

REPORT NO. 364

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON
ACETAMINOPHENOL ORIGINATING IN OR IMPORTED FROM
THE PEOPLE'S REPUBLIC OF CHINA (PRC) AND THE UNITED
STATES OF AMERICA (USA): FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its
**Report No. 364: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON
ACETAMINOPHENOL ORIGINATING OR IMPORTED FROM THE PEOPLE'S
REPUBLIC OF CHINA (PRC) AND THE UNITED STATES OF AMERICA (USA): FINAL
DETERMINATION**


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CHIEF COMMISSIONER

PRETORIA
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1 APPLICATION AND PROCEDURE

- 1.1 This investigation was conducted in accordance with the International Trade Administration Act, 2002 (ITA Act), the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement) and the International Trade Administration Commission Anti-Dumping Regulations (ADR).
- 1.2 The application was lodged by Fine Chemicals Corporation (Pty) Ltd, being the only manufacturer of the subject product in the SACU.
- 1.3 On 26 June 2009, the International Trade Administration Commission of South Africa (the Commission) notified the interested parties through **Notice No. 902 of 2009** in **Government Gazette No. 32333**, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties on imports of Acetaminophenol imported from the PRC and the USA would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on Acetaminophenol originating in or imported from the PRC and the USA would expire on 14 July 2010.
- 1.4 On 29 June 2009, a substantiated request was received from Fine Chemicals Corporation (Pty) Ltd to review the anti-dumping duties on Acetaminophenol originating in or imported from the PRC and the USA.
- 1.5 A deficiency letter was sent to the Applicant on 10 February 2010 and a response was submitted on 22 February 2010. The information submitted by the Applicant was verified on 25 March 2010. A verification report was sent to the Applicant on 29 March 2010.
- 1.6 The sunset review investigation was initiated pursuant to Notice No. 399 of 2010 in Government Gazette No. 33192, published on 21 May 2010. The due date for responses was 30 June 2010.

- 1.7 This report contains information with regard to dumping for the period 1 January 2009 to 31 December 2009, and information with regard to injury for the period 1 July 2007 to 30 June 2009 and estimates should the duties expire.
- 1.8 None of the exporters responded to the Commission's sunset review questionnaire.
- 1.9 A response was received from Marsing & Co. being the importer of the subject product. As all sales of the product under investigation were exported from bond and therefore did not enter the SACU market, the Commission decided not to take the response into account for purposes of the determination of dumping or resulting injury to the SACU industry.
- 1.10 After considering all the information submitted by the Applicant, the Commission issued essential facts letters indicating that it was considering making a final determination that the expiry of the anti-dumping duties on Acetaminophenol originating in or imported from PRC and USA would lead to the continuation of dumping and to the recurrence of material injury.
- 1.11 After considering all the comments received to the Commission's essential facts letters, the Commission made a final determination that the expiry of the duties on Acetaminophenol originating in or imported from the PRC and the USA would lead to the continuation or recurrence of dumping and to the recurrence of material injury.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 SUBJECT PRODUCT

2.1.1 Description

The subject product is Acetaminophenol and is sold under the trade name of Paracetamol.

2.1.2 Tariff classification

The subject product is classifiable as follows:

TABLE 2.1.2

Tariff sub-heading	Article Description	Statistical unit	Rate of duty			
			General	EU	EFTA	SADC
29.24	<i>Carboxamide-function compounds; amide-function compounds of carbonic acid:</i>					
2924.2	<i>Cyclic amides (including cyclic carbamates) and their derivatives; salts thereof:</i>					
2924.29	- Other					
2924.29.05.	--- Acetaminophenol	kg	10%	10%	10%	free

2.1.3 Production process

The reaction of para-aminophenol with acetic anhydride produces a crude acetaminophenol. This crude product is isolated by crystallization. It is then purified dried via fluid bed dryers and then milled, screened and packed. The company's quality control department manages in-process and final testing for the various grades of material produced while a quality assurance department is responsible for final approval of all products produced.

2.1.4 Like product decision

In the original investigation the Commission decided that the SACU product and the imported products were “like products” for purposes of comparison, in terms of the Anti-dumping Regulations.

2.1.5 Other applicable duties or rebates

The following anti-dumping duties are applicable to the subject product, acetaminophenol, classifiable under tariff subheading 2924.29, originating in or imported from the PRC and the USA:

TABLE 2.1.5

Tariff Heading/ Subheading	Description	Imported from or Originating In	Date of imposition	Rate of Anti Dumping Duty
2924.29	Acetaminophenol	PRC	18/06/99	2 573 c/kg
2924.29	Acetaminophenol	USA	18/06/99	2 371 c/kg

3. INDUSTRY STANDING

3.1 INDUSTRY STANDING

The Applicant is the sole producer of Acetaminophenol in SACU.

The Commission decided that the Application can be regarded as being made “by or on behalf of the domestic industry” under the provisions of the Anti-Dumping Regulations.

4. CONTINUATION OR RECURRENCE OF DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PEOPLE'S REPUBLIC OF CHINA (PRC)

As no responses were received from any exporters, the Commission used best information available as contemplated in Article 6.8 of the ADA, being that provided by the Applicant, to make a final determination.

