

Report No. 210

Investigation into the alleged dumping of tyres originating in or imported from the People's Republic of China (PRC): Final determination

The international Trade Administration Commission of South Africa herewith presents its
**Report No. 210: INVESTIGATION INTO THE ALLEGED DUMPING OF TYRES
ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA:
FINAL DETERMINATION**



**ITUMELENG MASEGE
ACTING CHIEF COMMISSIONER**

PRETORIA
12/02/ 2007

1. APPLICATION AND PROCEDURE

- 1.1 This investigation has been conducted in accordance with the International Trade Administration Act, 2002 (Act 71 of 2002) (The "ITA Act"), the World Trade Organisation 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 the South African Tyre Manufacturers Association (SATMC), (the Applicant), the industrial organization representing the manufacturers of the like product in the SACU.
- 1.3 On 19 October 2005, the Commission accepted the application as being properly documented and that the Applicant submitted a *prima facie* case of dumping and material injury. The Commission decided to initiate an investigation into the alleged dumping of tyres originating in or imported from the People's Republic of China (PRC).
- 1.4 The investigation was initiated through Notice No. 1913 in Government Gazette No. 28150 on 28 October 2005.
- 1.5 The information submitted by the importers and the exporters was verified.
- 1.6 On 22 June 2006, the Commission made a preliminary determination that:
 - The subject product was not being dumped by Aeolus, Triangle, Giti and Shandong Chengshan, but was being dumped by other exporters onto the SACU market;
 - The SACU industry was suffering material injury;

- There was a causal link between the dumping of the subject product and the injury.

The Commission decided to request the Commissioner for South African Revenue Service to impose provisional payments for a period of 26 weeks against the other exporters that did not respond.

1.7 On 28 July 2006, provisional payments were imposed on the imports of the subject product for a period of 26 weeks. On 20 October 2006, the period applicable for provisional payments was extended up to and including 26 April 2007.

1.8 The investigation period for dumping is from 1 January 2004 to 31 March 2005. The injury investigation involves evaluation of data for the period 1 January 2002 to 31 March 2005.

1.9 The SACU Industry consists of the following producers which are members of the SATMC:

- (i) Dunlop Tyres (Pty) Ltd
- (ii) Bridgestone SA (Pty) Ltd
- (iii) Continental Tyres SA (Pty) Ltd
- (iv) Goodyear Tyre and Rubber Holdings (Pty) Ltd

1.10 The following exporters/manufacturers responded to the Commission's questionnaires:

- (a) Triangle Tyre
- (b) Shandong Chengshan Tyre
- (c) GITI Tire
- (d) Aeolus Tyre
- (e) Shandong Linglong Tyre

- (f) Kenda Tyre
- (g) Nanjing Kumho

Information submitted by Triangle Tyre, Shandong Chengshan Tyre, GITI Tire and Aeolus Tyre was verified from 17 April to 29 April 2006. Information submitted by Shandong Linglong could not be verified since their exports took place outside the period of investigation. Information by Kenda and Nanjing Kumho was deficient and was therefore not considered for the purposes of the preliminary determination. The information submitted by Kenda and Nanjing Kumho was resubmitted after adequately addressing the deficiencies, prior to the deadline for responses to the preliminary report. The information was verified from 11 October to 18 October 2006. Domestic prices in the nominated third country, namely Chinese Taipei, were verified on 20 October 2006.

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

- (a) Continental Worldwide Development (Pty) Ltd
- (b) Tubestone
- (c) Malas Car Sales and Spares
- (d) Whalinger
- (e) A1 Wheel and Tyre
- (f) Top Trailers
- (g) Lombard Tyre
- (g) Prideshelf 1116 CC
- (h) Natric Motors

Information submitted by Prideshelf 1116 CC and Natric Motors was deficient and was therefore not taken into account for preliminary and final determination purposes. The information submitted by the other importers was verified from 16 February to 03 March 2006.

The following circumstances led to the investigation exceeding 12 months:

- The investigation was initiated on 28 October 2005. Upon request and on good grounds, extensions were therefore granted to various interested parties to submit information by 09 January 2006.
- Complexity of the investigation and the subject product.
- Two exporters and nominated third country price list were verified after the preliminary determination.
- Non-market economy issues and issues relating to the deficiencies of the responses of the exporters were raised throughout the investigation.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as new pneumatic tyres of rubber of a kind used on motor cars (HS Code 4011.10.00), of a kind used on buses or lorries (HS Code 4011.20) with a load index not exceeding 121 (4011.20.15) and with a load index exceeding 121 (HS Code 4011.20.25).

2.1.2 Country of origin/export

The subject product is exported from the PRC.

2.1.3 Possible tariff loopholes

The Applicant indicated that tyres can be imported mounted on rims and declared as "wheels" under HS Code 8708.70.90 "other".

2.1.4 Other applicable duties and rebates

The following table shows the duties applicable to the subject products:

Table 2.1.4: Applicable duties

Tariff subheading	Description	Duty		
		General	EU	SADC
4011.10	Of a kind used on motor cars	30	15	Free
4011.20.15	With a load index not exceeding 121	25	15	Free
4011.20.25	With a load index exceeding 121	25	15	Free

No rebates are applicable on the subject product.

2.1.5 Negligibility test

Exports for 15 months of POI to March 2005

PRC

The following table reflects the imports from exporters that were found not to be dumping as well as alleged dumped imports for the 15 months period of investigation being 1 Jan 2004 to 31 March 2005.

Table 2.1.5

	Total	Undumped	Imports by Applicant	Undumped & Applicant	Undumped % of total imports	Balance Alleged dumped	Alleged dumped % of total imports
Passenger 4011.10.00	346300	127096	32070	159166	5.551	187134	6.526
Light truck 4011.20.15	177747	132782		132782	12.469	44965	4.222
Heavy truck 4011.20.25	108868	87308		87308	17.528	21560	4.328
Other countries							
Passenger 4011.10.00	2521159				87.923		
Light truck 4011.20.15	887149				83.309		
Heavy truck 4011.20.25	389239				78.144		
Total imports							
Passenger 4011.10.00	2867459				100.00		
Light truck 4011.20.15	1064896				100.00		
Heavy truck 4011.20.25	498107				100.00		

The balance of the alleged dumped imports were found to be 6.5% for passenger tyres, 4.2% for light truck tyres and 4.3% for heavy truck tyres, as a percentage of total imports.

