



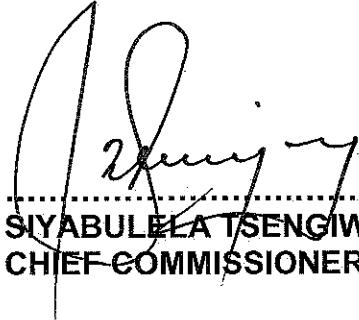
International Trade Administration Commission of South Africa

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REPORT NO: 310

**REDUCTION IN THE RATE OF DUTY
ON SYNTHETIC FILAMENT YARNS
CLASSIFIABLE UNDER TARIFF
HEADINGS 54.01 AND 54.02**

The International Trade Administration Commission of South Africa
herewith presents its **Report No. 310: Reduction in the rates of duty
on synthetic filament yarns classifiable under tariff headings
54.01 and 54.02.**



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

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22 / 10 /.....**2009**

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF
SOUTH AFRICA

REPORT NO. 310

REDUCTION IN THE RATE OF DUTY ON SYNTHETIC FILAMENT
YARNS CLASSIFIABLE UNDER TARIFF HEADING 54.01 AND
54.02.

Synopsis

The Textile Federation of South Africa (Texfed) applied for a reduction in the rate of customs duty on certain synthetic filament yarns classifiable under tariff headings 54.01 and 54.02 from 15 per cent *ad valorem* to free of duty.

The reason for the application is that SANS Fibres ceased the manufacture of synthetic filament yarns.

Specific textured filament yarns of nylon and polyester which also form part of the application are manufactured by Martilon (Pty) Ltd and Polydye (Pty) Ltd, but the industry has limited capacity to supply the SACU market.

The Commission found that a reduction in the duty on filament yarns not manufactured domestically, would contribute to a lowering of input costs and improve the competitiveness of downstream textile producers.

However, in the case of textured filament yarns of polyester, the Commission decided that the capacity of the remaining SACU manufacturing industry for satisfactorily meeting the requirements of the SACU market, be further investigated. For these products, a recommendation will be made at a later stage.

The Commission also decided that the rebate provisions previously introduced for filament yarns of polyester and nylon for which the rate of duty is recommended to be reduced to free of duty, be deleted.

The application and tariff position

The Textile Federation of South Africa (Texfed), on behalf of textile manufacturers, applied for a reduction in the rate of customs duties on the following synthetic filament yarns:

- Sewing thread of synthetic filament;
- Other high tenacity yarn of nylon;
- High tenacity yarn of polyester;
- Textured yarn of nylon, measuring per single yarn < 500 dtex;
- Textured yarn of nylon, measuring per single yarn > 500 dtex;
- Textured yarn of polyester;
- Other textured yarn;

- Other yarn, single, untwisted or with twist of <50 turns par m, elastomeric;
- Other of nylon;
- Other of polyester, partially oriented;
- Other of polyester;
- Yarn other than elastomeric, nylon, polyester and polypropylene;
- Other yarn, single with twist >50 turns per m of nylon;
- Other yarn, single with twist >50 turns per m of polyester;
- Other yarn, single with twist >50 turns per m other than nylon, other polyamides or polyester;
- Other yarn, multiple or cabled nylon;
- Other yarn, multiple or cabled polyester; and
- Other yarn, multiple or cabled.

The reason for the application is that SANS Fibres, the major manufacturer of these yarns in the SACU, ceased the manufacture of nylon and polyester yarns as this company could no longer effectively compete with producers and exporters in the major textile manufacturing countries.

The current tariff structure is as follows:

Table 1: Current tariff position of filament yarns

Tariff Heading	Tariff Sub-heading	Description		Rate of Duty			
				Gen	EU	EFTA	SADC
54.01		Sewing thread of man-made filaments, whether or not put up for retail sale					
54.02	5401.10	Of synthetic filaments	kg	15%	5%	8%	free
		Synthetic filament yarn (excl sewing thread) not put up for retail sale, inc synthetic monofilament of less than 67 dtex.					
	5402.1	High tenacity yarn of nylon or other polyamides					
	5402.19	Other	kg	15%	5%	8%	free
	5402.20	High tenacity yarn of polyester	kg	15%	5%	8%	free
	5402.3	Textured yarn:					
	5402.31	Of nylon or other polyamides, measuring per single yarn not more than 500 dtex	kg	15%	5%	8%	free
	5402.32	Of nylon or other polyamides, measuring per single yarn more than 500 dtex	kg	15%	5%	8%	free
	5402.33	Of polyester	kg	15%	5%	8%	free
	5402.39	Other	kg	15%	5%	8%	free
	5402.4	Other yarn, single, untwisted or with a twist not exceeding 50 turns per m					
	5402.44.90	Other elastomeric	kg	15%	5%	8%	free
	5402.45	Other yarns of nylon or other polyamides	kg	15%	5%	8%	free
	5402.46	Other yarns of polyesters, partially orientated	kg	15%	5%	8%	free
	5402.47	Other yarns of polyester	kg	15%	5%	8%	free
	5402.49	Other yarns	kg	15%	5%	8%	free
	5402.5	Other yarns, single, with a twist exceeding 50 turns per m					
	5402.51	Of nylon or other polyamides	kg	15%	5%	8%	free
	5402.52	Of polyesters	kg	15%	5%	8%	free
	5402.59	Other	kg	15%	5%	8%	free
5402.6	Other yarn, multiple (folded) or cabled :						
5402.61	Of nylon or other polyamides	kg	15%	5%	8%	free	
5402.62	Of polyester	kg	15%	5%	8%	free	
5402.69	Other	kg	15%	5%	8%	free	

The request of Texfed is that the rate of duty be reduced to free of duty.

The industry and the market

Nylon and polyester filament yarns are intermediate products in the textile value chain. They are used for the manufacture of fabrics, sewing threads, ropes and cables.

Sans Fibres has been the only domestic manufacturer of synthetic filament yarn classifiable under tariff headings and subheadings 54.01, 5402.1, 5402.4, 5402.5 and 5402.6. However, they ceased their operations on 31 March 2009.

Textured filament yarns of nylon and polyester classifiable under tariff subheading 5402.3 also form part of the application and are manufactured by Martilon (Pty) Ltd and Polydye (Pty) Ltd. But this industry has limited capacity to supply the SACU market.

Comments on the application

The application was published on 29 May 2009 for comments by interested parties.

A firm manufacturing textured filament yarns of polyester objected to the application. The reason for their objection is that they do manufacture these types of yarns.

Findings & recommendations

The Commission found that with the exception of textured yarns, synthetic filament yarns classifiable under tariff headings and subheadings 54.01, 5402.1, 5402.4, 5402.5 and 5402.6, are no longer manufactured domestically.

According to the information at the Commission's disposal, the downstream industry experiences considerable price disadvantages against competitors from abroad. A reduction in the duty would assist in improving the competitive position of manufacturing firms further up the value chain.

However, in the case of textured filament yarns of polyester, the Commission decided that the capacity of the remaining SACU manufacturing industry for satisfactorily meeting the requirements of the SACU market, be further investigated. For these products, a recommendation will be made at a later stage.

The Commission also decided that that all rebate provisions that have been created previously for filament yarns of polyester and nylon and for which the duty is recommended to be reduced to free of duty, be withdrawn.

In view of the above, the Commission recommends that the duty on synthetic filament yarn classifiable under the following subheadings of tariff headings 54.01 and 54.02 be reduced from 15% *ad valorem* to free of duty, as indicated below:

Tariff heading	Description	Duty
5401.10	Sewing thread of synthetic filaments	Free
5402.19	High tenacity yarn of nylon, other	Free
5402.20	High tenacity yarn of polyester	Free
5402.44.90	Other yarn single untwisted or with twist of < 50 turns per elastomeric, other	Free
5402.45	Other of nylon or other polyamides	Free
5402.46	Other yarns of polyester, partially oriented	Free
5402.47	Other yarns of polyester	Free
5402.49	Other yarns	Free
5402.51	Other yarn single with twist > 50 turns per m of nylon	Free
5402.52	Other yarn single with a twist > 50 turns per m of polyester	Free
5402.59	Other yarn single with a twist > 50 turns per m of other	Free
5402.61	Other yarn, multiple or cabled of nylon	Free
5402.62	Other yarn multiple or cabled of polyester	Free
5402.69	Other yarn, multiple or cabled	Free

The Commission further recommends that the following rebate provisions be withdrawn:

311.41/54.02/01.04 Filament yarn of nylon and other polyamides (excluding sewing thread and textured yarns of subheadings 5402.31 to 5402.39), not put up for retail sale, measuring per single yarn more than 700 dtex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

311.41/54.02/02.04 Filament yarn of polyester (excluding sewing thread and textured yarns of subheadings 5402.31 to 5402.39), not put up for retail sale, measuring per single yarn more than 700 dtex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

311.41/5402.20/01.06 High tenacity filament yarn of polyesters (excluding sewing thread), not put up for retail sale, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

311.41/5402.46/01.06 Other partially oriented filament yarn of polyester, single, untwisted or with a twist not exceeding 50 turns per meter, measuring per single yarn more than 30 dtex but not more than 450 dtex and having a tenacity not exceeding 45 cN/tex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

311.41/5402.47/01.06

Other filament yarn of polyester, single, untwisted or with a twist not exceeding 50 turns per meter, measuring per single yarn more than 30 dtex but not more than 450 dtex and having a tenacity not exceeding 45 cN/tex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

311.41/5402.52/01.06

Other filament yarn of polyester, single, with a twist exceeding 50 turns per meter, measuring per single yarn more than 75 dtex but not more than 650 dtex and having a tenacity not exceeding 45 cN/tex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.

[67/2008]