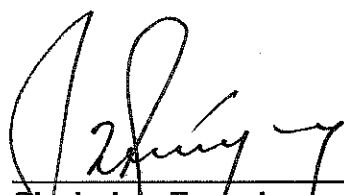


REPORT NO. 332

**INVESTIGATION INTO THE ALLEGED DUMPING OF STAPLE POLYESTER FIBRE
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. 332: **INVESTIGATION INTO THE ALLEGED DUMPING OF STAPLE
POLYESTER FIBRE ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S
REPUBLIC OF CHINA (PRC): FINAL DETERMINATION**



Siyabulela Tsengiwe
CHIEF COMMISSIONER

PRETORIA
01 / 04 / 2010

1. APPLICATION AND PROCEDURE

- 1.1 This investigation is conducted in accordance with the International Trade Administration Commission Act, 2002, (the ITA Act), the World Trade Organisation 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 of South Africa Anti-Dumping Regulations (ADR).
- 1.2 The application was lodged by International Trade Services (ITS), on behalf Hosaf (the Applicant), being the only manufacturer of the subject product in the SACU.
- 1.3 The Commission accepted the application as being properly documented, on 09 December 2008. The trade representative of the country concerned was advised in accordance with Article 5.5 of the Anti-Dumping Agreement.
- 1.4 The Commission initiated an investigation into the alleged dumping of staple polyester fibre originating in or imported from the People's Republic of China (PRC), through Notice No.67 in Government Gazette No.31798 on 23 January 2009.
- 1.5 The investigation period for dumping is from 1 July 2007 to 30 June 2008. The injury investigation involved evaluation of data for the period 1 January 2005 to 30 June 2008.
- 1.6 The SACU industry consists of only one producer of the subject product, namely Hosaf, the applicant.
- 1.7 The following SACU importers submitted properly documented responses to the Commission's importer questionnaire.
- Classique Quilters cc – represented by Xikhovha Advisory (Pty) Ltd
 - Polybond – represented by Xikhovha Advisory (Pty) Ltd.

1.8 The following SACU importers' responses were not taken into consideration:

- (i) Branson Marketing imported from a PRC exporter/manufacturer Jiangyin Hailun, which did not export to the SACU during the POI.
- (ii) Freudenberg did not import the subject products during the POI and they also did not import from the PRC.
- (iii) LR Foam did not complete the questionnaire in the required format and submitted information and invoices outside the POI on imports of the subject product sourced from a trader in the United Kingdom who sourced the subject products from the PRC. No supporting evidence was supplied by LR Foam with regard to clearing and handling costs claimed by their trader.
- (iv) Peter Blond requested to be excluded from the investigation as they were garment and neither yarn nor fabric manufacturers.

1.9 The following exporters/manufacturers in the PRC responded in full to the Commission's exporter/manufacturer questionnaire and their information was taken into account in the determination:

- (a) Cixi Jiangnan Chemical Fibre Co., Ltd – represented by a PRC law firm, AllBright
- (b) Nantong Sanjia Chemical Fibre Co., Ltd – represented by PRC lawyers Gaopeng & Partners
- (c) Ningbo Dafa Chemical Fiber Co., Ltd
- (d) Zhe Jiang Waysun Chemical Fiber Co., Ltd - represented by Xikhovha Advisory (Pty)

1.10 Jiangyin Hailun represented by Xikhovha Advisory (Pty) did not export to the SACU during the period of investigation and the information was not taken into account.

1.11 After considering all parties' comments, the Commission made a final determination to recommend to the Minister of Trade and Industry that definitive

anti-dumping duties be imposed on staple polyester fibre originating in or imported from the PRC (excluding those imported from PRC and manufactured/exported by Ningbo Dafa, Nantong Sanjia, Cixi Jiangnan and Huvis Sichuan).

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as staple polyester fibre, classifiable under tariff subheading 5503.20.

2.1.2 Country of origin/export

The subject product is exported from the PRC.

2.1.3 Possible tariff loopholes

The Applicant stated that it is not aware of any tariff loopholes that may exist but added that it believed that the product is also imported under tariff subheading 5506.20 and that exporters/manufacturers from the PRC were under-invoicing the product.

2.1.4 Negligibility test

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

Table 2.1.4: Import volumes

Imports	Imports 1 July 2007 to 30 June 2008	Volume as % of total imports
PRC	4 477 701	30.3%
Other imports	10 307 691	69.7%
Total Imports	14 785 392	100%

The Commission found that the imports from the PRC are above the negligibility level.

2.2 SACU PRODUCT

2.2.1 Description

The SACU product is described as poly/cottons, or sheeting or shirting. However, the Applicant indicated that every factory has its own "trade name". The SACU product is sometimes known as "Sungleam".

2.3 LIKE PRODUCTS ANALYSIS

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

Table 2.3: Like product determination

Criteria	Imported Products	SACU Product
Raw Materials	<p>The main raw materials/components used in the manufacture of the product depend on the type of the subject product the exporter/manufacturer manufacturers and on customer requests. The following exporters/manufacturers that were verified used the following materials in their production process:</p> <p><u>(i) Cixi Jiangnan</u></p> <ul style="list-style-type: none"> * Main raw material – recycled plastic bottle pieces/flakes which make up 85% of the total raw materials. * PET – which make 15% of the total raw materials. * Components – silicone oil, fibre oil, and bleach. <p><u>(ii) Nanton Sanjia</u></p> <ul style="list-style-type: none"> * Main raw material - PET recycled bottle flakes * Components - silicon oil, oil, whitening agent and blue powder. <p><u>(iii) Ningbo Dafa</u></p> <ul style="list-style-type: none"> * Main raw material - PET recycled bottles or flakes. * Components - silicon oil, fiber oil, 	<p>The main raw materials/components used are polyester staple fibres and cotton fibres.</p> <p>The basic building bricks for polyester are Ethylene glycol (monoethylene glycol – MEG) and Terephthalic acid (PTA). 86kg of PTA is combined with 35kg of MEG to give 100kg of polyester with by-product water. There are small additions of titanium dioxide, a delustrant and spin finish on the fibre surface.</p> <p>A kg of basic fibre is in effect 70,7% PTA and 28,75% MEG and titanium dioxide is approximately 0.3% and spin finish 0.25%. The latter two are small components but important.</p>

	<p>bleacher and alkali flakes.</p> <p><u>(iv) Zhe Jiang Waysun</u></p> <p>* Raw materials – recycled PET bottle flakes</p> <p>* Component - silicon oil (in the case of siliconised fibre)</p> <p><u>(v) Huvis Sichuan</u></p> <p>* Raw materials – Therephthalic Acid and Ethlene Glycol</p>	
Physical appearance	<p><u>(i) Cixi Jiangnang</u></p> <p>* The subject product is soft, elastic (rebound) curly because of the different stretching structures.</p> <p>* The description of the product depending on the customer order may be hollow and non-hollow (solid).</p> <p><u>(ii) Nantong Sanjia and Ningbo Dafa</u></p> <p>* The subject products from both Nantong Sanjia and Ningbo Dafa are curly because of the exposure to the 3 different levels of temperatures also resulting from the different stretching structures. Hence the description of the product is 3 dimensional, hollow, more elastic and of high quality and used for high value products.</p> <p>* Ningbo Dafa's products are either white, green or brown. Their loft is conjugate and non-conjugate. Their finish is silicone and non-silicone.</p> <p><u>(iii) Zhe Jiang Waysun</u></p> <p>* Crimped yarn with 1.5D – 15D in diameter, 32 – 152 in length and can either be white, grey or green in colour.</p> <p><u>(iv) Huvis Sichuan</u></p> <p>The product is soft and elastic. It is similar in appearance to cotton or wool fibre.</p>	The SACU product is curly and may either be white, grey, green or brown in colour.
Tariff classification	5503.20	5503.20

