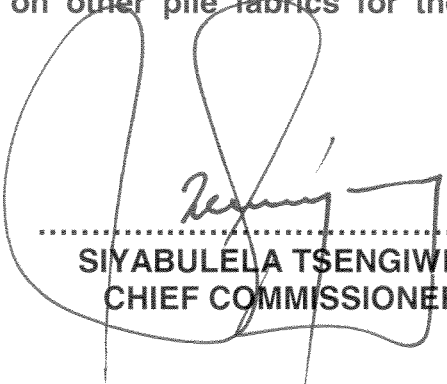


REPORT NO: 470

**REBATE OF DUTY ON OTHER PILE FABRICS
FOR THE MANUFACTURE OF CERTAIN
FOOTWEAR**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 470: Rebate of duty on other pile fabrics for the manufacture of certain footwear**



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

25 / 04 / 2014

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 470

REBATE OF DUTY ON OTHER PILE FABRICS FOR THE MANUFACTURE OF CERTAIN FOOTWEAR

Synopsis

Fast Fox Footwear t/a The Little Slipper Company, hereon referred to as the applicant, applied for the creation of a rebate provision for: "Other pile fabrics, knitted or crocheted, of man-made fibres, classifiable in tariff subheading 6001.92, for the manufacture of footwear with uppers of textile materials classifiable in Chapter 64".

The Commission found that certain products classifiable in tariff subheading 6001.92, warp valour knitted fabrics, for use in the manufacture of footwear with uppers of textile materials, are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing the footwear in question to increase its profitability, its price competitive position, and its domestic market share.

The Commission recommended that the following rebate provision be created:

- Other pile fabrics, knitted or crocheted, of man-made fibres, classifiable in tariff subheading 6001.92, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of footwear with uppers of textile materials classifiable in Chapter 64.

THE APPLICATION AND TARIFF POSITION

Fast Fox Footwear t/a The Little Slipper Company, applied for the creation of a rebate provision for: "Other pile fabrics, knitted or crocheted, of man-made fibres, classifiable in tariff subheading 6001.92, for the manufacture of footwear with uppers of textile materials classifiable in Chapter 64".

As reason for the application, the applicant stated that the abovementioned intermediate inputs are not produced in the SACU and that the current rate of duty is a disadvantage, especially in the face of stiff competition experienced from foreign manufacturers of footwear with uppers of textile materials.

The application was published in the Government Gazette on 20 September 2013, for comments by interested parties.

The tariff position for the input material is shown in the tables below:

Table 1: Tariff structure of the product in question – input material

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
60.01		Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted:				
	6001.92	Of man-made fibres	22%	10%	10%	Free

THE INDUSTRY AND MARKET

The applicant is the only domestic manufacturer of footwear with uppers of textile materials. The SACU market is divided between sales by the applicant and imports.

COMPETITIVE POSITION

According to information at the Commission's disposal, the domestic industry manufacturing footwear with uppers of textile materials experiences fierce competition from abroad with a concomitant gradual erosion in market share.

COMMENTS ON THE APPLICATION

Comments in support of the application were received from the Southern African Footwear and Leather Industries Association (SAFLIA). No objections were received.

FINDINGS

The Commission found that certain products classifiable in tariff subheading 6001.92, warp valour knitted fabrics, for use in the manufacture of footwear with uppers of textile materials, are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing the footwear in question to increase its profitability, its price competitive position, and its domestic market share.

The rebate provision will be made subject to a permit issued by ITAC and the importation under rebate will be strictly monitored to assess the industry's performance with regard to the growth in production, employment and investment.

RECOMMENDATION

In light of the foregoing, the Commission recommends that the following rebate provision be introduced at rebate of the full duty:

- Other pile fabrics, knitted or crocheted, of man-made fibres, classifiable in tariff subheading 6001.92, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of footwear with uppers of textile materials classifiable in Chapter 64.