2.2 SACU PRODUCT

2.2.1 Description

The subject product is described as new pneumatic tyres of rubber of a kind used on motor cars (HS Code 4011.10.00), of a kind used on buses or lorries (HS Code 4011.20) with a load index not exceeding 121 (4011.20.15) and with a load index exceeding 121 (HS Code 4011.20.25).

2.3 LIKE PRODUCTS ANALYSIS

In determining the likeness of products, the Commission uses the following criteria:

Table 2.3: Like product determination

	<i>Imported product</i>	<i>SACU product</i>
Raw materials	Natural rubber, synthetic rubber, sulphur compounds, carbon black, silics, fabric (polyester, nylon), steel wire, phenolic wire, oils, petroleum waxes, pigments (zinc oxide, titanium dioxide) fatty acids and inert materials are used in the production of both	Natural rubber, synthetic rubber, sulphur compounds, carbon black, silics, fabric (polyester, nylon), steel wire, phenolic wire, oils, petroleum waxes, pigments (zinc oxide, titanium dioxide) fatty acids and inert materials are used in the production of both
Physical appearance	same	same
Tariff classification	Same tariff subheading 4011.10, 4011.20 and 4011.20.25	Same tariff subheading 4011.10, 4011.20 and 4011.20.25
Production process	Same production process	Same production process
Application or end use	Both are fitted to vehicles for passenger cars, light deliveries and heavy loads (cars, bakkies, trucks and buses)	Both are fitted to vehicles for passenger cars, light deliveries and heavy loads (cars, bakkies, trucks and buses)

Substitutability	Are direct substitutes to the extent that tyres produced around the world are usable on vehicles	Are direct substitutes to the extent that tyres produced around the world are usable on vehicles
------------------	--	--

Taking the above into consideration, the Commission made a final determination that the SACU products and the imported products are “like products”, for purposes of comparison in this investigation, in terms of Article 2.6 of the Anti-Dumping Agreement.

3. INDUSTRY STANDING

The Applicant (SATMC) is the only manufacturer of the product in the SACU. The application is therefore supported by 100 per cent of the SACU industry.

The Commission decided that the application could be regarded as being made "by or on behalf of the domestic industry".

4. DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR AEOLUS IN THE PRC

4.1.1 *Setting of selling prices in the ordinary course of trade by Aeolus in the PRC*

In addition to the information supplied by the exporters in the questionnaires, the Commission considered the following factors which affect the setting of prices by the tyre industry in the PRC:

1. There are more than four hundred producers of tyres in the PRC, many of which are small.
2. The six exporters that responded in this investigation are all large producers that produce tyres to international standards and are also suppliers of original equipment to the motor vehicle assembly plants. All six companies are profitable.
3. The multinational tyre companies such as Firestone, Dunlop and Goodyear are also present in the PRC market.
4. All of the co-operating producers export to many countries. One producer to more than one hundred and sixty countries. One company also produces tyres for Goodyear under their own brand name.
5. It is clear that competition exists between the tyre producers in the PRC.
6. All six of the co-operating exporters have large advertising budgets promoting their own brand names in the process of competing for market share. Advertising billboards promoting each of the company's brands and

their products were evident at all major centres, airports as well as on buses.

4.1.2 Normal value

The following information was submitted by Aeolus in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

The company provided a list of its major shareholders together with a list of its Board of Directors. The company is listed on the Shanghai stock exchange.

b. Raw materials and other cost components for production

The major raw material (natural rubber, synthetic latex, carbon black and tyre cord) supplier's invoices were provided. A copy of their purchasing policy was also provided. Purchases were from more than one supplier at competitive prices.

c. Finance and investment

Investment in the company is substantial.

d. Intellectual property rights and legal requirements

The company promotes its own brands.

e. Labour

Labour is not unionised. There is, however, an employment policy in place to ensure fair treatment of employees.

f. Production facilities, production and investment

A factory visit was undertaken and the production process was observed. It was noticed that the company had invested in the most modern technology sourced from various countries around the world.

g. Sales

Sales were found to be of original equipment to motor assembly plants as well as to the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period were provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided for purposes of its final determination that it considers Aeolus to be setting its selling prices in the ordinary course of trade and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

Aeolus Tyre Company Limited

Only heavy truck and bus radial ply tyres (TBR) were exported to SACU during the period of investigation (POI). Three models were exported, being 12R22.5 16 ply, 315/80 22.5 and 295/80 22.5.

As none of these models were sold domestically, sales of the TBR model most closely resembling the models exported, being 11.00 R20 18 ply were applied and adjusted for differences in costs due to differences in physical characteristics to calculate the domestic selling price. The cost difference was found to be a maximum of 12.5 per cent. Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price of invoiced sales to distributors was calculated and found to be profitable.

Adjustments to the normal value

The following adjustments, which were verified, were claimed by the exporter and allowed by the Commission:

(i) Cost of payment terms

Payment terms were calculated on a transaction by transaction basis. Most transactions were for cash while others were on credit for up to three months. At an interest rate (based on the average rate obtained from different banks), the cost was verified.

(ii) Cost of delivery

Delivery charges were allocated on a transaction-by-transaction basis based on expenses for each month and allocated on the basis of value of the invoices.

(iii) Duty draw back

Duty payable on imported natural rubber is not payable on products manufactured for export. The value of the duty payable in this regard was verified.

(iv) Domestic selling expenses

An adjustment was claimed in respect of domestic selling expenses, which includes advertising, promotion, sales commission and storage in other provinces and depots.

