

**Report No. 599**

**INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT GLASS  
ORIGINATING IN OR IMPORTED FROM SAUDI ARABIA AND THE UNITED ARAB  
EMIRATES (UAE): PRELIMINARY DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 599: INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT GLASS ORIGINATING IN OR IMPORTED FROM SAUDI ARABIA AND THE UNITED ARAB EMIRATES (UAE): PRELIMINARY DETERMINATION**



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**CHIEF COMMISSIONER**

**PRETORIA**

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# **INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**

## **REPORT NO. 599**

### **INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT GLASS ORIGINATING IN OR IMPORTED FROM SAUDI ARABIA AND THE UNITED ARAB EMIRATES (UAE): PRELIMINARY DETERMINATION**

#### **SYNOPSIS**

PFG Building Glass (Pty) Ltd submitted an application to the International Trade Administration Commission of South Africa (ITAC or the Commission) to investigate and consider the alleged dumping of clear float glass originating in or imported from Saudi Arabia and the UAE. The initiation notice for the investigation was published in the *Government Gazette* on 17 August 2018.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject product was being imported at dumped prices and causing material injury and a threat of material injury to the Southern African Customs Union (SACU) industry. On initiation of the investigation, the known producers/exporters of the subject product in Saudi Arabia and the UAE were sent foreign manufacturers/exporters questionnaires to complete. Importers of the subject product were also sent questionnaires to complete.

Responses were received from Guardian Africa (importer), Guardian Zoujaj (exporter) and Saudi Guardian (exporter), and after deficiencies were addressed, the responses were accepted as properly documented. In order to satisfy itself as to the accuracy of the information contained in any properly documented response, the Commission conducts a verification exercise. The information submitted by Guardian Africa could not be verified on 19 November 2018 as the information submitted during verification differed from the information submitted to the Commission before verification in its properly documented response. Guardian

Africa then submitted a third set of information during a meeting held at ITAC on 23 November 2018 which was different to the information submitted before verification and during verification. In view of the multiple and material changes to Guardian Africa's information, the Commission was not able to satisfy itself as to the accuracy of the information supplied by Guardian Africa. Guardian Africa was therefore informed that the Commission may for this reason disregard their information for purposes of the preliminary determination. The Commission considered that Anti-Dumping Regulation (ADR) 18 provides that where a party fails to supply relevant substantiating evidence required by investigating officers during verification or fails to explain any calculations contained in its submissions, the Commission may disregard any or all of the information submitted by the party in question and that (ADR) 31.3 provides that the Commission will not consider submissions that are deficient after the deadline for the purpose of its preliminary finding.

The Commission therefore made a preliminary determination not to take the information submitted by Guardian Africa into account for purposes of the preliminary determination.

Guardian Africa (importer), Guardian Zoujaj from the UAE (exporter) and Saudi Guardian from Saudi Arabia (exporter) are related parties.

Due to the fact that the importer and exporters are related, the export price has to be calculated taking into account the importer's sales to the first independent buyer, and deducting all cost up to the ex-factory level of the exporter. Since the information submitted by the importer is not regarded as reliable for purposes of the preliminary determination, the Commission made a preliminary determination not to take the information submitted by Saudi Guardian and Guardian Zoujaj into account for purposes of its preliminary determination.

The Commission took all comments received from interested parties into account in making its preliminary determination. All non-confidential submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this report does not purport to present all comments received and considered by the Commission. However,

some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

After considering all interested parties' comments, the Commission made a preliminary determination that the subject product originating in or imported from Saudi Arabia and the UAE is being dumped onto the SACU market causing material injury and a threat of material injury to the SACU industry.

The Commission therefore decided to request the Commissioner for the South African Revenue Service (SARS) to impose the following provisional measures on imports of the subject product for a period of 6 months:

Tariff heading	Tariff subheading	Description	Statistical unit	Provisional Duty	
				Saudi Arabia	UAE
<b>70.05</b>		<b>Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:</b>			
<b>7005.29</b>		<b>Other:</b>			
	7005.29.17	Of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation was conducted in accordance with the International Trade Administration Act, 2002 (Act 71 of 2002) (The "ITA Act"), and the International Trade Administration Commission Anti-Dumping Regulations (ADR) read with the World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement).

### **1.2 APPLICANT**

The application was lodged by PFG Building Glass (Pty) Ltd (the Applicant), the only manufacturer of clear float glass in the SACU region.

### **1.3 ACCEPTANCE OF APPLICATION**

The application was accepted by the Commission as being properly documented in accordance with ADR 21.

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

The Applicant alleged that imports of the subject product, originating in or imported from Saudi Arabia and the United Arab Emirates (UAE) were being dumped on the SACU market, thereby causing material injury and a threat of material injury to the SACU industry. The basis of the alleged dumping was that the goods are being exported to SACU at prices less than the normal value in the country of origin.

The Applicant alleged that, as a result of the dumping of the subject product from Saudi Arabia and the UAE, it was suffering material injury in the form of:

- (a) Price suppression;
- (b) Price depression;
- (c) Declining sales volume;
- (d) Declining market share;
- (e) Declining profits and losses;

- (f) Production decline;
- (g) Declining productivity;
- (h) Declining return on investment;
- (i) Declining utilisation of production capacity;
- (j) Impact on cash flow;
- (k) Impact on inventory levels; and
- (l) Slowdown in growth.

## **1.5 INVESTIGATION PROCESS**

The properly documented application was submitted by the Applicant on 25 May 2018. Information submitted by the Applicant was verified on 19 June 2018.

The Commission initiated an investigation into the alleged dumping of clear float glass originating in or imported from Saudi Arabia and the UAE, pursuant to Notice No. 456 of 2018 which was published in *Government Gazette* No. 41839 on 17 August 2018.

Prior to the initiation of the investigation, the trade representatives of the countries concerned were notified of the Commission's intention to investigate, in terms of ADR 27.1. All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

## **1.6 INVESTIGATION PERIOD**

This investigation period for dumping is from 1 March 2017 to 28 February 2018. The injury investigation involves evaluation of data for the period 1 March 2015 to 28 February 2018.

## **1.7 COMMENTS**

The Commission considered comments received from interested parties with regard to the application and procedure. Non-confidential versions of these comments are available in the public file.

## **1.8 PARTIES CONCERNED**

### **1.8.1 SACU Industry**

The SACU industry consists of one manufacturer of the subject product, PFG Building Glass (Pty) Ltd.

### **1.8.2 Exporters, Importers and Other parties**

<b>Exporters and other parties</b>
Arabian United Glass
Emirates Glass LLC
Guardian Zoujaj International Float Glass CO.LLC
Saudi Guardian International Float Glass CO.LLC
Kingdom of Saudi Arabia- Ministry of Commerce and Investment .

<b>Importers and other parties</b>
Glass Partners
Gerber Goldschmidt Group S A
National Glass distributors
McCoys Glass
Guardian Africa
Prima Putty and glass wholesalers
FGW Safety Glass
Thiering and Partner
Executive Glass
Northern Hardware and glass
The AAAMSA group

Responses were received from Guardian Africa (importer), Guardian Zoujaj (exporter) and Saudi Guardian (exporter) and after deficiencies were addressed, these responses were accepted as properly documented. In order to satisfy itself as to the accuracy of the information contained in any properly documented response, the Commission conducts a verification exercise. The information submitted by Guardian Africa could not be verified on 19 November 2018 as the information submitted during verification differed from the information submitted to the Commission before verification in its properly documented response. Guardian Africa then submitted a third



set of information during a meeting held on 23 November 2018 which was different to the information submitted before verification and during verification. Guardian Africa was therefore informed that the Commission may for this reason disregard their information for purposes of the preliminary determination. The Commission considered that ADR 18 provides that where a party fails to supply relevant substantiating evidence required by investigating officers during verification or fails to explain any calculations contained in its submissions the Commission may disregard any or all of the information submitted by the party in question, and that ADR 31.3 provides that the Commission will not consider submissions that are deficient after the deadline for the purpose of its preliminary finding.

The Commission therefore made a preliminary determination not to take the information submitted by Guardian Africa into account for purposes of the preliminary determination.

Guardian Africa (importer), Guardian Zoujaj from the UAE (exporter) and Saudi Guardian from Saudi Arabia (exporter) are related parties.

Due to the fact that the importer and exporters are related, the export price has to be calculated taking into account the importer's sales to the first independent buyer, deducting all cost up to the ex-factory level of the exporter. Since the information submitted by the importer is not regarded as reliable for purposes of the preliminary determination, the Commission made a preliminary determination not to take the information submitted by Saudi Guardian and Guardian Zoujaj into account for purposes of its preliminary determination.

## **1.9 PRELIMINARY DETERMINATION**

The Commission made a preliminary determination that the subject product originating in or imported from Saudi Arabia and the UAE was being dumped onto the SACU market causing material injury and a threat of material injury to the SACU industry.

The Commission therefore decided to request the Commissioner for SARS to impose the following provisional measures on imports of the subject product for a period of 6 months:

Tariff heading	Tariff subheading	Description	Statistical unit	Provisional Duty	
				Saudi Arabia	UAE
<b>70.05</b>		<b>Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:</b>			
<b>7005.29</b>		<b>Other:</b>			
	7005.29.17	Of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

The subject product of this application is clear float glass of a thickness of 3mm to 6mm (subject product).

