

**REPORT NO: 381**

**REBATE OF DUTY ON CERTAIN  
TEXTILE YARNS USED FOR THE  
WEAVING AND KNITTING OF  
FABRICS, AND MANUFACTURE OF  
SPECIFIC NON-WOVEN FABRICS,  
SEWING THREAD, AND ROPES  
AND CABLES**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 381: Rebate of duty on certain textile yarns used for the weaving and knitting of fabrics, and the manufacture of certain non-woven fabrics, sewing thread, and ropes and cables**



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**SIYABULELA TSENGIWE**  
**CHIEF COMMISSIONER**

**PRETORIA**

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**02 SEPTEMBER 2011**

# REPUBLIC OF SOUTH AFRICA

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

### REPORT NO.381

**Rebate of duty on certain textile yarns used for the weaving and knitting of fabrics, and manufacture of specific non-woven fabrics, sewing thread, and ropes and cables**

#### Synopsis

The Textile Federation of South Africa (Texfed), applied for the creation of rebate provisions for various yarns, which are used for the weaving and knitting of fabrics, and manufacture of specific non-woven fabrics, sewing thread, ropes and cables.

The Commission found that the yarns in question are not manufactured domestically. The Commission also found that the recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing fabrics and other end products to expand their manufacturing base.

The rebate provisions will be made subject to a permit issued by ITAC and will be strictly controlled to monitor employment and investment growth.

#### The application and tariff position

The Textile Federation of South Africa (Texfed), applied for the creation of rebate provisions for yarns as indicated in the table below:

**Table 1: Textile Yarns**

Tariff Sub-heading	Description
<b>54.03</b>	<b>Artificial Filament Yarn</b>
5403.31.10	Textured viscose filament yarn, single, < 120 turns twist
5403.32.10	Textured viscose filament yarn, single, > 120 turns twist
5403.33.10	Textured cellulose acetate filament yarn, single
5403.39.10	Textured cellulosic filament yarn, other
5403.41.10	Textured viscose filament yarn, multiple
5403.42.10	Textured cellulose acetate filament yarn, multiple
5403.49.10	Textured viscose filament yarn, multiple, other
<b>5509.1</b>	<b>Yarn of Synthetic Staple Fibres, containing &gt;85% nylon</b>
5509.11	Single yarn
5509.12	Multiple or cabled yarn
<b>5509.4</b>	<b>Yarn of Synthetic Staple Fibres, containing &gt;85% synthetic fibre</b>
5509.41	Single yarn
5509.42	Multiple or cabled yarn
<b>5509.5</b>	<b>Other yarn of polyester staple fibre</b>
5509.51	Mixed mainly or solely with artificial fibres
<b>55.10</b>	<b>Yarn of Artificial Staple Fibres</b>
<b>5510.1</b>	<b>Containing &gt;85% artificial staple fibre</b>
5510.11	Single yarn
5510.12	Multiple or cabled yarn
5510.20	Other yarn mixed mainly or solely with wool
5510.30	Other yarn mixed mainly or solely with cotton
5510.90	Other yarn

These yarns are used for the weaving and knitting of fabrics, for the manufacture of certain non-woven fabrics, and in the manufacture of sewing thread, ropes and cables.

As reasons for the application, the applicant stated that:

- Yarns of artificial filaments of tariff heading 54.03 have never been produced in the SACU. A customs duty of 15% was maintained on these yarns in the past merely to eliminate distortions in the yarn tariff structure when filament yarns of nylon and polyester were produced by the recently closed Sans Fibres operation;
- Yarns of synthetic staple fibres, containing >85% synthetic fibre, and yarns of artificial staple fibres are no longer manufactured in the SACU. This is due to the closure of certain spinning mills;
- It has decided to apply for the creation of rebate provisions under Schedule 3 to the Customs and Excise Act, to allow for the possible resumption of the spinning and manufacture of the above yarns in future, as opposed to applying for a straight reduction in duty under Schedule 1 to the Customs and Excise Act; and
- A significant increase in imports of fabrics (the end product manufactured using yarns) has occurred and very high levels of imports continue to flow into South Africa.

The application was published in the Government Gazette of 18 March 2011, for comment by interested parties.

The table below reflects the current tariff structure for the specific textile yarns under consideration:

**Table 2: Tariff structure for Textile yarns**

Tariff Heading	Tariff Sub-heading	Description		Rate of Duty			
				Gen	EU	EFTA	SADC
54.03	5403.31.10	Textured viscose filament yarn, single, < 120 turns twist	kg	15%	5%	7%	free
	5403.32.10	Textured viscose filament yarn, single, > 120 turns twist	kg	15%	5%	7%	free
	5403.33.10	Textured cellulose acetate filament yarn, single	kg	15%	5%	7%	free
	5403.39.10	Textured cellulosic filament yarn, other	kg	15%	5%	7%	free
	5403.41.10	Textured viscose filament yarn, multiple	kg	15%	5%	7%	free
	5403.42.10	Textured cellulose acetate filament yarn, multiple	kg	15%	5%	7%	free
55.09	5403.49.10	Textured cellulosic filament yarn, multiple, other	kg	15%	5%	7%	free
	5509.11	Nylon staple yarn, single	kg	15%	5%	7%	free
	5509.12	Nylon staple yarn, multiple	kg	15%	5%	7%	free
	5509.41	Other synthetic staple fibre yarn, single	kg	15%	5%	7%	free
55.10	5509.42	Other synthetic staple fibre yarn, multiple	kg	15%	5%	7%	free
	5509.51	Polyester/artificial staple yarn	kg	15%	5%	7%	free
	5510.11	Artificial staple fibre yarn, single	kg	15%	5%	7%	free
	5510.12	Artificial staple fibre yarn, multiple	kg	15%	5%	7%	free
	5510.20	Artificial/wool staple fibre yarn	kg	15%	5%	7%	free
	5510.30	Artificial/cotton staple fibre yarn	kg	15%	5%	7%	free
	5510.90	Artificial/other staple fibre yarn	kg	15%	5%	7%	free

Attached as **Annexure A** is the tariff structure for all the end products to be manufactured using the yarns in question. The customs duties are 22% *ad valorem* (General); 10% *ad valorem* (EU); 10% *ad valorem* (EFTA) and free of duty (SADC).

## **Industry and Market**

Texfed has made the application on behalf of the following companies manufacturing the end products, i.e weaving and knitting of fabrics, and manufacture of specific non-woven fabrics, sewing thread, ropes and cables:

- ACA Threads (Pty) Ltd;
- American & Efird (SA) (Pty) Ltd;
- Aranda Textile Mills (Pty) Ltd;
- Associated Spinners (Pty) Ltd;
- Braitex/Modulastic (Pty) Ltd;
- Breathetex (Pty) Ltd;
- Cordustex (Pty) Ltd;
- Frame Textile Group and Romatex (Pty) Ltd;
- Gelvenor Textiles (Pty) Ltd;
- Good Hope Textile Corporation (Pty) Ltd;
- Hextex (Pty) Ltd;
- International Trimmings & Labels (Pty) Ltd;
- Mattex (Pty) Ltd;
- Mediterranean Textile Mills (Pty) Ltd;
- Mortex Knits (Pty) Ltd;
- Nettex (Pty) Ltd;
- Ninian & Lester (Pty) Ltd;
- Rotex Fabrics (Pty) Ltd;
- SRF Industrial Textiles (Pty) Ltd;
- Stroud Riley (Pty) Ltd;
- Suntex (Pty) Ltd; and
- Svenmill (Pty) Ltd.

There are no other SACU manufacturers of the various end products using the yarns that are the subject of this application.

Artificial filament yarns of tariff heading 54.03 have never been manufactured in the SACU. The only previous manufacturer (namely, SANS Fibres) of other types of yarn (not subject to this application) has ceased its operations.

Yarns of nylon (5509.1), other synthetic fibres (5509.4), polyester/viscose yarns (5509.51) and viscose and viscose blend yarns (55.10) have in the past been variously produced by Berg River Textiles, Da Gama Textiles, Frame Textiles, Novel Spinners, SA Fine Worsteds, Saprotex, SBH Cotton Mills, Table Bay Spinners, Union Spinning Mills and YarnTex.

