

Report No. 464

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

The International Trade Administration Commission of South Africa herewith presents its
**Report No. 464: INVESTIGATION INTO THE ALLEGED DUMPING OF COATED PAPER
ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC)
AND THE REPUBLIC OF KOREA: FINAL DETERMINATION**



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03/02/2014

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION INTO THE ALLEGED DUMPING OF COATED PAPER ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC) AND THE REPUBLIC OF KOREA: FINAL DETERMINATION

SYNOPSIS

The application was lodged by Sappi Southern Africa (Proprietary Limited), on behalf of the SACU industry.

On 25 January 2013, the Commission initiated an investigation into the alleged dumping of coated paper originating in or imported from the People's Republic of China (PRC) and the Republic of Korea through Notice No. 32 of *Government Gazette* No. 36082.

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 to the SACU industry.

On initiation of the investigation, the known producers/exporters of the subject product in the PRC and the Republic of Korea were sent foreign manufacturers/exporters questionnaires to complete. Importers of the subject product were also sent questionnaires to complete.

After considering all interested parties' comments, the Commission made a preliminary determination that the subject product originating in or imported from the Republic of Korea (excluding that manufactured by Hansol Paper and Artone Paper) and the PRC is being dumped onto the SACU market causing material injury and a threat of material injury to the SACU industry.

The Commission therefore requested the Commissioner for South African Revenue

Service (SARS) to impose the following provisional measures on imports of the subject product for a period of 24 weeks:

Tariff subheading	Product	Provisional Payment	Imported from or Originating
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m ² or more but not exceeding 400g/m ² (including that manufactured by Moorim Paper, Moorim SP and Moorim P&P but excluding that manufactured by Hansol Paper and Artone Paper)	17.25 %	The Republic of Korea
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not	4.14 %	China

	containing fibers obtained by a mechanical or chemical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m ² or more but not exceeding 400g/m ²		
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The Commission's preliminary determination was published on 27 September 2013.

After considering all the comments submitted by interested parties on the preliminary determination and the Commission's essential facts letters, the Commission made a final determination that the subject product was not being dumped on the SACU market, and although the SACU industry was experiencing material injury, this could not be causally linked to dumping, as dumping was not taking place.

All 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.

It is noted that Article 5.10 of the WTO Anti-dumping Agreement requires that anti-dumping investigations shall, except in special circumstances, be concluded within one year and in no case more than 18 months, after their initiation. However, due to the voluminous number of comments received from both domestic and foreign industry, the Commission could not conclude this investigation within a year.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is 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 Sappi Southern Africa (Proprietary) Limited, on behalf of the SACU industry.

1.3 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with ADR 21 on 9 October 2012.

1.4 ALLEGATIONS BY THE APPLICANT

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

The Applicant further alleged that as a result of the dumping of the subject product from the PRC and the Republic of Korea, the SACU industry is suffering material injury in the form of:

- (a) Price undercutting;
- (b) Price suppression;
- (c) Decline in sales volume;
- (d) Decline in revenue (sales value);
- (e) Actual and potential decline in output;
- (f) Decline in market share;

- (g) Decline in return on investments;
- (h) Decline in employment; and
- (i) Decline in cash flow

1.5 INVESTIGATION PROCESS

The application was submitted by the Applicant on 11 May 2012. The information submitted was verified on 7 August 2012. The verification report was sent to the Applicant on 8 August 2012. The information requested during verification was submitted on 14 August 2012.

The Commission initiated an investigation into the alleged dumping of coated paper originating in or imported from the PRC and the Republic of Korea pursuant to Notice No. 32 which was published in Government Gazette No. 36082 on 25 January 2013.

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

The investigation period for dumping was 1 April 2011 to 31 March 2012. The injury investigation involved evaluation of data for the period 1 October 2007 to 31 March 2013. The investigation also involved evaluation of injury data for the period 01 April 2012 to 31 March 2013.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry consists of one manufacturer of the subject product, Sappi Southern Africa (Proprietary) Limited, that provided the material injury

information in this report.

1.7.2 Foreign Manufacturers/Exporters

Eight exporters responded to the exporter's questionnaire, namely Hansol Paper Co., Ltd, Artone Paper, Moorim SP, Moorim P&P, Moorim Paper, Gold East Paper, Gold Huasheng Paper and Shandong Chemning Paper Holdings Limited.

The following foreign manufacturer's/exporter's responses were regarded to be deficient for purposes of the Commission's final determination:

(a) **Shandong Chemning Paper Holdings Limited**

Shandong Chenming Paper did not respond to the deficiency letter within the stipulated time frames.

The Commission made a determination not to take the information submitted by Shandong Chenming Paper into account for purposes of the final determination.

Information submitted by Moorim SP, Moorim P&P and Moorim Paper (Moorim) was not taken into account for purposes of the preliminary determination as they did not address their deficiencies within the stipulated time frames. Although it was indicated to Moorim that its information may not be taken into account by the Commission for purposes of its preliminary determination due to the deficiencies, it was decided to verify the information as part of the verification process in the Republic of Korea in order to save costs. The deficiencies were addressed during the verification and the information submitted by Moorim was then accepted as being properly documented.

The Commission made a determination to take the information submitted by Moorim into account for purposes of the final determination.

Gold East Paper, Gold Huasheng Paper and Gold East Trading's information was not verifiable for the purpose of the preliminary determination.

Verification of these manufacturer/exporters' information was done from 2 to 10 September 2013. The Commission made a determination to take the information submitted by Gold East Paper, Gold Huasheng Paper and Gold East Trading Paper into account for purposes of the final determination.

1.7.3 Importers

Three importers responded to the importers' questionnaire, namely Nor Paper, Antalis and Mondi PaperLink.

Antalis and Nor Paper's responses were considered to be properly documented. Their information was verified on 16 and 22 May 2013 respectively. Mondi PaperLink did not import the subject product during the period of investigation. As such it was deemed not to be an interested party. However it indicated that it is awaiting SARS's tariff determination with regard to the imported product.

The Commission made a determination not to take the information submitted by Mondi PaperLink into account for purposes of the final determination.

1.8 COMMENTS

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

Hansol and Artone Paper's comments:

Hansol and Artone indicated that "the investigation was initiated on the 25th of January 2013 and the period is from April 2011 to March 2012. The information is thus 10 months old at the time of initiation. Anti-dumping Regulation 1 provides that the investigation period for dumping shall normally be a period ending not more than 6 months prior to the initiation of the

investigation”.

As correctly pointed out by Hansol and Artone, the Anti-Dumping Regulations provide that the period of investigation for dumping shall normally be a period ending not more than 6 months before the initiation of the investigation. This is therefore clearly an issue where the Commission has discretion and has chosen to use this discretion.

The initial application was for both anti-dumping action and countervailing action with regard to People's Republic of China. Therefore, in accordance with domestic legislation and international law, the Commission went through a process of consultations with the Government of the People's Republic of China, which resulted in the countervailing application being withdrawn. This caused a delay in the initiation of the anti-dumping investigation.

The Applicant was however requested to update its material injury information in order for the Commission to consider the state of the industry in the period subsequent to the period of investigation. There is therefore no change in the injury period of investigation.

1.9 PRELIMINARY DETERMINATION

On 13 August 2013 the Commission made a preliminary determination that:

- the subject product originating in or imported from the Republic of Korea and manufactured by Hansol Paper and Artone Paper was not being dumped onto the SACU market;
- the subject product originating in or imported from the Republic of Korea and manufactured by other non-cooperating manufacturers was being dumped onto the SACU market;
- the subject product originating in or imported from the PRC was being dumped onto the SACU market;
- the SACU industry experienced material injury during the POI;

- the subsequent information on material injury showed that the SACU industry was still experiencing material injury;
- there was sufficient information to indicate that a threat of material injury exists; and
- there was a causal link between the alleged dumping of the subject product and the material injury and threat of material injury experienced by the SACU industry.

The Commission made a preliminary determination to request the Commissioner of SARS to impose the following provisional measures for a period of 24 weeks:

Tariff subheading	Product	Provisional Payment	Imported from or Originating
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m ² or more but not exceeding 400g/m ² (including that manufactured by Moorim Paper, Moorim SP and Moorim P&P but excluding that manufactured by	17.25 %	The Republic of Korea

48.10	<p>Hansol Paper and Artone Paper)</p> <p>Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m² or more but not exceeding 400g/m²</p>	4.14 %	China
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The Commission's preliminary determination was published on 27 September 2013.

1.10 FINAL DETERMINATION

After considering all the comments submitted by interested parties within the specified time periods, the Commission made a final determination that the subject product was not being dumped on the SACU market, and although the SACU industry was experiencing material injury, this could not be causally linked to dumping, as dumping was not taking place.

Comments by the Applicant on the essential facts:

The Applicant stated the following: "We want to express our disappointment

that the Commission is now considering making a final determination that the subject product is not being dumped by the PRC and Korea, despite the Commission imposing preliminary duties as a result of the initial investigation.”

The information by Moorim SP, Moorim P&P and Moorim Paper in the Republic of Korea and Gold East Paper and Gold Huasheng Paper in the PRC was not taken into consideration by the Commission for purposes of the preliminary determination. The Commission’s preliminary determination was therefore, to a large extent, based on facts available. For purposes of the final determination, the Commission however took information submitted by the above-mentioned companies into account, in accordance with the Anti-Dumping Regulations. It is therefore to be expected that there would be a difference between the Commission’s preliminary determination and its final determination.

The Commission made a final determination to recommend to the Minister of Trade and Industry that the investigation be terminated.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The imported product in the investigation is paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m² or more but not exceeding 400g/m², classifiable under tariff subheading 4810.19.90 ("Coated Paper").

It should be noted that the products under tariff heading 48.10 attract no customs duty. The Applicant indicated that if the anti-dumping duty is imposed on tariff sub-heading 4810.19.90, there is a risk of goods being classifiable incorrectly to avoid the payment of the anti-dumping duty. The Applicant therefore indicated that in order to prevent possible circumvention of any anti-dumping duties imposed by the Commission, it requests the Commission in the application to extend the application of such duties to any imports of the subject product cleared under tariff heading 48.10.

