

**REPORT NO. 353**

**INVESTIGATION INTO THE ALLEGED DUMPING OF ACRYLIC  
BLANKETS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S  
REPUBLIC OF CHINA (PRC) AND TURKEY: FINAL  
DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents  
its Report No. 353: **INVESTIGATION INTO THE ALLEGED DUMPING OF ACRYLIC  
BLANKETS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC  
OF CHINA (PRC) AND TURKEY: FINAL DETERMINATION**



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

**PRETORIA**

.....08./12./2010

## **1. APPLICATION AND PROCEDURE**

- 1.1 This investigation is conducted in accordance with the International Trade Administration Commission Act, 2002, (the ITA Act) and the International Trade Administration Commission of South Africa Anti-Dumping Regulations (ADR).
- 1.2 The Textile Federation lodged the application on behalf of Aranda Textiles (Pty) Ltd, a manufacturer of the subject product in SACU. The application was supported by SACU producers of the subject product namely Sesli Textiles, Ahesa Blankets and Rossatex.
- 1.3 On 26 June 2009, the Commission notified interested parties through Notice No. 902 in *Government Gazette* No.32333 that unless a substantiated request is made indicating that the expiry of the anti-dumping duties on acrylic blankets originating in or imported from the PRC and Turkey would likely lead to the continuation or recurrence of dumping and continuation or recurrence of material injury, the anti-dumping duties on the subject products would expire on 14 June 2010 and 14 July 2010 respectively.
- 1.4 A response to the review questionnaire was received from the Applicant on 23 October 2009. However, a properly documented application was only received on 07 April 2010. The information submitted by the Applicant was verified on 8 April 2010. A verification report was sent to the Applicant on 12 April 2010.
- 1.5 The Commission initiated a sunset review investigation pursuant to Notice No. 417 of 2010 in *Government Gazette* No. 33210, published on 28 May 2010. All known interested parties were notified of the initiation of the investigation.
- 1.6 The submission contained information regarding the dumping period of 01

January 2009 to 31 December 2009, and information regarding injury for the period 01 January 2007 to 31 December 2009.

- 1.7 None of the importers and Turkish manufacturers/exporters responded to the Commission's sunset review questionnaire by the due date of 7 July 2010.
- 1.8 The Commission considered the responses to the sunset review questionnaires from two PRC exporters, namely Linyi Xinguang Blankets Co. Ltd and Linyi Grene Industry & Trading Co. In making its final determination, the Commission found that the responses received from the PRC exporters were deficient.
- 1.9 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 acrylic blankets originating in or imported from the PRC and Turkey would likely lead to the recurrence of dumping and to the recurrence of material injury.
- 1.10 Comments were received from the Turkish Embassy.
- 1.11 After considering all the comments received from the Turkish Embassy, the Commission made a final determination that the expiry of the anti-dumping duties on acrylic blankets originating in or imported from the PRC and Turkey would likely lead to the recurrence of dumping and to the recurrence of material injury.

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

Blankets containing 51 percent or more acrylic fibres, commonly known as acrylic blankets.

#### 2.1.2 Tariff classification

The SACU product is classifiable under the following tariff subheadings:

Tariff Subheading	Description
6301.40	Blankets (excluding electric blankets) and travelling rugs, of synthetic fibres.
6301.90	Other blankets and travelling rugs (excluding those of wool and cotton).

The following anti-dumping duties are applicable to the subject product, acrylic blankets, classifiable under tariff subheadings 6301.40 and 6301.90, originating in or imported from the PRC and Turkey:

Tariff Subheading	Description	Imported from/ originating in	Rate of Anti-Dumping duty
6301.40	Blankets (excluding electric blankets), of acrylic fibres imported from Sekapa Tekstil	Turkey	388c/kg
6301.40	Blankets (excluding electric blankets), of acrylic fibres (excluding those imported from Ak-Pa Tekstil Ihracat Pazarlama A.S., Istanbul and Sekapa Tekstil)	Turkey	691c/kg
6301.40	Blankets (excluding electric blankets), of acrylic fibres exported by Shanghai Yu Yuan Limited Company	China	2834c/kg
6301.40	Blankets (excluding electric blankets), of acrylic fibres (excluding those exported by Shanghai Yu Yuan Limited Company)	China	2834c/kg
6301.90	Blankets (excluding electric blankets), containing acrylic fibres exported by Shanghai Yu Yuan Limited Company	China	2834c/kg
6301.90	Blankets (excluding electric blankets), containing acrylic fibres (excluding those exported by Shanghai Yu Yuan Limited Company)	China	2834c/kg

### **2.1.3 Production Process**

The information submitted by the applicant showed that the production process is similar to the international standard. The following production process was provided:

- Raw material department

Different fibres, natural and man-made are sorted. Fibre bales are opened and cleaned.

