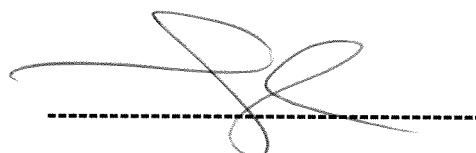


REPORT NO. 241

**REBATE OF DUTY ON WOVEN FABRIC
OF SUBHEADING 5407.61, CONSISTING
OF 100% POLYESTER AND OF A MASS
NOT EXCEEDING 90 g/m², ORGANZA,
FOR THE MANUFACTURE OF GIRLS
AND INFANTS OCCASION GARMENTS**

The International Trade Administration Commission herewith presents its
**Report No. 241 : REBATE OF CUSTOMS DUTY ON WOVEN FABRIC OF
SUBHEADING 5407.61, CONSISTING OF 100% POLYESTER AND OF A
MASS NOT EXCEEDING 90g/m² ,ORGANZA, FOR THE MANUFACTURE
OF GIRLS AND INFANTS OCCASION GARMENTS.**



**ITUMELENG MASEGE
ACTING CHIEF COMMISSIONER**

PRETORIA

14/06/-----2007

REPUBLIC OF SOUTH AFRICA

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA**

REPORT NO. 241

**REBATE IN THE RATE OF CUSTOMS DUTY ON WOVEN FABRIC OF
SUBHEADING 5407.61, CONSISTING OF 100% POLYESTER AND OF A
MASS NOT EXCEEDING 90g/m², ORGANZA, FOR THE MANUFACTURE
OF GIRLS AND INFANTS OCCASION GARMENTS**

Synopsis

The Commission considered an application from Cadema Industries (Pty) Ltd, for a rebate of duty on woven fabric of subheading 5407.61, consisting of 100% polyester and of a mass not exceeding 90g/m², Organza, for use in the manufacture of girls and infants occasion garments classifiable under tariff subheading 6204.43.

As reason for the application, the applicant submitted that the specific product in question (organza fabric) is not manufactured in the SACU region, and that the current rate of duty of 22% is not justified.

The Commission found that Organza, or any suitable substitute, is not manufactured in the SACU, and the customs duty serves no protective purpose.

The Commission therefore recommends that a rebate of customs duty on woven fabric of subheading 5407.61, consisting of 100% polyester and of a mass not exceeding 90g/m², Organza, for use in the manufacture of girls and infants occasion garments, classifiable under tariff subheading 6204.43, be introduced.

The application and the tariff position

Cadema Industries (Pty) Ltd, hereafter referred to as the applicant, applied for a rebate of duty on Organza fabric, classifiable under tariff subheading 5407.01, which currently attracts a duty of 22% under the general column, 10% in the EU column, 15% in the EFTA column and free in the SADC column .

A rebate provision in Schedule No. 3 of the Customs and Excise Act was proposed by SARS. The latter indicated that because the fabric is to be used in the manufacture of a final product, using a Third Schedule rebate would allow for sound administration over entry and use of the fabric.

As reason for the application, the applicant submitted that the specific product in question (organza fabric) is not manufactured in the SACU region, and that the current rate of duty of 22% is not justified.

The existing tariff position of Organza is shown below:

Heading	Sub-Heading	Description	Rate of Duty			
			General	EU	EFTA	SADC
54.07		Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04				
	5407.6	-Other woven fabrics containing 85% or more by mass of polyester filaments;				
	5407.61	-- Containing 85 per cent or more by mass of non-textured polyester filaments	22%	10%	15%	free

The application was published in the Government Gazette on 09 March 2007 for interested parties to comment. **Trade and Investment South Africa (TISA)**, a division of the dti, supported the application on the grounds that it can be administered by SARS and that it appears to be highly specialized and for a specific purpose.

However, the Textile Federation of South Africa, TexFed, objected to the format and structure of the application, arguing that a multitude of fabrics classifiable under tariff item 5407.61 are manufactured locally and thus it is unreasonable to consider granting a rebate provision as widely defined as that suggested by SARS, namely, woven fabrics of tariff subheading 5407.61, consisting of 100% polyester filaments and of a mass not exceeding 90g/m², Organza, for use in the manufacture of girls and infants occasion garments. They argued that as worded, the proposed rebate provision would apply to hundreds of different polyester filament fabrics manufactured in the SACU, making it extremely difficult to ensure the correct and targeted usage of such a rebate.

Findings

The Commission found that although there are several local companies that manufacture woven fabrics of synthetic filament yarns classifiable under tariff subheading 5407.61, none of these companies manufacture Organza fabric. Moreover, owing to the specific characteristics of the fabric as well as the demands by the customer, the applicant has stated that no appropriate substitute can be used in the manufacture of the final product.

The Commission also found that the argument proffered by TexFed was insubstantial and as such, using the 3rd Schedule Rebate and its attendant requirements was sufficient to ensure that the applicant used the imported fabric for the purpose specified in the rebate item.

Recommendation

The Commission therefore recommends that a rebate of the full duty on woven fabric of subheading 5407.61, consisting of 100% polyester and of a mass not exceeding 90g/m^2 , Organza, for use in the manufacture of girls and infants occasion (party) garments, classifiable under tariff subheading 6204.43, be introduced .