This matter was raised with SARS, which indicated that it would be advisable to impose duties, if any, on tariff heading 48.10.

Nor Paper's comments:

Nor Paper indicated that the Applicant alleges the coated paper which falls under tariff subheading 4810.19.90 could be cleared under tariff subheading 4810.29.90 because the latter tariff subheading "meets the general product description". The Applicant then uses this as the reason to request ITAC to impose duties on the whole of tariff heading 48.10. It indicated that this is an irrational extension of the ambit of the investigation. The "general product description of coated paper is different from the "general product description of product classifiable under tariff subheading 4810.29.90 which the Applicant refers to as the "Coated Mechanical Paper".

Applicant's response:

The Applicant indicated that "they would like to bring to the attention of Nor Paper that the Applicant submitted application to cover both of these codes. ITAC, however has only gazetted the one code i.e the subject product coated paper classifiable under tariff subheading 4810.19.90. However due to the complexity of the product under investigation as well as the inability of SARS to distinguish between coated paper classified under tariff subheading 4810.19.90 and 4810.29.90 it is evident that the product which is the subject of this investigation is imported under both tariff headings.

It further stated that "Nor Paper cannot make the assertion that imports under tariff subheading 4810.29.90 fall outside the scope of the investigation without taking cognisance of the product description as well as the definition of the like product".

The Application was submitted in respect of coated paper classifiable under tariff heading 4810.19.90. If duties are imposed on this tariff line, there is a risk of goods being classifiable incorrectly to avoid the payment of the anti-dumping duty. To prevent this circumvention, the Commission in consultation with SARS, decided on initiation that duties, if any, would

be imposed on Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m² or more but not exceeding 400g/m² imported under tariff heading 48.10.

2.1.2 Country of origin/export

The subject product is exported from the PRC and the Republic of Korea.

2.1.3 Possible tariff loopholes

The Applicant indicated that if the anti-dumping duty is imposed on tariff sub-heading 4810.19.90, there is a risk of goods being classifiable incorrectly to avoid the payment of the anti-dumping duty. The Applicant therefore indicated that in order to prevent possible circumvention of any anti-dumping duties imposed by the Commission, it requests the Commission in the application to extend the application of such duties to any imports of the subject product cleared under tariff heading 48.10.

This matter was raised with SARS, which indicated that it would be advisable to impose duties, if any, on tariff heading 48.10.

2.1.4 Tariff classification

The subject product is currently classifiable as follows:

Table 2.1.4: Tariff classification

Heading	Tariff subheading	Description	Statistical Unit	Rate of customs duty			
				General	EU	EFTA	SADC
48.10		Paper and paperboard, coated on one or both sides with kaolin (china clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size:					
	4810.1	Paper and paperboard of a kind used for writing, printing or other graphic purposes, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres:					
	4810.19	Other:					
	481019.90	Other:	Kg	free	free	free	free
	4810.2	Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10 per cent by mass of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process:					
	4810.29	Other					
	481029.90	Other	Kg	free	free	free	Free

2.1.5 Negligibility test

The volume of dumped imports shall be considered negligible if it accounts for less than 3 % of total imports of the subject product during the period of investigation for dumping. The following table shows the alleged dumped imports as a percentage of the total imports:

Table 2.1.5: Import volumes

	Import volumes 1 April 2011 to 31 March 2012 – tons	Volume as a percentage of total import volume
Imports: The PRC	9 296 402	16 %
Imports: Republic of Korea	32 967 220	55 %
Others	17 204 839	29 %
Total imports	59 468 461	100 %

The Commission made a final determination that the imports from both the Republic of Korea and the PRC are above the negligibility level.

2.2 SACU PRODUCT

The product covered by this investigation includes paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size of a kind used for writing, printing or other graphic purposes not containing fibers obtained by a mechanical or chemi-mechanical process or of which not more than 10 per cent by mass of the total fibre content consist of such fibres, with a mass of 70 g/m² or more but not exceeding 400g/m², classifiable under tariff subheading 4810.19.90 ("Coated Paper"). This is the weight range manufactured by the Applicant and reflects the material injury suffered by it.

2.3 LIKE PRODUCTS ANALYSIS

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

Table 2.3 Like product determination

	Imported product	SACU product
Raw materials	<p>Pulp</p> <p>A quantity of additives (mainly natural mineral fillers) and dyestuffs are used together with traces of auxiliary chemicals to complete the coated paper manufacturing input. A further important input is water, which is used in large quantities during the papermaking process but it is then recovered and reused, or returned to the watercourse from which it is extracted.</p>	<p>Pulp</p> <p>A quantity of additives (mainly natural mineral fillers) and dyestuffs are used together with traces of auxiliary chemicals to complete the coated paper manufacturing input. A further important input is water, which is used in large quantities during the papermaking process but it is then recovered and reused, or returned to the watercourse from which it is extracted.</p>
Physical appearance	<p>High whiteness with a smooth surface available either in gloss, matt or silk finishes and grammages ranging from 70 grams per square meter to 400 grams per square meter suitable for half tone printing.</p>	<p>High whiteness with a smooth surface available either in gloss, matt or silk finishes and grammages ranging from 70 grams per square meter to 400 grams per square meter suitable for half tone printing.</p>
Tariff classification	4810.19.90	4810.19.90
Production process	<p>Production process used in producing the subject product is:</p> <ul style="list-style-type: none"> - Mixing of wood pulp cellulose fibre into a water based slurry - Transferral of slurry onto a screen (fibre felt) at various speeds and pressures to attain certain paper properties - Drainage (gravitational or vacuum) of water from screen - Pressing of paper to further reduce water content through a session of press rollers - Steam drying of paper through steam heated cylinder arranged in sections - Application of fillers such as clay or calcium carbonate - Application of coating - Calendering of paper to ensure required properties of smoothness and gloss levels - Re-reeling or sheeting of 	<p>Production process used in producing the subject product is:</p> <ul style="list-style-type: none"> - Mixing of wood pulp cellulose fibre into a water based slurry - Transferral of slurry onto a screen (fibre felt) at various speeds and pressures to attain certain paper properties - Drainage (gravitational or vacuum) of water from screen - Pressing of paper to further reduce water content through a session of press rollers - Steam drying of paper through steam heated cylinder arranged in sections - Application of fillers such as clay or calcium carbonate - Application of coating - Calendering of paper to ensure required properties of smoothness and gloss levels - Re-reeling or sheeting of

	<p>paper</p> <ul style="list-style-type: none"> - Wrapping of final product 	<p>paper</p> <ul style="list-style-type: none"> - Wrapping of final product
Application or end use	<p>Coated paper is high quality paper and paperboard generally used for the printing of reading material such as magazines, catalogues, annual reports and yearbooks. The product concerned includes both sheets and rolls suitable for use in sheet-fed ('cut star') printing machines. Rolls suitable for use in sheet-fed presses ('cutter rolls') are designed to be cut into pieces before printing, and are thus considered to be substitutable and directly competitive with sheets. The printing and production of magazines, high end glossy books, brochures, newspaper advertising inserts, annual reports, advertising flyers, etc.</p>	<p>Coated paper is high quality paper and paperboard generally used for the printing of reading material such as magazines, catalogues, annual reports and yearbooks. The product concerned includes both sheets and rolls suitable for use in sheet-fed ('cut star') printing machines. Rolls suitable for use in sheet-fed presses ('cutter rolls') are designed to be cut into pieces before printing, and are thus considered to be substitutable and directly competitive with sheets. The printing and production of magazines, high end glossy books, brochures, newspaper advertising inserts, annual reports, advertising flyers, etc.</p>
Substitutability	<p>The imported product and the SACU product are direct substitutes.</p>	<p>The imported product and the SACU product are direct substitutes.</p>

After considering all the above factors, the Commission made a final 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. INDUSTRY STANDING

3.1 SACU INDUSTRY

The application was lodged by Sappi Southern Africa (Proprietary) Limited on behalf of SACU manufacturers and represents 100 per cent of the total SACU production.

The Commission decided that the application can be regarded as being made “by or on behalf of the domestic industry”.

4. DUMPING

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 f.o.b. export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of the ADR and no anti-dumping duty will be imposed.

In order for a manufacturer/exporter's domestic sales to be used for normal value calculation, a 5% threshold test is performed to determine whether the domestic sales constitute 5% or more of the volume of exports of the subject product sold to SACU.

The Commission made a final determination that the sales made below costs should be excluded from the calculation of the weighted average normal value, if such sales are more than 20 per cent in volume of the total sales.

Export price is defined in section 32(2)(a) of the ITA Act as the price actually paid or payable for goods sold for export, net of all taxes, discounts and rebates actually granted and directly related to the sale under consideration.

To enable a proper comparison with the normal value, the export price should be at the ex-factory level and at the same level of trade.

4.1 METHODOLOGY IN THIS INVESTIGATION FOR HANSOL PAPER Co., LTD IN THE REPUBLIC OF KOREA

4.1.1 Normal Value

Hansol Paper Co., Ltd produces coated paper and sells it on the domestic market in the Republic of Korea during the period of investigation. Hansol sells coated paper of 80 to 300 GSM in the Republic of Korea market. The actual invoiced sales were used to calculate the normal value.

Hansol sells the subject product to end-users and wholesalers. During verification it was found that there was no significant price difference in the price charged to end-users and wholesalers for the same volume of products.

Hansol also sells the subject product through the following channels: related to unrelated, Hansol's related customers sell further to unrelated customers. In calculating the normal value, at first the sales to related parties were evaluated. It was found that there is no significant difference in the price charged to related customers and that charged to unrelated customers. It follows then that sales to related customers and those to unrelated customers were combined in calculating the normal value.

It was found that there were models of the subject product that were sold to the SACU market but not sold in the domestic market and others constituted less than 5% of export sales to SACU. In such cases wherein some models were not sold in the domestic market but exported to SACU and did not pass the 5% threshold test, the normal value was constructed based on the verified cost build up and applying the profit obtained from the sale of that model.

Adjustments to the normal value

The following adjustment to the normal value was claimed by Hansol Paper and was allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport cost

An adjustment was made for the delivery charges included in the invoice amount. The adjustment for delivery charges was made on a transaction to transaction basis.