(v) Warranty expenses

The warranty expense in respect of truck tyres was verified from the management accounts.

(v) Local taxes

An adjustment was claimed in respect of city construction tax, education and surtax, which is levied as a percentage of VAT, and is therefore only applicable to domestic sales.

Normal value after adjustments

The normal value after adjustments was calculated by deducting the total allowed adjustments from the domestic selling price.

4.1.3 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for PBR tyres, being that of the three models exported, was calculated.

Adjustments to the export price

The following adjustments which were verified, were made to the export price:

(i) Inland freight

Cost of transport from the factory to the port paid by an independent transporter.

(ii) Handling charges

Cost charged by clearing agent in respect of container handling.

(iii) Insurance

Insurance from the factory to the harbour.

Export price after adjustments

The ex-factory export price was calculated by deducting the total value of the adjustments from the average fob export price.

4.1.4 Margin of dumping

The margin of dumping was calculated by deducting the ex-factory export price from the normal value. The margin of dumping was found to be negative.

4.2 METHODOLOGY IN THIS INVESTIGATION FOR TRIANGLE IN THE PRC

4.2.1 Normal Value

Setting of selling prices in the ordinary course of trade by Triangle

The following information was submitted by Triangle in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

The company provided a list of its major shareholders together with a list of its Board of Directors.

b. Raw materials and other cost components for production

The major raw material (natural rubber, synthetic latex, carbon black and tyre cord) suppliers' invoices were provided. A copy of the company's purchasing policy was provided. The policy includes purchasing from more than one supplier, taking price and reliability of supply into account.

c. Finance and investment

Investment in the company is substantial.

d. Intellectual property rights and legal requirements

The company promotes its own brands through advertising and promotion.

e. Labour

Labour is not unionised. There is, however, an employment policy in place to ensure fair treatment of employees.

f. Production facilities, production and investment

A factory visit was undertaken and the production process was observed. The capital equipment was modern and sourced from various countries around the world.

g. Sales

Sales were to original equipment manufacturers as well as to the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period was provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided, for the purposes of its final determination that it considers Triangle to be setting its selling prices in the ordinary course of trade and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

Triangle Tyre Company Limited

Passenger, light truck, heavy truck and bus radial ply tyres (TBR) as well as bias (cross ply) heavy truck tyres were exported to SACU during the period of investigation (POI).

Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price for each group of invoiced sales to distributors was calculated and found to be profitable.

Adjustments to the domestic price

The following adjustments, which were verified, were claimed by the exporter and allowed by the Commission:

(i) Cost of payment terms

Payment terms were calculated on a transaction-by-transaction basis. Transactions were on credit for up to three months. At an interest rate based on the average rate obtained from different banks, the unit cost was calculated.

(ii) Cost of delivery

Delivery charges and storage costs were verified for each model group allocated on the basis of sales value.

(iii) Duty draw back

Duty payable on imported natural rubber is not payable on product manufactured for export. The value of the duty payable in this regard was verified.

(iii) Domestic selling expenses

An adjustment was claimed in respect of domestic selling expenses, which includes salaries of domestic sales persons and commission. These were verified for each model group.

(v) Warranty expenses

The warranty expense was verified from the management accounts.

(vi) Advertising

An adjustment was claimed in respect of advertising in Chinese and is therefore only applicable to domestic sales. It was verified from the

management accounts.

(vii) Excise Tax

Excise tax of 11 per cent is payable on domestic sales of bias tyres. A cost per unit was calculated.

Normal value after adjustments

The normal value after adjustments was calculated by deducting the total value of the adjustments from the domestic selling price for each of the model groups.

4.2.2 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for all model groups was calculated.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price.

(i) Inland freight

Cost of transport from the factory to the port paid to an independent transporter and an inspection fee was verified.

(ii) Handling charges

Cost charged by clearing agent in respect of container handling was

verified.

Export price after adjustments

The ex-factory export price for each model was calculated by deducting the total value of the adjustments from the average fob export price.

4.2.3 Margin of dumping

The margin of dumping was calculated for each model group by deducting the ex-factory export price from the normal value. The margin of dumping was found to be negative for two model groups and *de minimis* for one model group.

The dumping margins were also calculated for each model exported, and weighted with the volume of exports for each model. The weighted average dumping margin for each model group, being passenger, light truck and heavy truck tyres were calculated and found to be negative for each product group.

4.3 METHODOLOGY IN THIS INVESTIGATION FOR GITI IN THE PRC

4.3.1 Normal Value

Setting of selling price in the ordinary course of trade by GITI

The following information was submitted by GITI in its response to the Commission's questionnaire:

a. *Shareholding and Board of Directors*

The company provided a list of its major shareholders together with a list of

its Board of Directors. The major shareholders are based in Singapore.

b. Raw materials and other cost components for production

The major raw material (natural rubber, synthetic latex, carbon black and tyre cord) suppliers' invoices were provided. The company's purchasing policy includes price and reliability of supply considerations.

c. Finance and investment

Investment was found to be substantial.

d. Intellectual property rights and legal requirements

The company promotes its own brand names in various forms including advertising on billboards and public transport.

e. Labour

Labour is not unionised.

f. Production facilities, production and investment

A factory visit was undertaken and the production process was observed. The capital equipment is modern and sourced from various countries.

g. Sales

Sales are to both the original equipment manufacturers and to the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period were provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided, for purposes of its final determination that it considers GITI to be setting its selling prices in the ordinary course of trade and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

GITI Tire Company Limited

Only passenger car tyres were exported to SACU during the period of investigation (POI).

Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price of invoiced sales to distributors was calculated and found to be profitable. Models exported that comprise 85% by volume and 81% by value were identified and the weighted average domestic selling price

calculated.

Adjustments to the domestic price

The following adjustments, which were verified, were claimed by the exporter and allowed by the Commission:

(i) Cost of payment terms

Payment terms were calculated on a transaction-by-transaction basis. At an interest rate based on the average rate obtained from different banks, the cost was verified.