- Dyeing department

Different fibres are dyed with different dyestuffs.

- Blending department

Different colours of dyed fibres are mixed together to produce one colour. Different fibres, e.g. 50% cotton and 50% acrylic, are blended.

- Carding department

The cleaning of the fibres, parallelizing of fibres and formation of the slubbings.

- Spinning department - The following processes are done in the spinning of the yarns: The fibres are spun into yarns. The twist is inserted into the slubbings to form strong yarn. Doubling of yarns to make them stronger, steaming of yarns to reduce snarling and clearing of yarn faults. Removing of yarn from the spinning yarn holders to the weaving yarn holders.

- Warping department

Preparation of warp beams for weaving machines. Warp yarns in different colours to weave checks, and other warps – usually cotton in a neutral colour - to weave stripes.

- Weaving department

Interlacing of weft and warp yarns at right angles to form a fabric. Dobby machines are used to form stripes and plains, while Jacquard machines are used for stripes, plain and prints.

- Perching department

Inspection and quality check point – after each process, there are quality inspections before the next step is done. Quality checks are continuous throughout the manufacturing process.

- Fringing department - making of fringes
- Raising department

Raising of fibres from the fabric surface to give it a soft handle / give it a “pile” look and feel.

- Shearing department

Shearing involves cutting off undesirable surfaces of fibre ends to even the nap or pile of the fabric.

- Make-up department

Cutting of fabrics into blanket lengths and correct sizes, overlocking, binding, folding, packing, labelling and dispatch.

#### **2.1.4 Like Product Decision**

The Commission decided that the SACU product and the imported product are “like products”, for purposes of comparison in terms of Section 1 of the ADR.

### **3. INDUSTRY STANDING**

#### **3.1 INDUSTRY STANDING**

The information submitted by the applicant indicated that Aranda Textiles (Pty) Ltd's production volume constitutes 59 percent of the total SACU production volume. The Commission therefore decided that the application can be regarded as being made "by or on behalf of the domestic industry".



## **4. DUMPING**

### **4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC**

#### **4.1.1 Normal value for the PRC**

The Record of Understanding (ROU) signed between ITAC and Bureau of Fair Trade for Imports & 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, allowing the determination of the normal value using alternative methods, permitted by the WTO.

##### **Calculation of normal value**

In determining the normal value for the PRC, the Commission considered the selection of Turkey as a surrogate country for the PRC.

#### **4.1.2 Export price**

##### **Calculation of the export price**

The Commission made a final determination to use the best information available, which is the import statistics obtained from the South African Revenue Service.

#### **4.1.3 Dumping margin**

The dumping margin for the PRC was calculated as follows:

<b>Tariff Subheading</b>	<b>Margin of Dumping (%)</b>
6301.40	127.43
6301.90	8.17

## **4.2 METHODOLOGY IN THIS INVESTIGATION FOR TURKEY**

### **4.2.1 Normal value**

The Commission made a final determination to use the best information available which is the Turkish domestic price quotation submitted by the Applicant.

### **4.2.2 Export price**

The Commission made a final determination to use the best information available, which is the import statistics obtained from the South African Revenue Service.

### **4.2.3 Dumping margin**

The dumping margin calculated for Turkey is as follows:

<b>Tariff Subheading</b>	<b>Margin of Dumping (%)</b>
6301.40	41.20

### **4.2.4 Comments from the Embassy of Turkey**

The Embassy is of the opinion that there is no justification for the expiry of the anti-dumping duty on acrylic blankets classifiable under tariff subheading 6301.90 only and not including acrylic blankets classifiable under tariff subheading 6301.40, as the expiry of the duty on the latter tariff heading would not lead to any recurrence of dumping.

#### **Commission's consideration**

The above comments by Turkish embassy were not supported by any evidence that the expiry of the duty on tariff heading 6301.40 would not lead to any recurrence of dumping. In determining the expiry of the anti-dumping duties on acrylic blankets under tariff heading 6301.40, the Commission based its decision on the likelihood of continuation or recurrence of dumping using the best information available.

#### **4.3 SUMMARY**

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

## 5. MATERIAL INJURY

### 5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Aranda Textiles, which constitutes 59% of the total domestic production of acrylic blankets.