The Commission made a final determination to allow the transport costs adjustment.

The following adjustment to the normal value was claimed by Hansol Paper and was not allowed by the Commission:

(i) Payment terms

An adjustment for cost of payment terms on domestic sales was claimed. The company used the actual interest rate charged by banks for short-term loans in domestic currency.

The payment days used by Hansol to calculate the cost of payment terms were not displayed on the invoices. Since Hansol's domestic sales are made on an open-account basis, they stated that it is not possible to calculate the actual number of days between the shipment and the payment of an individual transaction; hence it used the account receivable turnover method to determine the average payment terms for domestic sales.

It is the Commission's practice to consider adjustments to the normal value only if the adjustments affected price comparability at the time of setting prices. In this instance, payment terms would therefore have been indicated on the invoice, thereby indicating that the exporter was aware of the effect thereof on the setting of the selling price.

The adjustment was therefore not allowed in the calculation of normal value as it was not demonstrated that it affected price comparability at the time of setting the prices.

4.1.2 Export price

The Commission used the actual export sales to SACU during the POI to calculate the export price. A weighted average export price was calculated for each of the following different models of coated paper exported to SACU during the POI: 80, 85, 90, 95, 100, 105, 113, 128, 148, 170, 200, 250 and 300 gsm.

Adjustments to the export price

The Commission made the following adjustments to the export prices for purposes of calculating the ex-factory export prices:

(i) Freight costs

Transport costs were calculated on a transaction by transaction basis using the actual charges paid for each transaction and allocating the charges according to the weight of each transaction.

(ii) Insurance

For transactions which delivery terms are CIF, Hansol pays marine insurance.

The following additional adjustments were claimed by the exporter and verified but were not allowed by the Commission:

(i) Payment terms

An adjustment for cost of payment terms on export sales was claimed. Payment for SACU exports sales consists of Document against Acceptance (D/A) and Letter of Credit (L/C). The payment terms were set on transaction-by-transaction basis as a result of negotiations with each customer. The company used the actual interest rate which it paid on short-term loans in foreign currency.

The payment days used for Hansol's cost of payment calculation were not displayed on the invoices. The adjustment was therefore not allowed by the Commission as it was not demonstrated that it affected price comparability at the time of setting the prices.

(ii) Commission paid to importer in SACU

Hansol has an agreement that commission will be payable for sales of the subject product made.

The adjustment was not allowed by the Commission as it was not known at

the time of setting the price what volumes would be imported and therefore it was not demonstrated that the commission paid to the importer affected price comparability at the time of setting the price.

(iii) Rebate paid

Rebate is paid to an importer depending on the volumes purchased from Hansol Paper. The adjustment was not allowed by the Commission as at the time of setting the price Hansol did not know what volume the importer would purchase during that period.

(iv) Bank Charges

Bank charges consisted of postage fee paid to the Bank of Korea to cover the cost of sending the shipping documents to the corresponding SACU bank and exchange commission which is based on the actual amount charged by the bank in connection to the payment. The adjustment for bank charges was not allowed by the Commission as it was not demonstrated that Hansol knew what the bank charges would be at the time of setting the price.

(v) Duty drawback

Duty drawbacks were claimed for duties paid on imported raw materials that were used in the production of exported subject products. Duty drawback adjustment was not allowed by the Commission as it was not demonstrated that Hansol knew what volume would be sold in the domestic market and what volume would be sold in the export market and the drawback could therefore not have been taken into account at the time of setting prices.

4.1.3 Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Hansol Paper	-0.03

The Commission made a final determination that the subject product manufactured by Hansol Paper was not exported at dumped prices.

4.2 METHODOLOGY IN THIS INVESTIGATION FOR ARTONE PAPER MFG Co., LTD IN THE REPUBLIC OF KOREA.

4.2.1 Normal Value

Artone Paper produces coated paper and sells it on the domestic market in the Republic of Korea during the period of investigation. Artone sells coated paper of 80 to 300 GSM in the Korean Market. The actual invoiced sales were used to calculate the normal value.

Artone sells the subject product to end-users and wholesalers. During verification it was found that there was no significant price difference in the price charged to end-users and wholesalers for the same volume of products.

Artone also sells the subject product through the following channels: Related to unrelated, Artone's related customers sell further to unrelated customers. In calculating the normal value, at first the sales to related parties were evaluated. It was found that there was no significant difference in the price charged to related customers and that charged to unrelated customers. It follows then that sales to related customers and those to unrelated customers were combined in calculating the normal value.

It was found that there were models of the subject product that were sold to the SACU market but not sold in the domestic market, and others constituted less than 5% of export sales to SACU. In such cases wherein some models did not pass the 5% threshold test, the normal value was constructed based on the cost build up verified and applying the profit obtained from the sale of that model.

Adjustments to the normal value

The following adjustment to the normal value was claimed by Artone Paper and was allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport cost

An adjustment was claimed for the delivery charges included in the invoice amount. The adjustment for delivery charges were made on a transaction to transaction basis.

The Commission made a final determination to allow the transport costs adjustment.

The following adjustment to the normal value was claimed by Artone and was not allowed by the Commission:

(i) Payment terms

Artone's sales are made on an open-account basis i.e. Artone allows domestic customers to maintain a running balance and pay on increments not related to particular sale transactions. Artone stated that it was not possible to calculate the actual number of days between shipment and the payment of an individual transaction. Artone used an account receivable turnover method to determine the average payment terms for domestic sales.

The payment days used by Artone to calculate the cost of payment terms were not displayed on the invoices. The adjustment was not allowed by the Commission as it was not demonstrated that it affected price comparability at the time of setting the prices.

4.2.2 Export price

The Commission used the actual export sales to SACU during the POI to calculate the export price. A weighted average export price was calculated for each of the following different models of coated paper exported to SACU during the POI: 80, 85, 90, 95, 100, 105, 113, 128, 148, 170, 200, 250 and 300 gsm

Adjustments to the export price

The Commission made the following adjustments to the export price for purposes of calculating the ex-factory export prices:

(i) Freight costs

Transport costs were calculated on a transaction by transaction basis using the actual charges paid for each transaction and allocating the charges according to the weight of each transaction.

The following additional adjustments were claimed by the exporter and verified but not allowed by the Commission:

(i) Payment terms

Cost of payment terms on export sales as calculated was claimed. Payment for SACU export sales consisted of Document against Acceptance (D/A) and Letter of Credit (L/C). The payment terms were set on transaction-by-transaction basis as a result of negotiations with each customer. The company used the actual interest rate which it paid on short-term loans in foreign currency.

The payment days used for Artone's cost of payment calculation were not displayed on the invoices. The adjustment was not allowed by the Commission as it was not demonstrated to have affected price comparability at the time of setting the prices.

(ii) Customs clearance brokerage charge

Artone pays brokerage and handling charges to an unrelated customs broker in the Republic of Korea for processing export permits. The customs broker bills separately for each export permit.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the price.

(iii) Bank Charges

Bank charges consisted of postage fee paid to the Bank of Korea to cover the cost of sending the shipping documents to the corresponding SACU bank and exchange commission which is based on the actual amount charged by the bank in connection to the payment. The adjustment for bank charges was not allowed by the Commission as Artone did not know how much it was going to pay on bank charges at the time of setting the price.

(iv) Duty drawback

Duty drawbacks were claimed for duties paid on imported raw materials that were used in the production of exported subject products.

The duty drawback adjustment was not allowed by the Commission as it was not demonstrated that Artone knew what volume would be sold in the domestic market and what volume would be sold in the export market and the drawback could therefore not have been taken into account at the time of setting the price.

4.2.3 Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Artone Paper	0.01

The Commission made a final determination that the subject product manufactured by Artone Paper was not exported at dumped prices.

4.3 METHODOLOGY IN THIS INVESTIGATION FOR MOORIM PAPER IN THE REPUBLIC OF KOREA

4.4.1 Normal value

Moorim Group consists of Moorim Paper, Moorim Pulp & Paper (Moorim P&P) and Moorim SP. In practice, these three entities are a single entity but legally they are separate entities. All three respondents produce and sell the subject product in the domestic and export market. However, during the period of investigation Moorim SP did not export the subject product to the SACU industry, only Moorim Paper and Moorim P&P exported the subject product to the SACU industry.

The actual invoiced sales were used to calculate the normal value.

Adjustments to the normal value

The following adjustments to the normal value were claimed by Moorim Paper and were allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport costs

Inland freight is divided into factory to warehouse, warehouse to customer and storage. The delivery charges are calculated per transaction.

(ii) Payment term cost

An adjustment for cost of payment terms on domestic sales as indicated on the invoice was claimed. The company used the actual interest rate charged by banks for short term loans in the domestic currency.

(iii) Packaging

The packaging for domestic and export market was confirmed to be different. The adjustment was made to the export price to bring the price to ex-factory.

The following additional adjustment was claimed by the Moorim Paper and was not allowed by the Commission:

(i) Warranty expense

Warranty adjustment was made for goods claimed by customers to be defective. These warranty expenses claims were calculated on a transaction specific basis.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices. Moorim did not know the volume that was going to be returned back defective at the time of setting the price.

4.4.2 Export price

Moorim Paper is responsible for its own exports to the SACU. The Commission used the actual export sales to SACU during the POI to calculate the export price.

Adjustments to the export price

The following adjustments were made to the export price to arrive at the ex-factory export price:

(i) Freight costs

Inland delivery costs were calculated depending on the port of loading, as Moorim uses three ports of loading of export sales.

(ii) Payment term cost

An adjustment for cost of payment terms was claimed. The company used the actual interest rate which was charged by banks for short-term loans in foreign currency.

(iii) Packaging

The packaging for domestic and export market was confirmed to be different. The adjustment was made to the export price to bring the price to ex-factory.

The following additional adjustments were claimed by the exporter and verified but were not allowed by the Commission:

(i) Commission paid

Moorim paid commission to an agent for their export sales to SACU during the period of investigation.

The adjustment for commission paid was not allowed as Moorim did not know what amount would be sold in the export market.

(ii) Duty drawback

In order to carry out a fair comparison between the export price and the normal value of the subject product during the period of investigation, the duty drawback amount refunded for raw materials used for export sales was added to the export price.

