

Extra tariff imposed on imported chips

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Importers of frozen potato chips in SA, as well as producers in Belgium and the Netherlands in particular, have suffered a double setback after the International Trade Administration Commission (Itac) imposed a provisional safeguard duty of 61.42% on the product last week.



The imposition of the hefty duty comes amid news that food company McCain, supported by other producers, last month asked Itac to investigate claims that producers in Belgium and the Netherlands were dumping their products in SA at a discount rate of more than 51% and 22%, respectively.

XA International Trade Advisors director Donald MacKay said on Monday (8 July) said the implications of the safeguard duty and the possibility of anti-dumping action were devastating. The investigation into the surge of imports was initiated in March, following an application by McCain, supported by Nature's Choice and Lamberts Bay Foods.

Importers had given written submissions to Itac in terms of the safeguard remedy, but had also requested an oral hearing before the commission to state their case. This request had been denied.

Safeguard measures are used against any unforeseen surges of imports. MacKay said XA had not seen a report detailing the logic behind the safeguard duty.

Importers and producers may take the provisional duty on judicial review, or the European Union may lodge a dispute against SA with the World Trade Organisation.

Imports up 1,398%

Itac found that imports in 2010, when compared with 2009, had increased more than 810%. Last year, the number of imports was 1,398% higher than the 2009 figure. But importers fiercely opposed the investigation, arguing that imports were a small proportion of local consumption.

MacKay said earlier, when it was still unclear what the safeguard duties could be, that an increase of even 15% or 20% in duties would shut down imports, with the likelihood of local prices increasing in the absence of competition.

Imports from the European Union are currently duty-free, while there is a general duty of 20% on other regions' imports. The safeguard measure will remain in place for 200 days pending the finalisation of the investigation.

Itac chief commissioner Siyabulela Tsengiwe said there was sufficient evidence that the surge in imports was causing serious harm to the local industry.

Affected Potato Importers, an unincorporated body representing K&M International Trading, LambWeston (Netherlands), Merlog Foods and Agristo (Belgium), said earlier not one of the criteria necessary for the imposition of safeguard remedies had been met in the application.

While fighting the safeguard application, importers and European producers were informed of an anti-dumping application, also launched by McCain and supported by Lamberts Bay Foods and Nature's Choice, at the beginning of last month.

The application was brought against Agristo, PinguinLutosa Foods (Belgium), LambWeston and Mydibel (Belgium).

An anti-dumping duty is a penalty imposed on suspiciously low-priced imports. MacKay said the producers and importers had indicated that they would oppose the anti-dumping application.

McCain said in its dumping application that the company was suffering as a result of over-capacity, loss of market share, price undercutting and a decline in employment. It had tried to regain market share by lowering prices by more than 5%.

Source: Business Day via I-Net Bridge

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