

REPORT NO. 444

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GARDEN
PICKS, SPADES AND SHOVELS, RAKES AND FORKS
ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC
OF CHINA (CHINA): FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 444: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GARDEN PICKS, SPADES AND SHOVELS, RAKES AND FORKS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL DETERMINATION**



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CHIEF COMMISSIONER

PRETORIA

06/09/2013

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA

SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GARDEN PICKS, SPADES AND SHOVELS, RAKES AND FORKS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL DETERMINATION

SYNOPSIS

On 27 May 2011, the International Trade Administration Commission of South Africa (the Commission) notified the interested parties through Notice No. 308 of 2011 in *Government Gazette* No. 34307, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties of the subject products originating in or imported from the People's Republic of China (China) would likely lead to the continuation or recurrence of dumping and injury, the relevant anti-dumping duties on the subject products originating in or imported from China would expire on 11 November 2012.

On 26 October 2012, the Commission initiated a sunset review on garden picks, spades and shovels, rakes and forks originating in or imported from China. Notice of the initiation of the investigation was published in Notice No. 866 of *Government Gazette* No. 35808 dated 26 October 2012.

The Application was lodged by Ussher Inventions (Pty) Ltd trading as Lasher Tools, being the major manufacturer of garden picks, spades and shovels, forks and rakes in the SACU market.

The investigation was initiated after the Commission considered that the expiry of the anti-dumping duties against imports of garden picks, spades and shovels, forks and rakes originating in or imported from China would likely lead to the continuation or recurrence of dumping and injury.

On initiation of the investigation, the known producers/exporters of the subject

product in China were sent a foreign manufacturers/exporters questionnaire to complete. Importers of the subject product were also sent questionnaires to complete.

After considering all interested parties' comments, the Commission made a final determination that the expiry of the anti-dumping duties on garden picks, spades and shovels, rakes and forks originating in or imported from China would lead to the continuation or recurrence of dumping and to the continuation or recurrence of material injury.

As the Applicant requested that the anti-dumping duties be changed to a per kilogram basis from a per unit basis, the Commission made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be imposed on a cents per kilogram basis.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be amended to the following rates:

Cents per kilogram	Spades & shovels	Picks	Rakes	Forks
Dumping duties	158.1 c/kg	262.7 c/kg	369.2 c/kg	480.0 c/kg

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation was conducted in accordance with the International Trade Administration Commission Act, 2002 (Act 71 of 2002) (the "ITA Act") and the International Trade Administration Commission of South Africa Anti-Dumping Regulations (ADR) read with the World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement).

1.2 APPLICANT

The application was lodged by Ussher Inventions (Pty) Ltd trading as Lasher Tools, being the major manufacturer of garden picks, spades and shovels, forks and rakes in the SACU market.

1.3 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with ADR 21 on 19 October 2012.

1.4 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that the expiry of the duty would likely lead to continuation or recurrence of injury to the SACU industry. The basis of the continuation or recurrence of dumping was that the goods were being exported to the SACU at prices less than the normal value in the country of origin.

1.5 INVESTIGATION PROCESS

The Commission initiated a sunset review of the anti-dumping duties on garden picks, spades and shovels, rakes and forks originating in or imported from China pursuant to Notice No. 866 which was published in *Government Gazette* No. 35808 on 26 October 2012.

All known interested parties were informed and requested to respond to

the questionnaires and the non-confidential version of the application.

The information submitted by Lasher Tools was verified on 19 July 2012 and 14 August 2012.

1.6 INVESTIGATION PERIOD

The investigation period for dumping was from 1 July 2011 to 30 June 2012. The injury investigation involved evaluation of data for the period 1 July 2008 to 30 June 2011, and 2012 budgeted figures. The Commission also considered an estimate of what the situation would be, should the anti-dumping duties expire.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The Applicant's production market share is as follows:

Spades & Shovels	85%
Forks	95%
Picks	100%
Rakes	90%

The Commission decided that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

1.7.2 Foreign Manufacturers/Exporters

One manufacturer of the subject product in China, Tangshan Glory Shovel Manufacturing Company Limited (Tangshan) responded to the Commission's exporter's questionnaire.

The Commission however decided not to take the information submitted by Tangshan into account for purposes of its final determination, as the response was regarded as deficient.

1.7.3 Importers

The following SACU importers responded to the Commission's questionnaires:

(a) Ikhaya Tools CC (Ikhaya)

(b) L&G Tools and Machinery Distributors Limited (L&G Tools)

The Commission decided not to take the information submitted by Ikhaya into account for purposes of its final determination, as the response was regarded as deficient.

