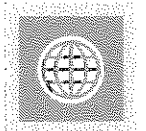


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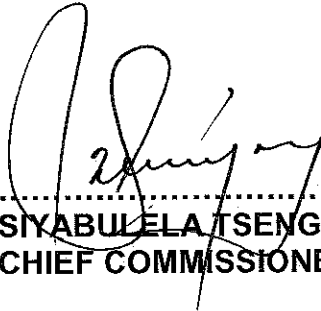
**SUPPLEMENTARY REVIEW OF THE
TARIFF DISPENSATION FOR
PRODUCTS CLASSIFIABLE UNDER
CHAPTERS 51, 52, 53, 54, 55, 56, 58
& 60.**

enabling



FAIR TRADE

The International Trade Administration Commission of South Africa herewith presents its **Report No. 301: Supplementary review of the tariff dispensation for products classifiable under chapters 51, 52, 53, 54, 55, 56, 58 and 60.**



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SIYABULELA TSENGIWE
CHIEF COMMISSIONER

PRETORIA

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30 / 04 / 2009

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO.301

Supplementary review of the tariff dispensation on products classifiable under Chapters 51, 52, 53, 54, 55, 56, 58 and 60.

Synopsis

This report supplements the Commission's Report No. 281 – Review of the tariff dispensation on products classifiable under chapters 51, 52, 53, 54, 55, 56, 58 and 60, used for the manufacture of clothing

The Commission found that the duty-free importation of certain further inputs, not manufactured or potentially manufactured domestically, would contribute to a reduction in input costs over the full value chain of the clothing sector and therefore recommended that a number of rebate provisions be created in Schedule No 3 to the Customs and Excise Act, for the benefit of the textile industry.

The Commission also recommended a reduction in the rates of duty on a number of products classifiable in Schedule No 1 to the Customs and Excise Act, on products that are not manufactured or potentially manufactured domestically and for which the duties have unnecessary cost implications for the downstream manufacturing industry.

Introduction

This report supplements the Commission's Report No. 281- Review of the tariff dispensation on products classifiable under chapters 51, 52, 53, 54, 55, 56, 58 and 60, used for the manufacture of clothing.

On 08 September 2008, in its Report No. 281, the Commission recommended the creation of a number of rebate provisions. It further recommended that the introduction of additional rebate provisions be investigated.

The Textile Federation submitted proposals to the Commission for the creation of additional rebate provisions on the following products:

- Hydrogen peroxide not solidified with urea, classifiable under tariff subheading 2847.00.15, for use in the manufacture of textiles.

- Azo pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 1, No. 11680 - C.I. Pigment, Yellow 3, No. 11710 - C.I. Pigment Yellow 12, No. 21090 – C.I. Pigment, Yellow 13, No. 21110 – C.I. Pigment, Yellow 14, No. 21095 – C.I. Pigment, Orange 13, No. 21110 – C.I. Pigment, Red 4, No. 12085 – C.I. Pigment, Red 57, No. 15850 – C.I. Pigment, Red 48:2, No. 15865 – C.I. Pigment, Red 48:4, No. 15865 classifiable under tariff subheading 3204.17.10 for use in the dyeing and printing of textiles.
- Pigments and preparations based on titanium dioxide, containing 80 per cent or more by mass of titanium dioxide calculated on the dry matter, classifiable under tariff subheading 3206.11, for use in the dyeing and printing of textiles.
- Pigments and preparations based on chrome oxide green, lead chromate, zinc chromate, barium chromate or strontium chromate, inorganic pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 34, No. 77603 – C.I. Pigment, Yellow 34, No. 77600 – C.I. Pigment, Red 104, No. 77605 – C.I. Pigment, Red 104 and 84:4, No. 77605 and No. 15865 – C.I. Pigment, Green 15, No. 77603 and No. 77520 – C.I. Pigment, Green 13, No. 77603 and No. 74200 – C.I. Pigment, Green 17, No. 77288 – C.I. Pigment, Yellow 32, No. 77839 – C.I. Pigment, Yellow 36, No. 77955, classifiable under tariff subheading 3206.20.10, for use in the dyeing and printing of textiles.
- Hydrogen chloride (hydrochloric acid) classifiable in tariff subheading 2806.10, for use in the manufacture of textiles.
- Sodium hydroxide (caustic soda) in solid form, classifiable under tariff subheading 2815.11, for use in the manufacture of textiles.
- Sodium hydroxide (caustic soda) in aqueous solution (soda lye or liquid soda), classifiable in tariff subheading 2815.12, for use under the manufacture of textiles.
- Transfers (decalcomanias), vitrifiable, classifiable under tariff subheading 4908.10, for use in the printing of textiles.
- Transfers (decalcomanias), not vitriable, classifiable under tariff subheading 4908.90, for use in the printing of textiles.
- Thermal transfer ribbon, classifiable under tariff subheading 9612, 10, for use in the printing of textiles.
- Staple fibres of polyester, not carded, combed or otherwise processed for spinning, with a melting point not exceeding 130°C classifiable under tariff subheading 5503.20 for the manufacture of textiles.