Duty drawback adjustment was not allowed as Moorim did not know what volume would be sold in the domestic market and what volume would be sold in the export market.

Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Moorim Paper	-0.03

The Commission made a final determination that the subject product manufactured by Moorim Paper was not exported at dumped prices.

4.5 METHODOLOGY IN THIS INVESTIGATION FOR MOORIM P&P IN THE REPUBLIC OF KOREA

4.5.1 Normal value

Moorim P&P produces coated paper and sells it on the domestic market in the Republic of Korea during the period of investigation. The actual invoiced sales were used to calculate the normal value.

Adjustments to the normal value

The following adjustments to the normal value were claimed by Moorim P&P and were allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport costs

Inland freight is divided into factory to warehouse, warehouse to customer and storage. The delivery charges are calculated per transaction.

(ii) Payment term cost

An adjustment for cost of payment terms on domestic sales as indicated on the invoice was claimed. The company used the actual interest rate charged by banks for short term loans in the domestic currency.

(iii) Packaging

The packaging for domestic and export market was confirmed to be different. The adjustment was made to the export price to bring the price to ex-factory.

The following additional adjustment was claimed by the exporter and was not allowed by the Commission:

(i) Warranty expense

Warranty adjustment is for goods claimed by customers to be defective. These warranty expenses claims were calculated on a transaction specific basis.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices. Moorim did not know the volume that was going to be returned back defective at the time of setting the price.

4.5.2 Export price

Moorim is responsible for its own exports to the SACU. The Commission used the actual export sales to SACU during the POI to calculate the export price.

Adjustments to the export price

The following adjustments were made to the export price to arrive at the ex-factory export price:

(i) Freight costs

Inland delivery costs were calculated depending on the port of loading, as Moorim uses three ports of loading of export sales.

(ii) Payment term cost

An adjustment for cost of payment was claimed. The company used the actual interest rate which was charged by banks for short-term loans in foreign currency.

(iii) Packaging

The packaging for domestic and export market was confirmed to be different. The adjustment was made to the export price to bring the price to ex-factory.

The following additional adjustments were claimed by the exporter and verified but were not allowed by the Commission:

(i) Commission paid

Moorim paid commission to an agent for their export sales to SACU during the period of investigation.

The adjustment for commission paid was not allowed as Moorim did not know what amount would be sold in the export market.

(ii) Duty drawback

In order to carry out a fair comparison between the export price and the normal value of the subject product during the period of investigation, the duty drawback amount refunded for raw materials used for export sales was added to the export price.

Duty drawback adjustment was not allowed as Moorim did not know what volume would be sold in the domestic market and what volume would be sold in the export market.

Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Moorim P&P	-0.06

The Commission made a final determination that the subject product manufactured by Moorim P&P was not exported at dumped prices.

4.6 METHODOLOGY IN THIS INVESTIGATION FOR GOLD EAST PAPER IN THE PRC

4.6.1 Normal value

Gold East Paper's actual invoiced sales were used to calculate the normal value. Gold East sells the subject product to the affiliated companies and end-users. The affiliated companies sell the subject product to end-users.

Adjustments to the normal value

The following adjustment to the normal value was claimed by Gold East Paper and was allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport costs

Delivery charges were calculated based on the volume of the transaction. GE uses a number of transporters for delivering goods to the branches and to end-users.

The following additional adjustments were claimed by the exporter and verified but not allowed by the Commission:

(i) Cost of payment term

An adjustment for cost of payments was claimed. The actual interest rate was used for calculating the cost of payment terms.

The payment days used by Gold East Paper to calculate the cost of payment terms were not displayed on the invoices. The adjustment was not allowed as it did not affect price comparability at the time of setting the prices.

(ii) Rebate

Rebate is given to customers based on the volumes purchased i.e. the current month's invoice will show a rebate given for the previous month's purchase.

The rebate adjustment was not allowed as Gold East Paper did not know at the time of setting the price the amount of rebate that would be claimed during the period.

4.6.2 Export price

Export sales for Gold East Paper are made through Gold East Trading, an affiliated company. Gold East Trading is an affiliated company of Gold East Paper Co., Ltd, and operates as an export arm for Gold East Paper and other affiliated companies.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price to arrive at the ex-factory export price:

(i) Freight costs

Ocean freight was allocated based on the invoice quantity. Goods are shipped directly to SACU from the mills and not through Gold East Trading. Ocean freight charges are calculated based on the volume of the transaction.

(ii) Payment term cost

An adjustment for cost of payment terms was claimed. The terms of payment were displayed on invoices.

(iii) Marine insurance

Marine insurance was paid for transactions which were on FOB basis.

The following additional adjustments were claimed by the exporter and verified but were not allowed by the Commission:

(i) Rebate

Rebate is given to customers based on the volumes purchased i.e. the current month's invoice will show a rebate given for the previous month's purchase.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices. The rebate is calculated after the transaction has already been concluded, not at the time of setting the price.

(ii) Bank charges

Actual bank charges paid were allocated based on the invoice value. Bank charges were paid by Gold East Trading.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices.

(iii) Brokerage fees

Brokerage fees were paid to a broker for customs declaration, vessel booking and processing fees.

The above adjustment was not considered in the export price calculation as it was not demonstrated to have affected price comparability at the time of setting the prices.

Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Gold East Paper	-6.27

The Commission made a final determination that the subject product manufactured by Gold East Paper was not exported at dumped prices.

4.7 METHODOLOGY IN THIS INVESTIGATION FOR GOLD HUASHENG PAPER IN THE PRC

4.7.1 Normal value

Gold Huasheng Paper's actual invoiced sales were used to calculate the normal value. Gold Huasheng sells the subject product to the affiliated companies and end-users. The affiliated companies sell the subject product to end-users.

Adjustments to the normal value

The following adjustment to the normal value was claimed by Gold Huasheng Paper and was allowed by the Commission as it was shown that there was a difference in costs, which was demonstrated to have affected price comparability at the time of setting the prices:

(i) Transport costs

Delivery charges for GHS were calculated based on the volume of the transaction

The following additional adjustments were claimed by the exporter and verified but not allowed by the Commission:

(i) Cost of payment term

An adjustment for cost of payment terms was claimed. The actual interest was used for calculating the cost of payment terms.

The payment days used by Gold Huasheng Paper to calculate the cost of payment terms were not displayed on the invoices. The adjustment was not allowed as it did not affect price comparability at the time of setting the prices.

(ii) Rebate

Rebate is given to customers based on the volumes purchased i.e. the current month's invoice will show a rebate given for the previous month's purchase.

The rebate adjustment was not allowed as Gold Huasheng Paper did not know at the time of setting the price the volume their customers would purchase during that period.

4.7.2 Export price

Export sales for Gold East Paper are made through Gold East Trading, an affiliated company. Gold East Trading is an affiliated company of Gold East Paper Co., Ltd, and operates as an export arm for Gold East Paper and other affiliated companies.

Adjustments to the export price

The following adjustments, which were verified, were made to the export price to arrive at the ex-factory export price:

(i) Freight costs

Freight (Inland freight and Ocean freight) is allocated based on the invoice quantity. Goods are shipped directly to SACU from the mills and not through Gold East Trading. Ocean freight charges are calculated based on the volume of the transaction.

(ii) Payment term cost

An adjustment for cost of payment terms was claimed. The terms of payment were displayed on invoices.

(iii) Marine insurance

Marine insurance was paid for transactions which were on FOB basis.

The following additional adjustments were claimed by the exporter and verified but were not allowed by the Commission:

(i) Rebate

Rebate is given to customers based on volumes purchased i.e the current month's invoice will show a rebate given for the previous month's purchase.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices. The rebate is calculated after the transaction has already been concluded, not at the time of setting the price.

(ii) Bank charges

Actual bank charges paid were allocated based on the invoice value. Bank charges were paid by Gold East Trading.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices.

(iii) Brokerage fees

Brokerage fees were paid to a broker for customs declaration, vessel booking and processing fees.

The above adjustment was not allowed as it was not demonstrated to have affected price comparability at the time of setting the prices.

Margin of dumping

The following weighted margin of dumping was calculated:

Producer	Weighted Dumping margin %
Gold Huasheng Paper	-2.94

The Commission made a final determination that the subject product manufactured by Gold Huasheng Paper was not exported at dumped prices.

4.6 METHODOLOGY IN THIS INVESTIGATION FOR ALL OTHER MANUFACTURERS/EXPORTERS FROM THE REPUBLIC OF KOREA (RESIDUAL DUMPING MARGIN)

4.6.1 Normal Value

Hansol's normal value was used in the calculation of normal value for non-cooperating manufacturers as it had exported more volumes of the subject product than all other manufacturers and can be regarded as being representative of the total exports from the Republic of Korea.

4.6.2 Export price

For preliminary determination the Commission used SARS statistics to determine the export price.

The total volume of imports according to SARS statistics was found to be less than the investigator's verified volume of imports from exporters in the PRC and the Republic of Korea. This might have been due to by mis-declaration as the products classifiable under tariff heading 48.10 attract no customs duty.

Based on the above, the Commission used Hansol's verified export price as the best information available for the final determination purposes.

4.6.3 Residual dumping margin

The following residual dumping margin was calculated for the Republic of Korea:

Producer	Weighted Dumping margin %
Non-cooperating manufactures/exporters	-0.74

The Commission made a final determination that the subject product manufactured by all other manufacturers/exporters from the Republic of Korea was not exported at dumped prices.

4.4 METHODOLOGY IN THIS INVESTIGATION FOR MANUFACTURERS/EXPORTERS FROM PEOPLE'S REPUBLIC OF CHINA

4.4.1 Normal value

Gold East Paper's normal value was used in the calculation of normal value for non-cooperating manufacturers as had it had sold more volumes of the subject product in the domestic market than all other manufacturers and exported more volumes of the subject product than all other manufacturers. It can be regarded as being representative of all the domestic sales and the total exports from the PRC.

4.4.2 Export price

Gold East Paper's verified ex-factory export price was used in the calculation of the residual dumping margin.

