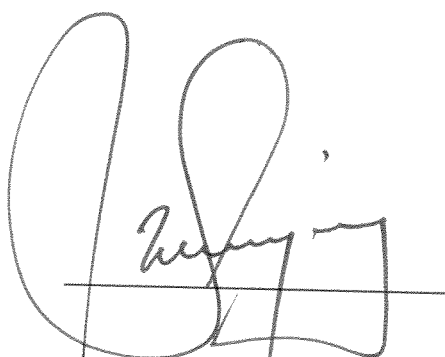


**REPORT NO. 420**

**INVESTIGATION INTO THE ALLEGED DUMPING OF SCREW STUDDING (RODS  
THREADED THROUGHOUT) OF STEEL AND STAINLESS STEEL (COMMONLY  
KNOWN AS THREADED RODS) ORIGINATING IN OR IMPORTED FROM THE  
PEOPLE'S REPUBLIC OF CHINA (PRC): FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No. 420: INVESTIGATION INTO THE ALLEGED DUMPING OF SCREW STUDDING  
(RODS THREADED THROUGHOUT) OF STEEL AND STAINLESS STEEL (COMMONLY KNOWN  
AS THREADED RODS) ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF  
CHINA (PRC): FINAL DETERMINATION**

A large, stylized handwritten signature in black ink, consisting of a large loop on the left and a series of connected strokes on the right, crossing a horizontal line.

**Siyabulela Tsengiwe**  
**CHIEF COMMISSIONER**

**PRETORIA**

18 / 12 / 2012

## **INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA**

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### **INVESTIGATION INTO THE ALLEGED DUMPING OF SCREW STUDDING (RODS THREADED THROUGHOUT) OF STEEL AND STAINLESS STEEL (COMMONLY KNOWN AS THREADED RODS) ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC): FINAL DETERMINATION**

#### **SYNOPSIS**

On 23 September 2011, the International Trade Administration Commission of South Africa (the Commission) initiated an investigation into the alleged dumping of screw studding (rods threaded throughout) of steel and stainless steel (commonly known as threaded rods) originating in or imported from the People's Republic of China (PRC). Notice of the initiation of the investigation was published in Notice No. 647 of *Government Gazette* No. 34612 dated 23 September 2011.

The Application was lodged on behalf of the Southern African Customs Union (SACU) industry by the South African Fasteners Association (SAFMA) (the Applicant), which claimed that dumped imports were causing it material injury.

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

On initiation of the investigation, the known producers/exporters of the subject product in the PRC were sent a foreign manufacturers/exporters questionnaire 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 was not being dumped on the SACU market. The

Commission therefore made a preliminary determination that, although the SACU industry was experiencing material injury and a threat of material injury, this injury could not be causally linked to dumping, as no dumping was taking place.

The Commission's preliminary determination was published on 6 July 2012. Comments submitted by interested parties on the preliminary determination and the Commission's essential facts letters within the specified time periods, were taken into consideration by the Commission prior to making its final determination to confirm its preliminary determination.

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

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation is conducted in accordance with the International Trade Administration Commission Act, 2002 (Act 71 of 2002) (the “ITA Act”), (the ITA Act) and the International Trade Administration Commission of South Africa 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 the South African Fasteners Association (SAFMA) on behalf of the producers of the subject product in SACU. Three companies participated in the investigation and provided material injury information, namely T & I Chalmers Engineering (Pty) Ltd (“Chalmers”), Tel-Screw Products (Pty) Ltd (“Tel-Screw”) and Transvaal Pressed Nuts Bolts & Rivets (Pty) Ltd (“TP”).

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

The application was accepted by the Commission as being properly documented in accordance with ADR 21 on 13 September 2011.

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

The Applicant alleged that imports of the subject product, originating in or imported from the PRC 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 the SACU at prices less than the normal value in the country of origin.

The Applicant alleged that as a result of the dumping of the product from the PRC, the SACU industry was suffering material injury in the form of:

- price undercutting
- price suppression
- price depression
- decline in output
- decline in revenue (sales value)
- stagnant market share
- decline in profit
- decline in return on investments; and
- decline in employment.

## **1.5 INVESTIGATION PROCESS**

The Commission initiated an investigation into the alleged dumping of screw studding (rods threaded throughout) of stainless steel and steel (commonly known as threaded rods) originating in or imported from the PRC pursuant to Notice No. 647 which was published in *Government Gazette* No. 34612 on 23 September 2011.

Prior to the initiation of the investigation, the trade representative of the country concerned was 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.

The information submitted by Chalmers was verified on 21 June 2011; TP's information was verified on 22 June 2011 and information submitted by Tel-Screw was verified on 23 June 2011 and again on 12 July 2011. An updated application incorporating verified information was received on 1 July 2011.

## **1.6 INVESTIGATION PERIOD**

The investigation period for dumping was from 1 January 2010 to 31 December 2010. The injury investigation involved evaluation of data for the period 1 January 2008 to 31 December 2010.

Taking into account that three companies submitted information and the variety of products concerned, the Commission, in its merit decision decided not to request the Applicant to update the information contained in the Application. The Commission also took into account that the three companies providing the material injury information have different financial year ends, which made the compiling of the information in the acceptable format even more difficult. For purposes of its final determination the Commission confirmed its merit decision not to request the Applicant to update its material information.

## **1.7 PARTIES CONCERNED**

### **1.7.1 SACU industry**

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

- (a) T & I Chalmers Engineering (Pty) Ltd ("Chalmers")
- (b) Tel-Screw Products (Pty) Ltd ("Tel-Screw")
- (c) Transvaal Pressed Nuts Bolts & Rivets (Pty) Ltd ("TP")

These three companies, represented by SAFMA, submitted the information contained in this report.

