

**REPORT NO. 361**

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON  
POLYETHYLENE TEREPHTHALATE ORIGINATING IN  
OR IMPORTED FROM CHINESE TAIPEI, THE  
REPUBLIC OF KOREA, AND INDIA: FINAL  
DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 361 : SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON POLYETHYLENE TEREPHTHALATE ORIGINATING IN OR IMPORTED FROM CHINESE TAIPEI, THE REPUBLIC OF KOREA, AND INDIA: FINAL DETERMINATION**

  

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**Siyabulela Tsengiwe**  
**CHIEF COMMISSIONER**

**PRETORIA**  
17/02/ 2011

## 1. APPLICATION AND PROCEDURE

- 1.1. This investigation is conducted in accordance with the International Trade Administration Act, 2002 (ITA Act), the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement) and the International Trade Administration Commission Anti-Dumping Regulations (ADR).
- 1.2. The application was lodged by FC Dubbelman & Associates on behalf of Hosaf, a Division of Feltex Holdings (Pty) Ltd, being the only producer of the subject product in the SACU.
- 1.3. On 26 June 2009, the International Trade Administration Commission of South Africa (the Commission) notified the interested parties through **Notice No. 902 of 2009 in Government Gazette No. 32333**, that unless a substantiated request is made indicating that the expiry of the anti-dumping duty against imports of polyethylene terephthalate originating in or imported from Chinese Taipei, the Republic of Korea and India would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duty on polyethylene terephthalate originating in or imported from Chinese Taipei, the Republic of Korea, and India would expire on 06 October 2010.
- 1.4. A response to the review questionnaire was received from the Applicant on 06 April 2010. A deficiency letter was sent to the Applicant on 14 April 2010 and a response was submitted on 20 April 2010. The information submitted by the Applicant was verified on 13 May 2010. A verification report was sent to the Applicant on 14 May 2010.
- 1.5. The Commission formally initiated a sunset review investigation pursuant to Notice No. 702 of 2010 in Government Gazette No. 33384, published on 23 July 2010. Initiation letters to interested parties were sent on 30 July 2010. The due date for responses was 01 September 2010.

- 1.6 This report contains information with regard to dumping for the period 1 July 2009 to 31 January 2010, and information with regard to injury for the period 1 July 2006 to 31 January 2010.
- 1.7 None of the importers and exporters responded to the Commission's sunset review questionnaire.
- 1.8 After considering all the information submitted by the Applicant, the Commission issued essential facts letters indicating that it was considering making a final determination that the expiry of the anti-dumping duties on polyethylene terephthalate originating in or imported from Chinese Taipei, the Republic of Korea and India, would likely lead to the continuation or recurrence of dumping and to the recurrence of material injury.
- 1.9 Comments to the "essential facts" letters were only received from the Applicant.
- 1.10 After considering all the comments received from the Applicant to the Commission's essential facts letters, the Commission made a final determination that the expiry of the anti-dumping duties on polyethylene terephthalate originating in or imported from Chinese Taipei, the Republic of Korea, and India would likely lead to the continuation or recurrence of dumping and to the recurrence of material injury.

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

### 2.1 SUBJECT PRODUCTS

#### 2.1.1 Description

The subject product is polyethylene terephthalate (PET), bottle-grade resin having an intrinsic viscosity of greater than 0.68 deciliters per gram, classifiable under tariff subheading 3907.60, originating in or imported from Chinese Taipei, the Republic of Korea, and India.

#### 2.1.2 Raw materials

The main raw materials/inputs used to manufacture polyethylene terephthalate are Mono Ethylene Glycol (MEG) & Pure Terephthalic Acid (PTA).

#### 2.1.3 Tariff classification

The subject product is classifiable as follows:

Tariff subheading	Description	Statistical Unit	Rate of customs duty			
			General	EU	EFTA	SADC
3907	<b>Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resin, polyallyl esters and other polyesters, in primary forms:</b>	kg				
3907.60 3907.60.10 <b>3907.60.90</b>	(Polyethylene terephthalate): - Liquids and pastes - <b>Other</b>		Free <b>10%</b>	Free <b>2.5%</b>	Free <b>6.3%</b>	Free <b>Free</b>

#### 2.1.4 Application/end use

The subject product is used for the manufacturing of containers for softdrinks, cordials, energy drinks, food, cooking oils, cosmetics, detergents & bottled water, sheet for cake domes, fruit and vegetable packaging, and convenient consumer items.