<p>Production Process</p>	<p><u>(i) Cixi Jiangnan</u></p> <p>The production process observed was as follows:</p> <p>Raw materials processing, washing, drying, melting and spinning, rolling, clustering, drawing, crimping, heating, cutting and packaging (baling).</p> <p><u>(ii) Nantong Sanjia and Ningbo Dafa</u></p> <p><u>* Washing</u></p> <p>The bottle flakes are washed and put under a high flame for melting.</p> <p><u>* Draining</u></p> <p>Water is drained from the raw material (if there is no drainage the product will be distorted),</p> <p><u>* Crushing and melting</u></p> <p>Flakes are crushed at a high temperature. A machine was shown to the investigators on how the sizes of the customers' specific orders are determined, ranging from 4D to 15D (for Nantong Sanjia) and from 1D to 25D (for Ningbo Dafa) making the product to be hollow.</p> <p><u>* Drying and stretching</u></p> <p>The product goes through this process where it is also stretched.</p> <p>- For Ningbo Dafa, it is at this stage where the order determination is either a 2 dimensional or 3 dimensional product as per the customer order.</p> <p>- The drying process of the 3 dimensional products involves the following 3 temperature levels:</p> <p>(i) extremely hot which elongates the product on one side,</p> <p>(ii) very cold and shortens the product on the other side , and</p> <p>(iii) the 2 temperatures (hot and cold) neutralizes in the middle of the stretched product.</p>	<p>The production process is world-wide the same world-wide and described as follows:</p> <p>Cotton fibres and polyester staple fibres are the raw materials which the fabrics are produced of and the inherent characteristics of the fibres have the single largest effect on the nature of the finished fabrics. e.g. cotton fibres are single elongated cells that have a flat, twisted and ribbon like structure. The colour varies from cream to light brown and the lengths vary form 13 mm to 50 mm. In order to produce fabrics, the fibres must be converted into yarns. The type of yarn chosen for a fabric will affect its appearance, durability, handling and draping characteristics. Polyester fibres (being man-made) have the same characteristics as cotton and are therefore mainly mixed with cotton to form a polyester/cotton product. Dependent on the origin of the fibre and the length of the fibre, the fibre will go through various processes that will transform it from a fibre into a yarn (spinning process).</p> <p>The spinning process is comprised of the opening of the bales, the combing and drawing of the fibres into roving and then the spinning. The more processes involved, the more expensive the resultant yarn. It is at this stage that the blend or</p>
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	<p>The drying of the 2 dimensional products involves only 2 temperatures levels which are not so very strong as the one of the 3 dimensional products. The cold temperature on one side making the crimp small and the very hot on the other side making the crimp longer. When rolled into one, the cold side will be on the inside and the hot side will be on the outside.</p> <p>* <u>Curling</u> At the end of the production process when the subject product comes out of the dryer it is curly because of the exposure to the 3 different levels of temperatures also resulting from the different stretching structures. Hence the description of the product is 3 dimensional, hollow, more elastic and of high quality.</p> <p>* <u>Waste</u> The waste from the production process is resold to other companies.</p> <p>(iii) <u>Zhe Jiang Waysun</u> Washing, filature, drawing, crimping and baling.</p> <p>(iv) <u>Huvis Sichuan</u> The <u>Polymerization process</u>: Polymers are produced through esterification and polycondensation. <u>Extruder</u>: the polymer is pushed out through a nozzle into the spinning process. <u>Spinning</u> the polymer strands are cooled through a quenching process using air, and the various strands are grouped into a single TOW. <u>Drawing</u> TOWs are drawn by rollers to set the Fibres to the specification needed. <u>Cutter</u> the dried TOWs are run into cutter, in which blades cut</p>	<p>mixture of the fabrics is determined.</p> <p>Blends are produced when two or more fibres are mixed prior to the spinning, in this case different bales of cotton fibres. Mixtures refer to a fabric, e.g. 90% cotton usually refers to either a blend or a mixture if it is a woven fabric. The blends are being determined in the spinning process and not in the weaving process.</p> <p><u>Weaving</u>: where the fabric is created by interlacing two sets of yarns at right angles. The warp yarns are those that lie in the longitudinal direction of the fabrics whilst it is being woven. The weft (or filling) yarns are those which, during weaving, are introduced between the warp yarns, in the width direction of the fabric. Woven fabrics are manufactured using a loom. The nature of the fabric depends on the way in which the warp and weft yarns are interlaced. There are four main categories of weave, each of which may be varied to create a multiple or different surface effect.</p> <p><u>Plain weave</u>: The weft passes over one warp, under the next warp, over the third warp, etc. from selvedge to selvedge. It gives the maximum number of interlaces and is therefore the most closely woven fabric. It is the simplest to produce, therefore inexpensive. The surface of the fabric is receptive to design and finishes and is durable and easy to clean.</p>
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	<p>the TOW into the required size.</p> <p><u>Packing</u></p> <p>the produced PSF is packed.</p>	<p>This fabric has less elasticity than other weaves, shows creases easily and has a dull appearance. The closeness or looseness of the weave is measured by the count of the cloth, i.e. the number of warp and weft yarns. There are high and low count fabrics.</p> <p>The term "fabric finishing" refers to those treatments that cloth undergoes after it is fabricated, in preparation for use by manufacturers or directly by the consumers. Practically all types of fabrics are given some type of finishing treatment. Fabrics may undergo more than one finishing process. The nature of the finish will depend on the fibre constituting the yarn, the method of fabric construction (weave) and the intended end use of the fabric.</p> <p><u>Unbleached</u></p> <p>(greige/gray/grey/loomstate): these terms refer to the state of the fabric before the finish. The "grey" (unbleached) fabric has no appeal, is often soiled, contains foreign matter and may be flawed. The reason for finishing fabrics is to remedy defects, enhance the aesthetic qualities and improve service qualities.</p> <p>The finishing processes are preparation, bleaching, colouring and finishing.</p>
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		<p>"Preparation" means getting the fabrics ready for dyeing and printing. Any processing aids (eg spinning oils, waxes, sizes, etc) which may have been applied during spinning and weaving must be removed. Any natural or adventitious contaminations must also be removed. Preparation processes are eg. desizing, singeing and scouring.</p> <p><u>Bleaching</u>: It is the destruction of natural colouring and improving the whiteness of the fabric to prepare it for dyeing (the washing of fabrics in special solutions).</p> <p><u>Dyeing</u>: Textile materials are dyed in aqueous solutions of dispersions of dyestuffs, together with dye bath additives such as salt, alkali and acids. The dissolved or dispersed dyestuff must first be absorbed into the fibre surface and then diffused into its interior where it finally must be fixed.</p> <p><u>Printing</u>: This is the controlled placing of defined areas of colour onto a substrate. The colorant must first be brought to the fibre surface usually in the form of printing paste. The colorant must then be fixed in place, and finally, excess unfixed colour has to be washed out. Printing methods: direct printing/overprinting, discharge printing, resist printing,</p>
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		<p>pigment printing, transfer printing, flock printing, lacquer printing, hand printing, screen printing (flat screen or rotary printing).</p> <p><u>Colour woven</u> ("of yarns of different colours): The yarns are dyed before the weaving process starts. Different colour yarns are used as weft and warp yarns. The weft passes over one warp, under the next warp, over the third warp, etc. from selvedge to selvedge. It gives the maximum number of interlaces and is therefore the most closely woven fabric. It is the simplest to produce, therefore inexpensive. The surface of the fabric is receptive to design and finishes and is durable and easy to clean. This fabric has less elasticity than other weaves, shows creases easily and has a dull appearance. The closeness or looseness of the weave is measured by the count of the cloth, i.e. the number of warp and weft yarns.</p> <p>The more cotton fibre content, the more expensive the fabric because currently cotton fibres are more expensive than polyester fibres. The production cost and price of the fabric will depend on the fibre mix, the fibre count and the finish.</p>
Application or end-use	<p>* Cixi's products are used to maintain warmth and comfort and is used as a filling for furniture and bed articles.</p> <p>* Nantong Sanjia's products is used</p>	The product is used in the manufacture of sheets and other bed linen, shirts and other clothing.