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

The following manufacturers/exporters responded in full to the Commission's exporter's questionnaire:

- (a) Jiaxing Brothers ("Brothers") and Shanghai Wisechain ("Wisechain"); and
- (b) Tong Ming Enterprises ("Tong Ming").

The following foreign manufacturers'/ exporters' responses were regarded to be deficient for purposes of the Commission's preliminary determination:

- (a) Jiaxing Brothers ("Brothers") and Shanghai Wisechain ("Wisechain"); and
- (b) Wenzhou Zhongsheng ("Wenzhou").

Brothers and Wisechain submitted their respective responses to a lawyer in the PRC, as Brothers is a producer and Wisechain is the exporter of the products produced by Brothers. These responses were combined into one response. It was found that Wisechain and Brothers are not related companies.

As a properly documented response addressing the deficiencies identified by the Commission, was received from Brothers and Wisechian prior to the investigating team conducting the verification of the information submitted by Tong Ming in the PRC, and in order to save on expenses, it was decided to verify this response, in order to enable the Commission to take this information into account for its final determination.

The Commission made a determination to take the information submitted by Brothers and Wisechain into consideration for purposes of the final determination.



### **1.7.3 Importers**

The following SACU importers responded to the Commission's questionnaires:

- (a) Bearing Man Group ("BMG")
- (b) National Socket Screws ("NSS")
- (c) Boltfast Pty Ltd ("Boltfast")
- (d) Fowkes Bros (Pty) Ltd ("Fowkes")

The following importers' responses were regarded to be deficient for purposes of the Commission's final determination:

- (a) Boltfast Pty Ltd ("Boltfast")
- (b) Fowkes Bros (Pty) Ltd ("Fowkes")

The Commission made a preliminary determination not to take the information submitted by these importers into account for purposes of the preliminary determination. The Commission, however, indicated that should the deficiencies be addressed within the timelines as outlined in the Regulations, their information may be taken into account for purposes of the final determination. However, no updated responses were received within the above mentioned timelines. The Commission therefore made a final determination not to take the information submitted by these importers into consideration.

## **1.8 COMMENTS**

The Commission took *all* interested parties' comments into account for purposes of making its final determination and recommendation to the Minister. Copies of the non-confidential versions are available on the public file.

## **1.9 PRELIMINARY DETERMINATION**

On 12 June 2012 the Commission made a preliminary determination that the subject product originating in or imported from the PRC was not being dumped on the SACU market, that the SACU industry is suffering material injury and a threat of material injury. As the Commission made a preliminary determination that no dumping was taking place, the Commission did not make a preliminary determination on causal link.

The Commission's preliminary determination was published on 6 July 2012.

## **1.10 FINAL DETERMINATION**

After considering all 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 and a threat of injury, this could not be causally linked to dumping, as dumping was not taking place.

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

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### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

The subject product is described as screw studding (rods threaded throughout) of stainless steel and steel (commonly known as threaded rods).

#### 2.1.2 Tariff classification

The subject product is classifiable as follows:

| Heading | Tariff subheading | Description   | Statistical Unit | Rate of customs duty |      |      |      |
|---------|-------------------|---|------------------|----------------------|------|------|------|
|         |                   |   |                  | General              | EU   | EFTA | SADC |
| 7318    |                   | Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel         |                  |                      |      |      |      |
|         | 7318.1            | - Threaded articles:  |                  |                      |      |      |      |
|         | 7318.15           | -- Other screws and bolts, whether or not with their nuts or washers  |                  |                      |      |      |      |
|         | 7318.15.35        | ----Other screws and bolts(including bolt ends, screw studs and screw studding, of stainless steel (excluding those that are fully threaded with hexagon heads) | Kg               | 10%                  | 1.3% | 5%   | Free |
|         | 7318.15.41        | --- Bolt ends, screw studs and screw studding (excluding those of stainless steel and those identified for aircraft)  | Kg               | 10%                  | 1.3% | 5%   | Free |

The products under investigation were classified under tariff subheading 7318.15.90 during the period of investigation. On 1 January 2011 SARS amended the tariff structure of threaded rods to tariff subheadings 7318.15.35 and 7318.15.41 as

indicated above. The Commission took into account all comments made regarding the tariff subheadings and obtained information from SARS regarding the products imported under the different tariff subheadings.

#### **2.1.3 Negligibility test**

The volume of dumped imports into SACU 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 import statistics indicated that the volume of dumped imports from the PRC account for 62.7 per cent of the total imports of the like product during the period of investigation for dumping.

#### **2.1.4 Country of origin/export**

The subject product originates in and is exported from the PRC.

#### **2.1.5 Application/end use**

The imported product is designed for clamping/fastening or interference-fit type and is used in the building, mining, construction and agricultural industry.

#### **2.1.6 Production process**

The steel merchant or threaded rod manufacturer purchases wire rod/bar from steel mills. The steel is cut to size, normally 1 or 3 meter lengths. Steel rod is fed into thread rolling machines by hand or automated bar feeders. Threaded rods are counted and bundled for black stock or sent to Electro-galvanisers for plating. Threaded rods are then bundled and counted and put into stock.

## 2.2 SACU PRODUCT

### 2.2.1 Description

The SACU product is described as screw studding (rods threaded throughout) of stainless steel and steel (commonly known as threaded rods).

### 2.2.2 Application/end use

The SACU product is designed for clamping/fastening or interference-fit type and is used in the building, mining, construction and agricultural industry.

