652.

International Trade Administration Commission of South Africa

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ITAC RECOMMENDS AN INCREASE IN THE RATE OF CUSTOMS DUTY ON PEANUT BUTTER FROM 0.99C/KG TO 20 PER CENT *AD VALOREM*

ITAC has completed its investigation following an application by RCL Group Services (Pty) Ltd, to increase the customs duty on peanut butter from 0.99c/kg to 25 per cent *ad valorem*. After considering information at its disposal, the Commission found that domestic peanut butter production, sales volumes and capacity utilisation declined over the period of investigation, while imports increased significantly.

India remained the dominant source of imported peanut butter. Domestic producers also experienced persistent price disadvantages relative to imported products, while production costs increased because of higher raw material, labour and operating costs.

The Commission also found that a temporary rebate provision on imported groundnuts could reduce input costs for domestic processors and complement any increase in customs duty by improving the competitiveness of local manufacturers.

ITAC then recommended that the general rate of customs duty on peanut butter be increased from 0.99c/kg to 20 per cent *ad valorem*, to provide a more appropriate balance between supporting domestic manufacturing, encouraging value addition and maintaining consumer affordability.

The Commission further decided that as a complementary intervention to strengthen the domestic industry's price competitiveness and improve capacity utilisation, the Commission will self-initiate an investigation for the creation of a temporary rebate provision for groundnuts in terms of Section 16(1)(d)(ii) of the International Trade Administration Act, 2002.

The investigation will assess the feasibility of establishing a rebate mechanism to improve the competitiveness of domestic peanut butter manufacturers through lower input costs.

Full details of the Commission's findings and recommendations are contained in **Report No. 652**.

ISSUED BY THE INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA