



International Trade Administration Commission of South Africa

---

## **Report No. 61**

# **Investigation into the alleged dumping of aluminium overhead cable originating in or imported from India: Preliminary determination**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No. 61 INVESTIGATION INTO THE ALLEGED DUMPING OF ALUMINIUM  
OVERHEAD CABLE ORIGINATING IN OR IMPORTED FROM INDIA: PRELIMINARY  
DETERMINATION**



**Ms N.P. MAIMELA**

**CHIEF COMMISSIONER: INTERNATIONAL TRADE ADMINISTRATION  
COMMISSION OF SOUTH AFRICA**

**PRETORIA**

01 June 2004

# **INVESTIGATION INTO THE ALLEGED DUMPING OF ALUMINIUM OVERHEAD CABLE ORIGINATING IN OR IMPORTED FROM INDIA**

## **SYNOPSIS**

### **General**

The International Trade Administration Commission of South Africa (the Commission) was established on 1 June 2003 in terms of the International Trade Administration Act 2002 (Act 71 of 2002) (the ITA Act), which replaced the Board on Tariffs and Trade Act 1986 (Act 107 of 1986) (the BTT Act). As regards anti-dumping matters the Commission superseded the Board on Tariffs and Trade (the Board) in all respects. For sake of simplicity all references in this report are to the Commission. All references in this report referring to the Commission, and which relate to the period prior to 1 June 2003, should be understood to be a reference to the Board, and all references to the ITA Act, which relate to the period prior to 1 June 2003, should be understood to be a reference to the BTT Act.

On the 10 October 2003, the International Trade Administration Commission (Commission) formally initiated an investigation into the alleged dumping of aluminium overhead cable (subject product), originating or imported from India. Notice of the initiation of the investigation was published in Notice No. 2536 of 2003 of Government Gazette No. 25524 dated 10 October 2003. The application was lodged on behalf of the South African Customs Union (SACU) industry by Association of Electric Cable Manufacturers of South Africa (AECMSA), which alleged that dumped imports from India were causing it material injury and a threat of material injury.

The investigation was initiated after the Commission considered that there was sufficient evidence to show that the subject product was being imported at dumped prices, causing material injury and or a threat of material injury to SACU industry.

On initiation of the investigation, known producers and exporters of the subject product from India were sent foreign manufacturers questionnaires to complete. Known importers of the subject product were also sent importers questionnaires to complete.

The Commission, after considering the responses received, made a preliminary determination on the 19 May 2004, to terminate the investigation as no dumping was found in respect of the only exporter from India during the period of investigation for dumping.

The Commission therefore made a preliminary determination to recommend to the Minister of Trade and Industry that the investigation into the alleged dumping of aluminium overhead cable originating or imported from India be terminated.

## **APPLICATION AND PROCEDURE**

---

### **1.1 LEGAL FRAMEWORK**

This investigation is conducted in accordance with the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement), and ITA Act of 2002 (Act 71 of 2002).

### **1.2 APPLICANT**

The application was lodged by Association of Electric Cable Manufacturers of South Africa "AECMSA" (the Applicant) on behalf of Malesela Taihan Electric Cable, being a producer of the subject product in the SACU.

### **1.3 DATE OF ACCEPTANCE OF APPLICATION**

The Commission accepted the application as being properly documented in accordance with Article 5.2 of the Anti-Dumping Agreement on 30 September 2003. The trade representative of India was advised accordingly.

### **1.4 ALLEGATIONS BY THE APPLICANT**

The Applicant alleged that imports of the subject product, originating in or imported from India were being dumped on the SACU market, thereby causing material injury and/or threat of material injury to the SACU industry. The basis of the alleged dumping was that the goods were being exported to South Africa at prices less than the normal value in the country of origin.

The Applicant alleged that as a result of the dumping of the products from India, the SACU industry was suffering material injury and or threat of material injury in the form of:

- Price undercutting
- Price depression
- Decline in output
- Decline in sales
- Decline in productivity
- Decline in utilization of production capacity
- Negative effect on cash flow
- Decline in wages per employee
- Inability to raise capital
- Inability to show growth

## **1.5 INVESTIGATION PROCESS**

The information submitted by the Applicant was verified on 11 July 2003. After establishing that there was a prima facie case the Commission decided to initiate the investigation. The investigation was initiated on 10 October 2003 in Government Gazette No. 25524 by Notice No 2536.