4.4.3 Residual dumping margin

The following residual dumping margin was calculated for the PRC:

Producer	Dumping margin %
Non-cooperating manufactures/exporters	-0.02

The Commission made a final determination that the subject product manufactured by all other manufacturers/exporters from the PRC was not exported at dumped prices.

4.5 SUMMARY – DUMPING

For purpose of its final determination, the Commission, after considering all the comments from interested parties, found that the subject product originating in or imported from the Republic of Korea and the PRC was not being dumped onto the SACU market as the following *de minimis* and negative margins were calculated.

Producer	Weighted Dumping margin %
The Republic of Korea	
Hansol Paper	-0.03
Artone Paper	0.01
Moorim Paper	-0.03
Moorim P&P	-0.06
Residual	-0.74
The People's Republic of China	
Gold East Paper	-6.27
Gold Huasheng Paper	-2.94
Residual	-0.02

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Sappi Southern Africa (Proprietary) Limited constituting 100 per cent of the total domestic production of the subject product.

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

5.2 CUMULATIVE ASSESMENT

There are two countries involved in this investigation. The Commission decided that the effects of the imports from the two countries concerned should be cumulatively assessed.

In terms of the ADR 16.3, the Commission may cumulatively assess the effect of the dumped imports only if it finds that cumulation is appropriate in light of–

- (a) competition between imports from the different countries;
- (b) competition between the imported products and the SACU like products;
- (c) the imports from the countries are not negligible as contemplated in subsection 3; and
- (d) the dumping margin is one percent or more when expressed as a percentage of the export price.

In considering whether cumulation is appropriate with regard to the imports from the PRC and the Republic of Korea the following should be considered:

Table 5.2: Consideration for cumulation

The imports from the countries are not negligible	<ul style="list-style-type: none">• The imports from all countries are not negligible, as contained in table 2.1.5 on page 18.
Competition between imports from the different countries	<ul style="list-style-type: none">• 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 fluctuating market share throughout the POI for both parties as contained in table 5.3.3.4 is evident of competition.• The price undercutting of the imports from all countries is evident of competition as they are both undercutting the applicant's prices at different levels.
Competition between imported product and SACU like product	<ul style="list-style-type: none">• The imported product and the SACU product are like products for purposes of comparison, they are fully substitutable and have similar end use.• They are both traded in the SACU market and the market share analysis shows that there is competition as table 5.3.3.4 shows the fluctuating levels of market share throughout the POI for both parties.• The imported product from both countries is undercutting the SACU prices.

The Commission made a final determination that the impact of imports from the PRC and the Republic of Korea be cumulatively assessed for purposes of injury determination.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

5.3.1 Import volumes

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

Table 5.3.1(a): Import volumes – Tariff subheading 4810.19.90 & 4810.29.90

'000 tons	Oct 07-Sep 08	Oct 08- Sep 09	Oct 09 –Sep 10	Oct 10 – Sep 11	April 11- March 12*
Alleged dumped imports: PRC	12 186	12 273	23 042	19 927	0**
Alleged dumped imports: Republic of Korea	25 982	23 813	33 022	34 687	0**
Cumulated dumped imports	38 168	36 086	56 064	54 614	0**
Other imports	91 913	52 958	58 961	53 873	50 153
Total imports	130 081	89 044	115 025	108 487	109 398
Alleged dumped imports as a % of total imports	29.34 %	40.52 %	48.74 %	50.34 %	0%

* The period April 2011 – March 2012 represents period of investigation for dumping.

Undumped imports are deducted from the alleged cumulated dumped imports in order to assess the impact on the domestic industry.

** The total volume of imports as per SARS statistics of the subject product were found to be less than the investigators' verified volume of imports from exporters in the PRC and the Republic of Korea. This might have been due to mis-declaration as the products classifiable under tariff heading 48.10 attract no duty.

5.3.2 Effect on Domestic Prices

5.3.2.1 Price depression

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

The tables below show the domestic industry's ex-factory selling price per ton.

Table 5.3.2.1 (a): Price depression

Rand/ton	Oct 07 – Sep 08	Oct 08 – Sep09	Oct 09 – Sep 10	Oct 09 – Sep 10
Applicant's ex-factory price	100	116	110	112

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.2.1 (b): Price depression – Half year figures

Rand/ton	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 – Mar 11	Oct 11- Mar12
Applicant ex-factory price	100	92	96	96

This table was indexed due to confidentiality using 2008/09 as the base year.

5.3.2.2 Price undercutting

The following tables compare the Applicant's industry's ex-factory prices with the landed cost of the imported product.

Table 5.3.2.2 (a) Tariff subheading 4810.19.90

Rand/ton	Oct 07 – Sep 08	Oct 08 – Sep09	Oct 09 – Sep 10	Oct 10 – Sep 11
Applicant's ex-selling price	100	116	110	112
PRC landed cost	100	102	100	102
Republic of Korea landed cost	100	104	94	93
Price undercutting (PRC) %	100	195	168	175
Price undercutting (The Republic of Korea) %	100	266	323	379

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.2.2 (b) Half year figures –Tariff subheading 4810.19.90

Rand/ton	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Applicant selling price	100	92	96	96
PRC landed cost	100	71	80	86
Republic of Korea landed cost	100	105	74	85
Price undercutting (PRC)	Negative	Positive	Positive	Positive
Price undercutting (Republic of Korea)	100	1 373	1 353	745

This table was indexed due to confidentiality using 2008/09 as the base year.

The tables above indicate that the imported products from the PRC and the Republic of Korea are undercutting the Applicant's selling prices.

Nor Paper comments:

Nor Paper stated that “it denies that the price at which it purchases coated paper from its suppliers in the PRC and the Republic of Korea undercuts the price at which it purchases this product from the Applicant. In any event, the Applicant’s prices are not competitive even against the prices of exempt Imports.”

From the above information, the imported products from the PRC and the Republic of Korea are undercutting the Applicant’s selling prices.

5.3.2.3 Price suppression

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

The tables below show the Applicant’s average costs of production and its actual average selling prices for the subject product:

Table 5.3.2.3 (a): Price suppression

Rand/ton	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Ex-factory price	100	116	110	112
Production cost	100	124	112	133
Gross profit	100	-32	63	-263
Cost as a % of selling price	100	107	102	118

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.2.3 (b) Half year figures: Price suppression

Rand/ton	Oct 08 – Mar 09	Oct 09 – Mar10	Oct 10 – Mar 11	Oct 11 – Mar 12
Ex-factory price	100	92	96	96
Production cost	100	92	104	97
Gross loss	100	90	601	183
Cost as a % of selling price	100	100	109	102

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that from the information above, it is evident that it

experienced a significant increase in production cost over the investigation period. At the same time it was not able to absorb these costs and as a result Sappi's gross profit decreased significantly.

It further stated that owing to continued price undercutting experienced from the alleged dumped products, the situation is not likely to improve and it is continuing to suffer losses as is indicated by a gross loss.

Nor Paper comments:

Nor Paper stated that "price suppression table shows that the Applicant's production costs have increased significantly over the period 2007/2008 to 2010/2011. During the same period, the Applicant's selling prices increased, which means that there was no price depression. This shows that the increase in the Applicant's production costs and not the increase in Korean and Chinese imports caused the alleged price suppression and decline in profits. This is evident from the Group's Annual Financial Reports that indicate that input costs and the economic recession adversely affected its operating companies, including the Applicant."

Applicant's response:

The Applicant stated that "although the Applicant's prices did increase, the Applicant was not able to trade on a profitable level as it had to compete with the dumped imports in the face of rising costs of production. The prices did not translate into significant increases in the profit margin."

5.3.3 Consequent Impact of the dumped imports on the Industry

5.3.3.1 Actual and potential decline in sales

The tables below show the Applicant's sales volumes for the subject product:

Table 5.3.3.1 (a): sales volumes

Sales volumes/'000 tons	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
	100	68	80	63

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.1 (b) Half year figures: sales volumes

Sales volumes/'000 tons	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
	100	110	97	128

This table was indexed due to confidentiality using 2008/09 as the base year.

The decrease in the Applicants sales volume from 2007 to 2011 is clearly evident. The Applicant stated that this decrease in sales is mainly due to the increase in the volume of the alleged dumped imports from the countries concerned.

It stated further that the increase in sales that occurred in 2010 was as a result of the hosting of the world cup which led to a significant increase in printing and printing projects surrounding the tournament. Also, the awarding of the schoolbook project, worth an additional 100 (indexed) for both coated and uncoated paper played a significant role in the increase in sales experienced in 2010. If this special event is taken out of the equation the decrease in 2011 shows the true picture of the impact of the alleged dumped imports.

Nor Paper comments:

Nor Paper stated that "it denies the allegation that the decrease in sales was mainly due to the increase in the volume of alleged dumped imports..." Nor paper further stated that throughout the period 2008 – 2011 the total volume of imports from the Republic of Korea and China was always below 50% of total imports. In fact in 2008 imports from other countries ("exempt Imports") accounted for 71% of total imports in that year and in 2009 exempt Imports accounted for 59% of total imports in that year. If the Applicant's allegation that imports were the cause of the decline in its sales is correct (which is denied), then clearly the decline was attributable primarily to exempt Imports which originate from countries other than the Republic of Korea and China.

From the tables, it is clear that the Applicant's sales volumes declined from

2008 to 2011, and the imports from the PRC and the Republic of Korea have increased during the same period.

5.3.3.2 Profit and Loss

Table 5.3.3.2(a): Profit and Loss

Sales volumes/ton	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Gross loss margin	100	457	91	1,099
Gross loss per ton	100	524	101	1,237
Tons sold	100	68	80	63
Gross loss	100	357	81	773

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.2 (b) Half year figures: Profit and loss

Sales volumes/ton	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Gross loss margin	100	106	273	177
Gross loss per ton	100	100	265	168
Tons sold	100	110	97	128
Gross loss	100	110	257	215

This table was indexed due to confidentiality using 2008/09 as the base year.

The information in the tables above indicates that the Applicant's profits declined up to the point where it was experiencing significant losses.

