

REPORT NO. 500

**CREATION OF A REBATE FACILITY FOR PANELS USED FOR THE
MANUFACTURE OF RAISED ACCESS FLOORING SYSTEMS**

The International Trade Administration Commission of South Africa herewith presents its Report No. 500: **CREATION OF A REBATE FACILITY FOR PANELS USED FOR THE MANUFACTURE OF RAISED ACCESS FLOORING SYSTEMS** with recommendation.



.....
SIYABULELA TSENGIWE
CHIEF COMMISSIONER

01.07.2015

REPUBLIC OF SOUTH AFRICA

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

REPORT NO. 500

CREATION OF A REBATE FACILITY FOR CERTAIN PANELS USED FOR THE MANUFACTURE OF RAISED ACCESS FLOORING SYSTEMS

Synopsis

Pentafloor Access Flooring (Pty) Ltd applied for the creation of a rebate facility for panels used for the manufacture of raised access flooring systems.

The Commission found that there are no local manufacturers of the subject panels in the SACU region and that the duty has an unnecessary cost raising impact. Duty relief in the form of a rebate provision would improve the applicant's competitive position in the face of stiff competition from firms importing the complete flooring system.

The Commission recommended that a rebate facility be created for steel panels with an inner core of Portland cement, classifiable in tariff subheading 7308.90.90 for the manufacture of elevated (raised) flooring systems for buildings classifiable in tariff subheading 7308.90.90.

THE APPLICATION AND TARIFF POSITION

1. Pentafloor Access Flooring (Pty) Ltd applied for the creation of a rebate facility for panels used for the manufacture of raised access flooring systems.
2. As reasons for the application, the applicant stated the following:
 - There are no known manufacturers of these panels in the SACU;
 - For the company to become competitive, the importation of the subject panels for the manufacture of the complete flooring system is necessary. This will ultimately help the industry to grow and offer more job opportunities, in

competition with companies that are involved in the business of only importing the complete flooring system and selling it to the end user.

3. The application was published in the Government Gazette for comments by interested parties, as follows:

APPLICATION FOR THE CREATION OF A REBATE OF FULL DUTY ON:

“Steel panels with an inner core of Portland cement, classifiable in tariff subheading 7308.90.90 for the manufacture of elevated (raised) flooring systems for buildings classifiable in tariff subheading 7308.90.90”

4. The tariff structure for both the subject input product and the final product is as follows:

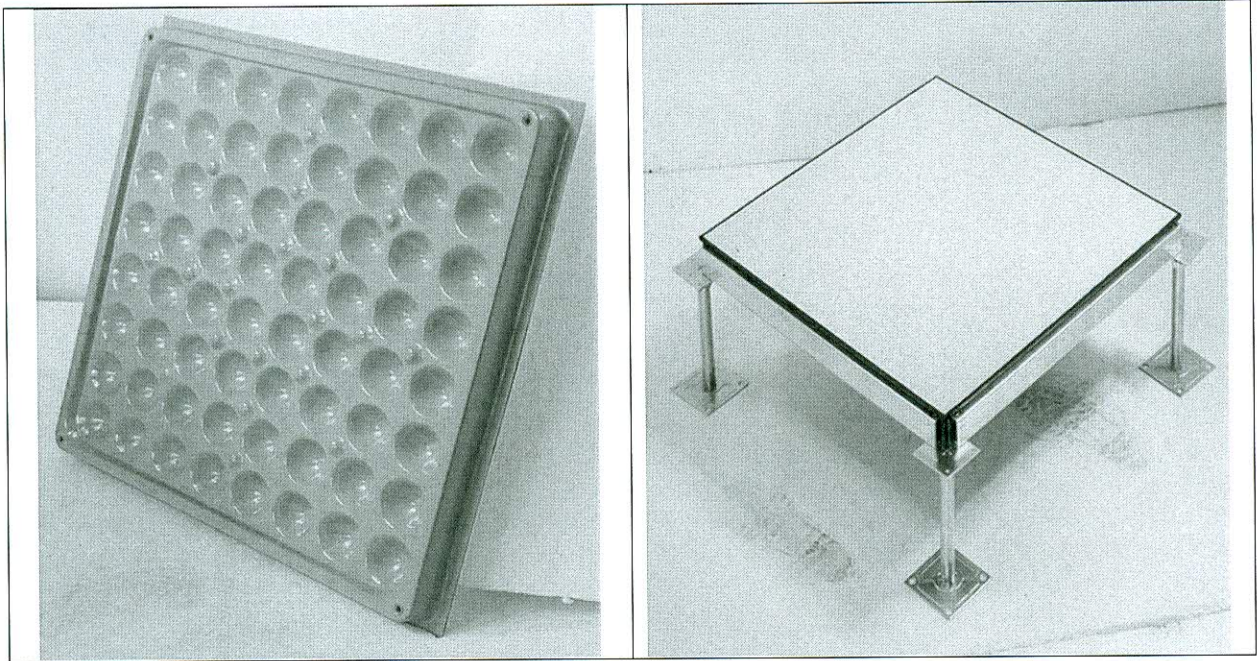
Table 1: Current tariff structure

Heading/ Sub-heading	Article Description	Statistical Unit	Rate of Duty			
			General	EU	EFTA	SADC
7308.90.90	Structure and parts of structures of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron steel: other	kg	15%	Free	15%	Free

5. The WTO bound rate is 15% *ad valorem*.

INDUSTRY AND MARKET

6. The panels consist of a 600x600mm steel shell filled with a cementitious compound. The bases and heads (to keep the panel up) are manufactured locally and comprise, by mass, on average between 75% and 90% of the total system. Additional accessories help with the reticulation of services through the floor, pictured below:



7. An access floor is a floor placed upon a floor, thus creating an accessible plenum for the distribution of building services such as power, voice and data and the distribution of heating and cooling services. The floor can be raised by as little as 65 mm to more than 1,8 metres.
8. A raised access floor comprises of load bearing floor panels laid in a horizontal grid supported by adjustable vertical pedestals to provide an under floor space for the housing and distribution of services. The floor panels are readily removable to allow quick access to the under floor services.
9. The applicant is the only domestic manufacturer of these systems.
10. Tariff subheading 7308.90.90 includes a large variety of different steel structures that do not form part of this investigation. Import figures for the specific subject product are therefore not available.

COMMENTS RECEIVED

11. Comments supporting the application were received from Bates Access Flooring (Pty) Ltd, Supertec Ceiling and Boards (Pty) Ltd, PB Cape (Pty) Ltd, and the Botswana Department and Trade and Industry. The comments centred on the

unnecessary cost raising impact of the duty. There were no objections to this application.

FINDINGS

12. The Commission found that there are no local manufacturers of the subject panels in the SACU region and that the duty has an unnecessary cost raising impact. Duty relief in the form of a rebate provision would improve the applicant's competitive position in the face of stiff competition from firms importing the complete flooring system.

RECOMMENDATION

In light of the foregoing, the Commission recommends that a rebate facility be created for steel panels with an inner core of Portland cement, classifiable in tariff subheading 7308.90.90 for the manufacture of elevated (raised) flooring systems for buildings classifiable in tariff subheading 7308.90.90.