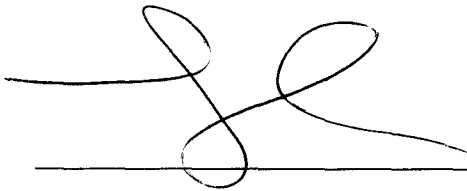


## **Report No. 215**

# **Investigation into the alleged dumping of biaxially oriented polypropylene film originating in or imported from Brazil: Final determination**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No. 215: INVESTIGATION INTO THE ALLEGED DUMPING OF BIAXIALY  
ORIENTATED POLYPROPYLENE (BOPP) FILM ORIGINATING IN OR IMPORTED FROM  
BRAZIL: FINAL DETERMINATION**

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**Itumeleng Masege**

**ACTING CHIEF COMMISSIONER**

**PRETORIA**

08/02/ 2007

# **1. APPLICATION AND PROCEDURE**

- 1.1 This investigation was conducted in accordance with the International Trade Administration Commission Act, 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 of South Africa Anti-Dumping Regulations (ADR).
- 1.2 The application was lodged by Treofan SA (Pty) Ltd (the Applicant), being the only manufacturer of the subject product in the SACU.
- 1.3 The application was accepted by the Commission as being properly documented, in accordance with Article 5.2 of the Anti-Dumping Agreement, on 20 October 2005. The trade representative of the country concerned was advised accordingly.
- 1.4 The Commission formally initiated an investigation into the alleged dumping of Biaxially Orientated Polypropylene (BOPP) film originating in or imported from Brazil pursuant to Notice No.1957, which was published in *Government Gazette* No. 28169 on 4 November 2005.
- 1.5 The investigation period for dumping was from 1 June 2004 to 31 May 2005. The injury investigation involved evaluation of data for the period 1 January 2002 to 31 May 2005.
- 1.6 The SACU industry consists of only one producer of the subject product, namely Treofan SA (Pty) Ltd, who submitted the information contained in this Report.
- 1.7 The following exporters from Brazil responded to the Commission's questionnaire:
  - Polo Indústria E Comércio LTDA;
  - Empresa Brasileira de Film Flexíveis LTDA (EBFF); and
  - Vitopel Do Brasil LTDA.

Araújo e Policastro Advogados were appointed by Abrafilme (the Brazilian Association for Flexible Film) to represent the three exporters (Polo, Vitopel and EBFF). Bowman Gilfillan (Bowman) was appointed by Araújo e Policastro Advogados to represent the three exporters. Bowman submitted the exporters' responses to the questionnaire on 17 January 2006. On 3 February 2006 deficiency letters were sent to Bowman on behalf of the exporters. Responses to the deficiency letters were received on 10 February 2006. On 20 February a letter was sent to Bowman indicating that the responses were still deficient and would therefore not be considered for purposes of the preliminary determination.

1.8 The following SACU importers responded to the Commission's questionnaire:

- Consol Flexibles;
- Nampak Flexible Natal; and
- Astraflex.

A response was received from Consol Flexibles (Consol) on 15 December 2005. They did not import the subject product during the period of investigation, but imported the product outside the period of investigation and wanted their comments to be taken into account.

Ernst and Young, on behalf of Astraflex (Pty) Ltd and Nampak Flexible KZN submitted their responses on 15 December 2005. On 3 January 2006, deficiency letters were sent to Ernst and Young. On 10 January 2006, Ernst and Young submitted their response to the deficiency letters, on behalf of the importers, electronically. On 12 January 2006, a letter was sent to Ernst and Young stating that not all the deficiencies were addressed and that the responses were regarded to be deficient and would not be taken into account for purposes of the preliminary determination.

1.9 After considering all parties' comments, the Commission made a preliminary determination that the subject product originating in or imported from Brazil was being dumped into the SACU market; that the SACU industry suffered material injury and

that there were other factors than dumping that sufficiently detracted from the causal link between the dumping and the material injury. The Commission made a preliminary determination to terminate the investigation.