1.8 COMMENTS

The Commission took *all* interested parties' comments into account for purposes of making its final determination and recommendation to the Minister of Trade and Industry. Copies of the non-confidential versions are available on the public file.

1.9 FINAL DETERMINATION

After considering all comments submitted by interested parties within the specified time periods, the Commission made a final determination that the expiry of the anti-dumping duties on the subject product would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.

As the Applicant requested that the anti-dumping duties be changed to a per kilogram bases and not on a per unit basis, the Commission made a final determination to recommend to the Minister of Trade and Industry

that the anti-dumping duties be imposed on a cents per kilogram basis.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be amended to the following rates:

Cents per kilogram	Spades & shovels	Picks	Rakes	Forks
Dumping duties	158.1 c/kg	262.7 c/kg	369.2 c/kg	480.0 c/kg

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

Common Name	Scientific Name
Shovel	Round or square mouth shovel.
Spade	Digging spade
Fork	Digging fork, 3/4/5/6/8 or 10 prongs.
Pick	Chisel and diamond pick
Rake	Steel rake

2.1.2 Tariff classification

The subject product is classifiable as follows:

Heading	Tariff subheading	Description	Statistical Unit	Rate of Duty			
				General	EU	EFTA	SADC
8201		Hand tools, the following: Spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry:					

8201.10 8201.10.10	- Spades and shovels -- Of a maximum blade width of more than 200 mm but not exceeding 320 mm.	Kg	20%	Free	20%	Free
8201.30 8201.30.03 8201.30.90	- Mattocks, picks, hoes and rakes --Mattocks; picks	Kg Kg	20% Free	Free Free	20% Free	Free Free
8201.90 8201.90.20	-- Other - Forks: -- Other, with a prong length exceeding 150mm	Kg	20%	Free	20%	Free

2.1.3 Country of origin/export

The subject product originates in and is exported from China.

2.1.4 Application/end use

The end use of the subject products is as follows:

Shovel	Moving/mixing sand and stone
Spade	Mixing cement, digging soil
Fork	Digging soil, moving hay and fodder, agricultural preparation, sifting ballast
Pick	Digging holes and trenches
Rake	Soil aeration and clearing

2.1.5 Production process

The production process used is as follows:

Shovel	Rolled sheet is profile blanked. Blade and shaft hot formed to shape. Steel tube is pressed and welded to socket (garden range) or wood shaft is affixed to socket. Grip is formed and fitted to shaft and the product painted for protection and finish.
Spade	Rolled sheet is profile blanked. Blade and shaft hot formed to shape. Blade is heat-treated. Steel tube is pressed and welded to socket (garden range) or wood shaft is affixed to socket. Grip is formed and fitted to shaft and the product painted for protection and finish.
Fork	Fork head is either forged from bar or square bar is bent and welded to form fork tines. Tubular steel or wood shaft is fitted to the head. The product is coated with varnish and/or paint.
Pick	Bar is cropped to billet. Billet is heated, eye is forged and shanks are rolled or hammer forged. Product is heat-treated. Protective coating is applied.
Rake	Tines of rake are blanked or welded. Socket or shaft is welded to head. Protective coating is applied.

2.2 SACU PRODUCT

2.2.1 Description

Common Name	Scientific Name
Shovel	Round or square mouth shovel.
Spade	Digging spade
Fork	Digging fork, 3/4/5/6/8 or 10 prongs.
Pick	Chisel and diamond pick
Rake	Steel rake

2.2.2 Application/end use

Shovel	Moving/mixing sand and stone
Spade	Mixing cement, digging soil
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The SACU product is classifiable under the following tariff subheadings:

Heading	Tariff subheading	Description	Statistical Unit	Rate of Duty			
				General	EU	EFTA	SADC
8201		Hand tools, the following: Spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry:					

8201.10 8201.10.10	- Spades and shovels -- Of a maximum blade width of more than 200 mm but not exceeding 320 mm.	Kg	20%	Free	20%	Free
8201.30 8201.30.03	- Mattocks, picks, hoes and rakes	Kg	20%	Free	20%	Free
8201.30.90	--Mattocks; picks -- Other	Kg	Free	Free	Free	Free
8201.90 8201.90.20	- Forks: -- Other, with a prong length exceeding 150mm	Kg	20%	Free	20%	Free

2.2.4 Production process

The production process used is as follows:

