

EXPLANATORY NOTES FOR THE CABINET
BY THE HON. MINISTER OF INDUSTRIAL DEVELOPMENT
AND TOURISM

Draft Bill amending the Schedules to the
Import and Export Duties Ordinance

Part I

Item 1.

When the Malta Bacon Company's application for financial assistance under the Aids to Industries Act was approved the Government undertook to increase the duty on imported bacon in order to protect the new industry.

The duty on ham, bacon, and tinned corned beef under the heading "Meat" in the First Schedule to the Import and Export Duties Ordinance stands at 12s.6d per 100 kilos. It was the expressed intention of the Government to raise the duty on bacon to 50s.0d per 100 kilos for a period of two years and after that period to consider the reduction of the duty to its present rate.

Paragraphs 1 and 2 in Part 1 of the Schedule of Amendments give effect to the promise made by the Government.

Part II

Items 1,
3 and 7.

The Malta Bacon Company recently made further representations for the removal of duty on certain articles required for the production of sausages which are produced by the Company. It has been decided to reduce the duty on certain of these articles. This is being done by removing the duty on imports of the articles in question from Commonwealth countries and retaining a duty on imports from foreign countries only

equal to the present balance of preference. The articles so dealt with are sausage casings made of synthetic materials (item 1) potassium nitrate (item 3) and seasoning (item 7). The present rates of duty are respectively 20 - 34 per cent, 20 - 30 per cent and 10 - 20 per cent. The new rates will be free - 14 per cent and free - 10 per cent.

Item 2.

This item contains the following two chemical products: fatty alcohol sulphate and sodium n-dodecyl benzene sulphonate. These two products go into the manufacture of detergents which is now being started in Malta by Sun Chemicals Limited. The two products are being deleted from the heading "Materials for industry" under which they were inserted and they are being provided for at the same rates of duty but in a more technical classification under item 4.

Item 3.

This item contains a technical re-arrangement of the classification of chemical products imported for the manufacture of detergents. Alkyl aryl sulphonate, fatty alcohol sulphate and fatty amides have up to now been shown so to say by a simple inclusion under the heading "Materials for industry". They have now been inserted and sub-classified for the purpose of giving a better definition as to how these chemicals should be composed to qualify for the low rates of duty. This is being done as there is reason to believe that detergents in practically finished form were to be imported into Malta under the guise of basic components and so undermine the new local industry by evading the protective duty on finished

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detergents to which the Government is committed and which is being provided for at item 9 of this part of the Schedule.

Item 4.

Section 5 of the Import and Export Duties Ordinance prescribes that the cost of goods for the purpose of ascertaining the amount of the Ad Valorem duty payable thereon shall, if the goods have been purchased by the importer, be calculated on the price charged for the goods by the vendor as verified by the genuine invoice. This means that for duty purposes the value of any article shall be the purchase price. Notwithstanding the law there has grown a practice over the years that when a motor vehicle is imported after having been used on the road the value for duty purposes is assessed by a valuer and it is invariably much lower than the purchase price.

This practice has led to gross abuse in the sense that every year many cases occur where residents of Malta make arrangements with a motor car agent to buy a new car and take delivery of it out of Malta. Generally speaking the car serves as a means of transport for a short holiday; it is then brought into Malta and its value assessed at a figure which may be lower by one third than the original price. The Comptroller of Customs has made repeated representations on this subject and it is proposed to insert a proviso to the Tariff heading imposing duty on motor cars. The effect of the proviso will be that where it is shown to the satisfaction of the Comptroller of Customs that a motor vehicle of any description has been regularly used on the road outside these Islands during a period of four months prior to its importation then the system

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of having its value assessed at the time of importation will continue. By deduction it follows that where regular use on the road outside Malta for four months cannot be proved then the value of the car for duty purposes will be the invoice value with no reduction.

Item 5.

Up to now the Second Schedule to the Import and Export Duties Ordinance includes the following heading "Paper, tissue, in bulk, for the manufacture of toilet rolls" at a scale - Free - 6 per cent - preferential or general. This scale of duty was enacted in order to enable a local manufacturer of toilet rolls to obtain supplies of paper in bulk from Commonwealth countries free of duty and so to be able to compete in the local market against imported toilet rolls. The manufacturer has found that the price of paper from countries in Europe is cheaper than that obtainable from Commonwealth countries such as Canada and the removal of the duty on importations of paper from Commonwealth countries has not been to his benefit. It has been decided because of this to delete the existing heading from the Second Schedule and to transfer it to the Third Schedule thus making paper imported for the manufacture of toilet rolls free from all countries. This is being done at Item 4 of Part III in the Amendment Act where the heading has been also extended to cover both tissue and crepe paper, the two types of paper used in making toilet rolls.

Item 6.

Cast iron pipes and bends are charged with an import duty of 12 or 26 per cent according to origin; the same rate applied to pipes made of other metals as well as to those made of cement or asbestos cement.

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There is now commercial production of pitch fibre pipes with bends and fittings either in pitch fibre or plastic materials. These pipes and fittings serve exactly the same purpose as similar articles made of metals or cement and asbestos cement. It is therefore proposed to enact an appropriate item in the Second Schedule establishing an Ad Valorem scale of duty for pitch fibre pipes and plastic or pitch fibre bends and fittings at a scale identical to that obtaining for pipes and bends made of metals, cement and asbestos cement.

Item 7. Vide note explaining item 1.

Item 8. There is provision in the Tariff for a protective duty at 26 per cent on imported steel bars between $\frac{1}{4}$ inch and 1 inch in diameter. This duty was enacted in February of this year in order to give a margin of protection to a local company which at the time commenced to turn out steel rods for reinforced concrete work. It is understood that since February the price of finished steel rods has been reduced and the company is importing steel billets from which it rolls the steel rods at a price which is not lower than that of the imported finished steel rods. Under these circumstances the local company cannot possibly continue operations and in order to assist it the Government is raising the duty on imported steel rods from 26 per cent to 50 per cent.

Item 9. When Sun Chemicals Limited obtained a grant in aid from the Aids to Industries Board the Government undertook also to raise the duty on imported detergents in the form of powder. That protection is being enacted in sub-item 5(ii) of item 10 where the duty on

all preparations containing "surface active agents" other than soap and not being in liquid form will have to pay 40 or 54 per cent or 1s/4d - 1s/9½d per kilo whichever is the higher. Further in order to protect Sun Chemicals Limited against the possibility of competitors gaining any undue advantage through the importation of sub-standard components the duty on these components has been raised to the rates indicated in sub-items 1, 2 and 3 in item 9. Sub-item 4 provides the rates of duty for surface active agents other than those specifically required for the manufacture of detergents. Sub-item 5(i) leaves the duty on liquid detergents at its present scale i.e. 20 - 34 per cent which up to now has been charged under the Unenumerated Goods heading.

Item 10. This provision is intended to block any possible evasion of duty by the importation of detergents for any use other than industrial use, under generic names.

Part III

Items 1
and 2.

The Third Schedule to the Import and Export Duties Act contains provision for the duty free importation of certain kinds of meal required for the feeding of animals and also several other classes of animal feeding stuffs.

Not infrequently difficulties arise as to what may or may not pass free of duty and it has been decided to cancel the existing heading and to re-enact it in a more amplified form.

Item 3. This item provides for the duty free importation of cloth labels and hanging tabs. These

articles are required for goods manufactured locally.

Item 4. Vide explanatory note against item 5 in Part II.

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A Bill
entitled

AN ACT further to amend the Import and Export
Duties Ordinance (Cap. 122).

ENACTED by the Legislature of Malta:

Short title 1. This Act may be cited as the Import and
Export Duties (Amendment No. 2) Act, 1962, and shall
be read and construed as one with the Import and
Export Duties Ordinance, hereinafter referred to as
"the principal Ordinance".

Amendment of the First
Second and Third
Schedules to the
principal Ordinance.
2. The First, Second and Third Schedules to
the principal Ordinance shall have effect subject to
the amendments set out in Parts I, II and III
respectively of the Schedule to this Act.

SCHEDULE

PART I

Section 2

Amendments to the First Schedule to the
principal Ordinance

1. Immediately after the item "Fresh or frozen"
under the heading "Meat" shown in the First Column
thereof there shall be inserted in that column the item
"Bacon" and the words and figures "per 100 kilos" and
in the Second and Third Columns thereof respectively
the figures "£2. 10s. 0d".

2. The word "bacon" in the item "Ham, bacon and
tinned corned beef" shown under the heading "Meat" in
the First Column thereof shall be deleted.

/Part II

PART IIAmendments to the Second Schedule to the
principal Ordinance

1. Immediately after the heading "Candles" shown in the First Column thereof there shall be inserted in that column the heading "Casings (sausage) made of synthetic materials", in the Second Column thereof the word "Free" and in the Third Column thereof the figures and words "14 per cent".

2. Under the heading "Materials for industry, which the Comptroller of Customs is satisfied are imported exclusively for use in industrial processes or for incorporation in locally manufactured articles, the following" shown in the First Column thereof, the items shown in the First Column hereunder and the words and figures shown in the Second and Third Columns hereunder shall be deleted respectively from the First, Second and Third Columns thereof:-

First Column	Second Column	Third Column
Fatty alcohol sulphate	Free	10 per cent
Sodium n-dodecylbenzene sulphonate	Free	10 per cent

3. Under the heading "Materials for industry, which the Comptroller of Customs is satisfied are imported exclusively for use in industrial processes or for incorporation in locally manufactured articles, the following" shown in the First Column thereof there shall be inserted in that column in due alphabetical order the items shown in the First Column hereunder, and in the Second and Third Columns thereof against each such

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item the rates of duty shown in the Second and Third Columns hereunder:-

First Column	Second Column	Third Column
Alkyl aryl sulphonate -		
(a) imported for the manufacture of detergents and containing not less than		
(i) 70% active ingredient when in powder form, or		
(ii) 50% active ingredient when in paste form	Free	10 per cent
(b) imported for industrial purposes other than the manufacture of detergents	Free	10 per cent
Fatty alcohol sulphate -		
(a) imported for the manufacture of detergents and containing not less than		
(i) 50% active ingredient when in solid form, or		
(ii) 25% active ingredient when in paste form	Free	10 per cent
(b) imported for industrial purposes other than for the manufacture of detergents	Free	10 per cent
Fatty amides -		
(a) imported for the manufacture of detergents and containing not less than 75% active ingredients when in solid form	Free	10 per cent
(b) imported for industrial purposes other than the manufacture of detergents	Free	10 per cent
Potassium nitrate	Free	10 per cent
Washing preparations not elsewhere specified consisting of inorganic products or mixtures of inorganic and organic products (excepting surface active agents, other than soap), imported for industrial purposes	Free	14 per cent

4. Immediately after the item "Motor vehicles in completely knocked down condition, the following: Passenger cars (not including motor buses) trucks, lorries and vans" under the heading "Motor vehicles" shown in the First Column thereof there shall be inserted in that column the following paragraph:-

"Where the Comptroller of Customs is satisfied, after production to him of such documents and such other evidence as he may require, that a motor vehicle of any description included under this heading was regularly used on the road outside these Islands during a period of four months prior to its importation, the import duty payable at the rate specified in this Schedule, shall, notwithstanding the provisions of section 5 of this Ordinance, be levied on the value of such vehicle at the time of its importation, as assessed by or under the direction of the Comptroller of Customs. Provided that where a minimum duty is shown in respect of any of the items of this heading, the amount of duty so levied shall not be less than such minimum duty".

5. The heading "Paper, tissue, in bulk, for the manufacture of toilet rolls" shown in the First Column thereof and the figures and words indicating the rates of duty shown in the Second and Third Columns thereof against that heading shall be deleted.

6. Immediately before the heading "Plastic fabrics in the piece" shown in the First Column thereof there shall be inserted in that column the heading "Pitch fibre pipes; fittings such as bends, tees and

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angles made of pitch fibre or plastic materials", in the Second Column thereof the figures and words "12 per cent" and in the Third Column thereof the figures and words "26 per cent".

7. Immediately before the heading "Ships, vessels and spare-parts" shown in the First Column thereof there shall be inserted in that column the heading "Seasoning materials, for the local manufacture of sausages", in the Second Column thereof the word "Free" and in the Third Column thereof the figures and words "10 per cent".

8. For the heading "Steel bars not less than $\frac{1}{4}$ inch and not more than 1 inch in diameter" shown in the First Column thereof and for the figures and words indicating the rates of duty shown against such heading in the Second and Third Columns thereof there shall be substituted the heading shown in the First Column hereunder and the figures and words indicating the rates of duty shown in the Second and Third Columns hereunder:-

First Column	Second Column	Third Column
Steel bars, smooth or deformed, circular or elliptical in shape, not less than $\frac{1}{4}$ inch and not more than 1 inch in diameter.	50 per cent	50 per cent

9. The heading and items shown in the First Column hereunder and the figures and words indicating the rates of duty shown in the Second and Third Columns hereunder shall be inserted in the First, Second and Third Columns thereof respectively immediately

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after the heading "Steel bars":-