The Textile Federation also requested the Commission to reduce the duties on the following inputs which are at the level of 10% or lower that have unnecessary cost implications for the downstream manufacturing industry, especially as the relevant products are not manufactured or potentially manufactured domestically:

Tariff Heading	Description	Existing General Rate of Duty
5403.31.20	Textured yarn of viscose rayon untwisted or with a twist not exceeding 20 turns per meter (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.32.20	Textured yarn of viscose rayon with a twist exceeding 120 turns per meter (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.33.20	Textured yarn of cellulose acetate (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.39.20	Textured yarn of cellulose fibres (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.41.20	Textured yarn multiple or cabled of viscose rayon (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.42.20	Textured yarn multiple or cabled of cellulose acetate (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.49.90	Other yarn, multiple or cabled	10%
5605.00.00	Metallised yarn, whether or not gimped, being textile yarn, and strip and like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal.	10%
5803.00.00	Gauze (excluding narrow fabrics of heading 58.06)	10%
5809.00.00	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56.05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included.	10%
5810.10.10	Lace embroidery	5%
5810.91.10	Other embroidery	5%
5810.92.10	Lace embroidery of man-made fibres	5%
5810.99.10	Lace embroidery of other textile materials	5%

The application to create rebate provisions and to reduce duties to free of duty was published in the Government Gazette for comment by interested parties.

Comments to the publication

During the publication period, comments were received from companies manufacturing some of the products specified in the proposed rebate provisions.

The Commission considered all the comments submitted, as reflected in the Commission's findings below.

Commission's Findings

After considering all the comments received and information at its disposal, the Commission found that the duty-free importation of certain inputs not manufactured or potentially manufactured domestically would contribute to a lowering of the input cost into the clothing value chain and therefore recommended that the following rebate provisions to the benefit of the textile industry be created in Schedule No.3 to the Customs and Excise Act:

- (i) Hydrogen peroxide not solidified with urea, classifiable under tariff subheading 2847.00.15, for use in the manufacture of textiles.
- (ii) Azo pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 1, No. 11680 - C.I. Pigment, Yellow 3, No. 11710 - C.I. Pigment Yellow 12, No. 21090 - C.I. Pigment, Yellow 13, No. 21110 - C.I. Pigment, Yellow 14, No. 21095 - C.I. Pigment, Orange 13, No. 21100 - C.I. Pigment, Red 4, No. 12085 - C.I. Pigment, Red 57, No. 15850 - C.I. Pigment, Red 48:2, No. 15865 - C.I. Pigment, Red 48:4, No. 15865 classifiable under tariff subheading 3204.17.10 for use in the dyeing and printing of textiles.
- (iii) Pigments and preparations based on titanium dioxide, containing 80 per cent or more by mass of titanium dioxide calculated on the dry matter, classifiable under tariff subheading 3206.11, for use in the dyeing and printing of textiles.
- (iv) Pigments and preparations based on chrome oxide green, lead chromate, zinc chromate, barium chromate or strontium chromate, inorganic pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 34, No. 77603 - C.I. Pigment, Yellow 34, No. 77600 - C.I. Pigment, Red 104, No. 77605 - C.I. Pigment, Red 104 and 84:4, No. 77605 and No. 15865 - C.I. Pigment, Green 15, No. 77603 and No. 77520 - C.I. Pigment, Green 13, No. 77603 and No. 74200 - C.I. Pigment, Green 17, No. 77288 - C.I. Pigment, Yellow 32,

No. 77839 – C.I. Pigment, Yellow 36, No. 77955, classifiable under tariff subheading 3206.20.10, for use in the dyeing and printing of textiles.

