EFFECT OF THE TRADE AGREEMENT BETWEEN SACU AND EFTA ON THE SOUTH AFRICAN CHEMICAL INDUSTRY

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CHAPTER 1

INTRODUCTION

The European Free Trade Association (EFTA) was established in 1960 by the Stockholm Convention to eliminate tariffs and other restrictions on trade among EFTA states. Today it serves as a forum where members can establish new free trade agreements with other states. The original members of EFTA were Austria, Denmark, Iceland, Liechstenstein, Norway, Portugal, Sweden, Switzerland and the UK. EFTA is currently comprised of four states: Iceland, Liechstenstein, Norway and Switzerland.

Three of the EFTA's four members- Iceland, Lichestenstein and Norway- are participants in the European Economic Area (EEA) accord, an agreement linking EFTA and EU countries in the world largest multilateral trading area. EFTA has signed free trade agreements with twenty partners: Turkey, the Czech Republic, Slovakia, Israel, Poland, Romania, Bulgaria, Hungary, Slovenia, Estonia, Latvia, Lithuania, Morocco, Mexico, the Palestine Liberation Organisation, Macedonia, Croatia, Jordan, Singapore and Chile. In addition, declarations of cooperation, the first step towards a free trade agreement, have been signed with eight partners: Albania, Egypt, Tunisia, Lebanon, Ukraine, the Gulf Cooperation Council, Mercusor and Yugoslavia. Negotiations on trade agreements with Cyprus and Canada are underway.

EFTA member states have chosen SACU as the first regional economic community with which to negotiate a comprehensive agreement on the African continent. Trade between South Africa and EFTA amounted to US$ 908 million in 2004. The two member states of EFTA, namely Norway and Switzerland, account for 98% of EFTA's GDP. The biggest market for EFTA is the European Union and therefore EFTA's economic performance is directly linked with the economy of the EU.

Report Layout

The outlay of this report is briefly as follows:

Chapter 1: Introduction and report layout
Chapter 2: Historical chemicals trade between SACU and EFTA countries
Chapter 3: Historical chemicals trade between EFTA and RoW
Chapter 4: Features of the chemical industries of EFTA
Chapter 5: Analysis of EFTA's existing tariff regime for chemicals
Chapter 6: Tariff impact of other agreements
Chapter 7: Analysis of the effect of Non-tariff Barriers encountered in EFTA countries
Chapter 8: Identification of trade opportunities for SACU chemical companies in EFTA

Chapter 9: Considerations for offensive and defensive strategy for SACU countries

Chapter 10: Conclusions and recommendations

CHAPTER 2

HISTORICAL CHEMICALS TRADE BETWEEN SACU AND EFTA COUNTRIES

The South African Chemicals industry is well established compared to that of its counterparts in the SACU trading block. It is for this reason that South Africa is the major trading country with EFTA. Not all chapters of the chemicals industry are traded with EFTA, it is therefore important to identify the major chemical trade chapters and categories in terms of historical trade between SACU countries and EFTA. The five SACU member countries are analysed separately to establish each country's contribution in terms of value of trade with EFTA and the opportunities the countries can benefit from in terms of the intended trade agreement.

Analysis was made on the latest available data, which covers 1999 – 2001 (with the exception of South Africa). Specific countries provided this data, and they had no newer data available. However, the data is indicative of the relative small scale of EFTA trade with other SACU countries.

EFTA exports to SACU

South Africa

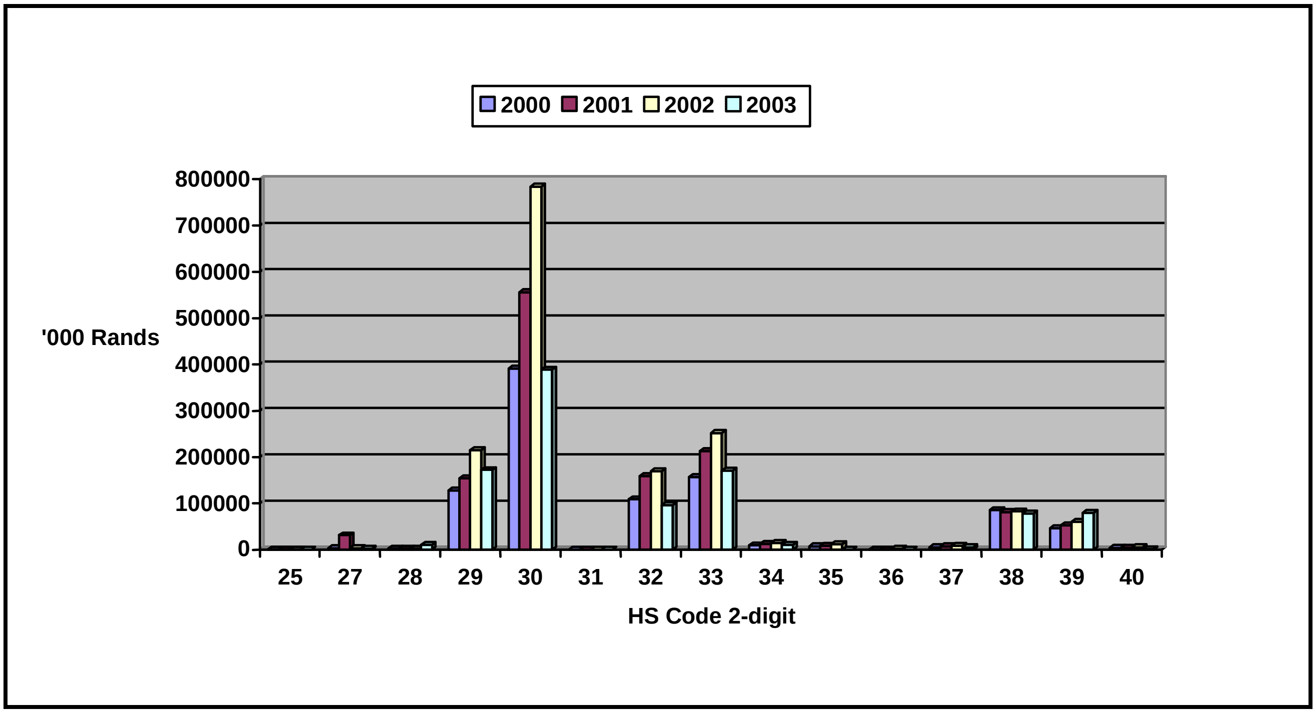
The total historical chemical exports in HS chapters 25 – 40 from EFTA to the RSA were as follows: [based on constant year-2000 Rands]

- 2003: R1 015 million
- 2002: R1 610 million
- 2001: R1 282 million
- 2000: R948 million

Note: For HS 25 and 27 only important product categories have been taken into account.

In constant Rands there is no significant trend that can be extrapolated from these figures. Historical exports of products by HS chapter of the chemical sector from EFTA to South Africa are as follows:

Chart 1: EFTA's exports to South Africa



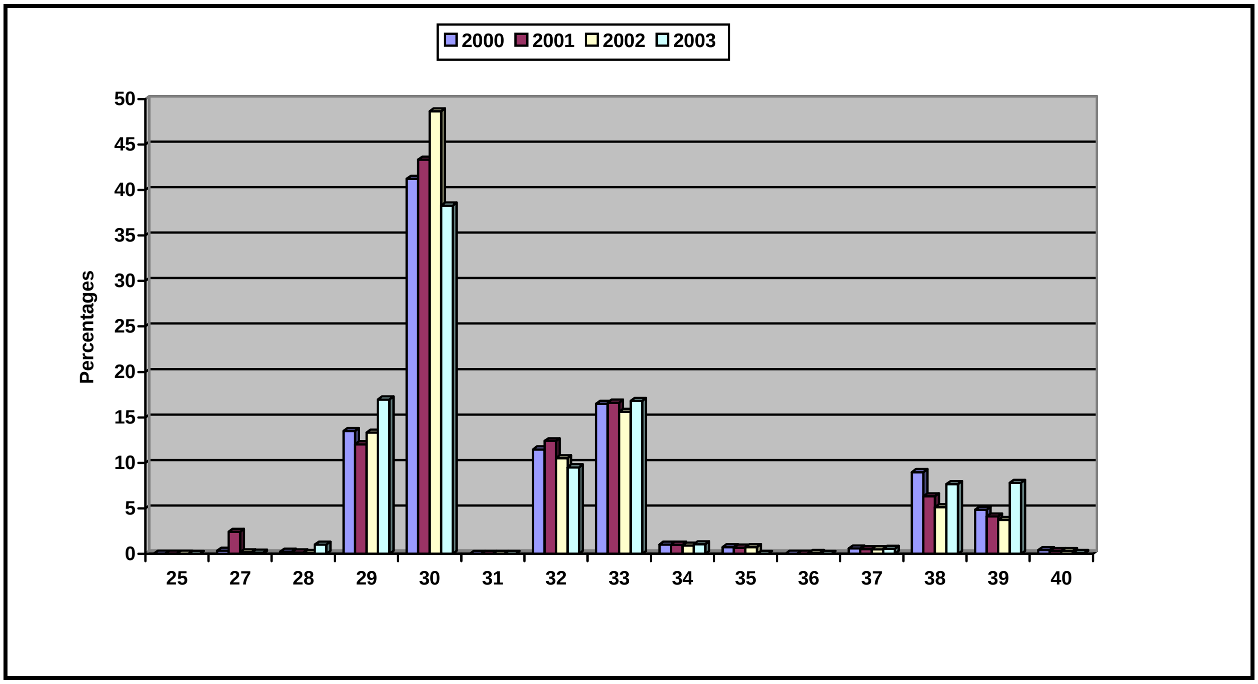
Source: SARS

Notes: 1) Values presented in constant year-2000 Rands

2) HS 25 and 27 only cover selected important products

The biggest exports by value from EFTA to South Africa are in products of HS chapter 30 – Pharmaceutical products. The chart shows that growth in the value of exports of these products has been increasing from 2000 – 2002, with a significant decrease in 2003. Other significant EFTA exports to South Africa are products of HS chapters 29, 32, 33, 38, and 39. EFTA's exports (per HS chapter) to South Africa can also be expressed as percentages of the value of total yearly exports for chapters 25 to 40 as follows:

Chart 2: EFTA's exports to South Africa expressed as percentage of total



Source: SARS

The chart shows that products of HS chapter 29, 30, 32, 33, 38 & 39 dominate EFTA's exports to South Africa, accounting in total for around 94% by value of EFTA's exports to South Africa.

EFTA's major export products at 4-digit level of these particular HS chapters are represented in the following table:

Table 1: EFTA's major exports to South Africa

Harmonized System Chapters	HS Code 4	EFTA's exports to RSA in constant Rands (Million)				Percentage by value of total EFTA exports in chapters 25 - 40 to RSA			
		2000	2001	2002	2003	2000	2001	2002	2003
29	29.03	2.4	6.0	11.7	8.7	0.3	0.5	0.8	0.9
	29.05	0	0	0.2	20.9	0	0	0	2.1
	29.24	23.9	38.4	18.6	54.2	2.5	3.0	1.2	5.3
	29.30	5.0	4.5	5.9	4.5	0.5	0.4	0.4	0
	29.33	16.8	23.7	31.7	16.4	1.8	1.9	2.2	0
	29.36	32.8	39.5	85.5	52.8	3.5	3.1	5.3	5.2
30	30.02	16.9	30.6	76.7	8.5	1.8	2.4	4.9	0.8
	30.04	335.8	477.3	614.0	371.4	35.6	37.5	39.5	36.6
32	32.04	71.4	99.2	110.1	61.7	7.6	7.8	7.1	6.1
	32.06	5.0	12.7	8.6	7.9	0.5	1.0	0.6	0.8
	32.14	17.2	22.8	18.7	19.9	1.8	1.8	1.6	2.0
33	33.02	131.5	182.0	209.6	155.1	13.9	14.3	13.5	15.3
	33.03	5.1	7.1	11.3	9.3	0.5	0.6	0.7	0.9
38	38.08	39.9	33.6	20.8	28.1	4.2	2.6	1.3	2.8
	38.11	0.9	32.6	0.9	7.1	0.1	2.5	0.1	0.7
	38.12	9.3	15.3	26.0	10.8	1.0	1.2	1.7	4.7
	38.22	1.0	2.1	2.8	9.6	0.1	0.2	0.2	4.1
	38.24	12	16.6	12.4	11.4	1.3	1.3	0.8	1.1
39	39.05	2.8	7.4	7.6	10.9	0.3	0.6	0.5	1.1
	39.07	12.2	13.4	12.7	13.5	1.3	1.1	0.8	5.8
	39.09	9	7.3	5.5	6.3	0.9	0.6	0.3	0.6

The table shows products that account for approximately 82% by value of EFTA's chemical exports to South Africa. Of these products, the largest by value are:

- **HS 30.04** [36.6% of total EFTA exports] - Medicines
- **HS 33.02** [15.3% of total EFTA exports] –Mixed flavours & fragrances
- **HS 32.04** [6.1% of total EFTA exports] – Organic pigments
- **HS 39.07** [5.8% of total EFTA exports] – Polycarbonate, alkyds and other resins
- **HS 29.24** [5.3% of total EFTA exports] – Carboxymide-function fine chemicals
- **HS 29.36** [5.2% of total EFTA exports] – Sulphonamides pharmaceutical actives

These six 4-digit categories shown above, account for about 74% by value of EFTA exports to the RSA. In terms of individual [8-digit] products, the major HS codes by value are:

- **HS 30.04.90.00** [36.6% of total EFTA exports] – Other final dosage form medicines
- **HS 33.02.10.00** [8.0% of total EFTA exports] - Food & beverage mixed flavours
- **HS 29.24.29.90** [5.3% of total EFTA exports] – Other paracetamol-group pharmaceutical actives
- **HS 30.04.39.00** [3.1% of total EFTA exports] – Hormone containing end-dosage form medicines
- **HS 29.36.21.00** [2.7% of total EFTA exports] – Vitamin A and derivatives
- **HS 32.14.10.00** [1.9% of total EFTA exports] – Grafting putty, painter's fillings, etc.
- **HS 32.04.16.00** [1.6% of total EFTA exports] – Reactive textile dyes

At detailed product level, the top few products listed above account for close to 60% by value of EFTA exports to the RSA.

Botswana

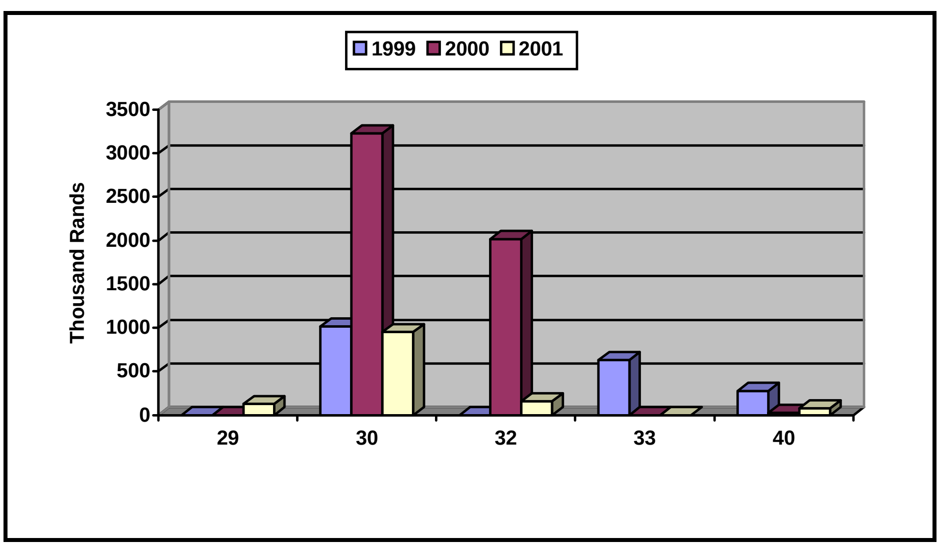
EFTA's total chemicals exports to Botswana from 1999 – 2001 were as follows: [based on constant year 2000 Rands]

- 2001: R 1.3 million
- 2000: R 5.3 million
- 1999: R 1.9 million

These are relatively small figures, for example, in 2001 Botswana's imports from EFTA were only 0.1% of the value of the RSA's imports.

The following chart shows EFTA's chemical exports to Botswana.

Chart 4: EFTA's major chemical exports to Botswana



EFTA's major export products by value to Botswana are those of HS chapters 30. Although EFTA's exports of products of chapter 32 to Botswana were significantly higher than those of other chapters in 2000, they are not considered major export products to Botswana because this was not consistent over the years. Particular products of chapter 30 are shown at the HS 4-digit level with their respective percentage contribution to all of EFTA's chemical exports to Botswana yearly.

Table 2: EFTA's major exports to Botswana at HS 4-digit code

HS Code 4-digit	Percentage contribution by value to EFTA exports to Botswana		
	1999	**2000**	**2001**
30.03	14%	9%	0%
30.04	33%	30%	69%
30.05	0%	20%	0%

HS 30.04 is the only chapter exported to Botswana by EFTA consistently for the years under consideration. Other products fluctuated sharply between the years.

Namibia

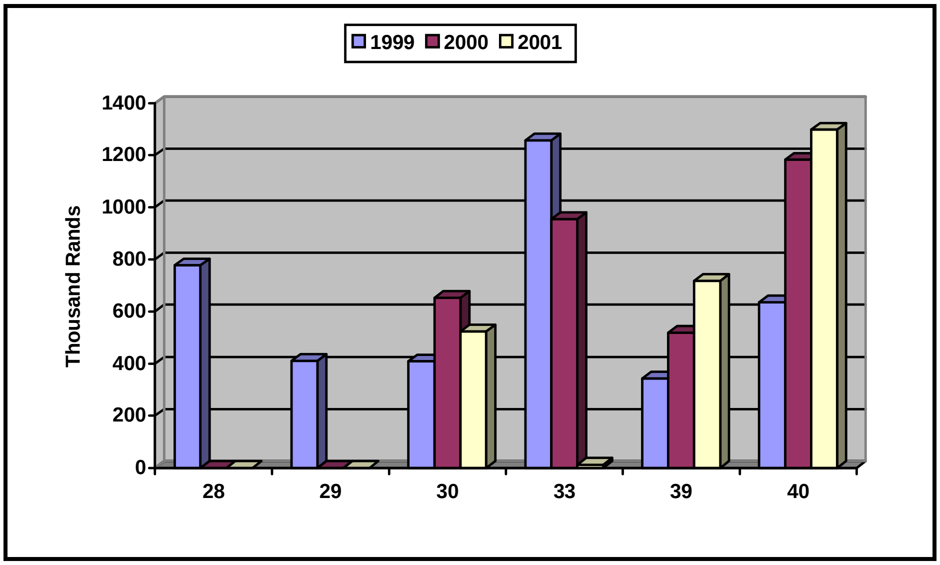
EFTA's total chemical exports to Namibia from 1999 – 2001 were as follows: [based on constant year 2000 Rands]

- 2001: R 2.6 million
- 2000: R 3.3 million
- 1999: R 3.8 million

These are relatively small figures, for example, in 2001 Namibian's imports from EFTA were only 0.2% of the value of the RSA's imports.

The following chart shows EFTA's exports to Namibia:

Chart 5: EFTA's major exports to Namibia



EFTA's major exports by value to Namibia [small in total] are those of products of HS chapters 30, 33, 39, and 40. Exports of chapters 28 and 29 were not consistent for the period under consideration. The major export products by value are shown below at the HS 4-digit level.

Table 3: EFTA's major exports to Namibia at HS 4-digit code

HS Code 4-digit	Percentage contribution to EFTA' exports to Namibia		
	1999	2000	2001
28.07	16%	0%	0%
29.29	10%	0%	0%
33.02	30%	27%	0%
39.26	9%	11%	24%
40.06	0%	21%	9%
40.12	9%	10%	31%

The only products that EFTA consistently exports to Namibia are HS 39.26 and HS 40.12. The values of exports of the other major products fluctuate sharply from one year to another.

Lesotho

Only one product, HS 30.02 was exported by EFTA to Lesotho for the period 1999 to 2002. This happened in 2002, and the amount was R0.2 million.

Swaziland

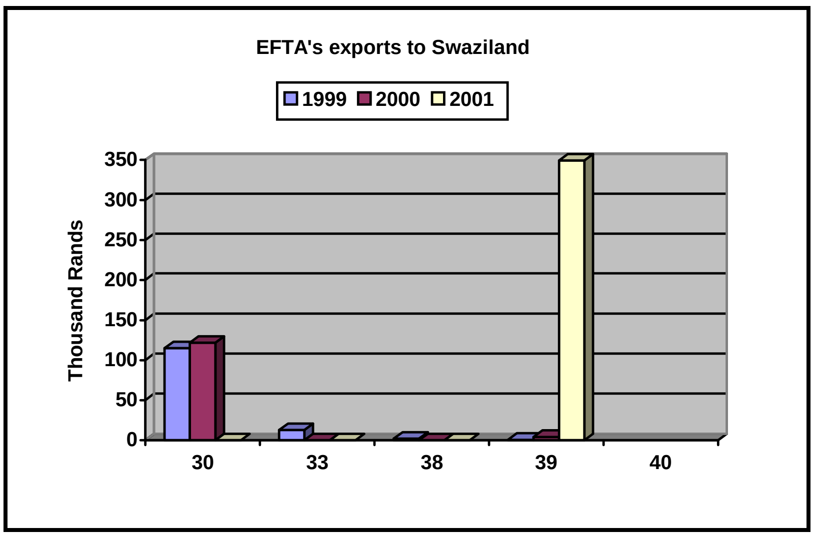
EFTA's total chemical exports to Swaziland from 1999 – 2001 were as follows: [based on constant year 2000 Rands]

- 2001: R 0.3 million
- 2000: R 0.1 million
- 1999: R 0.1 million

These are relatively tiny figures, for example, in 2001 Swaziland's imports from EFTA were only 0.02% of the value of the RSA's imports.

EFTA's exports to Swaziland are as follows:

Chart 6: EFTA's exports to Swaziland



EFTA's exports to Swaziland are inconsistent, but are dominated by products of HS chapters 30 and 39.

SACU exports to EFTA

South Africa

The total historical chemical exports in HS chapter 25 – 40 from the RSA to EFTA were as follows: [based on constant year-2000 Rands]

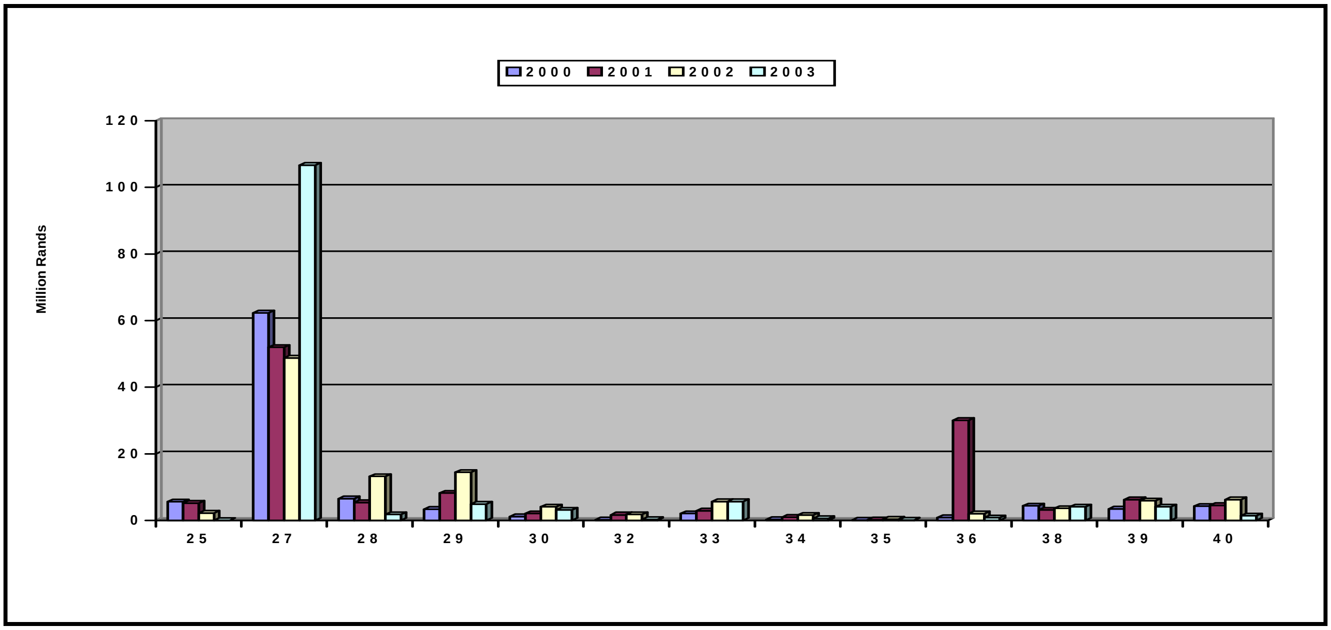
- 2003: R133.5 million

- 2002: R110.1 million
- 2001: R122.7 million
- 2000: R94.8 million

Note: For HS 25 and 27 only important product categories have been taken into account.

In constant Rands there seems to be a growth trend, with a total increase of 41% from 2000 to 2003. However, there were fluctuations in between these years. Historical exports of products by HS chapter of the chemical sector from the RSA to EFTA are as follows:

Chart 3: South Africa's chemical exports to EFTA



Source: SARS

The major export products from RSA to EFTA are those of HS chapter 27, which accounted for nearly 80% by value in 2003. Other chapters that have relatively smaller export levels.

The major export categories by value from RSA to EFTA at 4-digit level are as follows:

- **HS 27.10** [79.3% of total RSA exports] – Petroleum products not from crude oil
- **HS 33.01** [2.8% of total RSA exports] – Essential oils
- **HS 29.34** [1.9% of total RSA exports] – Nucleic acids and salts
- **HS 38.23** [1.6% of total RSA exports] – Industrial fatty acids and alcohols
- **HS 29.01** [1.2% of total RSA exports] – Alpha olefins

These five 4-digit categories shown above, account for 87% by value of EFTA chemical imports from the RSA. In terms of individual [8-digit] products, the major HS codes by value are:

- **HS 27.10.11.30** [32.2% of total RSA exports] – Diesel fuel
- **HS 27.10.11.05** [28.4% of total RSA exports] – Leaded fuel
- **HS 27.10.11.35** [18.6% of total RSA exports] – Heavy Fuel oils
- **HS 33.01.29.00** [2.2% of total RSA exports] – Other essential oils [“buchu” oil]
- **HS 29.34.30.00** [1.9% of total RSA exports] - Phenothiazinering-Derivatives
- **HS 38.23.70.00** [1.6% of total RSA exports] – Industrial fatty alcohols

At detailed product level, the six products listed above account for close to 85% by value of EFTA imports from the RSA.

In 2003 the total EFTA chemical exports [including important categories in HS 25 and 27] to the RSA reached R1 015 million [constant 2000 Rands], while the RSA’s exports in the same categories reached R133.5 million. This indicates a large trade balance in favour of EFTA.

EFTA’s main exports to the RSA are in final-dosage pharmaceuticals and actives, which are most likely to be products that have patent protection, as most companies in EFTA are multinational, patent-focused pharmaceutical producers. Another key area is blended flavours, where the major multinational flavour houses based in EFTA [Switzerland] have strong market control globally. In these products tariff related actions would not substantially impact on existing EFTA exports.

The RSA’s main export products are liquid fuels, which is attributable to the very high quality [especially low-sulphur] synthetic fuels produced in South Africa. Many inner-city areas in Europe have very stringent regulations regarding fuels used in applications such as building heating, and the RSA has a competitive advantage. It is important that this is taken into account in trade negotiations.

The RSA also supplies essential oils, which are mainly used by flavour houses in their blended products. This is a case where the RSA supplies feedstock to blenders in EFTA, and then import the final product. The RSA has a particular strength in certain essential oils such as buchu oil, where the RSA is the only global source. Buchu oil is an important component of many artificial fruit drinks.

Botswana

For the period 1999 to 2001, Botswana exported only one product, HS 25.01, to EFTA at a value of R 657,789. This was once off in 2001. Botswana therefore also has a consistent negative trade balance with EFTA in chemicals trade.

Namibia

Namibia has no identified exports to EFTA and therefore also has a consistent negative trade balance with EFTA for chemicals trade.

Lesotho

There were no exports from Lesotho to EFTA during the same period.

Swaziland

Swaziland’s exports to EFTA were made up of only one product, HS 34.06 [candles], for the period 1999 to 2002. The export values for this product were as follows for the given years:

- 2002: R 0.01 million
- 2001: R 0.2 million
- 2000: R 0.6 million
- 1999: R 0.4 million

Swaziland therefore has a small positive trade balance. The trade between EFTA and the other SACU countries is generally very small [less than 1% of the value of the RSA trade with EFTA]. However, Swaziland has developed some export markets in EFTA for candles [likely to be decorative candles, HS 34.06], and this is worth taking into consideration during negotiations.

