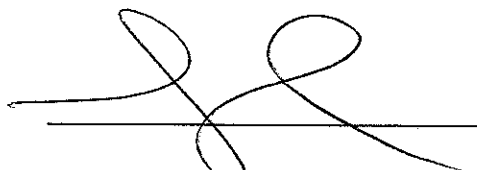


REPORT NO. 247

**SUNSET REVIEW OF ANTI-DUMPING DUTIES ON DOOR LOCKS
AND DOOR HANDLES 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. 247: SUNSET REVIEW OF ANTI-DUMPING DUTIES ON DOOR LOCKS AND
DOOR HANDLES ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF
CHINA (PRC): FINAL DETERMINATION**



Itumeleng Masege
ACTING CHIEF COMMISSIONER

PRETORIA

21/10/ 2007

1. APPLICATION AND PROCEDURE

- 1.1 This investigation was 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 on behalf of ASSA ABLOY (SA) (Pty) Ltd, the producer of seventy percent by production volume of the SACU industry.
- 1.3 The application was accepted by the International Trade Administration Commission (the Commission) as being properly documented in accordance with Article 5.2 of the Anti-Dumping Agreement on 29 November 2006. The trade representatives of the countries concerned were advised accordingly.
- 1.4 The Commission formally initiated a sunset review of anti-dumping duties on door locks and door handles originating in or imported from the PRC pursuant to Notice No. 5, which was published in *Government Gazette* No. 29521 on 12 January 2007.
- 1.5 The investigation period for dumping is from 1 April 2005 to 31 May 2006. The injury investigation involves evaluation of data for the period 1 January 2002 to 31 May 2006.
- 1.7 Only one exporter, Ningbo Jiangbei Minjin Lock Factory responded to the Commissions questionnaire:
- 1.8 Only IB McIntyre & Co (Pty) Ltd, importer, responded to the Commission's importer questionnaire. the commission decided not to take its information into account since it was established that the importer imports components and not the subject product.

- 1.9 Response from Ningbo Jiangbei Minjin lock Factory (Ningbo Lock) in Ningbo, PRC was received on 12 March 2007. On 19 March 2007, a deficiency letter was sent to Jan Heukelman International Trade Consultants, a representative of Ningbo Lock. The deficiencies were addressed and submitted to the Directorate on the 05 April 2007. The information submitted was subsequently verified from 09 May 2007 to 11 May 2007 and Ningbo Lock was found not to be dumping.
- 1.10 A response from IB McIntyre & Co (Pty) Ltd was received on 26 February 2007. A deficiency letter was sent to its representative, Jan Heukelman International Trade Consultants on the 27 February 2007 and subsequently a response was received which addressed all deficiencies. However, the information submitted could not be verified since it was established that the importer imported components and not the product subject to the investigation.
- 1.11 The commission made a preliminary determination not to take IB McIntyre & Co (Pty) Ltd's information into account.
- 1.12 The Commission, also made a preliminary determination that the expiry of anti-dumping duties applicable to all other exporters would likely lead to the continuation or recurrence of dumping of the imported subject product from the PRC into the SACU market, the SACU industry was likely to suffer material injury and that exports from Ningbo Lock would likely not be dumped.
- 1.13 The Commission therefore made a preliminary determination to recommend to the Minister of Trade and Industry that the anti-dumping duties on door locks and door handles originating in or imported from the PRC in respect of all other exporters, be maintained, but that Ningbo Lock, which cooperated in the investigation and was found not to be dumping, be exempted from the anti-dumping duty.
- 1.14 The essential facts letters were sent to all interested parties for comments and the Applicant and Jan Heukelman International Trade Consultants, on behalf of the exporter and importer made comments within the set deadline, in agreement with the

Commission's intended decision.

The Applicant indicated that it was of the opinion that it is unlikely that a Chinese company would export to only two countries.

The Commission verified this fact and also found that Ningbo Lock was new to the export market.

The importer and exporter also indicated that it be stated that Ningbo Lock exports to SACU through Tenic Industrial Co. Ltd.

