

REPORT NO. 523

**REDUCTION IN THE RATE OF CUSTOMS
DUTY ON ALUMINIUM PRINTING PLATES**

The International Trade Administration Commission herewith presents its Report No 523: **Reduction in the rate of customs duty on aluminium printing plates**, with recommendation.



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CHIEF COMMISSIONER

PRETORIA

07 / 04 /2016

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 523

REDUCTION IN THE RATE OF CUSTOMS DUTY ON ALUMINIUM PRINTING PLATES

Synopsis

XA International Trade Advisors, applied on behalf of Antalis South Africa (Pty) Ltd Ltd, for a reduction in the rate of customs duty on aluminium printing plates, classifiable under tariff subheading 3701.30.25, from 15 % *ad valorem* to free of customs duty.

The Commission considered the application in light of information at its disposal. The Commission found that aluminium printing plates are not manufactured in the SACU and that the existing duty places an unnecessary cost burden on the printing industry.

The Commission recommended that the rate of customs duty on aluminium printing plates, be reduced from 15% *ad valorem* to free of customs duty.

1. THE APPLICATION AND THE TARIFF POSITION

1.1 XA International Trade Advisors applied on behalf of Antalis South Africa (Pty) Ltd, for a reduction in the rate of customs duty on aluminium printing plates, classifiable under tariff subheading 3701.30.25 from 15 % *ad valorem* to free of customs duty.

1.2 Antalis is a major importer and distributor of traditional printing and digital paper. The company offers a range of digital printing equipment, digital and lithographic consumables and packaging solutions that are supplied to meet

the needs of printers, graphic designers, publishers and communication agencies.

1.3 As reasons for the application, the applicant stated the following:

- There is no SACU manufacturer of aluminium printing plates. The last existing manufacturer, First Graphics, closed down approximately ten years ago; and
- The 15% duty was initially meant to protect the local manufacturers that are no longer in existence since the closure of First Graphics and as such the industry is bearing an unnecessary cost.

1.4 The existing tariff position for aluminum printing plates reads as follows:

Tariff Structure for Aluminium Printing Plates

| Tariff heading | Tariff subheading | Description | Statistical unit | 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: | | | | | |
| | 3701.30 | - Other plates and film, with any side exceeding 255 mm | | | | | |
| | 3701.30.25 | -- Offset duplicating masters and lithographic plates of aluminium | m ² | 15% | Free | Free | Free |

1.5 The application was published in the Government Gazette on 20 November 2015 for interested parties to comment.

2 INDUSTRY AND MARKET

- 2.1 There are three predominant printing processes which are used in the SACU, namely the lithographic printing process, flexographic printing process and the gravure printing process. The subject product is supplied as an input into the lithographic printing industry.
- 2.2 The aluminium printing plates which are used in a modern day offset printing process have a brushed or roughened texture and are coated with a photosensitive emulsion.
- 2.3 Aluminium sheet purchased in coil format is firstly cut into single sheets once purchased by the printing plate manufacturers. The ready - cut aluminium sheets are then sent to a manufacturing line where the aluminium sheet undergoes a process of coating. The resultant coating on the aluminium printing plate is essentially a photosensitive emulsion which allows for an image to be created digitally on the plate.
- 2.4 Once aluminium printing plates have been manufactured, the products are supplied to the printing industry and specifically used in a lithographic printing process which is also referred to as offset printing. A common additional term used to describe the printing process is the Computer to Plate (CTP) process.
- 2.5 Hulamin Operations (Pty) Ltd is a local manufacturer operating in the aluminium industry. Hulamin is involved in the manufacture of a range of rolled aluminium products in the form of sheet, plate and foil.
- 2.6 According to Hulamin, the company previously manufactured bare aluminium inputs required for the manufacture of the subject product. It ceased production of the inputs used in the manufacture of the subject product when the sole local manufacturer (First Graphics) closed down.

Industry Value Chain



Diagram 1

- 2.7 Diagram 1 above shows the industry value chain, starting from the upstream industry where the input (lithographic sheet) is converted into an aluminium printing plate and supplied to the downstream industry where the printing process takes place.
- 2.8 The official import statistics show that imports increased from 2 459 342 m² in 2012 to 4 560 321 m² in 2014. In value terms, imports increased from R168 102 392 in 2012 to R215 680 867 in 2014.

3 COMMENTS ON APPLICATION

- 3.1 Comments in support of the application were received from the Printing Industries Federation of South Africa (PIFSA), Hulamin Operations (Pty) Ltd, ABC Printers (Pty) Ltd, Formeset Print (Pty) Ltd, the Aluminium Federation of South Africa (AFSA), and the Botswana Ministry of Trade and Industry. It was submitted that the aluminium printing plates are not manufactured in the SACU region.

4 FINDINGS

- 4.1 The Commission considered the application in light of information at its disposal. The Commission found that aluminium printing plates are not manufactured in the SACU and that the existing duty places an unnecessary cost burden on the printing industry.

5 **RECOMMENDATION**

- 5.1 In light of the foregoing, the Commission recommends that the rate of customs duty on aluminium printing plates classifiable under tariff subheading 3701.30.25, be reduced from 15% *ad valorem* to free of duty.

[14/2015]