF THE DUTY ON PVC SHEETING USED IN THE MANUFACTURE OF COLLAPSIBLE SWIMMING POOLS AND PADDLING POOLS

Synopsis

Seagull Industries (Pty) Ltd applied for the creation of a rebate provision for PVC sheeting used in the manufacture of collapsible swimming pools and paddling pools and for an increase in the rate of duty on these pools.

The Commission recommended the creation of a rebate provision for PVC sheeting used for the manufacture of the pools as well as an increase in the rate of duty on collapsible swimming pools as these measures would improve the applicant's competitive position, in the face of fierce foreign competition, especially from East Asia.

The application

1. Seagull Industries (Pty) Ltd applied for the creation of a rebate provision for non-laminated PVC sheeting which is used in the manufacture of plastic swimming pools. It also requested an increase in the rate of duty on PVC swimming pools from the current free of duty to the WTO-bound rate of 10% *ad valorem*.
2. Non-laminated PVC sheeting is currently classifiable under tariff subheading 3920.43 as follows:

Tariff sub-heading	Description	Rates of duty		
		General	EU	SADC
39.20	Other Plates, Sheets, Film, Foil and Strip, of Plastics Non-cellular and Not Re-inforced, Laminated, Supported or Similarly combined With Other Materials			
3920.4	- Of polymers of vinyl chloride			
3920.43	= Containing by mass not less than 6 per cent of plasticizers	15%	15%	Free

3. The existing tariff structure of the final product (swimming pools) for which the imported materials are to be used is as follows:

Tariff heading	Description	General	EU	SADC
9506	Articles and Equipment for General Physical Exercise, Gymnastics, Athletics, Other Sports (including Table Tennis) or Outdoor Games, not Specified or Included Elsewhere in This Chapter; Swimming Pools and Paddling Pools			
9506.99	= Other	Free	Free	Free

4. As a result of the fact that the domestic manufacturer of non-laminated PVC sheeting has ceased production of this particular type of sheeting, due to a lack of economies of scale, it now needs to be imported. The existing duty therefore does not serve a protective purpose but merely has a cost-raising effect on downstream manufacturers, such as the applicant.
5. The raw material is commonly known as non-laminated PVC and is provided in rolls with different thicknesses. The flexible PVC sheeting needed for the manufacture of collapsible swimming pools range in dimension from 0.25mm up to and including 0.60mm.
6. This sheeting is to a great extent ultra-violet resistant, durable and flexible. The specific dimensions provide the necessary flexibility. Thicker material would be costly and less flexible; thinner material would be non-durable and wasteful. Non-laminated sheeting (solid sheeting) is also more durable than laminated or glued-together sheeting.

Findings

7. The Commission found that an anomaly exists, in that wholesalers and chain stores can import the complete swimming pool at free of duty, whilst the plastic materials imported for the manufacture of pools, attract a duty of 15% *ad valorem*.
8. The Commission also took into account that the applicant is situated in an economically depressed area in the Western Cape with a high rate of unemployment. The Commission therefore found adequate justification for the rebate provision as well as the moderate rate of protective duty it recommends, especially in the light of the significant price disadvantage that the applicant is experiencing from fierce competition from abroad.

9. The Commission's recommendation hereunder is that a new eight-digit tariff subheading should be created for collapsible swimming pools and paddling pools at a duty of 10 per cent *ad valorem*, thereby not affecting the other articles contained in tariff subheading 9506.99, which will remain at free of duty.

Recommendation

10. In the light of the foregoing, the Commission recommends:
- (i) *An increase in the duty on collapsible swimming pools and paddling pools of polymer of vinyl chloride (PVC) classifiable under tariff subheading 9506.99 from the existing free of duty to 10% ad valorem; and*
 - (ii) *a full rebate of the duty on "PVC sheeting of a thickness of 0,25mm or more, but not exceeding 0,6mm classifiable under tariff subheading 3920.43 for the manufacture of collapsible swimming pools and paddling pools of polymer of vinyl chloride (PVC) classifiable under tariff subheading 9506.99."*

[T5/2/18/1 (21/2007 and 22/2007)]