The Commission therefore 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

#### Import volumes:

Tariff sub-heading	2007 (Kg)	Imports as a % of total of imports	2008 (Kg)	Imports as a % of total of imports	2009 (Kg)	Imports as a % of total of imports
6301.40:	8 125	0.37%	41	0%	2 859	0.10%
Turkey						
China	1 781 963	81.11%	2 328 197	87%	2 667 323	93.68%
Others	406 752	18.52%	348 326	13%	176 994	6.22%
<b>Total</b>	<b>2 196 840</b>	<b>100%</b>	<b>2 676 564</b>	<b>100%</b>	<b>2 847 176</b>	<b>100%</b>
6301.90:						
Turkey	0	0%	56	0.01%	62	0.02%
China	95 077	17.96%	215 173	35.64%	239 803	69.56%
Others	434 321	82.04%	388 523	64.35%	104 883	30.42%
<b>Total</b>	<b>529 398</b>	<b>100%</b>	<b>603 752</b>	<b>100%</b>	<b>344 748</b>	<b>100%</b>

#### Effect on prices:

	2005	2006	2007	2008	2009	Estimate if duty expires 2010
Price depression - Applicant's selling prices in actual values (R/Kg)		100	88.80	124.60	119.60	129.30
Price undercutting as a % of the Applicant's selling price:						
- PRC						
- TH 6301.40		100	159.40	(67.50)	10.90	(497.20)
- TH6301.90	100	77.70	102.00	46.70	91.50	(192.10)
- Turkey		100	432.80	876.80	(101.00)	(458.50)
Cost as a % of the selling price		100	135.90	105.60	64.90	99.00

\*This table was indexed due to confidentiality using 2005 and 2006 as the base years

### 5.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE INDUSTRY

Material injury indicators	2006	2007	2008	2009	2010 Est.
Applicant's Sales Volumes in the SACU (kg'000)	100	104.60	75.90	80.50	44.20
Profit margin (R'mil)	100	59.60	59.60	11.20	28.70
Output (Kg'000)	100	104.60	75.90	74.20	44.20
Market share – volume: Applicant (%)	100	99.20	75.80	78.00	54.90
Market share other SACU (%)	100	102.30	112.20	102.90	67.10
Market share of other imports (%)	100	68.70	63.10	21.90	28.00
Market share of alleged dumped imports: PRC (%)	100	97.70	153.90	166.70	320.70
Market share of alleged dumped imports: Turkey (TH 6301.40) (%)	100	66.70	0.00	25.00	18526.20
Productivity (Kg'000)	100	104.60	75.90	74.20	44.20
Return on total net assets (%)	100	60.10	64.80	168.90	33.10
Capacity utilization (%)	100	104.60	75.90	74.20	44.20
Inventories (Kg'000)	100	131.60	107.50	72.10	112.00
Employment	100	102.80	91.30	89.80	49.50
Gross Wages per production worker (R'000)	100	103.40	107.30	107.80	78.20
Magnitude of the margin of dumping (%): - PRC - TH 6301.40 - TH 6301.90 - Turkey				127.43 8.17 41.20	

\*This table was indexed due to confidentiality using 2006 as the base year

### 5.4 DISCUSSION ON CONTINUATION OR RECURRENCE OF MATERIAL INJURY

#### Comment by Embassy of Turkey

The Turkish Embassy is of the opinion that since the initial imposition of the anti-dumping duties, the level of imports of the subject product has decreased to negligible levels and as such will not cause injury to the South African market. They stated that the acrylic fabric export volumes to South Africa have been low since the expiry of the anti-dumping duties in 2009.

### **Consideration by the Commission**

The determination is based on the likelihood of continuation or recurrence of material injury should the anti-dumping duties on the subject product be removed.

In light of the above, the Commission found that there was sufficient evidence of the continuation or recurrence of dumping of the subject product originating in or imported from the PRC and Turkey and likelihood of recurrence of material injury.

## **5.5 CONCLUSION – RECURRENCE OF MATERIAL INJURY**

The Commission made a final determination that the expiry of the anti-dumping duties on acrylic blankets originating in or imported from the PRC and Turkey, 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 to lead to the continuation or recurrence of dumping of the subject product originating in or imported from the PRC and Turkey.

### **6.2 Continuation or Recurrence of Material Injury**

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

## **7. RECOMMENDATION**

The Commission made a final determination that:

- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping,
- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury; and

The Commission therefore decided to recommend to the Minister of Trade and Industry, that the residual anti-dumping duties on acrylic blankets originating in or imported from all manufacturers/exporters from the PRC classifiable under tariff subheadings 6301.40 and 6301.90, and from all manufacturers/exporters from Turkey classifiable under tariff subheading 6301.40 be maintained as follows:

<b>Tariff Subheading</b>	<b>Description</b>	<b>Imported from/ originating in</b>	<b>Rate of Anti-Dumping duty</b>
6301.40	Blankets (excluding electric blankets), of acrylic fibres	Turkey	691c/kg
6301.40	Blankets (excluding electric blankets), of acrylic fibres	China	2834c/kg
6301.90	Blankets (excluding electric blankets), containing acrylic fibres	China	2834c/kg