

Report No. 238

**Rebate of the duty on heat transfer labels
(decalcomanias), not vitrifiable, classifiable under
tariff subheading 4908.90 for use in the
manufacture of articles for the conveyance or
packing of goods, of plastics classifiable in tariff
heading 39.23**

The International Trade Administration Commission of South Africa herewith presents its Report No. 238: REBATE OF THE DUTY ON HEAT TRANSFER LABELS (DECALCOMANIAS), NOT VITRIFIABLE, CLASSIFIABLE UNDER TARIFF SUBHEADING 4908.90 FOR USE IN THE MANUFACTURE OF ARTICLES FOR THE CONVEYANCE OR PACKING OF GOODS, OF PLASTICS CLASSIFIABLE IN TARIFF HEADING 39.23.



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ACTING CHIEF COMMISSIONER

PRETORIA

19 June.....2007

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 238

REBATE OF THE DUTY ON HEAT TRANSFER LABELS (DECALCOMANIAS), NOT VITRIFIABLE, CLASSIFIABLE UNDER TARIFF SUBHEADING 4908.90 FOR USE IN THE MANUFACTURE OF ARTICLES FOR THE CONVEYANCE OR PACKING OF GOODS, OF PLASTICS CLASSIFIABLE IN TARIFF HEADING 39.23

Synopsis

The Commission considered an application for a rebate of the duty on heat transfer labels for use in the manufacture of articles for the conveyance or packing of goods. A decision to publish was taken based on evidence that there were no existing SACU manufacturers of the product concerned. No comments or objections were received during the publication period.

The Commission found that since there is no local manufacturing of the product concerned and that the existing duty only serves to inflate costs that affect price competitiveness, there was no justification for the duty.

The Commission recommends that a rebate provision be created for imported heat transfer labels (decalcomanias), not vitrifiable, classifiable under tariff subheading 4908.90 for use in the manufacture of articles for the conveyance or packing of goods, of plastics classifiable in tariff heading 39.23.

Introduction

Pail Pac (Pty) Ltd (the applicant) applied for rebate of duty on heat transfer labels classifiable under tariff subheading 4908.90.90 with a rate of customs duty of 15 per cent ad valorem.

The applicant imports the heat transfer labels in rolls from their US supplier. These rolls are then put through a process whereby the label is fused with heat and pressured onto the 5L or 20L plastic buckets.

The applicant supplies plastic buckets for packaging purposes for clients in the paint, petro-chemical and food industries.

As reasons for the application the applicant stated that:

- Heat transfer labels are not manufactured locally and that the duty applicable only serves to increase his input costs.
- The requested rebate provision would enhance the company's competitive position.

The application was published in the Government Gazette no. 29481 of 22 December 2006, for concerned parties to comment.

COMMENTS ON THE APPLICATION

No comments or objections were received from interested parties during the publication period.

The Printing Industries Federation of South Africa (PIFSA) was consulted and stated that they are not aware of any manufacturer of heat transfer labels in the SACU. PIFSA however submitted that they believe that similar substitute products might be manufactured locally.

The companies that PIFSA was referring to, which are the major players in the packaging industry (namely Nampak and Astrapak) were consulted and responded by confirming that they were not opposed to the application, as they nor any company they know is manufacturing heat transfer labels in the SACU.

FINDINGS

The investigation conducted revealed that heat transfer labelling is the latest innovation used in the labelling of plastic buckets. It is the most advanced and globally competitive form of container decoration.

Although there are other forms of container decorations in the SACU, heat transfer labels which are the subject of this application are not manufactured in SACU.

The creation of a rebate facility for the heat transfer labels would enable the applicant to access this innovative technology.

The applicant imports the heat transfer labels as raw material used in the manufacture of plastic buckets and therefore contributes to downstream value addition and the creation of employment opportunities in the SACU.

PROPOSAL

In view of the above, the Commission recommends that a rebate provision be created for imported heat transfer labels (decalcomanias), not vitriable, classifiable under tariff subheading 4908.90 for use in the manufacture of articles for the conveyance or packing of goods, of plastics classifiable in tariff heading 39.23.

[15/2006]