Shovel	Rolled sheet is profile blanked. Blade and shaft hot formed to shape. Steel tube is pressed and welded to socket (garden range) or wood shaft is affixed to socket. Grip is formed and fitted to shaft and the product painted for protection and finish.
Spade	Rolled sheet is profile blanked. Blade and shaft hot formed to shape. Blade is heat-treated. Steel tube is pressed and welded to socket (garden range) or wood shaft is affixed to socket. Grip is formed and fitted to shaft and the product painted for protection and finish.
Fork	Fork head is either forged from bar or square bar is bent and welded to form fork tines. Tubular steel or wood shaft is fitted to the head. The product is coated with varnish and/or paint.
Pick	Bar is cropped to billet. Billet is heated, eye is forged and shanks are rolled or hammer forged. Product is heat-treated. Protective coating is applied.
Rake	Tines of rake are blanked or welded. Socket or shaft is welded to head. Protective coating is applied.

2.3 LIKE PRODUCTS

2.3.1 General

In order to establish the existence and extent of injury to the SACU industry, it is necessary to determine whether the products produced by the SACU industry are like products to those originating in or imported from China.

2.3.2 Analysis

In the original investigation the Commission decided that the SACU product and the imported products were “like products” for purpose of comparison, in terms of the Anti-Dumping Regulations.

3. SACU INDUSTRY

3.1 INDUSTRY STANDING

The application was lodged by Lasher Tools, on behalf of the SACU industry.

The Applicant's production market share is as follows:

Spades & Shovels	85%
Forks	95%
Picks	100%
Rakes	90%

The Commission decided that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

4. CONTINUATION OR RECURRENCE OF DUMPING

The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all adjustments have been made). The margin is then expressed as a percentage of the f.o.b. export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of ADR 12.3 and no anti-dumping duty will be imposed.

4.1 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM CHINA

4.2.1 Normal value

The normal value for non-cooperating exporters is based on the best information available for the subject product in the same country.

In determining the normal value for China, and as no properly documented responses were received from any exporters in China, the Commission made a final determination to use the best information available, being that provided by the Applicant. Domestic prices were obtained from a price quotation in China.

The Applicant, however, did not use the weights indicated on the quotations, but applied weights according to its own product mix.

For purposes of initiation, the ex-factory normal values were determined to be as follows, using the weights provided by the Applicant:

	Spades & shovels	Picks	Rakes	Forks
RMB/Unit	19.80	20.50	37.00	19.80
Weight	2.2	2.5	1.6	2.2
RMB/kg	9.00	8.20	24.67	9.00

Tangshan commented on the weights used to convert to prices per kilogram in calculating the normal values and the export prices. It stated that the weight used for each product would influence the dumping margin

calculated. It was stated that prices are provided for 3 different shovels and spades, weighing 2.4 kg, 2.4 kg and 3.0 kg respectively and that rather than using the average weight of 2.2 kg as indicated by the Applicant, the average of these three weights, which would give a weight of 2.6 kg, should be used.

Taking all comments into consideration, the Commission decided that the normal values be calculated using the average weights indicated on the invoices obtained and provided by the Applicant for purposes of the initiation of the investigation, as this is the best information available for calculation of the normal values, in the absence of properly documented responses from exporters.

The normal values were therefore calculated to be as follows:

	Spades & shovels	Picks	Rakes	Forks
RMB/Unit	19.80	20.50	37.00	19.80
Weight	2.6	3	1.6	2.2
RMB/kg	7.62	6.83	23.13	9.00

As the export prices are in South African Rand, the normal values are converted from Chinese Renminbi to South African Rand using an exchange rate of 1.2187 (average for the period of investigation):

Rand per kilogram	Spades & shovels	Picks	Rakes	Forks
Normal value per kilogram	9.28	8.33	28.18	10.97

4.2.2 Export price

It is the Commission's practice to use SARS statistics for determination of the export price. In calculating the export price for China, the Commission made a final determination to use the best available information, being that provided by the Applicant. The export prices were calculated based on import statistics obtained from SARS, and were calculated as follows:

Export price in Rand	Shovels & Spades	Picks	Rakes	Forks
ZAR/kg	7.70	5.83	24.49	9.47

4.2.3 Margin of dumping

The following dumping margins were therefore calculated:

Rand per kilogram	Spades & shovels	Picks	Rakes	Forks
Normal value	9.28	8.33	28.18	10.97
Export price	7.70	5.83	24.49	9.47
Dumping margin	1.58	2.50	3.69	1.50
Dumping margin %	20.53%	42.84%	15.08%	15.82%

4.2.3.1 Comparison of existing anti-dumping duties and dumping margins calculated in this investigation:

The Applicant requested that the anti-dumping duties be imposed on kilogram and not units to avoid circumvention of the anti-dumping duties.