Of these, only Da Gama Textiles still has a spinning operation but only spins cotton and polyester/cotton yarns that are not the subject of this application.

The yarns in question are manufactured internationally by a number of large companies located in all major textile producing countries.

The domestic textile industry currently has no plans to produce the yarns in question. The cost of the new capital investment that is required will be prohibitive and the economic viability dubious given the competitiveness of producers in East Asia.

The mentioned companies represented by the Textile Federation employ 6633 people.

### **Competitive Position**

According to information at the Commission's disposal, the mentioned downstream industry manufacturing fabrics and the other end products concerned experience fierce competition from abroad and a gradual erosion in market share.

### **Comments on the application**

The application attracted no comments or objections.

### **Findings**

The Commission found that the yarns in question are not manufactured domestically. The Commission also found that the recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing fabrics and other end products to expand their manufacturing base.

The duty on the intermediate inputs is an onerous burden and tariff relief in the form of a rebate of duty facility would significantly improve the competitive position of the downstream industry by affording it access to inputs at world-competitive prices.

The rebate provisions will be made subject to a permit issued by ITAC, and will be strictly controlled to monitor employment and investment growth.

## Recommendation

In light of the foregoing, the Commission recommends that the following rebate provisions be introduced

Tariff heading	Description	Extent of Rebate
54.03	Artificial filament yarn (excluding sewing thread), not put up for retail sale, including artificial monofilament of less than 67 dtex, at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1, provided the Commission is satisfied that the subject yarns are not available in the SACU region.	Full duty
5509.1	Yarn (excluding sewing thread) containing 85% or more by mass of staple fibres of nylon or other polyamides, not put up for retail sale, at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1, provided the Commission is satisfied that the subject yarns are not available in the SACU region.	Full duty
5509.4	Other yarn (excluding sewing thread), containing 85% or more by mass of synthetic staple fibres, not put up for retail sale, at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1, provided the Commission is satisfied that the subject yarns are not available in the SACU region.	Full duty
5509.51	Other yarn (excluding sewing thread) of polyester staple fibres mixed mainly or solely with artificial staple fibres, not put up for retail sale, at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1, provided the Commission is satisfied that the subject yarns are not available in the SACU region.	Full duty
55.10	Yarn (excluding sewing thread) of artificial staple fibres, not put up for retail sale, at such times, in such quantities and subject to such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1, provided the Commission is satisfied that the subject yarns are not available in the SACU region.	Full duty

**END PRODUCTS**

The tariff descriptions of end products produced from the yarns for which a rebate of duty provision has been applied for are:

- 54.08 Woven fabrics of artificial filament yarn, including woven fabrics obtained from materials of heading 54.05**
- 5408.10 Woven fabrics from high tenacity yarn, of viscose rayon  
 5408.2 Other woven fabrics, containing >85% artificial filament  
 5408.21 Unbleached or bleached  
 5408.22 Dyed  
 5408.23 Of yarns of different colours  
 5408.24 Printed  
 5408.31 Unbleached or bleached  
 5408.32 Dyed  
 5408.33 Of yarns of different colours  
 5408.34 Printed
- 55.12 Woven fabrics of synthetic staple fibres, containing 85 per cent or more by mass of synthetic staple fibres:**
- 5512.91 --Unbleached or bleached  
 5512.99 --Other
- 55.15 Other woven fabrics of synthetic staple fibres:**  
 5515.11 --Mixed mainly or solely with viscose rayon staple fibres
- 55.16 Woven fabrics of artificial staple fibres:**
- 60.01 Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted:**
- 6001.10 --"Long pile"; fabrics  
 6001.22 --Of man-made fibres  
 6001.29 --Of other textile materials  
 6001.92 --Of man-made fibres  
 6001.99 --Of other textile materials
- 60.02 Knitted or crocheted fabrics of width not exceeding 30cm containing by mass 5 per cent or more of elastomeric yarn or rubber thread (excluding those of heading 60.01)**
- 60.03 Knitted or crocheted fabrics of a width not exceeding 30cm (excluding those of heading 60.01 or 60.02):**
- 6003.30 -Of synthetic fibres  
 6003.90 -Other



