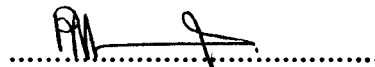


Report No. 27

Rebate of the customs duty on high-density polyethylene in primary form, having a specific gravity of 0.94 or more, not chlorinated and classifiable in tariff subheading 3901.20.90, for the manufacture of plates, sheets, films, foil and strip of polyethylene classifiable in tariff subheading 3920.10, with a thickness of 500 microns or more but not exceeding 2 000 microns

The International Trade Administration Commission (ITAC) of South Africa herewith presents Report No. 27: REBATE OF THE CUSTOMS DUTY ON HIGH-DENSITY POLYETHYLENE IN PRIMARY FORM, HAVING A SPECIFIC GRAVITY OF 0.94 OR MORE, NOT CHLORINATED AND CLASSIFIABLE IN TARIFF SUB-HEADING 3901.20.90, FOR THE MANUFACTURE OF PLATES, SHEETS, FILM, FOIL, AND STRIP OF POLYETHYLENE CLASSIFIABLE IN TARIFF SUB-HEADING 3902.10, WITH A THICKNESS OF 500 MICRONS OR MORE BUT NOT EXCEEDING 2000 MICRONS.



**Ms NOMONDE MAIMELA
CHIEF COMMISSIONER**

PRETORIA

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REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO. 27

REBATE OF THE CUSTOMS DUTY ON HIGH-DENSITY POLYETHYLENE IN PRIMARY FORM, HAVING A SPECIFIC GRAVITY OF 0.94 OR MORE, NOT CHLORINATED AND CLASSIFIABLE IN TARIFF SUB-HEADING 3901.20.90, FOR THE MANUFACTURE OF PLATES, SHEETS, FILM, FOIL, AND STRIP OF POLYETHYLENE CLASSIFIABLE IN TARIFF SUB-HEADING 3902.10, WITH A THICKNESS OF 500 MICRONS OR MORE BUT NOT EXCEEDING 2000 MICRONS.

Synopsis

The Commission considered an application for rebate of the customs duty on high-density polyethylene in primary form, having a specific gravity of 0.94 or more, not chlorinated and classifiable under tariff sub-heading 3901.20.90, for the manufacture of plates, sheets, film, foil and strip of polyethylene classifiable in tariff subheading 3902.10, with a thickness of 500 microns or more but not exceeding 2000 microns.

As reason for the application, the applicant stated that high-density polyethylene is not produced in SACU and that the rebate of customs duty would ensure the continued existence of the geomembrane manufacturing industry in the SACU.

The application was published in the Government gazette and no comments and/or objections were received.

The Commission found that the duty on high-density polyethylene constituted a significant portion of the production cost of polyethylene geomembranes and the importation of geomembranes was jeopardizing the existence of the SACU geomembrane manufacturing industry as a result of the duty on the raw material.

The Commission concluded that a rebate of customs duty on high-density polyethylene was warranted and decided to recommend that such provision be introduced.

Introduction

The International Trade Administration Commission (the Commission) was established on 1 June 2003 in terms of the International Trade Administration Act 2002 (Act 71 of 2002) (the ITA Act), which replaced the Board on Tariffs and Trade Act 1986 (Act 107 of 1986) (the Board Act). As regards tariff investigation matters, the Commission superseded the Board on Tariffs and Trade (the Board) in all respects.

2. For the sake of simplicity, all the references in this report are to the Commission. All references in this report referring to the Commission, and which relates to the period prior to 1 June 2003, should be understood to be a reference to the Board, and all the references to the ITA Act, which relates to the period prior to 1 June 2003, should be understood to be a reference to the Board Act.

The Application And Tariff Position

3. The Commission considered an application for a rebate of customs duty on high-density polyethylene, classifiable under tariff subheading 301.20.90, for the manufacture of geomembranes. The rate of duty on high-density polyethylene is 10 per cent ad valorem.
4. As reason for the application, the applicant stated that high-density polyethylene is not produced in SACU and that the rebate of customs duty would ensure the continued existence of the geomembrane manufacturing industry in the SACU.
5. Generally the polyethylene geomembranes are used by local government authorities to line dumpsites, mine and industries to line wastewater dams and farmers to line dams for conservation.

6. A notice of the investigation was published for comments by interested parties in the Government gazette as follows:

Rebate of customs duty on:

“High-density polyethylene in primary form, with specific gravity of 0.94 or more, not chlorinated and classifiable under tariff subheading 3901.20.90, for the manufacture of plates, sheets, film, foil and strip of polyethylene classifiable in tariff subheading 3902.10, with thickness of 500 microns or more but not exceeding 2000 microns ”

7. The existing classification of the raw material and the end product is as follows:

RAW MATERIAL:

PRODUCT	TARIFF SUBHEADING	RATES OF DUTY		
		Gen	EU	SADC
Other (Sheets of plastics)	3921.20.90	10%	6.7%	Free

END PRODUCT:

PRODUCT	TARIFF SUBHEADING	RATES OF DUTY		
		Gen	EU	SADC
Other, Of Polymers of Ethylene	3920.10	15%	15%	Free

Consideration

8. The Commission found that the raw material was not available in the SACU and that the end product could be imported at prices below that of the geomembrane produced in the SACU as result of the duty on the imported raw material.
9. According to the cost and price information submitted to the Commission, the duty constitutes a significant percentage of the ex-factory selling price of the manufactured product.
10. No comments and/or objections to the published application were received.

- 1 The Commission found that the duty on high-density polyethylene constituted a significant portion of the production cost of polyethylene geomembranes and the importation of geomembranes was jeopardizing the existence of the SACU geomembranes manufacturing industry as a result of the duty on the raw material.
12. In view of the above the Commission concluded that the creation of a rebate of the full duty on high-density polyethylene for the manufacture of the geomembranes was justifiable.

Recommendation

13. The Commission recommends that a rebate provision be created in the Third Schedule of the Customs and Excise Act, for rebate on high-density polyethylene in primary form with specific gravity of 0.94 or more, not chlorinated and classifiable under tariff subheading 3901.20.90 for the manufacture of plates, sheets, film, foil and strip of polyethylene classifiable in tariff subheading 3902.10, with thickness of 500 microns or more but not exceeding 2000 microns ”