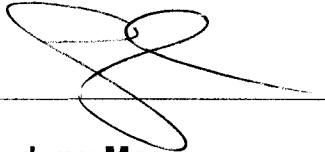


Report No. 169

Sunset review of the anti-dumping duties on carbon black originating in or imported from Thailand: Final determination

The International Trade Administration Commission of South Africa herewith presents its
**Report No. 169: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON CARBON
BLACK ORIGINATING IN OR IMPORTED FROM THAILAND: FINAL DETERMINATION**

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Mr Itumeleng Masege
ACTING CHIEF COMMISSIONER

PRETORIA

04 August 2006

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 Algorax (Pty) Ltd (Algorax) (the Applicant), being the only manufacturer of the subject product in the SACU.
- 1.3 The investigation was initiated through Notice No.1583 in *Government Gazette* No. 27913 on 26 August 2005.
- 1.4 Exporters and importers review questionnaires were sent to various known interested parties, including the government representative of the petitioned country.
- 1.5 The information contained in the Application was verified on 13 October 2005.
- 1.6 The investigation period for dumping was from 1 January 2004 to 31 December 2004. The injury investigation involved evaluation of data for the period 1 January 2002 to 31 December 2004, as well as an estimate should the duty expire.
- 1.7 The SACU industry consists of only one producer of the subject product, namely Algorax (Pty) Ltd, who submitted the information contained in this report.
- 1.8 A request for extension was received from Thai Tokai Carbon Products on the date for submission of responses, but not granted, as it was not received prior to the expiry of the original 30-day period. No other responses were received from exporters.
- 1.9 On 2 September 2005, Xikhovha Advisory, on behalf of Goodyear South Africa, requested extension, which was granted until 19 October 2005. No information was received. Comments were received from Dunlop Tyres, although they did not import during the period of investigation.
- 1.10 On 18 January 2006, the Commission made a preliminary determination that the anti-dumping duties against Thailand be amended to 11.3%.
- 1.11 The Commission sent out letters to all interested parties, informing them in terms of Section 37 of the International Trade Administration Anti-Dumping Regulations and Article 6.9 of the Anti-Dumping Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade of the “essential facts” which were being considered by the Commission. The Commission invited comments from interested parties on these “essential facts” being considered by the Commission.

- 1.12 The Commission indicated that it was considering making a final determination to recommend to the Minister of Trade and Industry that definitive anti-dumping duties be amended to 10.7% on the subject products.
- 1.13 After considering all parties' comments in respect of the "essential facts" letters, the Commission made a final determination that the expiry of the duty is likely to lead to recurrence or continuation of dumping, and material injury.
- 1.14 The Commission, therefore, decided to recommended to the Minister of Trade and Industry that the existing duties on carbon black originating in or imported from Thailand be amended to 10.7%.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as carbon black originating from Thailand.

2.1.2 Country of origin/export

The subject product is exported from Thailand.

2.1.3 Possible tariff loopholes

The Applicant stated that they are not aware of any tariff loopholes.

2.1.4 Other applicable duties and rebates

The subject product is subject to the following anti-dumping duties against Thailand:

Table 2.1.4.1: Dumping duties

Tariff subheading	Description	Imported from or originating in	Rate of Anti-Dumping Duty
28.03	Carbon (Carbon blacks and other forms of carbon not elsewhere specified or included)	Thailand	21,5%

The subject product is currently classifiable as follows:

Table 2.1.4.2

Tariff subheading	Description	Duty		
		General	EU	SADC
28.03 2803.00	Carbon (Carbon Blacks and other forms of carbon not elsewhere specified or included)	10%	3.3%	Free

2.2 SACU PRODUCT

2.2.1 Description

The SACU industry produces carbon black.

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 material used is carbon black feedstock	The main raw material used is carbon black feedstock
Physical appearance	The imported and the domestic products have similar physical appearance and characteristics.	The imported and the domestic products have similar physical appearance and characteristics.
Tariff classification	2803.00	2803.00
Production process	Furnace reactors use used to convert feedstock to carbon black by partial combustion and thermal reaction.	Furnace reactors use used to convert feedstock to carbon black by partial combustion and thermal reaction.
Application or end use	The demand and the end use of the products sold domestically and those imported are the same for purposes of comparison.	The demand and the end use of the products sold domestically and those imported are the same for purposes of comparison.
Substitutability	Can be substituted	Can be substituted

The Commission considered all comments regarding “like product” and these comments are available on the public file.

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 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” under the above provisions of the Anti-Dumping Agreement.

4. DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THAILAND

4.1.1 Normal Value

Type of economy

The definition of section 32 (2)(b)(i) of the ITA Act applies.