5.3.3.3 Output

The following tables outline the SACU industry's domestic production volume of the subject product:

Table 5.3.3.3 (a): Output

Volume/'000 tons	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Applicant's	100	66	78	65

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.3 (b) Half year figures: Output

Volume/'000 tons	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Applicant's	100	67	73	68

This table was indexed due to confidentiality using 2008/09 as the base year.

From the above information, it is evident that the Applicant's output decreased by 35 indexed points during the period 2007 to 2011.

5.3.3.4 Market share

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

Table 5.3.3.4(a): Market share

Volume('000Tons)	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011	Apr 2011 – Mar 2012*
Applicant's sales volume	100	68	80	63	-
Alleged dumped imports (PRC)	100	101	189	164	0**
Alleged dumped imports (Republic of Korea)	100	92	127	134	0**
Alleged cumulated dumped imports	100	95	147	143	0**
Other	100	58	64	59	-
Total imports	100	68	88	83	-
Total market	100	68	86	78	-

This table was indexed due to confidentiality using 2007/08 as the base year.

*The period April 2011 – March 2012 represents period of investigation for dumping. Undumped imports are deducted from the cumulated dumped imports in order to assess the impact on the domestic industry. This period could not be indexed as it does not correspond with the previous periods.

**There are no longer dumped imports as all alleged dumped imports were verified not to be dumped.

Table 5.3.3.4(b): Market share

Volume('000Tons)	Oct 2007 - Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011	Apr 2011 – Mar 2012*
Applicant's market share	100	100	93	81	-
Alleged dumped imports (PRC)	100	147	220	213	0
Alleged dumped imports (Republic of Korea)	100	134	148	174	0
Cumulated dumped imports	100	138	171	186	0
Other	100	84	75	76	-
Total imports	100	100	103	108	-
Total SACU market	100	68	86	77	-

This table was indexed due to confidentiality using 2007/08 as the base year.

Since there are no dumped imports from the PRC and ROK, it can be concluded that the alleged injury with respect to the market share could not have been caused by imports from these respective countries.

5.3.3.5 Productivity

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

Table 5.3.3.5 (a): Productivity

Tons	Oct 2007 - Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Applicant's production volume	100	66	78	65
Number of employees	100	93	87	82
Units per employee	100	71	89	79
Number of employees (total)	100	92	87	83
Units per employee (total)	100	71	89	78

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.5 (b) Half year figures: Productivity

Tons	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Applicant's production volume	100	67	73	68
Number of employees	100	94	87	81
Units per employee	100	72	84	83
Number of employees (total)	100	94	87	83
Units per employee	100	71	85	82

This table was indexed due to confidentiality using 2008/09 as the base year.

In an attempt to reduce losses, the Applicant indicated that it had to reduce its headcount in line with the declining demand for its products. Notwithstanding the reduction in the number of employees, productivity still decreased.

The Applicant also stated that productivity per employee was also negatively impacted by the fact that it had to take commercial downtime due to a lack of product orders. The Applicant's work force consists of 100% permanent and skilled employees.

5.3.3.6 Return on investment

Return on investment is normally regarded by the Commission as being the profit before interest and tax as a percentage of the net value of assets. The tables below provide the Applicant's profit after interest and tax expressed as a percentage of its net value of assets:

Table 5.3.3.6 (a): Return on investment

Tons	Oct 2007 - Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Net profit	100	-276	165	-394
Net assets	100	102	91	102
Return on net assets	100	-271	181	-386

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.6 (b) Half year figures: Return on investment

Tons	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 2012
Net profit	100	-407	81	-785
Net assets	100	123	95	78
Return on net assets	100	-330	84	-1006

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that the decrease in investment is as a result of the imports.

5.3.3.7 Utilisation of production capacity

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

Table 5.3.3.7 (a): Utilisation of production capacity

Volume/tons	Oct 2007 - Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Applicants capacity	100	100	100	100
Applicant's actual production	100	66	78	65
Capacity utilisation	100	66	78	65

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.3.7 (b) Half year figures: Utilisation of production capacity

Volume/tons	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 12
Applicants capacity	100	100	100	100
Applicant's actual production	100	67	73	68
Capacity utilisation	100	67	73	68

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that production capacity can be increased by implementation of extra shifts or the allocation of more labour units in order to achieve full capacities. Imports of dumped products have however curtailed such action.

The Applicant also stated that overseas manufacturers are selling their products to local customers at a lower price compared to its manufacturing price which forced the Applicant to shut its machines for 66 days in 2009,

36 days in 2010 and 54 days in 2011.

It also stated that the reason why there was an increase in uptime for 2010 was due to the 8.8 magnitude earth quake experienced in February 2010 in Chile. The lack of water, electricity and structural damage to infrastructure interrupted the entire Chilean pulp and paper industry resulting in a shortage of supply of fibre to other manufacturers which forced local customers to buy from it.

5.3.4 Factors affecting domestic prices

There are no other known factors, which could affect the domestic prices negatively.

5.3.5 The magnitude of the margin of dumping

The following margins of dumping were calculated:

PRC

Gold East Paper	-6.27 %
Gold Huasheng Paper	-2.94 %
Other non-cooperating exporters residual dumping margin	-0.02 %

Republic of Korea

Hansol Paper	-0.03 %
Artone Paper	0.01 %
Moorim Paper	-0.03 %
Moorim P&P	-0.06 %
Moorim SP	-0.74 %
Other non-cooperating exporters residual dumping margin	-0.74 %

5.3.6 Actual and potential negative effects on cash flow

The tables below reflect the Applicant's cash flow situation with regard to the product under investigation:

Table 5.3.6 (a): Cash flow situation

Rand/ton	2007/2008	2008/2009	2009/2010	2010/2011
Product concerned				
Cash flow incoming	100	-5	115	-21
Cash flow outgoing	100	287	50	451
Net Cash Flow	100	-135	144	-233
Company				
Cash flow incoming	100	-6	131	-26
Cash flow outgoing	100	352	57	553
Net Cash Flow	100	-165	163	-285

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.6 (b) Half year figures: Cash flow situation

Rand/ton	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 12
Product concerned				
Cash flow incoming	100	31	98	-4
Cash flow outgoing	100	421	94	178
Net Cash Flow	100	2614	71	1208
Company				
Cash flow incoming	100	41	111	-6
Cash flow outgoing	100	555	107	242
Net Cash Flow	100	3446	81	1643

This table was indexed due to confidentiality using 2008/09 as the base year.

According to the Applicant, the negative cash flow experienced in 2009 and 2011 is due to the low gross margin percentage achieved on the product concerned. It also stated that the positive cash flow achieved in 2010 was achieved due to the reduction in raw material prices for all products.

5.3.7 Inventories

The Applicant provided its inventory level figures listed in the tables below:

Table 5.3.7(a): Inventories

	2007/2008	2008/2009	2009/2010	2010/2011
Volumes (Tons)	100	93	83	98
Value	100	119	97	124

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.7(b) Half year figures: Inventories

	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Volumes (Tons)	100	92	90	80
Value	100	107	103	106

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that production is often adjusted in line with demand per product. If there is no demand, machines are shut and therefore stock levels will not increase.

5.3.8 Employment

The tables below provide the Applicant's employment figures for the subject product:

Table 5.3.8 (a): Employment

	2007/2008	2008/2009	2009/2010	2010/2011
Direct labour units	100	96	91	90
Indirect labour units	100	93	86	82
Total labour units	100	95	89	87
Selling General and Admin	100	81	77	64
Total labour units	100	92	87	83

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.8 (b) Half year figures: Employment

	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 12
Direct labour units	100	94	93	93
Indirect labour units	100	91	88	83
Total labour units	100	93	91	89
Selling General and Admin	100	95	78	73
Total labour units	100	94	89	86

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that for the paper machine to be profitable at the current prices the Applicant will have to reduce its headcount with a further 100 (indexed) employees.

It further stated that employees that may lose their jobs cannot be utilized at other mills since those mills are also facing head count reduction. It

further indicated that it had already announced the closure of Adamas Mill.

It stated further that the current alternatives it is considering is to move from a four shift to a two shift cycle and if that does not work, to close the paper line.

5.3.9 Wages and salaries

The following tables provide the Applicant's wages and salaries paid:

Table 5.3.9 (a): Wages and salaries

	2007/2008	2008/2009	2009/2010	2010/2011
Total wages production (R'000)	100	95	99	108
Total salaries production	100	79	87	102
Total wages production (R'000)	100	90	96	106
Wages per employee per annum	100	94	103	136

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.9 (b) Half year figures: Wages and salaries

	Oct 08 – Mar 09	Oct 09 – Mar 10	Oct 10 – Mar 11	Oct 11 – Mar 12
Total wages production (R'000)	100	99	117	125
Total salaries production	100	110	134	115
Total wages production (R'000)	100	102	121	123
Wages per employee per annum	100	106	150	70

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant stated that the reduction in wages from 2008 to 2009 is because of commercial downtime that resulted in employees taking unpaid leave during this period. It further stated that salaries were increased between 100 to 141 (indexed) over this period as agreed with the unions.

5.3.10 Growth

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

Table 5.3.10 (a): Growth

	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Apr 11- Mar 12*
Size of the SACU Market (‘000 ton)	100	68	86	77	-
Applicant Sales Volume (‘000 ton)	100	68	80	63	-
Market share of cumulated dumped imports (‘000 ton)	100	95	147	143	0**
Other imports (‘000 tons)	100	58	64	59	-

This table was indexed due to confidentiality using 2007/08 as the base year.

*The period April 2011 – March 2012 represents period of investigation for dumping. Undumped imports are deducted from the cumulated dumped imports in order to assess the impact on the domestic industry. This period could not be indexed as it does not correspond with the previous periods.

**There are no longer dumped imports as all alleged dumped imports were verified not to be dumped.

Nor Paper comments

Nor Paper stated that “it is correct that the size of SACU market decreased over the period 2007/2008 - 2010/2011 and that this had an adverse impact on the Applicant. It is significant that the Applicant admits this. It is incorrect, however, for the Applicant to state that imports increased and this led to the “erosion” of its market share. On its own version, the volume of all imports declined substantially over the period 2007/2008 - 2010/2011. In this regard, it is significant that imports from the Republic of Korea and China only accounted for 29% - 50% of the total volume of imports during that period. To the extent that the Applicant alleges that it lost market share to imports, such loss was mainly to Exempt Imports. This demonstrates that the Applicant's alleged injury in respect of market share was not caused by imports from the Republic of Korea and China.