#### 2.1.2 Country of origin/export

The subject product originates in and is exported from Saudi Arabia and the UAE.

#### 2.1.3 Tariff classification

The subject product is currently classifiable as follows:

Table 2.1.3

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty				
				General	EU <sup>1</sup>	EFTA <sup>2</sup>	SADC <sup>3</sup>	MERCUSOR <sup>4</sup>
70.05		Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:						
7005.29		Other:						
	7005.29.17	Of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)	m <sup>2</sup>	10%	free	free	free	10%
	7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	m <sup>2</sup>	10%	free	free	free	10%
	7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	m <sup>2</sup>	10%	free	free	free	10%
	7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	m <sup>2</sup>	10%	free	free	free	10%

## 2.1.4 Negligibility test

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

**Table 2.1.4: Import volumes**

<b>HS 7005.29.17 (3 mm)</b>						
<b>Alleged dumped Import Volumes (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
<b>Country</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Saudi Arabia	242 351	12.76	446 028	28.04	232 276	9.83
United Arab Emirates	1 504 695	79.24	1 005 390	63.20	2 010 010	85.08
Other	151 848	8.00	139 303	8.76	120 219	5.09
<b>Total</b>	<b>1 898 893</b>	<b>100%</b>	<b>1 590 722</b>	<b>100%</b>	<b>2 362 506</b>	<b>100%</b>
<b>HS 7005.29.23 (4 mm)</b>						
<b>Alleged dumped Import Volumes (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
<b>Country</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Saudi Arabia	478 713	31.40	328 979	12.22	302 642	24.89
United Arab Emirates	604 314	39.64	213 220	7.92	662 922	54.52
Other	441 394	28.95	2 150 116	79.86	250 469	20.60
<b>Total</b>	<b>1 524 421</b>	<b>100%</b>	<b>2 692 315</b>	<b>100%</b>	<b>1 216 032</b>	<b>100%</b>
<b>HS 7005.29.25 (5 mm)</b>						
<b>Alleged dumped Import Volumes (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
<b>Country</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Saudi Arabia	60 456	48.81	48 351	20.93	134 467	37.85
United Arab Emirates	39 018	31.50	16 084	6.96	203 417	57.25
Other	24 382	19.69	166 593	72.11	17 416	4.90
<b>Total</b>	<b>123 856</b>	<b>100%</b>	<b>231 027</b>	<b>100%</b>	<b>355 300</b>	<b>100%</b>
<b>HS 7005.29.35 (6 mm)</b>						
<b>Alleged dumped Import Volumes (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
<b>Country</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Saudi Arabia	56 220	21.87	33 737	26.16	24 7598	14.37
United Arab Emirates	36 379	14.15	11 438	8.87	59 764	34.69
Other	164 511	63.98	83 770	64.97	87 77	50.94
<b>Total</b>	<b>257 108</b>	<b>100%</b>	<b>128 946</b>	<b>100%</b>	<b>172 292</b>	<b>100%</b>

The Commission made a preliminary determination that the imports from Saudi Arabia and the UAE are above the negligibility level.

## 2.2 SACU PRODUCT

The SACU product is described as clear float glass with a thickness of 3mm to 6mm. It is noted that the subject of the review is stipulated as being clear float glass.

## 2.3 LIKE PRODUCT ANALYSIS

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

**Table 2.3 Like product determination**

	<b>Imported product</b>	<b>SACU product</b>
<b>Raw materials</b>	Soda ash, silica sand, limestone, dolomite, electricity and gas.	Soda ash, silica sand, limestone, dolomite, electricity and gas.
<b>Production process</b>	Clear float glass is produced by floating molten glass onto a liquid tin bed and then cooling it. This is the latest technology used by manufacturers of flat glass in most countries around the world, and particularly throughout Europe, the Far East, the Middle East and the United States of America.	The production process in SACU is essentially the same as overseas as raw materials such as sand, limestone, soda, dolomite, feldspar and salt-cake are mixed and the heated at a temperature of over 1 500 °C. When the materials are melted, they form a viscous liquid called quiescent melt.
<b>Physical appearance</b>	Clear glass of various thicknesses is produced by the float process. The technical characteristics and appearance are a uniform thickness without the need for further grinding or polishing.	Clear glass of various thicknesses is produced by the float process. The technical characteristics and appearance are a uniform thickness and bright polished surfaces, without the need for further grinding or polishing.
<b>Tariff classification</b>	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked	<p><b>7005.29.17</b> of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)</p> <p><b>7005.29.23</b> of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)</p> <p><b>7005.29.25</b> of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)</p> <p><b>7005.29.35</b> of a thickness exceeding 5 mm but not</p>

		exceeding 6 mm (excluding solar glass and optical glass).
Application or end use	<p>To be sold in its existing form to glass merchants for general end use applications, such as residential glazing, architectural glazing (Industrial and commercial), picture framing and furniture manufacture.</p> <p>A basic input for further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, Industrial and furniture markets.</p>	<p>To be sold in its existing form to glass merchants for general end use applications, such as residential glazing, architectural glazing (Industrial and commercial), picture framing and furniture manufacture.</p> <p>A basic input for further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, industrial and furniture markets.</p>
Substitutability	<p>The SACU float glass products are fully substitutable with the Imported Saudi Arabia and the UAE products.</p>	<p>There are no differences between the imported float glass product and the SACU like product.</p> <p>They are identical in all aspects. The SACU float glass product is fully substitutable with the Saudi Arabia and the UAE imported product of float glass.</p>

After considering all the above factors, the Commission made a preliminary determination that the SACU product and the imported product are "like products", for purposes of comparison in this investigation, in terms of Article 2.6 of the Anti-Dumping Agreement.

### **3. SACU INDUSTRY**

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#### **3.1 INDUSTRY STANDING**

The application was submitted by PFG Building Glass (Pty) Ltd, the sole manufacturer of the subject product in the SACU market.

The Commission made a preliminary determination that the application can be regarded as being made "by or on behalf of the domestic industry".

## **4. DUMPING**

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Responses were received from Guardian Africa (importer), Guardian Zoujaj (exporter) and Saudi Guardian (exporter), and after deficiencies were addressed, the responses were accepted as properly documented. In order to satisfy itself as to the accuracy of the information contained in any properly documented response, the Commission conducts a verification exercise. The information submitted by Guardian Africa could not be verified on 19 November 2018 as the information submitted during verification differed from the information submitted to the Commission before verification in its properly documented response. Guardian Africa then submitted a third set of information during a meeting held at ITAC on 23 November 2018 which was different to the information submitted before verification and during verification. In view of the multiple and material changes to Guardian Africa's information, the Commission was not able to satisfy itself as to the accuracy of the information supplied by Guardian Africa. Guardian Africa was therefore informed that the Commission may for this reason disregard their information for purposes of the preliminary determination. The Commission considered that Anti-Dumping Regulation (ADR) 18 provides that where a party fails to supply relevant substantiating evidence required by investigating officers during verification or fails to explain any calculations contained in its submissions, the Commission may disregard any or all of the information submitted by the party in question and that (ADR) 31.3 provides that the Commission will not consider submissions that are deficient after the deadline for the purpose of its preliminary finding.

The Commission therefore made a preliminary determination not to take the information submitted by Guardian Africa into account for purposes of the preliminary determination.

Guardian Africa (importer), Guardian Zoujaj from the UAE (exporter) and Saudi Guardian from Saudi Arabia (exporter) are related parties.



Due to the fact that the importer and exporters are related, the export price has to be calculated taking into account the importers sales to the first independent buyer, deducting all cost up to the ex-factory level of the exporter. Since the information submitted by the importer is not regarded as reliable for purposes of the preliminary determination, the Commission made a preliminary determination not to take the information submitted by Saudi Guardian and Guardian Zoujaj into account for purposes of its preliminary determination.

For purposes of the Commission's preliminary determination, the Commission used the best information available, being the information submitted by the Applicant.

#### **4.1 METHODOLOGY IN THIS INVESTIGATION FOR SAUDI ARABIA**

##### **4.1.1 Normal Value**

The Applicant submitted a quotation for August 2017 with regard to Saudi Arabian prices for 3mm, 4mm, 5mm and 6mm products. According to the August 2017 quotation the domestic selling prices of clear float glass in Saudi Arabia were as follows:

<b>Thickness</b>	<b>SAR/sqm</b>	<b>R/sqm</b>
3mm	9.00	31.40
4mm	12.67	44.20
5mm	16.10	56.17
6mm	19.00	66.29

The above SAR prices per sqm for the 3mm, 4mm, 5mm and 6mm clear float glass products were converted to the Rand price per sqm, using the exchange rate that was obtained from [www.fx-rate.net](http://www.fx-rate.net).

#### 4.1.2 Export price

The average FOB import price was obtained from SARS import statistics for the dumping period 1 March 2017 to 28 February 2018 for 3mm to 6mm clear float glass thickness.

2018: Import Price (FOB)	ZAR/sqm
HS 7005.29.17 (3mm)	26.28
HS 7005.29.23 (4mm)	36.48
HS 7005.29.25 (5mm)	42.22
HS 7005.29.35 (6mm)	52.43

#### 4.1.3 Margin of dumping

The dumping margins were calculated to be as follows:

##### Float Glass 3 mm

Dumping Margin as % of the FOB export price	19.5%
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##### Float Glass 4 mm

Dumping Margin as % of the FOB export price	21.2%
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##### Float Glass 5 mm

Dumping Margin as % of the FOB export price	33.1%
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##### Float Glass 6 mm

Dumping Margin as % of the FOB export price	26.4%
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A weighted average dumping margin for all 4 sizes was calculated to be 23.9% *ad valorem*.

