

REPORT NO. 268

**REBATE OF DUTY ON ALUMINIUM TUBING FOR
THE MANUFACTURE OF REFRIGERATORS AND
FREEZERS**

The International Trade Administration Commission herewith presents its Report
No. 268: REBATE OF DUTY ON ALUMINIUM TUBING FOR THE MANUFACTURE
OF REFRIGERATORS AND FREEZERS, with recommendations.


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Siyabulela Tsegiwe
CHIEF COMMISSIONER

PRETORIA

10/06/08.....

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH
AFRICA

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REBATE OF DUTY ON ALUMINIUM TUBING FOR THE
MANUFACTURE OF REFRIGERATORS AND FREEZERS

Synopsis

Whirlpool South Africa (Pty) Ltd applied for the creation of a rebate provision for aluminium tubing for the manufacture of refrigerators and freezers. As the required aluminium tubing is not manufactured domestically, the Commission recommended the introduction of the requested rebate provision as it would improve the applicant's competitive position in the face of fierce competition, especially from East Asia.

The application

1. Whirlpool South Africa (Pty) Ltd applied for the creation of a rebate provision for aluminium tubing for the manufacture of refrigerators and freezers.
2. The aluminium tubing in question, is classifiable under tariff subheading 7608.10 as follows:

Tariff heading	Description	General	EU	SADC
7608	Aluminium Tubes and Pipes:			
7608.10	-Of aluminium, not alloyed	5%	5%	Free
7608.20	-Of aluminium alloy			
7608.20.15	=Of an outside cross-sectional dimension not exceeding 230mm	5%	5%	Free
7608.20.90	-Other	Free	Free	Free

The end products, namely household double door refrigerators and freezers, are classifiable under tariff subheadings 8418.10 and 8418.30.90 as follows:

Tariff heading	Description	General	EU	SADC
84.18	Refrigerators, Freezers and Other Refrigerating or Freezing Equipment, Electric or Other; Heat Pumps (Excluding Air Conditioning machines of Heading No. 84.15):			
8418.10	-Combined refrigerator-freezers, fitted with separate external doors	25%	8,25%	Free
8418.2	-Refrigerators, household type:	25%	8,25%	Free
8418.21	=Compression-type	25%	8,25%	Free
8418.22	=Absorption-type	25%	8,25%	Free
8418.29	=Other	25%	8,25%	Free
8418.30	-Freezers of the chest type, not exceeding 800l capacity:			
8418.30.10	=Of which any wall thickness exceeds 110 mm and with the ability to maintain temperatures of less than minus 50 degrees C	Free	Free	Free
8418.30.90	=Other	25%	8,25%	Free
8418.40	-Freezers of the upright type, not exceeding 900l capacity:			
8418.40.10	=Of which any wall thickness exceeds 110 mm and with the ability to maintain temperatures of less than minus 50 degrees C	Free	Free	Free
8418.40.90	=Other	25%	8,25%	Free
8418.50	-Other refrigerating or freezer chests, cabinets, display counters, show-cases and similar refrigerating or freezing furniture	20%	6,6%	Free
8418.6	-Other refrigerating or freezing equipment; heat pumps:			
8418.61	=Compression type units whose condensers are heat exchangers:			
8418.61.10	-Suitable for household refrigerators or freezers	25%	8,25%	Free
8418.61.90	-Other	Free	Free	Free

- As reason for the application, the applicant stated that the specific size of tubing required can no longer be sourced domestically from Huletts Hydro Extrusions, the previous supplier, due to a lack of economies of scale.
5. The aluminium tubing is used in the wrap-around machine and freezer tanks. The established format in which production occurs prohibits sourcing from outside of the firm as costs would then be much higher than is presently the case.
 6. There are two domestic manufacturers of refrigerators and freezers, namely Defy and Whirlpool.
 7. Defy supports the application made by Whirlpool South Africa (Pty) Ltd.
 8. The rebate would contribute to the lowering of the cost of manufacturing of refrigerators and freezers.
 9. The application attracted no objections from interested parties.

Findings

10. The Commission found that the required aluminium tubing is not manufactured domestically and decided to recommend that a rebate provision be introduced. As the applicant is experiencing fierce competition especially from East Asian manufacturers, the rebate provision would assist the applicant in improving its competitive position.

Recommendation

11. In the light of the foregoing, the Commission recommends that a full rebate provision be introduced for *tubes and pipes of aluminium, not alloyed, with an outside diameter not exceeding 7mm, classifiable in tariff subheading 7608.10 for the manufacture of household refrigerators and freezers, classifiable in tariff subheading 84.18*