**60.04** Knitted or crocheted fabrics of a width exceeding 30cm, containing by mass 5 per cent or more of elastomeric yarn or rubber thread (excluding those of heading 60.01):

**60.05** Warp knit fabrics (including those made on gallow knitting machines) (excluding those of headings 60.01 to 60.04):

6005.3 --Of synthetic fibres:

6005.90 -Other

**60.06** Other knitted or crocheted fabrics:

6006.3 -Of synthetic fibres:

6006.4 -Of artificial fibres:

6006.90 -Other

**NOTES REGARDING AMENDMENTS TO THE SCHEDULES  
TO THE CUSTOMS AND EXCISE ACT, 1964**

**14 OCTOBER 2011**

**These notes are issued merely as a guide and both the old and new provisions should be studied in order to determine what the amendment actually entails. These notes have no legal status.**

<i>Provision</i>	<i>Note</i>
311.41/54.03/01.04	The effect of this amendment is that a new rebate provision is created for artificial filament yarn (excluding sewing thread), not put up for retail sale, including artificial monofilament of less than 67 dtex, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region, in accordance with the recommendations contained in ITAC's Report No. 381.
311.41/5509.1/01.05	The effect of this amendment is that a new rebate provision is created for yarn (excluding sewing thread) containing 85 per cent or more by mass of staple fibres of nylon or other polyamides, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region, in accordance with the recommendations contained in ITAC's Report No. 381.
311.41/5509.4/01.05	The effect of this amendment is that a new rebate provision is created for other yarn (excluding sewing thread) containing 85 per cent or more by mass of synthetic staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region, in accordance with the recommendations contained in ITAC's Report No. 381.
311.41/5509.51/01.06	The effect of this amendment is that a new rebate provision is created for other yarn (excluding sewing thread) of polyester staple fibres mixed mainly or solely with artificial staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region, in accordance with the recommendations contained in ITAC's Report No. 381.
311.41/55.10/01.04	The effect of this amendment is that a new rebate provision is created for yarn (excluding sewing thread) of artificial staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region, in accordance with the recommendations contained in ITAC's Report No. 381.

**Government Gazette No. 34671  
No. R.847**

**2011-10-14**

**CUSTOMS AND EXCISE ACT, 1964.  
AMENDMENT OF SCHEDULE NO. 3 (NO. 3/674)**

In terms of section 75 of the Customs and Excise Act, 1964, Schedule No. 3 to the said Act is hereby amended to the extent set out in the Schedule hereto.

**N NENE  
DEPUTY MINISTER OF FINANCE**

**SCHEDULE**

**By the insertion after tariff heading 5402.33 code 01.06 to rebate item 311.41 of the following:**

Rebate Item	Tariff Heading	Rebate Code	C D	Description	Extent of Rebate
311.41	54.03	01.04	46	Artificial filament yarn (excluding sewing thread), not put up for retail sale, including artificial monofilament of less than 67 dtex, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region	Full duty
311.41	5509.1	01.05	50	Yarn (excluding sewing thread) containing 85 per cent or more by mass of staple fibres of nylon or other polyamides, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region	Full duty
311.41	5509.4	01.05	52	Other yarn (excluding sewing thread) containing 85 per cent or more by mass of synthetic staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region	Full duty
311.41	5509.51	01.06	63	Other yarn (excluding sewing thread) of polyester staple fibres mixed mainly or solely with artificial staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region	Full duty
311.41	55.10	01.04	45	Yarn (excluding sewing thread) of artificial staple fibres, not put up for retail sale, in such quantities, at such times and under such conditions as the International Trade Administration Commission may allow by specific permit for the manufacture of textile and textile articles classifiable in Section XI of Part I of Schedule No. 1, provided the Commission is satisfied that the subject yarns are not available in the SACU region	Full duty