CHAPTER 3

HISTORICAL CHEMICALS TRADE BETWEEN EFTA AND ROW

Chemical trade analysis between EFTA countries and RoW is important in establishing categories where opportunities for SACU may exist to expand exports, as well as to indicate where global exports from EFTA are large and growing, indicating possible threats for SACU production of those products.

EFTA Chemical Import trade from RoW

The total chemical imports of EFTA are relatively large by value. A summary for the period 1999 – 2003 is as follows: [based on constant year 2000 Rands]

- 2003: R 209.5 billion
- 2002: R 289.6 billion
- 2001: R 226.9 billion
- 2000: R 163.3 billion
- 1999: R 108.6 billion

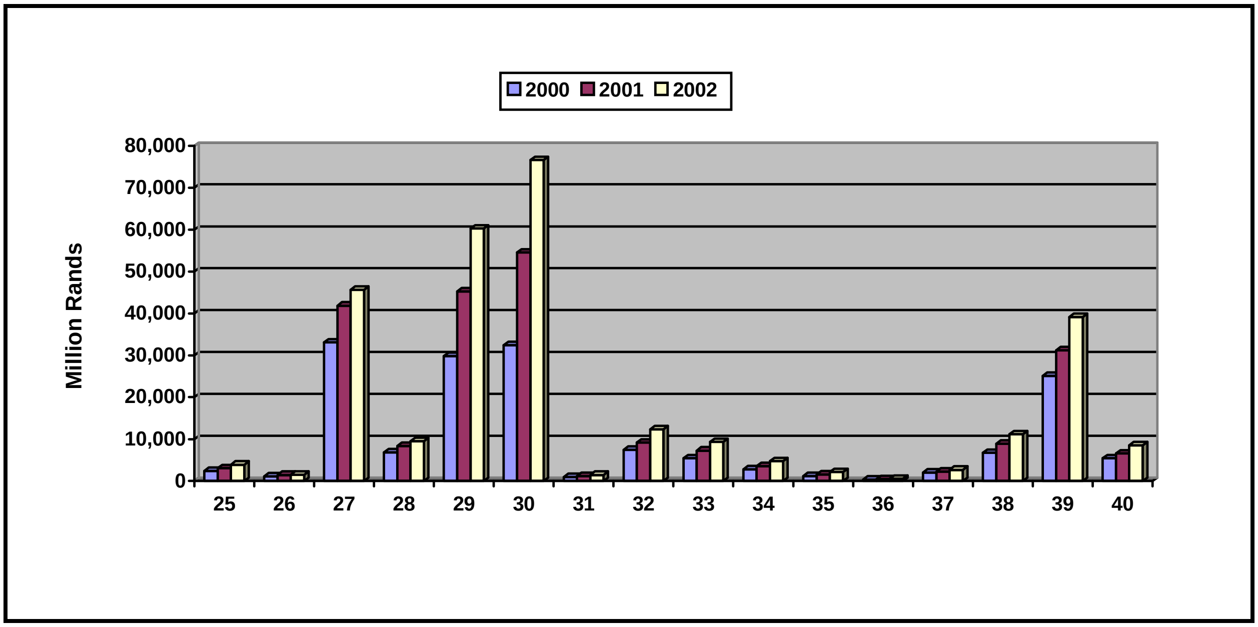
The growth in EFTA chemical imports from 1999 to 2002 was an impressive 166% by value. The growth is relatively lower but still impressive at 48% by value if 2003 is taken into consideration. In comparison, SACU's exports to EFTA were as follows:

- 2003: R 133.5 million
- 2002: R 110.1 million
- 2001: R 122.9 million
- 2000: R 95.4 million

SACU therefore accounts for less than 0.04% by value of EFTA's total chemical imports.

The following chart identifies the chemical imports by EFTA from all countries excluding SACU:

Chart 7: EFTA's global chemical imports from all countries excluding SACU



Source: World Trade Atlas

The major products by value imported by EFTA are those of HS chapters 27, 28, 29, 32, 33, 38, 39, and 40. The most dominant HS chapters are 27, 29, 30, and 39.

EFTA Chemical Export trade from RoW

The total chemicals exports of EFTA are also large by value, and EFTA has a comfortable positive trade balance for chemicals. A summary for the period 1999 – 2003 is as follows: [based on constant year 2000 Rands]

- 2003: R 275.7 billion
- 2002: R 329.1 billion
- 2001: R 233.1 billion
- 2000: R 163.6 billion
- 1999: R 152.2 billion

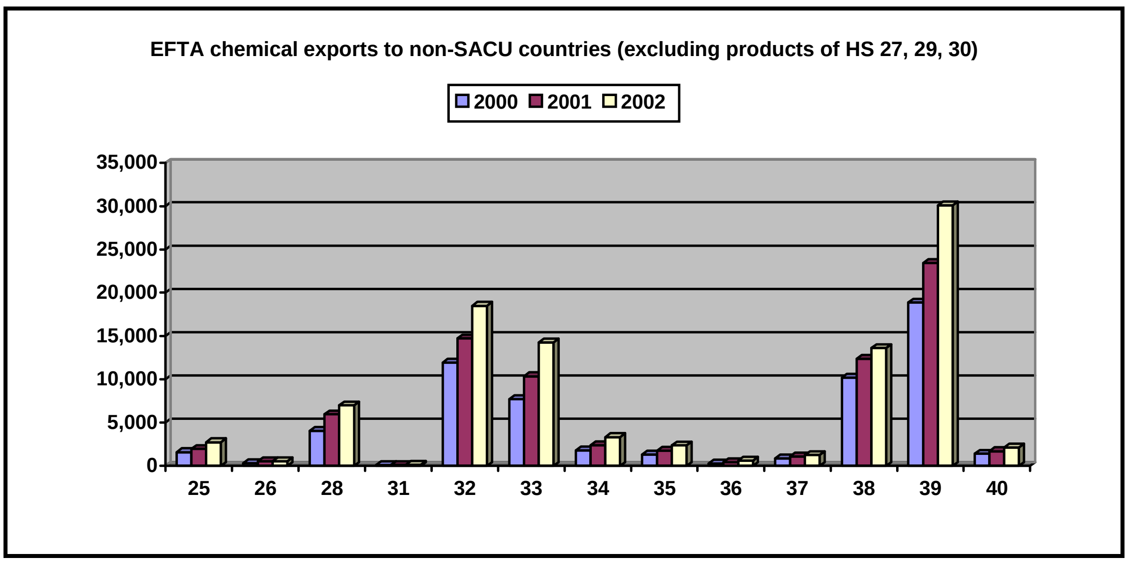
Growth in EFTA's global chemicals exports from 1999 to 2002 was an impressive 53%. In comparison, SACU's imports from EFTA were as follows:

- 2003: R 1 015 million
- 2002: R 1 610 million
- 2001: R 1 284 million
- 2000: R 951 million

SACU therefore accounts for approximately 0.5% by value of EFTA global chemical exports. Relative to SACU's GDP, the chemical market in SACU is relatively underdeveloped.

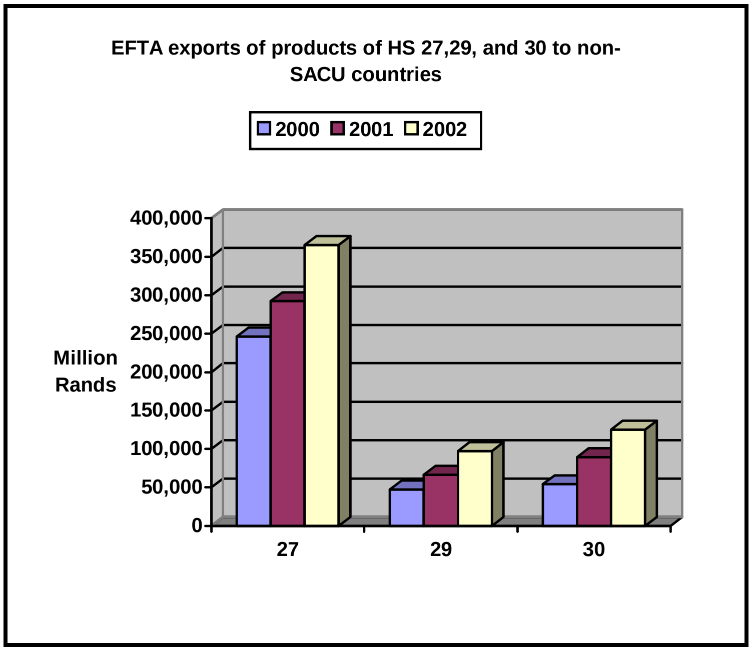
The global exports of EFTA to the RoW are shown below. Please note that due to scaling, the chart is split into two, with the largest chapters [27, 29 & 30] shown separately.

Chart 8.1: EFTA's global exports



Source: World Trade Atlas

Chart 8.2: EFTA's global exports - continued



Source: World Trade Atlas

EFTA's major chemical exports by value to the world are in products of HS chapters 27, 28, 29, 30, 32, 33, 38 and 39. Products of HS 27 are by far the most dominant global export products by value.

EFTA has a large global trade in chemicals, and their 2003 positive trade balance was R 66 billion. The EFTA export trade figures also show a constant high growth for all the major chapters. Excluding the liquid fuels [HS27] chapter, EFTA's major export strength lies in end-dosage form pharmaceuticals, as well as organic chemicals [typically high value products such as pharmaceutical actives and dyestuffs].

From SACU's exports perspective, EFTA shows good opportunity in HS 27 [Liquid fuels], 28 [inorganic chemicals], 29 [organic chemicals], 30 [end-dosage pharmaceuticals], 32 [Paints & colorants], 33 [essential oils, cosmetics, etc.], 38 [Speciality chemicals], 39 [plastics products] and 40 [rubber products]. These chapters are already large by value imported by EFTA, and show consistent growth. It is therefore likely that opportunities for SACU would be in these areas.

COMPARISON OF SACU'S TRADE WITH EFTA VERSUS EFTA'S GLOBAL TRADE POSITION

An analysis is shown of the major EFTA trade chapters [4-digit level] with the SACU. The criteria for selecting major EFTA chapters were:

EFTA exports:	- Identified major EFTA export chapters with SACU - EFTA exports worth more than R 10 million in any given year

EFTA imports:	- Identified major EFTA import chapters with SACU - EFTA imports worth more than R100 million in any given year

Both criteria in the case of exports and imports had to be complied with for inclusion in the analysis below. The following table shows these major chapters by value.

Note: for HS 25 & 27 only the specific important product categories are included.

Table 4: Summary of important chapters [4-digit level] in EFTA-SACU trade

	Important chapters
EFTA exports:	**2924; 2936; 3004, 3204, 3214, 3302, 3808, 3907 [80% by value]**
SACU exports to EFTA:	**2501; 2710; 3406 [79% by value]**

EFTA's global exports relative to exports to SACU

In terms of EFTA's trade with SACU, the following trade categories account for 80% by value of EFTA's exports to SACU:

- HS 2924 [Carboxymide-function, amide-function compounds] – EFTA has a competitive advantage in these products and presently commands almost a quarter of total world market share. SACU's off take of these products is miniscule relative to EFTA's exports to RoW at less than 1% of the value of total EFTA export market. SACU's imports are declining in relative terms.
- HS 2936 [Vitamins] - Vitamins rank as one of the major trade categories also. However, there is conflicting information regarding EFTA's global exports. According to

information provided by the NEDLAC Secretariat the average total exports of EFTA for 2000 – 2002 were only R12 million annually, while other sources indicate that Switzerland alone exported for a single six-digit product HS 29.36.29 nearly R1.7 billion in 2001. The latest information provided from the EFTA Secretariat is not helpful either as it excluded this chapter.

- HS 3004 [Medicaments in final dosage form] – EFTA has got one of the world's most competitive pharmaceutical industries and commands more than 8% by value of total world market. EFTA's exports to RoW show consistent growth. SACU's off take is stagnant in relative terms and accounts for less than 1% of the value of EFTA's global exports.
- HS 3204 [Organic pigments] – EFTA is competitive in these products and commands 14% by value of total world market. Exports of these products to RoW seem to be on an increase while exports to SACU are stagnant in relative terms. SACU accounts for 1% of the value of EFTA's export market.
- HS 3214 [Glazier's putty] – Unlike with the other export products mentioned above, EFTA does not have as much competitive advantage. Exports of these products to RoW show a modest increase, and exports to SACU are stagnant in relative terms. SACU accounts for 1% of the value of total EFTA's export market.
- HS 3302 [Mixed flavours and fragrances] – EFTA has a competitive advantage in these products and their exports to RoW show consistent growth. SACU's off take of these products is relatively higher at almost 3% of the value of total EFTA global exports. While exports to SACU are stagnant in relative terms, they show an increase in nominal terms.
- HS 3808 [Pesticides] – EFTA has a comparative advantage in fine and speciality chemicals. Hence, EFTA is competitive in pesticides manufacturing with a global market share of about 5% by value. SACU's market accounts for less than 1% of the value of EFTA's global exports and it is stagnant both in nominal and relative terms.
- HS 3907 [Polycarbonate, alkyd and other resins] – EFTA's global exports are declining. SACU's market accounts for less than 1% by value and it is stagnant in nominal and relative terms.

Detailed trends of EFTA's exports of these products to RoW relative to exports to SACU are shown in Appendices 1 to 9.

SACU is, in the major export products by EFTA, a small player compared to EFTA's major export countries and this position is either declining or stagnant.

EFTA's global imports relative to imports from SACU

In terms of EFTA's trade with SACU, the following trade categories account for 79% by value of EFTA's imports from SACU:

- HS 2501 [Salt] – Salt is a relatively small export product for SACU and Botswana has a competitive advantage in this product. Although EFTA's imports of salt are growing SACU does not seem to be taking advantage of it because exports to EFTA are not only too low, they are erratic too. SACU contributes less than 1% of the value of EFTA's imports of salt.
- HS 2710 [Liquid fuels] – SACU has a competitive advantage in the production of low sulphur diesel. EFTA's global imports of liquid fuels seem to be stagnant, and so are SACU's exports to EFTA both in nominal and relative terms. Also, SACU's exports are relatively small.
- HS 3406 [Candles] - Candles are relatively small export products for SACU, but Swaziland has a comparative advantage in the manufacturing and exports of these products. EFTA's global import of these products is growing while SACU's exports to EFTA are declining both in relative and nominal terms. At less than 1% of the value of total EFTA imports, SACU's exports to EFTA are miniscule and erratic.

In the major import products by EFTA, SACU is a small player compared to EFTA's major import countries and again this position is declining in relative terms.

EFTA's global trade position regarding chapters not major for SACU

An analysis is shown of the major EFTA trade chapters [4-digit level], excluding the major chapters for SACU that are shown above. The criteria for selecting major other EFTA chapters are different for the various chapters, but the principle was to include HS4 categories in each chapter according to the 80/20 principle.

The general definition of the chemical sector covers chapters 28 – 40. The following table shows within this range the major chapters.

Table 5: Summary of important chapters in EFTA global chemicals trade

	Important chapters
EFTA global exports	28, 29, 30, 32, 33, 38, 39, [98% of total value]
EFTA global imports	28, 29, 32, 33, 38, 39 [98% of total value]

Also included are HS 25 and HS 27 categories that are of particular interest to SACU.

The following section describes EFTA's historical trade with the RoW at HS 4-digit and 6-digit level where possible. The detailed trade analyses for major categories are shown in the Appendices of this report.

Chapter 25

- HS 25.03.00 [Sulphur of all kinds] - EFTA's exports in sulphur are minuscule, and would present no threat to SACU sulphur production. After all, SACU has limited capacity in these products. EFTA's imports of these products are stagnant.

Chapter 27

- HS 27.07.60 [Phenols] - EFTA's historical trade with RoW in these products show consistent growth. EFTA does not offer export potential in these products because the value of imports is too low.
- HS 27.08.20 [Petroleum coke] - EFTA offers good export potential for SACU in this product because the imports are huge and there is little threat from exports.
- HS 27.12.20 [Paraffin wax] EFTA's imports of paraffin waxes show modest growth. This offers good export potential for SACU because the imports are huge and there is little threat from exports.

Chapter 28

The total global imports of EFTA in 2003 for this chapter were R 8.6 billion [2000 Rands], while global exports were R 6.1 billion, giving a negative net trade balance for HS 28. The following major 4-digit categories accounted for 75% of the value of total EFTA imports from RoW in HS 28:

- HS 2805 [Rare earth compounds]

- HS 2811 [Hydrofluoric acid, other]
- HS 2814 [Ammonia]
- HS 2818 [Alumina]
- HS 2843 [Precious metal compounds]

The following major 4-digit categories accounted for 85% by value of total EFTA exports to RoW in HS 28:

- HS 2804 [Inorganic gases, other]
- HS 2823 [Titanium oxides]
- HS 2825 [Other medical oxides]
- HS 2836 [Metal carbonates, other]
- HS 2843 [Precious metal compounds]

Within these 4-digit categories there are mostly specific products that account for most of the trade. Another general feature of these major trade categories is that they show mostly consistent growth for both imports and exports. This is attractive for SACU as far as developing export opportunities. From a defensive perspective two areas of EFTA exports are potential threats to SACU manufacturing. Firstly, there is an on going project to establish new world-scale titanium dioxide pigment capacity in the RSA. EFTA's strong exports could become a threat. Also, EFTA is strong in precious metals chemicals, an area that is logical for the RSA to develop due to the abundance of feedstock.

Chapter 29

The total global imports of EFTA in 2003 for this chapter were R 55.2 billion [2000 Rands], while global exports were R 77.2 billion, giving a positive net trade balance for HS 29. The following major 4-digit categories accounted for 62% by value of total EFTA imports from RoW in HS 29:

- HS 2921 [Amine-function compounds]
- HS 2922 [Oxygen-amino compounds]
- HS 2933 [Heterocyclic compounds]
- HS 2937 [Hormones]
- HS 2941 [Antibiotics]

The following major 4-digit categories accounted for 52% by value of total EFTA exports to RoW in HS 29:

- HS 2924 [Carboxymide-function compounds]

- HS 2933 [Heterocyclic compounds]
- HS 2934 [Nucleic acids]
- HS 2937 [Hormones]
- HS 2941 [Antibiotics]

EFTA's trade in HS 2933, HS 2934, HS 2941 is huge. These major products are almost all pharmaceutical actives, and mostly have patent protection that makes it impossible to compete with. Within these 4-digit categories there are specific products that account for most of the trade, and these major trade categories show mostly consistent growth. For instance, aromatic monoamines [HS 29.21.49] make up more than 80% by value of imports and exports of products of HS 2921.

Chapter 30

The total global imports of EFTA in 2003 for this chapter were R 71.0 billion [2000 Rands], while global exports were R 123.6 billion, giving a positive net trade balance for HS 30. The two major categories are HS 3002 [Vaccines] and HS 3004 [Medicaments in final dosage form]. Of these categories, HS 3004 has been covered already in the previous sections.

These two categories, HS 3002 and HS 3004, account for 89% by value of EFTA imports and 90% by value of exports of HS 30. These major trade categories show mostly consistent growth. Most of EFTA's products in this chapter have patent protection that makes it impossible to compete with.

Chapter 32

The total global imports of EFTA in 2003 for this chapter were R 9.7 billion [2000 Rands], while global exports were R 13.7 billion, giving a positive net trade balance for HS 32. The major 4-digit categories by value in imports are:

- HS 3204 [Organic pigments]
- HS 3212 [Metallic powder pigments]
- HS 3214 [Glazier's putty]

The major 4-digit categories by value in exports are:

- HS 3204 [Organic pigments]
- HS 3208 [Paints and varnishes]
- HS 3214 [Glazier's putty]

Of these categories, HS 3204 &3214 have been covered already in the previous sections. EFTA's trade in HS 3208 is huge, with modest growth in both exports and imports. EFTA's exports in this category are a threat to SACU. These two categories include mainly paints and prepared pigments, and they account for 69% by value of EFTA's imports and 79% by value of exports in HS 32.

Chapter 33

The total global imports of EFTA in 2003 for this chapter were R 8.5 billion [2000 Rands], while global exports were R 12.0 billion, giving a positive net trade balance for HS 33.

The major 4-digit categories by value in imports are:

- HS 3302 [Flavours and fragrances]
- HS 3303 [Perfumes]
- HS 3304 [Make-up and skincare]
- HS 3305 [Hair care]

Of these categories, HS 3302 has been covered already in the previous sections. These categories account for 72% by value of EFTA's imports of HS 33. The first three categories are also EFTA's major exports products and account for 87% by value of EFTA's exports of HS 33. Within these 4-digit categories there are mostly specific products that account for most of the trade. In HS 3302 flavours is dominant, in HS 3304 skincare is dominant and in HS 3305 shampoos is dominant. These major trade categories show consistent growth in both imports and exports.

Chapter 38

The total global imports of EFTA in 2003 for this chapter were R 10.4 billion [2000 Rands], while global exports were R 13.9 billion, giving a positive net trade balance for HS 38. The major 4-digit categories by value in imports are:

- HS 3808 [Pesticides]
- HS 3822 [Diagnostic kits]
- HS 3824 [Other specialities]
- HS 3815 [Catalysts]

These categories account for 74% by value of EFTA's imports of HS 38. HS 3808 has been covered already in the previous sections. The first three categories shown above together with HS 3812 [Rubber and plastic additives] are the major export categories by value and account for 73% by value of EFTA's exports of HS 38. Within these 4-digit categories HS 3815 [precious metal catalysts] and HS 3824 [cement additives] account for most of the trade.

Chapter 39

The total global imports of EFTA in 2003 for this chapter were R 33.5 billion [2000 Rands], while global exports were R 28.5 billion, giving a negative net trade balance for HS 39.

The major 4-digit categories by value of imports are:

- HS 3901 [Polyethylenes]
- HS 3907 [Polycarbonates, alkyds and other resins]
- HS 3917 [Tubes, pipes, and hoses]
- HS 3920 [Other plates, sheet and films, not reinforced
- HS 3923 [Plastic closures]
- HS 3926 [Other plastic products]

Of these categories, HS 3907 has been covered already in the previous section. These account for 62% by value of EFTA imports of HS 39. With the exception of HS 3917, the other 4-digit categories are also EFTA's major export categories by value together with HS 3909 [Urea resins and other thermosetting polymers] at 71% of total EFTA exports of HS 39.

CHAPTER 4

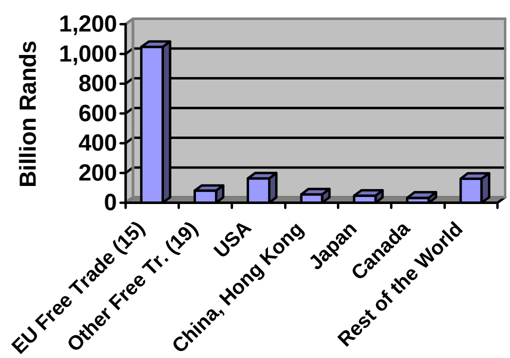
FEATURES OF THE CHEMICAL INDUSTRIES OF EFTA COUNTRIES

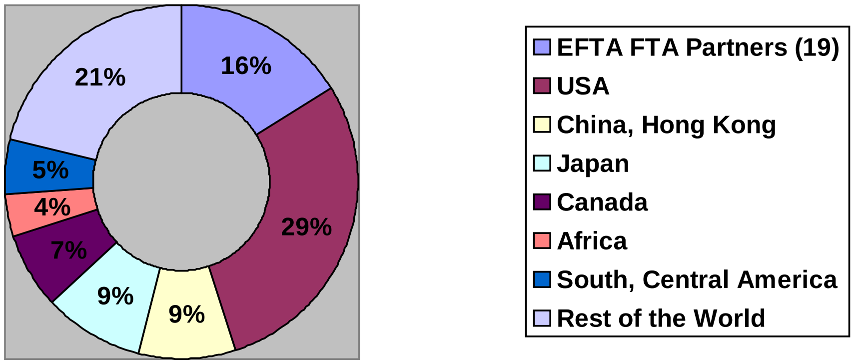
Overall economic background and trade

The national GDP, GDP growth rates and GDP per capita of the EFTA members are shown in the following table for 2001. Norway and Switzerland constitute around 98% of EFTA's GDP.

Economic Indicators	Liechtenstein	Iceland	Norway	Switzerland
GDP (SA Billion Rands)	6 (1999)	58	1 269	1 916
GDP Growth (%)	1.7 (1999)	3	1.4	1.3
GDP per Capita (SA Rands)	Not available	206 964	280 674	265 097

EFTA's total exports to the world in all products including chemicals for 2002, are shown in the following charts.





The total estimated trade in 2001 for the member states are as follows:

Trade	Liechtenstein	Iceland	Norway	Switzerland
Exports (SA Billion Rands)	Not available	15	442[*1]	642[*2]
Imports (SA Billion Rands)	Not available	15	239	657[*2]
Trade Balance	Not available	**0**	**203**	**-15**

*1 In Norway, mineral fuels and oil accounted for approximately 63% of the exports, or R 278 billion.

*2 In Switzerland, pharmaceuticals accounted for approximately 10% of the exports, or R 64 billion, while imported pharmaceuticals amounted to R 46 billion or 7% of the total imports.

Individual country features relating to the chemical industry

a) Liechtenstein

Liechtenstein has a broadly diversified economic structure with a significant emphasis on industrial production. In comparison with other national economies, Liechtenstein is more strongly industrial and less service-oriented.

Despite the small size of the country, the Liechtenstein national economy covers 15 of the 16 economic segments in the international classification, more than most small European States. The most important branches of the heavily export-oriented industry are mechanical engineering, plant construction, manufacturing of precision instruments, dental technology, and the food-processing industry. In all of these areas, the emphasis is less on the production of mass and inexpensive goods, but rather on the development of high quality, high-tech products.

Liechtenstein Chamber of Trade and Commerce however has only one chemical company listed, namely Marxer Gastrochem AG. The company's products are unknown.

b) Iceland

The mainstays of the Icelandic economy are renewable natural resources: rich fishing grounds, hydro and geothermal power, and pastureland. The importance of human capital is steadily increasing, as witnessed by the fast-growing number of computer software and biotechnology companies.

The sector that is showing the most rapid development in Iceland is biotechnology. Iceland's advantage in this field relates to nature and the country's geographical position on the mid-Atlantic ridge, which is the reason for its wealth of hot springs and high-temperature areas, the natural habitat of thermophilic bacteria, which may be utilized for different industries, e.g. the pharmaceutical industry. Thermophilic bacteria may, in the future, also be utilized for the manufacturing of better drugs as well as the development of more environmentally friendly forms of industry in many fields.

One of the country's most promising hi-tech projects is the charting of the nation's genetic material for the purpose of discovering the transmission by heredity of diseases, and their related genetic material is based both on genealogy and the fact that Icelanders have for centuries remained a rather isolated nation due to the country's geographical position, causing rather limited mixing of the nation's blood with other gene pools.

Other future high-tech potential projects include the possibility of producing methane using the exhaust gases from metal foundries, which could also serve the purpose of limiting air pollution. There are also proposals for large-scale production of hydrogen by the electrolysis of water, which would use electricity from hydroelectric power stations.

Identified operations in the chemical sector in Iceland are shown in Appendix 15.

c) Norway

There are an estimated 557 companies in the chemical industry in Norway, employing around 22 000 people.

The chemical industry in Norway is very diverse, consisting of everything from small niche companies manufacturing for the domestic market to major industrial groups, such as Dyno and Hydro, which have large production facilities in several countries.

The industry is characterised by various materials being refined into products for final usage or to be used directly in another industrial process. Large parts of Norway's chemicals industry have developed as a result of the plentiful supply of hydropower, gas and oil, but they are also a natural result of the demand for chemical products on the part of other industries and businesses.

Examples of finished products include pharmaceuticals, industrial gases, petrol tanks and plastic sledges. Most of Norway's chemicals industry manufactures chemical raw materials, with Hydro and Borealis as major manufacturers. The manufacture of chemical raw materials is characterised by large facilities, which are often a prerequisite for profitable operations. The chemical raw-materials industry is located throughout the country but is mainly concentrated in south-eastern Norway, more exactly in Greenland and in the county of Østfold.

Chemical technical products consist of finished goods of an extremely varied nature, covering everything from paint and glue to pharmaceuticals. Glue and adhesives are used in the manufacture of chipboard and glued-wood constructions.

The pharmaceutical industry in Norway consists of a few companies of which some, such as Alpharma and Nycomed Amersham, are world leaders in their fields. The market for pharmaceuticals reflects the fact that the public sector is both a major buyer and a financer of much of the use of pharmaceuticals in Norway.

Oil is refined at two refineries in Norway. These refineries mainly manufacture petrol, diesel, heating-fuel oil and light oil products, as well as coke for the aluminium industry. More than 65 per cent of their output is exported to other European countries where the competition is stiff. Over the past few years, new environmental standards for fuel and production processes have become very important framework conditions for this sector. In 2001 mineral fuels and oil accounted for approximately 63% of Norway's exports, or R 278 billion.

