

Report No. 214

Sunset review of the anti-dumping duties on towels originating in or imported from the People's Republic of China

The International Trade Administration Commission herewith presents its **Report No. 214: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON TOWELS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

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ITUMELENG MASEGE
ACTING CHIEF COMMISSIONER

PRETORIA

12/02/ 2007

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON TOWELS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

1. In accordance with the provisions of Article 51.3 of the Anti-dumping Regulations, any definitive anti-dumping duty shall be terminated on a date not later than five years from the date of imposition, unless the authorities determine, in a review initiated before that date on their own initiative or upon a duly substantiated request made by or on behalf of the domestic industry within a reasonable period of time prior to that date, that the expiry of the duty would be likely to lead to the continuation or recurrence of dumping and injury.
2. On 26 May 2006, the Commission notified all interested parties, through Notice No. 673 of 2006 in Government Gazette No. 28847, that unless a substantiated request is made by or on behalf of the SACU industry for the duty to be reviewed prior to the expiry thereof, the anti-dumping duty applicable to towels originating in or imported from the People's Republic of China (PRC), would expire on 8 February 2007.
3. The trade representative of the PRC was notified and provided with a copy of the Government Gazette notice.
4. All known manufacturers were invited to submit information indicating whether the expiry of the anti-dumping duty is likely to lead to the continuation or recurrence of dumping and injury.
5. The Textile Federation, on behalf of the towel manufacturers in the SACU, submitted information that in their view, indicates that the expiry of the anti-

dumping duties would lead to the continuation or recurrence of dumping and injury.

6. The Commission considered the information submitted and found that:
- The dumped imports from the PRC decreased, while imports from other countries increased significantly.
 - The landed cost of the dumped products from the PRC is estimated by the applicant to have increased by 217 per cent during the period 2004 to 2006, however there was no substantiation of why the price would suddenly drop from R68.36 per kilogram in 2006 to R15.11 per kilogram in 2007/8. The Commission considered that in the absence of a proper substantiation of the drop in prices, it could not agree with the Applicant that the prices would drop to the low levels indicated.
 - Output of the SACU industry increased during the period, and the Applicant estimated that even though output would drop in 2007 and 2008 compared to 2006, the volumes produced would still be higher than when the duty was in place.
 - The sales volumes of the SACU industry, as with output, increased during the period, and the industry estimated that even though the sales would drop in 2007 and 2008 compared to 2006, again the volumes would still be higher than when the duty was in place.
 - The SACU industry's market share decreased during the period of investigation, while the market share of the dumped imports remained fairly constant, indicating that other imports were gaining market share at the expense of the Applicant. Return on investment of the Colibri Western Cape mill was estimated to decline, but still to an excellent level. The return on investment of the Eastern Cape mill also improved.
 - The Commission found that although the Applicant estimated that utilization of capacity would decrease, it was still to a fairly high level of 82 per cent.

The Commission after taking the above into consideration concluded that there was no prima facie case to indicate that the expiry of the duty is likely to lead to the continuation or recurrence of material injury.

RECOMMENDATION

7. The Commission therefore decided to recommend that the anti-dumping duties on towels, originating in or imported from the PRC, be withdrawn with retrospective effect, to the date of the five-year expiry of the duties, that is 08 February 2007.