

**REPORT NO. 559**

**APPLICATION FOR THE CREATION OF A REBATE PROVISION FOR BANGLES OF  
BASE METAL WHETHER OR NOT PLATED WITH PRECIOUS METAL,  
CLASSIFIABLE UNDER TARIFF SUBHEADING 7117.19, IN AN UNFINISHED STATE,  
FOR THE MANUFACTURE OF IMITATION JEWELLERY INCORPORATING LEATHER.**

The International Trade Administration Commission of South Africa herewith presents its Report No. 559: **APPLICATION FOR THE CREATION OF A REBATE PROVISION FOR BANGLES OF BASE METAL WHETHER OR NOT PLATED WITH PRECIOUS METAL, CLASSIFIABLE UNDER TARIFF SUBHEADING 7117.19, IN AN UNFINISHED STATE, FOR THE MANUFACTURE OF IMITATION JEWELLERY INCORPORATING LEATHER,** with recommendations.



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**SIYABULELA TSENGIWE**  
**CHIEF COMMISSIONER**

**PRETORIA**

*17.08.2017*

## REPUBLIC OF SOUTH AFRICA

### INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

#### REPORT NO. 559

**APPLICATION FOR THE CREATION OF A REBATE PROVISION FOR BANGLES OF BASE METAL WHETHER OR NOT PLATED WITH PRECIOUS METAL, CLASSIFIABLE UNDER TARIFF SUBHEADING 7117.19, IN AN UNFINISHED STATE, FOR THE MANUFACTURE OF IMITATION JEWELLERY INCORPORATING LEATHER.**

#### **Synopsis:**

Zawadi Gems and Curios CC applied for the creation of a rebate provision for bangles of base metal, whether or not plated with precious metal, classifiable in tariff subheading 7117.19, in an unfinished state, for the manufacture of imitation jewellery incorporating leather.

The Commission found that the domestic industry has the capacity to manufacture the subject product to the required specifications. The Commission further found that products manufactured domestically compete directly with the jewellery items imported by the applicant. The existing duty serves to support and encourage domestic investment and employment in this industry. The creation of a rebate provision would erode the protection afforded to the domestic manufacturers of the subject product.

The Commission recommended that the application for the creation of a rebate provision for bangles of base metal whether or not plated with precious metal for the manufacture of imitation jewellery incorporating leather classifiable under tariff subheading 7117.19, be rejected.

#### **THE APPLICATION AND TARIFF POSITION**

1. Zawadi Gems and Curios CC applied for the creation of a rebate provision for bangles of base metal, whether or not plated with precious metal, classifiable under tariff subheading 7117.19, in an unfinished state, for the manufacture of imitation jewellery incorporating leather.

2. The applicant is a wholesaler, supplier and exporter of African art, gifts and collectibles aimed at exclusive gift shops, home décor, galleries and collectors. It also manufactures a range of ostrich leather jewellery. The company started manufacturing ostrich leather bangles in 2013.
3. As motivation for the application, the applicant stated the following:
  - The company cannot sell metal blanks as jewellery of any nature as they are incomplete. They are purely blank zinc components and should not be considered as jewellery in this state;
  - The value added in the processing of this jewellery is approximately 56 per cent and the value of the blanks amounts to 44 per cent of the total production;
  - Locally sourced materials such as ostrich leather, glues and other chemicals are used in the production of the final product;
  - The company currently employs four employees directly involved in the manufacturing and quality control process of the subject product with the possibility of more employment in the near future should the rebate be granted; and
  - The subject product cannot be made competitively in South Africa and must be imported.
4. The application was published in the Government Gazette of 15 December 2016 for comment by interested parties as follows:

*"Bangles, of base metal, whether or not plated with precious metal, classifiable in tariff subheading 7117.19, in an unfinished state, for the manufacture of imitation jewellery incorporating leather, classifiable in tariff subheading 7117.19."*

5. The current tariff structure of the subject product reads as follows:

**Table 1: Current tariff structure of the subject products**

Tariff Heading	Tariff Subheading	Description	Statistical Unit	Rate of duty				
				General	EU	EFTA	SADC	MERCOSUR
71.17		Imitation jewellery:						
	7117.1	Of base metal, whether or not plated with precious metal:						
	7117.19	Other	Kg	20%	Free	Free	Free	20%

### **INDUSTRY AND MARKET**

6. Imfundiso Skills Development CC t/a Maselesele Jewellers and Copper Craft Africa (Pty) Ltd t/a Creative Copper Africa (Pty) Ltd are known manufacturers of jewellery items with the capacity to manufacture bangles of base metals to the required specifications.
7. The applicant is the only known importer of the subject product in the SACU region.

### **COMMENTS ON THE APPLICATION**

8. Comments supporting the application were received from the Botswana Ministry of Investment, Trade and Industry.
9. Comments objecting to the application were received from Ekurhuleni Jewellery Project, Imfundiso Skills Development CC and Copper Craft Africa (Pty) Ltd.
10. Ekurhuleni Jewellery Project objected to the application citing that the subject product is a fully-finished product as it was electroplated to a high standard with Swarovski crystals fitted and was thus ready for sale.
11. Imfundiso Skills Development CC objected to the application citing that it has sufficient capacity to manufacture the subject product to the required specifications as demonstrated by the replica submitted to ITAC.

12. Copper Craft Africa (Pty) Ltd objected to the application citing the products imported by the applicant compete directly with the jewellery items manufactured by the company. The company currently employs 50 employees and the process of manufacturing is labour-intensive.

## **FINDINGS**

13. The Commission found that there is capacity to manufacture the subject products to the required specifications in the SACU region. The products imported by the applicant compete directly with the jewellery items manufactured by the domestic industry.

14. The existing duty serves to support and encourage domestic investment and employment in this industry.

15. The creation of a rebate provision would erode the protection afforded to the domestic manufacturers of the subject product.

## **RECOMMENDATION**

16. In the light of the foregoing, the Commission recommended that the application for the creation of a rebate provision for bangles of base metal whether or not plated with precious metal for the manufacture of imitation jewellery incorporating leather classifiable under tariff subheading 7117.19, be rejected.