### 2.2.3 Tariff classification

The SACU product is classifiable under the following tariff subheadings:

| Heading | Tariff subheading | Description   | Statistical Unit | Rate of customs duty |      |      |      |
|---------|-------------------|---|------------------|----------------------|------|------|------|
|         |                   |   |                  | General              | EU   | EFTA | SADC |
| 7318    |                   | Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel         |                  |                      |      |      |      |
|         | 7318.1            | - Threaded articles:  |                  |                      |      |      |      |
|         | 7318.15           | -- Other screws and bolts, whether or not with their nuts or washers  |                  |                      |      |      |      |
|         | 7318.15.35        | ----Other screws and bolts(including bolt ends, screw studs and screw studding, of stainless steel (excluding those that are fully threaded with hexagon heads) | Kg               | 10%                  | 1.3% | 5%   | Free |
|         | 7318.15.41        | --- Bolt ends, screw studs and screw studding (excluding those of stainless steel and those identified for aircraft)  | Kg               | 10%                  | 1.3% | 5%   | Free |

## 2.2.4 Production process

The steel merchant or threaded rod manufacturer purchases wire rod/bar from steel mills. The steel is cut to size, normally 1 or 3 meter lengths. Steel rod is fed into thread rolling machines by hand or automated bar feeders. Threaded rods are counted and bundled for black stock or sent to Electro-galvanisers for plating. Threaded rods are then bundled and counted and put into stock.

## 2.3 LIKE PRODUCTS

### 2.3.1 General

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

### 2.3.2 Analysis

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

|                       | Imported product   | SACU product   |
|-----------------------|--|--|
| Raw materials         | Steel and stainless steel  | Steel and stainless steel  |
| Physical appearance   | The products are threaded through the whole length. It is supplied as black, mild steel, galvanized or EN8 (European Standard) threaded steel rods or stainless steel threaded rods.   | The products are threaded through the whole length. It is supplied as black, mild steel, galvanized or EN8 (European Standard) threaded steel rods or stainless steel threaded rods.   |
| Tariff classification | 7318.15.35 & 7318.15.41 (prior to 1 January 2011 the products were classified under tariff subheading 7318.15.90)  | 7318.15.35 & 7318.15.41 (prior to 1 January 2011 the products were classified under tariff subheading 7318.15.90)  |
| Production process    | Wire rod/bar is purchased from steel mills. The steel is cut to size normally 1 or 3 meter lengths. Steel rod is fed into thread rolling machine by hand or an automated bar feeder. Threaded rods are counted and bundled for black stock or sent to Electro-galvanisers for plating. | Wire rod/bar is purchased from steel mills. The steel is cut to size normally 1 or 3 meter lengths. Steel rod is fed into thread rolling machine by hand or an automated bar feeder. Threaded rods are counted and bundled for black stock or sent to Electro-galvanisers for plating. |
| Substitutability      | The imported product and the SACU product are direct substitutes.  | The imported product and the SACU product are direct substitutes.  |

|                               | <b>Imported product</b>   | <b>SACU product</b>   |
|-------------------------------|---|---|
| <b>Application or end use</b> | The imported subject product is designed for clamping/fastening or interference-fit type and is used in the building, mining, construction and agricultural industry. | The SACU subject product is designed for clamping/fastening or interference-fit type and is used in the building, mining, construction and agricultural industry. |

After considering all the above factors, the Commission was satisfied that the SACU product and the imported product are “like products”, for purposes of comparison in this investigation, in terms of the ADR.

### **3. SACU INDUSTRY**

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#### **3.1 INDUSTRY STANDING**

The application was lodged by the South African Fasteners Manufacturers Association (SAFMA), on behalf of the SACU industry.

T & I Chalmers, Tel-Screw and TP are the three major manufacturers that have supplied information contained in the application. Bascol Manufacturing Engineers supplied a letter supporting the application. Together these four manufacturers represent 90 percent 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**

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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 ADR 12.3 and no anti-dumping duty will be imposed.

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

The Commission made a final determination that the sales made below costs should not be excluded from the calculation of the weighted average normal value, if such sales are less than 20 per cent of the total sales.

### **4.1 METHODOLOGY IN THIS INVESTIGATION FOR TONG MING**

#### **4.1.1 Normal Value**

##### **Sales in the ordinary course of trade**

The following information, submitted by Tong Ming, was considered by the Commission in making a determination whether sales by Tong Ming were made in the ordinary course of trade during the period of investigation:

##### **a. Shareholding and Board of Directors**

Tong Ming provided a list of members of the Board of Shareholders. The shareholders exert their rights to vote in shareholders meetings in accordance with the proportion of their capital contribution. The shareholders are representing their own interests. The Board of Directors is accountable to the Board of shareholders and represents the interest of the company and all shareholders.

**b. Raw materials and other cost components for production**

Information on the physical and financial flow of raw materials and other cost components for production was provided. The major raw material suppliers' invoices were provided and verified. Proof of payment was verified. Purchases of raw materials were from more than one supplier at competitive prices.

**c. Labour**

Tong Ming stated that the labourers are employed from the labour market, and trained before starting work. The labourers apply for a position and the general manager approves the application. The first interview is conducted by HR, followed by another interview by the employing department. The General Manager approves the appointment and a labour contract is signed.

The employing department also requests for the dismissal of an employee, whereafter discussions will take place between the employee and the employer. The general manager approves the final decision to either dismiss the employee or not. HR then pays compensation to the dismissed employee.

**d. Production facilities, production and investment**

Tong Ming stated that its production capacity cannot be increased without additional machinery, equipment and buildings. It was also stated that there are no further plans to increase the production capacity at present.

**e. Sales**

Sales are done on the domestic market as well as the export market. The domestic customers include end-users and traders. Sales to SACU are made to Traders. The difference in the level of trade does not affect the pricing. During verification it was found that some threaded rods sales were made at a loss on the domestic market. The volume of the non-profitable sales did not exceed 20 per cent of each model and were therefore not excluded from the calculation of the weighted average normal value.

**f. Financial statements**

Tong Ming submitted audited financial statements for the years 2008, 2009 and 2010.

**g. Accounting principles and practice**

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

**h. Foreign currency transactions**

Export sales are invoiced in US Dollars and converted to the Chinese currency at the ruling exchange rate.