	<p>as padding and filling material for quilt, upholstery, pillows, toys, sofas, etc.</p> <p>* Ningbo Dafa's products are used by companies specializing in and manufacturing house ware, textiles, craftwork, toys, and fabric products.</p> <p>* Zhe Jiang Waysun product is non-woven and used for filling.</p> <p>*Huvis Sichuan's products are used as stuffing in sleeping bags, mattresses, ski jackets, conforters, cushions, pillows and upholstery.</p>	
Substitutability	<p>Ningbo Dafa indicated that the 2 dimensional product can be substituted for a 3 dimensional product, but the 3 dimensional product cannot be substituted for a 2 dimensional product.</p> <p>The exporter/manufacturer indicated that if it is conjugate, it means that it is 3 dimensional product and if it is non-conjugate, then it is a 2 dimensional product.</p>	The Applicant did not submit any information with regard to this issue.
Specifications	<p>There are no standards or specifications to the subject products concerned prescribed by law or otherwise for the verified exporters/manufacturers.</p> <p>The products for the these exporters/manufacturers are also not subject to import control or other import restrictions.</p> <p>Ningbo Dafa indicated that some of its customers machines</p>	The Applicant did not submit any information with regard to this issue.

	are specifically made for the specifications requested, e.g. the 32mm is used for manufacturing pillows but it does not need to be blown to separate the crimp and the 64mm is blown by the end users to make the pillows softer.	
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The Commission deliberated on the issue of like product and concluded that while the imported products and the SACU products were like products, they are not identical in every respect. The Commission made a final determination that the imported product and the SACU product are like products for purposes of comparison, in terms of Section 1 of the Anti-dumping regulations and article 2.6 of the Anti-Dumping Agreement.

3. INDUSTRY STANDING

The Applicant is the only manufacturer of the subject product in SACU. The application is therefore supported by 100 per cent of the SACU industry.

The Commission decided that the application could be regarded as being made “by or on behalf of the domestic industry” under the provisions of the Anti-dumping regulations, 7.3(a).

4. DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC

Normal value determination for Chinese Companies

In terms of the Record of Understanding between ITAC and Bureau of Fair Trade for Import and Export of the Ministry of Commerce of the PRC, after initiation of an anti-dumping investigation, Chinese exporters/manufacturers will be given the opportunity to provide information on domestic selling prices and cost of production of the subject product. The Commission will then verify the information to establish whether sales made were in the ordinary course of trade. The following factors in determining whether sales were made in the ordinary course of trade were considered:

(a) Ownership

- Cixi Jiangnan Chemical Fibre Co. Ltd is a limited liability company.
- Nantong Sanjia Chemical Fibre Co., Ltd is a joint venture company established by two companies. The shareholders are Nantong Development Zone Sanjia Ironware Factory and United State U-TEM Co., Ltd
- Ningbo Dafa Chemical Fibre Co., Ltd is a Sino-Foreign Joint Venture.
- Zhe Jiang Waysun was established as a limited liability company.
- Huvis Sichuan is a joint venture between Huvis Corporation, registered in the Republic of South Korea, and Sichuan Polyester Inc., a Chinese company.

(b) Suppliers of raw material and other components for production

The companies provided suppliers' invoices of their raw material and component suppliers. Purchases of the verified companies were made from more than one supplier at competitive prices and it was found that none of the companies sourced their raw materials and components from state-owned

enterprises, but from privately owned enterprises. The sourcing of the raw materials is based on cost, quality and lead times. The companies indicated that the suppliers used are stable enterprises and if there are major price changes in the market, quotations from companies in other countries are used.

(c) Competition, advertising and marketing

The companies verified are located in Industrial Development Zones in individual provinces and they are the only producers of the subject product. They advertise their products on the internet and market their products to the end-users who are textile, furniture and toy manufacturers located in the same area. Productions are based on order and according to specification requirements of the customers.

(d) Human Resources

The companies verified indicated that in the PRC workers are contracted from 1 – 3 years. For recruitment, the companies inform the government labour department who in turn inform unemployed people about available positions. Since the companies are located in the industrial zones, the exporters/manufacturers verified indicated that most workers live there and therefore their contract period is extended when it expires.

Summary of ITS comment

ITS wanted to ensure if a free market environment applies with respect to the labour market.

Commission consideration

The verified companies indicated that the government does not control the salaries or negotiate the salaries for the employees. Unemployed people contact the labour department to check for vacant positions.

(e) Production costs

During the verification, it was found that the companies sold the subject products at prices which enabled them to recover their costs of production.

Summary of ITS comment on cost information

ITS requested the Commission to investigate the costing information of Nantong Sanjia and Ningbo Dafa as it is believed that they were selling to SACU at prices below cost of manufacturing.

Commission consideration

The information of the companies mentioned by ITS was verified. Verified information showed that the companies sold the subject products at a price which enabled them to recover their costs of production.

(f) Accounting principles and practice

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

Summary of ITS comment

ITS wanted clarity on how it was verified that companies comply with GAAP.

Commission consideration

The verified companies satisfied the basic principles that must be upheld by all GAAP rules. The principles met by the companies are relevance, reliability and comparability of the information provided to the investigators. No audited financials could be provided as the companies are not required to have an audited annual report. However, balance sheets and income statements for the period of investigation were provided.

(g) Foreign currency transactions

All transactions were concluded in RMB.

Summary of ITS comment

ITS wanted clarity on the currency used for conducting transactions.

Commission consideration

Domestic sales were done in RMB and the export sales were in US dollar. The export sales were converted to RMB for the purposes of comparison to domestic sales.