#### 2.1.5 Other applicable duties or rebates

The following anti-dumping duties are applicable to the subject product: Polyethylene terephthalate (PET), bottle-grade resin having an intrinsic viscosity (IV) of greater than 0.68 deciliters per gram, classifiable under tariff subheading 3907.60, originating in or imported from Chinese Taipei, the Republic of Korea, and India:

Tariff heading	Description	Date imposed	Rate of anti-dumping duty		
			Chinese Taipei	India	Republic of Korea
3907.60	Polyethylene terephthalate, in primary forms (excluding liquids and pastes)	07/10/05	75%	54.1%	19.7%

#### 2.1.7 Production process

The subject product is manufactured by a polymerisation process of two basic monomers. These are PTA (Terephthalic acid) and MEG (ethylene glycol), both of which are imported from the USA and Saudi Arabia.

Approximately 86kg of PTA and 35kg MEG are combined (polymerised) to give 100kg PET and the by product, water. The PET is then passed through a solid state polymerization(SSP) process which raises the IV (intrinsic viscosity) of the material from approx 0.58 to 0.83 decilitres per gram. This step is necessary if one is to produce a bottle rather than a textile polymer.

#### **2.1.8 Like product decision**

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. INDUSTRY STANDING**

#### **3.1 INDUSTRY STANDING**

The Applicant is the only manufacturer of the subject product in the SACU.

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**

### **4.1 METHODOLOGY IN THIS INVESTIGATION FOR INDIA**

#### **4.1.1 Normal Value**

##### **Calculation of normal value**

In determining the normal value for India, and as no Indian manufacturer co-operated in the investigation, the Commission made a final determination to use the best information available, being the domestic price submitted by the Applicant. Domestic prices in India were obtained from the publication PCI (Pet Packaging, Resin and Recycling) Ltd.

#### **4.1.2 Export Price**

##### **Calculation of the export price**

In calculating the export price for India, the Commission made a final determination to use the best information available, being information supplied by the Applicant and based on the export statistics obtained from the publication ICIS Pricing.

##### **Adjustment to the export price**

Adjustments for transport were made to calculate the ex-factory export price.

##### **Ex-factory export price**

After taking the above adjustment into account, the ex-factory export price was calculated.

#### **4.1.3 Margin of dumping**

The dumping margin for India was calculated as follows:

Country	Margin of dumping
India	30.60%

## **4.2 METHODOLOGY IN THIS INVESTIGATION FOR THE REPUBLIC OF KOREA**

### **4.2.1 Normal Value**

#### **Calculation of normal value**

In determining the normal value for the Republic of Korea, and as no Korean manufacturer co-operated in the investigation, the Commission made a final determination to use the best information available, being the domestic price submitted by the Applicant. Domestic prices in South Korea were obtained from the publication PCI (Pet Packaging, Resin and Recycling) Ltd.

### **4.2.2 Export Price**

#### **Calculation of the export price**

In calculating the export price for the Republic of Korea, the Commission made a final determination to use the best information available, being information supplied by the Applicant and based on the export statistics obtained from the publication ICIS Pricing.

#### **Adjustment to the export price**

Adjustments for transport were made to calculate the ex-factory export price.

### **Ex-factory export price**

After taking the above adjustment into account, the ex-factory export price was calculated.

#### **4.2.3 Margin of dumping**

The dumping margin for the Republic of Korea was calculated as follows:

<b>Country</b>	<b>Margin of dumping</b>
Republic of Korea	13.68%

### **4.3 METHODOLOGY IN THIS INVESTIGATION FOR CHINESE TAIPEI**

#### **4.3.1 Normal Value**

##### **Calculation of normal value**

In determining the normal value for Chinese Taipei, and as no manufacturer co-operated in the investigation, Commission made a final determination to use the best information available, being the domestic price submitted by the Applicant. Domestic prices in Chinese Taipei were obtained from the publication PCI (Pet Packaging, Resin and Recycling) Ltd.

#### **4.3.2 Export Price**

##### **Calculation of the export price**

In calculating the export price for Chinese Taipei, the Commission made a final determination to use the best information available, being information supplied by the Applicant and based on the export statistics obtained from the publication ICIS Pricing.

### **Adjustments to the export price**

Adjustments for transport were made to calculate the ex-factory export price.

### **Ex-factory export price**

After taking the above adjustments into account, the ex-factory export price was calculated.

#### **4.3.3 Margin of dumping**

The dumping margin for Chinese Taipei was calculated as follows:

<b>Country</b>	<b>Margin of dumping</b>
Chinese Taipei	15.8%

#### **4.4 SUMMARY - DUMPING**

All comments received were taken into account and are available on the public file.

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 product originating in or imported from India, the Republic of Korea and Chinese Taipei.

## 5. MATERIAL INJURY

### 5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Hosaf, a Division of Feltex Holdings (Pty) Ltd, being the only producer of the subject product in the SACU. As their production volume represents 100 per cent of the total SACU production, the Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with the Anti-Dumping Regulations.

