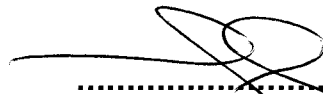


## **Report No. 253**

# **Rebate of the duty on partially orientated yarn classifiable under tariff subheading 5402.45 used in the manufacture of textured nylon yarn**

The International Trade Administration Commission of South Africa  
herewith presents its **Report No 253: Rebate of duty on Partially  
Orientated Yarn (POY) Classifiable Under Tariff Subheading  
5402.45 Used For The Manufacture Of Textured Nylon Yarn.**



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**ITUMELENG MASEGE**  
**ACTING CHIEF COMMISSIONER**

**PRETORIA**

*02/10/*.....**2007**

**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF  
SOUTH AFRICA**

**REPORT NO. 253**

**Rebate of the duty on partially orientated yarn classifiable under tariff heading 5402.45 used in the manufacture of textured nylon yarn.**

**Synopsis**

The Commission considered an application from Proyarns (Pty) Ltd, for a rebate of the duty on nylon partially orientated yarn classifiable under tariff subheading 5402.45 used in the manufacture of textured nylon yarn classified in tariff subheading 5402.31.

As reason for the application, the applicant stated that:

- The input product is not manufactured in the SACU.
- The final product, textured nylon yarn, will be purchased locally rather than imported as the applicant will be competitive against the imported product. The applicant will therefore be able to capture the imported market share.
- A rebate provision will enable the applicant to purchase an additional machine to manufacture textured yarn. The ability of the SACU industry to supply the market for textured yarn is currently limited due to lack of capacity. The rebate will provide the industry with the opportunity to further invest in manufacturing capacity to capture the SACU import market.

The Commission decided to support the application as it was established that partially orientated yarn is not manufactured in SACU, and the applicant is currently experiencing a price disadvantage in respect of the textured yarn which is used in the manufacture of narrow woven fabrics.

In view of the above, the Commission recommends that a rebate provision be created for partially orientated yarn of nylon and other polyamides, single, untwisted or with a twist not exceeding 50 turns per meter classifiable under tariff subheading 5402.45 for the manufacture

of textured yarns of nylon measuring per single yarn not more than 200 dtex classifiable in tariff subheading 5402.31.

## 1. Introduction

1.1 The Commission considered an application from Proyarns (Pty) Ltd, for a rebate of the duty on nylon partially orientated yarn classifiable under tariff subheading 5402.45 used in the manufacture of texturised nylon yarn classified in tariff subheading 5402.31. The application was published in the Government Gazette No. 30144 of 10 August 2007.

1.2 The reasons for the application are:

- POY is not manufactured in the SACU.
  - The final product, textured nylon yarn, will be purchased locally rather than imported as the applicant will be competitive against the imported product. The applicant will therefore be able to capture the imported market share.
  - A rebate provision will enable the applicant to purchase an additional machine to manufacture textured yarn. The ability of the SACU industry to supply the market for textured yarn is currently limited due to lack of capacity. The rebate will provide the industry with the opportunity to further invest in manufacturing capacity to capture the SACU import market.
- 1.3 Comments received during the publication period were in support for a creation of the rebate provision on partially orientated yarn.

## 2. Tariff Position

2.1 The tariff structure of polyamide (nylon) partially oriented yarn is as shown in Table 1 below:

Table 1: Tariff structure of (POY) nylon yarn

Heading	Sub-Heading	CD	Description	Statistical Unit	Rate of Duty			
					Gen	EU	EFTA	SADC
54.02			Synthetic filament yarn (excluding sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 dtex					
	5402.45	6	Other, of nylon or other polyamides	Kg	15%	5%	10%	free

- 2.2 The tariff structure of the end product (textured yarn) is as shown in Table 2 below:

**Table 3: Tariff structure of textured yarn**

Heading	Sub-Heading	CD	Description	Stat-istic al Unit	Rate of Duty			
					Gen	EU	EFTA	SADC
54.02			<b>Synthetic filament yarn (excluding sewing thread) , not put up for retail sale, including synthetic monofilament of less than 67 dtex</b>					
	5402.31	6	Other, nylon or other polyamides, measuring per single yarn not more than 500 dtex	Kg	15%	5%	10%	free

### **3. Findings**

- 3.1 The Commission found that the input product in question is not manufactured in the SACU, and that the duty is not justified.
- 3.2 The duty as a percentage of the ex-factory selling price is significant.
- 3.3 The applicant is currently experiencing a price disadvantage in respect of the textured yarn, which is mainly used in the manufacture of narrow fabrics.
- 3.4 The creation of a rebate provision will contribute towards establishing an internationally competitive clothing and textile sector.

### **4. Recommendation**

- 4.1 In view of the above, the Commission recommends that a rebate provision be created for partially orientated yarn of nylon and other polyamides, single, untwisted or with a twist not exceeding 50 turns per meter classifiable under tariff subheading 5402.45 for the manufacture of textured yarns of nylon measuring per single yarn not more than 200 dtex classifiable in tariff subheading 5402.31.