Comments by Textile Federation (Texfed) can be summarized as follows:

- Hosaf does not produce all types of fibre and the FOB price of low melt polyester fibre is well in excess of R10/kg, which is certainly not a dumped price.
- They believe that in several instances severe under-invoicing is taking place.
- Anti-Dumping duties of 156 per cent, as suggested in the petition, will have a detrimental effect on input costs and therefore the ex-factory selling prices.

Commission consideration

The Commission considered all the above and made a final determination that the domestic sales of the verified companies were made in the ordinary course of trade in the PRC and the definition of section 32(2)(b)(i) of the ITA Act applies.

4.2 Calculations of dumping margins

Like products to those exported to the SACU were sold in the domestic market in the PRC in the ordinary course of trade.

(a) Cixi Jiangnan

Normal value

The exporter/manufacturer sold many different product types in its domestic market. The exporter/manufacturer sold 5 product types in the domestic market comparable to those exported to SACU during the period of investigation.

The exporter/manufacturer claimed the following adjustments to the normal value:

- Cost of payment terms; and
- Packaging costs.

Export price

The manufacturer exported 5 product types to SACU during the period of investigation. Some export sales were made on a free on board basis whereas some were made on a cost and freight basis.

The following adjustments claimed, were verified and allowed to the export price:

- Payment terms;
- Packaging;
- Domestic freight and customs fees; and
- Ocean freight and insurance.

Margin of dumping

A separate dumping margin was calculated for each of the respective models by deducting the adjusted export price from the ex-factory normal value for each model. The respective margins were then weighted to the export volumes applicable to each model to establish a weighted average margin of dumping. The margin of dumping for Cixi Jiangnan was found to be negative at 8.68 percent.

(b) Nantong Sanjia

Normal value

The exporter/manufacturer sold 3 different product types in its domestic market. Adjustments to the normal value claimed are the following:

- Packaging; and
- Banking costs.

Export price

The exporter/manufacturer exported 2 product types to SACU during the period of investigation. Some export sales were made on a CIF basis whereas some were made on an FOB basis respectively.

The following adjustments claimed, were verified and allowed to the export price:

- Packaging ;
- Delivery;
- Freight and insurance;
- Banking; and
- Payment terms.

Margin of dumping

A separate dumping margin was calculated for each of the respective models by deducting the adjusted export price from the ex-factory normal value for each model. The respective margins were then weighted to the export volumes applicable to each model to establish a weighted average margin of dumping. The margin of dumping for Nantong Sanjia was found to be negative at 12.90 percent.

(c) Ningbo Dafa

Normal value

The exporter/manufacturer sold many different product types in its domestic market. The exporter/manufacturer sold 2 product types in the domestic market comparable to those exported to SACU during the period of investigation.

An adjustment for packaging was claimed against normal value and it was verified and allowed.

Export price

The exporter/manufacturer exported 2 product types to SACU during the period of investigation. The export price was determined based on the comparable sales made to SACU during the period of investigation. The sales to SACU are made on an FOB basis.

The following adjustments claimed, were verified and allowed to the export price:

- Packaging costs; and
- Delivery charges.

Margin of dumping

A separate dumping margin was calculated for each of the respective models by deducting the adjusted export price from the normal value for each model. The respective margins were then weighted to the export volumes applicable to each model to establish a weighted average margin of dumping. The margin of dumping for Ningbo Dafa was found to be negative at 0.3 percent.

Summary of ITS comment on raw materials sourced from related company

ITS alleged that the Commission did not investigate whether Ningbo Dafa sourced from a related company during the period of investigation, and requested the Commission to address the issue.

Commission consideration

The companies provided suppliers' invoices of their raw material and component suppliers. The sourcing of the raw material is based on cost, quality and lead times. Because the exporter/manufacturer (Ningbo Dafa) indicated that certain purchases were made from related parties, the relevant prices were checked and found to be comparable to the prices paid to unrelated parties.

Commission consideration

Ningbo Dafa manufactures more than one product type. Like product information is covered in the product analysis on page 7 of this report and the rest of the information is on the public file.

(d) Zhe Jiang Waysun**Normal value**

The exporter/manufacturer sold many different product types in its domestic market. The exporter/manufacturer sold 1 product type in the domestic market comparable to those exported to SACU during the period of investigation. The exporter/manufacturer claimed the packaging as an adjustment to the normal value which was verified and allowed.

Export Price

The exporter/manufacturer exported 2 product types to SACU during the period of investigation. The export price was determined based on the comparable sales made to SACU during the period of investigation. The sales to SACU are made on an FOB basis.

The following adjustments claimed, were verified and allowed to the export price:

- Packaging; and
- Inland transport.

The exporter/manufacturer incurred an expense for transporting the goods intended for SACU export from its factory to the harbour.

Margin of dumping

A dumping margin was calculated by deducting the adjusted export price from the normal value. The margin of dumping for Zhe Jiang Waysun was calculated to be 12.47 percent.

(a) Summary of ITS comment on importers

ITS requested the Commission to ensure that importer/exporter information correlates.

Commission consideration

The values for the exporter/manufacturer and importer have been verified and do correlate.

(e) Huvis Sichuan

Normal value

The exporter/manufacturer sold many different product types in its domestic market. The exporter/manufacturer sold 2 product types in the domestic market comparable to those exported to SACU during the period of investigation.

The following adjustments claimed, were verified and allowed to the export price:

- Cost of payment terms;
- Packaging costs;
- Delivery costs; but
- The Commission did not allow a claimed adjustment of import duty as it was not verifiable.

Export price

The exporter/manufacturer exported 2 product types to SACU during the period of investigation. Export sales were made on a CIF basis.

The following adjustments claimed, were verified and allowed to the export price:

- Cost of payment terms;
- Packaging;
- Internal freight;
- Cargo bookings and customs fees;

- Ocean freight and insurance; and
- Bank charges

Margin of dumping

A separate dumping margin was calculated for each of the respective models by deducting the adjusted export price from the normal value for each model. The respective margins were then weighted to the export volumes applicable to each model to establish a weighted average margin of dumping. The margin of dumping for Huvis Sichuan was found to be negative at 1.98 percent.

Summary of ITS comment

ITS wanted clarity on whether or not the Huvis Sichuan data was verified.

Commission consideration

Huvis Sichuan data was verified from 24 to 26 November 2009.

Summary of comment by Huvis Sichuan

Huvis Sichuan agreed with the Commission's final determination before essential facts that it is not dumping into the SACU market.

Residual dumping margin

There were exporters/manufacturers in the PRC who did not co-operate in the investigation. It could not be determined whether the setting of their prices in the domestic market is done in the ordinary course of trade. The normal value for these non-co-operating exporters/manufacturers was therefore determined using the information for the period of investigation used by the Commission for initiation of the investigation. This was determined using the internationally published ex-factory prices in the PCI Fibres reports dated 17 December 2007.

The normal value was determined to be R10.57/Kg (10.91RMB/Kg) and it was compared to the export price statistics as sourced from SARS for the period of investigation.

The residual dumping margin for the other non co-operating exporters/manufacturers in the PRC was therefore calculated to be the following:

Dumping margin as a % of export price	122.97%
---------------------------------------	---------

An exchange rate of 1.03191 as sourced from oanda was used.