(ii) Cost of delivery

Delivery charges and storage costs were verified and allocated on the basis of sales value.

(iii) Volume rebates

An adjustment was claimed in respect of rebates, which are paid to customers for volumes sales achieved.

(iv) Domestic selling expenses

An adjustment was claimed in respect of domestic selling expenses, which includes salaries of domestic sales persons and commission.

(v) Warranty expenses

The warranty expense was verified from the management accounts.

(v) Advertising

An adjustment was claimed in respect of advertising in Chinese and is therefore only applicable to domestic sales. It was verified from the management accounts.

(vii) Packaging

Products sold domestically are packaged. The cost of packaging was verified.

Normal value after adjustments

The normal value after adjustments was calculated by deducting the total unit value of the adjustments from the domestic selling price.

4.3.2 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for those models identified for purposes of comparison was calculated.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price.

(i) Inland freight

Cost of transport from the factory to the port paid to an independent transporter.

(ii) Cost of payment terms

An adjustment was made for exports sold with payment terms from bill of lading date. An interest rate obtained from various banks was used to calculate the unit cost.

Export price after adjustments

The ex-factory export price was calculated by deducting the total unit value of the adjustments from the average fob export price.

4.3.3 Margin of dumping

The dumping margin in respect of the 8 selected models were also calculated and weighted by the export volume of each model to calculate a weighted average dumping margin. This margin was found to be less than 2 percent.

4.4 METHODOLOGY IN THIS INVESTIGATION FOR SHANDONG CHENGSHAN IN THE PRC

4.4.1 Normal Value

Setting of selling prices in the ordinary course of trade by Shandong Chengshan

The following information was submitted by Shandong Chenshang in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

The company provided a list of its major shareholders together with a list of its Board of Directors.

b. Raw materials and other cost components for production

The major raw material supplier's invoices were provided. The company sources the raw material domestically as well as through imports at competitive prices.

c. Finance and investment

Total investment was found to be substantial.

d. Intellectual property rights and legal requirements

The company promotes its own brands. The company also manufactures other brands for multinational companies for export to other countries.

e. Labour

Labour is not unionised.

f. Production facilities, production and investment

A factory visit was undertaken and the production process was observed. The most modern technology sourced from various countries around the world was used in the production process.

g. Sales

The company sells into both the original equipment and the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period were provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided for the purposes of its final determination that it considers Shandong Chengshan to be setting its selling prices in the ordinary course of trade and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

Shandong Chengshan Group Co limited

Passenger, light truck, heavy truck and bus radial ply tyres (TBR) were exported to SACU during the period of investigation (POI).

Sales of like products were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price for each group of invoiced sales to distributors was calculated and found to be profitable.

Adjustments to the domestic price

The following adjustments, which were verified, were claimed by the exporter and allowed by the Commission:

(i) *Cost of delivery*

Delivery charges in respect of domestic sales were verified from management accounts.

(ii) *Domestic selling expenses*

An adjustment was claimed in respect of domestic selling expenses, which includes salaries of domestic sales persons and commission.

(iii) *Warranty expenses*

The warranty expense was verified from the management accounts.

Normal value after adjustments

The normal value for each model group was calculated by deducting the total unit value of the adjustment from the weighted average domestic selling price.

4.4.2 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for all model groups was calculated.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price.

(i) *Inland freight and handling charge*

Cost of transport from the factory to the port and loading costs to fob was verified.

Export price after adjustments

The ex-factory export price was calculated for each model group by deducting the unit value of the adjustments from the weighted average fob export price.

4.4.3 Margin of dumping

The dumping margins for 5 models of passenger tyres, 2 models of light truck and 2 models of heavy truck tyres were calculated and weighted by the export volumes for each model. This reflected negative dumping margins in respect of all models.

4.5 METHODOLOGY IN THIS INVESTIGATION FOR KENDA RUBBER IN THE PRC

4.5.1 Normal Value

Setting of selling prices in the ordinary course of trade by Kenda Rubber

Kenda Rubber submitted the following information in its response to the Commission's questionnaire:

a. *Shareholding and Board of Directors*

Kenda is a Taiwanese company listed on the Taipei stock exchange.

b. *Raw materials and other cost components for production*

The major raw material (natural rubber, synthetic latex, carbon black and tyre cord) supplier's invoices were provided.

c. *Finance and investment*

The company's head office is in Taiwan. It has four factories in the PRC and two in Taiwan and one in Vietnam. Funding is done in Taiwan.

d. *Intellectual property rights and legal requirements*

The company promotes its own brands.

e. *Labour*

Labour is not unionised. There is, however, an employment policy in place to ensure fair treatment of employees. Employees are recruited on the open market and paid market related wages.

f. *Production facilities, production and investment*

A factory visit was undertaken and the production process was observed. It was noticed that the company had invested in the most modern technology sourced from various countries around the world.

g. Sales

The company sells into both the original equipment and the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period was provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided, for purposes of its final determination, that it considers Kenda Rubber to be setting its prices in the ordinary course of trade and therefore that the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

Kenda Rubber

Passenger and light truck tyres were exported to the SACU during the period of investigation (POI).

Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price for each model and each group of invoiced sales to distributors was calculated and found to be profitable.

Weighted average domestic selling price

The weighted average domestic selling price for 13 models of passenger tyres and 4 models of light truck was calculated.

Adjustments to the domestic price

The following adjustments to the domestic prices were claimed by the exporter, were verified and allowed by the Commission verified:

(i) Cost of delivery

Delivery charges in respect of domestic sales were verified from management accounts. A unit cost was calculated.

(ii) Packaging expense

Domestic packaging expenses for the period was divided by domestic sales for the period and a unit cost was calculated.

(iii) Delivery charges

The delivery charges for the period was divided by domestic sales for the period and a unit cost was calculated.

(iv) Discounts

Discounts on Passenger Car Radial's (PCR's) as reflected on the income statement was divided by the total domestic sales of PCR's for the period and a unit cost was calculated.

