

**REPORT NO: 185****REBATE OF THE DUTY ON  
FABRICS KNITTED AND WOVEN  
FROM MAN-MADE SYNTHETIC  
STAPLE FIBERS CLASSIFIABLE  
UNDER TARIFF SUBHEADINGS  
5515.22; 5515.29 AND 6005.3 USED  
IN THE MANUFACTURE OF MEN'S  
PEAKED AND TWEED CAPS**

The DTI Campus (Block E)  
77 Meintjies Street  
Sunnyside, Pretoria  
0002

Private Bag X753  
Pretoria  
0001  
South Africa

Tel : +27 12 394 3712  
Fax: +27 12 394 0520  
<http://www.itac.org.za>

Customer Contact Centre:  
0861 843 384

The International Trade Administration Commission of South Africa herewith presents its **Report No 185: Rebate of the duty on fabrics knitted and woven of man-made synthetic staple fibers classifiable under tariff subheadings 5515.22; 5515.29 and 6005.3 used in the manufacture of men's peaked and tweed caps.**



.....  
**Mr. ITUMELENG MASEGE**  
**ACTING CHIEF COMMISSIONER**

**PRETORIA**

**4.08.2006**

## REPUBLIC OF SOUTH AFRICA

### INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

#### REPORT NO 185

**Rebate of the duty on fabrics knitted and woven of man-made synthetic staple fibers classifiable under tariff subheadings 5515.22; 5515.29 and 6005.3 used in the manufacture of men's peaked and tweed caps.**

#### Synopsis

The Commission considered an application for rebate of the duty on wrap knitted fabrics of synthetic fibers and fabrics woven from man made and synthetic staple fibers classifiable under tariff subheadings 5515.22, 5515.29 and 6005.3 for the manufacture of men's peaked and tweed caps.

The reason for the application is that the applicant is unable to obtain the fabric in SACU. Furthermore, the volume required does not justify the investment in a production facility.

During the investigation a number of textile mills were approached. These mills indicated that they are not manufacturing fabrics suitable for the manufacture of men's peaked and tweed caps.

The Commission decided to support the application in view of the following:

- The fabric suitable for the manufacture of men's peaked and tweed caps is not manufactured in SACU due to quality, texture and volume considerations.
- Significant price disadvantages are experienced in respect of caps imported from China.
- The duty on the input material has a cost-raising effect on the downstream products.

The textile and clothing industry has been identified as one of the strategic industries in terms of the Accelerated and Shared Growth Initiative of South Africa (ASGISA).

In view of the above, the Commission decided to recommend that:

- A rebate of duty provision is created for wrap knitted fabrics of synthetic fibers classifiable under tariff subheading 6005.3 for the manufacture of peaked caps.

- A rebate provision is created for woven fabrics of synthetic staple fibers of heading 55.15 for the manufacture of headgear classifiable under tariff heading 65.04 and 65.05.

## **Introduction**

National Cap Factory CC hereon referred to as the applicant, applied for a rebate of the duty on wrap knitted fabrics of synthetic fibers and fabrics woven from man made and synthetic staple fibers classifiable under tariff subheadings 5515.22, 5515.29 and 6005.3. These fabrics are used for the manufacture of men's peaked and tweed caps.

The duty on the above-mentioned fabrics is 22 %.

In support of its applications the applicant indicated that it is unable to obtain the fabrics in SACU. The fabrics required by the applicant are different from the SACU manufactured products in terms of wool and polyester yarn mixture.

The applications were published in the Government Gazettes of 13 September 2005 and 10 February 2006 and the Government Gazette of 7 April 2006.

## **Tariff Position**

Knitted fabric is classifiable under tariff subheading 6005.3 as wrap knitted fabrics of synthetic fibers dutiable at 22 % (General), 13 % (EU) and free (SADC).

Woven fabrics are classifiable under tariff subheading 5515.22 and 5515.29 subject to a duty of 22 % (general), 13 % (EU) and free (SADC).

The end product namely caps are classifiable under tariff subheadings 6505.90 and 6504.00 and dutiable at 30 % (General) 26,4% (EU) and free (SADC).

## **Comments on the application**

During the preliminary investigation a number of textile manufacturers of wrap knitted fabrics were approached by ITAC.

One of the textile mills indicated that they used to produce blended fabrics for the manufacture of men's caps but these fabrics became very expensive to produce and are therefore no longer produced domestically.

Furthermore, two of the textile mills that use wool in their manufacturing process indicated that they are not manufacturing fabric suitable for tweed caps.

One of the largest textile mills indicated that they could only offer a smooth finished fabric, which is not suitable for the manufacture of caps.

## **Findings & recommendations**

During the investigation it was established that there were only 3 manufacturers of caps left in SACU.

The textile and clothing industry has been identified as one of the strategic industries in terms of Accelerated and Shared Growth Initiative of South Africa (ASGISA). A rebate provision would reduce the input cost of the applicant, which would have a positive effect on the manufacturing of the downstream product, being caps.

In terms of the Commission's tariff policy, the Commission decided to support the application in view of the following:

- The textile mills indicated that that they are not manufacturing the fabric required due to quality, texture and volume considerations.
- The applicant experiences significant price disadvantages in respect of caps imported from China. More than 80 % of all imports originate from this country.
- The duty on the input material has a cost-raising affect on the downstream products.

In view of the above, the Commission decided to recommend that:

- A rebate of the duty provision is created for wrap knitted fabrics of synthetic fibers classifiable under tariff subheading 6005.3 for the manufacture of peaked caps.
- A rebate of duty provision is created for woven fabrics of synthetic staple fibers of heading 55.15 for the manufacture of headgear classifiable under tariff heading 65.04 and 65.05.

[45/2005]