The non-confidential version of this information is available on the public file.

Based on the information submitted, the Commission, for purposes of its final determination, considered the sales of Tong Ming to be made in the ordinary course of trade.

**Calculation of normal value**

Tong Ming only produces stainless steel threaded rods and sold these on the domestic market in the PRC during the period of investigation. Tong Ming sold Austenitic 304 and 316 stainless steel threaded rods. The actual invoiced sales were used to calculate the normal value. During verification it was found that some threaded rods sales were made at a loss on the domestic market. The volume of the non-profitable sales did not exceed 20 percent of each model and were therefore not excluded from the calculation of the weighted average normal value.

The actual sales of the subject product were used to calculate the normal values for each of the models of these products.

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

The following adjustments to the normal value were claimed by the Tong Ming 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) *Cost of payment terms***

An adjustment for the standard cost of payment terms on the PRC domestic market was made. The standard payment terms on the invoices to the customers were used to calculate this adjustment. The adjustment for payment terms were made on a transaction to transaction basis.

**(ii) *Delivery charges***

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

#### **4.1.2 Export price**

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.

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 types of threaded rods exported to SACU during the POI:

- 304 stainless steel
- 316 stainless steel

#### **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) *Cost of payment terms***

The standard payment terms on the invoices to the customers were used to calculate this adjustment. The adjustment for payment terms were made on a transaction to transaction basis.

##### **(ii) *Freight costs***

The ocean freight cost adjustment was calculated by the weight of the specific transaction divided by the total net weight of the invoiced goods, multiplied by the total freight cost of the invoiced goods.

##### **(iii) *Inland Delivery charges***

Inland delivery charges 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.

##### **(iv) *Insurance***

Insurance was calculated on a transaction by transaction basis, by allocating the total value in US Dollar paid for each transaction.

(v) **Port charges**

Port charges were calculated on a transaction by transaction basis, according to the weight of each transaction.

**4.1.3 Margin of dumping**

The following margins of dumping were calculated for Tong Ming:

| RMB per kg   | 304 Stainless Steel | 316 Stainless Steel |
|--|---------------------|---------------------|
| Dumping margin as a % of export price                      | (3.54%)             | (12.07%)            |
| Weighted average dumping margin as a % of ex-factory price | (4.52%)             |                     |

A negative margin of dumping of 4.52 per cent, when expressed as a percentage of the ex-factory price, was calculated for Tong Ming.

**4.2 METHODOLOGY FOR ALL OTHER MANUFACTURERS/EXPORTERS FROM THE PRC (RESIDUAL DUMPING MARGIN) PRODUCING STAINLESS THREADED RODS**

**4.2.1 Normal value**

The normal value for non-cooperating exporters is based on the best information available for the subject product in the same country. The normal value was calculated using the verified normal value for Tong Ming as basis.

**4.2.2 Export price**

It is the Commission's practice to use SARS statistics for determination of export price. However, as the tariff heading contains products other than the product which is the subject of this investigation, and it was difficult to distinguish between stainless steel and steel threaded rods, the Commission decided that the best information available to calculate the export price was the verified export price for steel threaded rods of Tong Ming during the POI.

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

The following adjustments were made to the export price to calculate an ex-factory export price based on Tong Ming's information:

**(i) Freight costs**

The ocean freight cost adjustment was calculated by the weight of the specific transaction divided by the total net weight of the invoiced goods, multiplied by the total freight cost of the invoiced goods.

**(ii) Inland Delivery charges**

Inland delivery charges 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.

**(iii) Insurance**

Insurance was calculated on a transaction by transaction basis, by allocating the total value in US Dollar paid to each transaction.

**(iv) Port charges**

Port charges were calculated on a transaction by transaction basis, according to the weight of each transaction.

**(v) Payment terms**

Cost of payment terms were calculated on a transaction by transaction basis.

#### 4.2.3 Margin of dumping

The following margins of dumping were calculated:

| RMB per kg   | 304 Stainless Steel | 316 Stainless Steel |
|--|---------------------|---------------------|
| Dumping margin as a % of export price                      | (1.25%)             | 3.29%               |
| Weighted average dumping margin as a % of ex-factory price | (0.73%)             |                     |

A negative weighted average margin of dumping of 0.73 per cent, when expressed as a percentage of the ex-factory price, was calculated for all non-cooperating producers/exporters in the PRC.

### 4.3 METHODOLOGY IN THIS INVESTIGATION FOR WISECHAIN FASTENERS & JIAXING BROTHERS

#### 4.3.1 Normal value

##### Sales in the ordinary course of trade

The following information, submitted by Wisechain and Brothers, was considered by the Commission in making a determination whether sales by the two companies were made in the ordinary course of trade during the period of investigation:

##### a. Shareholding and Board of Directors

Brothers and Wisechain provided a list of members of the Board of Shareholders. The shareholders exert their rights to vote in shareholders meetings in accordance with the proportion of their capital contribution. The shareholders are representing their own interests. The Board of Directors is accountable to the Board of shareholders and represents the interest of the company and all shareholders.



**b. Raw materials and other cost components for production**

The main raw materials suppliers' invoices were provided and proof of payments were verified. Purchases of the raw materials were from more than one supplier at competitive prices.

**c. Labour**

Labourers are employed from the labour market. The General Manager is responsible for the final decision of hiring and dismissing employees.

**d. Production facilities, production and investment**

A factory visit was undertaken at Brothers and the production process was observed. The company produces various sizes and models of threaded rods for domestic and export markets.

**e. Sales**

Threaded rods are manufactured by Brothers and sold in the domestic market as well as in foreign markets i.e. SACU. Wisechain act as an agent between the SACU companies and Brothers regarding sales.

**f. Financial statements**

Brothers and Wisechain submitted audited financial statements for the years 2008, 2009 and 2010.

