

**REPORT NO. 513**

**REDUCTION IN THE RATE OF CUSTOMS  
DUTY ON CANNED MUSSELS IN AIRTIGHT  
METAL CONTAINERS**

The International Trade Administration Commission herewith presents its Report  
No 513: **Reduction in the rate of customs duty on canned mussels in airtight  
metal containers**, with recommendation.



SIYABULELA TSENGIWE  
CHIEF COMMISSIONER

PRETORIA

07 / 12 /2015

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH  
AFRICA

REPORT NO. 513

REDUCTION IN THE RATE OF CUSTOMS DUTY ON CANNED  
MUSSEL IN AIRTIGHT METAL CONTAINERS

**Synopsis**

M&L Distributors (Pty) Ltd, applied on behalf of Shoprite Checkers (Pty) Ltd, Pick 'n Pay (Pty) Ltd and Spar South Africa (Pty) Ltd, for a reduction in the rate of customs duty on canned mussels in airtight metal containers.

The Commission considered the application in the light of the information at its disposal. The Commission found that canned mussels in airtight metal containers are not produced in the SACU and that the duty has an unnecessary cost-raising effect.

The Commission recommended that the rate of customs duty on canned mussels in airtight metal containers, be reduced from 25% ad valorem to free of duty.

**1. THE APPLICATION AND THE TARIFF POSITION**

- 1.1. M&L Distributors (Pty) Ltd, applied on behalf of Shoprite Checkers (Pty) Ltd, Pick 'n Pay (Pty) Ltd and Spar South Africa (Pty) Ltd, for a reduction in the rate of customs duty on canned mussels in airtight metal containers, classifiable under tariff subheading 1605.53.20.

- 1.2. The applicant is a trading and distribution company that specialises in the marketing and distributing of a variety of supermarket food products and beverages from both domestic and overseas markets. One of these products is smoked canned mussels in airtight metal containers.
- 1.3. Shoprite Checkers (Pty) Ltd, Pick 'n Pay (Pty) Ltd and Spar South Africa (Pty) Ltd are the major retailers involved in the sale of the subject product to consumers.
- 1.4. As reasons for the application, the applicant, amongst others, stated the following:
- There is no local production of canned mussel products and the duty brings additional hardship to the consumer;
  - The rate of customs duty has made the subject product an expensive protein, increasing the selling price of the subject product significantly.
- 1.5. The existing tariff position for canned mussels in airtight metal containers reads as follows:

**Tariff Structure for Mussels**

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty			
				General	EU	EFTA	SADC
16.05		Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved					
	1605.53	<b>Mussels:</b>					
	1605.53.20	Other, in airtight metal containers	Kg	25%	5.5 c/kg	Free	Free
	1605.53.90	Other	Kg	25%	5.5c /kg	Free	Free

- 1.6. The application by M&L Distributors (Pty) Ltd was published in the Government Gazette on 18 September 2015 for interested parties to comment.

## **2. INDUSTRY AND MARKET**

- 2.1. The SACU region does not produce canned mussels in airtight metal containers. Canned mussels in airtight metal containers are imported as a final product suitable for immediate human consumption and are distributed to local retailers and wholesalers.
- 2.2. The SACU mussel market can be segmented into the market for fresh, frozen mussel products and the market for other canned mussels that are imported. Fresh mussel products are produced locally by Blue Ocean Mussels (Pty) Ltd and are classifiable in tariff subheading 0307.39 at a rate of duty of 25%.
- 2.3. The supply structure of seafood imports into the SACU shows that imports of fresh and frozen mussels are supplied to large caterers, hotel groups and restaurants. Imports of processed mussels are supplied to retailers. Fresh and frozen mussels that are produced locally and the imported subject product are therefore sold into different markets.

## **3. COMMENTS ON APPLICATION**

- 3.1. Blue Ocean Mussels (Pty) Ltd, Rockworth (Pty) Ltd and the South African Association of Seafood Importers and Exporters (SAASIE) submitted comments in support of the application.
- 3.2. In the comment provided by Blue Ocean Mussels (Pty) Ltd, it was submitted that the domestic fresh mussel producer is not involved in the production of the subject product. It was further submitted that the degree of substitutability between fresh and frozen mussels and imported smoked canned mussels is negligible.

#### **4. FINDINGS**

- 4.1. The Commission considered the application in light of the information at its disposal. The Commission found that canned mussels in airtight metal containers are not produced in the SACU and that the duty has an unnecessary cost-raising effect.
- 4.2. The reduction in the rate of customs duty of canned mussels in airtight metal containers will be effected through the deletion of tariff subheading 1605.53.20 and the creation of two new tariff subheadings for “smoked” and “other” mussels in airtight metal containers under tariff subheading 1605.53 at free of duty.

#### **5. RECOMMENDATION**

- 5.1. In light of the foregoing, the Commission recommended that the rate of customs duty on smoked mussels in airtight metal containers and other mussels in airtight metal containers, be reduced from 25% ad valorem to free of duty.

[27/2014]