



International Trade Administration Commission of South Africa

Report No. 10

Increase in the rate of duty on trichloro cyanuric acid (TCIA) containing disinfectants

**The International Trade Administration Commission herewith presents its Report No. 10:
Increase in the rate of duty on trichloro cyanuric acid (TCIA) containing disinfectants**



Ms NP Maimela

CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

REPORT NO. 10

INCREASE IN THE RATE OF DUTY ON TRICHLOROCYANURIC ACID (TCIA) CONTAINING DISINFECTANTS

Synopsis

Aquachlor (Pty) Ltd applied for an increase in the rate of duty on trichlorocyanuric acid (TCIA) containing disinfectants, classifiable under tariff subheading 3808.40.90 at a rate of duty of 10 per cent *ad valorem*. Aquachlor (Pty) Ltd (Aquachlor) is the only manufacturer of calcium hypochlorite. The end product, pool chemicals, are marketed under the HTH brand. As reason for the application, Aquachlor stated that calcium hypochlorite is fully interchangeable with TCIA which is not manufactured in the SACU. The TCIA not containing disinfectants is classifiable under tariff subheading 2933.69.90, while calcium hypochlorite is classifiable under tariff subheading 2828.10. TCIA containing disinfectants is classifiable under tariff subheading 3808.40.90 at free of duty and is used for the same purpose as calcium hypochlorite and TCIA. The marketer of a substitute product, under the trade name Clarity, BLSA Industries (Pty) Ltd (BLSA) objected to the application stating that Clarity cannot be regarded as TCIA containing disinfectants as the products are technically not the same. BLSA further stated that their product, Clarity is manufactured under patent and cannot be manufactured by any other company. However, the Commission found that TCIA containing disinfectants and calcium hypochlorite are similar products and that an increase in the rate of duty on TCIA containing disinfectants is justified. The Commission therefore recommended that the rate of duty on TCIA containing disinfectants classifiable under tariff subheading 3808.40.90 be increased to 10 per cent *ad valorem*.

1. The Commission considered an application by Aquachlor (Pty) Ltd for an increase in the rate of duty on TCIA containing disinfectant, classifiable under tariff subheading 3808.40.90, from free of duty to 10 per cent *ad valorem*.
2. As reason for the application, Aquachlor, the SACU manufacturer of calcium hypochloride stated that calcium hypochlorite is fully interchangeable with TCIA which is not manufactured in the SACU. Aquachlor further stated that importing TCIA containing disinfectants at free of duty, used for swimming pool sanitation, circumvents the duty on calcium hypochlorite.
3. The tariff structure of TCIA containing disinfectants is as follows

Table 1: Tariff structure of TCIA containing disinfectants

Tariff Subheading	Description	Duty (%)		
		General	EU	SADC
38.08	Insecticides, Rodenticides, fungicides, Herbicides, Anti-sprouting Products and Plant-growth Regulators, Disinfectants and Similar Products, put up in forms or Packaging for Retail Sale or as a Preparations or Articles:			
3808.40	Disinfectants			
3808.40.90	Other	free	free	free

4. The tariff structure of calcium hypochlorite is as follows:

Table 2: Tariff structure of calcium hypochlorite

Tariff subheading	Description	Duty		
		General	EU	SADC
28.28	Hypochlorites; Commercial Calcium Hypochlorite; Chlorites; Hypobromites:			
2828.10	-Commercial calcium hypochlorite and other calcium hypochlorites	10 %	10 %	free

5. The rate of duty on TCIA containing disinfectants is bound at 15 per cent *ad valorem* in terms of the SACU's commitments to the WTO.

6. On publication of the application, BLSA objected to an increase in the rate of duty on TCIA containing disinfectants on the following basis:

6.1 The product marketed by BLSA cannot be regarded as TCIA containing disinfectants, as the products are technically not the same.

6.2 Clarity (the product in competition to HTH) is patented and safer to store and use than calcium hypochlorite.

6.3 Clarity is not a simple mixture and combination of ingredients, but is the result of advanced co-compacting technology.

6.4 That the application is an attempt by Aquachlor (HTH) to force Clarity out of the market.

- 7 The Commission found that Clarity and calcium hypochlorite are substitute products. The Commission also found that the importation of TCIA containing disinfectants circumvention of the customs duty of 10 per cent *ad valorem* on calcium hypochlorite. Therefore the importation of TCIA containing disinfectants at free of duty erodes the protection and encouragement afforded the industry manufacturing calcium hypochlorite.

RECOMMENDATION

- 8 The Commission recommends that the general rate of duty on trichlorocyanuric acid (TCIA) containing disinfectants, classifiable under tariff subheading 3808.40.90 at a free of duty be increased to 10 per cent *ad valorem*. As it is not recommended that the duty against the EU be increased, the Commission's recommendations comply with South Africa's international trade obligations.

[T5/2/6/2/1 (20012)]