Identified manufacturers of chemicals in Norway are as shown in Appendix 15.

d) Switzerland

The Swiss chemical industry operates nearly exclusively in the field of specialties. Approximately 90% of the Swiss chemical industry's overall product portfolio is specialties; a remarkable portion compared to international average. Producing more than 30 000 products, it is exceptionally differentiated. The global annual demand for some of these specialties is often below a few metric tons and even lower.

The following major product groups can be distinguished in terms of areas of application:

- Pharmaceuticals and diagnostics
- Fine chemicals
- Vitamins
- Flavours and fragrances
- Crop protection agents
- Specialty chemicals for industrial-technical purposes
- Pigments, paints and lacquers.

In Switzerland, pharmaceuticals account for approximately 10% of the exports, or R 64 billion.

This strategy of concentrating on specialties is the Swiss chemical industry's key to success. With their high-grade specialised products Swiss companies have established a worldwide presence, and often a market leadership.

Research and development for new products and processes are the lifeblood of the Swiss chemical industry. Using scientific methodologies, companies continuously develop new products and processes which satisfy existing and future requirements of customers. The necessary and significant investment into research can only be made if the companies can rely on future returns because research expenditures are funded by the profits made from the sale of today's products.

The most important pillars of the Swiss chemical industry are the scientific and technological know-how and the skills of the workforce. Their work is decisive for the success of a research or development project. Additionally, Swiss companies have provided the necessary research infrastructure and created an open, creative atmosphere with a management style in-keeping with the times.

Identified operations relevant to the pharmaceutical sub-sector (including biotechnology operations) in Switzerland are as shown in Appendix 15.

The macro-economic situation in EFTA

The wealthiest member states, namely Norway and Switzerland have been experiencing low real GDP growth, and in some cases negative real GDP growth in the past few years. On the contrary, other member states have been experiencing positive real GDP growth during the same years. However, the growth experienced by the latter countries did not compensate for the lacklustre growth by their more illustrious counterparts. This mismatch is also evident on the policy issues. While the government of Iceland is busy privatising state-owned industries, the Norwegian government controls key economic sectors such as the petroleum industry through state enterprises. The sluggish growth in EFTA has resulted in a gradual increase in the level of unemployment. This is even more so because business investment is relatively subdued even though inflation is under control.

Manufacturing output has been dampened by the strengthening of the members' respective currencies. The resulting consequence was squeezed margins. In Norway in particular, the strengthening of the *krone* is buoyed by the high oil price. Investments in the energy sector projects are expected to make up for the lacklustre growth experienced by two of the EFTA members. In Iceland big investments in the power sector to cater for the new aluminium smelter project is expected to boost growth. The same is expected in Norway from investment in the oil and gas industry. However, the weakness of the external economic environment has also been an aggravating factor in the lacklustre economic growth in EFTA. EFTA manufacturers are not only wishing for the recovery of the external economy, they are also wishing that their currencies do not appreciate further because despite the upturn in external demand, they would still suffer the consequences of the relatively high currencies. Relatively low inflation in the region gives manufacturers some measure of comfort in terms of price stability though.

CHAPTER 5

ANALYSIS OF EFTA'S EXISTING TARIFF REGIME FOR CHEMICALS

The existing tariff regime for EFTA applicable to the major chemical products exported by SACU to EFTA, as well as the general structure of the EFTA tariff regime is examined. A complete list of all the tariffs protected is shown in Appendix 14.

Protected Tariffs

EFTA's tariff structure gives the highest protection to the products and/or sub-sector than they are the strongest in. The highest duty is 20%, and is applicable to the following products of the pharmaceutical sub-sector, [HS 30.03.90.01; HS 30.04.50.04; and HS 30.04.90.04]. Only five products in HS 30 have tariff protection. The other products, HS 30.05.1000 and HS 30.05.90.00, have a lesser tariff duty of 5%. Most protected tariffs are those of HS 33 – essential oils, perfumes and cosmetics, one of EFTA's major exports products. Twenty-three products in this HS chapter all carry a tariff duty of 10%. Most of the tariffs for HS 34 also carry a duty of 10%, while only two have a lesser protection of 5%. The fewest tariffs protected are for modified starches, glues and enzymes [HS 35] and speciality chemicals [HS 38], which also carry a duty of 5%.

The second highest tier of tariff protection is set at 15%, and this is meant to protect the following products of the plastic conversion and rubber conversion sub-sectors, [HS 39.26.20.00; HS 40.15.19.09; HS 40.15.90.00; and HS 40.16.99.22]. Plastic conversion [HS 39] is one of the chapters that have most tariffs protected, as is HS 33. Except for HS 39.26.20.00, tariff duties for plastic products range from 10%, 7.5%, and 5% to as low as 4%.

EFTA tariff protection in relation to SACU's major exports to EFTA

SACU member countries are beneficiaries of the Norwegian and Swiss General System of Preferences (GSP), which allows them to export their products duty-free to these countries for 100% of the (HS) lines. Therefore, the section below on protected tariffs does not relate to Norway and Switzerland.

With the exception of Swaziland, none of the products identified as major SACU exports products to EFTA carry any tariff protection. Candles [HS 34.06], which happen to be

Swaziland's major exports to EFTA, carry a tariff duty of 10% in Iceland. This has to be taken up during the trade negotiations even more so because all EU countries enjoy a duty free status for exports of this product to EFTA.

Although not identified as one of the biggest export products to EFTA, South Africa exported about 18% (R 31.7 million) of total EFTA imports of safety fuses and detonating fuses. These products carry a duty of 5% into Iceland. Given South Africa's strength in these products, calling for the relaxation of the applicable duty makes sense. EFTA's imports of these products from SACU have fluctuated significantly from year to year and thus, removing the duty may become attractive for South African operations.

Motorcar tyres [HS 40.11.10] have also not been identified as one of the major SACU exports to EFTA. However, exports of motorcar tyres have increased steadily from R 3.7 million to R 5.7 million in 2002. These products carry a duty of 10% in Iceland. Given SACU's strength in producing these products as well as the huge market in EFTA, it will be appropriate to negotiate for a relaxation of this duty in order to make it attractive for the South African operations to make significant inroads into EFTA's import market of R 3.7 billion.

CHAPTER 6

ASSESSMENT OF THE TARIFF IMPACT OF OTHER EFTA TRADE AGREEMENTS

As an introduction of the assessment of the other EFTA trade agreements on the proposed agreement with SACU, an analysis of the initial outcome of the SACU agreement with the EU is provided.

Review of the Performance of the SA-EU Trade agreement

As part of the current trade negotiations, it is necessary to review the performance of existing agreements in terms of sustaining and growing the chemical sector in South Africa. A full analysis of trade performance is not part of the scope of this exercise. However, some work has been done as part of **the dti** CSP project.

Summary of Major Chemical Exports to the EU

The CSP reports on the eleven sub-sectors of the chemical sector have evaluated the relative trade performance between 2000 and 2002 for major chemical export categories. The analysis is based upon the top export categories globally for the eleven sub-sectors, and not specifically the major export categories to the EU. However, this analysis does indicate the relative impact on major product export performance.

Overall, taking into consideration South Africa's most important chemical export categories into account, nearly 60% have shown an increase in volume terms between 2000 and 2002 However, 32% have actually decreased. Generally the conclusion is that there seems to be benefit arising from the EC Trade agreement. However, it requires a more detailed assessment than this to obtain a final conclusion.

Some significant improvements at individual product level occurred. For example, polyester polyols [HS 39.07.20.05] increased from zero to 1500 t/a, deodorants [HS 33.07.20] increased from zero to over 1200 t/a, SBR rubber [HS 40.02.19] increased from nearly zero to around 600 t/a and furfural alcohol [HS 29.32.13] increased from nearly zero to 3700 t/a.

A summary of the analysis is shown in Appendix 16.

Other EFTA Trade Agreements

EFTA has signed up to twenty free trade agreements with countries and trading blocs by the end of 2002. The latest agreement signed with Chile is a comprehensive free trade one, which covers all major areas of trade, including goods, services, investment, government procurement and intellectual property. This agreement was earmarked to be in operation during the first quarter of 2004. Negotiations with Egypt are still in progress while negotiations with Canada and Tunisia are nearing conclusion. The enlargement of the EU to 25 member countries in May 2004 was accompanied by the implementation of the agreement on the European Economic Area (EEA). Thus the EEA is made up of a total of 28 countries (Switzerland is not a member). The immediate consequence of the EEA is that 8 of the 20 trade agreements entered into by EFTA are now replaced by the EEA and the Swiss-EU bilateral agreements. These agreements will now govern the relations between EFTA and the new EU members. The EEA was implemented in 1994 in order to strengthen the preferential relationship between EFTA states and the EU. The EEA established a single market for all forms of trade, including trade in services. This effectively means all EFTA members benefit from the same privileged relationship among themselves as they do with the EU. Some of the benefits of the EEA include the dismantling of tariff, technical and other non-tariff barriers to trade.

New member countries of the larger EU are indicated as follows with the major export products relevant to SACU:

New EU Member	HS Chapters Relevant to SACU	Net Trade	World Market % Share of Exports	Major Markets
Cyprus	HS 27.10	Net importer	0.0%	Bulgaria and Egypt
	HS 30.04	Net importer	0.1%	Netherlands and Russia
Czech Republic	HS 27.10	Net importer	0.7%	Austria and Germany
	HS 40.11	Net exporter	2.5%	Germany and France
Estonia	HS 27.10	Net importer	0.1%	Russia and Malta
Latvia	HS 30.04	Net importer	0.0%	Lithuania and Estonia
Lithuania	HS 27.10	Net exporter	0.7%	Britain and Latvia

New EU Member	HS Chapters Relevant to SACU	Net Trade	World Market % Share of Exports	Major Markets
	HS 30.04	Net importer	0.0%	Latvia and Russia
Hungary	HS 27.10	Net exporter	0.4%	Austria and Germany
	HS 30.04	Net importer	0.3%	Russia and Poland
Poland	HS 27.10	Net importer	0.4%	Czech Republic and Denmark
	HS 40.11	Net exporter	1.7%	Germany and France
Slovenia	HS 30.04	Net exporter	0.5%	Poland and Russia
	HS 40.11	Net exporter	0.8%	Germany and Hungary
Slovakia	HS 27.10	Net exporter	0.6%	Czech Republic and Austria
	HS 30.04	Net importer	0.1%	Czech Republic and Russia
	HS 40.11	Net exporter	1.0%	Germany and Czech Republic

The enlargement of the EU has the potential to impact on SACU's exports of the following important HS codes to EFTA:

- HS 27.10
- HS 30.04
- HS 40.11

EFTA has also been expanding trade relations in Central and Eastern Europe and the Mediterranean region. EFTA has entered into free trade agreements with the following countries:

- Americas: Mexico and Chile
- Asia: Singapore
- Balkans: Croatia and Macedonia
- Eastern Europe: Bulgaria and Romania
- Middle East: Israel; Jordan; Lebanon; Morocco; Palestinian Authority; and Turkey

The following table is a summary of EFTA's other free trade agreements with third parties, indicating major export products relevant to SACU:

EFTA's FTA Partner	HS Chapters Relevant to SACU	Net Trade	World Market % Share of Exports	Major Markets
Bulgaria	HS 27.10	Net exporter	0.4%	Italy and USA
	HS 30.04	Net importer	0.1%	Ukraine and Russia
Chile	HS 27.10	Net importer	0.1%	USA and Guatemala
	HS 40.11	Net importer	0.3%	USA and Mexico
Croatia	HS 27.10	Net exporter	0.2%	Bosnia and Herzegovina and Yugoslavia
	HS 30.04	Net importer	0.1%	Bosnia and Herzegovina and Slovenia
Israel	HS 30.04	Net exporter	0.7%	USA and **EFTA**
Jordan	HS 30.04	Net importer	0.1%	Saudi Arabia and Qatar
Lebanon	HS 30.04	Net importer	0.0%	Jordan and Sudan
Macedonia	HS 27.10	Net importer	0.0%	Yugoslavia and **EFTA**
	HS 30.04	Net importer	0.0%	Yugoslavia and Russia
Mexico	HS 27.10	Net importer	0.9%	USA and Aruba
	HS 30.04	Net importer	0.7%	Guyana and Venezuela
Morocco	HS 27.10	Net exporter	0.2%	Italy and Albania
Romania	HS 27.10	Net exporter	0.8%	Italy and USA
	HS 40.11	Net exporter	0.5%	Austria and Belgium
Singapore	HS 27.10	Net exporter	7.2%	Hong Kong and Malaysia
Turkey	HS 27.10	Net importer	0.5%	Italy and USA
	HS 40.11	Net exporter	1.5%	Italy and Germany

EFTA's other free trade agreements are discussed per region below:

- Americas: Important export products from SACU's point of view are HS 27.10, HS 30.04 and HS 40.11. Both Chile and Mexico are net importers of HS 27.10, while Chile is also a net importer of HS 40.11 and Mexico a net importer of HS 30.04. The largest market for Chile's exports of HS 27.10 are the USA (36%) and Guatemala (20%). In case of HS 40.11, the largest market for Chile is again the USA (32%) and Mexico (31%). The largest market for Mexico's exports of HS 27.10 are the USA (73%) and Aruba (18%). For exports of HS 30.04, the largest market for Mexico is Guyana (22%) and Venezuela (13%).

- Asia: Important export products from SACU's point of view are HS 27.10. Singapore is a net exporter of HS 27.10. The biggest market is Hong Kong (26%) and Malaysia (22%).
- Balkans: Important export products from SACU's point of view are HS 27.10 and HS 30.04. Croatia and Macedonia both export HS 27.10. Croatia is a net exporter while Macedonia is a net importer. Both countries are net importers of HS 30.04. The largest markets for Croatia in HS 27.10 are Bosnia and Herzegovina (51%) and Yugoslavia (15%). Yugoslavia is also Macedonia's biggest market of HS 27.10 at 91%, and EFTA is only 4% [R 347 million in 2001]. For exports of HS 30.04, the largest market for Croatia is Bosnia and Herzegovina (20%) and Slovenia (20%), while the largest market for Macedonia is Yugoslavia (31%) and Russia (22%).
- Eastern Europe: Important export products from SACU's point of view are HS 27.10, HS 30.04 and HS 40.11. Bulgaria and Romania are both net exporters of HS 27.10, and Romania is a net exporter of HS 40.11. Bulgaria is a net importer of HS 30.04. The largest markets for HS 27.10 are Italy and the USA. Bulgaria's largest exports of HS 27.10 go to Italy (16%) and the USA (14%) while Romania's exports of the same products go to Italy (26%) again and the USA (17%) again. Bulgaria's largest market for HS 30.04 is the Ukraine (50%) and Russia (35%). Romania's major markets for HS 40.11 are Austria (30%) and Belgium (16%).
- Middle East: Important export products from SACU's point of view are HS 27.10, HS 30.04 and HS 40.11. Morocco is a net exporter of HS 27.10 and Turkey is a net importer, but a net exporter of HS 40.11. Israel is a net exporter of HS 30.04 while Jordan and Lebanon are net importers. The largest markets for Morocco's exports of HS 27.10 are Italy (25%) and Albania (16%), while Turkey's largest markets for the same products are Italy (24%) again and the USA (18%). Turkey's largest markets for HS 40.11 are Italy (16%) once again and Germany (13%). Israel's largest markets for HS 30.04 are the USA (77%) and EFTA (5%) while Jordan's largest markets are Saudi Arabia (26%) and Qatar (17%).

EFTA has also signed Joint Declarations on Co-operation with the following countries and economic blocs. A declaration on co-operation is seen as the first step towards free trade relations:

- Albania: There are no export products relevant from SACU's point of view.

- Algeria: Important export products from SACU's point of view are HS 27.10 and HS 29.01. Algeria is a net exporter of both HS 27.10 and HS 29.01. The largest markets for HS 27.10 are the USA (36%) and Brazil (12%). Algeria commands 2% of world exports in HS 27.01. All of Algeria's exports in HS 29.01 go to France (96%) and Tunisia (4%). Algeria is an insignificant player on the world stage in exports of HS 29.01.
- Egypt: Important export products from SACU's point of view are HS 27.10. Egypt is a net exporter of HS 27.10, and the largest markets are the USA (22%) and the Netherlands (12%). Egypt commands 0.7% of total world exports of HS 27.10.
- Gulf Co-operation Council (Bahrain; Kuwait; Oman; Qatar; Saudi Arabia and the United Arab Emirates):
    - Bahrain: Important export products from SACU's point of view are HS 27.10. Bahrain is a net exporter of HS 27.10, and the largest markets are Sri Lanka (13%) and Korea (11%). Bahrain commands 0.6% of total world exports of HS 27.10.
    - Kuwait: Important export products from SACU's point of view are HS 27.10. Kuwait is a net exporter of HS 27.10, and the largest markets are Singapore (24%) and Japan (22%). Kuwait commands 3% of total world exports in HS 27.10.
    - Oman: Important export products from SACU's point of view are HS 27.10 and HS 40.11. Oman is a net importer of both products. The largest markets for HS 27.10 are Argentina (92%) and Bahrain (4%). In case of HS 40.11, the largest markets are Argentina (60%) and Turkmenistan (21%). Oman is an insignificant player on the world stage in exports of both products with a market share of 0.1%.
    - Qatar: Important export products from SACU's point of view are HS 27.10. Qatar is a net exporter of HS 27.10, and the largest markets are Argentina (40%) and Japan (11%). Qatar commands 0.4% of total world exports of HS 27.10.
    - Saudi Arabia: Important exports products from SACU's point of view are HS 27.10 and HS 29.01. Saudi Arabia is a net exporter of both products with world exports market share of 8% and 5% respectively. Information on Saudi Arabia's largest markets for these products was unavailable.
    - United Arab Emirates (UAE): Important exports products from SACU's point of view are HS 27.10. UAE is a net exporter of HS 27.10, and information on the

largest markets was unavailable. UAE commands 3% of total world exports of HS 27.10.

- Tunisia: Important export products from SACU's point of view are HS 27.10. Tunisia is a net importer of HS 27.10. The largest markets for Tunisia in HS 27.10 are **EFTA (47%)** and Italy (15%). Tunisia commands only 0.1% of total world exports in HS 27.10.
- Ukraine: Important export products from SACU's point of view are HS 27.10. The Ukraine is a net exporter of HS 27.10, and the largest markets are the United Kingdom (34%) and Italy (19%).

Before the enlargement of the EU (before May 2004) none of the new accession countries were major exporters of the major categories for SACU into EFTA. Their membership of the EU is an incentive for them to increase their exports to EFTA, and thus it is expected that SACU's major exports will face stiff competition from the new EU members in especially HS 27.10 and HS 40.11 for the EFTA market.

In case of other third parties EFTA has signed joint agreement on co-operation with, SACU is already competing with them for the EFTA market in HS 27.10 and HS 40.11 anyway. With the exception of Tunisia, none of these third parties are major exporters of the major HS export categories for SACU into EFTA. In this case, the level of competition for the EFTA market is expected to have a relatively less impact on SACU's exports than the new EU. However, the situation may change with the implementation of full-fledged free trade agreements.

CHAPTER 7

ANALYSIS OF EFTA'S NON-TARIFF BARRIERS

General

Non-tariff barriers (NTBs), also referred to as non-tariff measures (NTMs), cover a wide range of barriers or measures, other than ordinary customs tariffs, that have the effect of restricting or discouraging trade.

NTBs can be arbitrarily categorised in three groups, namely:

- Trade policy measures;
- Technical regulations; and
- Administrative procedures.

Trade policy measures:

These include import licensing, import quotas, state trading enterprises, additional taxes, reference prices, export assistance, subsidies, anti-dumping and countervailing duties and safeguards. The extent of policy predictability, transparency and the regularity of changes in policy and policy measures is also an important factor.

Technical regulations:

These include measures such as standards and technical specifications that are aimed at protecting health, safety, the environment and the interests of consumers.

Administrative procedures:

These cover a wide range of regulations, procedures and other factors that operate in a manner that restrict or discourage imports. Examples are burdensome customs procedures; a lack of transparency or consistency in customs and other import procedures; slow customs clearing that causes delays; and services that are not user-friendly.

Non-Tariff Barriers in import regimes

Substantial differences exist in the import regimes of countries and/or trade blocks. Some countries apply virtually no trade policy measures to imports; have standards that conform to international norms; and have efficient customs procedures. Such an import regime does not have a significant negative effect on imports.

At the other extreme, cases exist of import regimes consisting of various, sometimes not transparent, trade policy measures; complex and burdensome standards; and complex slow customs procedures that cause delays. Such a regime will have a significant affect on imports and in fact discourage imports. If an exporter in a particular country considers exports to another country, the market potential and customs tariffs may not be the main considerations. NTBs in the other country may be an equal or even more significant factor that restrict or discourage imports.

Existing Non-Tariff Barriers in EFTA

The bulk of Switzerland's manufacturing production is exported. More than 90% of merchandise exports are manufactured products and about 80% of chemicals production is exported. Switzerland is therefore advocating open trading regimes and is supporting initiatives to remove trade obstacles. Norway is also very reliant on trade.

Tariff and non-tariff barriers are in both countries mainly limited to agricultural products that are heavily supported and subsidised.

References to Switzerland include Liechtenstein as they have a customs union and trade regulations are almost the same.

Rules of Origin

In bilateral preferential trade agreements, rules of origin often have the effect of restricting the ability of the lesser-developed and diversified counterpart(s) to effectively utilise the preferences granted.

An analysis of the proposed rules of origin (RoO) for the SACU-EFTA FTA shows that the rules in respect of chemicals are relatively flexible and should generally not present a problem to SACU exporters.

The proposed rules consist of

- General principles which are quite standard principles in rules of origin, for example that simple mixing processes do not confer origin; and
- List rules in respect of each chapter. In some cases, certain products are excluded from the chapter rule and a special rule is specified for such products. Generally, these seem to be aimed at creating a more appropriate provision for the manufacture of such products.

For chemicals of Chapters 28 to 38, the chapter rule in each case is a 'change in tariff heading' (CTH) rule with additional provision for using imported materials of the same heading of up to 20% of the ex-works price of the product. The chapter rule reads as follows:

"Manufacture from materials of any heading, except that of the product. However, materials of the same heading as the product may be used, provided that their total value does not exceed 20 % of the ex-works price of the product".

The first part of this rule means that the exported product will qualify for a preference under the RoO, even if all the raw materials used in its manufacture are imported materials, provided that such raw materials are classified in another 4-digit heading.

The second part of the rule adds flexibility in providing that imported materials of the same 4-digit heading can also be used provided that such materials do not exceed 20% of the ex-works price of the product. This is a very relevant additional in the case of chemicals where the raw materials used in a genuine manufacturing process are often classified in the same heading but in a different subheading.

In the proposed RoO, separate provision is made in a few cases for manufacturing processes to qualify even when all the materials normally used are classified in the same heading by specifying the (imported) material that may be used.

Additionally, each chapter and in most cases the products listed separately, also have an alternative rule for qualification, namely that imported materials, wherever they are classified, of up to 50% of the ex-works price may be used. This is a further provision to accommodate genuine manufacturing processes that for technical reasons cannot meet the main rule. This alternative rule reads as follows:

"Manufacture in which the value of all the materials used does not exceed 50 % of the ex-works price of the product".

The proposed SACU-EFTA RoO are close to those in the SA-EC TDCA. The chapter rule is the same and so are most of the rules in respect of products for which separate provisions exist. The most notable difference is in the alternative rule where the TDCA rule allows a maximum of 40% imported materials, which is more restrictive.

In terms of the situation of the tariff subheadings in Appendix 10 – 'SACU Offensive Products to EFTA' it does not appear that these products will be subject to special, more restrictive, rules.

The proposed rules for plastics of Chapter 39 follow the same pattern. However, there are differences the most notable of which are that:

- in some cases the restriction is in respect of materials of the same chapter rather than the same heading ('change in chapter' rule); and
- for some products only one rule applies, namely the rule that the value of all (imported) materials may not exceed 50% of the ex-works price of the product. These products include articles of plastics of headings 39.22 to 39.26.

The proposed chapter rule for tyres and other articles of rubber of Chapter 40 is "manufacture from materials of any heading, except that of the product", with some exceptions. This is the normal, appropriate, rule for this chapter. The products in the tariff subheadings listed in Appendix 10 will be subject to the chapter rule.

It appears that the proposed SACU-EFTA rules of origin will generally not be a barrier to trade for the chemical industry, including plastics and rubber products. Furthermore, the test in this case is whether the FTA rules will be more onerous than the current GSP rules. This does not seem to be the case as the GSP rules are also based on ‘change in tariff heading’ principle.

It can thus be concluded that rules of origin will generally not be a NTB for SACU exports to EFTA.

Anti-dumping and countervailing measures

The chemical, plastics and rubber sectors are, after base metals, the sectors most subject to anti-dumping measures. According to the WTO statistics, of all anti-dumping measures implemented during the period 1995 to end 2004, 34% have been in respect of base metals, 20% in respect of chemicals (Section VI) and 12% in respect of plastics and rubber products (Section VII).

EFTA Members did not initiate any anti-dumping measures during that period. They have also not implemented any countervailing measures.

EFTA members are heavily dependent on trade and therefore see such action as a threat to trade. In the Switzerland/Liechtenstein Government Report for their Trade Policy Review (TPR) of December 2004, Switzerland stated that as follows:

Switzerland has a systemic interest in the strengthening of WTO rules. It takes the view that rules should be regularly updated to take account of developments in the world economy. Moreover, any inconsistencies between the various rules in force should be examined. As to the rules currently being negotiated, it should be stressed that Switzerland neither applies anti-dumping duties nor countervailing measures. It is, however, in favour of strengthening the rules in these fields in order to prevent the abusive effects of such measures.

EFTA Members are therefore highly unlikely to use these trade remedies against SACU exports.

Standards and other technical regulations

Switzerland

In Switzerland, the Law on Technical Barriers to Trade (LETC) sets rules for the establishment or modification of (voluntary) standards and technical regulations in areas of federal competence. The LETC aims to transpose the principles of the TBT Agreement into domestic legislation and to ensure their systematic application. According to this law, Swiss technical regulations have to be aligned on those of its major trading partners. In the past, technical regulations and on certain products could be set at sub-federal (generally cantonal) level. Competence for technical regulation for products is now entirely at the federal level.

Since 1995, Swiss technical regulations have been gradually aligned on those of the EU in many areas. This has resulted in a considerable reduction in the number of Swiss technical requirements that deviate from regulations in neighbouring countries. Requirements continue to differ in certain foodstuffs, measuring instruments, precious metals, dangerous substances, and chemicals and pesticides. The authorities expect further harmonization for chemicals and pesticides for 2005. Some 92% of the 18,210 standards in force in the Switzerland-Liechtenstein customs territory corresponded to international standards, up from 87% in 2000 and 65% in 1996.

To assess compliance, the Government may give official recognition to an independent testing body through accreditation or similar measures. The Swiss Accreditation Service (SAS), an independent division within the Swiss Federal Office of Metrology and Accreditation (METAS), provides the national system for assessment and accreditation of laboratories, inspection and certification bodies.

The SAS has entered into mutual recognition agreements with several European accreditation bodies, the International Laboratory Accreditation Cooperation and the International Accreditation Forum, so as to encourage European and international recognition of Swiss conformity assessments.

South Africa has been accepted into the Mutual Acceptance of chemical safety Data Programme of the OECD and thus does not need a MRA for OECD countries. This issue is not currently a concern in respect of the BLNS States as they are not exporters of chemicals.

In the case of imports, it is primarily the responsibility of importers representing foreign manufacturers to meet technical regulations – such as proper marking and safety standards – and to ensure that permits, if required, have been obtained in advance of the goods arriving at the border. For some products, the manufacturer or the importer upon or prior to importation must submit a declaration or proof of conformity or compliance.

Products offered for sale in the customs union must be labelled in at least one of the official languages (German, French, Italian). Depending on the product, the label or packaging may be required to indicate the specific name of the product, the metric measure, the price, the expiry and "best before" date, a quantitative ingredient declaration (as appropriate), and ingredients and additives in decreasing order of weight.

Most of the Swiss notifications to the WTO on labelling concern the harmonization of Switzerland's laws with those of the EU, notably on chemicals, pesticides and household equipment. No specific trade concerns related to labelling by Switzerland have been brought to the attention of the TBT Committee. Switzerland per se does not require the CE label on products for domestic use.

The Swiss Agency for the Environment, Forests and Landscape (SAEFL) negotiates and implements environmental agreements, taking due account of international trade obligations. It cooperates with foreign governments to ensure compliance with laws governing importation and exportation of materials that may pose a risk to human health and the environment, including hazardous waste, toxic chemicals, biocides, and ozone-depleting substances.

