

## **Report No. 143**

# **Rebate of the customs duty on knitted glove liners of cotton, synthetic fibres or a combination thereof, for the manufacture of gloves**

The International Trade Administration Commission of South Africa herewith presents  
**Report No. 143: REBATE OF THE CUSTOMS DUTY ON KNITTED GLOVE  
LINERS OF COTTON, SYNTHETIC FIBRES OR A COMBINATION THEREOF,  
FOR THE MANUFACTURE OF KNITTED GLOVES.**

  
.....  
**Ms N P MAIMELA**  
**CHIEF COMMISSIONER**

**PRETORIA**  
...../...../ 2005

# REPUBLIC OF SOUTH AFRICA

## INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

### REPORT NO. 143

#### REBATE OF THE CUSTOMS DUTY ON KNITTED GLOVE LINERS OF COTTON, SYNTHETIC FIBRES OR A COMBINATION THEREOF, FOR THE MANUFACTURE OF KNITTED GLOVES

##### **Synopsis**

The Commission considered an application for a rebate of the customs duty on cotton and synthetic fibre knitted gloves liners (inners), classifiable under tariff sub-headings 6116.92 and 6116.93 respectively for the manufacture of industrial protective gloves.

The reason for the application was that the high duty applicable and high domestic prices have a cost - raising impact on the manufacturers of knitted gloves.

The Commission found that there is only one SACU manufacturer of knitted glove liners but its prices are uncompetitive. This manufacturer, who also manufactures the end product, has supported the application.

The Commission therefore decided to recommend the creation of a rebate provision for knitted glove liners of cotton, synthetic fibres or a combination thereof classifiable under tariff sub-headings 6116.92 and 6116.93 respectively, for the manufacture of knitted gloves, impregnated, coated or covered with plastic or rubber of subheading 6116.10.

##### **The application**

Evrigard (Pty) Ltd, hereon referred to as the applicant, applied for rebate of the customs duty on cotton and synthetic fibre knitted gloves liners (inners), classifiable under tariff sub-headings 6116.92 and 6116.93 respectively. The customs duty applicable is 30% ad valorem. Knitted gloves liners (inners) are a major input material used in the manufacture of industrial workers' protective gloves.

The application was published in the *Government Gazette* on 5 August 2005.

The users of the abovementioned gloves are the mining sector, motor vehicle assembly plants, chemical manufacturing facilities, building and construction, and the metal manufacturing industries.

The applicant submitted the following motivating factors in support of the application:

- There is only one company capable of manufacturing these materials in the SACU, namely Nitrile & Latex c.c. However, its prices are uncompetitive.
- To save the manufacturing sector of knitted gloves from ultimate closure. During the last five years, five SACU glove manufacturers ceased operation because of the industry's inability to compete with low - priced imported safety gloves.

Other manufacturers of knitted gloves supported the application for rebate of the customs duty on knitted glove liners and the only manufacturer of the knitted glove liners, who also manufactures the final product, is also in support of the application.

### Tariff position

The materials, for which rebate of the customs duty are applied for, are classified under tariff subheadings 6116.92 and 6116.93 and both are used in the production of the knitted gloves, impregnated, coated or covered with plastic or rubbers classifiable under tariff subheading 6116.10.

The tariff structure of the input material is shown in Table 1 below:

Table 1: Tariff Position

Tariff Heading	Tariff Sub-Heading	Article Description	Rates of Duty		
			General	EU	SADC
61.16		Gloves, Mittens and Mitts, Knitted or Crocheted			
	6116.92.00	-- Of cotton	30%	30%	15%
	6116.93.00	-- Of synthetic fibres	30%	30%	15%

The tariff structure of knitted gloves is shown in Table 2 below:

Table 2: Tariff Position

Tariff Heading	Tariff Sub-Heading	Article Description	Rates of Duty		
			General	EU	SADC
61.16		Gloves, Mittens and Mitts, Knitted or Crocheted			
	6116.10	--Impregnated, coated or covered with plastics or rubber	30%	30%	15%

### **The industry and the market**

Currently, there are only three manufacturers of the knitted gloves, impregnated, coated or covered with plastic or rubber in the SACU, and only one of these three manufactures is capable of manufacturing the knitted glove liners.

The applicant alone employs a total of 74 factory workers, of which 61 workers are directly allocated to the manufacture of the end product. The applicant indicated that it has reduced costs of mechanisation and developed a dipping or coating process that is world class.

Objections were received from the local manufacturers of knitted fabrics. The manufacturers who commented confirmed that the knitted fabrics are available in the SACU and South African manufacturers should be able to produce knitted glove liners.

### **Findings**

The Commission found that there is only one SACU manufacturer of knitted glove liners of cotton and synthetic fibres but at uncompetitive prices. This manufacturer, who also manufactures the end product, supported the application.

The objections received were from the knitted fabric manufacturers and not the manufacturer of knitted glove liners. The knitted fabric is an input material in the manufacture of knitted glove liners and the objections received from the knitted fabric manufacturers centred on the availability of knitted fabrics and not on knitted glove liners, which was the product under consideration.

The Commission also found that the applicant is experiencing fierce competition from foreign firms and that the rebate provision is needed to enhance its competitive position.

### **Recommendation**

In view of the above, the Commission decided to recommend that a rebate provision be created for knitted glove liners of cotton, synthetic fibres or a combination thereof, classifiable under tariff sub-headings 6116.92 and 6116.93 respectively for the manufacture of knitted gloves, impregnated, coated or covered with plastic or rubber of subheading 6116.10.

[15/2005]