4.1.1 NORMAL VALUE

Type of economy

The Record of understanding between ITAC and the Bureau of Fair Trade for Imports and Exports (BOFT) of the Ministry of Commerce of the PRC provides that the PRC will be treated as a market economy for purposes of investigation. A distinction, however, is drawn between treatment for the purpose of initiation and the subsequent phases of the investigation. Where domestic selling price information in the PRC is not available, SACU industries are allowed for purposes of initiation to use alternative methods permitted by the WTO for determining a normal value in the PRC.

Calculation of normal value

In determining the normal value for the PRC, and as no Chinese manufacturer co-operated in this investigation, the Commission made a final determination to use the best information available, being the information provided by the Applicant.

Adjustments

No adjustments were claimed on the normal value.

Ex-factory domestic price

The normal value for the PRC amounted to \$8.50 per kilogram.

4.1.2 EXPORT PRICE

Calculation of the export price

In calculating the export price for the PRC, the Commission made a final determination to use the best information available, being quotes for products originating in the PRC.

The export price for the PRC was calculated as follows:

	US \$ per kilogram
FOB Price	3.30
Inland freight to port (estimated)	0.08
Ex-works price	3.22

4.1.3 MARGIN OF DUMPING

The dumping margin for the PRC was calculated as follows:

Country	Margin of dumping
The PRC	157.58%

4.2 METHODOLOGY IN THIS INVESTIGATION FOR THE UNITED STATES OF AMERICA (USA)

4.2.1 NORMAL VALUE (USA)

Calculation of normal value

In determining the normal value for the USA and as no exporters from the USA co-operated in the investigation, the Commission made a final determination to use the best information available, being the information submitted by the Applicant.

Adjustments

No adjustments were claimed on the normal value.

Ex-factory domestic price

The normal value for the USA amounted to \$8.50 per kilogram.

4.2.2 EXPORT PRICE

Calculation of the export price

In calculating the export price for the USA, the Commission made a final determination to use the best information available, being quotes for products originating in the USA.

4.2.3 MARGIN OF DUMPING

The dumping margin for the USA was calculated as follows:

Country	Margin of dumping (%)
USA	41.9%

4.3 CONCLUSION

All comments received were taken into account and are available on the public file.

The Commission made a final determination that the expiry of the duties would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from the PRC and the USA.

5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

5.1 DOMESTIC INDUSTRY

The following injury analysis relates to Fine Chemicals Corporation (Pty) Ltd, being the only manufacturer of the subject product in the SACU. As their production volume represents 100 per cent of the total SACU production, the Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with the Anti-Dumping Regulations.

5.2 IMPORT VOLUME AND EFFECT ON PRICES

Import volumes:

Kilograms	2007	2008	2009	Estimate if the duty expires
Imports from the PRC	0	0	0	241 928
Imports from the USA	5 000	0	2 150	241 928
Sub Total	5 000	0	2 150	483 856
PRC imports as a % of total imports	0%	0%	0%	38%
USA imports as a % of total imports	2.0%	0%	1.84%	38%

Effect on prices:

	2007	2008	2009	Estimate if the duty expires
Price depression	No	No	No	Yes
Price undercutting:				
- PRC	No	No	No	Yes
- USA	No	No	No	Yes
Price suppression	No	No	No	No

5.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE INDUSTRY

	2007	2008	2009	Estimate if the duty expires
Sales volumes in Kilograms	100	78	74	0
Gross profit margin	negative	negative	negative	0
Output (kilograms)	100	75	76	0
Market share – volume: Applicant	100	78	74	0
Market share – volume: Alleged dumped sales	100	0	43	4 839
Productivity	100	80	81	0
Capacity utilisation	100	75	76	0
Employment	100	95	95	16
Net cash flow	negative	negative	negative	
Inventories (kilogram)	100	87	105	50
Growth	negative	negative	negative	0
Wages: Direct wages production	100	89	113	0
Magnitude of the margin of dumping				
-PRC				157.58%
-USA				41.90%

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

5.4 DISCUSSION ON CONTINUATION OR RECURRENCE OF MATERIAL INJURY

The Commission considered all comments submitted by interested parties on the continuation or recurrence of material injury. These comments are available on the public file.

As there were no responses from exporters from the PRC and the USA and there was sufficient evidence of the continuation or recurrence of dumping of the subject product originating in or imported from the PRC and the USA and a likelihood of recurrence of material injury, the Commission decided to recommend to the Minister of Trade and Industry that the current anti-dumping duties be maintained.

5.5 CONCLUSION – RECURRENCE OF MATERIAL INJURY

The Commission analysed the material injury factors and made a final determination that the expiry of the anti-dumping duties on Acetaminophenol originating in or imported from the PRC and the USA would lead to the recurrence of material injury to the SACU industry.

6. SUMMARY OF FINDINGS

6.1 Continuation or recurrence of dumping

The Commission made a final determination that the expiry of the anti-dumping duties is likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from the PRC and the USA.

6.2 Recurrence of material injury

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the recurrence of material injury of the subject product originating in or imported from the PRC and the USA.

7. RECOMMENDATION

The Commission decided to recommend to the Minister of Trade and Industry that the existing anti-dumping duties on Acetaminophenol originating in or imported from the PRC and the USA be maintained as follows:

Tariff Heading/ Subheading	Description	Imported from or Originating In	Rate of Anti- Dumping Duty
2924.29	Acetaminophenol	PRC	2 573 c/kg
2924.29	Acetaminophenol	USA	2 371 c/kg