- 1.10 On 25 October 2006, the Commission made a final determination taking into account all the new information that was verified and all the comments received from the preliminary report. The Commission made a final determination that the subject products originating in or imported from Brazil were being dumped into the SACU market; that the SACU industry was experiencing material injury; and that the material injury experienced by the SACU industry could be causally link to the dumped imports from Brazil. The Commission conveyed its decision to interested parties by way of a letter of essential facts allowing parties seven days to respond.
- 1.11 A request for extension to comment on the essential facts letters until 16 November 2006 was received from the exporters, importers and the Brazilian Embassy.
- 1.12 On 14 December 2006, the Commission made a final determination taking into account all the comments received from interested parties as well as all the information received during the investigation and decided to allow the adjustment for "client size". The Commission conveyed its decision to interested parties by way of a letter of essential facts allowing parties time to respond until 2 January 2007.
- 1.13 A request for extension was received from the importers and exporters to comment on the essential fact letters.
- 1.14 On 31 January 2007, the Commission made a final determination taking into account all the comments received from interested parties as well as all the information received during the investigation and decided to recommend to the Minister of Trade and Industry that definitive anti-dumping duties be imposed on the subject products.

The following circumstances led to the investigation exceeding 12 months:

- The investigation was initiated on 4 November 2005, and extension was requested to submit information until 17 January 2006;
- Complicated nature and extent of the subject product;
- Clarification of product to importers and exporters;
- The importers and exporters' information was only verified after the preliminary determination; and
- Causal link issues were raised throughout the investigation and the Commission provided interested parties an opportunity to address the Commission on these.

## **2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES**

### **2.1 IMPORTED PRODUCTS**

#### **2.1.1 Description**

The subject product is described as plates, sheets, film, foil and strip of Biaxially Oriented Polymers of Propylene, non-cellular and not reinforced, laminated, supported or similarly combined with other materials of a thickness exceeding 0,012mm but not exceeding 0,06mm, not heat shrinkable, classified under tariff subheading 3920.20.90.

#### **2.1.2 Country of origin/export**

The subject product is exported from Brazil.

#### **2.1.3 Possible tariff loopholes**

The Applicant indicated that the import tariff headings are dependent on the thickness of the film. BOPP film between 12 and 60 micron, normally falling within heading 3920.20.90, which attracts 13.2 percent (EU) and 15 percent (General) duty, could be imported under 3920.20.20, which relates to BOPP film thinner than 12 micron or thicker than 60 micron and is free of duty. The thickness of the film is difficult to determine by untrained people.

#### **2.1.4 Other applicable duties and rebates**

The following rebate provisions exist in terms of which the subject product can be imported with rebate of the duty:

**Table 2.1.4: Rebate and drawback items**

<b>Rebate/ Drawback item</b>	<b>Tariff heading</b>	<b>Description</b>	<b>Extent of rebate</b>
310.09	3920.00	Other plates, sheets, film, foil and strip, of polymers of a thickness exceeding 0,012mm or more but not exceeding 0.06mm, not heat shrinkable, non-cellular and not reinforced, laminated, supported or similarly combined with other materials, for the manufacture of disposable napkins for babies.	Full duty
307.01	3920.20	Plates, sheets, film, foil and strip, of polymers propylene, biaxially oriented, for the manufacture of self-adhesive tape of subheading 3919.10.	Full duty

### **2.1.5 Negligibility test**

The following table shows the alleged dumped imports as a percentage of the total imports:

**Table 2.1.5: Import volumes**

<b>Kilogram</b>	<b>Import volumes 1 January 2002 to 31 May 2005 (POI)</b>	<b>Volume as a percentage of total import volume</b>
Alleged dumped imports:		
Brazil	6 292 635	14.10%
Total imports	44 616 635	

The alleged dumped imports amount to 14.10% of total imports of the subject product.

The Commission found that the imports from the subject country are above the negligibility level.

## **2.2 SACU PRODUCT**

### **2.2.1 Description**

The SACU product is described as plates, sheets, film, foil and strip of biaxially



oriented polymers of propylene, non-cellular and not reinforced, laminated, supported or similarly combined with other materials of a thickness exceeding 0,012mm but not exceeding 0,06mm, not heat shrinkable classified under tariff subheading 3920.20.90.