On 1 January 2005, those parts of the (new) Act on the Protection from Dangerous Substances and Preparations (so-called Chemicals Act) which refer to the import and export of dangerous chemicals entered into force, coinciding with the entry into force of the Ordinance on the Prior Informed Consent (PIC) Procedure for Certain Hazardous Chemicals in International Trade (PIC-Ordinance). The remainder of the Chemicals Act and its implementing Ordinances are scheduled to enter into force in the second quarter of 2005. They will overhaul the Swiss chemical legislation bringing it in line with the current EU chemicals legislation.

Norway

Norway is integrated through the EEA into the EU single market and must apply the latter's legislation, including technical regulations. According to the authorities, there are only a few remaining substances where Norway has stricter provisions than the EU, due to differences in opinion concerning risk assessment, in climate and soil characteristics, and in consumption patterns.

On health and environmental grounds, Norway maintains stricter regulations on pesticides and cadmium content in fertilizers containing phosphorus with a view to reducing acidification of agricultural soils.

The marking, labelling, and packaging of various goods (e.g. foodstuffs, feeding stuffs, pharmaceuticals, and pesticides) are governed by sector-specific regulations.

According to the US Trade Summary of Norway, the Norwegian Association of Pharmaceutical Manufacturers, which includes U.S. pharmaceutical firms, has complained about Norway's inadequate implementation of the EU directive on transparency of measures regulating the pricing of medicinal products for human use and their inclusion in the scope of national health insurance systems. The EFTA Surveillance Authority issued a preliminary ruling in September 2001 in favour of the complaint, but there are still concerns about how the Norwegian government implements the directive.

None of the sources consulted, including the US Trade Estimate of Switzerland (2004), the EC Trade Barriers Database and the Australian Trade Commission 'Doing Business with ---' Country Report indicates that Switzerland is using standards and other technical regulations as a barrier to trade, although there are in some cases requirements that are additional to those of the EU. It is stated that the new 'Chemicals Act' will facilitate trade in chemicals. The situation in respect of Norway seems to be very similar.

Import restrictions

Switzerland

Import restrictions are limited. The WTO Secretariat Report for Switzerland and Liechtenstein TPR of December 2004 lists the following prohibitions:

Selected products subject to import prohibitions, 2004

Products	Regulation/agreement	Purpose
Endangered species and their products	CITES	Environment
Toxic chemical substances	Ordonnance sur l'interdiction de	Environment, public health

Products	Regulation/agreement	Purpose
	substances toxiques (RS 813.39)	
Nuclear, chemical and biological weapons/anti-personnel mines	*Loi fédérale sur le matériel de guerre* (RS 514.51, Articles 7 and 8)	Security
Certain chemical substances	Annex 3.1, Ordinance on Environmentally Hazardous Substances	Environment/public health and safety

Since 1 April 2004, import licences are no longer compulsory for antibiotics.

In accordance with Article 8 of the Federal Law on National Economic Supply, the Federal Council may subject goods considered of vital importance to compulsory holding of stocks and, to that end, may place the products concerned under the import-licensing regime. The licence is conditional upon the conclusion of a reserve stock contract. Through this contract, the owner of the stock must become member of the relevant mandatory-stock organization and contribute to a guarantee fund in order to cover the storage cost and the possible decrease in price of the goods. Fertilizers and liquid fuels are two categories of a limited number of products subject to this measure.

Norway

Norway applies import prohibitions for environmental, health, safety, sanitary and phytosanitary reasons. Products banned for these reasons include asbestos and products containing asbestos; products containing CFCs, halons, carbon tetrachloride, methyl chloroform and other ozone depleting substances; and some live plants and plants that host certain diseases.

The WTO Secretariat's Report for the TPR of Norway of September 2004 contains a list of products subject to restriction, which includes the following chemical products:

Types and scope of quantitative import restrictions, 2003/2004

	No. of lines	HS Chapter(s)
Prohibited and restricted items		
Products containing CFCs	61	39, 44, 73, 74, 76, 84, 86, 94
Imports admitted conditionally		
Cosmetics etc. containing alcohol	15	33
Health control – veterinary or phytosanitary	181	06, 07, 08, 09, 10, 12, 25, 31
Explosives, etc.	8	36
Products for human consumption – health control	Undefined	01 to 23 + 25, 29, 30, 35, 38
Pharmaceutical products	71	21, 28, 29, 30, 38, 40

Government procurement

The Switzerland legislation on government procurement does not provide for preferential treatment to Swiss suppliers.

According to the US Trade Estimate for Switzerland (2004), in general, quality and technical criteria are as important as price in the evaluation of tenders. Cantons and communes usually prefer local suppliers because they can recover part of their outlays through income taxes. Foreign firms may be required to guarantee technical support and after-sale service if they have no local office or representation.

Norway's public procurement regime provides for non-discrimination and national treatment in purchases of goods, services, and works contracts for EEA members and parties to the GPA. Any undertaking established in a country party to the GPA, the EEA Agreement, or EFTA's free-trade agreements with third countries is provided equal treatment. Firms from other countries may also participate, but have no challenge rights under Norwegian procurement regulations.

Competition

According to the US Trade Estimate, the Swiss economy has long been characterized by a high degree of cartelisation, primarily among domestically oriented firms and industries.

The Swiss Cartel Law specifically allows cartels unless the government concludes that they are harmful to society or the economy. While Switzerland enacted a stronger anti-cartel law in 1996, which gave increased power to the competition commission to prohibit/penalize cartels, the country's anti-cartel regime remains weak by U.S. and EU standards. For example, the 1996 law allows firms engaged in anticompetitive behaviour to avoid penalties for first violations after receiving a warning to cease the anticompetitive practice. Penalties and fines for subsequent violations are not particularly severe.

In June 2003, the Swiss Parliament adopted a revised competition bill. The most significant improvements in the revised law include the possibility to sanction anticompetitive behaviour without prior warning, with a maximum fine of ten percent of a firm's total combined revenue for the past three years. Whistle blower companies that cooperate with regulators will be eligible for a reduced fine (leniency program).

Regulations on parallel imports remain unchanged. Those covered by copyright and trademark protection are subject to international exhaustion treatment. The parallel import of patented products such as pharmaceuticals will remain restricted, although permitted to ensure against excessive price fixing.

CHAPTER 8

IDENTIFICATION OF TRADE OPPORTUNITIES FOR SACU CHEMICAL COMPANIES IN EFTA

Trade opportunities for SACU chemical companies exist based on two criteria. In the first case, EFTA's imports of particular products at a value beyond R 1 billion annually have been used as the basis for attractiveness. In the second place, the top 10 products per sub-sector at which SACU is globally competitive in exports, but are relatively small in EFTA's imports, are used as the basis for attractiveness. Potential trade opportunities are discussed per chapter below.

Major EFTA imports categories

Chapter 27

Imports of petroleum coke [HS 27.08.20] by EFTA were more than R 8 billion in 2002. This is an attractive export opportunity for SACU chemical companies not only because of the huge market, but also largely because there is virtually no competition from the local manufacturers in EFTA. Another attractive product, of which there is no local competition also, is phenols [HS 27.07.60] with imports of slightly above R 1 billion.

Chapter 28

Ammonia (anhydrous) [HS 28.14.10] is one of the potentially attractive export products for SACU chemical companies to EFTA. However, SACU's production of ammonia has been severely reduced by the closure of the plant in South Africa. SACU operations have the ability to take advantage of this export opportunity, but inland-based operations would face high logistical costs. Potential new ammonia operations that are based on natural gas, and located at coastal locations, could benefit from this opportunity. EFTA's imports of ammonia were more than R 500 million in 2001.

Chapter 29

EFTA is a major importer of amine-function compounds [HS 29.21]. This could present an export opportunity for SACU companies. Although EFTA's imports of these products were more R 3.5 billion in 2002, EFTA is a net exporter. Therefore, SACU chemical companies would face competition from the local producers.

EFTA has got one of the best pharmaceutical sectors in the world. Although EFTA is generally a net exporter of pharmaceutical products, the bloc also imports significant amounts of hormones [HS 29.37] and antibiotics [HS 29.41] from other regions and countries for the pharmaceutical sector. Imports of hormones and antibiotics reached R 6 billion and R 4 billion, respectively in 2002. However, SACU companies face formidable competition from local producers in EFTA because as net exporters of these products, they have a comparative advantage. Also, these products have patent protection and they are therefore difficult to compete with.

Although there is a huge market for hormones in EFTA, SACU has a limited capacity in exports of these products, which makes it even more difficult to compete. EFTA's major hormones imports are dominated by HS 29.37.19 – polypeptide protein and glycoprotein hormones and derivatives, which form 88% percent of all imports of hormones.

In case of antibiotics, HS 29.41.90 – other antibiotics dominate EFTA's imports of antibiotics at 96% of total. This happens to be the only category that SACU has export capacity and is globally competitive. Therefore, SACU has the capacity to compete in EFTA in this category of antibiotics.

Chapter 30

There are opportunities for manufacturers of vaccines for human medicine [HS 30.02.20] and for veterinary medicine [HS 30.02.30] in SACU to export their products to EFTA because of the huge market there. EFTA's imports of vaccines reached R 15 billion in 2002. However, EFTA is a net exporter and these products have patent protection. It will therefore be difficult for SACU vaccine manufacturers to compete with the local manufacturers. These products also have a tariff protection of 20% in Iceland, but could be exported to Norway and Switzerland duty-free, as SACU members are beneficiaries of their GSP.

Chapter 32

Paints and varnishes [HS 32.08, HS 32.09, HS 32.10] are potentially attractive export products from SACU's point of view. There are three barriers for SACU companies exporting these products to EFTA. The first one is a tariff duty of 5% in Iceland. There is no tariff duty for exports to Norway and Switzerland because SACU members are beneficiaries of their GSP. The second barrier is the regulation banning the use of glycols in these products. The third barrier is the existence of local production in EFTA. The major in non-aqueous medium products imported are:

- based on polyester - [HS 32.08.10]
- based on acrylic or vinyl polymers - [HS 32.08.20]
- other in non-aqueous medium - [HS 32.08.90]

The major in aqueous medium products imported are:

- based on acrylic or vinyl polymers - [HS 32.09.10]
- other in aqueous medium – [HS 32.09.90]

Although metallic pigments [HS 32.12] also have a tariff duty of 5% in Iceland, these products are relatively the most attractive in this sub-sector because the level of local competitors is relatively less intense, more especially for stamping foils - [HS 32.12.10]. In case of other in non-aqueous medium – [HS 32.12.90], there is however, significant competition from local manufacturing. There is no tariff duty for exports to Norway and Switzerland because SACU members are beneficiaries of their GSP.

Chapter 33

While perfumes [HS 33.03.00] and make-up preparations [HS 33.04], and hair care [HS 33.05] products command huge imports in EFTA, SACU companies face remarkable competition from the local operations and a tariff protection of 10% in Iceland. There is no tariff duty for exports to Norway and Switzerland because SACU members are beneficiaries of their GSP. The level of international linkages of local SACU manufacturers also makes it impossible for SACU manufacturers to get a share of this market as a result of licensing and other commercial rights agreements. Some of the local manufacturers are subsidiaries of multinationals based in the EU, and they service the EFTA market. This leaves SACU manufacturers free of licensing agreements the only potential companies with a chance to challenge for this market.

The major make-up preparations products imported are:

- Lip make-up preparation – [HS 33.04.10]
- Eye make-up preparation – [HS 33.04.20]
- Manicure or pedicure preparations – [HS 33.04.30]

The major hair care products imported are:

- Hair lacquers – [HS 33.05.30]
- Other preparations for use on the hair – [HS 33.05.90]

Chapter 38

Catalysts [38.15.19] and diagnostic kits [HS 38.22.00] are also one of EFTA's huge import products. Even though there is significant local manufacturing of these products by EFTA operations, they do not have tariff protection. However SACU operations have limited capacity in the manufacturing of diagnostic kits in particular.

Chapter 39

SACU based polyethylene and polypropylene plastic products producers have the potential to compete for the huge polyethylene market in EFTA, of more than R 2 billion annually. There is no significant competition from the local players. However, in tubes, pipes and hoses as well as in non-reinforced film, other film, plastic closures and other plastic products, there is significant competition from local manufacturers. Imports of tubes, pipes and hoses were more than R 2 billion in 2002, as it was the case with imports of other film. Imports of non-reinforced film were more than R 4 billion in the 2002, as it was the case with imports of plastic closures and other plastic products.

The major polyethylene products imported are:

- Polyethylene having a specific gravity under 0.94 – [HS 39.01.10]
- Polyethylene having a specific gravity of 0.94 or more – [HS 39.01.20]
- Ethylene-vinyl acetate copolymers in primary form - [HS 39.01.30]
- Other polymers of ethylene in primary form – [HS 39.01.90]

The major polypropylene products imported are:

- Polypropylene in primary form – [HS 39.02.10]
- Polyisobutylene in primary form – [HS 39.02.20]

- Propylene copolymers – [HS 39.02.30]
- Polymers of propylene or other olefins – [HS 39.02.90]

Major SACU global exports not represented in EFTA

Chapter 27

The following is a summary of SACU's major Chapter 27 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 27.11.13	R 20 million	Significant	0%
HS 27.12.20	8000 tons	Insignificant	0%
HS 27.13.20	450 000 tons	Significant	0%
HS 27.14.90	1000 tons	Insignificant	0%

- Other petroleum gases and other gaseous hydrocarbons – [HS 27.11.13.90]: SACU's exports were more than R 60 million in 2003, none of which went to EFTA. In the same year EFTA's total imports [HS 27.11.13] were more than R 20 million. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Paraffin wax – [HS 27.12.20.00]: SACU's exports were more than 87 000 tons in 2003, and only 106 tons of these went to EFTA. In the same year EFTA's total imports were more than 8000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Petroleum bitumen – [HS 27.13.20.00]: SACU's exports were more than 60 000 tons in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than 450 000 tons. There is no tariff protection for these products but there is competition from local manufacturing.
- Other bitumen and asphalt, natural; bituminous or oil shale and tar sands; asphaltites and asphatic rocks – [HS 27.14.90.90]: SACU's exports were more than 108 000 tons in 2003, of which only 175 kg went to EFTA. In the same year EFTA's total imports [HS 27.14.90] were more than 1000 tons. There is no tariff protection for these products and there is no significant local manufacturing.

Chapter 28

The following table is a summary of SACU's major Chapter 28 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 28.04.69	8000 tons	Significant	0%
HS 28.09.20	9000 tons	Insignificant	0%
HS 28.20.10	4000 tons	Insignificant	0%
HS 28.23.00	3000 tons	Significant	0%
HS 28.35.26	12 000 tons	Insignificant	0%
HS 28.41.30	50 tons	Insignificant	0%
HS 28.50.00	1000 tons	Insignificant	0%

- Titanium oxides – [HS 28.23.00.00]: SACU is a world leader in production of titanium oxides. In 2003 SACU's exports were more than 224 000 tons, most of which went to Japan, the UK and the USA. None of these exports went to EFTA, which means SACU missed out on a market of more than 3 000 tons. There is no tariff protection for titanium oxides in EFTA, but there is significant competition in the form of local manufacturers.
- Phosphoric acid and polyphosphoric acids – [HS 28.09.20.00]: In 2003 SACU's exports reached more than 574 000 tons. None of these went to EFTA, an import market of more than 9000 tons. There is no tariff protection for these products.
- Silicon – [HS 28.04.69.00]: SACU's exports reached more than 766 000 tons in 2003, and none of them went to EFTA. In the same year EFTA's imports were more than 8000 tons. There is no tariff protection in EFTA, but there is significant local manufacturing.
- Other Calcium phosphates – [HS 28.35.26.00]: SACU's exports were more than 258 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports [HS 28.35.26] were more than 12 000 tons. There is no tariff protection for these products and there is insignificant local manufacturing.
- Manganese dioxide – [HS 28.20.10.00]: SACU's exports were more than 26 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 4000 tons. There is no tariff protection for these products and there is insignificant local manufacturing.
- Hydrides, Nitrides, Azides, Silicides, and Borides – [HS 28.50.00.00]: SACU's exports were more than 4000 tons in 2003, and none of these went to EFTA. In the same year

EFTA's imports were more than 1000 tons. There is no tariff protection for these products and there is no significant local manufacturing.

- Sodium dichromate – [HS 28.41.30.00]: SACU's exports were more than 27 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 50 tons. There is no tariff protection for these products and there is no significant local manufacturing.

Chapter 29

The following table is a summary of SACU's major Chapter 29 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 29.01.29	9000 tons	Insignificant	0%
HS 29.05.12	25 000 tons	Insignificant	0%
HS 29.07.29	200 tons	Insignificant	0%
HS 29.14.11	40 000 tons	Insignificant	0%
HS 29.14.12	10 000 tons	Insignificant	0%
HS 29.14.13	1000 tons	Insignificant	0%
HS 29.15.39	11 000 tons	Significant	0%
HS 29.32.12	10 tons	Insignificant	0%
HS 29.32.13	1000 tons	Insignificant	0%
HS 29.33.59	1000 tons	Significant	0%
HS 29.36.29	500 tons	Significant	0%

- Alpha olefins - [HS 29.01.29.00]: SACU's exports were more than 160 000 tons in 2003, and only 124 tons of that went to EFTA. In the same year EFTA's total imports were more than 9000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Other phenols, phenol alcohols – [HS 29.07.29.00]: SACU's exports were more than 276 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 200 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Acetone - [HS 29.14.11.00]: SACU's exports were more than 114 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 40 000 tons. There is no tariff protection for these products and there is no significant local manufacturing.

- Propyl alcohol - [HS 29.05.12.00]: SACU's exports were more than 93 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 25 000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Butanone (methyl ethyl ketone) – [HS 29.14.12.00]: SACU's exports were more than 48 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 10 000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Methyl Isobutyl Ketone - [HS 29.14.13.00]: SACU's exports were more than 22 000 tons in 2003, and only 20 tons of these went to EFTA. In the same year EFTA's total imports were more than 1000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Vitamins and their derivatives – [HS 29.36.29.00]: SACU's exports were more than 1000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 500 tons. There is no tariff protection for these products. However, there is significant competition from local manufacturing.
- 2-Furaldehyde (Furfuraldehyde) – [HS 29.32.12.00]: SACU's exports were more than 7000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 10 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Furfuryl alcohol and tetrahydrofurfuryl alcohol – [HS 29.32.13.00]: SACU's exports were more than 9000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 1000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Pyrimidine derivatives, other – [HS 29.33.59.90]: SACU's exports were more than 5 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports [HS 29.33.59] were more than 1000 tons. There is no tariff protection for these products. However, there is significant competition from local manufacturing.
- Other liquid aromatic esters of acetic acid – [HS 29.15.39.60]: SACU's exports were more than 18 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports [HS 29.15.39] were more than 11 000 tons. There is no tariff protection for these products. However, there is some competition from local manufacturing.

Chapter 30

The following table is a summary of SACU's major Chapter 30 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 30.03.90	800 tons	Significant	20%
HS 30.04.20	1000 tons	Significant	0%
HS 30.04.39	1000 tons	Significant	0%
HS 30.04.50	64 000 tons	Significant	20%
HS 30.04.90	42 000 tons	Significant	20%
HS 30.05.10	1600 tons	Significant	5%
HS 30.05.90	2000 tons	Significant	5%
HS 30.06.10	200 tons	Significant	0%

- Other medicaments containing vitamins or other products of heading 29.36 – [HS 30.04.90.00]: SACU's exports were more than 2000 tons in 2003, and only 1.3 tons of these went to EFTA. In the same year EFTA's total imports were more than 42 000 tons. There is tariff protection of up to 20% for these products in Iceland and the products also enjoy patent protection. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Other medicaments containing vitamins or other products of heading 29.36 – [HS 30.04.50.00]: SACU's exports were more than 513 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 64 000 tons. There is tariff protection of up to 20% for these products in Iceland and the products also enjoy patent protection. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Absorbent gauze or Muslin swabs - [HS 30.05.90.10]: SACU's exports were more than 605 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports [HS 30.05.90] were more than 2000 tons. There is tariff protection of up to 5% for these products in Iceland. There is no tariff protection in Norway and Switzerland but there is significant competition from local manufacturing.
- Other absorbent gauze or Muslin swabs – [HS 30.05.90.90]: SACU's exports were more than 200 tons in 2003, and only 6.1 tons of these went to EFTA. In the same year EFTA's total imports [HS 30.05.90] were more than 2000 tons. There is tariff protection of up to 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.

- Other containing alkaloids or derivatives thereof – [HS 30.03.90.00]: SACU's exports were more than 1000 tons in 2003, and only 210 kg of these went to EFTA. In the same year EFTA's total imports were more than 800 tons. There is tariff protection of up to 20% for these products in Iceland and the products also enjoy patent protection. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Adhesive dressings and other articles having an adhesive layer – [HS 30.05.10.00]: SACU's exports were more than 1900 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 1600 tons. There is tariff protection of up to 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Other pills, tablets and capsules – [HS 30.04.39.00]: SACU's exports were more than 92 tons in 2003, and only 1 kg of these went to EFTA. In the same year EFTA's total imports were more than 1000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Containing other antibiotics – [HS 30.04.20.00]: SACU's exports were more than 86 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 1000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Sterile surgical catgut, similar sterile suture materials – [HS 30.06.10.00]: SACU's exports were more than 42 tons in 2003, and only 2 tons of these went to EFTA. In the same year EFTA's total imports were more than 200 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.

Chapter 31

The following table is a summary of SACU's major Chapter 31 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 31.02.29	2000 tons	Significant	0%
HS 31.02.30	44 000 tons	Insignificant	0%
HS 31.02.60	1000 tons	Significant	0%
HS 31.02.90	6000 tons	Insignificant	0%
HS 31.01.00	16 000 tons	Significant	0%
HS 31.03.90	6000 tons	Insignificant	0%

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 31.05.30	1000 tons	Insignificant	0%
HS 31.05.59	700 tons	Insignificant	0%
HS 31.05.90	5000 tons	Significant	0%

- Ammonium nitrate – [HS 31.02.30.00]: SACU's exports were more than 94 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 44 000 tons. There is no tariff protection for these products and there is insignificant local manufacturing.
- Diammonium hydrogenorthophosphate – [HS 31.05.30.00]: SACU's exports were more than 27 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 1000 tons. There is no tariff protection for these products and there is insignificant local manufacturing.
- Other mineral or chemical fertilisers containing the two fertilising elements – [HS 31.05.90.00]: SACU's exports were more than 26 000 tons in 2003, and only 21 tons of these went to EFTA. In the same year EFTA's total imports were more than 5000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other, including mixtures not specified in the foregoing subheadings – [HS 31.02.90.00]: SACU's exports were more than 8000 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 6000 tons. There is no tariff protection for these products and no significant local manufacturing.
- Double salts and mixtures of calcium nitrate and ammonium nitrate – [HS 31.02.60.00]: SACU's exports were more than 3500 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 1700 tons. There is no tariff protection for these products but there is some competition from local manufacturing.
- Other ammonium sulphates – [HS 31.02.29.00]: SACU's exports were more than 2000 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 2000 tons. There is no tariff protection for these products and there is some competition from local manufacturing.
- Other – [HS 31.05.59.00]: SACU's exports were more than 370 tons in 2003, and only 1.3 tons of these went to EFTA. In the same year EFTA's total imports were more than 700 tons. There is no tariff protection for these products and there is no significant local manufacturing.

- Other; fertilisers – [HS 31.03.90.00]: SACU's exports were more than 2700 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 6000 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Animal or vegetable fertilizers, whether or not together or chemically treated – [HS 31.01.00.00]: SACU's exports were more than 16 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 16 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.

Chapter 32

The following table is a summary of SACU's major Chapter 32 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 32.01.20	100 tons	Insignificant	0%
HS 32.02.90	400 tons	Insignificant	0%
HS 32.06.11	20 000 tons	Significant	0%

- Containing 80% or more by mass of Titanium dioxide calculated on the dry mass – [HS 32.06.11.00]: SACU's exports were more than 14 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 20 000 tons. There is no tariff protection for these products and there is no significant local manufacturing. However, there are regulations that prevent the use of volatile organic substances like glycols in the manufacturing of these products.
- Wattle extract – [HS 32.01.20.00]: SACU's exports were more than 53 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 100 tons. There is no tariff protection and no local manufacturing for these products.
- Other synthetic; tanning – [HS 32.02.90.00]: SACU's exports were more than 43 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 400 tons. There is no tariff protection for these products and there is no significant local manufacturing.

Chapter 33

The following table is a summary of SACU's major Chapter 33 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 33.01.13	300 tons	Significant	0%
HS 33.01.29	1000 tons	Significant	0%
HS 33.02.10	5000 tons	Significant	0%
HS 33.04.99	16 000 tons	Significant	**10%**
HS 33.05.90	10 000 tons	Significant	**10%**
HS 33.06.90	1000 tons	Significant	**10%**
HS 33.07.20	2000 tons	Significant	**10%**
HS 33.07.90	9000 tons	Significant	**10%**

- Essential oils of lemon – [HS 33.01.13.00]: SACU's exports were more than 190 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 300 tons. There is no tariff protection for these products. However, there is significant competition from local manufacturing.
- Other essential oils – [HS 33.01.29.00]: SACU's exports were more than 900 tons in 2003, and only 2 tons of these went to EFTA. In the same year EFTA's imports were more than 1000 tons. There is no tariff protection for these products. However, there is some competition from local manufacturing.
- Of a kind used in the food and drinks industry – [HS 33.02.10.00]: SACU's exports were more than 1000 tons in 2003, and only 600 kg of these went to EFTA. In the same year EFTA's imports were more than 5000 tons. There is no tariff protection for these products, but there is formidable competition from local manufacturing.
- Other make-up preparations – [HS 33.04.99.00]: SACU's exports were more than 7000 tons in 2003, and only 2 tons went to EFTA. In the same year EFTA's total imports were more than 16 000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is formidable competition from local manufacturing.
- Preparations for oral/dental hygiene – [HS 33.06.90.00]: SACU's exports were more than 6000 tons in 2003, and only 32 tons went to EFTA. In the same year EFTA's total imports were more than 1000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is formidable competition from local manufacturing.

- Other preparations for use on the hair – [HS 33.05.90.00]: SACU's exports were more than 6000 tons in 2003, and only 100 kg went to EFTA. In the same year EFTA's total imports were more than 10 000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Personal deodorants and anti-perspirants – [HS 33.07.20.00]: SACU's exports were more than 2000 tons in 2003, and only 109 kg went to EFTA. In the same year EFTA's total imports were more than 2000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Other; household – [HS 33.07.90.90]: SACU's exports were more than 1000 tons in 2003, and only 3 tons went to EFTA. In the same year EFTA's total imports [HS 33.07.90] were more than 9000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.

Chapter 34

The following table is a summary of SACU's major Chapter 34 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 34.01.11	5000 tons	Significant	**10%**
HS 34.01.19	2000 tons	Significant	**10%**
HS 34.01.20	7000 tons	Significant	**10%**
HS 34.02.20	129 000 tons	Significant	**10%**
HS 34.02.90	37 000 tons	Significant	**10%**

- Preparations put up for retail sale – [HS 34.02.20.00]: SACU's exports were more than 15 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 129 000 tons. There is a tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- For toilet use (including medicated products) – [HS 34.01.11.00]: SACU's exports were more than 11 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 5000 tons. There is tariff protection of 10% for these products

in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.

- Soap in other forms – [HS 34.01.20.00]: SACU's exports were more than 14 000 tons in 2003, and only 900 kg went to EFTA. In the same year EFTA's total imports were more than 7000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Other; soap – [HS 34.01.19.00]: SACU's exports were more than 41 000 tons in 2003, and only 81 kg went to EFTA. In the same year EFTA's total imports were more than 2000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Other; cleaning – [HS 34.02.90.00]: SACU's exports were more than 5000 tons in 2003, and only 2 kg went to EFTA. In the same year EFTA's total imports were more than 37 000 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is formidable competition from local manufacturing.

Chapter 35

- Other enzymes and prepared enzymes – [35.07.90.00]: SACU's exports were more than 302 tons in 2003, and only 30 kg of these went to EFTA. In the same year EFTA's imports were more than 5000 tons. There is no tariff protection for these products. However, there is significant competition from local manufacturing.

Chapter 36

The following table is a summary of SACU's major Chapter 36 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 36.01.00	280 tons	Significant	**5%**
HS 36.04.90	100 tons	Insignificant	**10%**
HS 36.05.00	700 tons	Insignificant	**10%**

- Propellant powders – [HS 36.01.00.00]: SACU's exports were more than 741 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 280 tons. There is tariff protection of 5% for these products in Iceland.

There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.

- Other fireworks, signalling flares, fog signals and other pyrotechnic articles – [HS 36.04.90.00]: SACU's exports were more than 82 tons in 2003, and only 1.6 tons of these went to EFTA. In the same year EFTA's total imports were more than 100 tons. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland and no significant local manufacturing.
- Matches, other than pyrotechnic articles of heading no. 36.04 – [HS 36.05.00.00]: SACU's exports were more than 1900 tons in 2003, and only 7 tons of these went to EFTA. In the same year EFTA's total imports were more than 700 tons. There is tariff duty of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland and there is little competition from local manufacturing.