(v) Raw material import tax

Raw material import taxes are rebated when products are exported. A unit cost was calculated for the domestic sales.

(vi) Physical difference

A physical difference between the domestic tyres and the export tyres was established. It was found that the domestic tyre has polyester cord over the full width of tread, while the export tyre has only polyester cord on the outside portion of tread. The difference in the cost per unit was calculated.

(vii) Additional volume rebates and kickbacks

Additional volume rebates and kickbacks were provided by issuing credit notes when meeting targeted volumes. This was verified from the financial statements and the cost per unit was calculated.

Normal value after adjustments

The weighted average normal value was calculated for 13 models of passenger tyres and 4 models of light truck tyres.

4.5.2 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for 13 models of passenger tyres and 4 models of light truck tyres was calculated.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price.

(i) Packaging expense

The packaging expense was checked against the financial statements and a unit cost was calculated.

(ii) Inland freight and handling charge

Inland freight was verified from the invoices and a unit cost was calculated.

Ex-factory export price

The weighted average ex-factory export price was calculated for 13 models of passenger tyres and 4 models of light truck tyres.

4.5.3 Margin of dumping

The margins of dumping was calculated for 13 models of passenger tyres and 4 models of light truck tyres. The export price after adjustments was compared to the normal values of the same models. A dumping margin was

calculated for each model and then weighted by the export volume of that model to obtain the final dumping margin for the product group.

The dumping margin for both passenger tyre and light truck tyre was found to be less than 2 percent and therefore *de minimis*.

4.6 METHODOLOGY IN THIS INVESTIGATION FOR NANJING KUMHO TYRE IN THE PRC

4.6.1 Normal Value

Setting of selling prices in the ordinary course of trade by Nanjing Kumho Tyres

The following information was submitted by Nanjing Kumho Tyre in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

Kumho Tyres is a listed Korean company with factories in Korea and the PRC.

b. Raw materials and other cost components for production

The major raw material (natural rubber, synthetic rubber, carbon black and tyre cord) supplier's invoices were provided. A list of suppliers that can provide products of approved quality is used and the supplier is selected, based on availability, quality and price.

d. Intellectual property rights and legal requirements

The company promotes its own brands.

e. Labour

Labour is not unionised. There is, however, a disciplinary code in place for dismissing employees. The company recruits trainees from schools and advertise on the internet for top positions. Employees have to sign an employment contract when they are hired, agreeing on the terms and conditions of employment with the company.

f. Production facilities, production and investment

A factory visit was undertaken and the production process was observed. It was noticed that the company had invested in the most modern technology sourced from various countries around the world.

g. Sales

The company sells into both the original equipment and the replacement market.

h. Financial statements

An audited annual report including a balance sheet and income statements for the investigation period were provided.

i. Accounting principles and practice

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

j. Foreign currency transactions

All foreign currency transactions were concluded in US Dollars and converted to the Chinese currency at the ruling exchange rate.

Based on the information submitted, the Commission decided, for the purposes of its final determination, that it considers Nanjing Kumho Tyre to be setting its prices in the ordinary course of trade and therefore that the definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

Passenger and light truck tyres were exported to the SACU during the period of investigation (POI).

Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. The weighted average price for each group of invoiced sales to distributors was calculated and found to be profitable.

Weighted average domestic selling price

The weighted average domestic selling price for each of 16 models of passenger tyres was calculated. A weighted average domestic selling price for light truck tyres was also calculated. The company does not manufacture heavy truck tyres.

Adjustments to the domestic price

The following adjustments to the domestic prices were claimed by the exporter, were verified and allowed by the Commission:

(i) Delivery expense

The delivery expenses were verified from the financial statements and a unit cost was calculated.

(ii) Packaging expense

The packaging expenses were verified from the financial statements and a unit cost was calculated.

(iii) Cost of payment terms

The cost of payment terms was calculated from the financial statements. The average interest rate during the period of investigation was verified and used to calculate a unit cost.

(iv) Sales and distribution expense

The adjustment claimed as salaries was found to be sales and distribution expenses, and it includes advertising. This sales and distribution expense also included salaries of sales staff, rental of regional offices, depreciation of equipment and IT programme development costs. Advertising expenses include TV, billboards, radio, magazine, shopboard, display (interior and exterior), give away items/gifts, printing (brochures and catalogues), motorsport training (new product promotion, exhibition and shows). A net unit cost was calculated

(iv) Discounts and rebates

Discounts are deducted from invoice amounts therefore no adjustment was claimed in this regard. Rebates were calculated

and paid on a quarterly basis. A net unit cost was calculated.

4.6.2 Export price

Calculation of export price

A record of all export sales to SACU during the POI was provided on a transaction-by-transaction basis. The weighted average export price for 16 models of passenger tyres as well as light truck tyres was calculated.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price.

(i) Handling charge

Ocean freight was verified. However, as prices were taken from the invoice before freight costs, no adjustment was made in this regard. Container handling expenses were verified and an average unit cost was calculated.

Export price after adjustments

4.6.3 Margin of dumping

The margin of dumping was calculated for 16 models of passenger tyres and for one model of light truck tyres. The export price after adjustments was compared to the normal values of the same models. A dumping margin was calculated for each model and then weighted by the export volume of that model to obtain the final dumping margin for the product group and found to be less than 2 percent in respect of passenger tyres and negative in respect of light commercial tyres.

4.7 METHODOLOGY IN THIS INVESTIGATION FOR ALL OTHER EXPORTERS FROM THE PRC

4.7.1 Normal Value

Type of economy

Calculation of normal value

The normal values for non-cooperating exporters were based on the normal value for the subject product in the nominated third country, namely Chinese Taipei.

The normal values of 6 models of passenger tyres, 2 models of light truck tyres and 3 models of bias construction heavy truck tyres was applied.

4.7.2 Export price

As the individual models cannot be identified from the import statistics, the verified export prices of the co-operating exporters to the SACU were used as a basis for calculating the export price for the non-cooperating exporters. The lowest export price for each category was used.