## 2.3 LIKE PRODUCTS ANALYSIS

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

**Table 2.3: Like product determination**

	Imported product	SACU product
Raw materials	The main raw materials/components/inputs used in the production of Bopp film are homopolymers, co- and ter- polymers, additives and masterbatch of polypropylene.	The main raw materials/components/inputs used in the production of Bopp film are homopolymers, co- and ter- polymers, additives and masterbatch of polypropylene.
Physical appearance	The Bopp films imported are all 3, 4 or 5 layer co-extruded products. They are either clear or white and are in the thickness range 12 – 60 microns as covered by the customs tariff subheading 3920.20.90	The Bopp films Treofan produce are all 3, 4 or 5 layer co-extruded products. They are either clear or white and are in the thickness range 12 – 60 micron as covered by the customs tariff subheading 3920.20.90. Over the next 12 months, Treofan will be expanding its range up to 80 micron as a result of the investments.
Tariff classification	3920.20.90	3920.20.90
Production process	Co-extrusion of polypropylene granules – homopolymers together with co- or ter- polymers, additives and masterbatches, casting of resultant melt, longitudinal and transverse stretching to produce a base film which is then slit into customer widths.	Co-extrusion of polypropylene granules – homopolymers together with co- or ter- polymers, additives and masterbatches, casting of resultant melt, longitudinal and transverse stretching to produce a base film which is then slit into customer widths.
Application or end use	The imported subject product is used for the packaging of snack foods, confectionery such as sweets and biscuits, tobacco products, in mould and wrap around labels and a variety of other applications.	Used for the packaging of snack foods, confectionery such as sweets and biscuits, tobacco products, in-mould and wrap around labels and a variety of other applications.
Substitutability	The SACU product can be substituted 100% by the imported product.	The SACU product can be substituted 100% by the imported product.

After considering all the above factors and the comments received, the Commission was satisfied that the SACU product and the imported product were “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 provided the following information with regard to the support and/or opposition to the application:

The information is obtained from Treofan SA (Pty) Ltd, the only manufacturer of the subject product in the SACU market. Treofan represents 100 percent of the SACU production.

The Commission made a final determination that the application can be regarded as being made “by or on behalf of the domestic industry” under the provisions of the Anti-Dumping Agreement.

## **4. DUMPING**

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

#### **4.1.1 EMPRESA BRASILEIRA DE FILM FLEXIVEIS LTDA (EBFF)**

##### **Normal Value**

##### **Type of economy**

Brazil is considered to be a country with a free market economy and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

The comparable products sold in the domestic market in Brazil during the period of investigation are:

- Clear film;
- White opaque film;
- and Metallised film.

The normal value was therefore calculated separately for each product. The domestic sales information was verified.

During the verification it was found that EBFF sells its products to wholesalers, retailers and end-users, which could be regarded as being at the same levels of trade as that of its SACU exports.

##### **Adjustments to the normal value**

The following adjustments to the domestic sales information, which was verified, were claimed by the exporter:

- Cost of payment;
- Inland freight;
- Default rate;
- Planning;
- Tax (ICMS);
- Packaging;
- Client size;
- Discount; and
- Drawback

The Commission decided not to allow the adjustments for default rate and planning as they are of the opinion that these adjustments did not affect the price comparability at the time of setting the prices.

### **Export price**

Like products to those sold in the domestic market in Brazil were exported to the SACU area during the period of investigation and the export was therefore determined using section 32(2)(a) of the ITA Act (Act of 2002) as a basis.

The export sales were verified on the basis of the individual export transaction to the SACU area.

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

The following adjustments to the export price were made:

- Cost of payment;
- Inland freight;
- Packaging;
- Insurance; and

- Commission.

### **Dumping margin**

A dumping margin for BOPP was calculated by weighting each margin calculated for each product with the export volume. This was calculated to be 4.7%.

## **4.1.2 POLO INDUSTRIA E COMMERCIO LTDA**

### **Normal value**

The normal value of Brazil was calculated using the definition of section 32(2)(b) of the ITA Act as a basis.

The comparable products sold in the domestic market in Brazil during the period of investigation are:

- Clear film;
- White opaque film;
- and Metallised film

The normal value was therefore calculated separately for each product. The domestic sales information was verified.

In its domestic market it was found that Polo sells its products to wholesalers, retailers and end-users, which could be regarded as being at the same level of trade as that of its SACU exports.

### **Adjustments to the normal value**

The following adjustments to the domestic sales information which was verified, were claimed by the exporter:

- Cost of payment;
- Inland freight;
- Planning;
- Tax (ICMS);
- Others taxes;
- Packaging;
- Client size;
- Discount;
- Drawback; and
- Default.

The Commission decided not to allow the adjustments for default rate and planning as it was of the opinion that these adjustments did not affect the price comparability at the time of setting the prices.