The Commission decided that it is not its policy to afford individual treatment to exporters who are not manufacturers

- 1.15 After considering the comments from the interested parties, the Commission made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties on door locks and door handles originating in or imported from the PRC in respect of all other exporters, be maintained, but that Ningbo Lock, which cooperated in the investigation and was found not to be dumping, be exempted from the anti-dumping duty.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCT

2.1.1 Description

The subject products are described as door locks and door handles.

2.1.2 Country of origin/export

The subject products are exported from the PRC

2.1.3 Main raw material

The raw materials used in the production of the subject products are zinc ingots, steel grip, galvanised steel strip, brass extrusions, plating chemicals and steel springs.

2.1.4 Other applicable duties and rebates

There are no other applicable duties on door locks and door handles within SADC and for subheading 83012.41, but for subheading 8301.40, 15% and 20% on imports from the EU and other countries respectively is applicable.

2.1.5 Tariff classification

The subject product is classifiable as follows:

Tariff subheading	Description	Unit	Rate of customs duty		
			Gen	EU	SAD C
8301	Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any foregoing articles, of base metal				
8301.40	Other locks	Kg	20%	15%	free
8302	Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal:				
8302.4	Other mountings, fittings and similar articles				
8302.41	Suitable for buildings				
8302.41.10	Fittings of iron, steel or copper, commonly used in the manufacture of windows, doors and door frames	Kg	5%	Free	Free
8302.41.90	Other	Kg	20%	15%	Free

The subject product is subject to the following anti-dumping duties:

Tariff subheading	Description	Country	Rate of Duty
8301.40	Mortise locks, 2, 3 and 4 lever, of base metal with or without handles (excluding those with handles of copper-zinc base alloys as defined in subheading Note 1 (a) to Chapter 74 in Schedule No.1, stainless steel or aluminium), used for doors for buildings.	China	1196c/kg
8302.41	Door handles, of base metal (excluding copper-zinc base alloys as defined in subheading Note 1 (a) to Chapter 74 in Schedule No. 1, stainless steel or aluminium), suitable for doors for buildings.	China	1196 c/kg

2.1.6 Production process

The Applicant stated that the production process for the manufacturing of door locks and door handles is standard all over the world. It further stated that there might be slight variations with regard to the degree of automation used.

The Applicant stated that the levers are manufactured in China by die-casting zinc and

other components are manufactured from steel stamping. It further indicated that all parts are then plated and surface treated for decoration and anti-corrosion before assembly and packaging into a final product.

2.1.7 Application/end use

The subject products are installed on doors for security or privacy purposes.

2.2 SACU PRODUCT

2.2.1 Description

The subject product is locksets used or suitable for doors for buildings, which are made up of a door lock and zinc or die-cast handles on stamped metal or zinc die-cast back plates. The lever locks include 2 lever, 3 lever and 4 lever locksets. The handles are screwed onto the door while the lock is mortised into the door.

2.3 LIKE PRODUCT ANALYSIS

In the original investigation the Commission decided that the SACU product and the imported product are like products for the purposes of comparisons, in terms of Article 2.6 of the Anti-dumping Agreement.

3. INDUSTRY STANDING

The Applicant, ASSA ABLOY (SA) PTY LTD is the producer of seventy per cent by production volume of the SACU industry. It is evident that the application is supported by the domestic producers whose collective output constitutes more than 50 per cent of the total production of the like product produced by the domestic industry and more than 25 per cent of the total production of the like product produced by those expressing an opinion on the application.

The Commission determined that the Applicant, ASSA ABLOY (SA) (PTY) LTD was the producer of seventy per cent by production volume of the SACU industry and the application was made by or on behalf of the domestic industry.

4. CONTINUATION OR RECURRENCE OF DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC

4.1.1 (a) Normal Value for Ningbo Lock

The calculations are done with the definition of section 32(4) of the ITA Act as basis.

Only one Exporter, Ningbo Lock, co-operated in the investigation. It did, however, not export any of the subject products to SACU during the period of investigation. Export sales of the subject product to third countries were examined and found not to be dumped.

