


REPORT NO: 460

**REBATE OF DUTY ON POLYURETHANE FLAT
SHAPES AND NATURAL RUBBER STRAPS FOR THE
MANUFACTURE OF DUST MASKS**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 460: Rebate of duty on polyurethane flat shapes and natural rubber straps for the manufacture of dust masks**



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

...17.../...03.../2014

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 460

REBATE OF DUTY ON POLYURETHANE FLAT SHAPES AND NATURAL RUBBER STRAPS FOR THE MANUFACTURE OF DUST MASKS

Synopsis

3M South Africa (Pty) Ltd applied for the creation of rebate provisions for:

- Polyurethane flat shapes with dimensions not exceeding 50 mm x 2 mm x 10 mm, self-adhesive on one side only, in rolls of a width not exceeding 20 cm, classifiable in tariff subheading 3919.10.07, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10;
- Silicone elastomeric straps with a length not exceeding 315 mm and a width not exceeding 7 mm, classifiable in tariff subheading 3926.90.90, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10;
- Natural rubber straps with a length not exceeding 315 mm and a width not exceeding 7 mm, classifiable in tariff subheading 4016.99.90, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10 ; and
- Inner and outer shells of non-woven material, classifiable in tariff subheading 6307.90.10, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10.

The Commission found that there are SACU manufacturers of products classifiable under tariff subheadings 3926.90.90 and 6307.90.10, and that duty relief in the form of a rebate provision would erode the support and encouragement afforded to the domestic textile manufacturing industry.

However, the Commission found that the products classifiable under tariff subheadings 3919.10.07 and 4016.99.90 are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing dust masks to increase its competitive position and domestic market share.

THE APPLICATION AND TARIFF POSITION

3M South Africa (Pty) Ltd applied for the creation of rebate provisions for:

- Polyurethane flat shapes with dimensions not exceeding 50 mm x 2 mm x 10 mm, self-adhesive on one side only, in rolls of a width not exceeding 20 cm, classifiable in tariff subheading 3919.10.07, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10;
- Silicone elastomeric straps with a length not exceeding 315 mm and a width not exceeding 7 mm, classifiable in tariff subheading 3926.90.90, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10;
- Natural rubber straps with a length not exceeding 315 mm and a width not exceeding 7 mm, classifiable in tariff subheading 4016.99.90, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10; and
- Inner and outer shells of non-woven material, classifiable in tariff subheading 6307.90.10, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10.

As reason for the application, the applicant stated that the abovementioned intermediate products are not produced in the SACU and that the current rate of duty is a disadvantage, especially in the face of stiff competition experienced from foreign manufacturers of dust masks.

The application was published in the Government Gazette on 24 May 2013, for comments by interested parties.

The tariff position for both input materials and end products are shown in the tables below:

Table 1: Tariff structure of the subject input products

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
39.19		Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls:				
	3919.10	In rolls of a width not exceeding 20 cm:				
	3919.10.07	Of other condensation, polycondensation or polyaddition products	10%	free	1.3%	free
39.26		Other articles of plastics and articles of other materials of headings 39.01 to 39.14:				
	3926.90	Other				
	3926.90.90	Other	20%	free	10%	free
40.16		Other articles of vulcanised rubber (excluding hard rubber):				
	4016.99	-- Other				
	4016.99.90	--- Other	15%	free	1.9%	free
63.07		Other made up articles, including dress patterns:				
	6307.90	- Other				
	6307.90.10	-- Of non-wovens	25%	free	3.2%	free

Table 2: Tariff structure of the end product

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
63.07		Other made up articles, including dress Patterns:				
	6307.90	- Other				
	6307.90.10	-- Of non-wovens	25%	free	3.2%	free

THE INDUSTRY AND MARKET

3M South Africa (Pty) Ltd is the largest manufacturer of dust masks in the SACU. In terms of domestic production, the applicant has a market share of 25%; other domestic manufacturers 20%; while the remaining 55% is imported.

COMPETITIVE POSITION

According to information at the Commission's disposal, the industry manufacturing dust masks experiences fierce competition from abroad with concomitant gradual erosion in its market share.

COMMENTS ON THE APPLICATION

Comments in support of the application were received from Rand Rubber Products (Pty) Ltd.

FINDINGS

The Commission found that there are SACU manufacturers of products classifiable under tariff subheadings 3926.90.90 and 6307.90.10, and that duty relief in the form of a rebate provision would erode the support and encouragement afforded to the domestic textile manufacturing industry.

However, the Commission found that the products classifiable under tariff subheadings 3919.10.07 and 4016.99.90 are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing dust masks to increase its competitive position and domestic market share.

RECOMMENDATION

In light of the foregoing, the Commission recommends that the following rebate provisions be introduced at rebate of the full duty:

- Polyurethane flat shapes with dimensions not exceeding 50 mm x 2 mm x 10 mm, self-adhesive on one side only, in rolls of a width not exceeding 20 cm, classifiable in tariff subheading 3919.10.07, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10; and
- Natural rubber straps with a length not exceeding 315 mm and a width not exceeding 7 mm, classifiable in tariff subheading 4016.99.90, for use in the manufacture of dust masks classifiable in tariff subheading 6307.90.10.