

## **Report No. 196**

# **Reduction in the rate of customs duty on tenofovir disoproxil fumarate**

The International Trade Administration Commission herewith presents its  
**Report No.196: REDUCTION IN THE RATE OF CUSTOMS DUTY ON  
TENOFORVIR DISPROXIL FUMARATE**



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**ITUMELENG MASEGE  
ACTING CHIEF COMMISSIONER**

**PRETORIA**

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH  
AFRICA

REPORT NO. 196

REDUCTION IN THE RATE OF CUSTOMS DUTY ON TENOFORVIR DISPROXIL  
FUMARATE

**Synopsis**

Aspen Pharmacare (Aspen) applied for reduction in the rate of customs duty on Tenofovir Disoproxil Fumarate (TDF) classifiable under tariff subheading 2933.59.90 at a rate of duty of 10 % ad valorem.

TDF is used as an active ingredient in the manufacture of anti-retroviral medicines and is not manufactured in the SACU. Gilead Science Inc, supplies the product under patent rights.

The reasons advanced for the application were that no justification exists for the current rate of duty and that the duty according to Aspen, defeats its objective of providing affordable treatment to affected communities.

The application was published in the Government Gazette on 09 June 2006 for interested parties to comment. The only comment was received from the Trade and Investment South Africa (TISA) division of **the dti** that supported the application.

The Commission found that TDF, which is an active ingredient in the manufacture of anti-retrovirals, is not manufactured in the SACU. The Commission further found that the reduction in the rate of duty would reduce the cost of manufacturing anti-

retrovirals in the SACU. The cost-saving effect will have a positive impact on downstream industries, increasing their competitive position.

In the light of the foregoing, the Commission recommends that the duty on Tenofovir Disoproxil Fumarate be reduced to free of duty by creating a separate provision for Tenofovir Disoproxil Fumarate under tariff subheading 2933.59.

### The application and the tariff position

The Commission considered an application for reduction in the rate of customs duty on TDF classifiable under tariff subheading 2933.59.90 at a rate of duty of 10 % ad valorem.

As reason for the application, Aspen stated that TDF is not manufactured in the SACU and that therefore no justification exists for the current rate of duty.

The tariff structure of TDF is shown below:

**Existing tariff position of Tenofovir Disoproxil Fumarate**

Tariff Heading	Description	Rate of Duty		
		General	EU	SADC
2933	Heterocyclic Compounds With Nitrogen Hetero-atom(s) Only:			
2933.5	Compounds containing a pyrimide ring (whether or not hydrogenated) or piperazine ring in the structure			
2933.59	=Other			
2933.59.90	- Other	10%	free	free

### Comments on the publication

The Trade and Investment South Africa (TISA) division of the dti supported the application on the basis that a reduction in duty would promote local manufacturing of anti-retroviral medicines.

**Findings**

The Commission found that TDF is not manufactured in the SACU and that the customs duty serves no protective purpose and only has an unnecessary cost raising effect on downstream industries.

**Recommendation**

In view of the above, the Commission decided to recommend that the duty on Tenofovir Disoproxil Fumarate be reduced to free of duty by creating a separate provision for Tenofovir Disoproxil Fumarate under tariff subheading 2933.59.