

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5860

2 September 1985

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Original: English

ARTICLE XIX - ACTION BY SOUTH AFRICA

Malic Acid

The following communication, dated 21 August 1985, has been received from the Permanent Mission of South Africa.

The Government of the Republic of South Africa wishes to advise the CONTRACTING PARTIES, in accordance with the provisions of Article XIX of the General Agreement, that it has decided to suspend temporarily the existing binding in terms of the General Agreement on malic acid falling within sub-item 29.16.75. This action is being taken pursuant to the South African Government's decision to increase the duty on this product and in the following manner:

| <u>Tariff heading</u> | <u>Existing Binding</u> | <u>Revised Rate of Duty</u> |
|------------------------|-------------------------|--------------------------------------------------------------------------------|
| 29.16.75 Malic Acid | 15% ad valorem | 15% ad valorem or 240 South African cents per kg. less 85% ad valorem |

Since further delay in the proposed amendment of the existing rate of duty applicable to malic acid would cause irreparable damage to local manufacture, the South African Government has decided to implement the proposed amendment with immediate effect, i.e. 9 August 1985.

According to information obtained by the Board of Trade and Industries there had been a considerable increase in imports of malic acid since 1983 from m.f.n. sources which, together with substantial imports from non-m.f.n. sources, threaten serious injury to local manufacture. The market share of m.f.n. imports increased from 1.4 per cent in 1982 to 11.7 per cent in 1983 and 13.2 per cent in 1984. The Board also noted that the viability of the industry is very sensitive to the volume of production and even a small loss of market share could cause disruption. The Board observed that the existing 15 per cent ad valorem duty does not provide sufficient protection to local manufacture and therefore recommended the above-mentioned alternative duty.

The South African Government is prepared to consult under Article XIX:2 of the General Agreement with those contracting parties having a substantial interest as exporters of the product concerned.