SUMMARY - DUMPING

For purposes of its final determination, the Commission considered all the comments from interested parties and found that the subject product originating in PRC was being dumped into the SACU market with the following margins:

Table 4.5: Margin of dumping

Country of origin PRC	Dumping margin expressed as a percentage of ex-factory export price
Zhe Jiang Waysun	12.47%
Non co-operating manufacturers/exporters	122.97%

Summary of ITS comment

ITS requested that specific anti-dumping duties be imposed as an ad valorem duty would serve no purpose.

Commission consideration

The commission made a final determination to impose definitive anti-dumping duties equal to the anti-dumping margin of R0.93/kg on polyester staple fibre, originating in the People's Republic of China and manufactured and/or exported by Zhe Jiang Waysun; and, R5.83/kg on polyester staple fibre, originating in the People's Republic of China and manufactured by other non-cooperating manufacturers/exporters excluding those manufactured and or exported by Cixi Jiangnan, Nantong Sanjia, Huvis Sichuan and Ningbo Dafa.

Summary of ITS comment on adjustment

ITS stated that it is known that exporters would not necessarily claim adjustments to its export price as it would reduce the export price further. It further stated that the onus is on the Commission during verification to investigate which adjustments must be made to get to the same level as the domestic price.

Commission consideration

The Commission investigates which adjustments are to be made that will bring the normal value and export price to an ex-factory level. The allowed adjustments were verified.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Hosaf, the Applicant, which constitutes 100 per cent of the total domestic production of the subject product.

5.1.1 CUMULATIVE ASSESSMENT

There is only one country involved in this investigation.

5.2.1 IMPORT VOLUMES AND EFFECT ON PRICES

Import volumes

The following table shows the volume of the imports of the subject product as sourced from SARS from 2005 to 2007:

Table 5.1.1 (a): Import volumes (Jan – Dec)

Country	2005	Imports as a % of total imports	2006	Imports as a % of total imports	2007	Imports as a % of total imports
PRC	100	4,9%	539	19,0%	750	23,6%
Other Countries	100	95%	118	81,0%	124	76,4%
Total imports	100	100%	138	100%	154	100%

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the table above indicates that the alleged dumped imports from the PRC have been on an upward trend since 2005.

Table 5.1.1 (b): Import volumes (Jan - June)

Country	2006	Imports as a % of total imports	2007	Imports as a % of total imports	2008	Imports as a % of total imports
PRC	100	15.9%	159	19.5%	262	31.8%
Other Countries	100	84.1%	124	80.5%	107	68.2%
Total imports	100	100%	130	100%	131	100%

The information in this table is indexed due to confidentiality using 2006 as the base year

The information in the table above indicates that imports from the PRC have been on an upward trend since 2006. When comparing the 6 months period it

was found that there was a 162 index points increase from 2006 to 2008. Imports from other countries increased by 7 index points from 2006 to 2008.

5.2.2 Effect on Domestic Prices

5.2.2.1 Price Undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the like product produced by the SACU industry. The following table compares the SACU industry's ex-factory selling prices with the landed cost of the imported product. The landed cost of the imported product from the PRC in 2007 is based on the average landed cost of the importer who co-operated in the investigation. The Commission determined that the Applicant experienced price undercutting as a result of the imports from the PRC during the period of investigation.

Table 5.2.2.1(a): Price undercutting (Jan - Dec)

R/kg	2007
App's ex-factory selling price	100
Landed cost of imported product	95
Price undercutting	5

The information in this table is indexed due to confidentiality using the applicant's price as a base and 2007 as the base year.

The information in the table above indicates that there is a price undercutting by the imports from the PRC.

5.2.2.2 Price depression

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

Table 5.2.2.2(a): Price depression (Jan - Dec)

R/kg	2005	2006	2007
Ex-factory price/kg	100	106	116

The information in this table is indexed due to confidentiality using 2005 as the base year

The above table indicates that the Applicant did not experience any price depression.

Table 5.2.2.2(b): Price depression (Jan - June)

R/kg	2006	2007	2008
Ex-factory price/kg	100	119	127

The information in this table is indexed due to confidentiality using 2006 as the base year

The above table indicates that the Applicant did not experience any price depression during the period of investigation.

5.2.2.3 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.

Table 5.2.2.3 (a): Price suppression (Jan - Dec)

R/kg	2005	2006	2007
App's ex-factory selling price	100	106	116
Cost of production	100	104	122
Gross Profit	100	124	54
Gross Profit %	100	116	45
Cost as a percentage of selling price	100	99	104

The information in this table is indexed due to confidentiality using 2005 as the base year

The table above shows that price suppression is prevailing in that the cost of production increased by 22 index points from 2005 to 2007.

Table 5.2.2.3 (b): Price suppression (Jan – June)

R/kg	2006	2007	2008
Applicant's ex-factory selling price	100	119	129
Cost of production	100	125	136
Gross Profit	100	46	56
Gross Profit %	100	38	50
Cost as a % of selling price	100	105	104

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above shows that in the 6 months period, price suppression is prevailing in that the costs of production increased by 36 index points from 2006 to 2008.

5.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE INDUSTRY

5.3.1 Actual and potential decline in sales

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

Table 5.3.1 (a): Actual and potential decline in sales (Jan - Dec)

Kg	2005	2006	2007
Total SACU sales volume	100	98	91

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the table above indicates that the Applicant experienced a decrease in sales volume during the period of investigation.

Table 5.3.1(b): Actual and potential decline in sales (Jan - June)

Kg	2006	2007	2008
Total SACU sales volume	100	94	80

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that for the 6 months period the Applicant experienced a decrease in sales volume by 20 index points from 2006 to 2008.

5.3.2 Profit

The following table shows the Applicant's profit situation:

Table 5.3.2(a): Profit (Jan - Dec)

R	2005	2006	2007
Units sold – R	100	98	91
Total Gross profit – R	100	82	48
Total Net profit (EBIT) - R	100	3207	(1021)
Total Gross Profit - R/kg	100	124	54
Total Net Profit (EBIT) - R/kg	100	3264	(1119)

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the above table indicates that the Applicant's net profit decreased over 2005 to 2007.

Table 5.3.2(b): Profit (Jan - June)

	2006	2007	2008
Units sold – R	100	94	80
Total Gross Profit – R	100	43	43
Total Net Profit (EBIT) – R	100	(37)	(97)
Total Gross Profit - R/kg	100	46	49
Total Net Profit (EBIT) - R/kg	100	(38)	(121)

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that in the 6 months period the Applicant experienced a loss by 197 index points from 2006 to 2008.

5.3.3 Output

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

Table 5.3.3(a): Output (Jan - Dec)

Kg	2005	2006	2007
Total production	100	91	85

The information in this table is indexed due to confidentiality using 2005 as the base year

The above table indicates that the Applicant's output decreased from 2005 to 2007.

Table 5.3.3(b): Output (Jan - June)

kg	2006(6)	2007(6)	2008(6)
Total production	100	95	85

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that the Applicant's output decreased by 15 index points in the 6 months period from 2006 to 2008.