5.3.11 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 5.3.11 (a): Ability to raise capital or investments

	Oct 2007 – Sep 2008	Oct 2008 – Sep 2009	Oct 2009 – Sep 2010	Oct 2010 – Sep 2011
Total investment in subject product	100	65	113	285

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 5.3.11 (b) Half year figures: Ability to raise capital or investments

	Oct 08 - Mar 09	Oct 09 - Mar 10	Oct 10 - Mar 11	Oct 11 - Mar 12
Total investment in subject product	100	125	0	171

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant indicated that due to the negative returns on this product, there is no possibility for capital investment from its parent company, nor is there a viable business case to seek capital investment from an outside source.

5.4 SUMMARY - MATERIAL INJURY

In making a final determination on material injury, the Commission took into account that an industry normally suffers “price” or “volume” injury. From the information above, the Commission found that it is evident that the Applicant is suffering volume injury, given its sales volume and output figures. Furthermore, it is clear that the Applicant is suffering price injury, if considering price undercutting and price suppression, decline in profits and cash flow.

However, the alleged dumped imports from both the PRC and the Republic of Korea were found not to be dumped onto the SACU market. The portion of undumped imports constitutes 100 % of imports from these respective countries.

Therefore, material injury suffered by the Applicant could not have been caused by imports from the PRC and the Republic of Korea, as all imports from both countries were not dumped.

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

6. MATERIAL INJURY: SUBSEQUENT EVENTS

The Application was tabled before the Commission on 12 October 2012 and was initiated in the Government Gazette on 25 January 2013. The delay in the initiation was caused by the consultations with the Government of PRC and engagements between the Department of Trade and Industry and the Applicant regarding the countervailing application. The Applicant withdrew the countervailing application after these engagements.

The Applicant was therefore requested to update its material injury information.

It should however be noted that this updated material injury information is not changing the investigation period; it is only for the assessment of subsequent events. The investigation period remains the same as in the original application, being 1 April 2011 to 31 March 2012 for purposes of determining the dumping margins and 1 October 2007 to 31 March 2012 for purposes of determining injury.

6.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Sappi Southern Africa (Proprietary) Limited constituting 100 per cent of the total domestic production of the subject product.

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

6.2 IMPORT VOLUMES AND EFFECT ON PRICES

6.2.1 Import volumes

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

Table 6.2.1(a): Import volumes – Tariff subheading 4810.19.90 & 4810.29.90

'000 tons	Oct 07-Sep 08	Oct 08-Sep09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep12
Alleged dumped imports: PRC	12 186	12 273	23 042	19 927	0
Alleged dumped imports: Republic of Korea	25 982	23 813	33 022	34 687	0
Cumulated dumped imports	38 168	36 086	56 064	54 614	0
Others	91 913	52 958	58 961	53 873	64 056
Total imports	130 081	89 044	115 025	108 487	130 230
Alleged dumped imports as a % of total imports	29.34 %	40.52 %	48.74 %	50.34 %	0

In the period subsequent to the POI, the volume of imports still increased by 21%.

6.2.2 Effect on Domestic Prices

6.2.2.1 Price depression

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

The below tables show the domestic industry's ex-factory selling price per ton.

Table 6.2.2.1 (a): Price depression

Rand/ton	Oct 07-Sep 08	Oct 08-Sep09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Applicant's ex-factory price	100	116	110	112	113

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.2.2.1 (b): Price depression – Half year figures

Rand/ton	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar12	Oct 11-Mar13
Applicant ex-factory price	100	92	96	96	99

This table was indexed due to confidentiality using 2008/09 as the base year.

The above table shows that the Applicant's prices were not depressed in the period subsequent to the POI (2011 to 2012).

6.2.2.2 Price undercutting

The following tables compare the Applicant's industry's ex-factory prices with the landed cost of the imported product:

Table 6.2.2.2 (a) Tariff subheading

Rand/ton	Oct 07-Sep 08	Oct 08-Sep09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep12
Applicant's ex-selling price	100	116	110	112	113
PRC landed cost	100	102	100	102	95
Republic of Korea landed cost	100	104	94	93	120
Price undercutting (PRC) %	100	195	168	175	96
Price undercutting (Republic of Korea) %	100	266	323	379	264

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.2.2.2 (b) Half year figures - Tariff subheading

Rand/ton	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar13
Applicant selling price	100	92	96	96	99
PRC landed cost	100	71	80	86	84
Republic of Korea landed cost	100	71	74	85	95
Price undercutting (PRC)	Negative	Positive	Positive	Positive	Positive
Price undercutting (Republic of Korea)	100	1 373	1 353	745	280

This table was indexed due to confidentiality using 2008/09 as the base year.

The tables above indicate that the imported products from the PRC and the Republic of Korea are undercutting the Applicant's selling prices.

6.2.2.3 Price suppression

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

The tables below show the Applicant's average costs of production and its actual average selling prices for the subject product:

Table 6.2.2.3 (a): Price suppression

Rand/ton	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep12
Ex-factory price	100	116	110	112	113
Production cost	100	124	112	133	124
Gross profit	100	-32	63	-263	-131
Cost as a % of selling price	100	107	102	118	112

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.2.2.3 (b) Half year figures: Price suppression

Rand/ton	Oct 08-Mar 09	Oct 09-Mar10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar13
Ex-factory price	100	92	96	96	99
Production cost	100	92	104	97	105
Gross loss	100	90	601	183	504
Cost as a % of selling price	100	100	109	102	107

This table was indexed due to confidentiality using 2008/09 as the base year.

From the information above, it is evident that the Applicant experienced an increase in production cost.

6.3.1 Consequent Impact of the dumped imports on the Industry

6.3.1.1 Actual and potential decline in sales

The tables below show the Applicant's sales volumes for the subject product:

Table 6.3.1.1 (a): sales volumes

Sales volumes/'000 tons	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
	100	68	80	63	74

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.1.1 (b) Half year figures: sales volumes

Sales volumes/'000 tons	Oct 07-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
	100	110	97	128	113

This table was indexed due to confidentiality using 2008/09 as the base year.

The above table shows that Applicant's sales volume increased by 17 % (indexed) in the period subsequent to the POI.

6.3.2.1 Profit and Loss

Table 6.3.2.1(a): Profit and loss

	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Gross loss margin	100	457	91	1,099	598
Gross loss per ton	100	524	101	1,237	666
Tons sold	100	68	80	63	74
Gross loss	100	357	81	773	490

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.2.1 (b) Half year figures: Profit and loss

Sales volumes/ton	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Sep 13
Gross loss margin	100	106	273	177	232
Gross loss per ton	100	100	265	168	225
Tons sold	100	110	97	128	113
Gross loss	100	110	257	215	255

This table was indexed due to confidentiality using 2008/09 as the base year.

The information in the tables above indicates that the Applicant's loss continued to increase.

6.3.3 Output

The following tables outline the SACU industry's domestic production volume of the subject product:

Table 6.3.3 (a): Output

Volume/'000 tons	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Applicant's	100	66	78	65	67

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.3(b) Half year figures: Output

Volume/'000 tons	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Applicant's	100	67	73	68	65

This table was indexed due to confidentiality using 2008/09 as the base year.

The information presented above shows an increase in the Applicant's production volumes in the period subsequent to POI (2011 to 2012).

6.3.4 Market share

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

Table 6.3.4(a): Market share

Volume('000Tons)	Oct 07 – Sep 08	Oct 08 – Sep 09	Oct 09 – Sep 10	Oct 10 – Sep 11	Oct 11– Mar 12
Applicant's sales volume	100	68	80	63	74
Alleged dumped imports (PRC)	100	101	189	164	0*
Alleged dumped imports (Republic of Korea)	100	92	127	134	0*
Alleged cumulated dumped imports	100	95	147	143	0*
Other	100	58	64	59	45
Total imports	100	68	88	83	83
Total market	100	68	86	78	80

This table was indexed due to confidentiality using 2007/08 as the base year.

*There are no longer dumped imports as all alleged dumped imports were verified not to be dumped.

Table 6.3.4(b): Market share

	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep12
Applicant's market share	100	100	93	81	92
Alleged dumped imports market share (PRC)	100	147	220	213	0*
Alleged dumped imports (Republic of Korea)	100	134	148	174	0*
Cumulated dumped imports	100	138	171	186	0*
Other	100	84	75	76	56
Total imports	100	100	103	108	104
Total SACU market	100	100	100	100	100

This table was indexed due to confidentiality using 2008/09 as the base year.

6.3.5 Productivity

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

Table 6.3.5 (a): Productivity

Tons	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep12
Applicant's production volume	100	66	78	65	67
Number of employees	100	93	87	82	82
Units per employee	100	71	89	79	80
Number of employees (total)	100	92	87	83	77
Units per employee (total)	100	71	89	78	86

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.5 (b) Half year figures: Productivity

Tons	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Applicant's production volume	100	67	73	68	65
Number of employees (manufacturing)	100	94	87	81	74
Units per employee	100	72	84	83	59
Number of employees (total)	100	94	87	83	68
Units per employee	100	71	85	82	97

This table was indexed due to confidentiality using 2008/09 as the base year.

In an attempt to reduce losses, the Applicant indicated that it had to reduce its headcount in line with the declining demand for its products. Notwithstanding the reduction in the number of employees, productivity still decreased per employee for the period ending March 2013.

6.3.6.1 Return on investment

Return on investment is normally regarded by the Commission as being the profit before interest and tax as a percentage of the net value of assets. The below tables provide the Applicant's profit after interest and tax expressed as a percentage of its net value of assets:

Table 6.3.6.1 (a): Return on investment

Tons	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Net profit	100	-276	165	-394	44
Net assets	100	102	91	102	99
Return on net assets	100	-271	181	-386	44

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.6.1 (b) Half year figures: Return on investment

Tons	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 2012	Oct 12-Mar 13
Net profit	100	-407	81	-785	68
Net assets	100	123	95	78	89
Return on net assets	100	-330	84	-1,006	79

This table was indexed due to confidentiality using 2008/09 as the base year.