Chapter 38

The following table is a summary of SACU's major Chapter 38 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 38.04.00	34 000 tons	Significant	0%
HS 38.08.10	2000 tons	Significant	**5%**
HS 38.08.30	9000 tons	Significant	**5%**
HS 38.14.00	30 000 tons	Significant	**5%**
HS 38.15.12	400 tons	Insignificant	0%
HS 38.22.00	2000 tons	Significant	0%
HS 38.24.90	240 000 tons	Significant	0%

- Residual lyes from wood pulp manufacturing – [HS 38.04.00.00]: SACU's exports were more than 68 000 tons in 2003, and only 504 tons of these went to EFTA. In the same year EFTA's imports were more than 34 000 tons. There is no tariff protection for these products. However, there is significant competition from local manufacturing.
- Insecticides – [HS 38.08.10.00]: SACU's exports were more than 7000 tons in 2003, and only 8 kg of these went to EFTA. In the same year EFTA's imports were more than 2000 tons. There is a tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is formidable competition from local manufacturing.

- Other; pesticides – [HS 38.08.30.90]: SACU's exports were more than 13 000 tons in 2003, and only 2 kg of these went to EFTA. In the same year EFTA's imports [HS 38.08.30] were more than 9000 tons. There is a tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Organic composite solvents and thinners – [HS 38.14.00.00]: SACU's exports were more than 100 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 30 000 tons. There is a tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- With precious metal or precious metal compounds as active substance [HS 38.15.12.00]: SACU's exports were more than 200 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 400 tons. There is no tariff protection for these products and there is no significant local manufacturing.
- Composite diagnostic or laboratory reagents – [HS 38.22.00.00]: SACU's exports were more than 200 tons in 2003, and only 21 kg went to EFTA. In the same year EFTA's total imports were more than 2000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other packed for retail sale – [HS 38.24.90.90]: SACU's exports were more than 20 000 tons in 2003, and only 35 tons went to EFTA. In the same year EFTA's total imports [HS 38.24.90] were more than 240 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.

Chapter 39

The following table is a summary of SACU's major Chapter 39 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 39.01.10	139 000 tons	Significant	0%
HS 39.01.20	125 000 tons	Significant	0%
HS 39.02.10	50 000 tons	Insignificant	0%
HS 39.02.30	60 000 tons	Insignificant	0%
HS 39.04.10	74 000 tons	Insignificant	0%
HS 39.04.22	5000 tons	Significant	0%
HS 39.07.20	45 000 tons	Insignificant	0%

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 39.07.60	88 000 tons	Significant	0%
HS 39.09.50	15 000 tons	Significant	0%
HS 39.15.90	13 000 tons	Significant	0%
HS 39.17.10	700 tons	Insignificant	0%
HS 39.17.21	15 000 tons	Significant	0%
HS 39.17.23	15 000 tons	Significant	0%
HS 39.17.29	3000 tons	Significant	0%
HS 39.17.32	14 000 tons	Significant	0%
HS 39.17.39	6000 tons	Significant	0%
HS 39.17.40	9000 tons	Significant	0%
HS 39.18.10	17 000 tons	Significant	**5%**
HS 39.19.90	16 000 tons	Significant	0%
HS 39.23.21	53 000 tons	Significant	**5%**
HS 39.23.29	12 000 tons	Significant	**5%**
HS 39.24.10	15 000 tons	Significant	**10%**

- Polyethylene having a specific gravity of less than 0.94 – [HS 39.01.10.00]: SACU's exports were more than 11 000 tons in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than 139 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Polyethylene having a specific gravity of 0.94 or more – [HS 39.01.20.90]: SACU's exports were more than 14 000 tons in 2003, of which only 593 kg went to EFTA. In the same year EFTA's total imports [HS 39.01.20] were more than 125 000 tons. There is no tariff protection for these products but there is competition from local manufacturing.
- Polypropylene – [HS 39.02.10.00]: SACU's exports were more than 108 000 tons in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than 50 000 tons. There is no tariff protection for these products and there is no significant competition from local manufacturing.
- Propylene copolymers – [HS 39.02.30.00]: SACU's exports were more than 25 000 tons in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than 60 000 tons. There is no tariff protection for these products and there is no significant competition from local manufacturing.
- Polyvinyl chloride not mixed with any other substance – [HS 39.04.10.00]: SACU's exports were more than 34 000 tons in 2003, none of which went to EFTA. In the same

year EFTA's total imports were more than 74 000 tons. There is no tariff protection for these products and there is no significant local manufacturing.

- Plasticized polymers of vinyl chloride – [HS 39.04.22.00]: SACU's exports were more than 5000 tons in 2003, of which none went to EFTA. In the same year EFTA's total imports were also more than 5000 tons. There is no tariff protection for these products but there is competition from local manufacturing.
- Polyether-polyols, containing 2 or more hydroxyl groups – [HS 39.07.20.05]: SACU's exports were more than 2000 tons in 2003, and none of these went to EFTA. EFTA's imports [HS 39.07.20] were more than 45 000 tons in 2002. There is no tariff protection for these products and there is no significant local manufacturing.
- Other polyethylene terephthalate – [HS 39.07.60.90]: SACU's exports were more than 19 000 tons in 2003, none of which went to EFTA. In the same year EFTA's total imports [HS 39.07.60] were more than 88 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Polyurethanes – [HS 39.09.50.00]: SACU's exports were more than 300 tons in 2003, of which only 16 kg went to EFTA. In the same year EFTA's total imports were more than 15 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other rigid tubes, pipes, and hoses of polymers of ethylene – [HS 39.17.21.90]: SACU's exports were more than 1000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.17.21] were more than 15 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other rigid tubes, pipes and hoses of other plastics – [HS 39.17.29.90]: SACU's exports were more than 3000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.17.29] were more than 3000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Rigid tubes, pipes and hoses of polymers of vinyl chloride [HS 39.17.23.00]: SACU's exports were more than 700 tons in 2003, and only 930 tons went to EFTA. In the same year EFTA's total imports were more than 15 000 tons. There is no tariff protection for these products but there is competition from local manufacturing.
- Fittings – [HS 39.17.40.00]: SACU's exports were more than 800 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 9000 tons.

There is no tariff protection for these products but there is significant competition from local manufacturing.

- Other artificial guts of hardened protein or of cellulosic material – [HS 39.17.10.90]: SACU's exports were more than 500 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.17.10] were more than 700 tons. There is no tariff protection for these products and no significant local manufacturing.
- Waste, parings and scrap of other plastic - [HS 39.15.90.90]: SACU's exports were more than 1000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.15.90] were more than 13 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other self-adhesive plates, sheet, foil, film, tape, strip, and other flat shapes, of other plastics – [HS 39.19.90.90]: SACU's exports were more than 16 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.19.90] were more than 16 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Other tubes, pipes, hoses and fittings of other plastics – [HS 39.17.39.90]: SACU's exports were more than 400 tons in 2003, and none went to EFTA. In the same year EFTA's total imports [HS 39.17.39] were more than 6000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Floor coverings and wall and ceiling coverings, of polymers of vinyl chloride – [HS 39.18.10.00]: SACU's exports were more than 400 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 17 000 tons. There is tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.
- Other tubes, pipes, hoses, and fittings, not reinforced or otherwise combined with other materials, without fittings – [HS 39.17.32.90]: SACU's exports were more than 100 tons in 2003, and only 1 kg went to EFTA. In the same year EFTA's total imports [HS 39.17.32] were more than 14 000 tons. There is no tariff protection for these products but there is significant competition from local manufacturing.
- Sacks and bags of polymers of ethylene – [HS 39.23.21.00]: EFTA's total imports were more than 53 000 tons in 2003. There is tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.

- Sacks and bags of polymers of other plastic (excluding polyethylene) – [HS 39.23.29.00]: EFTA's imports were more than 12 000 tons in 2003. There is tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Tableware and kitchenware of plastics – [HS 39.24.10.00]: EFTA's total imports were more than 15 000 tons in 2003. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing.

Chapter 40

The following table is a summary of SACU's major Chapter 40 products that are not represented in EFTA:

Product HS Code	EFTA Imports	EFTA Manufacturing	Tariff Duty
HS 40.02.19	3000 tons	Insignificant	0%
HS 40.02.20	500 tons	Significant	0%
HS 40.08.11	R 80 million	Significant	**5%**
HS 40.09.50	R 100 million	Significant	**0%**
HS 40.10.19	R 28 million	Significant	**0%**
HS 40.11.10	R 3 billion	Significant	**10%**
HS 40.11.20	R 600 million	Significant	**10%**
HS 40.11.99	R 35 million	Significant	**10%**
HS 40.16.99	R 500 million	Significant	**10%**

- Other styrene-butadiene rubber – [HS 40.02.19.90]: SACU's exports were more than 3000 tons in 2003, of which none went to EFTA. In the same year EFTA's total imports [HS 40.02.19] were more than 3000 tons. There is no tariff protection for these products and there is no significant competition from local manufacturing.
- Other butadiene rubber – [HS 40.02.20.90]: SACU's exports were more 22 000 tons in 2002, none of which only 16 tons went to EFTA. In the same year EFTA's total imports [HS 40.02.20] were more than 500 tons. There is no tariff protection for these products but there is competition from local manufacturing.
- New pneumatic tyres of rubber, of a kind used on motor cars (including station wagons and racing cars) – [HS 40.11.10.00]: SACU's exports were more than R 600 million in 2003, of which only R 1 million worth of products went to EFTA. In the same year EFTA's total imports were more than R 3 billion. There is tariff protection of 10% for

these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.

- New pneumatic tyres of rubber, of a kind used on buses and lorries, with a load index not exceeding 121 – [HS 40.11.20.15]: SACU's exports were more than R 400 million in 2003, of which only R 0.7 million worth of products went to EFTA. In the same year EFTA's total imports [HS 40.11.20] were more than R 600 million. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- New pneumatic tyres of rubber, of a kind used on buses and lorries, with a load index exceeding 121 – [HS 40.11.20.25]: SACU's exports were more than R 190 million in 2003, of which only R 33 000 worth of products went to EFTA. In the same year EFTA's total imports [HS 40.11.20] were more than R 600 million. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- New pneumatic tyres of rubber, of a kind used on buses and lorries; other – [HS 40.11.20.90]: SACU's exports were more than R 30 million in 2003, none of which went to EFTA. In the same year EFTA's total imports [HS 40.11.20] were more than R 600 million. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- New pneumatic tyres of rubber, of a bead diameter of less than 914.4 mm, of a kind used on agricultural or forestry vehicle – [HS 40.11.99.20]: SACU's exports were more than R 6 million in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than R 35 million [HS 40.11.99]. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Other articles of vulcanised rubber; other parts for use with motor vehicles – [HS 40.16.99.20]: SACU's exports were more than R 190 million in 2003, of which only R 27 000 worth of products went to EFTA. In the same year EFTA's total imports [HS 40.16.99] were more than R 500 million. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.
- Parts of aircraft, parachute, rotochutes, aircraft launching gear, deck arrester or similar gear, and ground flying trainers – [HS 40.16.99.30]: SACU's exports were more than R 8 million in 2003, none of which went to EFTA. In the same year EFTA's total imports

were more than R 500 million [HS 40.16.99]. There is no tariff protection for these products but there is competition from local manufacturing.

- Tubes, pipes, and hoses of vulcanised rubber (excluding hard rubber), with fittings – [HS 40.09.50.00]: SACU's exports were more than R 28 million in 2003, none of which went to EFTA. In 2001 EFTA's total imports were more than R 100 million. There is no tariff protection for these products but there is competition from local manufacturing.
- Conveyor or transmission belts or belting, of vulcanised rubber; other – [HS 40.10.19.00]: SACU's exports were more than R 37 million in 2003, of which only R 10 000 worth of products went to EFTA. In the same year EFTA's total imports were more than R 28 million. There is no tariff protection for these products but there is competition from local manufacturing.
- Plates, strips, sheets, of vulcanised rubber; other – [HS 40.08.11.90]: SACU's exports were more than R 27 million in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than R 80 million [HS 40.08.11]. There is tariff protection of 5% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is competition from local manufacturing.

CHAPTER 9

CONSIDERATIONS FOR THE OFFENSIVE AND DEFENSIVE STRATEGIES FOR SACU COUNTRIES

Offensive strategy for SACU

In terms of the actual products to base SACU's offensive strategy on, a comprehensive list is available in Appendix 10. This includes existing SACU's major exports to EFTA.

The intention of SACU is to change the structure of trade with EFTA from the export of raw materials and semi processed products into a more balanced and mutually favourable relationship based on high value activities and investments. It is expected that SA-EU TDCA will form the basis for negotiations with EFTA.

Elimination of non-tariff barriers

NTBs in EFTA are not major concerns, and focus mainly around import restrictions and compulsory stockholding, affecting priority products for SACU such as pesticides, fertilisers and liquid fuels.

Defensive strategy for SACU

SACU's defensive strategy must revolve around the gradual elimination of tariffs for products that SACU has the potential to grow exports on. This also includes being given the opportunity to renegotiate the tariffs phase-down period. An extended period of tariff phase-down is desirable for SACU. The products involved in this instance are listed in Appendix 11 together with the accompanying tariff regime applicable in SACU.

CHAPTER 10

CONCLUSIONS AND RECOMMENDATIONS

In general, historical trade in chemicals between EFTA and SACU indicates a large trade balance in favour of EFTA. This positive trade balance for EFTA is supported by their exports of products such as:

- In final-dosage pharmaceuticals [HS 30.04] and
- Blended flavours [HS 33.02]

These products collectively account for about 45% by value of EFTA's total exports to SACU. In all these products in particular, tariff related action would not substantially impact on existing EFTA exports, as these products are mostly under patent protection. Other EFTA exports products to SACU, which are significant, are monofilament of plastics [HS 39.16] and retreaded or used tyres [HS 40.12]. SACU's main exports to EFTA are:

- Liquid fuels [HS 27.10]
- Essential oils [HS 33.01]
- Candles [HS 34.06]
- Salt [HS 25.01]

Liquid fuels constitute the bulk of SACU exports to EFTA at close to 80% of total. This is made up of diesel fuel, leaded fuel and heavy fuel oils. In terms of essential oils, which are at a low base, SACU is supplying feedstock to EFTA blenders and then import the final product. This is a case of SACU's missed opportunities of not investing in value added products manufacturing. SACU has a unique strength in certain essential oils that are important components of many artificial fruit drinks. However, essential oils exports are not performing as well as they could. SACU's exports of candles and salt to EFTA are also not performing as well as they could. In general, SACU's exports to EFTA fluctuate from year to year, while SACU imports from EFTA seemed to be on the increase (until 2002). SACU's exports to EFTA are too concentrated, a much more diverse portfolio of products would be ideal.

EFTA also has a positive trade balance for chemicals with the RoW. SACU contributes only 0.04% by value of EFTA's total imports and 0.5% by value of EFTA's total exports. EFTA's total global imports and exports are showing an increasing trend (until 2002). From SACU's export perspective, EFTA shows good opportunity in HS 27 [Liquid fuels], 28 [inorganic chemicals], 29 [organic chemicals], 30 [end-dosage pharmaceuticals], 32 [Paints & colorants], 33 [essential oils, cosmetics, etc.] 38 [Speciality chemicals], 39 [plastics products] and 40 [rubber products]. EFTA's imports of these chapters are already large, and show consistent growth.

Pharmaceuticals and specialities are EFTA's strongest chemicals sub-sectors. For this reason some products in these sub-sectors have the highest tariff protection of 20%. Essential oils, perfumes and cosmetics and modified starches, glues and enzymes also have some tariff protection in EFTA, as well as some products of the plastic and rubber conversion sub-sectors. None of the products identified as SACU's major export products to EFTA carry any tariff protection in EFTA, with the exception of candles [HS 34.06], which have a tariff duty of 10%. Although not identified as one of the major SACU export products, motorcar tyres [HS 40.11.10] exports to EFTA have increased by about 54% for the period under consideration. These products carry a duty of 10% in EFTA. However, it should be noted that SACU members are beneficiaries of the Norwegian and Swiss GSP and it applies to 100% of the HS lines.

EFTA has entered into free trade agreements and joint cooperation agreements with various countries and regional blocs. These agreements have the potential to stifle SACU's exports of liquid fuels [HS 27.10], medicaments [HS 30.04] and motorcar tyres [HS 40.11] to EFTA. This is going to be even more so with the enlargement of the EU.

Non-tariff barriers like import restrictions and compulsory stockholding have a potential to hamper SACU exports of products such as pesticides, fertilisers and liquid fuels.

In terms of an offensive strategy for SACU, together with the identified major SACU export products it is important to ensure that the EFTA agreement takes cognisance of the major SACU global export products that are not currently being traded significantly with EFTA. SACU is globally competitive in these products and this will ensure that future export development strategies of SACU producers will be supported by the EFTA agreement.

EFTA's exports could pose potential threats to SACU's local manufacturing of some products like:

- Medicaments
- Reactive textile dyes
- Food and beverage mixed flavours

- Other articles of apparel and clothing accessories
- Other articles of vulcanised rubber
- Used pneumatic tyres

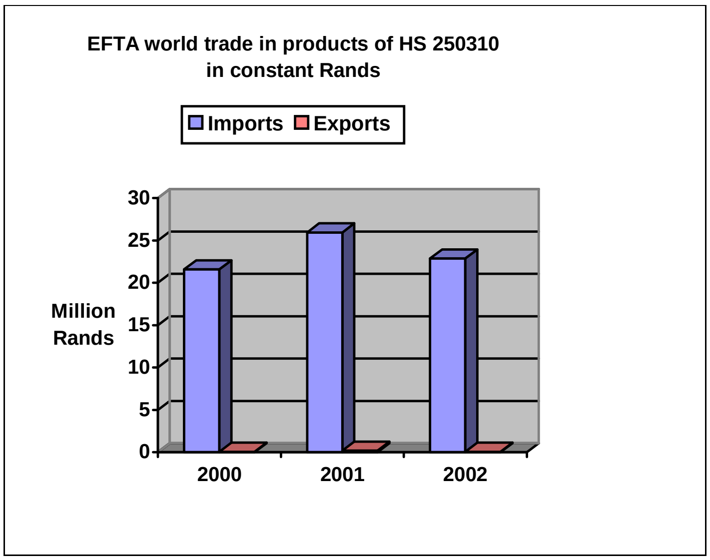
A full list of these products is available in Appendix 11. It is therefore imperative for SACU not to be too generous (that is, not to take away protection) on duty concessions for these products. Where tariff protection exists on these products already, it is recommended to stay.

It should be noted that tariff related measures would not increase SACU's exports to EFTA since SACU members are GSP beneficiaries of Norway and Switzerland already, the biggest and richest members of EFTA. In other words, there is nothing more for EFTA to concede in terms of tariffs duties. Concessions should rather be sought for the relaxation of the non-tariff barriers. The relatively low penetration of SACU's globally competitive products in EFTA could be attributed to the existence of non-tariff barriers such as licensing as well as environmental and health requirements. SACU negotiators should therefore insist on getting favourable terms for SACU manufacturers on the non-tariff barriers like rules of origin, conformity evaluation, new product registration, and product registration in particular. One of the ultimate objectives of the trade agreement should be to diversify SACU's exports to EFTA, which at the moment are far too concentrated. As a regional offensive strategy SACU should encourage independent (from multinationals) SMMEs to fill this gap in EFTA. Negotiating for the relaxation of especially the non-tariff barriers would go a long way in engendering the competitiveness of the SMMEs in particular and the SACU chemical industry in general.

APPENDICES

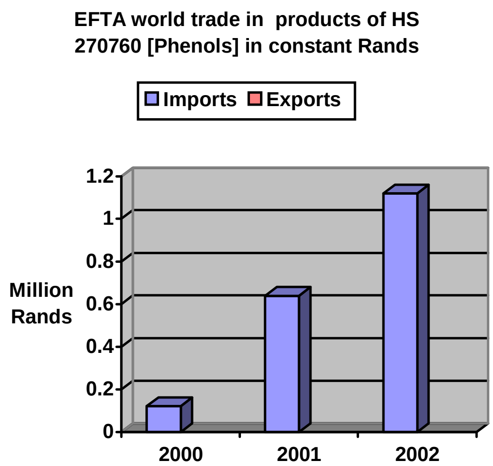
APPENDIX 1: Major EFTA Chapter 25 Trade categories

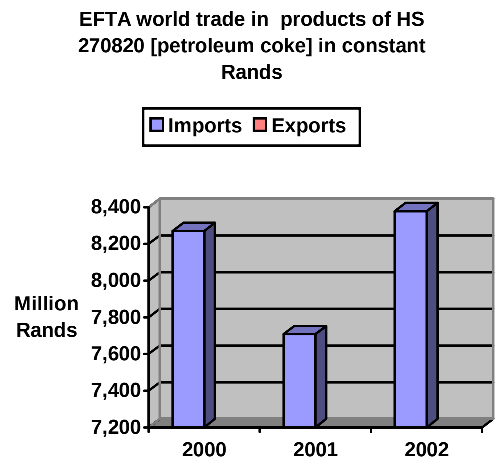
HS 25.03.00 [Sulphur of all kinds] is one of the important products for SACU, but it was not covered in chapter 2. EFTA's historical trade with non-SACU countries in these products are as follows:

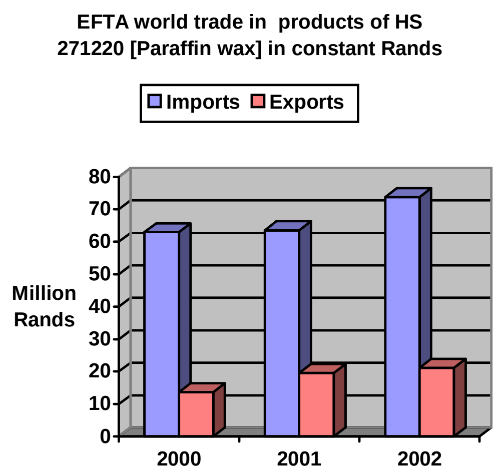


APPENDIX 2: Major EFTA Chapter 27 Trade categories

EFTA's historical trade with non-SACU countries in products of the chemical sector HS chapter 27 is as follows:

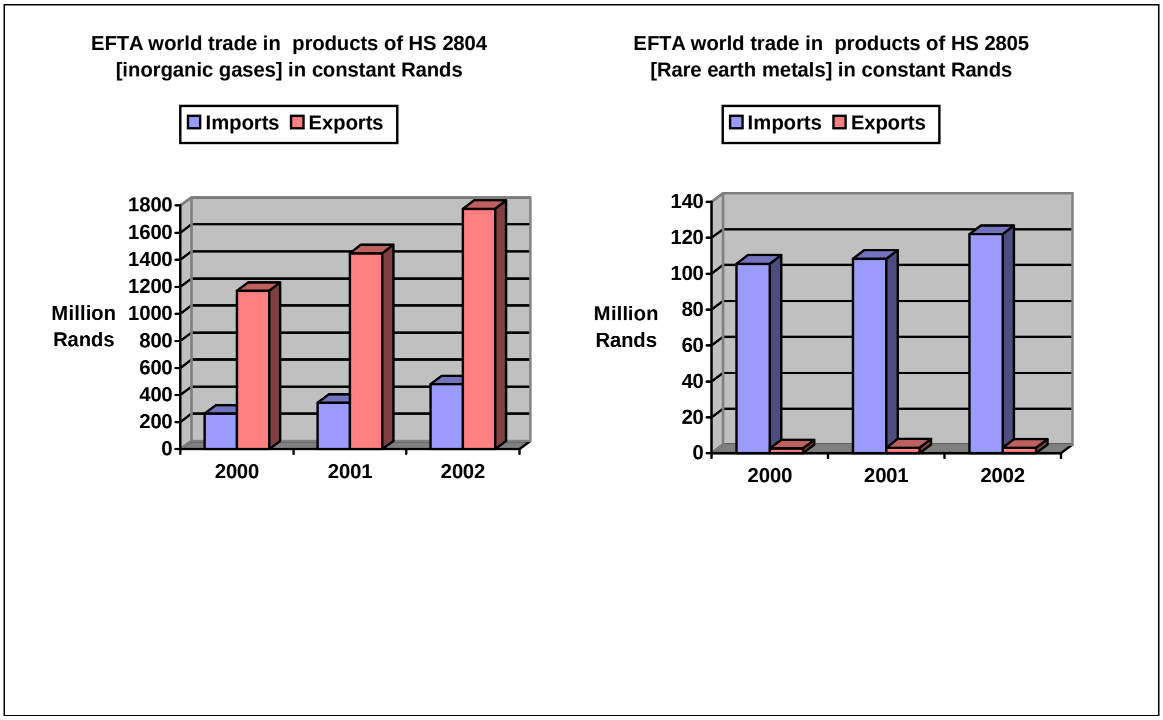




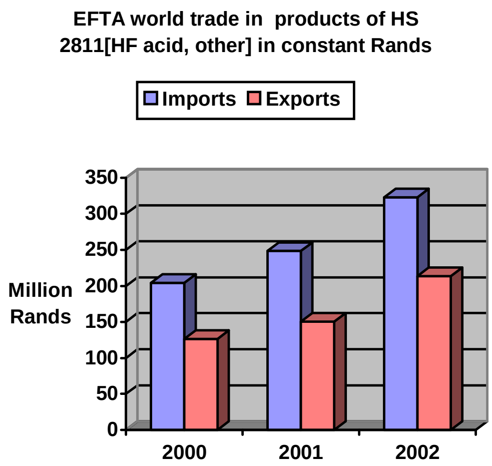


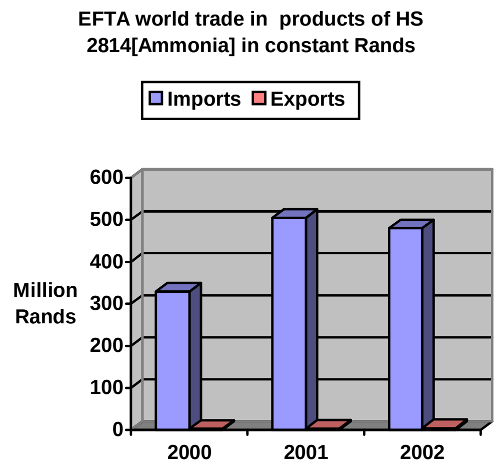
APPENDIX 3: Major EFTA Chapter 28 Trade categories

EFTA's historical trade with non-SACU countries in products of the chemical sector HS chapter 28 that are not currently major trade categories for SACU is as follows:

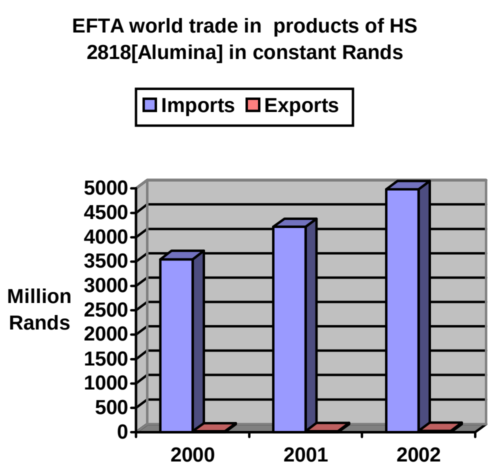


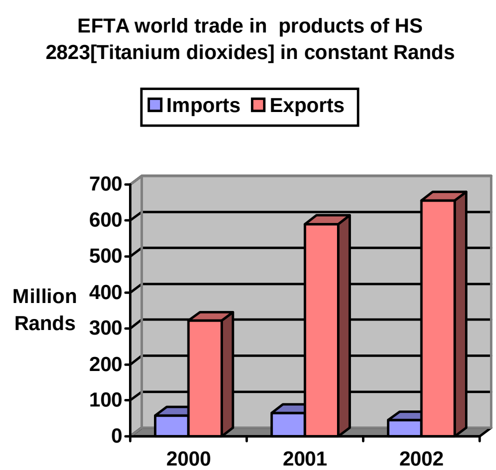
More than 84% by value of imports of products of HS 2804 is made up of rare gases (other than argon), silicon, and phosphorus, while exports are almost all exclusively silicon (less than 99.99% by weight silicon). Imports of products of HS 2805 are significant.