### **Export price**

Like products to those sold in the domestic market in Brazil were exported to the SACU area during the period of investigation and the export price was therefore determined using section 32(2)(a) of the ITA Act (Act of 2002) as a basis.

The export sales were verified on the basis of the individual export transactions to the SACU area.

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

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

- Cost of payment;
- Inland freight;
- Packaging;
- And commission.

### **Dumping margin**

A dumping margin for BOPP was calculated by weighting each margin calculated for the three products with the export volume. This was calculated to be 34.3%.

#### **4.1.3 VITOPEL DO BRASIL LTDA**

### **Normal value**

The normal value of Brazil was calculated using the definition of section 32(2)(b) of the ITA Act as a basis.

The comparable products sold in the domestic market in Brazil during the period of investigation are:

- Clear film;
- White opaque film;
- and Metallised film

The normal value was therefore calculated separately for each product.

In its domestic market, it was found that Vitopel sells its product to wholesalers, retailers and end-users, which could be regarded as being at the same level of trade as that of its SACU exports.

## **Adjustments to the normal value**

The following adjustments to the domestic sales information which was verified, were claimed by the exporter:

- Payment terms;
- Inland freight;
- Interest rate;
- Default rate;
- Planning;
- Tax (ICMS);
- Other taxes;
- Packaging;
- Discount;
- Drawback; and
- Commission.

The Commission decided not to allow the adjustments for default rate and planning as it was of the opinion that these adjustments did not affect price comparability at the time of setting the prices.

## **Export price**

Like products to those sold in the domestic market in Brazil were exported to the SACU area during the period of investigation and the export price was therefore determined using section 32(2)(a) of the ITA Act (Act of 2002) as a basis.

The export price was calculated on the basis of the individual export transactions to the SACU area.



## **Adjustments to the export price**

The following adjustments were made to the export price:

- Payment terms;
- Inland freight;
- Packaging;
- Insurance; and
- Commission.

## **Dumping Margin**

A dumping margin for BOPP was calculated by weighting each margin calculated for the three products with the export volume. This was calculated to be 18.5%.

### **4.1.4 RESIDUAL DUMPING MARGIN**

The residual dumping margin was calculated using the information provided by Polo, but making an adjustment for tax paid. The rationale behind this is that tax on the domestic market is high and all the domestic producers in Brazil have to pay taxes. This adjustment was verified at all the exporters who responded.

## **Normal value**

The normal value of Brazil was calculated using the definition of section 32(2)(b) of the ITA Act as a basis.

The comparable products sold in the domestic market in Brazil during the period of investigation are:

- Clear film;
- White opaque film;
- and Metallised film

The normal value for the rest of Brazil was calculated separately for each product. The normal value was obtained by using the domestic prices for Polo in each product and deducting taxes paid on the domestic market.

### **Export price**

Like products to those sold in the domestic market in Brazil were exported to the SACU area during the period of investigation and the export price was therefore determined using section 32(2)(a) of the ITA Act (Act of 2002) as a basis.

In determining a residual dumping margin for the rest of Brazil, the lowest export price, that of Polo, with adjustments, was used.

### **Dumping margin**

An average dumping margin for the rest of Brazil was calculated by weighting it with the export volumes of Polo. This was used to weight the dumping margins, as Polo's export prices were used. A weighted dumping margin of 91.6% for the rest of Brazil was calculated.

#### **1.1.4 CONCLUSION - DUMPING**

Based on the information supplied, the Commission made a final decision that dumping of the subject product originating in or imported from Brazil is taking place. All comments received were taken into account and is available on the public file.

## **5. MATERIAL INJURY**

### **5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION**

The following injury analysis relates to Treofan SA (Pty) Ltd, the Applicant, which constitutes 100 per cent of the total domestic production of the like product.

The Commission made a final determination 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**

It was found in Section 4 of this submission that the margin of dumping from the country subject to this investigation is more than *de minimis*. It was further found in paragraph 2.1.5 of this submission that the volume of imports from this country is not negligible.

The subject product competes directly with other imported products and with the SACU manufactured product.

In light of the above, it is proposed that the Commission decides to cumulatively assess the effect of the subject products.