5.3.4 Market share

The following table shows the market share for the subject product based on sales volumes:

Table 5.3.4(a): Market share (Jan - Dec)

Kg	2005	Market share %	2006	Market share %	2007	Market share %
Applicant	100	100	98	91	91	85
PRC	100	100	539	600	758	900
Other Imports	100	100	118	113	124	117
Total SACU	100	100	109	100	107	100

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the table above shows a decrease in the market share of the Applicant from 100 index points in 2005 to 91 index points in 2007.

Table 5.3.4(b): Market share (Jan - June)

Kg	2006	Market share %	2007	Market share %	2008	Market Share %
Applicant	100	100	94	90	80	86
PRC	100	100	159	140	227	240
Other imports	100	100	124	115	106	112
Total SACU	100	100	105	100	94	100

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that the Applicant's market share declined by 20 index points from 2006 to 2008.

5.3.5 Productivity

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

Table 5.3.5(a): Productivity (Jan - Dec)

	2005	2006	2007
Total production - kg	100	91	85
No. of employees(production)	100	94	93
Units per employee (fibre)	100	96	91
Total capital employed (All) - R	100	105	129
Total capital employed (fibre) - R	100	122	111

The information in this table is indexed due to confidentiality using 2005 as the base year

The table above indicates that the Applicant's productivity decreased by 9 index points from 2005 to 2007.

Table 5.3.5(b): Productivity (Jan - June)

	2006	2007	2008
Total production - kg	100	95	85
No. of employees(production)	100	94	93
Units per employee (fibre)	100	101	92
Total capital employed (All) - R	100	107	147
Total capital employed (fibre) - R	100	119	101

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that the Applicant's 6 months productivity decreased by 8 index points from 2006 to 2008.

5.3.6 Return on investment

The following table shows the Applicant's return on investment:

Table 5.3.6(a): Return on investment (Jan - Dec)

R	2005	2006	2007
Total Net Profit (EBIT - All Products)	100	3237	(1021)
Total Net Assets (Fixed and Current Assets)	100	122	111
Return on Total Net Assets	100	2933	(1033)

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the table above indicates that the Applicant's return on investment decreased during the period of investigation.

Table 5.3.6(b): Return on investment (Jan - June)

R	2006	2007	2008
Total Net Profit (EBIT - All Products)	100	(37)	(1021)
Total Net Assets (Fixed and Current Assets)	100	119	101
Return on Total Net Assets	100	(30)	(96)

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that there was a decrease on return on investment for the 6 months period by 196 index points from 2006 to 2008.

5.3.7 Utilisation of production capacity

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

Table 5.3.7(a): Utilisation of production capacity (Jan - Dec)

kg	2005	2006	2007
Fibre Capacity	100	93	93
Fibre Actual Production	100	91	85
Fibre Capacity Utilisation	100	98	91

The information in this table is indexed due to confidentiality using 2005 as the base year

The table above indicates that the Applicant's capacity utilisation decreased by 9 index points from 2005 to 2007.

Table 5.3.7(b): Utilisation of production capacity (Jan - June)

kg	2006	2007	2008
Fibre Capacity	100	93	93
Fibre Actual Production	100	95	85
Fibre Capacity Utilisation	100	102	91

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that in the 6 months period the Applicant's capacity utilisation decreased by 9 index points from 2006 to 2008.

5.3.8 Factors affecting domestic prices

Factors affecting domestic prices are price undercutting and price suppression.

5.3.9 The magnitude of the margin of dumping

The following margin of dumping was calculated:

Country of origin (PRC)	Dumping margin as % ex-factory export price
Cixi Jiangnan	- 8.68%
Nantong Sanjia	- 12.9%
Ningbo Dafa	- 0.30%
Huvis Sichuan	-1.98%
Zhe Jiang Waysun	12.47%
Non co-operating exporters/manufacturers	122.97%

5.3.10 Actual and potential negative effects on cash flow

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

Table 5.3.10(a): Cash flow situation (Jan - Dec)

R	2005	2006	2007
Net Cash Flow	100	1258	(261)

The information in this table is indexed due to confidentiality using 2005 as the base year

The table above indicates that the Applicant experienced a negative cash flow during the period of investigation.

Table 5.3.10(b): Cash flow situation (Jan - June)

R	2006	2007	2008
Net Cash Flow	100	(22)	(77)

The information in this table is indexed due to confidentiality using 2006 as the base year

The information in the table above indicates that in the 6 months period the Applicant's cash flow decreased by 177 index points from 2006 to 2008.

5.3.11 Inventories

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

Table 5.3.11(a): Inventories (Jan - Dec)

	2005	2006	2007
Volume - kg	100	120	61
Value - R	100	146	75
Value – R/kg	100	121	123

The information in this table is indexed due to confidentiality using 2005 as the base year

The information in the table indicates that the Applicant's inventory volumes in kilograms decreased from 100 index points in 2005 to 61 index points in 2007.

Table 5.3.11(b): Inventories (Jan - June)

	2006	2007	2008
Volume – kg	100	85	72
Value – R	100	102	98
Value – R/kg	100	120	136

The information in this table is indexed due to confidentiality using 2006 as the base year

The 6 monthly comparisons in the table above shows a decrease in the Applicant's inventory volumes in kilograms by 28 index points from 2006 to 2008.

5.3.12 Employment

The following table provides the SACU industry's staple polyester fibre production employment figures:

Table 5.3.12(a): Employment (Jan - Dec)

	2005	2006	2007
Total labour units: production	100	94	93

The information in this table is indexed due to confidentiality using 2005 as the base year

The figures in the table above indicate that the Applicant's labour units decreased by 7 index points from 2005 to 2007.

Table 5.3.12(b): Employment (Jan - June)

	2006	2007	2008
Total labour units: production	100	94	93

The information in this table is indexed due to confidentiality using 2006 as the base year

The figures in the table above of the 6 months comparison indicate there was a decrease of the Applicant's labour units by 7 index points from 2006 to 2008.

5.3.13 Wages

The following table provides the SACU industry's wages:

Table 5.3.13(a): Wages and Salaries (Jan - Dec)

R	2005	2006	2007
Total salaries: production	100	106	110
Wage/Time period: Production	100	107	110
Total Salaries: Selling, general and admin	100	117	137
Wage/Time period: Selling, general and admin	100	117	137
Wages/Employee	100	116	126
Wage/Time period: Total	100	109	117

The information in this table is indexed due to confidentiality using 2005 as the base year

The table above indicates that there is an increase in the Applicant's wages and salaries.

Table 5.3.13(b): Wages (Jan - June)

R	2006	2007	2008
Total salaries: production	100	99	96
Wage/Time period: Production	100	99	96
Total Salaries: Selling, general and admin	100	113	110
Wage/Time period: Selling, general and admin	100	113	110
Wages per Employee	100	107	107
Wage/Time period: Total	100	103	100

The information in this table is indexed due to confidentiality using 2006 as the base year

The figures in the table above show a decrease in the Applicant's wages, for production and an increase in selling, general and administration expenses.