### 5.2 IMPORT VOLUMES AND EFFECT ON PRICES

#### Import volumes:

	2007	2008	2009	Actual YTD 2010	Forecast 2010 if duties remain in place	Forecast 2011 if duties remain in place	Forecast 2011 if duties are revoked
Imports (kg)							
-Chinese Taipei	25 651	6 000	0	0	0	0	7 106 667
-Republic of Korea	1 025 000	883 515	1 358 050	205 000	351 429	351 429	7 458 095
-India	0	0	0	66 000	113 143	113 143	7 219 810
Imports(kg) Other countries	4 883 664	6 551 408	20 482 992	24 149 551	31 399 230	31 399 230	31 399 230
Total imports (kg)	5 934 315	7 440 923	21 841 042	24 420 551	31 863 802	31 863 802	53 183 801
Alleged dumped imports as % of total imports:							
-Chinese Taipei	0.43 %	0.09%	0.0%	0.00%	0.00%	0.00%	13.36%
-Republic of Korea	17.27%	11.87%	6.21%	0.84%	1.11%	1.11%	14.02%
-India	0.0%	0.0%	0.0%	0.27%	0.35%	0.35%	13.58%
Alleged dumped imports as % of total imports: Other countries	82.3%	88.04%	93.79%	98.89%	98.54%	98.54%	59.04%

### Effect on prices:

	2007	2008	2009	Actual YTD 2010	Forecast 2010 if duties remain in place	Forecast 2011 if duties remain in place	Forecast 2011 if duties are revoked
Price depression	100	108	114	99	105	109	97
Price undercutting: -Chinese Taipei -Republic of Korea -India	No price undercutting						
Cost as a % of selling price	100	103	101	105	103	103	115

This tables was indexed due to confidentiality using 2007 as the base year

### 5.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE INDUSTRY

	2007	2008	2009	Actual YTD 2010	Forecast 2010 if duties remain in place	Forecast 2011 if duties remain in place	Forecast 2011 if duties are revoked
Applicant's sales volumes	100	106	127	129	219	217	173
Market share-volume: Applicant (%)	100	122	124	183	195	195	156
Alleged dumped imports as % of total market:							
-Chinese Taipei	100	-	-	-	-	-	25 650
-Republic of Korea	100	98	129	27.71	30.12	30.12	702.41
-India	-	-	-	100*	100	100	6 513
-Other countries	100	154	408	698	572	572	577
Gross profit margin	100	79	93	71	79	79	7
Output (kg)	100	112	123	127	212	212	174
Productivity	100	112	123	127	212	214	174
RONA	100	81	89	25	39	44	33

	2007	2008	2009	Actual YTD 2010	Forecast 2010 if duties remain in place	Forecast 2011 if duties remain in place	Forecast 2011 if duties are revoked
Capacity utilization	100	111	101	67	114	113	95
Net cash flow	100	(235)	(4360)	(1075)	2540	7526	385
Inventories (kg)	100	124	355	157	140	162	424
Employment	100	93	119	108	108	107	87
Wages (Rands)	100	95	190	120	256	322	261
Applicant growth	100	106	127	129	219	217	173
Magnitude of the dumping margin -Chinese Taipei -Republic of Korea -India				15.80% 13.68% 30.60%			

This table was indexed due to confidentiality using 2007 as the base year.

\*No imports for the period 2007-2009, therefore 2010 was used as the base year

## 5.4 DISCUSSION ON RECURRENCE OF MATERIAL INJURY

The Commission considered all comments regarding material injury and these comments are available on the public file.

As there were no responses from exporters or importers and there was sufficient evidence of recurrence of material injury to the SACU industry as a result of imports of the subject product originating in or imported from Chinese Taipei, the Republic of Korea, and India, the Commission decided to recommend to the Minister of Trade and Industry that the current anti-dumping duties be maintained.

## **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 product originating in or imported from India, the Republic of Korea, and Chinese Taipei.

Since no responses were received from importers or exporters, the Commission made a final determination that the existing anti-dumping duties be maintained.

### **6.2 Recurrence of material injury**

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the recurrence of material injury of the subject product originating in or imported from India, the Republic of Korea, and Chinese Taipei.



## 7. RECOMMENDATION

The Commission decided to recommend to the Minister of Trade and Industry that the following anti-dumping duties on polyethylene terephthalate (PET) originating in or imported from Chinese Taipei, the Republic of Korea, and India be maintained:

Tariff subheading	Description	Statistical Unit	Rate of anti-dumping duty		
			Chinese Taipei	India	Republic of Korea
3907.60	Polyethylene terephthalate, in primary forms (excluding liquids and pastes)	kg	75%	54.1%	19.7%