

REPORT NO: 276

REBATE OF THE DUTY ON CERTAIN NYLON AND POLYESTER FILAMENT YARNS FOR THE MANUFACTURE OF TEXTILES AND TEXTILE ARTICLES

The International Trade Administration Commission of South Africa herewith presents its **Report No 276: Rebate of the duty on certain nylon and polyester filament yarns for the manufacture of textiles and textile articles.**



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CHIEF COMMISSIONER

PRETORIA

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REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO 276

Rebate of the duty on certain nylon and polyester filament yarns for the manufacture of textiles and textile articles

Synopsis

The Textile Federation of South Africa (Texfed) applied for the creation of rebate provisions for certain continuous filament yarns of nylon and polyester classifiable under tariff heading 54.02 for the manufacture of various textiles and textile articles.

The reason for the application is that SANS Fibres has ceased the manufacture of these yarns.

During the publication period, a number of companies objected to the application. The objections were addressed through an amendment to the descriptions by narrowing the scope of the rebate provisions to eliminate those yarns satisfactorily available from local sources.

However, in the case of textured filament yarns of polyester, classifiable under tariff subheading 5402.33, the Commission decided that the capacity of the SACU manufacturing industry to meet the requirements of the SACU market be investigated, before further considering the request for a rebate provision.

The Commission found that the duty-free importation of certain continuous filament yarns of nylon and polyester, not manufactured domestically, would contribute to a reduction in input cost over the full value chain of textiles and textile articles and therefore recommended that the rebate provisions be created.

Introduction

The Textile Federation of South Africa (Texfed), on behalf of textile manufacturers, applied for the creation of the following rebate provisions:

- Continuous filament yarns of nylon and other polyamides exceeding 700 decitex classifiable under tariff subheading 54.02 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1;
- Continuous filament yarns of polyester exceeding 700 decitex, classifiable under tariff subheading 54.02;

- High tenacity filament yarns of polyesters classifiable under tariff subheading 5402.20 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1;
- Textured continuous filament yarn of polyester, exceeding 75 decitex but not exceeding than 650 decitex with a tenacity not exceeding 4.5 grams per decitex classifiable under tariff subheading 5402.33 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1;
- Other continuous filament yarn of polyester, partially orientated, exceeding 30 decitex but not exceeding 450 decitex with a tenacity not exceeding 4.5 grams per decitex, classifiable under tariff subheading 5402.46 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1;
- Other continuous filament yarn of polyester, exceeding 30 decitex but not exceeding 450 decitex and having a tenacity not exceeding 4.5 grams per decitex, classifiable under tariff subheading 5402.47 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1; and
- Other continuous filament yarn of polyester, exceeding 75 decitex but not exceeding 650 decitex with a tenacity not exceeding 4.5 grams per decitex, classifiable under tariff subheading 5402.52 for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No.1.

The reason for the application is that SANS Fibres ceased the manufacture of certain nylon and polyester yarns.

These yarns are intermediate products in the textile value chain. They are used in the weaving and knitting of fabrics, and the manufacture of certain non-woven fabrics, sewing thread, ropes and cables.

Tariff Position

The duty on imported nylon and polyester filament yarns is 15% ***ad valorem*** (General); 5% ***ad valorem*** (EU); 8% ***ad valorem*** (EFTA) and free of duty (SADC).

Comments on the application

During the publication period a number of companies objected to the application. The majority of these objections were addressed through an amendment to the descriptions by narrowing the scope of the rebate provisions to eliminate those yarns satisfactorily available from local sources.

Findings & recommendations

The Commission found that the duty-free importation of certain continuous filament yarns of nylon and polyester not manufactured domestically, would contribute to a lowering of the input cost over the full value chain of textiles and textile articles and therefore recommended that the rebate provisions be created.

However, in the case of textured filament yarns of polyester classifiable under tariff subheading 5402.33, the Commission decided that the capacity of the SACU manufacturing industry to meet the requirements of the SACU market be further investigated. For these products, a recommendation will be made at a later stage

In view of the above, the Commission recommends that the following rebate provisions be created:

REBATE 311.41 INDUSTRY: TEXTILES AND TEXTILE ARTICLES (GENERAL)

- 54.02** 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 decitex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.
- 54.02** 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 decitex, for the manufacture of textiles and textile articles classifiable in Section XI of Part 1 of Schedule No. 1.
- 5402.20** 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.
- 5402.46** 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 decitex but not more than 450 decitex 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.
- 5402.47** Other filament yarn of polyester, single, untwisted or with a twist not exceeding 50 turns per meter, measuring per single yarn more than 30 decitex but not more than 450 decitex 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.

5402.52 Other filament yarn of polyester, single, with a twist exceeding 50 turns per meter, measuring per single yarn more than 75 decitex but not more than 650 decitex 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.

[45/2005]