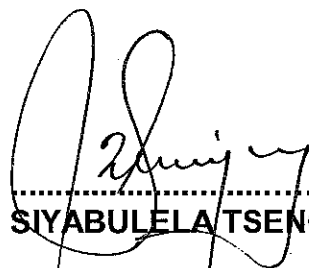


**REPORT NO. 305**

**REBATE OF THE DUTY ON ELECTRIC HEATING  
RESISTORS AND SOLID PLATES FOR THE  
MANUFACTURE OF SOLID PLATE STOVES, SOLID  
PLATE HOBS AND SOLID PLATE TABLETOP  
COOKERS**

The International Trade Administration Commission herewith presents its Report  
No. 305: **REBATE OF THE DUTY ON ELECTRIC HEATING RESISTORS AND SOLID  
PLATES FOR THE MANUFACTURE OF SOLID PLATE STOVES, SOLID PLATE  
HOBBS AND SOLID PLATE TABLETOP COOKERS**, with recommendation.



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

**PRETORIA**

21 - 05 - 2009

**REPUBLIC OF SOUTH AFRICA**  
**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH**  
**AFRICA**

**REPORT NO. 305**

**REBATE OF THE DUTY ON ELECTRIC HEATING RESISTORS AND SOLID  
PLATES FOR THE MANUFACTURE OF SOLID PLATE STOVES, SOLID  
PLATE HOBBS AND SOLID PLATE TABLETOP COOKERS**

**Synopsis**

Defy Appliances (Pty) Ltd applied for a rebate of the full duty on electric heating resistors and solid plates for the manufacture of solid plate stoves, solid plate hobs and solid plate tabletop cookers.

These components are no longer manufactured domestically and the duty payable is a cost burden to the industry. A rebate of the duty on these components would enhance the applicant's competitive position in the face of increasing foreign competition.

The Commission therefore recommended that a rebate of the full duty on electric heating resistors and solid plates used for the manufacture of solid plate stoves, solid plate hobs and solid plate tabletop cookers, be introduced.

**The application and tariff position**

1. Defy Appliances (Pty) Ltd applied for a rebate of the duty on electric heating resistors and solid plates used for the manufacture of solid plate stoves, solid plate hobs and solid plate tabletop cookers.
2. The domestic manufacturer of electric heating resistors and solid plates, namely Ego SA, ceased production of these particular components for stoves and cookers, due to a lack of economies of scale. These items need to be imported. The applicant argued that the existing duty does no longer serve a protective purpose, but merely has a cost-raising effect on downstream manufacturers.
3. The electric heating resistors and solid plates are currently classifiable under tariff subheadings 8516.80.10 and 8516.90.30 respectively as follows:

Tariff sub-heading	Description	Rates of duty			
		General	EU	EFTA	SADC
85.16	Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hair-dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors (excluding those of heading 85.45):				
8516.80	<b>Electric heating resistors:</b>				
8516.80.10	Identifiable for use solely or principally with domestic stoves, hot-plates and ovens	20%	6%	12%	Free
8516.90	Parts:				
8516.90.30	For other electro-thermic appliances of a kind used for domestic purposes	20%	6%	12%	Free

4. The application was published for comment by interested parties and no objections were received.
5. The applicant, Defy appliances (Pty) Ltd is SACU's largest manufacturer and distributor of domestic appliances and is situated in Jacobs, Durban. The applicant markets its products under the Defy and Ocean brands.
6. The applicant manufactures and assembles a range of components in its plant. Approximately 60% of components are manufactured by the applicant and 40% are sourced from outside the company.
7. The company is running at 75% capacity as a result of the economic downturn. The normal production capacity for stoves, hobs and tabletop cookers is 375 000 units per annum with a value of approximately R550m. The firm employs 3280 people.
8. There is only one other SACU manufacturer of stoves and hobs, namely Univa which manufactures stoves similar to those made by Defy. The company is situated in Alrode and is in support of the application. The firm has an approximate 20% share of the domestic market for stoves, hobs and cookers.
9. The Commission found that there are no domestic manufacturers of electric heating resistors and solid plates for the manufacture of solid plate stoves, solid plate hobs and solid plate tabletop cookers in the SACU region.

Therefore a rebate of the duty would enhance the applicant's competitive position in the face of increasing foreign competition.

### **Recommendation**

10. In the light of the foregoing, the Commission recommends that rebate of the full duty provisions be introduced in Schedule No. 3 of the Customs and Excise Act, 1964, as follows:

*“Electric heating resistors classifiable under tariff subheading 8516.80.10 for the manufacture of solid plate stoves, solid plate hobs and solid plate tabletop cookers, classifiable under tariff heading 85.16; and solid plates classifiable under tariff subheading 8516.90.30 for the manufacture of stoves, hobs and tabletop cookers, classifiable under tariff subheading 85.16.”*

[T5/2/18/1 (49/2008)]