



International Trade Administration Commission of South Africa

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**Report No. 64**

**Reduction in the duty on certain glass fibre  
chopped strands and rovings**



The International Trade Administration Commission herewith presents its Report No. 64:  
**Reduction in the duty on certain glass fibre chopped strands and rovings**, with  
recommendation.

  
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**MS NOMONDE MAIMELA**  
**CHIEF COMMISSIONER**

**PRETORIA**

~~21 July~~ 2004

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

REPORT NO. 64

REDUCTION IN THE DUTY ON CERTAIN GLASS FIBRE CHOPPED STRANDS AND ROVINGS

**Synopsis**

Owens Corning South Africa (Pty) Ltd applied for a reduction in the duty on certain glass fibre chopped strands and rovings. The chopped strands are bagged and sold without further processing. The product is used by other firms to make a variety of products such as electrical components, friction pads and weather resistant distribution boxes.

Rovings are used to make chopped strand mats. Other firms use rovings to make products such as truck bodies, swimming pools, water reticulation pipes and corrosion resistant tanks.

The Commission found that, as chopped strands and rovings are not manufactured by the applicant any longer, a reduction in the duty will have a cost-saving effect on the downstream industries. The Commission therefore recommended that the duties applicable on certain glass fibre chopped strands and rovings be reduced from 16 % ad valorem to free of duty.

**Introduction**

1. Owens Corning South Africa (Pty) Ltd applied for a reduction in the duty from 16% ad valorem to free of duty on certain glass fibre chopped strands and rovings. The chopped strands are bagged and sold without further processing. The product is used by other firms to make a variety of products such as electrical components, friction pads and weather resistant distribution boxes. Rovings are used to make chopped strand mats. Rovings are also used by other firms to make truck bodies, swimming pools and water reticulation pipes. Chopped strand mats are produced by chopping an input roving, in lengths of 50 mm, onto a continuous process line. The two applications were published, for general comment, in the Government Gazette of 7 May 2004.

## Discussion

2. As reason for the applications, the applicant stated that its firm is the sole manufacturer of glass fibre reinforcement products in the SACU region. As its firm does not manufacture these specific products any longer, the duties applicable would only have a cost-raising effect on the downstream industries.
3. Chopped strands, of a length not exceeding 50 mm and rovings are classifiable under tariff subheadings 7019.11 and 7019.12.90 respectively as follows:

Heading	Sub-heading	Article Description	Rates of duty		
			General	EU	SADC
70.19		Glass fibres (including glass wool) and articles thereof (For example yarn, woven fabrics)			
	7019.1	Silvers, rovings, yarn and chopped strands:			
	7019.11	Chopped strands, of a length not exceeding 50 mm	16%	16%	free
	7019.12	Rovings:			
	7019.12.10	Coloured throughout the mass	free	free	free
	7019.12.90	Other	16%	16%	free

4. Owens Corning South Africa (Pty) Ltd is situated in Springs. Other users of glass fibre chopped strands are Federal Mogul, ABB South Africa and Eli-Dough DMC. Other users of rovings are Amitech, Fibre-Wound, Fibretek, Dynamo Insulators, Saertex SA, IWT/Texglass and Beka.

5. The market of glass fibre chopped strands and rovings in the SACU region is estimated at 1500 tons per annum and 5000 tons per annum with estimated values of R16, 5 million per annum and R55 million per annum, respectively.
6. The amount of custom duties paid by the applicant on glass fibre chopped strands and rovings are estimated at R425 600 per annum and R1, 49 million per annum, respectively.
7. The parent company of the applicant is situated in the USA and as they own similar larger firms in other parts of the world equipped with better technology, economies of scale and therefore higher profitability, it decided to close the glass melt facility in South Africa.
8. Three comments in support of the publications were received. The firms are of the opinion that a reduction in the duties on the products concerned will assist them to lower input costs and therefore become more competitive.
9. As the products concerned are not manufactured in the SACU region any longer, the Commission found sufficient justification for a reduction in the duty on glass fibre chopped strands and rovings.
10. However, the Commission decided that it could not recommend tariff relief with retrospective effect, as was requested by the applicant. From a policy position the recommendation of the Commission are never retrospective with the exception that if there was an error on the part of the Commission, the issue of retrospective effect is considered.

#### **Recommendation**

11. In light of the foregoing, the Commission recommends that the duty on chopped strands, of a length not exceeding 50 mm, classifiable under tariff subheading 7019.11 and rovings, classifiable under tariff subheading 7019.12.90, be reduced from 16% ad valorem to free of duty, respectively.

[T5/2/13/2/1 (65/2003)(66/2003)]