6.3.7 Utilisation of production capacity

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

Table 6.3.7 (a): Utilisation of production capacity

Volume/ton	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Applicants capacity	100	100	100	100	100
Applicant's actual production	100	66	78	65	67
Capacity utilisation	100	66	78	65	67

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.7 (b) Half year figures: Utilisation of production capacity

Volume/ton	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Applicants capacity	100	100	100	100	100
Applicant's actual production	100	67	73	68	65
Capacity utilisation	100	67	73	68	65

This table was indexed due to confidentiality using 2008/09 as the base year.

There was a slight increase in capacity utilisation between 2011 and 2012.

6.3.8 Actual and potential negative effects on cash flow

The tables below reflect the Applicant's cash flow situation with regard to the product under investigation:

Table 6.3.8 (a): Cash flow situation

Rand/ton	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Subject product					
Cash flow incoming	100	-5	115	-21	68
Cash flow outgoing	100	287	50	451	177
Net Cash Flow	100	-135	144	-233	20
Company					
Cash flow incoming	100	-6	131	-26	83
Cash flow outgoing	100	352	57	553	215
Net Cash Flow	100	-165	163	-285	24

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.8 (b) Half year figures: Cash flow situation

Rand/ton	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Subject product					
Cash flow incoming	100	31	98	-4	88
Cash flow outgoing	100	421	94	178	67
Net Cash Flow	100	2,614	71	1,208	53
Company					
Cash flow incoming	100	41	111	-6	107
Cash flow outgoing	100	555	107	242	81
Net Cash Flow	100	3,446	81	1,643	-64

This table was indexed due to confidentiality using 2008/09 as the base year.

6.3.9 Inventories

The Applicant provided its inventory level figures listed in the tables below:

Table 6.3.9(a): Inventories

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Volumes (Tons)	100	93	83	98	100
Value	100	119	97	124	118

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.9(b) Half year figures: Inventories

	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar13
Volumes (Tons)	100	92	90	80	74
Value	100	107	103	106	100

This table was indexed due to confidentiality using 2008/09 as the base year.

In the period subsequent to the POI (2011 to 2012), the inventory increased by 2 % (indexed).

6.3.10 Employment

The tables below provide the Applicant's employment figures for the subject product:

Table 6.3.10 (a): Employment

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Direct labour units	100	96	91	90	93
Indirect labour units	100	93	86	82	76
Total labour units	100	95	89	87	86
Selling General and Admin	100	81	77	64	37
Total labour units	100	92	87	83	77

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.10 (b) Half year figures: Employment

	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Direct labour units	100	94	93	93	91
Indirect labour units	100	91	88	83	76
Total labour units	100	93	91	89	85
Selling General and Admin	100	95	78	73	18
Total labour units	100	94	89	86	74

This table was indexed due to confidentiality using 2008/09 as the base year.

The above table shows that in the period subsequent to the POI (2011 to 2012) employment has decreased.

6.3.11 Wages and salaries

The following tables provide the Applicant's wages and salaries paid:

Table 6.3.11 (a): Wages and salaries

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total wages production (R'000)	100	95	99	108	113
Total salaries production	100	79	87	102	92
Total wages production (R'000)	100	90	96	106	107
Wages per employee per annum	100	94	103	136	146

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.11 (b) Half year figures: Wages and salaries

	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Total wages production (R'000)	100	99	117	125	116
Total salaries production	100	110	134	115	112
Total wages production (R'000)	100	102	121	123	115
Wages per employee per annum	100	106	150	70	161

This table was indexed due to confidentiality using 2008/09 as the base year.

6.3.12 Growth

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

Table 6.3.12 (a): Growth

	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Size of the SACU Market ('000 ton)	188 372	128 792	161 669	144 929	150 602
Applicant Sales Volume ('000 ton)*	100	68	80	63	74
Market share of cumulated dumped imports('000 ton)	38 168	36 086	56 064	0**	0**
Other imports ('000 tons)	91 913	52 958	58 961	53 873	41 118

*The figures were indexed due to confidentiality using 2007/08 as the base year

**There are no longer dumped imports as all alleged dumped imports were verified not to be dumped.

6.3.13 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 6.3.13 (a): Ability to raise capital or investments

	Oct 07-Sep 08	Oct 08-Sep 09	Oct 09-Sep 10	Oct 10-Sep 11	Oct 11-Sep 12
Total investment in subject product	100	65	113	285	62

This table was indexed due to confidentiality using 2007/08 as the base year.

Table 6.3.13 (b) Half year figures: Ability to raise capital or investments

	Oct 08-Mar 09	Oct 09-Mar 10	Oct 10-Mar 11	Oct 11-Mar 12	Oct 12-Mar 13
Total investment in subject product	100	125	0	171	53

This table was indexed due to confidentiality using 2008/09 as the base year.

The Applicant indicated that due to the negative returns on this product, there is no possibility for capital investment from its parent company, nor is there a

viable business case to seek capital investment from an outside source.

6.4 SUMMARY – SUBSEQUENT MATERIAL INJURY

Subsequent information on material injury shows that the Applicant is still experiencing both price and volume injury.

7. THREAT OF MATERIAL INJURY

7.1 Freely disposable capacity of the exporters

The Applicant provided the following information in substantiating the above:

Table 7.1: Free disposable capacity of exporters

Capacity '000 tons	2008	2009	2010	2011	2012 (Est)	2013 (Est)
China	4,010	4,380	5,370	6,625	7,920	8,050
Other Asia (including Australia and New Zealand)	4,275	4,415	4,480	4,775	5,380	5,515
Total	8,285	8,795	9,850	11,400	13,300	13,565
Percentage capacity increase		6%	12%	16%	17%	2%

Source Risi

From the above table, it is evident that the PRC and other Asian countries including Indonesia and the Republic of Korea have consistently increased capacity between 6% and 17% per annum.

The Applicant has indicated that that the increase in imports over the investigation period signifies that the exporters do have capacity available to increase their exports to SACU further. It also stated that it was evident that the level of price undercutting is such that this excess capacity can be exported at dumped prices.

7.2 Significant increase of alleged dumped imports

Volumes of the alleged dumped imports are indicated as follows:

Table 7.2: Volume of alleged dumped imports

'000 tons	Oct 07-Sep 08	Oct 08- Sep09	Oct 09-Sep 10	Oct 10-Sep 11	Apr 11-Mar 12*
Alleged dumped imports: PRC	12 186	12 273	23 042	19 927	0**
Alleged dumped imports: Republic of Korea	25 982	23 813	33 022	34 688	0**
Cumulated dumped imports	38 168	36 086	56 064	54 615	0**
Other imports	91 913	52 958	58 961	53 873	50 153
Total imports	130 081	89 044	115 025	108 488	109 398
Cumulated dumped imports as a % of total imports	29.34 %	40.52 %	48.74 %	50.34 %	0**

* The period April 2011 – March 2012 represents period of investigation for dumping. Undumped imports are deducted from the alleged cumulated dumped imports in order to assess the impact on the domestic industry.

** The total volume of imports as per SARS statistics of the subject product were found to be less than the investigators' verified volume of imports from exporters in the PRC and the Republic of Korea. This might have been due to mis-declaration as the products classifiable under tariff heading 48.10 attract no duty.

7.3 State of the economy of the country of origin

According to the Applicant, the PRC has shown substantial economic growth over the past few years. This has not inhibited its propensity to export the product at alleged dumped prices. This also holds true for the Republic of Korea.

7.4 SUMMARY ON THREAT OF MATERIAL INJURY

The Commission took into account that both the Republic of Korea and the PRC have increased their freely disposable capacity while domestic demand decreased; and the USA, EU and Argentina have recently imposed countervailing and anti-dumping duties against imports from the PRC.

Although the Republic of Korea and the PRC have increased their freely disposable capacity while demand decreased, the fact that the imports from these countries were found not to be dumped indicates that a threat of material injury does not exist.

The Commission therefore made a final determination that there is no sufficient information to indicate that a threat of material injury to the SACU industry exists.

8. CAUSAL LINK

As the Commission made a final determination that the subject product imported from the PRC and Republic of Korea was not dumped onto the SACU market, the Commission did not make a determination on causal link.

9. SUMMARY OF FINDINGS

9.1 Dumping

THE REPUBLIC OF KOREA

From the verified information, it is evident that the subject product originating in or manufactured by Hansol, Artone Paper, Moorim Paper, Moorim P&P and Moorim SP in the Republic of Korea was not exported at dumped prices to the SACU. The volume of imports from these exporters constitutes 100 % of imports to SACU during the period of investigation.

PRC

From the verified information, it is evident that the subject product originating in or manufactured by Gold East Paper and Gold Huasheng Paper in the PRC was not exported at dumped prices to the SACU. The volume of imports from these exporters constitutes 100 % of imports to SACU during the period of investigation.

9.2 Material Injury

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

- Price suppression;
- Price undercutting;
- Decline in sales volume;
- Decline in revenue (sales value);
- Decline in output;
- Decline in profit;
- Decline in market share;
- Decline in productivity;
- Decline in cash flow;
- Decline in return on investment; and
- Decline in employment

9.3 Threat of material injury

The Commission made a final determination that there is no sufficient information to indicate that a threat of material injury to the SACU industry exists.

9.4 Causal link

As the Commission made a final determination that the subject product imported from the PRC and Republic of Korea was not dumped onto the SACU market, the Commission did not make a determination on causal link.

10. FINAL DETERMINATION

The Commission made a final determination that:

- the subject product originating in or imported from the Republic of Korea is not being dumped onto the SACU market;
- the subject product originating in or imported from the PRC is not being dumped in the SACU market;
- the SACU industry experienced material injury during the POI;
- the subsequent information on material injury indicates that the SACU industry is still experiencing material injury;
- there is no sufficient information to indicate that a threat of material injury exists; and

As the Commission made a final determination that the subject product imported from the PRC and Republic of Korea was not dumped onto the SACU market, the Commission did not make a determination on causal link.

The Commission made a final determination to recommend to the Minister of Trade and Industry that the investigation be terminated.