## 4.2 METHODOLOGY IN THIS INVESTIGATION FOR THE UAE

### 4.2.1 Normal Value

The Applicant submitted an invoice for March 2017 with regard to the UAE concerning 6mm products. Invoices for 3mm, 4mm and 5mm could not be obtained. The 3mm, 4mm and 5mm (Arab Emirates Dirham) AED prices per sqm were then calculated, in line with a general float glass pricing methodology used in the industry, where the products of different thicknesses (3mm, 4mm, 5mm, etc.) are generally priced the same. Therefore, by using the 6mm pricing as basis, the 3mm, 4mm and 5mm prices per sqm were calculated.

The AED price per sqm for the 6mm glass product was converted to the Rand price per sqm, using the exchange rate that was obtained from [www.fx-rate.net](http://www.fx-rate.net).

Thickness	AED/sqm	R/sqm
3mm	9.29	33.09
4mm	12.49	44.51
5mm	15.76	56.15
6mm	19.00	67.68

### 4.2.2 Export price

The average FOB import price was obtained from SARS import statistics for the dumping period 1 March 2017 to 28 February 2018 for 3mm to 6mm clear float glass thickness.

2018: Import Price (FOB)	ZAR/sqm
HS 7005.29.17 (3mm)	25.15
HS 7005.29.23 (4mm)	30.67
HS 7005.29.25 (5mm)	30.82
HS 7005.29.35 (6mm)	50.93

### 4.2.3 Margin of dumping

The dumping margins were calculated to be as follows:

#### Float Glass 3 mm

Dumping Margin as % of the FOB export price	31.6%
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#### Float Glass 4 mm

Dumping Margin as % of the FOB export price	45.1%
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#### Float Glass 5 mm

Dumping Margin as % of the FOB export price	82.2%
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#### Float Glass 6 mm

Dumping Margin as % of the FOB export price	32.9%
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A weighted average dumping margin for all 4 sizes was calculated to be 38.1% *ad valorem*.

## 4.3 SUMMARY - DUMPING

The Commission made a preliminary determination that dumping of the subject product originating in Saudi Arabia and the UAE is taking place and decided to calculate a weighted average dumping margin on all 4 sizes of the subject product. A weighted average dumping margin of 38.1% was calculated for the United Arab Emirates and 23.9% for Saudi Arabia.

## **5. MATERIAL INJURY**

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

The following injury analysis in this submission relates to the Applicant which accounts for 100 per cent of the total domestic production of the subject product.

The Commission made a preliminary determination that this constitutes “a major proportion” of the total domestic production, in accordance with the Anti-Dumping Regulations.

### **5.2 CUMULATIVE ASSESSMENT**

There are two countries involved in this investigation, namely Saudi Arabia and the UAE. In terms of the ADR16.3, the Commission may cumulatively assess the effect of the dumped imports only if it finds that cumulating is appropriate in light of –

- competition between imports from the different countries; and
- competition between the imported products and SACU like products; and if
- the fact that imports from the countries are not negligible as contemplated in subsection 3; and
- the fact that the dumping margin is one per cent or more when expressed as a percentage of the export price.

In considering whether cumulating is appropriate with regard to the imports from Saudi Arabia and the UAE, the Commission took note of the following:

<b>Imports from the countries are not negligible</b>	Imports from both countries are above negligibility, as contained in table 2.1.4 of this report.
<b>The residual margin of dumping is above de minimis level</b>	The dumping margins calculated are above two percent, as expressed as a percentage of the export price.
<b>Competition between Imports from different countries</b>	They are both like products for purposes of comparison, their end use and substitutability is similar. They are both traded in the SACU market, and therefore part of the SACU market share analysis and the cumulative imports shows an increase in 3mm and 5mm but a decrease for 4mm and 6mm throughout the period of investigation.
<b>Competition between Imported product and SACU like product</b>	The imported product and the SACU product are like products for the purposes of comparison; they are fully substitutable and have a similar end use. They are both traded in the SACU.

In light of the above the Commission made a preliminary determination to conduct a cumulative assessment of the effect of the alleged dumped imports on the SACU industry.

### 5.3 IMPORT VOLUMES AND EFFECT ON PRICES

#### 5.3.1 Import volumes

The following table shows the volume of allegedly dumped imports in sqm, for the subject product:

**Table 5.3.1: Import volumes**

<b>HS 7005.29.17 (3 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
<b>Alleged dumped imports</b>	1 747 046	92%	1 451 419	91%	2 242 287	95%
<b>Other imports</b>	151 848	8%	139 303	9%	120 219	5%
<b>Total</b>	<b>1 898 893</b>	<b>100%</b>	<b>1 590 722</b>	<b>100%</b>	<b>2 362 506</b>	<b>100%</b>

<b>HS 7005.29.23 (4 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
<b>Alleged dumped imports</b>	1 083 027	71%	542 199	20%	965 563	79%
<b>Other imports</b>	441 394	29%	2 150 116	80%	250 469	21%
<b>Total</b>	<b>1 524 421</b>	<b>100%</b>	<b>2 692 315</b>	<b>100%</b>	<b>1 216 032</b>	<b>100%</b>

<b>HS 7005.29.25 (5 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	99 474	80%	64 434	28%	337 884	95%
Other imports	24 382	20%	166 593	72%	17 416	5%
<b>Total</b>	<b>123 856</b>	<b>100%</b>	<b>231 027</b>	<b>100%</b>	<b>355 300</b>	<b>100%</b>

<b>HS 7005.29.35 (6 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	92 599	36%	45 175	35%	84 522	49%
Other imports	164 510	64%	83 770	65%	87 770	51%
<b>Total</b>	<b>257 108</b>	<b>100%</b>	<b>128 946</b>	<b>100%</b>	<b>172 292</b>	<b>100%</b>

### 5.3.2 Effect on Domestic Prices (All the tables indexed were due to confidentiality)

#### 5.3.2.1 Price depression

Price depression occurs where the SACU industry's ex-factory selling price decreases during the investigation period.

The table below shows the trend in domestic industry's ex-factory selling price per ton:

**Table 5.3.2.1: Price depression**

<b>HS 7005.29.17 (3 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price (Rand per ton)	100	109	101
<b>HS 7005.29.23 (4 mm)</b>			
Ex-factory selling price (Rand per ton)	100	110	104
<b>HS 7005.29.25 (5 mm)</b>			
Ex-factory selling price (Rand per ton)	100	109	106
<b>HS 7005.29.35 (6 mm)</b>			
Ex-factory selling price (Rand per ton)	100	107	103

*Information was indexed due to confidentiality using 2016 as the base year*

The above table shows that the prices of the SACU industry increased from 2016 to 2017. Although there was no price depression in 2017, in 2018 prices were depressed.

### 5.3.2.2 Price undercutting

The following table compares the SACU industry's ex-factory prices with the landed cost of the imported product.

**Table 5.3.2.2: Price undercutting**

HS 7005.29.17 (3 mm)	2016	2017	2018
Domestic Selling Price (R/t)	100	109	101
Alleged Dumped products:			
Import Price FOB (R/t)	3 380.00	3 535.54	3 514.74
Import Price landed (R/t)	4 315.86	4 505.79	4 457.42
Price undercutting	positive	positive	positive
Price undercutting %	positive	positive	positive

HS 7005.29.23 (4 mm)	2016	2017	2018
Domestic Selling Price (R/t)	100	110	104
Alleged Dumped products:			
Import Price FOB (R/t)	2 791.00	3 360.59	3 360.59
Import Price landed (R/t)	4 091.74	4 353.35	4 284.88
Price undercutting	positive	positive	positive
Price undercutting %	positive	positive	positive

HS 7005.29.25 (5 mm)	2016	2017	2018
Domestic Selling Price (R/t)	100	109	106
Alleged Dumped products:			
Import Price FOB	3 553.87	3 812.29	2 898.36
Import Price landed	4 510.51	4 825.06	3 745.11
Price undercutting	negative	negative	positive
Price undercutting %	negative	negative	positive

HS 7005.29.35 (6 mm)	2016	2017	2018
Domestic Selling Price	100	107	103
Alleged Dumped products:			
Import Price FOB (R/t)	3 340.58	3 681.44	3 493.29
Import Price landed (R/t)	4 267.02	4 682.91	4 395.44
Price undercutting	positive	positive	positive
Price undercutting %	positive	positive	positive

*Information was indexed due to confidentiality using 2016 as the base year*



The information indicates that the applicant experienced price undercutting from 2016 to 2018, with the exception of the 5mm size product, on which it only experienced price undercutting in 2018.

### 5.3.2.3 Price suppression

Price suppression is the extent to which an increase in the cost of production of the product concerned, cannot be recovered in selling prices.

The following table shows the Applicant's average costs of production and its actual average selling prices for the subject product:

**Table 5.3.2.3: Price suppression**

<b>HS 7005.29.17 (3 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	109	101
Cost of production (Ex-Factory)	R/ton	100	96	105
Gross Profit	R/ton	100	136	92
Gross Profit %		100	126	91
Cost of production % selling price		100	89	104
<b>HS 7005.29.23 (4 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	110	104
Cost of production (Ex-Factory)	R/ton	100	96	105
Gross Profit	R/ton	100	151	99
Gross Profit %		100	137	96
Cost of production % selling price		100	87	101
<b>HS 7005.29.25 (5 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	109	106
Cost of production (Ex-Factory)	R/ton	100	96	104
Gross Profit	R/ton	100	166	117
Gross Profit %		100	152	110
Cost of production % selling price		100	88	98
<b>HS 7005.29.35 (6 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	107	103
Cost of production (Ex-Factory)	R/ton	100	96	104
Gross Profit	R/ton	100	132	101
Gross Profit %		100	123	98
Cost of production % selling price		100	90	101

*Information was indexed due to confidentiality using 2016 as the base year*

The Applicant experienced price suppression with regard to three of the sizes during the period 2016 to 2018.

## 5.4 Consequent Impact of the dumped imports on the Industry

### 5.4.1 Actual and potential decline in sales

The following table shows the Applicant's SACU sales volume of the subject product:

**Table 5.4.1: Sales volume**

		2016	2017	2018
<b>HS 7005.29.17 (3 mm)</b>	kg	100	98	91
<b>HS 7005.29.23 (4 mm)</b>	kg	100	107	87
<b>HS 7005.29.25 (5 mm)</b>	kg	100	89	96
<b>HS 7005.29.35 (6 mm)</b>	kg	100	119	118

*Information was indexed due to confidentiality using 2016 as the base year*

The 3mm size product showed a year-on-year decline in sales over the period 2016 to 2018, while the 4mm size product showed a slight increase in sales from 2016 to 2017, but sales decreased substantially in 2018. The 5mm size product experienced a sharp decline in sales from 2016 to 2017, which increased in 2018, but still remained below the 2016 level.

### 5.4.2 Profit

The following table shows the Applicants' profit margins:

**Table 5.4.2: Profit**

<b>HS 7005.29.17 (3 mm)</b>		2016	2017	2018
Kg Sold	kg	100	98	91
Total Gross profit	Rand	100	133	84
Total Net Profit	Rand	100	147	82
Total Gross profit per kg	R/kg	100	136	92
Total Net Profit per kg	R/kg	100	150	90
<b>HS 7005.29.23 (4 mm)</b>		2016	2017	2018
Kg Sold	kg	100	107	87
Total Gross profit	Rand	100	162	86
Total Net Profit	Rand	100	187	86
Total Gross profit per kg	R/kg	100	151	99
Total Net Profit per kg	R/kg	100	175	99

<b>HS 7005.29.25 (5 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Kg Sold	kg	100	89	96
Total Gross profit	Rand	100	148	111
Total Net Profit	Rand	100	198	123
Total Gross profit per kg	R/kg	100	166	117
Total Net Profit per kg	R/kg	100	223	128
<b>HS 7005.29.35 (6 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Kg Sold	kg	100	119	118
Total Gross profit	Rand	100	158	119
Total Net Profit	Rand	100	173	119
Total Gross profit per kg	R/kg	100	132	101
Total Net Profit per kg	R/kg	100	145	101

*Information was indexed due to confidentiality using 2016 as the base year*

The net profit declined from 2016 to 2018 regarding 3mm by 18 index points and 4mm by 14 index points. The net profit increased from 2016 to 2018 regarding 5mm by 23 index points and 6mm by 19 index points.

### 5.4.3 Output

The following table outlines the SACU industry's domestic production volume of the subject product:

**Table 5.4.3: Output**

		<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total production: All Products</b>	kg	100	94	94
<b>HS 7005.29.17 (3 mm)</b>	kg	100	98	91
<b>HS 7005.29.23 (4 mm)</b>	kg	100	107	87
<b>HS 7005.29.25 (5 mm)</b>	kg	100	89	96
<b>HS 7005.29.35 (6 mm)</b>	kg	100	119	118

*Information was indexed due to confidentiality using 2016 as the base year*

The production of the 3mm, 4mm and 5mm size products indicates downward trends over the period 2016 to 2018.

#### 5.4.4 Market share

The following table shows the SACU market share for the subject product in tons:

**Table 5.4.4: Market share**

<b>HS 7005.29.17 (3 mm)</b>		<b>2016</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>
<b>Applicant</b>	ton	100	100	98	103	91	94
<b>Alleged dumped imports</b>	ton	12 560	100	10 435	87	16 121	132
<b>Other imports</b>	ton	1 092	100	1 001	96	864	81
<b>Total Imports</b>	ton	<b>13 652</b>	<b>100</b>	<b>11 436</b>	<b>88</b>	<b>16 985</b>	<b>128</b>
<b>Total Market</b>	ton	100	100	95	100	97	100
<b>HS 7005.29.23 (4 mm)</b>		<b>2016</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>
<b>Applicant</b>	ton	100	100	107	81	87	103
<b>Alleged dumped imports</b>	ton	10 472	100	5 243	38	9 336	106
<b>Other imports</b>	ton	4 268	100	20 790	369	2 422	67
<b>Total Imports</b>	ton	<b>14 740</b>	<b>100</b>	<b>26 033</b>	<b>134</b>	<b>11 758</b>	<b>94</b>
<b>Total Market</b>	ton	100	100	132	100	84	100
<b>HS 7005.29.25 (5 mm)</b>		<b>2016</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>
<b>Applicant</b>	ton	100	100	89	86	96	77
<b>Alleged dumped imports</b>	ton	1 214	100	786	62	4 122	274
<b>Other imports</b>	ton	297	100	2 032	658	212	58
<b>Total Imports</b>	ton	<b>1 511</b>	<b>100</b>	<b>2 818</b>	<b>180</b>	<b>4 335</b>	<b>231</b>
<b>Total Market</b>	ton	100	100	104	100	124	100
<b>HS 7005.29.35 (6 mm)</b>		<b>2016</b>	<b>%</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>
<b>Applicant</b>	ton	100	100	119	131	118	122
<b>Alleged dumped imports</b>	ton	1 362	100	664	54	1 243	94
<b>Other imports</b>	ton	2 419	100	1 232	56	1 291	55
<b>Total Imports</b>	ton	<b>3 781</b>	<b>100</b>	<b>1 896</b>	<b>55</b>	<b>2 534</b>	<b>69</b>
<b>Total Market</b>	ton	100	100	91	100	97	100

*Information was indexed due to confidentiality using 2016 as the base year*

The Applicant's market share in volume for the 3mm size (that represents traditionally the largest portion of the Applicant's sales of the four sizes) declined by 9 index points, 4mm market share declined by 13 index points, 5mm market share declined by 4 index points and the 6mm market share increased by 18 index points for the period 2016 to 2018.

#### 5.4.5 Productivity

Using the production and employment figures sourced from the Applicant, its productivity in respect of the subject product is as follows:

**Table 5.4.5: Productivity**

		2016	2017	2018
Total production volume	Kg	100	101	92
Number of employees (Production)	No	100	99	96
Kg per employee	Kg	100	102	96

*Information was indexed due to confidentiality using 2016 as the base year*

The total production of the 3mm, 4mm, 5mm and 6mm sizes indicates a downward trend over the period 2016 to 2018. This is as a result of the decreasing trend in the productivity of each of the respective product categories over the period 2016 to 2018, which is based on the production of the subject products that shows a declining trend over the period 2016 to 2018. The Applicant stated that production was reduced to counter increased stockholding.

#### 5.4.6 Return on investment

Return on investment is normally regarded by the Commission as being the profit before tax and interest.

**Table 5.4.6: Return on investment**

All Products (3mm, 4mm, 5mm and 6mm)	2016	2017	2018
Net profit	100	159	87
Net assets (Book value)	100	100	101
Return on net assets (Book value) %	100	157	86
Insured replacement value	100	115	123
Return on insured replacement value %	100	133	67

*Information was indexed due to confidentiality using 2016 as the base year*

The return on investment is based on the total profit of the 3mm, 4mm, 5mm and 6mm sizes expressed as a percentage of the net assets. Therefore, the return on investment based on net asset book value percentage, as well as the insured replacement value percentage, shows a decreasing trend over the period 2016 to 2018.

#### **5.4.7 Utilisation of production capacity**

The following table provides the Applicant's capacity and production for the subject product:

**Table 5.4.7: Utilisation of production capacity**

<b>Clear Float Glass - All products</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Capacity Kg	100	100	100
Actual Production kg	100	101	90
Capacity utilization %	100	101	90

*Information was indexed due to confidentiality using 2016 as the base year*

The production capacity remained the same over the period 2016 to 2018. Capacity utilisation remained more or less the same in 2016 and 2017, but showed a steep decrease in 2018 as a result of declining sales and production.

#### **5.4.8 Factors affecting domestic prices**

The Applicant stated that it is not aware of any other factors which could affect the domestic prices negatively.

#### **5.4.9 The magnitude of the margin of dumping**

The Commission decided to calculate a weighted average dumping margin on all 4 sizes of the subject product. A weighted average dumping margin of 38.1% was calculated for the UAE and 23.9% for Saudi Arabia.

#### **5.4.10 Actual and potential negative effects on cash flow**

The following table reflects the Applicant's cash flow situation with regard to the product under investigation:

**Table 5.4.10: Cash flow situation**

<b>HS 7005.29.17 (3 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash flow: incoming	100	107	96
Cash flow: outgoing	negative	negative	negative
Net cash flow	100	118	86
Debtors (value)	100	106	96
Debtors: average days outstanding	100	100	100
<b>HS 7005.29.17 (4 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash flow: incoming	100	114	93
Cash flow: outgoing	negative	negative	negative
Net cash flow	100	256	153
Debtors (value)	100	118	91
Debtors: average days outstanding	100	100	100

<b>HS 7005.29.25 (5 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash flow: incoming	100	97	99
Cash flow: outgoing	negative	negative	negative
Net cash flow	100	165	103
Debtors (value)	100	97	123
Debtors: average days outstanding	100	100	100
<b>HS 7005.29.35 (6 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cash flow: incoming	100	126	122
Cash flow: outgoing	negative	negative	negative
Net cash flow	100	175	212
Debtors (value)	100	128	133
Debtors: average days outstanding	100	100	100

*Information was indexed due to confidentiality using 2016 as the base year*

The incoming cash flow showed a declining trend over the period 2016 to 2018, for the 3mm, 4mm and 5mm sizes while the cash flow of the 6mm size shows an increasing trend over the period 2016 to 2018.

#### 5.4.11 Inventories

<b>HS 7005.29.17 (3mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Volume	Ton	100	165	161
Value	R	100	170	179
Value per unit	R/Ton	100	103	111

<b>HS 7005.29.23 (4mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Volume	Ton	100	90	78
Value	R	100	91	83
Value per unit	R/Ton	100	100	107

<b>HS 7005.29.25 (5mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Volume	Ton	100	93	92
Value	R	100	96	102
Value per unit	R/Ton	100	104	110

<b>HS 7005.29.35 (6mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Volume	Ton	100	103	66
Value	R	100	116	72
Value per unit	R/Ton	100	103	111

*Information was indexed due to confidentiality using 2016 as the base year*

The inventory levels (volume) over the periods 2016 to 2018, for the 3mm size (that represents traditionally the largest portion of the Applicant's sales of the four substances) reflects an increasing trend, with the 4mm, 5mm and 6mm size products indicating decreasing trends.

#### 5.4.12 Employment

The following table provides the Applicant's employment figures for the subject product:

**Table 5.4.12: Employment**

<b>Clear Float Glass - All products</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Direct labour (units) : production	100	99	96
Indirect labour (units) : production	100	111	107
Total labour (units) : production	100	106	102
Rest of SACU total labour (units)	n/a	n/a	n/a

*Information was indexed due to confidentiality using 2016 as the base year*

Direct labour units relate to the personnel component assigned to the actual manufacturing for all products. All these workers are utilised in the production of all sizes and no worker is dedicated to produce a specific size. The indirect labour units relate to the personnel component allocated in



support of and complimentary to the manufacturing process such as quality assurance, process technology and industrial engineering support.

#### 5.4.13 Wages and salaries

The following table provides the Applicant's wages paid:

**Table 5.4.13: Wages**

<b>Clear Float Glass - All products</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Direct Wages: Production	R	100	103	110
Indirect Wages: Production	R	100	104	96
Total wages: Production	R	100	104	101
Wage cost per ton produced	R	100	103	112

**Table 5.4.13: Wages & Salaries (Monthly)**

<b>Clear Float Glass - All products</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Direct Wages: Production	R	100	103	110
Indirect Wages: Production	R	100	104	96
Total wages: Production	R	100	104	101
Wage cost per ton produced	R	100	103	112

*Information was indexed due to confidentiality using 2016 as the base year*

Direct wages (production) shows an increasing trend over the period 2016 to 2018.

#### 5.4.14 Growth

The following table indicates the growth of the SACU market as provided by the Applicant:

**Table 5.4.14: Growth**

<b>HS 7005.29.17 (3 mm)</b>					<b>2016/2018</b>
		<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Change</b>
Applicant Sales	ton	100	98	91	(9)
Alleged dumped Imports	ton	100	115	128	28
Other imports	ton	100	92	79	(21)
Total Imports	ton	100	190	124	24
Total SACU Market	ton	100	115	97	(3)
<b>HS 7005.29.23 (4 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	
Applicant sales	ton	100	107	87	(13)
Alleged dumped Imports	ton	100	50	89	(11)
Other imports	ton	100	487	57	(43)
Total imports	ton	100	177	80	(20)
Total SACU Market	ton	100	132	84	(16)
<b>HS 7005.29.25 (5 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	
Applicant Sales	ton	100	89	96	(4)
Alleged dumping imports	ton	100	65	340	240
Other imports	ton	100	684	71	(29)
Total imports	ton	100	186	287	187
Total SACU Market	ton	100	104	124	24
<b>HS 7005.29.35 (6 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>	
Applicant Sales	ton	100	119	118	18
Alleged dumped imports	ton	100	49	156	56
Other imports	ton	100	51	53	(47)
Total imports	ton	100	50	90	(10)
Total SACU Market	ton	100	91	107	7

*Information was indexed due to confidentiality using 2016 as the base year*

The table shows negative growth in the Applicant's sales from 2016 to 2018, with regard to the 3mm, 4mm and 5mm sizes while the 6mm product's growth increased by 18 index points.

#### **5.4.15 Ability to raise capital or Investments**

The Applicant provided the following information with regard to the SACU industry's ability to raise capital or investments:

**Table 5.4.15: Ability to raise capital or Investments**

<b>HS 7005.29.17 (3 mm)</b>	<b>Rand</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total capital/investment in subject product	Rand	100	100	101
Capital expenditure during year on subject product	Rand	100	421	647
<b>HS 7005.29.23 (4 mm)</b>	<b>Rand</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total capital/investment in subject product	Rand	100	100	101
Capital expenditure during year on subject product	Rand	100	461	618
<b>HS 7005.29.17 (5 mm)</b>	<b>Rand</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total capital/investment in subject product	Rand	100	100	101
Capital expenditure during year on subject product	Rand	100	383	678
<b>HS 7005.29.23 (6 mm)</b>	<b>Rand</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total capital/investment in subject product	Rand	100	100	101
Capital expenditure during year on subject product	Rand	100	513	839

*Information was indexed due to confidentiality using 2016 as the base year*

Capital expenditure for all four sizes increased the period 2016 to 2018, as a result of certain routine maintenance that had to be incurred. Significant capital investment would be required for the manufacturing plant refurbishments.

#### **5.4.16 COMMENTS RECEIVED**

##### **COMMENTS BY IMPORTER MCCOYS GLASS**

*The importer stated that "based on the information in the applicant's application they do not believe PFG have suffered material injury and if they have suffered any injury it is certainly not as a result of dumped imports from Saudi and UAE. The complaint/application centres on the fact that due to increased imports, PFG has not been able to increase prices since January 2016. The truth is that imports have increased between 2016 and*

*2018 due to the strengthening of the rand, and other reasons including PFG quality, non-availability of sizes and capacity constraints to supply. This has nothing to do with Dumping”.*

*The importer indicated that “further evidence of PG’s decline in performance is mentioned in their Annual Results, it is clear that PFG blames their declining performance on the Rand and our local economy not dumped glass. There is even more evidence that the actual cause of their decline in performance is the impact of a strong Rand and it is the fact that since end July 2018, PFG have had 2 successive increases since July 2018. During this period the rand depreciated heavily (+/- 12%) and during such period the price of imports has not increased in S.A. From the above it is evident, even by PFG’s own admission (In their annual results) that they are actually seeking protection from ITAC for a strong Rand. This is totally unfair. What is the difference between the period in the application and the period July 2018 to October 2018? Only a weakening Rand, no Change in import prices, yet PFG is able to increase prices and does not have capacity to meet our demand”.*

*The importer further stated that “PFG also fail to mention major changes in their pricing and distribution policy during the investigation period and the impact and the net result of unhappy customers sourcing product elsewhere”.*

#### **COMMENTS BY APPLICANT**

*The Applicant stated that “McCoy’s is referring to events outside the period of investigation that must be disregarded. However, for completeness concerning the PFG Building Glass price increases that McCoy’s are referring to, we would like to state that PFG Building Glass is required to compete with imported glass that is being sold at prices below the selling price achieved by exporters in their countries of origin. The combined impact that input cost pushers have, together with the suppressed selling prices of PFG Building Glass, which are influenced by the dumped imports from Saudi*

*Arabia and the UAE, has left PFG Building Glass with no other option than to increase selling prices in 2018. The increases were done in order to recover costs and to continue to operate, with risk of PFG Building Glass losing further volume to the dumped imports”.*

*The Applicant stated that “Notwithstanding the fact that McCoy’s is referring to events outside the period of investigation that must be disregarded, the claims that there had been no change in import prices from March 2018 to October 2018 have no bearing on whether dumping is taking place”.*

*The Applicant further stated that “with regards to the comment regarding the changes in pricing and distribution policy, no material changes have occurred, except for the introduction of lower selling prices, which were required in response to dumped imports in order to regain lost sales volumes that have led to PFG Building Glass suffering material injury. Therefore, pricing structures have remained linked to sales volumes, with the only change being that the smallest customers are now benefiting from lower prices and significant specials were introduced to all customers to assist in increasing the volume of sales”.*

#### **General comments by other Interested parties**

*“They (importers) rely on healthy competition amongst suppliers to maintain a reasonable cost base for their products and feel that further restrictions on imported products would go further to creating a monopoly supply of glass in the country and place businesses such as theirs under unsustainable pressure. However a decision to limit supply or raw materials from overseas will leave them exposed to poor access to product and regular price fluctuations”.*

#### **General comments by the Applicant**

*The Applicant stated that “the injury it continued to suffer in 2018 was due to the significant price reductions that it introduced in order to maintain the*

*sales volume in the South African market that it lost due the dumped imports from Saudi Arabia and United Arab Emirates. PFG Building Glass float lines are very costly to slow down or even stop and hence a minimum sales volume is required into the market to ensure that PFG Building Glass does not fill up the warehouses and ultimately has to stop production, at huge costs". The Applicant further stated that "the price reductions were introduced to maintain sales volume, which would allow PFG Building Glass to avoid additional cost due to further slowing or halting manufacturing on the float glass line. It was pointed out that PFG Building Glass is currently manufacturing float glass at yields that are comparable with some of the best floats lines in the world and several other initiatives were also introduced to reduce cost".*

*The Applicant indicates that "PFG Building Glass illustrated the significant cost pushers that were prevailing in the second half of 2018 and hence the necessity for the price increases that were announced for August 2018 (effective 27 July) and October 2018 (effective 27 September). PFG Building Glass is required to compete with imported glass that is being sold at prices below the selling price achieved by exporters in their countries of origin. Therefore the combination of cost pushers, along with the suppressed selling price of PFG Building Glass with no other option than selling prices, to recover costs and continue to operate, with the risk of losing volume again due to the dumped imports.*

*Imported clear float glass is not blamed for the SACU industry's decline in sales and market share. In the PFG Building Glass Application it is clearly stated that imports originating from Saudi Arabia and the UAE have a considerable direct negative impact on the SACU glass manufacturing industry, causing it to suffer material injury. PFG Building Glass is not blaming imports per se, but just low-priced dumped imports from the two countries.*

*Comments refer to PFG Building Glass as being dominant and monopolistic; basing these views on the fact that PFG Building Glass is the only domestic*

*producer of clear float glass in SACU. While PFG Building Glass is the only manufacturer of building glass in Southern Africa, PFG Building Glass is not the only supplier for the very reason that building glass is imported into this region. These imports constrain PFG Building Glass from raising prices above a competitive level.*

*We have taken the significant risk of investing substantial capital to offer the South African market high quality glass. A float glass plant is highly capital-intensive. These plants are required to operate continuously, 365 days per year, and have an operating life of 15 years to 20 years.*

*PFG Building Glass Application is not aimed at preventing fair imports from entering the SACU market, but is merely trying to protect, within its rights, the future sustainability of the SACU industry against dumped imports that have a detrimental impact on the SACU market, causing injury to the SACU industry”.*

#### **5.4.16 SUMMARY MATERIAL INJURY**

From the information above, it is evident that the Applicant is experiencing sales volume injury over the period 2016 to 2018 for 3mm, 4mm and 5mm size products. The market share in volume of the Applicant declined by 9 index points, 4mm market share declined by 13 index points, 5mm market share declined by 4 index points and the 6mm market share increased by 18 index points for the period 2016 to 2018. Cumulating imports over the period 2016 to 2018 indicates that the import volumes increased over the period 2016 to 2018 with regard to the 3mm and 5mm product and declined for the 4mm and 6mm product. Productivity of 3mm, 4mm, 5mm and 6mm indicates a downward trend over the period 2016 to 2018. The inventory levels (volume) over the periods 2016 to 2018, for the 3mm product (that represents traditionally the largest portion of the Applicant's sales of the four substances) reflects an increasing trend, with the 4mm, 5mm and 6mm products indicating decreasing trends.

The Applicant experienced no price depression over the period 2016 to 2018. There was no price depression in 2017 compared with 2016 for each of the respective product categories, but in 2018 prices were depressed for each of the subject products. The cumulative information shows a positive price undercutting on 3mm, 4mm and 6mm products from 2016 to 2018, while the 5mm had a negative price undercutting for 2016 and 2017 and in 2018 a positive price undercutting. Price suppression was experienced over the period 2016 to 2018 with regard to three of the subject products, while there was no price suppression for the 5mm product. The net profit declined from 2016 to 2018 regarding 3mm by 18 index points and 4mm by 14 index points. The net profit increased from 2016 to 2018 regarding 5mm by 23 index points and 6mm by 19 index points.

Taking the above into account, the Commission made a preliminary determination that the Applicant and therefore the SACU industry is experiencing material injury.



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

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### **6.1 Freely disposable capacity of the exporters**

The Applicant stated that in 2014, the glass sector in the European Union (EU) produced just below 8.5 million tonnes of float glass from the 55 float lines operating in the European Union. Around 15000 people are directly employed in the manufacture of flat glass but the entire value-chain (glass processing, transformation, window assembly, installation, recycling, etc.) generates almost 1 million jobs in the EU. On average, annual growth in flat glass output is in the order of 2 – 3 per cent.

Float glass installations are located across 16 countries in the European Union, but three quarters of EU production originates from Germany, France, Italy, Belgium, UK, Spain and Poland. However, demand for flat glass is particularly sensitive to economic cycles because of its high dependency on the building and automotive industries. During periods of economic growth and high demand for flat glass, annual growth is around 3 percent, whereas during economic downturns or recessions the flat glass sector is badly hit, as is the current case.

Therefore, although PFG Building Glass does not have detailed information on Saudi Arabia, there is a worldwide over capacity of float glass as a result of the global slowdown. Therefore, there will be excess capacity in especially the Middle East, EU and China.

### **6.2 Significant Increase of alleged dumped imports**

Imports of the alleged dumping imports under the tariff subheading are indicated as follows:

**Table 6.2: Volume of alleged dumped Imports**

<b>HS 7005.29.17 (3 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	1 747 046	92%	1 451 419	91%	2 242 287	95%
Other imports	151 848	8%	139 303	9%	120 219	5%
<b>Total</b>	<b>1 898 893</b>	<b>100%</b>	<b>1 590 722</b>	<b>100%</b>	<b>2 362 506</b>	<b>100%</b>

<b>HS 7005.29.23 (4 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	1 083 027	71%	542 199	20%	965 563	79%
Other imports	441 394	29%	2 150 116	80%	250 469	21%
<b>Total</b>	<b>1 524 421</b>	<b>100%</b>	<b>2 692 315</b>	<b>100%</b>	<b>1 216 032</b>	<b>100%</b>

<b>HS 7005.29.25 (5 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	99 474	80%	64 434	28%	337 884	95%
Other imports	24 382	20%	166 593	72%	17 416	5%
<b>Total</b>	<b>123 856</b>	<b>100%</b>	<b>231 027</b>	<b>100%</b>	<b>355 300</b>	<b>100%</b>

<b>HS 7005.29.35 (6 mm)</b>						
<b>Import Volume (sqm)</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>	<b>Volumes</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
Alleged dumped imports	92 599	36%	45 175	35%	84 522	49%
Other imports	164 510	64%	83 770	65%	87 770	51%
<b>Total</b>	<b>257 108</b>	<b>100%</b>	<b>128 946</b>	<b>100%</b>	<b>172 292</b>	<b>100%</b>

The above information indicates that the alleged dumped imports of the 3mm size, which is the largest proportion of the subject product imported during the period 2016 to 2018, increased significantly. Imports of the 5mm size also increased during this period, whilst imports of the 4mm and 6mm product declined.

### 6.3 Prices of Imports which will have a significant depressing or suppressing effect on domestic prices

**Table 6.3.1: Prices of alleged dumped Imports**

<b>HS 7005.29.17 (3 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Alleged dumped imports	3 380	3 536	3 515
Other	5 308	4 894	3 349
<b>Average</b>	<b>4 344</b>	<b>4 215</b>	<b>3 432</b>
<b>HS 7005.29.23 (4 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Alleged dumped imports	2 791	3 427	3 361
Other	3 849	456	3 025
<b>Average</b>	<b>3 320</b>	<b>1 942</b>	<b>3 193</b>
<b>HS 7005.29.25 (5 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Alleged dumped imports	3 554	3 812	2 898
Other	6 712	1 055	3 935
<b>Average</b>	<b>5 133</b>	<b>2 434</b>	<b>3 417</b>
<b>HS 7005.29.35 (6 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Alleged dumped imports	3 341	3 681	3 493
Other	4 576	8 129	5 530
<b>Average</b>	<b>3 958</b>	<b>5 905</b>	<b>4 512</b>

The prices for the 3mm, 4mm and 6mm size increased over the period of investigation whilst that of the 5mm size, declined. Prices of other imports declined significantly for the 3mm, 4mm and 5mm size products.

**Table 6.3.2: Price suppression**

<b>HS 7005.29.17 (3 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	109	101
Cost of production % selling price		100	96	105
<b>HS 7005.29.23 (4 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	110	104
Cost of production % selling price		100	96	105
<b>HS 7005.29.25 (5 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	109	106
Cost of production % selling price		100	96	104
<b>HS 7005.29.35 (6 mm)</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
Selling price (Ex-factory)	R/ton	100	107	103
Cost of production % selling price		100	96	104

*Information was indexed due to confidentiality using 2016 as the base year*

#### Price Depression

<b>HS 7005.29.17 (3 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU	100	109	101
<b>HS 7005.29.23 (4 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU	100	110	104
<b>HS 7005.29.25 (5 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU	100	109	106
<b>HS 7005.29.35 (6 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU	100	107	103

*Information was indexed due to confidentiality using 2016 as the base year*

Price suppression was experienced over the period 2016 to 2018 with regard to three of the sizes of the subject product, while there was no price suppression for the 5mm size product.

#### 6.4 Exporter's inventories of the subject product

The Applicant stated that a glass plant cannot be stopped and started to cater for increase or decrease in demand, it continues to operate and thus if there is a global slowdown, or inflow of low priced imports, inventories will increase while products are also sold at lower prices, sometimes below cost of production to recover the capital cost. The fact that the subject products are exported to South Africa at dumped prices are indicative that substantial inventories exist in Saudi Arabia and the UAE, and that these factories are trying to recover invested cost, especially when there is over supply in the market.

The Applicant has no data available about the inventory levels in Saudi Arabia and the UAE. However, as India and Brazil imposed anti-dumping duties on Saudi Arabia and the UAE, these countries had no option but to explore new viable markets for their product to ensure that their inventory levels does not increase substantially – therefore, as Saudi Arabia and the UAE were able to supply India and Brazil and now will be “prohibited” to export as a result of the dumping duties, there will be excess product to export in increased volume to SACU.

## **6.5 Other markets that can absorb the free capacity of the exporter**

The Applicant stated that Saudi Arabia and the UAE producers are supplying the world and that the SACU market is a very attractive market for Saudi Arabia and the UAE.

The Applicant further stated that average per capita clear float glass consumption in SACU is estimated at 9 kg per capita per annum compared to 17 kg per capita per annum in Saudi Arabia and the UAE; therefore the potential for growth in this region is large.

## **6.6 State of the economy of the country of origin**

The Commission considered the following information submitted by the Applicant:

### **Saudi Arabia**

The Saudi Arabian economy is fuelled almost entirely by the production and distribution of petroleum and its derivative products. Over the past decade oil sales have generated, on average, 90 percent of the country's yearly export earnings, 35 percent of annual gross domestic product (GDP), and 75 percent of all budget revenues. High oil prices in the 1970s led to rapid economic expansion, with GDP growing over the course of the decade by 10 percent per year. As oil prices dropped in the 1980s, GDP growth slowed, averaging just 1.3 percent per year between 1980 and 1998. Rising oil prices beginning in 1999 again boded well for the economy.

While petroleum exports are indeed lucrative, Saudi Arabia's dependence on oil as its primary source of revenue is potentially problematic. In the near term, the Saudi Arabian economy will be left vulnerable to shifts in the price of oil, lowered demand, or disrupted production due to any number of factors, including regional conflicts and the Organization of Petroleum Exporting Countries (OPEC) shifting oil production quotas. In

the long term there is the problem of dwindling supplies. While the Saudis maintain over a quarter of the world's known oil reserves (about 263 billion barrels at the end of 1999), these reserves, at the current rate of production, will last only 87.5 years. If, in that time, Saudi Arabia fails to sufficiently diversify its economy or discover new sources of oil, the country will be faced with a serious shortfall in revenues. And even if Saudi Arabia does discover new reserves (as will likely be the case; some estimates put undiscovered reserves in Saudi Arabia at nearly a trillion barrels) the price of oil will probably steadily drop in the coming years as supplies and production efficiency increase.

The need to begin generating alternative sources of income was recognized as early as 1970, when the government issued the first in an ongoing series of 5-year plans aimed at expanding the non-oil sectors of the economy.

While infrastructure expansion and urban development (both natural outgrowths of the oil industry) have proceeded at an impressive pace, attempts to diversify the economy have produced limited results. Similarly, efforts to decentralize the state-run economy through broad privatization schemes have been largely unsuccessful.

However, in April 2016, in a notable policy shift, the kingdom unveiled a significant economic reform plan, Saudi Vision 2030. The plan, which seeks to increase foreign investment and enhance the overall competitiveness of the Saudi Arabian economy, includes the sale of up to 5 percent of the state-owned oil company, ARAMCO and economic diversification through development of the private sector. Saudi Arabia joined the World Trade Organization ("WTO") in 2005 as part of an effort to promote foreign investment and economic diversification.

(Sources: [www.nationsencyclopedia.com](http://www.nationsencyclopedia.com) and [heritage.org](http://heritage.org))

## **UAE**

The UAE is a tribal federation of 7 emirates occupying a portion of the South Eastern Arabian peninsula. It is one of the most economically secure states in the world. The UAE controls 98 billion barrels of oil—10 percent of the world's proven oil reserves—as well as 212 trillion cubic feet of gas, the fourth largest amount in the world after Russia, Iran, and Qatar. The UAE has employed its natural resources and its strategic location to become one of the most modern and wealthiest states in the world. It boasts both large petroleum and non-petroleum sectors. Economic growth in large part has hinged on the price of oil and the ability of UAE governments, whose proceeds come almost entirely from oil sales, to invest in large infrastructure projects.

For much of the last 2 centuries, the inhabitants of the UAE depended on pearling, fishing, commerce, and, allegedly, piracy of commerce in the Indian Ocean. To protect its trade routes to India, Great Britain attacked many communities along the UAE's Arabian/Persian Gulf coast in 1819 and 1820 and for the next 50 years extended an informal protectorate (protection and partial control of one region or dependent country by another country) over the region, which became known as the "Trucial Coast" because of the non-aggression pacts (or truces) that Great Britain forced regional emirates to sign with each other and Britain.

The region "entered" the 20th century in the 1950s with the discovery of oil in Abu Dhabi and subsequent discoveries of oil in Dubai and Sharjah in the 1960s. Following Britain's withdrawal from the Trucial Coast in 1971, the UAE became an independent state composed of 7 of the original 9 emirates. The other 2 emirates, Bahrain and Qatar, became separate independent states. Abu Dhabi, Dubai, and to a lesser extent, Sharjah, used the proceeds from oil sales to build modern, urban societies. Dubai, with substantially smaller oil supplies than Abu Dhabi, sought to build commercial institutions, leisure industries, manufacturing, port and transportation facilities, and other service industries that were not dependent on oil proceeds.

The crown jewel of this project is the Jebel Ali Free Zone, which opened in 1985 and now boasts 1,600 international companies from over 70 different nations. Sharjah too has sought to broaden its economy by investing in manufacturing. Since the early 1980s, Abu Dhabi has invested billions of dollars in non-oil industries, including manufacturing, services, and agriculture. After the Gulf War, the UAE used the glut in the world arms industry to mandate an "offsets" program requiring all firms selling weapons to the federation to invest in its non-oil related industries.

Because the UAE had a relatively poor and unskilled population when oil was discovered there, the federation has depended on expatriate laborers and managers to meet close to 90 percent of its labor demands. The vast majority of these expatriate workers are South Asian, though there are large numbers of Arab and Western expatriate workers. Expatriates earn half as much as UAE nationals but present 3 significant problems.

First, expatriate workers may undermine the UAE by promoting their own governments' interests or that of organized crime within the federation. Second, expatriate workers often require high payments for social services and send virtually all of their salary home rather than spending it in the UAE. Third, expatriate workers intensify pre-existing social divisions within the UAE since they tend to be the principal workers in non-oil UAE industries, while UAE nationals generally prefer to work for the government.

The UAE can depend on the proceeds from the sale of its petroleum and natural gas. Abu Dhabi has US\$150 billion in overseas assets that can either cover budget shortfalls due to excessive spending or a sharp decline in oil prices.

Equally importantly, the UAE's free market system and open economy has fostered the creation of numerous medium and large corporations that produce highly competitive goods for the regional and world markets. (Source: nationsencyclopedia.com)



## **6.7 Other information submitted by the Applicant.**

On 10 October 2014, the Indian Government published its final findings of the anti-dumping investigation with regard to imports of clear float glass originating in or exported from Pakistan, Saudi Arabia and the UAE in report F.No.14/25/2012-DGAD. This finding and imposition of the dumping duties on the three countries were reported by The Hindu Business Line on 15 December 2014, as well as by Glass Online on 17 December 2014.

It was also reported on 22 December 2014 by the Glass global Group that on 19 December 2014, Brazil's Foreign Trade Chamber (Camex), the Federal Government's policy-making body for the sector, decided to levy definitive anti-dumping duties on float glass imports from six countries, including Saudi Arabia, UAE and Egypt. The publication was made by the Brazilian Official Gazette. The glass types concerned by the ruling were clear float glass from 2mm to 19mm thick from the six countries concerned. The subject products' classification number under the Mercosur Common Nomenclature (NCM) is 7005.29.00

The global flat glass market is forecasted to grow at a 7.3 percent compound annual growth rate through to 2019. North America and Europe are expected to experience large improvements in the flat glass industry during the next several years, and developing markets are expected to continue to experience fast gains, according to the report, "Global Flat Glass Market 2015-2019."

Further, according to the "Global Flat Glass Market 2015-2019" Report that was published by ReportsnReports.com on February 9, 2015 it is stated that "The Asia/Pacific region holds by far the largest regional market for flat glass, accounting for 54 percent of worldwide demand in value terms in 2013. The region is expected to also post the fastest gains through 2018, benefiting from the presence of five of the six fastest growing national markets for flat glass worldwide in China, India,

Indonesia, Thailand, and Vietnam.”

From the above it is thus evident that the global flat glass market is set to grow and that as a result of India and Brazil imposing dumping duties, on amongst other Saudi Arabia and the Emirates, Saudi Arabia and the Emirates increased exports to SACU (as depicted in 2018) to ensure that they can continue to capitalize on the economies of scale, which will cause even further material injury to the SACU industry.

There was a sharp increase in imports from 2017 to 2018 of all four sizes of the subject product to this investigation. This is clearly indicative that a much bigger threat of further material injury exists with regard to the imports from Saudi Arabia and the UAE.

Significant price decreases have been introduced in the latter half of 2017 and early in January and February of 2018 to regain lost volumes which reduces the sales volume reduction that would have been experienced had no action been taken.

## **6.8 SUMMARY ON THREAT OF MATERIAL INJURY**

The Commission took into account that the Applicant indicated that even though the 3mm, 4mm, 5mm and 6mm size products are classifiable separately, it should not be viewed and assessed in isolation within the context of a dumping application due to the nature of clear float glass manufacturing as well as the interrelated and interdependent nature of the four sizes that are manufactured on the same production line by it. The Commission is of the view that a real threat therefore exists of the continuation of material injury and closure of the plant, if the dumped imports with regard to the 3mm, 4mm, 5mm and 6mm sizes are not addressed as a whole.

The Commission therefore made a preliminary determination that a threat of material injury to the SACU industry exists.

## 7. CAUSAL LINK

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### 7.1 GENERAL

In order for the Commission to impose provisional measures, 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 product.

### 7.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase of volume of the subject imports from Saudi Arabia and the UAE 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>Percentage market share held by:</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>HS 7005.29.17 (3 mm)</b>			
Applicant	100	103	94
Total Alleged dumped imports	100	87	132
Total Market	100	100	100
<b>Percentage market share held by:</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>HS 7005.29.23 (4 mm)</b>			
Applicant	100	81	103
Total Alleged dumped imports	100	38	106
Total Market	100	100	100
<b>Percentage market share held by:</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>HS 7005.29.25 (5 mm)</b>			
Applicant	100	86	77
Total Alleged dumped imports	100	62	274
Total Market	100	100	100

Percentage market share held by:	2016	2017	2018
HS 7005.29.35 (6 mm)			
Applicant	100	131	122
Total Alleged dumped imports	100	54	94
Total Market	100	100	100

*Information was indexed due to confidentiality using 2016 as the base year*

The following table shows the volume of imports:

**Table 7.2.2: Import volumes**

HS 7005.29.17 (3 mm)						
Import Volume (sqm)	Volumes	%	Volumes	%	Volumes	%
	2016	2016	2017	2017	2018	2018
Alleged dumped imports	1 747 046	92%	1 451 419	91%	2 242 287	95%
Other imports	151 848	8%	139 303	9%	120 219	5%
Total	1 898 893	100%	1 590 722	100%	2 362 506	100%

HS 7005.29.23 (4 mm)						
Import Volume (sqm)	Volumes	%	Volumes	%	Volumes	%
	2016	2016	2017	2017	2018	2018
Alleged dumped imports	1 083 027	71%	542 199	20%	965 563	79%
Other imports	441 394	29%	2 150 116	80%	250 469	21%
Total	1 524 421	100%	2 692 315	100%	1 216 032	100%

HS 7005.29.25 (5 mm)						
Import Volume (sqm)	Volumes	%	Volumes	%	Volumes	%
	2016	2016	2017	2017	2018	2018
Alleged dumped imports	99 474	80%	64 434	28%	337 884	95%
Other imports	24 382	20%	166 593	72%	17 416	5%
Total	123 856	100%	231 027	100%	355 300	100%

HS 7005.29.35 (6 mm)						
Import Volume (sqm)	Volumes	%	Volumes	%	Volumes	%
	2016	2016	2017	2017	2018	2018
Alleged dumped imports	92 599	36%	45 175	35%	84 522	49%
Other imports	164 510	64%	83 770	65%	87 770	51%
Total	257 108	100%	128 946	100%	172 292	100%

### 7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects of the Applicant:

<b>HS 7005.29.17 (3 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU (Price depression)	100	109	101
Cost of production % selling price( suppression)	100	96	105
Price Undercutting	positive	positive	positive
<b>HS 7005.29.23 (4 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU (Price depression)	100	110	104
Cost of production % selling price( suppression)	100	96	105
Price Undercutting	positive	positive	positive
<b>HS 7005.29.25 (5 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU (Price depression)	100	109	106
Cost of production % selling price( suppression)	100	96	104
Price Undercutting	negative	negative	positive
<b>HS 7005.29.35 (6 mm)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Ex-factory selling price in SACU (Price depression)	100	107	103
Cost of production % selling price( suppression)	100	96	104
Price Undercutting	positive	positive	positive

*Information was indexed due to confidentiality using 2016 as the base year*

### 7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

<b>Material Injury Indicator</b>	<b>Analysis (2016– 2018)</b>
Price suppression	Yes for three products except 5mm
Price depression	None
Sales volume	Decrease on all products except 6mm
Market share	Decreased for 3mm, 4mm and 5mm and increased for 6mm
Profit	Decreased for 3mm and 4mm and increased for 5mm and 6mm.
Production	Decreased for all products except 6mm
Productivity	Decrease
Return on Investment (%)	Decrease
Utilisation of production capacity	Decrease
Cash flow	Decreased on all products except 6mm
Inventory levels	Increase in 3mm and decreased on all other products
Growth	Decreased on all products except 6mm

## **7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY**

### **7.5.1 Examination of causality under Article 3.5**

The Applicant provided the following information:

<b>Changes in the patterns of consumptions</b>	The Applicant stated that the total market share of the 3mm, 4mm and 6mm size product shows a decreasing trend over the period 2016 to 2018, while the 5mm size product showed an increase from 2016 to 2018.
<b>Trade-restrictive practices of foreign and domestic producers</b>	There are no trade restrictive practices in place except for normal customs duties on imports.
<b>Developments in technology</b>	The Applicant stated that there are no known recent developments in technology that would place it at a disadvantage.
<b>Export performance of the domestic industry</b>	The Applicant is primarily focusing on supplying the domestic market, but does have limited exports to African countries outside the SACU.
<b>Productivity of the domestic industry</b>	The Applicant believes that its productivity is comparing favourably with its competitors.

The Applicant stated that the exchange rate does have impact with fluctuations in the currency, more severely impacting the Applicant selling prices than production costs.

## **7.6 SUMMARY ON CAUSAL LINK**

The Commission made a preliminary determination that the subject product originating in or imported from Saudi Arabia and the UAE is being dumped in the SACU market, causing material injury and a threat of material injury to the SACU industry.

## **8. SUMMARY OF FINDINGS**

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### **8.1 Dumping**

The Commission made a preliminary determination that dumping of the subject product originating in Saudi Arabia and the UAE is taking place and decided to calculate a weighted average dumping margin on all 4 sizes of the subject product. A weighted average dumping margin of 38.1% was calculated for the United Arab Emirates and 23.9% for Saudi Arabia.

### **8.2 Material Injury**

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

- Price Suppression;
- Decline in Sales volume;
- Decline in Market share;
- Decline in Return on Investment;
- Declining productivity;
- Decline in incoming cash flow;
- Decline in growth; and
- Declining utilisation of production capacity.

### **8.3 Causal link**

The Commission made a preliminary determination that the subject product originating in or imported from Saudi Arabia and the UAE is being dumped in the SACU market, causing material injury and a threat of material injury to the SACU industry.

## **9. PROVISIONAL PAYMENTS**

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The Commission found that all requirements for the imposition of a provisional payment have been fulfilled.

The ADR in section 17 provides that the Commission shall consider applying the lesser duty rule if both the corresponding importer and exporter have cooperated fully.

### **9.1 Price disadvantage**

The price disadvantage is the extent to which the price of the imported product (landed cost) is lower than the unsuppressed and un-depressed ex-factory selling of the SACU product. It is the Commission's practice that the price disadvantage is only applied when both the exporter and the importer responded in the investigation.

The price disadvantage was calculated based on the landed cost submitted by the Applicant with regard to Saudi Arabia and for the UAE based on the cooperating importer, namely McCoys, and the Applicant's unsuppressed ex-factory selling price for both countries.

### **9.2 Amount of duty**

The Commission always considers the lesser duty rule but only applies it in instances where both the exporter and importer responded fully. Since the Commission decided not to take the information submitted by Guardian Africa (importer), Guardian Zoujaj (exporter) and Saudi Guardian (exporter) into account for purposes of the preliminary determination, the Commission decided not to apply the lesser duty rule.



The Commission decided to calculate a weighted average dumping margin on all 4 sizes of the subject product. A weighted average dumping margin of 38.1% was calculated for the United Arab Emirates and 23.9% for Saudi Arabia.

## 10. PRELIMINARY DETERMINATION

The Commission made a preliminary determination that the subject product originating in or imported from Saudi Arabia and the UAE is being dumped onto the SACU market causing material injury and threat of material injury to the SACU industry.

The Commission therefore decided to request the Commissioner for SARS to impose the following provisional measures on imports of the subject product for a period of 6 months:

Tariff heading	Tariff subheading	Description	Statistical unit	Provisional Payment	
				Saudi Arabia	UAE
<b>70.05</b>		<b>Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:</b>			
<b>7005.29</b>		<b>Other:</b>			
	7005.29.17	Of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%
	7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	m <sup>2</sup>	23.9%	38.1%