First Column	Second Column	Third Column
Surface-active agents, surface active preparations and washing preparations (other than soap) - the following:-		
1. Alkyl aryl sulphonate which the Comptroller of Customs is satisfied are imported for the manufacture of detergents containing less than		
(i) 70% active ingredient when in powder form, or	40 per cent or 1s.4d. per kilogramme	54 per cent or 1s.9½d per kilogramme
(ii) 50% active ingredient when in paste form.	whichever is the higher.	whichever is the higher.
2. Fatty alcohol sulphate which the Comptroller of Customs is satisfied are imported for the manufacture of detergents containing less than		
(i) 50% active ingredient when in solid form, or	40 per cent or 1s.4d per kilogramme	54 per cent or 1s.9½d per kilogramme
(ii) 25% active ingredient when in paste form.	whichever is the higher.	whichever is the higher.
3. Fatty amides which the Comptroller of Customs is satisfied are imported for the manufacture of detergents containing less than 75% active ingredient when in solid form.		
	40 per cent or 1s.4d per kilogramme	54 per cent or 1s.9½d per kilogramme
	whichever is the higher.	whichever is the higher.
4. Other surface-active agents - other than soap.		
	20 per cent.	34 per cent.
5. Preparations consisting of mixtures with a basis of surface-active agent - other than soap		
(i) in liquid form	20 per cent.	34 per cent.
(ii) Other	40 per cent or 1s.4d per kilogramme	54 per cent or 1s.9½d per kilogramme
	whichever is the higher.	whichever is the higher.

10. Immediately before the heading "Watch movements" shown in the First Column thereof there shall be inserted in that column the heading shown in the First Column hereunder and in the Second and Third Columns thereof respectively the figures and words shown in the Second and Third Columns hereunder:-

First Column	Second Column	Third Column
Washing preparations not elsewhere specified consisting of inorganic products or mixtures of inorganic and organic products (excepting surface-active agents, other than soap).	40 per cent or ls.4d per kilogramme whichever is the higher.	54 per cent or ls.9½d per kilogramme whichever is the higher.

PART III

Amendments to the Third Schedule to the principal Ordinance

1. Immediately after the heading "Food and drink for the use of Mendicant Religious Orders and Private Charitable Institutions" under "Food and Drink" there shall be inserted the following heading and item:-
Animal feeding stuffs.

"Food preparations for animals including meal, pellets and cake (meat, blood, bone, fish, seed, kernel, husk) feeding treacle, cattle food condiments, poultry spices, but not including foods imported in prepared condition intended for feeding domestic pets".

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2. The heading "Meal (meat, blood, bone and fish) for feeding animals, cattle food condiments and poultry spices; cotton seed cake, cocoa cake, groundnut cake, linseed cake, palm-kernel cake, soya bean cake, feeding treacle and meal specially prepared for the feeding of cattle, draught animals, swine and poultry" under "Food and Drink" shall be deleted.

3. Immediately after the heading "Indigo and other colouring substances for dyeing yarns for use in weaving" under "Manufactured Articles" there shall be inserted the heading "Labels made of textile materials which the Comptroller of Customs is satisfied are imported by local manufacturers for attachment to a locally manufactured article and bearing the trade name or the size of the article or the name of the manufacturer".

4. Immediately after the heading "Paper, thick, used in connection with the manufacture of cigarettes by hand" under "Manufactured Articles" there shall be inserted the following heading:-

"Paper, tissue or crepe, in bulk, which the Comptroller of Customs is satisfied is imported for the local manufacture of toilet rolls".

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PROCLAMATION

By His Excellency Sir Maurice Dorman, Knight Grand Cross of the Most Distinguished Order of St. Michael and St. George, Knight Grand Cross of the Royal Victorian Order, Governor and Commander-in-Chief in and over the Island of Malta and its Dependencies.

WHEREAS in virtue of Section 2 of the Revenue (Safeguard) Act (Chapter 99) it is provided that whenever notice is given by a Minister to the Clerk of the Legislative Assembly of Malta of a Bill having for its object the imposition of new Customs Duties or the increase of existing rates of Customs Duties, such new duties or increases shall be levied and collected by the Comptroller of Customs as from the day on which a Proclamation is issued to the effect that the said notice has been given;

NOW, THEREFORE, I, Maurice Dorman, proclaim that a notice has this day been given by the Minister of Industrial Development and Tourism of a Bill entitled an Act to amend the Import and Export Duties Ordinance (Chapter 122), and that a copy of such Bill has been filed in the Office of the Clerk of Legislative Assembly.

The Palace, Valletta, Thisday of

GOD SAVE THE QUEEN.

By Authority

G. BORG OLIVIER
PRIME MINISTER