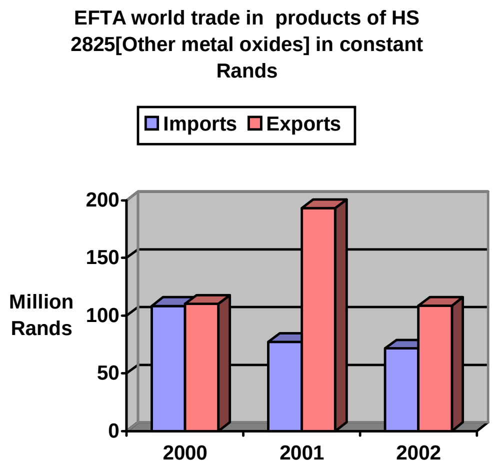


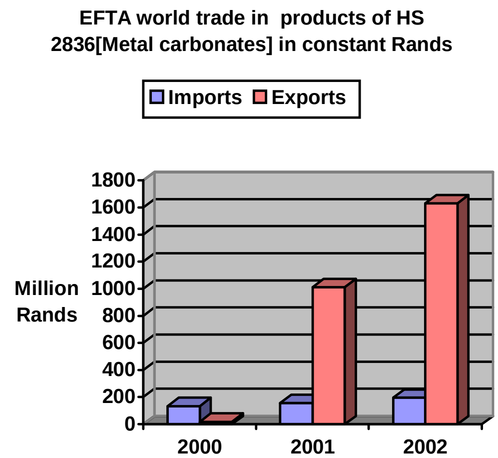
The major export products of HS 2811 are carbon dioxide and silicon dioxide. Exports of products of HS 2814 are almost exclusively anhydrous ammonia.



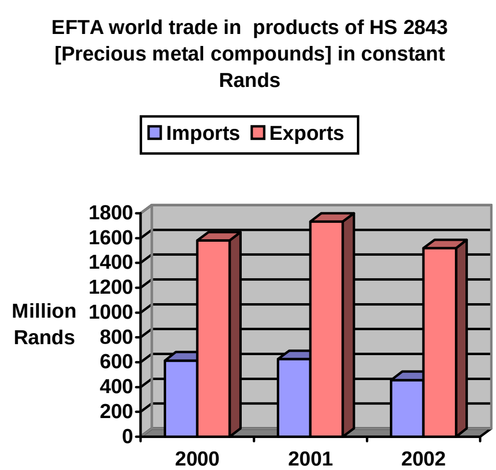


Imports of products of HS 2818 are almost all alumina for aluminium production. Exports and imports of products of HS 2823 are almost exclusively titanium dioxide pigments.





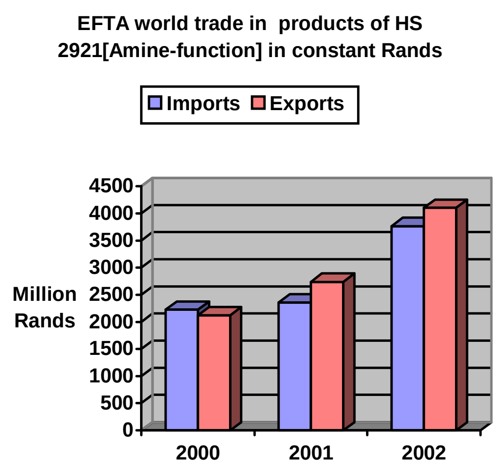
Exports of products of HS 2825 is almost all one product, 282590. Calcium carbonate forms more than 99% of exports of products of HS 2836. Four products dominate imports of products of HS 2836, namely; disodium carbonate, sodium bicarbonate, potassium carbonates and other carbonates. However, the bulk of the imports are disodium carbonate.

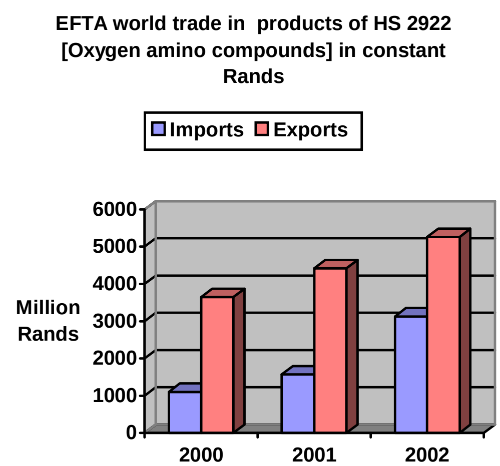


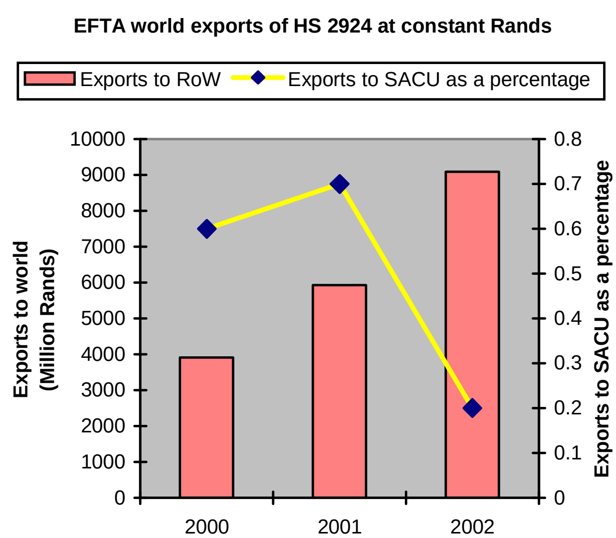
Exports of products of HS 2843 are almost exclusively two products, gold compounds and organic compound precious metal. These two products also dominate imports together with silver nitrate and silver compounds (except silver nitrate).

APPENDIX 4: Major EFTA Chapter 29 Trade categories

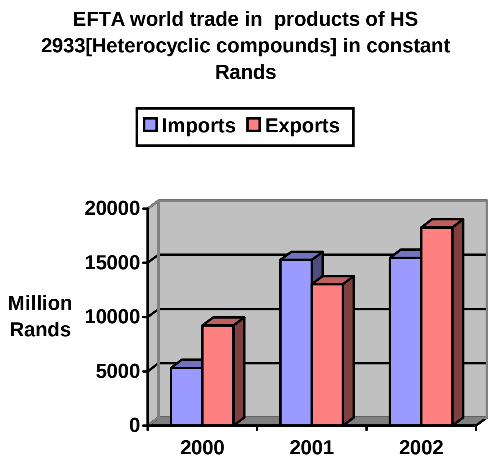
EFTA's historical trade with non-SACU countries in products of the chemical sector HS chapter 29 that are major trade categories for EFTA and not necessarily major for SACU is shown below. Trade categories that are also major for EFTA-SACU trade are shown with SACU's off take as a percentage of total EFTA non-SACU trade:

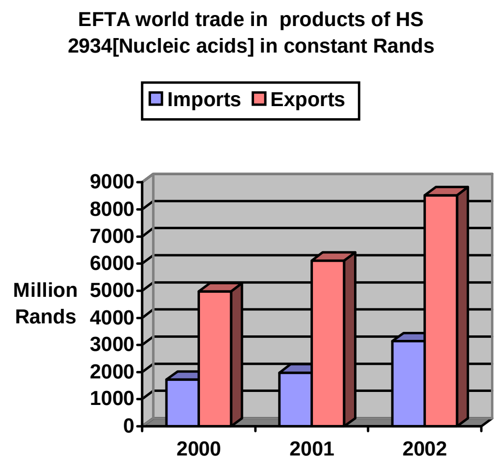




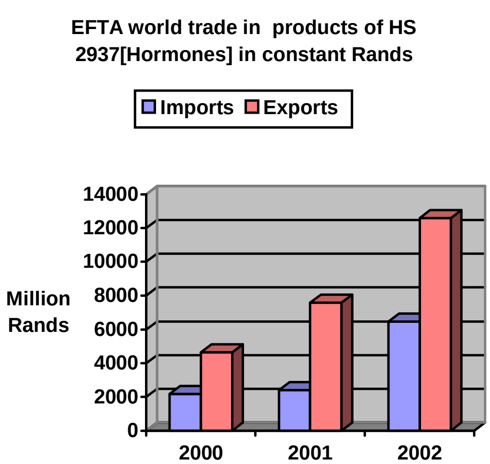


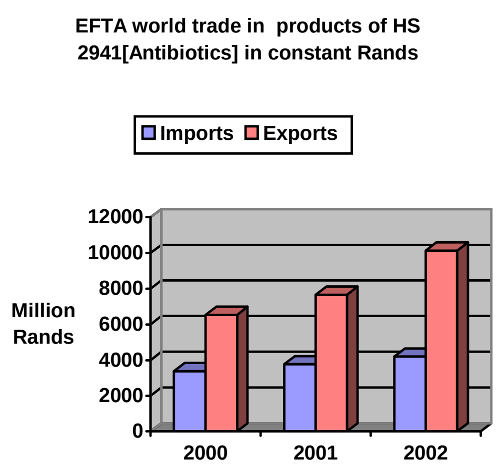
More than 80% by value of imports and exports of products of HS 2921 is made up of aromatic monoamines [292149]. Exports of products of HS 2922 are significant. These are mainly amino acids. HS 2924 is a major category in EFTA-SACU trade. SACU's share of EFTA's exports of HS 2924 is declining in relative terms. Overall RSA's market is a small portion of EFTA exports.





The major products of HS 2933 are barbital-type pharmaceutical actives.

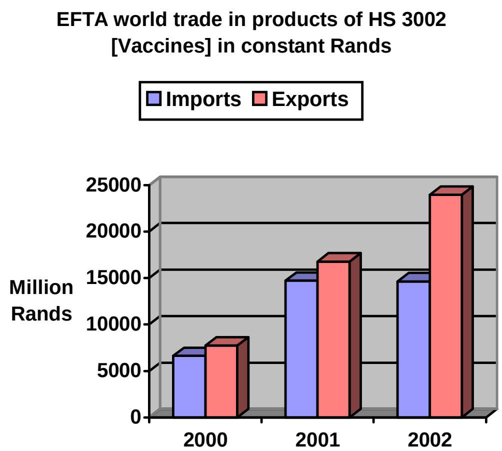


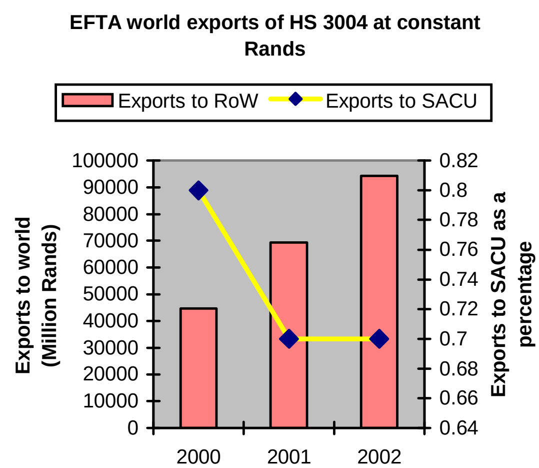


The major products of HS 2937 &2941 are almost all for pharmaceutical actives.

APPENDIX 5: Major EFTA Chapter 30 Trade categories

EFTA's historical export trade with RoW in major products of the chemical sector HS chapter 30, namely HS 3002 and HS 3004 is as follows, showing the value of trade in HS 3004 with SACU expressed as a percentage of total EFTA RoW exports:

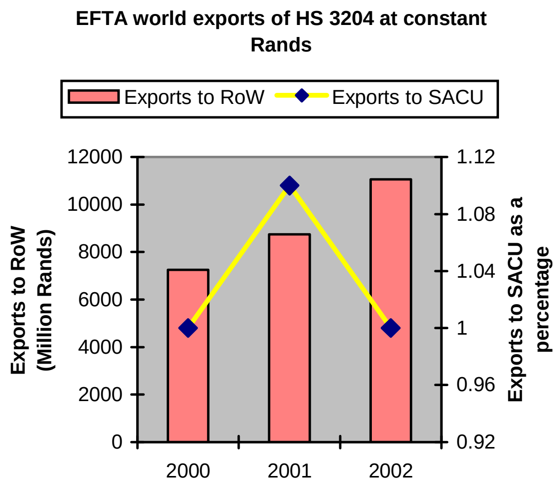


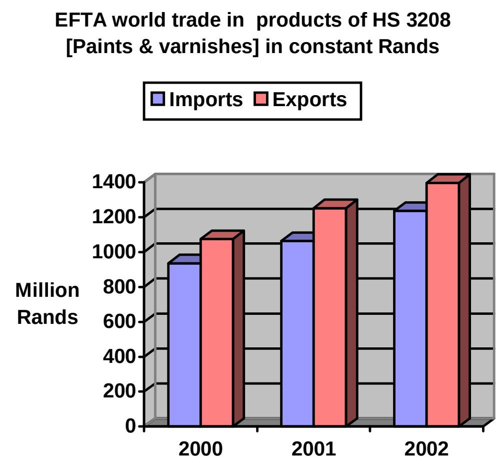


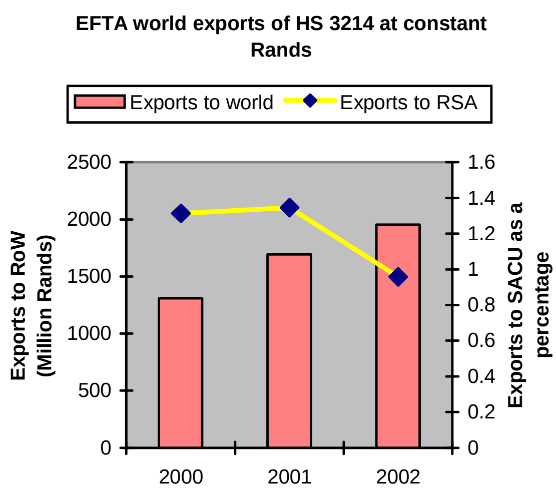
HS 3004 is one of the major trade categories in EFTA-SACU trade. The trend in HS 3004 is that where EFTA's exports to RoW are showing a good growth, exports to the SACU seem stagnant in relative terms.

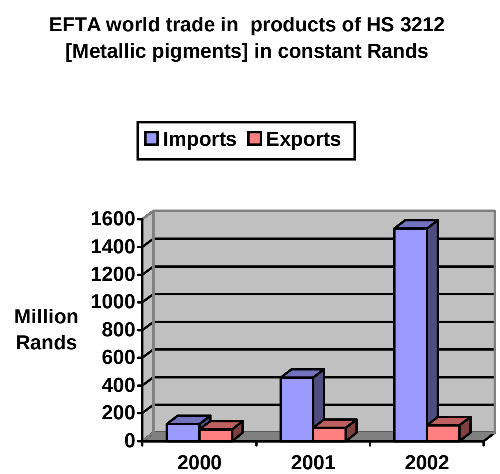
APPENDIX 6: Major EFTA Chapter 32 Trade categories

EFTA's historical export trade with RoW in major products by value of HS chapter 32 is shown below. Major categories in EFTA-SACU trade, namely HS 3204 [organic pigments] & 3214 [Glaziers' putty], are shown with SACU trade expressed as a percentage of total EFTA RoW exports:





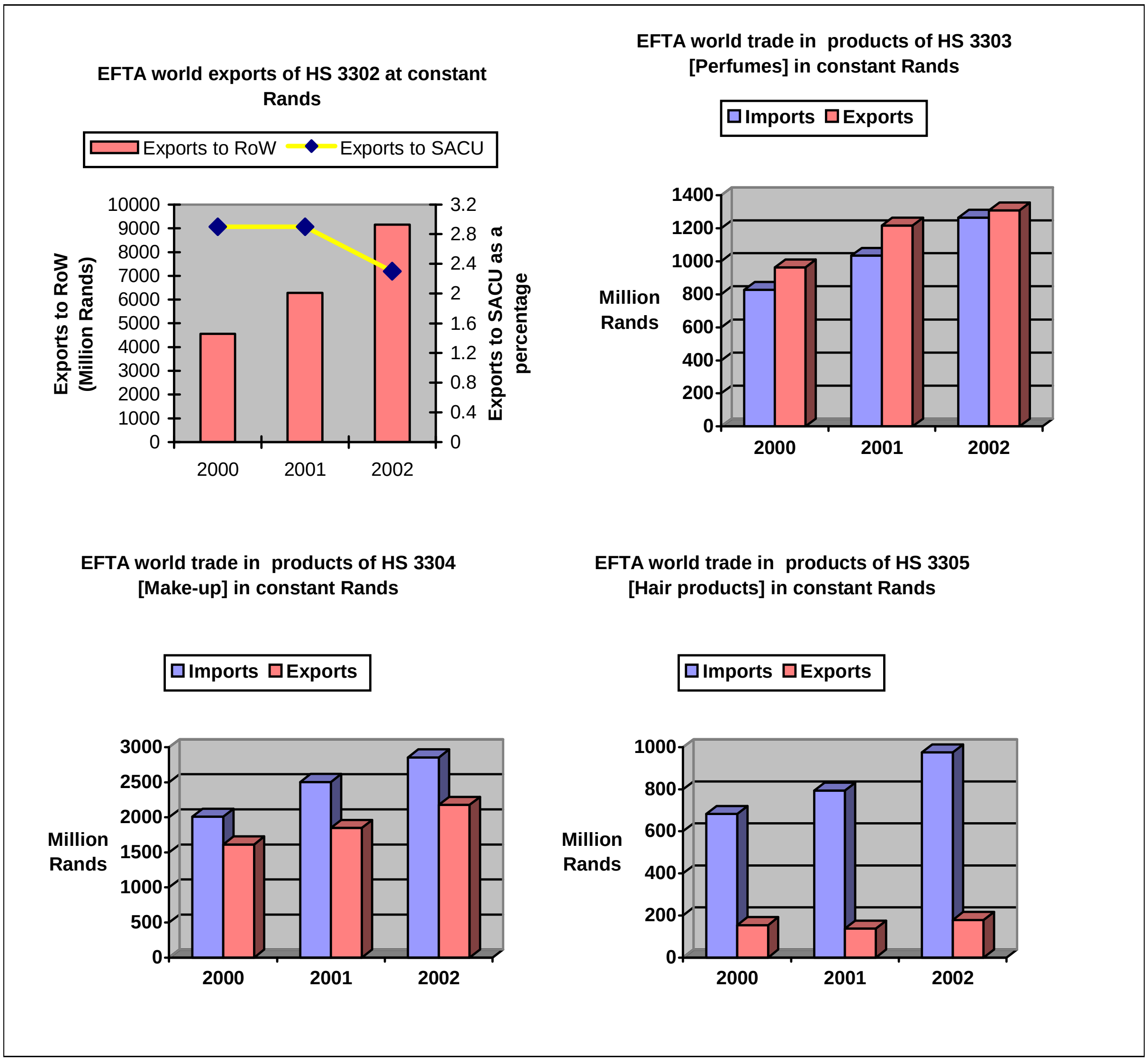




The trend in HS 3204 and 3214 is that where EFTA's global exports are showing a good growth, exports to the RSA seem stagnant in relative terms.

APPENDIX 7: Major EFTA Chapter 33 Trade categories

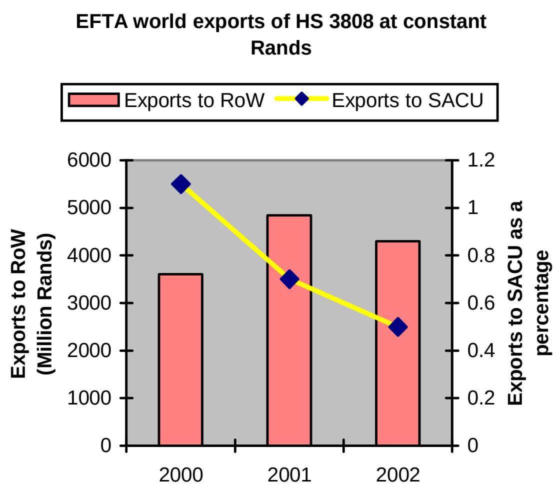
EFTA's historical export trade with RoW in major products of HS 33 is shown below. Trade with SACU in HS 3302 [mixed flavours & fragrances] is expressed as a percentage of total EFTA RoW exports:

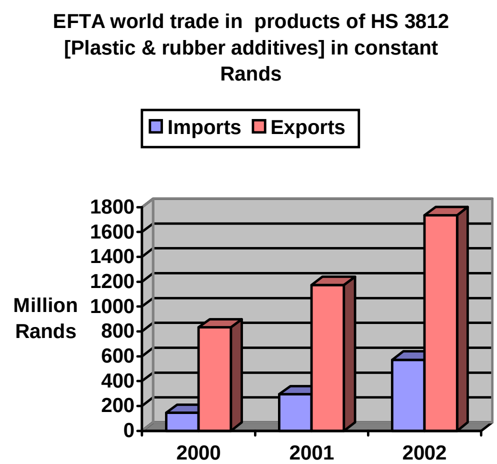


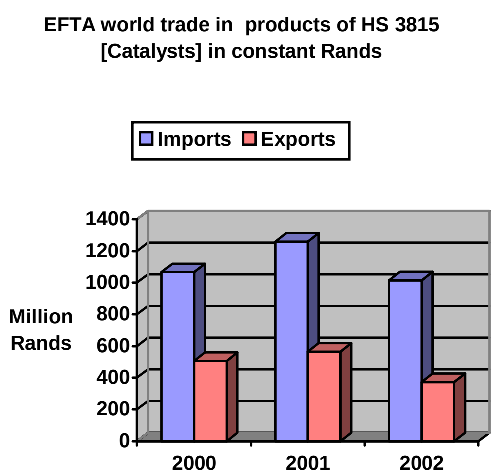
The trend is that SACU imports are stagnant as a percentage of total EFTA exports but are increasing in nominal terms. However, in this case (of HS 3302) SACU's percentage off take is somewhat higher than with other products.

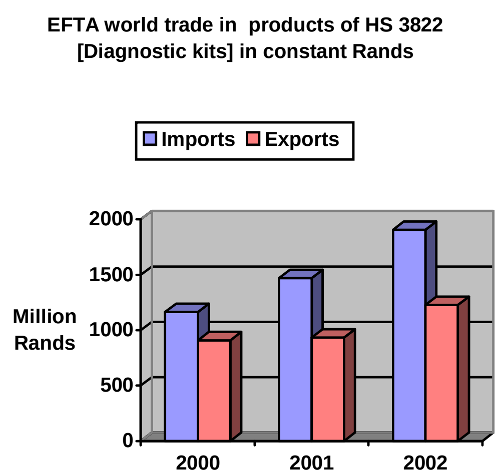
APPENDIX 8: Major EFTA Chapter 38 Trade categories

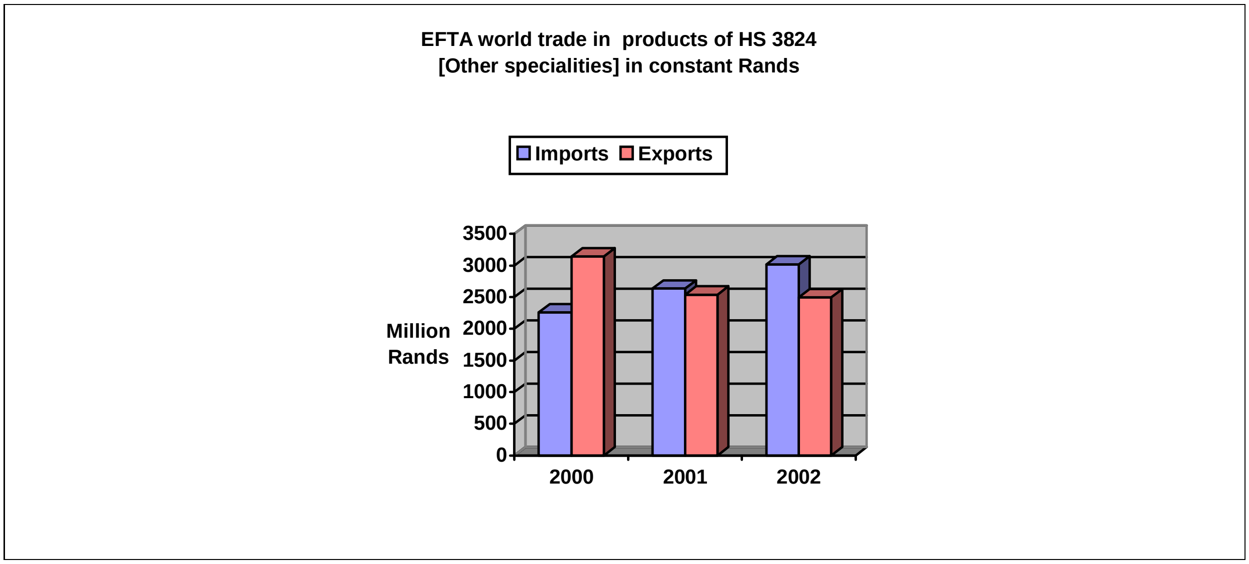
EFTA's historical export trade with RoW in major products of HS 38 is as follows, showing the value of trade with SACU in HS 3808 [Pesticides] expressed as a percentage of total EFTA RoW exports:







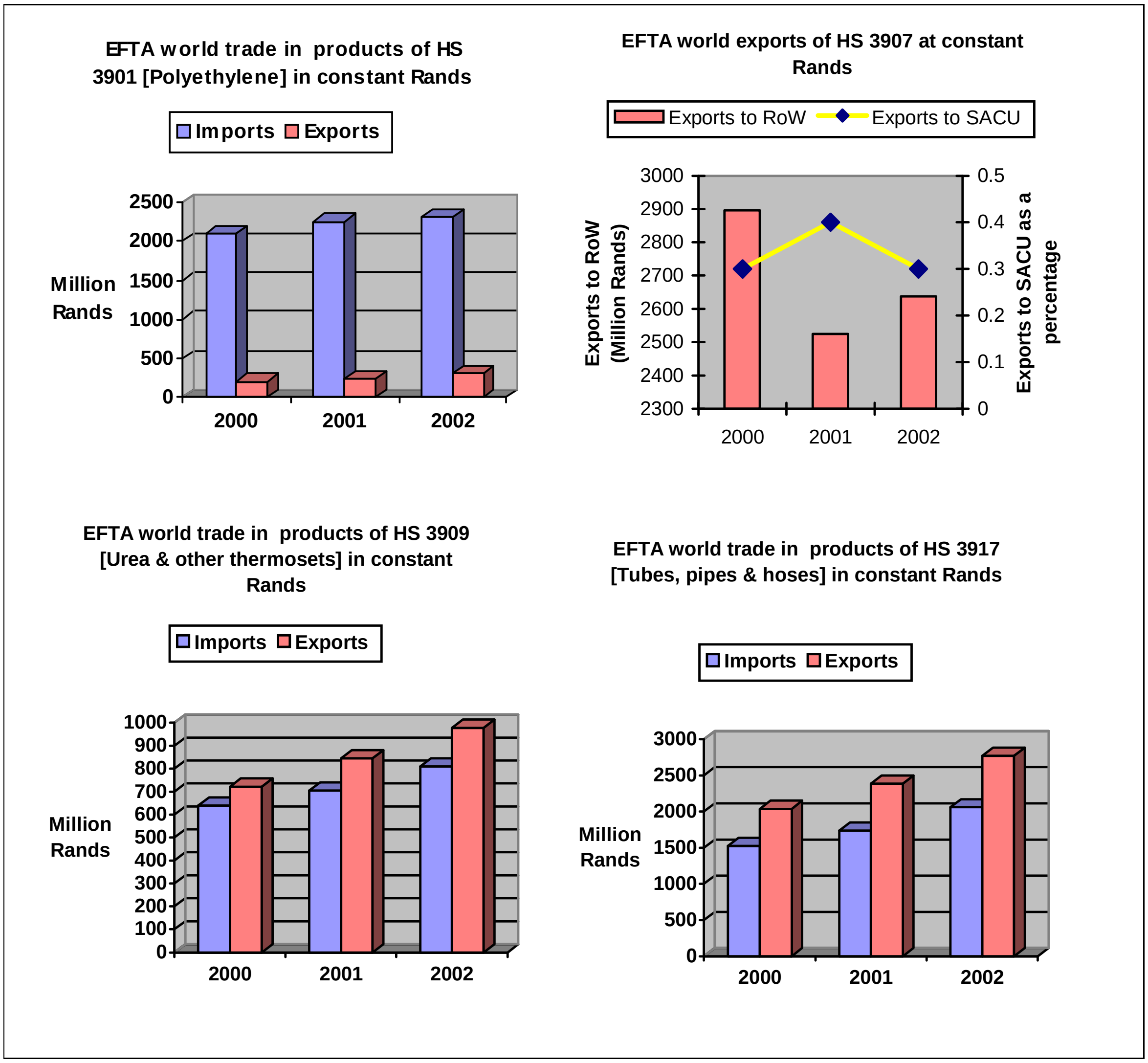


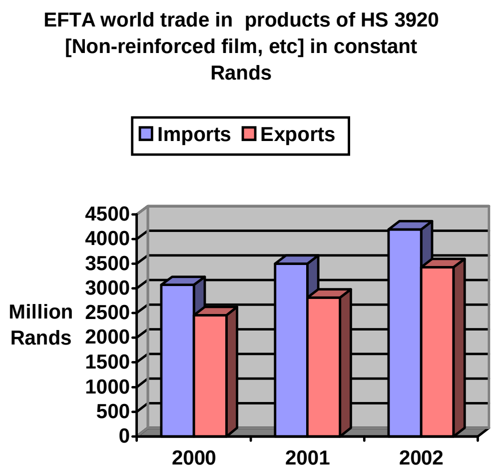


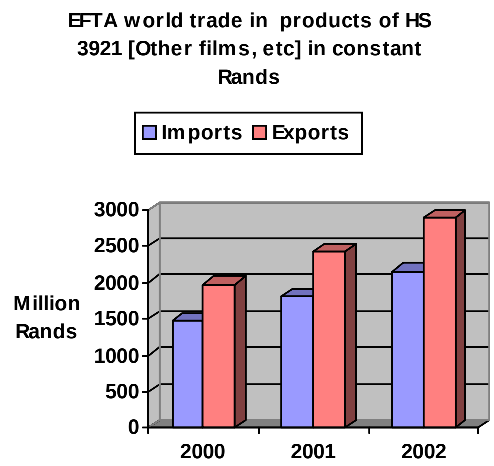
The trend indicates that the SACU's share of EFTA's exports is stagnant in relative and nominal terms.