The current anti-dumping duty is levied on a cents per unit basis. Therefore, it was necessary to convert the anti-dumping duty to a cents per kilogram basis to compare the current anti-dumping duty and the calculated anti-dumping duty.

The Commission decided that the same weights used to convert the normal value from a per unit basis to a per kilogram basis be applied to the current anti-dumping duty to ensure that the comparison is done on the same level. The comparison of the current anti-dumping duty and the calculated anti-dumping duty is as follows:

Current anti-dumping duty	Spades & shovels	Picks	Rakes	Forks
Current anti-dumping duty cents per unit	387	788	411	1 056
Current anti-dumping duty cents per kilogram	148.85	262.7	256.9	480.0

Calculated anti-dumping duty	Spades & shovels	Picks	Rakes	Forks
Calculated anti-dumping duty cents per kilogram	158.1	249.8	369.2	149.8

The Commission therefore decided that the anti-dumping duties on spades and shovels and rakes be increased to the calculated margins and that the level of the duties on picks and forks be maintained, but converted to a cents per kilogram basis.

4.5 FINAL DETERMINATION - DUMPING

For purposes of its final determination, the Commission considered all the comments from interested parties. The Commission made a final determination that the expiry of the duties would likely lead to the continuation or recurrence of dumping of the subject products originating in or imported from China.

The Commission therefore decided to recommend to the Minister of Trade and Industry that the anti-dumping duties be amended as follows:

Cents per kg	Spades & shovels	Picks	Rakes	Forks
	158.1 c/kg	262.7 c/kg	369.2 c/kg	480.0 c/kg

5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to the Applicant, Lasher Tools, a major producer of the subject products in the SACU market in the following proportions:

Subject products	Proportion by production volumes
Spades & Shovels	85%
Picks	100%
Forks	95%
Rakes	90%

The Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with the ADR.

5.2 IMPORT VOLUMES AND EFFECT ON PRICES

5.2.1 Import volumes

The following table shows the volume of the allegedly dumped imports of the subject product as sourced from the South African Revenue Service statistics from 2009 to 2011, and an estimate for 2012, should the duties be withdrawn:

Country	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Dumped imports(Units):					
Spades and Shovels	131 100	113 631	188 110	175 924	970 834
Picks	123 774	110 235	106 849	175 735	384 206
Forks	43 869	50 230	52 057	64 342	200 681
Rakes	15 973	15 522	34 185	19 562	318 407
Other imports (Units):					
Spades and Shovels	14 825	20 250	11 245	13 239	13 239

Picks	14 011	8 160	13 665	104 232	104 232
Forks	14 226	22 961	17 624	10 883	10 883
Rakes	33 012	40 297	59 807	40 370	40 370
Total imports:					
Spades and Shovels	145 925	133 881	199 354	189 163	984 073
Picks	137 786	118 395	120 514	279 967	488 438
Forks	68 936	73 191	69 681	75 225	211 564
Rakes	48 985	55 819	93 992	59 932	570 341
Dumped imports as a % of total imports:					
Spades and Shovels	89.84%	84.87%	94.36%	93.00%	98.65%
Picks	89.83%	93.11%	88.66%	62.76%	78.66%
Forks	63.64%	68.63%	74.71%	85.53%	94.86%
Rakes	32.61 %	27.81%	36.37%	32.64%	55.83%
Other imports as a % of total imports:					
Spades and Shovels	10.16%	15.13%	5.64%	7.00%	1.35%
Picks	10.17%	6.89%	11.34%	11.34%	21.34%
Forks	36.36%	31.37%	25.29%	14.47%	5.14%
Rakes	67.39%	72.19%	63.63%	32.64%	44.17%

5.2.2 Effect on Domestic Prices

Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the SACU product.

The Applicant stated that it has been able to sustain prices relative to inflation, although it was still being undercut by the imports from China. However, with the expiry of the dumping duties, if Lasher retains its budgeted selling prices, it is evident that Lasher's selling prices will be significantly undercut by the alleged dumped imports from China causing Lasher to suffer material injury. It can be reasonably expected that Lasher will therefore be forced to reduce its selling prices to try and compete with the alleged dumped imports from China, causing the SACU industry to suffer material injury.

Price depression

Price depression occurs when the domestic industry experiences a decrease in its selling prices over time.

The table below shows the SACU industry's domestic selling prices:

Rand/kg	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Spades and shovels	100	92	97	88	22.12
Forks	100	94	95	86	26.72
Picks	100	88	93	93	21.46
Rakes	100	101	105	96	22.08

This table was indexed due to confidentiality using 2008/2009 as the base year, except for the column 2012 (estimates if duties expire) where the actual calculated landed cost was used.

