

Special duty on textiles considered

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A special duty — over and above import duties on clothing and textiles — might be imposed if a rescue package proposed by the National Economic Development and Labour Council (Nedlac), and intended to help ailing sectors, is implemented.

The trade and industry department's director-general Tsediso Matona said yesterday it was “true that the issue of a general review of protection has emerged. Among those measures, in addition to industrial policy measures, would be trade policy measures.”

There was no tool in the World Trade Organisation (WTO) that would allow for acting against cheap imports per se, he said, but added that it was a country's trade policy prerogative to upwardly review its tariffs.

“It may well be that if a package (proposed by a Nedlac task team) is agreed and implemented, the clothing and textiles industry could be one of the sectors where duties are raised,” he said.

However, he said the depreciated exchange rate was already providing a measure of protection for local manufacturers — by making imports more expensive — and that he did not believe that “people would support tariff increases”.

SA's tariffs on clothing and textile imports are already among the highest in the world, averaging more than 30%. An additional tariff would have to be levied universally, as WTO rules do not allow one member country to single out another for higher tariffs. This could make the cost of clothing surge dramatically.

University of Cape Town economics professor Don Ross said: “The average manufacturing wage in SA is R95,000. If we want to give money to unemployed people, we would do much better to drop the tariffs and raise R95,000 in taxes for each beneficiary.”

The trade and industry department yesterday also denied initiating formal discussions with the Chinese government about the possible extension of quotas on the import of clothing and textiles.

Reiterating the department's official line at the end of last year, Matona said in the absence of an “official trigger” — a request from an industry stakeholder for the extension of the quotas — the department was not in a position to initiate such an application legally.

However, it is understood that the extension of the quotas was informally requested by President Kgalema Motlanthe in a letter to China's Prime Minister Wen Jiabao last year.

China's ambassador to Pretoria, Zhong Jianhua, said earlier this week the request was being considered by China.

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