

REPORT NO: 440

**Review of the customs duty on photographic plates
and film for X-ray**

The International Trade Administration Commission of South Africa herewith presents its Report No. 440: **Review of the customs duty on photographic plates and film for X-ray**



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Siyabulela Tsengiwe
CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA
REPORT NO. 440
REVIEW OF THE CUSTOMS DUTY ON PHOTOGRAPHIC PLATES AND
FILM FOR X-RAY

Synopsis

ITAC conducted a proactive investigation of a review of the customs duty on photographic plates and film for X-ray, classifiable under tariff sub-heading 3701.10.90, at 15 per cent *ad valorem*.

The Commission found that PBS Slitting and Sheeting (Pty) Ltd, (previously known as Slit Techniques) recently concluded a contract to supply operations in Zambia and Malawi with converted X-ray film on behalf of a SACU supplier. The Commission found that the facilities exist to convert X-ray films in the SACU.

The Commission recommended that the duty on photographic plates and film for X-ray, classifiable under tariff subheading 3701.10.90, be retained as the duty serves as support and encouragement to the SACU industry.

The Commission further recommended that a review of the tariff structure on photographic plates and film for X-ray, be undertaken after a period of five years, to assess the performance of the domestic industry.

INTRODUCTION

ITAC conducted a proactive investigation of a review of the customs duty of photographic plates and film for X-ray, classifiable under tariff sub-heading 3701.10.90, at 15 per cent *ad valorem*.

In 2011, the Commission considered an application by Africa X-Ray Medical (Pty) Ltd for a reduction in the rate of duty on photographic plates and film for X-ray classifiable under tariff sub-heading 3701.10.90, from 15 per cent *ad valorem* to free of duty.

In that investigation, the Commission found that the facilities to process X-ray film were available in the SACU and recommended that the application be rejected. The Commission also recommended that as the SACU manufacturer, namely, Slit Techniques (Pty) Ltd, was not slitting X-ray films under contract at the time, a review of the tariff structure be undertaken after a period of twelve months to assess the performance of the domestic manufacturer.

The Commission's recommendation was contained in its Report No 383 of 15 November 2011.

THE APPLICATION AND TARIFF POSITION

The review investigation was published in the Government Gazettes of 04 January 2013 and 11 January 2013 for comments by interested parties.

The existing tariff structure for photographic plates and film reads as follows:

| Heading | Sub-heading | Article Description | Rate of Duty | | | |
|---------|-------------|---|--------------|------|------|------|
| | | | General | EU | EFTA | SADC |
| 37.01 | | PHOTOGRAPHIC PLATES AND FILM IN THE FLAT, SENSITISED, UNEXPOSED, OF ANY MATERIAL (EXCLUDING PAPER, PAPERBOARD OR TEXTILES); INSTANT PRINT FILM IN THE FLAT, SENSITISED, UNEXPOSED, WHETHER OR NOT IN PACKS: | | | | |
| | 3701.10 | For X-ray: | | | | |
| | 3701.10.10 | Fluorographic plates and film in the flat | Free | Free | Free | Free |
| | 3701.10.90 | Other | 15% | Free | 3.7% | Free |

THE INDUSTRY AND MARKET

AGFA Health Care SA (Pty) Ltd (AGFA) is a major distributor of X-ray films in the SACU, importing X-ray films in rolls from its parent company. These rolls are imported free of duty under tariff subheading 3702.10 (X-ray film in rolls). Slit Techniques further processed these rolls to AGFA's requirements according to specific sizes of X-ray films. The contract with Slit Techniques in terms of which it had to supply AGFA with slit X-ray film was terminated on 31 August 2011. Kodak South Africa also distributes imported X-ray films in the flat in the SACU. Slit Techniques has subsequently been acquired by PBS Slitting and Sheeting (Pty) Ltd.

The import statistics of photographic plates and film for X-ray classifiable under tariff sub-heading 3701.10.90, are as follows:

| | 2010 | 2011 | 2012 |
|---------------|---------------------------|--------------------------|--------------------------|
| Volume | 34 092 868 m ² | 4 639 731 m ² | 5 283 221 m ² |
| Value | R 363 353 374 | R 64 511 743 | R 66 339 007 |

The table above shows that from 2010 to 2011, the import volumes declined significantly due to a lack of demand as a result of technology movements to digital X-rays.

COMMENTS ON THE REVIEW

Africa X-Ray Industrial Medical (Pty) Ltd (Axim) submitted that, following the termination of the agreement between AGFA Healthcare and PBS Slitting and Sheeting (Pty) Ltd (previously, Slit Techniques), effectively, no slitting facility existed in the SACU. Axim further indicated that it was not economically justifiable to convert X-ray films in the SACU due to the relatively high cost of conversion.

PBS Slitting and Sheeting (Pty) Ltd supported the retention of the duty structure on the basis that the capacity for slitting X-ray films exists in the SACU. The retention of the duty would encourage the industry to convert X-ray films in the SACU rather than importing the finished product. PBS Slitting and Sheeting (Pty) Ltd further indicated that it had the capacity to convert and package 150 000 m² of X-ray film.

FINDINGS

The Commission found that PBS Slitting and Sheeting (Pty) Ltd, recently concluded a contract to supply operations in Zambia and Malawi with converted X-ray film on behalf of a SACU supplier. The Commission found that the facilities exist to convert X-ray films in the SACU.

The Commission therefore recommends below that the duty on photographic plates and film for X-ray, classifiable under tariff subheading 3701.10.90, be retained as the duty serves as support and encouragement to the SACU industry.

The Commission further recommends that a review of the tariff structure on photographic plates and film for X-ray, be undertaken after a period of five years, to assess the performance of the domestic industry.

RECOMMENDATION

The Commission recommends that the duty on photographic plates and film for X-ray, classifiable under tariff subheading 3701.10.90, be retained.

(38/2012)