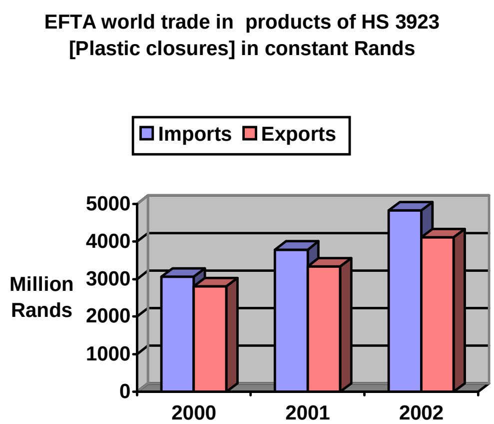
APPENDIX 9: Major EFTA Chapter 39 Trade categories

EFTA's historical export trade with RoW in major products of HS 39 is as follows, showing trade with SACU in HS 39.07 [Polycarbonate, alkyds and other resins] as a percentage of total EFTA RoW exports:









The trend indicates that SACU's imports are stagnant relative to EFTA's world exports.

APPENDIX 10 – SACU's offensive products list

Existing major SACU export categories to EFTA

Analysis of SACU's historical trade with EFTA showed that the following products are SACU's major exports to EFTA:

- **HS 25.01.00.00 – Salt:** EFTA's imports of salt reached a high of R 408 million in 2002. SACU's contribution to EFTA's imports stand at close to zero percent. The only SACU exports of note where in 2001 only, and even then, this amounted to 0.2% by value of EFTA's imports. Given SACU's capacity for producing salt, exports to EFTA are clearly underperforming considering the fact that this carries no tariff protection in EFTA.
- **HS 27.10.11 –** EFTA's trade in these products has been under reported except for 2002 and 2003. SACU's major exports to EFTA are in **HS 27.10.11.05 [Leaded fuel]**, **HS 27.10.11.30 [Diesel]** and **HS 27.10.11.35 [Heavy fuel oils]**. SACU's exports to EFTA in these products collectively came to 0.5% and 1.6% by value in 2002 and 2003, respectively, of total EFTA imports of these products. This shows that SACU's capacity to produce sulphur-free liquid fuels is not enough to take advantage of the market in EFTA. SACU's exports are expected to suffer a significant slump when production of leaded fuel is discontinued in 2006, as well as the introduction of purpose-built diesel driven taxis through the taxi recapitalization programme, from an already low base.
- **HS 29.34.30.00 - Phenothiazinering derivatives**: SACU's exports of these products to EFTA have declined from a high of 42% by value of EFTA's imports in 2001 to a low of 4% by value in 2003. This was the case even though EFTA's global imports of these products increased by more than 380% by value during the same period.

SACU's major global export products with low EFTA exposure

It is important to ensure that the EFTA agreement takes cognisance of the major SACU export products that are not currently being traded significantly with EFTA. This will ensure that future export development strategies of SACU producers will be supported by the EFTA agreement. These include:

- **HS 30.03.90.00 - Other pharmaceuticals containing alkaloids or derivatives thereof:** SACU's exports were more than 1000 tons in 2003, and only 210 kg of these went to EFTA. In the same year EFTA's total imports were more than 800 tons. There is tariff protection of up to 20% for these products in Iceland. SACU is a primary producer of the actives for these products, and an offensive strategy would thus also support the upstream sector.

- **30.05.10.00 - Adhesive dressings and other articles having an adhesive layer**: SACU's exports were more than 1900 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 1600 tons. There is tariff protection of up to 5% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 30.05.90.10 - Absorbent gauze or Muslin swabs**: SACU's exports were more than 605 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports [HS 30.05.90] were more than 2000 tons. There is tariff protection of up to 5% for these products in Iceland.
- **HS 32.06.11.00 - Containing 80% or more by mass of Titanium dioxide calculated on the dry mass**: SACU's exports were more than 14 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 20 000 tons. There is no tariff protection for these products; however, there are regulations that prevent the use of volatile organic substances like glycols in the manufacturing of these products. If possible, the EFTA agreement should ensure that unreasonable specifications on the production process are not used against SACU exporters.
- **Other make-up preparations – [HS 33.04.99.00]**: SACU's exports were more than 7000 tons in 2003, and only 2 tons went to EFTA. In the same year EFTA's total imports were more than 16 000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 33.05.90.00 - Other preparations for use on the hair**: SACU's exports were more than 6000 tons in 2003, and only 100 kg went to EFTA. In the same year EFTA's total imports were more than 10 000 tons. There is tariff protection of 10% for these products in Iceland. SACU has specific advantages in manufacturing ethnic hair care products for niche markets in EFTA.
- **HS 33.06.90.00 - Preparations for oral/dental hygiene**: SACU's exports were more than 6000 tons in 2003, and only 32 tons went to EFTA. In the same year EFTA's total

imports were more than 1000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.

- **HS 33.07.20.00 - Personal deodorants and anti-perspirants**: SACU's exports were more than 2000 tons in 2003, and only 109 kg went to EFTA. In the same year EFTA's total imports were more than 2000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 33.07.90.90 - Other; household**: SACU's exports were more than 1000 tons in 2003, and only 3 tons went to EFTA. In the same year EFTA's total imports [HS 33.07.90] were more than 9000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 34.01.11.00 - For toilet use (including medicated products)**: SACU's exports were more than 11 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 5000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 34.01.20.00 - Soap in other forms**: SACU's exports were more than 14 000 tons in 2003, and only 900 kg went to EFTA. In the same year EFTA's total imports were more than 7000 tons. There is tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.
- **HS 34.02.20.00 – Detergent preparations put up for retail sale**: SACU's exports were more than 15 000 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 129 000 tons. There is a tariff protection of 10% for these products in Iceland. SACU's production is dominated by multinational companies that may prevent significant export promotion due to international distribution arrangements within these companies.

- **HS 36.01.00.00 - Propellant powders:** SACU's exports were more than 741 tons in 2003, and none of these went to EFTA. In the same year EFTA's total imports were more than 280 tons. There is tariff protection of 5% for these products in Iceland. South Africa's government owned Denel-Somchem is a key producer of these products.
- **HS 36.05.00.00 - Matches, other than pyrotechnic articles of heading no. 36.04:** SACU's exports were more than 1900 tons in 2003, and only 7 tons of these went to EFTA. In the same year EFTA's total imports were more than 700 tons. There is tariff duty of 10% for these products in Iceland. The major SACU producer is impacted heavily by the strong currency, and an offensive strategy would be supportive.
- **HS 38.08.10.00 - Insecticides**: SACU's exports were more than 7000 tons in 2003, and only 8 kg of these went to EFTA. In the same year EFTA's imports were more than 2000 tons. There is a tariff protection of 5% for these products in Iceland. If possible, the EFTA agreement should ensure that unreasonable registration processes for products are not used against SACU exporters.
- **HS 38.08.30.90 - Other; pesticides**: SACU's exports were more than 13 000 tons in 2003, and only 2 kg of these went to EFTA. In the same year EFTA's imports [HS 38.08.30] were more than 9000 tons. There is a tariff protection of 5% for these products in Iceland. If possible, the EFTA agreement should ensure that unreasonable registration processes for products are not used against SACU exporters.
- **HS 38.14.00.00 - Organic composite solvents and thinners**: SACU's exports were more than 100 000 tons in 2003, and none of these went to EFTA. In the same year EFTA's imports were more than 30 000 tons. There is a tariff protection of 5% for these products in Iceland. Sasol in particular is a leading global supplier of these products, and an offensive strategy would be supportive in expanding their global footprint.
- **HS 39.18.10.00 - Floor coverings and wall and ceiling coverings, of polymers of vinyl chloride**: SACU's exports were more than 400 tons in 2003, and none went to EFTA. In the same year EFTA's total imports were more than 17 000 tons. There is tariff protection of 5% for these products in Iceland.
- **HS 39.23.21.00 - Sacks and bags of polymers of ethylene**: EFTA's total imports were more than 53 000 tons in 2003. There is tariff protection of 5% for these products in Iceland. South African producers, in particular, have been severely impacted by the recent Plastic Bag regulations, and an offensive strategy would be supportive in providing utilisation of installed capacity.

- **HS 39.23.29.00 - Sacks and bags of polymers of other plastic (excluding polyethylene)**: EFTA's imports were more than 12 000 tons in 2003. There is tariff protection of 5% for these products in Iceland. The focus on further beneficiation of polypropylene in South Africa will be supported by an offensive strategy.
- **HS 39.24.10.00 - Tableware and kitchenware of plastics**: EFTA's total imports were more than 15 000 tons in 2003. There is tariff protection of 10% for these products in Iceland. There is no tariff duty in Norway and Switzerland but there is significant competition from local manufacturing. The focus on further beneficiation of polypropylene in South Africa will be supported by an offensive strategy.
- **HS 40.08.11.90 - Plates, strips, sheets, of vulcanised rubber; other**: SACU's exports were more than R 27 million in 2003, none of which went to EFTA. In the same year EFTA's total imports were more than R 80 million [HS 40.08.11]. There is tariff protection of 5% for these products in Iceland.
- **HS 40.11.10.00 - New pneumatic tyres of rubber, of a kind used on motor cars (including station wagons and racing cars)**: SACU's exports were more than R 600 million in 2003, of which only R 1 million worth of products went to EFTA. In the same year EFTA's total imports were more than R 3 billion. There is tariff protection of 10% for these products in Iceland. The multinational rubber companies that have shown good export growth in to the EC dominate this industry. An offensive strategy for EFTA would further support this export growth.
- **HS 40.11.20.15 & 40.11.20.25 - New pneumatic tyres of rubber, of a kind used on buses and lorries**: SACU's exports were more than R 590 million in 2003, of which only R 0.7 million worth of products went to EFTA. In the same year EFTA's total imports [HS 40.11.20] were more than R 1200 million. There is tariff protection of 10% for these products in Iceland. The multinational rubber companies that have shown good export growth in to the EC dominate this industry. An offensive strategy for EFTA would further support this export growth.
- **40.16.99.20 - Other articles of vulcanised rubber; other parts for use with motor vehicles**: SACU's exports were more than R 190 million in 2003, of which only R 27 000 worth of products went to EFTA. In the same year EFTA's total imports [HS 40.16.99] were more than R 500 million. There is tariff protection of 10% for these products in Iceland. An offensive strategy here would also be in support of the MIDP.

Appendix 11 – SACU Products That Warrant Protection

HS Chapter	HS Code	Description	SACU Tariff Duty
27	HS 27.07.60.00	Phenols	15%
	HS 27.08.20.00	Petroleum coke	0%
	HS 27.11.13.90	Other petroleum gases and other gaseous hydrocarbons	0%
	HS 27.13.20.00	Petroleum bitumen	10%
28	HS 28.04.69.00	Silicon	0%
	HS 28.07.00.00	Sulphuric acid	0%
	HS 28.09.20.00	Phosphoric acid and polyphosphoric acids	0%
	HS 28.14.10.00	Anhydrous Ammonia	0%
	HS 28.20.10.00	Manganese dioxides	0%
	HS 28.23.00.00	Titanium oxides	10%
	HS 28.35.26.00	Other calcium phosphates	10%
29	HS 29.15.39.60	Other liquid aromatic esters of acetic acid	0%
	HS 29.29.10.00	Isocyanates	0%
	HS 29.33.59.90	Pyrimidine derivatives, other	10%
	HS 29.36.29.00	Other vitamins and their derivatives	0%
30	HS 30.02.20.00	Vaccines for human medicine	0%
	HS 30.02.30.00	Vaccines for veterinary medicine	0%
	HS 30.03.90.00	Other containing alkaloids or derivatives	0%
	HS 30.04.20.00	Containing other antibiotics	0%
	HS 30.04.39.00	Other pills, tablets and capsules	0%
	HS 30.04.50.00	Other medicaments containing vitamins	0%
	HS 30.04.90.00	Other medicaments containing vitamins	0%
	HS 30.05.10.00	Adhesive dressings and other articles having an adhesive layer	0%
	HS 30.05.90.10	Absorbent gauze or Muslin swabs	20%
	HS 30.05.90.90	Other absorbent gauze or Muslin swabs	0%
	HS 30.06.10.00	Sterile catgut, similar sterile suture material	0%
31	HS 31.01.00.00	Animal or vegetable fertilisers, whether or not chemically treated	0%
	HS 31.02.29.00	Other ammonium sulphates	0%
	HS 31.02.60.00	Double salts and mixtures of calcium nitrate and ammonium nitrate	0%
	HS 31.05.90.00	Other mineral or chemical fertilisers containing the two fertilising elements	0%
32	HS 32.02.90.00	Other synthetic organic tanning substances	0%
	HS 32.04.16.00	Reactive textile dyes	0%

	HS 32.08.10.00	Based on polyester	10%
	HS 32.08.20.00	Based on acrylic or vinyl polymers	10%
	HS 32.08.90.00	Other in non-aqueous medium	10%
	HS 32.09.10.00	Based on acrylic or vinyl polymers	10%
	HS 32.09.90.00	Other in aqueous medium	10%
33	HS 33.01.29.00	Other essential oils	0%
	HS 33.02.10.00	Mixed flavours for food and beverages	0%
	HS 33.03.00.00	Perfumes and toilet waters	20%
	HS 33.04.10.00	Lip make-up preparations	20%
	HS 33.04.20.00	Eye make-up preparations	20%
	HS 33.04.30.00	Manicure or pedicure preparations	20%
	HS 33.04.99.00	Other beauty make-up preparations	20%
	HS 33.05.30.00	Hair lacquers	20%
	HS 33.05.90.00	Other preparations for use on the hair	20%
	HS 33.06.90.00	Preparations for oral/dental hygiene	10%
	HS 33.07.20.00	Personal deodorants and anti-perspirants	20%
	HS 33.07.90.90	Other household	20%
34	HS 34.01.11.00	For toilet use	20%
	HS 34.01.19.00	Other soap	20%
	HS 34.01.20.00	Soap in other forms	20%
	HS 34.02.20.00	Preparations put up for resale	20%
	HS 34.02.90.00	Other cleaning	20%
35	HS 35.07.90.00	Other enzymes and prepared enzymes	0%
36	HS 36.01.00.00	Propellant powders	10%
38	HS 38.04.00.00	Residual lyes from wood pulp manufacturing	0%
	HS 38.08.10.00	Insecticides	0%
	HS 38.08.30.90	Other pesticides	0%
	HS 38.14.00.00	Organic composite solvent and thinners	10%
	HS 38.15.12.00	Precious metal chemicals	0%
	HS 38.15.19.00	Other catalysts	0%
	HS 38.22.00.00	Composite diagnostic or laboratory reagents	0%
	HS 38.24.90.90	Other packed for retail sale	0%
39	HS 39.01.10.00	Polyethylene having a specific gravity of less than 0.94	10%
	HS 39.01.20.90	Polyethylene having a specific gravity of 0.94 or more	10%
	HS 39.02.10.00	Polypropylene	10%
	HS 39.02.30.00	Polypropylene copolymers	10%
	HS 39.04.10.00	Polyvinyl chloride not mixed with other substance	10%
	HS 39.04.22.00	Plasticised polymers of vinyl chloride	10%
	HS 39.07.60.90	Other polyethylene terephthalate	10%
	HS 39.09.50.00	Polyurethanes	0%

	HS 39.15.90.90	Waste, parings and scrap of other plastic	0%
	HS 39.17.21.90	Other rigid tubes, pipes, and hoses of polymers of ethylene	15%
	HS 39.17.23.00	Rigid tubes, pipes and hoses of polymers of vinyl chloride	15%
	HS 39.17.23.90	Other pipes, tubes, hoses, not reinforced	15%
	HS 39.17.29.90	Other rigid tubes, pipes, hoses of other plastics	15%
	HS 39.17.39.90	Other tubes, pipes, hoses and fittings of other plastic	15%
	HS 39.17.40.00	Fittings	15%
	HS 39.18.10.00	Floor coverings and wall and ceiling coverings of polymers of vinyl chloride	15%
	HS 39.19.90.90	Other self-adhesive plates, sheet, foil, film	10%
	HS 39.23.21.00	Sacks and bags of polymers of ethylene	15%
	HS 39.23.29.00	Sacks and bags of polymers of other plastic	15%
	HS 39.26.90.00	Other articles of apparel and clothing accessories	N/a
40	HS 40.02.19.90	Other styrene-butadiene rubber	10%
	HS 40.02.20.90	Other butadiene rubber	10%
	HS 40.06.90.00	Other articles of vulcanised rubber	10%
	HS 40.08.11.90	Plates, strips, sheets, of vulcanised rubber	15%
	HS 40.09.50.00	Tubes, pipes, and hoses of vulcanised rubber	N/a
	HS 40.10.19.00	Conveyor or transmission belting of vulcanised rubber	15%
	HS 40.11.10.00	Motor car tyres	30%
	HS 40.11.20.15	Heavy vehicle tyres with load index of less than 121	25%
	HS 40.11.20.25	Heavy vehicle tyres with load index of more than 121	25%
	HS 40.11.20.90	Other heavy vehicle tyres	25%
	HS 40.11.99.20	Tyres used on agricultural or forestry vehicles	0%
	HS 40.12.20.00	Used pneumatic tyres	N/a
	HS 40.16.99.20	Other articles of vulcanised rubber for motor vehicles	20%
	HS 40.16.99.30	Parts of aircraft, parachute, rotochutes	0%

Appendix 12 - EFTA's historical major export trade with RoW and SACU at HS 6-digit

NOTE:

1. **SACU's 1999 values exclude EFTA's trade with South Africa.**
2. **SACU's 2003 values show EFTA's trade with South Africa only.**

EFTA's exports – Inorganic Chemicals

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 28.07.00.00	21.74	18.91	24.32	17.90	7.10	2.8%	0.0%	0.1%	0%	0.3%

EFTA's exports – Organic Chemicals

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 29.29.10.00	7.08	14.29	19.39	30.38	23.55	5.8%	9.5%	7.5%	1.2%	5.7%
HS 29.24.29.90	2,760	3,874	5,775	9,348	6,732	0%	0.8%	0.7%	0.5%	0.9%
HS 29.36.21.00	EFTA's exports of vitamins and their derivatives were under-reported									

EFTA's exports – Pharmaceuticals

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 30.03.39.00	71.20	3.64	2.08	10.23	10.39	0.2%	2.4%	1.3%	0%	0%
HS 30.03.90.00	1,267	720.1	1,019	1,543	1,928	0.0%	0.2%	0.2%	0.1%	0.1%
HS 30.04.39.00	5,157	5,665	7,656	10,377	8,485	0.0%	0.4%	0.4%	0.4%	0.4%
HS 30.04.90.00	29,892	32,126	51,964	74,495	65,461	0.0%	0.6%	0.4%	0.5%	0.6%

EFTA's exports – Dyes, pigments, paints and varnishes, putty, etc.

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 32.04.16.00	1,407	1,595	1,964	2,410	1,800	0%	0.8%	0.9%	1.0%	1.1%
HS 32.14.10.00	1,106	1,178	1,631	2,104	1,674	0%	1.4%	1.4%	1.0%	1.4%

EFTA's exports – Essential oils, perfumes

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 33.02.10.00	1,306	1,569	2,282	3,458	2,278	0.0%	5.2%	3.8%	3.5%	4.4%

EFTA's exports – Plastics products

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 39.26.90.00	2,248	2,587	3,138	4,138	3,398	0.0%	0.1%	0.1%	0.1%	0.1%

EFTA's exports – Rubber products

HS Code	EFTA's exports to RoW (R million)					SACU's contribution to EFTA's exports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 40.06.90.00	3.37	3.55	6.40	7.07	5.24	0%	19.8%	3.8%	0.0%	0.0%
HS 40.12.20.00	78.63	77.68	74.62	89.89	69.10	0.4%	0.5%	1.0%	0%	0%

APPENDIX 13 – EFTA's historical major import trade with RoW and SACU at HS 6-digit

NOTE:

1. **SACU's 1999 values exclude EFTA's trade with South Africa.**
2. **SACU's 2003 values show EFTA's trade with South Africa only.**

EFTA's imports – Mineral products

HS Code	EFTA's imports from RoW (R million)					SACU's contribution to EFTA's imports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 25.01.00.00	228.00	219.49	280.30	408.31	386.04	.0%	0.0%	0.2%	0.0%	0.0%

EFTA's imports – Mineral fuels, mineral oils, and associated products

HS Code	EFTA's imports from RoW (R million)					SACU's contribution to EFTA's imports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 27.10.11	Under-reported	Under-reported	Under-reported	9,307	8,074	N/a	N/a	N/a	0.5%	1.6%

EFTA's imports – Organic chemicals

HS Code	EFTA's imports from RoW (R million)					SACU's contribution to EFTA's imports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 29.34.30.00	15.75	18.98	14.64	34.49	70.67	N/a	13.1%	42.1%	28.8%	4.5%

EFTA's imports – Speciality Chemicals

HS Code	EFTA's imports from RoW (R million)					SACU's contribution to EFTA's imports				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
HS 38.23.70.00	71.46	77.67	90.61	92.52	79.37	N/a	0%	0%	0%	3.2%

APPENDIX 14 – Iceland's Protected Tariffs

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
30	3003.90.01	20%
	3004.50.04	20%
	3004.90.04	20%
	3005.10.00	5%
	3005.90.00	5%
32	3208.10.01	5%
	3208.10.02	5%
	3208.10.03	5%
	3208.10.04	5%
	3208.10.09	5%
	3208.20.01	5%
	3208.20.02	5%
	3208.20.09	5%
	3208.90.01	5%
	3208.90.02	5%
	3208.90.03	5%
	3208.90.09	5%
	3209.10.01	5%
	3209.10.02	5%
	3209.10.09	5%
	3209.90.01	5%
	3209.90.02	5%
	3209.90.09	5%
	3210.00.11	5%
	3210.00.12	5%
	3210.00.19	5%
	3210.00.21	5%
	3210.00.29	5%
	3212.90.01	5%
	3212.90.09	5%
	3213.10.00	5%
	3213.90.00	5%
	3214.10.01	5%
	3214.10.02	5%
	3214.10.03	5%
	3214.10.04	5%
	3214.01.05	5%
	3214.01.06	5%
	3214.10.09	5%
	3214.90.01	5%
	3214.90.09	5%
	3215.90.00	5%
33	3302.10.21	12%
	3303.00.01	10%
	3303.00.02	10%
	3304.10.00	10%

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
	3304.20.00	10%
	3304.30.00	10%
	3304.91.00	10%
	3304.99.00	10%
	3305.10.01	10%
	3305.10.09	10%
	3305.20.00	10%
	3305.30.00	10%
	3305.90.00	10%
	3306.10.00	10%
	3306.90.19	10%
	3306.90.20	10%
	3307.10.00	10%
	3307.20.00	10%
	3307.30.00	10%
	3307.41.00	10%
	3307.49.00	10%
	3307.90.01	10%
	3307.90.02	10%
	3307.90.09	10%
34	3401.11.01	10%
	3401.11.02	10%
	3401.11.03	10%
	3401.11.09	10%
	3401.19.01	10%
	3401.19.09	10%
	3401.20.01	10%
	3401.20.02	10%
	3401.20.09	10%
	3402.20.11	10%
	3402.20.12	10%
	3402.20.13	10%
	3402.20.19	10%
	3402.20.21	10%
	3402.20.22	10%
	3402.20.23	10%
	3402.20.24	10%
	3402.20.29	10%
	3402.20.90	10%
	3402.90.00	10%
	3403.19.01	5%
	3404.90.01	5%
	3405.10.00	10%
	3405.20.01	10%
	3405.20.09	10%
	3405.30.00	10%
	3405.40.01	10%
	3405.40.09	10%
	3405.90.09	10%

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
	3406.00.01	10%
	3406.00.09	10%
	3407.00.09	10%
35	3503.00.21	5%
	3503.00.29	5%
	3506.10.00	5%
	3506.91.00	5%
	3506.99.00	5%
36	3601.00.00	5%
	3602.00.00	5%
	3603.00.00	5%
	3604.10.00	10%
	3604.90.01	10%
	3604.90.09	10%
	3605.00.00	10%
	3606.10.00	10%
	3606.90.00	10%
38	3808.10.00	5%
	3808.20.01	5%
	3808.20.09	5%
	3808.30.00	5%
	3808.40.00	5%
	3808.90.00	5%
	3813.00.00	5%
	3814.00.01	5%
	3814.00.02	5%
	3814.00.09	5%
	3819.00.00	5%
	3820.00.00	5%
	3824.40.00	5%
	3824.50.00	5%
	3824.90.04	5%
39	3918.10.01	5%
	3918.10.02	5%
	3918.90.19	5%
	3918.90.29	5%
	3919.10.00	5%
	3919.90.10	5%
	3919.90.19	5%
	3920.10.01	4%
	3920.10.02	5%
	3920.10.09	5%
	3920.20.01	5%
	3920.20.09	5%
	3920.30.01	5%
	3920.30.09	5%
	3920.41.01	5%
	3920.41.09	5%
	3920.42.02	5%

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
	3920.42.09	5%
	3920.51.01	5%
	3920.51.09	5%
	3920.59.01	5%
	3920.59.09	5%
	3920.61.01	5%
	3920.61.09	5%
	3920.62.01	5%
	3920.62.09	5%
	3920.63.01	5%
	3920.63.09	5%
	3920.69.01	5%
	3920.69.09	5%
	3920.71.01	5%
	3920.71.09	5%
	3920.73.01	5%
	3920.73.09	5%
	3920.79.01	5%
	3920.79.09	5%
	3920.91.01	5%
	3920.91.09	5%
	3920.92.01	5%
	3920.92.09	5%
	3920.93.01	5%
	3920.93.09	5%
	3920.94.01	5%
	3920.94.09	5%
	3920.99.02	5%
	3920.99.09	5%
	3921.11.01	5%
	3921.11.09	5%
	3921.12.01	5%
	3921.12.09	5%
	3921.13.00	5%
	3921.14.00	5%
	3921.19.01	5%
	3921.19.02	5%
	3921.19.09	5%
	3921.90.02	5%
	3921.90.09	5%
	3922.10.00	10%
	3922.20.00	10%
	3922.90.01	10%
	3923.10.01	4%
	3923.10.09	5%
	3923.21.09	5%
	3923.29.09	5%
	3923.30.00	5%
	3923.40.00	5%

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
	3923.50.00	5%
	3923.90.01	4%
	3923.90.02	4%
	3923.90.09	5%
	3924.10.00	10%
	3924.90.00	10%
	3925.10.00	5%
	3925.20.11	5%
	3925.20.19	5%
	3925.20.21	5%
	3925.20.29	5%
	3925.20.30	5%
	3925.30.00	5%
	3925.90.01	5%
	3925.90.02	5%
	3925.90.09	5%
	3926.10.09	10%
	3926.20.00	15%
	3926.30.01	7.5%
	3926.40.00	10%
	3926.90.24	5%
	3926.90.29	10%
40	4008.11.01	5%
	4008.21.01	5%
	4011.10.00	10%
	4011.20.00	10%
	4011.40.00	10%
	4011.50.00	10%
	4011.91.00	10%
	4011.99.00	10%
	4012.10.00	10%
	4012.20.00	10%
	4012.90.00	10%
	4013.10.00	10%
	4013.20.00	10%
	4013.90.00	10%
	4014.90.00	10%
	4015.19.09	15%
	4015.90.00	15%
	4016.10.09	10%
	4016.91.00	10%
	4016.92.00	10%
	4016.94.00	5%
	4016.95.09	10%
	4016.99.18	5%
	4016.99.19	5%
	4016.99.21	10%
	4016.99.22	15%
	4016.99.25	7.5%

HS Chapter	Iceland: Tariffs Protected	Duty Applicable To SACU in Iceland
	4016.99.29	10%
	4017.00.01	10%

APPENDIX 15 – Identified Chemical Operations in EFTA

Identified operations in the pharmaceutical sub-sector in Iceland are as follows:

Market Sector	Iceland Operations	Goods and Services
Medical, Cosmetic & Health Technology	Actavis Group hf.	Production, export and wholesale of pharmaceutical goods.
	Bioprocess Island hf.	Fish farming, Ingredients for the food industry, Health Products & Pharmaceutical industry know-how and turnkey solutions.
	Medis ehf.	Drugs & Pharmaceutical industry know-how and turnkey solutions.
	Pharmaco hf.	Drugs & Pharmaceutical industry know-how and turnkey solutions.
Medical, Cosmetic & Health Technology	Prokaria Ltd.	A biotechnology company that uses proprietary ecological genomic methods and bio-informatics to directly discover novel genes in nature. Providing access to the Icelandic biosphere in terms of geothermal biodiversity. In order to develop new catalysts and small bioactive molecules they combine in silico and in situ screening to discover and develop new applications for research, industry and medicine.
Medical, Cosmetic & Health Technology; Consulting, Commerce and Services	Decode Genetics	Bio-informatics, Clinical trials, Drugs, Genealogy, Medicinal chemistry, Pharmacogenomics, Research, Pharmaceutical industry know-how and turnkey solutions.