5.3.14 Growth

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

Table 5.3.14(a): Growth (Jan - Dec)

kg	2005	% Growth	2006	% Growth	2007	% Growth
Size of SACU market	100		109	9%	107	(1%)
Hosaf's sales volume	100		98	(2%)	91	(7%)
Dumped imports	100		539	439%	750	39%
Other imports	100		118	18%	124	5%

The information in this table is indexed due to confidentiality using 2005 as the base year

The figures in the table above show that the Applicant experienced a decrease in sales volume during 2006 and 2007.

Table 5.3.14(b): Growth (Jan - June)

Kg	2006	% Growth	2007	% Growth	2008	% Growth
Size of SACU market	100		105	5%	94	(0.11%)
Hosaf's sales volume	100		94	(6%)	80	(15%)
Dumped imports	100		159	59%	227	43 %
Other imports	100		124	24%	106	(15%)

The information in this table is indexed due to confidentiality using 2006 as the base year

The table above indicates that for the comparative 6 months period the Applicant experienced a decrease in growth.

5.3.15 Ability to raise capital or investments

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

Table 5.4.15(a): Ability to raise capital or investments (Jan – Dec)

R	2005	2006	2007
Total capital/investment in subject product	100	102	107
Capital expenditure during year on subject product	-	100	116

The information in this table is indexed due to confidentiality using 2005 and 2006 as the base year

The figures in the table above indicate that the Applicant's total capital investment in the SACU increased in 2006 and 2007 while its capital expenditure also increased during the same period.

Table 5.4.15(b): Ability to raise capital or investments (Jan - June)

R	2006	2007	2008
Total capital/investment in subject product	100	104	147
Capital expenditure during year on subject product	100	117	399

The information in this table is indexed due to confidentiality using 2006 as the base year

The figures in the table above for the six months period indicates that the Applicant's total capital investment in the SACU increased by 47 index points from 2006 to 2008 while its capital expenditure increased by 299 index points from 2006 to 2008.

5.5 CONCLUSION - MATERIAL INJURY

From the information above the Commission made a final determination that the Applicant and therefore the SACU industry is suffering material injury.

6. THREAT TO MATERIAL INJURY

6.1 Freely disposable capacity of the exporters/manufacturers

The Applicant stated that it does not have this information.

6.2 Significant increase of alleged dumped imports

The Applicant stated that from the import data in this submission, it is evident that the imports of staple polyester fibre escalated from 462,930kg in 2005 to 34 709 522kg in 2007 – a 650% increase over 3 years. It also stated in the first six months of 2008 compared to the same period in 2006, the increase was 127%. It further stated that if the unfair trade is not addressed, the SACU market would be flooded with the alleged dumped PRC staple polyester fibre.

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

The Applicant stated that in 2007 its selling prices were suppressed on a yearly basis and also over the first six months of 2007 and 2008. It stated that it is not prepared to sell at lower prices as it cannot sell continuously below cost. Therefore there is a significant fall in sales volumes for its product. It also stated that the threat of further reduction of sales volumes as a result of the alleged dumped imports from the PRC is very real.

6.4 Inventories of the subject product

The Applicant stated that this information is not known. What is known is that the exporters/manufacturers do experience surplus finished product and that the PRC producers will attempt to dispose of the stock even quicker.

6.5 Availability of other markets that can absorb the free capacity of the exporter/manufacturer

The Applicant indicated that it is aware that as a result of the USA anti-dumping investigation regarding the subject product, the PRC is searching for new markets such as those in sub-Sahara Africa.

6.6 State of the economy of the country of origin

The Applicant referred to an article about the state of the PRC economy in which it is stated that the PRC has the second largest economy in the world after the USA with a GDP of \$7 trillion (2007) when measured on purchasing power parity (PPP) basis. The PRC role in world trade has steadily grown. Its importance to the international economy has also increased apace. The government has also focused on foreign trade as a major vehicle for economic growth. Nevertheless, key bottlenecks continue to constrain growth. Available energy is insufficient to run at fully-installed industrial capacity, the transport system is inadequate to move sufficient quantities of such critical items as coal, and the communications system cannot yet fully meet the needs of an economy of China's size and complexity.

6.7 Any other information relevant to the allegation that the infliction of material injury is imminent

The Applicant stated that material injury is not only imminent, it is already suffering material injury and there exist a threat that unless the alleged dumped imports from the PRC are not addressed, it will suffer further serious injury.

6.8 SUMMARY ON THREAT OF MATERIAL INJURY

The Commission made a final determination that the Applicant and therefore the SACU industry is suffering a threat of material injury.

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to impose definitive duties it must be satisfied that there is sufficient evidence to indicate that the material injury experienced by the SACU industry is as a result of the dumping of the subject products.

7.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase in volume and the extent to which the market share of the domestic industry has decreased since the commencement of injury, with a corresponding increase in the market share of the alleged dumped product. The following table compares the market share of the SACU industry with that of the alleged dumped imports:

Table 7.2.1: Market share (Jan – Dec)

Percentage market share held by:	2005	2006	2007
Applicant	100	91	85
Alleged dumped imports	100	600	900
Other imports	100	113	117

The information in this table is indexed due to confidentiality using 2005 as the base year.

The information in the table indicates that the market share of the Applicant decreased over the period of investigation, with a corresponding increase in the market share of the alleged dumped imports.

Table 7.2.2: Market share (Jan – Jun)

Percentage market share held by:	2006	2007	2008
Applicant	100	90	86
Alleged dumped imports	100	140	240
Other imports	100	115	97

The information in this table is indexed due to confidentiality using 2006 as the base year.

The information in the table indicates that the market share of the Applicant decreased over the period of investigation, with a corresponding increase in the market share of the alleged dumped imports. The following table shows the volume of imports:

Table 7.2.3: Import volumes (Jan – Dec)

Import volumes (Kg)	2005	2006	2007
Alleged dumped imports	462 930	2 495 788	3 470 952
Other imports	9 067 128	10 660 805	11 227 222
Total imports	9 530 058	13 156 593	14 698 174
Alleged dumped imports as a % of total imports	4.9%	18.97%	23.6%

The table above indicates that the alleged dumped imports increased over the period of investigation.

Table 7.2.4: Import volumes (Jan – Jun)

Import volumes (Kg)	2006	2007	2008
Alleged dumped imports	981 270	1 561 590	2 568 339
Other imports	5 179 729	6 438 590	5 519 059
Total imports	6 160 999	8 000 180	8 087 398
Alleged dumped imports as a % of total imports	16%	20%	32%

The table indicates that the alleged dumped imports increased over the period of investigation.

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The Applicant experienced price undercutting as a result of imports from PRC as indicated in table 5.2.2.1 of this report. The Applicant did not experience any price depression as indicated in table 5.2.2.2 of this report.