The Commission decided to reject the application for the following rebate provisions as these products are manufactured domestically:

- Hydrogen chloride (hydrochloric acid) classifiable in tariff subheading 2806.10, for use in the manufacture of textiles.
- Sodium hydroxide (caustic soda) in solid form, classifiable under tariff subheading 2815.11, for use in the manufacture of textiles.
- Sodium hydroxide (caustic soda) in aqueous solution (soda lye or liquid soda), classifiable in tariff subheading 2815.12, for use under the manufacture of textiles.
- Transfers (decalcomanias), vitrifiable, classifiable under tariff subheading 4908.10, for use in the printing of textiles.
- Transfers (decalcomanias), not vitriable, classifiable under tariff subheading 4908.90, for use in the printing of textiles.
- Thermal transfer ribbon, classifiable under tariff subheading 9612, 10, for use in the printing of textiles.
- Staple fibres of polyester, not carded, combed or otherwise processed for spinning, with a melting point not exceeding 130°C classifiable under tariff subheading 5503.20 for the manufacture of textiles and textile articles.

The Commission also considered the matter of duties which are at a level of 10% or lower and that have unnecessary cost implications for the downstream manufacturing industry, as these products are not manufactured or potentially manufactured domestically.

In view of the cost-increasing impact of these duties that have no protective purpose, the Commission decided to recommend a reduction in the rate of duty to free of duty as indicated in the recommendations hereunder.

Recommendations

The Commission recommends an amendment to Schedule No. 3 to the Customs and Excise Act, by introducing the following rebate provisions:

1. Hydrogen peroxide not solidified with urea, classifiable under tariff subheading 2847.00.15, for use in the manufacture of textiles.

2. Azo pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 1, No. 11680 - CI Pigment, Yellow 3, No. 11710 - C.I. Pigment Yellow 12, No. 21090 – C.I. Pigment, Yellow 13, No. 21100 – C.I. Pigment, Yellow 14, No. 21095 – C.I. Pigment, Orange 13, No. 21110 – C.I. Pigment, Red 4, No. 12085 – C.I. Pigment, Red 57, No. 15850 – C.I. Pigment, Red 48:2, No. 15865 – C.I. Pigment, Red 48:4, No. 15865 classifiable under tariff subheading 3204.17.10 for use in the dyeing and printing of textiles.

3. Pigments and preparations based on titanium dioxide, containing 80 per cent or more by mass of titanium dioxide calculated on the dry matter, classifiable under tariff subheading 3206.11, for use in the dyeing and printing of textiles.

4. Pigments and preparations based on chrome oxide green, lead chromate, zinc chromate, barium chromate or strontium chromate, inorganic pigments of the following description and International Colour Index Numbers: - C.I. Pigment, Yellow 34, No. 77603 – C.I. Pigment, Yellow 34, No. 77600 – C.I. Pigment, Red 104, No. 77605 – C.I. Pigment, Red 104 and 84:4, No. 77605 and No. 15865 – C.I. Pigment, Green 15, No. 77603 and No. 77520 – C.I. Pigment, Green 13, No. 77603 and No. 74200 – C.I. Pigment, Green 17, No. 77288 – C.I. Pigment, Yellow 32, No. 77839 – C.I. Pigment, Yellow 36, No. 77955, classifiable under tariff subheading 3206.20.10, for use in the dyeing and printing of textiles.

The Commission also recommends that the existing duties on products listed in the table below be reduced to free of duty:

Tariff Heading	Description	Existing General Rate Duty
5403.31.20	Textured yarn of viscose rayon untwisted or with a twist not exceeding 20 turns per meter (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.32.20	Textured yarn of viscose rayon with a twist exceeding 120 turns per meter (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.33.20	Textured yarn of cellulose acetate (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.39.20	Textured yarn of cellulose fibres (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%

5403.41.20	Textured yarn multiple or cabled of viscose rayon (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.42.20	Textured yarn multiple or cabled of cellulose acetate (excluding those not exceeding 150 dtex and those exceeding 700 dtex)	10%
5403.49.90	Other yarn, multiple or cabled	10%
5605.00.00	Metallised yarn, whether or not gimped, being textile yarn, and strip and like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal.	10%
5803.00.00	Gauze (excluding narrow fabrics of heading 58.06)	10%
5809.00.00	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56.05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included.	10%
5810.10.10	Lace embroidery	5%
5810.91.10	Other embroidery	5%
5810.92.10	Lace embroidery of man-made fibres	5%
5810.99.10	Lace embroidery of other textile materials	5%