Operations identified in other market sub-sectors related to the Iceland chemical industry include the following:

Market Sector	Iceland Operations	Goods and Services
Commodity Inorganic Chemicals	Isaga ehf.	Manufacture of industrial gases.

Market Sector	Iceland Operations	Goods and Services
Commodity & Speciality Chemicals	Northice Ltd.	Additives and raw materials for the food industry; Natural products and Seafood flavour
Speciality Chemicals	Breiðhöfða	Manufacture of other chemical products.
	Málning ehf.	Manufacture of paints, varnishes, and similar coatings, printing ink and mastics.
	Slippfélagið í Reykjavík hf.	Manufacture of paints, varnishes, and similar coatings, printing ink and mastics.
Consumer Chemicals	Besta ehf.	Manufacture soap, detergents, cleaning and polishing preparations.
	Olis	Cleaning products for the food and catering industry and other chemicals.
	Papco hf.	Manufacture of household and sanitary goods and toilet requisites.
Plastic Products	Plastmotun ehf.	Fending and fending materials, Plastic manufacture, Recycling.

Identified manufacturers of chemicals in Norway are as follows:

Market Sector	Norway Operations	Products
Liquid Fuels	Statoil	Crude oil, natural gas, petrol and other oil products.
Commodity Organic Chemicals	Borealis	A major force in the field of the environmentally superior plastics raw materials known as polyolefins.
	Hydro Petrokjemi	Chemical raw materials.
	Pronova Biocare	The world's leading supplier of marine Omega-3 fatty acids. The company produces a wide variety of top quality products from low concentrated to high concentrated oils and different EPA/DHA ratios.
	Pronova Biopolymer	Alginates from kelp and sea grass.

Market Sector	Norway Operations	Products
Commodity Inorganic Chemicals	Elkem ASA, Materials	The world' s largest manufacturer and supplier of microsilica (silica fume), the high performance mineral additive for use in concrete.
Fine Chemicals & Speciality Chemicals	Borregaard	Specialty chemicals, fine chemicals and ingredients.
	Sintef Organic Chemistry	Contract research projects within the development of fine and specialty chemicals and also custom synthesis of experimental compounds for research programs.
Pure Functional Chemicals	Dynal Particles	Mono-sized polymer particles using patented processes.
	Unger	Manufactures and exports throughout the world, a wide variety of surfactant raw materials applied in household detergents, personal care and institutional products, as well as functional additives for industrial applications.
Pure Functional Chemicals	Waardals	Producers of anticorrosive, flame retardant and fungicidal pigments to the paint industry worldwide.
Speciality Chemicals	Alpharma	Feed Additives
	Chiron AS	Supplies oil and gas companies and analytical laboratories throughout the world with reference substances of high purity for geochemical and environmental analysis.
	Epoxy Industries	Epoxy adhesives. Manufacture and export various epoxy compounds. Adhesives and putties for maintenance and repairs of diverse materials.
	Jotun	Producer of paints, coatings and powder coatings.
	Norcem AS	Norcem AS develops, produces, markets and sells all types of cement for the building, construction and oil industries in Norway.
	NORDOX Industries	Supplier of cuprous oxides to the marine paint industry for the manufacture of antifouling paints and fish farm net dips, to the agrochemical industry as an active ingredient for fungicides, and likewise as a supplier of ready- to-use fungicides.
	Nycomed Amersham	Contrast fluid for diagnostic work.

Market Sector	Norway Operations	Products
	Rescon AS	Develops, manufactures and sells technology and products in the fields of concrete technology and polymer chemistry.
	Sika Norge	Manufacturer of construction chemicals in Norway, concrete and mortar mixtures, sealing systems, paints and coatings.
	Torda Ink	Manufacturer of printing ink for the packaging and graphic industries.
Bulk Formulated Chemicals	Dyno Nobel	A global explosives supplier, a leader in research and development in the explosives industry, and a company that applies global experience to produce innovative local blasting solutions.
	Norsk Hydro	Fertilisers.
Pharmaceuticals	Nycomed Pharma	Pharmaceuticals.
	Weifa	Pharmaceuticals.
Consumer Chemicals	Lilleborg	Detergents and Toilet Articles
Plastic Conversion	Microplast	Technical plastic details produced by injection moulding.
	Norfolier	Producer of carrier bags, refuse sacks and polyethylene film for building, agriculture and packaging.
	Plasto	Supplier of thermoplastic products designed for exacting tasks in various markets.
	Riflex Folie	The largest manufacturer of rolled and rigid PVC film in the Nordic region. The company is the film division of the Rieber & Søn AS group.
Rubber Conversion	Trelleborg Viking AS	The largest producer of rubber products in Norway. Developing, mixing, extruding, calendaring, moulding, coating and lining rubber and elastomer compounds.

Identified operations relevant to the pharmaceutical sub-sector (including biotechnology operations) in Switzerland are as follows. Other sub-sectors that these operations are also involved in are indicated with an “X”.

Pharmaceutical Operations in Switzerland	Animal Health	Fine Chemicals	Vitamins	Flavours & Fragrances (X)	Crop-Protection Agents
3M (Schweiz) AG					
Acropharma					
ADD Advanced Drug Delivery Technologies					
Alexis Corporation					
Allergan AG					
Ares-Serono					
AstraZeneca AG					
Aventis Pharma AG					
Bachem AG	X	X			
Bayer (Schweiz) AG		X		X	X
Berna Biotech AG	X				
Biobasal AG					
Boehringer Ingelheim (Schweiz) GmbH					
Cerbios-Pharma SA					
Chemgo Organica AG		X			
Cilag AG					
CIM Chemicals AG				X	X
Cimex AG					
Cytos Biotechnology					
DKSH Schweiz AG	X			X	X
Dr. Wild & Co. AG					
Ebulon Pharmazeutika AG					
Ecosol					
Ed. Geistlich Söhne AG				Food Additive	
Ems-Dottikon AG		X			
Essex Chemie AG					
F. Hoffmann-La Roche AG			X	Food Additive	
Frutarom Switzerland Ltd.				X	
Gaba International AG					
Galderma SA					
Georges Walther AG	X			X	X
GlaxoSmithKline AG					
Globopharm AG					
Grünenthal Pharma AG					
Gurit-Heberlein AG					

Pharmaceutical Operations in Switzerland	Animal Health	Fine Chemicals	Vitamins	Flavours & Fragrances (X)	Crop-Protection Agents
Helsinn Chemicals SA		X			
IBSA Institut Biochimique SA					
ICN Switzerland AG					
IMPAG AG	X		X	X	X
Iromedica AG					
Jungbunzlauer AG				Food Additive	
Knoll AG					
Knoll-Bioresearch					
LABORATOIRES SERONO SA					
Leclerc AG				Food Additive	
Lonza AG		X	X	X	X
Louis Widmer AG					
Lundbeck (Schweiz) AG					
MD Biosciences					
Medinova AG					
Mepha AG					
Merck (Schweiz) AG			X	Food Additive	
Merck Eprova AG		X	X	Food Additive	
Merck Sharp & Dohme-Chibret AG					
Merz Pharma (Schweiz) AG	X				
Microbe Scope					
Novartis AG	X				X
Novo Nordisk Pharma AG					
NV Organon					
Octapharma AG					
Organon AG					
Pentapharm				Food Additive	
Pfizer AG	X			Food Additive	
Pharmacia Corporation					
PharmaPart AG	X			Food Additive	
Pharmaton SA					
Polygal AG				Food Additive	
Prematec Pharma					
Prochem AG				X	X
Robapharm AG					

Pharmaceutical Operations in Switzerland	Animal Health	Fine Chemicals	Vitamins	Flavours & Fragrances (X)	Crop-Protection Agents
Roche					
Rohner AG	X				
Sanofi-Synthélabo (Suisse) SA					
Schweiz. Sprengstoff AG					
Schweizerhall Chemie AG			X	X	
Serono International S.A.					
Siegfried Ltd.	X	X			
Skye Pharma					
Société Suisse des Explosifs					
Solvay Pharma AG				Food Additive	
Spirig Pharma AG					
Staerkle & Nagler AG		X		X	
Swant					
Swiss Caps				Food Additive	
Tillotts Pharma AG					
UCB-Pharma AG					
Viatris GmbH					
Vifor (International) AG					
Vifor SA					
Wyeth - AHP (Schweiz) AG					
Zeller, Phytopharma					

Other identified operations in the **animal health** sub-sector are as follows:

- BASF (Schweiz) AG
- Chem-On AG
- Desinfecta Dienstleistung AG
- Dr. E. Gräub AG
- Heinz Schlegel AG
- Karit AG
- Leu + Gygax AG
- Opopharma AG
- Sander Ernst AG
- Vital AG

Other identified operations in the **fine chemicals** sub-sector are as follows:

- AMCIS
- CarboGen Laboratories AG
- Clariant International AG
- Degussa (Schweiz) AG
- Degussa CIAG
- Eprova
- Fluka Holding AG
- ISP (Switzerland) AG
- Novabiochem
- Orgamol SA
- Schwarz Pharma AG
- Senn Chemicals
- Sifa Chemicals
- Xeragon

Other identified operations in the **vitamins** sub-sector are as follows:

- BASF (Schweiz) AG
- Heinz Schlegel AG
- RAHN AG
- Sander Ernst AG
- Selectchemie AG

Other identified operations in the **flavours and fragrances** sub-sector are as follows:

- A.H. Meyer & Cie AG
- BASF (Schweiz) AG
- Blattmann Cerestar AG
- Emil Flachsmann AG
- Essencia Ätherische Öle AG
- Firmenich
- Fluka Holding AG
- Givaudan Schweiz AG
- Heinz Schlegel AG
- Huber the Nose
- IFF (Schweiz) AG
- Keyser & Mackay
- Luzi AG Riechstoffe & Aromen
- RAHN AG
- Schenectady Pratteln GmbH
- Univar AG
- Z & S Handel AG

Other identified operations in the **food and feed additives** sub-sector that do not form part of pharmaceuticals, animal health products or flavours and fragrances, are as follows:

- Chemia Brugg AG
- Chemoforma
- Crina SA
- Ciba Spezialitätenchemie AG
- Degussa (Schweiz) AG
- Degussa CIAG
- Dolder AG
- Dr. W. Kolb AG
- Selectchemie AG
- TensoChema AG

- van Baerle & Cie AG

Other identified operations in the **crop protection chemicals** sub-sector are as follows:

- Acima AG für Chemische Industrie
- BASF (Schweiz) AG
- Chemia Brugg AG
- Ciba Spezialitätenchemie AG
- Dow Europe GmbH
- Heinz Schlegel AG
- Jesmond Group
- Karit AG
- Leu + Gygax AG
- Syngenta AG
- van Baerle & Cie AG

Identified operations relevant to the Speciality Chemicals for Industrial Technical Purposes sub-sector as well as Laboratory and Analytical Chemicals in Switzerland are as follows.

Operation in Switzerland	**Adhesives and Sealants**	**Anti-Corrosion**	**Inorganic Specialities & Organic Intermediates**	**Polymers and Additives**	**Laboratory and Analytical Chemicals**
3M (Schweiz) AG	X	X	Inorganic	X	
A.H. Meyer & Cie AG				X	
A.V. Chemie GmbH	X			X	
Acima AG für Chemische Industrie			Organic		
Bachem AG			Organic		X
BASF (Schweiz) AG			Inorganic / Organic	X	
Bayer (Schweiz) AG	X	X	Inorganic / Organic	X	X
Belland	X				
Blattmann Cerestar AG	X		Organic	X	
Carbagas AG					X
Chem-On AG			Inorganic		
Chemgo Organica AG			Organic		
Chemia Brugg AG			Inorganic / Organic	X	X
Chemische Fabrik Schärer & Schläpfer AG			Organic	X	
Chem-On AG			Organic		

Operation in Switzerland	Adhesives and Sealants	Anti-Corrosion	Inorganic Specialities & Organic Intermediates	Polymers and Additives	Laboratory and Analytical Chemicals
Cilag AG			Organic		
CIM Chemicals AG			Inorganic / Organic		
Clariant International AG			Organic	X	X
Collano AG	X			X	
CU Chemie Uetikon AG			Inorganic		X
Degussa (Schweiz) AG			Organic	X	
Degussa CIAG			Organic	X	
DKSH Schweiz AG			Inorganic / Organic		
Dolder AG			Organic	X	
Dow Europe GmbH	X	X	Organic	X	
Du Pont de Nemours International SA	X	X			
Ed. Geistlich Söhne AG	X		Organic	X	
Elotex AG			Organic	X	
Ems-Chemie AG				X	
Ems-Dottikon AG			Organic		
F. Hoffmann-La Roche AG			Organic		X
Febex SA			Inorganic		
Filtrox AG			Inorganic		
Fluka Holding AG			Organic		X
Forbo-CTU AG	X			X	
Forbo Giubiasco SA				X	
Fritz Nauer AG				X	
GE Specialty Materials (Suisse) Sàrl				X	
Georges Walther AG			Inorganic / Organic		X
Givaudan Suisse SA			Organic		
Grünenthal Pharma AG			Organic		
Gurit-Heberlein AG	X	X		X	
Heinz Schlegel AG			Inorganic / Organic	X	

Operation in Switzerland	Adhesives and Sealants	Anti-Corrosion	Inorganic Specialities & Organic Intermediates	Polymers and Additives	Laboratory and Analytical Chemicals
Huntsman Advanced Materials (Switzerland) GmbH	X			X	
IMPAG AG		X	Inorganic / Organic	X	
Jungbunzlauer AG			Organic		
Keyser & Mackay			Inorganic / Organic	X	
Knoll AG			Organic		
Lonza AG			Organic	X	
Mäder Kunstharze AG				X	
Merck (Schweiz) AG			Organic		
Merck Eprova AG			Organic		
Merz & Benteli AG	X				
OMYA AG				X	
Orgamol SA			Organic		
Pentapharm AG			Organic		X
Polygon Chemie AG		X			
Prochem AG			Inorganic / Organic	X	
Rahn AG			Organic	X	
Rathor AG	X				
Rhodia Industrial Yarns AG				X	
Rohner AG			Organic	X	
Sander Ernst AG		X	Inorganic / Organic	X	
Sanitized AG				X	
Schenectady Pratteln GmbH			Organic		
Schwarz Pharma AG			Organic		
Schweiz. Sprengstoff AG			Organic		
Schweizerhall Chemie AG			Organic		
Schweizerhall Chemie AG	X	X	Inorganic	X	
Selectchemie AG			Organic		
Senn Chemicals AG			Organic	X	X
SF-Chem			Organic		

Operation in Switzerland	Adhesives and Sealants	Anti-Corrosion	Inorganic Specialities & Organic Intermediates	Polymers and Additives	Laboratory and Analytical Chemicals
Shell (Switzerland)				X	
Siegfried Ltd			Organic		
Sika Schweiz AG	X		Inorganic	X	
Société Suisse des Explosifs			Organic		
Solvay (Schweiz) AG			Inorganic	X	
Staerkle & Nagler AG			Inorganic / Organic		
TensoChema AG			Organic		
Thommen-Furler AG		X			
Univar AG			Inorganic / Organic	X	
van Baerle & Cie AG	X	X	Inorganic		
Z & S Handel AG			Inorganic / Organic		X

Identified operations relevant to the Dyes and Pigments, Paints, Inks, Consumer Formulated Chemicals (Soaps, Detergents and Cleaning Products) and other Speciality Chemicals sub-sectors in Switzerland are as follows.

Operation in Switzerland	Dyes and Pigments	Paints, Lacquers & Inks	Consumer Formulated Chemicals	Other Speciality Chemicals
ADD APT Chemicals AG				X
ARMAR AG				X
BASCOM AG	X		X	
BASF Coatings Refinish AG		Paints		
BASF (Schweiz) AG	X		X	
Bayer (Schweiz) AG	X		X	
Blattmann Cerestar AG			X	
Borer Chemie AG			X	
Chemia Brugg AG	X		X	
C & C Chemicals and Colours	X			
Chemische Fabrik Schärer & Schläpfer AG			X	

Operation in Switzerland	Dyes and Pigments	Paints, Lacquers & Inks	Consumer Formulated Chemicals	Other Speciality Chemicals
Chem-On AG	X		X	
CIM Chemicals AG			X	
Clariant International AG	X		X	
Degussa (Schweiz) AG	X			
Ciba Spezialitätenchemie AG	X			
Colorant Chromatics AG	X	Inks		
Degussa CIAG	X			
Dolder AG	X			
Dr. W. Kolb AG			X	
Dr. Wild & Co. AG			X	
Erba AG	X			
Fayco		Paints		
Georges Walther AG	X			
Fritz Keller AG			X	X
Gaba International AG			X	
Georges Walther AG			X	
Heinz Schlegel AG			X	
ILAC Industrielack AG		Paints		
IMPAG AG	X		X	
Induchem AG				X
Interferm AG				X
Iromedica AG			X	
Karit AG			X	
Keyser & Mackay	X		X	
Leclerc AG			X	
Mettler AG Seifen und Kosmetik			X	
Merck (Schweiz) AG	X			
Meyerhans Hotz AG				X
Pinova		Paints		
Prochem Rohner AG	X		X	
RAHN AG			X	
RE Chem				X
Sanitized AG	X			
Schweiz. Sprengstoff AG			X	
Schweizerhall Chemie AG			X	
SICPA		Inks		

Operation in Switzerland	Dyes and Pigments	Paints, Lacquers & Inks	Consumer Formulated Chemicals	Other Speciality Chemicals
Spirig Pharma AG			X	
TLS Terolab Services		Paints		
Toko AG			X	X
Univar AG	X		X	
van Baerle & Cie AG			X	
Z & S Handel AG			X	

Other pure functional chemical manufacturers in Switzerland are as follows:

Pure Functional Chemical Operations in Switzerland	Products
Clariant Functional Chemicals Division	Surfactants and specialities.
Kolb	Paper processing chemicals and non-ionic surfactants.
LCC Engineering & Trading	Solid Phase Synthesis Resins.
Technifloor Services SA	Development, production and distribution of epoxy resin flooring products.
Vantico	Leading company in the field of thermosetting polymers.

Identified manufacturers of fertilisers in Switzerland are as follows:

- BASF (Schweiz) AG
- CU Chemie Uetikon
- IMPAG AG
- Lonza AG
- Univar AG

Identified manufacturers of explosives in Switzerland are as follows:

- Hans Hamberger AG
- Schweiz. Sprengstoff AG
- Societe Suisse Des Explosifs
- Univar AG

Identified plastic converters in Switzerland are as follows:

Plastic Converter	Products

Plastic Converter	Products
Alusuisse Airex AG	Manufacturer of closed cell Speciality Foams made out of a variety of polymers.
Alveo	Different foams for a variety of applications. These foams can be batch or roll foams, made from rigid, soft or elastic resins, from which very thin roll foams or thick batch foams can be produced.
Sun Foiltec	Distribution of window film. Specialises in all types of glass or plexiglass coverings.
Symalit AG	Semi-finished products and lining laminates in fluoroplastics as PVDF, ECTFE, FEP, MFA, PFA for the construction of chemical and temperature-resistant piping systems and equipment in the process industry
Rahn	Worldwide supplier and innovative developer of high-quality products and raw materials.
Sukano Products	Specialist for Polyesters: develops, produces, and markets high quality masterbatches and compounds with pigments and additives.

APPENDIX 16 – Summary of Major Chemical Export from SA to the EU

Description	Tariff	2000 volume metric tons	2002 volume metric tons	% Change 2000 - 2002
Pitch Coke	27.08.20	25250	23216	-8.1
Paraffin wax containing by mass less than 0,15 per cent of oil	27.12.20	31279	32631	4.3
Silicon (<99.99%)	28.04.69	12094	5448	-55.0
Phosphoric acid and polyphosphoric acids	28.09.20	99	159	60.6
Manganese Dioxide	28.20.10	5183	11087	113.9
Titanium Oxides	28.23.00	66029	83780	26.9
Other Calcium Phosphates	28.35.26.90	39660	4194	-89.4
Sodium Dichromate	28.41.30	23211	35193	51.6
Natural uranium and its compounds	28.44.10	337	768	127.9
Hydrides Nitrides Azides Silicides & Borides	28.50.00	655	219	-66.6
Alpha olefins	29.01.29	28924	32864	13.6
Propan-1-Ol (Propyl Alcohol) & Propan-2-Ol (Isopropyl Alcohol)	29.05.12	2471	18962	667.4
Phenol (hydroxybenzene) and its salts	29.07.11	2882	3781	31.2
Polyphenols nes	29.07.29	117.7	2101.9	1685.8
Acetone	29.14.11	13981	18327	31.1
Butanone (methyl ethyl ketone)	29.14.12	6280	0	-100.0
Methyl Isobutyl Ketone	29.14.13	4301	8477	97.1
Other liquid aromatic esters of acetic acid	29.15.39.60	999.2	2728.8	173.1
Isocyanates	29.29.10	0	0	n/a
2-Furaldehyde (furfuraldehyde)	29.32.12	84284.9	5106.5	-93.9
Furfuryl alcohol and tetrahydrofurfuryl alcohol	29.32.13	18.4	3702.8	20023.9
Pyrimidine derivatives - other	29.33.59.90	23.3	0.2	-99.1

Description	Tariff	2000 volume metric tons	2002 volume metric tons	% Change 2000 - 2002
Vitamins and their derivatives	29.36.29	0.5	18	3500.0
Other Containing Alkaloids or Derivatives thereof	30.03.90	3	28	833.3
Containing Other Antibiotics	30.04.20	21	16	-23.8
Other Pills, Tablets & Capsules-Hormones	30.04.39	2	8	300.0
Other Medicaments containing Vitamins or Other Products of heading 29.36	30.04.50	6	5	-16.7
Other Medicaments containing Vitamins or Other Products of Heading 29.36	30.04.90	71	230	223.9
Adhesive Dressings and other Articles having an Adhesive Layer	30.05.10	58	318	448.3
Absorbent Gauze or Muslin; Bandaged; Boric Another Absorbent Lint; Gauze or Muslin Swabs	30.05.90.10	374	661	76.7
Sterile Surgical Catgut, Similar Sterile Suture Materials and Sterile Tissue Adhesives or Surgical Wound Closures	30.06.10	5	7	40.0
Dental Cements and Other Dental Fillings; Bone Reconstruction Cements	30.06.40	2	1	-50.0
Animal or Vegetable Fertilisers, whether or not together or chemically treated	31.01.00	52	0	-100.0
Other Ammonium Sulphates	31.02.29	0	0	n/a
Ammonium nitrate	31.02.30	8254	2003	-75.7
Double salts and mixtures of calcium nitrate and ammonium nitrate	31.02.60	0	0	n/a
Other, Including Mixtures not Specified in the Foregoing Subheadings	31.02.90	42	1	-97.6
Other; Fertilisers	31.03.90	0	0	n/a
Diammonium Hydrogenorthophosphate	31.05.30	0	0	n/a
Other	31.05.59	28	0	-100.0
Other Mineral or Chemical Fertilisers Containing the Two Fertilising Elements	31.05.90	8	28	250.0

Description	Tariff	2000 volume metric tons	2002 volume metric tons	% Change 2000 - 2002
Phosphorous and Potassium				
Wattle extract	32.01.20	9862	9932	0.7
Other; synthetic tanning	32.02.90	7375	8234	11.6
Containing 80% or more by mass of Titanium Dioxide calculated on the dry mass	32.06.11	2	1	-50.0
Essential oils of lemon	33.01.13	84.7	120.1	41.8
Essential oils nes	33.01.29	432.2	351.5	-18.7
Of a kind used in the food or drink industries	33.02.10	21	26	23.8
Other make-up	33.04.99	504	2134	323.4
Other: dental hygiene	33.05.90	94	488	419.1
Other; dental Hygiene	33.06.90	3218	1831	-43.1
Personal deodorants and anti-perspirants	33.07.20	1	1241	124000.0
Other; Household	33.07.90.90	970	147	-84.8
For toilet use (incl. medicated products)	34.01.11	41	214	422.0
Other: Soap	34.01.19	8	137	1612.5
Soap in Other Forms	34.01.20	181	170	-6.1
Preparations put up for retail sale	34.02.20	32	162	406.3
Other: Cleaning	34.02.90	17	654	3747.1
Enzymes nes; prepared enzymes nes	35.07.90	22.3	13.9	-37.7
Propellant Powders	36.01.00	5	5	0.0
Other	36.04.90	0	30	n/a
Matches, other than Pyrotechnic Articles of Heading No. 36.04	36.05.00	26	8	-69.2
Residual Lyes From The Manufacture Of Woodpulp	38.04.00	0	0	n/a
Insecticides	38.08.10	355	596	67.9
Other; Pesticides	38.08.30.90	3710	891	-76.0
Organic composite solvents and thinners	38.14.00	51303	74613	45.4
With precious metal or precious metal compounds as active substance	38.15.12	465	383	-17.6
Composite diagnostic or laboratory reagent	38.22.00	7	14	100.0

Description	Tariff	2000 volume metric tons	2002 volume metric tons	% Change 2000 - 2002
Other packed for retail sale	38.24.90.90	1420	1802	26.9
Polyethylene having a specific gravity of less than 0.94	39.01.10	488	0.7	-99.9
Polyethylene having a specific gravity of 0.94 or more	39.01.20	1628	785	-51.8
Polypropylene	39.02.10	466	588	26.2
Propylene copolymers	39.02.30	141	34	-75.9
Polyvinyl chloride, not mixed with any other substances	39.04.10	3006	27	-99.1
Polyvinyl chloride nes, plasticised	39.04.22	0	42	n/a
Polyether-polyols containing 2 or more hydroxyl groups	39.07.20.05	0.8	1521.3	190062.5
Polyethylene terephthalate	39.07.60	1810	2218	22.5
Polyurethanes in primary forms	39.09.50	13	35	169.2
Waste, parings and scrap of other plastics	39.15.90.90	142	193	35.9
Other artificial guts (sausage casings) of hardened protein or of cellulosic materials	39.17.10.90	0	0	n/a
Other rigid tubes, pipes, and hoses, of polymers of ethylene	39.17.21.90	21	0	-100.0
Of polymers of vinyl chloride	39.17.23	15	29	93.3
Other rigid tubes, pipes and hoses of other plastics	39.17.29.90	8	10	25.0
Other tubes, pipes and hoses, not reinforced or otherwise combined with other materials, without fittings	39.17.32.90	0	2	n/a
Other tubes, pipes, and hoses, and fittings, of other plastics	39.17.39.90	1	0	-100.0
Fittings	39.17.40	10	80	700.0
Floor coverings, and wall or ceilings coverings, of polymers of vinyl chloride	39.18.10	17	20	17.6
Other self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of other plastics	39.19.90.90	0	50	n/a
Styrene-butadiene rubber (SBR) /	40.02.19	2	594	29600.0

Description	Tariff	2000 volume metric tons	2002 volume metric tons	% Change 2000 - 2002
carboxylated styrene-butadiene rubber (XSBR) nes				
Butadiene Rubber (BR)	40.02.20	10230	14260	39.4
Plates, sheets and strip of cellular rubber (vulcanised)	40.08.11	0.007	0.02	185.7
Tubes, pipes & hoses vulcanised rubber reinforced or not, with fittings	40.09.50	4.4	7	59.1
Conveyor belts of vulcanised rubber nes	40.10.19	0.04	0.1	150.0
New pneumatic tyres, of rubber, for motor cars, including station wagons and racing cars	40.11.10	34.6	36	4.0
New pneumatic tyres of rubber for buses or lorries	40.11.20	12.6	29.1	131.0
New pneumatic tyres of rubber nes	40.11.99	0.5	0.2	-60.0
Articles of vulcanised rubber nes, other than hard rubber	40.16.99	9.8	6.89	-29.7