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# GENERAL AGREEMENT ON TARIFFS AND TRADE

## Multilateral Trade Negotiations

### Group "Tropical Products"

#### GROUP "TROPICAL PRODUCTS"

##### Background Information on Castor Oil Derivatives

###### Note by the Secretariat

1. In the course of the work undertaken in Group 3(f), it was suggested that trade and commercial policy data be collected for derivatives of castor oil (MTN/3F/3/Add.1, paragraph 40). This note summarizes available information on these items.

2. Castor oil<sup>1</sup> and its derivatives have numerous end-uses e.g. in the manufacture of paints, varnishes and other protective coatings, in lubricants, greases, hydraulic fluids, soaps, linoleum and oil-cloth, in the manufacture of various chemicals (sebacic acid and undecylenic acid are used in the production of plasticizers and synthetic resins), in medicines and cosmetics, polishes and waxes, and, as a crumbling agent, in the processing of certain new and modified forms of natural rubber.

3. Annex I lists the major castor oil derivatives which have been identified together with an indication of their main uses as well as their respective tariff positions in the BTN nomenclature where this has been identifiable.

4. Few details are available on the pattern of consumption by end-use in the major consuming countries. However, a study of the United Kingdom market for castor oil and derivatives provides the following breakdown.

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<sup>1</sup>Information on commercial policy, trade flows and price trends for castor oil seed and castor oil is contained in MTN/3F/W/3 and Add.6.

Estimated Breakdown of Castor Oil Consumption (1969) -  
United Kingdom

| Utilization                                     | Metric tons   |
|---|---------------|
| <u>Unmodified castor oil</u><br>(raw, straight) | 5,000         |
| <u>Processed castor oil</u><br>of which:        | 21,300        |
| Sebacic acid                                    | 6,000         |
| Hydrogenated castor oil                         | 7,000         |
| Hydrogenated castor oil fatty acid              |               |
| Dehydrated castor oil                           | 5,000         |
| Dehydrated castor oil fatty acid                |               |
| Sulphonated castor oil                          | 1,500         |
| Residual  | 1,800         |
| <b>TOTAL</b>                                    | <b>26,300</b> |

Source: The market for castor seed and castor oil in the United Kingdom; Tropical Products Institute, London (1971-72).

It may be noted that this pattern of consumption is likely to vary widely not only from one country to another but also from one year to another as a result of changes in relative prices of castor oil vis-à-vis other competitive oils - e.g. tall oil, fish oil, coconut oil or tung oil - which can substitute for castor oil in certain end-uses.

5. While information on international trade in castor oil derivatives is generally unavailable, it would appear that such trade is small, most exports taking place in terms of the basic products - castor oil seed and castor oil. However, it may be assumed that subject to questions of a technical nature,

developing countries could have the potential to export derivatives manufactured from domestically grown seed.<sup>1</sup>

6. MFN and GSP rates of duty applying to castor oil seeds, castor oil and a number of castor oil derivatives have provisionally been identified and are listed in Annex II. While castor oil treated in certain ways (e.g. blown, dehydrated and hydrogenated) falls within BTN Chapter 15, other castor oil derivatives are classified under Chapters 29 and 34 as organic chemicals and their preparations. The latter group of products are generally classified in tariff schedules by chemical components or end-uses without reference to the raw materials used.

7. With regard to castor oil derivatives under Chapter 15, duty-free treatment is granted to developing countries under the GSP in the EEC, Japan, Sweden and Switzerland, but imports are, either wholly or partly, still dutiable in other developed countries under the GSP or at m.f.n. rates. Details of the GSP scheme of the United States are expected to be available later in the year. With regard to castor oil derivatives falling within Chapters 29 and 34, duty-free GSP treatment of the EEC and Japan is subject to the ceiling limitations provided for in the schemes of these two countries. In Finland no m.f.n. duties remain in this area, while in Australia, Norway, Sweden and Switzerland, almost all items are duty-free under the GSP. In Austria, Canada and New Zealand m.f.n. duties or reduced GSP rates apply to certain items.

8. With regard to non-tariff measures, items ex 15.10, ex 15.12 and ex 34.02 are subject to licensing requirements in New Zealand during the 1974/75 fiscal year.

