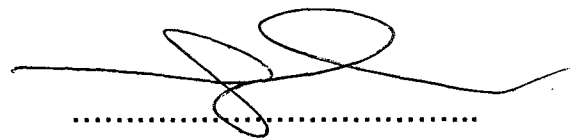


Report No. 227

**Rebate of the customs duty on monofilament of
polypropylene for the manufacture of carpet
backing material consisting of woven fabrics,
containing 85 percent or more by mass of
synthetic filaments**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 227: Rebate of the customs duty on monofilament of polypropylene yarn for the manufacture of carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments.**

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**ITUMELENG MASEGE
ACTING CHIEF COMMISSIONER**

PRETORIA

08/03/-----2007

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA

REPORT NO. 227

REBATE IN THE RATE OF DUTY ON MONOFILAMENT OF
POLYPROPYLENE FOR THE MANUFACTURE OF CARPET BACKING
MATERIALS.

Synopsis

The Commission considered an application from Spilo (Pty) Ltd, for a rebate of the duty on monofilament of polypropylene, classifiable in tariff subheading 5404.90 for the manufacture of carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments classifiable in tariff subheading 54.07.

As reason for the application, the applicant stated that the input product in question is not manufactured in the SACU; that similar finished textile woven carpet backing material of TH 5407.20, manufactured from polymers of polypropylene can be imported under rebate item 311.10, which puts the applicant at a disadvantage; and that a rebate of duty would increase their competitive position and enable them to have access to a wider market.

The Commission found that monofilament of polypropylene is not manufactured domestically and that the duty is not justified, and merely has an unnecessary cost-raising effect.

The Commission therefore recommends that a rebate provision be created on monofilament of polypropylene for the manufacture of

carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments.

1. Introduction

- 1.1 The Commission considered an application from Spilo (Pty) Ltd, for a rebate of the duty on monofilament of polypropylene, classifiable in tariff subheading 5404.90 for the manufacture of carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments classifiable in tariff subheading 54.07. The application was published in Government Gazette No. 29433 of 8 December 2006.
- 1.2 As reason for the application, the applicant stated that the input product in question is not manufactured in the SACU; that similar finished textile woven carpet backing material of TH 5407.20, manufactured from polymers of polypropylene can be imported under rebate item 311.10, which puts the applicant at a disadvantage; and that a rebate of duty would increase their competitive position and enable them to have access to a wider market.
- 1.3 The application was published in the Government Gazette of 08 December 2007. Comments in support of the application were received from Trade and Investment South Africa (TISA), a division of the dti.

2. Tariff Position

- 2.1 The current tariff position in respect monofilament of polypropylene is reflected in Table 1 below.

Table 1: Tariff structure of monofilament of polypropylene (Raw material)

Heading	Sub-Heading	Description	General	Rate of Duty		
				EU	EFTA	SADC
54.04		Synthetic monofilament of 67 dtex or more and of which no cross-sectional dimension exceeds 1 mm; strip and the like (for example, artificial straw) of synthetic textile materials of an apparent width not exceeding 5 mm:				
	5404.90	-Other	15 %	5 %	10 %	Free

- 2.2 The current position in respect of carpet backing material is reflected in table 2 below.

Table 2: Tariff structure of carpet backing material (End product)

Heading	Sub-Heading	Description	General	Rate of Duty		
				EU	EFTA	SADC
54.07		Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04:				
	5407.71	-Unbleached or bleached	22 %	10 %	15 %	Free

3. Consideration

- 3.1 Interested parties supported the application on the basis that the input product in question is not manufactured in the SACU, and that the duty is not justified.
- 3.2 The Commission also considered that the applicant experiences a price disadvantage against similar imported end products (carpet backing material). The duty on the input material has an unnecessary cost-raising effect. A rebate of duty as recommended below would improve the applicant's competitive position.

4. Recommendation

- 4.1 In view of the above, the Commission recommends that a rebate provision be created on monofilament of polypropylene, classifiable in tariff subheading 5404.90 for the manufacture of carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments classifiable in tariff subheading 54.07.

ADDENDUM

After the Minister's approval of the Commission's recommendation, Customs, at the South African Revenue Service, indicated that monofilament of polypropylene is classifiable under tariff subheading 5404.12, due to the amendments to the Harmonized System with effect from 1 January 2007, and not 5404.90 as reflected in the application and the Commission's recommendation.

The Commission submitted the following recommendation to the Minister, by way of a letter, Minute M2/2007:

"... that a rebate provision be created on monofilament of polypropylene classifiable in tariff subheading 5404.12 for the manufacture of carpet backing material consisting of woven fabrics, containing 85 per cent or more by mass of synthetic filaments, classifiable in tariff subheading 54.07."

The Minister approved the amended recommendation.

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Itumeleng Masege
Acting Chief Commissioner