7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

(January – December)

Material injury indicator	Analysis (2005 – 2007)
Sales volume	Decrease
Profit	Decrease
Price undercutting	Yes
Price suppression	Increase
Return on investment	Decrease
Output	Decrease
Market share	Decrease
Productivity	Decrease
Utilisation of capacity	Decrease
Cash flow	Decrease
Employment	Decrease
Growth	Decrease

(January – June)

Material injury indicator	Analysis 2006(Jan – Jun) – 2008(Jan – Jun)
Sales volume	Decrease
Profit	Decrease
Return on investment	Decrease
Price undercutting	Yes
Price suppression	Increase
Output	Decrease
Market share	Decrease
Productivity	Decrease
Utilisation of capacity	Decrease
Cash flow	Decrease
Employment	Decrease
Growth	Decrease

7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

7.5.1 Examination of causality under Article 3.5

Contraction in demand for or changes in the patterns of consumption of the product under consideration over the past 3 years	The Applicant stated that the SACU market declined with a mere 1% in 2007 and that, notwithstanding this slight downward trend, imports from the PRC increased with 439% and 39% on a yearly basis in 2006 and 2007, respectively. It stated that it showed a 2% and 7% negative growth in 2006 and 2007, respectively and in the first six months of 2008 it showed a further negative growth figure of 15% while the imports from the PRC rocketed to 43%. It stated that it is thus clear that the material injury that it is suffering can be directly linked to the alleged dumped imports from the PRC.
Trade-restrictive practices of and competition between the foreign and domestic producers	The Applicant stated that it is not aware of these practices.
Recent developments in technology	The Applicant stated that its technology is comparable with the overseas technology.
Any factors affecting the SACU prices	The Applicant stated that it is not aware of these factors.
SACU industry export performance	The Applicant stated that it exports excess capacity when possible.
Productivity of the SACU industry vis-à-vis that of the exporting countries	The Applicant stated that it believes its productivity is comparable to that of the overseas producers. It stated that, however, recently as a result of the alleged dumped imports from the PRC, the productivity declined substantially.
Any strike, go-slows or lock-out during the past 12 calendar months	The Applicant stated that none of this has happened.
The effect of the changing exchange rate on SACU industry's production cost; selling price and the price of the imported product	The Applicant stated that as the inputs for production of the subject products are imported, the exchange rate would impact on the production cost. It stated that its selling price is based on the costing and at this stage any change in the exchange rate might benefit it slightly if the imported product prices increase. It stated that, however, the exchange rate fluctuates on a daily basis and normally the importers take forward cover. It further stated that the

	prices are also normally set in US\$ and thus the exporter/manufacturer income remains constant.
Any other factors affecting the SACU industry's sales prices, including the state of the economy and the industry	The Applicant stated that it is not aware of these factors.

7.6 SUMMARY ON CAUSAL LINK

After considering all relevant factors and comments received, the Commission made a final determination that there was a causal link between the dumped imports of the subject product from the PRC and the material injury suffered by the SACU industry.

8. SUMMARY OF FINDINGS

8.1 Dumping

The Commission made a final determination that the subject product originating in or imported from the PRC was imported at dumped prices into the SACU market by Zhe Jiang Waysun and non-cooperating exporters/manufacturers. The following dumping margins were calculated:

Table 7.1

Country of origin PRC	Dumping margin as a percentage of ex-factory price
Cixi Jiangnan	(8.68%)
Nantong Sanjia	(12.9%)
Ningbo Dafa	(0.3%)
Huvis Sichuan	(1.98%)
Zhe Jiang Waysun	12.47%
All other manufacturers	122.97%

Note: Figures in brackets denote a negative margin

8.2 Material Injury

The Commission made a final determination that the applicant suffered material injury in the form of actual decline in sales volumes, profit, output, market share, productivity, return on investment, capacity utilization, negative effect on cash flow, decline in growth and decline in employment.

8.3 Causal link

The Commission made a final determination that there was a causal link between material injury suffered by the SACU and dumped imports from the PRC.

9. FINAL ANTI-DUMPING DUTIES

9.1 Amount of duty

The amounts of the duties were concluded to be as follows:

Exporter/manufacturer	Amount of final measure as a percentage
Zhe Jiang Waysun	12.12%
Other PRC non co-operating exporters/manufacturers residual dumping margin	122.97%

Summary of ITS comment on anti-dumping duties

ITS requested the Commission to impose specific duties to ensure Anti-dumping duties are not circumvented.

Commission consideration

The Commission made a final determination to impose a specific duty of R0.93/kg for Zhe Jiang Waysun and R5.83/kg for all other non co-operating exporters/manufacturers in the PRC.

10. RECOMMENDATION

The Commission made a final determination that:

- the subject products originating in or imported from the PRC are being dumped in the SACU market by all manufacturers in the PRC, excluding Cixi Jiangnan, Nantong Sanjia, Huvis Sichuan and Ningbo Dafa;
- the SACU industry is suffering material injury;
- there is a causal link between the dumped imports of the subject products from the PRC and the material injury experienced by the SACU industry.

The Commission recommended to the Minister of Trade and Industry that the following definitive anti-dumping duties, being the lesser of the dumping margin and the price disadvantage, be imposed:

- (i) R0.93/kg on polyester staple fibre, classifiable under tariff Sub-heading 5503.20, originating in the People's Republic of China and manufactured and/or exported by Zhe Jiang Waysun; and
- (ii) R5.83/kg on polyester staple fibre, classifiable under tariff Sub-heading 5503.20, originating in the People's Republic of China and manufactured by other manufacturers/exporters excluding products manufactured and exported by Cixi Jiangnan, Nantong Sanjia, Huvis Sichuan and Ningbo Dafa.

and that these anti-dumping duties be imposed retroactive to the date of the imposition of the provisional payments, which is 6 November 2009.

NOTES REGARDING AMENDMENTS TO THE SCHEDULES
TO THE CUSTOMS AND EXCISE ACT, 1964

28 MAY 2010

These notes are issued merely as a guide and both the old and new provisions should be studied in order to determine what the amendment actually entails. These notes have no legal status.

Provision	Note
211.06/5503.20/01.06	Anti-dumping duty is imposed on staple fibres of polyester, not carded, combed or otherwise processed for spinning, manufactured and/or exported by Zhe Jiang Waysun, originating in or imported from the People's Republic of China (PRC) at a rate of duty of 93c/kg.
211.06/5503.20/02.06	Anti-dumping duty is imposed on staple fibres of polyester, not carded, combed or otherwise processed for spinning (excluding that manufactured and/or exported by Zhe Jiang Waysun, Cixi Jiangnan, Nantong Sanjia, Huvis Sichuan and Ningbo Dafa) originating in or imported from the People's Republic of China (PRC) at a rate of duty of R5,83/kg.

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CUSTOMS AND EXCISE ACT, 1964.
AMENDMENT OF SCHEDULE NO. 2 (No. 2/325)

In terms of section 56 of the Customs and Excise Act, 1964, Schedule No. 2 to the said Act is hereby amended, to the extent set out in the Schedule hereto.

N NENE
DEPUTY MINISTER OF FINANCE

SCHEDULE

By the insertion before item 211.14 of the following:

Item	Tariff Heading	Code	C		Description	Rebate Items	Imported from or originating in	Rate of Duty
				D				
211.06					MAN-MADE STAPLE FIBRES			
211.06	5503.20	01.06		67	Staple fibres of polyester, not carded, combed or otherwise processed for spinning, manufactured and/or exported by Zhe Jiang Waysun		China	93c/kg
211.06	5503.20	02.06		61	Staple fibres of polyester, not carded, combed or otherwise processed for spinning (excluding that manufactured and/or exported by Zhe Jiang Waysun, Cixi Jiangnan, Nantong Sanjia, Huvis Sichuan and Ningbo Dafa)		China	R5.83/kg