### 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*
2002	Kg	164 020	9 715 000	100	100	100
2003	Kg	144 615	10 068 000	101	159	104
2004	Kg	1 849 000	9 320 000	93	112	109
2005 Annualized	Kg	4 135 000	9 221 000	40 (YTD05/05)	117 (YTD05/05)	88

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

#### Examination under Article 3.2

#### Growth of Subject Imports

Variable	Unit of Measurement	Year			Change
		2002	2003	2004	2002/2004
Subjects imports/domestic production	%	100	112	132	32
Subjects imports/domestic consumption	%	100	104	122	22

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

#### Price Effects of Subject Imports

Variable	Unit of Measurement	Year			
		2002	2003	2004	YTD 2005
Average import price (fob)	R/kg	100	47	49	49
Average price of domestic product (ex-factory) (price depression)	R/kg	100	101	89	90
Price undercutting	R/kg	100	483	354	363
Cost as % of selling price (Suppression)	R/kg	100	97	111	121

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				
		2002	2003	2004	2005 Annualized	Change 2002/2005
SACU Sales:						
In value terms	Rand	100	109	100	88	(12)
Quantities	Kilogram	100	104	109	88	(12)
Inventories (quantities)	Kilogram	100	159	112	117	17
Output (quantities)	Kilogram	100	101	93	96	(4)
Market share of Applicant	Percentage	100	95	93	85	(15)
Market share of other SACU producers (if applicable)	Percentage	N/A	N/A	N/A	N/A	
Market share of alleged dumped imports	Percentage	100	90	1067	2183	2 083
Market share of other imports	Percentage	100	105	91	99	(1)
Capacity utilization	Percentage	100	99	87	85	(15)
Employment (Production)	Number	100	97	92	90	(10)
Salaries: Production	Rand	100	111	115	48	(52)
Productivity (output/worker)	Output per worker	100	105	101	109	9

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

Variable	Unit of Measurement	Year			Change
		2002	2003	2004	2002/2004
Profit	Rand	100	102	25	(75)
Cash flow	Rand	100	200	458	358
Return on investment	Percentage	100	83	20	(80)
Ability to raise capital (capital expenditure)	Rand	100	122	168	68
Growth in SACU market	Rand	100	99	106	6
Growth of Applicant	Percentage	100	10	52	(48)
Factors affecting domestic prices (cost of raw material per unit)	Rand/unit	100	90	86	(14)
Magnitude of the margin of dumping		45%			

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

## 5.5 SUMMARY - MATERIAL INJURY

All comments received on material injury were taken into account by the Commission, and are available on the public file.

The Commission made a final determination that the Applicant, and therefore the SACU industry, is suffering material injury.

## **6. THREAT OF MATERIAL INJURY**

### **6.1 THREAT OF MATERIAL INJURY**

<b>Indicator</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 Annualized</b>
<b>Alleged dumped imports (volumes)</b>	164 020	144 615	1 849 000	1 723 000
<b>Alleged dumped imports (price per unit)</b>	35.50	17.00	15.10	19.20
<b>Prices of Applicant (price depression)*</b>	100	101	89	(11)
<b>Cost as a % of selling price of Applicant (price suppression) *</b>	100	97	111	11

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

### **6.2 CONCLUSION – THREAT OF MATERIAL INJURY**

The Commission considered all the information and comments submitted by interested parties and made a final determination that there was not sufficient evidence of a threat of material injury to the SACU industry. The comments by the interested parties are available on the public file.

## **7. CAUSAL LINK**

### **7.1 GENERAL**

In order for the Commission to impose 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.

### **7.2 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 7.2.1: Market share**

	<b>2002</b>	<b>2003</b>	<b>2004</b>
Percentage market share held by:			
Applicant	100	95	93
Other SACU producers	0	0	0
Total SACU	100	95	93
Alleged dumped imports	100	90	1 067

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

The market share of the Applicant decreased over the period 2002 to 2004, while the alleged dumped imports increased over the same period.



The following table shows the volume of imports:

**Table 7.2.2: Import volumes**

Kilogram	2002	2003	2004	2005 YTD
Alleged dumped imports	164 020	144 615	1 849 000	1 723 000
Other imports	9 715 000	10 068 000	9 320 000	3 842 000
Treofan's imports	20 000	996 000	1 030 000	202 000
Total imports	9 899 020	11 208 615	12 199 000	5 767 000
Alleged dumped imports as a % of total imports	1.7%	1.3%	15.2%	29.9%

The table indicated that there was an increase in the alleged dumped imports as a percentage of total imports. Other imports decreased from 2002 to 2004.