**g. Accounting principles and practice**

As far as could be ascertained, the company complied with generally accepted accounting principles (GAAP).

**h. Foreign currency transactions**

Export sales are invoiced in US Dollars and converted to the Chinese currency at the ruling exchange rate.

The non-confidential version of this information is available on the public file.

Based on the information submitted, the Commission, for purposes of its final determination, considered the sales of Wisechain and Brothers to be made in the ordinary course of trade.

Brothers sells four different categories of steel threaded rods, namely EN8 black, EN8 galvanized, Mild galvanized and Mild black. The total cost of each of the different categories of products was compared to the ex-factory selling prices of the products. It was found that some of the transactions were made at a loss. As more than 20% of the sales of Mild black threaded rods on the domestic market were made at a loss, the Commission excluded the sales made at a loss from the normal value calculations. The normal value for the other products was calculated based on the actual domestic sales, inclusive of the sales made at a loss.

**Adjustments to the normal value**

The following adjustments to the normal value were claimed by Wisechain and Brothers 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 (domestic delivery charges)

The transport cost was calculated by the weight of each specific transaction and the actual transport cost paid for that specific invoice.

(ii) Payment terms

Cost of payment terms on domestic sales was established on a transaction-by-transaction basis with the interest rate provided by the Bank of China.

#### **4.3.2 Export price**

The export price was calculated based on the total export sales Wisechain made to the SACU market during the period of investigation. The export sales were verified and found to be correct.

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

The following adjustments were made to the export price to calculate an ex-factory export price:

(i) Payment terms

Cost of payment terms on export sales to SACU was established at between 0 and 30 days and the monthly rate provided by the Bank of China was used.

(ii) Bank charges

Actual bank charges paid were allocated according to the sales value.

**(iii) International freight and insurance**

The international freight and insurance adjustment was calculated by dividing the weight of the specific transaction by the total sales volume of the invoiced goods, multiplied by the total freight of the invoiced goods.

**(iv) Inland delivery**

The inland delivery charges were calculated on a transaction-by-transaction basis, and allocated according to the volume of threaded rods.

The Commission used the price that Wisechain paid to Brothers as the export price. It was established that Brothers was aware where the products were destined, as it delivered the goods at the harbour.

**4.3.3 Margin of dumping**

The following margins of dumping were calculated for Brothers:

| RMB per kg   | EN8 Black | En8 Galvanized | Mild<br>galvanized | Mild Black |
|--|-----------|----------------|--------------------|------------|
| Dumping margin as a % of export price                            | (9.0%)    | (12.7%)        | (11.1%)            | 34.1%      |
| Weighted average<br>dumping margin as a % of<br>ex-factory price | (4.10%)   |                |                    |            |

A negative margin of dumping of 4.10 per cent, when expressed as a percentage of the ex-factory price, was calculated for Brothers.

#### **4.4 METHODOLOGY FOR ALL OTHER MANUFACTURERS/EXPORTERS FROM THE PRC (RESIDUAL DUMPING MARGIN) PRODUCING STEEL THREADED RODS**

##### **4.4.1 Normal value**

The normal value for non-cooperating exporters was based on the best information available. The normal value was calculated using the verified normal value for Brothers as basis.

##### **4.4.2 Export price**

It is the Commission's practice to use SARS statistics for determination of the export price. However, as the tariff heading contains other products, and it was difficult to distinguish between stainless steel and steel threaded rods, the Commission decided that the best information available to calculate the export price was the verified export price for steel threaded rods of Brothers to Wisechain, who exported to SACU, during the POI.

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

The following adjustments were made to the export price to calculate an ex-factory export price:

(i) *Freight costs*

The adjustment for freight costs were made on a transaction to transaction basis.

(ii) *Inland Delivery charges*

Inland delivery charges 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.

(iii) Insurance

Insurance was calculated on a transaction by transaction basis.

#### 4.4.3 Margin of dumping

The following margins of dumping were calculated:

| RMB per kg   | EN8 Black | En8 Galvanised | Mild Galvanised | Mild Black |
|--|-----------|----------------|-----------------|------------|
| Dumping margin as a % of export price                      | (7.2%)    | (10.9%)        | (9.69%)         | 37.2%      |
| Weighted average dumping margin as a % of ex-factory price | (2.32%)   |                |                 |            |

A negative margin of dumping of 2.32 per cent, when expressed as a percentage of the ex-factory price, was calculated for all non-cooperating producers/exporters in the PRC.

#### 4.5 CONCLUSION - DUMPING

For purposes of its final determination, the Commission considered all the comments from interested parties and found that the subject product originating in the PRC was not being dumped into the SACU market.

## **5. MATERIAL INJURY**

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

The following injury analysis relates to T & I Chalmers, Tel-Screw and TP. The Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with the ADR.

### **5.2 IMPORT VOLUMES AND EFFECT ON PRICES**

#### **5.2.1 Import volumes**

The following table shows the volume of all the imports under tariff subheading 7318.15.90 as obtained from SARS:

| <b>Kg</b>   | <b>2008</b> | <b>2009</b> | <b>2010</b> |
|---|-------------|-------------|-------------|
| Alleged dumped imports                                  | 10,287,606  | 7,058,676   | 10,312,380  |
| Other imports   | 6,953,218   | 4,124,055   | 5,445,527   |
| Total imports   | 17,240,824  | 11,182,731  | 15,757,907  |
| Alleged dumped imports as a percentage of total imports | 59.7%       | 63.1%       | 65.4%       |

The information in the table shows that the alleged dumped imports increased from 59.7% to 65.4%.

#### **5.2.2 Effect on Domestic Prices**

##### **Price undercutting**

Price undercutting is the extent to which the price of the imported product is lower than the price of the SACU product.

The Applicant stated that threaded rods are imported from the PRC at abnormally low prices on a continuous basis, forcing the SACU producers to sell threaded rods at prices which are at unprofitable levels or face a significant reduction in sales volumes resulting in increasing inventories.