The Applicant stated that the Chinese exporters would be able to land these products at very low prices if the anti-dumping duties are revoked and that the SACU industry would have to depress their selling prices to the same levels to compete with the importers and thus it is evident that, if the dumping duties are revoked, the SACU industry would have to depress their selling prices to compete, and thereby would be suffering material injury.

Price suppression

Price suppression is the extent to which increases in the cost of production of the product concerned, cannot be recovered in the selling prices. To determine price suppression, a comparison is made between the percentage increase in cost and the percentage increase in selling price (if any), and whether or not the selling prices have increased by at least the same margin at which the cost of production increased.

The following table shows the Applicant's average costs of production and its actual selling prices for the subject product:

Shovels	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimate s if duties expire
Ex-factory price per unit	100	92	97	88	22.12
Unit cost (production)	100	88	94	102	102
Unit cost (total)	100	89	96	102	102
Gross profit per unit	100	97	101	66	Negative
Net profit per unit	100	106	101	6	Negative
Gross %	100	108	105	76	Negative
Net %	100	113	100	7	Negative

Forks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimate s if duties expire
Ex-factory price per unit	100	94	95	86	26.72
Unit cost (production)	100	92	92	104	104
Unit cost (total)	100	93	95	105	105
Gross profit per unit	100	97	100	61	Negative
Net profit per unit	100	100	98	2	Negative
Gross %	100	102	105	72	Negative
Net %	100	105	100	2	Negative

Picks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimate s if duties expire
Ex-factory price per unit	100	88	93	93	21.46
Unit cost (production)	100	79	93	107	107
Unit cost (total)	100	84	94	106	106
Gross profit per unit	100	104	93	68	Negative
Net profit per unit	100	112	90	10	Negative
Gross %	100	117	100	72	Negative
Net %	100	121	86	7	Negative

Rakes	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimate s if duties expire
Ex-factory price per unit	100	101	105	96	22.08
Unit cost (production)	100	97	101	106	106
Unit cost (total)	100	101	107	112	112
Gross profit per unit	100	105	111	83	Negative
Net profit per unit	100	100	95	29	Negative
Gross %	100	105	105	85	Negative
Net %	100	100	90	31	Negative

This table was indexed due to confidentiality using 2008/2009 as the base year except for the ex-factory price per unit in column 2012 (estimates if duties expire) where the actual calculated landed cost is displayed.

The table above indicates that the selling prices did not increase by at least the same margin as the cost and therefore, the SACU industry experienced price suppression.

The Applicant stated that the Chinese exporters would be able to land these products at very low prices if the anti-dumping duties are revoked (after providing for duties and freight, insurance but excluding anti-dumping duties) which will undercut the SACU prices. The SACU industry will therefore have to depress their selling prices to the same levels to compete with the importers.

5.2.3 Consequent impact of the dumped imports on the industry

5.2.3.1 Actual and potential decline in sales

The following table shows the Applicant's sales volume of the subject product:

Units	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Spades and shovels	100	114	108	112	27
Forks	100	120	129	134	44
Picks	100	116	103	91	23
Rakes	100	106	113	125	26

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant stated that if the anti-dumping duties are revoked it would be forced to reduce its selling price in line with the dumping duties that will be revoked to compete with the imports from China. It was stated that if it does not reduce its selling prices of the subject products it is estimated that it will lose sales as importers buy on price and therefore would source from China.

5.2.3.2 Profit

The following table shows the Applicant's profit margins:

Spades and shovels	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Gross profit margin (%)	100	108	105	76	Negative
Gross profit per unit	100	97	101	66	Negative
Units sold: Local	100	114	108	112	112
Total gross profit	100	111	109	74	Negative
Net profit margin (%)	100	113	100	7	Negative
Net profit per unit	100	106	101	6	Negative
Units sold: Local	100	114	108	112	112
Net profit	100	121	109	7	Negative

Forks	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Gross profit margin (%)	100	102	105	72	Negative
Gross profit per unit	100	97	100	61	Negative
Units sold: Local	100	120	129	134	134
Total gross profit	100	116	129	82	Negative
Net profit margin (%)	100	105	100	2	Negative
Net profit per unit	100	100	98	2	Negative
Units sold: Local	100	120	129	112	112
Net profit	100	119	126	2	Negative