### 7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects of the Applicant:

**Table 7.3.1: Price undercutting, price depression and price suppression**

Rand/unit	2002	2003	2004	2005 YTD
Price undercutting	No	Yes	Yes	Yes
Applicant's ex-factory selling price	100	101	89	90
Price undercutting %	No	Yes	Yes	Yes

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

The table above indicates that the Applicant experienced price undercutting from 2003.

## 7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

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

## 7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

### 7.5.1 Examination of causality under Article 3.5

Variable	Unit of Measurement	Year			Change
		2002	2003	2004	2002/2004
Prices of imports not sold at dumping prices (fob price)	R/kg	18.40	15.40	14.00	23.91
Volume of imports not sold at dumping prices	Kg	9 735 000	11 064 000	10 350 000	(6.32)
Contraction in demand:					
• GDP growth rate	Percentage	3.7	3.2	4.6	24.32
• Growth rate for subject product industry*		100	94	20	(80)

Changes in the patterns of consumption	The Applicant stated that there are no known factors that may affect patterns of consumption.
Trade-restrictive practices of foreign and domestic producers	The Applicant stated that there are no trade restrictive practices regarding trade of the product in SACU.
Competition between foreign and domestic producers	The Applicant stated that they welcome fair competition.
Developments in technology	The Applicant stated that they remain at the forefront of BOPP technology. This advantage stemming from continual upgrading and investment will not be sustainable as a result of the radical deterioration in the company's profitability as a result of the alleged dumping.
Export performance of the domestic industry	The Applicant stated that Treofan's exports remained fairly stable for the period under review.
Productivity of the domestic industry	The Applicant stated that the productivity of Treofan SA is in line with the Treofan Group as well as global benchmarked standards and the Applicant believes that the Brazilian producers achieve comparable levels of productivity.

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

## **7.6 CONCLUSION ON CAUSAL LINK**

After considering all the information and the comments received, the Commission made a final determination that there was a causal link between the dumping of the subject products and the material injury experienced by the Applicant. All comments received on causal link are available on the public file.

## **8. SUMMARY OF FINDINGS**

### **8.1 Dumping**

There is sufficient evidence that the subject products originating in or imported from Brazil were imported at dumped prices into the SACU market.

The following dumping margins were calculated:

**Table 8.1**

<b>Brazil</b>	<b>Dumping margin</b>
Empresa Brasileira de film flexiveis Ltda (EBFF)	4.7%
Polo Industria E Commercio Ltda	34.3%
Vitopel do Brasil Ltda	18.5%
Rest of Brazil	91.6%

### **8.2 Material injury**

There is sufficient evidence that the SACU industry suffered material injury in the form of:

- (a) Price undercutting
- (b) Price depression
- (b) Price suppression
- (c) Actual and potential decline in sales volumes
- (d) Actual and potential decline in revenue (sales value)
- (e) Actual and potential decline in profit
- (f) Actual and potential decline in output
- (g) Actual and potential decline in market share
- (h) Actual and potential decline in productivity
- (i) Actual and potential decline in return on investments

- (j) Actual and potential decline in capacity utilisation
- (k) Actual and potential decline in total and net cash flow
- (l) Actual and potential decline in growth
- (m) Decrease in inventories
- (n) Decrease in employment
- (o) Increase in wages

### **8.3 Causal link**

After considering all the comments received, the Commission made a final determination that there was a causal link between the dumping of the subject products and the material injury experienced by the Applicant.

## **9. RECOMMENDATION**

The Commission made a final determination that:

- The subject product originating in or imported from Brazil was being dumped into the SACU market;
- The SACU industry suffered material injury; and
- There is a causal link between the dumping of the subject products and the material injury experienced by the SACU industry.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that definitive anti-dumping duties be imposed on plates, sheets, film, foil and strip of biaxially oriented polymers of propylene, non-cellular and not reinforced, laminated, supported or similarly combined with other materials of a thickness exceeding 0,012mm but not exceeding 0,06mm, not heat shrinkable classified under tariff subheading 3920.20 in the following amounts, being the lesser of the dumping margin and the price disadvantage:

<b>Company in Brazil</b>	<b>Amount of duty</b>
Empresa Brasileira de film flexiveis Ltda (EBFF)	4.7%
Polo Industria E Comercio Ltda	34.3%
Vitopel do Brasil Ltda	18.5%
Rest of Brazil	91.6%