### **Price depression**

Price depression occurs when the domestic industry experiences a decrease in its selling prices over time.

The table below shows the SACU industry's domestic selling prices:

| <b>Rand/kg</b>                 | <b>2008</b> | <b>2009</b> | <b>2010</b> |
|--------------------------------|-------------|-------------|-------------|
| Mild steel/galvanised/black    | 100         | 91          | 89          |
| Stainless steel                | 100         | 87          | 70          |
| EN8                            | 100         | 91          | 89          |
| Weighted average selling price | 100         | 86          | 81          |

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

The table above indicates that price depression occurred.

### **Price suppression**

Price suppression is the extent to which increases in the cost of production of the product concerned, cannot be recovered in selling prices. To determine price suppression, a comparison is made between the percentage increase in cost and the percentage increase in selling price (if any), and whether or not the selling prices have increased by at least the same margin at which the cost of production increased.



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

|   | 2008 | 2009 | 2010 |
|---|------|------|------|
| <b>Mild steel/galvanised/black</b>                    |      |      |      |
| Selling price (R/kg)                                  | 100  | 91   | 89   |
| Cost of production                                    | 100  | 101  | 104  |
| Cost as % of selling price                            | 100  | 111  | 116  |
| <b>Stainless steel</b>                                |      |      |      |
| Selling price (R/kg)                                  | 100  | 87   | 70   |
| Cost of production                                    | 100  | 87   | 69   |
| Cost as % of selling price                            | 100  | 100  | 100  |
| <b>EN8</b>  |      |      |      |
| Selling price (R/kg))                                 | 100  | 91   | 89   |
| Cost of production                                    | 100  | 108  | 102  |
| Cost as % of selling price                            | 100  | 119  | 117  |
| <b>Average</b>  |      |      |      |
| SACU industry's weighted average selling price (R/kg) | 100  | 86   | 81   |
| SACU's weighted average cost of production            | 100  | 92   | 90   |
| SACU's cost as % of selling price                     | 100  | 107  | 112  |

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

The table above indicates that the selling prices did not increase by at least the same margin as the cost and therefore, the SACU industry experienced price suppression.

### 5.2.3 Consequent impact of the dumped imports on the industry

#### 5.2.3.1 Actual and potential decline in sales

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

| Kg                        | 2008 | 2009 | 2010 |
|---------------------------|------|------|------|
| Stainless steel           | 100  | 69   | 75   |
| Mild/galvanised/black/EN8 | 100  | 92   | 102  |
| Total of Applicant        | 100  | 90   | 100  |

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

The Applicant stated that notwithstanding the substantial depression of the selling prices the total sales of the SACU threaded rod industry remained more or less static over the period 2008 to 2010, but that the stainless steel rods sales declined over this period.

### 5.2.3.2 Profit

The following table shows the Applicant's profit margins:

|  |      | 2008 | 2009 | 2010 |
|--|------|------|------|------|
| <b>Mild steel/Galvanized/Black/EN8</b> |      |      |      |      |
| Kg's Sold                              | Kg   | 100  | 92   | 102  |
| Total Gross profit                     | R    | 100  | 66   | 64   |
| Total Net Profit (EBIT)                | R    | 100  | 66   | 43   |
| Total Gross profit per kg              | R/kg | 100  | 72   | 63   |
| Total Net Profit (EBIT) per kg         | R/kg | 100  | 72   | 42   |

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

|                                |      | 2008 | 2009 | 2010 |
|--------------------------------|------|------|------|------|
| <b>Stainless Steel</b>         |      |      |      |      |
| Kg's Sold                      | Kg   | 100  | 69   | 75   |
| Total Gross profit             | R    | 100  | 61   | 55   |
| Total Net Profit (EBIT)        | R    | 100  | 70   | 63   |
| Total Gross profit per kg      | R/kg | 100  | 89   | 73   |
| Total Net Profit (EBIT) per kg | R/kg | 100  | 87   | 84   |

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

The information in the tables above indicates that the Applicant's profits declined for both categories over the period 2008 to 2010.

### 5.2.3.3 Output

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

| Kg                        | 2008 | 2009 | 2010 |
|---------------------------|------|------|------|
| Stainless steel           | 100  | 69   | 75   |
| Mild/galvanised/black/EN8 | 100  | 92   | 102  |
| Total Production          | 100  | 86   | 94   |

This table was indexed due to confidentiality using 2008 as base year

The Applicant stated that the total threaded rods production increased marginally over the period 2008 to 2010 as sales also increased slightly, but that the volumes of stainless steel declined over the period 2008 to 2010 as a result of the impact of the alleged dumped imports.

#### 5.2.3.4 Market share

The following table shows the market share for the subject product:

|  | 2008 | 2009 | 2010 |
|--|------|------|------|
| <b>Market share percentage based on sales volume</b> |      |      |      |
| Applicant  | 100  | 140  | 100  |
| Market share of alleged dumped imports               | 100  | 104  | 109  |
| Market share of other imports                        | 100  | 90   | 87   |
| Total SACU Market                                    | 100  | 66   | 92   |

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

The Applicant stated that the SACU industry's market share with regard to sales volume declined in 2010 compared with 2009 and remained the same compared with 2008, while the market share of the PRC imports steadily increased over the period 2008 to 2010 and imports from other countries declined over the same period. It was also stated that the SACU industry market share in relation to the Chinese import market share is extremely small and therefore the impact of the alleged dumped imports is severe and that if the trend of the increased market share continues the SACU industry will eventually be forced out of the market.