Picks	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Gross profit margin (%)	100	117	100	72	Negative
Gross profit per unit	100	104	93	68	Negative
Units sold: Local	100	116	103	91	91
Total gross profit	100	121	96	62	Negative
Net profit margin (%)	100	121	86	7	Negative
Net profit per unit	100	112	90	10	Negative
Units sold: Local	100	116	103	91	91
Net profit	100	130	88	9	Negative

Rakes	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Gross profit margin (%)	100	105	105	86	Negative
Gross profit per unit	100	105	111	83	Negative
Units sold: Local	100	106	113	125	125
Total gross profit	100	112	125	103	Negative
Net profit margin (%)	100	100	90	31	Negative
Net profit per unit	100	100	95	29	Negative
Units sold: Local	100	106	113	125	125
Net profit	100	106	107	36	Negative

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant stated that as a result of import competition (with the anti-dumping duties in place) it was budgeted that the profits would be lower in 2012. It was stated that it is estimated that if the anti-dumping duties are revoked in 2012, that the SACU industry will have to reduce its selling prices of the subject product to compete with the low-priced imports from China, and that it is also evident that the SACU industry would not be able to continue for a long period to sell at the uneconomical prices to compete with the imports.

5.2.3.3 Output

The following table outlines the Applicant's domestic production volume of the subject product:

Production for SACU consumption	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Spades and shovels	100	119	115	113	27
Forks	100	130	149	140	44
Picks	100	121	111	91	23
Rakes	100	110	121	127	26

This table was indexed due to confidentiality using 2008/2009 as base year

The Applicant stated that it is estimated that Lasher would lose sales volumes to China if the anti-dumping duties were not renewed and Lasher does not reduce its selling prices to uneconomical levels as the customers will be in a position to purchase alternative product at substantially reduced prices. Therefore, it is estimated that Lasher, would be forced to reduce production for the domestic market.

5.2.3.4 Market share

The following table shows the market share for the subject product:

Shovels (Units)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Lasher's market share	100	114	108	112	27
Lasher's market share %	100	102	95	97	23
Market share of alleged dumped imports by country					
- China	100	87	143	134	Increase
Market share of alleged dumped imports %	100	75	133	117	Increase
Market share of other imports	100	261	145	171	171
Market share of other imports %	100	200	100	100	100
Total SACU market (local producers & importers)	100	112	112	115	115

Forks (Units)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Lasher's market share	100	120	129	134	44
Lasher's market share %	100	99	102	101	32
Market share of alleged dumped imports by country					
- China	100	115	119	147	Increase
Market share of alleged dumped imports %	100	94	94	110	Increase
Market share of other imports	100	161	124	76	76
Market share of other imports %	100	129	100	57	57
Total SACU market (local producers & importers)	100	122	127	133	133

Picks (Units)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Lasher's market share	100	116	103	91	23
Lasher's market share %	100	109	104	72	19
Market share of alleged dumped imports by country					
- China	100	89	86	142	Increase
Market share of alleged dumped imports %	100	61	66	110	Increase
Market share of other imports	100	58	98	743	743
Market share of other imports %	100	67	100	633	633
Total SACU market (local producers & importers)	100	107	98	126	126

Rakes (Units)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Lasher's market share	100	106	113	125	26
Lasher's market share %	100	99	91	100	21
Market share of alleged dumped imports by country					
- China	100	97	214	115	Increase
Market share of alleged dumped imports %	100	80	160	80	Increase
Market share of other imports	100	122	181	122	122
Market share of other imports %	100	122	156	100	100
Total SACU market (local producers & importers)	100	107	124	124	124

This table was indexed due to confidentiality using 2008/2009 as the base year.

The SACU industry has lost and gained market share over the period 2009 to 2011 with regard to the subject products. Lasher estimated that as a result of the increased import competition it would see a decline as well as an increase in market share with regard to the various subject products, even with the anti-dumping duties in place. It was stated that if the anti-dumping duties are revoked and the products from China are imported into the SACU market without the payment of anti-dumping duties, and the SACU industry does not reduce prices to uneconomical levels, the SACU industry's market share will decline substantially and therefore the SACU industry would suffer material injury.

5.2.3.5

Productivity

Using the production and employment figures sourced from the Applicant, its productivity improvement in respect of the subject product was determined to be as follows:

Shovels	2008/2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total production volume	100	119	117	114	36
Number of employees (manufacturing only)	100	109	151	145	47
Units per employee	100	110	81	79	79

Forks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total production volume	100	127	150	142	55
Number of employees (manufacturing only)	100	89	104	71	39
Units per employee	100	137	139	192	139

Picks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total production volume	100	120	113	94	32
Number of employees (manufacturing only)	100	110	162	117	45
Units per employee	100	109	70	80	70

Rakes	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total production volume	100	106	115	123	36
Number of employees (manufacturing only)	100	100	267	167	100
Units per employee	100	106	43	74	43

This table was indexed due to confidentiality using 2008/2009 as base year.

