



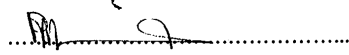
International Trade Administration Commission of South Africa

Report No. 62

**Reduction in the rate of duty on expanded
polypropylene classifiable under tariff subheading
3902.10**



The International Trade Administration Commission (ITAC) of South Africa
herewith presents Report No. 62: REDUCTION IN THE DUTY ON
EXPANDED POLYPROPYLENE CLASSIFIABLE UNDER TARIFF
SUBHEADING 3902.10.



Ms NOMONDE MAIMELA
CHIEF COMMISSIONER

PRETORIA

03.../...06.../ 2004

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO. 62

REDUCTION IN THE DUTY ON EXPANDED POLYPROPYLENE
CLASSIFIABLE UNDER TARIFF SUBHEADING 3902.10.

Synopsis

The Commission considered an application for the reduction in the duty on expanded polypropylene, classifiable under tariff subheading 3902.10.

As reason for the application, the applicant stated that expanded polypropylene is not produced in SACU and the duty does not serve its intended purpose.

The application was published in the Government Gazette for public comment. The two domestic manufacturers of polypropylene stated that the expanded polypropylene in question was not manufactured domestically.

The Commission found that the duty on expanded polypropylene had an unnecessary cost-raising impact on domestic producers such as the automotive industry.

The Commission concluded that the duty on expanded polypropylene was not justified and recommended that the duty be removed through the creation of a separate tariff line for expanded polypropylene at free of duty.

The Application and Tariff Position

1. The Commission considered an application from Automa Multi Styrene (Pty) Ltd for the reduction in the duty on expanded polypropylene, classifiable under tariff subheading 3902.10.

2. As reason for the application, the applicant stated that expanded polypropylene was not produced in the SACU and that the duty does not serve its intended purpose.
3. The automotive sector, for instance, increasingly prefers using expanded polypropylene for the manufacture of sun visors, bumpers, crash pads and toolboxes.
4. The primary users of expanded polypropylene beads are:
 - Automotive sector
 - Fisheries
 - Agricultural sector
 - Building and construction sector
 - Retail industry
5. A notice of the investigation was published in the Government Gazette for public comment.
6. The existing classification of polypropylene is as follows:

Table 1: Expanded polypropylene

Heading	Sub Heading	Article Description	RATES OF DUTY		
			Gen	EU	SADC
3902		Polymers of Propylene or of other Olefins, in Primary Form			
	3902.10.	Polypropylene	10%	10%	Free

Consideration

7. The Commission found that the product in question was not available in the SACU and that the duty on the product had an unnecessary cost raising effect.
8. Comments were received from the two major manufacturers of polypropylene, Sasol and Dow Plastics. They confirmed that expanded polypropylene was not produced in the SACU.

9. Still, the above two manufactures registered objections to the application. Their objections were based on:
- a. Small volumes of expanded polypropylene being imported;
 - b. Possible misuse of the newly created tariff subheading in an attempt to evade duties;
 - c. Administrative burden that will be imposed on the Customs Authorities when trying to differentiate between two variants of polypropylene; and
 - d. Further complication of the existing tariff structure.
10. On balance, the Commission supported the application, as the duty has an unnecessary cost raising impact on downstream products.

Recommendation

11. The Commission recommends that the duty on expanded polypropylene, classifiable under tariff subheading 3902.10 be reduced to free of duty by creating a separate tariff line for expanded polypropylene.