#### 5.2.3.5 Productivity

Using the production and employment figures sourced from the Applicant, its productivity improvement in respect of the subject product was determined to be

as follows:

| Description             | 2008 | 2009 | 2010 |
|-------------------------|------|------|------|
| Total production volume | 100  | 91   | 100  |
| Number of employees     | 100  | 90   | 90   |
| Kg per employee         | 100  | 100  | 111  |

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

The Applicant indicated that the capacity utilization remained at the same level more or less from 2008 to 2010 (although it declined in 2009) with regard to black/mild/galvanized and EN8. It was stated that capacity utilization was at uneconomical levels causing the SACU industry to suffer material injury. With regard to stainless steel the capacity utilization decreased over the period 2008 to 2010 causing material injury to the SACU industry.

#### 5.2.3.6 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 following table provides the Applicant's return on total net assets:

| Return on net assets                     | 2008 | 2009 | 2010 |
|--|------|------|------|
| Net profit (product concerned)           | 100  | 78   | 49   |
| Net assets (product concerned)           | 100  | 108  | 116  |
| Return on net assets (product concerned) | 100  | 73   | 41   |

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

The Applicant stated that as indicated in the table, return on investment declined substantially over the period 2008 to 2010 to unacceptable levels as a result of the continued importation of alleged dumped products from the PRC. It was stated that the declining return on investment will also have a devastating impact on the ability of the companies to reinvest and stay competitive in the SACU and global market.

#### 5.2.3.7 Utilisation of production capacity

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

| Mild/galvanized/black/EN8   | 2008 | 2009 | 2010 |
|-----------------------------|------|------|------|
| Companies Capacity (Kg)     | 100  | 100  | 100  |
| Companies actual production | 100  | 92   | 102  |
| Capacity utilisation %      | 100  | 100  | 111  |

| Stainless steel (Kg)        | 2008 | 2009 | 2010 |
|-----------------------------|------|------|------|
| Companies Capacity (Kg)     | 100  | 100  | 100  |
| Companies actual production | 100  | 69   | 75   |
| Capacity utilisation %      | 100  | 69   | 75   |

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

The Applicant stated that the capacity utilization remained at the same level more or less from 2008 to 2010 (although it declined in 2009) with regard to black/mild/galvanized and EN8, but with regard to stainless steel the capacity utilization decreased over the period 2008 to 2010 causing material injury to the SACU industry.

#### 5.2.3.8 Factors affecting domestic prices

There are no other known factors that could have affected the domestic prices negatively.

#### 5.2.3.9 The magnitude of the margin of dumping

The following negative dumping margins were calculated:

| Tariff subheading | Producer                      | Margin of dumping expressed as a percentage of the ex-factory export price |
|-------------------|-------------------------------|--|
| 7318.15.35        | Tong Ming                     | (4.52%)  |
| 7318.15.35        | All other producers/exporters | (0.73%)  |
| 7318.15.41        | Brothers                      | (4.10%)  |
| 7318.15.41        | All other producers/exporters | (2.32%)  |

#### 5.3.3.10 Actual and potential negative effects on cash flow

The following table reflects the SACU industry's cash flow situation:

|                      | 2008 | 2009 | 2010     |
|----------------------|------|------|----------|
| Cash flow: incoming  | 100  | 90   | 92       |
| Cash flow: Outgoing  | 100  | 94   | 105      |
| Net cash flow        | 100  | 58   | Negative |
| Debtors (value)      | 100  | 69   | 78       |
| Debtors average days | 100  | 100  | 100      |

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

The Applicant indicated that it is evident that cash flow (incoming) declined over the period 2008 to 2010 and that as a result of the declining demand for the SACU products (as the alleged dumped imports increase) and declining sales values, the companies cut back in 2008 to 2010 on expenses and re-investment. The Applicant stated that it will have a negative impact in the SACU industry in the long run.

#### 5.2.3.11 Inventories

The following table provides the SACU industry's inventories for the subject product:

| Volume- Kg                | 2008 | 2009 | 2010 |
|---------------------------|------|------|------|
| Stainless steel           | 100  | 81   | 74   |
| Mild/galvanized/black/EN8 | 100  | 79   | 56   |
| Value - R                 |      |      |      |
| Stainless steel           | 100  | 83   | 78   |
| Mild/galvanized/black/EN8 | 100  | 82   | 56   |
| Value per Kg              |      |      |      |
| Stainless steel           | 100  | 102  | 105  |
| Mild/galvanized/black/EN8 | 100  | 104  | 99   |

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

The Applicant indicated that from the information in the table, it is evident that as a result of the declining sales and the effect on production, the inventory levels are managed by the SACU industry to ensure that inventory levels are not causing it injury.

#### 5.3.3.12 Employment

The following table shows the Applicant's employment level:

| Number of employees       | 2008 | 2009 | 2010 |
|---------------------------|------|------|------|
| Total labour : Production | 100  | 90   | 90   |

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

The Applicant indicated that the industry was forced to reduce employment in 2009. It indicated that as the companies invested in their employment they would only continue to retrench if sales continue to spiral downwards.

#### 5.2.3.13 Wages

The following table provides the SACU industry's wages:

|                         | 2008 | 2009 | 2010 |
|-------------------------|------|------|------|
| Total wages: Production | 100  | 97   | 91   |
| Wages per employee      | 100  | 107  | 100  |

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

The Applicant indicated that the industry has a stable workforce and wages are negotiated at the Metals Industries Bargaining Council. It indicated that as the workforce will be reduced so would the wage bill after paying out retrenchment packages.

#### 5.2.3.14 Growth

The Applicant provided the following information with regard to the growth of the market:

|   | 2008 | 2009 | 2010 |
|---|------|------|------|
| SACU market % growth from previous year | 100  | 66   | 92   |
| Sales growth % from previous year       | 100  | 90   | 100  |
| Imports from the PRC                    | 100  | 69   | 100  |
| Other imports                           | 100  | 59   | 78   |

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

The Applicant stated that the table indicates that the SACU market has shown growth in 2010 compared to 2009, but that the Chinese import market share increased and that the alleged imports from China are causing the SACU industry to suffer material injury.