The Applicant estimated that if the anti-dumping duties are revoked, the products will again be imported at dumped prices and therefore as the demand would shift to these low priced imports if the selling prices of Lasher are not reduced to uneconomical levels, the production of the SACU industry will decline as a result of the declining sales, as substantiated and that therefore the productivity of the SACU industry will decline unless employees are retrenched. The tables indicate that to maintain the productivity levels of 2011, while production decreases, employees will be retrenched if the anti-dumping duties are revoked.

5.2.3.6 Return on investment

Return on investment is normally regarded by the Commission as being the profit before interest and tax as a percentage of the net value of assets.

The following table provides the Applicant's return on total net assets:

Rand	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Net profit (product concerned)					
Shovels/Spades	100	120	108	13	Negative
Forks	100	122	132	9	Negative
Picks	100	126	86	14	Negative
Rakes	100	107	106	45	Negative
Total net profit (all products)	100	120	107	17	Negative
Net assets					
Shovels/Spades	100	84	70	55	55
Forks	100	86	69	55	55
Picks	100	85	76	62	62
Rakes	100	86	128	105	105
Total net assets (total)	100	85	74	59	59
Return on net assets ***					
Shovels/Spades	100	144	153	23	Negative
Forks	100	143	191	17	Negative
Picks	100	147	112	23	Negative
Rakes	100	125	83	43	Negative
Return on net assets (total)	100	141	143	28	Negative

This table was indexed due to confidentiality using 2008/2009 as base year.

The Applicant stated that it is evident that if the anti-dumping duties are revoked and the products are imported at dumped prices that the return on investment of the SACU industry will be negatively influenced causing material injury to the SACU industry. Lasher, in order to retain its sales volumes when the anti-dumping are revoked, will have to reduce its selling prices and as a result it would realise a loss on the subject products causing Lasher to suffer material injury.

5.2.3.7 Utilisation of production capacity

The following table provides the Applicant's capacity and production for the subject product:

Shovels	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Applicant's capacity (units)	100	100	100	100	100
Applicant's actual production	100	119	117	114	36
Applicant's capacity utilisation %	100	119	116	113	36

Forks	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Applicant's capacity (units)	100	100	100	100	100
Applicant's actual production	100	127	150	142	55
Applicant's capacity utilisation %	100	129	150	144	56

Picks	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Applicant's capacity (units)	100	100	100	100	100
Applicant's actual production	100	120	113	94	32
Applicant's capacity utilisation %	100	120	113	96	31

Rakes	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Applicant's capacity (units)	100	100	100	100	100
Applicant's actual production	100	106	115	123	36
Applicant's capacity utilisation %	100	107	117	124	36

This table was indexed due to confidentiality using 2008/2009 as base year.

The Applicant stated that its capacity utilisation of the subject products increased over the period 2009 to 2011. However, it is estimated that it will be under pressure in 2012, even with anti-dumping duties in place, except with regard to rakes. However, if the anti-dumping duties are revoked and sales decline, production will be reduced in line with the estimated decline in sales, to counter stock building.

5.2.3.8 Factors affecting domestic prices

There are no other known factors that could affect the domestic prices negatively.

5.2.3.9 The magnitude of the margin of dumping

The following dumping margins were calculated:

Tariff subheading	Product description	Margin of dumping expressed as a percentage of the export price
8201.10.10	Shovels & spades	42.45%
2801.90.20	Forks	71.41%
8201.30.03	Picks	22.75%
8201.30.90	Rakes	15.82%

5.3.3.10 Actual and potential negative effects on cash flow

The following table reflects the SACU industry's cash flow situation:

LASHER (Rand)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Cash flow: incoming	100	108	116	124	112
Cash flow: outgoing	100	100	112	128	128
Net cash flow	100	180	155	90	Negative
Debtors (value)	100	122	142	181	181
Debtors: average days outstanding	100	93	102	103	103

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant indicated that it is evident that the incoming cash flow would be negatively influenced if the anti-dumping duties are revoked as Lasher lose sales value and thus the net cash flow is estimated to be negative. The revoking of the anti-dumping duties is not estimated to impact on the outstanding debtors or debtors' days.