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<sup>1</sup> Indian statistical information, for example, shows the following exports for 1972/73 and 1973/74:

| Indian statistical No. | Product  | Year    | Quantity     | Value       |
|------------------------|--|---------|--------------|-------------|
| 512.5142               | Undecylenic acid                                 | 1972/73 | 10,849 kgs.  | US\$ 22,062 |
|                        |  | 1973/74 | 30,785 kgs.  | US\$ 80,908 |
| 431.2009               | Hydrogenated oil and fat other than of groundnut | 1972/73 | 450,089 kgs. | US\$312,531 |
|                        |  | 1973/74 | 255,256 kgs. | US\$251,474 |

Annex I - Main castor oil derivatives and their end uses

| Castor oil derivatives                           | BTN   | Derivation  | End-uses   |
|--|-------|---|--|
| Bellow blown castor oil <sup>1/</sup>            | 15.08 | (Oxidised oils; base oils; polymerized oils; thickened oils obtained by heating; castor oil agitated by a current of air or oxygen. | Paints, varnishes; lubricants, plasticizers.   |
| Gelled castor oil <sup>1/</sup>                  | 15.08 | Castor oil from which at least 5% of the water content has been removed   | Paints, lacquers, alkyl resins.  |
| Dehydrated castor oil <sup>1/</sup>              | 15.08 |   | Surface coatings.  |
| Dehydrated castor oil fatty <sup>1/</sup> acid   | 15.10 |   | Surface coatings.  |
| Hydrogenated castor oil fatty <sup>1/</sup> acid | 15.10 |   | Solvent, cosmetics.  |
| 1-heptanol                                       | 29.04 | Reduction of heptanol   | Perfumery, pharmaceutical, flavouring, segras, and manufacture of 1-heptanol.                      |
| Heptanol (heptaldehyde) <sup>1/</sup>            | 29.11 | Distillation of castor oil, decomposition of the ricinoleic acid glyceride  | Perfumery, flavouring, medicinal, plastic modifying agent (plasticizer, lubricant additive, etc.). |
| Undecylenic acid <sup>1/</sup>                   | 29.14 | Destructive distillation of castor oil  | Medicinals, cosmetics, chemical intermediate   |
| Zinc undecylenate <sup>1/</sup>                  | 29.14 | Zinc + 10-undecenoate   | Plasticizers, paints, alkyl resins, synthetic fibres.  |
| Sebacic acid                                     | 29.15 | Dry distillation of castor oil  | Lithium, greases, chemical intermediates.  |
| 12-hydroxystearic acid <sup>1/</sup>             | 29.16 | Hydrogenation of ricinoleic acid  | Synthetic fibres, plastics, resins, pharmaceutical.  |
| 1-12 hydroxystearil alcohol                      | 29.16 | Reduction of 12-hydroxystearic acid   | Soaps, detergents, lubricants, cosmetics, rubber products.   |
| Castor oil fatty acid split <sup>1/</sup>        | 29.16 | Hydrolytic splitting of castor oil with glycerol as a by-product, oxidation of hydrocarbon  |  |

| Castor oil derivatives                            | BTW   | Derivation  | End-Uses   |
|---|-------|---|--|
| Sulphonated (soluble) castor oil (Turkey red oil) | 34.02 | Sulphonating castor oil with sulphonic acid and washing | Textiles, leather, soaps, paper coatings, alizarin dye assistant                 |
| Hydrogenated castor oil/<br>(opal wax)            | 34.04 | Controlled hydrogenation of pure castor oil             | Hand soaps, lubricants, waxblend paper coating for resistant to moisture and fat |

Notes:

/ Castor oil derivatives notified to the GATT (cf. MTN/TP/W/19). Tariff positions have been identified on a provisional basis.