4.7.3 Margin of dumping

The following margins of dumping were calculated:

Table 4.7.3

	Passenger	Light truck	Heavy truck
Dumping margin as % of FOB export price	42.61	44.21	26.2

4.8 SUMMARY - DUMPING

For purposes of its final determination, the Commission considered all the comments from interested parties and found that the subject product originating in or imported from the PRC was being dumped into the SACU market with the following margins:

Exporter	Country of origin	Dumping margin expressed as a percentage of the fob export price		
		Passenger	Light truck	Heavy truck
Aeolus	PRC	42.61% (residual)	44.21% (residual)	negative
Triangle	PRC	negative	negative	de minimus
GITI	PRC	de minimus	44.21% (residual)	26.2% (residual)
Shandong Chengshan	PRC	negative	negative	negative
Kenda	PRC	de minimus	de minimus	26.2%(residual)
Kumho	PRC	de minimus	negative	26.2% (residual)
All other exporters	PRC	42.61%	44.21%	26.2%

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY - MAJOR PROPORTION OF PRODUCTION

The following injury analysis in this submission relates to the SATMC, the Applicant, representing all four of the manufacturers of the subject product in the SACU.

The Commission decided that this constitutes "a major proportion" of the total domestic production, in accordance with Article 4.1 of the Anti-Dumping Agreement.

5.2 CUMULATIVE ASSESSMENT

The PRC is the only country subject to this investigation.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

Basic Data Set

Year	Unit	Subject Imports	Other imports	Applicant's Production *	Inventories *	Applicant's sales volumes *	Domestic consumption
2002	Tyres						
Passenger		545	1,094,689	95	61	103	4,812,073
Light truck		46,737	520,757	91	42	102	2,057,289
Heavy truck		7,254	260,227	94	68	99	717,525
2003	Tyres						
Passenger		34,882	1,603,702	100	100	100	5,256,207
Light truck		115,494	535,304	100	100	100	2,115,368
Heavy truck		22,721	246,276	100	100	100	724,039
2004	Tyres						
Passenger		176,965	1,573,984	106	100	112	5,806,300
Light truck		132,452	547,650	100	80	109	2,274,462
Heavy truck		81,289	246,569	101	103	106	810,836

2005*	Tyres						
Passenger		628,044	1835,628	96	110	96	6,045,664
Light truck		166,492	672,748	103	85	104	2,405,504
Heavy truck		110,316	305,496	121	108	113	962,140

*These figures have been indexed due to confidentiality using 2003 as the base year.

*2005 was extrapolated based on the first quarter.

Examination under Article 3.2

Growth of Subject Imports

Variable	Unit of Measurement	Year				Change 2002-2005*
		2002	2003	2004	2005*	
Subjects imports/domestic production	%					
Passenger		0	0	2	82	82
Light truck		2	3	4	5	2
Heavy truck		1	3	10	14	13
Subjects imports/domestic consumption	%					
Passenger		0	0	3	10	10
Light truck		2	5	6	7	5
Heavy truck		1	3	10	11	10

Price Effects of Subject Imports

Variable	Unit of Measurement	Year				Change 2002-2005*
		2002	2003	2004	2005*	
Average import price (landed)	R/kg					
Passenger		100	81	85	81	(19)
Light truck		100	124	153	119	19
Heavy truck		100	83	81	93	(7)
Average price of domestic product (ex-factory) (price depression)	R/kg					
Passenger		100	109	101	100	0
Light truck		100	107	96	97	(3)
Heavy truck		100	104	104	92	(8)
Price undercutting						
Passenger		100	163	140	148	48
Light truck		100	88	85	84	(6)
Heavy truck		100	110	107	98	(2)
Cost as % of selling price (Suppression)						
Passenger		100	112	116	119	19
Light truck		100	103	109	110	10
Heavy truck		100	103	101	101	1

The information in this table was indexed due to confidentiality using 2002 as the base year.

5.4 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE INDUSTRY

Examination under Article 3.4

Variable	Unit of Measurement	Year				Change
		2002	2003	2004	2005*	2002-2005*
Sales:						
In value terms	Rands					
Passenger		100	106	110	97	(3)
Light truck		100	105	102	102	2
Heavy truck		100	105	100	111	11
In volumes	Tyres					
Passenger		100	99	109	96	(4)
Light truck		100	98	107	105	5
Heavy truck		100	101	107	121	21
Inventories (quantities)	Tyres					
Passenger		100	163	163	180	80
Light truck		100	236	188	201	101
Heavy truck		100	147	151	159	59
Output (quantities)	Tyres					
Passenger		100	106	112	104	4
Light truck		100	109	109	108	8
Heavy truck		100	106	108	112	12
Market share of Applicant						
Passenger		100	89	90	77	(23)
Light truck		100	96	97	90	(10)
Heavy truck		100	100	95	91	(9)
Market share of alleged dumped imports						
Passenger		negligible	negligible	100	341	241
Light truck		100	241	256	305	205
Heavy truck		100	311	993	1136	1036
Market share of other imports						
Passenger		100	134	119	133	33
Light truck		100	100	95	111	11
Heavy truck		100	94	84	84	(12)
Capacity utilization						
Passenger		100	104	103	99	(1)
Light truck		100	110	112	117	17
Heavy truck		100	99	89	105	5
Employment		100	102	101	100	(0)

Wages (total wage bill, monthly average)		100	117	125	122	22
Productivity (output/worker)		100	105	110	106	6

The information in this table was indexed due to confidentiality using 2002 as the base year. Except for market share of alleged dumped imports where 2004 was used as a base year.

