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## GENERAL NOTICE

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### NOTICE 142 OF 2006

#### INTERNATIONAL TRADE ADMINISTRATION COMMISSION

#### TERMINATION OF THE INVESTIGATION INTO THE ALLEGED DUMPING OF DETONATING FUSES AND DELAY DETONATORS (COMMONLY KNOWN AS SHOCKTUBES), ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA.

On 15 June 2005, the International Trade Administration Commission of South Africa (Commission) formally initiated an investigation into the alleged dumping of detonating fuses and delay detonators (commonly known as shocktubes) originating in or imported from the People's Republic of China (PRC). Notice of the initiation of the investigation was published in Notice No.1099 in *Government Gazette* No. 27735 dated 8 July 2005.

The investigation was initiated after the Commission decided that African Explosives Ltd (AEL) ( the Applicant) submitted *prima facie* information that detonating fuses and delay detonators (commonly known as shocktubes) originating in or imported from the People's Republic of China (PRC) were imported into the Southern African Customs Union (SACU) at dumped prices, causing the SACU industry material injury.

In the application, the applicant indicated that it is the sole producer of the subject product within SACU. It further alleged that domestic selling prices in the PRC were influenced by government intervention. It nominated Ghana as a surrogate (or third) country for the purposes of calculating the normal value for the PRC, and stated that Ghana had an industry on the same level of development as that in the PRC. It therefore based the normal value on the domestic selling price in Ghana and provided prices and a letter of co-operation from its sister company in Ghana.

Subsequent to initiation exporters questionnaires and importers questionnaires were sent to

the various known interested parties for completion.

All the parties that responded in the investigation questioned the suitability of Ghana as a surrogate country. A major gold mining company further indicated that it was a major user of the product in Ghana and that to the best of its knowledge, the product sold in Ghana is imported from South Africa and at that only assembly operations take place in Ghana.

As a result of the above response, AEL was requested to provide cost build-ups for the subject products in Ghana. This was provided and it was confirmed that the company in Ghana assembles the shocktube products imported from South Africa and Sweden on the same basis that Master Blaster assembles the products in Botswana using Chinese components.

For the purposes of considering whether the company in Ghana could be regarded as a manufacturer of the subject product, the Commission took section 60.5 of the ADR into account, which defines assembly operations and provides inter alia that where assembly operations do not add more than 25 percent value or do not constitute a major transformation process, such assembly shall not be regarded as changing the country of origin.

By its own information, the applicant indicated that only assembly operations take place in Ghana and as confirmed by the cost build-ups provided, less than 25 per cent value is added. Furthermore there is no major transformation process.

According to the above criteria the Commission found that Ghana does not have a shocktube industry as envisaged in the regulations and that the information provided with regard to normal value in Ghana, could not be used for purposes of the calculation of the dumping margin.

With regard to the Applicant's statement that it is the sole producer of the subject product

in SACU, Sasol-Dyno Nobel (SDN) provided information, which was verified, indicating that they did indeed manufacture the product and specifically that it manufactures the detonator which comprises more than 80% of the value of the product.

At its meeting of 16 November 2005, the Commission made a preliminary determination to revoke its decision to initiate the investigation in terms of Section 26(6) of the ITA Act which provides *inter alia* as follows:

The Commission may amend or revoke a decision or recommendation concerning an application if-

(a) the decision or recommendation was based on incorrect information and the applicant or supplier of the information-

- (i) was responsible for the error in the information; and
- (ii) benefited or could have benefited, from the decision or recommendation;

On 18 November 2005 this determination was conveyed to the Applicant who was given an opportunity to respond.

Written and oral representations made to the Commission were considered by it in making its final decision.

The Commission noted the arguments raised and accepted that the applicant based its application on information which was reasonably available to it.

The Commission considered that incorrect information that was submitted by the Applicant influenced its decision to initiate the investigation. It therefore made a final decision to invoke section 26(6) of the ITA Act and thus revoke its decision to initiate the investigation into the alleged dumping of detonating fuses and delay detonators (commonly known as shocktubes) originating in or imported from the PRC.

This investigation therefore is herewith terminated.

**Enquiries may be directed to the investigating officers, Mr A Strydom at (012) 394 3597 or Mr J D Böning at telephone (012) 394 3638, or at fax (012) 394 0518.**

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