

Report No. 146

Extension of rebate item 316.09/8516.90 to include glass top hobs and glass top stoves as manufactured products

The International Trade Administration Commission herewith presents Report No. 146: Extension of rebate item 316.09/8516.90 to include glass top hobs and glass top stoves as manufactured products.


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Ms Nomonde Maimela
CHIEF COMMISSIONER

PRETORIA

22/11/2005

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 146

EXTENSION OF REBATE ITEM 316.09/8516.90 TO INCLUDE GLASS TOP HOBS AND GLASS TOP STOVES AS MANUFACTURED PRODUCTS

SYNOPSIS

Defy Appliances Ltd applied for an extension of rebate item 316.09/8516.90 being "Parts for the manufacture of electric hot trays of heading 85.16", to include glass top hobs and glass top stoves as manufactured products and that the provision be implemented with retrospective effect. According to the applicant the imported parts are not manufactured in the Southern African Customs Union (SACU). The applicant mentioned that it is uneconomical to produce specialised parts due to highly advanced technological requirements in the field.

The Commission considered the application favourably and recommended that rebate item 316.09/8516.90 be extended to include glass top hobs and stoves.

However, the Commission found no justification for recommending the implementation with retrospective effect.

THE APPLICATION

Defy Appliances Ltd is a manufacturer and distributor of major domestic appliances such as stoves, glass tops, ovens, hobs, washing machines, tumble driers, refrigerators, freezers and air conditioners. The company applied for an extension of rebate item 316.09/8516.90 to include glass top hobs and glass top stoves as manufactured products.

The current rebate provision reads as: "Parts, for the manufacture of electric hot trays of heading 85.16". The request is that an amended rebate provision should read as: "Parts, for the manufacture of electric hot trays, **glass top hobs and glass top stoves** of heading 85.16".

The applicant contends that there is no domestic manufacturer of specialised parts for the manufacture of glass top hobs and stoves and the duty payable on these parts increases the already high input costs. This has a negative effect on SACU manufacturers of glass top hobs and stoves.

Electrical parts are classifiable under tariff subheading 8516.90 as follows:

Tariff subheading	Description		Rate of duty
8516	Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hairdressing apparatus and other hand electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors (excluding those of heading No 85.45)		
8516.90	Parts		
8516.90.10	For immersion heaters identifiable for solely or principally for heating industrial liquids	General: EU SADC	Free Free Free
8516.90.20	For hand-type hair dryers	General EU SADC	8% Free Free
8516.90.25	For electric smoothing irons	General EU SADC	20% 17,6% Free
8516.90.30	For other electro-thermic appliances of a kind used for domestic purposes	General EU SADC	20% 14% Free
8516.90.90	Other	General EU SADC	20% 17,6% Free

The application was published for comments by interested parties in the *Government Gazette* of 26 August 2005, Notice 1602 of 2005.

The only comment on the publication was received from E.G.O Manufacturers. The company was in support of the application. The company confirmed that, as one of the major suppliers to Defy Appliances Ltd, it does not manufacture parts used in the manufacture of glass top hobs and glass top stoves.

RECOMMENDATION

The Commission found that the duty has an unnecessary cost – raising effect for the manufacturers of glass top hobs and stoves and recommended that Schedule No. 3 to the Customs and Excise Act, 1964 be amended, by extending rebate item 316.09/8516.90 to include glass top hobs and glass top

stoves of heading 85.16 as manufactured products. The amended rebate provision should read as follows:

“Parts, for the manufacture of electric hot trays, glass top hobs and glass top stoves of heading 85.16”.