#### 5.3.3.14 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:

| Rand   | 2008 | 2009 | 2010 |
|--|------|------|------|
| Total capital/investment in threaded rods        | 100  | 100  | 100  |
| Capital expenditure during year on threaded rods | 100  | 100  | 100  |

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

The Applicant stated that as a result of the alleged dumped imports and the margins that are under pressure, the SACU industry did slow down. It was stated that if the alleged dumped products continued to flood the SACU market causing the SACU industry further material injury, the SACU industry would not be able, at



the estimated levels of profits, to invest further in 2011 and beyond.

#### **5.4 CONCLUSION - MATERIAL INJURY**

In making a final determination on material injury, the Commission took into account that an industry normally suffers either “price” or “volume” injury. From the information above, the Commission found that it was not evident that the Applicant is suffering volume injury, given the sales volume and output figures. The Commission, however, found clear evidence that the Applicant was suffering price injury, considering the decline in prices, profits and cash flow. The Commission therefore made a final determination that the Applicant, and therefore the SACU industry, was suffering material injury.

## 6. THREAT OF MATERIAL INJURY

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### 6.1 FREELY DISPOSABLE CAPACITY OF EXPORTERS

The Applicant provided an email from a Chinese company showing that capacity is available. The Applicant stated that capacity is available as anti-dumping duties imposed by the EU forced the Chinese companies to establish other markets.

### 6.2 SIGNIFICANT INCREASE OF ALLEGED DUMPED IMPORTS

Alleged dumped imports under the tariff subheading 7318.15.90 are indicated as follows:

| Kg                     | 2008       | 2009      | 2010       |
|------------------------|------------|-----------|------------|
| Alleged dumped imports | 10,287,606 | 7,058,676 | 10,312,380 |

The Applicant stated that it is important to note that the Chinese imports represent a significant portion of the SACU market and if the influx of the alleged dumped products continues, the SACU industry would continue to suffer material injury and eventually close down.

### 6.3 PRICES OF IMPORTS WHICH WILL HAVE A SIGNIFICANT DEPRESSING OR SUPPRESSING EFFECT ON DOMESTIC PRICES

The table below shows the prices of alleged dumped imports:

| Rand/kg               | 2008 | 2009 | 2010 |
|-----------------------|------|------|------|
| Average selling price | 100  | 82   | 78   |

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

The table below shows the SACU industry's domestic selling prices:

| Rand/kg               | 2008 | 2009 | 2010 |
|-----------------------|------|------|------|
| Average selling price | 100  | 96   | 80   |

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

The Applicant indicated that it is clear that the selling prices of the SACU industry are depressed and suppressed as a result of SACU industry's effort in countering and competing with the low-priced alleged dumped imports from the PRC.

**6.4 EXPORTER'S INVENTORIES OF THE SUBJECT PRODUCT**

The Applicant indicated that the exporters' inventories are not known. It was stated that it is known that the exporters do from time to time experience surplus finished product stock which they attempt to dispose of even quicker.

**6.5 OTHER MARKETS THAT CAN ABSORB THE FREE CAPACITY OF THE EXPORTER**

The Applicant stated that the SACU industry is not aware of this, but indicated that the USA, Russia and the EU imposed anti-dumping duties on Chinese nuts and bolts. It was stated that this not only indicates that the PRC is exporting major quantities of fasteners at dumped prices to these countries but also that as a result of the dumping duties, the PRC must now explore new markets such as SACU.

**6.6 STATE OF THE ECONOMY OF THE COUNTRY OF ORIGIN**

The Applicant indicated that the PRC's economy since the 1970's has changed from a closed, centrally planned system to a more market-orientated one that plays a major role in the global economy and in 2010 the PRC became the world's largest exporter. The Applicant also stated that the PRC generally has implemented reforms in a gradualist fashion and in recent years the PRC has renewed its support for state-owned enterprises in sectors it considers important to "economic security", explicitly looking to foster globally competitive national champions.

**6.7 SUMMARY ON THREAT OF MATERIAL INJURY**

The Commission made a final determination that a threat of material injury to the Applicant, and therefore the SACU industry, exists.

## **7. CAUSAL LINK**

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

## **8. SUMMARY OF FINDINGS**

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### **8.1 Dumping**

The Commission found that the subject product originating in or imported from the PRC was not dumped into the SACU market. The following negative dumping margins were calculated:

| <b>Tariff subheading</b> | <b>Company</b>                    | <b>Margin of dumping<br/>expressed as a percentage of<br/>the ex-factory export price</b> |
|--------------------------|-----------------------------------|---|
| 7318.15.35               | Tong Ming                         | (4.52%)   |
| 7318.15.35               | All other manufacturers/exporters | (0.77%)   |
| 7318.15.41               | Brothers                          | (4.10%)   |
| 7318.15.41               | All manufacturers/exporters       | (2.32%)   |

### **8.2 Material injury**

The Commission found that the Applicant suffered material injury in the form of price depression, price undercutting (stainless steel threaded rods), price suppression, decline in revenue (sales value), decline in profit, actual and potential decline in output, stagnant market share, decline in return on investments and decline in employment.

### **8.3 Threat of material injury**

The Commission made a final determination that a threat of material injury to the Applicant, and therefore the SACU industry, exists.

### **8.4 Causal link**

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

## 9. RECOMMENDATION

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The Commission made a final determination that:

- The subject product originating in or imported from the PRC was not being dumped into the SACU market;
- The SACU industry suffered material injury; and
- A threat of material injury to the Applicant, and therefore the SACU industry exists.

As the Commission made a final determination that no dumping was taking place, the Commission did not make a determination on causal link.

The Commission therefore decided to recommend to the Minister of Trade and Industry that the investigation be terminated.