The Commission considered information provided, which was verified. Information considered includes supply of raw materials, marketing strategy, competition in the market, private ownership of the company, funding of the company and whether wages paid are market related.

Sales of like product were found to have taken place on the domestic market in the ordinary course of trade during the period of investigation. It was found that Ningbo Lock sells its products to distributors, which could be regarded as being at the same level of trade as that of its exports to other countries.

The normal value was calculated using Ningbo Lock's invoiced sales in the domestic market. A weighted average normal value for lock sets was verified. An adjustment was made in respect of cost of payment terms to calculate the normal value.

4.1.1 (b) Normal Value for all other exporters

As no other exporter responded, the Commission decided to use best information available as contemplated in Article 6.8 of the ADR, being the information submitted by the Applicant, to determine a dumping margin for all other exporters from the PRC.

The Applicant nominated India as a third country, as it believes that the industry in India is on a similar level of development as the Chinese industry.

The Applicant received a letter from a manufacturer & exporter of brass builders' hardware, architectural iron mongery & locks etc. It supplied the Applicant with prices as quoted in the Indian market. The average ex-factory domestic price in respect of door locks was calculated to be Indian Rupees (INR) 202.08 and in respect of door handles INR 230.00 per kilogram.

The exchange rates applied are US\$1=R6.8284 and US\$1= INR45.9812 obtained from Oanda.com.

4.1.2 (a) Export price for Ningbo Lock

Since there were no exports of the subject products to SACU during the period of investigation, exports of door locks and handles (lock sets) to other countries were verified.

Ningbo Lock provided a detailed schedule of all its export transactions being to Syria and Indonesia showing individual invoiced transactions, volumes, values and product descriptions, as well as the applicable rates of exchange used. Export sales are invoiced in US Dollar values and converted into RMB on the date of the invoice. The export transactions also showed the price as being on a CIF basis, however, invoices also reflect the FOB value. Payment terms were cash against documents.

The export was calculated using Ningbo Lock's invoiced sales to Syria and Indonesia and the verified export price was calculated.

An average exchange rate of US\$ 1= RMB 8.22 was used.

An adjustment to the FOB price was made in respect of internal transport and container handling.

4.1.2 (b) Export price for all other exporters

The Commission decided to use the best information available in respect of exporters that did not co-operate in the investigation to calculate the export price, being that submitted by the Applicant in its application.

The Applicant used import statistics supplied by SARS to calculate the export price. The FOB price was reduced by 5% in respect of internal transport from factory to harbour to calculate the ex-factory export price.

The average ex-factory export prices in respect of door locks and door handles were calculated.

The exchange rates applied are US\$1=R6.8284 and US\$1= INR45.9812 obtained from Oanda.com.

4.1.3 Margin of Dumping

The Commission decided 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 in respect of all other exporters, except Ningbo Lock.

The Commission considered that the calculation of a dumping margin based on the export price as reflected in the import statistics cannot be regarded as an

indicator that dumping could take place as the tariff heading contains many other products apart from the subject products. It therefore decided that the existing duty be maintained at this level in respect of all other exporters, except Ningbo Lock.

It further decided that since the dumping margin calculated for Ningbo Lock is negative, it be exempted from the duty.

5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The Commission decided that the Applicant's production volume constitutes "a major proportion" of the total domestic production, in accordance with Article 4.1 of the Anti-Dumping Agreement.

The Commission decided that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury in the form of price undercutting, price depression and suppression, decline in sales volume, profits, output and loss of market share.

6. FINAL DETERMINATION

The Commission made a final determination that:

- the expiry of the anti-dumping duties applicable to all other exporters, except Ningbo Lock, would likely lead to the continuation or recurrence of dumping,
- the expiry of the anti-dumping duties applicable to all other exporters would likely lead to the continuation or recurrence of material injury; and
- the exports from Ningbo Lock would likely not be dumped.

The Commission decided to recommend to the Minister of Trade and Industry that:

The anti-dumping duties on door locks and door handles originating in or imported from the PRC in respect of all other exporters, be maintained, but that Ningbo Lock, which cooperated in the investigation and found not to be dumping, be exempted from the anti-dumping duty.