Calculation of normal value

The Applicant through an intermediate party, that according to the Applicant are experts in the Asian Rubber Products industry in Taipei, arranged for prices to be obtained. The prices obtained were converted to an average US Dollar per kilogram price, and then converted to a Rand per kilogram price.

Adjustments to the normal value

Ten percent was deducted to represent volume discounts to large customers, internal transport in Thailand, and to provide for credit payment terms in the Thailand domestic market.

4.1.2 Export price

Calculation of export price

The Applicant stated that owing to the existence of the current anti-dumping duties, no representative exports of the subject product have taken place from Thailand to the SACU since the introduction of the anti-dumping duties. Consequently, the Applicant extracted export prices to various third (non-SACU) countries from official Thailand export statistics to determine likely export prices to the SACU should the current anti-dumping duties be terminated. Export prices in the lower ranges have been extracted and averaged to determine a representative likely export price to the SACU in the absence of the anti-dumping duties.

An export price for Thailand of Baht 19.87 per kilogram was calculated.

For purposes of the preliminary determination a weighted average export price for exports from Thailand to all countries, was calculated by the Commission. The statistics, however, were only available for the first 8 months of 2004. Using this method, an export price of Baht 18.09 was calculated.

Using the export statistics of Thailand to all countries, as was received from the Thai Customs Department for 2004, and calculating an average price per unit, an export price of US\$0.53 per kilogram was calculated. Using the exchange rate as provided by Oanda.com (1US\$=Baht40.30894), an export price of Baht 21.36 per kilogram, before adjustments, was calculated. The Commission decided that this is the best information available.

Adjustments to the export price

The Commission made an adjustment of 10 per cent to adjust the internal transport and terms of trade. The Applicant provided this information.

4.1.3 Margin of dumping

A dumping margin, expressed as a percentage of the fob export price, was calculated to be 10.7 per cent.

4.2 CONCLUSION - DUMPING

The Commission considered all comments regarding “dumping” and these comments are available on the public file.

For purposes of its final determination, the Commission considered all the comments from interested parties and found that the expiry of the duties would be likely to lead to the continuation or recurrence of dumping. The Commission calculated the dumping margin to be 10.7 per cent.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis was submitted by Algorax (Pty) Ltd, the Applicant, which constitutes 100 per cent of the total domestic production of the subject product.

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 Commission found that the subject product competes directly with the other imported products and with the SACU manufactured product.

Based on this information, the Commission decided 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	Tons	0	4 071	100	100	100
2003	Tons	0	6 894	99	128	104
2004	Tons	0	6 538	99	148	106
2005 Estimate if duty expires	Tons	12 350	0	98	221	97

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

Examination under Article 3.2

Price Effects of Subject Imports

Variable	Unit of Measurement	Year			2005 Estimate if duty expires
		2002	2003	2004	
Average price of domestic product (ex-factory) (price depression)	Rand per kg	100	99	94	84
Price undercutting	Rand per kg	100	99	94	84
Cost as % of selling price (Suppression)	Rand per kg	100	109	111	114

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			2005 Estimate if duty expires
		2002	2003	2004	
Sales:					
In value terms	Rand million	100	104	99	83
Quantities	Tons	100	104	106	97
Inventories (quantities)	Tons	100	128	148	221
Output (quantities)	Tons	100	101	103	95
Market share of Applicant	Percentage	100	98	98	88
Market share of alleged dumped imports	Percentage	0	0	0	12
Market share of other imports	Percentage	100	2	2	0
Capacity utilization	Tons	100	93	93	89
Employment	Employees	100	99	98	98

Wages (total wage bill, monthly average)	Rand million	100	114	121	138
Productivity (output/worker)	Tons per employee	100	98	92	99

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

Variable	Unit of Measurement	Year			2005 Estimate if duty expires
		2002	2003	2004	
Profit	Percentage	100	60	42	(88)
Return on investment	Percentage	100	68	36	(55)
Growth in SACU market	Percentage	100	100	100	100
Factors affecting domestic prices (cost of raw material per unit)	Rand/unit	100	109	104	96
Variable	Unit of Measurement	Year			2005 Estimate if duty expires
		2002	2003	2004	
Magnitude of the margin of dumping		10.7%			

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

5.5 CONCLUSION - MATERIAL INJURY

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

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

6. FINAL DETERMINATION

The Commission determined that:

- the expiry of the duties is likely to lead to continuation or recurrence of dumping;
and
- the expiry of the duties is likely to lead to continuation or recurrence of material injury

The Commission therefore decided to recommend to the Minister of Trade and Industry that the following existing anti-dumping duty on carbon black originating in or imported from Thailand be amended as follows:

Tariff	Description	Imported from or originating in	Rate of Anti-Dumping Duty
28.03	Carbon Black	Thailand	10.7%