## **1.6 INVESTIGATION PERIOD**

Investigation periods:

Dumping: 01 July 2002 to 30 June 2003  
Injury: 01 July 2000 to 30 June 2003

## **1.7 PARTIES CONCERNED**

### **1.7.1 SACU industry**

The SACU industry consists of the following producers of the subject product:

- Malesela Taihan Electric Cable (Pty) Ltd
- Aberdare Cables

The information submitted by AECMSA (the Applicant), was verified prior to the initiation of the investigation.

### **1.7.2 Exporters/Foreign Manufacturers**

The following exporters/manufacturers were identified as interested parties:

- (a) Apar Industries Limited
- (b) Sterlite Industries.

Apar Industries Ltd in India submitted a complete response to the exporter's questionnaire, which was subsequently verified from the 01 to the 03 March 2004.

Sterlite Industries responded to the Commission exporter questionnaire. The Commission rejected Sterlite Industries Ltd response, based on the following reasons:

- (a) Sterlite Industries Ltd did not submit to the Commission its domestic sales on a transaction basis as required by the Commission's exporter questionnaire.
- (b) The Commission also found that Sterlite Industries Ltd did not export the subject product to SACU during the period of investigation for dumping which is 01 July 2002 to 30 June 2003.

### **1.7.3 Importers**

The following SACU importers were identified as interested parties:

- (a) Alstom
- (b) ABB SA (Pty) Ltd
- (c) Igunya Ltd
- (d) Nampower
- (d) Eskom

Alstom, Nampower and Eskom did not submit a response to the importer's questionnaire.

A complete response to the importer's questionnaire was submitted by Igunya Ltd and was subsequently verified on the 23 February 2004.

ABB SA (Pty) Ltd did not remedy the deficiencies identified in their response to the importer's questionnaire and its response was disregarded by the Commission.

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

---

### 2.1 IMPORTED PRODUCT

#### 2.1.1 Description

The subject product is described as:

Overhead Aluminium Conductor also known as Aluminium Cable Steel Reinforced or "ACSR"

#### 2.1.2 Tariff classification

The subject product is currently classifiable as follows:

Tariff	Subheading	Description	Unit of measurement	Duty
76.14	7614.10	<b>Stranded Wire, Cables, Plaited Bands and the Like, of Aluminium, Not Electrically Insulated:</b>  With steel core	Kg	10%

#### 2.1.3 Other applicable duties and rebates

The subject product is not subject to any anti-dumping duties.

#### 2.1.4 Import Statistics

Article 5.8 of the Anti-Dumping Agreement provides as follows:

"There shall be immediate termination in cases where the authorities determine that the volume of dumped imports, actual or potential, is negligible. The volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 3 per cent of imports of the like product in the importing Member, unless countries which individually account for less than 3 per cent of the imports of the like product in the importing Member collectively account for more than 7 per cent of imports of the like product in the importing Member."

The import statistics, as contained in paragraph 5.3 of this report, indicated that the volume of allegedly dumped imports from India account for 98% of the total imports of the like product during the dumping period of investigation.

**2.1.5 Country of origin/export**

The subject product is exported from India.

**2.1.6 Application/end use**

The imported subject product is used for the overhead transmission of electricity.

**2.1.7 Production process**

Aluminium ingots are processed through a furnace and converted into aluminium wire rod internally at Apar Industries Ltd own mill. The aluminium wire rod is drawn into different sizes of wire. Steel rods and Zinc sourced internationally is forwarded to local Indian processors on a job order basis for conversion into galvanized steel wires. The aluminium and galvanized steel wires are then stranded as per order to manufacture the conductor.

**2.2 SACU PRODUCT**

**2.2.1 Description**

Overhead Aluminium Conductor, also known as Aluminium Cable Steel Reinforced or "ACSR".

**2.2.2 Application/end use**

The SACU product is used for the overhead transmission of electricity.

**2.2.3 Tariff classification**

The SACU product is currently classifiable under tariff subheading 7614.10.

**2.2.4 Production process**

Malesela sources the aluminium and steel rods from various sources. These rods are then drawn into various sizes of aluminium and steel wires and which are finally stranded to manufacture the required cable.



## **2.3 LIKE PRODUCTS**

### **2.3.1 General**

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

Article 2.6 of the Anti-Dumping Agreement provides as follows:

"Throughout this Agreement the term 'like product' ('product similaire') shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration."

### **2.3.2 Analysis**

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

- Raw material used;
- Physical appearance and characteristics;
- Tariff classification;
- Method of manufacturing; and
- Customer demand and end use.

#### **a. Raw material**

Both the imported and the SACU product use the same raw materials, which are aluminium and steel.

#### **b. Physical appearance and characteristics**

The physical appearance and characteristics of both the imported and domestic products are as follows;

The product concerned is Overhead Aluminium Conductor, also known as Aluminium Cable Steel Reinforced or "ACSR".

#### **c. Tariff classification**

It is the same for both the imported and domestic products.

**d. Method of manufacturing**

The method of manufacturing of both the imported and domestic products is similar, which is mainly drawing and stranding.

Apar Industries Ltd, the exporter, starts the manufacturing process at an earlier stage by processing the aluminium ingots into aluminium rods. The SACU producer, however, buys the aluminium and wire rods and draws them into aluminium and steel wires, which are then stranded into a cable.

**e. Customer demand/ end use**

Both the imported and domestic products are mainly used for the overhead transfer of electricity.

Taking the above into consideration, the Commission decided that the SACU product 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. SACU INDUSTRY

#### 3.1 INDUSTRY STANDING

Article 5.4 of the Anti-Dumping Agreement, provides as follows:

"An investigation shall not be initiated pursuant to paragraph 1 unless the authorities have determined, on the basis of an examination of the degree of support for, or opposition to the application expressed by domestic producers of the like product, that the application has been made by or on behalf of the domestic industry. The application shall be considered to have been made "by or on behalf of the domestic industry" if it is supported by those domestic producers whose collective output constitutes more than 50 per cent of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application. However, no investigation shall be initiated when domestic producers expressly supporting the application account for less than 25 per cent of total production of the like product produced by the domestic industry."

The Applicant provided the following information with regard to the support and/or opposition to the application:

Industry Standing (Tons)			
(Total SACU production of subject product for 12 months preceding the lodging of the application)			
Manufacturer	Supporting the application	Opposing the application	Neutral
Total Applicant's production	70 %		
Other manufacture as % of Total	30 %		
Total % of Support	100 %		

The Commission, therefore, decided that the application was made "by or on behalf of the SACU industry" under the provisions of the Anti-Dumping Agreement.

## **4. DUMPING**

---

### **4.1 DUMPING**

Section 1 of the ITA Act, provides a definition of the term "dumping". The Act provides as follows:

"'dumping' means the introduction of goods into the commerce of the Republic or the Common Customs Area at an export price contemplated in section 32(2)(a) that is less than the normal value, as defined in section 32(2), of those goods"

### **4.2 NORMAL VALUE**

Normal values are determined in accordance with section 32(2)(b) of the ITA Act. This section provides as follows:

(b) "normal value", in respect of any goods, means-

- (i) the comparable price paid or payable in the ordinary course of trade for like goods intended for consumption in the exporting country or country of origin; or
- (ii) in the absence of information on a price contemplated in subparagraph (i), either-
  - (aa) the constructed cost of production of the goods in the country of origin when destined for domestic consumption, plus a reasonable addition for selling, general and administrative costs and for profit; or
  - (bb) the highest comparable price of the like product when exported to an appropriate third or surrogate country, as long as that price is representative;

### **4.3 EXPORT PRICE**

Export prices are determined in accordance with section 32(2)(a) of the ITA Act, which provides as follows:

"export price" means the price actually paid or payable for goods sold for export net of all taxes, discounts and rebates actually granted and directly related to that sale."

Section 32(6) of the ITA Act further provides as follows:

"if, in the investigation of dumping as contemplated in section 32(2)(a)-

- (a) it is found that there is no export price as contemplated in the definition of "dumping"; or
- (b) It appears that in respect of the export price there is an association or a compensatory arrangement between the exporter concerned and the importer or the third party concerned; or

- (c) it is found that for any other reason the export price actually paid or payable for the goods sold is unreliable;

"export price" in the said definition shall be constructed to mean the price constructed on the basis of the price at which the imported goods are first resold to an independent buyer, or if applicable, on any reasonable basis."

#### **4.4 ADJUSTMENTS**

Article 2.4 of the Anti-Dumping Agreement provides as follows:

"A fair comparison shall be made between the export price and the normal value. This comparison shall be made at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are also demonstrated to affect price comparability. In the cases referred to in paragraph 3, allowances for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made. If in these cases price comparability has been affected, the authorities shall establish the normal value at a level of trade equivalent to the level of trade of the constructed export price, or shall make due allowance as warranted under this paragraph. The authorities shall indicate to the parties in question what information is necessary to ensure a fair comparison and shall not impose an unreasonable burden of proof on those parties."

Both the Anti-Dumping Agreement and the ITA Act provide that due allowance shall be made in each case for differences in conditions and terms of sale, in taxation and for differences affecting price comparability. ITAC considers that for an adjustment to be allowed, quantifiable and verified evidence has to be submitted, and must further be demonstrated that these differences actually affected price comparability at the time of setting the prices.

#### **4.5 COMPARISON OF EXPORT PRICE WITH NORMAL VALUE**

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

The margin of dumping is calculated in the currency of the country of export.

## **4.6 METHODOLOGY IN THIS INVESTIGATION**

### **4.6.1 Normal Value**

#### **Type of economy**

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

#### **4.6.1.1 Apar Industries Ltd, India**

Like products to those exported to SACU were sold on the domestic market in India, in the ordinary course of trade. Export sales to Ghana (third country) sales were also used to determine the normal value for the those comparable products not sold by Apar Industries Ltd on the domestic market in India, in accordance with section 32 (2) b (ii) of the ITA Act.

#### **Third country sales (Ghana)**

Export sales by Apar Industries Ltd to Ghana (third country sales) were used for normal value purposes in accordance with section 32(2)(b)(ii) of the ITA Act. The two products exported by Apar Industries Ltd to Ghana, namely ACSR Magpie and ACSR Goat products, which were not sold in the domestic market in India, were chosen by Apar Industries Ltd on the basis that these products are comparable to those exported to SACU. The basis of comparability as outlined by Apar Industries Ltd is that these products exported to Ghana have similar specifications to those exported to SACU.

#### **Adjustments to normal values**

The following adjustments were claimed by the exporter and allowed by the Commission.

##### **(a) Aluminium and steel metal**

The Aluminium and Steel metal content between the SACU exported product and the domestically sold products differs per product specification.

##### **(b) Cost of credit**

The exporter provides credit terms from the date of dispatch in the domestic market.

## **4.6.2 Export prices**

### **Definition of export price**

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

"export price", subject to subsections (3) and (5), means the price actually paid or payable for goods sold for export, net of all taxes, discounts and rebates actually granted and directly related to that sale;

Apar Industries Ltd export sales invoices to SACU were used to calculate the export price.

### **Adjustments to the export prices.**

The following adjustments were adjusted from the export price for the purpose of calculating the ex-factory price.

#### **(a) Freight and Insurance**

The cost of sea freight and insurance was deducted from the invoiced export price.

#### **(b) Agent Commission**

The exporter has an agency agreement with an agent within SACU the agent commission was deducted from the export price.

#### **(c) Inland transport**

The transport cost from the exporter's factory to the harbour in India was deducted from the export price.

#### **(d) Duty Entitlement Pass Book**

Some of the exports to SACU were exported under the Duty Entitlement Pass Book the rebate was calculated and added to the export price. The Duty Entitlement Pass Book is basically a drawback schemes, its effect is to neutralize the incidence of basic customs duty and surcharge thereof on the import content of the export product.

#### **(e) Cost of credit**

The exporter provides credit terms from the date of dispatch to the importer. The cost of credit to the importer was deducted from the invoiced export price.

#### **(f) Packaging**

The exporter claimed packaging adjustment as the exports to SACU are packed in steel drums, which are returnable to India after the cable has been used.

#### **4.6.3 Margin of dumping**

Dumping margins were calculated for the individual comparable products by subtracting the adjusted weighted average ex-factory export price from the adjusted weighted average ex-factory domestic sale price. The difference was then divided by the export price.

The Commission found that no dumping was taking place.

##### **4.6.3.1 Other manufactures and exporters in India**

A residual duty was not calculated as other manufactures of the subject product in India did not export to SACU during the period of dumping investigation.

#### **4.6.4 Summary – dumping**

Based on the information supplied, the Commission made a preliminary determination that the subject product originating in or imported from India is not dumped into SACU.



## **5. SUMMARY OF FINDINGS**

---

### **5.1 Dumping**

The Commission made a preliminary determination that no dumping of the subject product originating at or imported India is taking place.

### **5.2 Material injury and or threat of material injury**

The Commission did not consider material injury and/or threat of material injury to the SACU industry as no dumping was found against India.

Accordingly the Commission made a preliminary decision to terminate the investigation.

### **5.3 Causal link**

The alleged material injury suffered by the Applicant or threat of material injury could not have been caused by dumped imports originating in or imported from India as those imports were not dumped into SACU.

## **6 RECOMMENDATION**

---

In the light of its determination, the Commission made a preliminary decision to recommend to the Minister of Trade and Industry that the investigation into the alleged dumping of aluminium overhead cable originating in or imported from India, be terminated.

Interested parties will be invited to submit comments and make presentations on the preliminary determination within the specified time periods, which the Commission will consider prior to making its final determination and recommendation to the Minister of Trade and Industry.