5.2.3.11 Inventories

The following table provides the SACU industry's inventories for the subject product:

Volume (Units)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Shovels & Spades	100	118	157	141	528
Forks	100	107	163	116	385
Picks	100	114	143	76	277
Rakes	100	100	120	119	460

Value (Rand)	2008/2009	2009/2010	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Shovels & Spades	100	155	200	197	738
Forks	100	124	170	132	440
Picks	100	141	190	110	402
Rakes	100	118	145	157	611

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant indicated that if it does not reduce its selling prices and production as a result of lost sales, the inventories will increase in line with the lost sales. The effect would be that inventories would increase to substantial levels at high costs which will have a negative influence on cash flow causing Lasher to suffer material injury.

5.3.3.12 Employment

The following table shows the Applicant's employment level:

Total labour (units) : production	2008/200 9	2009/201 0	2010/2011	2012 Budgeted figures	2012 Estimates if duties expire
Shovels and spades	100	109	151	145	47
Forks	100	93	107	74	41
Picks	100	110	162	117	45
Rakes	100	100	267	167	100

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant indicated that if the sales volumes decline as a result of the recurrence of dumping once the anti-dumping duties are revoked, that production will need to be reduced (as sales would decline) and as a result of this a number of employees will be retrenched to try and address the magnitude of the material injury.

5.2.3.13 Wages

The following table provides the SACU industry's wages:

Shovels	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total wages: Production	100	124	129	144	47
Wage/time period: Production	Week	Week	Week	Week	Week

Forks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total wages: Production	100	117	161	177	98
Wage/time period: Production	Week	Week	Week	Week	Week

Picks	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total wages: Production	100	128	148	151	58
Wage/time period: Production	Week	Week	Week	Week	Week

Rakes	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Total wages: Production	100	123	131	142	85
Wage/time period: Production	Week	Week	Week	Week	Week

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant indicated that Lasher has a stable workforce with a number of employees with more than twenty years' service with the company. Wages are negotiated at the Metal Industries Bargaining Council between the Steel and Engineering Federation (SEIFSA) and party Trade Union bodies. As the work force will be reduced so would the wage bill after paying out retrenchment packages.

5.2.3.14 Growth

The Applicant provided the following information with regard to the growth of the market:

Shovels (Units)	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Size of the SACU market	100	112	112	115	115
Your sales volume	100	114	108	112	27
Your growth %		14	-6	5	-76

Forks (Units)	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Size of the SACU market	100	121	127	133	133
Your sales volume	100	120	129	134	44
Your growth %	0	20%	8%	4%	-67%

Picks (Units)	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Size of the SACU market	100	107	98	126	126
Your sales volume	100	116	103	91	23
Your growth %	0	16%	-11	-12	-75

Rakes (Units)	2008/ 2009	2009/ 2010	2010/ 2011	2012 Budgeted figures	2012 Estimates if duties expire
Size of the SACU market	100	107	124	124	124
Lasher's sales volume	100	106	113	125	26
Your growth %	0	6	7	11	-79

This table was indexed due to confidentiality using 2008/2009 as the base year.

The Applicant stated that it has seen growth with regard to the subject products over the period 2009 to 2011, except with regard to picks and it is estimated that if the anti-dumping duties are revoked and Lasher retains its budgeted selling prices, that Lasher's sales volume will show substantial

negative growth as a result of the import of dumped products from China.

5.3.3.15 Ability to raise capital or investments

The Applicant stated that if the anti-dumping duties are revoked there will be a recurrence of dumping and the SACU industry's products will not be competitive and hence not profitable. The SACU industry will not be in a position to obtain external funds if it is not a profitable entity.

5.4 CONCLUSION – CONTINUATION OR RECURRENCE OF MATERIAL INJURY

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury.

6. SUMMARY OF FINDINGS

6.1 Continuation or recurrence of dumping

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping of the subject products originating in or imported from China.

6.2 Continuation or recurrence of material injury

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury.

7. RECOMMENDATION

The Commission made a final determination that:

- in the case of spades and shovels, the anti-dumping duties be increased to the calculated margins, as the imports on the relevant products increased during the period of investigation; and
- in the case of picks, rakes and forks, the current anti-dumping duties be maintained.

As the Applicant requested that the anti-dumping duties be changed to a per kilogram basis from a per unit basis, the Commission made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be imposed on a cents per kilogram basis.

The Commission therefore decided to recommend to the Minister of Trade and Industry that the anti-dumping duties be amended as applied at the followings rates:

Cents per kilogram	Spades & shovels	Picks	Rakes	Forks
Dumping duties against the PRC	158.1 c/kg	262.7 c/kg	369.2 c/kg	480.0 c/kg