Variable	Unit of Measurement	Year				Change 2002-2005*
		2002	2003	2004	2005*	
Profit						
Passenger		100	122	66	57	(43)
Light truck		100	182	70	106	6
Heavy truck		100	445	372	576	476
Cash flow		100	47	70	105	5
Return on investment		100	69	43	44	56
Ability to raise capital (capital expenditure)		100	95	119	74	(26)
Growth in SACU market		100	109	121	126	26
Growth of Applicant		100	97	109	96	(4)
Factors affecting domestic prices (cost of raw material per unit)	The Applicant indicated that prices are affected by cost, and the SACU industry, as the PRC industry must source rubber, steel and carbon black at world prices. It also indicated that there are no significant factors affecting the SACU industry that do not affect the price industry to the same extent.					
Magnitude of the margin of dumping	%	Aeolus	Triangle	Giti	Shandong Chengshan	Rest of PRC
Passenger		42.61	negative	<i>de minimis</i>	negative	42.61
Light truck		44.21	negative	44.21	negative	44.21
Heavy truck		negative	<i>de minimis</i>	26.2	negative	26.2
Magnitude of the margin of dumping	%	Kenda	Khumo			
Passenger		<i>de minimis</i>	<i>de minimis</i>			
Light truck		<i>de minimis</i>	negative			
Heavy truck		26.2 (res.)	26.2(res.)			
Price undercutting that would remain even if imports were priced at normal value		n/a	n/a	64%	n/a	
Passenger						12
Light truck						none
Heavy truck						none

The information in this table was indexed due to confidentiality using 2002 as the base year.

The Commission made a final determination that the SACU industry is suffering material injury.

5.4 CONCLUSION - MATERIAL INJURY

The Commission made a final determination that the SACU industry was suffering material injury in the form of:

- Price undercutting
- Price depression
- Price suppression
- Decrease in sales value
- Decrease in profit
- Decrease in market share
- Decrease in return on investment
- Decrease in cash flow
- Increase in inventories
- Decrease in production employment
- Lack of growth
- Decrease in sales volumes
- Decrease in output and capacity utilization

6. CAUSAL LINK

6.1 GENERAL

In order for the Commission to final Anti-dumping duties, it must be satisfied that there is sufficient evidence to indicate that the material injury experienced by the SACU industry is as a result of the dumping of the subject products.

6.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase of volume and the extent to which the market share of the domestic industry has decreased since the commencement of injury, with a corresponding increase in the market share of the dumped product.

The following table compares the market share of the SACU industry with that of the alleged dumped imports:

Table 6.2.1: Market share

	2002	2003	2004	2005*
Percentage market share held by:				
Applicant:				
Passenger	100	89	90	77
Light truck	100	96	97	90
Heavy truck	100	100	95	91
Dumped imports				
Passenger	negligible	100	313	1 136
Light truck	100	60	256	203
Heavy truck	100	311	152	424
Other imports				
Passenger	100	134	139	148
Light truck	100	100	112	125
Heavy truck	100	94	96	88

The information in this table was indexed due to confidentiality using 2002 as the base year (except for dumped passenger tyre imports where 2003 was used as base year).

The information in the table above indicates that the alleged dumped imports gained market share significantly albeit from a low base and that dumped imports' market share growth was especially noticeable in 2005 for passenger and heavy truck tyres. The market share of the SACU industry showed a decline over the corresponding period. The market share of other imports showed an increase for passenger and light truck tyres but a decrease for heavy truck tyres

The following table reflects the imports from exporters that were found not to be dumped as well as alleged dumped imports for the 15 months period of investigation being 1 Jan 2004 to 31 March 2005.

Table 2.1.5

	Total	Undumped	Imports by Applicant	Undumped	Undumped	Balance	Alleged dumped
				&	% of total	Alleged	% of total
				Applicant	imports	dumped	imports
Passenger 4011.10.00	346300	127096	32070	159166	5.551	187134	6.526
Light truck 4011.20.15	177747	132782		132782	12.469	44965	4.222
Heavy truck 4011.20.25	108868	87308		87308	17.528	21560	4.328
Other countries							
Passenger 4011.10.00	2521159				87.923		
Light truck 4011.20.15	887149				83.309		
Heavy truck 4011.20.25	389239				78.144		
Total imports							
Passenger 4011.10.00	2867459				100.00		
Light truck 4011.20.15	1064896				100.00		
Heavy truck 4011.20.25	498107				100.00		

The balance of the alleged dumped imports was found to be 6.5% for passenger tyres, 4.2% for light truck tyres and 4.3% for heavy truck tyres, as a percentage of total imports from the PRC.

6.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects of the Applicant:

Table 6.3.1: Price undercutting, price depression and price suppression

Rand/unit	2002	2003	2004	2005*
Price undercutting				
Passenger	100	163	140	148
Light truck	100	88	85	84
Heavy truck	100	110	107	98
Applicant's ex-factory selling price				
Passenger	100	109	101	100
Light truck	100	107	96	97
Heavy truck	100	104	104	92
Cost as a % of selling price				
Passenger	100	112	116	119
Light truck	100	103	109	110
Heavy truck	100	103	101	101

The information in this table was indexed due to confidentiality using 2002 as the base year.

The information in the table above clearly indicates the extent of the price undercutting by the imports from the PRC. The significant current (in 2005) undercutting must be seen in light of the price depression and price suppression already experienced by the SACU industry.

The Applicant indicated that the price depression was sufficiently borne out by the comparison of the prices in 2005 to prices both in 2004 and in the previous years.

The Applicant stated that the price suppression was sufficiently borne out by the comparison of the cost as a percentage of price in 2005 to the same ratios in 2003. It is indicated that as regards to truck tyres, where these ratios improved marginally between 2003 and 2005, it should be noted that cost as a percentage of price

increased for two manufacturers, remained constant for a third and improved for only one company. However, the cost percentage remained unacceptably high as regards to all three product categories.

It has already been shown that there was price undercutting, price suppression and price depression.