TABLE II - Tariff duties - m.f.n. and s.o.p. - on certain oilseed, castor oil and castor oil derivatives

(Rate rates are percent ad valorem unless otherwise specified)

| ITEM                               | HTN   | EEC              |                  | JAPAN             |                  | SWEDEN |        | SWITZERLAND |         | AUSTRIA |        | FINLAND |        | NORWAY |        | AUSTRALIA |        | NEW ZEALAND |        | CANADA |        | U.S. |  |
|------------------------------------|-------|------------------|------------------|-------------------|------------------|--------|--------|-------------|---------|---------|--------|---------|--------|--------|--------|-----------|--------|-------------|--------|--------|--------|------|--|
|                                    |       | m.f.n.           | s.o.p.           | m.f.n.            | s.o.p.           | m.f.n. | s.o.p. | m.f.n.      | s.o.p.  | m.f.n.  | s.o.p. | m.f.n.  | s.o.p. | m.f.n. | s.o.p. | m.f.n.    | s.o.p. | m.f.n.      | s.o.p. | m.f.n. | s.o.p. |      |  |
| Castor oil seeds                   | 12.01 | 0                | -                | 0                 | -                | Sw F   | -      | 0           | -       | FrM     | 0      | 0       | 0      | 0      | 0      | 0         | 0      | -           | 0      | 0      | 0      | 0    |  |
| Castor oil                         | 15.07 | 0 <sup>1/3</sup> | 6                | 10                | -                | 0      | -      | 0.001/kg    | 0.01/kg | 0.45/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Bellow blown castor oil            | 15.08 | 14               | 0                | 7 <sup>2/5</sup>  | 0                | Skar 3 | 0      | 0.15/kg     | 0.10/kg | 0.15/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Gelled castor oil                  | 15.08 | 14               | 0                | 7 <sup>2/5</sup>  | 0                | Skar 3 | 0      | 0.40/kg     | 0.100kg | 0.40/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Dehydrated castor oil              | 15.08 | 14               | 0                | 7 <sup>2/5</sup>  | 0                | Skar 3 | 0      | 0.40/kg     | 0.100kg | 0.40/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Dehydrated castor oil fatty acid   | 15.10 | 4.5              | 0                | 7 <sup>2/5</sup>  | 0                | 0      | -      | 0.01/kg     | 0       | 0.13/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Hydrogenated castor oil fatty acid | 15.10 | 4.5              | 0                | 7 <sup>2/5</sup>  | 0                | 0      | -      | Sw F        | 0       | 0.13/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| 1-heptanol                         | 29.04 | 12               | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | 0      | 1.50/kg     | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Heptanal (heptaldehyde)            | 29.11 | 12.9             | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | 0      | 0.02/kg     | 0       | 0.13/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Undecylenic acid                   | 29.14 | 10.4             | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | 0      | 0.015/kg    | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Triglyceride                       | 29.14 | 12.8             | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | 0      | 0.01/kg     | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Stearic acid                       | 29.15 | 9.6              | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | 0      | 0.015/kg    | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| 12 Hydroxystearin aliphatic        | 29.16 | 14.4             | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | -      | 0.025/kg    | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| 1-12 Hydroxystearin alcohol        | 29.16 | 14.4             | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 11     | -      | 0.025/kg    | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Capric stearin                     | 34.02 | 12               | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 9      | 0      | 0.06/kg     | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |
| Hydrogenated castor oil (opal wax) | 34.04 | 8                | 0 <sup>2/3</sup> | 10 <sup>1/3</sup> | 0 <sup>2/3</sup> | 9      | 0      | 0.05/kg     | 0       | 0.12/kg | 0      | 0       | 0      | 0      | 0      | 0         | 0      | 0           | 0      | 0      | 0      | 0    |  |

\* Because of the difficulty in clearly identifying certain tariff positions and tariff lines, the above rates should be regarded as provisional. Duties are generally those applied on 1 January 1975. The Australian m.f.n. duties are those applied prior to a general reduction of 25 percent introduced in July 1973.

1/ For the production of amiododecanoic acid for use in the manufacture of synthetic fibres or artificial plastic materials.  
2/ Items included in a list of products for ceiling limitations.  
3/ The application of GSP rate is subject to ceiling limitations controlled on a monthly basis.

4/ In containers of less than 4,546 litres.

5/ Applicable to imports valued not over 20¢/lb.  
6/ Under the U.S. Trade Act of 1974, the President is authorized to implement the country's GSP scheme after receiving the advise of the International Trade Commission with respect to eligible articles.