

**REPORT NO. 619**

**REDUCTION IN THE GENERAL RATE OF CUSTOMS DUTY ON  
COOKER HOODS HAVING A MAXIMUM HORIZONTAL SIDE NOT  
EXCEEDING 120 CM, DOMESTIC TYPE, CLASSIFIABLE UNDER  
TARIFF SUBHEADING 8414.60.20**

The International Trade Administration Commission herewith presents its **Report No. 619: Reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20**, with recommendations.

**MELULEKI NZIMANDE  
CHIEF COMMISSIONER**

*Meluleki Nzimande*

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**PRETORIA**

**12/11/2019**

**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**

**REPORT NO. 619**

**REDUCTION IN THE GENERAL RATE OF CUSTOMS DUTY ON COOKER HOODS HAVING A MAXIMUM HORIZONTAL SIDE NOT EXCEEDING 120 CM, DOMESTIC TYPE, CLASSIFIABLE UNDER TARIFF SUBHEADING 8414.60.20**

**Synopsis**

Defy Appliances (Pty) Ltd applied for a reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20, from 15% *ad valorem* to free of duty.

Cooker hoods are devices containing a mechanical fan and are typically positioned above a stove or cooktop where food is cooked or prepared. The purpose of the cooker hoods is to remove airborne greases, odours and fumes from the cooking area by extraction and filtration of the air. The subject products are complementary products to gas and electric stoves.

The Commission considered the application in light of the information at its disposal. The Commission found that the domestic industry has the capacity to manufacture the subject products to the required specifications. The existing duty serves to support investment and employment in the domestic industry. A reduction of customs duty would erode the protection afforded to the domestic industry.

In light of the foregoing, the Commission recommended that the application for a reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20, from 15% *ad valorem* to free of duty, be rejected.

## THE APPLICATION AND TARIFF POSITION

1. ITAC received an application from Defy Appliances (Pty) Ltd (“Defy”) for a reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20, from 15% *ad valorem* to free of duty.
2. The applicant is a manufacturer, importer and distributor of a range of white good appliances such as gas stoves, electric stoves, refrigerators, tumble dryers and cooker hoods for domestic use. The company markets its products under the Defy, Beko and Grundig brand names.
3. As motivation for the application the applicant cited the following:
  - Historically, Defy sourced cooker hoods domestically from Remkor Manufacturing (Pty) Ltd (“Remkor”). However, the domestic manufacturer has since discontinued the manufacture of cooker hoods, leaving Defy with no option but to import the subject products; and
  - The company’s competitive position is negatively affected by the customs duty of 15% *ad valorem* incurred on the cooker hoods.
4. The application was published in the Government Gazette No. 42593 on 26 July 2019 for comments by interested parties as follows:

*“Reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20.”*
5. The subject products attract a general rate of customs duty of 15% *ad valorem* and the WTO bound rate for the subject products is 20% *ad valorem*.

6. The current tariff structure of the subject product is indicated in Table 1 below:

**Table 1: Current tariff structure**

Heading/ Sub heading	Description	Statistical Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
8414	<b>Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters:</b>						
8414.60	<b>- Hoods having a maximum horizontal side not exceeding 120 cm:</b>						
8414.60.20	- Domestic type	Units	15%	Free	15%	Free	13.5%

Source: SARS, 2019

7. The requested tariff position is depicted in Table 2 below:

**Table 2: The requested tariff structure**

Heading/ Sub heading	Description	Statistical Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
8414	<b>Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters:</b>						
8414.60	<b>- Hoods having a maximum horizontal side not exceeding 120 cm:</b>						
8414.60.20	- Domestic type	Units	Free	Free	15%	Free	13.5%

Source: Applicant, 2019

## **INDUSTRY AND MARKET**

8. Cooker hoods are devices containing a mechanical fan and are typically positioned above a stove or cooktop where food is cooked or prepared. The purpose of the cooker hoods is to remove airborne greases, odours and fumes from the cooking area by extraction and filtration of the air. The subject products are complementary products to gas and electric stoves.

9. The subject products are depicted in figure 1 below.

**Figure 1: Subject products**



10. During the investigation, it was verified that there is capacity to manufacture the subject products to the required specification in the domestic industry. Remkor, a domestic manufacturer of metal products and components based in Gauteng (Johannesburg), has the installed capacity and the capabilities to manufacture cooker hoods.
11. The known importers of the subject products in the SACU market include: BSH Home Appliances (Pty) Ltd; DK Gas Appliances (Pty) Ltd; Falco Domestic Appliances CC; Miele South Africa (Pty) Ltd; SMEG South Africa (Pty) Ltd; and Defy Appliances (Pty) Ltd. In terms of the local value chain, the main buyers of cooker hoods included Game Stores, Builders Warehouse, Furniture Mart, HiFi Corporation, and Shoprite Stores.
12. During the period of investigation, approximately 79 per cent of imports of the subject product originated from Asian countries. Cooker hoods are exported to Malawi, Angola, and Democratic Republic of Congo.

### **COMMENTS RECEIVED**

13. Comments were received from the White Goods Sector Desk of the Department of Trade and Industry (**thedti**). **thedti** emphasized the importance of developing domestic component manufacturers who will supply the OEMs. **thedti** also maintained that, the fact that cooker hoods are complementary goods to products such as electric and gas stoves, provides an opportunity for industry to localise the subject products.
14. Furthermore, **thedti** recommended the creation of a rebate provision be considered instead of a reduction in customs duty, should it be found that there is no local manufacturer of the subject products.
15. Remkor submitted comments objecting to the application. The company cited that it has installed capacity and capabilities to manufacture the subject products in the required specifications. Furthermore, it temporarily ceased manufacturing the subject products owing to the lack of orders as a result of an influx of low-priced imports into the SACU region.

## **FINDINGS**

16. The Commission found that there exists capacity to manufacture the subject products to the required specifications domestically.
17. The existing duty serves to support and encourage domestic investment and employment in this industry. A reduction in the rate of customs duty would erode the protection afforded to the domestic manufacturer of the subject product.
18. The Commission further found that the creation of a temporary rebate provision would erode the incentive to source the products locally as the subject products could be imported free of duty.

## **RECOMMENDATION**

19. In light of the foregoing, the Commission recommended that the application for a reduction in the general rate of customs duty on cooker hoods having a maximum horizontal side not exceeding 120 cm, domestic type, classifiable under tariff subheading 8414.60.20, from 15% *ad valorem* to free of duty, be rejected.