6.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Material injury indicator	Analysis (2002 – 2005)
Sales volume	
Passenger	Decrease
Light truck	Increase
Heavy truck	Increase
Profit	
Passenger	Decrease
Light Truck	Constant
Heavy truck	Increase
Output	
Passenger	Decrease
Light truck	Decrease
Heavy truck	Increase
Market share	
Passenger	Decrease
Light truck	Decrease
Heavy truck	Decrease
Productivity	Increase
Return on investment	Decrease
Utilisation of capacity	
Passenger	Decrease
Light truck	Increase
Heavy truck	Increase
Cash flow	Increase
Inventories	
Passenger	Increase
Light truck	Increase
Heavy truck	Increase
Employment	Increase
Wages	Increase
Growth	
Passenger	Increase
Light truck	Increase
Heavy truck	Increase
Ability to raise capital	Decrease

6.5 FACTORS OTHER THAN DUMPING CAUSING INJURY

6.5.1 Examination of causality under Article 3.5

Variable	Unit of Measurement	Year				Change 2002-2005
		2002	2003	2004	2005	
Prices of imports not sold at dumping prices (fob price)	Rand/unit					
Passenger		100	87	95	92	(8)
Light truck		100	103	115	116	16
Heavy truck		100	102	103	108	8
Volume of imports not sold at dumping prices	Tyres					
Passenger		100	146	185	222	122
Light truck		100	103	151	191	91
Heavy truck		100	95	141	144	44
Contraction in demand:	The Applicant indicated that the SACU market has grown significantly. It is also indicated that following the increase in demand for UHP (Ultra High Performance) tyres, the SACU industry started producing this product range.					
• GDP growth rate	%	3.7	3.0	4.5	4.9	1.2
• Growth rate for subject product industry	%	0.00	(2.67)	9.11	(4.21)	(4.21)
Changes in the patterns of consumptions	The Applicant indicated that the SACU market has grown significantly. It is also indicated that following the increase in demand for UHP (Ultra High Performance) tyres, the SACU industry started producing this product range					
Trade-restrictive practices of foreign and domestic producers	The Applicant indicated that it is not aware of any.					
Competition between foreign and domestic producers	The Applicant indicated that it is not aware of any.					
Developments in technology	The Applicant indicated that all four SACU producers have invested and are investing on an ongoing basis to ensure that they can produce the latest and most technologically advanced products for the market.					
Export performance of the domestic industry	The Applicant indicated that the exports have decreased as the South African currency strengthened. It is however indicated that the export market has always been regarded as a market separate from the replacement sales market.					
Productivity of the domestic industry	The Applicant indicated that all SACU producers have invested in the latest technology and are producing to world standards with high levels of productivity. The converse is true of the PRC, where the industry is very segmented and most Chinese producers, other than with joint ventures with foreign partners, produce relatively small volumes using outdated equipment.					

Some of the information in this table was indexed due to confidentiality using 2002 as the base year.

The following additional factors that detract from the causal link were considered:

- 1) The SACU tyre manufacturers are all multinational companies and are the biggest importers of tyres from various countries, including the PRC.
- 2) Six large exporters that were verified were found to be setting their prices in the ordinary course of trade and not to be dumping.
- 3) The imports from the PRC for the 15 months period ending March 2006 after deducting the imports that were found not to be dumped including the imports by Goodyear as a percentage of total imports was found to be 6.5 per cent for passenger, 4.2 per cent for light commercial and 4.3 per cent for heavy commercial vehicle tyres. This is a low percentage compared to the imports from the PRC found not to be dumped.
- 4) There was also a substantial increase in non-dumped imports, which detracted from the causality of the alleged dumped imports.
- 5) The import statistics for each model group contains imports of many models. It is not possible to determine which models were exported by non-cooperating exporters. The residual dumping margins calculated varied substantially depending on the models chosen and the mix within each model group.
- 6) It is further not possible to isolate the injury experienced between different model groups.
- 7) Although injury information submitted was in respect of the replacement market, it was found during verification that heavy commercial vehicle tyres were also imported by original equipment manufacturers (trailer builders).
- 8) The imports of light commercial and heavy commercial tyres include tyres of bias construction, a product which has to a large extent been phased out by the

SACU manufacturers.

- 9) The loss of export sales during the period of investigation indicated by the Applicant also contributed to its injury and therefore detracts from the causal link between the alleged dumping and the injury experienced.

6.6 SUMMARY ON CAUSAL LINK

The Commission found that there are factors that sufficiently detracted from the causal link between the alleged dumping and the injury experienced that would warrant not recommending the imposition of final anti-dumping duties and to terminate the investigation.

7. SUMMARY OF FINDINGS

7.1 Dumping

After considering the comments by interested parties, the Commission made a final determination that the subject product is not being dumped by Aeolus, Triangle and Shandong Chengshan in respect of heavy commercial tyres, by Triangle, Giti, Shandong Chengshan, Kenda and Kumho in respect of passenger tyres and by Triangle, Shandong Chengshan, Kenda and Kumho in respect of light truck tyres, but is being dumped by other exporters onto the SACU market.

7.2 Material injury

The Commission made a final determination that the Applicant suffered material injury in the form of price undercutting, price depression, price suppression, decrease in sales value, decrease in profit, decrease in market share, decrease in return on investment, decrease in cash flow, increase in inventories, decrease in production employment, lack of growth, decrease in sales volumes and decrease in output and capacity utilization.

7.3 Causal link

The Commission found that there are other factors that sufficiently detracted from the causal link between the alleged dumping and the injury experienced that would warrant not recommending the imposition of final anti-dumping duties and to terminate the investigation.

8. RECOMMENDATION

The Commission made a final determination that:

- The subject product is not being dumped by Aeolus, Triangle and Shandong Chengshan in respect of heavy commercial tyres, by Triangle, Giti, Shandong Chengshan, Kenda and Kumho in respect of passenger tyres and Triangle, Triangle, Shandong Chengshan, Kenda and Kumho in respect of light truck tyres, but is being dumped by other exporters onto the SACU market;
- The SACU industry is suffering material injury;
- Other factors sufficiently detracted from the causal link between the dumping and the material injury experienced.

The Commission therefore decided to recommend to the Minister of Trade and Industry that the investigation be terminated.